

PETROLEUM DEVELOPMENT CORP
Form DEF 14A
April 26, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

Petroleum Development Corporation
(doing business as PDC Energy)

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(4) Date Filed:

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PETROLEUM DEVELOPMENT CORPORATION

(dba PDC Energy)

1775 Sherman Street, Suite 3000

Denver, Colorado 80203

(303) 860-5800

April 26, 2012

Dear Stockholder of Petroleum Development Corporation (dba PDC Energy):

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Petroleum Development Corporation (dba PDC Energy) (the Company) to be held on June 7, 2012, at 11:30 a.m. Mountain Time at the Denver Financial Center, Lobby Conference Room, 1775 Sherman Street, Denver, Colorado, 80203.

At the Annual Meeting, you and the other stockholders of record on April 10, 2012, will vote on:

The election of two Class II members of our Board of Directors;

An advisory vote on executive compensation;

A proposal to amend our Second Amended and Restated Articles of Incorporation to legally change the name of the Company to PDC Energy, Inc.; and

The ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2012.

The accompanying Notice of Annual Meeting of Stockholders and Proxy Statement provide information concerning the matters to be considered at the meeting.

Pursuant to the U.S. Securities and Exchange Commission rules, we may provide you with access to our proxy materials via the Internet. As a result, many beneficial owners of our common stock will receive a Notice of Internet Availability of Proxy Materials (the Notice) instead of paper copies of the proxy materials. The Notice contains instructions on how to access those documents via the Internet. The Notice also contains instructions on how to request a paper copy of our proxy materials, including the Proxy Statement, our 2011 Annual Report, and a form of proxy card. We will mail printed proxy materials to all stockholders of record.

We hope you will join us on June 7, 2012. Whether or not you plan to attend personally, it is important that your shares be represented at the Annual Meeting. We value your opinions and encourage you to participate in the Annual Meeting by voting your proxy. You may vote your shares by using the telephone or Internet voting systems described in the Notice or the proxy card. If you receive a proxy card by mail, you may submit your proxy card by completing, signing and returning it promptly. This will ensure that your shares are represented at the Annual Meeting even if you cannot attend.

Sincerely,

Daniel W. Amidon

Corporate Secretary

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PETROLEUM DEVELOPMENT CORPORATION

(dba PDC Energy)

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD

THURSDAY, JUNE 7, 2012

To the Stockholders of Petroleum Development Corporation (dba PDC Energy):

The 2012 Annual Meeting of Stockholders of Petroleum Development Corporation (dba PDC Energy) (the Company) will be held at the Denver Financial Center, Lobby Conference Room, 1775 Sherman Street, Denver, Colorado, 80203, on June 7, 2012, at 11:30 a.m. Mountain Time. The purposes of the Annual Meeting are to:

Elect the two nominees named in the accompanying Proxy Statement as Class II Directors, each for a term of three years;

Hold an advisory vote regarding the compensation of our named executive officers;

Approve an amendment to the Company's Second Amended and Restated Articles of Incorporation to legally change the name of the Company to PDC Energy, Inc.;

Ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012; and

Transact any other business that may properly come before the meeting and at any and all adjournments or postponements thereof. The Board of Directors has fixed the close of business on April 10, 2012, as the record date for determining the stockholders having the right to receive notice of, to attend and to vote at the Annual Meeting, or any adjournment or postponement thereof. The presence in person or by proxy of the holders of a majority of the outstanding shares of the Company's common stock entitled to vote is required to constitute a quorum.

Please vote by using the telephone or Internet voting systems described in the Notice of Internet Availability of Proxy Materials or, if the attached Proxy Statement and a proxy card were mailed to you, please sign, date and return the proxy card in the enclosed envelope as soon as possible.

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By Order of the Board of Directors,

Daniel W. Amidon

Corporate Secretary

April 26, 2012

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PETROLEUM DEVELOPMENT CORPORATION
(dba PDC Energy)

PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 7, 2012

Denver Financial Center, Lobby Conference Room

1775 Sherman Street

Denver, Colorado 80203

The accompanying proxy is solicited by the Board of Directors (Board) of Petroleum Development Corporation (dba PDC Energy) (PDC, PDC Energy or the Company) for use at the Annual Meeting of Stockholders of the Company to be held on June 7, 2012, at 11:30 a.m. Mountain Time, and at any and all adjournments or postponements of the meeting, for the purposes set forth in this Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders. On or about April 26, 2012, we began mailing a notice containing instructions on how to access this proxy statement and our annual report online, and we began mailing a full set of the proxy materials to stockholders who had previously requested delivery of the materials in paper copy. For information on how to vote your shares, see the instructions included on the proxy card or instruction form under Information About Voting and the Meeting herein.

