

**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

**May 13, 2008**

*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**

**Item 2.02 Results of Operations and Financial Condition**

The following information is furnished pursuant to both Item 7.01 and Item 2.02.

The Company has scheduled a conference call with investors on Tuesday, May 13, 2008, at 1:00 PM ET to discuss first quarter 2008 results.

The slide presentation, which will be used on this webcast, is attached by reference as Exhibit 99.1.

**EXHIBIT INDEX**

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

Exhibit 99.1      POWERPOINT PRESENTATION:  
Petroleum Development Corporation, Q1 2008 Earnings Release, May 13, 2008

**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: May 13, 2008

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



# **Petroleum Development Corporation**

**Q1 2008 Earnings Release**

**May 13, 2008**


**Steven R. Williams, CEO**

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

**NASDAQ GSM: PETD**



# Disclaimer



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

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

You are cautioned not to put undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied, as more fully discussed in our safe harbor statements found in our SEC filings, including, without limitation, the discussion under the heading "Risk Factors" in the company's annual report on Form 10-K.

All forward-looking statements are based on information available to Management on this date and Petroleum Development Corporation assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

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



# Steven R. Williams

## Chairman & CEO

# Quarterly Highlights

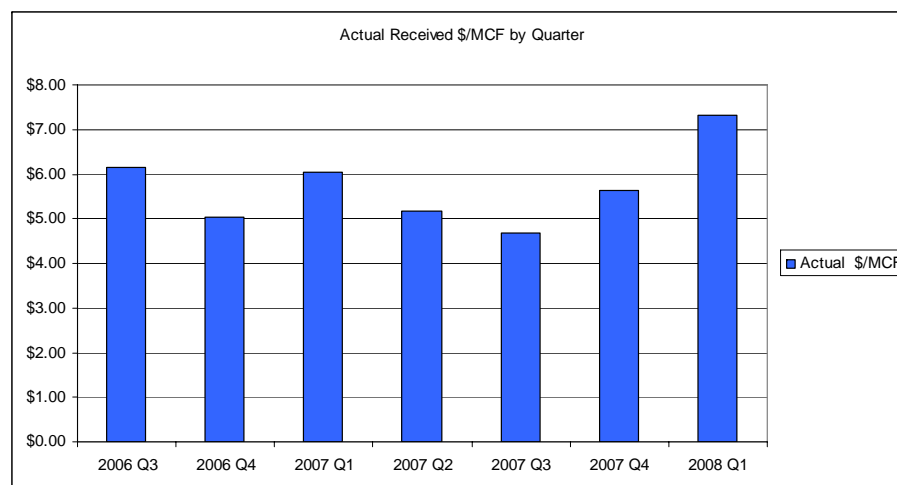
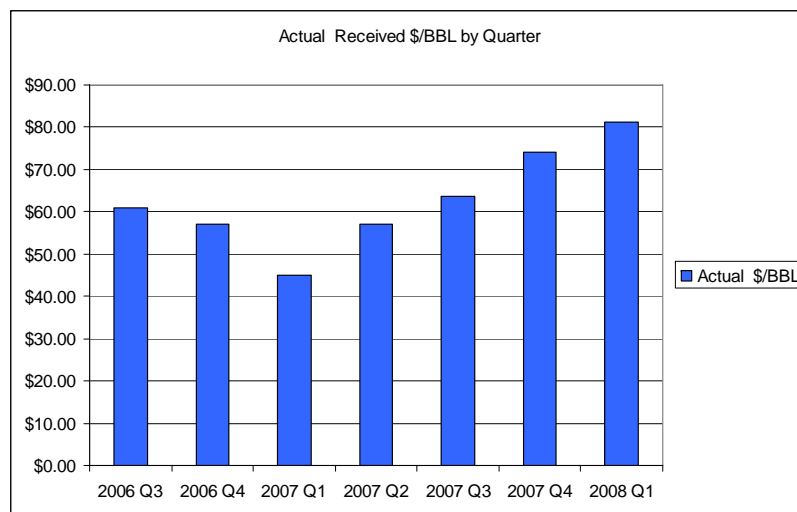


- Quarterly production in line with guidance and 59% higher year over year
- Key Financial Metrics (comparisons to 1<sup>st</sup> Quarter of 2007)
  - Oil & Gas Sales up 111%
  - Average Sales Prices per Mcfe up 32% to \$8.45 or \$1.07 above guidance
  - Adjusted cash flow from operations<sup>(1)</sup> increased \$20.6 million or 104%
  - Adjusted net income<sup>(2)</sup> \$11.2 million or \$0.75 per diluted share including impact of \$3.2 million of non-recurring G&A
- Increased use of fixed price derivatives in 2008 securing cash flows and ability to meet CAPEX plans
- Longer terms and greater use of derivatives increased non-realized gains and losses for out of period derivatives

(1) See Slide 24 for GAAP reconciliation of Adjusted cash flow from operations

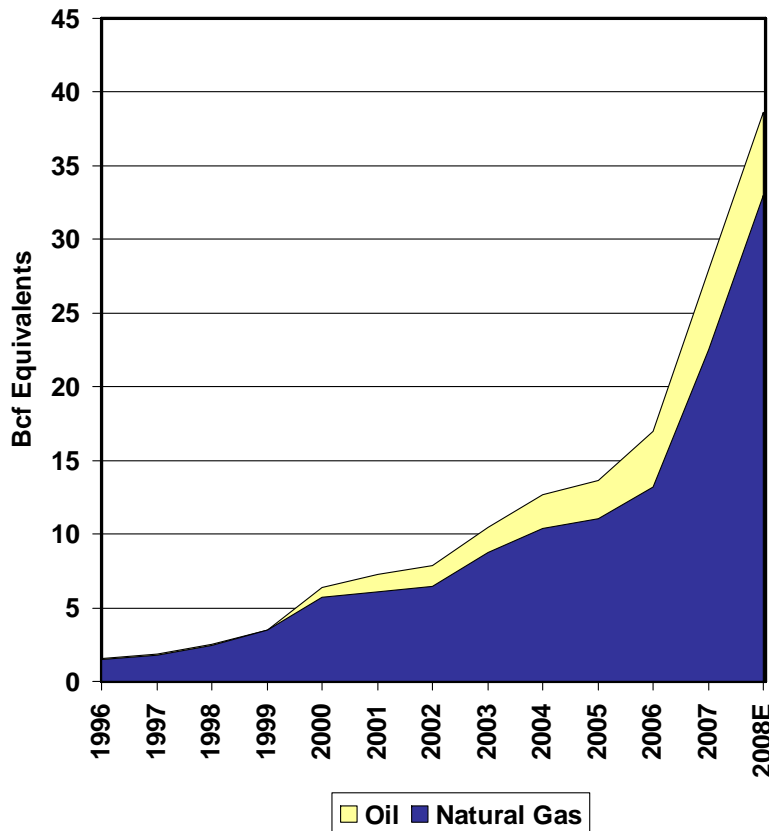
(2) See Slide 23 for GAAP reconciliation of Adjusted net income

