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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities and Exchange Act of 1934
For the period ended March 31, 2002

OR

[ ] Transition Report Pursuant to Section 13 of 15(d) of
the Securities and Exchange Act of 1934
For the transition period from ___ to

Commission file number 0-7246

I.R.S. Employer Identification Number 95-2636730

PETROLEUM DEVELOPMENT CORPORATION
(A Nevada Corporation)
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 the number of shares outstanding of each of the issuers classes of common stock, as of the latest practicable date: 16,244,044 shares of the Company's Common Stock ($.01 par value) were outstanding as of March 31, 2002.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Independent Auditors' Review Report

The Board of Directors
Petroleum Development Corporation:

We have reviewed the accompanying condensed consolidated balance sheet of Petroleum Development Corporation and subsidiaries as of March 31, 2002, and the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2002 and 2001. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Petroleum Development Corporation and subsidiaries as of December 31, 2001 and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2001 is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP

Pittsburgh, Pennsylvania
May 7, 2002

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
March 31, 2002 and December 31, 2001

ASSETS

	2002 (Unaudited)	2001
Current assets:		
Cash and cash equivalents	$ 26,051,500	$ 48,175,600
Accounts and notes receivable	10,482,000	10,752,600
Inventories	963,900	1,117,900
Prepaid expenses	3,684,500	4,659,300
Total current assets	41,181,900	64,705,400
Properties and equipment	178,590,900	178,350,000
Less accumulated depreciation, depletion, and amortization	48,687,100	45,809,500
	129,903,800	132,540,500
Other assets	2,632,700	2,606,200
	$173,718,400	$199,852,100

(Continued)

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets, Continued
March 31, 2002 and December 31, 2001

LIABILITIES AND STOCKHOLDERS' EQUITY	2002 (Unaudited)	2001
Current liabilities:		
Accounts payable and accrued expenses	$ 19,185,600	$ 25,042,800
Advances for future drilling contracts	10,416,400	31,592,200
Funds held for future distribution	3,945,600	4,650,800
Total current liabilities	33,547,600	61,285,800
Long-term debt	26,000,000	28,000,000
Other liabilities	4,747,600	4,082,700
Deferred income taxes	10,342,400	9,710,800
Stockholders' equity:		
Common stock	162,400	162,400
Additional paid-in capital	32,923,800	32,922,500
Retained earnings	67,074,300	64,145,300
Accumulated other comprehensive income	(1,079,700)	(457,400)
Total stockholders' equity	99,080,800	96,772,800
	$173,718,400	$199,852,100

See accompanying notes to condensed consolidated financial statements.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Income
Three Months ended March 31, 2002 and 2001
(Unaudited)

	2002	2001
Revenues:		
Oil and gas well drilling operations	$21,169,400	21,422,300
Gas sales from marketing activities	8,481,900	28,814,100
Oil and gas sales	4,513,900	7,540,900
Well operations and pipeline income	1,505,900	1,307,600
Other income	414,800	456,500
	36,085,900	59,541,400
Costs and expenses:		
Cost of oil and gas well drilling operations	17,401,500	18,482,500
Cost of gas marketing activities	8,279,100	28,168,500
Oil and gas production costs	2,058,800	1,689,300
General and administrative expenses	975,700	961,400
Depreciation, depletion, and amortization	2,904,900	1,990,100
Interest	239,300	213,900
	31,859,300	51,505,700
Income before income taxes	4,226,600	8,035,700
Income taxes	1,297,600	2,410,700
Net income	$ 2,929,000	5,625,000
Basic earnings per common share	$ .18	$ .35
Diluted earnings per share	$ .18	$ .34

See accompanying notes to condensed consolidated financial statements

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
Three Months Ended March 31, 2002 and 2001
(Unaudited)

