

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934  
For the period ended March 31, 2004

or

☐ Transition Report Pursuant to Section 13 of 15(d) of  
the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_ to \_\_\_\_

Commission file number 000-50617

I.R.S. Employer Identification Number 55-0825962

PDC 2003-C LIMITED PARTNERSHIP

(A West Virginia Limited Partnership)  
103 East Main Street  
Bridgeport, WV 26330  
Telephone: (304) 842-6256

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes XX  
No   

Indicate by check mark whether the registrant is an accelerated filer (as definition in Rule 12b-2 of the Exchange Act.)  
Yes    No XX

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PDC 2003-C LIMITED PARTNERSHIP  
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Balance Sheets

March 31, 2004 and December 31, 2003

<u>Assets</u>	<u>2004</u> (Unaudited)	<u>2003</u>
Current assets:		
Cash	\$ 13,936	18,281
Accounts receivable - oil and gas revenues	<u>685,729</u>	<u>-</u>
Total current assets	699,665	18,281
Oil and gas properties, successful efforts method	19,038,293	13,687,656
Less accumulated depreciation, depletion and amortization	465,696	-
Unevaluated properties	<u>-</u>	<u>5,350,637</u>
	<u>18,572,597</u>	<u>19,038,293</u>
	\$ <u>19,272,262</u>	<u>19,056,574</u>
 <u>Liabilities and Partners' Equity</u>		
Current liabilities:		
Accrued expenses	\$ <u>19,567</u>	<u>16,935</u>
Total current liabilities	19,567	16,935
Asset retirement obligations	11,052	11,052
Partners' Equity	<u>19,241,643</u>	<u>19,028,587</u>
	<u>\$19,272,262</u>	<u>19,056,574</u>

See accompanying notes to financial statements.

PDC 2003-C LIMITED PARTNERSHIP  
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Statement of Operations

Three Months ended March 31, 2004  
(Unaudited)

	<u>2004</u>	
Revenues:		
Sales of oil and gas	\$802,015	
Interest income	<u>45</u>	
	802,060	
Expenses:		
Lifting cost	116,286	
Direct administrative charge	50	
Depreciation, depletion, and amortization	<u>465,696</u>	
	<u>582,032</u>	
Net income	<u>\$ 220,028</u>	
Net income per limited and additional general partner unit	<u>\$ 201</u>	<u>==</u>

See accompanying notes to financial statements.

PDC 2003-C LIMITED PARTNERSHIP  
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Statement of Partners' Equity

Three months ended March 31, 2004  
(Unaudited)

	Limited and Additional General <u>Partners</u>	Managing General <u>Partner</u>	Accumulated Other Comprehensive <u>Income (loss)</u>	- <u>Total</u>
Balance December 31, 2003	\$15,222,870	3,805,717	-	19,028,587
Distributions to partners	-	-	-	-
Comprehensive income:				
Net income	176,022	44,006	-	220,028
Change in fair value of outstanding hedging positions			(6,972)	
Less reclassification adjustments for settled contracts included in net income			<u>-</u>	
Other comprehensive loss			(6,972)	<u>(6,972)</u>
Comprehensive income	<u>          </u>	<u>          </u>	<u>          </u>	<u>213,056</u>
Balance March 31, 2004	<u>\$15,398,892</u>	<u>3,849,723</u>	<u>(6,972)</u>	<u>19,241,643</u>

See accompanying notes to financial statements.

PDC 2003-C LIMITED PARTNERSHIP  
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Statement of Cash Flows

Three Months ended March 31, 2004  
(Unaudited)

	<u>2004</u>
Cash flows from operating activities:	
Net income	\$220,028
Adjustments to reconcile net income to net cash used by operating activities:	
Depreciation, depletion and amortization	465,696
Changes in operating assets and liabilities:	
Increase in accounts receivable - oil and gas revenues	(685,729)
Decrease in accounts payable	<u>(4,340)</u>
Net cash used by operating activities	<u>(4,345)</u>
Cash flows from financing activities:	
Distributions to partners	<u>-</u>
Net cash used by financing activities	-
Net decrease in cash	(4,345)
Cash at beginning of period	<u>18,281</u>
Cash at end of period	<u>\$ 13,936</u>

See accompanying notes to financial statements.

