

PDC ENERGY, INC.  
Form DEF 14A  
April 20, 2016  
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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

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))**
- 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):

b 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):

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.. 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:

(2) Form, Schedule or Registration Statement no.:

(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 20, 2016

Dear Stockholder of PDC Energy, Inc.:

You are cordially invited to attend the 2016 Annual Meeting of Stockholders of PDC Energy, Inc. to be held on June 9, 2016, at 1:00 p.m. Mountain Time at the Denver Financial Center at 1775 Sherman Street, Denver, Colorado 80203.

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,

Barton R. Brookman  
President and Chief Executive Officer

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**PDC ENERGY, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON**

**THURSDAY, JUNE 9, 2016**

To the Stockholders of PDC Energy, Inc.:

The 2016 Annual Meeting of Stockholders of PDC Energy, Inc. (the Company) will be held on June 9, 2016, at 1:00 p.m. Mountain Time at the Denver Financial Center at 1775 Sherman Street, Denver, Colorado 80203, for the following purposes:

To elect the two nominees named in the accompanying Proxy Statement as Class III 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, 2016;

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

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 13, 2016, 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 20, 2016

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**PDC ENERGY, INC.**

**PROXY STATEMENT  
ANNUAL MEETING OF STOCKHOLDERS**

**To be held on June 9, 2016 at**

**The Denver Financial Center**

**1775 Sherman Street**

**Denver, Colorado 80203**

The accompanying proxy is solicited by the Board of Directors ( Board ) of PDC Energy, Inc. ( PDC, the Company, w us or our ) for use at the Annual Meeting of Stockholders of the Company (the Annual Meeting ) to be held on June 9, 2016, at 1:00 p.m. Mountain 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 20, 2016, 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 described 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 9, 2016**

**The Notice of Annual Meeting of Stockholders, the Proxy Statement for the 2016 Annual Meeting of Stockholders, and the 2015 Annual Report to Stockholders, which includes the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, are available at [www.envisionreports.com/PDCE](http://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 13, 2016, may vote at the Annual Meeting. The outstanding voting securities of the Company as of April 13, 2016 consisted of 46,296,867 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 our representatives to vote your shares at the Annual 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 III Director nominees. You may also vote for or against the other proposals, or abstain from voting. If your shares are held in your name with our transfer agent (which is sometimes referred to as being a stockholder of record), you can vote by completing, signing and dating your proxy card and returning it in the enclosed envelope. If you provide a signed proxy but do not specify how to vote, your shares will be voted (1) in favor of approval of both of the Class III Director nominees named in this Proxy Statement; (2) in favor of the ratification of the appointment of PricewaterhouseCoopers LLP (PwC) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2016; (3) to approve, on an advisory basis, the compensation of the Company's Named Executive Officers (as defined herein). If any other business properly comes before the stockholders for a vote at the meeting, your shares will be voted in accordance with the discretion of the holders of the proxy.

If you hold shares through a broker, bank or other nominee, 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 nominee does not receive voting instructions from you, it may vote only on proposals that are considered routine matters under applicable rules. Without your instruction, the nominee may vote only on the ratification of the appointment of PwC as our independent registered public accounting firm for 2016. A nominee'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 June 6, 2016. You cannot vote such shares at the Annual Meeting or change your vote.

**Revoking a Proxy**

If you are a stockholder of record, 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.

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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.

**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 two Class III 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](http://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 two Class III Directors.

The two nominees who receive the greatest number of votes will be elected Directors for the three-year term ending in 2019. 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, 2016.

The affirmative vote of a majority of votes present or represented at the meeting is required for ratification. Abstentions will be counted as votes against Proposal No. 2. Brokers will have discretionary authority to vote on Proposal No. 2.

**Proposal No. 3**

Approve, on an advisory basis, the compensation of the Company's Named Executive Officers (as defined herein).

The affirmative vote of a majority of votes present or represented at the meeting is required for approval. Abstentions will be counted as votes against Proposal No. 3. Broker non-votes will have no effect on the vote on Proposal No. 3.

**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, packages or other items deemed unnecessary in PDC's discretion will be permitted in the meeting. In addition, each stockholder and PDC 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 13, 2016, the record date for receiving notice of, attending and voting at the Annual Meeting.

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### **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 \$8,000 for such services.

### **Appraisal Rights**

No action is proposed at the Annual Meeting for which the laws of the State of Delaware or our Bylaws 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](mailto: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](http://www.pdce.com). The Company's website materials are not incorporated by reference into this Proxy Statement.

**Table of Contents****PROPOSALS REQUIRING STOCKHOLDER VOTE****PROPOSAL NO. 1 ELECT TWO CLASS III DIRECTORS****(Proposal 1 on the Proxy Card)**

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

On April 14, 2016, the Board approved certain resolutions pursuant to which Mr. Brookman will be reappointed as a Class III member of the Board, to be effective immediately prior to the Annual Meeting. Moreover, upon conclusion of the Annual Meeting, the number of Directors shall be designated as seven. The sole purpose of the reclassification is to provide for a nearly equal apportionment of the Directors, as contemplated by the Company's Certificate of Incorporation.

The Board has nominated two continuing Directors, Larry F. Mazza and Barton R. Brookman, to stand for re-election to the Board for a three-year term expiring in 2019. Mr. Mazza, a Class III Director, joined the Board in 2007 and currently serves as a member of the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee, which he chairs. Mr. Brookman, who will be a Class III Director as of the Annual Meeting, joined the Board in 2015 and currently serves as the Company's President and Chief Executive Officer.

The appointed proxies will vote your shares in accordance with your instructions and for the election of the two Class III Director nominees unless you withhold your authority to vote for one or both 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 the size of the Board or select a substitute. Your proxy cannot otherwise be 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 the Annual Meeting, the composition of the Board and the term of each Director was as follows:

<b>NOMINEES</b>	<b>FIRST ELECTED DIRECTOR</b>	<b>EXPIRATION OF CURRENT TERM</b>
<b>CLASS III:</b>		
Larry F. Mazza	2007	2016
Barton R. Brookman	2015	2016
<b>CLASS I:</b>		
Joseph E. Casabona	2007	2017
David C. Parke	2003	2017
Jeffrey C. Swoveland	1991	2017
<b>CLASS II:</b>		
Anthony J. Crisafio	2006	2018
Kimberly Luff Wakim	2003	2018





**Table of Contents****Name, Principal Occupation for Past Five Years and Other Directorships****NOMINEES FOR TERM EXPIRING IN 2019 CLASS III**

Name:	Larry F. Mazza, Director
Age:	55
Committees:	Audit
	Compensation
	Nominating and Governance (Chair)

Mr. Mazza, a CPA, was first elected to the Board in 2007. Mr. Mazza is President and Chief Executive Officer of MVB Financial Corp ( MVB ), a financial services company. He has more than 27 years of experience in both large banks and small community banks and is one of seven members of the West Virginia Board of Banking and Financial Institutions, which oversees the operation of financial institutions throughout West Virginia and advises the state Commissioner of Banking. 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, Mr. Mazza was Senior Vice President & Retail Banking Manager for BB&T Bank's West Virginia North region. 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. Mr. Mazza also previously worked for KPMG (or its predecessors) as a CPA with a focus on auditing.

The Board has concluded that Mr. Mazza is qualified to serve as a Director because, among other things, he is a CPA, a CEO, and has extensive leadership and banking experience. Mr. Mazza also provides an important link to community and employee stakeholders, demonstrating a continuing commitment to our workforce located in Bridgeport, West Virginia. Mr. Mazza graduated from West Virginia University with a degree in Business Administration.

Name:	Barton R. Brookman, Director, President and Chief Executive Officer
Age:	53
Committees:	None

Mr. Brookman, the Company's President and Chief Executive Officer ( CEO ), was appointed to the Board on January 1, 2015, simultaneous with his appointment as the Company's CEO. Mr. Brookman originally joined the Company in July 2005 as Senior Vice President-Exploration and Production; he was appointed to the position of Executive Vice President and Chief Operating Officer in June 2013 and then served as President and Chief Operating Officer from June 2014 through December 2014. Prior to joining PDC, Mr. Brookman worked for Patina Oil and Gas and its predecessor Snyder Oil from 1988 until 2005 in a series of operational and technical positions of increasing responsibility,

ending his service at Patina as Vice President of Operations.

The Board has concluded that in addition to his status of CEO of the Company, Mr. Brookman is qualified to serve as a Director due, among other things, to his many years of oil and gas industry executive management experience, his active involvement in industry groups and his knowledge of current developments and best practices in the industry. Mr. Brookman holds a B.S. in Petroleum Engineering from the Colorado School of Mines and a M.S. in Finance from the University of Colorado.

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Name:	Joseph E. Casabona, Director
Age:	72
Committees:	Audit (Chair)
	Nominating and Governance

Mr. Casabona, a CPA, was first elected to the Board in 2007. Mr. Casabona served as CEO of Paramax Resources Ltd., a junior public Canadian oil and gas company, from 2008 until the beginning of 2011. Mr. Casabona also served as Executive Vice President and as a member of the Board of Directors of Denver-based Energy Corporation of America ( ECA ), a domestic oil and gas company, from 1985 until his retirement in May 2007. Mr. Casabona's major responsibilities with ECA included strategic and executive oversight of all matters affecting ECA. From 1968 until 1985, Mr. Casabona was employed at KPMG or its predecessors, with various titles including audit partner, where he primarily served public clients in the oil and gas industry.

The Board has concluded that Mr. Casabona is qualified to serve as a Director because, among other things, he is a CPA and 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. Mr. Casabona holds a BSBA from the University of Pittsburgh and a Master of Science-Mineral Economics from the Colorado School of Mines.

Name:	David C. Parke, Director
Age:	49
Committees:	Compensation
	Nominating & Governance

Mr. Parke, who was first elected to the Board in 2003, has served as a Managing Director of EVOLUTION Life Science Partners since October 2014. From June 2011 until October 2014, he was a Managing Director in the investment banking group of Burrill Securities LLC, an investment banking firm. From 2006 until June 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.

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The Board has concluded that Mr. Parke is qualified to serve as a Director because, among other things, he 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.

Name:	Jeffrey C. Swoveland, Director (Non-Executive Chairman)
Age:	61
Committees:	Audit
	Compensation

Mr. Swoveland was first elected to the Board in 1991 and was elected Non-Executive Chairman of the Board in June 2011. From 2006 until January 2014, Mr. Swoveland was first Chief Operating Officer and later President and Chief Executive Officer of ReGear Life Sciences, Inc. (previously

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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. 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 (NASDAQ: LINE), a public independent oil and natural gas company.

The Board has concluded that Mr. Swoveland is qualified to serve as a Director because, among other things, he 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 continues to grow.

**CONTINUING DIRECTORS WITH TERM EXPIRING IN 2018 CLASS II**

Name:	Anthony J. Crisafio, Director
Age:	63
Committees:	Audit
	Compensation

Mr. Crisafio, a Certified Public Accountant ( CPA ), was first elected to the Board in 2006. Mr. Crisafio has served as an independent business consultant for more than 20 years, providing financial and operational advice to businesses in a variety of industries. He previously served as the part-time contract Chief Financial Officer of Empire Energy USA, LLC, a domestic oil and gas company. Mr. Crisafio also previously served as the Interim Chief Financial Officer for the MDS Associated Companies, a domestic oil and gas company, from November 2013 to August 2014. Mr. Crisafio is currently the part-time Chief Financial Officer for TruFoodMfg, from November 2015 to present. 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 LLP, 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. Mr. Crisafio also serves as an Advisory Board member for a number of privately held companies.

The Board has concluded that Mr. Crisafio is qualified to serve as a Director because, among other things, he is a CPA and brings to the Board more than 30 years of financial accounting and management expertise, with demonstrated business management and accounting experience.

Name:	Kimberly Luff Wakim, Director
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Age:	58
Committees:	Audit
	Compensation (Chair)
	Nominating and Governance

Ms. Wakim, an attorney and Certified Public Accountant ( CPA ), was first elected to the Board in 2003. Ms. Wakim 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

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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 Certified Public Accounts for more than 20 years.

The Board has concluded that Ms. Wakim is qualified to serve as a Director because, among other things, she is an attorney and CPA, and brings to the Board a combination of a strong legal background and expertise in accounting oversight. Ms. Wakim received a BSBA from West Virginia University and a J.D. from the West Virginia College of Law.

The election of the Class III 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 III 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.**

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**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the Board is comprised of five 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](http://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 six times during 2015. 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 (collectively, the Partnerships). The sub-committee met five times during 2015 to review such partnership filings.

The Audit Committee reviewed and discussed the Company's audited consolidated financial statements for the year ended December 31, 2015 (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. 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, 2015.

Joseph E. Casabona, Chair

Anthony J. Crisafio

Larry F. Mazza

Jeffrey C. Swoveland

Kimberly Luff Wakim

*AUDIT COMMITTEE OF THE BOARD OF DIRECTORS*



**Table of Contents****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, 2016 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.

<b>PRINCIPAL ACCOUNTANT FEES AND SERVICES</b>	<b>2015</b>	<b>2014</b>
Audit Fees <sup>(1)</sup>	\$ 2,120,000	\$ 1,667,500
Audit-Related Fees <sup>(2)</sup>	110,247	101,628
Tax Fees <sup>(3)</sup>	42,883	93,448
All Other Fees <sup>(4)</sup>	154,585	
<b>Total Fees</b>	<b>\$ 2,427,715</b>	<b>\$ 1,862,576</b>

- (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 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 2015 and 2014 were \$282,300 and \$265,000, 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 product and services other than services reported above.

**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

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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 at [www.pdce.com](http://www.pdce.com) 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 present or represented at the Annual Meeting and entitled to vote on this proposal. Abstentions will be counted as votes against this proposal. Brokers will have discretionary authority to vote on 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.**

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**PROPOSAL NO. 3 APPROVE, ON AN 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 79% of the target 2015 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 83%.

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 2015 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 2015.

In light of the above, the Company believes that the compensation of its Named Executive Officers for 2015 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 Compensation Discussion and Analysis, compensation tables and narrative disclosure in this Proxy Statement for the Company's 2016 Annual Meeting of Stockholders.

This advisory vote will be approved if it receives the affirmative vote of a majority of shares of common stock of the Company present or represented at the Annual Meeting and entitled to vote on this proposal. Abstentions will be counted as votes against this proposal. Broker non-votes will not affect the outcome of this proposal.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RESOLUTION SET FORTH IN THIS PROPOSAL NO. 3. PROXIES SOLICITED BY THE BOARD WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY A CONTRARY VOTE.**

**Table of Contents****ALL OTHER BUSINESS THAT MAY COME BEFORE THE 2016 ANNUAL MEETING**

As of the date of this Proxy Statement, the Board is not aware of any matters to be brought before the Annual Meeting other than the matters set forth in this Proxy Statement. However, if other matters properly come before the meeting in accordance with our Bylaws and SEC rules, it is the intention of the proxy holders named in the enclosed form of proxy to vote in accordance with their discretion on such matters pursuant to such proxy.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information regarding beneficial ownership of the Company's common stock as of March 31, 2016, by (1) each person known by the Company to own beneficially more than 5% of the outstanding shares of common stock; (2) each Director of the Company; (3) each Named Executive Officer; and (4) all Directors and executive officers as a group. Except as otherwise indicated, each person has sole voting and investment power with respect to all shares shown as beneficially owned, subject to community property laws where applicable. As of March 31, 2016, 46,205,100 shares of common stock of the Company were outstanding. Except as otherwise indicated, the address for each of the named security holders is c/o 1775 Sherman Street, Suite 3000, Denver, Colorado 80203.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
<b>FMR LLC</b>		
<b>245 Summer Street</b>		
<b>Boston, MA 02210</b>	5,124,747 <sup>(1)</sup>	11.1%
<b>BlackRock, Inc.</b>		
<b>55 East 52nd Street</b>		
<b>New York, NY 10022</b>	3,836,895 <sup>(2)</sup>	8.4%
<b>Dimensional Fund Advisors LP</b>		
<b>6300 Bee Cave Road, Building One</b>		
<b>Austin, TX 78746</b>	3,236,419 <sup>(3)</sup>	7.1%
<b>The Vanguard Group</b>		
<b>100 Vanguard Blvd.</b>		
<b>Malvern, PA 19355</b>	3,074,146 <sup>(4)</sup>	6.7%

<b>Prudential Financial, Inc.</b>		
<b>751 Broad St.</b>		
<b>Newark, NJ 07102</b>	2,428,929 <sup>(5)</sup>	5.3%
<b>Barton R. Brookman, Jr.</b>	154,062 <sup>(6)</sup>	*
<b>Gysle R. Shellum</b>	5,817 <sup>(7)</sup>	*
<b>Lance A. Lauck</b>	108,222 <sup>(8)</sup>	*
<b>Daniel W. Amidon</b>	94,164 <sup>(9)</sup>	*
<b>Scott J. Reasoner</b>	46,803 <sup>(10)</sup>	*
<b>James M. Trimble</b>	281,992 <sup>(11)</sup>	*
<b>Jeffrey C. Swoveland</b>	22,127 <sup>(12)</sup>	*
<b>Kimberly Luff Wakim</b>	15,567 <sup>(13)</sup>	*
<b>David C. Parke</b>	16,068 <sup>(14)</sup>	*
<b>Anthony J. Crisafio</b>	15,362 <sup>(15)</sup>	*
<b>Joseph E. Casabona</b>	28,461 <sup>(16)</sup>	*
<b>Larry F. Mazza</b>	20,334 <sup>(17)</sup>	*
All directors and executive officers as a group (12 persons)	<b>808,979<sup>(18)</sup></b>	1.8%