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY
OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING

TO BE HELD ON JUNE 7, 2012

The Notice of Annual Meeting of Stockholders, the Proxy Statement for the 2012 Annual Meeting of Stockholders, and the 2011 Annual Report to Stockholders, which includes the Annual Report on Form 10-K for the fiscal year ended December 31, 2011, are available at www.edocumentview.com/PETD.

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INFORMATION ABOUT VOTING AND THE MEETING

Who May Vote

Stockholders of PDC, as recorded in the Company's stock register on the record date of April 10, 2012, may vote at the meeting. The outstanding voting securities of the Company as of April 10, 2012, consisted of 23,652,262 shares of common stock. Each share of common stock is entitled to one vote on each matter considered at the meeting.

How Proxies Work

The Board is asking for your proxy. Giving the Board your proxy means that you authorize the Board to vote your shares at the meeting in the manner you direct. We will vote your shares as you direct. You may vote for one or both Class II Director Nominees, or you may withhold your vote from one or both of the Director Nominees. You may also vote for or against the other proposals, or abstain from voting. If your shares are held in your name, you can vote by completing, signing and dating your proxy card and returning it in the enclosed envelope. If you give the Board your signed proxy but do not specify how to vote, your shares will be voted (1) in favor of the Class II Director Nominees named in the proxy; (2) in favor of approving the Company's compensation of its named executive officers; (3) in favor of amending the Company's Second Amended and Restated Articles of Incorporation (Articles) to legally change the Company's name to PDC Energy, Inc.; and (4) in favor of the ratification of PricewaterhouseCoopers LLP (PwC) as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012.

If you hold shares through someone else, such as a stockbroker, you will receive material from that firm asking how you want to vote. Review the voting form used by that firm to determine what procedures you must follow in order for you to vote your shares. If the broker does not receive voting instructions from you, the broker may only vote on a proposal that is not considered a significant matter under the NASDAQ rules. At this year's Annual Meeting, your broker may vote without your instructions only on the ratification of the appointment of PwC as our independent registered public accounting firm for 2012. A broker's failure to vote because it lacks discretionary authority to do so is commonly referred to as a broker non-vote. The effect of broker none-votes differs between the various proposals to be voted upon at the 2012 Annual Meeting. For a description of the effect of broker non-votes on each proposal, see "Votes Needed" below.

Voting 401(k) and Profit Sharing Plan Shares

If you are a participant in PDC's 401(k) and Profit Sharing Plan and have shares of PDC common stock credited to your plan account as of the record date, you have the right to direct the plan trustee how to vote those shares. The trustee will vote the shares in your plan account in accordance with your instructions. Your vote may not be counted if your proxy card is not received by June 1, 2012, or if you have not sent instructions by such date as provided above under "How Proxies Work." You cannot vote such shares at the Annual Meeting or change your vote.

Revoking a Proxy

You may revoke your proxy before it is voted by:

Submitting a new signed proxy with a later date;

Notifying PDC's Corporate Secretary in writing before the meeting that you wish to revoke your proxy; or

Appearing at the meeting, notifying the Inspector of the Election that you wish to revoke your proxy, and voting in person at the meeting. Merely attending the meeting will not result in revocation of your proxy.

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If you hold your shares through someone else, such as a stockbroker, you will need to follow the directions they give you to revoke a proxy or otherwise vote at the meeting.

Quorum

In order to carry on the business of the meeting, there must be a quorum. This means that at least a majority of the outstanding shares eligible to vote must be represented at the meeting, either by proxy or in person. Treasury shares, which are shares owned by PDC itself, are not voted and do not count for this purpose. Abstentions and broker non-votes will count for quorum purposes.

Votes Needed

The following table presents the voting requirements to elect the two Class II Director Nominees and approve the other proposals presented in this Proxy Statement.