# Historical Pricing



See Slide 2 regarding Forward Looking Statements

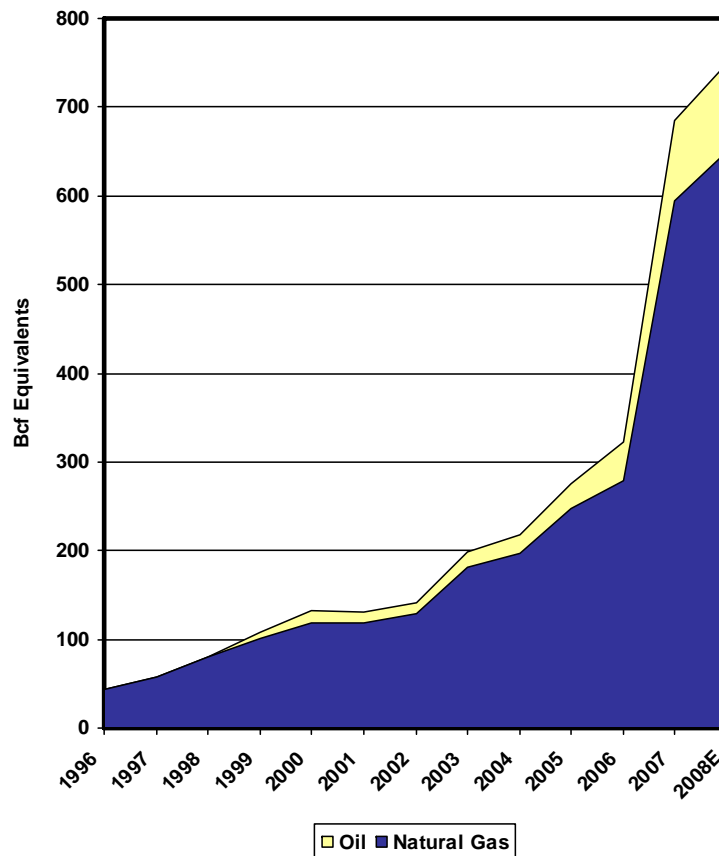
# Increasing Production



- 59% improvement over 1Q 2007
- Record 8.5 Bcfe 1Q 2008
- On track to produce 38.6 Bcfe in 2008

