

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**PDC Energy, Inc.**

(Name of Registrant as Specified In Its Charter)

**Kimmeridge Energy Management Company, LLC**

**Kimmeridge Active Investments, LLC**

**Kimmeridge Chelsea, LLC**

**Benjamin Dell**

**Alexander Inkster**

**Noam Lockshin**

**Henry Makansi**

**Neil McMahon**

**James F. Adelson**

**Alice E. Gould**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rule 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

On May 10, 2019, Kimmeridge Energy Management Company, LLC issued a press release (the “Press Release”) and letter (the “Letter”) to stockholders of PDC Energy, Inc. Copies of the Press Release and Letter is attached herewith as Exhibit 1 and Exhibit 2, respectively.



## **Kimmeridge Highlights Why PDC's Self-Selected Peer Group is Not Appropriate**

***PDC's portrayal of its performance relative to that of the PDC Peer Group skews the results in favor of PDC, creating the appearance that PDC has performed well.***

New York, NY and Denver, CO – May 10, 2019 – Kimmeridge Energy Management Company, LLC ("Kimmeridge" or the "Firm"), beneficial owners of 5.1% of the shares of common stock of PDC Energy, Inc. ("PDC" or the "Company") (NASDAQ: PDCE), today issued a letter to PDC shareholders explaining why PDC's self-selected "peer group" are not appropriate comparators to PDC. A copy of the shareholder letter can be found here: [http://kimmeridge.com/pdc\\_part4](http://kimmeridge.com/pdc_part4)

Ben Dell, Founder and Managing Partner of Kimmeridge, said, "We believe that the companies selected by PDC for inclusion in the PDC Peer Group have underperformed primarily due to their poor asset quality and high leverage levels. PDC's portrayal of its performance relative to that of the PDC Peer Group skews the results in favor of PDC, creating the appearance that PDC has performed well.

"In our letter to shareholders, we have identified those companies in the PDC Peer Group that we believe are appropriate comparators, and those that are not, and the related reasons why. We have also assembled our own supplemental peer group of companies that we believe are more similar to PDC than its own selected group, the results of which are set out in the letter.

"You will see that a comparison of PDC's performance versus the Kimmeridge Peer Group paints a picture of a company that struggles to keep up with its similarly situated peers, leading a reasonable shareholder to conclude that PDC's has clearly underperformed relative to peers."

For ease of reference, links to Kimmeridge's press releases can be found below:

- The Need for Change: Performance, Pay and Putting PDC on a Path to Profitability – 5.6.19
- Kimmeridge Comments on PDC's Q1 Operating and Financial Results – 5.2.19
- PDC Energy: A Company in Denial and a Board Asleep at the Wheel – 4.23.19
- Kimmeridge Files Preliminary Proxy Statement for Election of Directors at PDC Energy's Annual Meeting – 4.9.19
- Kimmeridge Energy Nominates Three Highly Qualified Directors for the Board of PDC Energy, Inc. – 4.7.19

**WE URGE SHAREHOLDERS TO VOTE THE GOLD PROXY CARD and give the Kimmeridge Nominees the chance to serve as a catalyst for change at PDC.** The Kimmeridge Nominees stand ready to represent the voice of stockholders who deserve to have a Board and management who are willing to lead through the lens of ownership, setting the tone at the top for the Board and management to think and act like owners.



**VOTING GOLD IS A VOTE FOR STOCKHOLDERS AND A FUTURE FOR PDC WITH THE POTENTIAL TO RETURN TO A PATH OF PROFITABILITY.**

Shareholders can vote electronically via the Internet, by telephone or by signing and dating the **GOLD Proxy Card** or Voting Instruction Form and mailing it in the postage paid envelope provided. If you have questions about the voting process or need help in voting your shares, please feel free to reach out to our proxy solicitor, **Innisfree M&A Incorporated ("Innisfree") toll free at (877) 750-8338 or collect at (212) 750-5833.**

We urge shareholders NOT to vote using any WHITE proxy card or voting instruction forms you receive from PDC. If you return the WHITE proxy card – even by simply indicating “withhold” on the Company’s slate – you will revoke any vote you had previously submitted for the Kimmeridge Nominees on the **GOLD** proxy card.

