Letter to Stakeholders

PDC Shareholders, Governmental Leaders, Community Members, Partners, and Employees,

PDC recently celebrated 50 years of safely and efficiently providing energy to power and better people's lives. Over that time, we have steadily grown from a small company with scattered assets across the country to a dynamic, focused operator with positions in two of the premier U.S. onshore basins.

This past year brought a successful merger with SRC Energy to strengthen our position as a leading energy producer, both now and for the foreseeable future. Our increased size and scale solidifies our commitment to Colorado, our shareholders, and community stakeholders, and also requires an increased focus on proactively looking forward to address stakeholder priorities.

As we finalize the successful integration of these assets, we recognize the new PDC is positioned with the multi-basin inventory of resilient, low-risk, and high-return drilling locations needed to achieve sustained success. Coupled with a strong balance sheet and robust risk management program, PDC is positioned with the financial strength needed for continued value creation through a prolonged low-price environment.

We are focused on sharing information about our operations and priorities related to Environment, Social, and Governance (ESG). A Sustainability Report addressing ESG is a first step toward our commitment to transparency and our progress toward meeting and exceeding stakeholder expectations. We believe alignment with our stakeholders will ensure we can support our country's energy security, the economies of the communities in which we operate, and the livelihoods of our employees and their families.

Our commitment to ESG is demonstrated through our improved corporate governance, new EHS metrics, and a strong focus on community engagement. We take our operational responsibilities seriously and work collaboratively with regulatory agencies and local governments to ensure we are protecting the environment and the health, safety, and welfare of community members and our employees.

Looking forward at PDC, our job is to anticipate the unknown, and to position the company to thrive in a changing world with shifting needs and demands. As we focus on the future, we are confident our ability to execute and adapt to change will continue to serve as our key differentiating factor. In these turbulent times, we are reminded our true priorities lie in the health, safety, and well-being of our employees, their families, and the communities in which we live and operate. This has been a core value at PDC since its inception and we will honor this commitment as we navigate the ever-changing landscape on our path forward.

Sincerely,

Bart Brookman
President & CEO
Founded in 1969, PDC Energy is an independent exploration and production company focused on responsible development of natural resources in some of the most prolific oil and gas regions in the United States, specifically in the core of the Wattenberg Field in Colorado and the Delaware Basin in West Texas.

We apply our multi-disciplinary technical expertise to the development of unconventional oil and gas resources to generate positive results in a responsible manner. PDC Energy is committed and dedicated to serving the interests of all our stakeholders by being a good steward of the resources we operate and delivering attractive returns to our investors.

**History**

**1969**

Founded in 1969 in Bridgeport, WV by James Ryan & Ernest Linthicum as “Petroleum Development Corporation.”

**1980**

By the end of the 70s, we owned and operated 88 wells. The company was also a general partner of numerous drilling partnerships.

**1990**

We drilled our 1st CO well in 1999 and opened our Greeley, CO office in 2000 with 3 employees.

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**PDCE**

Publicly traded on NASDAQ since 1977—our ticker symbol is PDCE.

**2000**

Our corporate headquarters moved from Bridgeport to Denver in 2009.

**2010**

A shift in strategy to developing liquids-rich Wattenberg led to significant Colorado expansion. A new logo and company name followed shortly thereafter.

**2012**

In 2012, we established Energizing Our Community (EOC) Day.

**2016**

In December of 2016 we closed on two transactions totaling $1.6 billion for properties in Texas’ Delaware Basin, a sub-set of the Permian Basin.

**2019**

In 2019, our EOC Day participation rate was 98%.

**2020**

In 2019, our EOC Day participation rate was 98%.

In August 2019 we announced a merger with SRC Energy—an operator in Wattenberg with about 86,000 net acres and 60,000 Boe per day of production in Q3 2019. We closed the merger on January 14, 2020, and are near final into integrating the assets.
Leadership Team

Barton R. Brookman, Jr.
President and Chief Executive Officer

Lance A. Lauck
Executive Vice President Corporate Development and Strategy

Scott J. Reasoner*
Chief Operating Officer

R. Scott Meyers
Chief Financial Officer

Nicole Martinet
General Counsel and Corporate Secretary

John A. DeLawder*
Senior Vice President Corporate Administration

*Mr. DeLawder and Mr. Reasoner retired from the company in June and August 2020, respectively.

Core Values and the Employee Experience

Integrity
We live by our word. We strive to be fair and honest, maintain high ethical standards and are known for doing what we say we will do. Every employee, including management, undergoes ethics training on an annual basis.

Performance Driven
We are driven to excel. We demonstrate our commitment to achieving quality results through visible leadership, sound growth, financial discipline, innovation and continuous improvement.

Respect
We foster respect. We respect each other through our actions. We respect the environment and the health, safety, and well-being of our employees as well as the communities where we live and work.

Stakeholder Focus
We treat stakeholders fairly. We aim to exceed internal and external stakeholders’ expectations by understanding their needs and priorities to ensure we deliver on our commitments. We collaborate with our fellow employees, investors, partners, service providers and communities in a transparent manner that builds trustworthiness.

Teamwork
We are one company. We will succeed far beyond our individual contributions through effective teaming. Each of our contributions and roles is critical to ensure our collective success.

At PDC, our core values emphasize integrity and respect for the environment and for the health, safety and well-being of our employees and the communities where we live and work. We seek to live our core values every day. PDC is devoted to the responsible development of the resources that power people’s lives, while putting forth proactive and sincere investment in the time and resources needed to create strong relationships with the communities where we operate. We reach out early and often—to share our commitment to safety and environmental protection, to listen to and address concerns, and to simply ask “how can we help support this community?” Often, the answer involves long-term partnerships with schools, local thought leaders, and first responders.
Our Approach to ESG

Through the execution of its ESG strategy, PDC Energy aims to be a more responsible corporate citizen and more transparent about our operations over time, according to the priorities of our stakeholders. As the conversation around environmental protection has increased, we understand that some of our stakeholders may have questions and concerns. It’s important for us to be a part of that conversation and to express our commitment to the protection of the environment.

Our core values emphasize integrity and respect for the environment and the health, safety, and well-being of our employees and communities. To that end, we recognize the importance of producing an affordable, reliable, and abundant energy source in a way that minimizes emissions and lessens potential impact on our communities.

PDC has published a Community Partnership Report for the last three years. We are shifting internal resources to assess ESG factors and work toward aligning with standards published by the Sustainability Accounting Standards Board (SASB). Our 2019 Sustainability Report aligns with a number of SASB standards and encompasses four main topics: Responsible Operations, Environmental Stewardship, Social Impact, and Corporate Governance.

Company Culture

Our employees define our company culture as friendly, helpful, and approachable with a healthy community focus. These relationships are based on our respect for each other, for members of the community, for the property of others, and for the environment we all share. We encourage employees to act with integrity and in a highly ethical manner—for themselves as well as on behalf of the company—and to strive to be leading members of the greater community in which we live and operate.

Our annual employee satisfaction survey is a great source of pride as each employee, from all of our offices, is provided the opportunity for their voice to be heard. Over the past several years, this process has led to various cultural improvements, such as the implementation of a High Deductible Health Plan and a health and wellness reimbursement program.
Responsible Operations

PDC is committed to the health, safety, and welfare of our employees, contractors, and neighbors. We continually update our safety policies and procedures to ensure we are meeting or exceeding new requirements and adopting new technologies that improve our responsible operations.

Safety Culture

In 2018, the PDC Senior Management Team announced our continued commitment to recognize the Environment, Health, and Safety (EHS) as our most important strategic priority. To support this goal, in 2019, PDC released a new EHS brand identity—Respect in Every Action—which includes a logo, slogan, and an updated Environmental, Health, and Safety policy.

Respect in Every Action unites our company values and strategic priorities related to the environment, health and safety. All PDC employees (in every department, at every level) use this as a foundation for our conversations and actions at work. This foundation includes respect for communities, respect for the wellhead, respect for our teammates and respect for the environment.

PDC also has a robust contractor program that includes screening for health and safety performance before a contractor is allowed to perform work for PDC. Other program components include contractor reviews if performance drops below PDC expectations, reviews of contractor incidents on PDC locations, and contractor orientation to outline PDC’s expectations. Every contractor is required to watch the contractor orientation video and get a hardhat sticker signifying they understand PDC’s expectations. Contractors are not allowed on location without this hardhat sticker.

