PDC ENERGY, INC.
Form DEF 14A
April 22, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant þ Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Under Rule 14a-12

PDC ENERGY, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

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(3) Filing Party:

(4) Date Filed:

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PDC ENERGY, INC.

1775 Sherman Street, Suite 3000

Denver, Colorado 80203

(303) 860-5800

April 22, 2014

Dear Stockholder of PDC Energy, Inc.:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders of PDC Energy, Inc. to be held on June 5, 2014, at 11:30 a.m. Central Time at The Houstonian Hotel, 111 North Post Oak Lane, Houston, Texas 77024.

The accompanying Notice of Annual Meeting of Stockholders and Proxy Statement provide information concerning the matters to be considered at the meeting.

We hope you will join us at the Annual Meeting. Whether or not you plan to attend personally, it is important that your shares be represented at the Annual Meeting. We value your opinion and encourage you to participate in the Annual Meeting by voting your proxy. You may vote your shares by using the telephone or Internet voting options described in the attached Notice of Annual Meeting and proxy card. If you receive a proxy card by mail, you may cast your vote by completing, signing and returning it promptly. This will ensure that your shares are represented at the Annual Meeting even if you cannot attend in person.

Sincerely,

James M. Trimble

Chief Executive Officer and President

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PDC ENERGY, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON

THURSDAY, JUNE 5, 2014

To the Stockholders of PDC Energy, Inc.:

The 2014 Annual Meeting of Stockholders of PDC Energy, Inc. (the Company) will be held on June 5, 2014, at 11:30 a.m. Central Time at The Houstonian Hotel, 111 North Post Oak Lane, Houston, Texas 77024, for the following purposes:

To elect the three nominees named in the accompanying Proxy Statement as Class I Directors of the Company, each for a term of three years;

To ratify the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2014;

To approve, on an advisory basis, the compensation of the Company s named executive officers;

To approve and adopt the Fourth Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock from 100,000,000 to 150,000,000; and

To transact any other business that may properly come before the meeting and at any and all adjournments or postponements thereof.

The Board of Directors has fixed the close of business on April 14, 2014, as the record date for determining the stockholders having the right to receive notice of, to attend and to vote at the Annual Meeting or any adjournment or postponement thereof. The presence in person or by proxy of the holders of a majority of the outstanding shares of the Company s common stock entitled to vote is required to constitute a quorum.

Please vote by using the telephone or Internet voting options described in the accompanying Notice of Internet Availability of Proxy Materials or, if the attached Proxy Statement and a proxy card were mailed to you, please sign, date and return the proxy card in the enclosed envelope as soon as possible.

By Order of the Board of Directors,

Daniel W. Amidon

Senior Vice President, General Counsel and Secretary

April 22, 2014

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PDC ENERGY, INC.

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 5, 2014 at

The Houstonian Hotel

111 North Post Oak Lane

Houston, Texas 77024

The accompanying proxy is solicited by the Board of Directors (Board) of PDC Energy, Inc. (PDC, the Company, we, us or our) for us Annual Meeting of Stockholders of the Company (the Annual Meeting) to be held on June 5, 2014, at 11:30 a.m. Central Time and at any and all adjournments or postponements of the meeting, for the purposes set forth in this Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders. On or about April 22, 2014 we began mailing notices containing instructions for accessing this Proxy Statement and our annual report online, and we began mailing proxy materials to stockholders who had previously requested delivery of the materials in paper form. For information on how to vote your shares, see the instructions included on the proxy card or instruction form under Information About Voting and the Meeting herein.

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY

OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 5, 2014

The Notice of Annual Meeting of Stockholders, the Proxy Statement for the 2014 Annual Meeting of Stockholders, and the 2013 Annual Report to Stockholders, which includes the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, are available at www.envisionreports.com/PDCE.

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INFORMATION ABOUT VOTING AND THE MEETING

Who May Vote

Stockholders of PDC, as recorded in the Company s stock register on the record date of April 14, 2014, may vote at the Annual Meeting. The outstanding voting securities of the Company as of April 14, 2014 consisted of 35,798,743 shares of common stock. Each share of common stock is entitled to one vote on each matter considered at the meeting.

