PDC ENERGY, INC.
Form 424B5
March 07, 2016

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated March 7, 2016

PROSPECTUS SUPPLEMENT
(To Prospectus dated June 8, 2015)

4,000,000 Shares

PDC Energy, Inc.

Common Stock

We are selling 4,000,000 shares of our common stock.

Our shares trade on the Nasdaq Global Select Market under the symbol "PDCE." On March 4, 2016, the last sale price of the shares as reported on the Nasdaq Global Select Market was $52.34 per share.

Investing in the common stock involves risks including those described in the "Risk Factors" section beginning on page S-8 of this prospectus supplement.

The underwriters have agreed to purchase the common stock from us at a price of $ per share, which will result in $ of proceeds to us before expenses. The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the Nasdaq Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

The underwriters may also exercise their option to purchase up to an additional 600,000 shares from us, at the price per share set forth above, for 30 days after the date of this prospectus supplement to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2016.

BofA Merrill Lynch **J.P. Morgan**

The date of this prospectus supplement is , 2016

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of our common stock and certain other matters relating to our business. The second part is the accompanying prospectus, which gives more general information, some of which does not apply to this offering. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, you should rely on the information in this prospectus supplement. You should read this prospectus supplement and the accompanying prospectus as well as the additional information described under "Incorporation of Certain Information by Reference" on page S-30 of this prospectus supplement before investing in our common stock. Also see "Special Note Regarding Forward-Looking Statements" on page S-iii of this prospectus supplement.

We have filed with the Securities and Exchange Commission ("SEC") a registration statement on Form S-3 with respect to the securities offered hereby. This prospectus supplement and the accompanying prospectus do not contain all of the information set forth in the registration statement, parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the securities offered hereby, reference is made to the registration statement and the exhibits that are a part of the registration statement.

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in each of this prospectus supplement, the accompanying prospectus, the documents incorporated by reference into this prospectus supplement and the accompanying prospectus and any related free writing prospectus is accurate as of the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference into this prospectus supplement and the accompanying prospectus and any related free writing prospectus when making your investment decision.

Unless otherwise stated, information in this prospectus supplement assumes the underwriters will not exercise their option to purchase additional shares of our common stock.

Unless otherwise indicated or the context requires otherwise, all references in this prospectus supplement to the "Company," "PDC," "PDC Energy," "we," "us," or "our" are to PDC Energy, Inc., and its consolidated subsidiaries, including our proportionate share of the financial position, results of operations, cash flows and operating activities of our affiliated partnerships and, for periods prior to its disposition in October 2014, PDC Mountaineer, LLC ("PDCM"), a joint venture owned 50% each by PDC and Lime Rock Partners, LP.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 ("Securities Act") and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act") regarding our business, financial condition, results of operations and prospects. All statements other than statements of historical facts included in and incorporated by reference into this report are "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Words such as expects, anticipates, intends, plans, believes, seeks, estimates and similar expressions or variations of such words are intended to identify forward-looking statements herein. These statements relate to, among other things: estimated future production (including the components of such production), sales, expenses, cash flows, liquidity and balance sheet attributes; estimated crude oil, natural gas and natural gas liquids ("NGLs") reserves; the impact of prolonged depressed commodity prices including potentially reduced production and associated cash flow; anticipated 2016 capital projects, expenditures and opportunities, including our expectation that 2016 cash flows from operations will approximate cash flows from investing activities; expected 2016 capital budget allocations; our operational flexibility and ability to revise our 2016 development plan; availability of sufficient funding and liquidity for our 2016 capital program and sources of that funding; expected losses of Riley Natural Gas ("RNG") through 2022 and expected discontinuation of RNG's business; future exploration, drilling and development activities, including non-operated activity, the number of drilling rigs we expect to run during 2016, number of locations and lateral lengths; opportunity in the Utica Shale to add reserves in a more favorable price environment; capital efficiencies and per well reserves expected to be realized; expected 2016 production and cash flow ranges; our evaluation method of our customers' and derivative counterparties' credit risk; effectiveness of our derivative program in providing a degree of price stability; future horizontal drilling locations that are economically producible at certain commodity prices and costs; potential for future impairments; potential acquisitions of additional acreage and other future transactions; electronic, cyber or physical security breaches; the impact of high line pressures and the timing, availability, cost and effect of additional midstream facilities and services going forward; compliance with debt and senior notes covenants; expected funding sources for conversion of our 3.25% convertible senior notes due 2016; compliance with government regulations; impact of the Colorado task force on oil and gas regulation and potential future ballot initiatives and legislation; the level of our borrowing base under our credit facility; impact of litigation on our results of operations and financial position; the adequacy of existing insurance to cover operating hazards and the availability of such insurance on a cost effective basis in the future; that we hold good and defensible title to our leasehold; that we do not expect to pay dividends in the foreseeable future; and our future strategies, plans and objectives.