PDC expects every contractor and employee to report incidents promptly to their supervisor. Those incidents are tracked in PDC’s incident management system with appropriate follow up, depending on type and severity.

Environmental, Health and Safety

PDC Energy has established an EHS Policy in keeping with our commitment to prioritize health, safety and the environment.

Policy:

It is a top priority at PDC Energy to conduct all business activities in a manner that protects the health and safety of our employees, contractors, consumers and the communities where we operate, and minimizes impacts on the environment. EHS performance is important to the success of our business and we make it the responsibility of every employee.

Consistent with this commitment, PDC Energy:

- Authorizes all employees to exercise Stop Work Authority in response to safety and compliance concerns.
- Expects employees to fully report safety and environmental hazards and incidents with the assurance that the company will not retaliate against any employee making such reports.
- Maintains effective EHS programs that seek to comply with all federal, state and local laws, regulations and standards.
- Monitors EHS objectives to improve employee health and safety and reduce adverse environmental impacts.
- Works in cooperation with government, communities, industry groups, customers and suppliers engaged in EHS activities.
- Studies EHS incidents with the goal of preventing their recurrence.

Every PDC Energy employee contributes to EHS performance and is expected to do their part in support of PDC’s EHS objectives.

Safety Record

PDC’s continual commitment to safety has resulted in improving safety records, even as operations have grown.

PDC is proud to maintain a Fatality Rate of zero. We have not had any employee work-related fatalities since the Occupational Safety and Health Administration (OSHA) has required recordkeeping and publication of health and safety information (1972). *Total Recordable Incident Rate (TRIR) is a metric depicting an organization’s past safety performance by calculating the number of recordable incidents per 100 full-time workers during a one-year period.

<table>
<thead>
<tr>
<th>Year</th>
<th>TRIR</th>
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<tbody>
<tr>
<td>2016</td>
<td>1.13</td>
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<tr>
<td>2017</td>
<td>0.60</td>
</tr>
<tr>
<td>2018</td>
<td>0.71</td>
</tr>
<tr>
<td>2019</td>
<td>0.34</td>
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</tbody>
</table>
Training

Upon hiring, all PDC field employees receive safety training followed by frequent meetings and refreshers to reinforce safety knowledge. To that end, PDC holds (1) daily, weekly, and monthly safety meetings and (2) annual and bi-annual recertification training, which includes CPR and first aid. Examples of our wide variety of trainings include, but are not limited to:

- Defensive Driving
- Fire Protection and Fire Extinguisher Use
- Job Safety Analysis (JSA)
- Personal Protective Equipment (PPE)
- Spill Prevention Control & Countermeasures (SPCC)
- State Regulations
- Wildlife Awareness

In addition to the training that contractors and short-service employees receive through their own companies, they learn about PDC’s onsite safety expectations before they begin work on PDC sites.

New Training System: TRAILS

In June 2019, PDC launched a new learning platform called TRAILS, where all employees can find an on-demand digital library of fresh, modern content designed to help them strengthen their skills and advance their careers. TRAILS offers more than 1,000 online and multi-media courses on a vast array of topics, which are continually refreshed and updated. The platform’s use of curricula allows for standardized training across locations based on job title or type. Offerings include content for personal development and are accessible from anywhere—after all, learning doesn’t just start at work, and it doesn’t end when employees go home.

We are proud that TRAILS serves as the system of record for employees’ required training attendance and completion, and it operates as a near-paperless record-keeping system.

Training Programs for Field Employees

- Silica, Benzene, and Asbestos
- Confined Space
- Defensive Driving
- Fall Protection
- Stop Work Authority
- Emergency Action Plan
- Heat Stress
- Electrical Safety
- Bonding/Grounding

- Fire Protection and Prevention
- Hot Work
- HAZWOPER
- Spill Prevention and Response
- Waste Management
- H2S and Hazardous Environments
- SPCC
- Cold Stress

- Methanol Safety
- Air Regulations like Leak Detection and Repair
- Migratory Birds
- CPR/First Aid/Bloodborne Pathogens
- Drugs and Alcohol
- Stormwater
- Wildlife Safety

Average hours of training in 2019 (health, safety, emergency response)

- 29 hours for field employees
- 15 hours for all employees
- 0.5 hours for field-based contract employees
- 8 hours for field-based short-service employees
Focus on Safety

Field Monitoring Room/Automation for Quick Field Response

PDC utilizes a field monitoring room that is staffed 24 hours a day and 365 days a year to handle emergency situations and allow for quick field response. This room is equipped with new technology and is tied into automation we have in the field. The automation capabilities on a facility can vary from measuring tank levels to security cameras to remote emergency shut-down capabilities. The field monitoring room, in combination with our daily inspections performed on producing locations, serves as the eyes and ears of our facilities and ensures proactive response to things that need attention.

Permian Road Safety Coalition (PRSC)

PDC participates in the Permian Road Safety Coalition because transportation and the safety of our employees go hand in hand. The PRSC works with the Texas Department of Transportation, local counties, contractors, and other operators to advocate for and help fund projects that improve the safety of travel corridors throughout the Permian Basin.

PDC donated $50,000 to the PRSC and has a spot on its board

Partnerships with First Responders

Annually, PDC hosts emergency response exercises in conjunction with local first responders in the communities where we operate. This partnership helps first responders understand our operations and equipment on site and allows PDC to learn how to best partner with, or defer to, first responders in various situations. The relationships formed during these trainings are invaluable to PDC.

In 2019, PDC partnered with several fire departments and protection districts to donate funds for needed equipment and training.

Texas: Pecos Volunteer Fire Department

PDC donated a new foam trailer to the Pecos Volunteer Fire Department (VFD). The trailer is designed to combat hydrocarbon fuel fires using a foam mixture. The Pecos VFD combats fires in the town of Pecos and across Reeves County, which covers 2,600 square miles.

Colorado: Gableton Fire Protection District

PDC’s donation to the Gableton Fire Protection District provided funds to send three firefighters to an advanced training program at Texas A&M University. The specialized flammable liquids training provides the fire protection district an opportunity to better serve the community.

Colorado: Platteville-Gilcrest Fire Protection District

PDC donated a new foam trailer to the Platteville-Gilcrest Fire Protection District to purchase four gas monitors and advance their multi-faceted approach to partnering with the oil and gas industry. The approach includes cross-district learning opportunities, review of emergency action plans for oil and gas sites, and participating in training and tours with companies like PDC.

Collaborative is a great word to use for our partnership with the oil and gas industry; a partnership that continues to help us grow within our industry and make your industry safer as well.

- Bear Hulsey, Fire Chief, LaSalle Fire Department

PDC works hard to create and foster long-term partnerships with the communities where we operate—from local residents to town officials to first responders. It’s our belief that every aspect of community matters, but safety is always the highest priority. To that end, PDC is proud to partner with fire districts to provide funding for specific equipment or training needs, as identified by each district.

- Scott Reasoner, Chief Operating Officer, PDC Energy
PDC recognizes environmental protection must be built into every operating decision we make, and our culture stresses personal accountability for all employees, contractors, and others on PDC properties. PDC’s environmental policies promote knowledge and understanding of laws, regulations, industry best practices, and standards. We work cooperatively with the regulatory agencies, communities, industry representatives, customers, and companies we partner with to stay informed and current on Environmental, Health, and Safety (EHS) requirements, initiatives, and activities. PDC strives to implement best practices regarding operational initiatives, environmental awareness, ongoing training, and enhanced communication. Our dedicated EHS committee, with executive-level sponsorship and participation, meets every quarter to track our progress on various EHS initiatives and weigh in on upcoming operational decisions. Additionally, our Board of Directors receives formalized quarterly updates on the various EHS and social initiatives we pursue.

PDC’s environmental staff has developed innovative solutions to address environmental impacts of our operations and works with industry partners to seek continual improvement. We have allocated substantial resources and made significant commitments to environmental programs to reduce our impact in areas such as air monitoring and emission reduction. PDC continues to evaluate new technologies and participate in discussions with regulatory agencies and environmental nongovernmental organizations to understand how to mitigate the oil and gas industry’s potential environmental impact.

