EXHIBIT E

EXHIBIT E

Table of Contents

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 Pursuant to Section 240.14a-12

PDC 2004-D Limited Partnership

(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.

(1) Title of each class of securities to which transaction applies:
Limited partnership units of PDC 2004-D Limited Partnership

(2) Aggregate number of securities to which transaction applies:
1,660.1 limited partnership units

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The maximum aggregate value of the transaction was calculated by multiplying the 1,660.1 limited partnership units held by limited partners unaffiliated with Petroleum Development Corporation by $7,544 per limited partnership unit. The filing fee was determined by multiplying 0.0000713 by the maximum aggregate value of the transaction as determined in accordance with the preceding sentence.

(4) Proposed maximum aggregate value of transaction:
$12,523,794.40

(5) Total fee paid:
$893

[Fee paid previously with preliminary materials.

˛ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 4 of 185

Table of Contents

PDC 2004-D LIMITED PARTNERSHIP

1775 Sherman Street, Suite 3000
Denver, Colorado 80203

NOTICE OF SPECIAL MEETING OF INVESTORS TO BE HELD ON DECEMBER 8, 2010

To the investors in PDC 2004-D Limited Partnership:

NOTICE IS HEREBY GIVEN that PDC 2004-D Limited Partnership, which we refer to as the partnership, will hold a special meeting of its limited partners other than PDC and its affiliates, which we refer to as the investors, at 1775 Sherman Street, Suite 3000, Denver, Colorado 80203 on December 8, 2010 at 10:00 a.m., local time for the following purposes:

- To consider and vote upon a proposal by Petroleum Development Corporation, a Nevada corporation and the managing general partner of the partnership, which we refer to as PDC, to amend the partnership's limited partnership agreement, which we refer to as the partnership agreement, in order to grant the investors an express right to vote to approve merger transactions such as the one described below.
- To consider and vote upon a proposal by PDC to approve the Agreement and Plan of Merger, dated as of June 7, 2010 and effective May 1, 2010, which we refer to as the merger agreement, by and among the partnership, PDC and DP 2004 Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of PDC, which we refer to as the merger sub, pursuant to which the partnership will merge with and into the merger sub, with the merger sub being the surviving entity. Upon consummation of the merger, all of the partnership's outstanding limited partnership units (other than the limited partnership units owned by PDC or any subsidiary thereof and other than limited partnership units owned by investors who properly exercise appraisal rights) will be converted into the right to receive cash in an amount equal to $7,544 per limited partnership unit, less the sum of the per unit cash distributions made after June 30, 2010, as more fully described in the enclosed proxy statement. In the event holders of less than a majority of the outstanding limited partnership units held by the investors vote to approve the amendment or the merger agreement, PDC will withdraw the offer and the merger will not proceed.
- To consider and vote upon any proposal to adjourn or postpone the special meeting to a later date if necessary or appropriate, including an adjournment or postponement to solicit additional proxies if, at the special meeting, the number of limited partnership units present or represented by proxy and voting in favor of the approval of the merger agreement or the amendment to the partnership agreement is insufficient to approve the merger agreement or the amendment to the partnership agreement, respectively.
- To transact other business as may properly come before the special meeting.

We describe the amendment to the partnership agreement and the merger agreement more fully in the accompanying proxy statement, which includes a copy of the merger agreement as Appendix A, a copy of the partnership agreement as Appendix F, and a copy of form of the amendment to the partnership agreement as Appendix G. PDC has fixed the close of business on September 13, 2010 as the record date for determining the investors entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the meeting. Only holders of limited partnership units at the close of business on the record date are entitled to notice of and to vote at the special meeting.

Table of Contents

The affirmative vote of the holders of a majority of the outstanding limited partnership units held by the investors is required to approve the amendment and the merger agreement. All investors will be bound by the vote of the investors at the special meeting. If the amendment is not approved by the required vote, the merger agreement proposal will not be presented or considered for approval at the special meeting. PDC and its affiliates will not vote at the special meeting either as the managing general partner or with respect to any limited partnership units they own. Investors are entitled to assert appraisal rights and have the right to dissent from the merger under the West Virginia Business Corporation Act and thereby to receive a payment in cash for the fair value of their limited partnership units.

Your vote is important regardless of the number of limited partnership units you own. PDC requests that you complete and sign the enclosed proxy card and mail it promptly in the accompanying postage-prepaid envelope. You may also vote over the internet at http://www.pdcgas.com/castmyvote.cfm. If you choose to vote over the internet, you will be required to enter your Unique ID. Your Unique ID is the 8-to-10 digit number found on the bottom left of the proxy card included with the enclosed proxy statement. You may revoke any proxy that you have previously delivered prior to the special meeting by delivering a written notice to the partnership stating that you have revoked your earlier proxy or by delivering a later-dated proxy at any time prior to the special meeting. You may also revoke your proxy or change your earlier vote over the internet by following the instructions at that site. Investors who attend the special meeting may vote in person, even if they have previously delivered a signed proxy, including a proxy voted over the internet.

PDC 2004-D Limited Partnership

Darwin L. Stump

Darwin L. Stump
Vice President Accounting Operations
Petroleum Development Corporation,
Managing General Partner

Table of Contents

PDC 2004-D LIMITED PARTNERSHIP

1775 Sherman Street, Suite 3000
Denver, Colorado 80203

PROXY STATEMENT
SPECIAL MEETING OF THE INVESTORS IN PDC 2004-D LIMITED PARTNERSHIP TO BE HELD ON DECEMBER 8, 2010

Dear Investors in PDC 2004-D Limited Partnership:

We invite you to attend the special meeting (including any adjournment or postponement of such special meeting) of the investors in PDC 2004-D Limited Partnership, a West Virginia limited partnership, which we refer to as the partnership. The special meeting will be held on December 8, 2010, at 10.00 a.m., Mountain Time. The purpose of the special meeting is for you to vote on an amendment to the partnership's limited partnership agreement, which we refer to as the partnership agreement, and on a merger of the partnership that, if completed, will result in your receiving cash for your limited partnership units. DP 2004 Merger Sub, LLC, a Delaware limited liability company, which we refer to as the merger sub, desires to acquire the partnership. The merger sub is a direct wholly-owned subsidiary of Petroleum Development Corporation, a Nevada corporation, or PDC. If you and the other limited partners other than PDC and its affiliates, whom we refer to as the investors, approve the merger, the partnership will be merged with and into the merger sub, the merger sub will survive the merger and your limited partnership units will be converted into the right to receive cash in an amount equal to $7,544 per limited partnership unit, less the sum of the per unit cash distributions made after June 30, 2010, as more fully described in this proxy statement.

The special committee of the board of directors of PDC (which we refer to as the special committee), on behalf of PDC in its capacity as the managing general partner of the partnership, has approved the merger agreement, has determined that the merger is advisable and in the best interests of the partnership and reasonably believes that the merger is fair to the investors, each of whom is unaffiliated with PDC.

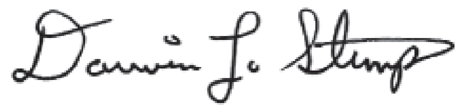
We can complete the merger only if the amendment to the partnership agreement and the merger agreement are approved by holders of a majority of outstanding limited partnership units held by the investors. This document provides information about the amendment and the proposed merger. It also includes a copy of the merger agreement, the partnership agreement, the form of the amendment to the partnership agreement, the fairness opinion, the reserve report and statutes detailing appraisal rights in West Virginia. Please give all of this information your careful attention.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing to us the enclosed proxy card. This will not prevent you from revoking your proxy at any time prior to the special meeting or from voting your limited partnership interests in person if you later choose to attend the special meeting. You may also vote via the internet at the following web site: http://www.pdcgas.com/castmyvote.cfm. If you choose to vote over the internet, you will be required to enter your Unique ID. Your Unique ID is the 8-to-10 digit number found on the bottom left of the proxy card included with this proxy statement.

Table of Contents

If the merger is approved, we intend to mail checks to the investors within 30 days after completing the merger. Checks will be mailed to the same addresses to which monthly distribution checks are mailed.

Sincerely,



Darwin L. Stump
Vice President Accounting Operations
Petroleum Development Corporation,
Managing General Partner

YOU SHOULD CAREFULLY CONSIDER THE RISKS RELATING TO THE MERGER DESCRIBED IN “RISK FACTORS.” IN PARTICULAR, YOU SHOULD NOTE THAT PDC’S BOARD OF DIRECTORS HAD CONFLICTING INTERESTS IN EVALUATING THE MERGER. THE TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THE TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement is dated September 30, 2010. It is first being mailed to the investors on or about October 4, 2010.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 9 of 185

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

SUMMARY TERM SHEET

In this section, we highlight selected information from this proxy statement. However, we may not have included all of the information that may be important to you. To better understand the proposed amendment to the partnership agreement, the merger and the merger agreement, and for a description of the legal terms and conditions governing the merger, you should carefully read this entire proxy statement, including the appendices, which include a copy of the merger agreement, the fairness opinion of the investment banking firm named below, the partnership agreement and the form of the amendment to the partnership agreement. For definitions of oil and gas terms used in this document, see "Commonly Used Oil and Gas Terms."

When this proxy statement uses the terms "PDC," "we," "us," "our" or "ours" it is referring to Petroleum Development Corporation. When this proxy statement uses the term "merger sub," it is referring to DP 2004 Merger Sub, LLC. When this proxy statement uses the term "affiliated officers" it is referring to Messrs. Bart Brookman, Gysle Shellum and Dan Amidon collectively. When this proxy statement uses the term "partnership affiliates" it is referring to PDC, merger sub and the affiliated officers collectively. When this proxy statement uses the term "partnership," it is referring to PDC 2004-D Limited Partnership, and when it uses the term "investors" it is referring to the holders of limited partnership units of the partnership, other than PDC and its affiliates. The Agreement and Plan of Merger, dated as of June 7, 2010, which we refer to as to merger agreement, by and among PDC, the merger sub and the partnership, is included as Appendix A to this proxy statement.

Special Meeting of Investors

The special meeting of the investors will be held on December 8, 2010, at 10:00 a.m., Mountain Time, at 1775 Sherman Street, Suite 3000, Denver, Colorado 80203. The purpose of the special meeting, and any adjournment or postponement of the special meeting, is for the investors to consider and vote on the following matters:

- A proposal by PDC to amend the partnership agreement in order to grant the investors an express right to vote to approve merger transactions such as the proposed merger.
- A proposal by PDC to approve the Agreement and Plan of Merger, dated as of June 7, 2010 and effective May 1, 2010, which we refer to as the merger agreement, by and among the partnership, PDC and the merger sub, pursuant to which the partnership will merge with and into the merger sub, with the merger sub being the surviving entity.
- Any proposal to adjourn or postpone the special meeting to a later date if necessary or appropriate, including an adjournment or postponement to solicit additional proxies if, at the special meeting, the number of limited partnership units present or represented by proxy and voting in favor of the approval of the merger agreement or the amendment to the partnership agreement is insufficient to approve the merger agreement or the amendment of the partnership agreement, respectively.
- Other business as may properly come before the special meeting.

See "The Special Meeting" beginning on page 45.

Proposed Merger Transaction

- *Parties to the Proposed Merger Transaction.*
  - ***Petroleum Development Corporation.*** PDC, a Nevada corporation, is an independent energy company engaged in the exploration, development, production and marketing of oil and natural gas. Since it began oil and gas operations in 1969, PDC has grown through drilling and development activities, acquisitions of producing natural gas and oil wells and the expansion of its natural gas marketing activities. PDC also serves as the

managing general partner of 33 partnerships formed to drill, own and operate natural gas and oil wells, including PDC 2004-D Limited Partnership. PDC, in its capacity as managing general partner of the partnership, prepared this document to solicit your proxy. See "Additional Business Information — Petroleum Development Corporation."

Table of Contents

- ***DP 2004 Merger Sub, LLC.*** The merger sub is a direct, wholly-owned subsidiary of PDC and was formed as a limited liability company under the laws of the State of Delaware. The merger sub was formed on May 7, 2010 solely for the purpose of effecting the merger of PDC's drilling partnerships. The merger sub has not conducted any business operations other than activities incidental to its formation and in connection with the transactions contemplated by the merger. See "Additional Business Information — DP 2004 Merger Sub, LLC."

- ***PDC 2004-D Limited Partnership.*** The partnership is a limited partnership formed on July 28, 2004 pursuant to the West Virginia Uniform Limited Partnership Act. The partnership was formed to drill, own and operate natural gas and oil wells and to provide the general and limited partners with tax incentives and cash flow from operations. Since the commencement of operations in September 2004, the partnership has been engaged in onshore, domestic oil and natural gas exploration exclusively in the Rocky Mountain Region. PDC serves as managing general partner of the partnership. 1,111 limited and additional general partners contributed initial capital of $35.0 million and PDC contributed $7.7 million in capital as a participant in accordance with the contribution provisions of the partnership agreement. On December 28, 2005, in accordance with the partnership agreement, all of the partnership's additional general partners were converted to limited partners. The partnership had 1,749.95 limited partnership units outstanding as of the record date, 89.85 (or approximately 5.1%) of which were held of record by PDC or an affiliate thereof. As of the record date, there were 1,103 registered holders. See "Additional Business Information — PDC 2004-D Limited Partnership."

- *The Merger*. You are being asked to vote to approve the merger agreement. Pursuant to the merger agreement, the partnership will merge with and into the merger sub, with the merger sub being the surviving entity. In the event holders of less than a majority of the outstanding limited partnership units held by the investors vote to approve the amendment or the merger agreement, PDC will withdraw the offer and the merger will not proceed. See "The Merger Agreement" beginning on page 54.

- *Merger Consideration*. Upon consummation of the merger, all of the partnership's outstanding limited partnership units (other than the limited partnership units owned by PDC or any subsidiary thereof and other than limited partnership units owned by investors who properly exercise appraisal rights) will be converted into the right to receive cash in an amount equal to $7,544 per limited partnership unit, less the sum of the per unit cash distributions made after June 30, 2010 and before the transaction closes. See "Method of Determining Merger Value and Amount of Cash Offered" beginning on page 51.

- *Components of Merger Value.* The $7,544 per unit merger value assigned to the partnership was based on an effective date of May 1, 2010 and calculated as follows:

  - PDC calculated the volumes of the partnership's proved reserves as of May 1, 2010 based on a future production curve consistent with the production curves used in the partnership's proved reserve report as of December 31, 2009, with the addition of estimated reserves attributable to non-proven recompletion and drilling projects not included in the partnership's proved reserve report.

  - PDC calculated the present value of estimated future net cash flows from the partnership's estimated production and reserves as of May 1, 2010 using (1) 100% of the arithmetic average of the five-year NYMEX futures price as of March 31, 2010 for oil, which was approximately $86.41 per barrel, less standard industry adjustments and differentials by area, and (2) 100% of the arithmetic average of the five-year NYMEX futures price as of March 31, 2010 for gas, which was approximately $5.56 per Mcf, less standard industry adjustments and differentials by area. Standard industry adjustments included:

    - the effects of oil quality;

- BTU content for gas;
- oil and gas gathering and transportation costs; and
- gas processing costs and shrinkage.

Table of Contents

Those adjustments reflected assumptions about the costs to extract and process, if necessary, crude oil, natural gas liquids and natural gas and transport them to their point of sale.

- PDC calculated the present value of the estimated future net cash flows using before tax discount rates of 15% for proved developed producing reserves and 25% for proved developed non-producing reserves.
- Proved developed non-producing reserves include both Codell refracturing and Niobrara recompletion projects.
- Substantial capital expenditures could increase production, but given that the partnership cannot incur debt, such capital expenditures could only be made by withholding distributions over the long term.
  - Non-proven undeveloped projects were valued at $10,000 per drilling location.
- See "Method of Determining Merger Value and Amount of Cash Offered" beginning on page 51.

- *Limitations of Merger Value Calculations*. The calculations of the partnership's proved reserves of crude oil, natural gas liquids and natural gas and future net revenues from those reserves included in this document are only estimates and may be incorrect.
  - The accuracy of any estimate is a function of:
    - the quality of available data;
    - engineering and geological interpretation and judgment regarding future production levels of oil, natural gas liquids and natural gas;
    - assumptions about future quantities of recoverable oil, natural gas liquids and natural gas reserves and operating expenses related thereto;
    - the timing of and actual level of success realized in the development of non-producing reserves;
    - assumptions about prices for crude oil, natural gas liquids and natural gas; and
    - assumptions about costs to extract and process, if necessary, crude oil, natural gas liquids and natural gas and to transport them to their point of sale.
  - Since the merger value is based on assumptions about reserves, production, commodity prices and costs that may prove to be incorrect, the merger value could vary materially from the current market value of, or the price that a third party might offer for, the partnership's estimated oil and gas reserves and from the value given to the partnership's actual future net revenues. The assumptions used to determine the merger value might not properly reflect the value of the partnership's assets. In that case, partners could receive less than a fair market price for their partnership interests. See "Risk Factors — The estimates of proved reserves and future net revenues considered when calculating the merger value, and underlying assumptions about future production, commodity prices and costs, may be incorrect," "Risk Factors — The merger value might not reflect the value of the partnership's assets," "Risk Factors — PDC does not expect that the merger value will be adjusted for changes before the completion of the merger," and "Risk Factors — You were not independently represented in establishing the terms of the merger."
  - A copy of the partnership's reserve report as of December 31, 2009, including the assumptions used in the preparation of that report, is included as Appendix D to this proxy statement. The partnership's financial statements as of June 30, 2010 and 2009 and for the periods then ended and as of December 31, 2009 and 2008 and for the years then ended are included as Appendix E to this proxy statement.

- *Purpose of the Proposed Merger Transaction.* Drilling partnerships are not part of PDC's strategic plan going forward, and PDC wishes to buy them back, to the extent feasible. PDC has not established a drilling partnership since 2007 and has publicly announced a fundamental shift in its business strategy away from the partnership model to a more traditional exploration and production company model.

Table of Contents

PDC also wishes to position itself as a growth company, and consummation of the merger will allow PDC to invest further capital in the partnership's assets on a timetable of its own choosing. In addition, the merger will result in administrative efficiencies and cost reductions in the management and operation of the properties now owned by the partnership, particularly in the areas of audit, accounting and tax services, SEC reporting, engineering services, bookkeeping, data processing, record maintenance and communication with the partners. Finally, no liquid market currently exists for the partnership's limited partnership units, and the merger will afford investors the opportunity to cash out their investment in the partnership. See "Special Factors with Respect to the Merger — PDC's Reasons for the Merger" and "Special Factors with Respect to the Merger — The Partnership's Reasons for the Merger."

Other Important Considerations

- *Conflicts of Interest.*
  - **In considering the recommendation with respect to the merger of the special committee, on behalf of PDC in its capacity as managing general partner of the partnership, the investors should be aware that PDC has interests in the merger that are different from, or in addition to, the interests of the investors generally.** PDC, as managing general partner of the partnership, has a duty to manage the partnership in the best interests of the limited partners of the partnership. However, PDC also has a duty to operate its business for the benefit of its shareholders. Consequently, PDC's duties to its shareholders may conflict with its duties to the investors.
  - In addition, the members of the board of directors of PDC have a duty to cause PDC to manage the partnership in the best interests of the limited partners of the partnership. However, members of the board of directors of PDC also have a duty to operate PDC's business for the benefit of its shareholders, and board members who are also officers of PDC have a duty to operate PDC's business in PDC's best interests. Consequently, the duties of the members of the board of directors of PDC to the investors may conflict with the duties of those members to PDC and PDC's shareholders.
  - PDC and its board of directors have attempted to formally address the conflicts inherent in the relationships among PDC, the partnership and the officers and directors of PDC by forming a special committee of the board of directors consisting of four non-employee members of PDC's board. However, because each of the members of the special committee is also a member of PDC's board of directors, an inherent conflict continues to exist with respect to each member's duties to the investors in his capacity as a member of the special committee, on the one hand, and such member's duties to the shareholders of PDC in his capacity as a member of PDC's board of directors, on the other hand.
  - See "Special Factors with Respect to the Merger — Conflicting Duties of PDC, Individually and as the General Partner" beginning on page 36.
- *Fairness of the Transaction.*
  - ***Special Committee.*** The special committee, on behalf of PDC in its capacity as the managing general partner of the partnership, has approved the merger agreement, has determined that the merger is advisable and in the best interests of the partnership and reasonably believes that the merger is fair to the investors, each of whom is unaffiliated with PDC. In reaching its conclusion as to the fairness of the transaction, the special committee also considered the procedural and substantive fairness of the transaction to the unaffiliated investors. See "Special Factors with Respect to the Merger — Fairness of the Merger; Recommendation of the Special Committee" beginning on page 21.
  - ***Partnership Affiliates.*** The rules of the SEC require each of the partnership affiliates to express a belief as to the substantive and procedural fairness of the proposed merger to

the investors. The views of the partnership affiliates with respect to the fairness of the merger to the investors are not, and should not be construed as, a recommendation to any investor as to how that investor should vote on the proposal to approve the merger agreement. Each of the partnership affiliates believes the merger is procedurally and substantively fair to the investors. See "Special Factors with Respect to the Merger — Position of the Partnership Affiliates as to the Fairness of the Merger to the Investors" beginning on page 18.

- *Recommendation Regarding the Proposed Merger Transaction*. The special committee encourages you to vote **FOR** the proposals to approve the amendment and the merger agreement and **FOR** any proposal to adjourn or postpone the special meeting to a later date, including an adjournment or postponement to solicit additional proxies if, at the special meeting, the number of limited partnership units present or represented by proxy and voting in favor of the approval of the merger agreement or the amendment to the partnership agreement is insufficient to approve the merger agreement or the amendment of the partnership agreement, respectively. See "Special Factors with Respect to the Merger — Fairness of the Merger; Recommendation of the Special Committee."
- *Opinion of the Special Committee's Financial Advisor.*
  - On June 4, 2010, Houlihan Lokey Howard & Zukin Financial Advisors, Inc., which we refer to as Houlihan Lokey, rendered its oral opinion to the special committee (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion dated the same date) to the effect that, as of June 4, 2010, the consideration to be received by the unaffiliated holders of limited partnership interests in the proposed merger pursuant to the merger agreement was fair to such unaffiliated holders of limited partnership interests from a financial point of view. For purposes of its opinion, Houlihan Lokey defined the unaffiliated holders of limited partnership interests as the holders of limited partnership interests in the partnership other than PDC and its affiliates.
  - Houlihan Lokey's opinion was directed to the special committee and only addressed the fairness, from a financial point of view, of the consideration to be received by the unaffiliated holders of limited partnership interests in the proposed merger pursuant to the merger agreement, and did not address any other aspect or implication of the proposed merger. The summary of Houlihan Lokey's opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Appendix B to this proxy statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. However, neither Houlihan Lokey's written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and they do not constitute, advice or a recommendation to any holder of limited partnership interests as to how such limited partner should act or vote with respect to any matter relating to the merger. See "Special Factors with Respect to the Merger — Opinion of the Special Committee's Financial Advisor" beginning on page 23.
- *Effects of the Transaction.* The merger will involve the merger of the partnership with and into the merger sub, an exchange of cash consideration for the limited partnership units held by the investors, and all of PDC's interest in the partnership (including, without limitation, its managing general partner interest and all limited partnership units held by PDC or any of its affiliates) shall be extinguished. As a result of the merger, the investors will have no continuing interest in the partnership. Following the merger, there will be no trading market for the limited partnership units, and no further distributions will be paid to the former investors. In addition, following the consummation of the merger, the registration of any limited partnership units under the Securities Exchange Act of 1934 will be terminated. Upon completion of the merger, the merger sub shall be the surviving entity, the partnership will cease as a separate business entity, and PDC shall hold all of the interests in the merger sub. See "Special Factors with Respect to the Merger — Effects of the Merger" beginning on page 36.
- *Appraisal Rights*. Whether the investors vote to approve or reject the amendment and/or the merger agreement proposals, you as an investor will be bound by the vote. As a result,

if the amendment and the merger agreement are approved by the investors, all investors will be required to exchange their limited partnership units for the cash payment described above, including those investors who voted against approving the merger agreement, subject to the valid exercise of appraisal rights. See "Rights of Dissenting Investors" beginning on page 57.

Table of Contents

- *Material U.S. Federal Income Tax Consequences.* The exchange by an investor of limited partnership units for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. The effects of the merger may be different for each investor. See "Special Factors with Respect to the Merger — Material U.S. Federal Income Tax Considerations" beginning on page 38. **You are urged to consult your own tax advisor to determine all of the relevant federal, state and local tax consequences of the merger particular to you. The discussion in this proxy statement is not intended as a substitute for careful tax planning, and you must depend upon the advice of your own tax advisor concerning the effects of the merger.**

Questions and Answers About the Proposed Merger Transaction

• WHAT WILL INVESTOR APPROVAL OF THE PROPOSED TRANSACTION MEAN FOR ME?

If the holders of a majority of the outstanding limited partnership units held by the investors vote to approve both the amendment to the partnership agreement and the merger agreement, upon consummation of the merger, each limited partnership unit (other than the limited partnership units owned by PDC or any subsidiary thereof and other than limited partnership units owned by investors who properly exercise appraisal rights as described below) will be converted into the right to receive cash in an amount equal to $7,544 per limited partnership unit, less the sum of the per unit cash distributions made after June 30, 2010 and before the transaction closes (proportionally adjusted for partial limited partnership units), as more fully described in this proxy statement under the heading "Method of Determining Merger Value and Amount of Cash Offered — Components of Merger Value." If holders of less than a majority of the outstanding limited partnership units held by the investors vote to approve either the amendment to the partnership agreement or the merger agreement, PDC will withdraw its offer, each investor will continue to be an investor in the partnership, and the partnership will continue its normal business operations. See "Special Factors with Respect to the Merger — Effects of the Merger."

A regular cash distribution was made by the partnership in June 2010 based on the partnership's production through April 30, 2010. Because the merger, if approved by the investors and completed, will be effective May 1, 2010, the amount of the per unit cash distributions made after June 30, 2010 and before the transaction closes will be deducted from the per unit cash merger consideration of $7,544.

• WHY IS PDC MAKING AN OFFER TO ACQUIRE THE PARTNERSHIP AT THIS TIME?

- Future natural gas prices are uncertain because low-cost shale plays, particularly the Marcellus shale, may set national prices going forward. As a result of lower natural gas prices, the high natural gas hedging prices which PDC has achieved for the partnership during the last several years are not available at this time for future periods. PDC expects that lower realized natural gas prices and declining production will result in reduced per unit distributions in the future. The partnership's aggregate distributions per limited partnership unit for the twelve months ended December 31, 2009 and June 30, 2010 were $1,999 and $1,933, respectively. PDC estimates that the partnership's aggregate distribution per limited partnership unit for the twelve months ending June 30, 2011 will be $842. This estimate is based on the twelve month production period beginning in May 2010 and ending in April 2011. This estimated aggregate distribution is approximately $1,157 and $1,091 less than the aggregate distribution for the twelve months ended December 31, 2009 and June 30, 2010, respectively. The decrease in cash flows available for distributions is expected to result primarily from a reduction in realized gains on derivative transactions. The estimate does not assume any incremental revenue or take into account additional refracing or the withholding of distributions to develop proved undeveloped reserves. PDC believes that the estimates, assumptions and considerations made in calculating the estimated aggregate distribution for the twelve months ending

June 30, 2011, are reasonable. The projections summarized below were also provided to Houlihan Lokey, the special committee's financial advisor.

Table of Contents

- The following table shows the financial statement line items used to determine distributable cash flows. Certain non-cash items were excluded because they have no effect on the cash distributed to limited partners:

	Twelve Months Ended December 31, 2009 (Actual)	Twelve Months Ending June 30, 2011 (Estimated)
Revenue(1)	$ 2,465,463	$ 2,870,000
Realized derivative gains(2)	2,143,769	180,000
Gross revenues	4,609,232	3,050,000
Operating expenses(3)	847,154	858,000
Production taxes(4)	81,808	175,000
General and administrative expenses(5)	696,095	175,000
Total costs	1,625,057	1,208,000
Net cash flows	$ 2,984,175	$ 1,842,000
General partner cash flows	(596,835)	(368,400)
Limited partner cash flows	$ 2,387,340	$ 1,473,600
Limited partnership units	1,749.95	1,749.95
Distributions per limited partnership unit(a)	$ 1,999	$ 842

(a) Distributions per limited partnership unit for the twelve months ended December 31, 2009 includes changes in working capital. For the twelve months ending June 30, 2011 changes in working capital are not expected to be significant.

(1) Operating Revenue

- PDC estimates that the partnership will generate $2,870,000 in revenues during the twelve months ending June 30, 2011. The partnership generated $2,465,463 in revenues during the year ended December 31, 2009.
- The anticipated increase in the partnership's revenues of $404,537 is primarily expected to result from increased oil and natural gas prices, partially offset by the decrease in production discussed below.
- NYMEX forward pricing curves as of May 1, 2010 were used to calculate estimated revenue. The year ended December 31, 2009 revenue was based on average pricing received for the year. The average forward strip price used in the June 30, 2011 projection was $5.33 compared to the average sales price realized of $3.75 during the year ended December 31, 2009.
- PDC estimates that the partnership's production will be 539,000 Mcfe during the twelve months ending June 30, 2011. The partnership produced 658,317 Mcfe during the year ended December 31, 2009. The anticipated decrease in production of 119,317 Mcfe is expected to result from normal production declines.
- The estimated production was obtained from the 2009 year end reserve report, which was prepared by Ryder Scott, the partnership's independent reserve engineers, and utilized information provided by management. The production data in the report for 2010 and 2011 was prorated to arrive at total estimated production.

(2) Realized Derivative Gains

- PDC estimates that the partnership will generate $180,000 in realized gains during the twelve months ending June 30, 2011. The partnership generated $2,143,769 in realized gains during the year ended December 31, 2009.

7

Table of Contents

- The expected decrease in realized gains of $1,963,769 is primarily expected to result from increased commodity prices and the fact that the partnership's production is hedged at a significantly lower price when compared to the twelve months ended December 31, 2009.
- Forward pricing curves as of May 1, 2010 were used to calculate realized gains and losses based on current derivative positions which settle between June 2010 and April 2011. The actual realized gains for May 2010 were utilized.

(3) Operating Expenses

- PDC estimates that the partnership's operating expenses will be $858,000 during the twelve months ending June 30, 2011, as compared to $847,154 for the year ended December 31, 2009. Projections from the 2009 reserve report, which was prepared by Ryder Scott and utilized information provided by management, were used to calculate operating expenses for the twelve months ending June 30, 2011.

(4) Production Taxes

- PDC estimates that the partnership's total production tax expenses will be $175,000 during the twelve months ending June 30, 2011, as compared to $81,808 during the year ended December 31, 2009. Estimated production taxes were based on current tax rates, as PDC does not anticipate a significant change in rates through June 2011. These rates were applied to the calculated revenue to arrive at the total production tax expense.

(5) General and Administrative Expenses

- PDC estimates that the partnership's total general and administrative expense will be $175,000 during the twelve months ending June 30, 2011, as compared to $696,095 during the year ended December 31, 2009. The partnership's general and administrative expenses consist of audit, income tax preparation and outside consultant fees, among other expenses. The anticipated decrease of $521,095 in general and administrative costs is expected to result from nonrecurring professional fees. The projected general and administrative costs for the period ending June 30, 2011 were based on internal estimates of expected recurring costs.

Regulatory, Industry and Economic Factors

- In making its estimates, PDC assumed that there would be no new federal, state or local regulations of the portions of the energy industry in which the partnership operates, and no new interpretations of existing regulations, that would be materially adverse to the partnership's business during the twelve months ending June 30, 2011.
- In making its estimates, PDC also assumed no major adverse changes in the upstream oil and gas industry or in general economic conditions during the twelve months ending June 30, 2011.

This prospective financial information was not prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for the preparation and presentation of prospective financial information. The prospective financial information included in this proxy statement has been prepared by, and is the responsibility of, PDC's management. PricewaterhouseCoopers LLP has not examined, compiled or performed any procedures with respect to such prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in this proxy relates to the partnership's historical financial information. It does not extend to the prospective financial information and should not be read to do so.

Table of Contents

PDC's estimate of the total return on a $20,000 investment in limited partnership units, including the cumulative cash distributions for the partnership's production through April 2010 and the merger consideration of $7,544 per unit, is set forth below:

Estimated Return on $20,000 Investment in Limited Partnership Units of PDC 2004-D Limited Partnership(1)

	Amount	Percent Return
Cumulative cash distributions(2)	$15,995	80.0%
Cumulative tax savings(3)	8,098	40.5%
Total return before merger	24,093	120.5%
Merger consideration per unit (before deduction of cash distributions made after June 30, 2010)	7,544	37.7%
Total return including merger consideration	$31,637	158.2%

(1) Based on $20,000 investment in the partnership at the time of the partnership's formation.

(2) Includes cash distributions for production through April 2010.

(3) Assumes the maximum federal income tax rate of 35%, plus 4% for state income taxes.

- Changes in accounting rules and the regulation of public companies have significantly increased the third party, regulatory and administrative costs of the partnership. Increasing costs reduce the funds available for distribution to investors. PDC anticipates that the consummation of the merger will eliminate costs, including time spent by PDC employees, related to preparing and filing the partnership's SEC reports, financial statements and separate tax returns and responding to the concerns and inquiries of the investors. The merger will result in administrative efficiencies and cost reductions in the management and operation of the properties now owned by the partnership, particularly in the areas of audit, accounting and tax services, SEC reporting, engineering services, bookkeeping, data processing, record maintenance and communication with the partners. The value of the offer by PDC was calculated without reduction for these increased levels of accounting and reporting expenses.
- The so-called "Bush tax cuts" will expire at the end of 2010, and it is widely anticipated that marginal tax rates for U.S. federal income tax purposes will increase in 2011. As a result, it may be more advantageous for investors who wish to sell their limited partnership units to do so during 2010 than it would be for them to wait until 2011 or later.

See "Special Factors with Respect to the Merger — PDC's Reasons for the Merger" and "Special Factors with Respect to the Merger — The Partnership's Reasons for the Merger."

• *WHAT EFFECT WILL THE TRANSACTION HAVE ON MY DISTRIBUTION CHECKS?*

You should have received a distribution check, reflecting April's production, in June of 2010. You will continue to receive distribution checks after June 30, 2010. But because the merger, if approved by the investors and completed, will be effective May 1, 2010, the amount of the per unit cash distributions made after June 30, 2010 and before the transaction closes will be deducted from the per unit cash merger consideration of $7,544. You will receive a check for this transaction within 30 days after the merger is completed. Checks will be mailed to the same addresses to which monthly distribution checks are mailed. If the transaction is not approved or completed, you will continue to receive your distributions as you have in the past. See "Distribution of Cash Payments."

• *WHAT EFFECT WILL THE TRANSACTION HAVE ON MY K-1?*

In February 2010, you received your 2009 K-1 reflecting 2009 taxable income. If the transaction is approved, investors will have no continuing interest in the partnership and the merger will eliminate the investors' Schedule K-1 tax reports in the partnership for tax years after the merger occurs. This is expected to simplify the investors' individual tax return preparation and reduce preparation costs. See "Special Factors with Respect to the Merger — Material U.S. Federal Income Tax Consequences."

Table of Contents

• *WHAT IS THE STRUCTURE OF THE PROPOSED MERGER TRANSACTION?*

If the merger transaction is approved by holders of a majority of outstanding limited partnership units held by the investors, the partnership will be merged with and into DP 2004 Merger Sub, LLC, a Delaware limited liability company, which we refer to as the merger sub. The merger sub is a wholly-owned subsidiary of PDC. Upon completion of the merger, the merger sub will be the surviving entity, the separate existence of the partnership as a business entity will cease, and PDC will hold all of the equity interests in the merger sub. As consideration for their limited partnership units, the investors will be entitled to receive a cash payment in an amount equal to $7,544 per limited partnership unit upon completion of the merger, less the sum of the per unit cash distributions made after June 30, 2010 and before the transaction closes, as more fully described in this proxy statement under the heading "Method of Determining Merger Value and Amount of Cash Offered — Components of Merger Value."

In order for the investors to have the express right to consider the proposed merger agreement, an amendment to the partnership agreement must first be approved by the holders of a majority of outstanding limited partnership units held by the investors at a special meeting of the investors. See "The Special Meeting." Copies of the merger agreement, the partnership agreement and the form of the amendment to the partnership agreement are included as Appendices A, F and G to this proxy statement, respectively.