	2002	2001
Cash flows from operating activities:		
Net income	$ 2,929,000	5,625,000
Adjustments to net income to reconcile to cash provided by (used in) operating activities:		
Deferred federal income taxes	1,013,000	904,000
Depreciation, depletion & amortization	2,904,900	1,990,100
Gain from sale of assets	(5,000)	-
Leasehold acreage expired or surrendered	60,000	-
Amortization of stock award	1,300	1,400
Decrease in current assets	911,100	7,364,200
Increase in other assets	(35,200)	(4,900)
Decrease in current liabilities	(28,253,600)	(14,453,700)
Increase (decrease) in other liabilities	664,900	(375,000)
Total adjustments	(22,738,600)	(4,573,900)
Net cash (used in) provided by operating activities	(19,809,600)	1,051,100
Cash flows from investing activities:		
Capital expenditures	(758,400)	(1,709,100)
Proceeds from sale of leases	438,900	730,000
Proceeds from sale of fixed assets	5,000	-
Net cash used in investing activities	(314,500)	(979,100)
Cash flows from financing activities:		
Net (retirement of) proceeds from long-term debt	(2,000,000)	(2,350,000)
Net cash used in financing activities	(2,000,000)	(2,350,000)
Net decrease in cash and cash equivalents	(22,124,100)	(2,278,000)
Cash and cash equivalents, beginning of period	48,175,600	46,872,000
Cash and cash equivalents, end of period	$ 26,051,500	44,594,000

See accompanying notes to condensed consolidated financial statements.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
March 31, 2002
(Unaudited)

1. Accounting Policies

Reference is hereby made to the Company's Annual Report on Form 10-K for 2001, which contains a summary of significant accounting policies followed by the Company in the preparation of its consolidated financial statements. These policies were also followed in preparing the quarterly report included herein.

On January 1, 2002 the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets" and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Adoption of these statements did not have a material effect on the Company's financial position, results of operations, or cash flows.

2. Basis of Presentation

The Management of the Company 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, 2002 are not necessarily indicative of the results to be expected for the full year.

3. Oil and Gas Properties

Oil and Gas Properties are reported on the successful efforts method.

4. Earnings Per Share

Computation of earnings per common and common equivalent share are as follows for the three months ended March 31,

	2002	2001
Weighted average common shares outstanding	16,245,752	16,244,044
Weighted average common and common equivalent shares outstanding	16,616,446	16,666,639
Net income	$ 2,929,000	$ 5,625,000
Basic earnings per common share	$ .18	$ .35
Diluted earnings per share	$ .18	$ .34

5. Business Segments (Thousands)

PDC's operating activities can be divided into three major segments: drilling and development, natural gas sales, and well operations. The Company drills natural gas wells for Company-sponsored drilling partnerships and retains an interest in each well. The Company also engages in oil and gas sales to residential, commercial and industrial end-users. The Company charges Company-sponsored partnerships and other third parties competitive industry rates for well operations and gas gathering. Segment information for the three months ended March 31, 2002 and 2001 is as follows:

	2002	2001
REVENUES		
Drilling and Development	$21,169	21,422
Natural Gas Sales	12,997	36,355
Well Operations	1,506	1,308
Unallocated amounts (1)	414	456
Total	$36,086	59,541

(1) Includes interest on investments and partnership management fees which are not allocated in assessing segment performance.

	2002	2001
SEGMENT INCOME BEFORE INCOME TAXES		
Drilling and Development	$3,768	2,940
Natural Gas Sales	602	5,454
Well Operations	711	400
Unallocated amounts (2)		
General and Administrative expenses	(975)	(961)
Interest expense	(239)	(214)
Other (1)	360	417
Total	$ 4,227	8,036

(2) Items which are not allocated in assessing segment performance.

	March 31, 2002	December 31, 2001
SEGMENT ASSETS		
Drilling and Development	$ 6,730	36,202
Natural Gas Sales	134,524	142,865
Well Operations	13,603	11,975
Unallocated amounts		
Cash	9,280	422
Other	9,581	8,388
Total	$173,718	199,852

6. Comprehensive Income

Comprehensive income includes net income and certain items recorded directly to shareholders' equity and classified as Other Comprehensive Income. The following table illustrates the calculation of comprehensive income for the quarter ended March 31, 2002.

Net Income	$ 2,929,000
Other Comprehensive Loss (net of tax)	
Reclassification adjustment for settled contracts included in net income (net of tax of $65,300)	(106,600)
Changes in fair value of outstanding hedging positions (net of tax of $316,100)	(515,700)
Other Comprehensive Loss	(622,300)
Comprehensive Income	$ 2,306,700

7. Commitments and Contingencies

The nature of the independent oil and gas industry involves a dependence on outside investor drilling capital and involves a concentration of gas sales to a few customers. The Company sells natural gas to various public utilities and industrial customers.

