CONFORMED COPY

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities and Exchange Act of 1934
For the period ended March 31, 1999

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 XX No

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of the latest practicable date: 15,737,795 shares of the Company's Common Stock ($.01 par value) were outstanding as of March 31, 1999.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

INDEX

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 March 31, 1999, and the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 1999 and 1998. 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, 1998 and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 5, 1999, 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, 1998 is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP

Pittsburgh, Pennsylvania
May 13, 1999

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
March 31, 1999 and December 31, 1998

ASSETS

	1999 (Unaudited)	1998
Current assets:		
Cash and cash equivalents	$14,353,600	$ 34,894,600
Accounts and notes receivable	6,054,600	6,024,100
Inventories	307,000	702,400
Prepaid expenses	1,928,800	2,387,500
Total current assets	22,644,000	44,008,600
Properties and equipment	98,272,600	92,747,300
Less accumulated depreciation, depletion, and amortization	28,270,000	27,356,700
	70,002,600	65,390,600
Other assets	2,264,500	1,901,200
	$94,911,100	$111,300,400

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	1999 (Unaudited)	1998
Current liabilities:		
Accounts payable and accrued expenses	$11,750,100	$ 13,178,800
Advances for future drilling contracts	10,488,700	28,320,800
Funds held for future distribution	583,500	984,200
Total current liabilities	22,822,300	42,483,800

Other liabilities	2,652,900	2,233,500
Deferred income taxes	3,933,400	3,836,400
Stockholders' equity:		
Common stock	157,400	155,100
Additional paid-in capital	32,015,800	31,873,100
Warrants outstanding	46,300	46,300
Retained earnings	33,283,000	30,672,200
Total stockholders' equity	65,502,500	62,746,700
	$94,911,100	$111,300,400

See accompanying notes to condensed consolidated financial statements.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Income
Three Months ended March 31, 1999 and 1998
(Unaudited)

	1999	1998
Revenues:		
Oil and gas well drilling operations	$17,745,600	$15,489,200
Oil and gas sales	8,274,700	8,040,000
Well operations and pipeline income	1,156,100	1,066,800
Other income	489,900	651,400
	27,666,300	25,247,400
Costs and expenses:		
Cost of oil and gas well drilling operations	14,871,400	12,990,400
Oil and gas purchases and production costs	8,030,400	7,454,400
General and administrative expenses	464,400	440,100
Depreciation, depletion, and amortization	935,600	758,500
	24,301,800	21,643,400
Income before income taxes	3,364,500	3,604,000

Income taxes	753,700	807,300
Net income	$2,610,800	$ 2,796,700
Basic earnings per common share	$ .17	$ .18
Diluted earnings per share	$ .16	$ .17

See accompanying notes to condensed consolidated financial statements

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
Three Months Ended March 31, 1999 and 1998
(Unaudited)

	1999	1998
Cash flows from operating activities:		
Net income	$ 2,610,800	$2,796,700
Adjustments to net income to reconcile to cash used in operating activities:		
Deferred federal income taxes	97,000	(148,800)
Depreciation, depletion & amortization	935,600	758,500
Leasehold acreage expired or surrendered	192,000	70,500
Amortization of stock award	3,100	3,000
Gain on disposal of assets	(8,300)	(5,000)
Decrease in current assets	823,600	211,500
Increase in other assets	(226,700)	(118,100)
Decrease in current liabilities	(19,661,500)	(15,992,900)
Increase in other liabilities	419,400	531,400
Total adjustments	(17,425,800)	(14,689,900)
Net cash used in operating activities	(14,815,000)	(11,893,200)
Cash flows from investing activities:		
Capital expenditures	(6,194,700)	(4,444,600)
Proceeds from sale of leases	460,400	592,600
Proceeds from sale of assets	8,300	5,000
Net cash used in investing activities	(5,726,000)	(3,847,000)
Net change in cash and cash equivalents	(20,541,000)	

		(15,740,200)
Cash and cash equivalents, beginning of period	34,894,600	46,561,000
Cash and cash equivalents, end of period	$ 14,353,600	$ 30,820,800

See accompanying notes to condensed consolidated financial statements.

