

**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**FORM 8-K**

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES AND EXCHANGE ACT OF 1934

July 10, 2007

*Date of report (Date of earliest event reported)*



**Petroleum Development Corporation**

*Exact Name of Registrant as Specified in Charter*

<b>Nevada</b>	<b>0-7246</b>	<b>95-2636730</b>
<i>State or Other</i>	<i>Commission</i>	<i>IRS Employer</i>
<i>Jurisdiction</i>	<i>File Number</i>	<i>Identification</i>
<i>of Incorporation</i>		<i>Number</i>

**120 Genesis Boulevard, Bridgeport, WV 26330**

*Address of Principal Executive Offices*

**304-842-3597**

*Registrant's telephone number, including area code*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**No Change**

*Former Name or Former Address, if Changed Since Last Report*

**Item 7.01 Regulation FD Disclosure**

On July 11-18, 2007, Petroleum Development Corporation will conduct a Midwest/Northeast Road Show.

A copy of the transcript of the presentation is attached herein as Exhibit 99.1.

**EXHIBIT INDEX**

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits.

PowerPoint Presentation Text

**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 hereunto duly authorized.

**PETROLEUM DEVELOPMENT CORPORATION**

Date: July 10, 2007

By: /s/ Richard W. McCullough  
Richard W. McCullough  
Chief Financial Officer



# **Petroleum Development Corporation**

## **July Corporate Presentation**

**Steven R. Williams, Chairman & CEO**

**Richard W. McCullough, CFO & Treasurer**

**NASDAQ GSM: PETD**



# Forward Looking Statements



This information contains predictions, estimates and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those included in the forward-looking statements include the timing and extent of changes in commodity prices for oil and gas, the need to develop and replace reserves, environmental risks, drilling and operating risks, risks related to exploration and development, uncertainties about the estimates of reserves, competition, government regulation and the ability of the Company to meet its stated business goals.

## Contact Information:

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Bridgeport, West Virginia 26330  
Phone: 304.842.3597  
Fax: 304.842.0913  
[www.petd.com](http://www.petd.com)


# Company Snapshot



- ❖ **Market Cap** (06/30/07) ✓ Approx. \$760 Million
- ❖ **Proved Reserves** (12/31/06) ✓ 323 Bcfe
- ❖ **Production** (2006) ✓ 16.9 Bcfe
- ❖ **Production Profile** (1Q07) ✓ 78% N.Gas/ 22% Oil
- ❖ **EBITDA** (2006) ✓ \$423.6 Million
- ❖ **Total Shareholder Equity** (12/31/06) ✓ \$360.1 Million

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# First Quarter Highlights

- 
- Received Nasdaq notification on July 5, 2007
    - In compliance with all Nasdaq Marketplace Rules
    - Will continue listing
  - Record production of 5.33 Bcfe
    - On track with 28 Bcfe guidance for 2007
  - Adjusted Cash Flow up despite impacts of prices\*
  - G&A costs reflect accounting and systems improvements and staff enhancements

\* Adjusted Cash Flow is net income adjusted for non-cash gains and charges for DD&A, deferred taxes and unrealized derivative losses. See slide 10 for further information.

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# Impact of Price Changes

- 
- Average 1Q07 price of \$6.38 per Mcfe was \$1.32 lower than 1Q 2006
  - Reduced cash flow and earnings
  - Realized derivative gain in 1Q07 of about \$600k
    - Unrealized derivative losses for future period derivatives of \$6.2 million (non-cash)
  - Prices and derivatives also reduced Gas Marketing revenue and expenses

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# Summary Financial Results

(\$ in millions, except for per share data)

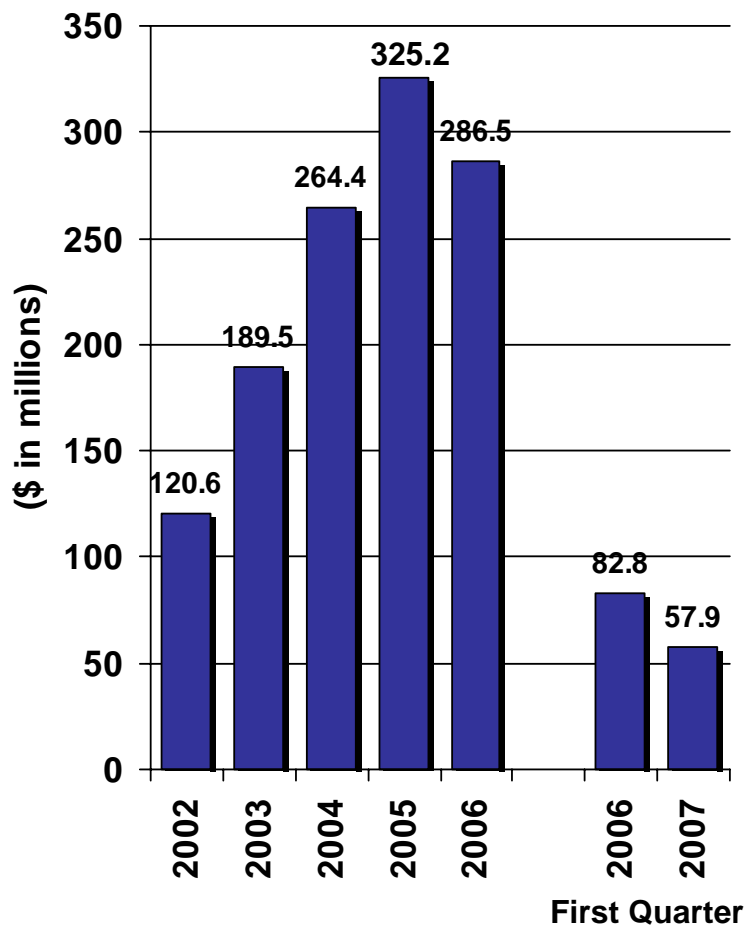


	First Quarter	
	2006	2007
Revenues	\$82.8	\$57.9
Total Expenses	\$64.5	\$54.3
Income from Operations	\$18.3	\$3.6
Net Income	\$11.6	\$2.5
Diluted Earnings Per Share	\$0.72	\$0.17

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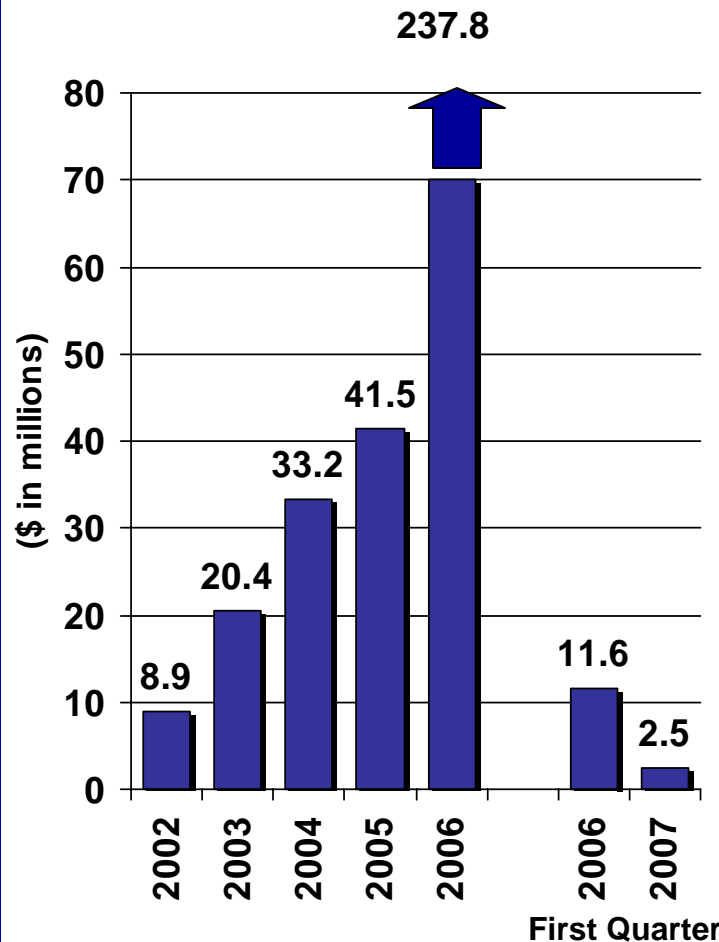
# Revenue