The Company would be exposed to natural gas price fluctuations on underlying purchase and sale contracts should the counterparties to the Company's hedging instruments or the counterparties to the Company's gas marketing contracts not perform. Such nonperformance is not anticipated. There were no counterparty default losses in 2002 or 2001.

Substantially all of the Company's drilling programs contain a repurchase provision where Investors may tender their partnership units for repurchase at any time beginning with the third anniversary of the first cash distribution. The provision provides that the Company is obligated to purchase an aggregate of 10% of the initial subscriptions per calendar year (at a minimum price of four times the most recent 12 months' cash distributions), only if such units are tendered, subject to the Company's financial ability to do so. The maximum annual 10% repurchase obligation, if tendered by investors, is currently approximately $2,085,600. The Company has adequate capital to meet this obligation.

The Company is not party to any legal action that would materially affect the Company's results of operations or financial condition.

8. Subsequent Event - Stock Repurchase

On April 4, 2002, the Company repurchased 580,969 shares of its common stock from the Chairman of the Board for $6.36 per share. The price was determined based on the closing price on April 3, 2002 less a $.03 / share allowance for brokerage commission. The purchase is part of a succession plan for the Company and the Chairman's need to diversify his holdings. The Company received an opinion from an investment banking firm as to the fairness of the transaction for the Company. The repurchased shares were then retired.

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

Results of Operations

Three Months Ended March 31, 2002 Compared With March 31, 2001

Revenues. Total revenues for the three months ended March 31, 2002 were $36.1 million compared to $59.5 million for the three months ended March 31, 2001, a decrease of approximately $23.5 million, or 39.5 percent. Such decrease was primarily a result of lower gas marketing activities and oil and gas sales. Drilling revenues for the three months ended March 31, 2002 were $21.2 million compared to $21.4 for the three months ended March 31, 2001. Natural gas sales from the marketing activities of Riley Natural Gas (RNG), the Company's natural gas marketing subsidiary, for the three months ended March 31, 2002 were $8.5 million compared to $28.8 million for the three months ended March 31, 2001, a decrease of approximately $20.3 million or 70.5% Such decrease was due to natural gas sold at significantly lower average sales prices along with slightly lower volumes sold. Oil and gas sales from the Company's producing properties for the three months ended March 31, 2002 were $4.5 million compared to $7.5 million for the three months ended March 31, 2001, a decrease of approximately $3.0 million, or 40.0 percent. Such decrease was due to lower average sales prices of natural gas and oil from the Company's producing properties offset in part by increased volumes produced and sold. Financial results depend upon many factors, particularly the price of natural gas and our ability to market our production on economically attractive terms. Price volatility in the natural gas market has remained prevalent in the last few years. Natural gas and oil prices declined dramatically at the end of the fourth quarter 2001 and during the entire first quarter of 2002. However, we have seen a significant strengthening since then and the outlook for the rest of the year looks strong. Since the end of the first quarter we have entered into some commodity price hedging contracts for production from May 2002 through October 2002 as outlined below, to protect ourselves against possible short-term price weaknesses. Through the use of put and call options, we have generally established a price range of $2.80 to $3.75 for 112,000 Mmbtu of monthly production. In addition, we have established a floor price of $2.80 to $2.85 for another 112,000 Mmbtu of monthly production. Well operations and pipeline income for the three months ended March 31, 2002 was $1.5 million compared to $1.3 million for the three months ended March 31, 2001, an increase of approximately $200,000 or 15.3%. Such increase was due to an increase in the number of wells operated by the Company. Other income for the three months ended March 31, 2002 was $415,000 compared to $456,000 for the three months ended March 31, 2001, a decrease of approximately $41,000.