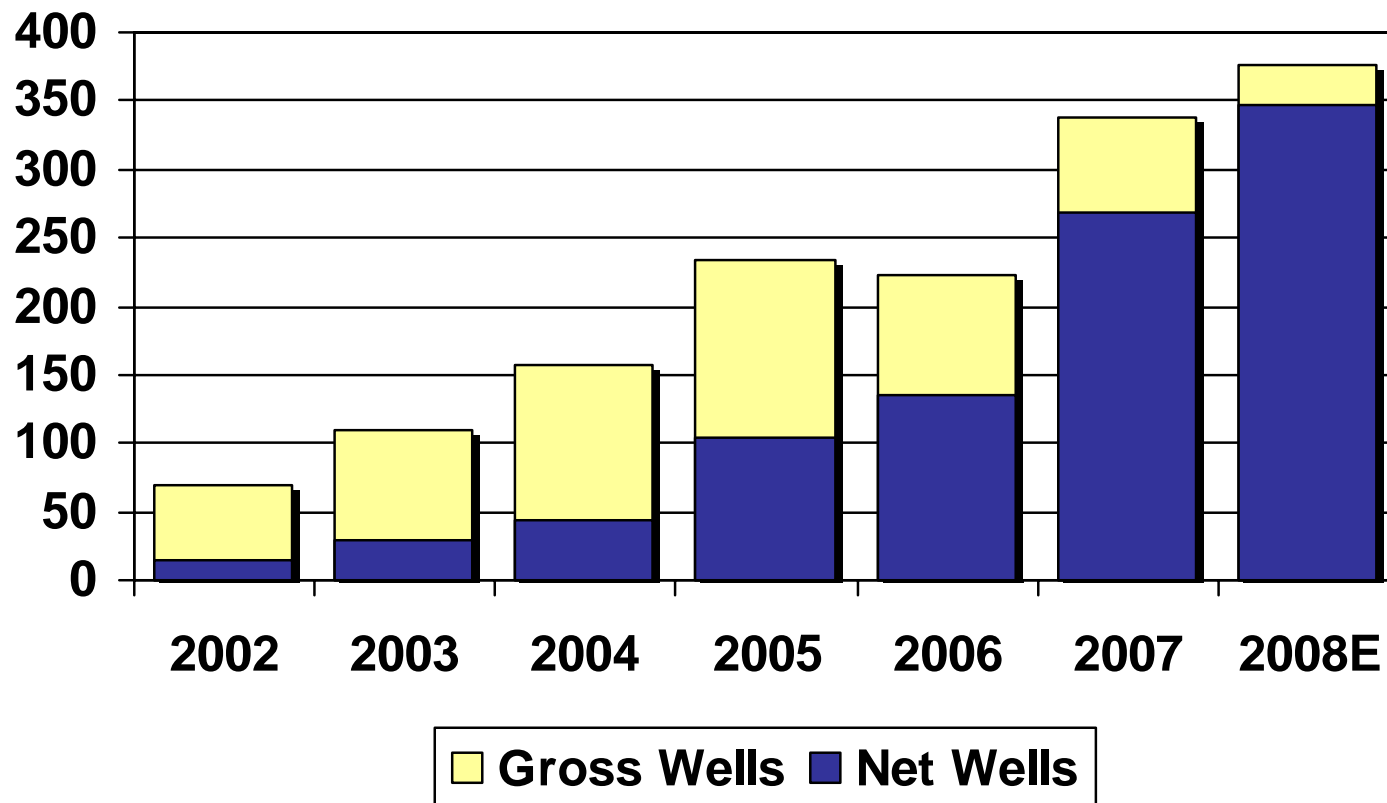


# Increasing Estimated Proved Reserves



- Anticipate greater than 750 Bcfe proved reserves for YE 2008
  - Additions through both the drill bit and acquisitions
  - Anticipate reserve improvements in Grand Valley, Wattenberg, Neco, and Appalachian
  - Potential for additional reserves in the Marcellus & Barnett Shale

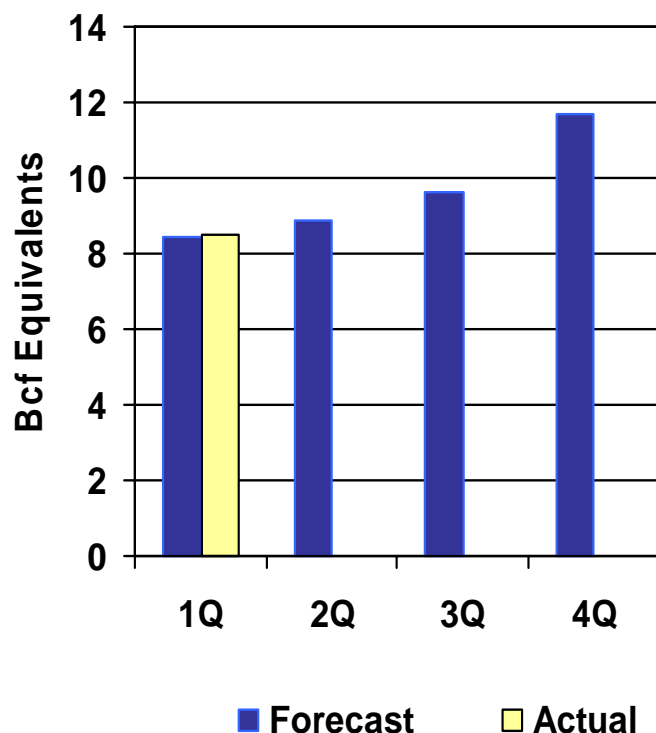
# Drilling Activity



See Slide 2 regarding Forward Looking Statements

# 2008 Production Forecast

2008 Production Forecast



- Estimated 2008 Production of 38.6 Bcfe
  - Plus .6 Bcfe due to CAPEX increase
- Estimated 2008 Net Exit Rate near 132 MMcfe/d
- Current production in line with forecast
- Aggressive second and third quarter completion program
- Expect NECO volumes to increase Q3 2008 with added compression

# 2008 Production Forecast

## 2008 Forecast by Area (MMcfe)

Area	1Q Actual	Actual/Forecast	Forecast <sup>(1)</sup>				
			1Q	2Q	3Q	4Q	2008
Rocky Mountain	7,121	101%	7,051	7,480	8,067	10,052	32,650
Appalachia	974	100%	974	1,001	1,164	1,264	4,402
Michigan	384	99%	389	388	387	383	1,547
Company Total	8,480	101%	8,414	8,869	9,618	11,698	38,600

## Rocky Mountain Forecast by Area (MMcfe)

Area	1Q Actual	Actual/Forecast	Forecast <sup>(1)</sup>				
			1Q	2Q	3Q	4Q	2008
Wattenberg	3,389	110%	3,088	3,344	3,347	3,446	13,224
Grand Valley	2,606	92%	2,833	2,676	3,062	4,761	13,332
NECO	1,057	98%	1,077	1,370	1,583	1,735	5,765
North Dakota	68	131%	52	88	74	109	323
Rocky Mountain Total	7,121	101%	7,051	7,480	8,067	10,052	32,650

### Major Operating Area Highlights

- Wattenberg - activity level above plan
- Grand Valley - severe winter and snow conditions
- Appalachian - ongoing enhancements in Castle acquisition

(1) Forecast from Analyst Day updated for additional CAPEX

# 2008 Q2 Developments



- Recently increased capital budget in Grand Valley by \$40MM resulting in 20 additional net wells
- NECO gathering system anticipated start-up June 2008
- Detailed technical evaluation of Marcellus underway
- Through aggressive second quarter Grand Valley completions and the startup of the NECO gathering system, the Turned In Line schedule for both areas will be accelerated
- First Barnett Shale completion scheduled early June 2008

# Q1 2008 Financial Results



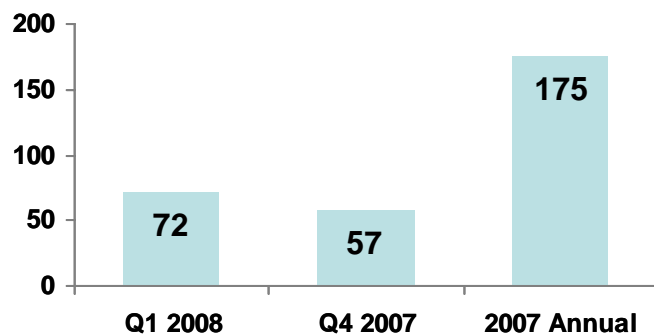
Richard W. McCullough  
President & CFO

# Summary Financial Results



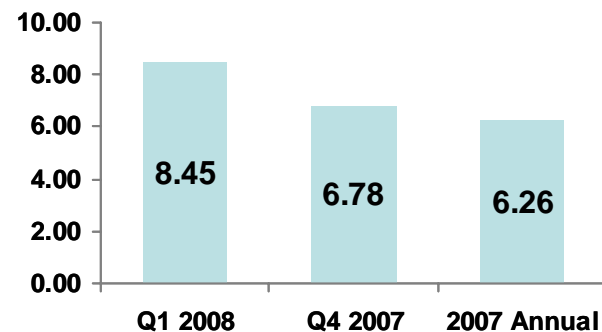
## Oil & Gas Revenues

(\$MM)



