

AUDIT COMMITTEE CHARTER

Adopted on March 24, 2007

- 1. Purpose.** The Board of Directors (the “Board”) of Petroleum Development Corporation (the “Company”) has duly established the Audit Committee (the “Committee”). The Committee is appointed by the Board of Directors to 1) assist the Board in monitoring the integrity of the financial reporting process, systems of internal controls and financial statements and reports of the Company, and the compliance by the Company with legal and regulatory requirements; 2) be directly responsible for the appointment, compensation and oversight of the independent auditor employed by the Company for the purpose of preparing or issuing an audit report or related work (the “Independent Auditor”); and 3) assess periodically the company’s need for an internal audit function and recommend its establishment when deemed appropriate
- 2. General Responsibilities of the Committee.**
 - 2.1. Independent Auditor Relationship.** Be responsible directly for the (a.) appointment (subject, if applicable, to shareholder ratification), retention, termination, compensation and terms of engagement, evaluation, and oversight of the work of the Independent Auditor (including resolution of disagreements between management and the Independent Auditor regarding financial reporting) and (b.) the independence, qualifications and performance of the Independent Auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Ensure that the Independent Auditor shall report directly to the Audit Committee.
 - 2.2. Approve Independent Auditor Services.** Pre-approve all audit services and non-audit services (including the fees and terms thereof) to be performed for the Company by the Independent Auditor to the extent required by and in a manner consistent with applicable law.
 - 2.3. Create Subcommittees.** Have the authority to form and delegate authority to subcommittees consisting of one or more members when appropriate.
 - 2.4. Oversee Proxy Report.** Oversee the preparation of the report required by the rules of the Commission to be included in the Company’s annual proxy statement.
 - 2.5. Oversee Company’s Financial Reporting, Internal Accounting Controls, and the Audit Process.** Oversee the integrity of the audit process, financial reporting and internal accounting controls of the Company, oversee the work of the Company’s management and the Independent Auditor in these areas, oversee management’s development of, and adherence to, a sound system of internal accounting and financial controls, review whether the Independent Auditor objectively assessed the Company’s financial reporting, accounting practices and internal controls, and provide an open avenue of communication among the Independent Auditor and the Board. It is the responsibility

of management of the Company and the Independent Auditor, under the oversight of the Audit Committee and the Board, to plan and conduct financial audits and to determine that the Company's financial statements and disclosures are complete and accurate in accordance with generally accepted accounting principles ("GAAP") and applicable rules and regulations and fairly present, in all material respects, the financial condition of the Company; to assure compliance by the Company with applicable legal and regulatory requirements; and to review the Company's internal transactions and accounting which do not require involvement in the detailed presentation of the Company's financial statements.

2.6. Meet with Independent Auditor. Meet with management and the Independent Auditor in separate executive sessions at least quarterly to discuss matters for which the Audit Committee has responsibility.

2.7. Follow and Update Responsibility Calendar. The Committee's specific responsibilities in carrying out its oversight role are delineated in the Audit Committee's Responsibility Calendar. The responsibility calendar will be updated annually as necessary to reflect changes in regulatory requirements, authoritative guidance, and evolving oversight practices. The most recently updated Responsibilities Calendar will be considered to be an addendum to this Charter.

2.8. Other Responsibilities. In performing its functions, undertake those tasks and responsibilities that, in its judgment, would contribute most effectively to and implement the purposes of the Audit Committee.

3. Membership.

3.1. Composition of the Committee. The Committee shall consist of no fewer than three members of the Board. The members of the Committee shall meet the independence requirements of the NASDAQ Stock Exchange and such other rules and regulations as may be appropriate. At least one member should be considered a financial expert as defined by Sarbanes Oxley.

3.2. Selection of Members. The members of the Committee shall be appointed annually by the Board on the recommendation of the Nominating and Governance Committee.

3.3. Selection of the Chair. The Chair of the Committee shall be appointed annually by the Board on the recommendation of the Nominating and Governance Committee.

3.4. Vacancies. Vacancies on the Committee or in the Chair shall be filled by the Board upon recommendation of the Nominating and Governance Committee at the next meeting of the Board following the occurrence of the vacancy.

3.5. Removal or Replacement of Members. Members of the committee may be removed or replaced, with or without cause, by a majority vote of the Board.

4. Meetings, Minutes, and Voting.

4.1. Meeting Schedule. The Committee will meet as often as necessary to carry out its responsibilities but no less than four times annually in conjunction with the review of the quarterly reports of Form 10-Q and annual report on Form 10-K. The Chair, in

consultation with the other members of the Committee, shall set the time, frequency and agenda of each meeting. The Committee shall not meet unless at least two members are present in person or telephonically and all decisions shall be by majority vote.