Key Operational Initiatives

PDC’s Emission Reduction Program successfully achieved dramatic improvements through:

- Loadout control and oil sales to pipelines
- Reduction of on-site storage tanks
- Electricity on site
- Daily audio, visual, and olfactory inspections
- Minimizing sales gas flaring

Maintenance to reduce emissions was performed on over 747 facilities

25 full-time Environmental, Health, and Safety employees

Installed loadout control at every new Colorado location, which reduced loadout VOC emissions by 95%

Connected to oil sales pipelines at new locations where feasible, eliminated over 85,000 oil hauling truck trips in Colorado

275 Employees participated in 275 Personal Voluntary Ozone Reduction actions

16 facilities had electrical grid connections installed, resulting in emission reduction

Operating a 24/7/365 Field Monitoring Room to prevent incidents, handle emergencies, and allow for a quick field response

Environmental Stewardship

Maintenance to reduce emissions was performed on over 747 facilities connected to oil sales pipelines. At new locations where feasible, over 85,000 oil hauling truck trips in Colorado were eliminated. 25 full-time Environmental, Health, and Safety employees were installed loadout control at every new Colorado location, which reduced loadout VOC emissions by 95%. 275 employees participated in 275 Personal Voluntary Ozone Reduction actions. 16 facilities had electrical grid connections installed, resulting in emission reduction. Operating a 24/7/365 Field Monitoring Room to prevent incidents, handle emergencies, and allow for a quick field response.
Air Quality Management

Our core values emphasize integrity and respect for the environment and the health, safety, and well-being of our employees and the communities. To that end, we recognize the importance of producing an affordable, reliable, and abundant energy source in a way that minimizes emissions and lessens potential impact on the environment.

Though there are different regulatory requirements across basins, PDC is working toward the highest level of regulatory consistency across operations.

- PDC has worked to achieve zero sales gas flaring in the DJ Basin.
- PDC personnel perform Audio Visual and Olfactory (AVO) inspections more than the required cadence.
- Where feasible, our operations use pipeline to transport produced water and oil from our sites, reducing the amount of trucks needed to drive onsite and load product from tanks. In addition to reduction of the emissions from truck traffic, pipeline usage minimizes the frequency of tanks being opened - a potential source of VOCs.

Our air quality personnel are leaders among their industry peers. They consistently collaborate with regulatory agencies and industry workgroups to seek new air quality and emission reduction solutions and opportunities for innovation.

2020 Sustainable CO2e and CH4 Reductions

<table>
<thead>
<tr>
<th>Company-wide CO2e (Mtons) Normalized with Annual MBOE Throughput</th>
<th>% reduction from 2016-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>RY2016</td>
<td>RY2017</td>
</tr>
<tr>
<td>74.79</td>
<td>54.64</td>
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<tr>
<td>83%</td>
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</table>

<table>
<thead>
<tr>
<th>Company-wide CH4 (Mtons) Normalized with Annual MBOE Throughput</th>
<th>% reduction from 2016-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>RY2016</td>
<td>RY2017</td>
</tr>
<tr>
<td>40.34</td>
<td>28.75</td>
</tr>
<tr>
<td>84%</td>
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</table>
Colorado Air Quality

As part of our commitment to the U.S. EPA and the State of Colorado, following our February 2018 Consent Decree, we have developed Project STREAM, an air quality protection program for our Colorado operations. Over the course of five years, we will spend roughly $20 million on additional air quality emission controls and programs. This includes modifying how we manage our emissions, increasing inspections, and installing and monitoring tank pressure monitors. These changes will continue to reduce our air emissions in Colorado’s Wattenberg field and reflect our strong commitment to protecting Colorado’s environment.

Key Aspects of Colorado Air Quality Management

Loadout controls
PDC installed loadout controls at every new Colorado location in 2019. These devices reduce VOC emissions during oil tank unloading by 95%. PDC has also installed pipeline connections at new locations where feasible, which has reduced emissions by 98%.

Water sampling
PDC conducts water sampling on each new facility’s produced water tanks in Colorado to more accurately quantify emissions from the tanks. This quantification helps us better understand emission sources at a facility.

Electricity on location, when feasible
PDC has installed electrical grid connections at 16 facilities. The use of electrical grid connections has eliminated the need for generators fueled by field gas and has reduced emissions in the below approximate levels:

<table>
<thead>
<tr>
<th>Emission Type</th>
<th>Tons Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>33.78</td>
</tr>
<tr>
<td>VOC</td>
<td>23.65</td>
</tr>
<tr>
<td>CO</td>
<td>67.57</td>
</tr>
</tbody>
</table>

These emission reductions are based off the number of generators removed from each location after electricity was installed. Emissions were calculated using emission factors and annual runtime from generator air permits submitted to the Colorado Department of Public Health and Environment.

Daily AVO inspections on producing locations
- PDC exceeded the regulatory requirement of weekly AVO inspections to increase leak mitigation. An AVO is one of many layers of protection PDC utilizes to detect and eliminate fugitive emissions at our locations.
- An average of 182 AVO inspections were performed per facility between the Delaware and DJ basins in 2019, with most producing locations being checked daily.

PDC utilizes FLIR cameras to detect the smallest, pinhole-sized leaks from its equipment. These cameras use thermal optics to detect gas and allow our personnel to identify compromised points in our equipment so they can make repairs.

PDC has 29 professionals whose primary job is the execution of PDC’s leak detection and repair program, with most of those employees based out in the field, identifying and fixing any leaks they find.

Emission maintenance was performed on over 747 PDC facilities in 2019. Emission maintenance includes tasks like inspection of thief hatches, flares, and other equipment to make sure they are clean and working properly. During this maintenance, PDC personnel take a proactive approach to inspecting equipment and replacing gaskets, valves, and other equipment that are not up to the PDC standard. This maintenance helps to prevent leaks in the future and ensures equipment integrity.

PDC has continued its use of surge vessels in place of several condensate tanks to reduce overall facility emissions. The use of surge vessels allows us to move product from the source down the pipeline and eliminate most of the storage in tanks on location. Condensate tanks can be a source of emissions if their thief hatch is opened, if they leak, or when trucks come to load product from them. Since the product is sent directly to the processing facility, the need for tanks is greatly reduced and so are emissions.

Voluntary Ozone Program in Colorado

PDC’s EHS department leads an annual Voluntary Ozone Reduction Program to raise employee awareness about ozone and encourage them to reduce their emissions in the field and at home. In 2019, employees received a hard-hat sticker after completing an ozone reducing activity and notifying the company about it. Additionally, all participants were entered into a drawing to receive company recognition and a prize. In 2019, eight drawing winners were celebrated.
Water Management

PDC recognizes the importance of protecting the water resources of the communities where we operate and source our water, as well as responsibly managing fluids in our operations. We continue to monitor the availability of recycling and best practices for sourcing, consumption, transportation, and disposal. In 2019, PDC did not operate in regions with High or Extremely High Baselines Water Stress and assesses wetlands*, floodplains, and vulnerable areas in siting and planning.

Operational efficiencies and innovations in pipelines used for oil and water in our Texas and Colorado operations have allowed us to reduce truck traffic by roughly 260,000 truckloads per year.

*In planning, waters in the U.S. are analyzed using site delineations for impact determination to jurisdictional wetlands in acres. Regulated by COGCC for Colorado assets and United States Army Core of Engineers (USACE) for Texas and Colorado assets.

Biodiversity & Land Management

PDC makes every effort to emphasize the importance of sound land management practices to minimize disturbance from our operations. Our company works to avoid critical habitat areas in order to preserve biodiversity and environmental resources. Currently, we do not operate in areas identified as critical habitat or in areas with high levels of biodiversity.

During the lifecycle of assets, PDC considers ambient conditions and applies technically and financially feasible pollution prevention principles and techniques that avoid or minimize impacts on human health and the environment. These principles and techniques fall into the following categories: greenhouse gases, water consumption, waste, and hazardous materials management.

Groundwater Protection and Fluid Disclosure

PDC is committed to the protection and preservation of our groundwater resources. We follow stringent federal and state regulations for baseline groundwater testing and wellbore integrity assurance programs before, during, and after well development operations. By following these regulations, our company maintains high water quality standards within our oil and gas production basins. To ensure accuracy and consistency, water quality is analyzed by third-party experts and regulated by the Colorado Oil and Gas Conservation Commission and the Texas Railroad Commission.