PETROLEUM DEVELOPMENT CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
March 31, 1999
(Unaudited)

1. Accounting Policies

Reference is hereby made to the Company's Annual Report on Form 10-K for 1998, which contains a summary of significant 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 three months ended March 31, 1999 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 per common and common equivalent share are as follows for the three months ended March 31,

	1999	1998
Weighted average common shares outstanding	15,722,659	15,490,151
Weighted average common and common equivalent shares outstanding	16,216,020	16,378,383
Net income	$ 2,610,800	$ 2,796,700
Basic earnings per common share	$ .17	$ .18
Diluted earnings per share	$ .16	$ .17

5. Business Segments (Thousands)

PDC's operating activities can be divided into three major segments: drilling and developement, natural gas sales, and well operations. The Company drills natural gas wells for Company-sponsored drilling partnerships and retains an interest in each well. The Company also engages in oil and gas sales to residential, commerical and industrial end-users. The Company charges Company-sponsored partnerships and other third parties competitive industry rates for well operations and gas gathering. Segment information for the three months ended March 31, 1999 and 1998 is as follows:

	1999	1998
REVENUES		
Drilling and Development	$17,746	15,489
Natural Gas Sales	8,275	8,040
Well Operations	1,156	1,067
Unallocated amounts (1)	489	651
Total	$27,666	25,247

(1) Includes interest on investments and partnership management fees which are not allocated in assessing segment performance.

	1999	1998
SEGMENT INCOME BEFORE INCOME TAXES		
Drilling and Development	$ 2,874	2,499
Natural Gas Sales	208	571
Well Operations	293	350
Unallocated amounts (2)		
General and Administrative expenses	(464)	(440)
Interest expense	-	-
Other (1)	454	624
Total	$ 3,365	3,604

(2) Items which are not allocated in assessing segment performance.

	March 31, 1999	December 31, 1998
SEGMENT ASSETS		
Drilling and Development	$ 5,912	27,288
Natural Gas Sales	70,133	65,256
Well Operations	6,751	7,136
Unallocated amounts		
Cash	6,772	7,814

Other	5,343	3,806
Total	$ 94,911	$111,300

6. Commitments and Contingencies

The nature of the independent oil and gas industry involves a dependence on outside investor drilling capital and involves a concentration of gas sales to a few customers. The Company sells natural gas to various public utilities and industrial customers. One customer, Hope Gas, Inc., a regulated public utility, accounted for 5.9 percent of total revenues in the first three months of 1999.

Substantially all of the Company's drilling programs contain a repurchase provision where Investors may tender their partnership units for repurchase at any time beginning with the third anniversary of the first cash distribution. The provision provides that the Company is obligated to purchase an aggregate of 10% of the initial subscriptions per calendar year (at a minimum price of three times the most recent 12 months' cash distributions), only if such units are tendered, subject to the Company's financial ability to do so. The maximum annual 10% repurchase obligation, if tendered by the investors, is currently approximately $1.3 million. The Company has adequate capital to meet this obligation.

The Company is not party to any legal action that would materially affect the Company's results of operations or financial condition.

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

Results of Operations

Three Months Ended March 31, 1999 Compared With March 31, 1998

Revenues. Total revenues for the three months ended March 31, 1999 were $27.7 million compared to $25.2 million for the three months ended March 31, 1998, an increase of approximately $2.5 million, or 9.9 percent. Such increase was primarily a result of increased drilling revenues. Drilling revenues for the three months ended March 31, 1999 were $17.7 million compared to $15.5 million for the three months ended March 31, 1998, an increase of approximately $2.2 million, or 14.2 percent. Such increase resulted from higher volumes of drilling and completion activities, due to increased levels of drilling partnership-related financing. Oil and gas sales for the three months ended March 31, 1999 were $8.3 million compared to $8.0 million for the three months ended March 31, 1998, an increase of approximately $300,000, or 3.8 percent. Such increase was due to increased production from the Company's producing properties offset in part by lower average sales prices of natural gas. Well operations and pipeline income for the three months ended March 31, 1999 was $1.2 million compared to $1.1 million for the three months ended March 31, 1998 an increase of approximately $100,000, or 9.1%. Such increase resulted from an increase in the number of wells operated by the Company. Other income for the three months ended March 31, 1999 was $490,000 compared to $651,000 for the three months ended March 31, 1998, a decrease of approximately $161,000, or 24.7 percent. Such decrease resulted from interest earned on lower average cash balances.