The above statements are not the exclusive means of identifying forward-looking statements herein. Although forward-looking statements contained in this prospectus supplement reflect our good faith judgment, such statements can only be based on facts and factors currently known to us. Consequently, forward-looking statements are inherently subject to risks and uncertainties, including known and unknown risks and uncertainties incidental to the exploration for, and the acquisition, development, production and marketing of, crude oil, natural gas and NGLs, and actual outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. In the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, we may use the terms "projection" or similar terms or expressions, or indicate that we have "modeled" certain future scenarios. We typically use these terms to indicate our current thoughts on possible outcomes relating to our business or the industry in periods beyond the current fiscal year. Because such statements relate to events or conditions further in the future, they are subject to increased levels of uncertainty.

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Important factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to:

- changes in worldwide production volumes and demand, including economic conditions that might impact demand;
- volatility of commodity prices for crude oil, natural gas and NGLs and the risk of an extended period of depressed prices;
- reductions in the borrowing base under our revolving credit facility;
- impact of governmental policies and/or regulations, including changes in environmental and other laws, the interpretation and enforcement related to those laws and regulations, liabilities arising thereunder and the costs to comply with those laws and regulations;
- declines in the value of our crude oil, natural gas and NGLs properties resulting in further impairments;
- changes in estimates of proved reserves;
- inaccuracy of reserve estimates and expected production rates;
- potential for production decline rates from our wells being greater than expected;
- timing and extent of our success in discovering, acquiring, developing and producing reserves;
- availability of sufficient pipeline, gathering and other transportation facilities and related infrastructure to process and transport our production and the impact of these facilities and regional capacity on the prices we receive for our production;
- timing and receipt of necessary regulatory permits;
- risks incidental to the drilling and operation of crude oil and natural gas wells;
- future cash flows, liquidity and financial condition;
- competition within the oil and gas industry;
- availability and cost of capital;
- our success in marketing crude oil, natural gas and NGLs;
- effect of crude oil and natural gas derivatives activities;

- impact of environmental events, governmental and other third-party responses to such events, and our ability to insure adequately against such events;
- cost of pending or future litigation;
- effect that acquisitions we may pursue have on our capital expenditures;
- our ability to retain or attract senior management and key technical employees; and
- success of strategic plans, expectations and objectives for our future operations.

Furthermore, we urge you to carefully review and consider the cautionary statements and disclosures made in this prospectus supplement and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risks and uncertainties that could affect our business, financial condition, results of operations and cash flows as discussed in "Risk Factors" beginning on page S-8 of this prospectus supplement and the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2015 (the "2015 10-K"). We caution

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you not to place undue reliance on forward-looking statements, which speak only as of the respective dates on which they were made. **We undertake no obligation to update any forward-looking statements in order to reflect any event or circumstance occurring after the date of this prospectus supplement or currently unknown facts or conditions or the occurrence of unanticipated events. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.**

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PROSPECTUS SUPPLEMENT SUMMARY

This summary provides a brief overview of us and the key aspects of this offering. This summary does not contain all of the information that may be important to you. For a more complete understanding, you should read carefully this entire prospectus supplement and the accompanying prospectus, including the information presented under the headings "Risk Factors" and "Special Note Regarding Forward-Looking Statements," and the documents incorporated by reference.

PDC Energy, Inc.

Our Company

We are a domestic independent exploration and production company that produces, develops, acquires and explores for crude oil, natural gas and NGLs with operations in the Wattenberg Field in Colorado and the Utica Shale in southeastern Ohio. Our 2016 drilling and completion operations in the Wattenberg Field are expected to focus on the middle core area of the Niobrara and Codell plays. We own an interest in approximately 3,000 gross producing wells, of which approximately 650 are horizontal. Production of 15.4 MMboe for the year ended December 31, 2015 represents an increase of 65% compared to the year ended December 31, 2014. For the month ended December 31, 2015, we maintained an average production rate of 52 MBoe per day. We were able to achieve this strong growth rate while maintaining a liquidity position of $402.2 million as of December 31, 2015. As of December 31, 2015, we had approximately 273 MMBoe of proved reserves (26% of which are proved developed). Proved reserves at December 31, 2015 were comprised of approximately 60% liquids and 40% natural gas, and represent an increase of 23 MMBoe relative to December 31, 2014.