PDC reports 100% of chemicals used in hydraulic fracturing to Frac Focus, a national disclosure registry for oil and gas exploration founded by the Groundwater Protection Council and the Interstate Oil & Gas Compact Commission. For a typical PDC well, the fracturing fluid is 99.9% water and sand, and the rest is a blend of common additives.

In 2019 in the DJ basin:

- PDC drilled 114 wells with a total disturbance of 167 acres
- Once the wells were in production, disturbance decreased to 73.5 acres

167
73.5
0.64

acres per well

100% of chemicals used in frac fluid are publicly disclosed

100% of chemicals used in frac fluid are listed on Safety Data Sheets utilized by emergency responders
Land Management in Key Phases

**Asset Acquisition**
During an asset acquisition, PDC performs due diligence on any potential purchase sites for potential risks to environmental resources. These impacts include field level observations and inspections for general insight and data on the environmental condition of each site (i.e., evidence of spills, stormwater runoff concerns, reclamation issues, etc.). PDC also evaluates risk factors like the proximity to sensitive receptors to current or future production facilities. Potential concerns or violations uncovered during the due diligence process would warrant (1) further evaluation either prior to or after an asset acquisition is closed, and (2) implementation of corrective actions for any pre-existing issues.

**Site-Specific Pre-Drill Planning**
Before ever beginning to drill on a location, PDC completes a pre-pad planning survey for potential impacts to environmental resources. PDC reviews potential impacts to air quality, Waters of the U.S., soils, endangered and/or listed species, cultural resources, and stormwater. In addition, PDC reviews and follows design standards to minimize preliminary on-site conditions and pre-pad development.

**Production**
PDC designs its facilities to avoid or minimize potential impacts to air quality, water quality, and other environmental resources. PDC utilizes secondary containment to adequately control spills and minimize impacts to the surrounding environment. PDC follows a Spill Prevention, Control, and Countermeasure plan to adequately design secondary containment. During the lifecycle of a site, PDC installs and utilizes grid power, where available, and supplements with solar to provide reliable power to production locations and reduce emissions.

**Closure, Decommissioning, and Restoration**
When closing a location, PDC works with regulatory agencies and landowners to return the area to its pre-development condition, if not better. Wells are plugged and surface equipment is removed, following all regulations, rules, and standards. Subsurface equipment is appropriately decommissioned according to regulatory guidelines. Testing and review of environmental resources, including soil sampling, occur on the location during the decommissioning process. If elevated levels of any regulated compound are identified, remediation occurs immediately and PDC will work to return the affected soil to regulatory or pre-development approved levels.

**Sources**
References for biodiversity plans come primarily from regulatory agencies. Each agency has different mandates and tools to ensure compliance. This includes the Texas Railroad Commission, the Texas Commission on Environmental Quality, the Colorado Oil and Gas Conservation Commission, the Colorado Department of Public Health and Environment, Colorado Parks and Wildlife, the U.S. Army Corp of Engineers, and the U.S. Environmental Protection Agency.

**Wholistic Land Management**
PDC understands the significance of ensuring environmental protection and responsible land management throughout the lifecycle of our operations.

During the pre-pad planning phase, PDC conducts environmental desktop surveys and field surveys to avoid, minimize, and mitigate impacts on environmental and social resources as a result of a planned project. PDC uses programmatic approaches for consistent practices to avoid, minimize, and mitigate impacts, with a strong emphasis on avoidance and minimization. This ensures both environmental responsibility and sound business practices of maximizing development opportunities and minimizing environmental impacts.

During the lifespan of a facility, PDC conducts environmental inspections to measure compliance with regulations and ensure environmental and social impacts are avoided, minimized, or mitigated where applicable. After the useful lifespan of a facility, PDC decommissions the site, appropriately returning it to pre-development conditions or better.
PDC Celebrates Earth Day: The Great Fish Roundup

On April 15, 2019, the EHS Wattenberg team volunteered with the Greeley Parks Department at Bittersweet Park in observance of Earth Day. The park has a large lake and features a veterans memorial, playground, walking trails, and open green space for locals. Due to resource constraints, the park managers had been unable to manage the large quantity of fish that had perished due to weather conditions. As a result, residents were unable to enjoy the lakefront since the deceased fish made the area unhygienic and unenjoyable. Throughout the day, PDC’s team collected and disposed of hundreds of dead fish along with dozens of pounds of trash that had accumulated along the waterfront. Through the team’s efforts, the park manager was able to reallocate several weeks’ worth of time to other projects since the park cleanup had been achieved.

Material Management

PDC understands hazardous material management is an environmental priority and uses industry-leading standards to ensure responsible management of fluid generated by our operations. PDC employs a Spill Prevention, Control, and Countermeasure (SPCC) program in its assets to protect the environment from unanticipated releases. Secondary containment is designed to meet or exceed SPCC standards. The plans associated with the SPCC program provide our employees and contractors with detailed actions to manage and limit the impact of a potential spill. While we strive to achieve zero incidents, when incidents do occur, processes are in place to ensure spills are appropriately contained and reported according to regulatory requirements.

Reportable Spill Rate

Reportable spills are determined by regulatory thresholds. PDC determined thresholds if regulatory threshold does not exist. The reportable thresholds for hydrocarbon spills and produced water in the Wattenberg are 5 bbl inside containment and 1 bbl outside containment. The reportable thresholds for hydrocarbon spills in the Delaware are 5 bbl inside containment and outside containment. The reportable thresholds for produced water spills in the Delaware are 25 bbl inside containment and 10 bbl outside containment.
PDC emphasizes a culture of volunteerism, which includes investing time and charitable dollars to better the communities where we live and work. As PDC executes its long-term business plan, we recognize a responsibility to both individual stakeholders and the community at large to create mutually beneficial relationships that endure.

PDC is a trailblazer in seeking impactful, relevant community partnerships with stakeholders and community leaders. We prioritize building relationships with elected leadership throughout our operating areas to ensure we are addressing concerns and seeking input. Furthermore, we support long-term partnerships with schools, vital local nonprofit organizations, and first responders. Through these partnerships, we are able to place resources where they are needed most.

Reflecting our core values, PDC encourages employees to act with integrity and in a highly ethical manner—for themselves as well as on behalf of the company—and to be leading members of our great communities. Our employees are highly engaged in volunteer opportunities and we offer a full day of paid time for volunteering. PDC supports employees through funding families’ school-sponsored extracurricular activities and nonprofit donation matching.

Social Impact

Key Community Efforts

- Donated to 90 organizations in four states
- 50 organizations received employee donations with PDC matching funds
- Gave $400,000+ in charitable donations and matched $30,000 in employee donations
- 98% of employees participated in Energizing Our Community Day
- Provided $100k in scholarships to students across five universities
- 40 organizations had PDC volunteers on Energizing Our Community Day
- Sponsored 2019 Denver PrideFest and marched in the parade alongside industry peers
- Built 120 bikes for Kersey and Gilcrest second graders through Wish for Wheels
- Enabled 385 students to attend field trips and programming through sponsorship of the Children’s Museum of Denver
Employee Engagement

Energizing Our Community Day

Since 2012, PDC has hosted an organized effort for our employees and their families to participate in an annual full day of volunteering called Energizing our Community (EOC) Day. Being a responsible corporate citizen is important to us. Being good neighbors, serving as responsible stewards of the land, and participating in local hands-on projects are ways in which we develop strong connections among our employees and our communities. Because each community has different needs, and our employees are passionate about many different organizations, EOC Day provides our employees the opportunity to contribute to the communities and organizations of their choosing by nominating qualifying nonprofits and creating teams to achieve their volunteer projects.

In 2019:

- 2,285 hours were volunteered by PDC employees during our 2019 EOC Day
- 94% employee participation in Colorado
- 100% employee participation in Texas and West Virginia

Partnered with:

- 20 Denver/Denver metro-area organizations
- 12 Northern Colorado organizations
- 9 West Virginia organizations
- 1 dedicated community project in Texas

Colorado

PDC and the American Red Cross have a strong, long-term partnership. In 2019, PDC donated $40,000 to the American Red Cross. On EOC Day, employees built 100 toiletry kits for homeless veterans and participated in Sound the Alarm through the American Red Cross, and the latter taught Denver employees how to give life-saving CPR.