Costs and expenses. Costs and expenses for the three months ended March 31, 1999 were $24.3 million compared to $21.6 million for the three months ended March 31, 1998, an increase of approximately $2.7 million or 12.5 percent. Oil and gas well drilling operations costs for the three months ended March 31, 1999 were $14.9 million compared to $13.0 million for the three months ended March 31, 1998, an increase of approximately $1.9 million, or 14.6 percent. Such increase resulted from additional expenses resulting from the increased drilling activity. Oil and gas purchases and production costs for the three months ended March 31, 1999 were $8.0 million compared to $7.5 million for the three months ended March 31, 1998, an increase of approximately $500,000, or 6.7%. Such increase was due to natural gas marketing activities of RNG and production costs associated with the increased volumes of natural gas produced by the Company's producing properties. General and administrative expenses for the three months ended March 31, 1999 increased to $464,000 compared with $440,000 for the three months ended March 31, 1998. Depreciation, depletion, and amortization costs for the three months ended March 31, 1999 were $936,000 compared to $759,000 for the three months ended March 31, 1998, an increase of $177,000 or 23.3 percent. Such increase was due to the increased amount of investment in oil and gas properties owned by the Company.

Net income. Net income for the three months ended March 31, 1999 was $2.6 million compared to a net income of $2.8 million for the three months ended March 31, 1998, a decrease of approximately $200,000 or 7.1 percent.

Year 2000 Issue

State of Readiness

The Year 2000 Issue is the risk that computer programs using two-digit data fields will fail to properly recognize the year 2000, with the result being business interruption due to computer system failures by the Company's software or hardware or that of government entities, service providers and vendors. The Company has assessed the extent of the Year 2000 Issues affecting the Company. The Company believes that the new computer system including operating software installed during 1998 along with modifications made by the Company's computer technicians have addressed the dating system flaw inherent in most operating systems. The Company has completed a remediation plan and believes it is currently fully Year 2000 Compliant.

The Company has initiated formal communications with its significant suppliers and service providers to determine the extent to which the Company may be vulnerable to their failure to correct their own Year 2000 issues. It is expected that full identification will be completed by June 30, 1999. To the extent that responses to Year 2000 readiness are unsatisfactory, the Company intends to take appropriate action, including identifying alternative suppliers and service providers who have demonstrated Year 2000 readiness.

Cost of Readiness

Expenditures related to Year 2000 remediation did not exceed $35,000. These expenditures include costs related to the data processing transition, a new computer system, purchase of software, modifications and implementation costs. A portion of these costs were capitalized and will be amortized over the estimated useful life. The remainder of these costs have been expensed as incurred. Management believes that the cost to become Year 2000 Compliant is not material to the Company's financial position or results of operations.

Risks of Year 2000 Issues

The Company presently believes the Year 2000 Issue will not present a materially adverse risk to the Company's future consolidated results of operations, liquidity, and capital resources. However, if the level of timely compliance by key suppliers or service providers is not sufficient, the Year 2000 Issue could have a material impact on the Company's operations including, but not limited to, increased operating costs, loss of customers or suppliers, loss of accounting functions, including well revenue distributions, or other significant disruptions to the Company's business.

Contingency Plan

The Company has a contingency plan, and will implement it on systems that remains non-compliant as of December 31, 1999, if any.

Liquidity and Capital Resources

The Company funds its operations through a combination of cash flow from operations, capital raised through stock offerings and drilling partnerships, and use of the Company's credit facility. Operational cash flow is generated by sales of natural gas from the Company's well interests, well drilling and operating activities for the Company's investor partners, natural gas gathering and transportation, and natural gas marketing. Cash payments from Company-sponsored partnerships are used to drill and complete wells for the partnerships, with operating cash flow accruing to the Company to the extent payments exceed drilling costs. The Company utilizes its revolving credit arrangement to meet the cash flow requirements of its operating and investment activities.