• *WHEN AND WHERE WILL THE SPECIAL MEETING TAKE PLACE?*

The special meeting is scheduled to take place at 1775 Sherman Street, Suite 3000, Denver, Colorado 80203 on December 8, 2010 at 10:00 a.m. local time. See "The Special Meeting — Date, Time and Place."

• *HOW DO I VOTE?*

Only holders of limited partnership units at the close of business on the record date are entitled to notice of and to vote at the special meeting. Each such investor will be entitled to one vote for each limited partnership unit held (or a fractional vote proportional to his interest for interests of less than one limited partnership unit) on all matters to be voted upon at the special meeting. All investors may vote by submitting a proxy by mail or on the internet. Investors are also entitled to attend and vote at the special meeting in person. See "The Special Meeting — Voting Your Limited Partnership Units."

• *WILL I BE BOUND BY THE MAJORITY VOTE OF THE INVESTORS?*

Yes. Whether the investors vote to approve or reject the amendment and/or the merger agreement proposals, you as an investor will be bound by the vote. As a result, if the amendment and the merger agreement are approved by the investors, all investors will be required to exchange their limited partnership units for the cash payment described above, including those investors who voted against approving the merger agreement, subject to the valid exercise of appraisal rights, as described below. Alternatively, if the amendment or the merger agreement is not approved by the investors, no limited partnership units will be exchanged for the cash payment, the partnership will continue its normal business operations, and the investors will continue to hold their investment in the partnership. See "Special Factors with Respect to the Merger — Alternatives to the Merger — Comparison of the Merger to Tender Offer" and "Rights of Dissenting Investors."

• *DO I HAVE DISSENTERS' RIGHTS?*

Yes. Under West Virginia law, you have the right to dissent from the merger and demand appraisal rights. The West Virginia statutory scheme is very complicated. Failure to follow the statutory provisions precisely may result in your loss of your appraisal rights under West Virginia law. See "Rights of Dissenting Investors," below. We present the West Virginia statutory provisions relating to appraisal rights in their entirety in Appendix C to this document.

Please read this document and Appendix C carefully.

Table of Contents

• ***WHAT DO I NEED TO DO NOW?***

Whether or not you intend to attend the special meeting in person, you should carefully review this proxy statement, indicate on the proxy card how you wish to vote and sign and return the card in the enclosed return envelope as soon as possible so that, if you do not attend personally, you will be represented by proxy at the special meeting. You may also vote via the internet at the following web site: http://www.pdcgas.com/castmyvote.cfm. If you choose to vote over the internet, you will be required to enter your Unique ID. Your Unique ID is the 8-to-10 digit number found on the bottom left of the proxy card included with this proxy statement. See "The Special Meeting — Voting Your Limited Partnership Units."

• ***WHAT DO I DO IF I WANT TO CHANGE MY VOTE?***

Just mail a later-dated, signed proxy card or other instrument revoking your proxy so that it is received at the executive offices of the partnership by the time of the special meeting. Investors may also change their vote by attending the special meeting and voting in person. If you choose to revoke your proxy that you had earlier mailed to PDC or if you would like to vote a new proxy, please send a new proxy card (dated as of the date you changed your vote) to Darwin Stump, PDC's Vice President Accounting Operations, 1775 Sherman Street, Suite 3000, Denver, Colorado 80203. If you cast your vote via the internet at the web site specified above, you may also revoke or change your earlier vote by following the instructions at the web site. In addition, if you voted by proxy card, you may change your vote via the internet at the web site specified above. Likewise, if you voted via the internet, you may change your vote by submitting a later-dated proxy card. See "The Special Meeting — Voting Your Limited Partnership Units — Changing Your Vote."

• ***WHEN IS THE PROPOSED TRANSACTION EXPECTED TO BE COMPLETED?***

We intend to complete the proposed transaction as quickly as possible following investor approval, and expect to do so on or before December 31, 2010. See "The Merger Agreement — Termination of the Merger and the Merger Agreement."

• ***WHAT ARE THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PROPOSED TRANSACTION TO ME?***

The exchange by an investor of limited partnership units for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. The effects of the merger may be different for each investor. See "Special Factors with Respect to the Merger — Material U.S. Federal Income Tax Consequences."

Neither the partnership nor PDC has obtained an opinion of tax counsel with respect to the federal income tax effects of the proposed transaction. We urge you to consult with your tax advisor for a full understanding of the tax consequences of the proposed transaction to you.

• ***WHO CAN HELP ANSWER MY QUESTIONS?***

For additional information about the proposed transaction, including information about how to complete and return your proxy card or how to vote over the internet, please contact PDC at 877-395-3228, or email PDC at **pdcgas@pdcgas.com**. See "The Special Meeting — Solicitation of Proxies and Costs."

Table of Contents

SPECIAL FACTORS
WITH RESPECT TO THE MERGER

General

The board of directors of PDC, on behalf of PDC individually, the special committee of the board of directors of PDC, on behalf of PDC in its capacity as the managing general partner of the partnership, and PDC, as sole member of the merger sub, have approved the merger agreement providing for the merger of the partnership with and into the merger sub. The merger sub, a wholly-owned subsidiary of PDC, will be the surviving entity in the merger, and upon completion of the merger, the separate existence of the partnership will terminate and the investors will receive cash in the amount of $7,544 per limited partnership unit, less the sum of the per unit cash distributions made after June 30, 2010 and before the transaction closes. In addition, the special committee of the board of directors of PDC, on behalf of PDC in its capacity as the managing general partner of the partnership, has approved the amendment to the partnership agreement to provide the investors with an express right to vote on the proposed merger.

Background of the Merger

Since 2006, PDC's board of directors has from time to time engaged with PDC's senior management in strategic reviews and evaluations of opportunities to achieve long-term strategic goals and enhance stockholder value. Beginning in 2006, PDC began evaluating the possibility of buying out the investors in certain of its limited partnerships through mergers, which did not include an evaluation of the partnership. PDC's primary reasons for considering such a series of merger transactions are described below under "— PDC's Reasons for the Merger." In January 2007, PDC acquired, through merger, 44 non-SEC reporting limited partnerships for an aggregate of approximately $58.8 million.

On June 2, 2008, Dan Amidon, PDC's General Counsel, and Eric Stearns, PDC's former Executive Vice President, began discussions with Houlihan Lokey about its serving as the financial advisor to the to-be-formed special committee with respect to the acquisition of certain pre-2002 limited partnerships, but PDC determined not to pursue a transaction at that time.

In August 2008, PDC and its board of directors attempted to formally address the conflicts inherent in the relationships among PDC, its limited partnerships and the officers and directors of PDC (as more fully described below under the heading "— Conflicting Duties of PDC, Individually and as the General Partner") by forming a special committee of PDC's board of directors (consisting of four non-employee members of PDC's board, namely Anthony J. Crisafio, Larry Mazza, David C. Parke and Jeffrey C. Swoveland), which we refer to as the special committee. At such time, neither PDC nor the special committee specifically proposed or considered PDC's acquisition of PDC 2004-A Limited Partnership by merger. The special committee was authorized, among other things:

- to act on behalf of PDC's board in representing the interests of the limited partnerships and their investors with respect to all matters relating to a merger or any related or alternative transactions thereto; and
- to exercise all lawfully delegable powers of PDC's board (acting in its capacity as the governing decision-making body of the managing general partner on behalf of the limited partnerships) to take any and all actions and to make any and all decisions relating to a merger or any related or alternative transactions thereto, including without limitation the consideration, evaluation, negotiation, rejection or acceptance thereof, all on behalf of the limited partnerships, and as the special committee deemed to be advisable and in the best interests of the limited partnerships and their investors.

Also in August 2008, the special committee retained Buchanan Ingersoll & Rooney PC, which we refer to as Buchanan Ingersoll, as separate legal counsel to advise it in connection with any proposed mergers. The special committee and Buchanan Ingersoll discussed the potential for various partnership merger transactions and the legal issues in connection with such transactions generally, but no specific partnerships were identified as candidates for merger at that time.

Table of Contents

In the fall of 2009, PDC's senior management for the first time began specifically considering which partnerships should be repurchased by PDC. The five partnerships being considered by PDC's management for repurchase at that time were the partnership and PDC 2004-A Limited Partnership, as well as three other partnerships formed in 2005. PDC's management, however, never formally proposed repurchasing any partnerships to the board of directors of PDC or to the special committee in 2009, and in mid-October of that year, PDC's management informed the board of directors that the project been suspended. The primary factor in the senior management's decision not to move forward, was the fact that limited partners of the partnership and the other partnerships being considered for repurchase, held a right to put their limited partnership units, up to a certain amount, back to PDC at a price equal to 4.0x the per unit cash distributions from production for the most recent 12-month period (the "4.0X Put Right"). On August 31, 2009, the 4.0X Put Right value for the partnership was $7,039 per unit. Each of the partnerships being considered for repurchase had recorded higher cash distributions from production in the prior 12 months than were anticipated going forward due to a reduction in realized gains on derivative transactions, as well as expected lower realized natural gas prices and declining production, which resulted in a PDC senior management conclusion that an offer that would provide an acceptable rate of return to PDC would not be accepted by limited partners of the limited partnerships being considered for repurchase.

In late January 2010, PDC's senior management re-initiated their evaluation of potential partnership repurchases by PDC. During this re-evaluation process, PDC's management initially focused on seven partnerships, consisting of the four 2004 partnerships, including the partnership, and the three 2005 partnerships.

On February 18, 2010, Richard McCullough, PDC's Chairman and Chief Executive Officer, indicated to analysts during PDC's Analyst Day presentation that PDC intended to initiate a three-year plan to acquire limited partnerships for which PDC serves as managing general partner.

On February 22, 2010, Houlihan Lokey was provided with certain information and materials regarding certain limited partnerships that PDC proposed to acquire in order to assist Houlihan Lokey in advising the special committee in its consideration of any such transactions.

On February 24, 2010, the special committee confirmed that it would continue to retain Buchanan Ingersoll as its legal advisor in connection with any proposed mergers. Also on February 24, 2010, Mr. Amidon contacted the special committee and Buchanan Ingersoll regarding the re-initiation of the process by which PDC would propose to acquire certain of the limited partnerships for which PDC serves as managing general partner, although no specific partnerships were discussed at that time.

At the beginning of March 2010 PDC's management determined to proceed only with a proposal regarding the four 2004 partnerships. The decision to consider only the 2004 and 2005 partnerships, as well as the decision to proceed only with the four 2004 partnerships, including the partnership, and not with other partnerships that PDC serves as managing general partner, was based at that time, as well as when partnership purchases were considered in prior years, primarily on PDC's analysis of the following factors:

- The more recent partnerships were still experiencing normal steep production declines and it was believed they could not be economically acquired in light of the limited partners' 4.0X Put Right.
- Generally, the older the partnership, the better the economics for a refracing, and also the more opportunity for faster production increases.
- Under SEC rules, a merger proxy may only be filed by PDC if the partnership being considered for repurchase is current in its SEC financial reporting requirements. The 2004 partnerships were the oldest partnerships which were current in their SEC financial reporting requirements.
- Large derivative gains reflected in 2009 and the first five months of 2010 partnership distributions created a disincentive to PDC to increase the number of partnerships included in the offer, in light of the limited partners' 4.0X Put Right, when compared to the potential PDC offer amounts which are determined primarily on future lower hedges and pricing.

Table of Contents

- Potential alternative capital uses also influenced PDC's decision regarding the number of partnerships proposed for merger. A higher rate of return may have been possible through alternative investments later in the year through potential future acquisitions or drilling opportunities.
- Capital availability was also considered, as the global recession resulted in sporadic closure of the capital markets in 2009 to companies of PDC's size and credit rating.

On March 1, 2010, Mr. Amidon provided a proposed timeline for the acquisition process to Buchanan Ingersoll.

On March 23, 2010, Mr. Amidon provided copies of the formation documents for the partnership and PDC 2004-A Limited Partnership, PDC 2004-B Limited Partnership and PDC 2004-C Limited Partnership, which we refer to as the other partnerships, to Buchanan Ingersoll.

On March 31, 2010, the special committee and PDC formally engaged Houlihan Lokey as the financial advisor to the special committee in connection with the acquisition of certain limited partnerships by PDC.

On April 6, 2010, Kevin Rathke, PDC's Director — Acquisitions and Divestitures, communicated the tentative proposed prices per limited partnership unit for the acquisition of the partnership and the other partnerships, which prices had not yet been approved by PDC's board of directors, to Houlihan Lokey in order to assist it in advising the special committee. On April 7, 2010, Mr. Amidon forwarded such prices to Buchanan Ingersoll.

On April 8, 2010, Mr. Amidon provided a draft of the form of proxy statement for the partnership and the other partnerships, including a form of merger agreement, to Buchanan Ingersoll. The initial draft of the merger agreement contemplated the merger of the partnership with and into the merger sub, with the merger sub surviving the merger, whereby, upon completion, investors would be entitled to receive a cash payment (which had not yet been determined) for each limited partnership unit they held. The initial draft of the merger agreement also included the following: (a) customary representations, warranties and covenants for each of PDC, the merger sub and the partnership; (b) conditions to completion of the merger, including (i) approval of the amendment to the partnership agreement and the merger agreement by the holders of at least a majority of the outstanding limited partnership units held by the investors, (ii) no event, circumstance, condition, development or occurrence causing, resulting in or having, or reasonably expected to cause, result in or have, a material adverse effect on the partnership's business, operations, properties (in all cases taken as a whole), condition (financial or otherwise), results of operations, assets (in all cases taken as a whole), liabilities, cash flows or prospects or on market prices for oil and natural gas prevailing generally in the oil and gas industry shall have occurred (each an "Initial Draft MAE"), and (iii) other customary conditions; and (c) the ability of the parties to terminate the agreement in certain circumstances, including the ability of PDC to terminate the agreement if an Initial Draft MAE occurred. The initial draft did not provide the special committee, on behalf of the partnership, with the ability to terminate the agreement, if the partnership were to receive a superior proposal to acquire all of the partnership's limited partnership interests.

On April 10, 2010, Mr. Amidon provided a presentation setting forth a preliminary version of PDC's proposed offer to acquire the partnership and the other partnerships, which was subject to the approval of the PDC board of directors, to the special committee and Buchanan Ingersoll.

On April 14, 2010, the PDC board of directors held a meeting, from which the members of the special committee were absent, to consider a formal offer to acquire the partnership and the other partnerships. Members of PDC management and representatives of Andrews Kurth also attended the meeting. At the meeting, management provided the board with a presentation detailing the proposed offer to acquire the partnership and the other partnerships and discussed the reasons for making such an offer. In particular, management noted that due to the 4.0x Put Right, the limited partners would expect a premium over this multiple of 4.0x cash distributions from production. On April 14, 2010, the 4.0X Put Right value for the partnership was $5,582 per unit. Management further explained that as a result, the proposal to acquire the partnership and the other partnerships had been based in each case on a price of not less than 4.5x estimated cash distributions from production for the twelve months ending June 1, 2010. Management disclosed that while its pricing decision was primarily based upon anticipated future cash flows for the partnership and the

Table of Contents

other partnerships, PDC also believed, based on its subjective understanding of limited partner expectations, that 4.5x was probably the minimum multiple for historic distributions which would be accepted by the limited partners. Throughout the presentation, the board asked questions regarding the proposed offer. Following discussion and based on the aforementioned factors, the board approved the making of an offer to acquire the partnership and the other partnerships for the following aggregate prices: 2004-A — $10.8 million; 2004-B — $6.6 million; 2004-C — $4.8 million; and 2004-D — $12.5 million, or the following merger consideration for limited partnership units held by non PDC-affiliates: 2004-A — $7,746 per limited partnership unit; 2004-B — $7,462 per limited partnership unit; 2004-C — $5,374 per limited partnership unit; and 2004-D — $7,544 per limited partnership unit. The partnerships were offered differing multiples in excess of 4.5x due to each partnership's having different future cash flows and reserve estimates, oil to gas ratios, and hedged production and prices going forward. Management and the board did not consider a maximum multiple PDC could use to set the merger consideration for the partnerships.

Later on April 14, 2010, the special committee held a meeting at which members of PDC management were present. Representatives of Houlihan Lokey and Buchanan Ingersoll also attended the meeting. At the meeting, PDC management provided an overview of PDC's proposed offer to acquire the partnership and the other partnerships. This overview included the economic parameters for the valuation of the partnership and the other partnerships described above, and PDC management noted that the proposal to acquire the partnership and the other partnerships had been based in each case on a price of not less than 4.5x estimated cash distributions from production for the twelve months ending June 1, 2010. Without reviewing any specific financial analysis the special committee also discussed various potential transaction comparables with PDC management and Houlihan Lokey.

On April 28, 2010, the special committee held a meeting and reviewed and discussed the proposed transactions. Representatives of Houlihan Lokey and Buchanan Ingersoll also attended the meeting and participated in the special committee's discussions regarding the proposed transactions. The special committee discussed potential counter-offers to PDC's offers for the partnership and the other partnerships, and decided to present the counter-offers to PDC management subject to further review and discussions with Houlihan Lokey regarding certain valuation assumptions underlying PDC's proposal. Houlihan Lokey reviewed and discussed its preliminary financial analyses with respect to the partnership, the other partnerships and the proposed transaction with the special committee based on, among other things, reports by PDC's reserve engineers and production information provided by PDC management. The preliminary financial analyses reviewed and discussed by Houlihan Lokey with the special committee on April 28, 2010 were substantially similar to the financial analyses reviewed and discussed with the special committee at its meeting on June 4, 2010 more fully described in this proxy statement, except that the financial analyses reviewed and discussed with the special committee on June 4, 2010 were based on revised and updated information provided by PDC management regarding potentially lower general and administrative costs for the partnership and the other partnerships in the future and the number of outstanding limited partnership interests and other updated information regarding prevailing financial, economic, market and other conditions, including the market prices of publicly traded equity securities.

Also on April 28, 2010, Buchanan Ingersoll provided the special committee's comments to the form of merger agreement to PDC management and Andrews Kurth. Among other changes, the special committee requested (a) the removal of a proposed closing condition that there must not have been a material adverse effect on the applicable partnership's prospects or on oil and natural gas prices, (b) the removal of proposed provisions which would have allowed PDC to terminate the merger agreement upon the occurrence of a material adverse effect with respect to the partnership or oil and natural gas prices and (c) the addition of a provision which would allow the applicable partnership to terminate the merger agreement if, prior to the approval of the merger by its limited partners, it were to receive a bona fide written offer to acquire, for cash, all of its limited partnership interests, which offer is not subject to a financing contingency, is otherwise on terms and conditions which the special committee determines in its good faith judgment (after consultation with its counsel and financial advisor) to be more favorable to the investors in such partnership than the merger and is reasonably capable of being completed.

On April 28, 2010, the special committee's counteroffer was communicated to PDC management by Buchanan Ingersoll.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 41 of 185

Table of Contents

On May 3, 2010, the PDC board of directors held a meeting, from which the members of the special committee were absent, to consider the special committee's counteroffer. Members of PDC management and representatives of Andrews Kurth also attended the meeting. At the meeting, management summarized for the board the terms of the special committee's counteroffer, including its proposed revisions to the form of merger agreement. Following discussion, the board approved the merger of the partnership and the other partnerships with and into the merger sub, and the respective merger agreements, on the terms proposed by the special committee.

On May 6, 2010, Mr. Amidon provided a revised draft of the form of merger agreement to Buchanan Ingersoll. The revised draft reflected PDC's acceptance of some, but not all, of the special committee's proposed changes. Among the changes that were accepted were each of the changes described in clauses (a), (b) and (c) of the third preceding paragraph above.

On May 7, 2010, the merger sub was formed solely for the purpose of effecting the merger of PDC's drilling partnerships, including the partnership and the other partnerships. The merger sub and the affiliated officers decided to pursue the merger at this time based primarily on their analysis of the following factors:

- The more recent partnerships were still experiencing normal steep production declines and it was believed they could not be economically acquired in light of the limited partners' 4.0X Put Right.
- Generally, the older the partnership, the better the economics for a refracing, and also the more opportunity for faster production increases.
- Under SEC rules, a merger proxy may only be filed by PDC if the partnership being considered for repurchase is current in its SEC financial reporting requirements. At the time of this decision, the 2004 partnerships were the oldest partnerships which were current in their SEC financial reporting requirements.
- Large derivative gains reflected in 2009 and early 2010 partnership distributions created a disincentive to PDC to increase the number of partnerships included in the offer, in light of the unit holders' 4.0X Put Right, when compared to the potential PDC offer amounts which are determined primarily on future lower hedges and pricing.
- Potential alternative capital uses also influenced their decision regarding the number of partnerships proposed for merger. A higher rate of return may have been possible through alternative investments later in the year through potential future acquisitions or drilling opportunities.
- Capital availability was also considered, as the global recession resulted in sporadic closure of the capital markets in 2009 to companies of PDC's size and credit rating.

On May 7, 2010, Andrews Kurth provided drafts of individualized merger agreements for the partnership and each of the other partnerships, including the agreed-upon price with respect to each such partnership, to Buchanan Ingersoll and Houlihan Lokey.

On May 10, 2010, PDC provided updated information to Houlihan Lokey and the special committee regarding potentially lower general and administrative costs for the partnership and the other partnerships in the future for consideration by the special committee, with the assistance of Houlihan Lokey, in connection with the proposed transactions.

On May 25, 2010, the special committee held a meeting and reviewed and discussed the proposed transactions, including the revised cost information. Representatives of Houlihan Lokey and Buchanan Ingersoll also attended the meeting and participated in the special committee's discussions regarding the proposed transactions in light of the revised cost information. Houlihan Lokey reviewed and discussed its revised preliminary financial analyses with respect to the partnership, the other partnerships and the proposed transaction with the special committee based on, among other things, reports by PDC's reserve engineers and daily production information provided by PDC management. The revised preliminary financial analyses reviewed and discussed by Houlihan Lokey with the special committee on May 25, 2010 were substantially similar to the financial analyses reviewed and discussed with the special committee at its meeting on June 4,

Table of Contents

2010 more fully described in this proxy statement, except that the financial analyses reviewed and discussed with the special committee on June 4, 2010 were based on revised and updated information provided by PDC management regarding potentially lower general and administrative costs for the partnership and the other partnerships in the future and the number of outstanding limited partnership interests and other updated information regarding prevailing financial, economic, market and other conditions, including the market prices of publicly traded equity securities. Based on such review and discussions, the special committee approved terms for a revised counter-offer proposal that the partnership and the other partnerships be acquired at the following aggregate prices: 2004-A — $11.7 million; 2004-B — $7.3 million; 2004-C — $5.0 million; and 2004-D — $12.5 million, or the following merger consideration for limited partnership units held by non-PDC affiliates: 2004-A — $8,400 per limited partnership unit; 2004-B — $8,250 per limited partnership unit; 2004-C — $5,650 per limited partnership unit; and 2004-D — $7,544 per limited partnership unit. Later on May 25, 2010, the terms of the special committee's revised proposal were communicated to PDC management by Buchanan Ingersoll. The offer of $7,544 for the partnership represents a multiple of 5.8x the cash distributions from production for the twelve months ended June 30, 2010.

On May 28, 2010, the PDC board of directors held a meeting, from which the members of the special committee were absent, to consider the special committee's revised proposal. Members of PDC management and representatives of Andrews Kurth also attended the meeting. At the meeting, management summarized for the board the terms of the special committee's revised proposal. Following discussion, the board approved the merger of the partnership and the other partnerships with and into the merger sub, and the respective merger agreements, on the terms proposed by the special committee.

On June 1, 2010, Andrews Kurth provided revised drafts of individualized merger agreements for the partnership and each of the other partnerships, including the revised merger price with respect to each such partnership, to Buchanan Ingersoll and Houlihan Lokey for their review and discussion with the special committee.

On June 2, 2010, PDC, in its capacity as sole member of the merger sub, determined that the merger of the partnership and the other partnerships with and into the merger sub were advisable and approved the respective merger agreements.

On June 4, 2010, the special committee held a meeting to discuss the merger of the partnership and the other partnerships. Representatives of Houlihan Lokey and Buchanan Ingersoll also attended the meeting. Houlihan Lokey reviewed its financial analyses with respect to the partnership and the proposed merger and, at the request of the special committee, rendered Houlihan Lokey's oral opinion to the special committee (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion dated the same date) to the effect that, as of June 4, 2010, the consideration to be received by the unaffiliated holders of limited partnership interests in the proposed merger pursuant to the merger agreement was fair to such unaffiliated holders of limited partnership interests from a financial point of view. Following the rendering of the oral opinion by Houlihan Lokey and further discussion, the special committee approved the merger of the partnership and the merger agreement. Similar actions were taken with respect to the other partnerships.

On June 7, 2010, PDC, the merger sub and the partnership entered into the merger agreement.

PDC's Reasons for the Merger

PDC has elected to enter into the merger agreement for the following reasons:

- *Shift in Corporate Strategy.* Drilling partnerships are not part of PDC's strategic plan going forward, and PDC wishes to buy them back, to the extent feasible. PDC has not established a drilling partnership since 2007 and has publicly announced a fundamental shift in its business strategy away from the partnership model to a more traditional exploration and production company model. PDC also wishes to position itself as a growth company. The merger will provide PDC with growth in both production and reserves from assets with which it is very familiar, and will permit PDC to invest further capital in those assets on a timetable of its own choosing.

Table of Contents

- *Enhanced Rate of Return.* Assuming favorable future oil and gas prices, PDC believes that the merger could enhance the rate of return of the partnership's assets, due to the potential realization of significant synergies relating to accelerating the pace of refracturing the partnership's wells, achieving scale efficiencies and optimizing revenue opportunities. PDC believes that the merger could accelerate the pace of refracturing the partnership's wells, because PDC has immediate access to capital, which is not currently available to the partnership. PDC also anticipates the merger will result in greater operational flexibility. Currently, PDC owns approximately 25% of the partnership, yet has difficulty accessing the partnership's reserves attributable to it. PDC believes that the partnership's limited access to capital prevents the partnership from fully utilizing the reserves under its control. With greater current access to capital than the partnership, PDC believes that having the partnership's assets under its direct control will enable PDC to realize operational benefits and cost synergies, including, among others, immediate access to the partnership's reserves and undrilled locations and an opportunity to identify, pursue and accelerate the development of the partnership's currently undrilled locations.
- *Administrative Efficiencies.* Changes in the accounting rules and the regulation of public companies have significantly increased the third party and administrative costs of the partnership. Increasing costs reduce the funds available for distribution to investors. PDC anticipates that the consummation of the merger will eliminate costs, including time spent by PDC employees, related to preparing and filing the partnership's SEC reports, financial statements and separate tax returns and responding to the concerns and inquiries of the investors. The merger will result in administrative efficiencies and cost reductions in the management and operation of the properties now owned by the partnership, particularly in the areas of audit, accounting and tax services, SEC reporting, engineering services, bookkeeping, data processing, record maintenance and communication with the partners. The value of the offer by PDC was calculated without reduction for these increased levels of accounting and reporting expenses.

The Partnership's Reasons for the Merger

The special committee has elected to cause the partnership to enter into the merger agreement and to present the proposed merger transaction to the investors for their consideration for the following reasons:

- *Declining Natural Gas Prices and Per Unit Distributions.* Future natural gas prices are uncertain because low-cost shale plays, particularly the Marcellus shale, may set national prices going forward. As a result of lower natural gas prices, the high natural gas hedging prices which PDC has achieved for the partnership during the last several years are not available at this time for future periods. PDC expects that lower realized natural gas prices and declining production will result in reduced per unit distributions in the future.
- *Liquidity.* The merger provides liquidity to the investors at a price based on historical cash flows, not on limited market demand for illiquid partnership interests. Each investor will receive a cash payment in exchange for such investor's limited partnership units shortly after completion of the merger. None of the limited partnership units are traded on a national stock exchange or in any other significant market. No liquid market exists for limited partnership units. Although some limited partnership units are occasionally sold in private or over-the-counter transactions, we believe the potential buyers in such transactions are few and the prices generally reflect a significant discount for illiquidity.
- *Elimination of Partnership Tax Reports.* The merger will eliminate the investors' Schedule K-1 tax reports in the partnership for tax years after the merger occurs. This is expected to simplify the investors' individual tax return preparation and reduce preparation costs.

Position of the Partnership Affiliates as to the Fairness of the Merger to the Investors

The rules of the SEC require each of the partnership affiliates, to express their belief as to the substantive and procedural fairness of the merger to the investors. The views of the partnership affiliates with respect to the fairness of the merger to the investors are not, and should not be construed as, a recommendation to any investor as to how that investor should vote on the proposal to adopt the merger agreement.

Table of Contents

In considering the belief of the partnership affiliates with respect to the merger, the investors should be aware that partnership affiliates have interests in the merger that are different from, or in addition to, the interests of the investors generally. PDC, as managing general partner of the partnership, has a duty to manage the partnership in the best interests of the limited partners of the partnership. However, PDC also has a duty to operate its business for the benefit of its shareholders. Consequently, PDC's duties to its shareholders may conflict with its duties to the investors.

In addition, the members of the board of directors of PDC have a duty to cause PDC to manage the partnership in the best interests of the limited partners of the partnership. However, members of the board of directors of PDC also have a duty to operate PDC's business for the benefit of its shareholders, and board members who are also officers of PDC have a duty to operate PDC's business in PDC's best interests. Consequently, the duties of the members of the board of directors of PDC to the investors may conflict with the duties of those members to PDC and PDC's shareholders. See "Special Factors with Respect to the Merger — Conflicting Duties of PDC, Individually and as the General Partner" beginning on page 36.

None of the partnership affiliates participated in the deliberation processes of the special committee, or in the conclusions of the special committee, with respect to the substantive and procedural fairness of the merger to the investors, nor did they undertake any independent evaluation of the fairness of the merger or engage a financial advisor for such purpose. Nevertheless, each of the partnership affiliates believes that the proposed merger is fair to the unaffiliated stockholders on the basis of the following factors:

- the special committee, which is comprised of four directors of PDC who are not officers or employees of the partnership or PDC and have no direct economic interest in the partnership, negotiated the merger agreement and the transactions contemplated thereby on behalf of the partnership and has approved the merger agreement, has determined that the merger is advisable and in the best interests of the partnership and reasonably believes that the merger is fair to the investors;
- the special committee was advised by outside legal counsel and an independent financial advisor in relation to the merger;
- notwithstanding the fact that the partnership affiliates are not entitled to rely on and did not rely on such opinion, the special committee requested and received from Houlihan Lokey an opinion, addressed to the special committee with respect to whether, that, as of June 4, 2010, the consideration to be received by the unaffiliated holders of limited partnership interests in the proposed merger pursuant to the merger agreement was fair to such unaffiliated holders of limited partnership interests from a financial point of view;
- there is no current established public trading market for the units. Trading in the limited partnership units occurs in a highly illiquid, thinly-traded market, is sporadic and occurs solely through private transactions. If the merger is not consummated, holders may have no other ability to liquidate their investment in the partnership. The merger will provide liquidity for investors whose ability to sell their units is adversely affected by the limited trading volume.
- the merger consideration is all cash, allowing the investors to immediately realize a certain and value for all their limited partnership units in the partnership;
- the merger agreement is not subject to a financing contingency and there are relatively few closing conditions to the merger, which limits the execution risk associated with the completion of the merger, and thus makes it more likely the merger will be consummated promptly if the investors approve the merger;
- the partnership is not required to pay PDC or its affiliates a termination or "break up" fee if the special committee, on behalf of the partnership, terminates the merger agreement to enter into an acquisition agreement with respect to a superior proposal;
- other than the current proposal, the partnership has not received any acquisition proposals;

Table of Contents

- the merger is conditioned upon holders of a majority of the outstanding limited partnership units held the investors voting to approve both the amendment to the partnership agreement and the merger agreement; and
- investors who do not vote in favor of the merger agreement and who comply with certain procedural requirements will be entitled, upon completion of the merger, to exercise statutory appraisal rights under West Virginia law.

Each of the partnership affiliates believe the merger is procedurally fair to investors, based on the following factors:

- the special committee, which negotiated the merger agreement and the transactions contemplated thereby on behalf of the partnership, is comprised of four directors of PDC who are not officers or employees of the partnership or PDC and have no direct economic interest in the partnership. The special committee retained their own outside legal counsel and financial advisor. The special committee also met regularly, without the participation of the partnership affiliates, to discuss the partnership's strategic alternatives and the terms of the merger transaction;
- under certain circumstances the special committee, on behalf of the partnership, has the ability, to terminate the merger agreement to enter into an acquisition agreement with respect to a superior proposal, and the partnership is not required to pay any of the partnership affiliates a termination or "break up" fee; and
- approval of each of the amendment to the partnership agreement and the merger agreement requires the affirmative vote of the holders of a majority of the outstanding limited partnership units held by investors, and limited partnership units owned by PDC or its affiliates will not be considered as outstanding limited partnership units for the purposes of each proposal and may not be voted.

The partnership affiliates also considered the following countervailing factors:

- if the merger transaction is consummated, the investors will cease to participate in the future earnings or growth of the partnership or benefit from increases, if any, in the value of the partnership following completion of the merger;
- the possible disruption to PDC's business that may result from the announcement of the transaction and the resulting potential distraction of the attention of PDC's management;
- the interests of the partnership affiliates in the merger that are different from, or in addition to, the interests of the investors generally. PDC's duties to its shareholders may conflict with its duties to the investors (see the discussion above and "Special Factors with Respect to the Merger — Conflicting Duties of PDC, Individually and as the General Partner" beginning on page 36);
- the risk that the conditions to the completion of the merger may not be satisfied and therefore the merger may not be completed;
- the complex nature of the West Virginia statutory scheme for appraisal rights. Failure to follow the statutory provisions precisely may result in the loss of investor's appraisal rights under West Virginia law (see "Rights of Dissenting Investors" beginning on page 57 and the West Virginia statutory provisions relating to appraisal rights which are included in their entirety as Appendix C to this proxy statement); and
- the receipt of the cash consideration by investors pursuant to the merger will be a taxable transaction to the investors (see "Material U.S. Federal Income Tax Consequences" beginning on page 38)

The foregoing discussion of factors considered by each of the partnership affiliates is not intended to be exhaustive, but includes the material factors considered by the partnership affiliates. The partnership affiliates did not find it practicable to assign, nor did any of them assign, relative weights to the individual factors considered in reaching their conclusions as to fairness to the investors. Each of the partnership affiliates may have weighed these factors differently.

Table of Contents

In reaching their conclusion as to fairness, the partnership affiliates did not consider historical prices for the limited partnership units held by the investors, including previous purchases by PDC, because such prices were supported by different markets and industry conditions than those presently existing. The partnership's limited partnership units are not traded on a national stock exchange or in any other significant market. The partnership affiliates believe any market for the partnership interests is highly illiquid and that sporadic trading prices of partnership units reflect an illiquidity discount, and consequently are not reliable as indicators of fair value. In addition, future natural gas prices are uncertain because recent low-cost shale plays, particularly in the Marcellus shale, may set national prices going forward. As a result, currently the partnership's production is hedged at a significantly lower price compared to previous periods. Historical purchases by PDC reflected the value of higher natural gas hedging prices that PDC had previously achieved for the partnership, but which are not currently available for the partnership for future periods. Consequently, the partnership affiliates did not consider historical prices for the limited partnership units held by investors.

The partnership affiliates did not consider the partnership's net book value, per-merger going concern value, or liquidation value in their evaluation of the fairness of the merger to the investors of the partnership because they did not believe that partnership's net book value, pre-merger going concern value or liquidation value were material or relevant to a determination of the substantive fairness of the merger. The partnership affiliates did not believe that the net book value of the partnership was material to their conclusion regarding the fairness of the merger because, in their view, net book value is not indicative of the partnership's value as a going concern since it is a purely historical measurement of financial position in accordance with U.S. generally accepted accounting principles and is not forward-looking, but rather is indicative of historical costs.

The partnership affiliates did not establish a pre-merger going concern value for the partnership's equity for the purpose of determining the fairness of the merger because the partnership affiliates do not believe there is a single method of determining going concern value and, therefore, did not base their valuation of the partnership on a concept that is subject to various interpretations. In contrast, the partnership affiliates believe the merger is fair to investors because PDC's method of determining the merger value and the amount of cash offered to investors was based on a more established industry method for valuing net assets. See "Method of Determining Merger Value and Amount of Cash Offered" beginning of page 51.