- Increased production at record levels
- Factors reducing revenue
  - Direct impact of lower prices
  - Unrealized derivative losses
  - Price effect on gas marketing revenue and derivatives

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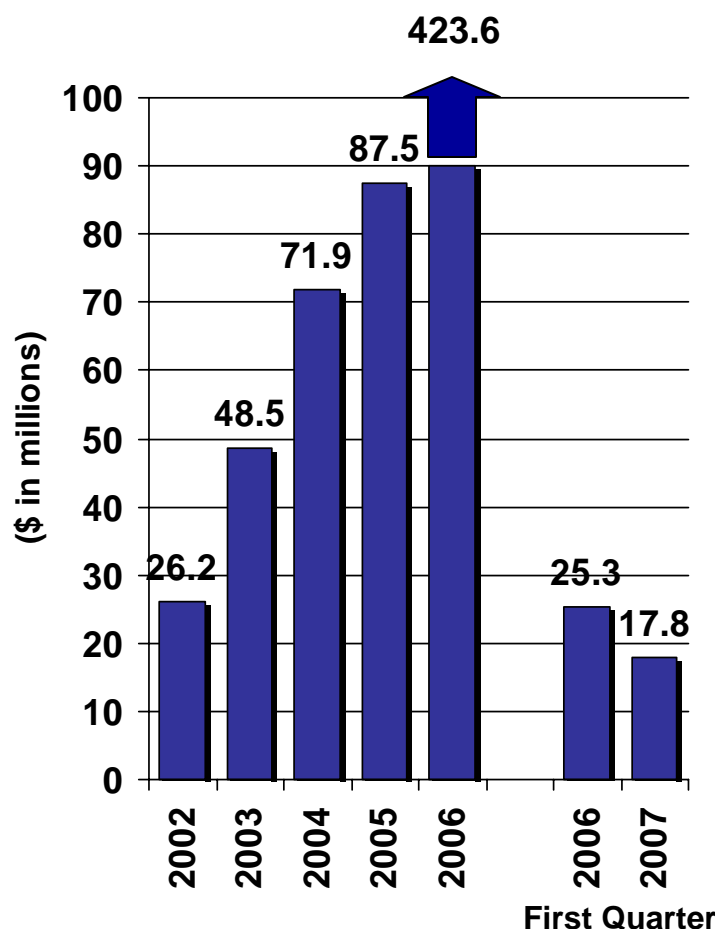
# Net Income



- Net Income of \$2.5 million
- Reduced by prices
  - Primary Drivers
    - Cash item - Lower prices
    - Non-cash items - Increased DD&A and unrealized derivative losses

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# EBITDA



- Includes impact of lower gas prices and non-cash unrealized derivative losses
- Affected by unrealized derivative losses (gains):
  - 2006 \$7.6 million gain
  - 2005 \$3.2 million loss
  - 2004 \$0.5 million loss
- EBITDA = Net Income + Interest Expense + Income Taxes + Depreciation, depletion, amortization (DD&A)

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# EBITDA Reconciliation

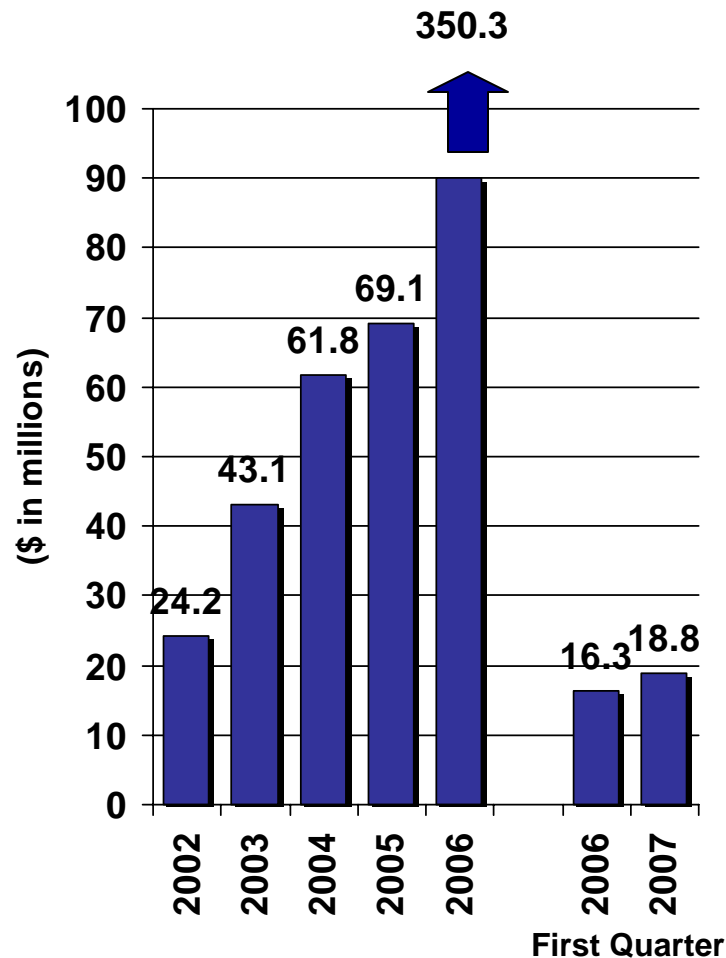
(\$ in thousands)

	2002	2003	2004	2005	2006	1Q06	1Q07
<b>Net Income</b>	<b>\$8,881</b>	<b>\$20,413</b>	<b>\$33,228</b>	<b>\$41,452</b>	<b>\$237,772</b>	<b>\$11,645</b>	<b>\$2,501</b>
<b>Interest</b>	<b>1,505</b>	<b>816</b>	<b>238</b>	<b>217</b>	<b>2,443</b>	<b>352</b>	<b>831</b>
<b>Income Taxes</b>	<b>3,186</b>	<b>11,934</b>	<b>20,250</b>	<b>24,676</b>	<b>149,637</b>	<b>6,710</b>	<b>1,436</b>
<b>DD&amp;A</b>	<b>12,602</b>	<b>15,313</b>	<b>18,156</b>	<b>21,116</b>	<b>33,735</b>	<b>6,587</b>	<b>13,074</b>
<b>EBITDA</b>	<b>\$26,174</b>	<b>\$48,476</b>	<b>\$71,872</b>	<b>\$87,461</b>	<b>\$423,587</b>	<b>\$25,294</b>	<b>\$17,842</b>

Management believes EBITDA is relevant because it is a measure of cash available to fund the Company's capital expenditures and service its debt and is a widely used industry metric which allows comparability of our results with our peers.

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# Adjusted Cash Flow



- Increased despite lower prices
- Adjusted Cash Flow = Net Income + Deferred Income Taxes + DD&A + impact of unrealized derivative gains or losses

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# Adjusted Cash Flow Reconciliation

## (\$ in thousands)

	2002	2003	2004	2005	2006	1Q06	1Q07
<b>Net Income</b>	\$8,881	\$20,413	\$33,228	\$41,452	\$237,772	\$11,645	\$2,501
<b>Deferred Income Taxes</b>	2,189	8,462	9,887	3,351	86,431	996	(3,379)
<b>DD&amp;A</b>	12,602	15,313	18,156	21,116	33,735	6,587	13,074
<b>Unrealized Derivative Losses (Gains)</b>	517	(1,110)	535	3,226	(7,620)	(2,894)	6,636
<b>Adjusted Cash Flow</b>	<u>\$24,189</u>	<u>\$43,078</u>	<u>\$61,806</u>	<u>\$69,145</u>	<u>\$350,318</u>	<u>\$16,334</u>	<u>\$18,832</u>

Management believes Adjusted Cash Flow is relevant because it is a measure of cash available to fund the Company's capital expenditures and service its debt. Management also believes Adjusted Cash Flow is a useful measure for estimating the value of the Company's operations.

