IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	Chapter 11
	§	
ROCKIES REGION 2006 LIMITED	§	
PARTNERSHIP and ROCKIES REGION	§	Case No. 18-33513-sgj-11
2007 LIMITED PARTNERSHIP,	§	
	§	
Debtors.	§	Jointly Administered

DISCLOSURE STATEMENT FOR DEBTORS' AMENDED JOINT CHAPTER 11 PLAN

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OF REJECTION OF THE PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL, BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

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COUNSEL TO THE DEBTORS

Dated: July 24, 2019

IMPORTANT INFORMATION FOR YOU TO READ

All creditors and equity interest holders are advised and encouraged to read this Disclosure Statement and the Plan in their entirety. Plan summaries and statements made in this Disclosure Statement, including the following summary, are qualified in their entirety by reference to the Plan and other exhibits annexed to the Plan. The statements contained in this Disclosure Statement are made only as of the date hereof, and there can be no assurance that the statements contained herein will be correct at any time after the date hereof.

This Disclosure Statement has been prepared in accordance with section 1125 of the Bankruptcy Code and Rule 3016 of the Federal Rules of Bankruptcy Procedure and not necessarily in accordance with federal or state securities laws or other applicable law.

As to contested matters, adversary proceedings, and other actions or threatened actions, this Disclosure Statement shall not constitute or be construed as an admission of any fact or liability, a stipulation, or a waiver.

This Disclosure Statement shall not be admissible in any nonbankruptcy proceeding involving the Debtors or any other party, nor shall it be construed to be conclusive advice on the tax or other legal effects of the Plan on holders of Claims or Equity Interests.

The Debtors are providing this Disclosure Statement to holders of Claims and Equity Interests, for their information only. **Nothing in this Disclosure Statement may be used or relied upon by any person or entity for any other purpose.**

EXHIBITS AND SCHEDULES TO DISCLOSURE STATEMENT

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DISCLOSURE STATEMENT DATED JULY 24, 2019

SOLICITATION OF VOTES WITH RESPECT TO THE AMENDED JOINT CHAPTER 11 PLAN OF ROCKIES REGION 2006 LIMITED PARTNERSHIP AND ROCKIES REGION 2007 LIMITED PARTNERSHIP

THE PLAN IS PROPOSED BY THE DEBTORS WHO STRONGLY URGE YOU TO VOTE TO ACCEPT IT

THE PLAN INCLUDES CERTAIN THIRD-PARTY RELEASES. YOU MAY OPT-OUT OF THESE RELEASES BY MARKING THE APPLICABLE BOX ON THE BALLOT. IF YOU OPT-OUT, YOU WILL BE DEEMED TO HAVE FORFEITED YOUR RIGHT TO YOUR SHARE OF $11,130,000 IN SETTLEMENT PAYMENTS FROM PDC ENERGY, INC. IF YOU DO NOT OPT-OUT, YOU WILL BE DEEMED TO HAVE CONSENTED TO THE THIRD-PARTY RELEASES AND YOU WILL RECEIVE YOUR SHARE OF THESE SETTLEMENT PAYMENTS AS PROVIDED UNDER THE PLAN DESCRIBED BELOW.

This Disclosure Statement (the "Disclosure Statement") solicits acceptance of the Amended Joint Chapter 11 Plan, dated July 24, 2019 (the "Plan"), of Rockies Region 2006 Limited Partnership ("RR 2006") and Rockies Region 2007 Limited Partnership ("RR 2007") (together, the "Debtors"), as debtors and debtors in possession in the above-captioned jointly administered chapter 11 cases. The Plan is being proposed jointly by the Debtors, with input from PDC Energy, Inc. ("PDC") and the LP Plaintiffs.[1]

The purpose of this Disclosure Statement is to enable a Claim or Equity Interest holder whose Claim or Equity Interest is impaired under the Plan and who may receive a distribution under the Plan, to make an informed decision in exercising its right to vote to accept or reject the Plan.

The Plan, which is attached hereto as Exhibit "A", contemplates the sale of all assets of the Debtors and the subsequent liquidation of the Debtors by distributing all cash held or to be received by the Debtors to each Debtor's creditors and Equity Interest holders. The Plan also provides for a settlement with the Debtors' managing general partner, PDC, whereby PDC will pay the Debtors the aggregate amount of $11,103,000 for a general release of any causes of action of the limited partners; *provided, however*, any limited partner may refuse to give PDC a release and thereby forego its share of this $11,103,000 payment. The $11,103,000 payment is comprised of a $5,191,220 payment to RR 2006 and a $5,911,780 payment to RR 2007. Attached hereto as Schedule A is a summary calculation of the financial impact of the settlement with PDC.

[1] The LP Plaintiffs are Robert R. Dufresne, as Trustee of the Dufresne Family Trust; Michael A. Gaffey, as Trustee of the Michael A. Gaffey and JoAnne M. Gaffey Living Trust dated March 2000; Ronald Glickman, as Trustee of the Glickman Family Trust established August 29, 1994; Jeffrey R. Schulein, as Trustee of the Schulein Family Trust established March 29, 1989; and William J. McDonald, as Trustee of the William J. McDonald and Judith A. McDonald Living Trust dated April 16, 1991.

In addition, on the Effective Date of the Plan, PDC will place $3,000,000 in an Administrative Reserve to pay Allowed Administrative Expense Claims. Any remaining funds in the Administrative Reserve shall be used to pay the LP Plaintiffs' Fee Award, and once the funds in the Administrative Reserve have been exhausted, the balance of the LP Plaintiffs' Fee Award shall be paid from the $11,130,000 general release payment. A distribution of all remaining cash on hand will be made to the holders of Allowed Claims and Allowed Equity Interests.

A summary of the classification and treatment of Claims and Equity Interests under the Plan are as follows:

Class	Description	Entitled to Vote	Estimated Claims	Approximate Estimated Recovery	Treatment
Classes 1A and 1B	Priority Non-Tax Claims	No	$0.00	100%	Each holder of an Allowed Class 1A or Class 1B Claim against a Debtor shall be paid in Cash in full from such Debtor on (or as soon as reasonably practicable after) the later of (i) the Effective Date or (ii) fourteen (14) days after such Priority Non-Tax Claim becomes Allowed.
Classes 2A and 2B	Secured Claims	No	$0.00	100%	In the discretion of the Debtors, each holder of an Allowed Class 2A or Class 2B Claim against a Debtor shall receive one of the following treatments: (i) payment in full in Cash from such Debtor; (ii) delivery of the collateral securing such Allowed Class 2A or Class 2B Claim; or (iii) other treatment

					that renders such Allowed Class 2A or Class 2B Claim unimpaired.
Classes 3A and 3B	General Unsecured Claims	No	3A - $0.00 3B - $0.00	100%	Each holder of an Allowed Class 3 Claim against a Debtor shall be paid in Cash in full from such Debtor on (or as soon as reasonably practicable after) the later of (i) the Effective Date or (ii) fourteen (14) days after such General Unsecured Claim becomes Allowed.
Classes 4A and 4B	Equity Interests	Yes	4A – RR 2006 4B – RR 2007	See Schedule B	Each holder of an Allowed Class 4A or Class 4B Equity Interest in a Debtor shall receive its Pro Rata share of any Cash remaining with such Debtor after payment of Allowed Administrative Expense Claims, the LP Plaintiffs' Fee Award, Allowed Priority Claims, and Allowed Claims in Classes 1A, 1B, 2A, 2B, 3A and 3B against such Debtor.

The Debtors believe that the Plan is in the best interests of holders of Claims and Equity Interests. Accordingly, Claim and Equity Interest holders who are entitled to vote are urged to vote in favor of the Plan. **To be counted, your ballot must be fully completed, executed and actually received by BMC Group, Inc. (the "Tabulation Agent") at the following address no later than 5:00 p.m. (prevailing Central Time) on September [__], 2019 (the "Voting Deadline"):**

IF BY REGULAR MAIL:
BMC Group, Inc.
Attn: Rockies Region Ballot Processing Center
P. O. Box 90100
Los Angeles, CA 90009

IF BY MESSENGER OR OVERNIGHT DELIVERY:
BMC Group, Inc.
Attn: Rockies Region Ballot Processing Center
3732 West 120th Street
Hawthorne, CA 90250

IF BY ELECTRONIC MAIL:
rockiesregion@bmcgroup.com
Please indicate "Rockies Region Ballot"
in the subject line of the email

Holders of Claims and Equity Interests who are entitled to vote should carefully read this Disclosure Statement and the Plan in their entirety prior to voting on the Plan. Each holder of a Claim or Equity Interest should consult its individual attorney, accountant and/or financial advisor as to the effect of the Plan on such holder.

Pursuant to section 1128(a) of the Bankruptcy Code, **a hearing on confirmation of the Plan (the "Confirmation Hearing") has been scheduled to commence on October [__], 2019 at [__:00 a./p.m.], prevailing Central Time**, before the Honorable Stacey G. C. Jernigan, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Bankruptcy Court"), 1100 Commerce Street, 14th Floor, Dallas, Texas 75242. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a chapter 11 plan. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed no later than **5:00 p.m. prevailing Central Time on September [__], 2019** (the "Confirmation Objection Deadline") and simultaneously served on the following parties:

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Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. If an **objection to confirmation is not timely filed and served, the Bankruptcy Court may not consider it.**

For the convenience of Claim and Equity Interest holders, this Disclosure Statement summarizes the terms of the Plan. However, the Plan and any Exhibits and Schedules thereto are the operative documents, and govern.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN AS A DESCRIPTION OF THE PLAN AND THE CHAPTER 11 CASES, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE LEGAL EFFECT OF THE PLAN ON HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS, BY ITS NATURE, FORWARD LOOKING, AND CONTAINS ESTIMATES, FORECASTS AND ASSUMPTIONS WHICH MAY PROVE TO BE MATERIALLY DIFFERENT FROM ACTUAL RESULTS.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE

INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS DISCLOSURE STATEMENT OR THE DATE ON WHICH THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT OR INDEPENDENT VERIFICATION. THE INFORMATION CONTAINED HEREIN AND THE RECORDS KEPT BY THE DEBTORS ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT INACCURACY.

NO REPRESENTATIONS OR ASSURANCES CONCERNING THE DEBTORS OR THEIR BUSINESSES OR THE PLAN ARE AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED HERETO OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON OTHER THAN THOSE CONTAINED HEREIN SHOULD NOT BE RELIED UPON. ANY SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL TO THE DEBTORS.

THE SECURITIES AND EXCHANGE COMMISSION HAS NEITHER APPROVED NOR DISAPPROVED THIS DISCLOSURE STATEMENT, NOR HAS IT PASSED UPON THE ADEQUACY OR ACCURACY OF THE STATEMENTS CONTAINED HEREIN.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to those terms in the Plan.

I. GENERAL INFORMATION

A. PURPOSES OF THIS DISCLOSURE STATEMENT

This Disclosure Statement has been prepared by the Debtors, with input from PDC and the LP Plaintiffs, to provide information that the Bankruptcy Court has determined to be material and necessary to enable holders of Claims and Equity Interests, who are entitled to vote on the Plan, to make an informed judgment about the Plan. Confirmation of the Plan pursuant to chapter 11 of the Bankruptcy Code depends, in part, upon the receipt of a sufficient number of votes in favor of the Plan. However, holders of Claims and Equity Interests whose claims are unimpaired are deemed to have conclusively accepted the Plan and are not entitled to vote thereon. As set forth in this Disclosure Statement, holders of Claims in Classes 1A, 1B, 2A, 2B, 3A and 3B are unimpaired and deemed to have accepted the Plan. Holders of Equity Interests in Classes 4A and 4B are impaired and entitled to vote to accept or reject the Plan.

On August [__], 2019, after notice and a hearing, the Bankruptcy Court entered an order (the "Disclosure Statement Solicitation Order"), pursuant to section 1125 of the Bankruptcy Code, approving this Disclosure Statement as containing "adequate information." "Adequate information" is information of a kind, and in sufficient detail, to enable a hypothetical investor typical of the holders of Claims and Equity Interests in the chapter 11 cases, that would enable

such hypothetical investor to make an informed judgment about the Plan. A copy of the Disclosure Statement Solicitation Order is attached hereto as Exhibit "B".

B. GENERAL INFORMATION CONCERNING CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code, pursuant to which a debtor in possession attempts to reorganize, or liquidate, its business for the benefit of itself, its creditors and equity interest holders.

The commencement of a chapter 11 case creates an estate, comprised of all legal and equitable interests of the debtor in property as of the date the petition is filed, wherever located and by whomever held. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. The Debtors are operating as debtors in possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362(a) of the Bankruptcy Code provides for, among other things, an automatic stay of all attempts to collect prepetition debts against the debtor or to otherwise interfere with the debtor's property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the time a plan of reorganization is confirmed.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. A plan sets forth the means for satisfying the claims against and equity interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case. A debtor is generally then given 60 additional days during which it may solicit acceptance of its plan. The deadlines may be extended or reduced by the court upon a showing of "cause."