The partnership affiliates did not consider the liquidation value of the partnership, because they consider the partnership to be a viable going concern and have no plans to liquidate the partnership. The liquidation of the partnership was not considered to be a viable course of action based on the partnership affiliate's desire for the partnership to continue to conduct its business and remain an integral component of PDC's overall strategy regardless of whether the merger is consummated.

The partnership affiliates are not aware of any offer made during the last two years to acquire the partnership, and as a result no comparison to any such offer could be made, and no such offers were considered by any of the partnership affiliates in reaching their conclusions as to fairness. The merger sub did not consider the potential for alternative transactions involving the partnership because the merger sub did not intend to consider or participate in any alternative transaction involving the partnership. As a result, the merger sub did not evaluate the prices potentially attainable in an alternative transaction.

Fairness of the Merger; Recommendation of the Special Committee

The special committee, on behalf of PDC in its capacity as the managing general partner of the partnership, has approved the merger agreement, has determined that the merger is advisable and in the best interests of the partnership and reasonably believes that the merger is fair to the investors, each of whom is unaffiliated with PDC. In making these determinations, each member of the special committee, on behalf of PDC in its capacity as the managing general partner of the partnership, has relied upon his own business judgment and analysis based on a variety of factors. These factors included:

- the form and amount of consideration offered to the partners;

Table of Contents

- the comparison of the cash payments in the merger to the diminished future cash distributions otherwise expected as oil and gas production continues to decline;
- the increasing complexity of and cost of complying with accounting rules and regulations and SEC reporting obligations;
- expectations regarding future commodity prices; and
- the elimination after the merger of investors' tax preparation costs relating to partnership tax information.

The special committee also considered certain procedural aspects of the proposed merger transaction in the course of evaluating the fairness to the unaffiliated investors. At the insistence of the special committee, the proposed merger is structured so that approval of a majority of unaffiliated investors is required in order to consummate the transaction. Moreover, the board of directors of PDC formed the special committee for the purpose of acting on behalf of the unaffiliated investors in negotiating the terms of the proposed merger transaction. The special committee consists solely of independent directors of PDC, none of whom are employees of PDC or PDC Affiliates. In connection with the transaction, the special committee also engaged its own legal counsel, Buchanan Ingersoll, and its own financial advisor, Houlihan Lokey, to provide advice to the special committee independent of PDC and its advisors. The special committee met several times with Buchanan Ingersoll and Houlihan Lokey, independent of the PDC board of directors, to review and with the assistance of these advisors, evaluated and, based on its evaluation, approved the proposed merger transaction.

In addition, in the course of reaching its decision regarding the proposed merger transaction, the special committee considered the financial analysis reviewed and discussed with the special committee by representatives of Houlihan Lokey, as well as the oral opinion of Houlihan Lokey to the special committee on June 4, 2010 (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion dated the same date) with respect to the fairness to the unaffiliated holders of limited partnership interests from a financial point of view of the consideration to be received by the unaffiliated holders of limited partnership interests in the proposed merger pursuant to the merger agreement. In evaluating the substantive fairness of the proposed merger transaction, the special committee considered the implied valuation reference ranges indicated by Houlihan Lokey's selected companies, selected transactions and discounted cash flow analyses. The special committee noted that the merger consideration was generally below or within the implied valuation reference ranges indicated by those analyses. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, the special committee did not make separate or quantifiable judgments regarding Houlihan Lokey's individual valuation analyses but viewed the analyses, taken together, as supportive of its conclusion that the merger was fair to the unaffiliated holders of limited partnership interests. The special committee did not view the implied valuation reference range indicated by any analyses as a controlling factor in its evaluation of the substantive fairness of the merger because, among other things, the implied valuation reference ranges indicated by Houlihan Lokey's analyses were illustrative and not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, Houlihan Lokey's analyses did not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond the partnership's control and the control of Houlihan Lokey. The special committee also recognized that while such analyses were informative and useful, much of the information used in, and accordingly the results of, Houlihan Lokey's analyses were inherently subject to substantial uncertainty.

In reaching its conclusion as to fairness, the special committee did not consider historical or current prices for the limited partnership units held by the investors, including previous purchases by PDC, because the special committee believed that those transactions were not regular in their frequency and occurred in an illiquid and limited market. The special committee, in part, based its evaluation of historical and current limited partnership unit prices on the fact that the partnership's limited partnership units are not traded on a national stock exchange or in any other significant market. Additionally, purchases made by PDC generally would have occurred pursuant to the 4.0X Put Right and determined under different financial conditions which had limited relevance to the proposed transaction. Moreover, because of various market events and market

Table of Contents

uncertainty, the partnership's production is currently hedged at a significantly lower price compared to previous periods. As a result, historical purchases by PDC reflected the value of higher natural gas hedging prices that PDC had previously achieved for the partnership, but which are not currently available for the partnership for future periods. Therefore, PDC repurchases did not provide comparable information that was useful to the special committee.

The special committee did not consider the partnership's net book value, pre-merger going concern value, or liquidation value in evaluating the fairness of the merger to the investors because the special committee believed that the implied valuation reference ranges for indicated selected companies, selected transactions and discounted cash flow analyses that it did consider were the most relevant metrics for its consideration and therefore focused its attention on those factors. As such, the special committee did not believe that the partnership's net book value, pre-merger going concern value or liquidation value were material or relevant to a determination of the substantive fairness of the merger.

More specifically, the special committee did not believe that the net book value of the partnership was material to its conclusion regarding the fairness of the merger because the special committee believed that net book value is indicative of historical financial position but is not necessarily a useful indicator of the current or future value. The special committee also did not establish a pre-merger going concern value for the partnership's equity for the purpose of determining the fairness of the merger because it believed that a going concern value was not an indicative measure of value as compared to those factors noted above that the special committee did consider. In reaching its conclusion as to fairness, the special committee also did not consider the liquidation value of the partnership because it considers the partnership to be a viable going concern and that, as the special committee understood it, the liquidation of the partnership was not considered to be a viable course of action based on PDC's desire for the partnership to continue to conduct its business and remain an integral component of PDC's overall strategy regardless of whether the merger is consummated.

In addition, the special committee did not consider offers made by unaffiliated persons during the last two years, as the special committee is unaware of any such offers being made to the special committee during that time.

The special committee encourages you to vote **FOR** the proposals to approve the amendment and the merger agreement and **FOR** any proposal to adjourn or postpone the special meeting to a later date, including an adjournment or postponement to solicit additional proxies if, at the special meeting, the number of limited partnership units present or represented by proxy and voting in favor of the approval of the merger agreement or the amendment to the partnership agreement is insufficient to approve the merger agreement or the amendment of the partnership agreement, respectively.

In view of the numerous factors taken into consideration, the special committee did not consider it practical to, and did not attempt to, quantify or assign relative weights to the factors considered by it in reaching its decision. The special committee also considered the likelihood, benefits and costs of other transactions, including third-party offers. The special committee will consider any offers from third parties to purchase the partnership or its assets. See "Third-Party Offers" for a description of the procedures for these offers.

Opinion of the Special Committee's Financial Advisor

On June 4, 2010, Houlihan Lokey Howard & Zukin Financial Advisors, Inc. ("Houlihan Lokey") rendered its oral opinion to the special committee of the board of directors of PDC (the "Special Committee") (which was subsequently confirmed in writing by delivery of Houlihan Lokey's written opinion dated the same date) to the effect that, as of June 4, 2010, the consideration to be received by the unaffiliated holders of limited partnership interests in the proposed merger of PDC 2004-D Limited Partnership with and into the merger sub (the "Merger") pursuant to the merger agreement, to be dated June 7, 2010 (the "Merger Agreement") was fair to such unaffiliated holders of limited partnership interests from a financial point of view. For purposes of its opinion, Houlihan Lokey defined the unaffiliated holders of limited partnership interests as the holders of limited partnership interests in PDC 2004-D Limited Partnership (the "Limited Partnership") other than PDC and its affiliates.

Houlihan Lokey's opinion was directed to the Special Committee and only addressed the fairness, from a financial point of view, to the unaffiliated holders of limited partnership

interests of the

Table of Contents

consideration to be received by the unaffiliated holders of limited partnership interests in the proposed Merger pursuant to the Merger Agreement, and did not address any other aspect or implication of the proposed Merger. The summary of Houlihan Lokey's opinion in this proxy statement is qualified in its entirety by reference to the full text of its written opinion, which is included as Appendix B to this proxy statement and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Houlihan Lokey in preparing its opinion. However, neither Houlihan Lokey's written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement are intended to be, and they do not constitute, advice or a recommendation to any holder of limited partnership interests as to how such limited partner should act or vote with respect to any matter relating to the Merger.

In arriving at its opinion, Houlihan Lokey:

- reviewed a draft, dated June 1, 2010, of the Merger Agreement;
- reviewed certain publicly available business and financial information relating to the Limited Partnership that Houlihan Lokey deemed to be relevant;
- reviewed certain information relating to the historical, current and future operations, financial condition and prospects of the Limited Partnership made available to Houlihan Lokey by PDC, including, (a) financial projections prepared by the management of PDC relating to the Limited Partnership for the remaining life of the Limited Partnership's wells and (b) certain oil and gas reserve reports prepared by PDC's independent oil and gas reserve engineers (the "Reserve Reports") containing estimates with respect to the Limited Partnership's oil and gas reserves;
- spoke with certain members of the management of PDC and members of the Special Committee and certain of their respective representatives and advisors regarding the business, operations, financial condition and prospects of the Limited Partnership, the proposed Merger and related matters;
- compared the financial and operating performance of the Limited Partnership with that of other public companies that Houlihan Lokey deemed to be relevant;
- considered the publicly available financial terms of certain transactions that Houlihan Lokey deemed to be relevant;
- reviewed a certificate addressed to Houlihan Lokey from senior management of PDC which contained, among other things, representations regarding the accuracy of the information, data and other materials (financial or otherwise) provided to, or discussed with, Houlihan Lokey by or on behalf of PDC and the Limited Partnership; and
- conducted such other financial studies, analyses and inquiries and considered such other information and factors as Houlihan Lokey deemed appropriate, including, without limitation, certain alternative oil and gas commodity pricing assumptions and probabilities.

Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to it, discussed with or reviewed by it, or publicly available, and did not assume any responsibility with respect to such data, material and other information. In addition, management of PDC advised Houlihan Lokey, and Houlihan Lokey assumed, that the financial projections that it reviewed reflect the best currently available estimates and judgments of PDC's management as to the future financial results and condition of the Limited Partnership and Houlihan Lokey expressed no opinion with respect to such projections or the assumptions on which they were based. With respect to the oil and gas reserve estimates for the Limited Partnership set forth in the Reserve Reports that Houlihan Lokey reviewed, the management of PDC advised Houlihan Lokey, and Houlihan Lokey assumed, that such estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of PDC and its independent oil and gas reserve engineers with respect to the oil and gas reserves of the Limited Partnership. With respect to the alternative oil and gas commodity pricing assumptions and probabilities that Houlihan Lokey utilized for purposes of its analyses, Houlihan Lokey was advised by the management of PDC, and Houlihan Lokey assumed, that such assumptions were a

Table of Contents

reasonable basis on which to evaluate the future financial performance of the Limited Partnership and were appropriate for such purposes. Houlihan Lokey relied upon and assumed, without independent verification, that there had been no change in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Limited Partnership since the date of the most recent financial statements provided to it that would be material to its analyses or its opinion, and that there was no information or any facts that would make any of the information reviewed by Houlihan Lokey incomplete or misleading.

Houlihan Lokey relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the Merger Agreement and all other related documents and instruments that are referred to therein were true and correct, (b) each party to the Merger Agreement and such other related documents and instruments would fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the proposed Merger would be satisfied without waiver thereof, and (d) the proposed Merger would be consummated in a timely manner in accordance with the terms described in the Merger Agreement and such other related documents and instruments, without any amendments or modifications thereto. Houlihan Lokey also relied upon and assumed, without independent verification, that (i) the proposed Merger would be consummated in a manner that complies in all respects with all applicable federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the proposed Merger would be obtained and that no delay, limitations, restrictions or conditions would be imposed or amendments, modifications or waivers made that would have an effect on the Limited Partnership that would be material to its analyses or its opinion. In addition, Houlihan Lokey relied upon and assumed, without independent verification, that the final form of the Merger Agreement would not differ in any respect from the draft of the Merger Agreement identified above.

Furthermore, in connection with its opinion, Houlihan Lokey was not requested to make, and did not make, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of the Limited Partnership or any other party, nor was Houlihan Lokey provided with any such appraisal or evaluation, other than the Reserve Reports. Houlihan Lokey did not estimate, and expressed no opinion regarding, the liquidation value of any entity or business. Houlihan Lokey did not undertake any independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which PDC was or may be a party or was or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which the Limited Partnership was or may be a party or was or may be subject. Houlihan Lokey is not an expert in the evaluation of oil and gas reserves and Houlihan Lokey expressed no view as to the reserve quantities, or the development or production (including, without limitation, as to the feasibility or timing thereof), of any oil and gas properties of the Limited Partnership.

Houlihan Lokey was not requested to, and did not, (a) initiate or participate in any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to the proposed Merger, the securities, assets, businesses or operations of the Limited Partnership or any other party, or any alternatives to the proposed Merger, (b) negotiate the terms of the proposed Merger, or (c) advise the Special Committee, the board of directors of PDC or any other party with respect to alternatives to the proposed Merger. Houlihan Lokey's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. As PDC and the Limited Partnership were aware, the financial projections and estimates that Houlihan Lokey reviewed relating to the future financial performance of the Limited Partnership reflect certain assumptions regarding the oil and gas industry which are subject to significant volatility and which, if different than assumed, could have a material impact on Houlihan Lokey's analyses and opinion. Except as otherwise provided in its engagement letter, Houlihan Lokey did not undertake, and is under no obligation, to update, revise, reaffirm or withdraw its opinion, or otherwise comment on or consider events occurring or coming to our attention after the date of its opinion.

Houlihan Lokey's opinion was furnished for the use and benefit of the Special Committee (solely in its capacity as such) in connection with its consideration of the proposed Merger and may not be used for any other purpose without Houlihan Lokey's prior written consent. Houlihan Lokey's opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any party.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 60 of 185

Houlihan Lokey's opinion is not intended to be, and does not constitute, a recommendation to the Special Committee, the Board of

Table of Contents

Directors of PDC, any security holder of the Limited Partnership or any other person as to how to act or vote with respect to any matter relating to the proposed Merger.

Houlihan Lokey's opinion only addressed the fairness to the unaffiliated holders of limited partnership interests from a financial point of view of the consideration to be received by the unaffiliated holders of limited partnership interests in the proposed Merger pursuant to the Merger Agreement and did not address any other aspect or implication of the proposed Merger or any agreement, arrangement or understanding entered in connection therewith or otherwise. In addition, Houlihan Lokey's opinion did not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the Special Committee, the Board of Directors of PDC, PDC, the Limited Partnership, their respective security holders or any other party to proceed with or effect the proposed Merger, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the proposed Merger or otherwise (other than the consideration to the extent expressly specified herein), (iii) the fairness of any portion or aspect of the proposed Merger to the holders of any class of securities, creditors or other constituencies of the Limited Partnership or PDC, or to any other party, except as expressly set forth in the last sentence of its opinion, (iv) the relative merits of the proposed Merger as compared to any alternative business strategies that might exist for the Limited Partnership, PDC or any other party or the effect of any other transaction in which the Limited Partnership, PDC or any other party might engage, (v) the fairness of any portion or aspect of the proposed Merger to any one class or group of the Limited Partnership's or any other party's security holders vis-à-vis any other class or group of the Limited Partnership's or such other party's security holders (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders), (vi) whether or not the Limited Partnership, PDC, their respective security holders or any other party is receiving or paying reasonably equivalent value in the proposed Merger, (vii) the solvency, creditworthiness or fair value of the Limited Partnership or any other participant in the proposed Merger, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters, or (viii) the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation to or consideration payable to or received by any officers, directors or employees of any party to the proposed Merger, any class of such persons or any other party, relative to the consideration or otherwise. Furthermore, no opinion, counsel or interpretation was intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. It was assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources. Furthermore, Houlihan Lokey relied, with the Special Committee's consent, on the assessments by the Special Committee, the Board of Directors of PDC, PDC and their respective advisors, as to all legal, regulatory, accounting, insurance and tax matters with respect to the Limited Partnership and the proposed Merger. The issuance of Houlihan Lokey's opinion was approved by a committee authorized to approve opinions of such nature.

In preparing its opinion to the Special Committee, Houlihan Lokey performed a variety of analyses, including those described below. The summary of Houlihan Lokey's valuation analyses described below is not a complete description of the analyses underlying Houlihan Lokey's fairness opinion. The preparation of a fairness opinion is a complex process involving various quantitative and qualitative judgments and determinations with respect to the financial, comparative and other analytic methods employed and the adaptation and application of those methods to the unique facts and circumstances presented. As a consequence, neither Houlihan Lokey's opinion nor the analyses underlying its opinion are readily susceptible to partial analysis or summary description. Houlihan Lokey arrived at its opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any individual analysis, analytic method or factor. Accordingly, Houlihan Lokey believes that its analyses must be considered as a whole and that selecting portions of its analyses, analytic methods and factors, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In performing its analyses, Houlihan Lokey considered business, economic, industry and market conditions, financial and otherwise, and other matters as they existed on, and could be evaluated as of, the date of the written opinion. No company, transaction or business used in Houlihan Lokey's analyses for

Table of Contents

comparative purposes is identical to the Limited Partnership or the proposed Merger. While the results of each analysis were taken into account in reaching its overall conclusion with respect to fairness, Houlihan Lokey did not make separate or quantifiable judgments regarding individual analyses. The implied valuation reference ranges indicated by Houlihan Lokey's analyses are illustrative and not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, any analyses relating to the value of assets, businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold, which may depend on a variety of factors, many of which are beyond our control and the control of Houlihan Lokey. Much of the information used in, and accordingly the results of, Houlihan Lokey's analyses are inherently subject to substantial uncertainty.

Houlihan Lokey's opinion and analyses were provided to the Special Committee in connection with its consideration of the proposed Merger and Houlihan Lokey's analyses were among many factors considered by the Special Committee in evaluating the proposed Merger. Neither Houlihan Lokey's opinion nor its analyses were determinative of the aggregate consideration or of the views of the Special Committee or PDC with respect to the proposed Merger.

The following is a summary of the material valuation analyses performed in connection with the preparation of Houlihan Lokey's opinion rendered to the Special Committee on June 4, 2010. The analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the analyses. Considering the data in the tables below without considering the full narrative description of the analyses, as well as the methodologies underlying and the assumptions, qualifications and limitations affecting each analysis, could create a misleading or incomplete view of Houlihan Lokey's analyses.

For purposes of its analyses, Houlihan Lokey reviewed a number of financial metrics including:

Enterprise Value — generally the value as of a specified date of the relevant company's outstanding equity securities (taking into account its outstanding warrants and other convertible securities) plus the value of its minority interests plus the value as of such date of its net debt (the value of its outstanding indebtedness, preferred stock and capital lease obligations less the amount of cash on its balance sheet).

EBITDA — generally the amount of the relevant company's earnings before interest, taxes, depreciation and amortization for a specified time period.

Unless the context indicates otherwise, enterprise values used in the selected companies analysis described below were calculated using the closing price of the common stock of the selected companies listed below as of May 29, 2010, and the transaction value for the companies used in the selected transactions analysis described below were calculated as of the announcement date of the relevant transaction based on the publicly disclosed terms of the transaction and other publicly available information. Estimates of EBITDA for the Limited Partnership were based on estimates provided by PDC. Estimates of EBITDA for the selected companies listed below were based on publicly available research analyst estimates for those companies, adjusted for certain non-recurring items.

Discounted Cash Flow Analysis

Houlihan Lokey also calculated the net present value of the Limited Partnership's unlevered, after-tax cash flows based on the projections provided by PDC, which were based on certain oil and gas reserve reports prepared by PDC's independent oil and gas reserve engineers, applying New York Mercantile Exchange strip pricing as of May 29, 2010. In performing this analysis, Houlihan Lokey used discount rates ranging from 14% to 17% based on the Limited Partnership's weighted average cost of capital. The discounted cash flow analyses indicated an implied reference range per limited partnership unit of $6,282 to $7,022, as compared to the proposed Merger consideration of $7,544 per limited partnership unit.

Selected Companies Analysis

Houlihan Lokey calculated the multiples of enterprise value to certain financial metrics for the selected companies in the oil and natural gas industry.

Table of Contents

The calculated multiples included:

- Enterprise Value as a multiple of 2010E EBITDA;
- Enterprise Value as a multiple of 2011E EBITDA;
- Enterprise Value as a multiple of Proved Reserves; and
- Enterprise Value as a multiple of 2009 Daily Production.

The selected companies were selected because they were deemed to be similar to the Limited Partnership in one or more respects which included nature of business, size, diversification, financial performance and geographic concentration. No specific numeric or other similar criteria were used to select the selected companies and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a significantly larger or smaller company with substantially similar lines of businesses and business focus may have been included while a similarly sized company with less similar lines of business and greater diversification may have been excluded. Houlihan Lokey identified a sufficient number of companies for purposes of its analysis but may not have included all companies that might be deemed comparable to the Limited Partnership. The selected companies were:

	Enterprise Value as a Multiple of			
	2010E EBITDA	2011E EBITDA	Proved Reserves	2009 Daily Production
Cabot Oil & Gas Corp.	7.4x	6.9x	$2.19	$16.02
Berry Petroleum Co.	6.9	5.4	1.80	14.10
Bill Barrett Corp.	4.2	4.1	1.98	7.77
Warren Resources Inc.	5.7	4.2	2.42	11.42
Gasco Energy Inc.			2.33	8.81
Double Eagle Petroleum Co.	2.3	2.5	0.89	3.20

The selected companies analysis indicated the following:

Multiple Description	High	Low	Median	Mean
Enterprise Value as a multiple of:				
2010E EBITDA	7.4x	2.3x	4.9x	5.0x
2011E EBITDA	6.9x	2.5x	4.2x	4.5x
Proved Reserves	$ 2.42	$0.89	$1.98	$1.79
2009 Daily Production	$16.02	$3.20	$8.81	$9.55

Houlihan Lokey applied multiple ranges based on the selected companies analysis to corresponding financial data for the Limited Partnership, including 5.0x to 6.0x 2010E EBITDA, 4.5x to 5.5x 2011E EBITDA, $1.50 to $2.00 Proved Reserves and $9.50 to $10.50 2009 Daily Production based on financial information and projections provided by PDC to calculate implied limited partnership unit reference ranges. The selected companies analysis indicated (i) an implied reference range of $4,801 to $5,761 per limited partnership unit based on the Limited Partnership's 2010E EBITDA, (ii) an implied reference range of $5,107 to $6,242 per limited partnership unit based on the Limited Partnership's 2011E EBITDA, (iii) an implied reference range of $5,231 to $6,974 per limited partnership unit based on the Limited Partnership's Proved Reserves, (iv) an implied reference range of $7,829 to $8,653 per limited partnership unit based on the Limited Partnership's 2009 Daily Production, in each case as compared to the proposed Merger consideration of $7,544 per limited partnership unit.

Selected Transactions Analysis

Houlihan Lokey calculated multiples of enterprise value to certain other financial data based on the purchase prices paid in selected publicly-announced transactions involving target companies in the oil and gas industry that it deemed relevant.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 67 of 185

Table of Contents

The calculated multiples included:

- Transaction Value as a multiple of Proved Reserves; and
- Transaction Value as a multiple of Daily Production.

The selected transactions were selected because the target companies were deemed to be similar to the Limited Partnership in one or more respects including the nature of their business, size, diversification, financial performance and geographic concentration. No specific numeric or other similar criteria were used to select the selected transactions and all criteria were evaluated in their entirety without application of definitive qualifications or limitations to individual criteria. As a result, a transaction involving the acquisition of a significantly larger or smaller company with substantially similar lines of businesses and business focus may have been included while a transaction involving the acquisition of a similarly sized company with less similar lines of business and greater diversification may have been excluded. Houlihan Lokey identified a sufficient number of transactions for purposes of its analysis, but may not have included all transactions that might be deemed comparable to the proposed transaction. The selected transactions were:

			Transaction Value as a Multiple of:	
Date Announced	Acquiror	Target	Proved Reserves ($/Mcfe)	Daily Production ($ (in 000s) /Mcfe/d)
3/18/2010	Opon International LLC	Delta Petroleum Corporation	$1.33	$ 9.73
1/5/2010	Noble Energy Incorporated	Suncor Energy Incorporated	1.22	6.38
11/9/2009	Rise Energy Ltd	Teton Energy Corporation	0.71	2.94
8/10/2009	Williams Companies Inc.	Orion Energy Partners	0.65	4.03
4/23/2009	Puckett Land Company	Teton Energy Corporation		2.51
4/2/2009	Noble Energy Incorporated	Teton Energy Corporation		1.33
3/3/2009	Undisclosed	Berry Petroleum Company	1.11	7.78
2/23/2009	Longview Fund LP	South Texas Oil Company	3.20	38.58
10/10/2008	SandRidge Energy Inc.	Tom L. Ward	1.40	
9/25/2008	Occidental Petroleum Corporation	Plains Exploration & Production Co.	2.26	16.07
12/31/2007	Tracinda Corp	Delta Petroleum Corporation	1.59	10.25
12/17/2007	Occidental Petroleum Corporation	Plains Exploration & Production Co.	2.81	19.14
9/26/2007	Teton Energy Corporation	Delta Petroleum Corporation		5.00
9/26/2007	Delta Petroleum Corporation	Teton Energy Corporation		15.20
5/14/2007	Newfield Exploration Company	Stone Energy Corporation	2.63	13.14
4/18/2007	Plains Exploration Company	Laramie Energy LLC	2.13	22.69
1/7/2007	Forest Oil Corporation	The Houston Exploration Company	2.42	7.84
12/31/2006	Quantum Resources Management LLC	Pioneer Natural Resources Company	1.48	8.71
12/12/2006	Petroleum Development Corporation	EXCO Resources Incorporated	3.64	
10/20/2006	Petroleum Development Corporation	Unioil	3.40	23.13
8/9/2006	Black Hills Corporation	Undisclosed	1.04	17.11
7/20/2006	Marathon Oil Corporation	Petroleum Development Corporation		1.97
6/12/2006	JANA Partners LLC	The Houston Exploration Company	2.70	8.98
5/10/2006	Individual Investor	SandRidge Energy Inc.	1.85	19.05
3/9/2006	Black Hills Corporation	Koch Exploration Company; Koch Industries Inc.	1.27	26.50
2/22/2006	Citation Oil & Gas Corporation	Meritage Energy Partners LLC	1.28	8.20
2/9/2006	Noble Energy Incorporated	United States Exploration Inc.	1.22	15.12
1/27/2006	Berry Petroleum Company	Undisclosed private company	3.19	83.00
11/16/2005	Texas American Resources Company	Undisclosed	1.24	11.67
10/31/2005	Hilcorp Energy Company; Undisclosed	Kerr-McGee Corporation	1.49	8.05

Table of Contents

The selected transactions analysis indicated the following:

Multiple Description	High	Low	Median	Mean
Transaction Value as a multiple of:				
Proved Reserves	$ 3.64	$0.65	$ 1.54	$ 1.91
Daily Production	$83.00	$1.33	$10.25	$14.98

The selected transactions analysis for the transaction under $100 million indicated the following:

	High	Low	Median	Mean
Transaction Value as a Multiple of:				
Proved Reserves	$ 3.40	$0.71	$ 1.28	$ 1.67
Daily Production	$38.58	$1.33	$10.19	$13.41

Houlihan Lokey applied multiple ranges based on the selected transactions analysis to the corresponding data for the Limited Partnership, including $1.25 to $1.75 Proved Reserves and $8.00 to $11.00 Daily Production, based on financial information and projections provided by PDC, to calculate implied limited partnership unit reference ranges. The selected transactions analysis indicated an implied reference range of $4,359 to $6,103 per limited partnership unit based on the Limited Partnership's Proved Reserves and $6,593 to $9,065 per limited partnership unit based on the Limited Partnership's LTM Daily Production, as compared to the proposed Merger consideration of $7,544 per limited partnership unit.

Other Matters

PDC engaged Houlihan Lokey at the request of the Special Committee pursuant to a letter agreement dated as of March 31, 2010 to act as the Special Committee's financial advisor in connection with the proposed Merger. The Special Committee selected Houlihan Lokey based on Houlihan Lokey's experience and reputation and knowledge of the Limited Partnership and its industry. Houlihan Lokey is regularly engaged to render financial opinions in connection with mergers and acquisitions, financial restructurings, tax matters, ESOP and ERISA matters, corporate planning, and for other purposes. Houlihan Lokey will receive a fee for rendering its opinion which is not contingent upon the successful completion of the proposed Merger. PDC has also agreed to reimburse certain of Houlihan Lokey's expenses and to indemnify Houlihan Lokey and certain related parties for certain potential liabilities arising out of its engagement.

Houlihan Lokey and certain of its affiliates may have in the past provided investment banking, financial advisory and other financial services to PDC and other participants in the proposed Merger and/or certain of their respective affiliates, for which Houlihan Lokey and such affiliates received compensation and Houlihan Lokey is currently engaged to, among other things, provide financial advisory services to the Special Committee in connection with other transactions in which PDC is seeking to acquire the outstanding limited partnership interests in other drilling partnerships of which it is the managing general partner. Houlihan Lokey and certain of its affiliates may provide investment banking, financial advisory and other financial services to PDC, the Limited Partnership, other participants in the proposed Merger or certain of their respective affiliates in the future, for which Houlihan Lokey and such affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of Houlihan Lokey's and its affiliates' respective employees may have invested in or committed to invest in the Limited Partnership, PDC other participants in the proposed Merger or certain of their respective affiliates and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in the future act as financial advisor to debtors, creditors, equity holders, trustees and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may have been adverse to, PDC, other participants in the proposed Merger or certain of their respective affiliates, for which advice and services Houlihan Lokey and such affiliates have received and may receive compensation.

In the ordinary course of business, certain of Houlihan Lokey's affiliates, as well as investment funds in which they may have financial interests, may acquire, hold or sell long or short positions, or trade or otherwise effect transactions, in debt, equity, and other securities and financial instruments (including loans and other

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 70 of 185

Table of Contents

obligations) of, or investments in, the Limited Partnership, PDC, or any other party that may be involved in the proposed Merger and their respective affiliates or any currency or commodity that may be involved in the proposed Merger.

Regulatory Approvals

No filing or registration with, notification to, or authorization, consent or approval of, any governmental entity is required in connection with the execution and delivery of the merger agreement by the partnership, PDC or the merger sub or the consummation by the partnership, PDC and the merger sub of the transactions contemplated thereby, except for the filing of this proxy statement with the SEC and the filing of a certificate of merger with the Secretary of State of the State of West Virginia and the Secretary of State of the State of Delaware.

Alternatives to the Merger

The special committee considered the following alternatives before determining to recommend the merger transaction described in this document. As discussed below, the special committee believes that the merger is the best available alternative for the partnership to maximize the value of the partnership's property interests.

Comparison of the Merger to Continuing Operations. Because the partnership's revenue generating properties are mature, producing properties, the special committee believes that production from those properties will continue to decline at the rate predicted in the partnership's oil and gas engineering reserve reports. Accordingly, cash distributions from the partnership will also decline, subject to variation for changes in oil and gas prices. As of June 30, 2010, the fair value of the partnership's derivative position was a gain of $55,560, which will transfer to PDC without recourse to the partnership. As a result, the special committee believes that the benefit of continuing operations of the partnership is offset by the increasing general and administrative costs related to continuing operations.

Fully developing all of the partnership's properties would require substantial capital expenditures. Because of the restrictions set forth in the partnership agreement on borrowing money and making assessments on limited partnership units, the partnership would generally be unable to fund such capital expenditures without retaining all or a substantial portion of the partnership's cash flow. This would reduce or eliminate partnership distributions to investors while the work is being conducted and paid for, and could create phantom income (reportable income for tax purposes without a corresponding cash distribution) for investors with respect to the cash used to fund the capital expenditures, although tax deductions might offset a portion of such phantom income.

The special committee also believes there is a substantial advantage to the investors in receiving a lump-sum cash payment currently. The special committee believes that the reserve values included in PDC's calculation of the merger consideration are higher than the net present value of estimated future cash distributions to the investors from continued operations because such reserve values have not been reduced for the reimbursement of PDC's general and administrative expenses allocable to the partnership. Furthermore, in determining such reserve values, PDC also assumed that all of the partnership's properties will be developed and that the development will occur on a timetable that is significantly shorter than the partnership may be able to achieve. In addition, the estimates of distributions from continued operations are based upon current oil and gas prices.

Future natural gas prices are uncertain because low-cost shale plays, particularly the Marcellus shale, may set national prices going forward. As a result of lower natural gas prices, the high natural gas hedging prices which PDC has achieved for the partnership during the last several years are not available at this time for future periods. PDC expects that lower realized natural gas prices and declining production will result in reduced per unit distributions in the future. PDC bases its expectations as to commodity prices primarily on applicable forward prices or the forward "curve." The forward prices or forward "curve" are prices that are published every day by national markets, such as NYMEX, related to natural gas or oil delivery in future months and years. The prices for future natural gas vary based on the geographic point of delivery, and for most partnership gas the published Colorado Interstate Gas (CIG) price is the price used when purchasing derivatives. These hedge instruments are ultimately settled with monetary payments by one of the sides, not by delivery of the physical natural gas or oil. At the same time, PDC's expectations regarding natural gas prices may not be accurate. Natural gas prices are highly complex and subject to significant volatility due to

Table of Contents

numerous market forces, including numerous market fundamentals such as weather, inventory levels and expectations, competition, overall demand and the availability of supply. See "Risk Factors — The estimates of proved reserves and future net revenues considered when calculating the merger value, and underlying assumptions about future production, commodity prices and costs, may be incorrect." The partnership's aggregate distributions per limited partnership unit for the twelve months ended December 31, 2009 and June 30, 2010 were $1,999 and $1,933, respectively. PDC estimates that the partnership's aggregate distribution per limited partnership unit for the twelve months ending June 30, 2011 will be $842. This estimate is based on the twelve month production period beginning in May 2010 and ending in April 2011. This estimated aggregate distribution is approximately $1,157 and $1,091 less than the aggregate distribution for the twelve months ended December 31, 2009 and June 30, 2010, respectively. The decrease in cash flows available for distributions is expected to result primarily from a reduction in realized gains on derivative transactions. The estimate does not assume any incremental revenue or take into account additional refracing or the withholding of distributions to develop proved undeveloped reserves. PDC believes that the estimates, assumptions and considerations made in calculating the estimated aggregate distribution for the twelve months ending June 30, 2011, are reasonable. The projections summarized below were also provided to Houlihan Lokey, the special committee's financial advisor.

The following table shows the financial statement line items used to determine distributable cash flows. Certain non-cash items were excluded because they have no effect on the cash distributed to limited partners:

	Twelve Months Ended December 31, 2009 (Actual)	Twelve Months Ending June 30, 2011 (Estimated)
Revenue(1)	$ 2,465,463	$ 2,870,000
Realized derivative gains(2)	2,143,769	180,000
Gross revenues	4,609,232	3,050,000
Operating expenses(3)	847,154	858,000
Production taxes(4)	81,808	175,000
General and administrative expenses(5)	696,095	175,000
Total costs	1,625,057	1,208,000
Net cash flows	$ 2,984,175	1,842,000
General partner cash flows	(596,835)	(368,400)
Limited partner cash flows	$ 2,387,340	$ 1,473,600
Limited partnership units	1,749.95	1,749.95
Distributions per limited partnership unit(a)	$ 1,999	$ 842

(a) Distributions per limited partnership unit for the twelve months ended December 31, 2009 includes changes in working capital. For the twelve months ending June 30, 2011, changes in working capital are not expected to be significant.