How Proxies Work

The Board is asking for your proxy. Giving the Board your proxy means that you authorize the Board to vote your shares at the meeting in the manner you direct. We will vote your shares as you specify. You may vote for or withhold your vote from one or more Class I Director nominees. You may also vote for or against the other proposals, or abstain from voting. If your shares are held in your name, you can vote by completing, signing and dating your proxy card and returning it in the enclosed envelope. If you give the Board your signed proxy but do not specify how to vote, your shares will be voted (1) in favor of approval of all three of the Class I Director nominees named in the proxy; (2) in favor of ratification of the appointment of PricewaterhouseCoopers LLP (PwC) as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2014; (3) to approve, on an advisory basis, the compensation of the Company s named executive officers; and (4) in favor of adoption of the Company s Fourth Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock from 100,000,000 to 150,000,000.

If you hold shares through someone else, such as a stockbroker, you will receive material from that firm asking how you want to vote and instructing you of the procedures to follow in order for you to vote your shares. If the broker does not receive voting instructions from you, the broker may vote only on proposals that are considered routine matters under applicable rules. Without your instruction, your broker may vote only on the ratification of the appointment of PwC as our independent registered public accounting firm for 2014. A broker s inability to vote because it lacks discretionary authority to do so is commonly referred to as a broker non-vote. The effect of broker non-votes may be different for the various proposals to be voted upon at the Annual Meeting. For a description of the effect of broker non-votes on each proposal, see Votes Needed below.

Voting 401(k) and Profit Sharing Plan Shares

If you are a participant in PDC s 401(k) and Profit Sharing Plan and have shares of PDC common stock credited to your plan account as of the record date, you have the right to direct the plan trustee how to vote those shares. The trustee will vote the shares in your plan account in accordance with your instructions. Your vote may not be counted if your proxy card is not received by May 30, 2014. You cannot vote such shares at the Annual Meeting or change your vote.

Revoking a Proxy

You may revoke your proxy before it is voted by:

- Submitting a new signed proxy with a later date;
- Notifying PDC s Corporate Secretary in writing before the meeting that you wish to revoke your proxy; or
- Appearing at the meeting, notifying the inspector of the election that you wish to revoke your proxy, and voting in person at the meeting. Merely attending the meeting will not result in revocation of your proxy.

If you hold your shares through a broker, bank or other nominee, you must follow their instructions to revoke your voting instructions or otherwise vote at the meeting.

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Quorum

In order to carry on the business of the meeting, there must be a quorum. This means that at least a majority of the outstanding shares eligible to vote must be represented at the meeting, either by proxy or in person. Treasury shares, which are shares owned by PDC itself, are not voted and do not count for this purpose. Abstentions and broker non-votes will count for quorum purposes.

Votes Needed

The following table presents the voting requirements for electing the three Class I Director nominees and approving the other proposals presented in this Proxy Statement. Under the Uncontested Elections Policy contained in Section 3(e) of our Corporate Governance Guidelines, which may be viewed on our website at www.pdce.com, any nominee who receives a greater number of withhold votes than for votes is required to submit to the Board a letter of resignation for consideration by the Nominating and Governance Committee. For more information about our Uncontested Elections Policy, see Corporate Governance Uncontested Elections Policy below.

PROPOSAL	VOTE REQUIRED TO ELECT OR APPROVE
Proposal No. 1	
Elect three Class I Directors.	The three nominees who receive the greatest number of votes will be elected Directors for the three-year term ending in 2017. There is no cumulative voting for Directors. Abstentions and broker non-votes will have no effect on the election of Directors.
Proposal No. 2	
Ratify the appointment of PwC as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2014.	A majority of votes cast is required for ratification. Abstentions and broker non-votes will not be counted as votes cast or shares voting on Proposal No. 2 and will have no effect on the vote.
Proposal No. 3	
Approve, on an advisory basis, the compensation of the Company s Named Executive Officers (as defined herein).	A majority of votes cast is required for approval. Abstentions and broker non-votes will not be counted as votes cast or shares voting on Proposal No. 3 and will have no effect on the vote.
Proposal No. 4	
Approve and adopt the Fourth Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock from 100,000,000 to 150,000,000.	The affirmative vote of a majority of outstanding shares of common stock is required for approval. Abstentions and broker non-votes will be counted as votes against Proposal No. 4.

Attending in Person

Only stockholders or their proxy holders and PDC guests may attend the Annual Meeting. For safety and security reasons, no cameras, audio or video recording equipment, large bags, briefcases or packages will be permitted in the meeting. In addition, each stockholder and guest may be asked to present valid, government-issued picture identification, such as a driver s license, before being admitted to the meeting.

