



# BMO Capital Markets Conference

January 10, 2012



NASDAQ: PETD

# Disclaimer



The following information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on Management's current expectations and beliefs, as well as a number of assumptions concerning future events.

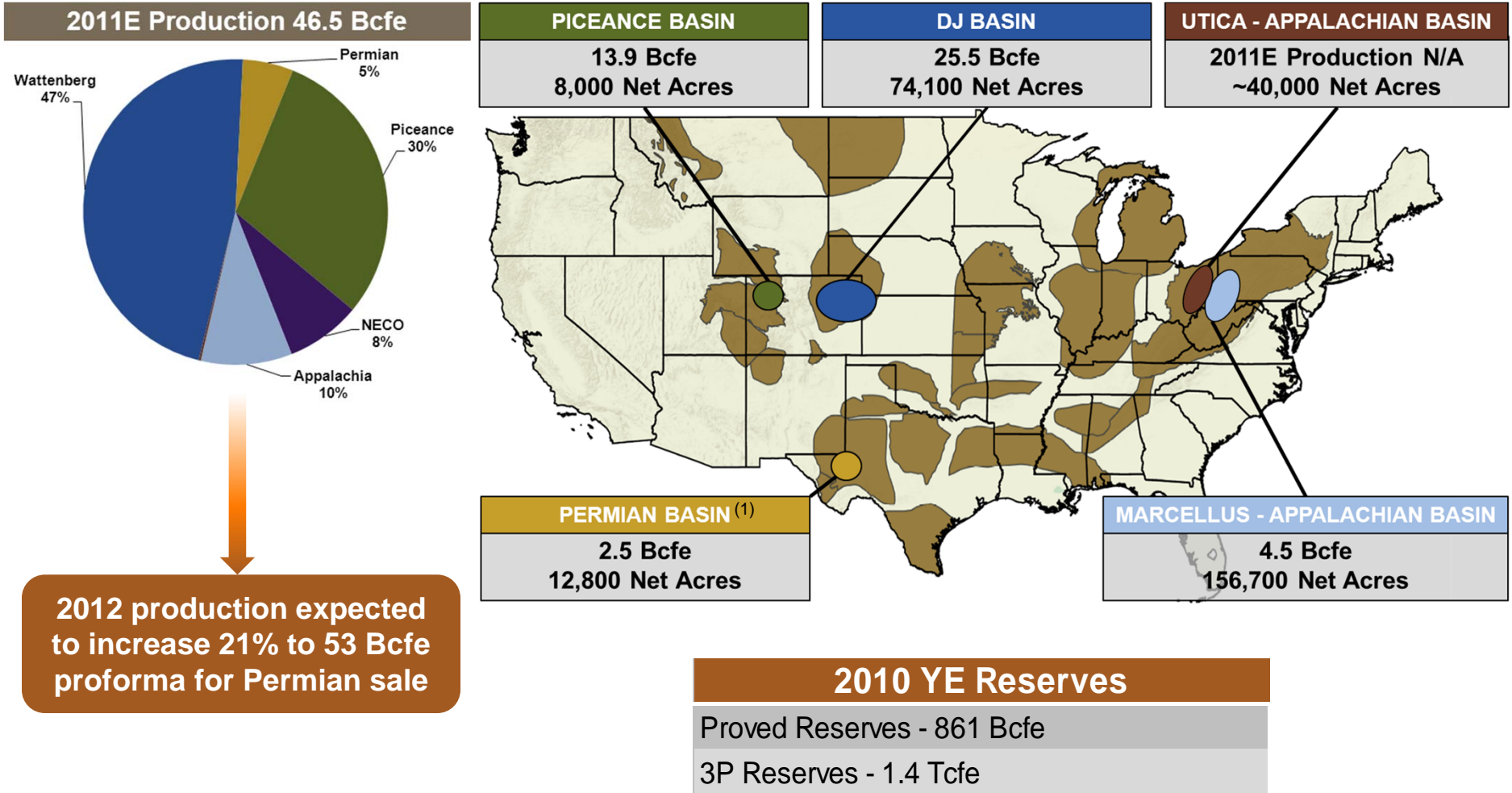
These statements are based on certain assumptions and analyses made by Management of Petroleum Development Corporation (doing business as PDC Energy; the "Company") in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with Management's expectations and predictions is subject to a number of risks and uncertainties, general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by Petroleum Development Corporation; actions by competitors; changes in laws or regulations; and other factors, many of which are beyond the control of Petroleum Development Corporation.