(1) Operating Revenue

- PDC estimates that the partnership will generate $2,870,000 in revenues during the twelve months ending June 30, 2011. The partnership generated $2,465,463 in revenues during the year ended December 31, 2009.
- The anticipated increase in the partnership's revenues of $404,537 is primarily expected to result from increased oil and natural gas prices, partially offset by the decrease in production discussed below.
- NYMEX forward pricing curves as of May 1, 2010 were used to calculate estimated revenue. The year ended December 31, 2009 revenue was based on average pricing received for the year. The average forward strip price used in the June 30, 2011 projection was $5.33 compared to the average sales price realized of $3.75 during the year ended December 31, 2009.

Table of Contents

- PDC estimates that the partnership's production will be 539,000 Mcfe during the twelve months ending June 30, 2011. The partnership produced 658,317 Mcfe during the year ended December 31, 2009. The anticipated decrease in production of 119,317 Mcfe is expected to result from normal production declines.
- The estimated production was obtained from the 2009 year end reserve report, which was prepared by Ryder Scott, the partnership's independent reserve engineers, and utilized information provided by management. The production data in the report for 2010 and 2011 was prorated to arrive at total estimated production.

(2) Realized Derivative Gains

- PDC estimates that the partnership will generate $180,000 in realized gains during the twelve months ending June 30, 2011. The partnership generated $2,143,769 in realized gains during the year ended December 31, 2009.
- The expected decrease in realized gains of $1,963,769 is primarily expected to result from increased commodity prices and the fact that the partnership's production is hedged at a significantly lower price when compared to the twelve months ended December 31, 2009.
- Forward pricing curves as of May 1, 2010 were used to calculate realized gains and losses based on current derivative positions which settle between June 2010 and April 2011. The actual realized gains for May 2010 were utilized.

(3) Operating Expenses

- PDC estimates that the partnership's operating expenses will be $858,000 during the twelve months ending June 30, 2011, as compared to $847,154 for the year ended December 31, 2009. Projections from the 2009 reserve report, which was prepared by Ryder Scott and utilized information provided by management, were used to calculate operating expenses for the twelve months ending June 30, 2011.

(4) Production Taxes

- PDC estimates that the partnership's total production tax expenses will be $175,000 during the twelve months ending June 30, 2011, as compared to $81,808 during the year ended December 31, 2009. Estimated production taxes were based on current tax rates, as PDC does not anticipate a significant change in rates through June 2011. These rates were applied to the calculated revenue to arrive at the total production tax expense.

(5) General and Administrative Expenses

- PDC estimates that the partnership's total general and administrative expense will be $175,000 during the twelve months ending June 30, 2011, as compared to $696,095 during the year ended December 31, 2009. The partnership's general and administrative expenses consist of audit, income tax preparation and outside consultant fees, among other expenses. The anticipated decrease of $521,095 in general and administrative costs is expected to result from nonrecurring professional fees. The projected general and administrative costs for the period ending June 30, 2011 were based on internal estimates of expected recurring costs.

Regulatory, Industry and Economic Factors

- In making its estimates, PDC assumed that there would be no new federal, state or local regulations of the portions of the energy industry in which the partnership operates, and no new interpretations of existing regulations, that would be materially adverse to the partnership's business during the twelve months ending June 30, 2011.
- In making its estimates, PDC also assumed no major adverse changes in the upstream oil and gas industry or in general economic conditions during the twelve months ending June 30, 2011.

This prospective financial information was not prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute

Table of Contents

of Certified Public Accountants for the preparation and presentation of prospective financial information. The prospective financial information included in this proxy statement has been prepared by, and is the responsibility of, PDC's management. PricewaterhouseCoopers LLP has not examined, compiled or performed any procedures with respect to such prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in this proxy relates to the partnership's historical financial information. It does not extend to the prospective financial information and should not be read to do so.

PDC's estimate of the total return on a $20,000 investment in limited partnership units, including the cumulative cash distributions for the partnership's production through April 2010 and the merger consideration of $7,544 per unit, is set forth below:

Estimated Return on $20,000 Investment in Limited Partnership Units of PDC 2004-D Limited Partnership(1)

	Amount	Percent Return
Cumulative cash distributions(2)	$15,995	80.0%
Cumulative tax savings(3)	8,098	40.5%
Total return before merger	24,093	120.5%
Merger consideration per unit (before deduction of cash distributions made after June 30, 2010)	7,544	37.7%
Total return including merger consideration	$31,637	158.2%

(1) Based on $20,000 investment in the partnership at the time of the partnership's formation.

(2) Includes cash distributions for production through April 2010.

(3) Assumes the maximum federal income tax rate of 35%, plus 4% for state income taxes.

It is likely that over a long period of time, oil and gas prices will vary often and possibly widely, as has been demonstrated historically, from the prices used to prepare these estimates. Continued operations over a long period of time subject the investors to the risk of receiving lower levels of cash distributions if oil and gas prices over this period are lower on average than those used in preparing the estimates of cash distributions from continued operations. Continued operations also subject the investors' potential distributions to the risk of possible changes in costs or need for workover or similar significant remedial work on the partnership's properties. As a result, the special committee believes that there is an advantage to the investors in taking a lump-sum cash payment, which can be redeployed in other investments, relative to continuing to receive decreasing levels of cash distributions over a long period of time.

The partnership is subject to the informational and reporting requirements of the Securities Exchange Act of 1934 and is, as a result, required to file annual, quarterly and current reports, including current financial and other information, with the SEC. The partnership incurs significant direct and indirect costs to comply with the filing and reporting requirements as a public reporting company and the relative costs have increased over time. The substantial costs and burdens imposed on the partnership as a result of being public are likely to continue to increase significantly as a result of the application of Section 404(b) of the Sarbanes-Oxley Act to the partnership. Section 404 requires that the partnership's management perform a formal assessment of our internal controls over financial reporting, including tests to confirm the design and operating effectiveness of the controls, and include in the partnership's annual report management's assessment of the effectiveness of our internal controls over financial reporting.

The expenses associated with the continued preparation, internal and external review and filing of such information and reports significantly increase the partnership's general and administrative costs and, consequently, reduce the amount of cash flow available for distributions to investors and for other operational purposes. For smaller publicly traded companies such as the partnership, these costs represent a larger portion of revenues and assets as compared to larger public companies. As a result of the monetary savings anticipated as a result of going-private, the time and capital currently devoted by management to the partnership's public company reporting obligations could be devoted to other purposes, including operational concerns to further PDC's business objectives.

Table of Contents

Comparison of the Merger to Master Limited Partnership. PDC considered accomplishing the consolidation of the partnership through a master limited partnership, pursuant to which the limited partnership units of the investors would be exchanged for interests in the master limited partnership.

However, PDC has been advised that the partnership's oil and gas properties are not of sufficient size in the aggregate to attract new capital through a master limited partnership. In addition, the partnership interests in a master limited partnership might not be traded on a national stock exchange or in any other significant market. Some master limited partnership interests might be sold from time to time in private or over-the-counter transactions, but the prices would likely reflect a discount for illiquidity. As a result, a master limited partnership might not provide the investors with immediate and complete liquidity for their investment in the partnership. In addition, a master limited partnership would still be burdened with general and administrative expenses, including the expenses associated with meeting the reporting requirements of the Securities Exchange Act of 1934, which would reduce any cash distributions paid to the investors of the master limited partnership.

Comparison of the Merger to Negotiated Third Party Sale. The special committee also considered whether the partnership would benefit from attempting to sell its property interests in negotiated transactions. However, any buyer would be purchasing many property interests that they would neither control nor operate. A portion of the properties in which the partnership owns interests would likely continue to be operated by PDC because PDC controls other interests in fields in which the partnership's properties are located. PDC's control of such properties could negatively affect the amount a third party would be willing to pay and the overall interest of third parties in buying such properties. Because of PDC's control of such properties, the special committee believes that PDC is the party in the position to pay the highest price for such interests and the one most likely to do so.

In addition, sale of the partnership's properties on a direct basis often involves substantial periods of time for due diligence, negotiation and execution of agreements and closings, often with different purchasers for different properties. Satisfying due diligence requests requires large amounts of time to create and supervise data rooms or disseminate data to possible purchasers, plus the time needed to deal directly with multiple prospective purchasers. Furthermore, some issues, such as environmental and title matters, may come to light in the late stages of a negotiated sale, which may delay or preclude the consummation of the sale.

The transaction costs for offering properties in a negotiated sale could be substantial. Those costs include:

- preparing and disseminating information on properties to be offered;
- soliciting attendance by prospective purchasers; and
- screening and qualifying purchasers.

Comparison of the Merger to Tender Offer. PDC considered accomplishing the consolidation of the partnership through a tender offer, pursuant to which PDC would offer to purchase all of the investors' limited partnership units. In connection with a tender offer, each investor would have the option to accept or reject PDC's offer to purchase such investor's units, irrespective of whether the other investors were to accept or reject such offer with respect to their units. If any of the investors were to fail to accept the tender offer (and therefore fail to sell their limited partnership units to PDC in connection with such tender offer), such investors' units would remain outstanding and, as a result, the partnership would remain subject to some or all of the administrative and other burdens and expenses associated with the continued operation of the partnership, as more fully described above. This would be true even if investors holding a majority (but less than all) of the outstanding partnership units were to accept the tender offer.

In connection with the proposed merger transaction, however, whether the investors vote to approve or reject the amendment and/or the merger agreement proposals, every investor will be bound by the vote. If the merger agreement is approved by holders of a majority of the outstanding limited partnership interests held by the investors, then upon consummation of the merger:

- the merger sub will be the surviving entity;
- the separate existence of the partnership as a business entity will cease;

Table of Contents

- all investors will be required to exchange their limited partnership units for the cash payment described in this proxy statement, including those investors who voted against approving the merger agreement (subject to the valid exercise of appraisal rights); and
- PDC will hold all of the equity interests in the merger sub.

Third-Party Offers

Neither PDC nor the special committee has received any offer from any third party to acquire the partnership or its assets.

Effects of the Merger

The merger will involve the merger of the partnership with and into the merger sub, an exchange of cash consideration for the limited partnership units held by investors, and all of PDC's interest in the partnership (including, without limitation, its managing general partner interest and all limited partnership units held by PDC or any of its affiliates) shall be extinguished. As a result of the merger, the investors will have no continuing interest in the partnership. Following the merger, there will be no trading market for the limited partnership units, and no further distributions will be paid to the former investors. In addition, following the consummation of the merger, the registration of any limited partnership units under the Securities Exchange Act of 1934 will be terminated. Upon completion of the merger, the merger sub shall be the surviving entity, the partnership will cease as a separate business entity, and PDC shall hold all of the interests in the merger sub.

Effect on Net Book Value and Net Earnings of PDC and Merger Sub

If the merger is completed, the investors will have no interest in the surviving company's net book value or net earnings after the merger. The table below sets forth the interest of each of PDC, merger sub and the affiliated officers in the partnership's net book value and net earnings prior to and immediately following the proposed merger transaction, based on the partnership's net book value as of June 30, 2010, and the net income of the partnership for the six months ended June 30, 2010.

	Ownership Prior to the Merger				Ownership After the Merger(2)			
	Net Book Value		Net Earnings		Net Book Value		Net Earnings	
	$ (in thousands)	%	$ (in thousands)	%	$ (in thousands)	%	$ (in thousands)	%
PDC	$ 4,822	24.1%	$ 258	24.1%	$ 20,008	100%	$ 1,071	100%
Merger Sub	—	0%	—	0%	$ 20,008	100%	$ 1,071	100%
Affiliated Officers(1)	—	0%	—	0%	—	0%	—	0%

(1) The affiliated officers have equity interests in PDC through stock ownership, stock options and other stock-based compensation, but do not have direct financial or equity interests in the partnership or the merger sub.

(2) Merger sub, the surviving company upon consummation of the merger, is a wholly-owned subsidiary of PDC.

Conflicting Duties of PDC, Individually and as the General Partner

In considering the recommendations with respect to the merger of the special committee, on behalf of PDC in its capacity as managing general partner of the partnership, the investors should be aware that PDC has interests in the merger that are different from, or in addition to, the interests of the investors generally. PDC, as managing general partner of the partnership, has a duty to manage the partnership in the best interests of the limited partners of the partnership. However, PDC also has a duty to operate its business for the benefit of its shareholders. Consequently, PDC's duties to its shareholders may conflict with its duties to the investors.

In addition, the members of the board of directors of PDC have a duty to cause PDC to manage the partnership in the best interests of the limited partners of the partnership. However, members of the board of directors of PDC also have a duty to operate PDC's business for the benefit of its shareholders, and board

Table of Contents

members who are also officers of PDC have a duty to operate PDC's business in PDC's best interests. Consequently, the duties of the members of the board of directors of PDC to the investors may conflict with the duties of those members to PDC and PDC's shareholders.

PDC and its board of directors have attempted to formally address the conflicts inherent in the relationships among PDC, the partnership and the officers and directors of PDC by forming the special committee (consisting of four non-employee members of PDC's board, namely Anthony J. Crisafio, Larry Mazza, David C. Parke and Jeffrey C. Swoveland), which has been authorized, among other things:

- to act on behalf of PDC's board in representing the interests of the partnership and its investors with respect to all matters relating to the merger or any related or alternative transactions thereto; and
- to exercise all lawfully delegable powers of PDC's board (acting in its capacity as the governing decision-making body of the managing general partner on behalf of the partnership) to take any and all actions and to make any and all decisions relating to the merger or any related or alternative transactions thereto, including without limitation the consideration, evaluation, negotiation, rejection or acceptance thereof, all on behalf of the partnership, and as the special committee deems to be advisable and in the best interests of the partnership and its investors.

In addition, each of the members of the special committee has abstained and will abstain in the future from any vote of PDC's board of directors with respect to the merger on behalf of PDC. However, because each of the members of the special committee is also a member of PDC's board of directors, notwithstanding the creation of the special committee, an inherent conflict continues to exist with respect to each committee member's duties to the investors in his capacity as a member of the special committee, on the one hand, and such member's duties to the shareholders of PDC in his capacity as a member of PDC's board of directors, on the other hand. The creation of the special committee and the abstention by its members from any board vote regarding a merger on behalf of PDC may lessen the inherent conflicting interests of PDC's directors in this transaction. However, establishment of a special committee cannot entirely eliminate the inherent conflicting interests of PDC's directors in this transaction. In addition, no committee or other entity independent of PDC and its board of directors was formed or engaged to negotiate on your or the partnership's behalf. No representative group of investors and no outside experts or consultants, such as investment bankers, legal counsel, accountants or financial experts, were engaged solely to represent the independent interests of the investors in structuring and negotiating the terms of the merger. The investors will be entitled to access PDC's and the partnership's corporate records in the manner permitted by applicable federal and Nevada and West Virginia state laws. Neither PDC nor the partnership has made any other provision to grant the investors access to the corporate records of PDC or the partnership, or for the investors to obtain counsel or appraisal services at PDC's or the partnership's expense.

PDC believes, however, that the steps that it has taken have enabled PDC's directors to more effectively consider and focus on the separate interests of the partnership and its investors, on the one hand, and PDC and its shareholders, on the other hand.

Financial Interests of Officers and Directors

The officers and directors of the merger sub and PDC have equity interests in PDC through stock ownership, stock options and other stock-based compensation, but do not have direct financial or equity interests in the partnership. The board of directors of PDC, in its individual capacity and in its capacity as sole member of the merger sub, believes that any economic benefit their respective officers and directors may obtain from the merger will be modest and will not result in a material economic benefit to such officers and directors.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 82 of 185

Table of Contents

Termination of Registration and Reporting Requirements

As a result of the merger, the limited partnership units in the partnership, as well as the partnership itself, will cease to exist. Consequently, PDC intends to terminate:

- registration of the limited partnership units of the partnership under the Securities Exchange Act of 1934; and
- the partnership's obligations to file reports and other information under the Securities Exchange Act of 1934.

Material U.S. Federal Income Tax Consequences

This summary of the anticipated material U.S. federal income tax consequences of the merger is based upon current law and is not a complete discussion of all possible tax consequences of the merger. It does not address any state, local or foreign tax considerations, nor does it discuss all of the aspects of U.S. federal income taxation that may be relevant to specific investors in light of their particular circumstances. The discussion below focuses on the U.S. federal income tax considerations applicable to individuals who are citizens or residents of the United States. Future legislative, judicial or administrative changes or interpretations could alter or modify the following statements and conclusions, and any of these changes or interpretations could be retroactive and could cause the tax consequences to vary substantially from the consequences described below.

You are urged to consult your own tax advisor to determine all of the relevant federal, state and local tax consequences of the merger particular to you. The following discussion is not intended as a substitute for careful tax planning, and you must depend upon the advice of your own tax advisor concerning the effects of the merger.

Tax Treatment of the Merger. If the merger is completed as contemplated, the partnership will merge with and into merger sub and an investor's limited partnership units will be converted into the right to receive a cash payment. For U.S. federal income tax purposes, the exchange by an investor of limited partnership units for cash pursuant to the merger will be a taxable transaction that is expected to be treated as a sale of limited partnership units by an investor in exchange for the cash payment.

Recognition of Gain or Loss. An investor will generally recognize gain or loss in the merger equal to the difference between the unitholder's "amount realized" and the investor's tax basis for the limited partnership units immediately prior to the merger. An investor's amount realized will include the cash payment plus the investor's share of any of the partnership's liabilities assumed by the merger sub in connection with the merger.

Gain or loss recognized by an investor on the sale of a limited partnership unit held for more than one year will generally be taxable as capital gain or loss. However, a portion of this gain or loss, which may be substantial, that is treated as "recapture" of previously deducted intangible drilling costs, depletion, or depreciation will be separately computed and taxed as ordinary income. Under Section 469 of the Internal Revenue Code, any losses from the partnership that have been suspended under the passive loss rules will become fully deductible as a result of the merger.

Tax Rates. Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 35% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, capital gains on certain assets held for more than twelve months) of individuals is 15%. Capital losses are deductible only to the extent of capital gains, except that non-corporate taxpayers may deduct up to $3,000 of capital losses in excess of the amount of their capital gains against ordinary income. Excess capital losses generally can be carried forward to succeeding years.

Accounting Treatment

Upon completion of the merger, the separate existence of the partnership as a business entity will cease. PDC will account for the merger under purchase accounting in accordance with Statement of Financial

Table of Contents

Accounting Standards, or FAS, No. 141, "Business Combinations." Under FAS 141, the merger sub will record the assets and liabilities of the partnership on its books at their estimated fair market values.

Sources of Funds

PDC will need approximately $12.5 million in cash to complete the merger. PDC will borrow the required funds under its revolving credit facility. There are no material conditions to PDC's ability to obtain the funds, and PDC has established no alternative financing arrangements. PDC expects to repay such borrowings with cash from operations in the ordinary course of business.

PDC's credit facility, co-arranged by JPMorgan Chase Bank, N.A. ("JPMorgan") and BNP Paribas, was dated as of November 4, 2005 and last amended on December 18, 2009, and has an aggregate revolving commitment of $305 million. The credit facility, through the series of amendments, includes commitments from: Bank of America, N.A.; Calyon New York Branch; Bank of Montreal; The Royal Bank of Scotland plc; The Bank of Nova Scotia; Wachovia Bank, N.A.; Guaranty Bank, FSB; Texas Capital Bank; Bank of Oklahoma; U.S. Bank National Association; and Compass Bank. The maximum allowable commitment under the current credit facility is $500 million. The credit facility is subject to and collateralized by PDC's natural gas and oil reserves, exclusive of the joint ventures natural gas and oil reserves. The credit facility requires an aggregated security of a value no less than 80% of the value of the direct interests included in the borrowing base properties. PDC's credit facility borrowing base is subject to size redeterminations each May and November based upon a quantification of PDC's reserves at December 31st and June 30th, respectively; additionally, PDC or its lenders may request a redetermination upon the occurrence of certain events. A commodity price deck reflective of the current and future commodity pricing environment, as determined by the lenders, is utilized to quantify the reserves used in the borrowing base calculation and thus determines the underlying borrowing base. As of June 30, 2010, PDC's aggregate revolving commitment was secured by substantially all of its natural gas and oil properties.

Interest accrues at an alternative base rate ("ABR") or adjusted LIBOR at PDC's discretion. The ABR is the greater of JP Morgan's prime rate, a secondary market rate of a three-month certificate of deposit plus 1%, one month LIBOR plus 1% or the federal funds effective rate plus 0.5%. ABR and adjusted LIBOR borrowings are assessed an additional margin spread based upon the outstanding balance as a percentage of the available balance. ABR borrowings are assessed an additional margin of 1.375% to 2.375%. Adjusted LIBOR borrowings are assessed an additional margin spread of 2.25% to 3.25%. No principal payments are required until the credit agreement expires on May 22, 2012, or unless the borrowing base falls below the outstanding balance.

The credit facility contains covenants customary for agreements of this type, including, but not limited to, limitations on PDC's ability to: (a) incur additional indebtedness and guarantees, (b) create liens and other encumbrances on its assets, (c) consolidate, merge or sell assets, (d) pay dividends and other distributions, (e) make certain investments, loans and advances, (f) enter into sale/leaseback transactions, and (g) engage in hedging activities unless certain requirements are satisfied. The credit facility also requires PDC to execute and deliver specified mortgages and other evidences of security and to deliver specified opinions of counsel and other evidences of title. Further, PDC is required to comply with certain financial tests and maintain certain financial ratios on a quarterly basis. The financial tests and ratios include requirements: (a) to maintain a minimum current ratio, as defined per credit facility, of 1.00 to 1.00 and (b) not to exceed a maximum leverage ratio of 4.25 to 1.00 through December 31, 2010, 4.00 to 1.00 through June 30, 2011, and 3.75 to 1.00 thereafter.

In October 2009, the credit facility was amended to, among other things, permit the contribution of certain natural gas and oil properties in the Appalachian Basin, to a joint venture, facilitate other aspects of the joint venture and permit PDC to make additional investments in the joint venture so long as certain conditions are satisfied. Until the investor partner earns a 50% interest in the joint venture, such additional investments are limited to $40 million. Concurrently with PDC's contribution of certain natural gas and oil properties to the joint venture, the borrowing base under the credit facility was reduced from $350 million to

Table of Contents

$305 million. On May 5, 2010, PDC's redetermination, based on PDC's December 31, 2009, reserves, was completed and PDC's aggregate revolving commitment of $305 million was reaffirmed.

As of June 30, 2010, PDC had drawn $37.0 million from its credit facility. As of June 30, 2010, the available funds under PDC's credit facility were $249.3 million. The borrowing rate on PDC's outstanding balance at June 30, 2010, was 4.9% per annum compared to 4.7% per annum at December 31, 2009. PDC was in compliance with all covenants at June 30, 2010, and expects to remain in compliance throughout 2010.

Payment of Expenses and Fees

PDC is soliciting your proxy pursuant to this document. Whether or not the merger is consummated, all costs and expenses incurred by PDC, the partnership, the merger sub and the affiliated officers in connection with the merger agreement and the transactions contemplated thereby (including without limitation the solicitation of proxies in connection therewith) shall be paid by PDC. PDC will reimburse fiduciaries, nominees and others for their out-of-pocket expenses in forwarding proxy materials to investors. PDC (acting in its capacity as the managing general partner of the partnership and pursuant to the authority and direction of the special transaction committee) has retained PDC Securities Incorporated to assist in the solicitation of proxies from holders of limited partnership units.

PDC Securities Incorporated, which we refer to as PDC Securities, was the dealer-manager for the partnership's public offering of limited partnership units in 2004. PDC Securities is a wholly owned subsidiary of PDC. Two of its registered representatives will assist in the solicitation of proxies from holders of limited partnership units and be available to answer questions raised by the broker-dealer home offices and the selling representatives who previously sold these limited partnership units. If each of the amendment to the partnership agreement and the merger transaction is approved by holders of a majority of the outstanding limited partnership units held by the investors, PDC will pay these two representatives a commission equal to 1.0% of the aggregate merger consideration for their services and will reimburse them for any expenses they incur. If either the amendment to the partnership agreement or the merger transaction is not approved, then the two representatives will not receive any commission or fee other than reimbursement for any expenses they incurred in connection with their solicitation of proxies from holders of limited partnership units. Other employees of PDC Securities are full-time employees of PDC and will assist in the solicitation of proxies but will not receive any additional compensation for their solicitation efforts.

In addition to solicitation by use of the mail, directors, officers and employees of PDC may solicit proxies in person or by telephone or other means of communication. The directors, officers and employees will not receive additional compensation, but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with the solicitation.

PDC estimates that the expenses and fees for the merger will be as follows:

Filing fee with SEC	$ 893
Legal, accounting, financial advisor and other consulting fees	207,000
Printing and mailing fees	15,000
Solicitation and tabulation expenses	146,000
Miscellaneous	10,000
Total expenses	$378,893

Table of Contents

RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS IN DETERMINING WHETHER TO VOTE TO APPROVE THE MERGER.

UPON CONSUMMATION OF THE MERGER, THE INVESTORS' LIMITED PARTNERSHIP UNITS (OTHER THAN LIMITED PARTNERSHIP UNITS OWNED BY INVESTORS WHO PROPERLY EXERCISE APPRAISAL RIGHTS) WILL BE CONVERTED INTO THE RIGHT TO RECEIVE CASH, WHICH WE REFER TO IN THE AGGREGATE AS THE MERGER VALUE. WE DO NOT EXPECT THAT THE ESTIMATES USED TO CALCULATE THE MERGER VALUE WILL BE ADJUSTED.

The estimates of proved reserves and future net revenues considered when calculating the merger value, and underlying assumptions about future production, commodity prices and costs, may be incorrect.

The calculations of the partnership's proved reserves of crude oil, natural gas liquids and natural gas and future net revenues from those reserves included in this document are only estimates. The accuracy of any estimate is a function of:

- the quality of available data;
- engineering and geological interpretation and judgment regarding future production levels of oil, natural gas liquids and natural gas;
- assumptions about future quantities of recoverable oil, natural gas liquids and natural gas reserves and operating expenses related thereto;
- the timing of and actual level of success realized in the development of non-producing reserves;
- assumptions about prices for crude oil, natural gas liquids and natural gas; and
- assumptions about costs to extract and process, if necessary, crude oil, natural gas liquids and natural gas and to transport them to their point of sale.

PDC estimated the partnership's proved reserves was based on a future production curve consistent with the production curves used in the partnership's reserve report as of December 31, 2009, with the addition of estimated future production attributable to undeveloped projects. Actual production may vary from that assumed production. In addition, actual prices in the future may be materially higher or lower than those used in the calculation of the merger value, even though PDC adjusted the estimated future net revenues for standard industry price adjustments, including:

- production costs;
- the effects of oil quality;
- British thermal unit, or BTU, content for gas;
- oil and gas gathering and transportation costs; and
- gas processing costs and shrinkage.

Therefore, the estimated future net revenues considered in the calculation of the merger value may differ materially from actual revenues received in the future from the partnership's properties. In addition, actual future net revenues will be affected by:

- the timing of production and related expenses;
- changes in consumption; and
- changes in governmental regulations or taxation (and the costs and expenses related thereto).

The discount rates considered in the calculation of the merger value might not reflect the actual cost of capital in effect from time to time and the risks associated with the partnership's properties or the oil and gas

41

Table of Contents

industry in general. The discount rates may disfavor longer-lived properties when compared to shorter-lived properties.

Actual prices, production, operating expenses and quantities of recoverable oil and natural gas reserves may vary from those assumed in the estimates considered for purposes of calculating the merger value. The variances may be significant. Any significant variance from the assumptions used could result in the actual quantity of the partnership's reserves and future net revenues being materially different from the estimates in the partnership's reserve reports and in the calculation of the merger value. In addition, changes in production levels and changes in crude oil, natural gas liquids and natural gas prices after the date of the estimate may result in substantial upward or downward revisions to estimated reserves, but we do not expect that the merger value will be adjusted to reflect such revisions.

The merger value might not reflect the value of the partnership's assets.

Since the merger value is based on assumptions about reserves, production, commodity prices and costs that may prove to be incorrect, the merger value could vary materially from the current market value of, or the price that a third party might offer for, the partnership's estimated oil and gas reserves and from the value given to the partnership's actual future net revenues. The assumptions used to determine the merger value might not properly reflect the value of the partnership's assets. In that case, partners could receive less than a fair market price for their partnership interests. For a description of other methods of determining merger value, see "Method of Determining Merger Value and Amount of Cash Offered — Components of Merger Value."

PDC does not expect that the merger value will be adjusted for changes before the completion of the merger.

The amount of cash you will receive in the merger is based on the merger value. The merger value was determined based on data as of April 13, 2010, and PDC does not expect that it will change. For example, although oil and gas prices have fluctuated significantly in the recent past and may continue to do so, PDC anticipates that the merger value will not be adjusted at or prior to the closing date of the merger to reflect any general changes in oil or gas prices, any other matter generally affecting the oil and gas industry, or any revisions to, or new information regarding, the partnership's reserve, production, price or cost estimates occurring after April 13, 2010 and prior to the closing date of the merger.

You were not independently represented in establishing the terms of the merger.

PDC and the merger sub established the terms of the merger, including the merger value and the method for determining the merger value. As noted elsewhere in this proxy statement, PDC's board of directors had conflicting interests in evaluating the merger. Moreover, although the special committee was formed to negotiate the terms of the merger on behalf of the partnership and its investors (while abstaining from any board vote with respect to the merger on behalf of PDC), no committee or other entity independent of PDC and its board of directors was formed or engaged to negotiate on your or the partnership's behalf. No representative group of investors and no outside experts or consultants, such as investment bankers, legal counsel, accountants or financial experts, were engaged solely to represent the independent interests of the investors in structuring and negotiating the terms of the merger. If you had been separately represented, the terms of the merger might have been different and possibly more favorable to you.

The interests of PDC, the merger sub and their directors and officers may differ from your interests.

In considering the recommendations with respect to the merger of the special committee, on behalf of PDC in its capacity as managing general partner of the partnership, you should be aware that PDC has interests in the merger that are different from, or in addition to, the interests of the investors generally. PDC, as the managing general partner of the partnership, has a duty to manage the partnership in the best interests of the limited partners of the partnership. However, PDC also has a duty to operate its business for the benefit of its shareholders. Consequently, PDC's duties to its shareholders may conflict with its duties to the investors.

Table of Contents

In addition, the members of the board of directors of PDC have a duty to cause PDC to manage the partnership in the best interests of the limited partners of the partnership. However, members of the board of directors of PDC also have a duty to operate PDC's business for the benefit of its shareholders, and board members who are also officers of PDC have a duty to operate PDC's business in PDC's best interests. Consequently, the duties of the members of the board of directors of PDC to the investors may conflict with the duties of those members to PDC and PDC's shareholders.

Because each of the members of the special committee is also a member of PDC's board of directors, notwithstanding the creation of the special committee, an inherent conflict continues to exist with respect to each committee member's duties to the investors in his capacity as a member of the special committee, on the one hand, and such member's duties to the shareholders of PDC in his capacity as a member of PDC's board of directors, on the other hand. The creation of the special committee and the abstention by its members from any board vote regarding a merger on behalf of PDC may lessen the inherent conflicting interests of PDC's directors in this transaction. However, establishment of a special committee cannot entirely eliminate the inherent conflicting interests of PDC's directors in this transaction.

You should also be aware that the merger sub has interests in the merger that are different from, or in addition to, the interests of the investors generally. The merger sub is a direct, wholly-owned subsidiary of PDC and was formed solely for the purpose of effecting the merger. The officers of the merger sub have equity interests in PDC through stock ownership, stock options and other stock-based compensation, but do not have direct financial or equity interests in the partnership. Consequently, any action by PDC, as sole member of the merger sub, may result in conflicts of interest similar to those described above.

PDC has not previously offered the partnership for sale to others, and did not solicit any third-party offers.

Although the partnership may have sold immaterial individual properties from time to time in the ordinary course of its business, PDC has not previously tried to sell the partnership, as a whole, to third parties. As a result, PDC and the special committee cannot be sure what the market demand is for the partnership's properties, as a whole, or what a third party would offer for the partnership. In addition, PDC has not solicited third-party offers to purchase the partnership or its assets, and no assurance can be given that the terms of the merger are as favorable as those that could be obtained from a sale of the partnership or its assets to an unrelated party. The special committee will consider offers to purchase the partnership or its assets from third parties, but there might not be any third-party offers or, to the extent an offer is made, the special committee might not consider that offer to be a viable alternative to the merger.

Third parties might not make an offer for the partnership if they cannot become operator of the partnership's properties.

PDC operates all or almost all of the partnership's wells on behalf of the partnership and others who own interests in those wells, including PDC. Although the special committee will consider other offers for the partnership or its assets, PDC is not offering to sell the rights to operate the partnership's properties. Consequently, potential buyers may not be interested in making an offer to acquire the partnership if they cannot also acquire operating rights to the partnership's properties.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 92 of 185

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements. These forward-looking statements are not based on historical facts, but rather are based on current expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "could," "should," "will," "projects," "estimates" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond PDC's or the partnership's control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. In that event, the partnership's business, financial condition or results of operations could be materially adversely affected, and investors could lose part or all of their investment. Important factors, risks and uncertainties that may cause actual results to differ from those expressed in our forward-looking statements include, but are not limited to:

- changes in political and general economic conditions, including the economic effects of terrorist attacks against the United States and elsewhere and related events;
- changes in financial market conditions, either nationally or locally in areas in which the partnership or PDC conducts its operations;
- fluctuations in the oil and gas markets;
- changes in interest rates;
- changes in fiscal, monetary, regulatory, trade and tax policies and laws, including policies of the Internal Revenue Service;
- new litigation or changes in existing litigation;
- increased competitive challenges and pricing pressures among petroleum companies;
- inflation and deflation;
- legislation or regulatory changes, which adversely affect the ability of the partnership and PDC to conduct the businesses in which they are engaged;
- future cash distributions to investors;
- PDC and the partnership's ability to comply with applicable laws and regulations; and
- changes in accounting policies, procedures or guidelines as may be required by the Financial Accounting Standards Board or regulatory agencies.

In addition, the closing of the merger described in this proxy statement is subject to various conditions, including the receipt of the affirmative vote of the holders of a majority of the outstanding limited partnership units held by the investors and other customary closing conditions. No assurances can be given that the proposed transaction will be consummated on the terms contemplated or at all.

The forward-looking statements in this proxy statement are made as of the date hereof, and we do not assume any obligation to update, amend, or clarify them to reflect events, new information, or circumstances occurring after the date hereof except as required by applicable federal securities laws. A Schedule 13E-3 filed with the SEC with respect to the proposed merger will be amended to report any material changes in the information set forth in the most recent Schedule 13E-3 filed with the SEC.

You should rely only on the information contained in this document in deciding whether to vote for the amendment to the partnership agreement and the merger. The appendices constitute an integral part of this document. Please carefully read all of the appendices. We have not authorized anyone to provide you with information that is different from what is contained in this document. This document is dated September 30, 2010. You should not assume that the information contained in this document is accurate as of any date other than such date.

Notwithstanding any statement made in this proxy statement or in any document incorporated herein by reference, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with the proposed going-private merger transaction.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 94 of 185

Table of Contents

THE SPECIAL MEETING

Date, Time and Place

The special meeting of the investors will be held on December 8, 2010, at 10:00 a.m., Mountain Time, at 1775 Sherman Street, Suite 3000, Denver, Colorado 80203.

Purpose of the Special Meeting

The purpose of the special meeting, and any adjournment or postponement of the special meeting, is for the investors to consider and vote on the following matters:

- A proposal by PDC to amend the partnership agreement in order to grant the investors an express right to vote to approve merger transactions such as the proposed merger.
- A proposal by PDC to approve the Agreement and Plan of Merger, dated as of June 7, 2010, by and among the partnership, PDC and the merger sub, pursuant to which the partnership will merge with and into the merger sub, with the merger sub being the surviving entity. Upon consummation of the merger, all of the partnership's outstanding limited partnership units (other than the limited partnership units owned by PDC or any subsidiary thereof and other than limited partnership units owned by investors who properly exercise appraisal rights) will be converted into the right to receive cash in an amount equal to $7,544 per limited partnership unit, less the sum of the per unit cash distributions made after June 30, 2010 and before the transaction closes. In the event holders of less than a majority of the outstanding limited partnership units held by the investors vote to approve the amendment or the merger agreement, PDC will withdraw the offer and the merger will not proceed.
- Any proposal to adjourn or postpone the special meeting to a later date if necessary or appropriate, including an adjournment or postponement to solicit additional proxies if, at the special meeting, the number of limited partnership units present or represented by proxy and voting in favor of the approval of the merger agreement or the amendment to the partnership agreement is insufficient to approve the merger agreement or the amendment of the partnership agreement, respectively.
- Other business as may properly come before the special meeting.