If your shares are held in the name of your broker, bank, or other nominee, you must bring to the meeting an account statement or letter from the nominee indicating that you beneficially owned the shares on April 14, 2014, the record date for receiving notice of, attending and voting at the Annual Meeting.

Conduct of the Meeting

The Chairman has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to speak at the meeting. The Chairman may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak on an item of business will be able to do so. The Chairman may also rely on applicable law regarding disruptions or disorderly conduct to ensure that the meeting is conducted in a manner that is fair to all stockholders.

Solicitation of Proxies

The Company will bear all costs related to the solicitation of proxies. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable and appropriate expenses incurred by them in sending the Notice of Internet Availability of Proxy Materials to the beneficial owners of the Company s common stock. In addition to solicitations by mail, Directors, officers and employees of the Company may solicit proxies by telephone and, to the extent necessary, other electronic communication and personal interviews, without additional compensation. The Company has entered into an agreement with Morrow & Co., LLC, 470 West Avenue, 3rd Floor, Stamford, CT 06902, as its proxy solicitor and anticipates paying approximately $8,500 for such services.

Appraisal Rights

No action is proposed at the Annual Meeting for which the laws of the State of Nevada or our By-Laws provide a right of our stockholders to dissent and obtain appraisal of or payment for such stockholders common stock.

Contact Information

If you have questions or need more information about the Annual Meeting, you may write to or call:

Corporate Secretary

PDC Energy, Inc.

1775 Sherman Street, Suite 3000

Denver, CO 80203

(303) 860-5800

corpsecretary@pdce.com

For information about shares registered in your name, call PDC at (800) 624-3821. You are also invited to visit PDC s website at www.pdce.com. The Company s website materials are not incorporated by reference into this Proxy Statement.

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PROPOSALS REQUIRING STOCKHOLDER VOTE

PROPOSAL NO. 1 ELECT THREE CLASS I DIRECTORS

(Proposal 1 on the Proxy Card)

As of the date of this Proxy Statement and as permitted by the Company s By-Laws, the Board consists of seven members divided into three classes (Directors). Directors are usually elected for three-year terms. The terms for members of each class end in successive years.

The Board has nominated three continuing Class I Directors, Joseph E. Casabona, David C. Parke and Jeffrey C. Swoveland, whose terms expire in 2014 at the Annual Meeting, to stand for re-election to the Board for a three-year term expiring in 2017. Mr. Casabona joined the Board in 2007 and currently serves on the Audit Committee, which he chairs. Mr. Parke joined the Board in 2003 and currently serves on the Compensation Committee and the Nominating and Governance Committee. Mr. Swoveland joined the Board in 1991 and currently serves as the Non-Executive Chairman of the Board and as a member of the Audit Committee and the Compensation Committee.

The appointed proxies will vote your shares in accordance with your instructions and for the election of the three Class I Director nominees unless you withhold your authority to vote for one or more of them. The Board does not contemplate that any of the Director nominees will become unavailable for any reason; however, if any Director is unable to stand for election, the Board may reduce its size or select a substitute. Your proxy cannot be otherwise voted for a person who is not named in this Proxy Statement as a candidate for Director or for a greater number of persons than the number of Director nominees named.

Board of Directors

As of March 30, 2014, the composition of the Board and the term of each Director was as follows:

NOMINEES	FIRST ELECTED DIRECTOR	EXPIRATION OF CURRENT TERM
CLASS I:		
Joseph E. Casabona	2007	2014
David C. Parke	2003	2014
Jeffrey C. Swoveland	1991	2014
CLASS II:		
Anthony J. Crisafio	2006	2015
Kimberly Luff Wakim	2003	2015
CLASS III:		
Larry F. Mazza	2007	2016
James M. Trimble	2009	2016