PROPOSAL SUMMARY

Proposal No. 1	Vote Required
Election of two Class II Directors.	The two nominees for a term of three years expiring in 2015 who receive the greatest number of votes cast (plurality) will be elected Directors for such term. There is no cumulative voting for Directors. Abstentions and broker non-votes will have no effect on the election of Directors.
Proposal No. 2 Advisory vote on the compensation of the Company's Named Executive Officers.	Majority of votes cast. Abstentions and broker non-votes will not be counted as votes cast or shares voting on Proposal No. 2 and will have no effect on the vote.
Proposal No. 3 Approve an amendment to the Company's Second Amended and Restated Articles of Incorporation to legally change the name of the Company to PDC Energy, Inc.	Majority of outstanding shares. Abstentions and broker non-votes will have the effect of negative votes on Proposal No. 3.
Proposal No. 4 Ratify the selection of PwC as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2012.	Majority of votes cast. Abstentions and broker non-votes will not be counted as votes cast or shares voting on Proposal No. 4 and will have no effect on the vote.

The Class II Director Nominees who receive the greatest number of votes will be elected to fill the two available seats on the Board. Only votes for or against a proposal count.

Attending in Person

Only stockholders or their proxy holders and PDC's guests may attend the Annual Meeting. For safety and security reasons, no cameras, audio or video recording equipment, large bags, briefcases or packages will be permitted in the meeting. In addition, each stockholder and guest may be asked to present valid, government-issued picture identification, such as a driver's license, before being admitted to the meeting.

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If your shares are held in the name of your broker, bank, or other nominee, you must bring to the meeting an account statement or letter from the nominee indicating that you beneficially owned the shares on April 10, 2012, the record date for receiving notice of, attending and voting at the Annual Meeting. Stockholders who do not present such information at the meeting may be admitted upon verification of ownership at the admissions table.

Conduct of the Meeting

The Chairman has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to address the meeting. The Chairman may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak on an item of business will be able to do so. The Chairman may also rely on applicable law regarding disruptions or disorderly conduct to ensure that the meeting is conducted in a manner that is fair to all stockholders.

Solicitation of Proxies

The Company will bear the cost related to the solicitation of proxies. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable and appropriate expenses incurred by them in sending the Notice of Internet Availability of Proxy Materials to the beneficial owners of the Company's common stock. In addition to solicitations by mail, Directors, officers and employees of the Company may solicit proxies by telephone and, to the extent necessary, other electronic communication and personal interviews, without additional compensation. The Company has entered into an agreement with Alliance Advisors LLC as its proxy solicitor and anticipates paying costs of approximately \$8,500 for such services.

Appraisal Rights

No action is proposed at the Annual Meeting for which the laws of the State of Nevada or our By-Laws provide a right of our stockholders to dissent and obtain appraisal of or payment for such stockholders' common stock.

Contact Information

If you have questions or need more information about the Annual Meeting, you may write to or call:

Corporate Secretary

Petroleum Development Corporation

1775 Sherman Street, Suite 3000

Denver, CO 80203

(303) 860-5800

For information about shares registered in your name, call PDC at 1-800-624-3821. You are also invited to visit PDC's website at www.petd.com. Website materials are not incorporated by reference into this Proxy Statement.

PROPOSALS REQUIRING STOCKHOLDER VOTE

PROPOSAL NO. 1 ELECTION OF TWO CLASS II DIRECTORS

(Proposal 1 on the Proxy Card)

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

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The Board has nominated two continuing Class II Directors, Anthony J. Crisafio and Kimberly Luff Wakim, whose terms expire in 2012 at the Annual Meeting, to stand for election to the Board for a three-year term expiring in 2015. Mr. Crisafio joined the Board in 2006 and currently serves on the Compensation Committee and the Audit Committee, which he chairs. Ms. Wakim joined the Board in 2003 and currently serves on the Audit Committee, the Nominating and Governance Committee, and the Compensation Committee, which she chairs.

The appointed proxies will vote your shares in accordance with your instructions and for the election of the two Class II Director Nominees unless you withhold your authority to vote for either of them. The Board does not contemplate that either of the Director nominees will become unavailable for any reason; however, if any Director is unable to stand for election, the Board may reduce its size or select a substitute. Your proxy cannot be otherwise voted for a person who is not named in this Proxy Statement as a candidate for Director or for a greater number of persons than the number of Director nominees named.

Board of Directors

The following table sets forth certain information as of March 30, 2012, regarding the composition of the Board, including the term of each Director.