You are cautioned not to put undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied, as more fully discussed in the safe harbor statements found in Petroleum Development Corporation's SEC filings, including, without limitation, the discussion under the heading "Note Regarding Forward Looking Statements" and "Risk Factors" and elsewhere in the Company's most recent annual report on Form 10-K and in subsequent Form 10-Qs. **All forward-looking statements are based on information available to Management on this date and the Company assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward looking statements, whether as a result of new information, future events or otherwise.**

The SEC permits oil and gas companies to disclose in their filings with the SEC proved reserves, probable reserves and possible reserves. SEC regulations define "proved reserves" as those quantities of oil or gas which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically producible in future years from known reservoirs under existing economic conditions, operating methods and government regulations; "probable reserves" as unproved reserves which, together with proved reserves, are as likely as not to be recovered; and "possible reserves" as unproved reserves which are less certain to be recovered than probable reserves. Estimates of probable and possible reserves which may potentially be recoverable through additional drilling or recovery techniques are by nature more uncertain than estimates of proved reserves and accordingly are subject to substantially greater risk of not actually being realized by the Company. In addition, the Company's reserves and production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or drilling cost increases.

This material also contains certain non-GAAP financial measures as defined under the Securities and Exchange Commission rules.

# Core Operating Regions



(1) Under contract to sell for \$175 MM.

# Substantial Portfolio



Area	Project Type	Gross Project Count	Years of Activity*
Wattenberg - Niobrara	Horizontal	387	5 - 10
Wattenberg	Vertical	1,405	5 - 12
Wattenberg	Rf/Rc	1,477	5 - 7
Permian (under contract)	Vertical	183	3 - 5
Piceance	Vertical	394	5 - 20
NECO	Vertical	305	5 - 10
Marcellus - Appalachia	Horizontal	<u>600</u>	7 -12
<b>Total</b>		<b>4,751</b>	<b>5 - 20</b>

Additionally, PDC has ~40,000 net acres in the wet gas and oil windows of the emerging Utica shale play in SE Ohio

\*Depending on rig count. \*\*Does not consider impact of strategic divestitures.