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- \* Represents less than 1% of the outstanding shares of common stock.
- (1) As reported on a Schedule 13G/A filed with the SEC by FMR LLC on February 12, 2016, FMR LLC is a parent holding company in accordance with SEC Rule 13d-1(b)(1)(ii)(G) and holds sole voting power as to 689,909 shares and sole dispositive power as to 5,124,747 shares.
  - (2) As reported on a Schedule 13G/A filed with the SEC by BlackRock, Inc. on January 27, 2016, BlackRock, Inc. holds sole voting power as to 3,740,893 shares and sole dispositive power as to 3,836,895 shares.
  - (3) As reported on a Schedule 13G filed with the SEC by Dimensional Fund Advisors, LP on February 9, 2016, Dimensional Fund Advisors, LP is an investment advisor in accordance with SEC Rule 13d-1(b)(1)(ii)(E) and holds sole voting power as to 3,183,183 shares and sole dispositive power as to 3,236,419 shares.
  - (4) As reported on a Schedule 13G/A filed with the SEC by The Vanguard Group on February 11, 2016, The Vanguard Group is an investment advisor in accordance with SEC Rule 13d-1(b)(1)(ii)(E) and holds sole voting power as to 50,807 shares, sole dispositive power as to 3,023,539 shares and shared dispositive power as to 50,607 shares.
  - (5) As reported on a Schedule 13G/A filed with the SEC by Prudential Financial, Inc. on January 28, 2016, Prudential Financial, Inc. holds sole voting power as to 146,607 shares and sole dispositive power as to 146,607 shares. Prudential Financial holds shared voting power as to 2,282,322 shares and shared dispositive power as to 2,282,322 shares.
  - (6) Excludes 55,954 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 53,859 shares subject to SARs exercisable within 60 days of March 31, 2016.
  - (7) Excludes 14,155 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 4,070 shares subject to SARs exercisable within 60 days of March 31, 2016.
  - (8) Excludes 25,174 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 40,326 shares subject to SARs exercisable within 60 days of March 31, 2016.
  - (9) Excludes 22,700 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 39,889 shares subject to SARs exercisable within 60 days of March 31, 2016.
  - (10) Excludes 18,287 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 2,590 shares subject to SARs exercisable within 60 days of March 31, 2016.
  - (11) Excludes 21,173 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 102,369 shares subject to SARs exercisable within 60 days of March 31, 2016.
  - (12) Excludes 5,952 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 2,773 common shares purchased pursuant to the Deferred Compensation Plan.
  - (13) Excludes 4,745 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 5,296 common shares purchased pursuant to the Deferred Compensation Plan.
  - (14) Excludes 4,745 restricted shares subject to vesting more than 60 days after March 31, 2016; includes 787 common shares deferred pursuant to the Deferred Compensation Plan.
  - (15) Excludes 4,775 restricted shares and shares deferred pursuant to the Deferred Compensation Plan subject to vesting more than 60 days after March 31, 2016.
  - (16) Excludes 4,745 restricted shares subject to vesting more than 60 days after March 31, 2016.
  - (17) Excludes 4,745 restricted shares subject to vesting more than 60 days after March 31, 2016.
  - (18) Excludes 187,150 restricted shares and shares deferred pursuant to the Deferred Compensation Plan subject to vesting more than 60 days after March 31, 2016; includes 8,856 common shares deferred pursuant to the Deferred Compensation Plan and 243,103 SARs exercisable within 60 days of March 31, 2016.



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Each SAR referenced in the footnotes above entitles the executive officer to receive the difference between the fair market value of a share of our common stock on the date of exercise and its value on the date of initial grant, which ranged from \$24.44 to \$49.57, payable in shares only.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act ) requires the Company's officers and Directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC. Executive officers, Directors and holders of more than 10% of the common stock are required by SEC rules to furnish the Company with copies of all Section 16(a) reports they file. If requested, the Company assists its executive officers and Directors in complying with the reporting requirements of Section 16(a) of the Exchange Act.

Based solely on a review of the reports furnished to the Company or on written representations from reporting persons that all reportable transactions were reported, the Company believes that, during the fiscal year ended December 31, 2015, the Company's executive officers and Directors and owners of more than 10% of the Company's common stock timely filed all reports they were required to file under Section 16(a) of the Exchange Act.

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**CORPORATE GOVERNANCE**

**Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines that govern the structure and function of the Board and establish the Board's policies on a number of corporate governance issues. Among other matters, the Corporate Governance Guidelines address:

Director selection qualification and responsibilities;

The holding and frequency of executive sessions of independent directors, Board self evaluation and senior executive performance reviews;

Board committee structure and function;

Succession planning; and

Governance matters, standard of business conduct and Board committee responsibilities.

The Corporate Governance Guidelines were most recently amended on June 4, 2015.

**Uncontested Elections Policy**

The Corporate Governance Guidelines include an Uncontested Elections Policy (the Policy). Under the Policy, any nominee for Director in an uncontested election who receives a greater number of withhold votes than for votes will submit to the Board a letter of resignation for consideration by the Nominating and Governance Committee (N&G Committee). The N&G Committee will promptly consider the tendered resignation and will recommend to the Board whether or not to accept the tendered resignation or to take other action, such as rejecting the tendered resignation and addressing the apparent underlying causes of the withhold votes in a different way.

In making this recommendation, the N&G Committee will consider all factors deemed relevant by its members. These factors may include the underlying reasons for stockholders withholding of votes from such Director nominee (if ascertainable), the length of service and qualifications of the Director whose resignation has been tendered, the Director's contributions to the Company, whether the Company will remain in compliance with applicable laws, rules, regulations and governing documents if it accepts the resignation and, generally, whether or not accepting the resignation is in the best interests of the Company and its stockholders. In considering the N&G Committee's recommendation, the Board will take into account the factors considered by the N&G Committee and such additional information and factors as the Board believes to be relevant.

**Other Corporate Governance Documents**

The Company's website includes the Corporate Governance Guidelines and the following additional governance documents:

Director Nomination Procedures

Director Stock Ownership Guidelines

Insider Trading Policy

Shareholder Communication Policy

Audit Committee Charter

Compensation Committee Charter

Nominating and Governance Committee Charter

Non-Executive Chairman Charter

Code of Business Conduct and Ethics

Waivers of Potential Conflicts of Interest

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### **Board of Directors**

The Company's Bylaws provide that the number of members of the Board shall be designated from time to time by a resolution of the Board; provided, that, pursuant to the Company's Certificate of Incorporation (the Charter) the number of directors on the Board shall in no event be fewer than three or more than nine. As of the date of this filing, the designated number of Directors is eight. Under the Charter, the Board is divided into three separate classes of Directors which are required to be as nearly equal in number as practicable. At each annual meeting of stockholders, one class of Directors whose term has expired may be elected to a new term of three years. The classes are staggered so that the term of one class expires each year.

There is no family relationship between any Director or executive officer of the Company. There are no arrangements or understandings between any Director or officer and any other person pursuant to which the person was selected as an officer or Director of the Company.

### **Director Independence**

In affirmatively determining whether a Director is independent, the Board analyzes and reviews the NASDAQ listing standards, which set forth certain circumstances under which a director is not considered independent. The current President and CEO of the Company, Mr. Brookman, is not independent under such standards, and the Company's former President and CEO, Mr. Trimble, is also not independent under such standards. Audit Committee and Compensation Committee members are subject to additional, more stringent NASDAQ and Exchange Act independence requirements.

The Board has reviewed the business and charitable relationships between the Company and each non-employee Director ( Non-Employee Director ) to determine compliance with the NASDAQ listing standards and to evaluate whether there are any other facts or circumstances that might impair a Non-Employee Director's independence. The Board has affirmatively determined that each of the Non-Employee Directors other than Mr. Trimble (i.e., Messrs. Casabona, Crisafio, Mazza, Parke and Swoveland, and Ms. Wakim) is independent under NASDAQ Listing Rule 5605, the Exchange Act and our Board committee charter requirements.

### **Board Meetings and Attendance**

The Board has a standing Audit Committee, Compensation Committee and N&G Committee. Actions taken by these committees are reported to the Board at its next meeting. During 2015, each Director attended at least 75% of all meetings of the Board and committees of which he or she was a member. As specified in the Corporate Governance Guidelines, Directors are strongly encouraged, but not required, to attend the annual meeting of stockholders. All of the Directors attended the 2015 annual meeting of stockholders held on June 4, 2015.

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The following table identifies the members of each committee of the Board, the chair of each committee, and the number of meetings held in 2015.

**2015 BOARD AND COMMITTEE MEMBERSHIPS**

<b>Director</b>	<b>Board of Directors</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Nominating and Governance Committee</b>
Barton R. Brookman	x			
Joseph E. Casabona	x	x <sup>(1)</sup>		x
Anthony J. Crisafio	x	x	x	
Larry F. Mazza	x	x	x	x <sup>(1)</sup>
David C. Parke	x		x	x
Jeffrey C. Swoveland <sup>(2)</sup>	x	x	x	
James M. Trimble	x			
Kimberly Luff Wakim	x	x	x <sup>(1)</sup>	x
<b>Number of Meetings in 2015</b>	<b>9</b>	<b>6<sup>(3)</sup></b>	<b>8</b>	<b>4</b>

1. Chair
2. Non-Executive Chairman.
3. A sub-committee of the Audit Committee held five additional meetings in 2015 related to SEC filings for partnerships for which the Company serves at the managing general partner and related matters.

The Non-Employee Directors generally meet in executive session in connection with each regularly scheduled Board meeting without the employee Director (the CEO) present. Mr. Swoveland chairs these sessions; however, the other Non-Employee Directors may, in the event of his absence, select another Director to preside over the executive session. Beginning in 2015, due to the change in composition of our Board, the Board began convening meetings of independent Directors in executive session at least twice annually, without Mr. Brookman or Mr. Trimble present.

**STANDING COMMITTEES OF THE BOARD****Audit Committee**

The Audit Committee is composed entirely of persons whom the Board has determined to be independent under NASDAQ Listing Rule 5605(a)(2), Section 301 of the Sarbanes-Oxley Act of 2002, Section 10A(m)(3) of the Exchange Act and the relevant provisions of the Audit Committee Charter. The Board has adopted the Audit Committee Charter which was most recently amended on September 18, 2015, and which is posted on the Company's website at [www.pdce.com](http://www.pdce.com) under Corporate Governance. The Board assesses the adequacy of the Audit Committee Charter on an annual basis and revises it as necessary. The Board has determined that all members of the Audit Committee qualify as financial experts as defined by SEC regulations. The Audit Committee's primary purpose is to assist the Board in monitoring the integrity of the Company's financial reporting process, systems of internal controls and financial statements, and compliance with legal and regulatory requirements. Additionally, the Audit Committee is directly responsible for the appointment, compensation and oversight of the independent auditors engaged by the Company for the purpose of preparing or issuing an audit report or related work. In performing its responsibilities, the Audit Committee:

Monitors the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance;

Monitors the independence of the independent registered public accounting firm; and

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Provides an avenue for communications among the independent registered public accounting firm, management and the Board.

### **Compensation Committee**

The Board has determined that all members of the Compensation Committee are independent of the Company under Rules 5605(a)(2) and 5605(d)(2) of the NASDAQ listing standards. The Board has adopted a Compensation Committee Charter which is posted on the Company's website at [www.pdce.com](http://www.pdce.com) under Corporate Governance. In performing its responsibilities, the Compensation Committee:

Oversees the development of a compensation strategy for the Company's Named Executive Officers;

Evaluates the performance of and establishes the compensation of the CEO;

Reviews and approves the elements of compensation for other senior executive officers of the Company;

Negotiates and approves the terms of employment and severance agreements with executive officers of the Company and approves all Company severance and change in control plans;

Reviews the Directors' compensation for their Board and committee work and recommends to the Board any changes in such compensation;

Reviews and approves performance criteria and results for bonus and performance-based equity awards for senior executive officers and approves awards to those officers;

Recommends to the Board equity-based incentive plans necessary to implement the Company's compensation strategy, approves all equity grants under the plans and administers all equity-based incentive programs of the Company, which may include specific delegation to management to grant awards to non-executive officers; and

Reviews and approves Company contributions to Company-sponsored retirement plans.

### **Compensation Committee Interlocks and Insider Participation**

There were no Compensation Committee interlocks during fiscal year 2015.

### **Nominating and Governance Committee**

The Board has determined that all members of the N&G Committee are independent of the Company under Rule 5605(a)(2) of the NASDAQ listing standards. The Board has adopted a Nominating and Governance Committee Charter which was most recently amended and restated on June 4, 2015 and which can be viewed on the Company's

website. In performing its responsibilities, the N&G Committee:

Assists the Board by identifying and recruiting individuals qualified to become Board members and recommending nominees for election at the next annual meeting of stockholders or to fill any vacancies;

Recommends to the Board and oversees development of corporate governance and ethics policies applicable to the Company;

Leads the Board in its annual self-assessment of the Board's and its committees' performance and the members' contributions; and

Assists the Board in creating and maintaining an appropriate committee structure, and recommends to the Board the nominees for membership on, and Chair of, each committee, as well as the Non-Executive Chair position.



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**Board Leadership Structure**

Although the Board has no specific policy with respect to the separation of the offices of Chairman and CEO, the Board believes that our current leadership structure, under which Mr. Brookman currently serves as President and CEO and Mr. Swoveland serves as Non-Executive Chairman of the Board, is the optimal structure for our Board at this time. Since June 2011, the roles of Chairman and CEO have been held by separate individuals. We believe that as directors continue to have increasing oversight responsibilities, it is beneficial to have an independent, separate Chairman who has the responsibility of leading the Board, allowing the CEO to focus on leading the Company. We believe our CEO and Chairman have an excellent working relationship which, given the separation of their positions, provides strong Board leadership while positioning our CEO as the leader of the Company in front of our employees and stockholders. The Board reconsiders this structure at least annually.

As Non-Executive Chairman, Mr. Swoveland generally chairs the meetings of executive sessions of our Non-Employee Directors. The Non-Executive Chairman, in consultation with the CEO, establishes the agenda for each Board meeting.

**DIRECTOR COMPENSATION**

Non-Employee Directors' compensation is reviewed annually by the Compensation Committee and is approved by the Board. We compensate Directors with a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on our Board and to align Directors with our stockholders. In determining how much to compensate our Directors, we consider the significant amount of time they spend fulfilling their duties, as well as the competitive market for skilled directors. No compensation is paid to our CEO for his service on the Board.

In 2015, the Compensation Committee directly engaged Willis Towers Watson PLC (f/k/a Towers Watson & Co.) ( "Towers" ) as its compensation consultant to review executive compensation and to conduct an annual review of the total compensation of our Non-Employee Directors (see "Role of the Compensation Consultant" in the Compensation Discussion and Analysis section of this Proxy Statement). Specifically, Towers evaluated retainer fees, potential meeting fees and stock-based long-term incentives using, as the competitive benchmark, total compensation paid to the directors of the energy companies which comprise the Company's peer group used in determining 2015 executive compensation.

Below is a summary of the compensation paid to our Non-Employee Directors. No changes were made to our Directors' compensation for 2015 with the exception of a reduction in the fee paid for service on the Sub-Committee of the Audit Committee, as described below. All Board and committee retainers are paid in quarterly installments.

**Cash Compensation**

**Annual Board Retainer**

For 2015, the annual cash retainer for service on the Board and for attendance at all Board meetings was \$70,000. The Non-Executive Chairman received an additional cash retainer of \$100,000.

**Table of Contents****Annual Committee Retainers**

Each Non-Employee Director receives an annual cash retainer for service on each committee on which he or she serves. The Chair of each Committee receives an additional annual retainer for his or her services as Chair. The following table shows the Committee and Chair retainers in effect for 2015:

**COMMITTEE RETAINERS**

<b>Committee</b>	<b>Committee Retainer</b>	<b>Additional Committee Chair Retainer</b>
Audit	\$ 15,000	\$ 17,500
Compensation	10,000	10,000
Nominating and Governance	6,000	7,500

In addition:

A Special Committee consisting of Messrs. Crisafio, Mazza, Parke and Swoveland was created in 2008 to consider the potential repurchase of one or more of the partnerships for which the Company is the managing general partner). In 2015, Mr. Swoveland and Mr. Parke received Special Committee fees of \$13,500 and \$5,700, respectively.

A Sub-Committee of the Audit Committee, of which Mr. Casabona was the sole member during 2015, reviews and approves SEC financial filings for certain partnerships for which the Company is the managing general partner. Mr. Casabona received a cash retainer of \$7,000 for serving in this capacity in 2015.