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Name, Principal Occupation for Past Five Years and Other Directorships	First Elected Director
NOMINEES FOR TERM EXPIRING IN 2017 CLASS I	
JOSEPH E. CASABONA, 70, served as Executive Vice President and as a member of the Board of Directors of Denver-based Energy Corporation of America (ECA) from 1985 until his retirement in May 2007. ECA is a privately-held energy company that owns and operates assets both in the U.S. and around the world, including approximately 4,600 wells, 5,000 miles of pipeline and 1,000,000 acres in North America. As the primary direct report to the Chief Executive Officer of ECA, Mr. Casabona s major responsibilities included strategic planning/forecasting, acquisitions, capital transactions, corporate policy, and executive oversight in operational and drilling activities in the continental U.S. and internationally. From 1968 until 1985, Mr. Casabona was employed at KPMG or its predecessors with various titles including audit partner in the Pittsburgh, Pennsylvania office, where he primarily served public clients in the oil and gas industry. From 2008 until the beginning of 2011, Mr. Casabona served as Chief Executive Officer of Paramax Resources Ltd., a junior public Canadian oil and gas company engaged in the business of acquiring and exploring oil and gas prospects, primarily in Canada and Idaho. In determining Mr. Casabona s qualifications to serve on our Board, the Board has considered, among other things, that Mr. Casabona brings to the Board extensive first-hand experience in all aspects of the oil and gas industry, including natural gas exploration, development, acquisitions, operations and strategic planning, as well as experience in the Company s primary areas of operations, the Rocky Mountain Region and the Appalachian Basin. Mr. Casabona holds a BSBA from the University of Pittsburgh and a Master of Science-Mineral Economics from the Colorado School of Mines.	2007
DAVID C. PARKE, 47, has served as a Managing Director with Burrill Securities LLC since June 2011. From 2006 until 2011, he was Managing Director in the investment banking group of Boenning & Scattergood, Inc., a regional investment bank. Prior to joining Boenning & Scattergood from October 2003 to November 2006, he was a Director with the investment banking firm Mufson Howe Hunter & Company LLC. From 1992 through 2003, Mr. Parke was Director of Corporate Finance of Investec, Inc. and its predecessor, Pennsylvania Merchant Group Ltd., both investment banking companies. Prior to joining Pennsylvania Merchant Group, Mr. Parke served in the corporate finance departments of Wheat First Butcher & Singer, now part of Wells Fargo, and Legg Mason, Inc., now part of Stifel Nicolaus. In determining Mr. Parke s qualifications to serve on our Board, the Board has considered, among other things, that Mr. Parke has extensive investment banking experience, including experience in the oil and gas area, allowing him to contribute broad financial and investment banking expertise to the Board and to provide guidance on capital markets and acquisition matters.	2003
JEFFREY C. SWOVELAND, 59, was elected Non-Executive Chairman of the Board in June 2011, having served on the Board since 1991. From 2006 until January 2014, Mr. Swoveland was first Chief Operating Officer and later President and Chief Executive Officer of ReGear Life Sciences, Inc. in Pittsburgh, Pennsylvania (previously named Coventina Healthcare Enterprises), which develops and markets medical device products. From 2000 until 2007, Mr. Swoveland served as Chief Financial Officer of Body Media, Inc., a life-science company specializing in the design and development of wearable body monitoring products and services. Prior thereto, from 1994 to September 2000, Mr. Swoveland held various positions including Vice President of Finance, Treasurer and interim Chief Financial Officer with Equitable Resources, Inc., a diversified natural gas company. Mr. Swoveland also has worked as a geologist and exploratory geophysicist for both major and independent oil and gas companies. Mr. Swoveland serves as a member of the Board of Directors of Linn Energy, LLC, a public independent oil and natural gas company. In determining Mr. Swoveland s qualifications to serve on our Board, the Board has considered, among other things, that Mr. Swoveland brings to the Board extensive corporate management, accounting and finance experience, and oil and gas industry expertise. Additionally, his service as a director of another public energy company provides leadership and knowledge of best practices that benefit the Company and his guidance and understanding of management processes of larger oil and gas companies benefits the Company as it grows.	1991