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# Acquisitions Summary

- 
- During December 2006 and January 2007, closed \$209 Million in acquisitions (\$18 Million non-1031)
    - 3P reserves acquired total an estimated 153 Bcfe (84% proved)
    - Acquisitions primarily in existing operating areas
      - Wattenberg Field, DJ Basin Colorado
      - Appalachian and Michigan Basins
  - Additional properties acquired in February 2007
    - Estimated 26.6 Bcfe proved and probable reserves
    - \$11.8 million purchase price

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# G&A Expense

- 
- Levels higher than anticipated
    - Improving processes and systems
    - SOX compliance work
    - Delayed financial reports
  - Anticipate high levels through 2007
    - New auditors (Pricewaterhouse Coopers)
    - New IT system start-up
    - Continuing partnership restatements and SOX work

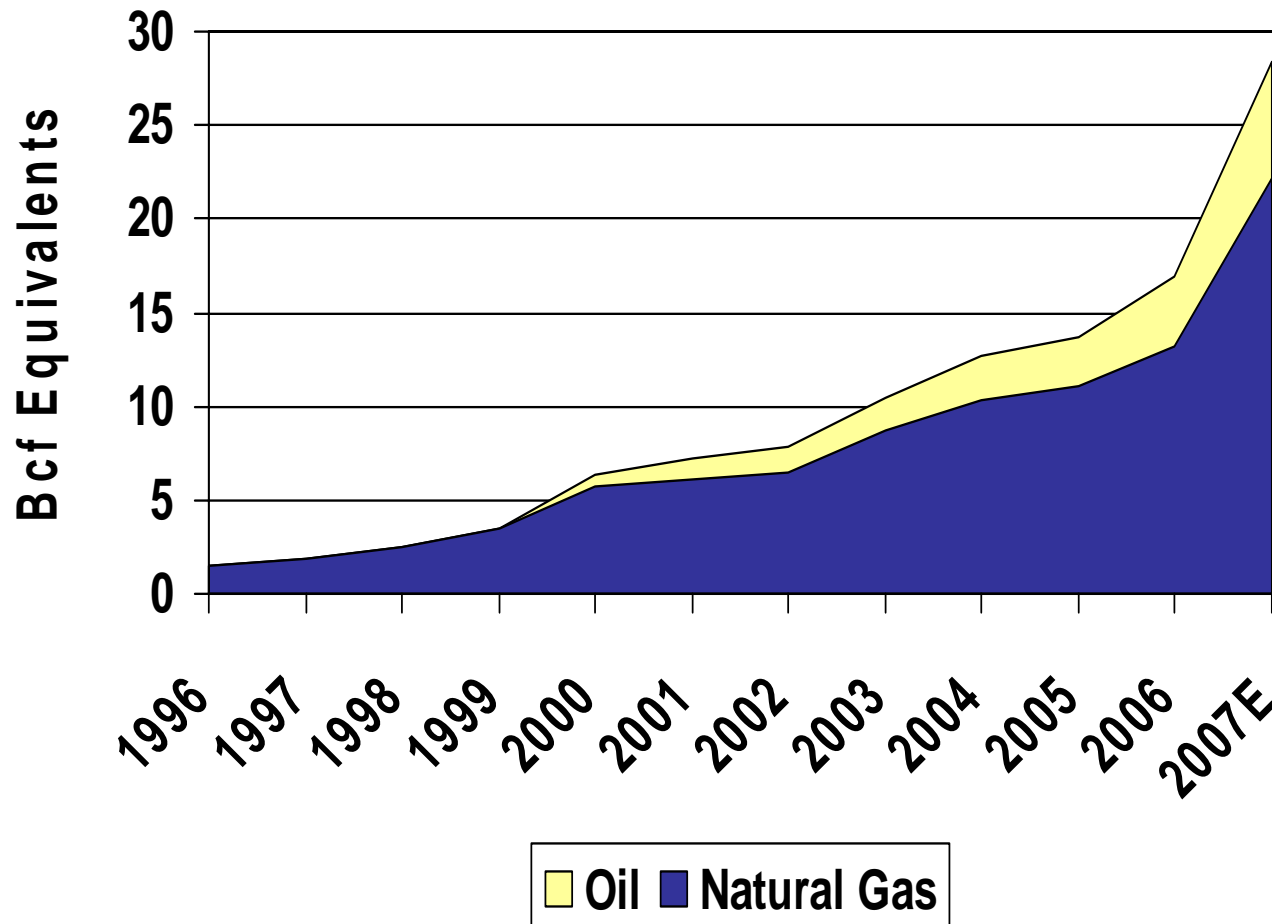
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# DD&A

- 
- Higher oil & gas production
  - Higher reserve additions relative to historical lower cost reserves
  - Cost of recent acreage acquisitions at current market rates
  - Higher 3<sup>rd</sup> party drilling and development costs

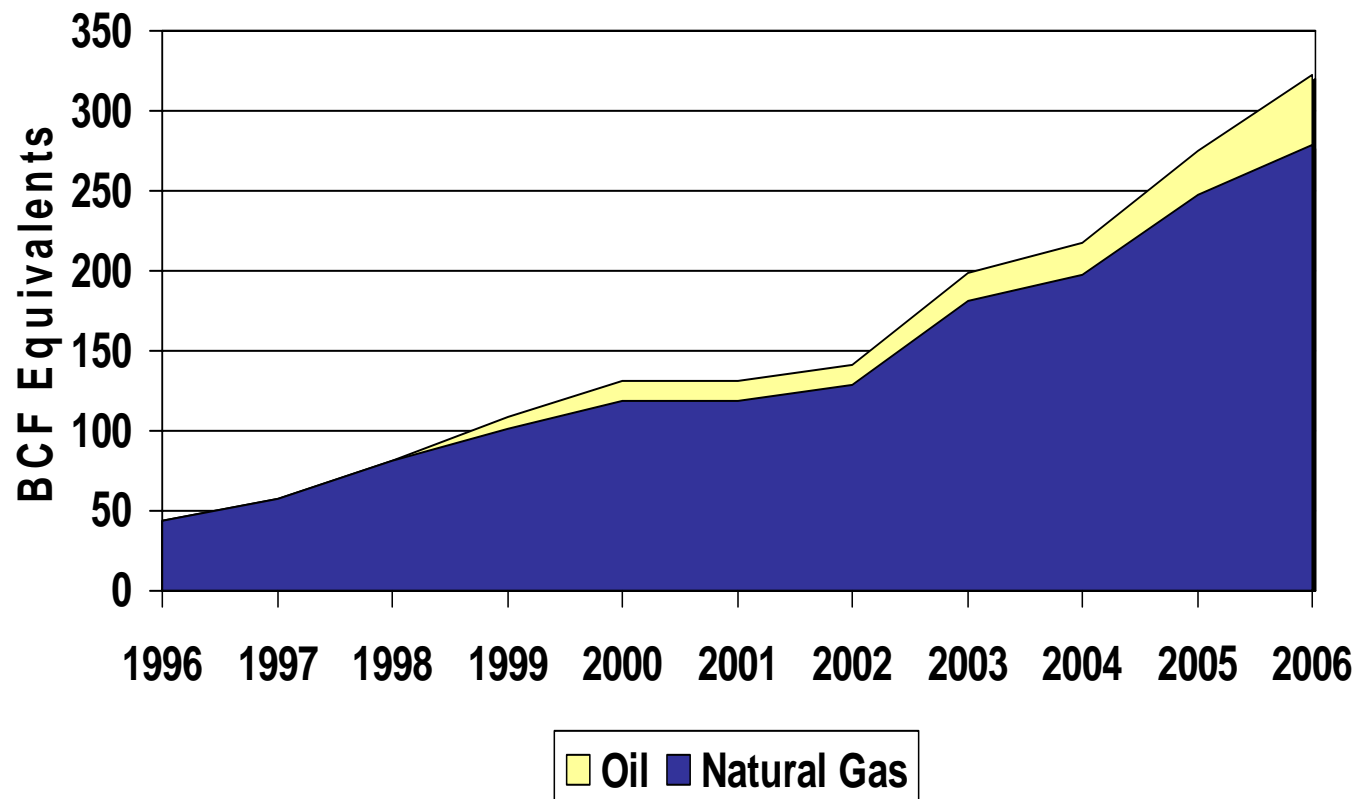
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# Increasing Production