**Equity Compensation**

In January 2015, the Non-Employee Directors were awarded restricted stock units for their service on the Board. The Non-Executive Chairman received the equivalent of \$170,000 (4,255 units) and the remaining Non-Employee Directors each received the equivalent of \$135,000 (3,379 units) of restricted stock units vest ratably over three years and were granted under the Company's Amended and Restated 2010 Long-Term Equity Compensation Plan, which was most recently approved by stockholders in 2013, as the same has been amended from time to time, (the 2010 LTI Plan ).

**Deferred Compensation**

Each Non-Employee Director may choose to defer all or a portion of his or her annual cash compensation and all or a portion of his or her restricted stock units are awarded each year and/or vest in future years by participating in the Non-Employee Director Deferred Compensation Plan (the Deferred Comp Plan ). All compensation deferred into this program is credited with hypothetical earnings and losses as if invested in common stock of the Company. As of December 31, 2015, four Directors had deferred cash and/or equity compensation in accordance with the Deferred Comp Plan.

**Director Stock Ownership Requirements and Prohibition on Hedging**

Each Non-Employee Director is expected to hold shares of Company stock in an amount equal to at least five times his or her annual Board retainer. Compliance with ownership requirements is reviewed annually. Qualifying stock holdings include directly-owned and unvested restricted Company stock as well as stock equivalents held in the Deferred Comp Plan. Directors are expected to comply with the ownership guidelines within five years of their election to the Board. As of December 31, 2015, all of the Directors met or exceeded the current expectations under the guidelines.

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The Company's Insider Trading Policy expressly prohibits Non-Employee Directors from purchasing options, puts or calls or engaging in other transactions that are intended to hedge against the economic risk of owning Company stock.

**Director Compensation**

Compensation paid to the Non-Employee Directors for 2015 was as follows:

**2015 DIRECTOR COMPENSATION**

Name	Fees Earned or		Total
	Paid in Cash <sup>(1)</sup>	Stock Awards <sup>(2)</sup>	
	(\$)	(\$)	(\$)
Joseph E. Casabona <sup>(3)</sup>	115,500	133,910	249,410
Anthony J. Crisafio	95,000	133,910	228,910
Larry F. Mazza	108,500	133,910	242,410
David C. Parke <sup>(4)</sup>	91,700	133,910	225,610
Jeffrey C. Swoveland <sup>(5)</sup>	208,500	168,626	377,126
James M. Trimble	70,000	133,910	203,910
Kimberly Luff Wakim	111,000	133,910	244,910

- (1) Includes annual Board retainer, regular Committee and Committee Chair retainers, Audit sub-committee retainers, any cash compensation paid for participation on the Special Committee and retainers for the Non-Executive Chairman of the Board. No per-meeting fees are paid.
- (2) On January 13, 2015, the Company awarded 4,255 restricted stock units to the Non-Executive Chairman and 3,379 restricted stock units to each other Non-Employee Director equal to \$170,000 and \$135,000 of value, respectively, using the average of the 15-day closing prices ending ten days prior to the grant date (\$39.96). The slightly lower amounts reported in the table reflect the grant date fair value as computed in accordance with FASB ASC Topic 718.
- (3) Mr. Casabona's cash compensation includes \$7,000 for his service on the Audit Sub-Committee.
- (4) Mr. Parke's cash compensation includes \$5,700 for his services on the Special Committee.
- (5) Mr. Swoveland's cash compensation includes \$100,000 for his service as Non-Executive Chairman of the Board and \$13,500 for his services on the Special Committee.

**DIRECTOR QUALIFICATIONS AND SELECTION**

The Board has adopted Director Nomination Procedures that prescribe the process the N&G Committee will use to recommend nominees for election to the Board. The Director Nomination Procedures can be viewed on the Company's website. The N&G Committee evaluates each candidate based on his or her level and diversity of experience and knowledge (specifically within the industry and relevant industries in which the Company operates, as well as his or her overall experience and knowledge), skills, education, reputation, integrity, professional stature and other factors that may be relevant depending on the particular candidate.

Additional factors considered by the N&G Committee include the size and composition of the Board at the time, and the benefit to the Company of a broad mixture of skills, experience and perspectives on the Board. Accordingly, one or more of these factors may be given more weight in a particular case at a particular time, although no single factor is

viewed as determinative. The N&G Committee has not specified any minimum qualifications that it believes must be met by any particular nominee.

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The N&G Committee identifies Director candidates primarily through recommendations made by the Non-Employee Directors. These recommendations are developed based on the Non-Employee Directors' knowledge and experience in a variety of fields and on research conducted by the Company at the N&G Committee's direction. The N&G Committee also considers recommendations made by Directors, employees, stockholders and others, including search firms. All recommendations, regardless of the source, are evaluated on the same basis against the criteria contained in the Director Nomination Procedures. The N&G Committee has the authority to engage consultants to help identify or evaluate potential Director nominees, but did not do so in 2015.

## **Diversity Consideration**

In addition to qualities of intellect, integrity and judgment, the N&G Committee takes into consideration diversity of background, senior management experience, education and an understanding of some combination of oil and gas marketing, finance, technology, government regulation and public policy. The N&G Committee makes its determination in the context of an assessment of the perceived needs of the Board at that point in time. The N&G Committee evaluates all Director nominees, including any nominees recommended by stockholders, using these criteria. The Director nomination process specifically includes disclosure of the diversity provided by each candidate, and diversity is considered as part of the overall assessment of the Board's functioning and needs.

## **STOCKHOLDER RECOMMENDATIONS AND NOMINATIONS**

### **Stockholder Recommendations**

The N&G Committee will consider Director candidates recommended by stockholders of the Company on the same basis as those recommended by other sources. Any stockholder who wishes to recommend a prospective Director nominee should notify the N&G Committee by writing to the N&G Committee at the Company's headquarters or by email to [board@pdce.com](mailto:board@pdce.com). All recommendations will be reviewed by the N&G Committee. A submission recommending a nominee should include:

Sufficient biographical information to allow the N&G Committee to evaluate the potential nominee in light of the Director Nomination Procedures;

An indication as to whether the proposed nominee will meet the requirements for independence under NASDAQ and SEC guidelines;

Information concerning any relationships between the potential nominee and the stockholder recommending the potential nominee; and

An indication of the willingness of the proposed nominee to serve if nominated and elected.

### **Stockholder Nominations**

Stockholders may nominate candidates for election to the Board. The Company's Bylaws require that stockholders who wish to submit nominations for election to the Board at meeting of stockholders follow certain procedures. The stockholder must give written notice to the Corporate Secretary at PDC Energy, Inc., 1775 Sherman Street, Suite

3000, Denver, Colorado 80203 or may email notice to [board@pdce.com](mailto:board@pdce.com). In the case of an annual meeting, the notice must be provided not later than 80 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting. If the date of the annual meeting is more than 30 days before or more than 60 days after that anniversary date, however, for notice by such stockholder to be timely, it must be received not earlier than 90 days and not later than 80 days before the annual meeting, or, if the first public announcement of the date of such annual meeting is less than 100 days prior to such annual meeting, within 10 days following the Company's public announcement of the date of its annual meeting. The stockholder must

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be a stockholder of record at the time the notice is given and at the time of the annual meeting. The written notice must set forth, among other things, (1) as to each nominee, all information relating to that person that is required to be disclosed in solicitations of proxies for election of Directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the Proxy Statement as a nominee and to serving as a Director if elected); (2) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made (a) the name and address of the stockholder, as they appear on the Company's books, and of such beneficial owner, and (b) the class and number of shares of the Company's securities that are beneficially owned by such stockholder and the beneficial owner.

## **THE BOARD'S ROLE IN RISK MANAGEMENT**

The Board seeks to understand and oversee the Company's critical business risks. Risks are considered in every business decision, including by means of Board oversight of the Company's internal risk management system. For instance, an assessment of potential risks (financial and otherwise) is included in every acquisition proposal presented to the Board. The Board realizes, however, that it is not possible or desirable to eliminate all risk and that appropriate risk-taking is essential in order to achieve the Company's objectives.

The Board is responsible for general oversight of the risks of the Company, including overseeing risks related to the Company's key strategic goals. While the entire Board is responsible for Company-wide risk oversight, individual committees also have roles in risk review. The Audit Committee is the primary committee overseeing risk and specifically reviews risks and related controls in areas that it considers fundamental to the integrity and reliability of the Company's financial statements, such as counterparty risks and derivative program risks. Similarly, the Compensation Committee considers risks related to the structure and size of the Company's compensation plans, as set out below.

We believe that our Board leadership structure supports its risk oversight function. Among other things, there is open and continuous communication between our management and our Directors.

### **Compensation Risk Assessment**

We do not believe that the Company's executive or non-executive compensation structure is reasonably likely to have a material adverse effect on the Company. Risk-mitigating features of our executive and non-executive compensation structure include:

A balance of short-term and long-term programs to ensure focus on both elements of Company performance;

Caps on awards payable to any individual under our bonus programs, along with Compensation Committee discretion to decrease bonus payouts in the event that it believes excessive risk was taken;

Clawback provisions are applicable to all Named Executive Officers through their employment agreements or pursuant to the Company's Clawback Policy, as applicable;



Significant stock ownership requirements are in place for our Named Executive Officers and Non-Employee Directors;

An Insider Trading Policy that prohibits employees and Directors from selling or purchasing Company shares without first obtaining pre-clearance from the Company's General Counsel, even during open trading windows; and

A hedging policy that does not permit the Company to effect transactions in oil and gas derivatives on a speculative basis.

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**COMMUNICATION WITH DIRECTORS BY STOCKHOLDERS**

Stockholders may communicate with the Board or a committee of the Board by writing to the attention of the Board or committee at the Company's corporate headquarters or by emailing the Board at [board@pdce.com](mailto:board@pdce.com) with Board Communication or the appropriate Board committee indicated in the subject line.

**CODE OF BUSINESS CONDUCT AND ETHICS**

The Company has a Code of Business Conduct and Ethics (the Code of Conduct) that applies to all Directors, officers, employees, agents, consultants and representatives of the Company, which is reviewed at least annually by the N&G Committee. The Company's principal executive officer, principal financial officer and principal accounting officer are subject to additional specific provisions under the Code of Conduct. The Code of Conduct can be viewed on the Company's website at [www.pdce.com](http://www.pdce.com). In the event the Board approves an amendment to or a waiver of any provisions of the Code of Conduct, the Company will disclose the information on its website. In 2015, the Board approved waivers regarding any potential conflict related to (1) the service of Mr. Swoveland on the Board of Directors of Linn Energy, LLC; and (2) the service of Mr. Trimble on the Board of Directors of Callon Petroleum Company. These waivers can be found on the Company's website.

**TRANSACTIONS WITH RELATED PERSONS**

**Related Transactions**

From January 1, 2015 to the present, there was no transaction or series of transactions, nor is there any currently proposed transaction involving an amount exceeding \$120,000 in which the Company is a participant and/or in which any Director, executive officer, known holder of more than five percent of the Company's voting securities, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest for which disclosure is required under Item 404 of Regulation S-K.

**Policies and Procedures With Respect to Transactions with Related Persons**

The Board has adopted a written policy for the review, approval and ratification of transactions that involve related parties and potential conflicts of interest. The related party transaction policy applies to each Director and executive officer of the Company, any nominee for election as a Director, any security holder who is known to own more than five percent of the Company's voting securities, any immediate family member of any of the foregoing persons and any corporation, firm or association in which one or more of the Company's Directors are directors or officers, or have a substantial financial interest.

Under our related-party transaction policy, a related person transaction is a transaction or arrangement involving a related person in which the Company is a participant or that would require disclosure in the Company's filings with the SEC as a transaction with a related person. The related person must disclose to the Audit Committee any potential related person transactions and must disclose all material facts with respect to such transaction and relationship. All related person transactions so disclosed will be reviewed by the Audit Committee. In determining whether to approve or ratify a transaction, the Audit Committee will consider the relevant facts and circumstances of the transaction, which may include factors such as the relationship of the related person with the Company, the materiality or significance of the transaction to the Company and the business purpose and reasonableness of the transaction, whether the transaction is comparable to a transaction that could be available to the Company on an arms-length basis and the impact of the transaction on the Company's business and operations.



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**ADDITIONAL INFORMATION**

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC. Copies of the Company's SEC filings are available at <http://www.sec.gov> and through a link from the Company's website at [www.pdce.com](http://www.pdce.com). These documents may also be viewed at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

**EXECUTIVE OFFICERS**

The current executive officers of the Company, their principal occupations for the past five years and additional information is set forth below.

BARTON R. BROOKMAN, 53. See Proposal No.1 for biographical information concerning Mr. Brookman.

GYSLE R. SHELLUM, 64, was appointed Chief Financial Officer in 2008. Prior to joining the Company, Mr. Shellum served from September 2004 through September 2008 as Vice President, Finance and Special Projects of Crosstex Energy, L.P. (now EnLink Midstream LLC) in Dallas, Texas. EnLink Midstream (NYSE: ENLK) is a publicly traded master limited partnership engaged in the gathering, transmission, treating, processing and marketing of natural gas and natural gas liquids. Mr. Shellum holds a B.B.A. in Accounting from the University of Texas, Arlington.

LANCE A. LAUCK, 53, was appointed Executive Vice President Corporate Development and Strategy in January 2015. Mr. Lauck has overall responsibilities for PDC's business development, strategic planning, corporate reserves and midstream & marketing. Mr. Lauck joined PDC in August 2009 as Senior Vice President Business Development with the added responsibility of leading PDC's strategic planning efforts. Previously, he served as Vice President Acquisitions and Business Development for Quantum Resources Management LLC from 2006 to 2009. From 1988 until 2006, Mr. Lauck worked for Anadarko Petroleum Corporation, where he initially held production, reservoir and acquisition engineering positions before being promoted to various management level positions in the areas of acquisitions and business development, ending his service as General Manager, Corporate Development. From 1984 to 1988, Mr. Lauck worked as a production engineer for Tenneco Oil Company. Mr. Lauck graduated from the University of Missouri-Rolla in 1984 with a Bachelor of Science degree in Petroleum Engineering.

DANIEL W. AMIDON, 55, Senior Vice President, General Counsel and Secretary, was appointed General Counsel and Secretary in July 2007 and Senior Vice President in 2012. Prior to joining the Company, Mr. Amidon was employed by Wheeling-Pittsburgh Steel Corporation beginning in July 2004, where he served in several positions including General Counsel and Secretary. Prior thereto, Mr. Amidon was employed by J&L Specialty Steel Inc. from 1992 through July 2004 in positions of increasing responsibility, including General Counsel and Secretary. Mr. Amidon practiced with the Pittsburgh, Pennsylvania law firm of Buchanan Ingersoll PC from 1986 through 1992. Mr. Amidon graduated from the University of Virginia, with honors, majoring in economics. He received his J.D. from the Dickinson School of Law (now Penn State Law).

SCOTT J. REASONER, 55, is the Company's Senior Vice President of Operations, a position to which he was appointed in January 2015. Mr. Reasoner joined the Company in April 2008 as Vice President of Western Operations. Mr. Reasoner has over 30 years of technical and management experience in the energy industry. Before joining PDC, he served as a Business Unit Manager with Noble Energy Inc. where he was responsible for the Mid-Continent team. Prior to his work with Noble Energy, Mr. Reasoner worked for Patina Oil and Gas Company as Production Manager and later as Vice President Operations. His earlier experience includes positions with Snyder Oil Corporation and

Vessel Oil and Gas Company. Mr. Reasoner is a graduate of the Colorado School of Mines with a degree in Petroleum Engineering, has earned an MBA from the University of Colorado, and is a Registered Professional Engineer.

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With the exception of Mr. Reasoner, each of the above was an executive officer of the Company in September 2013, when each of twelve partnerships for which the Company was the managing general partner filed for bankruptcy in the federal bankruptcy court, Northern District of Texas, Dallas Division. Mr. Reasoner became an executive officer effective January 1, 2015.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Board of Directors of the Company has reviewed and discussed the following Compensation Discussion and Analysis with management and, based on its review and discussions, recommends its inclusion in this Proxy Statement.