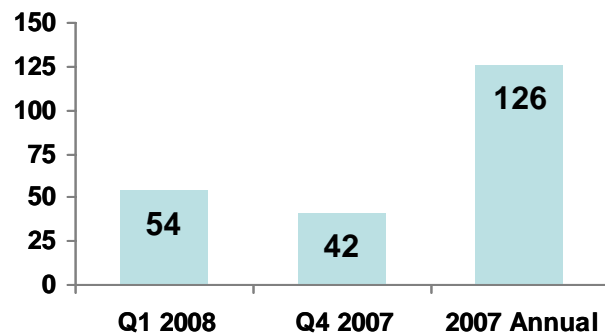
## Oil & Gas Revenues

(\$/Mcfe)



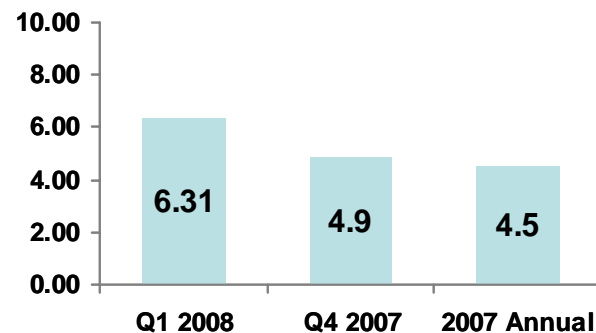
## Oil & Gas Operating Margins<sup>(1)</sup>

(\$MM)



## Oil & Gas Operating Margins<sup>(1)</sup>

(\$/Mcfe)



See Slide 2 regarding Forward Looking Statements

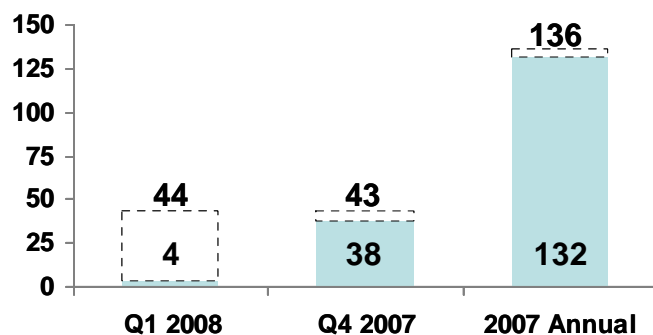
(1) Oil and Gas Operating Margins is defined as Oil and gas sales less Oil and gas production and well operations cost

# Summary Financial Results



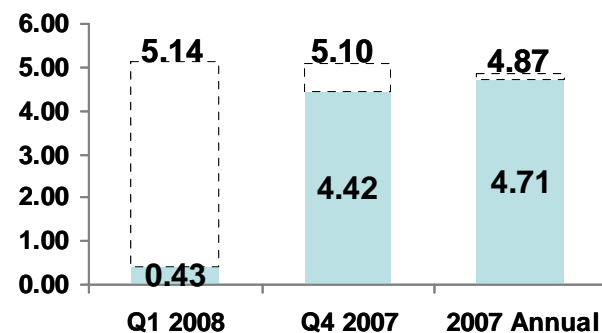
**Adjusted EBITDA<sup>(1)</sup>**

(\$MM)



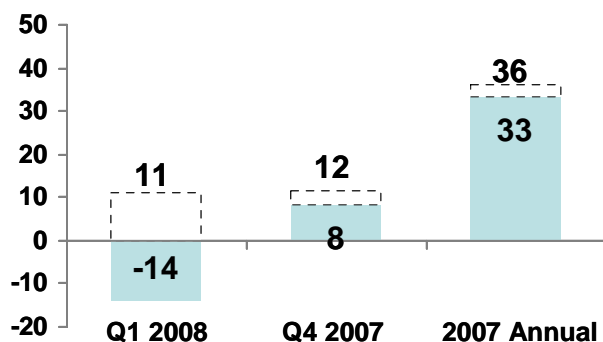
**Adjusted EBITDA<sup>(1)</sup>**

(\$/Mcf)



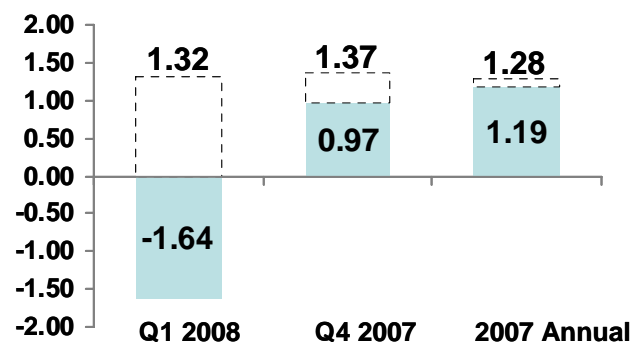
**Adjusted Net Income<sup>(1)</sup>**

(\$MM)



**Adjusted Net Income<sup>(1)</sup>**

(\$/Mcf)