# Wattenberg

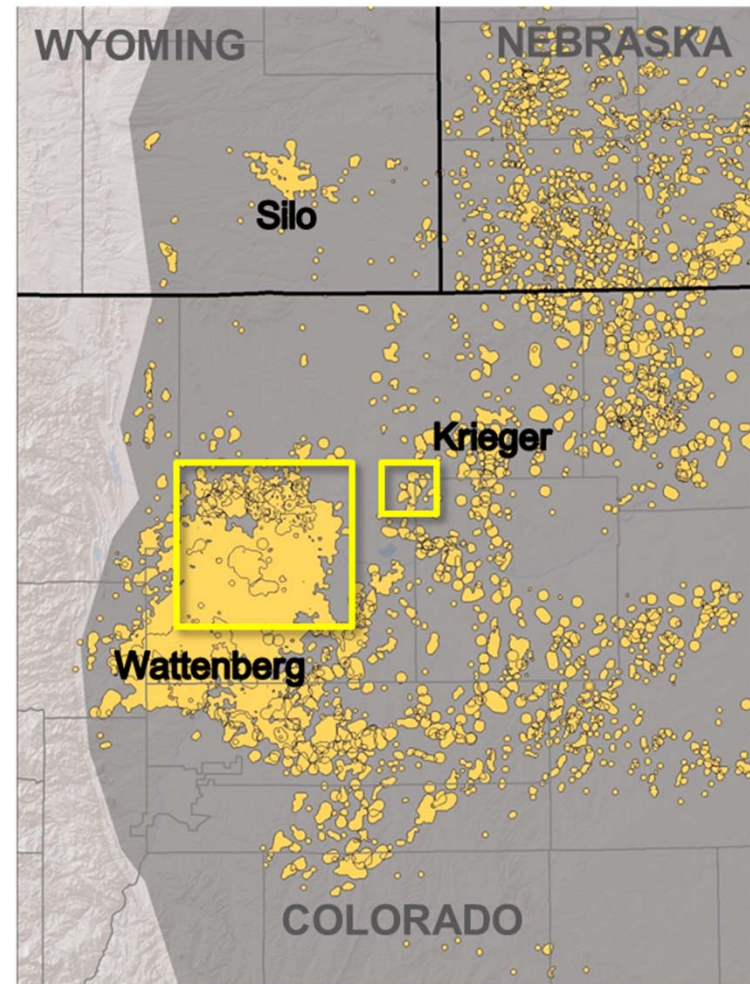


Project Overview	
Gross Operated Wells	1,659
Net Developed Acreage	48,300
Net Undeveloped Acreage	28,600
<b>Total Acreage<sup>(1)</sup></b>	<b>76,900</b>
Horizontal Opportunities	387
Gross Undeveloped Locations <sup>(2)</sup>	1,405
<b>Net Undeveloped Locations<sup>(2)</sup></b>	<b>764</b>
Net Refracs/Recompletes	900 - 1,000

Hz Wattenberg Program	
Drilling 17th Hz Niobrara well	
76% Oil/NGLs	
Average lateral length of 4,000'; 16 frac stages	
1 rig program in 2012 (estimate 25-30 wells)	

(1) Includes recent acquisitions of 2,800 net acres.

(2) Vertical wells only.