- 4.2. Agendas.** The Chair, in consultation with the other members of the Committee, shall establish the Agenda of items to be addressed at each upcoming meeting of the Committee.
- 4.3. Quorum.** A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.
- 4.4. Procedures.** The Chair will preside at each meeting of the Committee. The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee as well as to each other director in advance of the meeting. The Chair, subject to the approval of a majority of the members of the Committee, shall have the authority to change the agenda to respond to any matters that warrant attention.
- 4.5. Voting.** The Committee shall make decisions and take other actions by majority vote.
- 4.6. Minutes.** The Committee shall keep minutes of each meeting and file those minutes with the Corporate Secretary in a timely fashion.
- 5. Reports.** Reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board approved by the Committee.
- 6. Advisors and Counsel; Cooperation and Reliance.** The Committee shall have the resources and authority to discharge its responsibilities; and the Board shall provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board.
 - 6.1. Retention of Advisors and Counsel.** The Committee shall have the authority, in its sole discretion, to obtain advice and assistance from, and to retain at the Company's expense, such administrative support, independent or outside legal counsel, accounting or other advisors and experts as the Committee determines necessary or appropriate to carry out its duties, and in connection therewith to receive appropriate funding, as determined by the Committee, from the Company.
 - 6.2. Determine Administrative Expenses.** The Committee shall have the authority to determine the level and cost of separate administrative support necessary or appropriate in carrying out its duties, with the Company bearing such costs.
 - 6.3. Required Participation of Employees.** The Committee shall have unrestricted access to the Company's employees, independent auditors, and outside counsel and may require any employee of the Company or representative of the Company's independent auditors or outside counsel to attend meetings of the Committee or to meet with any members of the Committee or representative of the Committee's counsel, advisors, or experts.

- 6.4. Reliance Permitted.** The Committee may act in reliance upon other committees of the Board, management and other employees, the Company's independent auditors, internal auditors, advisors and experts, as it deems necessary or appropriate.
- 7. Evaluation of the Committee.** The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate:
- 7.1. Scope of Charter.** Whether this Charter appropriately addresses the matters that are or should be within its scope.
- 7.2. Quality of Committee Work.** The adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board.
- 7.3. Participation of Members and Quality of Decision Process.** The manner in which they were discussed or debated, whether all members actively participated and contributed to the work of the Committee.
- 7.4. Length and Number of Meetings.** Whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.
- 7.5. Other Appropriate Factors.** Such other factors as the Committee deems relevant to the completion of its responsibilities under this Charter.
- 8. Rules and Procedures.** Except as expressly set forth in this Charter or the Company's By-Laws or Corporate Governance Guidelines, or as otherwise required by law or the rules of the NASDAQ, the Committee shall establish its own rules and procedures that are consistent with this Charter.
- 9. Limitation on Responsibility.** Nothing in this Charter or in a member's service on the Committee shall increase or be deemed to increase the liability of any member of the Board under applicable state law.
- 10. Annual Review of Charter.** The Committee shall review this Charter at least annually and recommend to the Board for its consideration and action revisions to this Charter, as the Committee shall deem necessary or appropriate. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

Audit Committee Charter and Responsibilities Calendar Table

Ref #	<i>Responsibility or Specific Task</i>	Q1	Q2	Q3	Q4	As Req
	Meetings and Certain Responsibilities					
1	Advise the Board about the Committee's determination whether the Committee consists of three or more members who are financially literate, including at least one member who has financial sophistication and is a financial expert.					▪
2	Develop the agenda for Committee meetings based on consultation between the Committee chair and input from committee members, company management and the Independent Auditor.	▪	▪	▪	▪	▪
3	Review and update the Audit Committee Charter and Responsibilities Calendar annually				▪	
4	Complete an annual evaluation of the Committee's performance.		▪			
5	Have the authority to form and delegate authority to subcommittees consisting of one or more members when appropriate.					▪
6	Undertake those tasks and responsibilities that, in its judgment, would contribute most effectively to and implement the purposes of the Audit Committee.					▪
7	Review the Company's Related-Party Transaction Policy and recommend any changes to the Nominating and Governance Committee and then to the Board for approval and review and determine whether to approve or ratify transactions covered by such policy, as appropriate.				▪	
	Oversight and Work with Independent Auditor					
1	Oversee the appointment (subject, if applicable, to shareholder ratification), retention, termination, compensation and terms of engagement, evaluation, and oversight of the work of the Independent Auditor (including resolution of disagreements between management and the Independent Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company					▪
2	Pre-approve all audit services and non-audit services (including the fees and terms thereof) to be performed for the Company by the Independent Auditor to the extent required by and in a manner consistent with applicable law.					▪
3	Oversee the integrity of the audit process, financial reporting, and internal accounting controls of the Company including the work of the Company's management and the Independent Auditor in these areas.	▪	▪	▪	▪	
4	Review whether the Independent Auditor objectively assessed the Company's financial reporting, accounting practices and internal controls, and provide an open avenue of communication between the Independent Auditor and the Board.	▪	▪	▪	▪	
5	Meet with management and the Independent Auditor in separate executive sessions at least quarterly to discuss matters for which the Audit Committee has responsibility.	▪	▪	▪	▪	
6	Review and discuss quarterly reports from the Independent Auditor on:					
6a	All critical accounting policies and practices to be used.	▪	▪	▪	▪	