PDC 2003-C LIMITED PARTNERSHIP  
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Notes to Financial Statements  
(Unaudited)

1. Accounting Policies

Reference is hereby made to the Partnership's Annual Report on Form 10-K for 2003, which contains a summary of significant accounting policies followed by the Partnership in the preparation of its financial statements. These policies were also followed in preparing the quarterly report included herein.

2. Basis of Presentation

The Management of the Partnership believes that all adjustments (consisting of only normal recurring accruals) necessary to a fair statement of the results of such periods have been made. The results of operations for the three months ended March 31, 2004 are not necessarily indicative of the results to be expected for the full year.

3. Oil and Gas Properties

The Partnership follows the successful efforts method of accounting for the cost of exploring for and developing oil and gas reserves. Under this method, costs of development wells, including equipment and intangible drilling costs related to both producing wells and developmental dry holes, and successful exploratory wells are capitalized and amortized on an annual basis to operations by the units-of-production method using estimated proved developed reserves which will be determined at year end by the Managing General Partner's petroleum engineer. If a determination is made that an exploratory well has not discovered economically producible reserves, then its costs are expensed as dry hole costs.

4. Revenue Recognition

Sales of oil and natural gas are recognized when the rights and responsibilities of ownership pass to the purchaser and are net of royalties.

5. Derivative Instruments and Hedging Activities

The Managing General Partner utilizes commodity based derivative instruments as hedges to manage a portion of the Partnership's exposure to price volatility stemming from natural gas production. These instruments consist of costless collars and option contracts traded on the CIG (Colorado Interstate Gas Index). The costless collars and option contracts hedge committed and anticipated natural gas sales generally forecasted to occur within a 24 month period. The Managing General Partner does not hold or issue derivatives for trading or speculative purposes.

New Accounting Standards

In June 2001, the Financial Accounting Standard Board issued SFAS No. 143, "Accounting for Asset Retirement Obligations" that requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset. This statement is effective for fiscal years beginning after June 15, 2002. The Partnership adopted SFAS No. 143 on January 1, 2003 and recorded a net asset of \$11,052 and a related liability of \$11,052 (using a 6% discount rate) when drilling occurred in 2003.

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Notes to Financial Statements  
(Unaudited)

A reporting issue has arisen regarding the application of certain provisions of SFAS No. 141 and SFAS No. 142 to companies in the extractive industries, including oil and gas companies. The issue is whether SFAS No. 142 requires registrants to classify the costs of mineral rights (leases) associated with extracting oil and gas intangible assets in the balance sheets, apart from other capitalized oil and gas property costs, and provide specific footnote disclosures. Historically, the Partnership has included the costs of mineral rights associated with extracting oil and gas as a component of oil and gas properties. If it is ultimately determined that SFAS No. 142 requires oil and gas companies to classify costs of mineral rights associated with extracting oil and gas as a separate intangible assets line item on the balance sheet, the Partnership would be required to reclassify the historical cost of approximately \$322,828 of mineral rights associated with developed oil and gas properties as of March 31, 2004 and December 31, 2003 out of oil and gas properties and into a separate intangible mineral rights assets line item. The Partnership's total balance sheet, cash flows and results of operations would not be affected since such intangible assets would continue to be amortized and assessed for impairment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The Partnership was funded on November 6, 2003 with initial Limited and Additional General Partner contributions of \$17,496,314 and the Managing General Partner's cash contribution of \$3,805,448 in accordance with the Agreement. After payment of syndication costs of \$1,837,113 and a one-time management fee to the Managing General Partner of \$437,408 the Partnership had available cash of \$19,027,241 for Partnership activities.

The Partnership began exploration and development activities subsequent to the funding of the Partnership and completed well drilling activities by March 15, 2004. Twenty-five wells have been drilled, all of which have been completed as producing wells. No additional wells will be drilled.

The Partnership had net working capital at March 31, 2004 of \$687,070.

Operations are expected to be conducted with available funds and revenues generated from oil and gas activities. No bank borrowings are anticipated.