C. GENERAL INFORMATION CONCERNING TREATMENT OF CLAIMS AND INTERESTS

A chapter 11 plan may provide for anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of a debtor's assets. After a chapter 11 plan has been filed, certain holders of claims against or equity interests in a debtor are permitted to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization must classify the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan divides claims and equity interests into classes and sets forth the treatment for each class. In accordance with section 1123(a) of the Bankruptcy Code, Administrative Expense Claims have not been classified in the Plan. A debtor is also required, under section 1122 of the Bankruptcy Code, to classify claims and equity interests into classes that contain claims and equity interests that are substantially similar to the other claims and equity interests in such class. The Debtors believe that the Plan has classified all Claims and Equity Interests in compliance with the provisions of Bankruptcy Code section 1122.

Pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, Claims against and Equity Interests in the Debtors are classified as set forth previously at the beginning of this Disclosure Statement.

D. CLASSES IMPAIRED UNDER A PLAN

Only classes of impaired claims or equity interests may vote to accept or reject a plan. A class is "impaired" if the legal, equitable, or contractual rights relating to the claims or equity interests in that class are modified by the plan. Modification for purposes of determining impairment, however, does not include curing defaults or reinstating maturity. Classes of claims or equity interests that are not "impaired" under a plan of reorganization, and each member of such class, are conclusively deemed to have accepted the plan and thus are not entitled to vote. Similarly, classes of claims or equity interests that will neither receive nor retain any property under a plan are deemed to not have accepted the plan and are thus not entitled to vote. Accordingly, acceptances of a plan will only be solicited from holders of claims and/or equity interests in impaired classes that may receive distributions under the plan.

As set forth in section 1124 of the Bankruptcy Code, a class of claims or interests is impaired under a plan of reorganization unless, with respect to such class, the plan: (1) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default: (a) cures any such default that occurred before or after the commencement of the case, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (b) reinstates the maturity of such claim or interest as it existed before such default; (c) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; (d) if the claim or interest arises from a failure to perform a non-monetary obligation (other than a default from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A)), compensates the holder (other than the debtor or an insider) for any actual pecuniary loss incurred by the holder as a result of such failure; and (e) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

All holders of Claims are unimpaired, as they will be paid in full. As a result, all holders of Claims are conclusively deemed to have accepted the Plan. Holders of Equity Interests are impaired. The Debtors are seeking the votes of Equity Holders in Classes 4A and 4B.

E. VOTING AND OPT-OUT RIGHTS

1. Voting on the Plan

Holders of Equity Interests in the Debtors are impaired under the Plan and are entitled to vote to accept or reject the Plan. No objections have been filed with respect to any Equity Interests. As a result, all holders of Equity Interests may vote to accept or reject the Plan. A Ballot casting a vote on the Plan may be disregarded if the Bankruptcy Court determines, after

notice and a hearing, that such Ballot was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

All proofs of claim by creditors of the Debtors (not including Governmental Units), must have been filed with the Clerk of the Bankruptcy Court by March 6, 2019; proofs of claim by Governmental Units were due by April 29, 2019 (the last date to file a claim is referred to as the "Bar Date"). If a claimant already filed a proof of claim with the Bankruptcy Court, or if the claim in question was scheduled by the Debtors as not being contingent, unliquidated, or disputed, a proof of claim need not have been filed. The schedules for all of the Debtors were filed with the Bankruptcy Court on November 13, 2018, as amended on March 22, 2019, and are available for inspection on the website maintained by the Tabulation Agent at www.bmcgroup.com\rockiesregion, or upon written request to the Debtors' counsel. As set forth in section 8.4(b) of the Plan, Equity Interest holders are not required to file proofs of interest in order to receive a distribution under the Plan. Any references in the Plan or Disclosure Statement to any Claims or Equity Interests shall not constitute an admission of the existence, nature, extent or enforceability thereof.

2. Opt-Out Rights

The Plan provides for certain third-party releases for PDC and others, as more fully described in section IV.C.3(b) hereof captioned "Global Settlement" and in section 11.4 of the Plan. If any holder of an Equity Interest does not wish to consent to a release of its individual claims and causes of action (if any) against the third parties proposed to be released, the Ballot accompanying this Disclosure Statement allows you to "opt-out" of the third party releases. If you choose to opt-out, you will forfeit your allocation of the $11,130,000 payment being offered by PDC as consideration for the third party release. It is estimated that each unit holder in RR 2006 and RR 2007 who accepts the third party releases will receive an additional cash payment of approximately $800 and $880 per unit, respectively.

F. CONFIRMATION

There are two methods by which a plan may be confirmed: (i) the "acceptance" method, pursuant to which all impaired classes of claims and interests have voted in the requisite amounts to accept the plan and the plan otherwise complies with section 1129(a) of the Bankruptcy Code; and (ii) the "cram-down" method under section 1129(b) of the Bankruptcy Code, which is available even if classes of claims vote against the Plan.

1. Acceptance of the Plan

A plan is accepted by an impaired class of claims if the holders of at least two-thirds (⅔) in amount and more than one-half (½) in number of the allowed claims in such class actually voting vote to accept the plan. A plan is accepted by an impaired class of equity interests if holders of at least two-thirds (⅔) in amount of allowed equity interests in such class actually voting vote to accept the plan.

BALLOTS OF HOLDERS OF EQUITY INTERESTS THAT ARE SIGNED BUT THAT DO NOT EXPRESSLY INDICATE EITHER AN ACCEPTANCE OR

REJECTION OF THE PLAN, OR INDICATE BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL BE DISREGARDED.

In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or equity interest in an impaired class entitled to vote or that the plan otherwise be found by the bankruptcy court to be in the best interests of each holder of a claim or equity interest in such class (*see* discussion of "Best Interests Test" below).

2. Confirmation Without Acceptance By All Impaired Classes

Under section 1129 of the Bankruptcy Code, the Debtors have the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by a class of Equity Interests.

A plan may be confirmed notwithstanding its rejection by one or more classes of claims or equity interests if, in addition to satisfying the applicable requirements of section 1129(a) of the Bankruptcy Code, the plan (1) is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan and (2) does not "discriminate unfairly."

A plan is "fair and equitable" under the Bankruptcy Code with respect to a dissenting class of secured claims if either (a)(i) the holders of such secured claims retain the liens securing such claims and (ii) each holder of a claim in such class receives deferred cash payments equal to the present value of such claim; (b) the property subject to the holders' liens is sold, subject to the creditors' right to credit bid, with the creditors' liens to attach to the proceeds of sale; or (c) the holders receive the "indubitable equivalent" of their claims.

A plan is "fair and equitable" under the Bankruptcy Code with respect to a dissenting class of unsecured claims if, with respect to such dissenting class either (a) the plan provides that each holder of a claim of such class receive or retain property of a value equal to the allowed amount of such claim, or (b) no holders of junior claims or equity interests receive or retain any property under the plan on account of such junior claims or interests.

A plan is "fair and equitable" under the Bankruptcy Code with respect to a dissenting class of equity interests if, with respect to such dissenting class, either (a) each holder of an interest of such class shall receive or retain on account of such interest property of a value equal to the greater of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest, or (b) the holder of any interest that is junior to the interest of such class shall not receive or retain any property on account of such junior interest.

This fair and equitable standard, also known as the "absolute priority rule," requires, among other things, that unless a dissenting unsecured class of claims or equity interests receives full compensation for its allowed claims or allowed interests, no holder of claims or interests in any junior class may receive or retain any property under the plan on account of such claims or interests. The Debtors believe that if a non-consensual confirmation is necessary, the

requirements for non-consensual confirmation will be met and the Plan will be confirmed despite its rejection by any impaired dissenting Class of Equity Interests.

The requirement that a plan not "discriminate unfairly" means, among other things, that a dissenting class must be treated substantially equally with respect to other classes of equal rank. The Debtors believe that the Plan meets this requirement with respect to any class of Equity Interests that might reject the Plan, because all Classes of Equity Interests are being treated the same.

3. Best Interests Test

Notwithstanding acceptance of the Plan by each impaired Class, in order for the Plan to be confirmed the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a Claim or Equity Interest in an impaired Class who has not voted to accept the Plan. Accordingly, if an impaired Class does not unanimously accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides for each holder of a Claim or Equity Interest in such Class to receive or retain on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount each such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

In this case, the Debtors are liquidating. As a result, and by implication, constituents will receive under the Plan at least what they would otherwise receive if the chapter 11 cases were converted and the Debtors were liquidated in chapter 7.

II. BACKGROUND AND EVENTS LEADING UP TO CHAPTER 11

A. ORGANIZATIONAL INFORMATION

The Debtors are publicly subscribed West Virginia limited partnerships which, as of the Petition Date, owned undivided working interests in oil and natural gas properties. The Debtors were organized and began operations with cash contributed by limited and additional general partners (collectively, the "Investor Partners") and the managing general partner. These Investor Partners own approximately 61% of each respective Debtor's capital, or equity interests. PDC (PDC, collectively with the Investor Partners, the "Partners"), owns the remaining approximately 39% of each respective Debtor's capital or equity interests, and is the sole managing general partner of each of the Debtors. In the aggregate, the Debtors have over 3,700 limited partnership unit holders.

B. THE DEBTORS' BUSINESS AND OPERATIONS

The primary business of the Debtors is the development and operation of properties producing oil, gas and natural gas liquids, and the appropriate allocation of cash proceeds, costs, and tax benefits among the Partners. Upon funding, each of the Debtors entered into a Drilling and Operating Agreement with PDC, as operator for the Debtors, which governs the drilling and operational aspects of the Debtors' oil and gas properties. The Debtors utilized substantially all of the capital raised in their respective offerings for the initial drilling and completion of their wells. In accordance with the Debtors' limited partnership agreements, the Investor Partners that

held general partnership interests in each Debtor had such interests converted to limited partnership units upon the completion of the Debtors' drilling activities. PDC remains the sole general partner for each of the Debtors.

PDC serves as operator for each of the wells in which the Debtors have a working interest. PDC markets and sells the oil, gas, and natural gas liquids, pays all applicable operating expenses and royalty interest holders, and thereafter, allocates the net distributable income on each applicable well to the appropriate Debtor and other non-Debtor working interest holders, after netting out and reimbursing itself for expenses incurred. On behalf of each Debtor, PDC then distributes such Debtor's net distributable income to each Debtor's Partners. The Debtors have no operations, no employees and no creditors (other than PDC, to whom the Debtors owe, in any given month, reimbursement for expenses incurred in connection with drilling activities).

C. EVENTS LEADING TO THE CHAPTER 11 FILINGS

1. The Debtors' Wells

The Debtors' primary non-cash assets are their wells, which were drilled and completed as vertical wells in the Codell and Niobrara formations in Weld County, Colorado between 2006 and 2008. In the aggregate, the Debtors drilled 132 wells – RR 2006 drilled 59 wells and RR 2007 drilled 73 wells.

The Debtors' wells are coming to the end of their useful lives. As of August 31, 2018, RR 2006 and RR 2007 only have 6 wells and 28 wells, respectively, classified as proved developed producing (PDP) that can yield oil, natural gas and NGL production with existing equipment and operating methods.[2] Each Debtor also owned wells that were previously abandoned due to insufficient production – 18 wells for RR 2006 and 29 wells for RR 2007, respectively. The remaining wells (35 and 16 for RR 2006 and RR 2007, respectively) are classified as proved developed non-producing (PDNP) – that is, wells that have the potential to yield oil and gas reserves, but not without additional capital outlay to make them capable of production. Of the PDNP wells, most were marked as plug and abandon candidates in the Debtors' most recent reserve report produced by Ryder Scott Company, LP ("Ryder Scott").

Given that production has been trailing off, the monthly cost of operating the wells exceeds the revenue they generated. For the period of April 2017 through September 2018, the average monthly revenue for RR 2006 was $38,735, the average monthly cost to operate RR 2006's wells was $46,678, and the average monthly plugging and abandonment cost for RR 2006's wells was $47,887. For that same 18-month period, the average monthly revenue for RR 2007 was $85,722, the average monthly cost to operate RR 2007's wells was $49,808, and the average monthly plugging and abandonment cost for RR 2007's wells was $49,175. In total, for the period of April 2017 through September 2018, RR 2006 and RR 2007 generated losses of $1,022,940 and $238,680, respectively.

Moreover, it would cost on average between $10,000 and $50,000 or more per well to convert a PDNP well to PDP and capable of generating revenue. The likelihood of PDC, as

[2] PDC re-fracked 9 wells owned by RR 2007 in 2012.

operator, recouping its expenses from performing such improvements is low, as (i) the Debtors do not currently have enough cash to pay for the improvements, and (ii) there is no guaranty that, given their age and other factors, the re-worked wells would actually generate enough production revenue to cover the cost of the improvements. Given that the likelihood of PDC recovering its costs is low, the odds of the Investor Partners receiving an income distribution from the re-worked wells are even slimmer.

As discussed above, PDC operates these assets and would regularly distribute each Debtor's net distributable income to each Debtor's respective Partners. Given the fact that the wells were operating at a loss, however, the decision was made to suspend the Debtors' interim distributions to the Partners. The last distributions made from RR 2006 and RR 2007 to their Partners was on March 26, 2015 and December 27, 2016, respectively.