Nominee	First Elected Director	Current Term Expires
CLASS II:		
Anthony J. Crisafio	2006	2012
Kimberly Luff Wakim	2003	2012
CLASS III:		
Larry F. Mazza	2007	2013
James M. Trimble	2009	2013
CLASS I:		
Joseph E. Casabona	2007	2014
David C. Parke	2003	2014
Jeffrey C. Swoveland	1991	2014

Name, Principal Occupation for Past Five Years**and Other Directorships****First
Elected
Director****NOMINEES FOR TERM EXPIRING IN 2015 CLASS II**

ANTHONY J. CRISAFIO, 59, a Certified Public Accountant, has served as an independent business consultant for more than fifteen years, providing financial and operational advice to businesses in a variety of industries and stages of development. He is currently serving as part-time contract Chief Financial Officer for Empire Energy USA, LLC, which operates approximately 2,500 wells primarily in New York and Kansas and is 90% owned by Empire Energy Group Limited, an energy investment company listed on the Australian Securities Exchange. He also serves as an interim Chief Financial Officer and Advisory Board member for a number of privately held companies and has been a Certified Public Accountant for more than thirty years. Mr. Crisafio served as Chief Operating Officer, Treasurer and member of the Board of Directors of Cinema World, Inc. from 1989 until 1993. From 1975 until 1989, he was employed by Ernst & Young and was a partner with Ernst & Young from 1986 to 1989. He was responsible for several Securities and Exchange Commission (SEC) registered client engagements and gained significant experience with oil and gas industry clients and mergers and acquisitions. In determining Mr. Crisafio's qualifications to serve on our Board, the Board has considered, among other things, that Mr. Crisafio brings to the Board more than thirty years of financial accounting and management expertise, with demonstrated business management and accounting experience.

2006

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Name, Principal Occupation for Past Five Years and Other Directorships	First Elected Director
<p>KIMBERLY LUFF WAKIM, 54, an attorney and a Certified Public Accountant, is a Partner with the Pittsburgh, Pennsylvania law firm Thorp, Reed & Armstrong LLP, where she is the Practice Group Leader for the Bankruptcy and Financial Restructuring Practice Group. She has practiced law with Thorp, Reed & Armstrong since 1990. Ms. Wakim has been on a leave of absence from the firm since June 2010, for health reasons, but expects to return in mid-2012. Ms. Wakim was previously an auditor with Main Hurdman (now KPMG) and was Assistant Controller for PDC from 1982 to 1985. She has been a member of the American Institute of Certified Public Accountants and the West Virginia Society of CPAs for more than eighteen years. In determining Ms. Wakim's qualifications to serve on our Board, the Board has considered, among other things, that Ms. Wakim brings to the Board a combination of strong legal background and expertise in accounting oversight.</p>	2003

CONTINUING DIRECTORS WITH TERM EXPIRING IN 2013 CLASS III

<p>LARRY F. MAZZA, 51, is Chief Executive Officer of MVB Financial Corp., the parent of multiple banks in West Virginia. He is a recognized name in West Virginia banking with more than 25 years of experience in both large banks and small community banks. Mr. Mazza is one of seven members of the West Virginia Board of Banking and Financial Institutions. This Board oversees the operation of financial institutions throughout West Virginia, and advises the state Commissioner of Banking on banking matters. Mr. Mazza is also an entrepreneur, and is co-owner of nationally-recognized sports media business Football Talk, LLC, which is one of the fastest growing pro football websites and a content provider for NBC SportsTalk. Prior to joining MVB in 2005 to lead its geographic expansion and growth, Mr. Mazza was Senior Vice President & Retail Banking Manager for BB&T Bank's #1 ranked retail region West Virginia North, consisting of 33 financial centers and more than 300 employees. Mr. Mazza was employed by BB&T and its predecessors from 1986 to 2005. Previous to this, Mr. Mazza was President of Empire National Bank at the age of 29, and later served as Regional President of One Valley Bank, a state-wide financial institution. Upon graduation from West Virginia University in Business Administration, he joined KPMG, a Big Four accounting firm, as a CPA with a focus on auditing. In addition to his business acumen, Mr. Mazza brings to the Board extensive leadership and banking experience. Banking relationships and experience have become particularly important to the Company in the recent years. The Company benefits from Mr. Mazza's first-hand continuing experience as a chief executive officer, a specific attribute sought by the Board when he initially became a Director in 2007. Mr. Mazza also provides an important link to community and employee stakeholders, demonstrating a continuing commitment to our largest workforce, located in Bridgeport, West Virginia.</p>	2007
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Name, Principal Occupation for Past Five Years and Other Directorships	First Elected Director
JAMES M. TRIMBLE, 63, was appointed President and Chief Executive Officer of the Company in June 2011, having served on the Board since 2009. From August 2005 until November 2010, Mr. Trimble served as Managing Director of Grand Gulf Energy, Limited (ASX: GGE), a public company traded on the Australian Securities Exchange, and retired from the Board of Directors of Grand Gulf Energy, Limited in November 2011. In January 2005, Mr. Trimble founded and served until November 2010 as President and Chief Executive Officer of the U.S. subsidiary Grand Gulf Energy Company LLC, an exploration and development company focused primarily on drilling in mature basins in Texas, Louisiana and Oklahoma. From 2000 through 2004, Mr. Trimble was Chief Executive Officer of Elysium Energy and then Tex-Cal Energy LLC, both of which were privately held oil and gas companies that he managed through troubled workout solutions. Prior to this, he was Senior Vice President of Exploration and Production for Cabot Oil and Gas (NYSE: COG). Mr. Trimble was hired in July 2002 as CEO of TexCal (formerly Tri-Union Development) to manage a distressed oil and gas company through bankruptcy, and that company filed for Chapter 11 reorganization within 45 days after the date that Mr. Trimble accepted such employment. He successfully managed the company through its exit from bankruptcy in 2004. From November 2002 until May 2006, he also served as a director of Blue Dolphin Energy, an independent oil and gas company with operations in the Gulf of Mexico. Mr. Trimble currently serves on the Board of Directors of Seisgen Exploration LLC, a small private exploration and production company operating in southern Texas. In determining Mr. Trimble's qualifications to serve on our Board, in addition to his status as CEO of the Company, the Board has considered, among other things, that Mr. Trimble is a Registered Professional Engineer who brings many years of broad oil and gas industry executive management experience to the Board, including experience as a chief operating officer, and knowledge of current developments and best practices in the industry.	2009