See Slide 2 regarding Forward Looking Statements

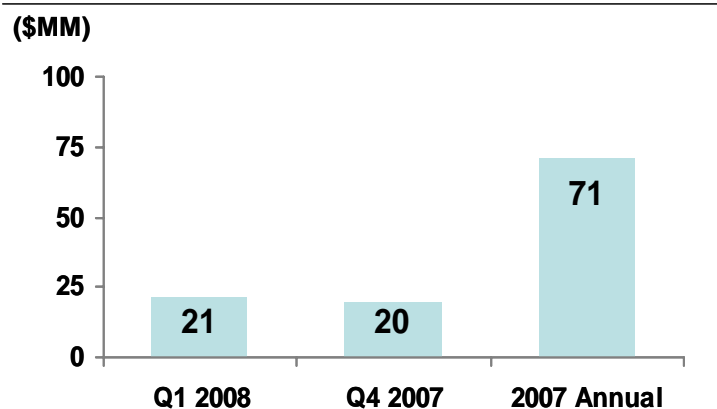
(1) See Slide 23 for GAAP reconciliation of EBITDA and Adjusted Net Income



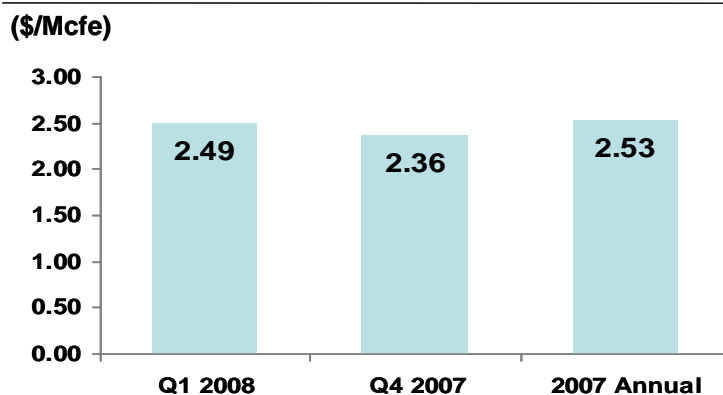
# Summary Financial Results



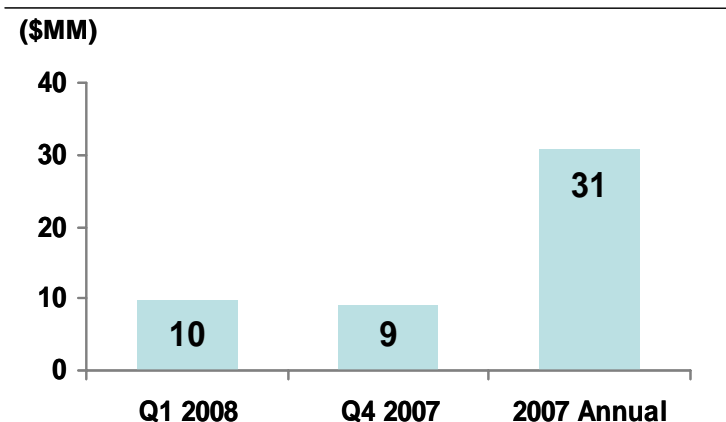
**DD&A**



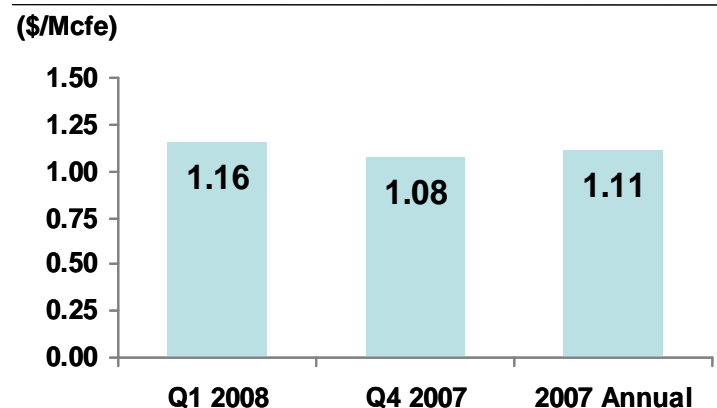
**DD&A**



**G&A<sup>(1)</sup>**

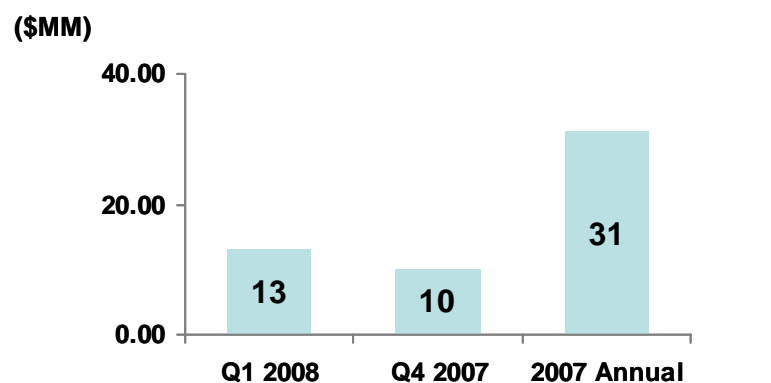


**G&A<sup>(1)</sup>**

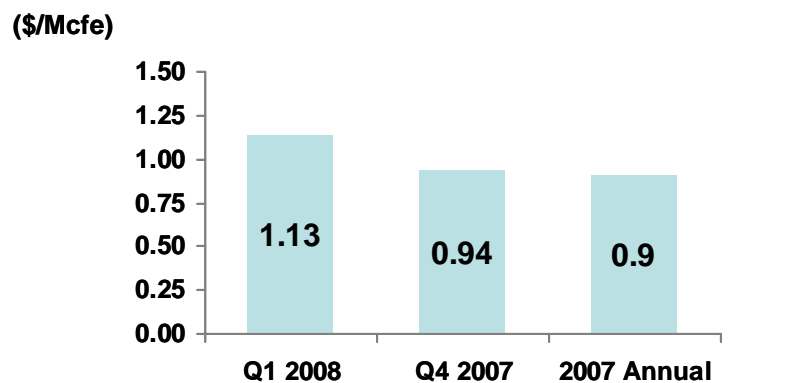


# Summary Financial Results

## Production Cost<sup>(1)</sup>



## Lifting Cost<sup>(2)</sup>

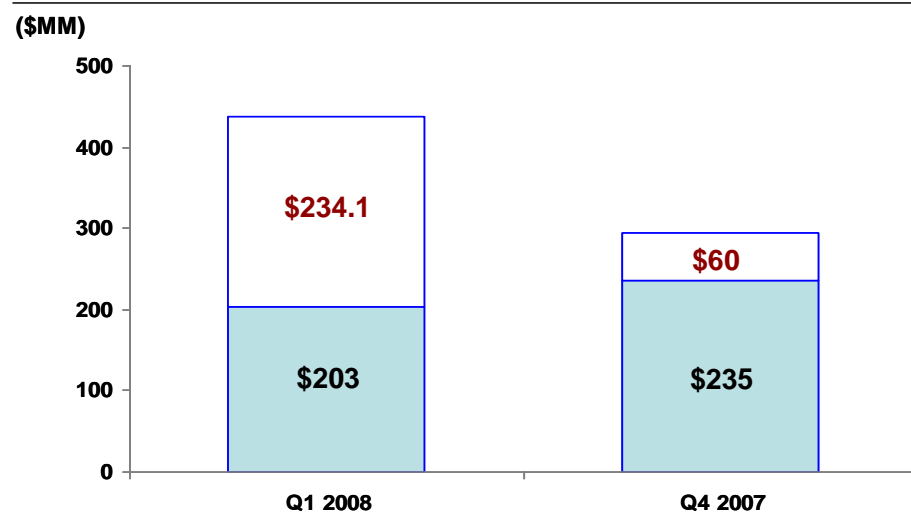


(1) Production cost will not tie directly to the "Oil and gas production costs and well operations cost" financial statement line item (2) Lifting cost does not include production taxes