**About Kimmeridge Energy**

Kimmeridge is a private equity firm, and direct operator, focused on the development of unconventional oil and gas assets at the front-end of the cost curve in the US upstream energy sector. We are also deeply familiar with PDC’s core assets in the Permian basin, having owned and operated those assets prior to selling them to PDC in 2016. We are stockholders who believe that public company boards should have meaningful equity ownership and must hold management accountable for performance. We are currently invested in only one public E&P, that being PDC.

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**Legend**

Kimmeridge Energy Management Company, LLC ("Kimmeridge"), Kimmeridge Active Investments, LLC, Kimmeridge Chelsea, LLC, Benjamin Dell, Alice E. Gould, James F. Adelson, Alexander Inkster, Noam Lockshin, Henry Makansi and Neil McMahon (collectively, the "Participants") have filed a definitive proxy statement with the Securities and Exchange Commission (the "SEC"), along with an accompanying GOLD proxy card to be used in connection with the Participants' solicitation of proxies from the stockholders of PDC Energy, Inc. (the "Company") for use at the Company's 2019 annual meeting of stockholders. All stockholders of the Company are advised to read the foregoing proxy materials because they contain important information, including additional information related to the Participants. The definitive proxy statement and an accompanying proxy card will be furnished to some or all of the Company's stockholders and are, along with other relevant documents, available at no charge on the SEC's website at <http://www.sec.gov/>.



Information about the Participants and a description of their direct or indirect interests by security holdings are contained in the definitive proxy statement on Schedule 14A filed by Kimmeridge with the SEC on April 18, 2019. This document can be obtained free of charge from the source indicated above.



## Dear Fellow PDC Energy, Inc. (“PDC”) Stockholder,

As investors are aware, the selection of a peer group can materially impact the appearance of relative performance. We believe that the peer group selected by PDC (the “PDC Peer Group”) and included in its 2019 proxy statement, is comprised of lower quality companies that make PDC’s relative performance look better by comparison.

### Comparison Against the PDC Peer Group Yields Skewed Results

In our view, the companies selected for inclusion by PDC in the PDC Peer Group are not appropriate comparators to PDC for several principal reasons: 1) they are more highly levered than PDC, 2) most have smaller market capitalizations than PDC, and 3) importantly, most have assets that are materially lower in quality than PDC’s and are exposed to lower-quality basins than PDC.

We believe that the companies selected by PDC for inclusion in the PDC Peer Group have underperformed primarily due to their poor asset quality and high leverage levels. PDC’s portrayal of its performance relative to that of the PDC Peer Group skews the results in favor of PDC, creating the appearance that PDC has performed well. In the table below, we have identified those companies in the PDC Peer Group that we believe are appropriate comparators, and those that are not, and the related reasons why. We also assembled our own supplemental peer group of companies that we believe are more similar to PDC than its own selected group (the “Kimmeridge Peer Group”), the results of which are set out below. You will see that a comparison of PDC’s performance versus the Kimmeridge Peer Group paints a picture of a company that struggles to keep up with its similarly situated peers, leading a reasonable shareholder to conclude that PDC’s has clearly underperformed relative to peers.

