

**PDC ENERGY, INC.**  
**AUDIT COMMITTEE CHARTER**

Amended and Restated September 18, 2015

1. **Purpose.** The Board of Directors (the “Board”) of PDC Energy, Inc. (the “Company”) has duly established the Audit Committee (the “Committee”). The Committee is appointed by the Board for the primary purpose of representing and assisting the Board in fulfilling its oversight responsibility to the Company and its stockholders relating to:
  - 1.1 The integrity of the Company’s financial statements and the Company’s accounting and financial reporting processes and financial statement audits.
  - 1.2 The qualifications, independence and performance of the Company’s independent registered public accounting firm (“independent auditor”).
  - 1.3 The Company’s systems of disclosure controls and procedures, internal controls over financial reporting and compliance with legal and regulatory requirements and ethics programs and standards adopted by the Company, including the elements regarding financial disclosure in the Company’s Code of Business Conduct and Ethics.
  - 1.4 The organization and oversight of the Board’s participation in the development and operation of the risk assessment and risk management process, as described below.
2. **General Responsibilities and Duties of the Committee.**

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. To the extent the Committee deems necessary or appropriate consistent with its overall oversight responsibility to the Company and its stockholders, this Section 2 shall also apply, to the extent applicable, to other ventures in which the Company has an interest, such as partnerships for which the Company serves as general partner. The Committee may perform such other activities, duties and responsibilities as are consistent with this Charter, the Company’s By-Laws and governing laws as the Board or the Committee deems necessary or appropriate.

The Committee, to the extent it deems necessary or appropriate, shall:

**Reporting.**

- 2.1 Report regularly to the Board regarding the execution of the Committee's duties and responsibilities, activities, any issues encountered, and related recommendations.
- 2.2 Review and approve the report that the Securities and Exchange Commission (the “SEC”) requires be included in the Company’s annual proxy statement.

**Independent Auditor.**

- 2.3 Establish an understanding with management and the independent auditor that the independent auditor reports directly to the Committee and is ultimately accountable to the Committee and the Board.
- 2.4 Have the sole authority and responsibility to hire, evaluate and, where appropriate, replace the independent auditor and be directly responsible for the compensation and general oversight of the work of the independent auditor. The Company shall provide

appropriate funding, as determined by the Committee, for payment to the independent auditor for such work.

- 2.5 Discuss and evaluate the independent auditor's qualifications and independence from management and the Company, including whether the independent auditor's performance of permissible non-audit services is compatible with its independence.
- 2.6 Discuss with the independent auditor the matters required to be discussed under Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (the "PCAOB") and as it may be modified, superseded or supplemented.
- 2.7 Review annually the qualifications and performance of the Company's current independent auditor and select the Company's independent auditor for the next year, subject to stockholder ratification.
- 2.8 Review with the independent auditor any problems or difficulties, and management's response thereto, including any material correspondence relating to financial reporting matters with regulators or governmental agencies, and any reports that raise material issues regarding the Company's financial statements or accounting policies.
- 2.9 Oversee the resolution of disagreements between management and the independent auditor if any should arise.
- 2.10 Hold timely discussions with the independent auditor regarding the following:
  - 2.10.1 All critical accounting policies and estimates;
  - 2.10.2 All alternative treatments of financial information within generally accepted accounting principles ("GAAP") related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments on the financial statements, and the treatment preferred by the independent auditor;
  - 2.10.3 Analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments and use of estimates (including oil and gas reserve estimates) made in connection with the preparation of the financial statements; and
  - 2.10.4 Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
- 2.11 Obtain and review, at least annually, a report by the independent auditor describing the independent auditor's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or inspections by the PCAOB, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting independent audits carried out by the independent auditor, and any steps taken to deal with any such issues.
- 2.12 Oversee the independence of the outside auditor. In this regard, the Committee shall obtain and review, at least annually, a report on all relationships between the independent auditor and the Company, or persons in a financial reporting oversight role at the Company that may reasonably bear on the independent auditor's

independence. The Committee also shall actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence of the independent auditor.

**2.13** Oversee the rotation of audit partners of the independent auditor as required by law.

**Audit Services.**

**2.14** Approve in advance all audit engagement fees and the terms of all audit services to be provided by the independent auditor. The Committee shall discuss with the independent auditor the overall scope and plans for its audits, including the adequacy of staffing.

**Permissible Non-Audit Services.**

**2.15** Approve in advance all permissible non-audit services to be provided by the independent auditor. No non-audit services shall be provided by the independent auditor except as approved in advance by the Committee. The Committee will consider and, if appropriate, give advance approvals to specified classes of non-audit services in accordance with policies that may be adopted by the Committee.