Kimberly Luff Wakim, Chair

Anthony J. Crisafio

Larry F. Mazza

David C. Parke

Jeffrey C. Swoveland

*COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS*

**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary**

The Compensation Committee of the Board of Directors (referred to in this section as the Committee) believes that executives should be paid based on the performance of the Company. This Compensation Discussion and Analysis (CD&A) provides stockholders with an understanding of our compensation philosophy, objectives, policies and practices in place during 2015, as well as the factors considered by our Committee in making compensation decisions. This CD&A focuses on the compensation of our Chief Executive Officer (CEO), our Chief Financial Officer (CFO) and our three other most highly compensated officers for 2015 (collectively, the Named Executive Officers), namely:

Barton R. Brookman	President and Chief Executive Officer
Gysle R. Shellum	Chief Financial Officer
Lance A. Lauck	Executive Vice President, Corporate Development and Strategy
Daniel W. Amidon	Senior Vice President, General Counsel and Secretary
Scott J. Reasoner	Senior Vice President, Operations

**Leadership Changes**

Mr. Brookman became CEO effective January 2015. We believe Mr. Brookman has done an excellent job of leading the Company during the current downturn in commodity prices and that the Company has thrived under his leadership. Coincident with Mr. Brookman's promotion, Mr. Lauck and Mr. Reasoner were named Executive Vice President, Corporate Development and Strategy and Senior Vice President, Operations, respectively. In October 2015, Mr. Shellum announced his intention to retire from the Company. In order to encourage a smooth transition of his

duties as CFO, the Company and Mr. Shellum entered into a Retirement Agreement pursuant to which Mr. Shellum agreed to continue as CFO through his retirement date of June 30, 2016 or until such sooner date as a successor CFO was named and the Company notified him that his transition services were no longer needed. We believe the retirement of Mr. Shellum and transfer of his CFO responsibilities will proceed very smoothly with little impact on ongoing operations and investor confidence. Mr. Shellum's Retirement Agreement is outlined below under Potential Payments Upon Termination or Change in Control Shellum Retirement Agreement.

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**2015 Business Highlights**

As a result of low commodity prices in 2015, it was a difficult year for the industry. Through the strategic efforts of our executive management team, we developed a top-tier asset base while maintaining a strong balance sheet. We secured industry-leading oil and gas hedges prior to the price decline, which covered much of our production in 2015 and 2016 and had a significant positive impact on cash flow. We believe that this, combined with PDC's operational improvements and cost reductions, have allowed the Company to stand out among its peers in 2015, as reflected in our superior relative stock performance. The following are key highlights of our achievements in 2015:

Achieved outstanding operational performance for the year including:

Year-over-year production growth of 65%;

Technological advancements and efficiencies to operation techniques which enhanced new well production in 2015 and beyond, as well as achieving significant cost reduction from our vendors; and

Year-over-year reduction in operating costs per barrel of oil equivalent ( BOE ) of approximately 30%.

Maintained a strong financial and liquidity position despite a sharp fall in oil prices; achievements in 2015 included the following:

Achieved 68% growth in adjusted cash flow from operating activities year-over-year;

Finished 2015 with peer leading adjusted debt-to-EBITDAX of 1.4x;

Re-affirmed the borrowing base for our bank line of \$700MM; and

Completed a successful equity offering for net proceeds of \$200 million.

In addition, as opposed to most of our peers, our stock price was up for the year making us the top performer on total shareholder return (TSR) relative to our peers:

\* The peer group shown is the same peer group used for the 2015 performance share grant under the Company's long term incentive program. The chart excludes Rosetta Resources Inc. which was



acquired by Noble Energy in July 2015, and Magnum Hunter Resources which was delisted in November 2015. TSR is determined using an average stock price for the 20 trading days prior to the beginning of the period and the 20 days ending with the last day of the period adjusted for dividends for the period.

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**2015 Compensation Highlights**

Our key compensation decisions for 2015 related to our Named Executive Officers included:

In 2015, we negotiated Mr. Brookman's compensation package related to his promotion to CEO;

Mr Brookman's 2015 base salary and total target compensation were significantly lower than that of the prior CEO;

We limited other base salary and annual incentive bonus target increases solely to those Named Executive Officers that received promotions related to organizational changes;

Continued the practice of awarding 25% of our long term incentive grant as performance shares and 25% as SARs to incent both relative and absolute stock price growth;

Performance shares which covered the 3-year performance period ending December 31, 2015, paid out at 200% of target. We were the top performer on TSR performance relative to the Company's peers for that three year period (see Long Term Incentives 2013-2015 Performance Shares Results );

Based on Company performance in 2015, awarded bonuses at 150% of target (see 2015 Performance Results ); and

Approved the compensation package relating to Mr. Shellum's upcoming retirement as described under Potential Payments Upon Termination or Change in Control Shellum Retirement Agreement to facilitate a smooth transition and orderly search for a new CFO.

**2015 Say on Pay Vote**

At our 2015 annual meeting of stockholders, the vast majority of our stockholders voted to approve our executive compensation program, with over 98% of votes cast for approval. Based on these voting results, the feedback we received during the voting process, the success of the Company in the last year and our discussions with stockholders, we did not make any significant changes to our executive compensation program in 2015.

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**Key Features of our Executive Compensation Program**

***Compensation Best Practices***

We believe our executive compensation program is competitive and reflects an alignment with current governance trends and stockholder-friendly features as outlined below:

**Our Executive Compensation Practices**

**(What We Do)**

- ü **Pay for Performance** Our Named Executive Officers' total compensation is heavily weighted toward performance-based pay. Our annual incentive program is based on performance against key operational and financial metrics. The value delivered by our equity grants is tied to both absolute and relative shareholder return performance.
- ü **Executive Ownership Guidelines** We have stock ownership guidelines for our executives and directors that are consistent with what we believe to be corporate governance best practices.
- ü **External Benchmarking** We use competitive compensation data based on an appropriate group of peers and other relevant survey data prior to making any compensation decisions.
- ü **Double-Trigger Change-of-Control Severance Benefits** Upon a change of control of the Company, our current severance plan and grandfathered employment contracts provide for payment of cash severance benefits only if the executive is actually or constructively terminated within two years following a change of control event.
- ü **Clawback Policy** We have clawbacks in place in the event of a restatement of all or a portion of our financial statements due to material noncompliance with financial reporting requirements under securities laws.
- ü **Compensation Risk Assessment** There is an appropriate balance between long-term and short-term focus in our compensation programs and the Committee has the ability to apply discretion to ensure risk mitigation occurs in management decision making.
- ü **Independent Compensation Consultant** We have engaged an independent executive compensation advisor who reports directly to the Committee.
- ü **Independent Compensation Committee** Our Committee is comprised solely of independent directors.

**Executive Compensation Practices We Have Not Implemented**

**(What We Don't Do)**

- X **No Golden Parachute Excise Tax Gross-Ups** We do not provide tax gross-ups on any tax obligations of the executive upon a change of control of the Company.
- X **No New Employment Contracts and/or Excessive Severance Benefits** We no longer provide employment contracts to new executives (although Messrs. Lauck and Amidon have grandfathered contracts). Severance benefits under both our severance plan and employment agreements are reasonable and there are no liberal

change of control definitions or excessive severance benefits or other payments.

- X **No Excessive Perquisites** We provide only modest perquisites that are consistent with industry norms.
- X **No Repricing** Our 2010 LTI Plan does not permit repricing of underwater stock options or SARs without shareholder approval.
- X **No Hedging or Pledging of PDC Stock** These practices are strictly prohibited for all officers, directors and employees of the Company under our Insider Trading Policy.

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**Table of Contents****Compensation Objectives and Philosophy**

The principal tenets of our compensation philosophy are as follows:

***Our executive compensation programs should be competitive with our peers to attract, retain and reward effective leaders.*** We evaluate the range of current industry compensation practices to provide external benchmarks that help to guide our executive compensation structure. We determine individual total compensation targets within this framework to provide compensation that correlates with the Company's relative performance to peers. Generally, we target total compensation around the median level for similar positions at comparable companies, unless specific circumstances warrant otherwise.

***Our executive compensation programs should be designed to support a performance-based culture.*** The majority of each executive's compensation is therefore at risk and based on a combination of attainment of short-term goals in support of our Company's long-term strategy, long-term stock performance relative to our peers, and actual total shareholder return for PDC shareholders. Our programs are structured to require a commitment to performance because total compensation at the market is not guaranteed. Therefore, our programs are designed to reward above-target compensation when performance is warranted and below-target compensation when performance does not meet expectations.

***Our executive compensation programs should be designed to align our executives' interests with those of our stockholders.*** A substantial portion of our compensation is provided in the form of long-term equity incentives that tie executive pay to stock. In addition, we require each of our Named Executive Officers to meet our stock ownership guidelines.

***Our executive compensation programs should encourage appropriate risk management.*** We believe that effective leadership in the oil and gas business requires taking prudent business risks while discouraging excessive risk-taking. To encourage this balance, we have structured our compensation programs to include three-year vesting schedules on all equity awards, and to structure annual incentive awards using a combination of short-term financial and operational objectives. We also exercise discretion in determining bonus payments rather than relying solely on a formula to mitigate risk. We regularly review our compensation programs to ensure that our executives are not encouraged to take inappropriate or excessive risks.

**2015 Compensation Mix**

Our pay-for-performance philosophy is demonstrated in our compensation mix. The charts below show the fixed and at-risk or variable components as awarded in January 2015 for the Named Executive Officers as a percentage of their total direct compensation. These charts are not a substitute for the Summary Compensation Table, which includes amounts supplemental to total direct compensation. For 2015, Mr. Brookman's target compensation was 83% variable or at-risk and linked with Company performance. For the remaining Named Executive Officers, approximately 79% of their target compensation target was variable or at-risk and linked with Company performance.

**Table of Contents****2015 TARGET COMPENSATION****RS = Restricted Stock (time-based)****SAR = Stock Appreciation Rights****PS = Performance Shares****Components of the Company's Compensation Program**

The table below highlights each element of our compensation program and the primary role of each element in achieving our compensation objectives:

<b>COMPENSATION ELEMENTS</b>	<b>ROLE IN TOTAL COMPENSATION</b>
Base Salary	To provide a minimum, fixed level of cash compensation upon which our executives can rely.
Annual Incentives	Reward annual Company performance;  Align participants' compensation with short-term financial and operational objectives specific to each calendar year;  Motivate participants to meet or exceed internal and external performance expectations; and  Recognize individual contributions to the organization's overall results.
Long-Term Incentives	Reward long-term performance directly aligned with shareholders' interests;
ü Restricted Stock/Units	Provide a strong performance-based equity component;
ü Performance Shares/Units	Recognize and reward share performance relative to industry peers through performance shares/units based on relative total shareholder return

- ü Stock Appreciation Rights (SARs) (TSR);

Align compensation with sustained long-term value creation;

Allow executives to acquire a meaningful and sustained ownership stake;  
and

Foster executive retention by vesting awards over multiple years.

#### Benefits and Perquisites

Help attract and retain executive talent by offering a comprehensive employee benefits package comparable to all other Company employees;

- ü Health and Welfare

Provide financial security by allowing executives to save for retirement through the Company's 401(k) and profit sharing plan; and

- ü Retirement

Provide modest perquisites to executives including a car allowance for business and personal use and athletic/non-golf club dues, consistent with those offered by our peer companies.

- ü Perquisites

#### Termination Benefits

Attract and retain executives in a competitive and changing industry; and

- ü Executive Severance Plan

Ensure executives act in the best interest of shareholders in times of heightened uncertainty.

- ü Employment Contracts

**Table of Contents****Executives and Directors Are Required to Own Significant Stock**

We have established stock ownership guidelines for executive officers and outside directors, which are reviewed annually when compensation decisions are made. In satisfying the stock ownership guidelines, Named Executive Officers are expected to:

Comply with the ownership guidelines within five years of the executive becoming as a Named Executive Officer; and

Retain the net shares acquired through the exercise of stock options, SARs, or the vesting of restricted stock or performance shares if the Named Executive Officer has not satisfied the required ownership level.

As of December 31, 2015, all of the Named Executive Officers exceeded the minimum stock ownership requirements as set forth below.

**2015 STOCK OWNERSHIP REQUIREMENT**

<b>Name/Year of Executive Status</b>	<b>Stock Ownership Guidelines</b>	<b>Number of Shares Required To Own<sup>(1)</sup></b>	<b>Number of Qualifying Shares Owned at Year End</b>
Barton R. Brookman (2008)	5x Base Salary	55,790	119,153
Gysle R. Shellum (2008)	3x Base Salary	19,549	26,643
Lance A. Lauck (2009)	4x Base Salary	24,780	75,848
Daniel W. Amidon (2007)	3x Base Salary	16,871	62,663
Scott J. Reasoner (2015)	3x Base Salary	16,282	52,487

(1) Using average of daily closing prices in December 2015, which was \$56.01.

Qualifying holdings as of December 31, 2015 include stock owned directly, shares held in the Company's 401(k) and Profit Sharing Plan and unvested time-based restricted stock and restricted stock units. Not included are stock options, SARs and unvested performance share awards. Stock ownership requirements applicable to our Non-Employee Directors are described under Director Compensation Director Stock Ownership Requirements.

**Compensation Process Making Executive Compensation Decisions****Peer Groups and Survey Data Help Establish Target Compensation and Define Competitive Levels of Pay**

Each fall, we review the composition of the peer group of companies used in establishing target compensation for the Named Executive Officers for the coming year. In determining the peer group for the year, we consider the following:



Size, scope and nature of business operations, ownership structure, prior financial performance and current financial scope, including market capitalization, enterprise value, revenue, EBITDA, capital expenditures and assets for each current and potential peer company;

Whether changes to the peer group are warranted based upon changes in size and/or operations of either the Company and/or the current or potential peer companies; and

Other factors that may render a current peer company no longer comparable (e.g., financial status).

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The 2015 peer group below was selected in September 2014 for determination of 2015 compensation.

<b>PEER COMPANY</b>	<b>PEER COMPANY FOR 2014 FISCAL YEAR</b>	<b>PEER COMPANY FOR 2015 FISCAL YEAR</b>
Berry Petroleum Company <sup>(1)</sup>	x	
Bill Barrett Corporation	x	x
Bonanza Creek Energy, Inc.		x
Carrizo Oil & Gas, Inc.	x	x
Comstock Resources, Inc.	x	x
EXCO Resources, Inc.	x	x
Forest Oil Corporation <sup>(2)</sup>	x	
Goodrich Petroleum Corporation	x	x
Gulfport Energy Corporation	x	x
Laredo Petroleum, Inc.	x	x
Magnum Hunter Resources Corporation	x	x
Penn Virginia Corporation	x	x
PetroQuest Energy, Inc.	x	
Quicksilver Resources Inc.	x	
Resolute Energy Corporation	x	x
Rex Energy Corporation		x
Rosetta Resources, Inc. <sup>(3)</sup>	x	x
Stone Energy Corporation	x	x
Swift Energy Company	x	x
Ultra Petroleum Corporation		x

(1) Berry Petroleum Company was acquired by Linn Energy, LLC in December 2013.

(2) Forest Oil Corporation merged with Sabine Oil and Gas Corporation in December 2014.

(3) Rosetta Resources, Inc. was acquired by Noble Energy in May 2015.

We also use several proprietary benchmarking surveys from a broader sample of comparably-sized oil and gas companies for additional market perspective, including Effective Compensation, Incorporated's *Oil and Gas Exploration and Production Industry Survey*, Meridian Compensation Partners LLC's *North America Oil and Gas Exploration and Production Survey* and survey data compiled by the Committee's compensation consultant (described below). We use both the peer and survey benchmarking data to establish competitive base salaries, bonus targets and target total direct compensation. We also use either the same or a similar peer group in measuring stock performance under the Company's performance-based long-term incentive awards (see Terms of 2015 Equity Award Performance Shares as described below).

**Determining Target Total Direct Compensation**

We typically establish target total direct compensation in the first quarter of each year for our Named Executive Officers by determining base salaries and annual and long-term incentive compensation targets. When appropriate, we

also approve special awards and modify perquisites. In doing so, we consider the following:

Market data for target total direct compensation (base salary, bonus targets and long-term incentives) for the peer group, based on disclosure in peer company proxies, and other applicable industry survey data;

Our pay philosophy;

Individual performance and areas of responsibility relative to the market data;

Compensation relative to that of other executive officers of the Company; and

The CEO's recommendations with respect to the compensation of each of the other Named Executive Officers.

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Our view is that an executive's target compensation should reflect the current market value for that position provided the executive has performed well in the prior year. We may adjust the mix of cash and long term incentives, but generally target the median of the market in total direct compensation taking into account the other factors listed above. In 2015, we targeted below the median for the CEO due to his being new to the position.

### **Annual and Long-Term Incentive Programs**

Annually we review and approve program design, including performance metrics and target payout, and awards under the annual and long-term incentive programs. These discussions, which usually begin with recommendations from management and involve deliberation among the Committee, management and the Committee's compensation consultant, usually span numerous meetings before a design is approved. With respect to equity programs, we also consider the tax and accounting effect of the awards, dilution and stock burn rates (based on total outstanding shares). For performance-based equity awards, we certify at the end of the performance period the level at which the performance measures were satisfied and approve the number of related shares to be issued, if any, to each Named Executive Officer.

### **Historical Compensation Review**

Annually we review tally sheets or summaries of each Named Executive Officer's compensation history, as well as all compensation payable upon his or her termination of employment and upon a change in control of the Company. These summaries, some of which are included in this Proxy Statement, include the following:

Three-year (or longer) history of base salary, annual incentive targets and awards, long-term incentive grants, payouts and perquisites;

Realized gains for the current year and potential gains on unexercised or unvested awards; and

The value of compensation and other severance benefits due to the Named Executive Officer under various termination scenarios, both before and after a change in control of the Company.