Oil and Gas

# Wattenberg Core Horizontal Niobrara

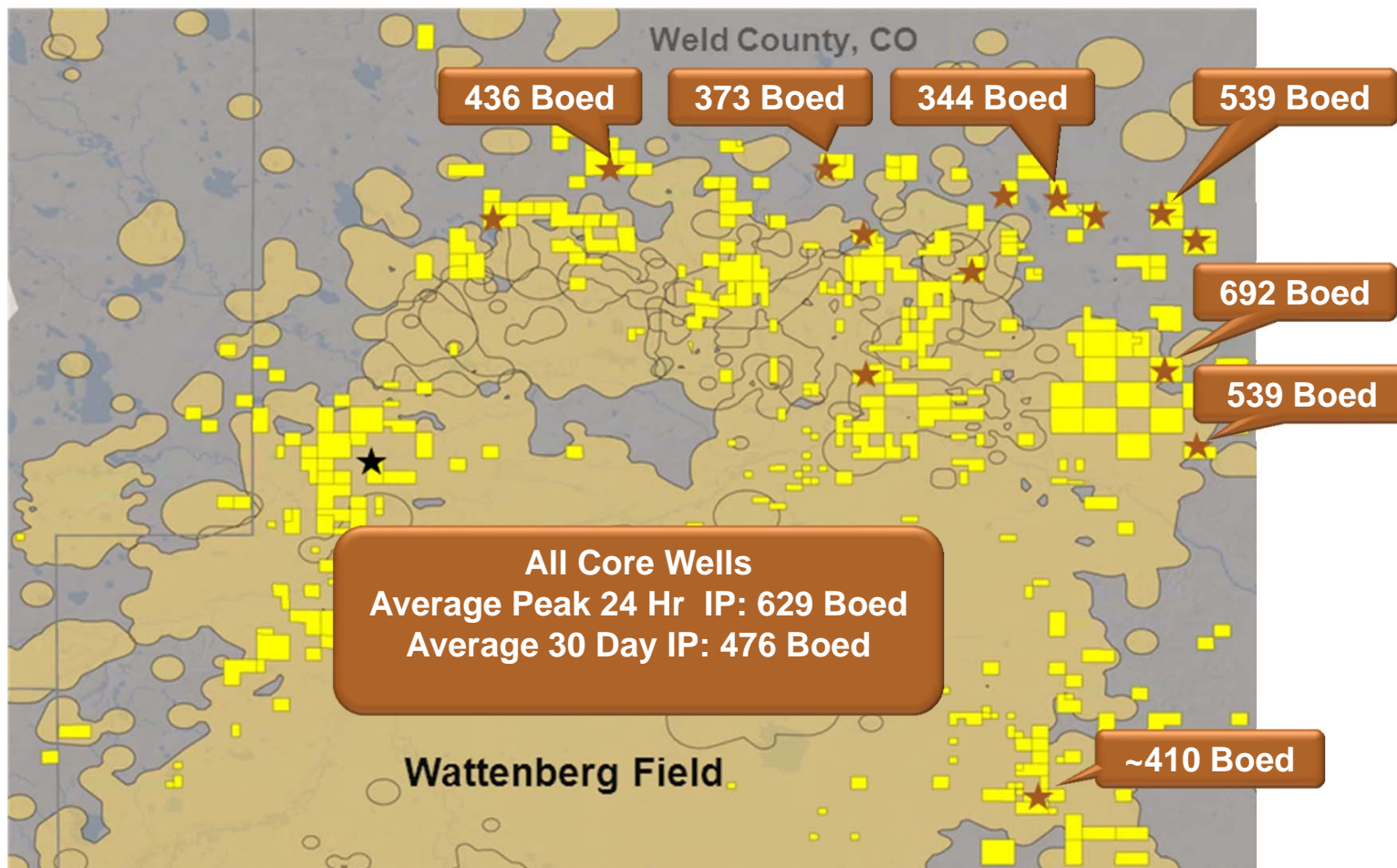


Average 30 Day IP

## 2011 Horizontal Niobrara Locations

★ Drilled

★ To Be Drilled



- HZ well performance in Core Wattenberg suggests type curve increase to 310 Mboe or greater.

# Appalachian Basin – Marcellus Shale

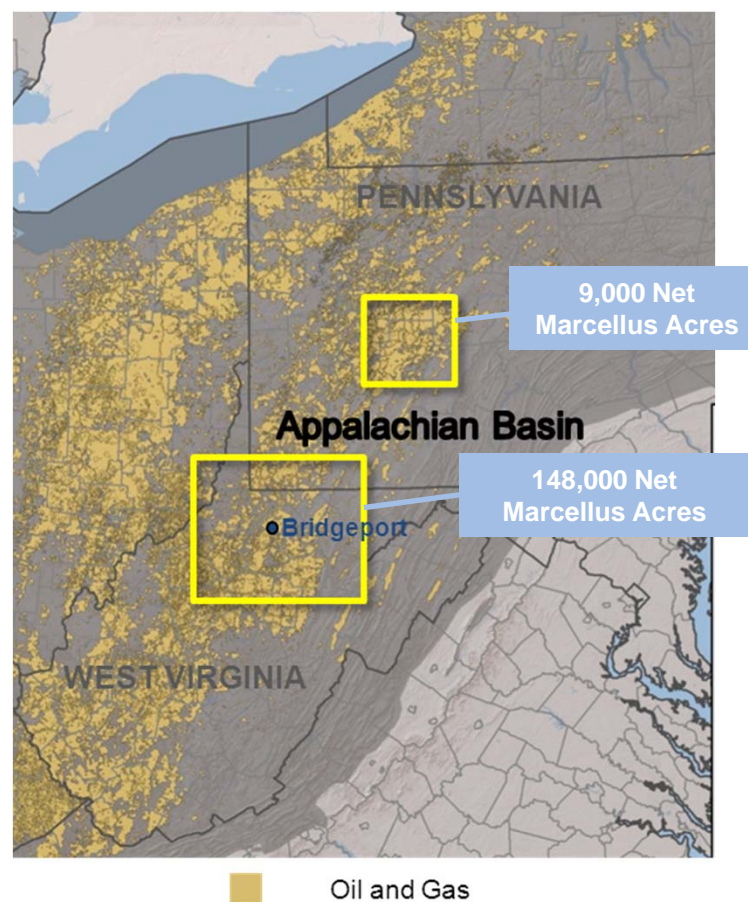


PDC Mountaineer Joint Venture (PDCM)

	Total <sup>(1)</sup>	Marcellus
Gross Operated Wells	3,680	24
<b>Total Acreage (WV and PA)</b>	<b>224,000</b>	<b>157,000</b>
Gross Risked Undeveloped Locations	1,180	600
<b>Net Undeveloped Locations</b>	<b>1,099</b>	<b>525</b>
Commitments Takeaway Capacity (MMcf/d) <sup>(2)</sup>	86	same