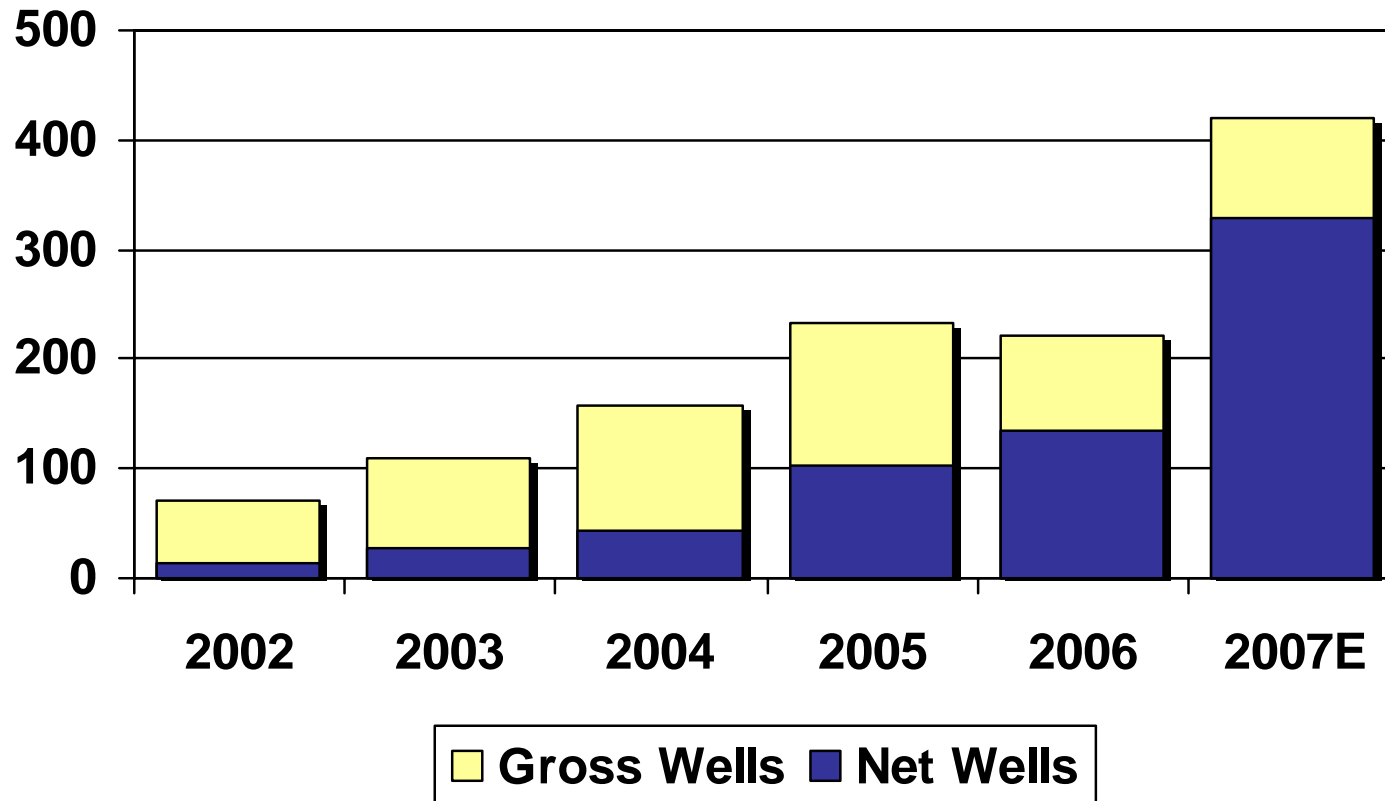
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# Increasing Estimated Proved Reserves



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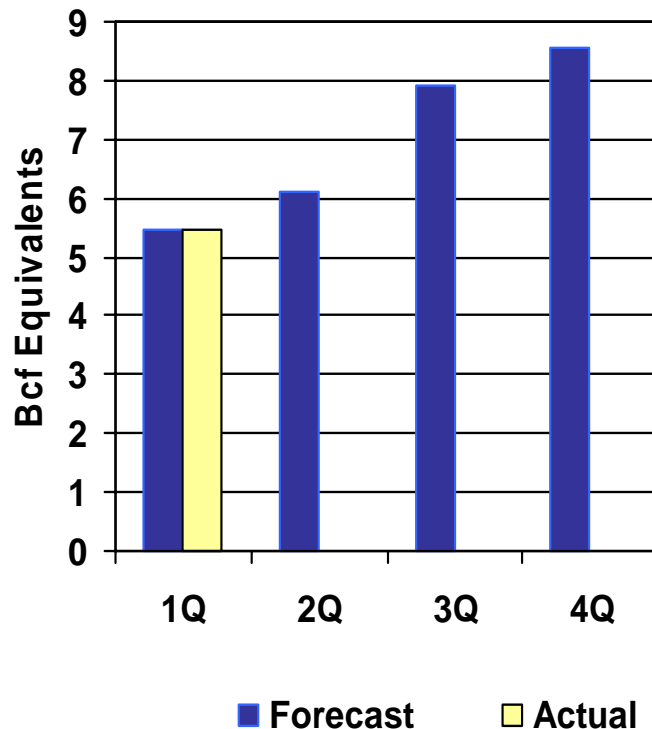
# Drilling Activity



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# 2007 Production Forecast Update

2007 Production Forecast



- Estimated 2007
  - Production of 28 Bcfe
  - Exit Rate of 100 MMcfd
  - YE Proved Reserves >500 Bcfe

Mid year production increase a result of:

- Start up of Garden Gulch compression facility (Grand Valley) in late June
  - Gross capacity increased from 17 to 50 MMcfd
  - Reduced line pressure in Grand Valley
- Positive impact of reducing back-log of wells in Grand Valley, Wattenberg and NEO areas.
  - Approximately 20 gross wells in each area awaiting turn-in

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# 2007 Production Forecast Update

## 2007 Forecast by Area (MMcfe)

Area	1Q Actual	Actual/Forecast	Forecast				
			1Q	2Q	3Q	4Q	2007
Rocky Mountain	4,351	98%	4,435	5,041	6,794	7,405	23,675
Appalachian	640	102%	625	640	680	689	2,634
Michigan	461	111%	415	424	456	459	1,754
Company Total	5,452	100%	5,475	6,104	7,931	8,553	28,063

## Rocky Mountain Forecast by Area (MMcfe)

Area	1Q Actual	Actual/Forecast	Forecast				
			1Q	2Q	3Q	4Q	2007
Wattenberg	2,196	95%	2,314	2,586	3,149	3,361	11,410
Grand Valley	1,245	117%	1,064	1,245	2,086	2,094	6,490
NECO	733	88%	834	954	1,203	1,492	4,483
North Dakota	177	79%	224	256	355	458	1,293
Rocky Mountain Total	4,351	98%	4,435	5,041	6,794	7,405	23,675