In addition to reviewing the Company's historical compensation and comparing current compensation to that of its peers, annually we review whether our programs are paying for performance based on the performance measures used by Institutional Shareholder Services (ISS) and Glass Lewis (although ISS and Glass Lewis use a different peer group) as well as under a group of performance measures relevant to the oil and gas industry. Those measures include production growth, revenue growth, operating cash flow growth, EBITDA/interest expense and total stockholder return. We consider the results of this analysis in making adjustments to the compensation program each year.

### **Role of the Compensation Consultant**

The Compensation Committee has engaged Towers as its compensation consultant (the Consultant) to help ensure that executive compensation programs are competitive and consistent with the Company's compensation philosophy and policies. In retaining the Consultant, the Compensation Committee considers the following:

The Consultant's historical performance in supporting the Committee and familiarity with our executive compensation programs;

Experience of the Consultant in our sector;

Range of compensation services offered by the Consultant; and

Independence of the Consultant, considering the independence factors outlined by the SEC.

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The Compensation Committee determines the scope of the Consultant's engagement, which includes:

Providing input into peer group identification and assessment;

Providing benchmarking on executive and outside director compensation for us to use in our decision-making process;

Providing input into plan design discussions, payout alternatives and performance measures for annual and long-term incentives, individual compensation actions, and other aspects of compensation (e.g., employment agreements, perquisites, etc.);

Reviewing and providing feedback on the compensation-related disclosures in our Proxy Statement; and

Informing us about recent trends, best practices, and other developments affecting executive compensation.

The Consultant's interactions with the Committee and management include the following:

The Consultant does not make recommendations on or approve the amount of compensation of any Named Executive Officer;

The Compensation Committee may request information or advice directly from the Consultant and may direct the Company to provide or solicit information from the Consultant;

The Consultant regularly interacts with representatives of the Company and periodically with the CEO; and

The Consultant attends Committee meetings as requested.

The Compensation Committee annually reviews the engagement of the Consultant and as a part of that process review a summary of all services provided by the Consultant and related costs. Except as set forth above, in 2015, the Consultant did not perform any material services for the Company, did not have any business or personal relationships with the Committee members or executive officers of the Company, did not own any stock of the Company and maintained policies and procedures designed to avoid such conflicts of interest. Accordingly, the Committee determined that the engagement of the Consultant in 2015 did not create any conflicts of interest.

**Role of Management in Determining Executive Compensation**

Our CEO plays a significant role in determining the compensation levels for our Named Executive Officers. Important aspects of his role in the process are:

Assessing his own performance and the performance of the other Named Executive Officers;

Recommending quantitative and qualitative performance measures under our annual incentive program;

Recommending and providing feedback on proposed peer group companies;

Recommending base salary levels, annual incentive targets, actual annual incentive awards and long-term incentive awards for the other Named Executive Officers; and

Providing his assessment of the Company's performance for the year with respect to achievement of performance measures under the annual incentive program.

Management also retains an individual as a consultant in our compensation process to coordinate the preparation of certain materials for Committee meetings. This individual is retained by and reports to management, whereas the Consultant reports to the Committee.

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At our request, our Named Executive Officers may also assess the design of or make recommendations related to our compensation and benefit programs. We determine each element of the CEO's compensation with input from the Consultant. With input from the Consultant and the CEO, we determine each element of compensation for the other Named Executive Officers. The CEO is not present during voting or deliberations concerning his own compensation.

**2015 Compensation Decisions****Base Salary**

In response to the decline in commodity prices, all base salaries were frozen except for Named Executive Officers who received promotions related to organizational changes. Mr. Brookman became CEO; Mr. Lauck was promoted to Executive Vice President and Mr. Reasoner was promoted to an executive officer. The new CEO 2015 base salary and total target compensation was significantly lower than that of the prior CEO. Base salaries effective January 1, 2015 were as follows:

<b>NAMED EXECUTIVE OFFICER</b>	<b>2014 Base Salary</b>	<b>2015 Base Salary</b>
Barton R. Brookman	\$ 420,000	\$ 625,000
Gysle R. Shellum	\$ 365,000	\$ 365,000
Lance A. Lauck	\$ 335,000	\$ 347,000
Daniel W. Amidon	\$ 315,000	\$ 315,000
Scott J. Reasoner*	\$ 286,500	\$ 304,000

\* Mr. Reasoner was not a Named Executive Officer in 2014.

**Annual Cash Incentives**

We approve a target annual cash incentive award for each Named Executive Officer. These target bonus awards are expressed as a percentage of base salary. Actual bonus awards can range from 0-200% of these targets based on the achievement of Company and individual goals. In January 2015, we set the target annual cash incentive award based on each Named Executive Officer's position as follows:

<b>NAMED EXECUTIVE OFFICER</b>	<b>TARGET ANNUAL CASH INCENTIVE AS % OF BASE SALARY</b>
Barton R. Brookman	100%
Gysle R. Shellum	80%
Lance A. Lauck	85%
Daniel W. Amidon	80%
Scott J. Reasoner	80%

**Annual Incentive Program**

Bonuses under the Company's annual incentive program are primarily based on specific operational and financial metrics established in the first quarter of the year. However, to provide us the flexibility to adjust for and react to events that occur throughout the year, we prefer not to rely solely on a formulaic approach based on pre-established



thresholds that result in automatic payouts. Rather, we always retain discretion to adjust actual awards as we view appropriate given circumstances at the time of the determination.

Throughout the year, we review the Company's progress toward meeting the performance metrics for the year. Following the end of the fiscal year, we determine annual incentive payments as follows:

An overall corporate performance rating is determined for the annual quantitative operational and financial metrics; 50% is based on operational metrics and 50% is based on financial metrics;

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We may apply discretion and adjust the results for unexpected business events such as acquisitions/dispositions, equity issuance, legal settlements, etc.;

We may further apply discretion in the final determination of the corporate performance rating to account for business conditions or other performance factors (e.g. environmental and safety results). Generally, we feel that the Named Executive Officers are compensated for stock price performance through the Company's long term incentive program and not through their annual bonus; however, we may also consider relative stock price performance in determining the corporate performance rating; and

Individual awards are determined by multiplying the overall corporate performance rating by the individual's annual incentive target and multiplying the result by the individual's base salary. Individual awards may be adjusted downward or upward at the Committee's discretion based on specific individual performance. Such individual adjustments are anticipated to have a maximum range of +/-20%.

*2015 Performance Metrics*

In early 2015, we established specific targets for each of the following operational and financial metrics based on our 2015 public financial guidance. The performance metrics used in 2015 are the same performance metrics used in 2014 with the exception of the addition of Debt Adjusted EBITDAX which was added to focus managements' attention on maintaining appropriate debt levels in the current environment. See the specific targets under 2015 Performance Results.

**OPERATIONAL METRICS (50%)\***

Production (Boe)	Actual production volume for the year.
Production, Exploration and G&A Expense per Boe	The sum of total production, exploration, general and administrative expense and corporate general and administrative expense (G&A) divided by barrels of crude oil (and equivalent for natural gas).
Reserve Replacement Ratio (three-year average)	The sum of 2012, 2013, and 2014 extensions and discoveries, revisions in previous estimates and purchase of reserves, divided by the sum of 2013, 2014 and 2015 production.

**FINANCIAL METRICS (50%)\***

Adjusted Cash Flow per Share	Net income plus/minus change in operating assets and liabilities per share.
Capital Efficiency (three-year)	Adjusted EBITDAX divided by production, divided by three years' average finding and development cost per unit.
Debt to Adjusted EBITDAX	Total year-end long-term debt (Senior Notes + outstanding credit facility) <u>divided by</u> adjusted EBITDAX.

\* EBITDA and Adjusted Cash Flow are calculated as shown in our quarterly investor relations materials posted on our website at <http://investor.pdce.com/presentations.cfm>. The Company's website materials are not incorporated by reference into this Proxy Statement. Adjusted EBITDAX is calculated by taking our EBITDA minus exploration expenses.

**Table of Contents***2015 Performance Results*

Upon completion of the fiscal year, we reviewed the Company's performance relative to the quantitative operational and financial measures described above. Results for 2015 were as follows:

CORPORATE PERFORMANCE METRIC	TARGET RANGE	ACTUAL		ADJUSTED RESULTS	PERFORMANCE
		TARGET	RESULTS		
<b>Operational Metrics (50%)</b>					
Production (One million Boe)	13.5-14.5	14	15.4	N/A	Above Target
Production, Exploration and G&A Expense per Boe	12.86-11.64	\$12.25	\$11.49	\$11.44 <sup>(1)</sup>	Above Target
Reserve Replacement Ratio (three-year average)	520%-540%	530%	520%	N/A	Within Range
<b>Financial Metrics (50%)</b>					
Adjusted Cash Flow per Share	\$9.54-\$10.54	\$10.04	\$10.75	\$11.63 <sup>(2)</sup>	Above Target
Capital Efficiency (three-year)	250%-270%	260%	300%	N/A	Above Target
Debt to Adjusted EBITDAX	2.2-1.8	2	1.4	1.9 <sup>(3)</sup>	Within Range

- (1) Costs exclude approximately \$5MM in production costs related to new Saddle Butte and White Cliffs midstream agreements offset by approximately \$4MM in impairment related charges due to accounting reclassification.
- (2) Excludes approximately 4MM shares of common stock issued in March 2015.
- (3) Excludes approximately \$200MM used to pay down outstanding balance on Revolving Credit Facility from net proceeds raised from March 2015 equity issuance.

We considered each of the performance metrics and what factors impacted the results:

**Production:** Results were well above target primarily due to technological advances and efficiencies and better than expected line pressures, which resulted in faster drilling and completions and improved well performance. This resulted in year-over-year production growth of approximately 65% over 2014 on continuing operations;

**Production, Exploration and G&A Expense per Boe:** Adjusted Results were better than target because we were able to maintain and in some instances reduce our current cost structure while growing our production more than expected. The primary achievement was a 30% reduction in year-over-year operating costs per Boe;

**Reserve Replacement Ratio (three-year average):** Results on a three-year basis were within range despite increased production volumes and a decrease in commodity prices used for SEC reserve calculations of more than 50% from 2014. We placed less emphasis on this metric in 2015 due to the commodity price impact;

Adjusted Cash Flow per Share: Adjusted Results were above target due to favorable production volumes assisted by the Company's robust hedging program. We achieved approximately 68% growth in Adjusted Cash Flow from Operations over 2014;

Capital Efficiency (three-year): Three-year average was above target due to better finding and development costs resulting primarily from achieving a significant decrease in per well drilling and completion costs throughout the year; and

Debt to Adjusted EBITDAX: Adjusted Results were within targeted range indicating the Company effectively managed its current debt level. The Company finished the year with a peer leading Debt-to-EBITDAX ratio of 1.4x.

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Overall, we believe the Company far exceeded the operational and financial targets for the year based on the Adjusted Results. We ended the year with a very strong balance sheet during a time of low and volatile commodity prices. In addition, although we typically do not consider stock price performance in the bonus plan, the impact of the above factors was strongly reflected in PDC's stock performance. PDC ranked number one in overall TSR performance for the year relative to our peer group, constituting a substantial increase for 2015, while returns were negative for all other 2015 peer group companies. We also considered current commodity price and the need to manage costs. As a result, we determined that an overall corporate performance rating should be limited to 150%. We felt that management achieved these results as a team, and therefore no individual performance adjustments were made to the awards. Actual bonus amounts paid for 2015 performance were as follows:

<b>NAMED EXECUTIVE OFFICER</b>	<b>2015 ANNUAL BONUS</b>
Barton R. Brookman	\$ 940,000
Gysle R. Shellum	\$ 438,000
Lance A. Lauck	\$ 443,000
Daniel W. Amidon	\$ 378,000
Scott J. Reasoner	\$ 365,000

For 2016, however, the types of performance metrics have been changed. As a result of ongoing depressed commodity prices and continued uncertainty in the oil and natural gas industry and in an effort to properly motivate management decisions, for 2016 we eliminated both Reserve Replacement Ratio and Capital Efficiency (which is based on reserves), while adding Liquidity as a new performance metric.

**Long-Term Incentives***2015 Equity Awards*

In 2015, to ensure that long-term incentives are aligned with the interests of our stockholders and our pay-for-performance philosophy, we generally granted the following combination of equity awards to the Named Executive Officers under the 2010 LTI Plan:

50% restricted stock units that align the executive's compensation directly with the Company's stock price, encourage retention and increase stock ownership in the Company;

25% SARs that align the executive's compensation directly with the Company's stock price as the stock price must increase for any value to be realized by the executive; and

25% performance shares that align the executive's compensation with PDC's TSR relative to a group of our peers in the industry. The value of performance shares is dependent on both stock price performance and our relative TSR performance over a three-year period.

We typically determine the dollar value of the long-term incentives we want to deliver to the executive to place total target compensation at the market level for that position. While we consider long-term incentives as primarily forward-looking, we may consider the Company's and Named Executive Officers' performance in the prior year in

determining the size of the awards.

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The table below shows the grants and corresponding value awarded to each Named Executive Officer in January 2015:

NAME	VALUE	2015 LONG-TERM INCENTIVE GRANTS		
		RESTRICTED STOCK UNITS	SARS	PERFORMANCE SHARES
Barton R. Brookman	\$ 2,400,000	30,030	26,643	11,473
Gysle R. Shellum	\$ 1,100,000	13,764	12,212	5,258
Lance A. Lauck	\$ 1,100,000	13,764	12,212	5,258
Daniel W. Amidon*	\$ 1,000,000	14,390	9,436	4,063
Scott J. Reasoner	\$ 700,000	8,759	7,771	3,346

\* As part of the 2015 equity grants, Mr. Amidon received \$150,000 additional restricted stock unit award above his target award in recognition of his contributions in 2015, including his role in both critical litigation management and certain aspects of the Company's risk management program.

The award value shown above differs from the accounting value reported in the Summary Compensation Table. In determining the number of shares awarded we divide the grant value by the 15-day average closing stock price ending 10 days prior to the date of grant. The grant date accounting value is based solely stock price on the date of grant, and is reflected in the Summary Compensation Table and Grants of Plan-Based Awards.

*Terms of the 2015 Equity Awards***Performance Shares**

Performance shares are denominated in units of PDC stock and payout in shares of Company stock based on the Company's relative TSR over the specified performance period, as ranked among the comparably-measured TSR of the Company's peer companies. We believe that the peer group designated for measuring relative stock price performance differs from the peer group the Company competes with for executive talent. However, we generally use the same companies whenever possible. In January 2015, the peer group selected for measuring relative TSR varied slightly from the compensation benchmarking group for 2015 as a result of the impact of the commodity price environment on the compensation peer group between September 2014 and January 2015. We elected to eliminate Goodrich Petroleum Corporation, Resolute Energy Corporation and Swift Energy Company from the TSR peer group because their market caps had fallen below \$200 million. We replaced these companies with Synergy Resources Corporation.

The 2015 performance shares measure the performance period from January 1, 2015 through December 31, 2017, with payouts as follows:

COMPANY TSR RANKING AMONG PEERS	PAYOUT LEVELS AS % OF AWARD
90th Percentile	200%
75th Percentile	150%



Median	100%
25th Percentile	50%
Below 25th Percentile	0%

We revised the top level for payout to be more consistent with industry. Based on the size of the peer group, PDC would have to be ranked as one of the top two performing companies to achieve a 200% payout. Other features of the award include:

If performance falls between the percentiles, payout levels are interpolated.

If the Company has a negative TSR for the performance period, the maximum award is limited to 100%, regardless of relative performance.

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Any company that ceases to be publicly traded as a result of a bankruptcy filing shall remain as a peer, but will be considered a bottom performer in the peer group. In the previous years, these companies were removed from the peer group.

Performance share units are forfeited if the executive voluntarily terminates or is terminated for cause prior to the vesting date. Payout under other termination scenarios is described under [Impact of Termination and Change of Control on Long Term Incentive Plans](#).

**Restricted Stock Units**

Restricted Stock units awards, including the 2015 grants, typically have the following terms:

Awards vest ratably over three years to encourage retention; and

Unvested awards are forfeited by the executive if the executive voluntarily terminates or is terminated for cause prior to the vesting date. For a description of what happens under other termination scenarios, see [Impact of Termination and Change of Control on Long Term Incentive Plans](#).

**Stock Appreciation Rights or SARs**

SAR awards, including the 2015 grants, have the following terms:

Awards vest ratably over three years to encourage retention;

Awards expire no later than ten years after grant date if not exercised earlier or forfeited;

The strike price for SARs is the price at which the executive can purchase a share of common stock of the Company and is equal to the NASDAQ closing price of Company stock on the date of the grant;

SARs are settled in shares of common stock of the Company; and

Unvested awards are forfeited by the executive if the executive voluntarily terminates or is terminated for cause prior to the vesting date. For a description of what happens under other termination scenarios, see [Impact of Termination and Change of Control on Long Term Incentive Plans](#).

***2013 2015 Performance Share Results***

In 2013, we granted performance shares covering the three-year period January 1, 2013 through December 31, 2015. Based on the Company's first place ranking over this three-year period, we paid 200% of the target award to each Named Executive Officer as shown in the [Options Exercised and Stock Vested](#) table (except Mr. Reasoner who was not a participant in the plan in 2013). The provisions of the 2013 grant are similar



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to those of the 2015 grant described above except for the peer group used to measure relative TSR. The chart below shows the peer companies, their TSR performance and relative rankings at the end of the period.