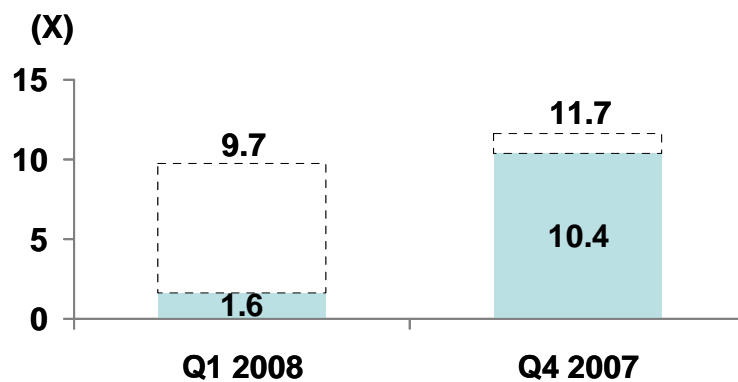
See Slide 2 regarding Forward Looking Statements

# Key Debt Metrics

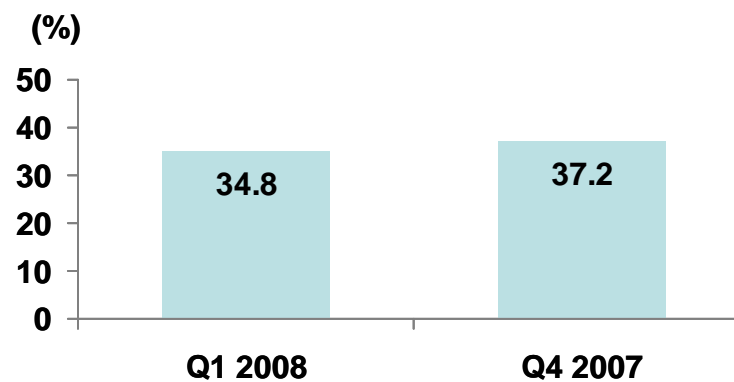
Debt Availability and Usage<sup>(1)</sup>



Total EBITDAX / Interest



Total Debt / Cap



(1) Total availability of \$437.1MM and \$295MM at March 31, 2008 and December 31, 2007, respectively, with \$234.1MM and \$60MM undrawn in the respective periods.

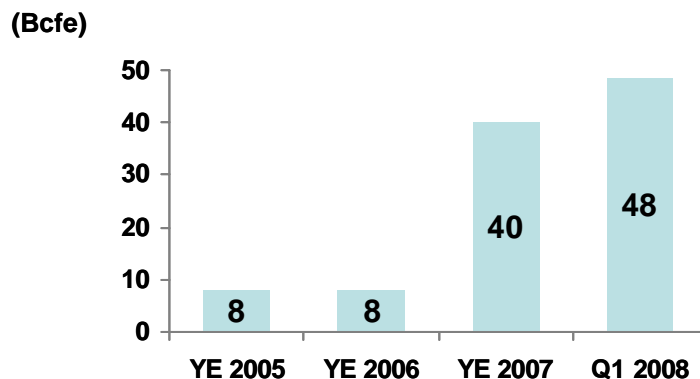
See Slide 2 regarding Forward Looking Statements

# Hedging Update

Oil and Gas Price Risk Management gain (loss), net			
	Q1 2008	Q4 2007	2007 Annual
Unrealized	\$ (39.9)	\$ (5.8)	\$ (4.4)
Realized	\$ (2.4)	\$ 4.1	\$ 7.2

- As PDC's production increases and the percentage of the overall production increases relative to Partnership volumes, our total hedged volumes have increased.