Recommendation of the Special Committee

The special committee, on behalf of PDC in its capacity as the managing general partner of the partnership, has approved the merger agreement, has determined that the merger is advisable and in the best interests of the partnership and reasonably believes that the merger is fair to the investors, each of whom is unaffiliated with PDC. The special committee recommends that the investors vote for the amendment and the merger agreement. However, investors should note that PDC's board of directors has interests in the merger that are different from, or in addition to, the interests of the investors generally. See "Risk Factors — You were not independently represented in establishing the terms of the merger," "Risk Factors — The interests of PDC, the merger sub and their directors and officers may differ from your interests," and "Special Factors with Respect to the Merger — Conflicting Duties of PDC, Individually and as the General Partner" for more detail.

Record Date; Voting Rights And Proxies

Only investors of record at the close of business on September 13, 2010 are entitled to notice of and to vote at the special meeting, or any adjournments or postponements thereof.

Investors of record are entitled to vote at the special meeting based on the percentage of limited partnership units they own. Each investor will be entitled to one vote for each limited partnership unit held (or

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 96 of 185

Table of Contents

a fractional vote proportional to his interest for interests of less than one limited partnership unit) on all matters to be voted upon at the special meeting.

Voting Your Limited Partnership Units

PDC, in its capacity as managing general partner of the partnership, is soliciting proxies from the investors. This will give you an opportunity to vote at the special meeting. PDC urges you to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope. You may also vote via the internet at http://www.pdcgas.com/castmyvote.cfm. When you deliver a valid proxy, a named agent will vote the limited partnership units represented by that proxy in accordance with your instructions. If you do not vote by proxy, vote via the internet or attend the special meeting and vote in person, your vote will not be counted, although your limited partnership units will be included in the total used to determine the number of limited partnership units required for a majority. If you vote by proxy, but make no specification on your proxy that you have otherwise properly executed, the named agent will vote **FOR** approval of the amendment and the merger agreement.

You may grant a proxy by dating, signing and mailing your proxy card or by voting at the internet site. You may also attend the special meeting and cast your vote in person at the meeting.

Mail. To grant your proxy by mail, please complete your proxy card and sign, date and return it in the enclosed envelope. To be valid, a returned proxy card must be signed and dated.

By Internet. You can vote via the internet at http://www.pdcgas.com/castmyvote.cfm. The internet voting system has easy to follow instructions on how you may vote your limited partnership units and allows you to confirm that the system properly recorded your vote. If you choose to vote over the internet, you will be required to enter your Unique ID. Your Unique ID is the 8-to-10 digit number found on the bottom left of the proxy card included with this proxy statement. If you vote via the internet, you do not need to return your proxy card to PDC.

In Person. If you attend the special meeting in person, you may vote your limited partnership units by completing a ballot at the meeting. Attendance at the special meeting will not by itself be sufficient to vote your limited partnership units; you still must complete and submit a ballot at the special meeting to vote your limited partnership units.

Changing Your Vote. You may change your vote at any time before the vote at the special meeting by mailing a later-dated, signed proxy card or other instrument revoking your proxy so that it is received by the time of the special meeting at the executive offices of the partnership. Investors may also change their vote by attending the special meeting and voting in person. If you choose to revoke your proxy that you had earlier mailed to PDC or if you would like to vote a new proxy, please send a new proxy card (dated as of the date you changed your vote) to Darwin Stump, PDC's Vice President Accounting Operations, 1775 Sherman Street, Suite 3000, Denver, Colorado 80203. If you cast your vote via the internet at the web site specified above, you may also revoke or change your earlier vote by following the instructions at the web site. In addition, if you voted by proxy card, you may change your vote via the internet at the web site specified above. Likewise, if you voted via the internet, you may change your vote by submitting a later-dated proxy card.

Solicitation of Proxies and Costs

PDC, in its capacity as managing general partner of the partnership, is soliciting your proxy pursuant to this proxy statement. Whether or not the merger is consummated, all costs and expenses incurred by PDC, the partnership and the merger sub in connection with the merger agreement and the transactions contemplated thereby (including, without limitation, this solicitation of proxies) will be paid by PDC. PDC will reimburse fiduciaries, nominees and others for their out-of-pocket expenses in forwarding proxy materials to investors. PDC (acting in its capacity as the managing general partner of the partnership and pursuant to the authority and direction of the special committee) has retained PDC Securities Incorporated to assist in the solicitation of proxies from holders of limited partnership units.

Table of Contents

PDC Securities Incorporated, which we refer to as PDC Securities, was the dealer-manager for the partnership's public offering of limited partnership units in 2004. PDC Securities is a wholly owned subsidiary of PDC. Two of its registered representatives will assist in the solicitation of proxies from holders of limited partnership units and be available to answer questions raised by the broker-dealer home offices and the selling representatives who previously sold these limited partnership units. If each of the amendment to the partnership agreement and the merger transaction is approved by holders of a majority of the outstanding limited partnership units held by the investors, PDC will pay these two representatives a commission equal to 1.0% of the aggregate merger consideration for their services and will reimburse them for any expenses they incur. If either the amendment to the partnership agreement or the merger transaction is not approved, then the two representatives will not receive any commission or fee other than reimbursement for any expenses they incurred in connection with their solicitation of proxies from holders of limited partnership units. Other employees of PDC Securities are full-time employees of PDC and will assist in the solicitation of proxies but will not receive any additional compensation for their solicitation efforts.

In addition to solicitation by use of the mail, directors, officers and employees of PDC may solicit proxies in person or by telephone or other means of communication. The directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with the solicitation.

You may direct any questions or requests for assistance regarding this document and the related proxy materials to PDC at the address above, via e-mail at pdcgas@pdcgas.com, or by telephone at 877-395-3228.

Regardless of the number of limited partnership units you own, your vote is important. Please complete, sign, date and promptly return the accompanying proxy card in the enclosed postage-paid envelope or enter your vote over the internet.

Quorum

PDC and its affiliates will not vote at the special meeting on either of the proposals, either as the managing general partner or with respect to any limited partnership units they own. In addition, their limited partnership units will not be counted in determining a quorum, which requires the presence at the special meeting, in person or represented by proxy, of the holders of a majority of the outstanding limited partnership units held by the investors.

Investor Vote Required to Approve the Amendment to the Partnership Agreement and the Merger Agreement

Approval of each of the amendment to the partnership agreement and the merger agreement requires the affirmative vote of the holders of a majority of the outstanding limited partnership units held by investors as of the close of business on September 13, 2010, the record date for the special meeting of the investors. Limited partnership units owned by PDC or its affiliates will not be considered as outstanding limited partnership units for the purposes of each proposal and may not be voted. The partnership had 1,749.95 limited partnership units outstanding as of the record date, 89.85 (or approximately 5.1%) of which were held of record by PDC or an affiliate thereof. As of the record date, there were 1,103 registered holders. Each investor will be entitled to one vote for each limited partnership unit held (or a fractional vote proportional to their interest for interests of less than one limited partnership unit) on all matters to be voted upon at the special meeting.

Abstentions and Broker Non-Votes

Brokers, if any, who hold partnership interests in street name for beneficial owners have the authority to vote on certain "routine" proposals when they have not received instructions from the beneficial owners. However, these brokers are precluded from exercising their voting discretion with respect to the approval and adoption of non-routine matters such as the proposals described in this proxy statement and, thus, absent specific instructions from the beneficial owner of the partnership interests, brokers are not empowered to vote the partnership interests with

Table of Contents

respect to approving the amendment to the partnership agreement or the merger agreement. These "broker non-votes" will have the effect of a vote against approving the amendment and the merger agreement.

Votes withheld and abstentions are deemed "present" at the special meeting and counted for quorum purposes. Votes withheld and abstentions will have the same effect as a vote against approving the amendment and the merger agreement.

In contrast, the approval of any proposal to adjourn or postpone the special meeting requires that holders of more limited partnership units vote in favor of the proposal to adjourn or postpone the special meeting than vote against the proposal. Accordingly, abstentions and broker non-votes will have no effect on the outcome of such proposal.

Local Laws

Proxy solicitations will not be made to, nor will proxy cards be accepted from, investors in any jurisdiction in which the solicitations would not be in compliance with federal and state securities or other laws.

Table of Contents

PROPOSAL 1 — APPROVAL OF THE AMENDMENT TO THE PARTNERSHIP AGREEMENT

The governance of the partnership and the relationship amongst the partners (i.e., PDC and each of the investors) are controlled by the partnership agreement (a copy of which is included as Appendix F to this proxy statement). The partnership agreement provides in Section 11.09 that it may be amended by the consent of the investors owning a majority of the then outstanding limited partnership units entitled to vote.

Consideration of the Amendment Proposal

In order to complete the merger of the partnership with and into the merger sub, the partnership agreement requires an amendment to add a provision expressly permitting the investors to approve the merger. The investors will therefore consider and vote upon a proposed amendment to the partnership agreement granting the express right to investors to consider a merger transaction.

The proposed amendment will add the following sentence to the end of the Section 7.08 in the partnership agreement entitled "Additional Voting Rights":

> "In addition to the preceding voting rights of Investor Partners described in this Section, the affirmative vote of the Investor Partners holding a majority of the then outstanding Units held by the Investor Partners is required for the Partnership to enter into a merger transaction whether or not the Partnership shall be the surviving entity."

A copy of the form of the proposed amendment to the partnership agreement is included as Appendix G to this proxy statement.

PDC and its affiliates will not vote on this proposal at the special meeting either as managing general partner or with respect to any limited partnership units they own.

The partnership may take action on the above matters at the special meeting, or on any later date to which the special meeting is postponed or adjourned.

THE SPECIAL COMMITTEE, ON BEHALF OF PDC IN ITS CAPACITY AS THE MANAGING GENERAL PARTNER OF THE PARTNERSHIP, RECOMMENDS A VOTE "*FOR*" THE APPROVAL OF THE AMENDMENT TO THE PARTNERSHIP AGREEMENT.

Table of Contents

PROPOSAL 2 — APPROVAL OF THE MERGER AGREEMENT

Proposal 2 will be considered and voted upon only if Proposal 1 is approved by the investors.

Consideration of the Merger Proposal

The investors will consider and vote upon the proposed Agreement and Plan of Merger, dated as of June 7, 2010, by and among the partnership, PDC, and the merger sub, a copy of which is attached as Appendix A to this proxy statement. Pursuant to the merger agreement:

- the partnership will merge with and into the merger sub;
- as consideration for the merger, the investors will be entitled to receive a cash payment of $7,544 per limited partnership unit, less the sum of the per unit cash distributions made after June 30, 2010 and before the transaction closes, and PDC shall receive additional interests in the merger sub; and
- upon completion of the merger, the merger sub shall be the surviving entity, the partnership will cease to exist as a separate business entity, and PDC shall hold all of the interests in the merger sub.

A copy of the merger agreement is included as Appendix A to this proxy statement.

PDC and its affiliates will not vote on this proposal at the special meeting either as managing general partner or with respect to any limited partnership units they own.

The partnership may take action on the above matters at the special meeting, or on any later date to which the special meeting is postponed or adjourned.

THE SPECIAL COMMITTEE, ON BEHALF OF PDC IN ITS CAPACITY AS THE MANAGING GENERAL PARTNER OF THE PARTNERSHIP, RECOMMENDS A VOTE "*FOR*" THE APPROVAL OF THE MERGER AGREEMENT.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 103 of 185

Table of Contents

METHOD OF DETERMINING MERGER VALUE AND AMOUNT OF CASH OFFERED

PDC established the merger value for the partnership for purposes of the merger, and therefore the merger value was not determined by arm's-length negotiations. See "Risk Factors — You were not independently represented in establishing the terms of the merger," "Risk Factors — The interests of PDC, the merger sub and their directors and officers may differ from your interests," and "Special Factors with Respect to the Merger — Conflicting Duties of PDC, Individually and as the General Partner."

Components of Merger Value

The $7,544 per unit merger value assigned to the partnership was based on an effective date of May 1, 2010 and calculated as follows:

- PDC calculated the volumes of the partnership's proved reserves as of May 1, 2010 based on a future production curve consistent with the production curves used in the partnership's proved reserve report as of December 31, 2009, with the addition of estimated reserves attributable to non-proven recompletion and drilling projects not included in the partnership's proved reserve report.
- PDC calculated the present value of estimated future net cash flows from the partnership's estimated production and reserves as of May 1, 2010 using (1) 100% of the arithmetic average of the five-year NYMEX futures price as of March 31, 2010 for oil, which was approximately $86.41 per barrel, less standard industry adjustments and differentials by area, and (2) 100% of the arithmetic average of the five-year NYMEX futures price as of March 31, 2010 for gas, which was approximately $5.56 per Mcf, less standard industry adjustments and differentials by area. Standard industry adjustments included:
  - the effects of oil quality;
  - BTU content for gas;
  - oil and gas gathering and transportation costs; and
  - gas processing costs and shrinkage.

  Those adjustments reflected assumptions about the costs to extract and process, if necessary, crude oil, natural gas liquids and natural gas and transport them to their point of sale.
- PDC calculated the present value of the estimated future net cash flows using before tax discount rates of 15% for proved developed producing reserves and 25% for proved developed non-producing reserves.
- Proved developed non-producing reserves include both Codell refracturing and Niobrara recompletion projects.
- Substantial capital expenditures could increase production, but given that the partnership cannot incur debt, such capital expenditures could only be made by withholding distributions over the long term.
- Non-proven undeveloped projects were valued at $10,000 per drilling location.

A copy of the partnership's reserve report as of December 31, 2009, including the assumptions used in the preparation of that report, is included as Appendix D to this proxy statement. The partnership's financial statements as of June 30, 2010 and 2009 and for the three and six month periods then ended and as of December 31, 2009 and 2008 and for the years then ended are included as Appendix E to this proxy statement.

From the mailing date of this document to the closing date of the merger, PDC will not adjust any of the components of the merger value.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 105 of 185

Table of Contents

Estimated Reserve Volumes. PDC believes it is appropriate to calculate estimated reserve volumes as of May 1, 2010, because PDC anticipates that the merger will be consummated in the fourth quarter of 2010 but before a 2010 year-end reserve report can be prepared in accordance with the guidelines of the SEC. In addition, because the partnership's properties are long-lived, mature, producing properties, PDC believes that the production curves used in preparing the partnership's reserve report as of December 31, 2009, plus the addition of estimated reserves attributable to recompletion and drilling projects not in the proved reserve report, are appropriate and reasonable.

The reserve estimates do not reflect the effect of any "take-or-pay" clauses in gas contracts, which effect PDC expects to be insignificant.

Present Value of Estimated Future Net Cash Flows. PDC calculated the present value of estimated future net cash flows of the partnership's estimated reserves as of May 1, 2010. In determining the present value (and in order to give effect to the inherent uncertainties associated with the timing and profitability of extracting non-producing reserves), PDC used the prices described in the second bullet point under "— Components of Merger Value" above, and used production costs consistent with those assumed in the partnership's December 31, 2009 reserve report. PDC believes it is appropriate to use production costs similar to those assumed in the December 31, 2009 reserve report because such costs have been fairly stable and predictable over the last several years. In addition, PDC used discount rates of 15% for proved developed producing reserves and 25% for proved developed non-producing reserves to determine the present value of estimated future net cash flows from the partnership's reserves. PDC believes that these discount rates are within the range of discount rates commonly used in the oil and gas industry in property acquisitions of producing properties, although they are higher than the 10% rate that the SEC requires for comparative purposes in the year-end reports of publicly traded oil and gas companies. Undeveloped reserves were valued at \$10,000 per drilling location because these wells are downspacing projects to 20 acres, require significant capital, and are scheduled for implementation more than five years in the future.

PDC does not believe that the present value of the partnership's proved reserves is significantly affected by curtailments of gas production.

Minimum Merger Value. PDC determined that the merger value should be equal to or greater than 4.5 times the estimated aggregate distributions per limited partnership unit for the twelve months ending June 30, 2010. If the sum of the components above did not equal or exceed 4.5 times the estimated aggregate distributions per limited partnership unit for the twelve months ending June 30, 2010, an adjustment was made to achieve this value.

Effective Date. A regular cash distribution was made by the partnership in June 2010 based on the partnership's production through April 30, 2010. Because the merger, if approved by the investors and completed, will be effective May 1, 2010, the amount of the per unit cash distributions made after June 30, 2010 and before the transaction closes will be deducted from the per unit cash merger consideration of \$7,544.

Other Methods of Determining Merger Value

PDC and the special committee believe that the method used to determine the merger value is a fair and reasonable method of valuing the partnership's properties. However, the method selected might not accurately reflect the value of the partnership's assets. See "Risk Factors — The estimates of proved reserves and future net revenues considered when calculating the merger value, and underlying assumptions about future production, commodity prices and costs, may be incorrect," "Risk Factors — The merger value might not reflect the value of the partnership's assets" and "Risk Factors — PDC does not expect that the merger value will be adjusted for changes before the completion of the merger." PDC considered a number of alternative methods of determining the merger value before selecting a method. The following alternative methods for determining the merger value should be taken into account in assessing the adequacy of the method used by PDC:

Book Value of Assets. PDC did not base the calculation of merger value on the net book value of the partnership's assets. The net book value of the partnership's assets is based upon the financial

Table of Contents

statements reported in accordance with generally accepted accounting principles. The net book value is not adjusted for changes in the fair market value of the assets. For this reason, PDC and the merger sub believe that the merger value is more indicative of the fair market value of the assets of the partnership than the assets' net book values is.

Trading Price of Units. The partnership's limited partnership units are not traded on a national stock exchange or in any other significant market. Although some limited partnership units are occasionally sold in private or over-the-counter transactions, PDC believes any market for the partnership interests is highly illiquid and reflects an illiquidity discount, and is therefore not reliable as an indicator of value. As a result, PDC did not base the calculation of merger value on recent trading prices of the partnership's limited partnership units.

Table of Contents

THE MERGER AGREEMENT

The following describes the material terms of the merger agreement among the partnership, PDC and the merger sub. The full text of the merger agreement is included as Appendix A to this proxy statement and is incorporated herein by reference. We encourage you to read the entire merger agreement.

Structure; Effective Time

The merger agreement provides for the merger of the partnership with and into the merger sub, with the merger sub surviving the merger. The merger will become effective at the time of the filing of certificates of merger with the Secretary of State of the State of West Virginia and the Secretary of State of the State of Delaware. The certificates of merger are expected to be filed as soon as practicable after the last condition precedent to the merger set forth in the merger agreement has been satisfied or waived. We estimate that the closing of the merger will be in the fourth quarter of 2010.

Representations and Warranties of PDC, the Merger Sub and the Partnership

The merger agreement contains substantially reciprocal representations and warranties of PDC and the merger sub, on the one hand, and the partnership, on the other hand, including with respect to the following matters:

- due formation, good standing, and corporate, limited liability company or partnership power and authority;
- authority to enter into, and the validity and enforceability of, the merger agreement; and
- the absence of contracts or agreements having terms that would be violated by the execution and delivery of the merger agreement or the consummation of the merger.

Payment of Consideration for the Investor Limited Partnership Units

Upon completion of the merger, the investors will be entitled to receive a cash payment of $7,544 per limited partnership unit, less the sum of the per unit cash distributions made after June 30, 2010 and before the transaction closes, for their limited partnership units (which shall be proportionally adjusted for partial limited partnership units).

Conditions to Complete the Merger

The obligation of the parties to complete the merger is subject to the satisfaction or waiver, subject to compliance with applicable law, of certain conditions, including:

- the approval of the amendment to the partnership agreement and the merger agreement by the holders of at least a majority of the outstanding limited partnership units held by the investors;
- the absence of any law, rule, regulation, judgment, injunction, order or decree that would make the merger illegal or prohibit the consummation of the merger;
- the absence of any filed or pending suit, action or proceeding challenging the legality or any aspect of the merger or the transactions related to the merger; and
- the receipt of all approvals, authorizations and consents of third parties, including regulatory authorities, required for consummation of the merger.

In addition, the obligation of the partnership to complete the merger is further subject to the conditions that the representations and warranties of PDC and the merger sub shall be true and correct and that PDC and the merger sub shall have performed in all material respects all of their obligations

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 109 of 185

under the merger

Table of Contents

agreement, and the obligation of PDC and the merger sub to complete the merger is further subject to the condition that no event, circumstance, condition, development or occurrence causing, resulting in or having, or reasonably expected to cause, result in or have, a material adverse effect on the partnership's business, operations, properties (in all cases taken as a whole), condition (financial or otherwise), results of operations, assets (in all cases taken as a whole), liabilities or cash flows.

The parties may not waive the requirement that the amendment to the partnership agreement and the merger agreement be approved by a majority of the outstanding limited partnership units held by the investors. If the holders of a majority of the outstanding limited partnership units held by investors approve the amendment to the partnership agreement and the merger agreement, the parties may choose to complete the merger even though a condition has not been satisfied, so long as the law allows them to do so.

Termination of the Merger and the Merger Agreement

The merger agreement may be terminated and the merger abandoned, in whole or in part, at any time prior to the effective time:

- by the mutual written consent of all parties to the merger agreement (with the special committee required to approve any matter for the partnership);
- by any party to the merger agreement (with the special committee required to approve any matter for the partnership), if:
  - closing has not occurred by December 31, 2010;
  - any applicable law, rule or regulation makes consummation of the merger illegal or otherwise prohibited, or any final and non-appealable judgment, injunction, order or decree enjoining any party from consummating the merger is entered; or
  - any suit, action or proceeding is filed or pending against PDC, the merger sub or any officer, director, manager, member or affiliate of PDC or the merger sub challenging the legality or any aspect of the merger or the transactions related thereto;
- by the partnership (with the special committee required to approve any matter for the partnership), if PDC or the merger sub has failed to perform its obligations under the merger agreement, and such failure has a material adverse effect on PDC or the merger sub, or materially and adversely affects the transactions contemplated by the merger agreement, and is either incapable of being cured or is not cured within 30 days of notice thereof from the special committee;
- by PDC, if the partnership has failed to perform its obligations under the merger agreement, and such failure has a material adverse effect on the partnership, or materially and adversely affects the transactions contemplated by the merger agreement, and is either incapable of being cured or is not cured by the partnership within 30 days following written notice thereof from PDC; or
- by the special committee on behalf of the partnership if, prior to obtaining the required vote of the investors, the partnership (A) has materially complied with its obligations under the merger agreement and (B) has entered into a definitive acquisition agreement providing for a "superior proposal" (as defined below); *provided* that the partnership may not enter into any such definitive acquisition agreement or terminate the merger agreement pursuant to this provision until at least five days have passed after the special committee informs PDC of its intention to accept a superior proposal (during which time PDC may respond to any superior proposal). As used in the merger agreement, "superior proposal" means a bona fide written offer, obtained after the date of the merger agreement and not in breach of the merger agreement, made by a third party to the special committee to acquire, directly or indirectly, for consideration consisting of cash, all of the investors' interests in the partnership (i) which is not subject to a financing contingency, (ii) which is otherwise on terms and conditions which the special committee determines in its good faith judgment (after consultation with outside counsel and a

Table of Contents

financial advisor of national reputation) to be more favorable to the investors from a financial point of view than the merger and the merger agreement and the other transactions contemplated thereby, and (iii) which is reasonably capable of being completed, taking into account any approval requirements and all financial, legal, operational, regulatory and other aspects of such proposal.

If the merger agreement is validly terminated or the merger is abandoned, no party shall have any liabilities or obligations to the other parties except:

- PDC will pay all expenses and fees related to the merger incurred before the termination of the merger agreement or abandonment of the merger; and
- a party will be liable if that party is in breach of the merger agreement.

Amending the Merger Agreement

The parties may amend or cancel the merger agreement prior to the effective date by action taken or authorized by their respective boards of directors, members or managing general partner (through the special committee), as appropriate. The merger agreement may be amended, supplemented or modified only by written agreement among PDC, the merger sub and the partnership.

Waiving Certain Merger Provisions

Prior to the effective time, the parties may:

- extend the time for the performance of any of the obligations of the parties;
- waive any inaccuracies in the representations and warranties in the merger agreement or in a document delivered pursuant to the merger agreement; and
- waive compliance with any agreement or condition in the merger agreement (other than the requirement that the amendment to the partnership agreement and the merger agreement be approved by a majority of the outstanding limited partnership units held by the investors).

Any such extension or waiver will be valid only if it is in writing and signed by the party against whom the extension or waiver is to be effective.

THIRD-PARTY OFFERS

The special committee will consider offers from third parties to purchase the partnership or its assets. Those who wish to make an offer for the partnership or its assets must demonstrate to the special committee’s reasonable satisfaction their financial ability and willingness to complete such a transaction. Before reviewing non-public information about the partnership, a third party will need to enter into a customary confidentiality agreement. Offers should be at prices and on terms that are fair to the investors and more favorable to the investors than the prices and terms proposed for the merger in this document. PDC reserves the right to match or top any such offer. Persons desiring to make an offer for the partnership should contact Lance Lauck, Senior Vice President Business Development, at 303-860-5800.

DISTRIBUTION OF CASH PAYMENTS

Upon completion of the merger, the investors will have no continuing interest in, or rights as partners of, the partnership. The transfer books of the partnership will be closed on the closing date of the merger. All limited partnership units in the partnership will cease to be outstanding, will automatically be cancelled and retired, and will cease to exist.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 114 of 185

Table of Contents

PDC intends to pay the merger value to the investors of record by mailing checks within 30 days following the effectiveness of the merger. Checks will be mailed to the same addresses to which monthly distribution checks are mailed.

RIGHTS OF DISSENTING INVESTORS

You will be bound by the merger if the investors vote a majority of their limited partnership units in favor of the merger, even if you vote against the merger. Nevertheless, pursuant to Section 7.08 of the partnership agreement, an investor is entitled to exercise the same rights as a dissenting shareholder under Article 13 of the West Virginia Business Corporation Act (the "Act") to object to the merger agreement and demand that the merger sub, as the surviving entity, pay the fair value of his limited partnership units as determined in accordance with the West Virginia statutory provisions. The Act defines "fair value" as the value of a corporation's shares determined immediately before the effectuation of the corporate action to which the dissenter objects, using customary and current valuation concepts and techniques generally employed for similar businesses in the context of the transaction requiring appraisal and without discounting for lack of marketability.

The following summarizes the material provisions of West Virginia law relating to appraisal rights and is qualified in its entirety by reference to the applicable statutory provisions, which are set forth in full in Appendix C to this document.

The investors must follow certain prescribed procedures in their exercise of appraisal rights. **The failure to follow these procedures precisely, on a timely basis and in the manner required by Article 13 of the Act, may result in a loss of appraisal rights.**

1. To be entitled to payment of fair value as a dissenting investor, an investor must (i) before the vote to approve the merger is taken, deliver to PDC, the managing general partner of the partnership, written notice of the investor's intent to demand payment, (ii) not vote in favor of the proposed merger agreement, and (iii) make a payment demand, in each case as provided below.

2. Any investor electing to assert appraisal rights must deliver to PDC, prior to the taking of the vote at the special meeting to be held on December 8, 2010, written notice of the investor's intent to demand payment for such investor's limited partnership units if the proposed merger is effectuated. Additionally, such investor cannot vote in favor of the proposed merger agreement. If the investor does not comply with these two requirements, the investor will not be entitled to payment for the investor's limited partnership units under Article 13 of the Act. **The mere filing of a proxy directing a vote against the merger agreement, or a purported objection to the merger submitted on a proxy, does not constitute written notice of an investor's intent to demand payment for such investor's limited partnership units.**

3. If the proposed merger becomes effective, the merger sub will send a written appraisal notice to all dissenting investors no later than ten (10) days after the merger becomes effective. The appraisal notice must be accompanied by a copy of Article 13 of the Act and a form (the "Certification Form") that specifies the date of the first announcement to the investors of the principal terms of the proposed merger (the "Announcement Date") and which requires the investor asserting appraisal rights to certify whether or not beneficial ownership of those limited partnership units for which appraisal rights are asserted was acquired before that date, and that the investor did not vote for the transaction. The appraisal notice must also state: (i) where the Certification Form must be sent; (ii) the date by which the merger sub must receive the Certification Form (the "Due Date"), which may not be fewer than forty nor more than sixty days after the date the appraisal notice and Certification Form are sent, and state that the investor will be deemed to have waived the right to demand appraisal with respect to the limited partnership units unless the Certification Form is received by the merger sub by the Due Date; (iii) the merger sub's estimate of the fair value of the limited partnership units; (iv) that, if requested in writing, the merger sub will provide to the investor so requesting, within ten days after the Due Date, the number of investors who returned the Certification Forms by the Due Date and the total number of limited partnership units owned by them; and (v) the date by which an investor's

Table of Contents

notice to withdraw his or her election to exercise appraisal rights must be received by the merger sub, which we refer to as the "Withdrawal Date," which date must be within twenty days after the Due Date.

4. The merger sub will pay in cash to the investors who have completed and returned the Certification Form as provided herein an amount estimated by the merger sub to be the fair value of the investor's limited partnership units, plus interest as determined in accordance with the Act, within 30 days of the Due Date. The payment must be accompanied by: (i) the partnership's balance sheet as of the end of a fiscal year ending not more than sixteen (16) months before the date of payment, an income statement for that year, a statement of changes in partners' equity for that year and the latest available interim financial statements, if any; (ii) a statement of the merger sub's estimate of the fair value of the limited partnership units; and (iii) a statement that the investor has a right to timely demand further payment under Section 1326 of the Act. **Failure to timely demand further payment shall be deemed acceptance of the payment delivered as payment in full for the investor's limited partnership units.**

5. If an investor fails to certify on the Certification Form that the investor, or the beneficial owner of the investor's limited partnership units, acquired the limited partnership units for which appraisal rights are asserted before the Announcement Date, the merger sub may elect to treat such limited partnership units as "after-acquired limited partnership units" and may withhold payment. If the merger sub elects to withhold payment, the Act provides that the merger sub must, within 30 days of the Due Date, notify all investors described in this paragraph: (i) of the partnership's balance sheet as of the end of a fiscal year ending not more than sixteen (16) months before the date of payment, an income statement for that year, a statement of changes in partners' equity for that year and the latest available interim financial statements, if any; (ii) of the merger sub's estimate of the fair value of the limited partnership units; (iii) that such investors may accept such estimate of fair value, plus interest, in full satisfaction of their demands or that they may demand an appraisal under Section 1326 of the Act; (iv) that the investors who wish to accept the merger sub's offer must notify the merger sub within 30 days after receiving the offer; and (v) that those investors who do not satisfy the requirements for demanding appraisal under Section 1326 of the Act will be deemed to have accepted the offer.

6. If an investor who has received a payment as described in paragraph 4 above is dissatisfied with the payment, the investor must notify the merger sub in writing of his estimate of the fair value of the limited partnership units and demand payment of that estimate plus interest and less any payment due pursuant to Section 1324 of the Act. If an investor holding "after acquired limited partnership units" as described in paragraph 5 above is dissatisfied with the payment offered to him, the investor must reject the offer and demand payment of his stated estimate of the fair value of the limited partnership units plus interest. **An investor who fails to notify the merger sub in writing of his demand to be paid his stated estimate of the fair value plus interest as provided in this paragraph within 30 days after receiving the merger sub's payment (or in the case of after acquired limited partnership units, offer of payment) waives the right to demand payment pursuant to this paragraph and Section 1326 of the Act, and is entitled only to the payment the merger sub has made (or in the case of after acquired limited partnership units, offered).**

7. An investor who returned the Certification Form in the time period and in the manner described in paragraph 3 above may decline to exercise appraisal rights and withdraw from the appraisal process by sending a written notice of such withdrawal to the merger sub on or before the Withdrawal Date. In the event an investor fails to send a notice of withdrawal by the Withdrawal Date, the investor may only so withdraw with the merger sub's written consent.

8. If a dissenting investor's demand for payment remains unsettled, the Act requires the merger sub to commence a proceeding within sixty days after receiving the payment demand and to petition the court to determine the fair value of the limited partnership units and accrued interest. If the merger sub does not commence the proceeding within the sixty day period, it must pay each dissenting investor whose demand remains unsettled the amount demanded by each such dissenting investor, plus interest, in cash. The merger sub must make all dissenting investors, whether or not residents of West Virginia, whose demands remain unsettled parties to the proceeding as in an action against their limited partnership units, and serve all such dissenting investors with a copy of the petition. Nonresidents may be served by certified mail or by publication as provided by law. The jurisdiction of

the court in which the proceeding is commenced is plenary and exclusive and there is no right to trial by jury.

Table of Contents

The court in an appraisal proceeding will determine all costs of the proceeding and assess those costs against the merger sub, except that the court may assess costs against some or all of the dissenting investors to the extent that the court finds that such dissenting investors acted arbitrarily, vexatiously or not in good faith in demanding payment. The court may also assess the fees and expenses of counsel and experts for the respective parties in amounts the court finds equitable to the extent set forth in Section 1331 of the Act. If the court determines that the services of counsel for any dissenting investor were of substantial benefit to other dissenting investors similarly situated, that court may award to these attorneys reasonable fees to be paid out of the amounts awarded to the dissenting investors who benefited. If the merger sub fails to make a required payment pursuant to Section 1324, 1325 or 1326 of the Act (as described in the paragraphs 4, 5 and 6 above), the investor may sue for the amount owed and, to the extent successful, is entitled to recover from the merger sub all costs and expenses of the suit, including counsel fees.

Investors considering seeking appraisal of their limited partnership units by exercising their appraisal rights should be aware that the fair value of their limited partnership units determined under West Virginia law could be more than, the same as, or less than the merger consideration that they are entitled to receive under the merger agreement if they do not seek appraisal of their limited partnership units.

The foregoing discussion does not purport to be a complete statement of the procedures to be followed by investors desiring to exercise their appraisal rights. Because exercise of those rights requires strict adherence to the relevant provisions of the West Virginia Business Corporation Act, each investor who may desire to exercise appraisal rights is advised individually to consult the law (as set forth in Appendix C to this document) and to comply with the provisions of the statute.

Investors wishing to exercise appraisal rights are advised to consult their own counsel to ensure that they fully and properly comply with the requirements of West Virginia law.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The partnership does not have any directors or executive officers. The managing general partner of the partnership, PDC, has the exclusive right and full authority to manage, control and administer the partnership's business. Under the partnership agreement, limited partners holding a majority of the outstanding limited partnership interests have the right to take certain actions, including the removal of the managing general partner or any other general partner. PDC is not aware of any current arrangement or activity that may lead to such removal. The merger sub and the officers and directors of PDC do not have any direct financial or equity interests in the partnership and own no limited partnership units. In addition, other than PDC's beneficial ownership described below, PDC is not aware of any person who beneficially owns five percent (5%) or more of the outstanding limited partnership units of the partnership.

The following table presents information as of September 24, 2010 concerning PDC's interest in the partnership. Each partner exercises sole voting and investing power with respect to the interest beneficially owned.

	Limited Partnership Units			
	Number of Units Outstanding Which Represent 80% of Total Partnership Interests(1)	**Number of Units Beneficially Owned**	**Percentage of Total Units Outstanding**	**Percentage of Total Partnership Interests Beneficially Owned**
Person or Group	1,749.95			
Petroleum Development Corporation (2)(3)(4)	—	89.85	5.13%	4.10%
Investors beneficially owning 5% or more of limited partner interests	—	—	—	—

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 120 of 185

Table of Contents

(1) Additional general partner units were converted to limited partner interests at the completion of drilling activities.

(2) Petroleum Development Corporation, 1775 Sherman Street Suite 3000, Denver, Colorado 80203.

(3) No director or officer of PDC owns interest in PDC limited partnerships. Pursuant to the partnership agreement individual investor partners may present their units to PDC for purchase subject to certain conditions; however, PDC is not obligated to purchase more than 10% of the total outstanding units during any calendar year.

(4) In addition to this ownership percentage of limited partnership interest, Petroleum Development Corporation owns a Managing General Partner interest of 20%.