## Activity Update

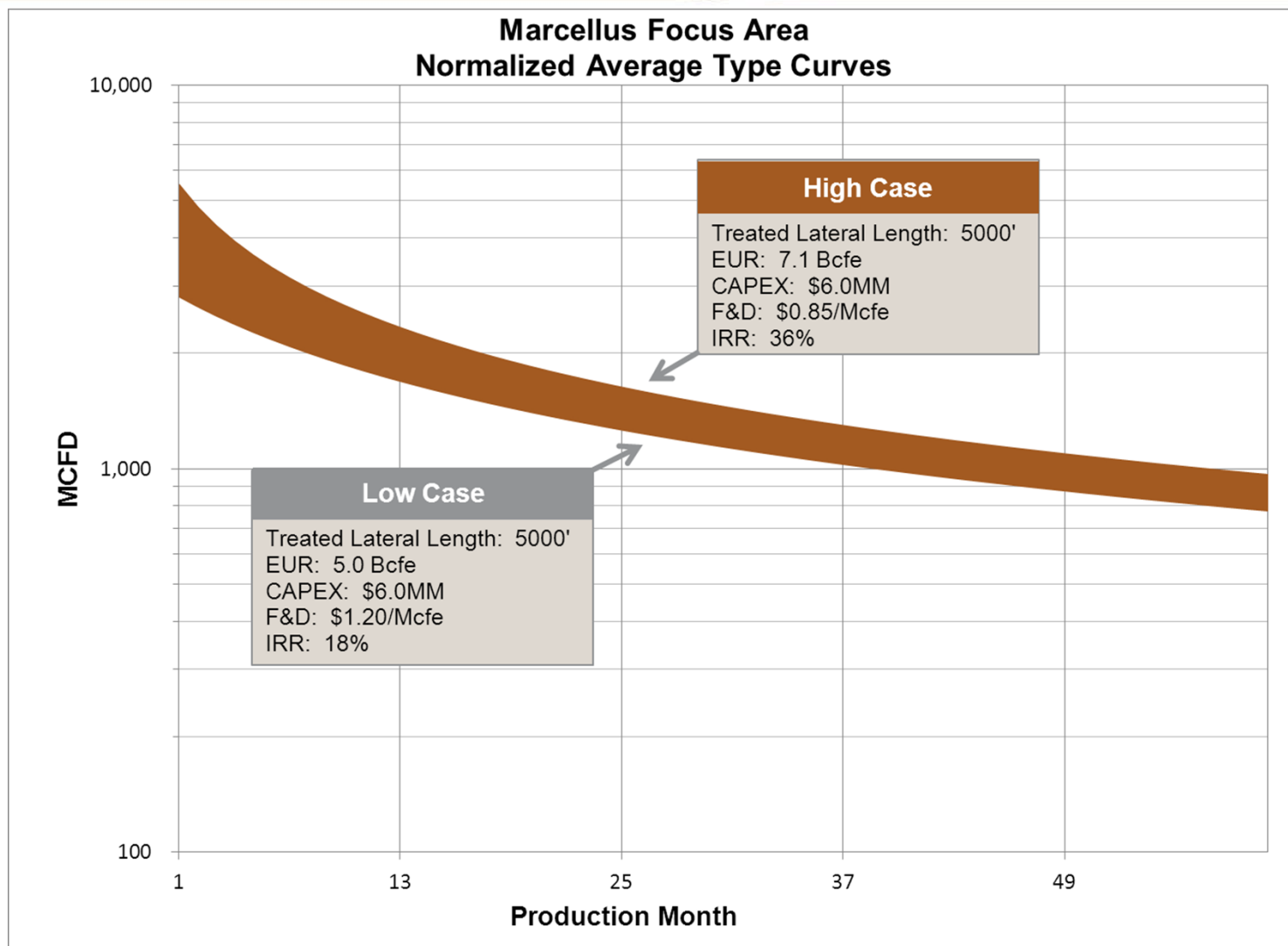
- Drilled 12<sup>th</sup> horizontal well
- 3 new wells turned to sales year-end 2011
- Increasing lateral length to 4,000 – 6,000 feet
- Increased EUR per well to 5 – 7 Bcfe
- Continued improvement in drilling/completion design
- Finalizing midstream plans and strategies



(1) Totals reflect gross ownership of PDC Mountaineer, LLC (PDCM) and recent Seneca-Upshur LLC Acquisition.

(2) Includes 26 MMcf/d firm which increases to 86 MMcf/d over time; does not include additional interruptible.