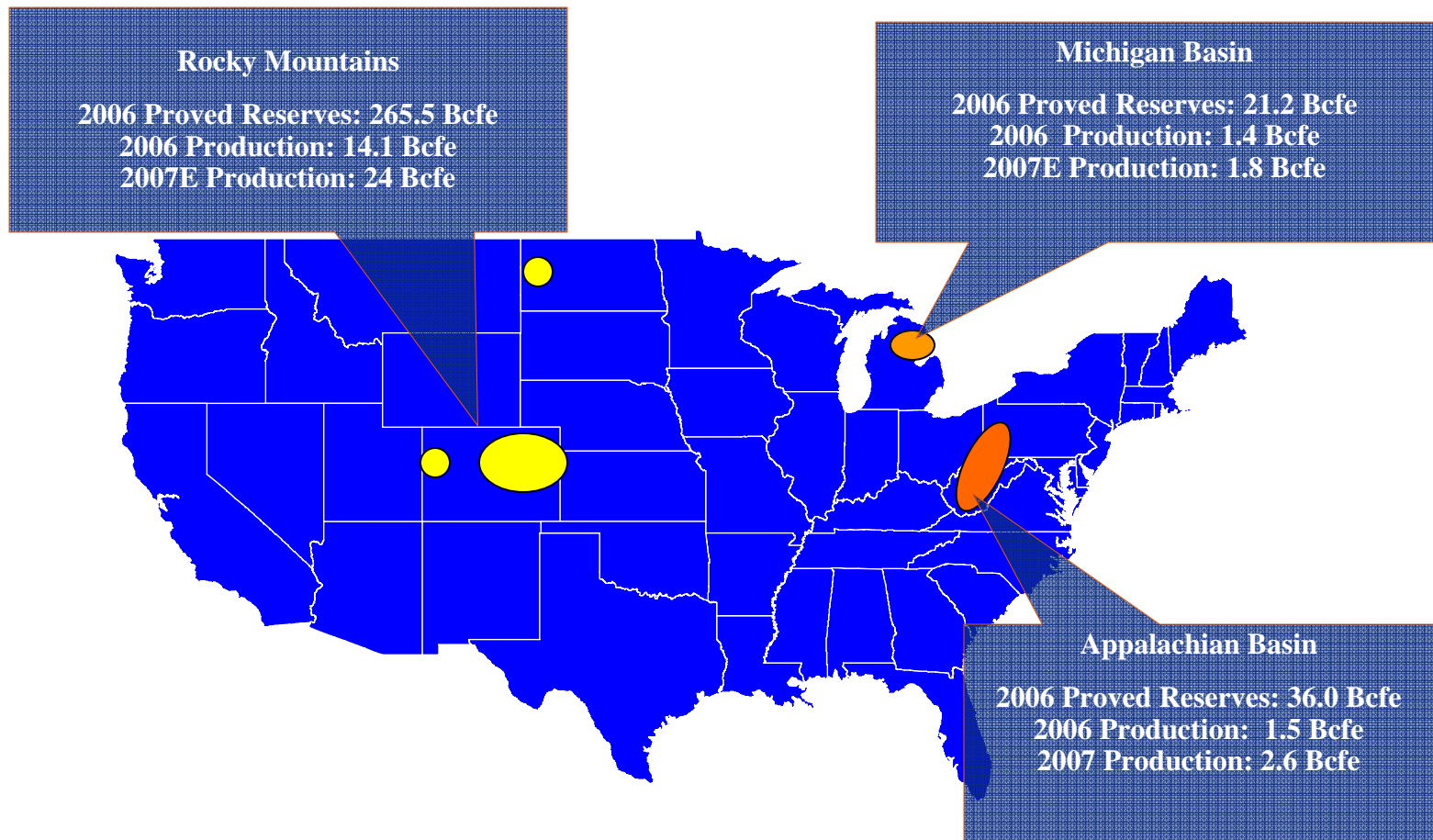
### Major Operating Area Highlights

- Wattenberg Area production shortfall due to weather related issues, production not "lost" but delayed
- Grand Valley production positively impacted by facility improvements and greater # of wells inline
- NECO Area production difference due to fewer wells inline than anticipated

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# Core Operating Areas



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# General Changes to 2007 Operational Plan

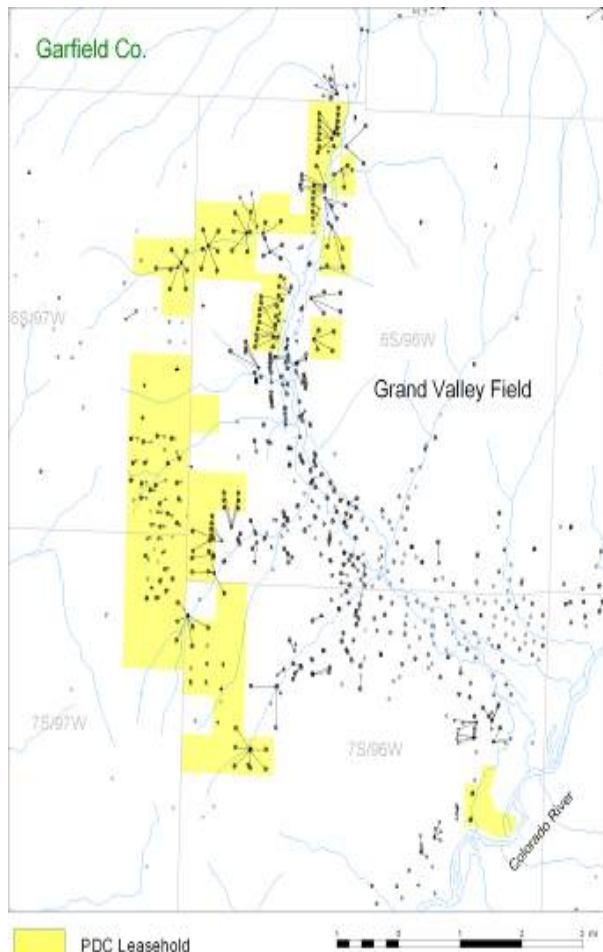


- Reduced activity level in ND.
- Increased planned wells net to the Company in Grand Valley.
  - Increase in capital partially offset by reduction in ND
- Reduced planned wells in Wattenberg net to the Company.
  - Addition of Niobrara zone completion results in capital and reserve values equivalent to prior model levels.
- Details and update of 2007 operational plan, anticipated results and well economics to be provided when 2<sup>nd</sup> Quarter 10-Q is filed.

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# Grand Valley Field

## Piceance Basin, Colorado



- June 07 net daily production 18 MMcfed
- 5,120 Acres available for drilling on 10 acre Spacing
- Approximately 355 locations
  - 148 net PUD locations
  - 207 remaining unproved locations

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# Grand Valley Well Completions

- Improved Completion Design
  - “Slick Water” – “Cleaner” “Better” fluid
  - Increase of average per well Estimated Ultimate Recover (EUR) from 1.25 Bcfe per well to 1.5 Bcfe per well
  - Increase in average Initial Production (IP) rate from 820 Mcfd to 1,100 Mcfd