The Red Cross is fortunate to have partners such as PDC Energy to help us prevent and alleviate human suffering. Every day, people count on the Red Cross for help in the face of disasters, most often home fires. Your generosity is critical to ensuring that we can prepare individuals and communities for emergencies and provide immediate assistance when it is most needed. Thank you PDC Energy for standing with the Red Cross.

- Gino Greco, CEO, American Red Cross of Colorado & Wyoming

West Virginia

Since 2018, PDC has partnered with Stars and Strides, a nonprofit organization that provides therapeutic equestrian experiences to people of all ages, backgrounds, and ability levels. In 2019, twelve volunteers helped by cleaning tack, mucking stalls, cutting brush, and scrubbing the horses’ troughs.

The crew from PDC has been such a blessing to our organization. Our regular tasks of taking care of the horses and serving our community take all our time. PDC staff enable us to address non-routine care and save us time and money. We are so grateful for the partnership!

- Rebecca Flanagan, Executive Director, Stars and Strides

Texas

Employees in Texas teamed up with the City of Pecos and several PDC vendors to clean up the Historic Pecos City Cemetery. PDC employees spent the day installing PVC irrigation pipes and picking up trash around the cemetery.

I would just like to say thank you to PDC Energy for being such a wonderful, awesome, great, fabulous—I don’t think I can put enough adjectives—community partner. You have partnered with us in so many ways—whether it’s Little League, whether it’s the garden at the hospital district, or now here with the cemetery. We certainly appreciate everything that you’re doing and you are certainly setting the bar for all other companies out there that may want to step up and help in other ways, as well.

- Venetta Seals, Former Mayor of Pecos

Featured EOC Day Projects
Employee Matching Program

We believe that engagement in the community is a deeply personal commitment, and we support our employees and their families in making this part of their personal lives as well. PDC contributes up to $200 per child, per year, for our employees’ families to support school-sponsored extracurricular programs such as athletics, dance, arts, and music programs.

As our employees give, so does the company. Every employee is eligible to up to $1,000 in matching PDC donations when they contribute financially to qualifying nonprofit organizations.

2019 Employee Matching:

50 organizations received employee donations with PDC matching funds

$30,000 donated by PDC in matches

Top Organizations:
- Humane Society of Harrison County (West Virginia)
- Weld Food Bank (Colorado)
- Dumb Friends League (Colorado)
- Luvin Arms Animal Sanctuary (Colorado)

Nonprofit Partnerships

PDC is a committed community partner and we understand we have a shared responsibility to support our nonprofit partners. In addition to supporting local food banks throughout our operating areas, PDC seeks input from community leaders and stakeholders to identify impactful partnerships. In 2019, PDC gave more than $400,000 in charitable donations and volunteered or donated to roughly 90 organizations.

Key Partners & Projects

Energy Outreach Colorado is a statewide nonprofit organization that leads a network of partners in raising money to help limited-income Coloradans afford home energy. With PDC’s support of $20,000, Energy Outreach Colorado was able to provide high-risk Weld County residents with critical health and safety repairs through the organization’s Crisis Intervention Program.

Dumb Friends League is the largest independent, nonprofit community-based animal shelter/humane society in the Rocky Mountain region, caring annually for as many as 20,000 lost and relinquished pets, as well as hundreds of equines. PDC employees volunteered in person to upgrade facilities through sanding, staining, and improving their pet memorial garden. PDC sponsored and participated in the organization’s charity race, the Furry Scurry, for the second year in a row.

We are so grateful to have partners like PDC Energy who demonstrate a shared vision for ensuring that those struggling to afford their home energy costs can stay safe in their home. Together, we are truly able to make a life-changing impact in our community.

- Jennifer Gremmert, Executive Director, Energy Outreach Colorado

PDC Energy’s commitment to our mission is evidenced by the passionate, hard-working employees who have shared their time and talents with us in the last year—from spending a day sanding, staining, and beautifying our pet memorial garden, to cheering on walkers and runners at our annual Furry Scurry. This level of enthusiasm, engagement and support is remarkable. Our work wouldn’t be possible without partners like PDC Energy!

- Dr. Apryl Steele, President and CEO, Dumb Friends League
West Texas Food Bank exists to collect, purchase, and distribute food to feed the hungry. They serve 19 counties in West Texas, in partnership with volunteers and community organizations, and educate their partners and the public at large about the real face of hunger. PDC donated $11,500 to WTFB in 2019.

**Economic Literacy Colorado** provides professional development and resources to teachers, schools, and school districts in the areas of economic and personal finance education, empowering Colorado students to achieve a lifetime of economic understanding and financial security. PDC donated $10,000 to fund professional development for Denver and Weld County educators, as well as a stock market simulation exercise for students in grades 3-12.

**Wish For Wheels** gives new bikes and helmets to second graders in Title I schools throughout the United States. In partnership with this organization, PDC employees helped build 120 bikes for second graders in Kersey and Gilcrest, Colorado.

Children’s Museum of Denver provides free field trips, educational programs, and memberships to more than 25,000 children in low-income communities throughout the Denver metro area. PDC’s 2019 donation supported programs for 385 children.

Midland ISD Education Foundation helps guide funding that contributes to enriching, innovative instruction throughout the district, making a meaningful impact on all students through a variety of initiatives. PDC donated $25,000 in 2019.

**Colorado Giving by the Numbers**

- **2,655** total volunteer hours contributed by Colorado-based employees
- **$300,124** in total cash contributions paid to Colorado-based charitable organizations
- **$200,000** of total cash contributions went to underserved populations

**Colorado Energy Day** is a free event where families explore science, technology, engineering, and mathematics (STEM) exhibits. They have the opportunity to learn about STEM programs, different forms of energy, and careers in the energy industry. PDC has been a sponsor for the last three years and employees have demonstrated hydraulic fracturing, horizontal drilling, and porosity of rocks using household items. In addition to being a sponsor and showcasing experiments, PDC supports the Consumer Energy Education Foundation (CEEF). Last year, PDC presented an Academic Award to FIRST Robotics.

PDC values providing access to education and supporting the next generation of energy innovators. In 2019, PDC provided $100,000 in scholarships to five academic institutions:

- University of Northern Colorado
- Colorado School of Mines
- Aims Community College
- Fairmont State University
- University of Texas Permian Basin

We are grateful that PDC Energy recognizes the value of students learning about personal finances and economics before they start making important decisions. This generous gift will go a long way in helping us equip teachers with the knowledge and tools they need in their classrooms.

- Debbie Pierce, President and CEO, Economic Literacy Colorado

Wish For Wheels is grateful to work with an amazing community partner such as PDC Energy. PDC’s commitment to their communities shows with an investment of building and giving new bikes to 2nd graders and fitting each bike/helmet personally.

- Brad Appel, Executive Director, Wish for Wheels

We are thankful for PDC Energy and their generous gift towards the PDC Energy Education Scholarship. PDC Energy recognized the need in our community for K-12 teachers and their generous gift made it possible for budding young teachers graduating from The University of Texas Permian Basin to enter the workforce prepared for the challenges ahead.

- Marisol Chriesman, Director of Corporate and Foundation Relations, UT Permian Basin

The financial assistance you provided will be of great help to me in paying educational expenses and will give me more time to concentrate on studying. Thank you for your generosity and support!

- Rosa Gonzales, 2019 Recipient of the PDC Energy Education Scholarship

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PDC donated $30,000 to the University of Texas Permian Basin to be used for the PDC Energy Education Scholarship for seniors seeking teaching certifications. The University awarded six students with $5,000 PDC Energy Education Scholarships for the 2019-2020 academic year.

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Commitment to Community

PDC recognizes the value of building relationships with the landowners, elected officials, and civic leaders in the communities where we operate. We strive to be a beneficial community stakeholder and work to earn trust every day.

Town of Kersey, Colorado

PDC has built a long-term partnership with the Town of Kersey through consistent engagement, responsible operations, and meaningful support.

PDC donated $150,000 over three years to help fund the construction of the Kersey Community Center, which replaced a dilapidated garage building. The new Community Center now serves as the site for programming for Kersey residents and hosts community events.

Kersey Community Center

During our annual day of volunteer service, PDC employees reach out to the town of Kersey to identify community projects that we could support. In 2019, this project was focused on the beautification of local parks.