Given the reduction in production that has occurred and will continue to escalate as time passes, and in light of the lack of distributions to Partners and the potential plugging and abandonment liability ("P&A liability") (which PDC, as managing general partner, typically accounts for at approximately $50,000 per well), on or around May 7, 2018, PDC formally engaged Harney to analyze all options available to wind down Debtors operations and maximize final returns for the Investor Partners.[3] Harney provided Karen Nicolaou to serve as Responsible Party to the Debtors for the purpose of Debtors' winding down efforts.

As of the Petition Date, RR 2006 had approximately $1,000 in cash on hand, and RR 2007 had approximately $56,000 in cash on hand. With estimated total P&A liability of $1,656,000 and $1,879,000, respectively, RR 2006 and RR 2007 have grossly insufficient cash available to fund their respective P&A liabilities.

2. SEC Reporting

The Debtors are reporting companies with certain obligations governed by the Securities Exchange Commission (the "SEC"). The Debtors are currently in compliance with their SEC reporting obligations; however, given the decline in the Debtors' operating revenue, the continued cost of submitting the necessary SEC reports is a significant financial burden on the Debtors' estates — it cost approximately $20,000 for each Debtor to prepare and file the Form 10-Q for the quarter ended September 30, 2018, which were filed on November 14, 2018.

On November 7, 2018, PDC, on behalf of the Debtors, sent a letter to the SEC requesting a modification of their reporting requirements under Section 13(a) of the Exchange Act. In lieu of continuing to file quarterly and annual reports under the Exchange Act, during the pendency of their chapter 11 cases, the Debtors have filed with the SEC, under cover of a current report on Form 8-K, copies of the monthly financial operating reports that are required to be filed with the

[3] As set forth more fully in the *Debtors' Application for Order (i) Authorizing the Retention of Harney Management Partners to Provide Responsible Party and Additional Personnel, (ii) Designating Karen Nicolaou as Responsible Party Effective as of the Petition Date, and (iii) Granting Related Relief* [Docket No. 12], at the time Ms. Nicolaou was appointed Responsible Party, she provided consulting services through Bridgepoint Consulting LLC. On or around August 31, 2018, Ms. Nicolaou moved her practice to Red Owl Interests LLC d/b/a Harney Management Partners ("Harney").

Bankruptcy Court pursuant to Federal Rule of Bankruptcy Procedure 2015, as well as other material information concerning developments in these bankruptcy proceedings.

3. Plan Transaction with PDC

In connection with her appointment as Responsible Party, Ms. Nicolaou engaged a third party reserve engineering firm, Graves & Co. Consulting LLC ("Graves"), to value the Debtors' wells and independently confirm and update the analysis in the Debtors' latest Ryder Scott reserve report dated effective January 1, 2018. Graves confirmed that the value of Debtors' wells were negative when taking into account the associated P&A liabilities. Ms. Nicolaou also asked Graves to review recent asset sales in the Codell and Niobrara formations. However, Graves was unable to identify any comparable recent sales.

As part of her review of the Debtors' potential options, including a potential resolution of the Debtors' claims against PDC in the Colorado Action (discussed below), Ms. Nicolaou opened a dialogue with PDC regarding an overall transaction pursuant to which PDC would pay some amount of cash to the estates for the wells, assume the Debtors' P&A liabilities, fund up to a maximum amount for the administration of these chapter 11 cases, and also pay an additional sum of money to settle the estates' claims in the Colorado Action. Those discussions culminated in a Term Sheet, dated October 30, 2018. As part of the overall transaction, the Debtors sought relief under chapter 11 of the Bankruptcy Code to efficiently wind down their businesses, centralize any disputes, and make a final distribution to Partners.

4. The Colorado Class Action

Pending as of the commencement of these Chapter 11 Cases was a certain action in the United States District Court in Denver, filed on December 20, 2017 and styled *Dufresne, et al. v. PDC Energy, Inc., et al.*, Case No. 1:17-cv-03079 (D. Colo.) (the "Colorado Action").[4] Through the Colorado Action the LP Plaintiffs sued PDC and certain of its directors and officers for alleged derivative claims on behalf of the Debtors and class claims on behalf of a putative class that includes all the Debtors' limited partners. The Debtors are named as nominal defendants in the Colorado Action. The LP Plaintiffs allege they and the Debtors were damaged as a result of PDC's alleged violations of West Virginia state law, including breaches of fiduciary duty, abuse of control, gross mismanagement, waste of assets, and unjust enrichment, occurring from 2015 to the present. In addition, the LP Plaintiffs claim that PDC's alleged wrongful conduct constituted a breach of its contractual obligations to the Debtors, under the limited partnership agreements. PDC has denied these allegations.

The District Court has not certified the proposed class. Upon the filing of these chapter 11 cases, the Colorado Action was automatically stayed under section 362(c) of the Bankruptcy Code.

On February 19, 2019, the District Court presiding over the Colorado Action issued its *Order on Motion to Dismiss*. In the *Order on Motion to Dismiss*, the District Court held that (i) the LP Plaintiffs are time-barred from using the wellbore-only assignments to support their

[4] The live complaint is dated July 10, 2018 and is available at Docket No. 37 in the Colorado Action.

breach of fiduciary duty claims against both RR 2006 and RR 2007 and (ii) whether the LP Plaintiffs' breach of contract claims against RR 2006 are time-barred is a question of fact. The District Court also dismissed, with prejudice, all claims alleged by the LP Plaintiffs against PDC's directors and officers.

On June 4, 2019, the District Court ordered that the *Order on Motion to Dismiss* would be held in abeyance pending resolution of these chapter 11 cases or the issuance of an order vacating the automatic stay. In addition, to the extent the automatic stay did not already apply, the District Court stayed the Colorado Action, noting that it remains an open question whether the alleged class claims can exist independent of the derivative claims, and that no motion for class certification has yet been filed, briefed or decided.

III. THE BANKRUPTCY FILINGS

The Debtors' Chapter 11 Cases were commenced by the filing of voluntary chapter 11 petitions on October 30, 2018 (the "Petition Date"). The Chapter 11 Cases are pending under Jointly Administered Case No. 18-33513-sgj-11, before the Honorable Stacey G. C. Jernigan in the United States Bankruptcy Court for the Northern District of Texas.

A. POST-FILING ACTIVITIES

1. Employment of Professionals

The Debtors engaged the following professionals in the Chapter 11 Cases: Gray Reed & McGraw LLP ("Gray Reed") as counsel; Harney to provide the Debtors with a Responsible Party and certain additional personnel; BMC Group, Inc. ("BMC") as Noticing, Solicitation and Tabulation Agent; Oil & Gas Asset Clearinghouse, LLC ("Clearinghouse") as auctioneer; and Graves as engineering consultant. The application to retain BMC was approved by the Bankruptcy Court on November 5, 2018, the application to retain Clearinghouse was approved on November 21, 2018, the application to retain Graves was approved on December 18, 2018, and the application to retain Gray Reed was approved on December 19, 2018.

On November 23, 2018, the LP Plaintiffs filed an objection to the Debtors' application to employ Harney and Ms. Nicolaou on the basis that: (i) their employment was not in the best interest of the estates; (ii) PDC was not authorized to retain Harney and Ms. Nicolaou to perform the services contemplated by the Harney engagement letter; (iii) Ms. Nicolaou was not a "disinterested person" as defined in section 101(14) of the Bankruptcy Code; (iv) the retention should be based on sections 327 and 328 of the Bankruptcy Code, not section 363; (v) the proposed transaction fee was not limited and was unreasonable; and (vi) the indemnity provisions in the engagement letter were overbroad. *See* Docket No. 61 (the "Harney Objection"). The Debtors disputed the contentions made in the Harney Objection and asserted that (i) the partnership agreements provided PDC with broad authority to appoint Ms. Nicolaou as Responsible Party; (ii) retention of Harney and Ms. Nicolaou under section 363 of the Bankruptcy Code was appropriate and standard but, in any event, the standards of sections 327 and 328 of the Bankruptcy Code have been met; (iii) granting the Harney Application was in the best interests of the Debtors and their respective estates; (iv) the indemnification provisions and the transaction fee were appropriate. *See* Docket No. 142.

The Harney Objection was resolved as part of the global settlement between the Debtors, PDC and the LP Plaintiffs described below. On July 9, 2019, the LP Plaintiffs withdrew the Harney Objection. The Court entered its Order granting the Harney application on July [__], 2019.

2. First Day Motions and Orders

On the Petition Date, the Debtors filed several motions seeking the following administrative and procedural orders, which were entered by the Bankruptcy Court on November 8, 2018 and November 5, 2018, respectively: (i) an order directing joint administration of the Chapter 11 Cases; and (ii) an order establishing certain notice procedures. The Debtors' respective schedules and statements of financial were filed on November 13, 2018.

To smooth the transition into chapter 11 and ensure the continued operation of the business, the Debtors filed a motion requesting an order authorizing continued use of cash management payment systems, bank accounts and business forms, which the Bankruptcy Court entered on November 5, 2018.

3. The Motion to Dismiss

On December 3, 2018, the LP Plaintiffs filed their *Motion for Dismissal of Chapter 11 Case*, *see* Docket No. 85, as amended by Docket No. 140 (the "Motion to Dismiss"). Rather than immediately launch into litigation on the merits, the Debtors, the LP Plaintiffs and PDC agreed to attempt to mediate the claims asserted in the Motion to Dismiss, the Harney Objection and the Colorado Action. Mediation took place on February 27 and 28, 2019, with former Judge Leif Clark as mediator. The parties were unable to reach a resolution at that time. *See* Docket No. 124.

In the Motion to Dismiss, the LP Plaintiffs argue that cause exists to dismiss these cases under section 1112(b) of the Bankruptcy Code because, among other things (i) the Debtors commenced these chapter 11 cases in bad faith because these bankruptcy cases are part of the PDC's overall "corporate strategy" to use the Debtors' assets for its own benefit, and to take control of the derivative claims asserted against PDC in the Colorado Action; (ii) consent of the investor partners was required to authorize a chapter 11 filing, pursuant to the West Virginia Uniform Limited Partnership Act and the partnership agreements; (iii) PDC was not authorized to delegate authority to Ms. Nicolaou and, as a result, she was not authorized to file these chapter 11 cases; (iv) these cases are a two party dispute; and (v) venue was improper in this Court. *See* Docket No. 140.

The Debtors dispute these contentions and assert that the Motion to Dismiss should be denied because (i) the cases were filed in good faith when looking at the totality of the circumstances, including the Debtors' financial distress, and, in any event, dismissal for bad faith is an extreme remedy; (ii) the LP Plaintiffs failed to make a *prima facie* showing of bad faith; (iii) these chapter 11 cases were not filed solely as a litigation tactic; and (iv) both PDC and Ms. Nicolaou had the requisite authority to file the chapter 11 petitions under both West Virginia law and the partnership agreements. *See* Docket No. 141. PDC also disputed the contentions in the Motion to Dismiss.

A hearing was set on the Motion to Dismiss and the Harney Objection for June 20-21, 2019. The parties engaged in extensive discovery leading up to the hearing and engaged in significant motion practice related thereto. In connection therewith, the LP Plaintiffs took the sworn deposition testimony of Ms. Nicolaou on May 7, 2019 and PDC's corporate representative on May 15, 2019.

In the weeks leading up to the hearing, the parties re-opened settlement discussions. On June 14, 2019, the parties reached an agreement in principle resolving the disputes in the Motion to Dismiss, the Harney Objection and the Colorado Action. The Debtors, PDC and the LP Plaintiffs entered into a binding term sheet dated June 24, 2019. The Plan embodies that settlement, which is discussed below. Under this settlement and by Order entered on July 18, 2019 [Docket No. 222] the hearing, if any, on the Motion to Dismiss has been continued to a future date no earlier than thirty (30) days after the Confirmation Hearing.

4. The Determination Motion

On March 22, 2019, the Debtors filed their *Motion Pursuant to Section 541(a) of the Bankruptcy Code for Determination that Certain Claims and Causes of Action Are Property of the Estate* [Docket No. 137] (the "Determination Motion"). In the Determination Motion, the Debtors contend that all of the causes of action asserted in the Colorado Action, including purported "direct" claims belonging to individual investors, are in fact derivative claims that are property of the Debtors' estates. On April 10, 2019, the Debtors, PDC and the LP Plaintiffs entered into a stipulation and agreed order that abated all deadlines to respond to the Determination Motion until after the hearing on the Motion to Dismiss and the Harney Objection.

As part of the global settlement, the Debtors will include a copy of the Determination Motion in the plan solicitation packages mailed to all Investor Partners. The deadline to object to the Determination Motion is September [__], 2019. The LP Plaintiffs have agreed not to oppose entry of an order granting the Determination Motion contemporaneously with entry of the Confirmation Order. In the event confirmation of the Plan is denied, the hearing on the Determination Motion will be continued and reset by the Bankruptcy Court. Notwithstanding the objection deadline set forth above, in the event confirmation of the Plan is denied, the LP Plaintiffs' objections to the Determination Motion, if any, shall be preserved and shall be due no later than five (5) days before such rescheduled hearing.