Results of Operations

Three months ended March 31, 2004

Oil and gas sales for the three months ended March 31, 2004 were \$802,015. For the three months ended March 31, 2004, the Partnership sold 45,245 Mcf of gas and 16,609 barrels of oil at average prices of \$5.07 and \$34.47, respectively. Lifting cost per Mcfe in the first quarter of 2004 amounted to \$0.80. Depreciation, depletion and amortization was \$465,696 for the first quarter ended March 31, 2004. There were no cash distributions to the partners in the first quarter of 2004.

The Partnership's revenue from oil and gas will be affected by changes in prices. As a result of changes in federal regulations, gas prices are highly dependent on the balance between supply and demand. The Partnership's gas sales prices are subject to increase and decrease based on various market sensitive indices.



PDC 2003-C LIMITED PARTNERSHIP  
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Notes to Financial Statements  
(Unaudited)

Critical Accounting Policies

Certain accounting policies are very important to the portrayal of Partnership's financial condition and results of operations and require management's most subjective or complex judgments. The policies are as follows:

Revenue Recognition. Sales of natural gas are recognized when the rights and responsibilities of ownership pass to the purchasers and are net of royalties.

Impairment of Long-Lived Assets. The Partnership assesses impairment of capitalized costs of proved oil and gas properties by comparing net capitalized costs to undiscounted future cash flows on a field-by-field basis using expected prices. Prices utilized in each year's calculation for measurement purposes and expected costs are held constant throughout the life of the properties. If net capitalized costs exceed undiscounted future net cash flow, the measurement of impairment is based on estimated fair value which would consider future discounted cash flows.

The judgment used in applying the above policies is based on management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates. See additional discussions in this Management's Discussion and Analysis.

Item 3. Quantitative and Qualitative Disclosure About Market Rate Risk

Market-Sensitive Instruments and Risk Management

The Partnership's primary market risk exposure is commodity price risk. This exposure is discussed in detail below:

Commodity Price Risk

Natural gas and oil prices have been unusually volatile for the past few years, and the Partnership anticipates continued volatility in the future. Currently, the NYMEX futures reflect a market expectation of gas prices at Henry Hub close to or above record prices per million Btu's (mmbtu). These prices look strong for 2004 although natural gas storage levels are near normal levels following a period when storage levels had been at a five-year low. The Partnership believes this situation creates the possibility of both periods of low prices and continued high prices.

As of March 31, 2004 the Partnership had total open oil future contracts on 5,304 barrels of oil with a total contract amount of \$167,759 and a fair value of \$(6,972). All of the oil future contracts mature within the next twelve months.

Disclosure of Limitations

As the information above incorporates only those exposures that exist at March 31, 2004, it does not consider those exposures or positions which could arise after that date. As a result, the Partnership's ultimate realized gain or loss with respect to commodity price fluctuations will depend on the exposures that arise during the period, the Partnership's hedging strategies at the time and commodity prices at the time.

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Notes to Financial Statements  
(Unaudited)

Item 4. Controls and Procedures

Under the supervision and with the participation of the Managing General Partner's management, including the Managing General Partner's Chief Executive Officer and Chief Financial Officer, the Managing General Partner has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Exchange Act Rule 13a-14(c)) as of the end of this fiscal quarter, and, based on their evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective in all material respects, including those to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the Commission's rules and forms, and is accumulated and communicated to management, including the Managing General Partner's Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely disclosure. There have been no significant changes in our internal control or in other factors that have materially affected or are reasonably likely to materially affect these controls that occurred during the Partnership's last fiscal quarter and subsequent to the date of their evaluation.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Name	Exhibit Number
Rule 13a-14(a)/15d-14(a) Certifications by Chief Executive Officer	31
Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer	31
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Section 1350 Certifications by Chief Financial Officer	32

(b) No reports on Form 8-K have been filed during the quarter ended March 31, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PDC 2003-C Limited Partnership  
(Registrant)

By its Managing General Partner  
Petroleum Development Corporation

/s/ Steven R. Williams  
Steven R. Williams  
President

Date: May 17, 2004

/s/ Darwin L. Stump  
Darwin L. Stump  
Chief Financial Officer

Date: May 17, 2004