PDC became involved in the Kersey Community Center project at its inception. PDC’s initial contribution in 2018 provided the needed funds to acquire the property. The Town was then awarded an additional monetary grant from the Energy Impact Assistance Fund, provided through the Colorado Department of Local Affairs. Following these two major contributions, other sources invested, and the project has been deemed a complete success.

Without the generous donations from sponsors such as PDC Energy, small towns like Kersey would struggle to provide services and facilities for certain populations. Most often, budgets include the necessities to get by without any real hope of building and providing for other amenities that make communities great. PDC has been a great partner with the Town of Kersey and has demonstrated to the entire State via their relationship with Kersey that businesses such as theirs can make very meaningful impacts on communities in need. The Town of Kersey is thankful to know the people of PDC and appreciate all they have done.

- Christian Morgan, Town Manager, Town of Kersey

Kersey Volunteer Projects

For 2019’s Energizing our Community Day, PDC employees spent two full days relocating and building new horseshoe pits and planting trees in Centennial and Kohler Parks. Centennial Park is the venue for Kersey Days, the Town’s signature summer event. PDC is proud to have sponsored Kersey Days and walked in the parade alongside community members. Over 16 hours of manual labor were contributed by each PDC employee who worked on these projects. In addition to infrastructure improvements, PDC volunteers helped prepare the site for future portions of the project to be complete.

The Town of Kersey would like to thank PDC Energy for contributing over 16 hours of manual labor during their EOC workday in conjunction with helping the Town complete a portion of our Great Outdoors Colorado park project in 2019. Over 20 individual PDC employees volunteered their time to help relocate and build new horseshoe pits, plant 12 trees in our Town parks, as well as relocating small plants, auger holes for playground equipment and help move dirt for future portions of the project. Each year PDC continues to be a crucial partner for the Town of Kersey with project such as these; this partnership has been very beneficial for both the Town and PDC. We look forward to working with PDC in future projects as our Town continues to grow!

- James Neill, Recreation Director, Town of Kersey
Economic Impact

PDC Energy is proud to support the economies of our operating communities and the families of our land and mineral owners. Our operations are powering the U.S. economy and increasing our energy security by reducing our dependence on foreign oil. PDC’s operations provide revenue to local communities to fund critical programs and infrastructure projects and create jobs that bolster local economies.

Key Economic Impact Figures

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<thead>
<tr>
<th></th>
<th>Colorado</th>
<th>Texas</th>
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<tbody>
<tr>
<td>In Valorem taxes paid in Weld County</td>
<td><strong>$68M</strong> in Ad Valorem taxes paid in Weld County</td>
<td><strong>$248M</strong> in royalty payments to Weld County property owners</td>
</tr>
<tr>
<td>In royalty payments to Reeves County</td>
<td><strong>$8.5M</strong> in Ad Valorem taxes paid in Reeves County</td>
<td><strong>$86M</strong> in royalty payments to Reeves County property owners</td>
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Industry-Wide Impact in Colorado

PDC is proud to be a Colorado-based producer. In 2019, members of the Colorado oil and gas industry committed significant time and resources to nonprofit partners throughout the state.*

<table>
<thead>
<tr>
<th>In-kind contributions</th>
<th>Meals prepared and packaged</th>
<th>Volunteer hours</th>
<th>Blood donated</th>
<th>Bikes donated</th>
<th>Backpacks donated</th>
<th>Care packages sent to troops</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$950,000</strong>+</td>
<td><strong>200,000</strong>+</td>
<td><strong>72,976</strong>+</td>
<td><strong>120</strong>+</td>
<td><strong>400</strong>+</td>
<td><strong>3,000</strong>+</td>
<td><strong>250</strong>+</td>
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<tr>
<td>Lbs of food donated and sorted</td>
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<td><strong>5,000</strong>+</td>
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Community Engagement and Stakeholder Relations

At PDC, our commitment to the communities where we operate runs through every department and every level of leadership. In particular, PDC’s Land, Operations, and Environmental, Health, and Safety departments join the Stakeholder Relations department to build strong, transparent relationships with our stakeholders in our operating areas.

As part of our business planning and community engagement process, we evaluate every component of oil and gas development. Through location siting, facility planning, operations, and eventual reclamation, we team with local leaders to identify concerns and opportunities, all with the common goal of mitigating impact to the environment and the community.

We strive to integrate our employees and company into the community by attending and sponsoring local events, joining local organizations and chambers, engaging in the local economy, and collaborating with first responders. We make an effort to maintain regular communication with our stakeholders to provide updates, answer questions, and address any concerns. In addition to making personal visits to our landowners, we also hold open forums where members of the community can meet PDC employees and ask questions of the PDC subject matter experts about every aspect of the oil and natural gas development process.

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*Source: Colorado Oil & Gas Association Community Impact Report*
PDC Energy and its Board of Directors are committed to implementing sound and transparent corporate governance principles. Consistent board refreshment has produced a balanced, highly qualified Board with diversity of thought and experience.

2019 Board of Directors

Our Board members have a diverse range of experiences that are critical to the execution of PDC’s long-term strategic plan. Their collective expertise includes exploration and production (E&P), finance and accounting, public company executive experience, working with regulatory bodies and state/local governments, and performing operationally intensive roles.

As of 2019, our Board members have had 49 years of cumulative, non-PDC Board experience. Five of the eight directors have had 20+ years in the oil and gas industry, and our Independent Chairman has had 30+ years of oil and gas experience. Half of our directors have been added to the Board within the past five years, demonstrating our commitment to thoughtful refreshment.

2019 Board Refreshment and Proactive De-Staggering

PDC is continuously seeking additional candidates to further Board refreshment initiatives. In August 2019, Board membership was decreased from 9 to 8 members, and PDC entered into a merger agreement with SRC Energy, at which time it agreed to add two additional SRC board members to PDC’s Board upon the closing of the transaction. PDC also began plans to de-stagger the board, which was formally approved by shareholders in May 2020.

Board Committees as of Year-End 2019

<table>
<thead>
<tr>
<th>Directors</th>
<th>Board of Directors</th>
<th>Audit Committee</th>
<th>Compensation Committee</th>
<th>Nominating and Governance Committee</th>
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<tbody>
<tr>
<td>Barton R. Brookman</td>
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<td>Anthony J. Crisafio</td>
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<td>Mark E. Ellis</td>
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<td>Christina M. Ibrahim</td>
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<tr>
<td>Larry F. Mazza*</td>
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<tr>
<td>Randy S. Nickerson</td>
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<td>David C. Parke</td>
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<td>Jeffrey C. Swoveland</td>
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</tbody>
</table>

Number of Meetings Held

- Barton R. Brookman: 13
- Anthony J. Crisafio: 14
- Mark E. Ellis: 7
- Christina M. Ibrahim: 5
- Larry F. Mazza*: 5
- Randy S. Nickerson: 5
- David C. Parke: 5
- Jeffrey C. Swoveland: 5

Mr. Mazza resigned from the Board in August 2019.

The 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 an Audit Committee Charter, which was most recently amended and restated on February 20, 2020 and is posted on PDC’s website at www.pdce.com under “Corporate Governance.” The Board has determined that all members of the Audit Committee qualify as “financial experts” as defined by SEC regulations.

The Nominating and Governance Committee

The Board has determined that all members of the Nominating and Governance Committee (the “N&G Committee”) are independent under NASDAQ Listing Rule 5605(a)(2). The Board has adopted a N&G Committee Charter, which was most recently amended and restated on September 20, 2019 and is posted on PDC’s website at www.pdce.com under “Corporate Governance.”

The Compensation Committee

The Board has determined that all members of the Compensation Committee are independent under NASDAQ Listing Rules 5605(a)(2) and 5605(d)(2). The Board has adopted a Compensation Committee Charter, which was most recently amended and restated on September 20, 2019 and is posted on the PDC’s website at www.pdce.com under “Corporate Governance.”
Merger with SRC Energy

In August 2019, PDC announced its intent to strategically combine with SRC Energy. The merger closed in January 2020.