2016 Operational Update

Based on our current development plan, we expect our 2016 capital expenditures to range from $420 million to $450 million, and our production for the year to range between 20.0 MMBoe to 22.0 MMBoe, or approximately 55,000 to 60,000 Boe per day. Capital spending is expected to be weighted to the front half of 2016 as we complete Wattenberg Field in-process wells spud in 2015 and execute our Utica Shale drilling program. Our current plan anticipates a four-rig drilling program in the Wattenberg Field. We may vary the number of rigs we employ during the year without changing our capital expenditure or production guidance if, among other things, drilling times continue to fall or our working interest in the locations we drill increases. Increases in working interests may occur if we are successful in completing acreage swaps with working interest partners or if some partners elect not to participate in certain wells.

We could also elect to reduce our capital expenditures for the year if we believe doing so is necessary or prudent in order to ensure adequate liquidity and to protect our balance sheet. We maintain significant operational flexibility to reduce the pace of our capital spending. We will continue to monitor future commodity prices throughout 2016, and should prices remain depressed or continue to further deteriorate, we believe an adjustment to our development plan would be appropriate. The production impact of reduced 2016 capital spending would be felt primarily in 2017 and thereafter, as our anticipated long-term production growth would likely be reduced. We will continue to look for opportunities to strengthen our balance sheet and liquidity, including through additions to our portfolio of commodity hedges. Our goal in 2016 is to manage our capital spending to approximate our cash flows from operations.

Corporate Information

Our common stock is quoted on The NASDAQ Global Select Market under the symbol "PDCE."

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Our principal executive offices are located at 1775 Sherman Street, Suite 3000, Denver, Colorado 80203. Our telephone number is 303-860-5800.

We also maintain an internet website at www.pdce.com, which contains information about us. Our website and the information contained in and connected to it are not a part of or incorporated by reference into this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Issuer	PDC Energy, Inc.
Common stock offered(1)	4,000,000 shares
Common stock to be outstanding after this offering	44,154,556 shares
Option to purchase additional shares granted by us	Up to 600,000 shares
Use of proceeds	We estimate that our net proceeds from this offering, after deducting underwriting discounts and commissions and estimated fees and expenses, will be approximately $ million ($ million if the underwriters exercise their overallotment option to purchase 600,000 additional shares of our common stock in full). We intend to use a portion of the net proceeds from this offering to repay amounts owed upon the maturity of our 3.25% convertible senior notes due in May 2016 and will use the remainder for general corporate purposes, which may include repaying amounts borrowed under our revolving credit facility. See "Use of Proceeds."
The NASDAQ Global Select Market symbol	PDCE
Dividend policy	We have not paid dividends on our common stock and do not intend to pay cash dividends in the foreseeable future. In addition, our revolving credit facility and the indenture governing our senior notes limit our ability to pay dividends and make other distributions on our common stock.
Risk factors	An investment in our common stock involves a significant degree of risk. We urge you to carefully consider all of the information described in the section entitled "Risk Factors" beginning on page S-8 of this prospectus supplement and the "Risk Factors" section of the 2015 10-K.

(1) See "Description of Capital Stock" on page S-14 of this prospectus supplement for additional information regarding the common stock to be issued in this offering.

The information above regarding the number of shares of our common stock outstanding is based on 40,154,556 shares of common stock outstanding as of December 31, 2015. The number of shares of our common stock outstanding as of that date does not include 1,682,131 shares reserved for issuance under our equity compensation plans, of which 580,300 restricted shares have been granted and are subject to issuance in the future based on the satisfaction of certain time-based or market-based vesting criteria established pursuant to the respective awards. In addition, as of December 31, 2015, we had outstanding options to purchase 3,523 shares of our common stock at a weighted average exercise price of $44.95 per share and 326,453 stock appreciation rights. As of March 3, 2016, the number of shares of our common stock outstanding was 40,265,939.

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SUMMARY FINANCIAL INFORMATION