5. Global Settlement

As stated above, on June 24, 2019, the Debtors, PDC and the LP Plaintiffs entered into a binding term sheet resolving all issues among them in these Chapter 11 Cases and the Colorado Action subject to confirmation of the Plan. A summary of the settlement terms, which are part and parcel of the Plan, are as follows, and the economic impact is summarized on Schedule A attached to this Disclosure Statement:

- PDC shall fund an administrative reserve in the amount of $3,000,000 (the "Administrative Reserve"), which shall be used to pay all fees and expenses owing to or in respect of (i) the Responsible Party, counsel to the

Debtors and Graves, (ii) BMC, (iii) the PDC Administrative Claim (as defined in the Plan), (iv) the LP Plaintiffs' Substantial Contribution Claims (defined below), and (v) any statutory fees owed to the office of the United States Trustee. Any sums remaining in the Administrative Reserve after items (i)-(v) above have been paid shall be used to pay the LP Plaintiffs' Fee Award (defined below).

- PDC shall pay (i) $304,000 for the oil and gas properties of RR 2006 and (ii) $458,000 for the oil and gas properties of RR 2007 (the "Cash Consideration"). PDC shall also assume all P&A liability and certain other liabilities associated with the Purchased Assets (as defined in the Plan) (the assumption of the P&A liability and the Cash Consideration are collectively referred to as the "Purchase Price"). In exchange for the Purchase Price, the Debtors and PDC agreed to a full mutual release.

- PDC shall pay $11,130,000 ($5,191,220 to RR 2006 and $5,911,780 to RR 2007) to the Debtors in consideration of third party releases under the Plan of claims asserted by the LP Plaintiffs on behalf of the Investor Partners (the "Settlement Payment"), who do not specifically opt out of the third party release.

- The Settlement Payment (net of the unpaid balance of the LP Plaintiffs' Fee Award outstanding (if any) once funds in the Administrative Reserve have been exhausted) will be distributed pro rata to all Investor Partners who do not opt out of the third party release. All Investor Partners will be deemed to have released PDC from all claims, whether known or unknown, regarding the Debtors and the Colorado Action, whether or not they vote to accept or reject the Plan and regardless of whether a Ballot is submitted. If any Investor Partner opts out of the third party release – by checking the opt-out box on the Ballot – such Investor Partner will not receive its pro rata share of the Settlement Payment, and such amount will be forfeited back to PDC. Any Investor Partner who opts out will retain its potential claims against PDC. Any pursuit of such retained claims will be the individual responsibility of the Investor Partner, outside the purview of the Chapter 11 Cases.

- PDC shall waive its prepetition claim against RR 2006 in the amount of $1,366,662.

- Each of the five (5) named LP Plaintiffs shall receive $15,000 as a substantial contribution in accordance with section 503(b)(3)(D) of the Bankruptcy Code (the "LP Plaintiffs' Substantial Contribution Claims"), in addition to the distributions each will receive pursuant to the Plan.

- Counsel to the LP Plaintiffs shall, in accordance with section 503(b)(4) of the Bankruptcy Code, receive payment of their reasonable fees and expenses incurred in connection with the Chapter 11 Cases and the

Colorado Action (the "LP Plaintiffs' Fee Award") subject to approval of the Plan by the Bankruptcy Court through the Confirmation Order.

- On the Effective Date, the LP Plaintiffs shall dismiss the Colorado Action with prejudice by submitting a joint agreed order of dismissal signed by counsel to the LP Plaintiffs and PDC (the "Dismissal Order").

- On the Effective Date, the LP Plaintiffs shall withdraw the Motion to Dismiss with prejudice.

- PDC shall have, in its sole discretion, the option to terminate the settlement in the event more than 3% of the total amount of the Debtors' outstanding non-PDC-owned limited partnership units timely and validly opt out of the releases set forth in section 11.4 of the Plan. Within two (2) business days of the Voting Deadline, the Debtors shall provide to PDC and the LP Plaintiffs a summary of the parties that have opted-out of the release, which summary shall include: (i) the name of each limited partner opting-out of the release; and (ii) the number of partnership units owned by each party opting-out of the release. PDC shall have two (2) business days after receiving such written notice to exercise the termination right set forth in this provision by sending a written notice to the Debtors and the LP Plaintiffs and filing the same with the Bankruptcy Court.

- The Debtors, PDC, the LP Plaintiffs, all limited partners in the Debtors who do not timely and validly opt-out of the releases, the Responsible Party, and each of their respective present and former members, managers, officers, directors, employees, partners, affiliates, funds, advisors, attorneys, auditors and agents shall release each other from any and all liability from the beginning of time through the Effective Date, arising out of, relating to, or connected with the subject matter of the Colorado Action and the Chapter 11 Cases.

The Plan, thus, embodies the settlement described above, and confirmation of the Plan will put to rest all disputes and potential disputes among the Debtors' Estates, the LP Plaintiffs, Investor Partners who do not opt out of the release, and PDC. The above description of the global settlement is a summary only; the actual terms of the settlement are set forth at length in the Plan, and control.

B. EXCLUSIVITY

The Debtors filed their original plan [Docket No. 57] and disclosure statement [Docket No. 58] on November 21, 2018. Approval of the disclosure statement and associated solicitation procedures were originally set for hearing on January 9, 2019. However, the parties agreed to continue the hearing and abate related deadlines until after mediation. See Docket No. 108.

The Debtors' exclusive periods to propose a chapter 11 plan and solicit acceptances thereof were set to expire on February 27, 2019 and April 28, 2019, respectively (the "Exclusive

Periods"). On February 22, 2019, the Debtors sought to extend the Exclusive Periods for 45-days to maintain the status quo while the parties attempted to mediate their disputes. See Docket No. 119 (the "Exclusivity Motion"). On February 26, 2019, the Court entered its Bridge Order extending the Exclusive Periods on an interim basis pending entry of an order on the merits of the Exclusivity Motion. After mediation failed, on March 15, 2019, the LP Plaintiffs filed an objection to the Exclusivity Motion. *See* Docket No. 130. Rather than litigate the merits, the parties agreed to continue the hearing on the Exclusivity Motion until after the hearing on the Motion to Dismiss and the Harney Objection. See Docket No. 135. In light of the global settlement, however, the Debtors made certain amendments to the original plan, and this Plan is now the one and only Plan proposed for confirmation.

C. BAR DATES

As previously set forth, the Bar Date for all creditors of the Debtors, except Governmental Units, was March 6, 2019. The Bar Date for Governmental Units was April 29, 2019.

Under section 2.1 of the Debtors' Plan, requests for payment of Administrative Expense Claims arising prior to the Effective Date (other than holders of the LP Plaintiffs' Substantial Contribution Claims) must be filed within fourteen (14) days after the Effective Date. Professional Persons holding Fee Claims must also file such Claims within fourteen (14) days after the Effective Date, except with respect to the LP Plaintiffs' Fee Award, and as may otherwise be set forth in the Plan.

D. CLAIMS AGAINST THE DEBTORS

1. In General

The Debtors' records reflect the following Claims against their respective estates, in the aggregate:

Secured Claims:	$0.00
Priority Tax Claims:	$0.00
Priority Non-Tax Claims:	$0.00
General Unsecured Claims:	$0.00

2. Secured and Unsecured Claims

The Debtors do not believe that they have any secured or unsecured creditors.

PDC filed Claims against each Debtor asserting the right to payment for (i) unpaid pre- and post-petition operating expenses, (ii) unpaid P&A liability, (iii) indemnification under the partnership agreements for potential loss in connection with the Colorado Action. RR 2007 was current on payment of its operating costs and expenses as of the Petition Date. RR 2006 identified in its schedules an unsecured claim in the amount of $1,366,662.00 owed to PDC in

connection with its prepetition operation of the Debtors' oil and gas properties. As part of the global settlement, PDC has agreed to (i) waive its general unsecured claim against RR 2006, and (ii) assume the Debtors' unpaid P&A liability. In addition, given the mutual and third party releases contained in the Plan and the pending dismissal of the Colorado Action, PDC will no longer have a right to indemnification against the Debtors. Thus, upon the Effective Date of the Plan the PDC claims will be satisfied.

Two Investor Partners filed Claims against RR 2006, but the Debtors intend to seek to have such claims reclassified as Equity Interests. *See* Claim Nos. 2 and 3.

3. Administrative Expense Claims

As of June 30, 2019, there are approximately $1,700,000 in unpaid Administrative Expense Claims, exclusive of the LP Plaintiffs' Fee Award. These amounts will increase by the Confirmation Date.[5] The Plan provides for an Administrative Reserve of $3,000,000 to cover these claims. The LP Plaintiffs' Fee Award will be paid in part from the Administrative Reserve and in part from the Settlement Payment, as described more fully below.

Under the Plan, Allowed Administrative Expense Claims will be paid in full on the later of (i) the Effective Date, (ii) the Dismissal Order becoming a Final Order, or (iii) fourteen (14) days after entry of an order by the Bankruptcy Court allowing such Administrative Expense Claim, unless otherwise provided in the Plan. Requests for payment of Administrative Expense Claims must be filed no later than fourteen (14) days following the Effective Date, unless (i) an earlier date is set by separate Bankruptcy Court order or (ii) otherwise provided in the Plan.[6]

These amounts are comprised of the following:

a. Professional Fee Claims

- Approximately $64,000 in unpaid fees and expenses for the Responsible Party.[7]
- Approximately $900,000 in unpaid fees and expenses for Gray Reed, counsel to the Debtors.[8]
- Approximately $135,000 in unpaid fees and expenses for Graves, the Debtors' engineering consultant.

[5] As part of the global settlement, PDC has agreed to cap its administrative expense claim at $500,000.

[6] Pursuant to section 6.2(f) of the Plan, upon confirmation of the Plan and occurrence of the Effective Date, counsel to the LP Plaintiffs shall be entitled to payment of the LP Plaintiffs' Fee Award and shall not be required to submit a fee application except as expressly provided therein.

[7] The Debtors anticipate that the Responsible Party's transaction fee payable upon approval of a final fee application will be approximately $390,000. As of the Petition Date, the Responsible Party held a retainer in the amount of $54,758.74.

[8] As of the Petition Date, Gray Reed held a retainer in the amount of $27,000.72.

- Approximately $6,500 in unpaid fees and expenses for BMC, the Debtors' noticing, tabulation and solicitation agent.[9]

b. PDC Administrative Claim

- Approximately $500,000 in unpaid costs and expenses borne by PDC for post-petition operations of the Debtors' assets, net of any associated revenue and excluding any plugging and abandonment costs.

c. Statutory Fees owed to the United States Trustee

The Debtors are current on their fee obligations to the United States Trustee. The Debtors estimate that they will owe approximately $150,000 statutory fees owed to the office of the United States Trustee by virtue of the distributions to be made pursuant to the Plan.

d. LP Plaintiffs' Substantial Contribution Claim

The LP Plaintiffs' Substantial Contribution Claims, totaling $75,000, shall be paid from the Administrative Reserve at the same time as Allowed Fee Claims are paid.

e. LP Plaintiffs' Fee Award

Counsel to the LP Plaintiffs have incurred $2,418,283.14 in reasonable fees and expenses through June 30, 2019 and estimate that they will incur up to an additional $40,000 in reasonable fees and expenses between July 1, 2019 and the Effective Date (the "Effective Date Fee Estimate"). The LP Plaintiffs' Fee Award shall be payable in an amount up to $2,458,283.14. To the extent that the LP Plaintiffs incur fees and expenses that are less than the Effective Date Fee Estimate, then the LP Plaintiffs' Fee Award will be paid in that lesser amount. To the extent that counsel to the LP Plaintiffs incur fees and expenses that exceed the Effective Date Fee Estimate, then counsel to the LP Plaintiffs may seek approval and payment of such excess amount through separate application to the Bankruptcy Court.

As part of the global settlement, the LP Plaintiffs' Fee Award will be paid from the funds remaining in the Administrative Reserve after payment of the Allowed Administrative Expense Claims described immediately above, the LP Plaintiffs' Substantial Contribution Claims and any statutory fees owed to the office of the United States Trustee. Once those funds have been exhausted, the balance of the LP Plaintiffs' Fee Award shall be paid from the Settlement Payment as follows: (i) 47% from the RR 2006 Settlement Payment and (ii) 53% from the RR 2007 Settlement Payment.

4. Priority Non-Tax Claims

The Debtors believe that, as of the Confirmation Date, there will be $0.00 owing in respect of Priority Non-Tax Claims. To the extent any Priority Non-Tax Claims are ultimately Allowed, however, such Claims will be paid in full under the Plan.

[9] BMC estimates that it will incur an additional $60,000 in expenses through the Effective Date.

5. Priority Tax Claims

The Internal Revenue Service filed claims in the amount of $100 against each Debtor for 2018 partnership taxes, but these are estimates only. The Debtors believe that, as of the Confirmation Date, there will be $0.00 owing in respect of Priority Tax Claims. To the extent any Priority Tax Claims are ultimately Allowed, however, such Claims will be paid in full on the Effective Date of the Plan.