2000 – 2004 Multi-stage, large frac interval

2005 More frac stages, smaller intervals

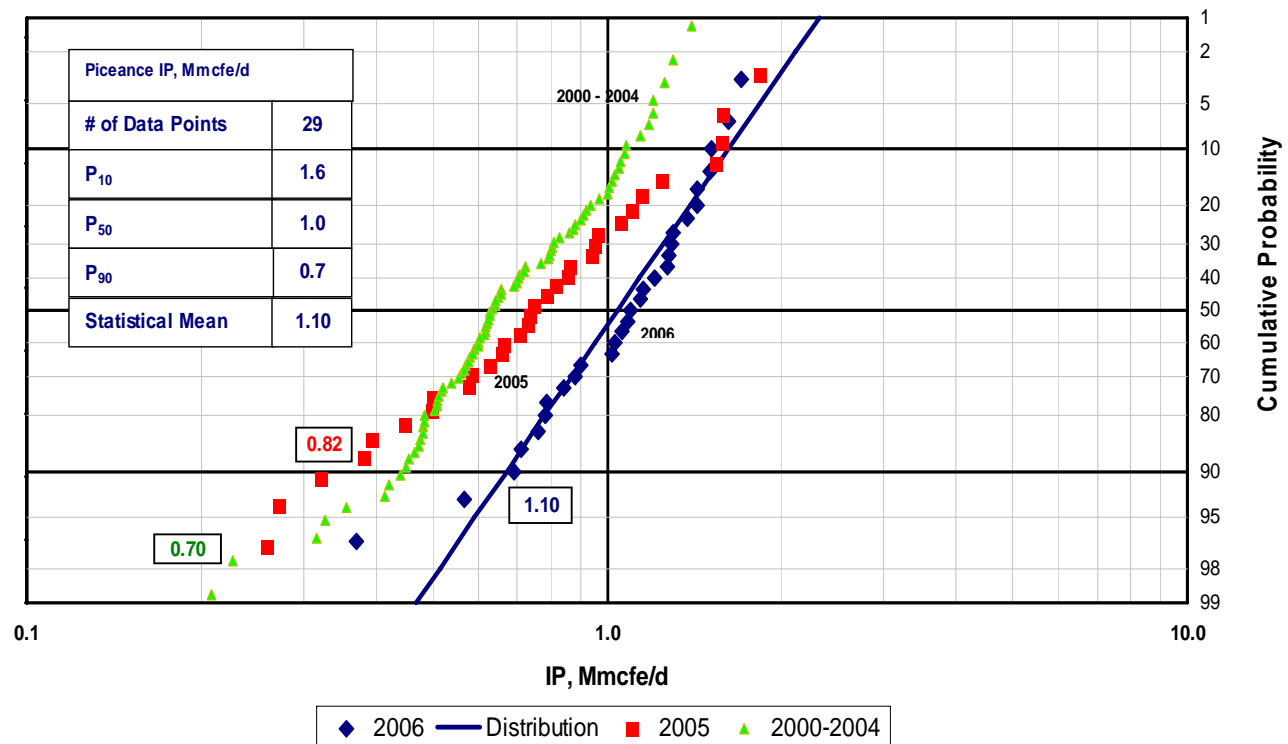
2006 Improved fluids, improved techniques

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# Grand Valley Well Completions

Piceance IP Distribution

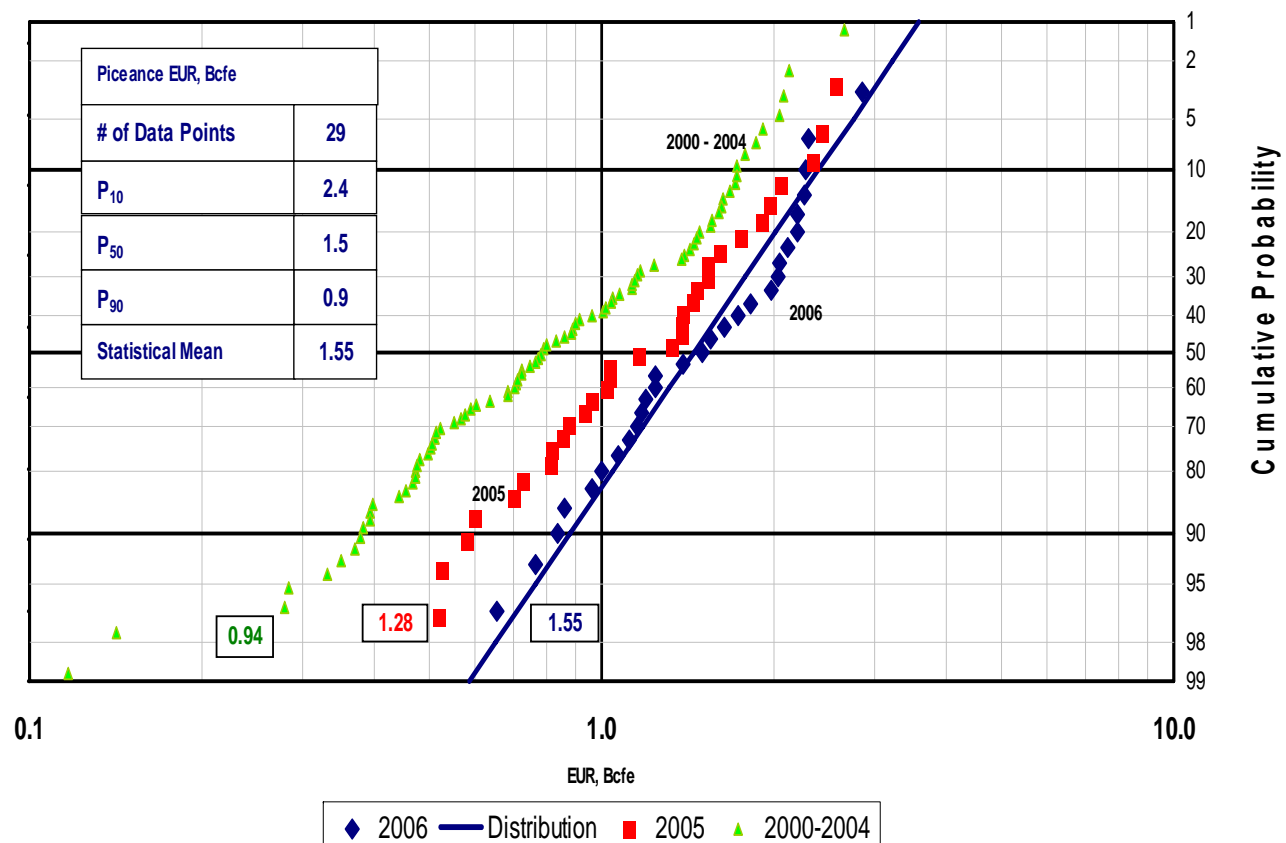


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# Grand Valley Well Completions

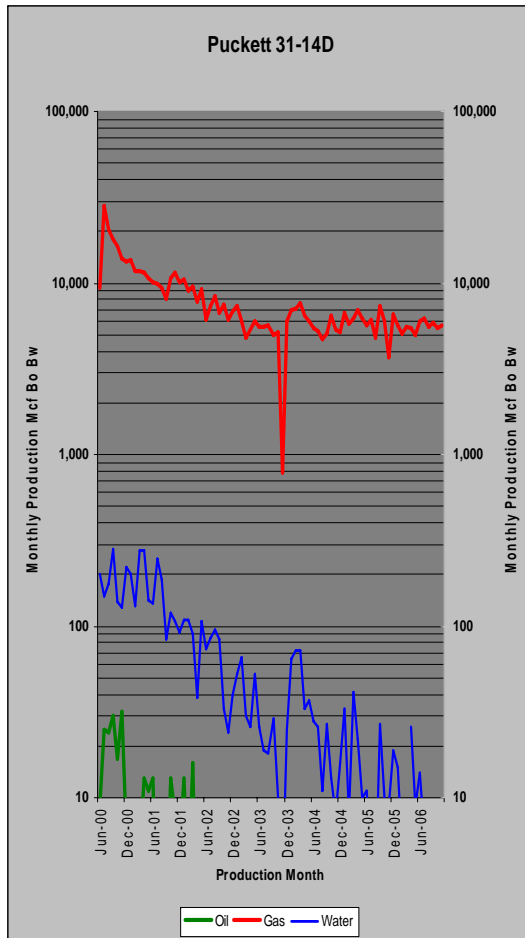
Piceance EUR Distribution



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# Grand Valley Field

## Piceance Basin, Colorado



- 1.5 Bcfe per well
- 1.2 net Bcfe @80% NRI
- D&C cost of \$2.2 Million / well
- Development cost of \$ 1.77 / Mcfe
- Wells drilled directionally from multi-well pads