<i>Ref #</i>	<i>Responsibility or Specific Task</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>As Req</i>
6b	All alternative treatments within GAAP for policies and practices related to material items that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor.	▪	▪	▪	▪	
6c	The internal controls adhered to by the Company, management, and the Company's financial and accounting personnel, and the impact of each on the quality and reliability of the Company's financial reporting.	▪	▪	▪	▪	
6d	Other material written communications between the Independent Auditor and management, such as any management letter or schedule of unadjusted differences.	▪	▪	▪	▪	
7	Review the experience and qualifications of the senior members of the Independent Auditor team.					▪
8	Actively engage in a dialogue (including executive sessions) with the Independent Auditor about any disclosed relationships or services that may affect the objectivity and independence of the Independent Auditor, and take appropriate action to oversee the independence of the Independent Auditor.					▪
9	Meet with management and the Independent Auditor prior to the audit to discuss and review the scope, planning and staffing of the audit.	▪				
10	Evaluate the qualifications, performance and independence of the Independent Auditor, including considering whether the Independent Auditor's quality controls are adequate and whether the provision of non-audit services is compatible with maintaining the Independent Auditor's independence, taking into account the opinions of management and the Internal Auditor and obtain from the independent accountants assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended.	▪				
11	Obtain and review a report from the Independent Auditor at least annually regarding (a) the Independent Auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the Independent Auditor and the Company, including the written disclosures and the letter required by Independence Standards Board Standard No. 1, as that standard may be modified or supplemented from time to time; and discuss with the Independent Auditor any issues or relationships disclosed in such report that, in the judgment of the Audit Committee, may have an impact on the competence or independence of the Independent Auditor.					▪
12	As necessary or appropriate, discuss with the national office of the Independent Auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.					▪
13	Oversee the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit at least once every five years, and oversee the rotation of other audit partners, in accordance with the rules of the Commission.				▪	

<i>Ref #</i>	<i>Responsibility or Specific Task</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>As Req</i>
14	Require the Independent Auditor to review the financial information included in the Company's Form 10-Q in accordance with Rule 10-01(d) of Regulation S-X of the Commission prior to the Company filing such reports with the Commission and to provide to the Company for inclusion in the Company's Form 10-Q any reports of the Independent Auditor required by Rule 10-01(d).	▪	▪	▪	▪	
15	Discuss with the Independent Auditor the matters required to be discussed by SAS No. 61 relating to the conduct of the audit and in particular, discuss:					
15a	The adoption of, or changes to, the Company's significant internal auditing and accounting principles and practices as suggested by the Independent Auditor or management; and	▪	▪	▪	▪	
15b	The management letter provided by the Independent Auditor and the Company's response to that letter.	▪	▪	▪	▪	
	Financial Controls					
1	Oversee management's development of, and adherence to, a sound system of internal accounting and financial controls	▪	▪	▪	▪	
2	Review the adequacy of the Company's internal controls regarding computerized information systems control and security	▪	▪	▪	▪	
3	Review the Company's annual assessment of the effectiveness of its internal controls and the Independent Auditor's attestation and report about the Company's assessment.				▪	
4	Ensure steps are taken to resolve any "material weakness" or "significant deficiency" issues found in the design or operation of internal controls over financial reporting.					▪
5	Review with the Finance management and the Independent Auditor at least annually the Company's critical accounting polices.				▪	
6	Review and discuss with management, and to the extent the Audit Committee deems necessary or appropriate, the Independent Auditor, the Company's internal control over financial reporting and disclosure controls and procedures that are designed to ensure that the reports the Company files with the Commission comply with the Commission's rules and forms and discuss with management the CEO's and CFO's evaluations of the Company's internal control over financial reporting and disclosure controls and procedures.	▪	▪	▪	▪	
	Financial Statements and Disclosure Matters					
1	Review and discuss with management and the Independent Auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.	▪	▪	▪	▪	
2	Review and discuss with management and the Independent Auditor the Company's quarterly financial statements, including disclosures made in management's discussion and analysis, prior to the filing of its Form 10-Q, including the results of the Independent Auditor's reviews of the quarterly financial statements.	▪	▪	▪	▪	