IV. THE PLAN

As stated earlier, the Plan embodies the global settlement among the Debtors, PDC and the LP Plaintiffs and contemplates a liquidation of the Debtors by distributing all Cash on hand and to be received, after payment of all Allowed Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims and General Unsecured Claims, to the Debtors' equity interest holders.

On the Effective Date of the Plan, $3,000,000 will be placed in an Administrative Reserve by PDC for payment of Allowed Administrative Expense Claims (as defined in the Plan) against the Debtors. In addition, $762,000 shall be paid to the Debtors by PDC as Cash Consideration for the purchase of the Debtors' assets. Finally, $11,130,000 will be paid to the Debtors by PDC as the Settlement Payment.

All Cash on hand will be distributed to equity holders following the payment of Allowed Administrative Expense Claims and payment of the LP Plaintiffs' Fee Award; *provided however,* that neither PDC nor any Investor Partners who opt out of the third party release set forth in the Plan will receive their share of the $11,130,000 Settlement Payment. Set forth below is the treatment of each class of Claims and Equity Interests and the consideration to be paid to each member of each class under the Plan. The treatment and payment of Administrative Expense Claims are also discussed.

A. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

1. Classes 1A and 1B: Priority Non-Tax Claims

Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a different treatment, each holder of an Allowed Priority Non-Tax Claim against a Debtor will be paid in full in Cash from the applicable Debtor on (or as soon as reasonably practicable after) the later of the Effective Date of the Plan or fourteen (14) days after such Priority Non-Tax Claim becomes Allowed. The holders of Priority Non-Tax Claims are unimpaired, deemed to accept the Plan, and not entitled to vote thereon.

2. Classes 2A and 2B: Secured Claims

On the Effective Date (or as soon as reasonably practicable thereafter), each holder of an Allowed Secured Claim against a Debtor shall, at the option of the Debtor in question, receive one of the following treatments: (i) payment in full in Cash from the applicable Debtor; (ii)

delivery of the collateral securing such Allowed Secured Claim; or (iii) other treatment that renders such Allowed Secured Claim unimpaired.

Holders of Secured Claims are unimpaired, deemed to accept the Plan, and not entitled to vote thereon.

3. Classes 3A and 3B: General Unsecured Claims

Except to the extent that a holder of an Allowed General Unsecured Claim against a Debtor agrees to a different treatment, each holder of an Allowed General Unsecured Claim against a Debtor shall be paid in full in Cash from the applicable Debtor on (or as soon as reasonably practicable after) the Effective Date or fourteen (14) days after such General Unsecured Claim becomes Allowed.

Holders of General Unsecured Claims are unimpaired, deemed to accept the Plan, and not entitled to vote thereon.

4. Classes 4A and 4B: Equity Interests

Except to the extent that a holder of an Allowed Equity Interest in a Debtor agrees to a different treatment, each holder of an Allowed Equity Interest in a Debtor shall receive, in one or more distributions at such time set forth in the Plan, (i) its Pro Rata share of any Cash Consideration remaining with the applicable Debtor after payment of Allowed Priority Claims, and Allowed Claims in Classes 1A, 1B, 2A, 2B, 3A and 3B against the applicable Debtor and (ii) its Pro Rata share of the RR 2006 Settlement Payment or the RR 2007 Settlement Payment, as applicable, after payment of the unpaid balance of the LP Plaintiffs' Fee Award outstanding (if any) after funds in the Administrative Reserve have been exhausted; *provided*, that any holder of an Equity Interest who, on the Ballot, opts out of the releases set forth in section 11.4 of the Plan, shall not receive its share of the applicable Settlement Payment(s). The amount of the Settlement Payment shall be reduced by the amounts that would have been payable to those holders had such holders not opted out. For the avoidance of doubt, PDC shall not receive any distribution on account of its Equity Interests in the Debtors.

Holders of Equity Interests are impaired and entitled to vote thereon.

Schedule B attached to this Disclosure Statement sets forth various metrics for each partnership unit, including the total non-PDC distribution per unit. The information contained in Schedule B is derived from information and calculations maintained by PDC in the ordinary course of business.

B. ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

The Bankruptcy Code requires that all Administrative Expense Claims against the Debtors' estates be paid in full in cash on the Effective Date of the Plan, unless the holder of such a Claim agrees to a different treatment. Administrative Expense Claims and Priority Tax Claims are not classified under the Plan. Except to the extent the holder of an Administrative Expense Claim has agreed to a different treatment, each such holder shall receive Cash in full payment of the Allowed amount of such Administrative Expense Claim on the later of (i) the

Effective Date, (ii) the Dismissal Order becoming a Final Order, or (iii) fourteen (14) days after a Bankruptcy Court order allowing such Administrative Expense Claim has been entered. Except to the extent that a holder of a Priority Tax Claim has agreed to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, on the Effective Date, Cash in an amount equal to the Allowed amount of such Claim.

To the extent interest is required to be paid on any Priority Tax Claim, the rate of such interest shall be the rate determined under applicable nonbankruptcy law, as set forth in section 511 of the Bankruptcy Code. To the extent the holder of an Allowed Priority Tax Claim has a Lien on the Debtors' property, such Lien shall remain in place until such Allowed Priority Tax Claim has been paid in full. On and after the Effective Date, the Debtors will pay (or reserve for) all *ad valorem* property taxes (if any) as they become due in the ordinary course.

Pursuant to section 2.1 of the Plan, holders of Administrative Expense Claims arising from the Petition Date through the Effective Date, other than (i) holders of LP Plaintiffs' Substantial Contribution Claims and (ii) Professional Persons holding Fee Claims, must file with the Bankruptcy Court a request for payment of such Claims within fourteen (14) days after the Effective Date, unless an earlier date has been set by separate order of the Bankruptcy Court. Pursuant to section 2.2 of the Plan, Professional Persons holding Fee Claims that have not been the subject of a final fee application and accompanying Bankruptcy Court order shall similarly file a final application for payment of fees and reimbursement of expenses no later than the date that is fourteen (14) days after the Effective Date; *provided, however*, that upon confirmation of the Plan and occurrence of the Effective Date, counsel to the LP Plaintiffs shall be entitled to payment of the LP Plaintiffs' Fee Award pursuant to section 6.2(f) of the Plan and shall not be required to submit a fee application except as expressly provided therein.

Schedule C attached to this Disclosure Statement sets forth the estimated Allowed Administrative Expense Claims through the Effective Date, the balance of the Administrative Reserve potentially available to satisfy the LP Plaintiffs' Fee Award, the balance of the LP Plaintiffs' Fee Award to be paid from the Settlement Payment, and such amount potentially attributable to each Debtor. The information contained in Schedule C is based on the Debtors' good faith estimates, as well as information provided by PDC and the LP Plaintiffs, and are subject to change between the date of this Disclosure Statement and the Distribution Date.

C. IMPLEMENTATION OF THE PLAN

1. Plan Funding/Distributions

As stated earlier, the Plan contemplates that all of the Debtors' Cash on hand, and all Cash received in connection with the sale of the Debtors' assets and the settlement of claims against PDC, will be paid to the holders of Allowed Claims and Allowed Equity Interests on the terms set forth in the Plan. It is anticipated that distributions shall occur prior to December 31, 2019.

All distributions under the Plan shall be made from Cash on hand as of the Effective Date, the Settlement Payment, the Cash Consideration and any Cash subsequently received by the Debtors, if any.

2. Release of Liens

Except as otherwise provided in the Plan, upon the occurrence of the Effective Date, any Lien securing a Secured Claim shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to release any Collateral or other property of the Debtors (including any Cash collateral) held by such holder and to take such actions as may be requested by the Responsible Party to evidence the release of such Lien, including the execution, delivery and filing or recording of releases. As of the Effective Date, the Responsible Party shall be authorized to file on behalf of holders of Secured Claims form UCC-3s or such other forms as may be necessary to implement the provisions of section 6.3 of the Plan.

3. Global Settlement.

The Debtors, PDC and the LP Plaintiffs have reached a global resolution of all issues among them in these Chapter 11 Cases and the Colorado Action. Pursuant to Bankruptcy Rule 9019, with the approval of the Bankruptcy Court, the Plan shall constitute a compromise, settlement and release of all potential claims against PDC on the terms set forth below.

(a) Release of Estate Claims. In exchange for the consideration set forth in section 6.2 of the Plan, the Debtors and PDC agree to the following releases: on the Effective Date the Debtors shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all claims, obligations, suits, judgments, damages, rights, remedies, causes of action and liabilities of any nature, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, matured or unmatured, contingent or non-contingent, existing or hereafter arising, at law, in equity or otherwise, including any claims or causes of action under the Bankruptcy Code or other applicable law which they have or may have against PDC and any of its respective members, managers, officers, directors, employees, partners, affiliates, funds, advisors, attorneys, agents and representatives and their respective property. On the Effective Date, PDC shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all claims, obligations, suits, judgments, damages, rights, remedies, causes of action and liabilities of any nature, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, matured or unmatured, contingent or non-contingent, existing or hereafter arising, at law, in equity or otherwise, including any claims or causes of action under the Bankruptcy Code or other applicable law which it has or may have against the Responsible Party, the Debtors, and each of their respective members, managers, officers, directors, employees, partners, affiliates, funds, advisors, attorneys, agents and representatives and their respective property.

(b) Settlement Payment. As set forth more fully on the Ballot, **all holders of Equity Interests in the Debtors shall be deemed to have consented to the provisions of Article XI of the Plan, including the third party release described in section 11.4 of the Plan, regardless of whether a Ballot has been submitted, unless the holder of an Equity Interest has specifically checked the box on the Ballot to opt out of the third party release**. INACTION BY HOLDERS OF EQUITY INTERESTS WILL BE DEEMED AS A RELEASE OF ALL CLAIMS AGAINST PDC. THE ONLY WAY TO RETAIN YOUR CAUSES OF ACTION AGAINST PDC (IF ANY) IS TO CHECK THE OPT-OUT OPTION ON THE BALLOT AND TIMELY RETURN THE BALLOT IN ACCORDANCE WITH THE

INSTRUCTIONS SET FORTH ON THE BALLOT. In consideration for the release set forth in section 11.4 of the Plan and other releases set forth in this Plan, on the Effective Date, PDC shall pay the RR 2006 Settlement Payment to RR 2006 and shall pay the RR 2007 Settlement Payment to RR 2007, with each Settlement Payment being reduced pro rata on a per-unit-basis to account for each holder of an Equity Interest who has opted out of the release set forth in section 11.4 of the Plan. On the Distribution Date, in full and final satisfaction and release of any and all Causes of Action that could be asserted against PDC by the holder of an Equity Interest in either of the Debtors, the Settlement Payment (net of the unpaid balance of the LP Plaintiffs' Fee Award outstanding (if any) once funds in the Administrative Reserve have been exhausted) shall be distributed Pro Rata to the holders of Equity Interests in the Debtors who have not checked the box on the Ballot to opt out of the third party release provided for in section 11.4 of the Plan; *provided, however,* that no portion of the Settlement Payment shall be distributed to PDC. *Any holder of an Equity Interest who has checked the box on the Ballot to opt out of the third party release shall be deemed to have forfeited its right to its share of the applicable Settlement Payment*. For the avoidance of doubt, (i) the amount of the RR 2006 Settlement Payment shall be reduced by $801.61 per unit for each unit held by each holder of an Equity Interest in RR 2006 who opts out of the release contained in section 11.4 of the Plan, and (ii) the amount of the RR 2007 Settlement Payment shall be reduced by $879.86 per unit for each unit held by each holder of an Equity Interest in RR 2007 who opts out of the release contained in section 11.4 of the Plan.

(c) Purchase of Estate Assets. PDC shall purchase from the Debtors, and the Debtors shall sell to PDC, all of the Purchased Assets. The Purchased Assets shall be acquired by PDC free and clear of any and all liens, claims, interests and encumbrances. The Cash Consideration to be paid by PDC to the Debtors' Estates for the purchase, sale and assignment of the Purchased Assets shall be $762,000 in the aggregate, with $304,000 allocated to the assets purchased from RR 2006 and $458,000 allocated to the assets purchased from RR 2007. PDC agrees to waive any right to recovery on account of its Equity Interest in the Debtors with respect to the Cash Consideration. In addition to the Cash Consideration, PDC shall assume all liabilities associated with the Purchased Assets, including but not limited to any and all P&A liability and any environmental liability associated with the Purchased Assets. On the Effective Date, PDC shall pay the Cash Consideration to the Debtors, and the Debtors shall execute and deliver to PDC such assignments, bills of sale and other instruments, in form and substance mutually agreed upon by the Debtors and PDC, as may be reasonably requested to convey ownership, title and possession of the Purchased Assets to PDC. PDC shall be deemed to be a good faith purchaser and shall be entitled to the protections of section 363(m) of the Bankruptcy Code.

(d) Waiver of Claim. As of the Petition Date, RR 2006 owed PDC $1,366,662 for unpaid operating expenses, which, upon the Effective Date of the Plan, shall be deemed to be waived in full.