## Forward Production Hedged



- Because prices have risen during early 2008 and volumes hedged have increased,
  - higher quarterly realized and unrealized losses from derivatives may result
  - we may realize prices in 2008 that are higher than initial guidance

# Hedges in Place

		Oil			Gas		
		% Volume Hedged (1)	Average Floor/Swap Price	Average Ceiling Price	% Volume Hedged (1)	Average Floor/Swap Price	Average Ceiling Price
Q1 2008	Swaps	57%	\$ 84.20	\$ -	2%	\$ 8.62	\$ -
Q1 2008	Collars	0%	\$ -	\$ -	35%	\$ 5.97	\$ 10.77
Q1 2008	Floors	0%	\$ -	\$ -	27%	\$ 5.79	\$ -
<b>Total Q1 2008</b>		<b>57%</b>	<b>\$ 84.20</b>	<b>\$ -</b>	<b>64%</b>	<b>\$ 5.98</b>	<b>\$ 10.77</b>
2008	Swaps	59%	\$ 91.48	\$ -	53%	\$ 7.79	\$ -
2008	Collars	0%	\$ -	\$ -	14%	\$ 7.57	\$ 10.43
<b>Total 2008</b>		<b>59%</b>	<b>\$ 91.48</b>	<b>\$ -</b>	<b>67%</b>	<b>\$ 7.74</b>	<b>\$ 10.43</b>
2009	Swaps	53%	\$ 90.52	\$ -	13%	\$ 8.47	\$ -
2009	Collars	0%	\$ -	\$ -	34%	\$ 6.21	\$ 9.78
<b>Total 2009</b>		<b>53%</b>	<b>\$ 90.52</b>	<b>\$ -</b>	<b>47%</b>	<b>\$ 6.84</b>	<b>\$ 9.78</b>
2010	Swaps	41%	\$ 92.96	\$ -	3%	\$ 9.13	\$ -
2010	Collars	0%	\$ -	\$ -	0%	\$ -	\$ -
<b>Total 2010</b>		<b>41%</b>	<b>\$ 92.96</b>	<b>\$ -</b>	<b>3%</b>	<b>\$ 9.13</b>	<b>\$ -</b>
2011	Swaps	0%	\$ -	\$ -	2%	\$ 9.63	\$ -
2011	Collars	0%	\$ -	\$ -	0%	\$ -	\$ -
<b>Total 2011</b>		<b>0%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2%</b>	<b>\$ 9.63</b>	<b>\$ -</b>
2012	Swaps	0%	\$ -	\$ -	1%	\$ 9.89	\$ -
2012	Collars	0%	\$ -	\$ -	0%	\$ -	\$ -
<b>Total 2012</b>		<b>0%</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1%</b>	<b>\$ 9.89</b>	<b>\$ -</b>

See Slide 2 regarding Forward Looking Statements

(1) Based on estimated future volumes

# 2008 Guidance Update

## Key Factors Driving Changes



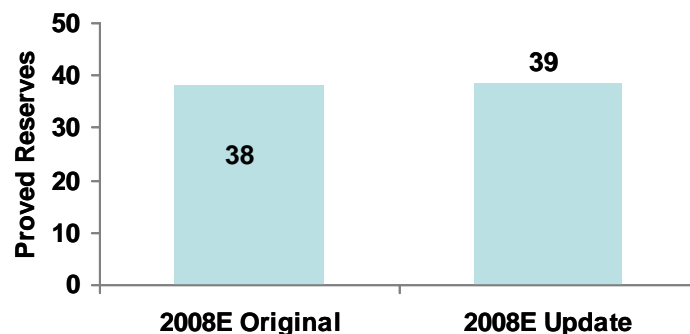
- **\$40 million increase in CAPEX in 2008**
  - **20 additional Grand Valley wells**
  - **Anticipated production increase of .5 Bcf in 2008 and 5.9 Bcfe in 2009**
- **Impact of derivative positions and increased prices**
- **\$6 million in additional G&A costs due to Executive Leadership transitions**
- **Updated production costs due to netting the revenue and expense impact of the Partnerships**