CONTINUING DIRECTORS WITH TERM EXPIRING IN 2014 CLASS I

JOSEPH E. CASABONA, 68, served as Executive Vice President and member of the Board of Directors of Denver-based Energy Corporation of America (ECA) from 1985 until his retirement in May 2007. ECA is a privately-held energy company that owns and operates assets both in the U.S. and around the world, including approximately 5,200 wells, 5,000 miles of pipeline, and 1,000,000 acres. As the primary direct report to the Chief Executive Officer of ECA, Mr. Casabona's major responsibilities included strategic planning/forecasting, acquisitions, capital transactions, corporate policy, as well as executive oversight in operational and drilling activities in the continental U.S. and internationally. From 1968 until 1985, Mr. Casabona was employed at KPMG Main Hurdman, or its predecessors, with various titles, including audit partner in the Pittsburgh, Pennsylvania office, where he primarily serviced public clients in the oil and gas industry. From 2008 until the beginning of 2011, Mr. Casabona served as Chief Executive Officer of Paramax Resources Ltd, a junior public Canadian oil and gas company engaged in the business of acquiring and exploration of oil and gas prospects, primarily in Canada and Idaho. In determining Mr. Casabona's qualifications to serve on our Board, the Board has considered, among other things, that Mr. Casabona brings to the Board extensive first-hand experience in all aspects of the oil and gas industry, including natural gas exploration, development, acquisitions, operations and strategic planning, as well as experience in the Company's primary areas of operations, the Rocky Mountain Region and the Appalachian Basin.	2007
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Name, Principal Occupation for Past Five Years

**First
Elected
Director**

and Other Directorships

DAVID C. PARKE, 45, has served as Managing Director in the merchant banking group of Burrill & Company since June 2011. From 2006 until 2011, he was Managing Director in the investment banking group of Boenning & Scattergood, Inc., a regional investment bank. Prior to joining Boenning & Scattergood, he was a Director with investment banking firm Mufson Howe Hunter & Company LLC, from October 2003 to November 2006. From 1992 through 2003, Mr. Parke was Director of Corporate Finance of Investec, Inc. and its predecessor, Pennsylvania Merchant Group Ltd., both investment banking companies. Prior to joining Pennsylvania Merchant Group, Mr. Parke served in the corporate finance departments of Wheat First Butcher & Singer, now part of Wells Fargo, and Legg Mason, Inc., now part of Stifel Nicolaus. Mr. Parke served on the board of directors of Zunicom, Inc., a public company, from 2006 until December 2007. In determining Mr. Parke's qualifications to serve on our Board, the Board has considered, among other things, that Mr. Parke has extensive investment banking experience, including experience in the oil and gas area, allowing him to contribute broad financial and investment banking expertise to the Board and to provide guidance on capital markets and acquisition matters.

2003

JEFFREY C. SWOVELAND, 57, was elected Non-Executive Chairman of the Board, a newly created position, in June 2011, having served