(e) LP Plaintiffs' Substantial Contribution Claims. Each of the five (5) named LP Plaintiffs shall receive $15,000 as a substantial contribution in accordance with section 503(b)(3)(D) of the Bankruptcy Code, in addition to the distributions each will receive pursuant to the Plan. The LP Plaintiffs' Substantial Contribution Claims shall be paid from the Administrative Reserve at the same time as Allowed Fee Claims are paid.

(f) LP Plaintiffs' Fee Award. Pursuant to Bankruptcy Rule 9019, counsel to the LP Plaintiffs shall, in accordance with section 503(b)(4) of the Bankruptcy Code, receive payment of their reasonable fees and expenses incurred in connection with the Chapter 11 Cases and the Colorado Action subject to approval of the Plan by the Bankruptcy Court through the Confirmation Order. Counsel to the LP Plaintiffs have incurred $2,418,283.14 in reasonable fees and expenses through June 30, 2019 and estimate that they will incur up to an additional $40,000 in reasonable fees and expenses between July 1, 2019 and the Effective Date. The LP Plaintiffs' Fee Award shall be payable in an amount up to $2,458,283.14. If the LP Plaintiffs incur fees and expenses that exceed the $40,000 Effective Date Fee Estimate, then counsel to the LP Plaintiffs may seek approval and payment of such excess amount through separate application to the Bankruptcy Court, with such excess amounts only being paid upon approval of the Bankruptcy Court.

The LP Plaintiffs' Fee Award shall be paid from any funds remaining in the Administrative Reserve after payment of the fees and expenses of (i) the Responsible Party, (ii) counsel to the Debtors, (iii) Graves, (iv) BMC (v) the PDC Administrative Claim, (vi) the LP Plaintiffs' Substantial Contribution Claims, and (vii) any statutory fees owed to the office of the United States Trustee. To the extent that the Administrative Reserve is insufficient to pay the full amount of the LP Plaintiffs' Fee Award, the balance will be deducted from the net proceeds of the Settlement Payment.

(g) Dismissal of Colorado Action. On the Effective Date, the LP Plaintiffs shall dismiss the Colorado Action with prejudice by submitting the Dismissal Order.

(h) Withdrawal of Motion to Dismiss. On the Effective Date, the LP Plaintiffs shall withdraw their Motion to Dismiss with prejudice.

(i) PDC Option to Terminate. PDC shall have, in its sole discretion, the option to terminate the settlement set forth in this section 6.2 in the event more than 3% of the total amount of the Debtors' outstanding non-PDC-owned limited partnership units timely and validly opt out of the releases set forth in section 11.4 of the Plan. Within two (2) business days of the Voting Deadline, the Debtors shall provide to PDC and the LP Plaintiffs a summary of the parties that have opted-out of the release, which summary shall include: (i) the name of each limited partner opting-out of the release; and (ii) the number of partnership units owned by each party opting-out of the release. PDC shall have two (2) business days after receiving such written notice to exercise the termination right set forth in this provision by sending a written notice to the Debtors and the LP Plaintiffs and filing the same with the Bankruptcy Court.

(j) Funding of Administrative Reserve. In addition to the other consideration, terms and conditions set forth in the Plan and discussed herein, on or prior to the Effective Date, PDC shall fund the Administrative Reserve; *provided, however*, that all funds in the Administrative Reserve shall only be used as set forth in the Plan, and no such funds may be used to pay or reimburse fees, costs, expenses incurred in connection with actions that (i) oppose the transactions set forth in section 6.2 of the Plan, or (ii) are adverse to or otherwise challenge PDC's legal or equitable rights or interests.

(k) Mutual Releases. The Debtors, PDC, the LP Plaintiffs, all limited partners in the Debtors who do not timely and validly opt-out of the releases, the Responsible Party, and each of their respective present and former members, managers, officers, directors, employees, partners, affiliates, funds, advisors, attorneys, auditors and agents shall release each other from any and all liability from the beginning of time through the Effective Date, arising out of, relating to, or connected with the subject matter of the Colorado Action and the Chapter 11 Cases.

4. Cancellation of Limited Partnership Agreements and Equity Interests.

Upon the Effective Date, each Debtors' Limited Partnership Agreement, and the Equity Interests in each Debtor, shall be of no further force or effect, and the obligations of the Debtors thereunder shall be deemed satisfied in full and discharged; *provided, however*, that such Limited Partnership Agreements and Equity Interests shall continue in effect for the sole purpose of allowing the Debtors to wind-up their respective Estates and implement the terms of the Plan. Upon the Effective Date, Equity Interests in the Debtors shall represent nothing more than an Equity Interest holder's right to distributions pursuant to the terms of the Plan from the respective Debtor, subject to the terms of the Plan, without any other or further rights of any kind. Any and all trading in the Debtors' Equity Interests shall cease and desist on the Effective Date, and no further transfers of Equity Interests shall be of any force or effect, nor shall any transfers be recognized by the Debtors or PDC for any purpose.

5. Partnership Actions.

Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects. All matters provided for in the Plan involving the partnership structure of the Debtors and any partnership action required by the Debtors or PDC in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by any holders of Equity Interests, PDC or the Responsible Party. On or (as applicable) prior to the Effective Date, the Responsible Party and PDC, as appropriate and applicable, shall be authorized and directed to issue, execute and deliver the agreements, documents, and instruments contemplated by the Plan, and otherwise take any and all such actions necessary or desirable to effect the transactions contemplated by the Plan. Such authorizations and approvals shall be effective notwithstanding any requirements under non-bankruptcy law.

V. ADDITIONAL PROVISIONS AND EFFECT OF THE PLAN

A. LEGAL EFFECT OF THE PLAN

1. Exculpations

Neither the Debtors, the Responsible Party, PDC, the LP Plaintiffs nor any of their respective present or former members, managers, officers, directors, employees, equity holders, partners, affiliates, funds, advisors, attorneys or agents, or any of their predecessors, successors or assigns, shall have or incur any liability to any holder of a Claim or an Equity Interest, or any other party-in-interest, or any of their respective agents, employees, equity holders, partners,

members, affiliates, funds, advisors, attorneys or agents, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the administration of the Chapter 11 Cases, the negotiation and pursuit of approval of the Disclosure Statement, the preparation of the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the funding of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, and shall be deemed to have acted in good faith in connection therewith and entitled to the protections of section 1125(e) of the Bankruptcy Code. Notwithstanding anything to the contrary contained in the Plan, section 11.2 of the Plan shall not exculpate any party from any liability based upon gross negligence or willful misconduct.

2. Releases by the Debtors and PDC

On the Effective Date, the Debtors shall be deemed to have released and shall be permanently enjoined from any prosecution or attempted prosecution of any and all claims, obligations, suits, judgments, damages, rights, remedies, causes of action and liabilities of any nature, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, matured or unmatured, contingent or non-contingent, existing or hereafter arising, in law, equity or otherwise, including any claims or causes of action under Chapter 5 of the Bankruptcy Code or other applicable law which they have or may have against any of their respective members, managers, officers, directors, employees, general partners, limited partners who have not opted out of the release in section 11.4 of the Plan, affiliates, funds, advisors, attorneys or agents, the Responsible Party, PDC, the LP Plaintiffs and each of their respective members, managers, officers, directors, employees, partners, affiliates, funds, advisors, attorneys, agents and representatives and their respective property.

On the Effective Date, PDC shall be deemed to have released and shall be permanently enjoined from any prosecution or attempted prosecution of any and all claims, obligations, suits, judgments, damages, rights, remedies, causes of action and liabilities of any nature, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, matured or unmatured, contingent or non-contingent, existing or hereafter arising, at law, in equity or otherwise, including any claims or causes of action under the Bankruptcy Code or other applicable law which it has or may have against the Responsible Party, the Debtors, the Debtors' limited partners who have not opted out of the release in section 11.4 of the Plan, the LP Plaintiffs and each of their respective members, managers, officers, directors, employees, partners, affiliates, funds, advisors, attorneys, agents and representatives and their respective property.

3. Third Party Releases

Upon the Effective Date, except as otherwise provided in the Plan and except for the right to enforce the Plan, all Persons who are entitled, directly or indirectly, to receive a distribution under the Plan, and who have not specifically opted out of this release on the Ballot by submitting the Ballot prior to the Voting Deadline in the manner set forth in the Ballot itself (the "Releasing Parties"), shall be deemed to forever release, waive and discharge the Debtors, the Post-Confirmation Debtors, the Responsible Party, PDC, the LP Plaintiffs and each of their respective constituents, principals, officers, directors, employees, members, managers, partners, affiliates, agents, representatives, attorneys, professionals, advisors,

affiliates, funds, successors, predecessors, and assigns (the "Released Parties") of and from any and all Liens, Claims, obligations, suits, judgments, damages (including consequential, punitive or exemplary damages), rights, remedies, causes of action, liabilities, encumbrances, security interests, Equity Interests or charges of any nature or description whatsoever, arising out of, relating to or connected with the following (collectively, the "Released Claims")

(i) the subject matter, allegations, or claims in the Colorado Action, and any allegations or claims that could have been raised in the Colorado Action,

(ii) the Debtors,

(iii) the Chapter 11 Cases, or

(iv) affecting property of the Debtors' Estates,

whether known or unknown, discovered or undiscovered, scheduled or unscheduled, contingent, fixed, unliquidated or disputed, matured or unmatured, contingent or noncontingent, senior or subordinated, whether assertable directly or derivatively by, through, or related to the Debtors, against successors or assigns of the Debtors and the individuals and entities listed above, whether at law, in equity or otherwise, based upon any condition, event, act, omission, occurrence, transaction or other activity, inactivity, instrument or other agreement of any kind or nature occurring, arising or existing prior to the Effective Date, all regardless of whether (a) a proof of Claim or Equity Interest has been filed or is deemed to have been filed, (b) such Claim or Equity Interest is Allowed or (c) the holder of such Claim or Equity Interest has voted to accept or reject the Plan.

The foregoing shall cover all claims, known or unknown, and the Releasing Parties waive the protections of any statute or law similar to California Civil Code Section 1542, which provides:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or settlement with the debtor or released party.**

The Releasing Parties shall acknowledge that they are aware that they or their attorneys may hereafter discover claims or facts in addition to or different from those that they now know or believe exist with respect to the Released Claims, but that it is their intention to hereby fully, finally, and forever settle and release all of the Released Claims known or unknown, suspected or unsuspected, that they have against the Released Parties.

4. Injunction and Stay

(a) ***Except as otherwise expressly provided in the Plan, all Persons or entities who have held, hold, or may hold Claims against or Equity Interests in any Debtor are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against any Post-Confirmation Debtor or other entity released, discharged or***

exculpated hereunder, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against any Post-Confirmation Debtor with respect to any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against any Post-Confirmation Debtor, or against the property or interests in property of any Post-Confirmation Debtor, as applicable with respect to any such Claim or Equity Interest, (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from any Post-Confirmation Debtor, or against the property or interests in property of any Post-Confirmation Debtor with respect to any such Claim or Equity Interest, and (v) pursuing any Claim released pursuant to section 11.4 of the Plan; provided however, the foregoing does not affect Persons that have validly opted-out of the third party release in section 11.4 of the Plan from pursuing any claims that would otherwise be covered by section 11.4 of the Plan.

(b) Unless otherwise provided, all injunctions or stays arising under or entered during the Debtors' Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

5. Revesting of Assets

Upon the Confirmation Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' Estates, including Causes of Action not released under the Plan, shall vest in the Post-Confirmation Debtors as set forth in the Plan, free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise provided in the Plan.

B. CONDITIONS PRECEDENT TO EFFECTIVE DATE

1. Conditions to Confirmation

Confirmation of the Plan shall not occur, and the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived:

(a) The condition giving PDC the right to terminate the settlement, as set forth in section 6.2(i) of the Plan, either shall have not occurred or PDC shall not have exercised its right to terminate the settlement;

(b) An order, finding that the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code shall have been entered; and

(c) The Confirmation Order shall be in a form and substance satisfactory to the Debtors, PDC and the LP Plaintiffs.

2. Conditions to Effective Date

The Effective Date of the Plan shall not occur until each of the following conditions precedent have been satisfied or waived:

(a) The clerk of the Bankruptcy Court shall have entered the Confirmation Order in the Chapter 11 Cases, that Confirmation Order shall have become a Final Order, and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto;

(b) The Settlement Payment and the Cash Consideration shall have been received by the Debtors;

(c) The Dismissal Order (referenced in section 6.2(h) of the Plan) shall have been submitted for entry by the United States District Court for the District of Colorado;

(d) The Administrative Reserve shall have been funded;

(e) The Determination Motion shall have been granted pursuant to Final Order acceptable to the Debtors and PDC; and

(f) All other actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan (if any) shall have been executed and delivered by the parties thereto, and, in each case, all conditions to their effectiveness shall have been satisfied or waived as provided in the Plan.

Within five (5) business days of the Effective Date, the Debtors shall file a notice of the occurrence of the Effective Date and serve the same on holders of Equity Interests.