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3	Discuss in advance with management the Company's practice with respect to the types of information to be disclosed and the types of presentations to be made in earnings press releases, including the use, if any, of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.	▪	▪	▪	▪	
4	Review and discuss with management and the Independent Auditor:					
4a	Significant changes in accounting principles, financial reporting policies and internal controls implemented by the Company;	▪	▪	▪	▪	
4b	Significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements;	▪	▪	▪	▪	
4c	The clarity of the financial disclosures made by the Company;	▪	▪	▪	▪	
4d	The development, selection and disclosure of critical accounting estimates and the analyses of alternative assumptions or estimates, and the effect of such estimates on the Company's financial statements;	▪	▪	▪	▪	
4e	Management's compliance with the Company's processes, procedures and internal controls;	▪	▪	▪	▪	
4f	The adequacy and effectiveness of the Company's internal accounting and financial controls and the recommendations of management and the Independent Auditor for the improvement of accounting practices and internal controls; and	▪	▪	▪	▪	
4g	Potential changes in GAAP and the effect such changes would have on the Company's financial statements;	▪	▪	▪	▪	
4h	Any difficulties encountered by the Independent Auditor in the course of their audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.	▪	▪	▪	▪	
4i	Significant litigation, contingencies and claims against the Company and material accounting issues that require disclosure in the Company's financial statements;					▪
4j	Information regarding any "second" opinions sought by management from an independent auditor with respect to the accounting treatment of a particular event or transaction;					▪
5	Discuss with management and the Independent Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures and aggregate contractual obligations on the Company's financial statements.	▪	▪	▪	▪	
6	Resolve any disagreements between management and the Independent Auditor about financial reporting.					▪
7	Receive and review disclosures made to the Audit Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Company's Form 10-K and Form 10-Q about (1) any significant deficiencies in the design or operation of internal controls or material weakness therein, (2) any fraud involving management or other associates who have a significant role in the Company's internal controls and (3) any significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation.	▪	▪	▪	▪	

<i>Ref #</i>	<i>Responsibility or Specific Task</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>As Req</i>
8	Discuss with management and the Independent Auditor any accounting adjustments that were noted or proposed by the Independent Auditor, but were not adopted or reflected.					▪
9	Obtain from the Independent Auditor the information required to be disclosed to the Company by generally accepted auditing standards in connection with the conduct of an audit, including topics covered by SAS Nos. 54, 60, 61 and 82.	▪	▪	▪	▪	
10	Obtain from the Independent Auditor the reports required to be furnished to the Audit Committee under Section 10A of the Exchange Act and obtain from the Independent Auditor any information with respect to illegal acts in accordance with Section 10A. The Audit Committee shall present its conclusions to the Board.	▪	▪	▪	▪	
11	Discuss with management and the Independent Auditor any correspondence between the Company and regulators or governmental agencies and any associate complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.					
	Oversight and Work with Internal Auditor/Auditing Function					
1	Oversee the preparation of the report required by the rules of the Commission to be included in the Company's annual proxy statement.	▪				
2	Review the responsibilities, functions, and performance of the Company's internal audit department (when in place)					▪
3	Evaluate annually whether the Company needs to establish a separate Internal Audit group, and recommend to the Board the establishment of such a group if the needed.				▪	
4	Review and approve the appointment or change in the lead internal audit position (when in place).					▪
5	Until such time as an Internal Audit group is established, review at least annually with management and the Independent Auditor the adequacy of the internal controls and oversight used to fulfill the functions that are the normal responsibility of an Internal Audit group.				▪	
	Compliance and Regulatory Oversight Responsibilities					
6	Obtain reports from management and the Independent Auditor concerning whether the Company is in compliance with applicable legal requirements and the Company's Code of Ethics; obtain and review reports and disclosures of insider and affiliated party transactions; and advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and the Code of Ethics.	▪	▪	▪	▪	
7	Review with the appropriate Company compliance officer legal and regulatory matters that may have a material impact on the financial statements, related Company compliance policies and programs, and reports received by regulators	▪	▪	▪	▪	▪
8	Establish procedures for (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.	▪	▪	▪	▪	

<i>Ref #</i>	<i>Responsibility or Specific Task</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>As Req</i>
9	Discuss with management and the Company's legal counsel actual or threatened litigation or legal matters that may have a material impact on the financial statements or the Company's compliance policies.					▪
	Additional Audit Related Responsibilities					
1	Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.				▪	
2	Recommend to the Board policies for the Company's hiring of present and former associates of the Independent Auditor who have participated in any capacity in the audit of the Company, in accordance with the rules of the Commission.					▪
3	Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.					▪