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Name, Principal Occupation for Past Five Years and Other Directorships	First Elected Director
CONTINUING DIRECTORS WITH TERM EXPIRING IN 2015 CLASS II	
ANTHONY J. CRISAFIO, 61, a Certified Public Accountant, has served as an independent business consultant for more than 19 years, providing financial and operational advice to businesses in a variety of industries and stages of development. He is currently serving as a consultant to Empire Energy USA, LLC, which has operations in the Central Kansas Uplift and the shallow Appalachian Basin primarily in the State of New York, and is currently seeking and has pursued acquisitions in a variety of other basins in the United States. Mr. Crisafio also serves as the Interim Chief Financial Officer for MDS Energy, a part-time position. Mr. Crisafio also serves as an Advisory Board member for a number of privately held companies and has been a Certified Public Accountant for more than 30 years. Mr. Crisafio served as Chief Operating Officer, Treasurer and member of the Board of Directors of Cinema World, Inc. from 1989 until 1993. From 1975 until 1989, he was employed by Ernst & Young, last serving as a partner from 1986 to 1989. He was responsible for several Securities and Exchange Commission (SEC) registered client engagements and gained significant experience with oil and gas industry clients and mergers and acquisitions. In determining Mr. Crisafio s qualifications to serve on our Board, the Board has considered, among other things, that Mr. Crisafio brings to the Board more than 30 years of financial accounting and management expertise, with demonstrated business management and accounting experience.	2006
KIMBERLY LUFF WAKIM, 56, an attorney and a Certified Public Accountant, is a Partner with the law firm Clark Hill PLC (formerly Thorp, Reed & Armstrong LLP), where she is the co-chair of the Corporate Restructuring and Bankruptcy Practice Group. She has practiced law with the firm since 1990. Ms. Wakim was previously an auditor with Main Hurdman (now KPMG) and was Assistant Controller for PDC from 1982 to 1985. She has been a member of the American Institute of Certified Public Accountants and the West Virginia Society of CPAs for more than 19 years. In determining Ms. Wakim s qualifications to serve on our Board, the Board has considered, among other things, that Ms. Wakim brings to the Board a combination of strong legal background and expertise in accounting oversight.	2003
CONTINUING DIRECTORS WITH TERM EXPIRING IN 2016 CLASS III	
LARRY F. MAZZA, 53, is President and Chief Executive Officer of MVB Financial Corp (MVB), a growing financial services company with banking, mortgage, insurance and wealth management operations in West Virginia and Northern Virginia. He has more than 26 years of experience in both large banks and small community banks. Mr. Mazza is one of seven members of the West Virginia Board of Banking and Financial Institutions. This Board oversees the operation of financial institutions throughout West Virginia and advises the state Commissioner of Banking on banking matters. Mr. Mazza is also an entrepreneur and is co-owner of nationally-recognized sports media business Football Talk, LLC, a pro football website and content provider for NBC SportsTalk. Prior to joining MVB in 2005 to lead its geographic expansion and growth, Mr. Mazza was Senior Vice President & Retail Banking Manager for BB&T Bank s West Virginia North region, consisting of 33 financial centers and more than 300 employees. Mr. Mazza was employed by BB&T and its predecessors from 1986 to 2005. Prior thereto, Mr. Mazza was President of Empire National Bank, and later served as Regional President of One Valley Bank, a state-wide financial institution. Upon graduation from West Virginia University in Business Administration, he worked for KPMG (or its predecessors) as a Certified Public Accountant with a focus on auditing. In determining Mr. Mazza s qualifications to serve on our Board, the Board has considered Mr. Mazza s extensive leadership and banking experience. Banking relationships and experience have become particularly important to the Company in recent years. The Company benefits from Mr. Mazza s first-hand continuing experience as a chief executive officer, a specific attribute sought by the Board when he initially became a Director in 2007. Mr. Mazza also provides an important link to community and employee stakeholders, demonstrating a continuing commitment to our workforce located in Bridgeport, West Virginia.	2007

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Name, Principal Occupation for Past Five Years and Other Directorships	First Elected Director
JAMES M. TRIMBLE, 65, was appointed Chief Executive Officer and President of the Company in June 2011, having served on the Board since 2009. From August 2005 until November 2010, Mr. Trimble served as Managing Director of Grand Gulf Energy, Limited (ASX: GGE) (Grand Gulf), a public company traded on the Australian Securities Exchange, and retired from the Board of Directors of Grand Gulf in November 2011. In January 2005, Mr. Trimble founded and served until November 2010 as President and Chief Executive Officer of Grand Gulf s U.S. subsidiary Grand Gulf Energy Company LLC, an exploration and development company focused primarily on drilling in mature basins in Texas, Louisiana and Oklahoma. From 2000 through 2004, Mr. Trimble was Chief Executive Officer of Elysium Energy and then TexCal Energy LLC, both of which were privately held oil and gas companies that he managed through troubled workout solutions. Prior thereto, he was Senior Vice President of Exploration and Production for Cabot Oil and Gas (NYSE: COG). Mr. Trimble was hired in July 2002 as CEO of TexCal (formerly Tri-Union Development) to manage a distressed oil and gas company through bankruptcy. He successfully managed the company through its exit from bankruptcy in 2004. From November 2002 until May 2006, he also served as a director of Blue Dolphin Energy (NASDAQ: BDCO), an independent oil and gas company with operations in the Gulf of Mexico. Mr. Trimble currently serves on the Board of Directors of Callon Petroleum Company (NYSE: CPE) and Seisgen Exploration LLC, a small private exploration and production company operating in southern Texas. In determining Mr. Trimble s qualifications to serve on our Board, in addition to his status as CEO of the Company, the Board has considered, among other things, that Mr. Trimble is a Registered Professional Engineer who brings many years of broad oil and gas industry executive management experience to the Board, including experience as a chief operating officer, and knowledge of current developments and best practices in the industry.	2009