TRANSACTIONS AMONG THE PARTNERSHIP, PDC, THE MERGER SUB AND THEIR DIRECTORS AND OFFICERS

Except as described in this document, there have not been any contacts, transactions or negotiations between PDC, the merger sub, any of their respective subsidiaries, or, to the knowledge of PDC and the merger sub, any director, manager or executive officer of PDC or the merger sub, on the one hand, and the partnership or its directors, officers or affiliates, on the other hand, that are required to be disclosed pursuant to the rules and regulations of the SEC. Except as described in this document, none of PDC, the merger sub, or, to the knowledge of PDC and the merger sub, any director or executive officer of PDC or the merger sub, has any contract, arrangement, understanding or relationship with any person with respect to any securities of the partnership.

If you approve the merger, there are various ways that the merger sub may use the properties. The merger sub may continue to operate the properties, it may sell the properties to third parties or it may distribute the properties to its sole member, PDC. Although the merger sub plans to operate the properties in the immediate future following completion of the merger, it has not decided how to use the properties in the long-term.

Certain Relationships and Related Transactions

PDC transacts all of the partnership's business on behalf of the partnership. Under the D&O Agreement, PDC provides all necessary labor, vehicles, supervision, management, accounting, and overhead services for normal production operations, and may deduct from partnership revenues a fixed monthly charge for these services. The charge for these operations and field supervision fees, which we refer to as well tending fees, for each producing well is based on competitive industry field rates which vary based on areas of operation. The well tending fees and administration fees may be adjusted annually to an amount equal to the rates initially established by the D&O Agreement multiplied by the then current average of the Oil and Gas Extraction Index and the Professional and Technical Services Index, as published by the United States Department of Labor, Bureau of Labor Statistics, provided that the charge may not exceed the rate which would be charged by the comparable operators in the area of operations. This average is commonly referred to as the Accounting Procedure Wage Index Adjustment which is published annually by the Council of Petroleum Accountants Societies. These rates are reflective of similar costs incurred by comparable operators in the production field. PDC, in certain circumstances, has and may in the future, provide equipment or supplies, perform salt water disposal services or other services for the partnership at the lesser of cost or competitive prices in the area of operations.

Industry specialists, employed by PDC to support the partnership's business operations include the following:

- Geoscientists who identify and develop PDC's drilling prospects and oversee the drilling process;
- Petroleum engineers who plan and direct PDC's well completions and recompletions, construct and operate PDC's well and gathering lines, and manage PDC's production operations;

Table of Contents

- Petroleum reserve engineers who evaluate well natural gas and oil reserves at least annually and monitor individual well performance against expectations; and
- Full-time well tenders and supervisors who operate PDC wells.

PDC retains drilling subcontractors, completion subcontractors and a variety of other subcontractors in the performance of the work of drilling contract wells. In addition to technical management, PDC may provide services, at competitive rates, from PDC-owned service rigs, a water truck, steel tanks used temporarily on the well location during the drilling and completion of a well, roustabouts and other assorted small equipment and services. A roustabout is an oil and natural gas field employee who provides skilled general labor for assembling well components and other similar tasks. PDC may lay short gathering lines, or may subcontract all or part of the work where it is more cost effective for the partnership.

PDC transacts business on behalf of the partnership under the authority of the D&O Agreement. Revenues and other cash inflows received on behalf of the partnership are distributed to the investors net of (after deducting) corresponding operating costs and other cash outflows incurred on behalf of the partnership.

The following table presents transactions with PDC reflected in the balance sheet line item "Due from Managing General Partner-other, net" which remain undistributed or unsettled with the investors as of the dates indicated.

	June 30, 2010	December 31, 2009	December 31, 2008
Natural gas and oil sales revenues collected from the partnership's third-party customers	$ 221,403	$ 269,194	$ 524,733
Commodity price risk management, realized gains	29,033	342,602	628,241
Other(1)	(211,756)	(325,874)	551,308
Total Due from Managing General Partner-other, net	$ 38,680	$ 285,922	$ 1,704,282

(1) All other unsettled transactions, excluding derivative instruments, between the partnership and PDC. The majority of these are operating costs or general and administrative costs which have not been deducted from distributions.

Commencing with the 36th month of well operations, PDC withholds from monthly partnership cash distributions, amounts to be used to fund statutorily-mandated well plugging, abandonment and environmental site restoration expenditures. A partnership well may be abandoned, with consent of all non-operators, when depleted or an evaluation is made that the well has become uneconomical to produce. Per-well plugging fees withheld during 2009 and 2008 were $50 per well each month the well produced.

As of December 31, 2008, certain amounts recorded by the partnership as assets included amounts that were being held as restricted cash by PDC, on behalf of the partnership for the over-withholding of production taxes related to partnership production prior to 2007, including accrued interest thereon. During September 2009, the partnership collected these amounts totaling $1.3 million, from PDC.

Additionally, certain amounts representing royalties on partnership production paid in September 2009 were recorded by the partnership as liabilities. These amounts, which totaled approximately $148,000 including legal fees of approximately $13,000, represented the partnership's share of the court approved royalty litigation payment and settlement. During September 2009, all settlement costs related to this litigation were paid by the partnership, to PDC.

Pursuant to the authorization contained in the partnership agreement, PDC is reimbursed for certain direct operating expenses paid on behalf of the partnership. In addition, PDC is entitled to cash distributions with respect to its general partner interest in the partnership and the limited partnership units that it owns. The

Table of Contents

following table presents the payments by the partnership to PDC for the three and six months ended June 30, 2010 and 2009, and the years ended December 31, 2009 and 2008.

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	
	2010	2009	2010	2009	2009	2008
Well operations and maintenance (1)	$141,716	$166,376	$281,428	$369,186	$ 682,142	$ 795,057
Gathering, compression and processing fees(2)	42,122	38,860	86,467	81,020	165,012	202,314
Direct costs — general and administrative(3)	43,956	135,378	78,535	322,162	696,095	104,703
Cash distributions(4)(5)	197,177	296,857	438,132	469,236	1,047,774	1,186,812

(1) Under the D&O Agreement, PDC, as operator of the wells, receives payments for well charges and lease operating supplies and maintenance expenses from the partnership when the wells begin producing.

Well charges. PDC receives reimbursement at actual cost for all direct expenses incurred on behalf of the partnership, monthly well operating charges for operating and maintaining the wells during producing operations, which reflects a competitive field rate, and a monthly administration charge for partnership activities.

Under the D&O Agreement, PDC provides all necessary labor, vehicles, supervision, management, accounting, and overhead services for normal production operations, and may deduct from partnership revenues a fixed monthly charge for these services. The charge for these well tending fees for each producing well is based on competitive industry field rates which vary based on areas of operation. The well tending fees and administration fees may be adjusted annually to an amount equal to the rates initially established by the D&O Agreement multiplied by the then current average of the Oil and Gas Extraction Index and the Professional and Technical Services Index, as published by the United States Department of Labor, Bureau of Labor Statistics, provided that the charge may not exceed the rate which would be charged by the comparable operators in the area of operations. This average is commonly referred to as the Accounting Procedure Wage Index Adjustment which is published annually by the Council of Petroleum Accountants Societies. These rates are reflective of similar costs incurred by comparable operators in the production field. PDC, in certain circumstances, has and may in the future, provided equipment or supplies, performed salt water disposal services and other services for the partnership at the lesser of cost or competitive prices in the area of operations.

PDC as operator bills non-routine operations and administration costs to the partnership at its cost. PDC may not benefit by inter-positioning itself between the partnership and the actual provider of operator services. In no event is any consideration received for operator services duplicative of any consideration or reimbursement received under the partnership agreement.

The well operating charges cover all normal and regularly recurring operating expenses for the production, delivery, and sale of natural gas and oil, such as:

- well tending, routine maintenance, and adjustment;
- reading meters, recording production, pumping, maintaining appropriate books and records; and
- preparing production related reports to the partnership and government agencies.

The well supervision fees do not include costs and expenses related to:

- the purchase of equipment, materials, or third-party services;
- the cost of compression and third-party gathering services, or gathering costs;
- brine disposal; and
- rebuilding and maintenance of access roads.

Table of Contents

These costs are charged at the invoice cost of the materials purchased or the third-party services performed.

Lease Operating Supplies and Maintenance Expense. PDC and its affiliates may enter into other transactions with the partnership for services, supplies and equipment during the production phase of the partnership, and is entitled to compensation at competitive prices and terms as determined by reference to charges of unaffiliated companies providing similar services, supplies and equipment. Management believes these transactions were on terms no less favorable than could have been obtained from non-affiliated third parties.

(2) Under the partnership agreement, PDC is responsible for gathering, compression and processing the gas produced by the partnership and transporting it to interstate pipeline systems, local distribution companies, and/or end-users in the area from the point the natural gas from the well is commingled with natural gas from other wells. In such a case, PDC uses gathering systems already owned by PDC or PDC constructs the necessary facilities if no such line exists. In such a case, the partnership pays a gathering, compression and processing fee directly to PDC at competitive rates. If a third-party gathering system is used, the partnership pays the gathering fee charged by the third-party gathering the gas.

(3) PDC is reimbursed by the partnership for all direct costs expended by it on the partnership's behalf for administrative and professional fees, such as legal expenses, audit fees and engineering fees for reserve reports.

(4) The partnership agreement provides for the allocation of cash distributions 80% to partnership investors and 20% to PDC, as managing general partner of the partnership. Cash distributions include cash distributions of $33,538 and $74,307 during the three and six months ended June 30, 2010, respectively, $49,288 and $76,501 during the three and six months ended June 30, 2009, respectively, and $173,356 and $131,449 during the years ended December 31, 2009 and 2008, respectively, related to equity cash distributions on limited partnership units repurchased by PDC.

(5) Distributions to partners of the partnership in 2009 were impacted by several non-recurring items.

Transactions in Limited Partnership Units

There have been no transactions in limited partnership units during the past 60 days by any of PDC, PDC's officers or directors, any of the merger sub's officers, or any associate or majority-owned subsidiary of the foregoing.

None of PDC's current officers or directors have made purchases of limited partnership units during the past two years. The following table shows purchases of limited partnership units during the past two years effected by PDC:

Quarter	Total Number of Limited Partner Units Purchased	Range of Prices Paid per Unit		Weighted Average Price Paid per Unit
Third Quarter 2010(1)	—	—	—	—
Second Quarter 2010	0.75	$5,060	$5,320	$5,233
First Quarter 2010	—	—	—	—
Fourth Quarter 2009	1.50	7,943	7,943	7,943
Third Quarter 2009	0.50	8,460	8,460	8,460
Second Quarter 2009	0.90	9,406	9,406	9,406
First Quarter 2009	22.00	9,318	9,472	9,383
Fourth Quarter 2008	0.50	8,970	8,970	8,970
Third Quarter 2008	—	—	—	—
Second Quarter 2008	50.50	8,000	8,321	8,319
First Quarter 2008	—	—	—	—

(1) Through September 24, 2010.

Table of Contents

Other Agreements and Arrangements

Executive officers of PDC were eligible to invest in an executive drilling program, as approved by the board of directors of PDC. These executive officers profited from their participation in the executive drilling program because they invested in wells at cost and did not pay drilling compensation, management fees or broker commissions and therefore obtained an interest in the wells at a reduced price than that which was charged to the investors in the partnership.

Through the executive drilling program, certain former executive officers of PDC invested in the wells developed by PDC in which the partnership invested. The executive program allowed PDC to sell working interests to PDC executive officers in the wells that PDC developed for the partnership. Participating officers thereby owned parallel undivided working interests in all of the wells that the partnership has invested in. Prior to the funding of the partnership, each executive officer who chose to participate in the executive program advised PDC of the dollar amount of his investment participation, and thereby acquired a working interest in the wells in which the partnership acquired a working interest, the acquired working interest being parallel to the working interest of the partnership and the investors. The officers' percentage in certain wells is proportionate to the partnership's working interest among all of the partnership's wells based upon the officers' investment amount. PDC had the option to sell working interests in these wells to other parties unaffiliated with PDC prior to the funding of the partnership. The aggregate ownership percentage of these former executive officers ranges from 0.1216% to 0.152% of each well in the partnership. As of September 24, 2010, no current executive officer owns any beneficial interest in the partnership.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 129 of 185

Table of Contents

MANAGEMENT

PDC

PDC's executive officers and directors, their principal occupations for the past five years and additional information is set forth below.

Name	Age	Position(s)	Director Since	Directorship Term Expires
Richard W. McCullough	58	Chairman, Chief Executive Officer and Director	2007	2013
Gysle R. Shellum	58	Chief Financial Officer	—	—
Barton R. Brookman, Jr.	48	Senior Vice President Exploration and Production	—	—
Daniel W. Amidon	49	General Counsel and Secretary	—	—
Lance Lauck	47	Senior Vice President Business Development	—	—
Vincent F. D'Annunzio(1)	57	Director	1989	2010
Larry F. Mazza	49	Director	2007	2013
James M. Trimble	62	Director	2009	2013
Joseph E. Casabona	66	Director	2007	2011
David C. Parke	43	Director	2003	2011
Jeffrey C. Swoveland	55	Director	1991	2011
Anthony J. Crisafio	57	Director	2006	2012
Kimberly Luff Wakim	52	Director	2003	2012

(1) Vincent F. D'Annunzio informed PDC that he would not stand for re-election to PDC's board of directors at PDC's 2010 Annual Shareholders meeting. PDC's board of directors subsequently reduced its size from nine members to eight members, effective as of the date of the 2010 Annual Meeting of Shareholders, which was held on June 4, 2010.

Richard W. McCullough was appointed Chief Executive Officer of PDC in June 2008 and Chairman of PDC's board of directors in November 2008. From November 2006 until November 2008, he served as Chief Financial Officer of PDC. Prior to joining PDC, Mr. McCullough served from July 2005 to November 2006 as an energy consultant. From January 2004 to July 2005, he was President and Chief Executive Officer of Gasource, LLC, a marketer of long-term, natural gas supplies in Dallas, Texas. From 2001 to 2003, Mr. McCullough served as an investment banker with J.P. Morgan Securities, Atlanta, Georgia, in the public finance utility group supporting bankers nationally in all natural gas matters. Additionally, Mr. McCullough has held senior positions with Progress Energy, Deloitte and Touche, and the Municipal Gas Authority of Georgia. He holds BS and MS degrees from the University of Southern Mississippi and was a practicing Certified Public Accountant for eight years. Mr. McCullough also serves on the boards of several oil and gas trade industry associations.

Gysle R. Shellum was appointed Chief Financial Officer in 2008. Prior to joining PDC, Mr. Shellum served as Vice President, Finance and Special Projects of Crosstex Energy, L.P., Dallas, Texas. Mr. Shellum served in this capacity from September 2004 through September 2008. From March 2001 until September 2004, Mr. Shellum served as a consultant to Value Capital, a private consulting firm in Dallas, Texas, where he worked on various projects, including corporate finance and Sarbanes-Oxley Act compliance. Crosstex Energy, L.P. is a publicly traded Delaware limited partnership whose securities are listed on the NASDAQ Global Select Market and is an independent midstream energy company engaged in the gathering, transmission, treating, processing and marketing of natural gas and natural gas liquids.

Table of Contents

Barton R. Brookman, Jr. was appointed Senior Vice President Exploration and Production in March 2008. Previously, Mr. Brookman served as Vice President Exploration and Production since joining PDC in July 2005. Prior to joining PDC, Mr. Brookman worked for Patina Oil and Gas and its predecessor Snyder Oil for 17 years in a series of positions of increasing responsibility, ending his service as Vice President of Operations of Patina.

Daniel W. Amidon was appointed General Counsel and Secretary in July 2007. Prior to his current position, Mr. Amidon was employed by Wheeling-Pittsburgh Steel Corporation beginning in July 2004; he served in several positions including General Counsel and Secretary. Prior to his employment with Wheeling-Pittsburgh Steel, Mr. Amidon worked for J&L Specialty Steel Inc. from 1992 through July 2004 in positions of increasing responsibility, including General Counsel and Secretary. Mr. Amidon practiced with the Pittsburgh law firm of Buchanan Ingersoll PC from 1986 through 1992.

Lance Lauck was appointed Senior Vice President Business Development in August 2009. Previously Mr. Lauck served as Vice President — Acquisitions and Business Development for Quantum Resources Management LLC from 2006 — 2009. From 1988 until 2006, he held various management positions at Anadarko Petroleum Corporation in the areas of acquisitions and divestitures, corporate mergers and business development.

Vincent F. D'Annunzio has served as president of Beverage Distributors, Inc. located in Clarksburg, West Virginia since 1985.

Larry F. Mazza is President and Chief Executive Officer of MVB Bank, Inc. in Fairmont, West Virginia. He has been Chief Executive Officer since March 2005, and added the duties of President in January of 2009. Prior to 2005, Mr. Mazza served as Senior Vice President Retail Banking for BB&T and its predecessors in West Virginia, where he was employed from June 1986 to March 2005. A Certified Public Accountant for 26 years, Mr. Mazza also was previously an auditor with KPMG.

James M. Trimble has served as Managing Director of Grand Gulf Energy, Limited (ASX:GGE), a public company traded on the Australian Exchange, since August 2006. In January 2005, Mr. Trimble founded and has since served 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 were privately held oil and gas companies that he was brought in to take through troubled workout solutions. Prior to this, he was Senior Vice President of Exploration and Production for Cabot Oil and Gas (NYSE:COG). 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.

Joseph E. Casabona served as Executive Vice President and member of the board of directors of Denver-based Energy Corporation of America, a natural gas exploration and development company, from 1985 until his retirement in May 2007. Mr. Casabona's responsibilities included strategic planning as well as executive oversight of drilling operations in the continental U.S. and internationally. In 2008, Mr. Casabona became Chief Executive Officer of Paramax Resources Ltd, a junior public Canadian oil & gas company (PMXRF) engaged in the business of acquiring and exploration of oil and gas prospects, primarily in Canada and Idaho.

David C. Parke is a Managing Director in the investment banking group of Boenning & Scattergood, Inc., West Conshohocken, Pennsylvania, a full-service investment banking firm. Prior to joining Boenning & Scattergood in November 2006, he was a Director with investment banking firm Mufson Howe Hunter & Company LLC, Philadelphia, Pennsylvania, 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 Wachovia Securities, and Legg Mason, Inc., now part of Stifel Nicolaus.

Jeffrey C. Swoveland is President and Chief Executive Officer of ReGear Life Sciences, Inc. in Pittsburgh, Pennsylvania (previously named Coventina Healthcare Enterprises), which develops and markets medical

Table of Contents

device products, where he was previously Chief Operating Officer. From 2000 until 2007, Mr. Swoveland served as Chief Financial Officer of Body Media, Inc., a life-science company specializing in the design and development of wearable body monitoring products and services. Prior thereto, Mr. Swoveland held various positions, including Vice-President of Finance, Treasurer and interim Chief Financial Officer with Equitable Resources, Inc., a diversified natural gas company, from 1994 to September 2000. Mr. Swoveland serves as a member of the board of directors of Linn Energy, LLC, a public, independent natural gas and oil company.

Anthony J. Crisafio, 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 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 the 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 SEC registered client engagements and gained significant experience with oil and gas industry clients and mergers and acquisitions.

Kimberly Luff Wakim, an attorney and Certified Public Accountant, is a Partner with the Pittsburgh, Pennsylvania law firm Thorp, Reed & Armstrong LLP, where she serves as a member of the Executive Committee and is the Practice Group Leader for the Bankruptcy and Financial Restructuring Practice Group. Ms. Wakim has practiced law with Thorp, Reed & Armstrong LLP since 1990. 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 AICPA and the West Virginia Society of CPAs for more than fifteen years.

The business contact information for each of the above-named executive officers and directors is 1775 Sherman Street, Suite 3000, Denver, Colorado 80203, c/o Petroleum Development Corporation. To PDC's knowledge, none of its executive officers or directors has been convicted in a criminal proceeding during the past five years (excluding traffic violations or similar misdemeanors) or has been a party to any judicial or administrative proceeding during the past five years (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree, or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws. Each of PDC's executive officers and directors is a citizen of the United States.

The Merger Sub

The following information sets forth the age, positions and offices with the merger sub of each manager and executive officer of the merger sub. Each such person has served in each of the capacities indicated opposite his name since the inception of the merger sub. Information with respect to each such person's business experience during the past five years is set forth above under the heading "— PDC."

Name	Age	Position(s)
Barton R. Brookman, Jr.	48	President
Gysle R. Shellum	58	Vice President and Treasurer
Daniel W. Amidon	49	Vice President and Secretary

The Partnership

PDC, in its capacity as the managing general partner of the partnership, has the exclusive right and full authority to manage, control and administer the partnership's business. The partnership does not have any officers or directors of its own.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 134 of 185

Table of Contents

RESERVE REPORT

Appendix D to this document sets forth the partnership's reserve report as of December 31, 2009. You should read Appendix D carefully in its entirety.

The reserve report for the partnership set forth in Appendix D to this document was prepared by Ryder Scott Company, L.P., an independent petroleum consultant. The proved reserves and estimated future net revenues attributable to the partnership has been included in this document in reliance on that firm's authority as experts on the matters contained in that reserve report.

SUMMARY FINANCIAL INFORMATION

Set forth below is summary financial data relating to the partnership. The financial data has been derived from the partnership's financial statements as of December 31, 2009 and 2008 and for the years then ended and as of June 30, 2010 and 2009 and for the periods then ended, which are included as Appendix E to this proxy statement. You should read Appendix E carefully in its entirety. The following data should be read in conjunction with Appendix E and other financial information contained in the partnership's Form 10-K for year ended December 31, 2009 and the Form 10-Q for quarter ended June 30, 2010.

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	
	2010	2009	2010	2009	2009	2008
Statement of Operations Data:						
Revenues	$ 977,527	$ (146,884)	$2,966,886	$ 409,153	$ 1,536,201	$8,938,821
Operating Costs and Expenses	970,999	1,096,352	1,896,384	2,348,134	4,570,596	4,338,744
(Loss) Income from Operations	6,528	(1,243,236)	1,070,502	(1,938,981)	(3,034,395)	4,600,077
Net (Loss) Income	6,528	(1,231,679)	1,070,502	(1,915,058)	(3,001,567)	4,668,406
Net (Loss) Income Allocated to Partners	6,528	(1,231,679)	1,070,502	(1,915,058)	(3,001,567)	4,668,406
Less: Managing General Partner Interest in Net (Loss) Income	1,305	(246,336)	214,100	(383,012)	(600,313)	933,681
Net (Loss) Income Allocated to Investor Partners	5,223	(985,343)	856,402	(1,532,046)	(2,401,254)	3,734,725
Net (Loss) Income per Investor Partner Unit	3	(563)	489	(875)	(1,372)	2,134
Net (Loss) Income from Operations per Investor Partner Unit	3	(568)	489	(886)	(1,387)	2,103
Investor Partner Units Outstanding	1,749.95	1749.95	1749.95	1749.95	1749.95	1,749.95

	June 30,	December 31,	
	2010	2009	2008
Balance Sheet Data:			
Current Assets	$ 1,081,515	$ 1,301,470	$ 4,018,431
Non-Current Assets	20,982,356	21,708,589	24,631,822
Total Assets	22,063,871	23,010,059	28,650,253
Current Liabilities	458,386	490,068	54,359
Non-Current Liabilities	1,597,287	1,763,173	465,412
Total Liabilities	2,055,673	2,253,241	519,771
Partners' Equity:			
Managing General Partner	4,011,425	4,161,150	5,635,881
Limited Partners — 1,749.95 Units Issued and Outstanding	15,996,773	16,595,668	22,494,601
Total Partners' Equity	20,008,198	20,756,818	28,130,482
Book Value per Investor Partner Unit	9,141	9,484	12,854

Table of Contents

PROPOSAL 3 — ADJOURNMENT OF THE SPECIAL MEETING

If at the special meeting the number of limited partnership units of the partnership present or represented by proxy and voting in favor of the approval of the merger agreement or the amendment to the partnership agreement is insufficient to approve the merger agreement or the amendment to the partnership agreement, respectively, under West Virginia law and under the partnership agreement, PDC (in its capacity as the managing general partner of the partnership) may move to adjourn the special meeting in order to enable PDC to continue to solicit additional proxies in favor of the approval of the merger agreement and the amendment to the partnership agreement. In that event, PDC will ask you to vote only upon the adjournment proposal and not on the merger agreement or the amendment to the partnership agreement.

In this proposal, the special committee is asking you to authorize the holder of your proxy to vote in favor of adjourning the special meeting and any later adjournments. If the investors approve the adjournment proposal, PDC will adjourn the special meeting, and any adjourned session of the special meeting, and use the additional time to solicit additional proxies in favor of the proposal to approve the merger agreement and the amendment to the partnership agreement, including the solicitation of proxies from investors who have previously voted against the merger agreement or the amendment to the partnership agreement. Among other things, approval of the adjournment proposal could mean that, even if PDC had received proxies representing a sufficient number of votes against the proposal to approve the merger agreement or the proposal to amend the partnership agreement to defeat either such proposal, PDC could adjourn the special meeting without a vote on either such proposal and seek to convince the holders of those limited partnership units voting against either or both proposals to change their votes to votes in favor of both proposals.

The adjournment proposal requires that holders of more of the limited partnership units vote in favor of the adjournment proposal than vote against the proposal. Accordingly, abstentions and broker non-votes will have no effect on the outcome of this proposal. No proxy that is specifically marked **"AGAINST"** the proposal to approve the merger agreement or the amendment to the partnership agreement will be voted in favor of the adjournment proposal, unless it is specifically marked **"FOR"** the discretionary authority to adjourn the special meeting to a later date.

The special committee believes that if the number of limited partnership units present or represented by proxy at the special meeting and voting in favor of the merger agreement or the amendment to the partnership agreement is insufficient to approve the merger agreement or the amendment to the partnership agreement, respectively, it is in the best interests of the investors to enable PDC, for a limited period of time, to continue to seek to obtain a sufficient number of additional votes to approve the merger agreement and/or the amendment to the partnership agreement.

THE SPECIAL COMMITTEE RECOMMENDS A VOTE "FOR" THE APPROVAL OF ANY PROPOSAL TO ADJOURN OR POSTPONE THE SPECIAL MEETING TO A LATER DATE, INCLUDING AN ADJOURNMENT OR POSTPONEMENT TO SOLICIT ADDITIONAL PROXIES IF, AT THE SPECIAL MEETING, THE NUMBER OF LIMITED PARTNERSHIP UNITS PRESENT OR REPRESENTED BY PROXY AND VOTING IN FAVOR OF THE APPROVAL OF THE MERGER AGREEMENT OR THE AMENDMENT TO THE PARTNERSHIP AGREEMENT IS INSUFFICIENT TO APPROVE THE MERGER AGREEMENT OR THE AMENDMENT OF THE PARTNERSHIP AGREEMENT, RESPECTIVELY.

Table of Contents

OTHER MATTERS

Only the business that is specified in the "Notice of Special Meeting of Investors" may be presented at the special meeting, and no other matters may properly be brought before the special meeting. The partnership is unaware of other matters to be voted on at the special meeting. If other matters do properly come before the special meeting, the partnership intends that the persons named in the proxies will vote, or not vote, in their discretion the limited partnership units represented by the proxies.

ADDITIONAL BUSINESS INFORMATION

Petroleum Development Corporation

PDC, a Nevada corporation, is an independent energy company engaged in the exploration, development, production and marketing of oil and natural gas. Since it began oil and gas operations in 1969, PDC has grown through drilling and development activities, acquisitions of producing natural gas and oil wells and the expansion of its natural gas marketing activities. PDC also serves as the managing general partner of 33 partnerships formed to drill, own and operate natural gas and oil wells, including PDC 2004-D Limited Partnership.

PDC's common stock is traded on the NASDAQ Global Select Market under the ticker symbol "PETD." PDC files annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission, or SEC. Those SEC filings are available to you in the same manner as the partnership's information. See "Where You Can Find More Information."

The principal executive office of PDC is located at 1775 Sherman Street, Suite 3000, Denver, Colorado 80203, and its telephone number is 303-860-5800.

PDC, in its capacity as managing general partner of the partnership, prepared this document to solicit your proxy.

DP 2004 Merger Sub, LLC

The merger sub is a direct, wholly-owned subsidiary of PDC and was formed as a limited liability company under the laws of the State of Delaware. The merger sub was formed on May 7, 2010 solely for the purpose of effecting the merger of PDC's drilling partnerships. The merger sub has not conducted any business operations other than activities incidental to its formation and in connection with the transactions contemplated by the merger.

The principal executive office of the merger sub is located at 1775 Sherman Street, Suite 3000, Denver, Colorado 80203, and its telephone number is 303-860-5800.

PDC 2004-D Limited Partnership

General

The partnership is a publically subscribed West Virginia Limited Partnership which owns an undivided working interest in natural gas and oil wells located in Colorado from which the partnership produces and sells natural gas and oil. The partnership was organized and began operations in 2004 with cash contributed by limited and additional general partners, who own 80% of the partnership's capital, or equity interests, and PDC, who owns the remaining 20% of the partnership's capital, or equity interest. PDC serves as managing general partner of the partnership. Upon funding, the partnership entered into a Drilling and Operating Agreement, which we refer to as the D&O Agreement, with PDC that governs the drilling and operational aspects of the partnership. The partnership utilized substantially all of the capital raised in the offering for the initial drilling and completion of the partnership's wells.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 138 of 185

Table of Contents

In accordance with the partnership agreement, general partnership interests were converted to limited partnership units at the completion of the partnership's drilling activities. A limited partner's obligation to the partnership under West Virginia law is limited to his or her capital contribution.

The following table presents partnership formation and organizational information through the completion of the drilling phase on December 28, 2005:

PDC 2004-D Limited Partnership Information	Date	Number of Partners	Number of Partner Units: Additional General Partner Units	Number of Partner Units: Limited Partner Units	Equity Percentage	Amount (Millions)
West Virginia Limited Partnership Formation	July 28, 2004					
Limited Partnership Termination Date	December 31, 2055					
Public Sale of Securities and Funding	September 9, 2004					
Investor Partners(1) Unit Cost: $20,000		1,111	1,712.58	37.37	80.00%	$ 35.0
PDC, Managing General Partner					20.00%	7.7
Total funding						42.7
Syndication costs paid to third-party brokers						(3.5)
Management fee paid to PDC						(0.5)
Net funding available for drilling activities					100.00%	$ 38.7
Conversion of Additional General Partners to Limited Partners	December 28, 2005		(1,712.58)	1,712.58		
Limited partnership units after conversion			—	1,749.95		

(1) PDC, as managing general partner of the partnership, repurchases investor's units under certain circumstances provided by the partnership agreement, upon request of an individual investor. For more information about PDC's limited partner unit repurchase program, see "— Unit Repurchase Program".

The partnership expects continuing operations of its oil and natural gas properties until such time that a well is depleted or becomes uneconomical to produce, at which time that well will be plugged and abandoned. The partnership's maximum term of existence extends through December 31, 2055, unless dissolved by certain conditions stipulated within the partnership agreement which are unlikely to occur at this time, or by written consent of the investors owning a majority of outstanding units at that time.

The address and telephone number of the partnership and PDC's principal executive offices are 1775 Sherman Street, Suite 3000, Denver, Colorado 80203 and (303) 860-5800.

Business Strategy

The primary objective of the partnership is the profitable operation of developed Colorado oil and natural gas properties and the appropriate allocation of cash proceeds, costs and tax benefits, based on the terms of

Table of Contents

the partnership agreement, among the partnership's investors. The partnership operates in one business segment, oil and natural gas sales.

Development

The partnership's Denver-Julesburg Basin wells are situated in the Wattenberg Field, located north and east of Denver. The Codell formation, from which natural gas and oil is produced, is the primary producing zone for most of the partnership's 32 wells developed in the Wattenberg Field. The partnership's Piceance Basin wells are situated in the Grand Valley Field, located near the western border of Colorado. The Mesa Verde formation, where natural gas is the predominant hydrocarbon produced, is the primary producing zone for the partnership's 12 Grand Valley Field wells. The typical well production profile for wells in both the Wattenberg and Grand Valley fields displays an initial high production rate and relatively rapid decline, followed by years of relatively shallow decline.

Well recompletions in the Codell formation of Wattenberg Field wells, which may provide for additional reserve development and production, generally occur five to ten years after initial well drilling so that well resources are optimally utilized. These well recompletions would be expected to occur based on a favorable general economic environment and commodity price structure. PDC, as managing general partner of the partnership, has the authority to determine whether to recomplete the individual wells and to determine the timing of any recompletions. The timing of the recompletions can be affected by the desire to optimize the economic return by recompleting the wells when commodity prices are at levels to obtain the highest rate of return to the partnership. The number and timing of these recompletions will be subject to partnership's cash availability since borrowing is not permitted. PDC may retain partnership distributable cash flow, if needed, to fully develop the partnership's wells; but if full development of the partnership's wells proves commercially unsuccessful, an individual investor partner might anticipate a reduction in cash distributions.

A recompletion consists of a second fracture treatment in the same formation originally fractured in the initial completion. PDC and other producers have found that the recompletions generally increase the production rate and recoverable reserves of the wells. On average, the production resulting from PDC's Codell recompletions has been above the modeled economics; however, all recompletions have not been economically successful and future recompletions may not be economically successful. The cost of recompleting a well producing from the Codell formation is generally one-third of the cost of a new well. If the recompletion work is performed, PDC will charge the partnership for the direct costs of recompletions, and the investors will each pay their proportionate share of costs based on the operating costs sharing ratios of the partnership from funds retained by PDC from distributable cash flows. See "Management Discussion & Analysis — Well Recompletion Plan" for a discussion of the partnership's Well Recompletion Plan.

Drilling and Other Development Activities

The partnership's properties, which we refer to as the properties, consist of a working interest for the well bore in each well drilled by the partnership. The partnership drilled 44 development wells (42.2 net — the number of gross wells multiplied by the working interest in the wells owned by the partnership) during drilling operations that began immediately after funding and concluded in March 2005 when all of the partnership's wells were connected to sales and gathering lines. No exploratory drilling activity was conducted on behalf of the partnership. The 44 wells discussed above are the only wells to be drilled by the partnership since all of the funds raised in the partnership offering have been utilized. In accordance with the D&O Agreement, the partnership paid its proportionate share of the cost of drilling and completing each well as follows:

- The leasehold cost of the prospect;
- The intangible well costs for each well completed and placed in production; and
- The tangible costs of drilling and completing the partnership wells and of gathering pipelines necessary to connect the well to the nearest appropriate sales point or delivery point.

Table of Contents

Title to Properties

The partnership's leases are direct interests in producing acreage. In accordance with the D&O Agreement, PDC exercised due care and judgment, which included curative work for any title defect when discovered, to ensure that each partnership's well bore working interest assignment, made effective on the date of well spudding, was properly recorded in county land records. The partnership believes it holds good and defensible title to its developed properties, in accordance with standards generally accepted in the industry, through the record title held in the partnership's name, of each partnership well's working interest. The partnership's properties are subject to royalty, overriding royalty and other outstanding interests customary to the industry. PDC does not believe that any additional burdens, liens or encumbrances customary to the industry, if any, will materially interfere with the commercial use of the properties. Provisions of the partnership agreement generally relieve PDC from any error in judgment with respect to the waiver of title defects.

Natural Gas and Oil Reserves

The partnership's gas and oil reserves are located in the United States. The partnership's reserve estimates are prepared with respect to reserve categorization, using the definitions for proved reserves set forth in SEC Regulation S-X, Rule 4-10(a) and subsequent SEC staff regulations, interpretations and guidance. PDC has a comprehensive process that governs the determination and reporting of the partnership's proved reserves. As part of PDC's internal control process, the partnership's reserves are reviewed annually by an internal team composed of reservoir engineers, geologists and accounting personnel for adherence to SEC guidelines through a detailed review of land records, available geological and reservoir data as well as production performance data. The review includes, but is not limited to, confirmation that reserve estimates (1) include all properties owned; (2) are based on proper working and net revenue interests; and (3) reflect reasonable cost estimates and field performance. The internal team compiles the reviewed data and forwards the data to an independent consulting firm engaged to estimate the partnership's reserves.

The partnership utilized the services of an independent petroleum engineer, Ryder Scott Company, L.P., which we refer to as Ryder Scott, to estimate the partnership's 2009 and 2008 natural gas and oil reserves. When preparing the partnership's reserve estimates, the independent engineer did not independently verify the accuracy and completeness of information and data furnished by PDC with respect to ownership interests, natural gas and oil production, well test data, historical costs of operations and development, product prices, or any agreements relating to current and future operations of properties and sales of production. The independent petroleum engineer prepared an estimate of the partnership's reserves in conjunction with an ongoing review by PDC's engineers. A final comparison of data was performed to assure that the reserve estimates were complete and reasonable. The final independent petroleum engineer's estimated reserve report was reviewed and approved by PDC's engineering staff and management.