In an official statement, CEO Bart Brookman said, “SRC’s complementary, high-quality assets in the Core Wattenberg, coupled with our existing inventory and track record of operational excellence will create a best-in-class operator with the size, scale and financial positioning to thrive in today’s market. We remain committed to our core Delaware Basin acreage position and are confident the combined company with its multi-basin focus will be well-positioned to deliver superior shareholder returns. With an even more competitive cost structure, including peer-leading G&A and LOE per Boe, the combined company will have the financial flexibility and sustainable free cash flow to return significant capital to shareholders and capitalize on additional growth opportunities.”

Brookman continued, “Importantly, this transaction will join two organizations grounded in strong core values and a shared commitment to responsible and safe operations. Both PDC and SRC have deep regulatory and community relationships, and together we will continue to prioritize the health and safety of our employees and stakeholders, as well as the environment and the communities in which we live and operate. We look forward to working with SRC to integrate these two companies and achieve our shared objectives.”

Corporate Strategy

PDC Energy’s long-term growth strategy is to generate stockholder value through the acquisition, exploration, and development of crude oil and natural gas assets capable of delivering strong returns with a focus on generating sustainable free cash flow. Maintaining a conservative and disciplined financial strategy, which includes a strong balance sheet and solid debt metrics, abundant liquidity, and a robust hedging program is critical to our success. Additionally, we constantly pursue various midstream, marketing, and cost reduction initiatives designed to increase per unit operating margins.

PDC’s strategy is focused on significant value creation. Its components include:
- A focus on execution
- Sustainable generation of free cash flow
- Through-the-cycle balance sheet strength
- Consistent returns of capital to shareholders
- Modest growth
- Commitment to corporate social responsibility

Strategic Priorities: How We Run Our Business

The core strategic priorities are the foundation for all other initiatives. They define how we run our business and influence how we set our goals.

Prioritize health, safety, and the environment
Be a good neighbor in the communities in which we live and operate while minimizing our operational footprint.

Build a best-in-class organization
Focus on the training and development of our future leaders while preserving our differentiating team-based culture.

Drive efficiency through technology and innovation
Continuously pursue excellence in all we do by quickly adapting to successful technical innovation.

Provide top-tier financial and performance metrics
Maintain top-tier balance sheet strength and cash flow growth through extensive planning and scenario analysis.

Maintain competitive, high-value inventory
Create value through strategic acreage trades, focused innovation/exploration, and opportunistic acquisitions.

Deliver sustainable and peer-competitive results
Emphasis on sustainable free cash flow with a more moderate growth profile while preserving operational flexibility.

Risk Management

PDC has a robust risk management program. As part of this program, information, survey data, and recommendations related to our risk appetite—along with potential risks to our business and mitigation strategies—are presented to the Audit Committee and our senior management team.

Whistleblower Hotline

Corporate whistleblower hotlines are effective tools for reinforcing business codes of conduct, highlighting potential mistreatment of employees or business resources, and detecting and preventing fraud. PDC’s telephonic hotline is managed by a third party to encourage and enable anonymous reporting and confidentiality. Complaints are reviewed by PDC’s Legal department, our independent auditors, and the Audit Committee.
Our Commitment to Ethics and the Prevention of Corruption and Bribery

Business Ethics and Conflicts of Interest Policy

Our current Business Ethics and Conflicts of Interest policy has been in place since 2007, and all new employees must sign that they’ve read it in its entirety and that they will abide by its contents. To reinforce the policy’s principles, PDC requires that all employees undergo annual Business Ethics and Conflicts of Interest training in tandem with Harassment Awareness training.

The Business Ethics and Conflicts of Interest policy helps prevent corruption and bribery by prohibiting employees from accepting any gifts that do not comply with strict criteria, and by defining conflicts of interest that can interfere with ethical business practices. According to the policy’s introductory purpose statement, “PDC Energy employees will maintain the highest ethical standards in the conduct of company affairs. The intent of this policy is that each employee will conduct PDC Energy business with integrity and comply with all applicable laws and policies in a manner that excludes considerations of personal advantage or gain.”

Insider Trading Policy

Our Insider Trading Policy must also be reviewed and acknowledged by all new employees. Generally, it prohibits employees’ unauthorized disclosure of any nonpublic information acquired in the workplace and the misuse of material nonpublic information in securities trading.

PDC’s Compensation Philosophy

Fairness is a key component to PDC’s total rewards strategy. Our company evaluates program determinations based on the following factors designed to support equity within PDC:

- **Internal Equity**: PDC evaluates how different positions within the organization are related to each other through categorization within three job categories—Support Services, Exploration and Production Professional and Field Operations. The company relatively ranks all jobs based on organizational structure and job analysis.

- **Employee Equity**: PDC maintains fairness in compensation among employees in the same position or level. This does not mean all employees are paid the same, but they are paid fairly in relation to other staff in the same role. Differences in pay may be based on experience, competitive hiring circumstances, critical skills, and largely individual performance.

- **External Equity**: PDC supplies and utilizes data in multiple industry-specific compensation and benefits surveys annually. Based on independent industry data, PDC pays fairly and competitively with respect to the market value of a job.

- **Pay Equity**: PDC commits to eliminating discrimination based on gender, race, or other discriminating factors when determining compensation. Annually, our HR department does a comprehensive pay equity study and presents to PDC Board and senior management.

- **Gender Diversity**: >50% of office-based employees are women.

Executive Compensation

PDC’s Board of Directors and management team implemented several key changes to the executive compensation plan to more closely align with key stakeholders, and continued to do so through 2020. From 2018 to 2019, we pivoted from a highly discretionary short term incentive program to a formulaic approach, establishing a strict equal-weighting payout structure to quantitative and qualitative performance metrics. The 2019 executive short- and long-term incentive programs were made up of a number of components as summarized below.

**Short-Term Incentive Program**

**Quantitative/Qualitative Mix:**
- 50% Formulaic Quantitative Metrics
- 50% Qualitative Goals

**Quantitative Metrics:**
- 10% Production
- 10% LOE/BOE and G&A/BOE
- 10% Adjusted Cash Flow/Debt
- Adjusted Share
- 10% Free Cash Flow Margin
- 10% Capital Efficiency

**Long-Term Incentive Program**

**Senior Management Team Mix of Equity:**
- 50% Performance Shares Units (PSUs)
- 50% Restricted Stock

**PSU Metrics:**
- Relative Total Shareholder Return (TSR)

**PSU Modifiers:**
- Negative TSR cap at 100% of target with a floor of 50% of target, if annualized absolute TSR is 15% or above

**Vesting Upon Change in Control:**
- Double trigger

Educational Background of Employees

PDC employs women and men of all educational backgrounds—those who have high school diplomas through doctoral degrees, and who have studied a wide array of subjects.

Local Hiring Practices

Currently all open PDC positions are posted on the Careers page of www.pdce.com, as well as on several external recruiting portals such as Indeed, LinkedIn, etc. We have a robust Employee Referral Program that offers a minimum of $1,000 for successful referrals.

We are proud to hire from the communities in which we operate. More than 90% of our field staff live in the communities where they work.
Political Engagement and Trade Association Involvement

Political and regulatory engagement is a critical part of our business. We pride ourselves on maintaining strong relationships with local and state policy makers and regulators. PDC actively engages in the legislative and regulatory processes as an individual company, through workgroups and trade associations. We believe that through collaboration and open communication we can achieve common-sense policy and regulation.

Employee Spotlight

Jason Enfante, Production Foreman

Jason (right) was born and raised in Fort Morgan, Colorado where he started working after earning his GED at age 16. He began working for his father, an oilfield mechanic, and explored working in automotive collision repair. Jason learned he enjoyed working with his hands and being outdoors, which led to beginning a career in the oilfield in 2000.

How did you begin your career with PDC and what does your work entail today?

I came to PDC in 2010 as a pumper. Today, my role as a Production Foreman includes a lot of directing traffic in terms of helping others with work-related challenges, helping them build their skills. I also ensure we are in compliance with regulations, which is a constant focus in our industry.

I manage 15 employees and a lot of my role is guiding people, making sure my team is safe, work is completed, and reporting is accurate. I try to make sure everyone still has a good attitude and has a good time doing their work. I really enjoy helping my team not only on the technical side, but also with business development and communicating with others. For me, I got a high school GED, and I feel like I’ve done pretty well. I definitely like to pass on that knowledge; we all start somewhere.

Why are you proud to work at PDC?