The election of the Class I Directors will be effected by an affirmative vote of a plurality of the outstanding common shares. Abstentions and broker non-votes will have no effect on the election of Directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE CLASS I NOMINEES TO THE BOARD OF DIRECTORS SET FORTH IN THIS PROPOSAL NO. 1. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY A CONTRARY VOTE.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board is comprised of three Directors and operates under a written charter adopted by the Board. Each member of the Audit Committee meets the independence requirements of Rule 5605(a)(2) of the NASDAQ listing standards and other applicable standards. The duties of the Audit Committee are summarized in this Proxy Statement under Standing Committees of the Board and are more fully described in its charter, which can be viewed on the Company s website at www.pdce.com under Corporate Governance.

Management is responsible for the Company s internal controls and preparation of the consolidated financial statements in accordance with generally accepted accounting principles. The Company s independent registered public accounting firm is responsible for performing an independent audit of the Company s consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB) and issuing a report thereon. The Audit Committee s responsibilities include monitoring and overseeing these processes.

The Audit Committee met 12 times during 2013. In addition, the Audit Committee has authorized Audit Committee member Joseph E. Casabona to serve as a sub-committee of the Audit Committee to review and approve SEC periodic financial filings and other actions of the partnerships for which the Company serves as managing general partner. The sub-committee met five times during 2013 to review such partnership filings.

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The Audit Committee reviewed and discussed the Company s audited consolidated financial statements for the year ended December 31, 2013 (the Audited Financial Statements) with the Company s management and PwC, the Company s independent registered public accounting firm. The Audit Committee also discussed with PwC the matters required to be discussed by Statement of Auditing Standards No. 61 (Codification of Statements of Auditing Standards AU § 380) as adopted by the PCAOB in Rule 3200T, as amended. PwC directly provided reports on significant matters to the Audit Committee. The Audit Committee has received the written disclosures and the letter from PwC required by PCAOB Rule 3526 and has discussed with PwC its independence from the Company. The Audit Committee has discussed with management and PwC such other matters and received such assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions and relying thereon, the Audit Committee has recommended that the Board include the Audited Financial Statements in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Joseph E. Casabona, Chair

Jeffrey C. Swoveland

Kimberly Luff Wakim

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

PROPOSAL NO. 2 RATIFY THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

(Proposal 2 on the Proxy Card)

The Audit Committee has appointed PwC as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2014 and the Company is submitting the appointment of PwC to the stockholders for ratification. If the appointment of PwC is not ratified, the Audit Committee will reconsider its selection. A representative of PwC is expected to attend the meeting and will have an opportunity to make a statement if he or she so desires, and will be available to respond to appropriate questions.

PRINCIPAL ACCOUNTANT FEES AND SERVICES	2013	2012
Audit Fees(1)	$ 1,800,000	$ 1,807,000
Audit-Related Fees(2)	117,111	169,872
Tax Fees(3)	64,134	189,692
Other Fees(4)		5,794
Total Fees	$ 1,981,245	$ 2,172,358

(1) Audit Fees consist of the aggregate fees billed for professional services rendered for audit procedures performed with regard to the Company s annual consolidated financial statements and the report on management s assessment of internal controls over financial reporting and the effectiveness of the Company s internal controls over financial reporting, including reviews of the consolidated financial statements included in our Quarterly Reports on Form 10-Q, and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements, including fees related to comfort letters and consents issued in conjunction with our debt and equity offerings.

(2) Audit-Related Fees consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company s annual consolidated financial statements and are not reported under Audit Fees. Fees billed primarily include our proportionate share of amounts billed to the Company-sponsored partnerships for the audits of their annual financial statements. Total amounts billed to the Company-sponsored partnerships in 2013 and 2012 were $309,000 and $340,000, respectively.