Costs and expenses. Costs and expenses for the three months ended March 31, 2002 were $31.9 million compared to $51.5 million for the three months ended March 31, 2001, a decrease of approximately $19.6 million or 38.1 percent. Oil and gas well drilling operations costs for the three months ended March 31, 2002 were $17.4 million compared to $18.5 million for the three months ended March 31, 2001, a decrease of approximately $1.1 million or 5.9% percent. Such decrease was due to a softening of well drilling and completion costs. The cost of gas marketing activities for the three months ended March 31, 2002 were $8.3 million compared to $28.2 million for the three months ended March 31, 2001, a decrease of $19.9 million or 70.6%. Such decrease was due to the significantly lower average purchase prices of natural gas marketed. Based on the nature of the Company's gas marketing activities, hedging did not have a significant impact on the Company's net margins from marketing activities during either period. Oil and gas production costs from the Company's producing properties for the three months ended March 31, 2002 were $2.1 million compared to $1.7 million for the three months ended March 31, 2001, an increase of approximately $400,000 or 23.5%. Such increase was due to the production costs on the increased volumes of natural gas and oil sold and number of wells operated by the Company. General and administrative expenses for the three months ended March 31, 2002 increased to $976,000 compared with $961,000 for the three months ended March 31, 2001. Depreciation, depletion, and amortization costs for the three months ended March 31, 2002 were $2.9 million compared to $1.9 million for the three months ended March 31, 2001, an increase of $1.0 million or 52.6 percent. Such increase was due to the increased amount of investment in oil and gas properties owned by the Company. Interest costs for the three months ended March 31, 2002 were $239,000 compared to $214,000 for the three months ended March 31, 2001.

Net income. Net income for the three months ended March 31, 2002 was $2.9 million compared to a net income of $5.6 million for the three months ended March 31, 2001, a decrease of approximately $2.7 million or 48.2 percent.

Liquidity and Capital Resources

The Company funds its operations through a combination of cash flow from operations, capital raised through drilling partnerships, and use of the Company's credit facility. Operational cash flow is generated by sales of natural gas from the Company's well interests, well drilling and operating activities for the Company's investor partners, natural gas gathering and transportation, and natural gas marketing. Cash payments from Company-sponsored partnerships are used to drill and complete wells for the partnerships, with operating cash flow accruing to the Company to the extent payments exceed drilling costs. The Company utilizes its revolving credit arrangement to meet the cash flow requirements of its operating and investment activities.

Sales volumes of natural gas have continued to increase while natural gas prices fluctuate monthly. The Company's natural gas sales prices are subject to increase and decrease based on various market-sensitive indices. A major factor in the variability of these indices is the seasonal variation of demand for natural gas, which typically peaks during the winter months. The volumes of natural gas sales are expected to continue to increase as a result of continued drilling activities and additional investment by the Company in oil and gas properties. The Company utilizes commodity-based derivative instruments (natural gas futures and option contracts traded on the NYMEX) as hedges to manage a portion of its exposure to this price volatility. The futures contracts hedge committed and anticipated natural gas purchases and sales, generally forecasted to occur within a three to twelve-month period.

The Company has a bank credit agreement with Bank One which provides a borrowing base of $40.0 million, subject to adequate oil and natural gas reserves. As of March 31, 2002, the outstanding balance was $26.0 million. Interest accrues at prime, with LIBOR (London Interbank Market Rate) alternatives available at the discretion of the Company. No principal payments are required until the credit agreement expires on December 31, 2004.

The Company has commenced sales of units in its fifth partnership in its registered PDC 2003 public drilling program which has eight remaining partnerships which are scheduled to close during 2002 and 2003. The fifth partnership is scheduled to close in the second quarter of 2002, with drilling planned in the second and third quarters of 2002. Additional programs are scheduled to close in September, November and December of 2002. The Company generally invests, as its equity contribution to each drilling partnership, an additional sum approximating 20% of the aggregate subscriptions received for that particular drilling partnership. As a result, the Company is subject to substantial cash commitments at the closing of each drilling partnership. The funds received from these programs are restricted to use in future drilling operations. No assurance can be made that the Company will continue to receive this level of funding from these or future programs.