My first day at PDC in the lobby, I saw a guy I knew in the past. We were talking and he told me, “You know, it just feels like home here.” I thought it was strange, but it really does in terms of atmosphere and culture. It is easy to get along with anyone and you don’t feel like a burden if you ask a question. PDC takes pride in what they do for others and the community, and I think we are positively viewed in the community.

What’s your favorite community project you’ve done with PDC?

I really like Energizing Our Community (EOC) Day. It’s a real big thing for us, having everyone going out and being highly visible in the community giving back. The clean-up projects we do are great, but there was one where we helped a domestic violence shelter for women sort through clothes and supplies for kids. It felt important to help in that way.

Tell us about your family life and hobbies.

I have three kids and three pets and we pretty much live on the lake in the summer. I still love cars and anything I can do with my hands. My son and I are working on his 1967 Mustang. Working on cars is something we’ve always done.

The oil and gas industry—and PDC in particular—is a place where a wide variety of people can find a meaningful career. You don’t need to be an engineer to work here. We have a wide range of jobs and ample development opportunities, and we welcome diversity of thought, background, gender, race, and more.
Leadership Programs

PDC offers on- and off-site leadership development trainings, including PALS and VEEPS. One of PDC’s Strategic Priorities is to build a best-in-class organization, and these programs allow us to build critical expertise and develop our future leaders.

PALS

As part of a comprehensive strategic plan to deliver advanced leadership development to employees within PDC, a partnership with Right Management was formed to structure a high-end recurring program tailored to fit PDC’s needs. The outcome was PDC’s Advanced Leadership Series (PALS). Nominated by company vice presidents, PALS participants are diverse in discipline, geography, and gender, and represent all three of our major job categories, including Exploration and Production (E&P), Field Operations, and Support Services.

The PALS program is offered to cohorts that participate over eight to ten months. Numerous competencies are addressed throughout the program such as leadership brand, team building, change management, performance coaching, courageous conversations, and collaboration. Over the course of the program, participants request 360-degree feedback reports, create individual development plans, receive individual and team consultations, and more.

VEEPS

The VP Enhanced Executive Program Series (VEEPS) was created in March 2019 to build collaboration among the vice presidents themselves and with the Senior Management Team (SMT), expand their critical-thinking skills in their work to move the organization forward, and enhance their ability to cultivate PDC’s culture. All company VPs are enrolled in the program, which takes place in live sessions over the course of several months annually.

Educational Assistance Program

Since 1999, PDC has offered educational assistance to employees at all levels of the organization. The program’s objective is to expand the knowledge and training of PDC employees by assisting them in furthering their education. Participants can apply for reimbursement while earning credits or pursuing a degree from an accredited college or university, as long as the effort is relevant to an employee’s current or future position with the company. Regular full-time employees in good standing with one year of service are eligible. The company’s contribution cap is $5,250 per participant per calendar year, with some exceptions. After registering for the program, it is each participant’s responsibility to follow through with the educational plan, including maintaining acceptable grades and meeting job expectations, and he or she must submit receipts for reimbursement.

Examples of recent company contributions are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Registered Participants</th>
<th>Reimbursement Recipients</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>21</td>
<td>14</td>
<td>$73,289</td>
</tr>
<tr>
<td>2018</td>
<td>16</td>
<td>11</td>
<td>$48,882</td>
</tr>
</tbody>
</table>

Registered Participants

Reimbursement Recipients

Contribution
# Key Metrics and Disclosures

<table>
<thead>
<tr>
<th>Metric/Disclosure</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross global Scope 1 emissions</td>
<td>1,218,446.38 mt CO₂e</td>
</tr>
<tr>
<td>Percentage of methane in cross global Scope 1 emissions</td>
<td>49.99%</td>
</tr>
<tr>
<td>Percentage of cross global Scope 1 emissions under emissions-limiting regulations</td>
<td>99.70%</td>
</tr>
<tr>
<td>Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions</td>
<td>(1) 247,526.83 mt CO₂e; (2) 343,045.84 mt CO₂e; (3) 0; (4) 565,031.57 mt CO₂e; (5) 61,537.20 mt CO₂e</td>
</tr>
<tr>
<td>(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress</td>
<td>(1) 3,879,395 m³; 0% in regions with High or Extremely High Baseline Water Stress; (2) 3,876,534.6 m³; 0% in regions with High or Extremely High Baseline Water Stress</td>
</tr>
<tr>
<td>Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled</td>
<td>Volume of produced water: 6,805,600.96 m³; Volume of flowback generated: 605,184.74 m³; (1) 0%; (2) 100%; (3) &lt;1% produced water</td>
</tr>
<tr>
<td>Number of aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered</td>
<td>15 hydrocarbon spills; Aggregate volume: 939bbl; 15bbl out of secondary containment; Volume in Arctic: 0bbls; Volume impacting shorelines: 0bbls</td>
</tr>
<tr>
<td>Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat</td>
<td>(1) Less than 1% in Colorado; (2) 0%</td>
</tr>
<tr>
<td>Number and duration of non-technical delays</td>
<td>0</td>
</tr>
<tr>
<td>Amount invested in renewable energy, revenue generated by renewable energy sales</td>
<td>0</td>
</tr>
<tr>
<td>Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas (Mbbl/day, MMscf/day)</td>
<td>(1) 70.43 MBbl/day; (2) 518.99 MMscf/d; (3) 0; (4) 0</td>
</tr>
<tr>
<td>Number of offshore sites</td>
<td>0.00%</td>
</tr>
<tr>
<td>Number of terrestrial sites</td>
<td>Approximately 1,712</td>
</tr>
<tr>
<td>Topic</td>
<td>Accounting Metric</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>EM-EP-110a.2: Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions</td>
</tr>
<tr>
<td></td>
<td>EM-EP-110a.3: Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, reduction targets, and an analysis of performance against those targets.</td>
</tr>
<tr>
<td>Water Management</td>
<td>EM-EP-140a.1: (1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress</td>
</tr>
<tr>
<td></td>
<td>EM-EP-140a.2: Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water</td>
</tr>
<tr>
<td></td>
<td>EM-EP-140a.3: Percentage of hydraulically fractured wells for which there is public disclosure of fracturing fluid chemicals used</td>
</tr>
<tr>
<td>Biodiversity Impacts</td>
<td>EM-EP-160a.1: Description of environmental management policies and practices for active sites</td>
</tr>
<tr>
<td></td>
<td>EM-EP-160a.2: Number of aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered</td>
</tr>
<tr>
<td></td>
<td>EM-EP-160a.3: Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat</td>
</tr>
</tbody>
</table>

**Security, Human Rights & Rights of Indigenous Peoples**

- EM-EP-210a.1: Percentage of (1) proved and (2) probable reserves in or near areas of conflict
- PDC does not operate in areas of conflict.
- EM-EP-210a.2: Percentage of (1) proved and (2) probable reserves in or near indigenous land
- PDC does not operate in areas within or near indigenous lands.
- EM-EP-210a.3: Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict
- Discussion on engagement processes can be found in Community Engagement.

**Community Relations**

- EM-EP-210b.1: Discussion of process to manage risks and opportunities associated with community rights and interests
- Social Impact
- EM-EP-210b.2: Number and duration of non-technical delays
- Key Metrics & Disclosures

**Workforce Health & Safety**

- EM-EP-320a.1: (1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees
- Responsible Operations
- EM-EP-320a.2: Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle
- Responsible Operations

**Reserves Valuation & Capital Expenditures**

- Key Metrics & Disclosures

**Business Ethics & Transparency**

- EM-EP-510a.1: Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index
- PDC does not operate outside of the U.S.
- EM-EP-510a.2: Description of the management system for prevention of corruption and bribery throughout the value chain
- Corporate Governance

**Management of the Legal & Regulatory Environment**

- EM-EP-530a.1: Discussion of corporate positions related to government relations and/or policy proposal that address environmental or social factors affecting the industry.
- 10k

**Critical Incident Management**

- EM-EP-540a.2: Description of management systems used to identify and mitigate catastrophic and tail-end risks
- Corporate Governance

**Activity Metrics**

- EM-EP-000.A: Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas (Mbbl/day, MMscf/day)
- Key Metrics & Disclosures
- EM-EP-000.B: Number of offshore sites
- Key Metrics & Disclosures
- EM-EP-000.C: Number of terrestrial sites
- Key Metrics & Disclosures