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# Grand Valley Field

## Piceance Basin, Colorado



### 2007 Drilling

- Drill 38 Net wells
  - 46.6 Bcfe added by drilling
  - \$83.6 Million D&C cost

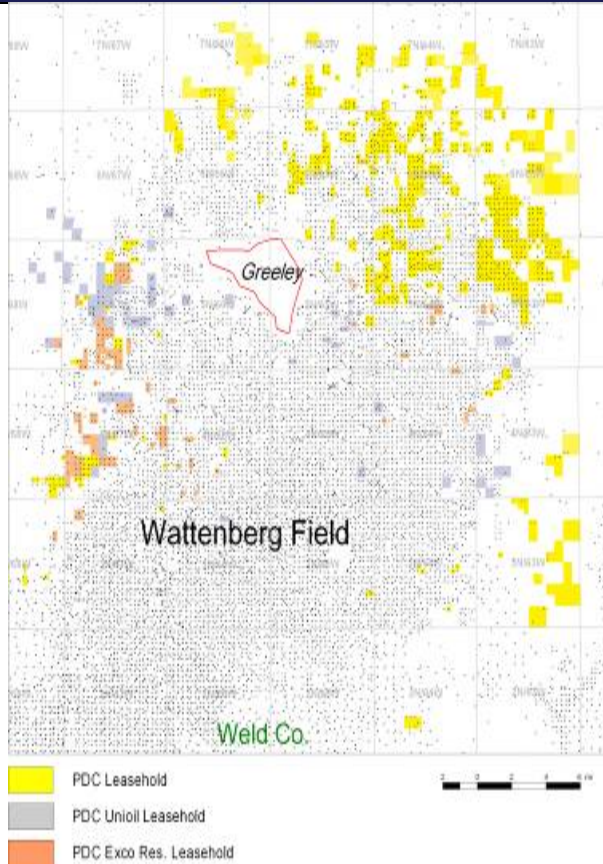
### 2007 Field Total

- 6.9 Bcfe net production for 2007
- 89% increase over 2006
- 50 MMcfd compression and pipeline expansion project
  - In service date June 2007

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# Wattenberg Field

## DJ Basin, Colorado

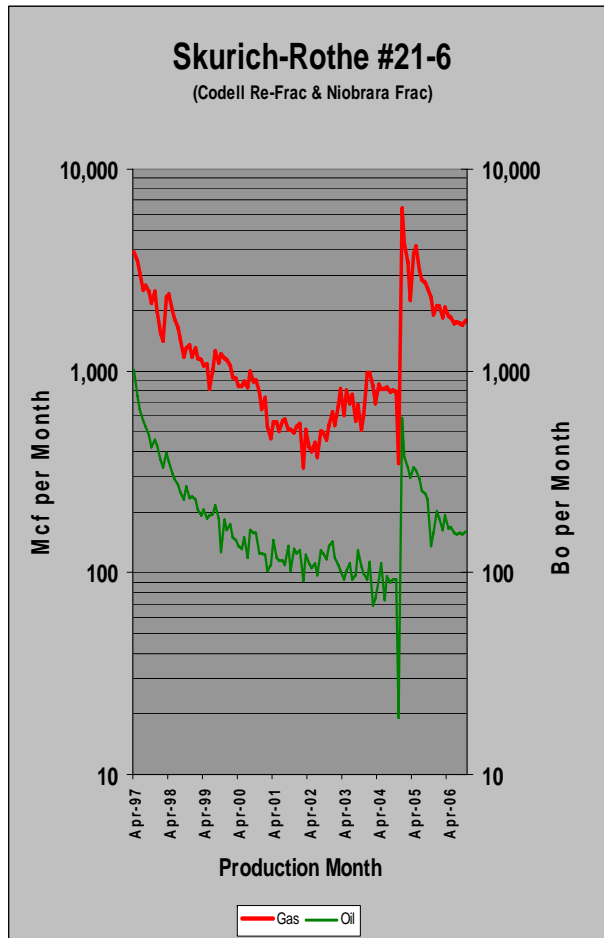


- 2006 net exit rate 18.6 MMcfed
- 9,000 acres available for drilling
- Over 450 locations
  - 154 40 acre PUD locations
  - Over 300 remaining other locations (Rule 318A and other)
  - 800 Codell and/or Niobrara refracs
- Developing acquisition properties

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# Wattenberg Field

## DJ Basin, Colorado



### Codell

- 0.3 Bcfe per well (includes re-frac)
- 0.24 net Bcfe @80% NRI
- D&C cost of \$490K per well plus \$180K for re-frac
- Development cost of \$ 2.79/Mcfe or \$16.75/Boe

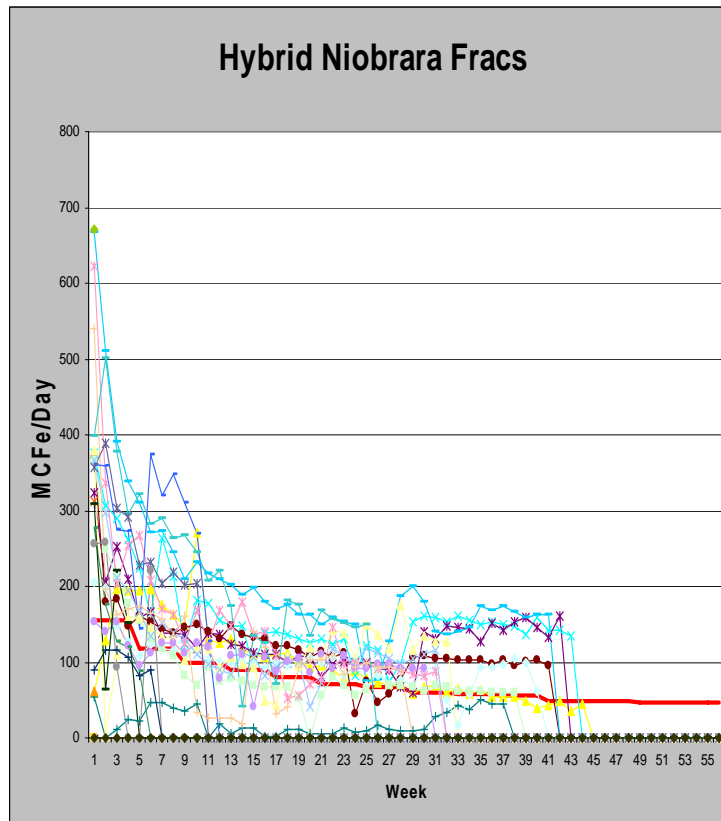
### Niobrara

- 0.15 Bcfe per well
- 0.12 net Bcfe @80% NRI
- Additional completion costs of \$130K per well
- Development cost of \$1.08/Mcfe or \$6.50/Boe

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# Wattenberg Field

## DJ Basin, Colorado



### 2007 Drilling

- Drill 150 wells
  - 67 Partnership (PDC 37% WI)
  - 83 PDC (100% WI)
- 100 Net wells
  - Niobrara completions offset reduced wells in capital cost and reserves
- 164 re-completions and re-fracs
- 33.9 Bcfe added by drilling
- \$93 Million D&C cost

### 2007 Field Total

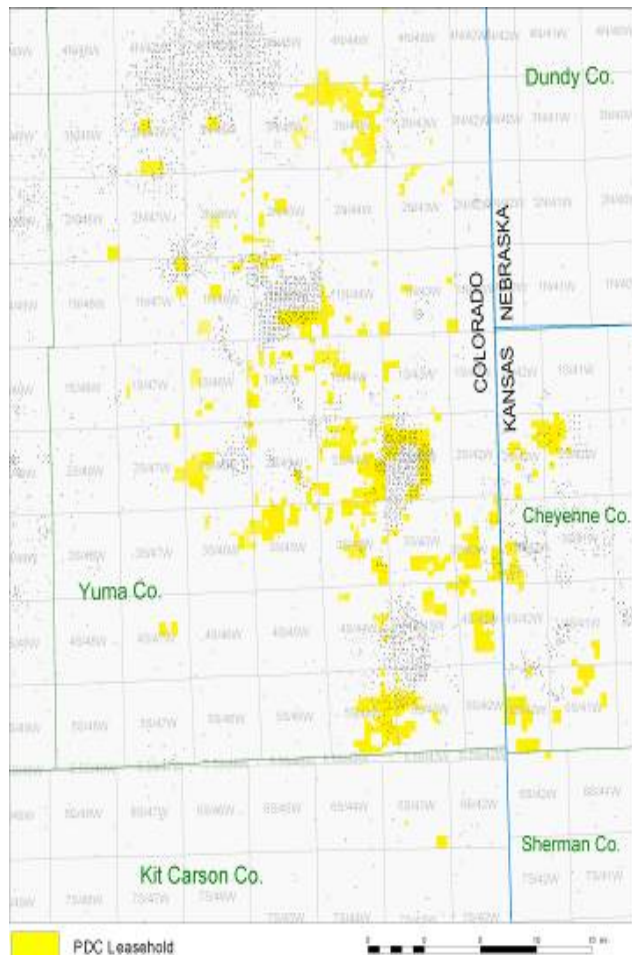
- 11.2 Bcfe net production for 2007
- 68% increase over 2006