<b>Ranking</b>		<b>3-Year TSR</b>
<b>1</b>	<b>PDC Energy, Inc.</b>	<b>67%</b>
2	Carrizo Oil & Gas	51%
3	Laredo Petroleum Holdings, Inc.	(52)%
4	Bill Barrett Corporation	(76)%
5	Stone Energy Corporation	(78)%
6	EXCO Resources, Inc.	(85)%
7	Comstock Resources, Inc.	(87)%
8	Resolute Energy Corporation	(90)%
9	PetroQuest Energy, Inc.	(91)%
10	Penn Virginia	(92)%
11	Goodrich Petroleum Corporation	(97)%
*	Berry Petroleum Company	NA
*	Rosetta Resources	NA
*	Forest Oil Corporation	NA
*	Quicksilver Resources	NA
*	Magnum Hunter Resources	NA
*	Swift Energy Company	NA

- \* There were originally 16 peer companies: Berry Petroleum was acquired by Linn Energy in December 2013; Rosetta Resources was acquired by Noble Energy in May 2015; Forest Oil Corporation merged with Sabine Oil and Gas and ceased trading under the Forest ticker symbol in December 2014; Quicksilver Resources was delisted as of January 2015; Magnum Hunter was delisted in November 2015; and Swift Energy was delisted in December 2015.

*Special Equity Grants*

From time to time, we may approve special grants which typically take the form of restricted stock units, although other types of awards may be made when appropriate. Special grants are typically considered:

In connection with promotion where more stock exposure is desired;

To recognize extraordinary achievement;

When the survey data demonstrates a significant deviation from market total direct compensation for the comparator group;

When we determine that special retention measures are necessary for a particular executive; or

As part of a new hire package for an executive.

Mr. Amidon received a special grant of restricted stock units as part of his 2015 long term incentive grants in recognition of his contributions in 2014, as described above.

### **Agreements with Named Executive Officers**

#### **Severance Plan and Employment Agreements with Named Executive Officers**

We believe that severance protection plays a valuable role in attracting, motivating and retaining highly talented executives and that having an existing agreement in place is preferable to negotiating an exit package at the time of a Named Executive Officer's departure. Severance provisions give us the flexibility to make decisions regarding organizational issues with agreed-upon severance terms. In the event that the Company faces a change in control, severance benefits encourage executive officers to remain with the Company during an important time when prospects for continued employment are often uncertain, and provide a measure of financial

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security to the executive officer. We believe that the severance amounts that may be paid upon a change in control of the Company ensure that the interests of the executive officers will be materially consistent with the interests of the Company's stockholders and strike a proper balance between the hiring, motivating and retention effects described above, without providing excessive benefits to executives. We consider these protections to be an important part of an executive's compensation and consistent with competitive practices in the oil and gas industry.

The Executive Severance Compensation Plan (the "Severance Plan") generally provides these benefits to the Named Executive Officers. At the time the Severance Plan was adopted, we grandfathered the existing employment agreements in effect. Mr. Brookman agreed to terminate his grandfathered employment agreement in January 2015, in connection with his promotion to CEO. As of December 31, 2015, only Messrs. Amidon and Lauck have existing grandfathered agreements. For a description of these programs, see "Potential Payments Upon Termination or Change in Control."

### **Retirement Agreement with Gysle R. Shellum**

Mr. Shellum was instrumental in the Company's growth and played an integral role in helping the Company maintain its very strong balance sheet. In order to maintain an orderly transition and through the CFO search related to the intended retirement of Mr. Shellum, on October 26, 2015 the Company entered into a Retirement Agreement with Mr. Shellum. Please see "Potential Payments Upon Termination or Change in Control - Shellum Retirement Agreement" below, for a description of Mr. Shellum's Retirement Agreement and the amounts payable thereunder.

### **Other Policies and Considerations**

#### **Tax and Accounting Considerations**

With respect to compensation paid under the Company's plans, arrangements and agreements, we consider the impact of the applicable tax laws and accounting rules, including but not limited to Section 162(m), Section 409A, Section 280G and Section 4999 of the Internal Revenue Code (the "Code"). Currently, our compensation is intended to comply with the Code as follows:

None of our severance arrangements or agreements provide for gross-ups for excise tax under Code Section 280G and Section 4999;

All of our programs are intended to be either exempt from or comply with Code Section 409A; and

Our intent is to qualify compensation paid to our top executives as performance-based compensation under Code Section 162(m) where practicable. While currently our SARs and performance shares are intended to meet the requirements of Code Section 162(m), our restricted shares and annual bonus plan are not. We maintain the discretion to approve compensation that may not qualify for the compensation deduction under Code Section 162(m) if, in light of all applicable circumstances, we believe that it would be in the Company's best interests to pay such compensation.

#### **Clawback Policy**

The Named Executive Officers are currently covered under either a clawback policy or have a clawback provision in their grandfathered employment contracts. Currently, the clawback policy and provision are identical and require the executive to reimburse all or a portion of his annual bonus, as described below, if the Company must restate all or a portion of its financial statements due to material noncompliance by the Company with any financial reporting requirement under securities laws. The reimbursements are equal to the difference between the bonus paid to the executive for the affected years and the bonus that would have been paid to the executive had the financial results been properly reported. These clawback requirements are in addition to any clawback requirements contained in statutes or regulations and are subject to revision based on the SEC clawback guidance under Section 954 of the Dodd-Frank Act, when finalized.

**Table of Contents****SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$)	Bonus <sup>(1)</sup> (\$)	Stock Awards <sup>(2)</sup> (\$)	Options /SAR Awards <sup>(3)</sup> (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
Barton R. Brookman <i>President and Chief Executive Officer</i> <sup>(5)</sup>	2015	625,000	940,000	1,848,065	585,880	54,150	4,053,095
	2014	466,667	450,000	1,186,252	413,148	60,053	2,576,120
	2013	378,300	416,000	850,749	277,135	56,693	1,978,877
Gysle R. Shellum <i>CFO</i>	2015	365,000	438,000	1,511,686 <sup>(6)</sup>	279,615 <sup>(7)</sup>	79,277	2,673,578
	2014	365,000	292,000	1,082,970	378,095	55,470	2,173,535
	2013	350,000	355,000	850,749	277,135	52,710	1,885,594
Lance A. Lauck <i>Executive Vice President Corporate Development</i> <sup>(8)</sup>	2015	347,000	443,000	847,014	268,542	54,676	1,960,232
	2014	335,000	268,000	866,376	302,476	50,159	1,822,011
	2013	320,000	324,000	680,600	221,708	51,012	1,597,320
Daniel W. Amidon <i>Senior Vice President General Counsel and Secretary</i>	2015	315,000	378,000	803,289	207,498	54,673	1,758,460
	2014	315,000	252,000	866,376	302,476	59,921	1,795,773
	2013	300,000	304,000	680,600	221,708	53,414	1,559,722
Scott J. Reasoner <i>Senior Vice President of Operations</i> <sup>(9)</sup>	2015	304,000	365,000	539,012	170,884	53,372	1,432,268

(1) Represents the amounts paid under the Company's annual incentive bonus plan. The 2015 awards are described in "2015 Compensation Decisions - Annual Cash Incentives."

(2) Represents the grant date fair value of stock-based compensation awards, which include the following:

(a) Time-based restricted stock awards; and

(b) Performance-based stock awards.

The 2015 grants are described in "2015 Compensation Decisions - Long Term Incentives" and detailed in the "2015 Grants of Plan-Based Awards" table. In accordance with SEC rules, the amounts reported in the above table reflect the aggregate grant date fair value of the stock awards, calculated in accordance with FASB ASC Topic 718, disregarding estimated forfeitures for awards subject to performance conditions. These values have been determined under the principles used to calculate the grant date fair value of equity awards for purposes of the Company's financial statements, as set forth in Note 12 to the financial statements included in the Annual Report on Form 10-K filed with the SEC on February 22, 2016.



- (3) Represents the grant date fair value of SARs granted in each year. The 2015 grants are described in 2015 Compensation Decisions Long Term Incentives and detailed in the 2015 Grants of Plan-Based Awards table. In accordance with SEC rules, the amounts reported in the above table reflect the aggregate grant date fair value of the SAR awards calculated in accordance with FASB ASC Topic 718 disregarding estimated forfeitures for awards subject to performance conditions. These values have been determined under the principles used to calculate the grant date fair value of SAR awards for purposes of the Company's financial statements, as set forth in Note 12 to the financial statements included in the Annual Report on the financial statements included in the Annual Report on Form 10-K filed with the SEC on February 22, 2016.
- (4) Amounts shown in this column for 2015 are detailed below in 2015 All Other Compensation.
- (5) Mr. Brookman's compensation reflects his promotion to President and Chief Executive Officer in January 2015.

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- (6) Upon execution of Mr. Shellum's Retirement Agreement, his 2015 stock awards were modified. The amount shown includes \$664,672 of increased value due to accelerated vesting modifications.
- (7) Upon execution of Mr. Shellum's Retirement Agreement, his 2015 SARs were modified. The amount shown includes \$11,073 of increased value due to the accelerated vesting modifications.
- (8) Mr. Lauck's compensation reflects his promotion to Executive Vice President in January 2015.
- (9) Mr. Reasoner's compensation reflects his promotion to Senior Vice President of Operations in January 2015.

**Table of Contents****2015 ALL OTHER COMPENSATION**

Name	Year	401(k) Matching Contribution <sup>(1)</sup> (\$)	Annual Profit Sharing Contribution <sup>(2)</sup> (\$)	Perquisites <sup>(3)</sup> (\$)	Tax Gross-Up <sup>(4)</sup> (\$)	Total All Other Compensation (\$)
Barton R. Brookman	2015	24,000	10,915	19,235		54,150
Gysle R. Shellum	2015	24,000	10,915	44,362		79,277
Lance A. Lauck	2015	24,000	10,915	18,375	1,386	54,676
Daniel W. Amidon	2015	24,000	10,915	19,758		54,673
Scott J. Reasoner	2015	24,000	10,915	18,457		53,372

- (1) Represents the Company's annual matching contribution to the Company's 401(k) and Profit Sharing Plan.
- (2) Represents the Company's annual profit sharing contribution to the Company's 401(k) and Profit Sharing Plan.
- (3) Represents total value of perquisites provided by the Company. Note that for 2015, the Company paid \$25,000 in personal legal fees related to Mr. Shellum's Retirement Agreement. No other individual perquisite exceeded \$25,000. Types of perquisites included are primarily monthly automobile allowances, health club dues and spouse or family travel.
- (4) Includes Board-approved tax gross-up for any spouse or family member travel that was requested by the Company and approved by the Board.

**Table of Contents****2015 GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of	All Other Exercise Option Awards: Number of Underlying Securities of	Base Price of Option Awards (\$)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Barton R. Brookman	1/1/2015		625,000	1,250,000							
	1/13/2015 <sup>(2)</sup>				5,736	11,473	22,946				657,977 <sup>(5)</sup>
	1/13/2015 <sup>(3)</sup>								26,643	39.63	585,880 <sup>(6)</sup>
	1/13/2015 <sup>(4)</sup>							30,030			1,190,089 <sup>(7)</sup>
Gysle R. Shellum	1/1/2015		292,000	584,000							
	1/13/2015 <sup>(2)</sup>				2,629	5,258	10,516				301,546 <sup>(5)</sup>
	1/13/2015 <sup>(3)</sup>								12,212	39.63	268,542 <sup>(6)</sup>
	1/13/2015 <sup>(4)</sup>							13,764			545,467 <sup>(7)</sup>
	10/26/2015 <sup>(8)</sup>				2,629	5,258	10,516				259,114
	10/26/2015 <sup>(8)</sup>								8,142	39.63	11,073
	10/26/2015 <sup>(8)</sup>							9,176			160,121
	10/26/2015 <sup>(8)</sup>				3,013	6,025	12,050				208,043
	10/26/2015 <sup>(8)</sup>							4,979	4,207	49.57	37,392
Lance A. Lauck	1/1/2015		294,950	589,900							
	1/13/2015 <sup>(2)</sup>				2,629	5,258	10,516				301,546 <sup>(5)</sup>
	1/13/2015 <sup>(3)</sup>								12,212	39.63	268,542 <sup>(6)</sup>
	1/13/2015 <sup>(4)</sup>							13,764			545,467 <sup>(7)</sup>
Daniel W. Amidon	1/1/2015		252,000	504,000							
	1/13/2015 <sup>(2)</sup>				2,031	4,063	8,126				233,013 <sup>(5)</sup>
	1/13/2015 <sup>(3)</sup>								9,436	39.63	207,498 <sup>(6)</sup>
	1/13/2015 <sup>(4)</sup>							14,390			570,276 <sup>(7)</sup>
Scott J. Reasoner	1/1/2015		243,200	486,400							
	1/13/2015 <sup>(2)</sup>				1,673	3,346	6,692				191,893 <sup>(5)</sup>
	1/13/2015 <sup>(3)</sup>								7,771	39.63	170,884 <sup>(6)</sup>
	1/13/2015 <sup>(4)</sup>							8,759			347,119 <sup>(7)</sup>

- (1) Represents target and maximum cash awards payable under the Company's annual incentive plan. For a description of the 2015 awards, see 2015 Compensation Decisions Annual Cash Incentives.
- (2) Represents performance share unit awards under the 2010 LTI Plan. For a description of the awards see 2015 Compensation Decisions Long Term Incentives.
- (3) Represents annual time-based restricted stock unit awards under the 2010 LTI Plan. For a description of the 2015 awards, see 2015 Compensation Decisions Long Term Incentives.
- (4) Represents SARs awarded under the Company's 2010 LTI Plan. For a description of the 2015 awards, see 2015 Compensation Decisions Long Term Incentives.
- (5) Grant date fair value is computed by multiplying the number of performance shares units awarded by the grant date fair value as computed utilizing the Monte Carlo pricing model, which was \$57.35 per share.
- (6) Grant date fair value for SARs is computed by multiplying the number of SARs awarded by the grant date fair value as computed utilizing the Black-Scholes pricing model, which was \$21.99 per SAR.
- (7) Grant date fair value for restricted stock units is computed by multiplying the number of shares awarded by the closing price of the Company's common stock, as reported on the NASDAQ Global Select Market on the date of grant which was \$39.63.
- (8) Represents incremental fair value associated with vesting modifications made to Mr. Shellum's 2014 and 2015 SARs, restricted stock units and awards, and performance shares pursuant to his Retirement Agreement which was entered into on October 26, 2015.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR-END**

Name	Options/SARs Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options/SARs Held at December 31, 2015	Number of Securities Underlying Unexercised Options/SARs Held at December 31, 2015	Option/SAR Exercise Price (\$)	Option/SAR Expiration Date	Number of Shares of Stock That Have Not Vested <sup>(3)</sup> (#)	Market Value of Shares of Stock That Have Not Vested <sup>(4)</sup> (\$)	Equity Incentive Plan Awards: Number of Shares That Have Not Vested <sup>(5)</sup> (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested <sup>(4)</sup> (\$)
Barton R. Brookman	8,295		24.44	4/19/2020	30,450	1,625,421	18,079	965,057
	5,104		43.95	3/12/2021				
	9,766		30.19	1/16/2022				
	8,413	4,207	37.18	1/16/2023				
	9,193	4,597	49.57	1/16/2024				
	8,881	17,762	39.63	1/13/2025				
Gysle R. Shellum <sup>(6)</sup>		4,207	37.18	1/16/2023	20,534	1,096,105	11,283	602,287
	4,207	4,207	49.57	1/16/2024				
	4,070	8,142	39.63	1/13/2025				
Lance A. Lauck	7,319		24.44	4/19/2020	17,142	915,040	10,078	537,964
	4,176		43.95	3/12/2021				
	7,935		30.19	1/16/2022				
	6,730	3,366	37.18	1/16/2023				
	6,730	3,366	49.57	1/16/2024				
	4,070	8,142	39.63	1/13/2025				
Daniel W. Amidon	7,807		24.44	4/19/2020	17,560	937,353	8,883	474,174
	4,176		43.95	3/12/2021				
	7,935		30.19	1/16/2022				
	6,730	3,366	37.18	1/16/2023				
	6,730	3,366	49.57	1/16/2024				
	3,145	6,291	39.63	1/13/2025				
Scott J. Reasoner	2,590	5,181	39.63	1/13/2025	13,268	708,246	3,346	178,609

(1) SARs exercisable as of December 31, 2015.

(2) SARs granted in 2013, 2014 and 2015 vest ratably over three years. The exercise price related to the SARs does not represent capital payable to the Company, but rather represents the base from which the stock appreciation

value will be determined on the date of exercise.