(3) Tax Fees consist of the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning for the Company and its proportionately consolidated entities.

(4) Other Fees consist of aggregate fees billed for products and services other than the services reported above.

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Audit Committee Pre-Approval Policies and Procedures

The Sarbanes-Oxley Act of 2002 requires that all services provided to the Company by its independent registered public accounting firm be subject to pre-approval by the Audit Committee or authorized Audit Committee members. The Audit Committee has adopted policies and procedures for pre-approval of all audit services and non-audit services to be provided by the Company s independent registered public accounting firm. Services necessary to conduct the annual audit must be pre-approved by the Audit Committee annually. Permissible non-audit services to be performed by the independent accountant may also be approved on an annual basis by the Audit Committee if they are of a recurring nature. Permissible non-audit services which are not eligible for annual pre-approval to be conducted by the independent accountant must be pre-approved individually by the full Audit Committee or by an authorized Audit Committee member. Actual fees incurred for all services performed by the independent accountant will be reported to the Audit Committee after the services are fully performed. All of the services described in Principal Accountant Fees and Services were approved by the Audit Committee pursuant to its pre-approval policies in effect at the time. The duties of the Audit Committee are described in the Audit Committee Charter, which can be viewed on the Company s website under Corporate Governance.

This proposal will be approved if it receives the affirmative vote of a majority of shares of common stock of the Company cast at the Annual Meeting and entitled to vote on this proposal. Broker non-votes and abstentions will not affect the outcome of this proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS PROPOSAL NO. 2. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY A CONTRARY VOTE.

PROPOSAL NO. 3 APPROVE, ON ADVISORY BASIS, THE COMPENSATION

OF THE COMPANY S NAMED EXECUTIVE OFFICERS

(Proposal 3 on the Proxy Card)

The stockholders of the Company are entitled to cast an advisory non-binding vote at the Annual Meeting on the compensation of the Company s Named Executive Officers (as defined below). While this vote is non-binding, the Board and the Compensation Committee value the opinions of our stockholders and will take into consideration the outcome of the vote in connection with their ongoing evaluation of the Company s compensation program. In 2011, based on the stockholder vote at the 2011 Annual Meeting of Stockholders and engagement with some of the Company s largest stockholders, the Company determined to hold a say-on-pay vote annually, consistent with the majority of votes cast in favor of an annual advisory vote. The next non-binding advisory vote regarding such frequency will be held no later than the Company s 2017 Annual Meeting of Stockholders, in accordance with SEC rules.

As described more fully under Compensation Discussion and Analysis below, the Company s executive compensation program is designed to attract, motivate and retain individuals with the skills required to formulate and drive the Company s strategic direction and achieve the annual and long-term performance necessary to create stockholder value. The program also seeks to align executive compensation with stockholder value on an annual and long-term basis through a combination of base pay, annual incentives and long-term incentives.

The Company s practice of targeting the median in compensation and placing a significant portion of each Named Executive Officer s compensation at risk demonstrates its pay-for-performance philosophy. Approximately 78% of the target 2013 compensation for our Named Executive Officers other than the CEO was in the form of variable compensation which was at risk (i.e., incentive cash compensation, performance-based equity, stock appreciation rights (SARs) and restricted stock). For the Company s CEO, this figure was 85%.

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Each of the Named Executive Officers has been granted significant equity to provide him a stake in the Company s long-term success. The Company also has significant stock ownership guidelines applicable to its senior executives. The Company believes that this tone at the top guides the Company s other officers and management personnel to obtain and maintain meaningful ownership stakes in the Company.

The Compensation Committee considers the results of the non-binding say-on-pay vote of our stockholders concerning the compensation of our Named Executive Officers. At our 2013 annual meeting of stockholders, an overwhelming majority (98%) of the votes cast approved the compensation of our Named Executive Officers. Accordingly, the Compensation Committee concluded that our executive compensation programs generally meet the expectations of our stockholders. We did not make any material changes to our executive compensation programs in 2013.

In light of the above, the Company believes that the compensation of its Named Executive Officers for 2013 was appropriate and reasonable, and that its compensation programs and practices are sound and in the best interests of the Company and its stockholders. Stockholders are being asked to vote on the following resolution:

RESOLVED, that the Company s stockholders approve, on an advisory basis, the compensation of the Company s Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including the &#14