

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities and Exchange Act of 1934
For the period ended September 30, 1995

OR

Transition Report Pursuant to Section 13 of 15(d) of
the Securities and Exchange Act of 1934
For the transition period from to

Commission file number 0-7246

I.R.S. Employer Identification Number 95-2636730

PETROLEUM DEVELOPMENT CORPORATION
(A Nevada Corporation)
103 East Main Street
Bridgeport, WV 26330
Telephone: (304) 842-6256

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of the latest practicable date: 11,040,627 shares of the Company's Common Stock (\$.01 par value) were outstanding as of September 30, 1995.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Independent Auditors' Review Report

The Board of Directors
Petroleum Development Corporation:

We have reviewed the accompanying condensed consolidated balance sheet of Petroleum Development Corporation and subsidiaries as of September 30, 1995, and the related condensed consolidated statements of operations for the three-month and nine-month periods ended September 30, 1995 and 1994 and the related condensed consolidated statements of cash flows for the nine-month periods ended September 30, 1995 and 1994. These financial statements are the responsibility of the company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Petroleum Development Corporation and subsidiaries as of December 31, 1994 and the related consolidated statements of operations, retained earnings, and cash flows for the year then ended (not presented herein); and in our report dated March 15, 1995, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1994 is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG PEAT MARWICK LLP

Pittsburgh, Pennsylvania
November 8, 1995

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
September 30, 1995 and December 31, 1994

ASSETS	1995 (Unaudited)	1994
Current assets:		
Cash and cash equivalents	\$ 2,333,600	\$ 8,906,800
Accounts and notes receivable	1,633,900	1,975,400
Inventories	192,700	390,200
Prepaid expenses	784,400	850,600
Total current assets	4,944,600	12,123,000
Properties and equipment	46,005,000	44,959,900
Less accumulated depreciation, depletion, and amortization	20,731,300	19,204,400
	25,273,700	25,755,500
Other assets	278,700	446,800
	\$30,497,000	\$38,325,300

(Continued)

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets, Continued
September 30, 1995 and December 31, 1994

LIABILITIES AND
STOCKHOLDERS' EQUITY

	1995 (Unaudited)	1994
Current liabilities:		
Current maturities of long-term debt	\$ 6,500	\$ 36,300
Accounts payable and accrued expenses	3,835,900	4,133,800
Advances for future drilling contracts	900,100	9,199,900
Funds held for future distribution	326,300	366,700
Total current liabilities	5,068,800	13,736,700
Long-term debt, excluding current maturities		
	2,700,000	3,100,000
Other liabilities	469,900	328,600
Deferred income taxes	2,878,400	2,779,500
Stockholders' equity:		
Common stock	110,400	110,400
Additional paid-in capital	6,873,600	6,873,600
Retained earnings	12,395,900	11,396,500
Total stockholders' equity	19,379,900	18,380,500
	\$30,497,000	\$38,325,300

See accompanying notes to condensed consolidated financial statements.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
 Three and Nine Months ended September 30, 1995 and 1994
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1995	1994	1995	1994
Revenues:				
Oil and gas well drilling operations	\$1,857,400	\$1,807,500	\$11,530,500	\$10,958,800
Oil and gas sales	801,000	944,000	2,980,800	3,394,000
Pipeline and well operations income	868,600	885,700	2,840,600	2,840,400
Other income	55,500	78,500	200,400	201,100
	3,582,500	3,715,700	17,552,300	17,394,300
Costs and expenses:				
Cost of oil and gas well drilling operations	1,355,100	1,724,000	9,480,600	10,621,400
Oil and gas purchases and production costs	818,100	951,800	3,224,900	2,963,100
General and administrative expenses	600,700	635,200	1,571,900	1,665,600
Depreciation, depletion, and amortization	591,300	463,600	1,715,200	1,438,300
Interest	71,000	81,200	230,700	219,400
	3,436,200	3,855,800	16,223,300	16,907,800
Income (loss) before income taxes	146,300	(140,100)	1,329,000	486,500
Income taxes	36,300	(39,800)	329,600	101,200
Net income (loss)	\$ 110,000	\$(100,300)	\$ 999,400	\$ 385,300
Earnings (loss) per common and common equivalent share	\$.01	\$ (.01)	\$.09	\$.03

See accompanying notes to condensed consolidated financial statements.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 Nine Months Ended September 30, 1995 and 1994
 (Unaudited)

	1995	1994
Cash flows from operating activities:		
Net income	\$ 999,400	\$ 385,300
Adjustments to net income to reconcile to cash used in operating activities:		
Deferred federal income taxes	98,900	19,400
Depreciation, depletion & amortization	1,715,200	1,438,300
Leasehold acreage expired or surrendered	203,500	91,800
(Gain) loss on disposal of assets	(29,300)	18,300
Decrease (Increase) in current assets	605,200	(556,700)
Decrease in other assets	147,600	68,600
Decrease in current liabilities	(8,638,100)	(6,180,500)
Increase in other liabilities	141,300	52,200
Total adjustments	(5,755,700)	(5,048,600)
Net cash used in operating activities	(4,756,300)	(4,663,300)
Cash flows from investing activities:		
Capital expenditures	(1,653,600)	(3,126,400)
Proceeds from sale of leases	236,500	194,600
Proceeds from sale of assets	30,000	34,200
Net cash used in investing activities	(1,387,100)	(2,897,600)
Cash flows from financing activities:		
Proceeds from debt	-	800,000
Retirement of debt	(429,800)	(735,900)
Net cash (used in) provided by financing activities	(429,800)	64,100
Net change in cash and cash equivalents	(6,573,200)	(7,496,800)
Cash and cash equivalents, beginning of period	8,906,800	10,578,800
Cash and cash equivalents, end of period	\$ 2,333,600	\$ 3,082,000

See accompanying notes to condensed consolidated financial statements.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

September 30, 1995

(Unaudited)

1. Accounting Policies

Reference is hereby made to the Company's Annual Report on Form 10-K for 1994, which contains a summary of major accounting policies followed by the Company in the preparation of its consolidated financial statements. These policies were also followed in preparing the quarterly report included herein.