### Kimmeridge Analysis of PDC Peer Group

<u>PDC Constituents</u>	<u>KE Opinion</u>	<u>Comments</u>
CDEV	Good Comp	Direct offset operator in the Delaware Permian and similar scale company
XDG	Good Comp	Pure play DJ Niobrara. Higher exposure to Colorado regulatory risks based on acreage location. Small equity float (PE sponsor)
SRCI	Good Comp	Direct offset operator in the DJ Niobrara and similar scale/leverage company
JAG	Good Comp	Direct offset operator in the Permian and similar scale. Does has a PE sponsor in the stock which limits trading
CPE	Debatable	CPE’s oil cut of 79% is materially higher than PDC’s. CPE is small relative to PDC as it’s consensus 2019 EBITDA estimate is about half of PDC’s
MTDR	Neutral	MTDR’s Delaware basin acreage is mostly in New Mexico where oil cuts are materially higher (>70%). MTDR’s net debt/ebitda ratio is also ~60% higher than PDC
CRZO	Bad Comp	Market cap of less than \$1bn and roughly one turn higher than PDC on leverage (net debt/ebitda). Also majority of production is Eagle Ford where PDC does not operate
XEC	Bad Comp	XEC owns assets in the Midcon where PDC does not conduct oil and gas operations
LPI	Bad Comp	All of LPI’s assets are in the Midland Basin where PDC does not own any assets. The company is also very small with a market cap <\$1bn
NFX	Bad Comp	Majority of assets in Anadarko basin where PDC does not own any assets. NFX was recently acquired by Encana (ECA)
OAS	Bad Comp	Over 90% of 4q18 production came from the Williston Basin where PDC does not own any assets
PE	Bad Comp	Majority of production comes from the Midland Basin where PDC does not own any assets
QEP	Bad Comp	Over 40% of QEP’s 1q19 production came from the Williston Basin where PDC does not own any assets
SM	Bad Comp	SM does not own any assets in the DJ or Delaware. The company is also more highly levered with net debt/ebitda of nearly double PDC, and gas assets in the Eagle Ford
WPX	Bad Comp	40% of WPX’s 1q19 production came from the Williston Basin where PDC does not own any assets

Note: net debt/EBITDA based on Bloomberg data

In addition to the above, Kimmeridge believes that Diamondback Energy (FANG) is also an appropriate comparator to PDC. While FANG is larger than PDC from a market capitalization perspective (\$17.6 billion v. PDC's \$2.4 billion) and operates in both Permian sub-basins, we believe it is a best-in-class performer. PDC should endeavor to be as good as the best companies in the Permian Basin, not hold itself to a lower standard.

### **Kimmeridge Peer Group Performance – Kimmeridge Analysis**

Kimmeridge has assembled a peer group for PDC (the “Kimmeridge Peer Group”) comprised of the following companies that we believe are more appropriate comparators to PDC than the internally compiled PDC Peer Group: CPE, CDEV, MTDR, XOG, SRCI, JAG and FANG. The information below represents PDC’s relative performance (measured as total shareholder return or “TSR”) compared with the PDC Peer Group and with ours.

One other factor is that since Kimmeridge has been acquiring PDC’s stock, and since it has been public about its intentions to put PDC back on a path to profitability, the company has materially outperformed its self-defined peer group. Kimmeridge believes this trend reflects the market’s view that the Kimmeridge nominees will be good for the company, a sentiment that has also been expressed by equity research analysts.

### **PDC Performance Compared to PDC Peer Group, Kimmeridge Peer Group and XOP**

<b>Absolute TSR</b>	<b>1/9/19 to present</b>	<b>1-year</b>	<b>2-year</b>	<b>3-year</b>
PDC performance	10%	(36%)	(55%)	(35%)
PDC Peer Group	(9%)	(37%)	(46%)	6%
Kimmeridge Peer Group	(7%)	(37%)	(34%)	25%
XOP <sup>1</sup>	(4%)	(21%)	(25%)	11%
<b>Relative TSR</b>				
PDC v PDC Peer Group	19%	1%	(9%)	(41%)
PDC v Kimmeridge Peer Group	16%	1%	(21%)	(60%)
PDC v XOP	13%	(15%)	(31%)	(45%)

\* XOG, JAG, CDEV do not have 3-yr performance; JAG does not have 2-yr performance.

1) SPDR® S&P® Oil & Gas Exploration & Production ETF.

Note: 1, 2 and 3-yr performance data is for periods ended January 9, 2019.

Lastly, we believe that the simplest comparison of performance is best achieved by looking at a blend of CDEV and SRCI, direct offset operators to PDC who have delivered a materially higher recycle ratio and have nearly identical assets from a geological perspective. Kimmeridge assigned an 80% weighting to SRC performance (DJ pure-play) and 20% to CDEV performance (Delaware pure-play) based on PDC’s production split between the DJ and Delaware Basins.