- (3) The restricted stock in this column vests as follows:

	<b>Shares Vesting Per Year</b>			<b>Total</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	
Barton R. Brookman	14,989	5,451	10,010	30,450
Gysle R. Shellum	20,534			20,534
Lance A. Lauck	8,571	3,983	4,588	17,142
Daniel W. Amidon	8,780	3,983	4,797	17,560
Scott J. Reasoner	7,914	2,434	2,920	13,268

- (4) The market value of these shares is based on the closing price of the Company's common stock of \$53.38, as reported on NASDAQ Global Select Market on December 31, 2015.

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- (5) Performance shares granted in 2014 and 2015 are contingent upon the achievement of certain specified stock performance goals. For a description of the performance share grants in 2015, see Terms of the 2015 Equity Grants Performance Shares.
- (6) Under the terms of Mr. Shellum's retirement agreement, his SARs and Restricted stock will vest as of his retirement date and his performance shares will be earned in full based on the Company's performance through his retirement date (see Potential Payments Upon Termination or Change of Control Shellum Retirement Agreement).

**2015 OPTION EXERCISES AND STOCK VESTED**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting <sup>(1)</sup> (#)	Value Realized on Vesting <sup>(2)</sup> (\$)
Barton R. Brookman			36,294	1,842,966
Gysle R. Shellum	20,832	472,532	31,799	1,596,054
Lance A. Lauck			25,285	1,271,253
Daniel W. Amidon			25,493	1,282,508
Scott Reasoner			13,494	723,530

- (1) The number of shares shown below includes restricted stock and performance shares vesting in 2015:

Name	Restricted	Performance	Total
Barton R. Brookman	24,244	12,050	36,294
Gysle R. Shellum	19,749	12,050	31,799
Lance A. Lauck	15,645	9,640	25,285
Daniel W. Amidon	15,853	9,640	25,493
Scott J. Reasoner	13,494		13,494

- (2) The performance shares vesting in 2015 covered the three-year period January 1, 2013 through December 31, 2015. Based on the Company's excellent TSR performance over this three-year period, the Company ranked first among its peers, resulting in 200% of the target award payout to the Named Executive Officers above (see 2015 Compensation Decisions Long Term Incentives 2013 2015 Performance Share Results for more information).
- (3) Value of the restricted shares and performance shares that vested in 2015 is determined by multiplying the number of shares vesting by the market value of the shares on the vesting date.



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**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The Company has in place both the Severance Plan and grandfathered employment agreements for the benefit of its Named Executive Officers. As of December 31, 2015, only Messrs. Lauck and Amidon remained covered under their grandfathered employment agreements. Mr. Brookman relinquished his employment agreement and became a participant in the Severance Plan upon his appointment as CEO in January of 2015, Mr. Reasoner became a participant in the Severance Plan upon his promotion to Senior Vice President in January 2015 and Mr. Shellum relinquished his employment agreement on October 26, 2015 upon announcing his retirement and entering into his Retirement Agreement with the Company. For a description of the Retirement Agreement and the benefits provided thereunder, please see Shellum Retirement Agreement, below.

The primary purpose of the Severance Plan and the employment agreements is to provide severance benefits in the event of the termination of the Named Executive Officer by the Company without just cause or termination by the Named Executive Officer for good reason, either prior to or following a change in control of the Company. Upon a change in control, the Severance Plan and individual employment agreements provide benefits only in the event that an executive is terminated by the acquiring company without cause or by the executive for good reason (i.e., they are double-trigger in nature).

The severance benefits an executive would receive under the Severance Plan under various termination scenarios are as follows:

Termination by the Company without just cause or termination by the executive for good reason :

Tier One executive (CEO only) receives two times the sum of his or her base salary and target bonus for the year;

Tier Two executives (all other Named Executive Officers) would receive one and one-half times the sum of his or her base salary and target bonus for the year; and

Continuation of health benefits for up to 18 months.

Termination related to a change in control of the Company:

Tier One executive (CEO only) would receive three times the sum of his or her base salary and target bonus for the year;

Tier Two executives (all other Named Executive Officers) would receive two and one-half times the sum of his or her base salary and target bonus for the year;

All executives would receive a pro-rata bonus at the target amount for the year of termination; and

Continuation of health benefits for up to 18 months.

The Severance Plan provides a benefit offset so that cash benefits paid upon severance would be reduced by any other severance benefits that the executive is entitled to receive under a Company (or successor company) plan. The grandfathered employment agreements provide similar benefits as the Severance Plan above, but vary in the amounts of cash benefit provided to each covered Named Executive Officer. The following table

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summarizes the cash payout under certain termination scenarios for each Named Executive Officer (other than Mr. Shellum) as of December 31, 2015:

	<b>TERMINATION WITHOUT CAUSE OR FOR GOOD REASON</b>	<b>TERMINATION DUE TO CHANGE IN CONTROL</b>	<b>CONTROLLING PLAN OR AGREEMENT</b>
Barton R. Brookman	2x base plus target bonus	3x base plus target bonus <u>plus</u> pro-rata bonus for the year of termination	Severance Plan
Lance A. Lauck	2x base plus bonus*	3x base plus bonus*	Grandfathered Employment Agreement
Daniel W. Amidon	3x base plus bonus*	3x base plus bonus*	Grandfathered Employment Agreement
Scott J. Reasoner	1.5x base plus target bonus	2.5x base plus target bonus <u>plus</u> pro-rata bonus for year of termination	Severance Plan

\* Highest bonus of last two years

As a condition of receiving severance benefits under the Severance Plan and under the terms of the grandfathered employment agreements, there is a non-disclosure covenant and the executive officer is prohibited for a period of one year following his termination from engaging in any competing business within any county or in any adjacent county in which the Company is doing business. In addition, the executive is prohibited from soliciting employees from the Company for up to two years (varies by individual agreement) following termination. To aid in the enforcement of these provisions, prior to a change in control of the Company, the Severance Plan provides for payment of the severance benefits over 12 months.

The grandfathered employment agreements contain a clawback provision, while the executives covered under the Severance Plan are covered under the Company's clawback policy (see [Clawback Policy](#)). The grandfathered employment agreements automatically extend for 12 months on December 31 of each year prior to the last year of the employment agreement (or any extensions thereof) unless either party gives notice of non-renewal at least 30 days prior to such December 31 automatic extension date.

**Impact of Termination and Change in Control on Long-Term Incentive Plans**

Under the terms of the 2010 LTI Plan and related grant agreements and employment agreements, all unvested restricted stock, stock options and SARs vest upon death, disability or change in control. The following table outlines the effect on outstanding unvested LTI awards under various termination scenarios and upon a

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change in control of the Company based on the terms of the 2010 LTI Plan and related grant agreements and the executive employment agreements:

<b>TERMINATION SCENARIO/ CHANGE IN CONTROL</b>	<b>RESTRICTED STOCK/SARs/ OPTIONS</b>	<b>PERFORMANCE SHARES</b>
Voluntary Termination	Forfeited	Forfeited
Termination for Cause	Forfeited	Forfeited
Termination by Company Without Cause or Executive for Good Reason Prior to Change in Control	Vests	<b>Executives with Grandfathered Employment Agreements:</b>  Forfeited
		<b>Executives in Severance Plan:</b>  <i>2013 and 2014 grants:</i> Forfeited  <i>2015 grants:</i> Portion to be earned at end of performance period determined at time of termination at the sole discretion of the Committee.
Death	Vests	Earned pro-rata based on performance through either date of death or end of performance period.
Disability	Vests	Earned pro-rata based on performance at end of performance period.
Occurrence of a Change in Control	Vests	If less than 50% of the performance period has elapsed, earns 100% of performance shares. If 50% or more of the performance period has elapsed, earns greater of actual performance through change in control or 100% of performance shares.

**Change in Control Excise Tax Provision**

The Company currently provides no income tax gross-up or excise tax gross-up pursuant to taxes that may be imposed on excess parachute payments within the meaning of Section 280G and Section 4999 of the Code. The Severance Plan and the grandfathered employment agreements provide that if it is determined that any payment or distribution by the Company to or for the executive's benefit would constitute an excess parachute payment, the Company will either (1) pay the total amount to the executive and he would be responsible for the 20% excise tax; or (2) reduce the executive's payments such that the executive receives no excess parachute payments, whichever amount would give the executive the greater benefit on a net, after-tax basis. Although the Company would be denied a tax deduction for such excess parachute payments under alternative (1) above, the Committee believes the cost to the Company would be minimal as a percentage of the entire value of the change of control transaction.

**Shellum Retirement Agreement**

As discussed above, in October 2015 Mr. Shellum announced his intention to retire from the Company, effective June 30, 2016. Pursuant to Mr. Shellum's Retirement Agreement with the Company, Mr. Shellum will continue to receive his current base salary through June 30, 2016. The Retirement Agreement provides that he is entitled to a bonus for 2015, which was calculated and paid in the ordinary course as described above. He is entitled to a pro-rated target bonus for 2016. He is also entitled to a stay bonus of \$700,000 if he remains

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employed through June 30, 2016, along with a medical stipend paid following termination of employment for 30 months based on the amount of the then-current COBRA rate.

In addition, as part of the Retirement Agreement Mr. Shellum's existing equity incentive awards were amended to provide that: (i) he will receive full vesting of his outstanding SARs and restricted stock/restricted stock units if he remains employed through June 30, 2016 (with SARs vesting on such date being exercisable for 12 months following termination), and (ii) outstanding performance shares as of such date shall vest and be earned based on performance through June 30, 2016. He agreed that no new equity grants would be received in 2016.

Should Mr. Shellum voluntarily quit or be terminated for cause prior to June 30, 2016, he would forfeit any of the amounts and vestings set forth above that had not yet been paid or vested. In the event Mr. Shellum is terminated for any other reason prior to June 30, 2016, he would still be entitled to receive the payments and benefits set forth above, as if his employment continued through June 30, 2016.

As part of the Retirement Agreement, Mr. Shellum is required to execute a release agreement with the Company upon his termination of employment and will continue to be bound by the non-compete and other restrictive covenants set forth in his Retirement Agreement, as described above.

**Termination Benefits Table**

The tables below and the discussion that follows show compensation payable to each Named Executive Officer upon various termination scenarios both before and after a change of control of the Company ( "COC" ) under Mr. Shellum's Retirement Agreement, the Severance Plan, the applicable Named Executive Officer's employment agreement and/or the equity compensation plans. The amounts shown assume that termination occurred on December 31, 2015, that the closing price per share on such date was \$53.38, and, in the event of termination due to COC, the executive's benefit is not reduced as a result of Section 280G and Section 49999 of the Code (as described above). The actual amounts to be paid can only be determined at the time of such executive's separation from the Company.

**Table of Contents****Barton R. Brookman**

	<b>Termination by Company Without Cause or by Exec for Good Reason</b>					
	<b>Voluntary Termination</b>	<b>Termination for Cause</b>	<b>Prior to COC</b>	<b>After COC</b>	<b>Death</b>	<b>Disability</b>
Cash Compensation						
Cash Severance			2,500,000 <sup>(1)</sup>	3,750,000 <sup>(2)</sup>		
Pro-rata Bonus				625,000 <sup>(3)</sup>		
Acceleration of Unvested Equity						
Restricted Stock			1,625,421 <sup>(4)</sup>	1,625,421 <sup>(4)</sup>	1,625,421 <sup>(4)</sup>	1,625,421 <sup>(4)</sup>
SARs			329,895 <sup>(4)</sup>	329,895 <sup>(4)</sup>	329,895 <sup>(4)</sup>	329,895 <sup>(4)</sup>
Performance Shares			<sup>(5)</sup>	1,317,685 <sup>(6)</sup>	878,457 <sup>(7)</sup>	878,457 <sup>(8)</sup>
Benefits						
Earned Profit Sharing <sup>(9)</sup>	10,915	10,915	10,915	10,915	10,915	10,915
Health Benefits Continuation			30,366 <sup>(10)</sup>	30,366 <sup>(10)</sup>		
<b>Total</b>	<b>10,915</b>	<b>10,915</b>	<b>4,496,597</b>	<b>7,689,282</b>	<b>2,844,688</b>	<b>2,844,688</b>

(1) Cash severance is equal to 2 times the sum of his base salary and target bonus.

(2) Cash severance is equal to 3 times the sum of his base salary and target bonus.

(3) Bonus amounts for 2015 are not determined until after December 31 and are subject to forfeiture until paid. Mr. Brookman is entitled to a pro-rata target bonus under the terms of the Severance Plan. As a result, the pro-rata bonus shown is based on target bonus for 2015 which was adjusted and earned in February 2016 based on the Company's actual performance.

(4) Restricted shares and SARs vest and become exercisable upon termination, change of control, disability or death.

(5) For the 2015 performance shares, the Committee has the discretion to award from 0% up to 100% of the target shares, adjusted for Company performance at the end of the performance period. Since no amount is guaranteed, no value is included for the 2015 performance shares. The 2014 performance shares would be forfeited.

(6) For the 2015 performance shares, the value shown is the target number of shares awarded times 100% since less than half the performance period has occurred. For the 2014 performance shares, since Company performance exceeded 100%, the value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%).

(7) In the case of death, one-third of the 2015 performance shares would be earned based on performance through date of death and two-thirds of the 2014 performance shares would be earned based on performance at the end of the performance period. The value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%) times the pro-rata amount earned for the performance period.

(8)

In the case of disability, one-third of the 2015 and two-thirds of the 2014 performance shares would be earned. Although payment would not occur until the end of the performance period, the value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%) times the pro-rata amount earned for the performance period.

- (9) The profit sharing contribution for 2015 that was credited to Mr. Brookman's 401(k) account in March 2016.
- (10) Cost of Company-subsidized COBRA premium to continue health, vision and dental coverage to Mr. Brookman and any covered dependents for an 18-month period.



**Table of Contents****Gysle R. Shellum**

<b>Element of Compensation</b>	<b>Termination Voluntary Termination</b>	<b>Termination for Cause</b>	<b>Retirement</b>	<b>Termination by Company Without Cause or by Exec for Good Reason after COC</b>	<b>Death</b>	<b>Disability</b>
<b>Cash Compensation</b>						
Salary Continuation			182,500 <sup>(1)</sup>	182,500 <sup>(1)</sup>	182,500 <sup>(1)</sup>	182,500 <sup>(1)</sup>
2015 Bonus			292,000 <sup>(2)</sup>	292,000 <sup>(2)</sup>	292,000 <sup>(2)</sup>	292,000 <sup>(2)</sup>
Pro-rata 2016 Bonus			146,000 <sup>(3)</sup>	146,000 <sup>(3)</sup>	146,000 <sup>(3)</sup>	146,000 <sup>(3)</sup>
Stay Bonus			700,000 <sup>(4)</sup>	700,000 <sup>(4)</sup>	700,000 <sup>(4)</sup>	700,000 <sup>(4)</sup>
<b>Acceleration of Unvested Equity</b>						
Restricted Stock			1,096,105 <sup>(5)</sup>	1,096,105 <sup>(5)</sup>	1,096,105 <sup>(5)</sup>	1,096,105 <sup>(5)</sup>
SARs			196,135 <sup>(5)</sup>	196,135 <sup>(5)</sup>	196,135 <sup>(5)</sup>	196,135 <sup>(5)</sup>
Performance Shares			1,204,573 <sup>(6)</sup>	923,901 <sup>(7)</sup>	1,204,573 <sup>(6)</sup>	1,204,573 <sup>(6)</sup>
<b>Benefits</b>						
Earned Profit Sharing <sup>(8)</sup>	10,915	10,915	10,915	10,915	10,915	10,915
Health Benefits Continuation <sup>(9)</sup>			50,610	50,610	50,610	50,610
Other Benefits <sup>(10)</sup>			31,650	31,650	31,650	31,650
<b>Total</b>	<b>10,915</b>	<b>10,915</b>	<b>3,910,488</b>	<b>3,629,816</b>	<b>3,910,488</b>	<b>3,910,488</b>

- (1) Per the terms of his agreement, he will continue to receive his base salary through his retirement on June 30, 2016.
- (2) Bonus amounts for 2015 are not determined until after December 31. Mr. Shellum is entitled to a pro-rata target bonus under the terms of his Retirement Agreement. As a result, the pro-rata bonus shown is based on target bonus for 2015 which was adjusted and earned in February 2016 based on the Company's actual performance.
- (3) Per the terms of his agreement, he will receive a pro-rata target bonus upon retirement.
- (4) Per the terms of his agreement, he will receive a \$700,000 stay bonus upon his retirement.
- (5) Per the terms of his agreement, restricted shares and SARs vest and become exercisable upon retirement, disability, death or change of control.
- (6) Per the terms of his agreement, the 2014 and 2015 performance shares are earned upon retirement, disability or death based on Company performance through June 30, 2016. The value shown is the target number of shares awarded adjusted for the Company's performance through December 31, 2015 (200%).
- (7) For the 2015 performance shares, the value shown is determined by using the target number of shares awarded times 100% since less than half the performance period has occurred. For the 2014 performance shares, since Company performance exceeded 100%, the value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%).
- (8) The profit sharing contribution for 2015 that was credited to Mr. Shellum's 401(k) account in March 2016.

- (9) Per the terms of his agreement, a lump sum payment equal to Company-subsidized COBRA premium to continue health, vision and dental coverage to Mr. Shellum and any covered dependents for a 30-month period.
- (10) Per the terms of his agreement, he would receive a pro-rata 2016 automobile allowance of \$7,650 and a 2016 401(k) match of \$24,000.