2. Basis of Presentation

The Management of the Company believes that all adjustments (consisting of only normal recurring accruals) necessary to a fair statement of the results of such periods have been made. The results of operations for the nine months ended September 30, 1995 are not necessarily indicative of the results to be expected for the full year.

3. Oil and Gas Properties

Oil and Gas Properties are reported on the successful efforts method.

4. Earnings Per Share

Computation of earnings (loss) per common and common equivalent share are as follows for the three months and nine months ended September 30, 1995 and 1994:

	Three Months Ended September 30, 1995		Nine Months Ended September 30, 1995	
	1995	1994	1995	1994
Weighted average common shares outstanding	11,519,653	12,172,968	11,557,565	12,217,924
Net income (loss)	\$ 110,000	\$ (100,300)	\$ 999,400	\$ 385,300
Earnings (loss) per common and common equivalent share	\$.01	\$ (.01)	\$.09	\$.03

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Three Months Ended September 30, 1995 Compared With September 30, 1994

Total revenues decreased \$133,200 in the third quarter of 1995 compared to the same period in 1994 primarily as a result of decreased oil and gas sales. Oil and gas sales decreased 15.1% as a result of lower average sales prices offset in part by increased sales volumes.

Costs and expenses decreased \$419,600 primarily as a result of lower well drilling costs and oil and gas purchases and production costs offset in part by higher depreciation, depletion and amortization. Well drilling costs decreased 21.4% as a result of the significantly lower average well costs. Oil and gas purchases and production costs decreased 14.0% as a result of lower natural gas purchased for resale. Depreciation, depletion and amortization increased 27.5% as a result the increased investment in and production from Company owned wells.

The foregoing resulted in net income of \$110,000 as compared to a net loss of \$100,300 for the third quarter of 1994. The provision for income taxes in 1995 consists of \$25,400 of current taxes and \$10,900 of deferred income taxes. The income tax benefit in 1994 consisted of \$42,800 of current tax benefits and \$3,000 of deferred income taxes.

Nine Months Ended September 30, 1995 Compared with September 30, 1994

Total revenues increased \$158,000 during the first nine months of 1995 compared to the same period in 1994 primarily as a result of increased drilling activity offset in part by decreased oil and gas sales. Drilling revenues increased 5.2% during the first nine months of 1995 compared to the same period in 1994 as a result of higher volumes of drilling and completion activities. Oil and gas sales decreased 12.2% as a result of lower average sales prices offset in part by increased sales volumes.

Costs and expenses decreased \$684,500 as a result of lower well drilling costs offset in part by higher oil and gas purchases and production costs and depreciation, depletion and amortization. Well drilling costs decreased 10.7% as a result of significantly lower average well costs. Oil and gas purchases and production costs increased 8.8% as a result of increased production costs associated with the increased sales volumes and increased leasehold acreage expiration costs. Depreciation, depletion and amortization increased 19.3% as a result of the increased investment in and production from Company owned wells.

The foregoing resulted in net income of \$999,400 compared to a net income of \$385,300 for the first nine months of 1994. The provision for income taxes in 1995 consists of \$230,700 of current taxes payable and \$98,900 of deferred income taxes. The provision for income taxes in 1994 consisted of \$81,800 current taxes payable and \$19,400 of deferred income taxes.

Liquidity and Capital Resources

Sales volumes of natural gas continue to increase while the natural gas prices fluctuated monthly over the past year. The Company's gas sales prices are subject to increase and decrease based on various market sensitive indices. Price levels of natural gas are currently depressed and are not predictable in the coming year. The volumes of gas sales are expected to continue to increase as a result of continued drilling activities.

The Company closed its second drilling program of 1995 in the third quarter and has drilled the wells during the third and fourth quarters of 1995. The Company will close its third and fourth drilling programs of 1995 in the fourth quarter and will drill the wells during the fourth quarter of 1995 and the first quarter of 1996. The Company's public drilling program continues to receive wide market acceptance.

The Company is party to a credit agreement providing up to \$7.5 million in borrowing capacity. At September 30, 1995 the Company has activated \$5 million of that facility and has \$2.7 million outstanding.

The Company continues to pursue capital investment opportunities in producing gas properties along with its commitment to participate in its sponsored gas drilling partnerships. Management believes that the Company has adequate capital to meet its operating requirements and continues to pursue opportunities for operating improvements and cost efficiencies.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES
STATEMENT BY MANAGEMENT CONCERNING
REVIEW OF INTERIM FINANCIAL INFORMATION
BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The September 30, 1995 and 1994 condensed consolidated financial statements included in this filing on Form 10-Q have been reviewed by KPMG Peat Marwick LLP, independent certified public accountants, in accordance with established professional standards and procedures for such reviews. The report of KPMG Peat Marwick LLP commenting upon their review accompanies the condensed consolidated financial statements included in Item 1 of Part I.

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SEP-30-1995
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