# 2008 Guidance Update

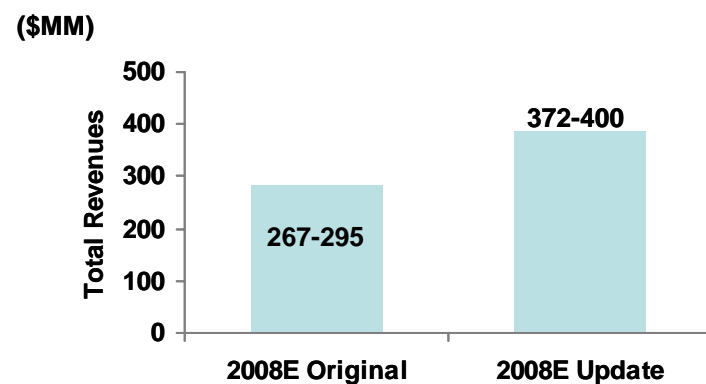
## Financial Metrics



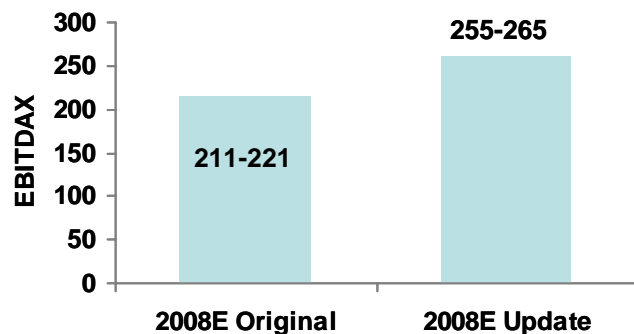
### Production



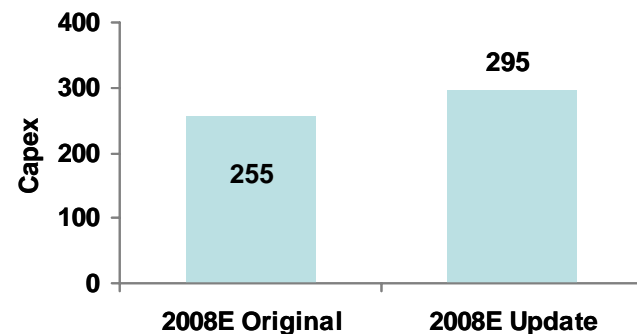
### Oil & Gas Revenues



### Adjusted EBITDAX



### CAPEX

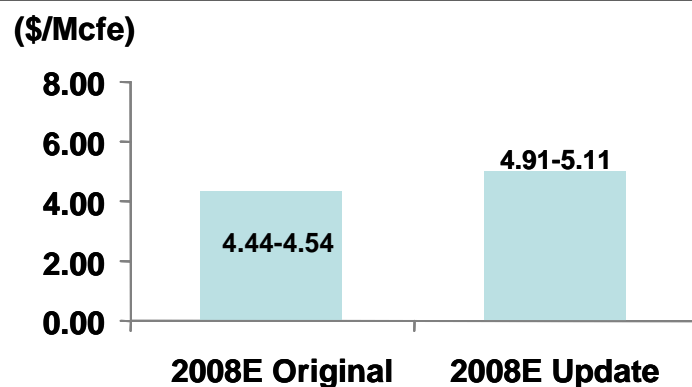


# 2008 Guidance Update

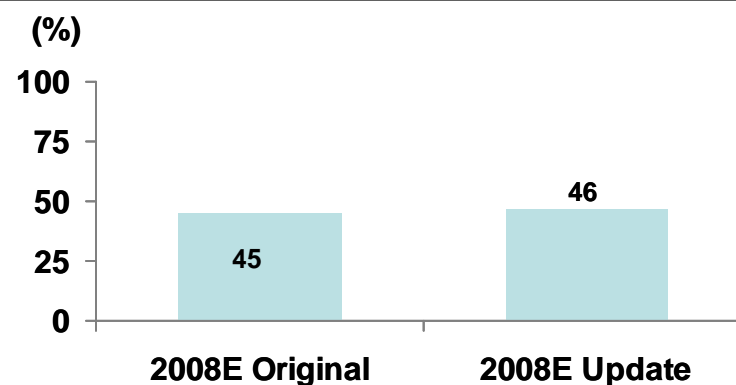
## Operating & Credit Metrics



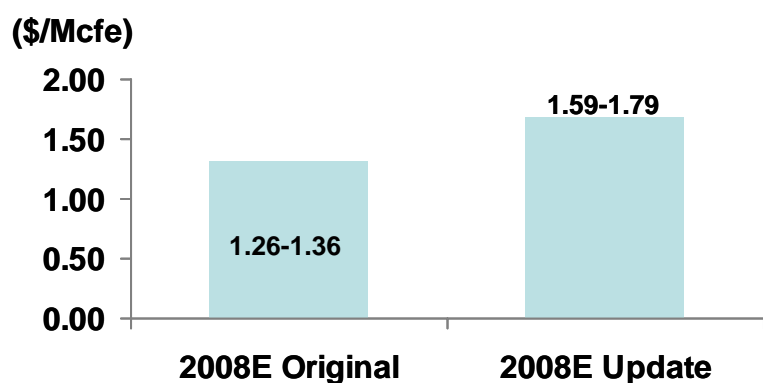
**Total Operating Costs**



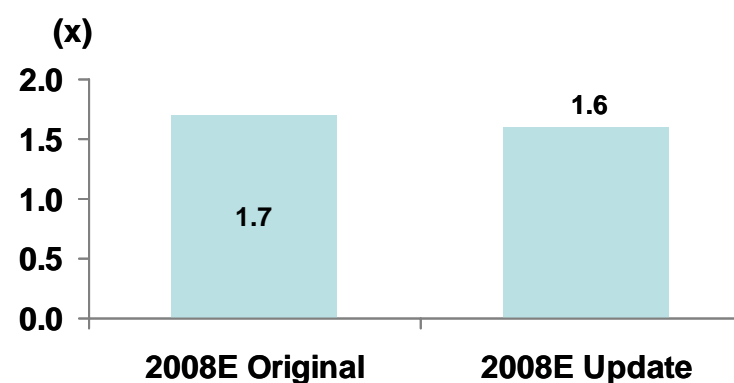
**Total Debt / Cap**



**Production Cost<sup>(1)</sup>**



**Total Debt / EBITDAX<sup>(2)</sup>**



(1) Production cost includes direct and indirect operating costs; also includes production taxes of \$.70/Mcfe and \$.52/Mcfe for the Updated and Original guidance, respectively. (2) Earnings before interest, taxes, depreciation, depletion and amortization and exploration expense



# EBITDA and Adjusted Net Income Reconciliation

(\$ in thousands)

	Q1 2008	Q4 2007	2007	2006	2005
<b>Net Income</b>	\$ (13,928)	\$ 8,198	\$ 33,209	\$ 237,772	\$ 41,452
<b>Income Taxes</b>	(8,202)	5,470	20,981	149,637	24,676
<b>Interest, net</b>	4,661	3,851	6,617	(5,607)	(681)
<b>Depreciation, depletion and amortization</b>	21,131	19,987	70,844	33,735	21,116
<b>Gain on sale of leaseholds</b>	-	-	-	(328,000)	-
<b>EBITDA<sup>(1)</sup></b>	<b>\$ 3,662</b>	<b>\$ 37,506</b>	<b>\$ 131,651</b>	<b>\$ 87,537</b>	<b>\$ 86,563</b>

(1) 2006 Gain on sale of leaseholds related to the Marathon sale (1031 restricted funds)

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.

	Q1 2008	Q4 2007	2007
<b>Net Income (Loss)</b>	\$ (13,928)	\$ 8,198	\$ 33,209
<b>Unrealized Derivative Losses</b>	39,899	5,761	4,417
<b>Tax Effect</b>	(14,787)	(2,304)	(1,709)
<b>Adjusted Net Income</b>	<b>\$ 11,184</b>	<b>\$ 11,654</b>	<b>\$ 35,917</b>

Management believes Adjusted Net Income 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.

# Adjusted Cash Flow from Operations Reconciliation

(\$ in thousands)

Adjusted Cash Flow from Operations	Q1 2008	Q1 2007
Net Cash Provided by (Used in) Operating Activities	\$ 48,789	\$ (32,738)
Changes in Assets & Liabilities	(8,401)	52,532
Adjusted Cash Flow from Operations	\$ 40,388	\$ 19,794

Management believes Adjusted Cash Flow from Operations 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.





# **Petroleum Development Corporation**

**Q1 2008 Earnings Release**

**May 13, 2008**

**Steven R. Williams, CEO**

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

**NASDAQ GSM: PETD**