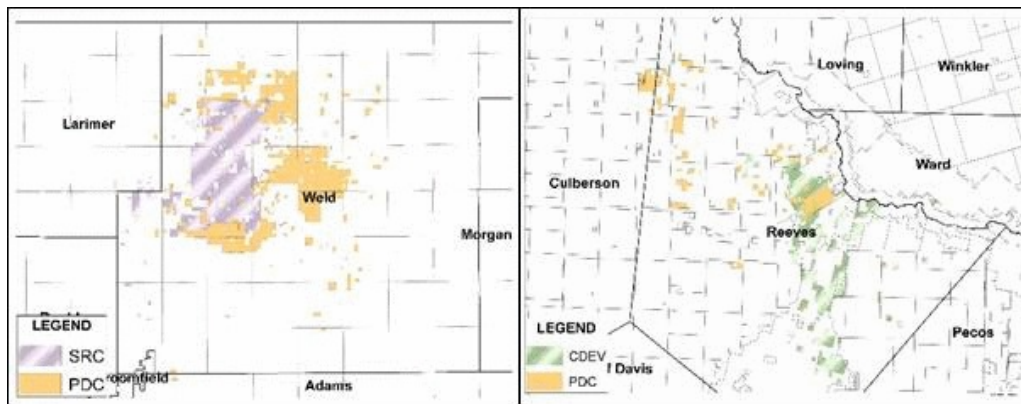


### **Blended Average of SRC/CDEV Performance**

	<u>PDC</u>	<u>SRC</u>	<u>CDEV</u>	<u>Blended Performance</u>	<u>(Underperformance)</u>
1/9/19-present	10%	9%	-28%	2%	8%
1-year	-36%	-41%	-34%	-39%	3%
2-year	-55%	-40%	-30%	-38%	-17%
3-year	-35%	-20%	na	-20%	-15%

SRC weighting 80% Based on PDC's DJ v Permian production  
 CDEV weighting 20% Based on PDC's DJ v Permian production

### **SRC and CDEV – Direct Offsetting Peers in the DJ and Delaware**



Note: Delaware map does not include all of CDEV's acreage. Source: DrillingInfo.

### **Summary**

Kimmeridge believes that the skewed performance results presented by PDC in its 2019 Proxy requires additional explanation and a better peer group.

**WE URGE YOU TO PLEASE VOTE THE GOLD PROXY CARD and give the Kimmeridge Nominees the chance to serve as a catalyst for change at PDC.** The Kimmeridge Nominees stand ready to represent the voice of stockholders who deserve to have a Board and management who are willing to lead through the lens of ownership, setting the tone at the top for the Board and management to think and act like owners. **VOTING GOLD IS A VOTE FOR STOCKHOLDERS AND A FUTURE FOR PDC WITH THE POTENTIAL TO RETURN TO A PATH OF PROFITABILITY.**

**YOUR VOTE IS CRUCIAL**



## About Us

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**IN THIS PIVOTAL TIME, WE SINCERELY REQUEST THAT YOU **VOTE GOLD** FOR THE KIMMERIDGE NOMINEES - EXPERIENCED INDUSTRY PROFESSIONALS WHO THINK AND ACT LIKE OWNERS.**

Sincerely,

Kimmeridge Energy Management Company, LLC  
Bell Dell, Founder and Managing Member

### Legend

Kimmeridge Energy Management Company, LLC ("Kimmeridge"), Kimmeridge Active Investments, LLC, Kimmeridge Chelsea, LLC, Benjamin Dell, Alice E. Gould, James F. Adelson, Alexander Inkster, Noam Lockshin, Henry Makansi and Neil McMahon (collectively, the "Participants") have filed a definitive proxy statement with the Securities and Exchange Commission (the "SEC"), along with an accompanying GOLD proxy card to be used in connection with the Participants' solicitation of proxies from the stockholders of PDC Energy, Inc. (the "Company") for use at the Company's 2019 annual meeting of stockholders. All stockholders of the Company are advised to read the foregoing proxy materials because they contain important information, including additional information related to the Participants. The definitive proxy statement and an accompanying proxy card will be furnished to some or all of the Company's stockholders and are, along with other relevant documents, available at no charge on the SEC's website at <http://www.sec.gov>.

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