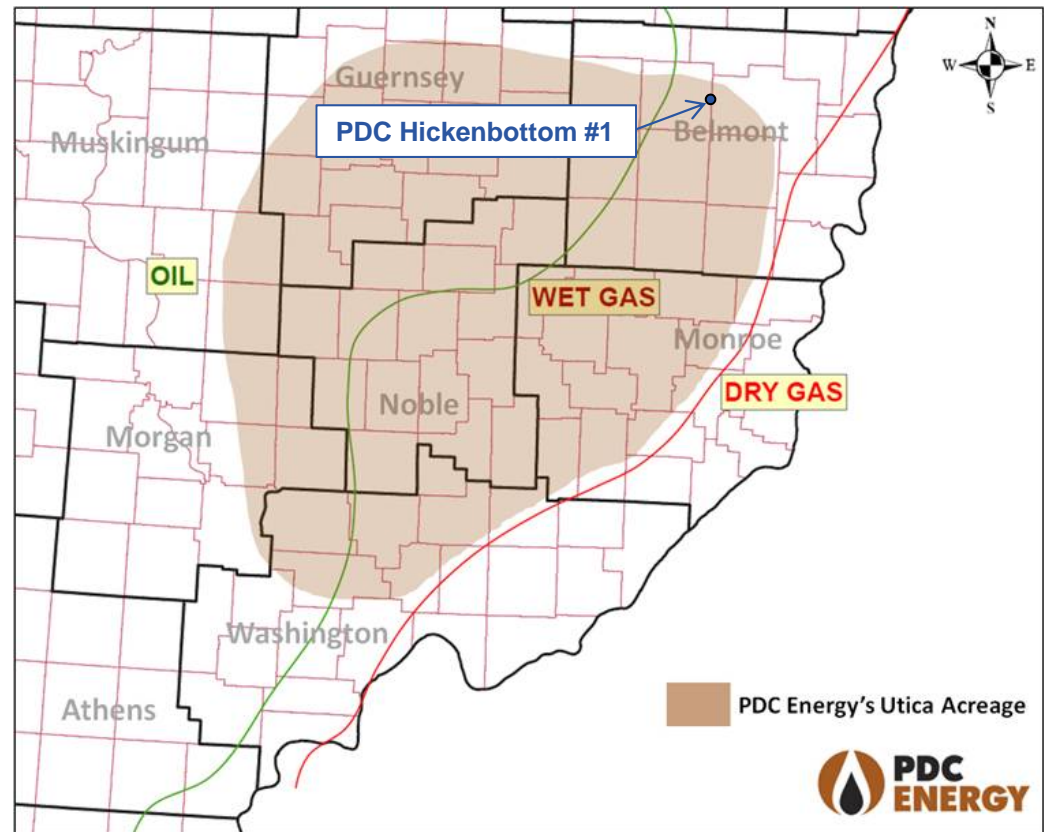
# Marcellus Horizontal Economics



# Utica Shale Play – Southeast Ohio



- Acquired over 40,000 net acres in Noble, Monroe, Washington, Morgan, Belmont and Guernsey counties for \$70 million
  - \$14 million requirement in Q4 2011
  - \$56 million requirement in 2012 after title confirmation
  - Average price of \$1,750/acre
- Targets wet gas and oil windows of play
- 100% PDC operated; 80% held by production
- TD'ed first vertical well in mid-December; two horizontal shale wells scheduled in 2012, with an option for two additional vertical wells in 2012
- Pursuing additional acreage to increase total net leasehold to estimated 80,000 to 100,000 net acres by year-end 2012
  - Seeking industry JV partner



# Planned Divestitures



PDC Divestiture	Advisor	Timing / Results
<b>Permian / Core Wolfberry</b>	Bank of Montreal  Oil & Gas Clearinghouse	PSA signed for \$175 MM closing scheduled for Q1-12.  Sept 14 <sup>th</sup> and Nov 9 <sup>th</sup> auction dates; ~ \$13.3 MM.
<b>Northeast Colorado (NECO)</b>	Internal	Bids did not meet expectations. Asset taken off market due to lower gas price environment.
<b>Utica (JV Partner)</b>	Tudor Pickering Holt	Process ongoing; moved to mid-2012.

# Investment Highlights



- Track record of double-digit reserve and production growth
- Focused on improving cash flow and margins
- Low risk, repeatable asset portfolio which provides strong returns
- Emerging upside in new plays
- Solid financial position and liquidity
- Operational and financial flexibility
- Low-cost producer
- Management experience and operational strength



# Contact Information



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