Substantially all of the Company's drilling programs contain a repurchase provision where Investors may tender their partnership units for repurchase at any time beginning with the third anniversary of the first cash distribution. The provision provides that the Company is obligated to purchase an aggregate of 10% of the initial subscriptions per calendar year (at a minimum price of four times the most recent 12 months' cash distributions), only if such units are tendered, subject to the Company's financial ability to do so. The maximum annual 10% repurchase obligation, if tendered by the investors, is currently approximately $2,085,600. The Company has adequate capital to meet this obligation.

The Company continues to pursue capital investment opportunities in producing natural gas properties as well as its plan to participate in its sponsored natural gas drilling partnerships, while pursuing opportunities for operating improvements and costs efficiencies. Management believes that the Company has adequate capital to meet its operating requirements.

A summary of Company’s debt and lease obligations and commitments as of March 31, 2002 are as follows:

Year	Debt	Operating Leases
2002		$1,009,900
2003		1,061,500
2004	$26,000,000	397,800
2005		120,400
2006		50,200

Critical Accounting Policies

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

Revenue Recognition

Oil and gas wells are drilled primarily on a contract basis. The Company follows the percentage-of-completion method of income recognition for drilling operations in progress.

Sales of natural gas are recognized when sold, oil revenues are recognized when produced into a stock tank.

Well operations income consists of operation charges for well upkeep, maintenance and operating lease income on tangible well equipment.

Valuation of Accounts Receivable

Management reviews accounts receivable to determine which are doubtful of collection. In making the determination of the appropriate allowance for doubtful accounts, management considers Company's history of write-offs, relationships and overall credit worthiness of its customers, and well production data for receivables related to well operations.

Impairment of Long-Lived Assets

Exploration and development costs are accounted for by the successful efforts method.

The Company assesses impairment of capitalized costs of proved oil and gas properties by comparing net capitalized costs to undiscounted future net 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 estimated 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.

Unproved properties are assessed on a property-by-property basis and properties considered to be impaired are charged to expense when such impairment is deemed to have occurred.

Deferred Tax Asset Valuation Allowance

Deferred tax assets are recognized for deductible temporary differences, net operating loss carryforwards, and credit carryforwards if it is more likely than not that the tax benefits will be realized. To the extent a deferred tax asset cannot be recognized under the preceding criteria, a valuation allowance has been established.

The judgments used in applying the above policies are 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.

New Accounting Standards

In June 2001, the FASB issued SFAS 143, Accounting for Asset Retirement Obligations (SFAS No. 143). SFAS No. 143 requires the Company to record the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets. The Company also records a corresponding asset which is depreciated over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation will be adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The Company is required to adopt SFAS No. 143 on January 1, 2003. At this time, the Company cannot reasonably estimate the effect of the adoption of this Statement on either its financial position, results of operations, or cash flows.

Item 3. Quantitative and Qualititive Disclosure About Market Rate Risk

Interest Rate Risk

There have been no material changes in the reported market risks faced by the Company since December 31, 2001.

Commodity Price Risk

The Company utilizes commodity-based derivative instruments as hedges to manage a portion of its exposure to price risk from its natural gas sales and marketing activities. These instruments consist of NYMEX-traded natural gas futures contracts and option contracts. These hedging arrangements have the effect of locking in for specified periods (at predetermined prices or ranges of prices) the prices the Company will receive for the volume to which the hedge relates. As a result, while these hedging arrangements are structured to reduce the Company's exposure to decreases in price associated with the hedging commodity, they also limit the benefit the Company might otherwise have received from price increases associated with the hedged commodity. The Company's policy prohibits the use of natural gas future and option contracts for speculative purposes. As of March 31, 2002, PDC had entered into a series of natural gas future contracts and options contracts. Open future contracts maturing in 2002 are for the sale of 2,150,000 dt of natural gas with a weighted average price of $3.18 dt resulting in a total contract amount of $6,827,500, and a fair market value of $(479,800).

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not a party to any legal actions that would materially affect the Company's operations or financial statements.

Item 6. Exhibits and Reports on Form 8-K

(a) None.

(b) No reports on Form 8-K have been filed during the quarter ended March 31, 2002.

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.

Petroleum Development Corporation
(Registrant)

Date: May 7, 2002

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

Date: May 7, 2002

/s/ Dale G. Rettinger
Dale G. Rettinger
Executive Vice President
and Treasurer