**Table of Contents****Lance A. Lauck**

	Voluntary Termination Termination for Cause		Termination by Company Without Cause or by Exec for Good Reason			
			Prior to COC	After COC	Death	Disability
Cash Compensation						
Cash Severance			1,342,000 <sup>(1)</sup>	2,013,000 <sup>(2)</sup>		
Salary Continuation					173,500 <sup>(3)</sup>	260,250 <sup>(4)</sup>
Pro-rata Bonus		294,950 <sup>(5)</sup>				
Acceleration of Unvested Equity						
Restricted Stock			915,040 <sup>(6)</sup>	915,040 <sup>(6)</sup>	915,040 <sup>(6)</sup>	915,040 <sup>(6)</sup>
SARs			179,306 <sup>(6)</sup>	179,306 <sup>(6)</sup>	179,306 <sup>(6)</sup>	179,306 <sup>(6)</sup>
Performance Shares			<sup>(7)</sup>	795,255 <sup>(8)</sup>	530,170 <sup>(9)</sup>	530,170 <sup>(10)</sup>
Benefits						
Earned Profit Sharing <sup>(11)</sup>	10,915	10,915	10,915	10,915	10,915	10,915
Health Benefits Continuation			30,366 <sup>(12)</sup>	30,366 <sup>(12)</sup>	30,366 <sup>(12)</sup>	30,366 <sup>(12)</sup>
Total	10,915	305,865	2,477,627	3,943,882	1,839,297	1,926,047

- (1) Cash severance equal to 2 times the sum of his base salary and highest bonus paid in last two years (2013 bonus paid in January 2014).
- (2) Cash severance equal to 3 times the sum of his base salary and highest bonus paid in the last two years (2013 bonus paid in January 2014).
- (3) In the event of death, Mr. Lauck would receive a lump sum payment equal to six months base salary.
- (4) In the event of short term disability, base salary would continue for 13 weeks. Upon qualifying for long-term disability, Mr. Lauck would receive an additional lump sum payment equal to six months base.
- (5) Bonus amounts for 2015 are not determined until after December 31 and are subject to forfeiture until paid. Mr. Lauck is entitled to a pro-rata bonus under the terms of his Agreement. As a result, the pro-rata bonus shown is based on target bonus for 2015 which was adjusted and earned in February 2016 based on the Company's actual performance.
- (6) Restricted shares and SARs vest and become exercisable upon termination, change of control, disability or death.
- (7) Performance shares awarded in 2014 and 2015 are forfeited.
- (8) For the 2015 performance shares, the value shown is the target number of shares awarded times 100% since less than half the performance period has occurred. For the 2014 performance shares, since Company performance exceeded 100%, the value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%).
- (9) In the case of death, one-third of the 2015 award would be earned based on performance through date of death and two-thirds of the 2014 performance shares would be earned based on performance at the end of the performance period. The value shown is the target number of shares awarded adjusted for Company performance

through December 31, 2015 (200%) times the pro-rata amount earned for the performance period.

- (10) In the case of disability, one-third of the 2015 and two-thirds of the 2014 performance shares would be earned. Although payment would not occur until the end of the performance period, the value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%) times the pro-rata amount earned for the performance period.
- (11) The profit sharing contribution for 2015 that was credited to Mr. Lauck's 401(k) account in March 2016.
- (12) Cost of Company-subsidized COBRA premium to continue health, vision and dental coverage to Mr. Lauck and any covered dependents for an 18-month period.

**Table of Contents****Daniel W. Amidon**

	<b>Termination by Company Without Cause or by Exec for Good Reason</b>					
	<b>Voluntary Termination</b>	<b>Termination for Cause</b>	<b>Prior to COC</b>	<b>After COC</b>	<b>Death</b>	<b>Disability</b>
Cash Compensation						
Cash Severance			1,857,000 <sup>(1)</sup>	1,857,000 <sup>(1)</sup>		
Salary Continuation					157,500 <sup>(3)</sup>	236,250 <sup>(4)</sup>
Pro-rata Bonus	252,000 <sup>(5)</sup>				252,000 <sup>(5)</sup>	252,000 <sup>(5)</sup>
Acceleration of Unvested Equity						
Restricted Stock			937,353 <sup>(6)</sup>	937,353 <sup>(6)</sup>	937,353 <sup>(6)</sup>	937,353 <sup>(6)</sup>
SARs			153,855 <sup>(6)</sup>	153,855 <sup>(6)</sup>	153,855 <sup>(6)</sup>	153,855 <sup>(6)</sup>
Performance Shares			<sup>(7)</sup>	731,466 <sup>(8)</sup>	487,644 <sup>(9)</sup>	487,644 <sup>(10)</sup>
Benefits						
Earned Profit Sharing <sup>(11)</sup>	10,915	10,915	10,915	10,915	10,915	10,915
Health Benefits Continuation			20,574 <sup>(12)</sup>	20,574 <sup>(12)</sup>		
<b>Total</b>	<b>262,915</b>	<b>10,915</b>	<b>2,979,697</b>	<b>3,711,163</b>	<b>1,999,267</b>	<b>2,078,017</b>

(1) Cash severance equal to 3 times the sum of his base salary and highest bonus paid or payable in last two years (2013 bonus paid in January 2014 since 2015 bonus not yet determined).

(2) Cash severance equal to 3 times the sum of his base salary and highest bonus paid in the last two years (2013 bonus paid in January 2014 since 2015 bonus not yet determined).

(3) In the event of death, Mr. Amidon would receive a lump sum payment equal to six months base salary.

(4) In the event of short term disability, base salary would continue for 13 weeks. Upon qualifying for long-term disability, Mr. Amidon would receive an additional lump sum payment equal to six months base.

(5) Bonus amounts for 2015 are not determined until after December 31 and are subject to forfeiture until paid. Mr. Amidon is entitled to a pro-rata bonus under the terms of his Agreement (in the case of Voluntary Termination, only if he terminates after March 31). As a result, the pro-rata bonus shown is based on target bonus for 2015 which was adjusted and earned in February 2016 based on the Company's actual performance.

(6) Restricted shares and SARs vest and become exercisable upon termination, change of control, disability or death.

(7) Performance shares awarded in 2014 and 2015 are forfeited.

(8) For the 2015 performance shares, the value shown is the target number of shares awarded times 100% since less than half the performance period has occurred. For the 2014 performance shares, since Company performance exceeded 100%, the value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%).

(9)

In the case of death, one-third of the 2015 award would be earned based on performance through date of death and two-thirds of the 2014 performance shares would be earned based on performance at the end of the performance period. The value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%) times the pro-rata amount earned for the performance period.

- (10) In the case of disability, one-third of the 2015 and two-thirds of the 2014 performance shares would be earned. Although payment would not occur until the end of the performance period, the value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%) times the pro-rata amount earned for the performance period.
- (11) The profit sharing contribution for 2015 that was credited to Mr. Amidon's 401(k) account in March 2016.
- (12) Cost of Company-subsidized COBRA premium to continue health, vision and dental coverage to Mr. Amidon and any covered dependents for an 18-month period.

**Table of Contents****Scott J. Reasoner**

	<b>Termination by Company Without Cause or by Exec for Good Reason</b>					
	<b>Voluntary Termination</b>	<b>for Cause</b>	<b>Prior to COC</b>	<b>After COC</b>	<b>Death</b>	<b>Disability</b>
Cash Compensation						
Cash Severance			820,800 <sup>(1)</sup>	1,368,000 <sup>(2)</sup>		
Pro-rata Bonus				243,200 <sup>(3)</sup>		
Acceleration of Unvested Equity						
Restricted Stock			708,246 <sup>(4)</sup>	708,246 <sup>(4)</sup>	708,246 <sup>(4)</sup>	708,246 <sup>(4)</sup>
SARs			71,239 <sup>(4)</sup>	71,239 <sup>(4)</sup>	71,239 <sup>(4)</sup>	71,239 <sup>(4)</sup>
Performance Shares			<sup>(5)</sup>	178,609 <sup>(6)</sup>	119,073 <sup>(7)</sup>	119,073 <sup>(8)</sup>
Benefits						
Earned Profit Sharing <sup>(9)</sup>	10,915	10,915	10,915	10,915	10,915	10,915
Health Benefits Continuation			30,366 <sup>(10)</sup>	30,366 <sup>(10)</sup>		
<b>Total</b>	<b>10,915</b>	<b>10,915</b>	<b>1,641,566</b>	<b>2,610,575</b>	<b>909,473</b>	<b>909,473</b>

- (1) Cash severance is equal to 1.5 times the sum of his base salary and target bonus.
- (2) Cash severance is equal to 2.5 times the sum of his base salary and target bonus.
- (3) Bonus amounts for 2015 are not determined until after December 31 and are subject to forfeiture until paid. Mr. Reasoner is entitled to a pro-rata target bonus under the terms of the Severance Plan. As a result, the pro-rata bonus shown is based on target bonus for 2015 which was adjusted and earned in February 2016 based on the Company's actual performance.
- (4) Restricted shares and SARs vest and become exercisable upon termination, change of control, disability or death.
- (5) For the 2015 performance shares, the Committee has the discretion to award from 0% up to 100% of the target shares, adjusted for Company performance at the end of the performance period. Since no amount is guaranteed, no value is included for the 2015 performance shares.
- (6) The value shown is the target number of shares awarded times 100% since less than half the performance period has occurred.
- (7) In the case of death, one-third of the 2015 performance shares would be earned based on performance through date of death. The value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%) times the pro-rata amount earned for the performance period.
- (8) In the case of disability, one-third of the 2015 performance shares would be earned. Although payment would not occur until the end of the performance period, the value shown is the target number of shares awarded adjusted for Company performance through December 31, 2015 (200%) times the pro-rata amount earned for the performance period.
- (9) The profit sharing contribution for 2015 that was credited to Mr. Reasoner's 401(k) account in March 2016.
- (10) Cost of Company-subsidized COBRA premium to continue health, vision and dental coverage to Mr. Reasoner and any covered dependents for an 18-month period.





**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table summarizes information related to our equity compensation plans under which our equity securities are authorized for issuance as of December 31, 2015:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights<sup>(1)</sup></b> (#)	<b>Weighted-Average Exercise Price of Outstanding Options and Rights</b> (\$)	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans<sup>(2)</sup></b> (#)
Equity compensation plans approved by security holders	401,525	39.05	1,101,831
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>401,525</b>	<b>39.05</b>	<b>1,101,831</b>

- (1) Includes 71,549 shares of common stock to be issued based upon continuous employment and the maximum achievement of certain performance goals over a specified period of time as described in Outstanding Equity Awards at 2015 Fiscal Year-End. These shares have been excluded from the weighted average exercise price calculation.
- (2) The number of securities remaining available for future issuances has been reduced by the number of securities to be issued upon exercise of outstanding options, SARs and restricted shares subject to time vesting and certain market-based performance goals over a specified period of time.

**STOCKHOLDER NOMINATIONS AND PROPOSALS****Stockholder Proposals for 2017 Annual Meeting**

Any proposal that a stockholder wishes to include in the Company's Proxy Statement for the 2016 annual meeting of stockholders must be received by the Company at its principal office on or prior to December 19, 2016, and must be submitted in compliance with SEC Rule 14a-8. Proposals should be addressed to:

Corporate Secretary

PDC Energy, Inc.

1775 Sherman Street, Suite 3000

Denver, Colorado, 80203

**Advance Notice Procedures Under the Company's Bylaws**

Any proposal or nomination for Director that a stockholder wishes to propose for consideration at the 2017 annual meeting of stockholders, but does not seek to include in our Proxy Statement under applicable SEC rules, must be submitted in accordance with Section 2.9(A)(2) of the Company's Bylaws, which provides that no business may be brought before an annual meeting of stockholders unless it is specified in the notice of the meeting or is otherwise brought before the meeting by or at the direction of the Board or by a stockholder entitled to vote who has delivered advance notice to the Company. The notice must contain certain information specified in the Bylaws and be delivered to the Corporate Secretary at the address set forth above not less than 80 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting. In the case of the 2017 annual meeting, the notice must be delivered between March 10, 2017 and March 21, 2017. However, the Bylaws also provide that if the meeting is held more than 30 days before the anniversary of the prior year's annual

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meeting or 60 days after such anniversary, notice can generally be given not later than the tenth day following the day on which public announcement of the date of the annual meeting is first made by the Company.

Pursuant to SEC Rule 14a-4(c)(1), if our Corporate Secretary receives any stockholder proposal at the address listed above after March 4, 2017 that is intended to be presented at the 2017 annual meeting of stockholders without inclusion in the Proxy Statement for the meeting, the proxies designated by the Board will have discretionary authority to vote on such proposal.

**HOUSEHOLDING INFORMATION**

The SEC permits companies and intermediaries (such as brokers and banks) to satisfy delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement and annual report to those stockholders. This process, which is commonly referred to as householding, is intended to reduce the volume of duplicate information stockholders receive and reduce expenses for companies. Both the Company and some of our intermediaries may be householding our proxy materials and annual report. Once you have received notice from your broker or another intermediary that they will be householding materials sent to your address, householding will continue until you are notified otherwise or until you revoke your consent. Should you wish to receive separate copies of our annual report and proxy statement in the future, we will promptly deliver a separate copy of each of these documents to you if you send a written or oral request to us at our phone number or address appearing on the cover of this Proxy Statement, to the attention of the Corporate Secretary. If you hold your shares through an intermediary that is householding and you want to receive separate copies of our annual report and proxy statement in the future, you should contact your bank, broker or other nominee record holder.

By Order of the Board of Directors,

Barton R. Brookman

President and Chief Executive Officer

Dated: April 20, 2016

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO ANY PERSON WHO IS A RECORD OR BENEFICIAL HOLDER OF COMMON STOCK OF THE COMPANY, ON WRITTEN REQUEST OF SUCH PERSON, A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015, INCLUDING FINANCIAL STATEMENTS AND SCHEDULES THERETO, WHICH THE COMPANY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. COPIES MAY BE OBTAINED FREE OF CHARGE BY WRITING TO INVESTOR RELATIONS, PDC ENERGY, INC., 1775 SHERMAN STREET, SUITE 3000, DENVER, COLORADO, 80203.

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**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED  
BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone  
must be received by 2:00 am Eastern Time on  
June 10, 2016.**

**Vote by Internet**

Go to  
**[www.envisionreports.com/PDCE](http://www.envisionreports.com/PDCE)**

Or scan the QR code with your  
smartphone

Follow the steps outlined on the secure  
website

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes x with an X as shown in this example. Please do not write outside the designated areas.

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

**A Proposals** The Board recommends a vote **FOR** all nominees and **FOR** Proposals 2 and 3.

1. Elect Two Class III Directors:	<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>		<b>+</b>
01 - Larry F. Mazza	..	..	02 - Barton R. Brookman	..	..		

2. Ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2016.	<b>For</b>	<b>Against</b>	<b>Abstain</b>
	..	..	..

3. Approve, on an advisory basis, the compensation of the Company's Named Executive Officers.	..	..	..
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**B Non-Voting Items**

**Change of Address** Please print new address below.

**C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign personally. When signing as attorney, executor, administrator, trustee, guardian, or custodian, please give full title as such. If a corporation or partnership, please sign full corporate or partnership name, by an authorized officer or an authorized person, respectively.

yy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 (if needed) Please keep signature  
/ /

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q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

**Proxy PDC Energy, Inc.**

**1775 Sherman Street, Suite 3000**

**Denver, Colorado 80203**

**Proxy Solicited by Board of Directors for 2016 Annual Meeting of Stockholders**

The undersigned appoints LANCE A. LAUCK and DANIEL W. AMIDON, and either of them, proxies, each with full power to act without the other and with full power of substitution for and in the name of the undersigned at the 2016 Annual Meeting of Stockholders of PDC Energy, Inc. (the Company ) to be held on June 9, 2016, at 1:00 p.m. Mountain Time, and at any adjournment or postponement thereof, to vote all shares of the common stock of the Company held by the undersigned with respect to the matters specified herein and on such other matters as may properly come before the meeting.

The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement for such meeting to be held on June 9, 2016, and a copy of the Company's 2015 Annual Report.

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS AND MAY BE REVOKED PRIOR TO ITS EXERCISE. THIS PROXY, WHEN PROPERLY EXECUTED AND RETURNED, WILL BE VOTED AS DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS INDICATED, IT WILL BE VOTED FOR EACH OF THE DIRECTORS SPECIFIED IN PROPOSAL 1 AND FOR EACH OF PROPOSAL 2 AND PROPOSAL 3.**

In their discretion, the appointed proxies are authorized to vote upon such other business as may properly come before the meeting and at any and all adjournments or postponements thereof.

**IMPORTANT INFORMATION IS CONTAINED ON OTHER SIDE OF THIS CARD. PLEASE READ BOTH SIDES OF THIS CARD, SIGN, DATE AND RETURN YOUR PROXY PROMPTLY IN THE ENCLOSED ENVELOPE.**