The professional qualifications of PDC's lead engineer primarily responsible for overseeing the preparation of the partnership's reserve estimate meets the standards of "Reserves Estimator" as defined in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information as promulgated by the Society of Petroleum Engineers. This PDC employee holds a Bachelor of Science degree in Petroleum and Natural Gas Engineering and has over 25 years of experience in reservoir engineering. The individual is a member of the Society of Petroleum Engineers, allowing the individual to remain current with the developments and trends in the industry. Further, during 2009, this individual attended ten hours of formalized training relating to the definitions and disclosure guidelines set forth in the SEC's final rule released in January 2009, *Modernization of Oil and Gas Reporting*.

Proved reserves are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing conditions, operating methods, and government regulations. These reserve quantities should be producible prior to the operating contract term's expiration date, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic

Table of Contents

methods are used for the estimation. Estimates of proved reserves may change, either positively or negatively, as additional information becomes available and as contractual, economic and political conditions change. The partnership's net proved reserve estimates have been adjusted as necessary to reflect all contractual agreements, royalty obligations and interests owned by others at the time of the estimate. The partnership's two categories of proved reserves, are as follows:

- Proved developed reserves are those natural gas and oil quantities expected to be recovered from currently producing zones under the continuation of present operating methods.
- Proved undeveloped reserves, which we refer to as PUDs, are those reserves expected to be recovered from existing wells where a relatively major expenditure is required for recompletion.

The table below presents information as of December 31, 2009, regarding the partnership's proved reserves by production field as estimated by Ryder Scott. Reserves cannot be measured exactly, because reserve estimates involve judgment. The estimates are reviewed periodically and adjusted to reflect additional information gained from reservoir performance data, new geological and geophysical data and economic changes. The partnership's estimated proved undeveloped reserves represent the reserves attributable to the future recompletions of the Codell formation in the Wattenberg Field wells.

	As of December 31, 2009			
	Oil (MBbl)	Natural Gas (MMcf)	Natural Gas Equivalent (MMcfe)	Percent
Proved developed				
Piceance Basin: Grand Valley Field	5	3,907	3,937	81%
Denver-Julesburg (DJ) Basin: Wattenberg Field	78	447	915	19%
Total proved developed	83	4,354	4,852	100%
Proved undeveloped				
Piceance Basin: Grand Valley Field	—	—	—	0%
Denver-Julesburg (DJ) Basin: Wattenberg Field	255	1,246	2,776	100%
Total proved undeveloped	255	1,246	2,776	100%
Proved reserves				
Piceance Basin: Grand Valley Field	5	3,907	3,937	52%
Denver-Julesburg (DJ) Basin: Wattenberg Field	333	1,693	3,691	48%
Total proved reserves	338	5,600	7,628	100%

In 2009, the SEC published its final rule regarding the modernization of oil and gas reporting, which changed the valuation price of in-ground natural gas and oil resources, used to determine economically producible natural gas and oil reserve quantities, from a year-end single-day pricing method to a method which applies the 12-month average of the first-day-of-the-month price during each month of 2009. An economically producible quantity is one where the revenue provided by its sale is reasonably likely to exceed the cost to deliver that quantity to market.

Operations

General. When partnership wells were "completed" (i.e., drilled, fractured or stimulated, and all surface production equipment and pipeline facilities necessary to produce the well were installed) production operations commenced on each well. All partnership wells are complete, and production operations are currently being conducted with regard to each of the partnership's productive wells.

Table of Contents

PDC, through the D&O Agreement, is the operator of the partnership's wells and may, in certain circumstances, provide equipment and supplies, perform salt water disposal services and other services for the partnership. Generally, equipment and services are sold to the partnership at the lower of cost or competitive prices in the area of operations. The partnership's share of production revenue from a given well is burdened by and subject to, royalties and overriding royalties, monthly operating charges, taxes and other operating costs. It is PDC's practice to deduct operating expenses from the production revenue for the corresponding period. In instances when distributable cash flows are insufficient to make full payment, PDC defers the collection of operating expenses which are offset against future partnership distributable cash flows. In such instances, the Partnership records a liability to PDC.

The partnership's operations are concentrated in the Rocky Mountain Region where winter weather conditions and time periods reserved by leasehold restrictions designed to protect wildlife habitat can exist and limit operational capabilities for as long as six months. These factors may adversely affect some partnership production operations. In addition to cold weather, operational constraint challenges such as surface equipment freezing can limit production volumes. Increased competition and higher costs during milder weather and habitat protection periods for oil field equipment, services, supplies and qualified personnel can adversely affect profitability and cash distributions to investors.

The following table presents the partnership's productive wells by operating field as of December 31, 2009. Productive wells consist of producing wells and wells capable of producing oil and natural gas in commercial quantities.

	Producing Wells	
	Gas	
Location	Gross	Net
State of Colorado		
Piceance Basin: Grand Valley Field	12.0	11.5
Denver-Julesburg (DJ) Basin: Wattenberg Field	32.0	30.7
Total Colorado	44.0	42.2
Total Productive Wells	44.0	42.2

The partnership's operating areas are profiled as follows:

DJ Basin, Wattenberg Field, Weld County, Colorado. Located north and east of Denver, Colorado, the partnership's wells in this field have exhibited production histories typical for wells located in this field with an initial high production rate and relatively rapid decline, followed by years of relatively shallow decline. Although natural gas is the primary hydrocarbon produced, many wells also produce oil. Development wells in this area are generally 7,000 to 8,000 feet in depth and their primary producing zone is the Codell formation with some wells also completed in the shallower Niobrara formation. Well spacing ranges from 20 to 40 acres per well.

Piceance Basin, Grand Valley Field, Garfield County, Colorado. Located near the western border of Colorado, the partnership's wells in this field have also exhibited production histories typical for wells located in this field with an initial high production rate and relatively rapid decline, followed by years of relatively shallow decline. These wells generally produce natural gas along with small quantities of oil. The majority of development wells drilled in the area are drilled directionally from multi-well pads ranging from two to eight or more wells per drilling pad. The primary drilling targets were multiple sandstone reservoirs in the Mesa Verde formation and well depth ranges from 7,000 to 9,500 feet. Well spacing is approximately 10 acres per well.

Sale of Production. In accordance with the D&O Agreement, PDC markets the natural gas produced from the partnership's wells primarily to commercial end users, interstate or intrastate pipelines or local utilities on a competitive basis, under the available terms and prices, generally under contracts with indexed monthly pricing provisions. PDC believes these contract pricing provisions are customary for the industry. The

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 148 of 185

Table of Contents

sales price for natural gas may include revenue from the recovery of propane and butane in the gas stream, as well as a premium for the typical high-energy content of the natural gas. The partnership's Wattenberg Field, and to a lesser extent the Grand Valley Field, wells also produce oil in addition to natural gas. PDC is currently able to sell, at or near the partnership's wells, all of the partnership's oil production under a purchase contract with a regional petroleum refiner containing monthly pricing provisions. The partnership does not refine any of its oil production.

Oil and Gas Production, Unit Prices and Costs

The following table presents information regarding the Partnership's operations by field:

	Year Ended December 31, 2009	Year Ended December 31, 2008
Production(1)		
Natural gas *(Mcf)*		
Piceance Basin: Grand Valley Field	487,336	601,469
Denver-Julesberg (DJ) Basin: Wattenberg Field	74,159	98,555
Total Natural Gas	561,495	700,024
Oil *(Bbls)*		
Piceance Basin: Grand Valley Field	800	846
Denver-Julesberg (DJ) Basin: Wattenberg Field	15,337	19,106
Total Oil	16,137	19,952
Natural gas equivalent *(Mcfe)*		
Piceance Basin: Grand Valley Field	492,136	606,545
Denver-Julesberg (DJ) Basin: Wattenberg Field	166,181	213,191
Total natural gas equivalent	658,317	819,736
Natural Gas and Oil Sales		
Natural gas sales		
Piceance Basin: Grand Valley Field	$1,287,624	$3,794,829
Denver-Julesberg (DJ) Basin: Wattenberg Field	309,391	795,702
Total natural gas sales	1,597,015	4,590,531
Oil sales		
Piceance Basin: Grand Valley Field	$ 36,219	$ 73,674
Denver-Julesberg (DJ) Basin: Wattenberg Field	832,229	1,695,807
Total oil sales	868,448	1,769,481
Natural gas and oil sales		
Piceance Basin: Grand Valley Field	$1,323,843	$3,868,503
Denver-Julesberg (DJ) Basin: Wattenberg Field	1,141,620	2,491,509
Total natural gas and oil sales	$2,465,463	$6,360,012

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 149 of 185

Table of Contents

	Year Ended December 31, 2009	2008
Average Sales Price (excluding realized gain (loss) on derivatives)		
Natural gas *(per Mcf)*		
Piceance Basin: Grand Valley Field	$ 2.64	$ 6.31
Denver-Julesberg (DJ) Basin: Wattenberg Field	4.17	8.07
Average sales price natural gas, all fields	2.84	6.56
Oil *(per Bbl)*		
Piceance Basin: Grand Valley Field	$ 45.27	$ 87.09
Denver-Julesberg (DJ) Basin: Wattenberg Field	54.26	88.76
Average sales price oil, all fields	53.82	88.69
Natural gas equivalent *(per Mcfe)*		
Piceance Basin: Grand Valley Field	$ 2.69	$ 6.38
Denver-Julesberg (DJ) Basin: Wattenberg Field	6.87	11.69
Average sales price natural gas equivalents, all fields	3.75	7.76
Average Production (Lifting) Cost(2) ***(per Mcfe)***		
Piceance Basin: Grand Valley Field	$ 1.18	$ 1.13
Denver-Julesberg (DJ) Basin: Wattenberg Field	1.61	1.40
Average production cost, all fields	1.29	1.20

(1) Production as shown in the table is determined by multiplying the gross production volume of properties in which the partnership has an interest by the percentage of the leasehold or other property interest the partnership owns.

(2) Average production unit costs presented exclude the effects of ad valorem and severance taxes.

Commodity Price Risk Management

The partnership's production sold in the spot market and under market index contracts is subject to market price fluctuations. PDC, as managing general partner of the partnership, through the D&O Agreement, uses derivative instruments for a portion of the partnership's committed and anticipated oil and natural gas sales to achieve a more predictable cash flow and to reduce exposure to fluctuations in oil and natural gas commodity prices. Since the partnership manages price risk on only a portion of its future estimated production, future production not covered by derivatives is subject to the full fluctuation of market pricing. The partnership's policies prohibit the use of derivative financial instruments for speculative purposes and permit utilization of derivatives only if there is an underlying physical position.

Derivative financial instruments employed for risk management generally consist of "collars," "swaps" and "basis swaps" on the possible range of prices realized for the sale of natural gas and oil and are NYMEX-traded and Colorado Interstate Gas Index, which we refer to as CIG, based contracts for Colorado natural gas and oil production. PDC, as managing general partner of the partnership, enters into derivative transactions on behalf of the partnership in the same manner in which it enters into transactions for itself.

- Collars contain a fixed floor price (put) and ceiling price (call). If the index price falls below the fixed put strike price, PDC receives the market price from the purchaser and receives the difference between the put strike price and index price from the counterparty. If the index price exceeds the fixed call strike price, PDC receives the market price from the purchaser and pays the difference between the call strike price and index price to the counterparty. If the index price is between the put and call strike price, no payments are due to or from the counterparty.

Table of Contents

- Swaps are arrangements that guarantee a fixed price. If the index price is below the fixed contract price, PDC receives the market price from the purchaser and receives the difference between the index price and the fixed contract price from the counterparty. If the index price is above the fixed contract price, PDC receives the market price from the purchaser and pays the difference between the index price and the fixed contract price to the counterparty. If the index price and contract price are the same, no payment is due to or from the counterparty.
- Basis protection swaps are arrangements that guarantee a price differential for natural gas from a specified delivery point. For CIG basis protection swaps, which traditionally have negative differentials to NYMEX, PDC receives a payment from the counterparty if the price differential is greater than the stated terms of the contract and pays the counterparty if the price differential is less than the stated terms of the contract. If the index price and contract price are the same, no payment is due to or from the counterparty.

Historically, the partnership participated on a pro-rata basis, in all derivative transactions entered into by PDC in a given area. The partnership's allocation of derivative positions was based on the partnership's percentage of estimated production to total estimated production from a given area on a monthly basis. The transactions were on a production month basis. Prior to September 30, 2008, as estimated future production volumes increased due to continued drilling and wells placed into production, the allocation of derivative positions between PDC's corporate interests and the partnership, changed on a pro-rata basis. Effective September 30, 2008, PDC changed the allocations procedure whereby the allocation of derivative positions at that date between PDC and the partnership was set at a fixed quantity. For positions entered into subsequent to September 30, 2008, specific designations of the quantities between PDC's corporate interests and the partnership, were allocated and fixed at the time the positions were entered into based on estimated future production levels and other factors. Therefore, PDC and the partnership may not participate on a pro-rata basis or at all in derivative transactions initiated by PDC.

All derivative assets and liabilities are recorded on the balance sheets at fair value. PDC, as managing general partner of the partnership, has elected not to formally designate any of the partnership's derivative instruments as hedging instruments and therefore, the partnership does not use hedge accounting. Accordingly, the partnership is required to recognize changes in the fair value of the partnership's derivative instruments in earnings each reporting period and therefore, has the potential for significant earnings volatility. Changes in the fair value of derivative instruments related to the partnership's natural gas and oil sales are recorded in the line caption "Commodity price risk management, net" in the partnership's statements of operations.

Delivery Commitments

On behalf of the partnership, other sponsored drilling program partnerships and for its own corporate account, PDC has entered into third-party sales and processing agreements that generally contain indexed monthly pricing provisions. Although the partnership is not committed to deliver any fixed and determinable quantities of natural gas or oil under the terms of these agreements, the dedication of the partnership's future production is as follows:

- Wattenberg Field contractual natural gas processing and sales dedications are multi-year and extend throughout the well's economic life.
- Grand Valley Field contractual natural gas processing and firm sales dedications extend through 2022 and contract provides the seller's right to convert to a gathering and gas processing contract, solely.
- Oil sales dedication is made under a 2-year master agreement with negotiated extension.

Delivery to Market

The partnership relies on PDC owned or third-party gathering and transmission pipelines to transport natural gas production volumes to customers. In general, the partnership has been, and expects to continue to

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 151 of 185

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 152 of 185

Table of Contents

be able to, produce and sell natural gas from partnership wells without significant curtailment. The partnership does experience limited curtailments from time to time due to pipeline maintenance and operating issues of the pipeline operators. The partnership experienced an approximate 10% to 15% curtailment of production volumes in the Piceance Basin due to limited compression and pipeline capacity throughout most of the fourth quarter in 2008. This interruption, due to third-party infrastructure, was remediated in early 2009.

Seasonal curtailment typically occurs during July and August as a result of high atmospheric temperatures which reduce compressor efficiency. This reduction in production typically amounts to less than five percent of normal monthly production. The cost, timing and availability of gathering pipeline connections and service varies from area to area, well to well, and over time. Although the Rockies Region has experienced a natural gas transport capacity shortage in the past several years, several key projects placed in-service during the past two years, including the completion of the 1,679-mile Rockies Express Pipeline which extends from Colorado to eastern Ohio and White River Header Pipeline Project in Colorado, have significantly increased natural gas deliverability to intra-regional urban areas as well as inter-regionally, especially to markets in the North Central and Northeastern U.S. as well as Southern California. Transmission capacity is expected to increase in the future based on projects scheduled before various regulatory agencies, but may be delayed due to recent economic downturn which has weakened U.S. oil and natural gas demand and disrupted global credit markets, which third-party entities access for pipeline expansion financing.

The partnership's oil production is stored in tanks at or near the location of the partnership's wells for routine pickup by oil transport trucks for direct delivery to regional refineries or oil pipeline interconnects for redelivery to those refineries. The cost of trucking or transporting the oil to market affects the price the partnership ultimately receives for the oil.

Competitive Market Position

Competition is high among persons and companies involved in the exploration and production of oil and natural gas. The partnership competes with entities having financial and human resources substantially larger than those available to the partnership. Because there are thousands of oil and natural gas companies in the United States, the national supply of natural gas, including the Rockies Region which currently supplies approximately 22% of the U.S. natural gas production annually, is diversified. As a result of Federal Energy Regulatory Commission, which we refer to as FERC, and Congressional deregulation of natural gas and oil prices in the past, prices are generally determined by competitive supply-and-demand market forces.

The marketing of oil and natural gas produced by the partnership is affected by a number of factors, some of which are beyond the partnership's control and the exact effect of which cannot be accurately predicted. These factors include the volume and prices of crude oil imports, the availability and cost of adequate oil and natural gas pipeline and other transportation facilities, the marketing of competitive fuels, such as coal, nuclear and renewable fuel energy and other matters affecting the availability of a ready market, such as fluctuating supply and demand. Among other factors, the supply and demand balance of crude oil and natural gas in world markets combined with supply and demand balance within and across U.S. geographical regions may have caused significant variations in the prices of these traditional hydrocarbon products over recent years.

The partnership's fields are crossed by natural gas pipelines belonging to DCP Midstream LP, Williams Production, RMT and others. These companies have all traditionally purchased substantial portions of their natural gas supply from Colorado producers. The gas is sold at negotiated prices based upon a number of factors, including the quality of the gas, well pressure, estimated remaining reserves, prevailing supply conditions and any applicable price regulations promulgated by the FERC. FERC natural gas pipeline open-access initiatives implemented during the mid-1980's to mid-1990's, mandated that interstate gas pipeline companies separate their merchant activities from their transportation activities and thus release, on both a short and a long-term basis, available transmission system capacity. Thus, local distribution companies have taken an increasingly active role in acquiring their own natural gas supplies. Consequently, PDC believes interstate transmission pipelines and local distribution companies (utilities) are buying natural gas directly

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 154 of 185

Table of Contents

from natural gas producers and marketers, and retail unbundling efforts are causing many end-users to buy their own reserves. In general, the partnership has been and expects to continue to be able to produce and sell oil and natural gas from the partnership's wells at locally competitive prices.

The partnership's secondary hydrocarbon product is oil. In contrast to U.S. natural gas pricing, which is determined more directly by North American supply-demand factors with some increasing role played by liquefied natural gas importation, crude oil pricing is subject to global supply-demand influences including the presence of the Organization of Petroleum Exporting Countries, which we refer to as OPEC, whose members establish prices and production quotas for petroleum products from time to time, with the intent of reducing the current global oversupply caused by the global economic downturn while maintaining or increasing price levels. PDC is unable to predict what effect, if any, future OPEC actions will have on the quantity of, or prices received for, oil and natural gas produced and sold from the partnership's wells.

Colorado accounts for approximately 1% of the U.S.'s total annual domestic oil production and this production generally provides feedstock for Colorado's two refineries located north of Denver and owned by Suncor Energy (USA) Inc. Rocky Mountain oil sales have traded at a discount compared to supplies available elsewhere in the U.S. due to an excess supply situation in the region that arose as a result of rising Canadian tar sand imports and lack of inter-regional export oil pipeline capacity to higher-oil demand regions. However, increased refining capacity near Denver has enabled local Colorado oil suppliers, including the Partnership, to receive pricing advantage over supplies located in less densely-populated northern Rocky Region areas.

Reliance on PDC

General. As provided by the partnership agreement, PDC has authority to manage the partnership's activities through the D&O Agreement, utilizing its best efforts to carry out the business of the partnership in a prudent and business-like fashion. PDC has a fiduciary duty to exercise good faith and deal fairly with investors. PDC's executive staff manages the affairs of the partnership, while technical geosciences and petroleum engineering staff oversee the well drilling, completions, recompletions, and operations. PDC's administrative staff controls the partnership's finances and makes distributions, apportions costs and revenues among wells and prepares partnership reports, financial statements and filings presented to investors, tax agencies and the SEC, as required.

Provisions of the D&O Agreement. Under the terms of the D&O Agreement, the partnership has authorized and extended to PDC the authority to manage the production operations of the oil and natural gas wells in which the partnership owns an interest, including the initial drilling, testing, completion, and equipping of wells; subsequent well recompletion, where economical, and ultimate evaluation for abandonment. Further, while the partnership has the right to take in-kind and separately dispose of its share of all oil and natural gas produced from the partnership's wells, the partnership designated PDC as its oil and natural gas production marketing agent and authorized PDC to enter into and bind the partnership, under those agreements PDC deems in the best interest of the partnership, in the sale of the partnership's oil and natural gas. Generally, PDC has limited liability to the partnership for losses sustained or liabilities incurred, except as may result from the operator's gross or willful negligence or misconduct. PDC may subcontract certain functions as operator for partnership wells but retains responsibility for work performed by subcontractors. The D&O Agreement remains in force as long as any well or wells produce, or are capable of economic production, and for an additional period of 180 days from cessation of all production or until PDC is replaced as managing general partner of the partnership as provided for in the D&O Agreement.

To the extent the partnership has less than a 100% working interest in a well, partnership obligations and liabilities are limited to its proportionate working interest share and thus, the partnership paid only its proportionate share of total lease and development costs, pays only the partnership's proportionate share of operating costs, and receives its proportionate share of production subject only to royalties and overriding royalties.

Insurance. The partnership's production operations involve a variety of operating risks, including but not limited to fire, explosions, blowouts, pipe failure, casing collapse and abnormally pressured formations

Table of Contents

which could result in injury, loss of life or suspension of operations, and environmental hazards such as natural gas leaks, ruptures and discharges of toxic gas which could result in environmental damage and clean-up obligations. PDC, in its capacity as operator, has purchased various insurance policies, including worker's compensation, operator's bodily injury liability and property damage liability insurance, employer's liability insurance, automobile public liability insurance and operator's umbrella liability insurance and intends to maintain these policies subject to PDC's analysis of their premium costs, coverage and other factors. During drilling operations, PDC maintains public liability insurance of not less than $10 million; however, PDC may at its sole discretion in other situations, increase or decrease policy limits, change types of insurance and name PDC and the partnership, individually or together, parties to the insurance as deemed appropriate under the circumstances, which may vary materially. As operator of the partnership's wells, PDC requires its subcontractors to carry liability insurance coverage with respect to the subcontractors' activities. PDC's management, in its capacity as managing general partner of the partnership, believes that in accordance with customary industry practice, adequate insurance, including insurance by PDC's subcontractors, has been provided to the partnership with coverage sufficient to protect investors against the foreseeable risks of operation, drilling, recompletions and reworks and ongoing productions operations. However, there can be no assurance that this insurance will be adequate to cover all losses or exposure for liability and thus, the occurrence of a significant event not fully insured against, could materially adversely affect partnership operations and financial condition. Furthermore, the partnership is not insured against economic losses resulting from damage or destruction to third party property, such as the Rockies Express pipeline; such an event could result in significantly lower regional prices or the partnership's inability to deliver natural gas. As of the date of this filing, PDC has no knowledge that such events have occurred.

Unit Repurchase Program

Investors may request that PDC repurchase units at any time beginning with the third anniversary of the first cash distribution of the partnership. The repurchase price is set at a minimum of four times the most recent twelve months of cash distributions from production. In any calendar year, PDC is conditionally obligated to purchase investors units aggregating to 10% of the initial subscriptions if requested by an individual investor partner, subject to PDC's financial ability to do so and upon receipt of opinions of counsel that the repurchase will not cause the partnership to be treated as a "publically traded partnership" or result in the termination of the partnership for federal income tax purposes. Repurchase requests are fulfilled by PDC on a first-come, first-serve basis.

In addition to the above repurchase program, individual investor partners periodically offered and PDC repurchased units on a negotiated basis before the third anniversary of the date of the first cash distribution.

Customers

PDC markets the natural gas and oil from partnership wells in Colorado subject to market sensitive contracts, the price of which increases or decreases with market forces beyond control of the partnership. Currently, PDC sells partnership natural gas in the Piceance Basin to Williams Production RMT, which has an extensive gathering and transportation system in this Basin. In the Wattenberg Field, the gas is sold primarily to DCP Midstream LP, which gathers and processes the gas and liquefiable hydrocarbons produced. Natural gas produced in Colorado may be impacted by changes in market prices on a national level, as well as changes in the market for natural gas within the Rocky Mountain Region. Sales of natural gas from the partnership's wells to Williams Production RMT and DCP Midstream LP are made on the spot market via open-access transportation arrangements through Williams Production RMT or other pipelines and may be impacted by capacity interruptions on pipelines transporting natural gas out of the region.

The partnership's crude oil production is sold, at or near the partnership's wells under short-term purchase contracts at prices and in accordance with arrangements that are customary in the oil industry, primarily as feedstock for refineries currently owned by Suncor Energy (USA) Inc., which are located north of Denver, Colorado. Oil prices fluctuate not only with the general market for oil as may be indicated by changes in the NYMEX, but also due to changes in light-heavy crude oil supply and product demand-mix applicable to

Table of Contents

specific refining regions. Through December 31, 2008, PDC sold 100% of the crude oil from the partnership's wells to Teppco Crude Oil. Beginning January 1, 2009, Suncor Energy (USA) Inc. became the partnership's primary oil purchaser.

Industry Regulation

While the prices of oil and natural gas are set by the market, other aspects of the partnership's business and the industry in general are heavily regulated. The following summary discussion of the regulation of the United States industry is not intended to constitute a complete discussion of the various statutes, rules, regulations and environmental orders to which the partnership's operations may be subject.

Legislative proposals and proceedings that might affect the petroleum and natural gas industries occur frequently in Congress, FERC, state commissions, state legislatures, and the courts. These proposals involve, among other things, imposition of direct or indirect price limitations on natural gas production, expansion of drilling opportunities in areas that would compete with partnership production, imposition of land use controls, landowners' "rights" legislation, alternative fuel use requirements and tax incentives and other measures. The petroleum and natural gas industries historically have been very heavily regulated; therefore, there is no assurance that the less stringent regulatory approach recently pursued by FERC and Congress will continue. The partnership cannot determine to what extent its future operations and earnings will be affected by new legislation, new regulations, or changes in existing regulation, at federal, state or local levels. Current federal and state proposed regulations expected to impact the industry, if enacted, include the following:

- Congressional legislation which could establish a "cap and trade" system regarding greenhouse gas emissions. Companies would be assigned emission "allowances" under these bills which would decline each year. In addition, new EPA greenhouse gas monitoring and reporting regulations could affect the Partnership and the third parties that process the partnership's natural gas and oil.
- Federal regulatory proposals, which could limit the use of over-the-counter (OTC) derivatives, including the oil and gas price hedging PDC currently uses. Limits on the use of OTC instruments could impair PDC's use of these derivatives and could limit the partnership's ability to protect its cash flows and reduce commodity price risk.
- New or increased severance taxes have been proposed in several states, which could adversely affect the existing operations in these states and the economic viability of future well recompletions.

Environmental Regulation

The partnership's operations are subject to numerous laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and tougher environmental legislation and regulations is expected to continue. To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes environmental protection requirements that result in increased costs and reduced access to the natural gas industry in general, our business and prospects could be adversely affected. In 2009, the State of Colorado's Oil and Gas Conservation Commission implemented new broad-based environmental and wildlife protection regulations for the industry which are expected to increase the partnership's well recompletion costs and ongoing level of natural gas and oil production costs.

Partnership expenses relating to preserving the environment have risen over the past two years and are expected to continue. Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and abandon oil and natural gas wells. While environmental regulations have had no materially adverse effect on its operations to date, no assurance can be given that environmental regulations or interpretations of such regulations will not in the future, result in a curtailment of production or otherwise have a materially adverse effect on partnership operations.

Table of Contents

The partnership generates wastes that may be subject to the Federal Resource Conservation and Recovery Act, or RCRA, and comparable state statutes. The U.S. Environmental Protection Agency, or EPA, and various state agencies have limited the approved methods of disposal for certain hazardous and non-hazardous wastes. Furthermore, certain wastes generated by our operations that are currently exempt from treatment as “hazardous wastes” may in the future be designated as “hazardous wastes,” and therefore be subject to more rigorous and costly operating and disposal requirements.

The partnership’s operations may be subject to the Clean Air Act, or CAA, and comparable state and local requirements. The State of Colorado has implemented new air emission regulations in 2009, which affect the industry, including the partnership’s operations.

Number of Total and Full-Time Employees

The partnership has no employees and relies on PDC to manage the partnership’s business. PDC’s officers, directors and employees receive direct remuneration, compensation or reimbursement solely from PDC, and not the partnership, with respect their services rendered in their capacity to act on behalf of PDC, as managing general partner of the partnership.

Legal Proceedings

Neither the partnership nor PDC, in its capacity as the managing general partner of the partnership, are party to any pending legal proceeding that PDC believes would have a materially adverse effect on the partnership’s business, financial condition, results of operations or liquidity.

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, as well as other sections in this proxy statement, should be read in conjunction with the Partnership's accompanying financial statements and related notes to the financial statements included as Appendix E to this proxy statement. Further, the Partnership encourages the reader to revisit the *Cautionary Statement Regarding Forward-Looking Statements* on page 44 of this proxy statement.

Partnership Overview

The partnership engages in the development, production and sale of natural gas and oil. The partnership began natural gas and oil operations in September 2004 and currently operates 44 gross (42.2 net) wells located in the Rocky Mountain Region in the state of Colorado. PDC, as managing general partner of the partnership, markets the partnership's natural gas production to commercial end users, interstate or intrastate pipelines or local utilities, primarily under market sensitive contracts in which the price of natural gas sold varies as a result of market forces. PDC does not charge an additional fee for the marketing of the natural gas and oil because these services are covered by the monthly well operating charge. PDC, on behalf of the partnership in accordance with the D&O Agreement, is authorized to enter into multi-year fixed-price contracts or utilize derivatives, including collars, swaps or basis protection swaps, in order to offset some or all of the commodity price variability for particular periods of time. Seasonal factors, such as effects of weather on prices received and costs incurred, and availability of pipeline capacity, owned by PDC or other third parties, may impact the partnership's results. In addition, both sales volumes and prices tend to be affected by demand factors with a seasonal component. The partnership's wells will produce until they are depleted or until they are uneconomical to produce; however, partnership well recompletions in the Codell formation of Wattenberg Field wells may provide for additional reserve development and production.

On July 1, 2010, PDC suspended the opportunity for an individual third-party investor to request that PDC repurchase their respective limited partnership units under the terms of the program, pending the outcome of the proposed merger agreement. See the section titled "The Merger Agreement" beginning on page 54 of this proxy statement for a description of the merger agreement and the transactions contemplated thereby.

Well Recompletion Plan

PDC has developed a plan to initiate recompletion activities during 2011, which we refer to as the "Well Recompletion Plan." The Well Recompletion Plan includes notifying investors that in October 2010, funds to begin these recompletions may be withheld from future distributable cash flows of the partnership resulting from both current production and any increased production due to recompletion activities. The funds retained that are necessary for the partnership to pay for recompletion costs will materially reduce, up to 100%, distributable cash flows for a period of time not to exceed five years. If any or all of the partnership's Wattenberg wells are not recompleted, the partnership will experience a reduction in proved reserves currently assigned to these wells. Both the number of recompletions and the timing of recompletions will be based on the availability of cash withheld from partnership distribution. PDC believes that, based on projected recompletion costs and projected cash withholding, all partnership recompletions will be completed within a five year period. Current estimated costs for these well recompletions are between $150,000 and $200,000 per recompletion. The partnership potentially has 30 well recompletion opportunities. Total withholding for these activities from the partnership's distributable cash flows is estimated to total between $4.5 million and $6.0 million. PDC will re-evaluate the feasibility of commencing any or all of these recompletion opportunities based on engineering data and a favorable commodity price environment in order to maximize the financial benefit of the recompletion.

Implementation of the Well Recompletion Plan would reduce or eliminate partnership distributions to investors while the work is being conducted and paid for. Depending upon the level of withholding and the results of operations, it is possible that investors could have taxable income from the partnership without any corresponding distributions in the future. **Investors are urged to consult**

a tax advisor to determine all of

Table of Contents

the relevant federal, state and local tax consequences of the Well Recompletion Plan. The above discussion is not intended as a substitute for careful tax planning, and investors should depend upon the advice of their own tax advisors concerning the effects of the Well Recompletion Plan.

Partnership Operating Results Overview

Natural gas and oil sales increased 47% or $0.5 million for the first six months of 2010 compared to the first six months of 2009, even though production volumes decreased 6% period-to-period. This increase was driven primarily by the improved commodity price environment. The average sales price per Mcfe, excluding the impact of realized derivative gains, was $5.32 for the current year period compared to $3.38 for the same period a year ago. Realized derivative gains from natural gas and oil sales contributed an additional $1.42 per Mcfe or $0.4 million to the first six months of 2010 total revenues. Comparatively, the total per Mcfe price realized, consisting of the average sales price and realized derivative gains, decreased 6% to $6.74 for the current year six months from $7.20 for the same prior year period.

The increase in total revenues did not have a corresponding impact on costs and expenses as natural gas and oil production and well operations costs and general and administrative expense decreased by $0.3 million for the current year six months compared to the same prior year period. The decrease is primarily due to a reduction in professional fees in the 2010 period compared to the 2009 period.

Table of Contents

Results of Operations

The following table presents selected information regarding the partnership's results of operations:

	Three Months Ended June 30,			Six Months Ended June 30,			Year Ended December 31,		
	2010	2009	Change	2010	2009	Change	2009	2008	Change
Number of producing wells (end of period)	44	44	—	44	44	—	44	44	—
Production(1)									
Natural gas (Mcf)	130,644	132,303	(1)%	261,801	276,816	(5)%	561,495	700,024	(20)%
Oil (Bbl)	3,930	4,389	(10)%	7,736	8,774	(12)%	16,137	19,952	(19)%
Natural gas equivalents (Mcfe)(2)	154,224	158,637	(3)%	308,217	329,460	(6)%	658,317	819,736	(20)%
Natural Gas and Oil Sales									
Natural gas	$400,815	$ 283,718	41%	$1,068,880	$ 728,295	47%	$1,597,015	$4,590,531	(65)%
Oil	278,894	232,006	20%	571,494	384,372	49%	868,448	1,769,481	(51)%
Total natural gas and oil sales	$679,709	$ 515,724	32%	$1,640,374	$1,112,667	47%	$2,465,463	$6,360,012	(61)%
Realized Gain (Loss) on Derivatives, net (3)									
Natural gas	$ (5,215)	$ 402,696	(101)%	$ 359,550	$1,017,009	(65)%	$1,785,270	$ 286,565	*
Oil	40,596	96,528	(58)%	78,593	243,033	(68)%	358,499	(62,088)	*
Total realized gain on derivatives, net	$ 35,381	$ 499,224	(93)%	$ 438,143	$1,260,042	(65)%	$2,143,769	$ 224,477	*
Average Selling Price (excluding realized gain (loss) on derivatives)									
Natural gas (per Mcf)	$ 3.07	$ 2.14	43%	$ 4.08	$ 2.63	55%	$ 2.84	$ 6.56	(57)%
Oil (per Bbl)	$ 70.97	$ 52.86	34%	$ 73.87	$ 43.81	69%	$ 53.82	$ 88.69	(39)%
Natural gas equivalents (per Mcfe)	$ 4.41	$ 3.25	36%	$ 5.32	$ 3.38	57%	$ 3.75	$ 7.76	(52)%
Average Selling Price (including realized gain (loss) on derivatives)									
Natural gas (per Mcf)	$ 3.03	$ 5.19	(42)%	$ 5.46	$ 6.30	(13)%	$ 6.02	$ 6.97	(14)%
Oil (per Bbl)	$ 81.30	$ 74.85	9%	$ 84.03	$ 71.51	18%	$ 76.03	$ 85.58	(11)%
Natural gas equivalents (per Mcfe)	$ 4.64	$ 6.40	(28)%	$ 6.74	$ 7.20	(6)%	$ 7.00	$ 8.03	(13)%
Average Cost per Mcfe									
Natural gas and oil production cost (4)	1.45	1.48	(2)%	1.39	1.56	(11)%	$ 1.41	$ 1.87	(25)%
Depreciation, depletion and amortization	4.52	4.55	(1)%	4.46	4.53	(2)%	$ 4.46	$ 3.27	36%
Operating Costs and Expenses:									
Direct costs — general and administrative	$ 43,956	$ 135,378	(68)%	$ 78,535	$ 332,162	(76)%	$ 696,095	$ 104,703	—
Depreciation, depletion and amortization	$697,206	$ 722,419	(3)%	$1,375,154	$1,492,521	(8)%	$2,936,722	$2,681,671	10%
Cash Distributions	$818,194	$1,237,846	(34)%	$1,819,122	$1,963,679	(7)%	$4,372,097	$5,276,828	(17)%

* Percentage change not meaningful, equal to or greater than 250% or not calculable. Amounts may not calculate due to rounding.