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# NECO Field Area

## Eastern DJ Basin, Colorado



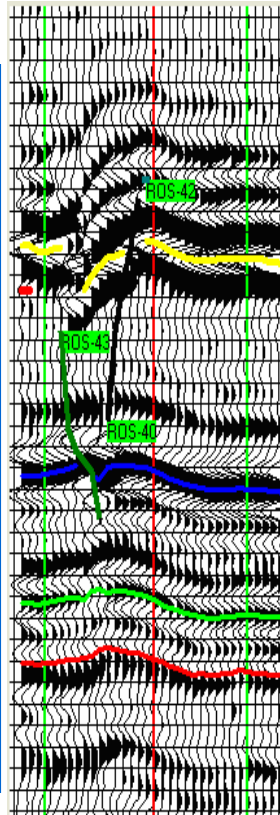
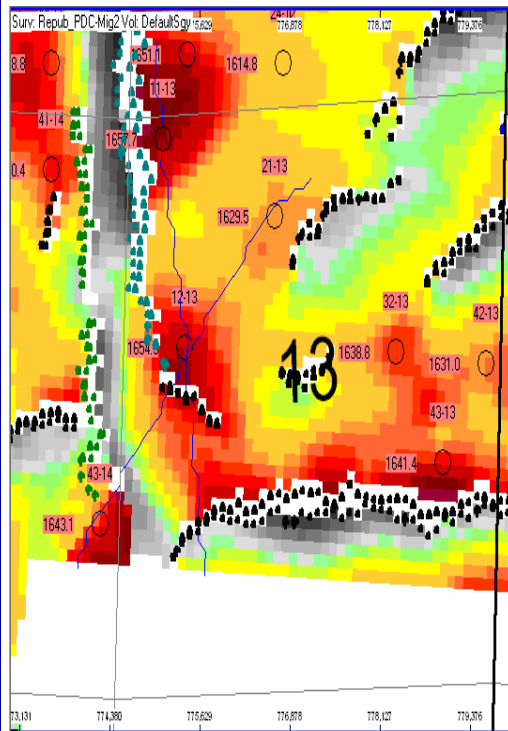
- 2006 net exit rate 8.5 MMcfed
- 29,160 acres available for drilling
- 8 defined structures (3D and 2D seismic)
- 100 PUD locations
- 200 potential locations

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# NECO Field Area

## Eastern DJ Basin, Colorado



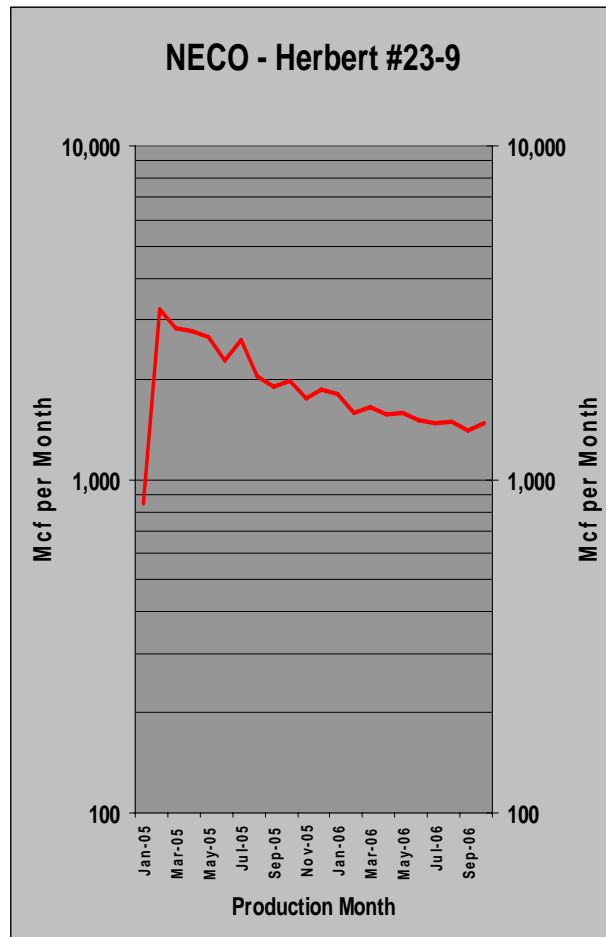
- 0.28 Bcfe per well
- 0.22 net Bcfe @80% NRI
- D&C cost of \$234K per well
- Development cost of \$1.06/Mcfe

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# NECO Field Area

## Eastern DJ Basin, Colorado



### 2007 Plan

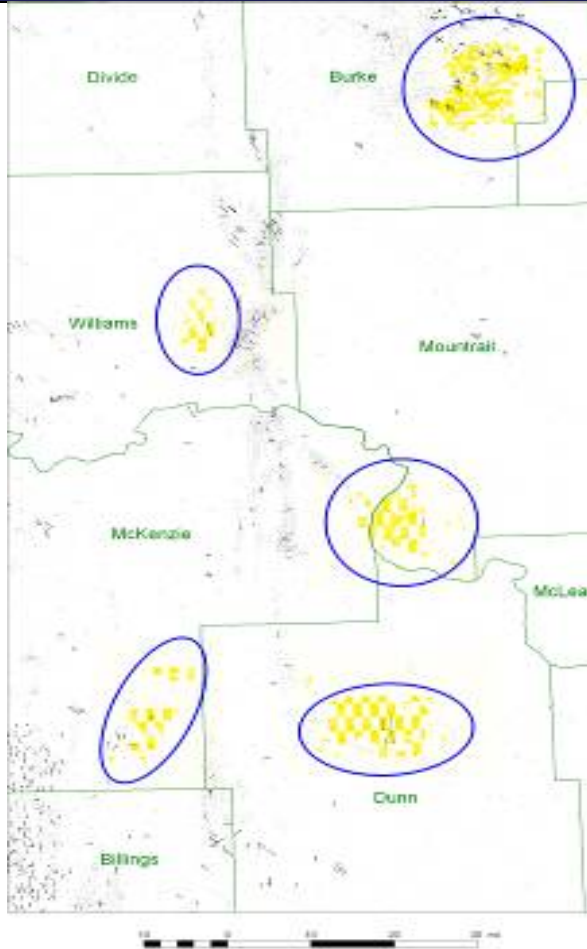
- Drill 141 wells, PDC 100%WI
- 31 Bcfe added by drilling
- \$33 Million D&C cost
- 4.5 Bcfe net production for 2007
- 44% increase over 2006
- Acquiring 50 square miles of additional 3D seismic
  - Potential addition of 100-200 locations

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# Horizontal Bakken and Nesson Projects

## Western Williston Basin, North Dakota



- Horizontal drilling oil Projects
- Exploratory and early developmental
- Current economics marginal at \$50 per barrel oil
- Improving D&C methods may improve economics

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# Appalachian and Michigan Operation Areas



	Appalachian	Michigan
Operated Wells	1365	206
2006 YE Proved Reserves	36.0 Bcfe	21.2 Bcfe
2007 Acquisition Proved Reserves *	30.1 Bcfe	4.6 Bcfe
% of 2006 YE Proved	84%	22%
2007E Production*	2.6 Bcfe	1.8 Bcfe
Increase from 2006*	86%	20%

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# Continuing Our Success

- 
- Low-risk resource plays
  - Strong development inventory
  - Proven multi-basin operator
  - Strong balance sheet
  - Skilled and experienced management and technical team

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# **Petroleum Development Corporation**

## **July Corporate Presentation**

**Steven R. Williams, Chairman & CEO**

**Richard W. McCullough, CFO & Treasurer**

**NASDAQ GSM: PETD**