3. Waiver of Conditions to Effective Date

Any of the foregoing conditions (with the exception of the conditions set forth in sections 10.1(b) and 10.2(a) of the Plan) may be waived by agreement of the Debtors, PDC and the LP Plaintiffs without notice to or order of the Bankruptcy Court. The failure to satisfy or waive any condition may be asserted by the Debtors, PDC and the LP Plaintiffs regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, PDC and the LP Plaintiffs). The failure of the Debtors, PDC and the LP Plaintiffs to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right will be deemed an on-going right that may be asserted at any time.

4. Effect of Failure of Conditions; Reservation of Rights

If the foregoing conditions have not been satisfied or waived in the manner provided in sections 10.2 and 10.3 of the Plan, then (i) the Confirmation Order shall be of no further force or effect; (ii) no distributions under the Plan shall be made; (iii) the Debtors and all holders of Claims against and Equity Interests in the Debtors shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; (iv) all of the Debtors' obligations with respect to the Claims and Equity Interests shall remain unaffected by the Plan; (v) nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors; (vi) the Plan shall be deemed withdrawn; and (vii) the order approving the Determination Motion shall be vacated. Upon such occurrence, the Debtors shall file a written

notification with the Bankruptcy Court and serve it on the parties appearing on the limited service list maintained in the Chapter 11 Cases.

The Plan shall have no force or effect unless and until the Effective Date occurs. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan, or action taken by the Debtors, PDC or the LP Plaintiffs with respect to the Plan shall be, or shall be deemed to be, an admission or waiver of any rights of any of the Debtors, PDC, the LP Plaintiffs or any other party with respect to any Claims or Equity Interests or any other matter.

C. MODIFICATION OR REVOCATION OF THE PLAN; SEVERABILITY

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors, with the agreement of PDC and the LP Plaintiffs to the extent such modification affects either PDC or the LP Plaintiffs, as applicable, at any time prior to or after the Confirmation Date. Holders of Claims and Equity Interests that have accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified; *provided*, that any holders of Claims and Equity Interests who were deemed to accept the Plan because such Claims and Equity Interests were unimpaired shall continue to be deemed to accept the Plan only if, after giving effect to such amendment or modification, such Claims and Equity Interests continue to be unimpaired.

If the Bankruptcy Court determines that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest, the Debtors, with the consent of PDC and the LP Plaintiffs, may modify the Plan in accordance with section 13.4 thereof so that such provision shall not be applicable to the holder of any Claim or Equity Interest. Any determination of unenforceability shall not (i) limit or affect the enforceability and operative effect of any other provisions of the Plan; or (ii) require the resolicitation of any acceptance or rejection of the Plan unless otherwise ordered by the Bankruptcy Court.

D. RETENTION OF BANKRUPTCY COURT JURISDICTION

Following the Confirmation Date, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Debtors' Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption, assignment or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(b) To determine any and all adversary proceedings, motions, applications, and contested matters in the Chapter 11 Cases and grant or deny any motion or application involving the Debtors that may be pending on the Effective Date or that are retained and preserved by the Debtors under section 11.6 of the Plan;

(c) To ensure that distributions to holders of Allowed Claims and Allowed Equity Interests are effected as provided in the Plan;

(d) To hear and determine any timely objections to Administrative Expense Claims or to proofs of Claim and Equity Interests, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Disputed Claim or Disputed Equity Interest, in whole or in part;

(e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(f) To take any action and issue such orders as may be necessary to construe, enforce, implement execute and consummate the Plan or maintain the integrity of the Plan following consummation;

(g) To consider any amendments to or modifications of the Plan, or to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(h) To hear and determine all requests for payment of Fee Claims;

(i) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, the documents that are ancillary to and aid in effectuating the Plan or any agreement, instrument, or other document governing or relating to any of the foregoing;

(j) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

(k) To hear any other matter not inconsistent with the Bankruptcy Code;

(l) To hear and determine all disputes involving the existence, scope, and nature of the exculpations and releases granted under sections 11.2, 11.3 and 11.4 of the Plan;

(m) To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any entity with the consummation or implementation of the Plan; and

(n) To enter a final decree(s) closing the Chapter 11 Cases.

E. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Rejection of Contracts and Leases

As set forth in section 6.2(c) of the Plan, PDC is assuming all Oil and Gas Contracts as a Purchased Asset. Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have rejected all other

executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed, assumed and assigned or rejected by the Debtors, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume, assume and assign, or reject filed by the Debtors on or before the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123(b) of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Effective Date.

Unless otherwise specified, each executory contract and unexpired lease shall include any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease.

2. Rejection of Contracts and Leases and Rejection Claims

All Claims arising out of the rejection of executory contracts and unexpired leases (if any) must be served upon the applicable Debtor and its counsel within thirty (30) days after the earlier of (i) the date of entry of an order of the Bankruptcy Court approving such rejection or (ii) the Effective Date. Any Claims not filed within such time shall be forever barred from assertion against the Debtors, their Estates and their property.

F. DISTRIBUTIONS UNDER THE PLAN

1. Date and Manner of Distributions

Unless otherwise provided in the Plan, any distributions and deliveries to be made under the Plan shall be made on the Effective Date or as soon as practicable thereafter. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

Distributions to holders of Allowed Class 4A and Class 4B Equity Interests shall be made following (i) the Dismissal Order becoming a Final Order, (ii) the payment of Allowed Administrative Claims, and (iii) payment of the LP Plaintiffs' Fee Award. If the final distribution to any holder of an Allowed Claim or Equity Interest will be in an amount less than $25, the Disbursing Agent shall donate such sums to the Anthony H. N. Schnelling Endowment Fund maintained by the American Bankruptcy Institute, to assist in the provision of resources for research and education.

2. Disbursing Agent

Distributions under the Plan shall be made by the Disbursing Agent upon direction from the Responsible Party. The Disbursing Agent shall not be required to give any bond, surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

3. Means of Payment

Payments made pursuant to the Plan shall be in Cash.

4. Record Date for Distributions

At the close of business on the Distribution Record Date, the transfer ledgers or registers for the Debtors' existing Equity Interests shall be closed, and there shall be no further changes in the record holders of such Equity Interests. The Debtors and the Disbursing Agent shall have no obligation to recognize any transfer of any of the foregoing occurring after the Distribution Record Date, and shall be entitled instead to recognize for all purposes hereunder, including to effect distributions hereunder, only those record holders stated on the transfer ledgers or registers maintained by the Debtors and PDC as of the close of business on the Distribution Record Date.

5. Recipients of Distributions

All distributions to holders of Allowed Claims and Allowed Equity Interests under the Plan shall be made to the holder of the Claim or Equity Interest as of the Distribution Record Date. Changes as to the holder of a Claim or Equity Interest after the Distribution Record Date shall only be valid and recognized for distribution if notice of such change is filed with the Bankruptcy Court, in accordance with Bankruptcy Rule 3001 (if applicable) and served upon the Debtors and their counsel.

6. Delivery of Distributions

Subject to Bankruptcy Rule 9010, all distributions under the Plan shall be made at the address of each holder of an Allowed Claim or Allowed Equity Interest as set forth in the books and records of the Debtors and PDC, unless the applicable Debtor or PDC has been notified in writing of a change of address. If any distribution to the holder of an Allowed Claim or Allowed Equity Interest is returned as undeliverable, no further distributions to such holder shall be made unless and until the Debtors or PDC are notified of such holder's then-current address, at which time all missed distributions shall be made to such holder without interest; *provided, however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one hundred twenty (120) days after the date of the distribution in question. After such 120th day, and notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary (i) all unclaimed property or interest in property in respect of the distribution in question shall revert to the respective Debtor from which it came and thereafter be distributed in accordance with the terms of the Plan, and (ii) the Claim or Equity Interest of any holder with respect to such unclaimed property or interest in property shall be discharged and forever barred.

7. Time Bar to Payments

Checks issued by the Disbursing Agent under the Plan shall be null and void if not negotiated within one hundred twenty (120) days after the date of issuance. Requests for reissuance of any check shall be made in writing directly to counsel to the Debtors by the person to whom such check was originally issued. Any request for re-issuance of a voided check must be made on or before the end of the 120-day period referenced in section 7.13 of the Plan. After

such 120-day period, if no request for re-issuance of a voided check was timely made, such amounts shall constitute unclaimed property and be treated in accordance with section 7.7 of the Plan, and all Claims or Equity Interests in respect of such void checks shall be discharged and forever barred.

8. No Postpetition Interest

Unless otherwise specifically provided for in the Plan or in the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims or Equity Interests, and no holder of a Claim or Equity Interest shall be entitled to interest accruing on or after the Petition Date.

9. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued under the Plan, any party issuing any instrument or making any such distribution under the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Allowed Equity Interest that is entitled to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any applicable tax obligations, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan to any holder of any Allowed Claim or Allowed Equity Interest has the right, but not the obligation, to not issue such instrument or make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

10. Setoffs and Recoupment

The Debtors may, but shall not be required to, setoff against or recoup from any Claim or Equity Interest any rights to payment that any of the Debtors may have against the holder of such Claim or Equity Interest. Neither the failure of the Debtors to setoff or recoup, nor the Allowance of any Claim or Equity Interest shall constitute a waiver or release by any of the Debtors of any right to payment, or right of setoff or recoupment.

G. DISPUTED CLAIMS

1. Objections to Claims

Except insofar as a Claim or Equity Interest is Allowed under the Plan or pursuant to Final Order of the Bankruptcy Court, the Debtors, or any other party in interest shall be entitled to object to Claims and Equity Interests. Any objections to Claims and Equity Interests shall be served and filed by the Objection Deadline. Any Claim or Equity Interest as to which an objection is timely filed shall be a Disputed Claim or Disputed Equity Interest, respectively.

2. No Distributions Pending Allowance

If a timely objection is made with respect to any Claim or Equity Interest, no payment or distribution provided under the Plan shall be made on account of such Claim or Equity Interest unless and until such Disputed Claim or Disputed Equity Interest becomes Allowed.

3. Distributions After Allowance

To the extent that a Disputed Claim or Disputed Equity Interest ultimately becomes an Allowed Claim or Allowed Equity Interest, distributions (if any) shall be made to the holder of such Allowed Claim or Allowed Equity Interest, in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Equity Interest becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim or Equity Interest the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest.

4. Disallowance of Late Filed Claims and Equity Interests

Unless otherwise provided in a Final Order of the Bankruptcy Court, any Claim or Equity Interest for which a proof of claim or interest, as applicable, is filed after the applicable Bar Date shall be deemed disallowed. The holder of a Claim or Equity Interest that is disallowed pursuant to section 8.4 of the Plan shall not receive any distribution on account of such Claim or Equity Interest, as applicable, and neither the Debtors nor the Distribution Agent shall need to take any affirmative action for such Claim or Equity Interest to be deemed disallowed.

5. Holders of Equity Interests

Holders of Equity Interests need not, and are not required to, file proof of such interests in order to receive a distribution under the Plan.

H. MISCELLANEOUS

1. Exemption from Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under or in connection with the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including the transfers effectuated under the Plan, the sale by the Debtors of owned property pursuant to section 363(b) of the Bankruptcy Code, and the assumption, assignment, and sale by the Debtors of unexpired leases of non-residential real property pursuant to section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection

with the Plan, and thus, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

2. Payment of Statutory Fees

All fees payable under 28 U.S.C. § 1930 shall be paid on the Effective Date, and thereafter, as appropriate.

3. Ordinary Course Transactions

From and after the Effective Date, the Responsible Party, on behalf of the Post-Confirmation Debtors, is authorized to and may enter into all transactions including, but not limited to, the retention of professionals, and pay all fees and expenses incurred thereby and in connection therewith, in the ordinary course of business, without the need for Bankruptcy Court approval.

4. Binding Effect

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

5. No Payment of Attorneys' Fees

Except for the fees of Professional Persons, the Responsible Party and the LP Plaintiffs' Fee Award, no attorneys' fees shall be paid by the Debtors with respect to any Claim or Equity Interest unless otherwise specified in the Plan or a Final Order of the Bankruptcy Court.

6. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit), the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with the laws of the State of Texas without giving effect to the principles of conflict of laws that would require application of the laws of another jurisdiction.

VI. CERTAIN RISK FACTORS AND BEST INTERESTS TEST

A. RISKS TO CONFIRMATION AND EFFECTIVENESS

Confirmation of the Plan and occurrence of the Effective Date of the Plan are subject to certain conditions precedent, as set forth in sections 10.1 and 10.2 of the Plan. There can be no assurance that these conditions will be met or satisfied.

B. RISKS OF NON-CONFIRMATION

If the Plan is not confirmed or does not become effective, the Debtors, their creditors and equity interest holders would receive less than they would have received under the Plan. If an alternative plan could not be agreed to and confirmed, it is likely that the chapter 11 cases would be converted to cases under chapter 7 of the Bankruptcy Code. Were that to happen, a trustee would be appointed who would hire counsel and potentially other advisors, all of whom would be entitled to be paid prior to the professionals in the chapter 11 cases, and prior to any other creditor or equity security holder.

