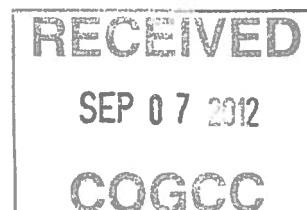




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September 7, 2012

Mr. Matthew Lepore
Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln St., Ste. 801
Denver, CO 80202-1129

RE: COGCC Setback Stakeholder Review – PDC Energy, Inc. Comments

Dear Director Lepore:

PDC Energy, Inc. (PDC) is an independent domestic energy company with corporate headquarters in Denver, Colorado. PDC is engaged in the exploration, development, production and marketing of natural gas, natural gas liquids and crude oil, primarily in Colorado and the Appalachian Basin. Our Western Operating Region is primarily focused on development of the Wattenberg Field of the Denver Julesburg (DJ) Basin where PDC has the third largest leasehold position. PDC also has significant assets in Yuma County and within the Piceance Basin in Garfield County.

As a publically traded company on the NASDAQ Global Select Market (ticker symbol: PDCE), PDC has reported oil and gas reserves to the Securities Exchange Commission, established future drilling programs based on these reserves, and executed numerous surface use agreements for drilling locations that are based on current setback rules. Earlier this summer, PDC completed a substantial acquisition of core Wattenberg assets in the DJ Basin including oil and gas producing properties and mineral interests of approximately 35,000 acres for a purchase price of approximately \$327 million. This business decision was largely based on the number of future drilling locations and opportunities in both urban and rural areas under the current setback rules.

PDC appreciates the opportunity to participate in this stakeholder process and has attended the numerous meetings that have been held over the past several months. Obviously, various points of view and positions have been expressed. PDC understands that the state faces political and public pressure to address concerns regarding setbacks to drilling operations, well locations, and production equipment. However, there are numerous existing Colorado Oil and Gas Conservation Commission (COGCC) rules, some recently promulgated, that address setbacks, public water supply protection, safety, noise, odor and dust control regulations. Additionally, the Environmental Protection Agency (EPA) and the Colorado Department of Public Health and Environment have established stringent air requirements on emissions from oil and gas operations, regardless of their locations. These requirements were enacted to protect the public from localized impacts due to oil and gas activity and in conjunction with the current setback rules, have worked well to minimize oil and gas impacts. As a result, PDC

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would like to fully understand the basis and need for any modifications to the existing setback requirements prior to any rulemaking proposal.

As you are well aware, the Mission Statement of the COGCC is to **foster the responsible development of Colorado's oil and natural gas resources**. As the COGCC website states, responsible development results in:

- The efficient exploration and production of oil and gas resources in a manner consistent with the protection of public health, safety and welfare
- The prevention of waste
- The protection of mineral owners' correlative rights
- The prevention and mitigation of adverse environmental impacts

Given these statements, it is PDC's position that an increase in setback distances 1) will not necessarily provide for efficient recovery of oil and gas resources, 2) will result in a waste of oil and gas resources, and 3) will not necessarily protect a mineral owner's correlative rights. In other words, this is effectively a "taking" of oil and gas resources. Prevention of potential environmental impacts can best be achieved by employing Best Available Technologies (BATs) or Best Management Practices (BMPs) providing the COGCC and the operator flexibility and an opportunity to identify and address site specific concerns which could include noise, traffic, odors, and dust.

Additionally, PDC fully agrees with and supports the response and recommendations provided by the Colorado Oil and Gas Association of which PDC Energy, Inc. is a member in good standing.

If there are any questions, please contact Randall Ferguson at (303) 831-3904.

Respectfully Submitted,



Bart Brookman
Senior Vice President Exploration & Production

Cc: Thom Kerr – COGCC
Dan Amidon – General Counsel
Jim Schaff – Vice President Land
Scott Reasoner – Vice President Western Operations
Adell Heneghan – EHS Director