(1) Production is determined by multiplying the gross production volume of properties in which the

partnership has an interest by the percentage of the leasehold or other property interest the partnership owns.

Table of Contents

(2) A ratio of energy content of natural gas and oil (six Mcf of natural gas equals one Bbl of oil) was used to obtain a conversion factor to convert oil production into equivalent Mcf of natural gas.

(3) Amounts represent realized derivative gains (losses) related to natural gas and oil sales.

(4) Production costs represent natural gas and oil operating expenses which include production taxes.

Natural Gas and Oil Sales

Six months ended June 30, 2010 as compared to six months ended June 30, 2009. The $0.5 million, or 47% increase in total sales for the 2010 six month period as compared to the prior year period, was primarily a reflection of the significantly higher average sales price per Mcfe of 57%, which was partially offset by a production volume decrease of 6%. The average sales price per Mcfe, excluding the impact of realized derivative gains, was $5.32 for the current year six month period compared to $3.38 for the same period a year ago.

Although natural gas revenues and oil revenues increased by 47% and 49%, respectively, average oil sales prices rose more significantly, by 69%, as compared to average natural gas sales prices, which rose by 55% during the period.

Three months ended June 30, 2010 as compared to three months ended June 30, 2009. The $0.2 million, or 32% increase in total sales for the 2010 second quarter as compared to the prior year second quarter was primarily a reflection of the higher average sales price per Mcfe of 36%, which was partially offset by production volume decrease of 3%. Average sales prices per Mcfe, excluding the impact of realized derivative gains, were $4.41 for the current year quarter compared to $3.25 for the same quarter a year ago.

The partnership expects to experience declines in both natural gas and oil production volumes over the wells' life cycles until such time that the partnership's Wattenberg wells may be successfully recompleted. Subsequent to a successful recompletion, production will once again be expected to decline.

Year ended December 31, 2009 compared to year ended December 31, 2008. The 61% decrease in total sales in 2009 as compared to 2008 was due to the combined effects of decreased total production volumes, on a Mcfe or energy equivalency basis, of 20% and a significantly lower average sales price per Mcfe, of 52%.

Commodity price declines contributed $2.6 million while volume reductions added $1.3 million to the $3.9 million decrease in oil and natural gas sales in 2009 compared to the prior year. This change in production volumes, although consistent with the historically declining production curves for wells drilled in the Wattenberg and Grand Valley fields, was further impacted by high pipeline pressure in the Watttenberg Field in early 2009. The decrease in natural gas and oil sales revenue was partially offset by realized derivative gains during 2009 of $2.1 million.

The decrease in natural gas revenues of 65% contrasts to the more moderate reduction in oil revenues of 51% which reflects the less significant reduction in average oil sales prices (39%) as compared to the reduction in natural gas sales prices (57%) during the period. The partnership expects to experience continued declines in both oil and natural gas production volumes over the wells' life cycles until the Wattenberg wells are recompleted.

Natural Gas and Oil Pricing

Financial results depend upon many factors, particularly the price of natural gas and oil and on PDC's ability to market the partnership's production effectively. Natural gas and oil prices are among the most volatile of all commodity prices. This price volatility has a material impact on the partnership's financial results. Natural gas and oil prices also vary by region and locality, depending upon the distance to markets, and the supply and demand relationships in that region or locality and availability of sufficient pipeline capacity. This can be especially true in the Rocky Mountain Region. The combination of increased drilling activity and the lack of local markets have resulted in local market oversupply situations from time to time.

Table of Contents

Like most producers in the region, the partnership relies on major interstate pipeline companies to construct these pipelines to increase capacity, rendering the timing and availability of these facilities and transportation capacity beyond the partnership's control. Oil pricing, unlike natural gas pricing, is driven predominantly by global supply and demand relationships.

The price at which PDC markets the natural gas produced in the Rocky Mountain Region by the partnership is based on a variety of prices, which primarily includes natural gas sold at CIG prices with a portion sold at Mid-Continent, San Juan Basin, Southern California or other nearby regional prices. The CIG Index, and other indices for production delivered to Rocky Mountain pipelines, has historically been less than the price received for natural gas produced in the eastern regions, which is primarily NYMEX based, because of the lack of interstate transmission capacity which moved Rocky Mountain natural gas production to Northeastern U.S. industrial and heating markets. This negative differential has narrowed in the last year and is lower than historical variances. This negative differential between NYMEX and CIG averaged $1.13 and $1.38 for the three and six months ended June 30, 2009, respectively, and narrowed to an average of $0.48 and $0.32 for the three and six months ended June 30, 2010, respectively.

Like most producers in the region, the partnership relies on major interstate pipeline companies to construct transmission facilities to increase pipeline capacity to Northeastern U.S. and California markets, rendering the timing and availability of these facilities beyond the partnership's control. In view of the regional transportation capacity issues cited herein regarding Rocky Mountain regional production, the partnership believes that pipeline capacity constraints, although significantly moderated, will continue into the immediate future and that the sale of production in the Rocky Mountain Region will continue to be influenced by price. To that end, the partnership has been able to sell all of its production to date, has not had to significantly curtail its production for long periods of time because of an inability to sell its production because of pipeline deliverability constraints and believes that it will be able to sell all of its future production at market prices.

Commodity Price Risk Management, Net

PDC is authorized to utilize natural gas and oil derivative instruments to manage price risk for PDC as well as sponsored drilling partnerships. Commodity price risk management, net includes realized gains and losses and unrealized changes in the fair value of derivative instruments related to the partnership's natural gas and oil production. PDC, as managing general partner, sets these instruments for PDC, and the various partnerships managed by PDC. Derivative financial instrument positions taken by PDC on the partnership's behalf, are specifically designated to the partnership's production volumes.

Table of Contents

The following table presents the partnership's realized and unrealized derivative gains and losses included in commodity price risk management gain (loss), net.

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	
	2010	2009	2010	2009	2009	2008
Commodity price risk management gain (loss), net						
Realized gains (losses)						
Oil	$ 40,596	$ 96,528	$ 78,593	$ 243,033	$ 358,499	$ (62,088)
Natural Gas	(5,215)	402,696	359,550	1,017,009	1,785,270	286,565
Total realized gain, net	35,381	499,224	438,143	1,260,042	2,143,769	224,477
Unrealized gains (losses)						
Reclassification of realized (gains) losses included in prior periods unrealized	(26,499)	(536,765)	(244,065)	(1,004,354)	(1,787,102)	113,665
Unrealized gain (loss) for the period	288,936	(625,067)	1,132,434	(959,202)	(1,285,929)	2,240,667
Total unrealized gain (loss), net	262,437	(1,161,832)	888,369	(1,963,556)	(3,073,031)	2,354,332
Commodity price risk management gain (loss), net	$297,818	$ (662,608)	$1,326,512	$ (703,514)	$ (929,262)	$2,578,809

Six months ended June 30, 2010 as compared to six months ended June 30, 2009. The realized derivative gains for the 2010 six month period were $0.4 million. These realized gains were primarily a result of lower natural gas and oil spot prices at settlement compared to the respective strike price, offset in part by realized losses due to the basis differential between NYMEX and CIG being narrower than the strike price of the derivative position. For the six month period, realized gains related to natural gas and oil derivatives were $0.4 million and $0.1 million, respectively, and realized losses on the partnership's CIG basis swaps were $0.1 million. Unrealized gains for the six months period, were $1.1 million due primarily to a downward shift in the natural gas and oil forward curves. Unrealized gains on the partnership's natural gas and oil positions for the period were $1.0 million and $0.1 million, respectively.

For the 2009 six month period, the partnership realized significant derivative gains as a result of lower natural gas and oil prices at settlement compared to the respective derivative strike prices. Unrealized losses for the period were primarily related to oil swaps, as the forward strip price of oil rebounded during the period, and the CIG basis swaps, as the forward basis differential during the period between NYMEX and CIG continued to narrow during the period from the strike price of the derivative position.

Three months ended June 30, 2010 as compared to three months ended June 30, 2009. The realized derivative gains for the 2010 second quarter were approximately $35,000. These realized gains are a result of lower natural gas and oil spot prices at settlement compared to the respective strike price, offset in part by realized losses due to the basis differential between NYMEX and CIG being narrower than the strike price of the derivative position. For the quarter, realized gains related to natural gas and oil derivatives were

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 170 of 185

Table of Contents

$0.1 million and realized losses on the partnership's CIG basis swaps were $0.1 million. For the 2010 second quarter, the unrealized gains were primarily related to the oil positions, as the forward strip price shifted downward during the quarter, and the widening of the NYMEX-CIG basis differential. Unrealized gains on the partnership's oil positions and CIG basis swaps for the 2010 second quarter were $0.1 million and $0.2 million, respectively.

For the 2009 second quarter, the partnership realized significant derivative gains as a result of lower natural gas and oil prices at settlement compared to the respective derivative strike prices. Unrealized losses for the period were primarily related to oil swaps, as the forward strip price of oil rebounded during the period, and the CIG basis swaps, as the forward basis differential during the period between NYMEX and CIG continued to narrow during the period from the strike price of the derivative position.

Year ended December 31, 2009 compared to year ended December 31, 2008. Realized gains recognized in 2009 of $2.1 million are a result of lower natural gas and oil commodity prices at settlement compared to the respective strike price. During 2009, the partnership recorded unrealized derivative losses of $1.5 million on the partnership's CIG basis swaps, as the forward basis differential between NYMEX and CIG continued to narrow and became a positive differential as of December 31, 2009, and unrealized derivative losses of $0.3 million on the partnership's oil positions, both of which were offset by unrealized derivative gains of $0.5 million on the partnership's natural gas positions.

Natural Gas and Oil Sales Derivative Instruments

PDC on behalf of the partnership in accordance with the D&O Agreement, is authorized to utilize various derivative instruments to manage volatility in natural gas and oil prices. The partnership has in place a series of collars, fixed-price swaps and basis swaps on a portion of the partnership's natural gas and oil production.

The following table presents the partnership's derivative positions in effect as of June 30, 2010.

	Collars			Fixed-Price Swaps		CIG Basis Protection Swaps		
Commodity/Index	**Quantity (Gas-Mmbtu)**	**Weighted Average Contract Price Floors**	**Weighted Average Contract Price Ceilings**	**Quantity (Gas-Mmbtu Oil-Bbls)**	**Weighted Average Contract Price**	**Quantity (Gas-Mmbtu)**	**Weighted Average Contract Price**	**Fair Value at June 30, 2010(1)**
Natural Gas								
CIG								
10/01 — 12/31/2010	31,772	$ 4.75	$ 9.45	—	$ —	—	$ —	$ 19,392
01/01 — 03/31/2011	47,658	4.75	9.45	—	—	—	—	23,749
NYMEX								
07/01 — 09/30/2010	—	—	—	100,666	5.56	109,211	(1.88)	(35,953)
10/01 — 12/31/2010	11,059	5.75	8.30	61,072	6.14	74,981	(1.88)	(4,020)
01/01 — 03/31/2011	15,000	5.75	8.30	37,185	6.83	52,185	(1.88)	(5,759)
04/01 — 06/30/2011	—	—	—	99,783	6.78	99,783	(1.88)	35,538
07/01 — 12/31/2011	—	—	—	194,403	6.76	194,403	(1.88)	3,220
2012-2013	24,034	6.00	8.27	672,367	7.05	696,401	(1.88)	(28,606)
Total Natural Gas	129,523			1,165,476		1,226,964		7,561
Oil								
NYMEX								
07/01 — 09/30/2010	—	—	—	2,742	92.96	—	—	45,346
10/01 — 12/31/2010	—	—	—	2,742	92.96	—	—	41,686
01/01 — 03/31/2011	—	—	—	1,146	70.75	—	—	(8,414)
04/01 — 06/30/2011	—	—	—	1,171	70.75	—	—	(9,539)
07/01 — 12/31/2011	—	—	—	2,409	70.75	—	—	(21,080)
Total Oil	—			10,210		—		47,999
Total Natural Gas and Oil								$ 55,560

Table of Contents

(1) Approximately 11% of the fair value of the partnership's derivative assets and all of the partnership's derivative liabilities were measured using significant unobservable inputs.

Natural Gas and Oil Production Costs

Generally, natural gas and oil production costs vary with changes in total natural gas and oil sales and production volumes. Production taxes are estimates by PDC based on tax rates determined using published information. These estimates are subject to revision based on actual amounts determined during future filings by PDC with the taxing authorities. Production taxes vary directly with total natural gas and oil sales. Transportation costs vary directly with production volumes. Fixed monthly well operating costs increase on a per unit basis as production decreases per the historical decline curve. In addition, general oil field services and all other costs vary and can fluctuate based on services required. These costs include water hauling and disposal, equipment repairs and maintenance, snow removal and service rig workovers.

Six months ended June 30, 2010 as compared to six months ended June 30, 2009. For the six months ended June 30, 2010 compared to the same period in 2009, natural gas and oil production, on an energy equivalency-basis, decreased 6%, which reflects overall, the normally-occurring production declines throughout a natural gas and oil well's production life cycles. Production and operating costs were lower by approximately $0.1 million, or 17%, primarily due to PDC's lease operating expense cost cutting initiatives. Production and operating costs per Mcfe were $1.39 for the six months ended June 30 of 2010 compared to $1.56 for the comparable period in 2009.

Three months ended June 30, 2010 as compared to three months ended June 30, 2009. For the quarter ended June 30, 2010 compared to the same period in 2009, natural gas and oil production on an energy equivalency-basis, decreased 3%, primarily as a result of expected normally-occurring production life-cycle decline in both operating fields. Natural gas and oil production costs remained substantially unchanged at $0.2 million, each quarter. Production and operating costs per Mcfe were $1.45 and $1.48 for the quarter ended June 30, 2010 and 2009, respectively.

Year ended December 31, 2009 compared to year ended December 31, 2008. For the year ended December 31, 2009 compared to the year ended December 31, 2008, natural gas and oil production costs were lower by $0.6 million, or 39%, due to volume-associated reductions of $0.3 million in production taxes, natural gas transport and lease operating expenses. In addition to volume-associated production tax decreases, lower commodity valuations further lowered production taxes by approximately $0.3 million. Natural gas and oil production costs per Mcfe were $1.41 during the year 2009 compared to $1.87 for the year 2008.

Direct Costs — General and Administrative

Direct costs — general and administrative consist primarily of professional fees for financial statement audits, income tax return preparation, independent engineer's reserve reports and legal matters. Direct costs decreased during the six months ended June 30, 2010, compared to the same period in 2009, by approximately $0.3 million principally due to reduced billings for professional services. Direct costs decreased during the three months ended June 30, 2010, compared to the same period in 2009, by approximately $0.1 million principally due to reduced billings for professional services. Direct costs increased during 2009 as compared to year ended 2008 by $0.6 million principally due to billings from the partnership's independent registered public accounting firm, PricewaterhouseCoopers LLP, which we refer to as PWC, for professional services rendered by PWC for the audits of the partnership's prior years' financial statements due to partnership compliance efforts during 2009.

Depreciation, Depletion and Amortization

DD&A expense related to natural gas and oil properties is directly related to production volumes for the period. For the quarter ended June 30, 2009, the partnership's natural gas and oil economically producible

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 173 of 185

Table of Contents

reserve quantities were determined by valuing in-ground natural gas and oil resources, at the price of natural gas and oil as of December 31, 2008. Upon adoption, in the fourth quarter of 2009, of the SEC's final rule regarding the modernization of oil and gas reporting, the partnership changed to a valuation price determined by the 12-month average of the first-day-of-the-month price during each month of 2009.

Six months ended June 30, 2010 as compared to six months ended June 30, 2009. The DD&A expense rate per Mcfe decreased to $4.46 for the 2010 six month period, compared to $4.53 during the same period in 2009, as calculated by the respective methodologies described above. The reduction in the per Mcfe rates for the 2010 period compared to the 2009 period is primarily the result of the changing production mix between the partnership's Wattenberg and Grand Valley Fields, which have significantly different DD&A rates. This was partially offset by higher depletion rates due to the lower proved developed producing reserves, particularly reductions in the Grand Valley Field relative to the Wattenberg Field, at December 31, 2009 compared to December 31, 2008. These lower rates and the effect of the production declines noted in previous sections, resulted in reduced DD&A expense of approximately $0.1 million for the 2010 six month period compared to the same 2009 period.

Three months ended June 30, 2010 as compared to three months ended June 30, 2009. The DD&A expense rate per Mcfe decreased to $4.52 for the 2010 second quarter, compared to $4.55 during the same quarter in 2009 as calculated by the respective methodologies described above. The variance in the per Mcfe rates for the 2010 second quarter compared to the 2009 second quarter is a result of the combined effects of the changing production mix between fields and lower proved developed producing reserves, noted above. These lower rates and effect of the production declines noted in previous sections, resulted in the DD&A expense decrease of approximately $25,000 for the 2010 second quarter compared to the same 2009 quarter.

Year ended December 31, 2009 compared to year ended December 31, 2008. Depreciation, depletion and amortization (DD&A) expense results solely from the depreciation, depletion and amortization of well equipment and lease costs. The partnership's calculation of DD&A expense is primarily based upon year-end proved developed producing natural gas and oil reserves and is determined by these reserves and their associated production volumes. For 2008, the partnership's natural gas and oil economically producible reserve quantities were determined by valuing in-ground natural gas and oil resources, at the price of natural gas and oil as of December 31, 2008. In 2009, the SEC published its final rule regarding the modernization of oil and gas reporting, which changed the valuation price from a December 31 single-day pricing to a price determined by the 12-month average of the first-day-of-the-month price during each month of 2009. If valuation prices increase, the estimated volumes of natural gas and oil reserves will increase, resulting in decreases in the rate of DD&A for each Mcfe produced. If valuation prices decrease, as they did from December 31, 2008 to December 31, 2009, the estimated volumes of natural gas and oil reserves will decrease, resulting in increases in the rate of DD&A for each Mcfe produced.

The DD&A expense rate per Mcfe increased to $4.46 for the year ended December 31, 2009, compared to $3.27 during the same period in 2008. The variance in the per Mcfe rates for 2009 compared to 2008 is partially the result of the changing production mix between the partnership's Wattenberg and Grand Valley fields, which have significantly different DD&A rates, and the overall production volume decline of 20% which reduced DD&A expense by $0.5 million in 2009 compared to the previous year. Production-related DD&A expense declines were partially offset however, as a consequence of increases in per Mcfe DD&A rates due to lower proved developed reserves at December 31, 2009 compared to December 31, 2008. This proved developed natural gas and oil reserve revision increased DD&A expense by $0.8 million, resulting in the overall $0.3 million increase in DD&A expense during 2009 as compared to 2008.

Capital Resources and Liquidity

The partnership's primary sources of cash for both the three and the six months ended June 30, 2010 were from funds provided by operating activities, which include the sale of natural gas and oil production and the realized gains from the partnership's derivative positions. The partnership's primary sources of cash in 2009 were from funds generated from the sale of natural gas and oil production, the net realized gains from

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 175 of 185

Table of Contents

the partnership's derivative positions. These sources of cash were primarily used to fund the partnership's operating costs, general and administrative activities and provide monthly distributions to investors and PDC. Fluctuations in the partnership's operating cash flow are substantially driven by changes in commodity prices, in production volumes and in realized gains and losses from commodity positions. Commodity prices have historically been volatile and the partnership attempts to manage this volatility through derivatives. Therefore, the primary source of the partnership's cash flow from operations becomes the net activity between the partnership's natural gas and oil sales and realized derivative gains and losses. However, the partnership does not engage in speculative positions, nor does the partnership hold economic hedges for 100% of the partnership's expected future production from producing wells and therefore may still experience significant fluctuations in cash flows from operations. As of June 30, 2010, the partnership had natural gas and oil derivative positions in place covering 84% of expected natural gas production and 87% of expected oil production for the remainder of 2010, at an average price of $3.92 per Mcf and $92.96 per Bbl, respectively. See "— Results of Operations" for further discussion of the impact of prices and volumes on sales from operations and the impact of derivative activities on the partnership's revenues.

The partnership's future operations are expected to be conducted with available funds and revenues generated from natural gas and oil production activities and commodity gains (losses). Natural gas and oil production from the partnership's existing properties are generally expected to continue a gradual decline in the rate of production over the remaining lives of the wells. Therefore, the partnership anticipates a lower annual level of natural gas and oil production and, in the absence of significant price increases or recompletions, lower revenues. The partnership also expects cash flows from operations to decline if commodity prices remain at current levels or decrease in the future. Under these circumstances decreased production would have a material negative impact on the partnership's operations and may result in reduced cash distributions to investors through the remainder of 2010 and beyond, and may substantially reduce or restrict the partnership's ability to participate in the Well Recompletion Plan activities which are more fully described above under the heading "— Well Recompletion Plan". Future cash distributions, in the event that the proposed merger agreement is not completed, may also be reduced to fund the Wattenberg Field Codell formation well recompletions.

Working Capital

Working capital at June 30, 2010 was $0.6 million compared to working capital of $0.8 million at December 31, 2009. This decrease of $0.2 million was primarily due to the following changes in accounts receivable or payable balances:

- Natural gas and oil receivables decreased to $0.5 million as of June 30, 2010, from $0.6 million as of December 31, 2009.
- Realized derivative gains receivables decreased by $0.3 million as of June 30, 2010.
- Net short-term unrealized derivative gains receivable increased to $0.1 million as of June 30, 2010.
- Due to Managing General Partner-other, net, excluding natural gas and oil sales received from third parties and realized derivative gains, decreased to a $0.2 million liability as of June 30, 2010, from a $0.3 million liability as of December 31, 2009.

Working capital at December 31, 2009 was $0.8 million compared to working capital of $4.0 million at December 31, 2008. This decrease of $3.2 million was primarily due to the following changes in accounts receivable balances:

- Natural gas and oil receivables decreased to $0.6 million as of December 31, 2009, from $0.8 million as of December 31, 2008.
- Realized derivative gains receivables decreased to $0.3 million as of December 31, 2009, from $0.6 million as of December 31, 2008

Table of Contents

- Short-term unrealized derivative gains receivable decreased to $0.0 million as of December 31, 2009, from $1.8 million as of December 31, 2008

Additionally, during the third quarter 2009 there was a net reduction of $1.2 million in amounts due from PDC as a $1.3 million receivable for over-withheld production taxes related to partnership production prior to 2007 was collected. In addition, the partnership settled the obligation for the Colorado Royalty Settlement of approximately $0.1 million with PDC. The net cash impact of these transactions increased distributions by $1.2 million during 2009.

Cash Flows

Cash Flows From Investing Activities

The partnership, from time-to-time, invests in additional equipment which supports treatment, delivery and measurement of natural gas and oil or environmental protection. These amounts totaled approximately $10,300 for the six months ended June 30, 2010, and approximately $6,000 for year ended 2009.

Cash Flows From Financing Activities

The partnership initiated monthly cash distributions to investors in June 2005 and has distributed $36.8 million through June 30, 2010. The tables below present the cash distributions to PDC and investors including distributions by PDC, as managing general partner of the partnership, relating to limited partnership units repurchased for the periods described as follows:

Three Months Ended June 30,	Managing General Partner Distributions	Investor Partners Distributions	Total Distributions
2010	$163,639	$654,555	$ 818,194
2009	$247,569	$990,277	$1,237,846

Investors cash distributions include $33,538 and $49,288 during the three months ended June 30, 2010 and 2009, respectively, related to equity cash distributions on investor's units repurchased by PDC.

Six Months Ended June 30,	Managing General Partner Distributions	Investor Partners Distributions	Total Distributions
2010	$363,825	$1,455,297	$1,819,122
2009	$392,735	$1,570,944	$1,963,679

Investors cash distributions include $74,307 and $76,501 during the six months ended June 30, 2010 and 2009, respectively, related to equity cash distributions on investor's units repurchased by PDC.

Year Ended	Managing General Partner Distributions	Investor Partners Distributions	Total Distributions
2009	$ 874,418	$3,497,679	$4,372,097
2008	$1,055,363	$4,221,465	$5,276,828

Investors cash distributions include $173,356 and $131,449 during the years 2009 and 2008, respectively, related to equity cash distributions on investor's units repurchased by PDC.

Table of Contents

Cash Flows From Operating Activities

Net cash provided by operating activities was $1.8 million for the six months ended June 30, 2010, compared to approximately $1.9 million for the comparable period in 2009. The $0.1 million decrease in cash provided by operating activities was due primarily to the following:

- An increase in natural gas and oil sales receipts of $0.3 million, or 24%, accompanied by a decrease in natural gas and oil production costs of approximately $0.1 million, or 17% and a decrease in direct costs — general and administrative of $0.3 million, or 76%;
- A decrease in commodity price risk management realized gains receipts of $0.6 million or 46%; and
- A decrease in the liability Due to Managing General Partner-other, net, excluding natural gas and oil sales received from third parties and realized derivative gains, of approximately $0.2 million.

Net cash provided by operating activities was $4.4 million for 2009 compared to $5.3 million for 2008, an increase of $0.9 million. The increase in cash provided by operating activities was due primarily to the following:

- A decrease in natural gas and oil sales receipts of $4.1 million, or 60%, accompanied by an increase in direct costs — general and administrative of $0.6 million; and
- An increase in realized commodity price risk management, net of $1.9 million and a decrease in natural gas and oil production cost of $0.6 million, or 39%.
- A reduction in the balance sheet item “Due from Managing General Partner — Other, Net,” of $1.2 million in third quarter 2009, due to PDC’s $1.3 million payment to the partnership for over-withheld production taxes and accrued interest thereon related to partnership production prior to 2007 which was offset by the partnership’s approximately $0.1 million payment to PDC for royalty settlement costs.

Critical Accounting Policies and Estimates

PDC has identified the following policies as critical to business operations and the understanding of the results of the operations of the partnership. This is not a comprehensive list of all of the partnership’s accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for management’s judgment in their application. There are also areas in which management’s judgment in selecting any available alternative would not produce a materially different result. However, certain of the partnership’s accounting policies are particularly important to the portrayal of the partnership’s financial position and results of operations and PDC may use significant judgment in their application; as a result these policies are subject to inherent degree of uncertainty. In applying these policies, PDC uses its judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on historical experience, observation of trends in the industry and information available from other outside sources, as appropriate. The partnership’s critical accounting policies and estimates are as follows:

Revenue Recognition

Natural Gas Sales. Sales of natural gas are recognized when natural gas has been delivered to a custody transfer point, persuasive evidence of a sales arrangement exists, the rights and responsibility of ownership pass to the purchaser upon delivery, collection of revenue from the sale is reasonably assured and the sales price is fixed or determinable. Natural gas is sold upon delivery by PDC under contracts with terms ranging from one month up to the life of the well. Virtually all of PDC’s contracts’ pricing provisions are tied to a market index with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, quality of gas and prevailing supply and demand conditions. As a result, the partnership’s revenues from the sale of natural gas will decrease if market prices decline and increase if market prices

Table of Contents

increase. The partnership believes that the pricing provisions of its natural gas contracts are customary in the industry.

The partnership currently uses the "Net-Back" method of accounting for transportation arrangements of natural gas sales. PDC sells natural gas at the wellhead, collects a price, and recognizes revenues based on the wellhead sales price since transportation costs downstream of the wellhead are incurred by the partnership's customers and reflected in the wellhead price.

Oil Sales. Sales of oil are recognized when persuasive evidence of a sales arrangement exists, the oil is verified as produced and is delivered from storage tanks at well locations to a purchaser, collection of revenue from the sale is reasonably assured and the sales price is determinable. The partnership does not refine any of its oil production. The partnership's crude oil production is sold to purchasers at or near the partnership's wells under short-term purchase contracts at prices and in accordance with arrangements that are customary in the oil industry.

Fair Value of Financial Instruments

Determination of Fair Value. The partnership's fair value measurements are estimated pursuant to a fair value hierarchy that requires PDC to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, giving the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability, and may affect the valuation of the assets and liabilities and their placement within the fair value hierarchy levels. The three levels of inputs that may be used to measure fair value are defined as:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities. Included in Level 1 are the Partnership's commodity derivative instruments for NYMEX, based fixed price natural gas swaps and collars.
- Level 2 — Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including (i) quoted prices for similar assets or liabilities in active markets, (ii) quoted prices for identical or similar assets or liabilities in inactive markets, (iii) inputs other than quoted prices that are observable for the asset or liability and (iv) inputs that are derived from observable market data by correlation or other means.
- Level 3 — Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability. Included in Level 3 are the partnership's commodity derivative instruments for CIG based fixed-price natural gas swaps, oil swaps, natural gas and oil collars, and the Partnership's natural gas basis protection derivative instruments.

Derivative Financial Instruments. PDC measures fair value of the partnership's derivatives based upon quoted market prices, where available. PDC's valuation determination includes:
(1) identification of the inputs to the fair value methodology through the review of counterparty statements and other supporting documentation, (2) determination of the validity of the source of the inputs, (3) corroboration of the original source of inputs through access to multiple quotes, if available, or other information and (4) monitoring changes in valuation methods and assumptions. The methods described above may produce a fair value calculation that may not be indicative of future fair values. PDC's valuation determination also gives consideration to the nonperformance risk on PDC's own business interests and liabilities as well as the credit standing of derivative instrument counterparties. PDC primarily uses two investment grade financial institutions as counterparties to its derivative contracts. PDC has evaluated the credit risk of the Partnership's derivative assets from counterparties default, giving consideration to amounts outstanding for each counterparty and the duration of each outstanding derivative position. PDC has determined based on this evaluation, that the impact of

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 182 of 185

Table of Contents

counterparty nonperformance on the fair value of the partnership's derivative instruments is not material. As of December 31, 2009, no valuation allowance was recorded. Furthermore, while PDC believes these valuation methods are appropriate and consistent with that used by other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value.

Natural Gas and Oil Properties

The partnership accounts for its oil and natural gas properties under the successful efforts method of accounting. Costs of proved developed producing properties are depreciated or depleted by the unit-of-production method based on estimated proved developed producing natural gas and oil reserves. Property acquisition costs are depreciated or depleted on the unit-of-production method based on estimated proved natural gas and oil reserves.

Annually, PDC engages an independent petroleum engineer to prepare a reserve and economic evaluation of the partnership's properties on a well-by-well basis as of December 31. The process of estimating and evaluating natural gas and oil reserves is complex, requiring significant decisions in the evaluation of available geological, geophysical, engineering and economic data. The data for a given property may also change substantially over time as a result of numerous factors, including additional development activity, evolving production history and a continual reassessment of the viability of production under changing economic conditions. As a result, revisions in existing reserve estimates occur from time to time. Although every reasonable effort is made to ensure that reserve estimates reported represent PDC's most accurate assessments possible, the subjective decisions and variances in available data for various properties increase the likelihood of significant changes in these estimates over time. Because estimates of reserves significantly affect the partnership's DD&A expense, a change in the partnership's estimated reserves could have an effect on its net income.

The partnership accounts for the impairment or disposal of long-lived assets, by periodically assessing its proved natural gas and oil properties for possible impairment, upon a triggering event, by comparing net capitalized costs to estimated undiscounted future net cash flows on a field-by-field basis using estimated future production based upon estimated prices at which the partnership reasonably estimates the commodity could be sold. The estimates of future prices may differ from current market prices of oil and natural gas. Downward revisions in estimates to the partnership's reserve quantities, expectations of falling commodity prices or rising operating costs may result in a triggering event and therefore a possible impairment of the partnership's oil and natural gas properties. If, when assessing impairment, net capitalized costs exceed undiscounted future net cash flows, impairment is based on estimated fair value utilizing a future discounted cash flow analysis and is measured by the amount by which the net capitalized costs exceed fair value. Although cash flow estimates used by the partnership are based on the relevant information available at the time the estimates are made, estimates of future cash flows are, by nature, highly uncertain and may vary significantly from actual results.

Off-Balance Sheet Arrangements

Currently, the partnership does not have any off-balance sheet arrangements.

DELIVERY OF DOCUMENTS TO INVESTORS SHARING AN ADDRESS

Only one copy of this proxy statement is being delivered to multiple investors sharing an address unless PDC has received contrary instructions from one of more of such investors. This practice, known as "householding," is designed to reduce duplicative mailings and save significant printing and postage costs. PDC will deliver promptly, upon a written or oral request, a separate copy of this proxy statement to an investor at a shared address to which only one copy of this proxy statement was delivered. An investor wishing to make such a request may contact PDC by mail at 1775 Sherman Street, Suite 3000, Denver, Colorado 80203, or by phone at 303-860-5800. At any time, an investor who no longer wishes to participate in

Table of Contents

householding and would prefer to receive a separate proxy statement in the future, or an investor who is receiving multiple copies of the proxy statement and wishes to receive a single copy in the future, may contact PDC by mail or by phone at the address and phone number set forth above.

WHERE YOU CAN FIND MORE INFORMATION

Each of PDC and the partnership is subject to the informational and reporting requirements of the Securities Exchange Act of 1934. Each of PDC and the partnership is required to file annual, quarterly and current reports and other information with the SEC. SEC filings that have been made by PDC or the partnership are available to the public over the internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document that PDC or the partnership files with the SEC at its public reference room at 100 F Street, N.E., Room 1850, Washington, D.C. 20549 Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

COMMONLY USED OIL AND GAS TERMS

The definitions set forth below shall apply to the indicated terms as used in this document. All volumes of natural gas referred to herein are stated at the legal pressure base of the state or area where the reserves exist and at 60 degrees Fahrenheit and in most instances are rounded to the nearest major multiple.

"Bbl" means a standard barrel of 42 U.S. gallons and represents the basic unit for measuring the production of crude oil, natural gas liquids and condensate.

"Bcf" means one billion cubic feet under prescribed conditions of pressure and temperature and represents the basic unit for measuring the production of natural gas.

"BOE" means a barrel-of-oil-equivalent and is a customary convention used in the United States to express oil and gas volumes on a comparable basis. It is determined on the basis of the estimated relative energy content of natural gas to oil, being approximately six Mcf of natural gas per Bbl of oil.

"Mbbl" means one thousand Bbls.

"MBOE" means one thousand BOEs.

"Mcf" means one thousand cubic feet under prescribed conditions of pressure and temperature and represents the basic unit for measuring the production of natural gas.

"Mcfe" means one thousand cubic feet of natural gas equivalent, based on a ratio of 6 Mcf for each barrel of oil, which reflects the relative energy content.

"MMBbl" means one million Bbls.

"MMcf" means one million cubic feet under prescribed conditions of pressure and temperature and represents the basic unit for measuring the production of natural gas.

"MMcfe" means one million cubic feet of natural gas equivalent.

"NGLs" means natural gas liquids.

"NYMEX" means the New York Mercantile Exchange.

"proved developed reserves" means reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

Case 18-33513-sgj11 Doc 85-5 Filed 12/03/18 Entered 12/03/18 14:24:14 Page 185 of 185

Table of Contents

"proved reserves," under SEC rules for fiscal years ending on or after December 31, 2009, are defined as:

Those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. The area of the reservoir considered as proved includes (i) the area identified by drilling and limited by fluid contacts, if any, and (ii) adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons, LKH, as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty. Where direct observation from well penetrations has defined a highest known oil, HKO, elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty. Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when (i) successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (ii) the project has been approved for development by all necessary parties and entities, including governmental entities. Existing economic conditions include prices and costs at which economic productibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

"proved undeveloped reserves" means proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion.

"PUD" means proved undeveloped.

"reasonable certainty" means a high degree of confidence.

"reserves" means estimated remaining quantities of oil and natural gas and related substances anticipated to be economically producible as of a given date by application of development prospects to known accumulations.

"reservoir" means a porous and permeable underground formation containing a natural accumulation of producible natural gas and/or oil that is confined by impermeable rock or water barriers and is separate from other reservoirs.