VII. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE FOLLOWING DISCUSSION SUMMARIZES CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN TO THE DEBTORS AND TO THE HOLDERS OF CERTAIN ALLOWED CLAIMS AND EQUITY INTERESTS. THIS SUMMARY IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "TAX CODE"), THE TREASURY REGULATIONS PROMULGATED THEREUNDER (THE "REGULATIONS"), JUDICIAL AUTHORITY, AND CURRENT ADMINISTRATIVE RULINGS AND PRACTICE, ALL AS IN EFFECT AS OF THE DATE HEREOF AND ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT THAT COULD ADVERSELY AFFECT THE DEBTORS, HOLDERS OF ALLOWED CLAIMS AND HOLDERS OF ALLOWED EQUITY INTERESTS. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES.

THIS SUMMARY DOES NOT ADDRESS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST IN LIGHT OF ITS PARTICULAR FACTS AND CIRCUMSTANCES OR TO CERTAIN TYPES OF HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS THAT ARE SUBJECT TO SPECIAL TREATMENT UNDER THE TAX CODE (INCLUDING, PERSONS WHO ARE RELATED TO THE DEBTORS WITHIN THE MEANING OF THE TAX CODE, FOREIGN PERSONS, HOLDERS LIABLE FOR THE ALTERNATIVE MINIMUM TAX, HOLDERS WHOSE FUNCTIONAL CURRENCY IS NOT THE U.S. DOLLAR, HOLDERS OF ALLOWED CLAIMS WHO ARE THEMSELVES IN BANKRUPTCY, REGULATED INVESTMENT COMPANIES, FINANCIAL INSTITUTIONS, BROKER-DEALERS, INSURANCE COMPANIES, PASS-THROUGH ENTITIES SUCH AS PARTNERSHIPS AND HOLDERS THROUGH SUCH PASS-THROUGH ENTITIES, AND TAX-EXEMPT ORGANIZATIONS) AND ALSO DOES NOT DISCUSS ANY ASPECTS OF STATE, LOCAL, OR FOREIGN TAXATION OR UNITED STATES TAX LAWS OTHER THAN FEDERAL INCOME TAXATION. THE FOLLOWING SUMMARY DOES NOT ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS WHOSE CLAIMS ARE UNIMPAIRED UNDER THE PLAN. HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE EFFECT SUCH OWNERSHIP MAY HAVE ON THE U.S. FEDERAL INCOME TAX CONSEQUENCES DESCRIBED BELOW.

IF A PARTNERSHIP HOLDS AN ALLOWED CLAIM OR EQUITY INTEREST, THE TAX TREATMENT OF A PARTNER OF SUCH PARTNERSHIP WILL GENERALLY DEPEND UPON THE STATUS OF THE PARTNER AND THE ACTIVITIES OF THE PARTNERSHIP. IF YOU ARE A PARTNER OF A PARTNERSHIP HOLDING ALLOWED CLAIMS OR EQUITY INTERESTS, YOU SHOULD CONSULT YOUR TAX ADVISORS.

THE FOLLOWING ASSUMES THAT THE PLAN WILL BE IMPLEMENTED AS DESCRIBED AND DOES NOT ADDRESS THE TAX CONSEQUENCES IF THE PLAN IS NOT CARRIED OUT. THIS DISCUSSION FURTHER ASSUMES THAT THE VARIOUS DEBT AND OTHER ARRANGEMENTS TO WHICH THE DEBTORS ARE A PARTY WILL BE RESPECTED FOR U.S. FEDERAL INCOME TAX PURPOSES IN ACCORDANCE WITH THEIR FORM. IN ADDITION, A SUBSTANTIAL AMOUNT OF TIME MAY ELAPSE BETWEEN THE CONFIRMATION DATE AND THE RECEIPT OF A FINAL DISTRIBUTION UNDER THE PLAN. EVENTS SUBSEQUENT TO THE DATE OF THIS DISCLOSURE STATEMENT, SUCH AS ADDITIONAL TAX LEGISLATION, COURT DECISIONS, OR ADMINISTRATIVE CHANGES, COULD AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER.

THIS SUMMARY OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS NOT BINDING ON THE INTERNAL REVENUE SERVICE (THE "SERVICE"), AND NO RULING WILL BE SOUGHT OR HAS BEEN SOUGHT FROM THE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OBTAINED OR WILL BE OBTAINED BY THE DEBTORS WITH RESPECT THERETO. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE THEREFORE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL AUTHORITY AND MAY BE SUBJECT TO ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS THAT DIFFER FROM THE DISCUSSION BELOW. THE U.S. FEDERAL INCOME TAX LAWS APPLICABLE TO PARTNERSHIPS (INCLUDING SOME OF THE DEBTORS) IN BANKRUPTCY ARE EXTREMELY COMPLEX AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. FOR THESE REASONS, THE DISCUSSION IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, YOU ARE HEREBY NOTIFIED THAT ANY DISCUSSION OF TAX MATTERS SET FORTH IN THIS DISCLOSURE STATEMENT WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN AND WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PROSPECTIVE INVESTOR, FOR THE PURPOSE OF AVOIDING TAX-RELATED

PENALTIES UNDER FEDERAL STATE, OR LOCAL TAX LAW. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS, CREDITORS AND HOLDERS OF EQUITY INTERESTS

The Debtors are being sold. As a result of the sale, the Debtors will recognize gain or loss depending on their basis in each asset, and the gain or loss will flow through to holders of Equity Interests.

After payment in full of Allowed Claims, any remaining property of the Debtors will be distributed to holders of Equity Interests in complete liquidation of their partnership interests in the Debtors. Distributions in liquidation of a partner's interest are generally tax-free to both the distributee-partner and the distributor-partnership unless the partners receive unrealized receivables, inventory items which have appreciated substantially in value, or certain partnership property. As holders of Equity Interests are solely receiving cash in the distribution, the recognition of gain or loss by such holders is governed by section 731(a) of the Tax Code, which provides for (1) nonrecognition of gain except to the extent an amount of money is distributed in excess of the distributee-partner's basis in his partnership interest and (2) nonrecognition of loss unless a distribution in complete liquidation consists solely of money, unrealized receivables, and inventory. If a loss is recognized, it is equal to the amount by which the distributee-partner's predistribution basis exceeds the amount of money and the adjusted basis of the unrealized receivables and inventory items distributed to such partner. Under sections 731(a) and 741 of the Tax Code, any gain or loss recognized by the distributee-partner is treated as gain or loss from the sale or exchange of a capital asset; *i.e.*, a capital gain or capital loss. Therefore, any gain or loss to be recognized by holders of Equity Interests is dependent on their basis in the Debtors. Section 731(b) of the Tax Code provides that no gain or loss is recognized by the distributor-partnership and therefore the Debtors will not recognize any gain or loss.

B. ACCRUED INTEREST

To the extent that any amount received by a holder of a Claim is attributable to accrued but unpaid interest, not previously included in income for U.S. federal income tax purposes, such amount should be taxable to the holder as interest income. Conversely, a holder of a Claim may be able to recognize a deductible loss to the extent that any accrued interest on the Claims was previously included in the holder's gross income but was not paid in full by the Debtors. The Regulations generally treat a payment under a debt instrument first as a payment of accrued and unpaid interest and then as a payment of principal.

C. MARKET DISCOUNT

If the holder of a Claim purchased the Claim for an amount that is less than its stated redemption price at maturity, the amount of the difference may be treated as "market discount" for U.S. federal income tax purposes, unless the difference is less than a specified de minimis amount. Under the market discount rules, the holder of the Claim is required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, the

Claim as ordinary income to the extent of the market discount that the holder of the Claim has not previously included in income and which is treated as having accrued on the Claim at the time of its payment or disposition. Any market discount is considered to accrue ratably during the period from the date of acquisition to the maturity date of the Claim, unless the holder of the Claim elects to accrue on a constant interest method.

D. WITHHOLDING AND INFORMATION REPORTING

Generally, information reporting requirements will apply to all payments or distributions under the Plan, unless the recipient is exempt, such as a corporation. Additionally, a holder may be subject to backup withholding at applicable rates, unless the holder (i) is a corporation or other person exempt from backup withholding and, when required, demonstrates this or (ii) is a United States Person (as defined by section 7701(a)(30) of the Tax Code) that provides a correct taxpayer identification number ("TIN") on Internal Revenue Service Form W-9 (or a suitable substitute form) and provides the other information and makes the representations required by such form and complies with the other requirements of the backup withholding rules. A holder may become subject to backup withholding if, among other things, the holder (i) fails to properly report interest and dividends for U.S. federal income tax purposes or (ii) in certain circumstances, fails to certify, under penalty of perjury, that it has furnished a correct TIN. A holder that does not provide a correct TIN also may be subject to penalties imposed by the Service.

Backup withholding is not an additional tax. The U.S. federal income tax liability of a person subject to backup withholding is reduced by the amount of tax withheld as backup withholding. If backup withholding results in an overpayment of U.S. federal income tax, the holder may obtain a refund of the overpayment by properly and timely filing a claim for refund with the Service.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. HOLDERS OF ALLOWED CLAIMS AND ALLOWED EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

VIII. CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all holders of Equity Interests to vote to **ACCEPT** the Plan, and to duly complete and return their Ballots in accordance with the instructions on the Ballots. The Voting Deadline is 5:00 p.m. prevailing Central Time on September [__], 2019. To be counted, your

Ballot must be fully completed, executed and actually received by the Tabulation Agent by the Voting Deadline.

Dated: July 24, 2019
Dallas, Texas

ROCKIES REGION 2006 LIMITED PARTNERSHIP

By: */s/ Karen Nicolaou*
HARNEY MANAGEMENT PARTNERS,
Responsible Party, by
Karen Nicolaou, Managing Director

ROCKIES REGION 2007 LIMITED PARTNERSHIP

By: */s/ Karen Nicolaou*
HARNEY MANAGEMENT PARTNERS,
Responsible Party, by
Karen Nicolaou, Managing Director

Jason S. Brookner
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COUNSEL TO THE DEBTORS

EXHIBIT A

AMENDED JOINT CHAPTER 11 PLAN

EXHIBIT B

DISCLOSURE STATEMENT APPROVAL ORDER

SCHEDULE A

SUMMARY CALCULATION OF ESTIMATED TOTAL DISTRIBUTABLE CASH

Aggregate Cash on Hand (as of June 30, 2019)	$48,300.23
Plus Cash Consideration Payment by PDC	$762,000.00
Plus Settlement Payment by PDC	$11,130,000.00[1]
Less LP Plaintiffs' Fee Award estimated balance	$1,798,283.14
Estimated Total Distributable Cash	**$10,115,027.09**

[1] Equity Interest Holders who "opt out" are not entitled to share in this amount.

Schedule B
Distribution Amounts

Partnership	Cash in Bank (6/30/19)	Cash Consideration	Settlement Payment	Less Balance LP Plaintiffs' Fee Award (see Schedule C)	Net Settlement Payment	Total non-PDC Partnership Distribution	Number of non-PDC owned units	non-PDC Distribution per Unit (non-opt out)	non-PDC Distribution per Unit (opt out)
Rockies Region 2006	$1,286.78	$ 304,000.00	$ 5,191,220.00	$ 845,193.08	$ 4,346,026.92	$ 4,651,313.70	4293.2755	$ 1,083.40	$ 281.79
Rockies Region 2007	$47,013.45	$ 458,000.00	$ 5,911,780.00	$ 953,080.06	$ 4,958,699.94	$ 5,463,713.39	4282.834	$ 1,275.72	$ 395.86
Total	**$ 48,300.23**	**$ 762,000.00**	**$ 11,103,000.00**	**$ 1,798,273.14**	**$ 9,304,726.86**	**$ 10,115,027.09**	**8576.11**		

Schedule C
Administrative Reserve and LP Plaintiffs' Fee Award

Administrative Reserve	**$**	**3,000,000.00**
LESS estimated allowed administrative expense claims through the effective date:		
Harney Management Partners (Responsible Party)	$	420,000.00
Gray Reed (counsel to the Debtors)	$	1,000,000.00
Graves & Co. Consulting (Debtors' engineering consultant)	$	135,000.00
BMC Group (Debtors' solicitation, tabulation and disbursing agent)	$	60,000.00
PDC Administrative Claims	$	500,000.00
LP Plaintiffs' Substantial Contribution Claim	$	75,000.00
United States Trustee Fees	$	150,000.00
SUBTOTAL	$	2,340,000.00
Balance of Administrative Reserve available for LP Plaintiffs' Fee Award	**$**	**660,000.00**
LP Plaintiffs' Fees & Expenses through 6/30/2019	$	2,418,283.14
PLUS Effective Date Fee Estimate	$	40,000.00
LP Plaintiffs' Fee Award	**$**	**2,458,283.14**
Balance of LP Plaintiffs' Fee Award to be paid from Settlement Payment	$	1,798,283.14
Amount attributable to RR 2006 (47%)	**$**	**845,193.08**
Amount attributable to RR 2007 (53%)	**$**	**953,090.06**