Sales volumes of natural gas have continued to increase while natural gas prices fluctuate monthly. The Company's natural gas sales prices are subject to increase and decrease based on various market-sensitive indices. A major factor in the variability of these indices is the seasonal variation of demand for the natural gas, which typically peaks during the winter months. The volumes of natural gas sales are expected to continue to increase as a result of continued drilling activities and additional investment by the Company in oil and gas properties. The Company utilizes commodity-based derivative instruments (natural gas futures and option contracts traded on the NYMEX) as hedges to manage a portion of its exposure to this price volatility. The futures contracts hedge committed and anticipated natural gas purchases and sales, generally forecasted to occur within a three to twelve-month period.

The Company has a bank credit agreement with First National Bank of Chicago, which provides a borrowing base of $10.0 million, subject to adequate oil and natural gas reserves. At the request of the Company, the bank, at its sole discretion, may increase the borrowing base to $20.0 million. As of March 31, 1999, no balance is outstanding on the line of credit. Interest accrues at prime, with LIBOR (London Interbank Market Rate) alternatives available at the discretion of the Company. No principal payments are required until the credit agreement expires on December 31, 1999. The Company is currently working on an amendment with the bank to extend the expiration date of the credit agreement.

The Company has commenced sales of units in its fifth partnership in its registered PDC 2000 public drilling program which has remaining eight partnerships which are scheduled to close over the next two years. The fifth partnership is scheduled to close in late May, 1999, with drilling planned in the second and third quarters of 1999. Additional programs are scheduled to close in September, November and December of 1999. The Company generally invests, as its equity contribution to each drilling partnership, an additional sum approximating 20% of the aggregate subscriptions received for that particular drilling partnership. As a result, the Company is subject to substantial cash commitments at the closing of each drilling partnership. The funds received from these programs are restricted to use in future drilling operations. No assurance can be made that the Company will continue to receive this level of funding from these or future programs.

On January 29, 1999, the Company offered to purchase from Investors their units of investment in the Company's Drilling Programs formed prior to 1996. The Company purchased approximately $1.6 million of producing oil and gas properties in conjunction with this offer, which expired on March 31, 1999. The Company utilized capital received from its 1997 public stock offering to fund this purchase.

The Company continues to pursue capital investment opportunities in producing natural gas properties as well as its plan to participate in its sponsored natural gas drilling partnerships, while pursuing opportunities for operating improvements and costs efficiencies. Management believes that the Company has adequate capital to meet its operating requirements.

New Accounting Standard

Statement of Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133), was issued by the Financial Accounting Standards Board in June, 1998. Statement 133 standardized the accounting for derivative instruments, including certain derivative instruments embedded in other contracts. The Company must adopt SFAS No. 133 by January 1, 2000; however, early adoption is permitted. On adoption, the provisions of SFAS No. 133 must be applied prospectively. At the present time, the Company cannot determine the impact that SFAS No. 133 will have on its financial statements upon adoption, as such impact will be based on the extent of derivative instruments, such as natural gas futures and option contracts, outstanding at the date of adoption.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not a party to any legal actions that would materially affect the Company's operations or financial statements.

Item 6. Exhibits and Reports on Form 8-K

(a) None.

(b) No reports on Form 8-K have been filed during the quarter ended March 31, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Petroleum Development Corporation
(Registrant)

Date: May 13, 1999

/s/ Steven R. Williams
Steven R. Williams
President

Date: May 13, 1999

/s/ Dale G. Rettinger
Dale G. Rettinger
Executive Vice President
and Treasurer

<ARTICLE> 5

<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1999
<PERIOD-END>	MAR-31-1999
<CASH>	14,353,600
<SECURITIES>	0
<RECEIVABLES>	6,054,600
<ALLOWANCES>	274,600
<INVENTORY>	307,000
<CURRENT-ASSETS>	22,644,000
<PP&E>	98,272,600
<DEPRECIATION>	28,270,000
<TOTAL-ASSETS>	94,911,100
<CURRENT-LIABILITIES>	22,822,300
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	157,400
<OTHER-SE>	65,345,100
<TOTAL-LIABILITY-AND-EQUITY>	94,911,100
<SALES>	26,020,300
<TOTAL-REVENUES>	27,666,300
<CGS>	22,901,800
<TOTAL-COSTS>	24,301,800
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	0
<INCOME-PRETAX>	3,364,500
<INCOME-TAX>	753,700
<INCOME-CONTINUING>	2,610,800
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	2,610,800
<EPS-PRIMARY>	.17
<EPS-DILUTED>	.16