The following table sets forth our summary financial data. The summary financial data shown below has been derived from, and should be read together with, our audited consolidated financial statements and the related notes contained in the 2015 10-K, which was filed with the SEC on February 22, 2016. The results presented below are not necessarily indicative of the results to be expected for any future period. You should read the following tables together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2015 10-K and our historical consolidated financial statements and the related notes, which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Year Ended December 31,		
	2015	2014	2013
	(dollars in millions, except per share data as noted)		
Statement of Operations			
Crude oil, natural gas and NGL sales(1)	$ 378.7	$ 471.4	$ 340.8
Commodity price risk management gain (loss), net(1)	203.2	310.3	(23.9)
Total revenues(1)	595.3	856.2	392.7
Income (loss) from continuing operations	(68.3)	107.3	(21.1)
Income (loss) from discontinued operations, net of tax		48.2	(1.2)
Earnings (loss) per share attributable to shareholders:			
Net income (loss) from continuing operations basic	$ (1.74)	$ 3.00	$ (0.65)
Net income (loss) from discontinued operations basic		1.34	(0.04)
Net income (loss) from continuing operations diluted	(1.74)	2.93	(0.65)
Net income (loss) from discontinued operations diluted		1.31	(0.04)
Statement of Cash Flows			
Net cash provided by operating activities	$ 411.1	$ 236.7	$ 159.2
Capital expenditures	604.7	628.6	394.9
Acquisitions of crude oil and natural gas properties			9.7
Balance Sheet			
Total assets	$ 2,370.5	$ 2,331.1	$ 1,991.7
Working capital (deficit)	30.7	89.5	90.0
Long-term debt	642.4	655.5	593.9
Total Equity	1,287.2	1,137.4	967.6

(1) Amounts shown are from continuing operations.

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SUMMARY RESERVE INFORMATION

The table below sets forth information regarding our estimated proved reserves as of December 31, 2015, 2014 and 2013 based on estimates made in reserve reports prepared by Ryder Scott Company, L.P. ("Ryder Scott"). Reserves cannot be measured exactly because reserve estimates involve subjective judgments. The estimates must be reviewed periodically and adjusted to reflect additional information gained from reservoir performance, new geological and geophysical data and economic changes. Neither PV-10 nor the standardized measure is intended to represent the current market value of the reserves.

Prices used to estimate future gross revenues and production and development costs were based on a 12-month average price calculated as the unweighted arithmetic average price on the first day of each month, January through December. Prices were not adjusted to reflect the value of our commodity hedges. Prices relating to production and development costs were estimated as of December 31 for each of the years presented; costs do not include non-property related expenses such as corporate general and administrative expenses, debt service, or depreciation, depletion and amortization expense. The standardized measure of discounted future net cash flows represents the present value of estimated future net cash flows discounted at a rate of 10% per annum to reflect the timing of future cash flows. The difference between PV-10 and standardized measure is the present value of estimated future income tax discounted at 10%.

	As of December 31,		
	2015	**2014**	**2013(3)**
Proved reserves			
Crude oil and condensate *(MMBbls)*	99	101	94
Natural gas *(Bcf)*	661	537	740
NGLs *(MMBbls)*	64	60	49
Total proved reserves *(MMBoe)*	273	250	266
Proved developed reserves *(MMBoe)*	70	75	76
Estimated future net cash flows (in millions)(1)	$ 2,259	$ 4,938	$ 4,323
PV-10 (in millions)(2)	$ 1,338	$ 3,450	$ 2,704
Standardized measure (in millions)	$ 1,097	$ 2,306	$ 1,782

(1) Amount represents undiscounted pre-tax future net cash flows estimated by Ryder Scott of approximately $2.8 billion, $7.3 billion and $6.4 billion as of December 31, 2015, 2014 and 2013, respectively, less an internally-estimated future income tax expense of approximately $0.5 billion, $2.3 billion and $2.1 billion, respectively.

(2) PV-10 is a non-U.S. GAAP financial measure. It is not intended to represent the current market value of our estimated reserves. PV-10 should not be considered in isolation or as a substitute for the standardized measure reported in accordance with U.S. GAAP, but rather should be considered in addition to the standardized measure.

(3) Includes estimated reserve data related to PDCM's Marcellus Shale crude oil and natural gas properties, which were divested in October 2014.

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SUMMARY OPERATING INFORMATION

The following table sets forth summary operating information from continuing operations for the years ended December 31, 2015, 2014 and 2013.

	Year Ended December 31,			Percent Change	
	2015	2014 (dollars in millions, except per unit data)	2013	2015 - 2014	2014 - 2013
Production(1)					
Crude oil (MBbls)	6,983.8	4,321.9	2,909.7	61.6%	48.5%
Natural gas (MMcf)	33,301.7	19,298.0	15,431.2	72.6%	25.1%
NGLs (MBbls)	2,835.3	1,756.2	1,043.2	61.4%	68.3%
Crude oil equivalent (MBoe)(2)	15,369.4	9,294.4	6,524.7	65.4%	42.4%
Average MBoe per day	42.1	25.5	17.9	65.4%	42.4%
Crude Oil, Natural Gas and NGLs Sales					
Crude oil	$ 280.3	$ 348.6	$ 261.6	(19.6)%	33.3%
Natural gas	68.0	74.7	50.0	(9.0)%	49.4%
NGLs	30.4	48.1	29.2	(36.8)%	64.7%