**Review of Interim Financial Statements, Earnings Releases, Earnings Guidance.**

**2.16** Meet with management and the independent auditor to review and discuss the Company's interim financial statements (prior to the Company's Form 10-Q filings or release of earnings), the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in such Form 10-Q and any material internal control reports (or summaries thereof) in connection therewith.

**2.17** Review processes used for other relevant reports or financial information submitted by the Company to any governmental body or the public relating to financial reporting matters, including management certifications as required by the Sarbanes-Oxley Act of 2002 and relevant reports rendered by the independent auditor (or summaries thereof).

**2.18** Review and approve the financial statements to be included in the Company's Quarterly Reports on Form 10-Q.

**2.19** Discuss the Company's policies and procedures generally with respect to earnings guidance and financial information included in earnings press releases and other material communications to the public and rating agencies, and review such guidance and financial information in such proposed material communications. The Committee's discussions of earnings press releases, as well as financial information and earnings guidance, may be general (i.e., discussion of the types of information to be disclosed and the type of presentation to be made). The Committee need not review or discuss in advance, each earnings release or financial information disclosure noted above or each instance in which the Company may provide same.

**2.20** Discuss with the independent auditor the results of its quarterly review and any other matters required to be communicated to the Committee by the independent auditor under auditing standards established from time to time by the PCAOB and by SEC rules.

### **Review of Annual Audited Financial Statements.**

- 2.21 Meet and review with management and the independent auditor the audited financial statements to be included in the Company's Annual Report on Form 10-K, including:
  - 2.21.1 Their judgment about the quality, not just acceptability, of the Company's accounting principles, including significant financial reporting issues and judgments made in connection with the preparation of the financial statements and major issues regarding accounting principles and financial statement presentations, including significant changes in the selection or application of accounting principles;
  - 2.21.2 The clarity of the disclosures in the financial statements; and
  - 2.21.3 The Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including critical accounting policies.
- 2.22 Review with management and the independent auditor the effects of material regulatory and accounting initiatives, as well as off-balance sheet structures (if any), on the financial statements of the Company.
- 2.23 Discuss (a) the results of the annual audit; (b) any difficulties the independent auditor encountered in the course of their audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management; and (c) management's response to any difficulties encountered in the course of the independent auditor's audit work.
- 2.24 Discuss any other matters required to be communicated to the Committee by the independent auditor under auditing standards established from time to time by the PCAOB and by SEC rules, and the annual report on internal controls by the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as reviewed by the independent auditor.
- 2.25 Approve, based on these reviews, the audited financial statements and recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K.
- 2.26 Review and approve all related-party transactions, defined as those transactions required to be disclosed under Item 404 of Regulation S-K. The Nominating and Governance Committee shall continue to be responsible for other types of Board conflict of interests and any waivers thereof.

### **Risk Assessment and Risk Management Oversight.**

- 2.27 Organize and oversee the Board's participation in the development of the risk assessment and risk management process, provided that the Board retains overall oversight responsibility over risk assessment and risk management.
- 2.28 Determine that the risk management processes of the Company are consistent with the Company's corporate strategy and are functioning as designed.
- 2.29 Assess major Board-level risk factors relating to the Company and its performance and review measures to address and mitigate such risks.

- 2.30 Conduct joint meetings with other committees, as needed, to review areas of risk relevant to each such committee's respective areas of oversight.
- 2.31 Review and discuss with management and the independent auditor policies and procedures with respect to the Company's risk assessment and risk management process, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to mitigate such risks.

**Oil and Gas Reserve Estimates.**

- 2.32 Confer, on an annual basis, with the Company's independent petroleum reservoir engineering firm and review with management and the independent petroleum reservoir engineering firm the process by which the Company's oil and gas reserves are estimated and reported.

**Internal Controls and Disclosures Controls and Procedures.**

- 2.33 Review the integrity of the Company's financial reporting processes (both internal and external) in consultation with the independent auditor.
- 2.34 Periodically review the adequacy and effectiveness of the Company's disclosure controls and procedures, including disclosure committee meeting minutes, and the Company's internal control over financial reporting, including any significant deficiencies and significant changes in disclosure controls and procedures and internal controls.
- 2.35 Understand the scope of the independent auditor's review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management responses.
- 2.36 Review the independent auditor's report on management's assessment of internal control over financial reporting.
- 2.37 Review any disclosure from the Company's CEO or CFO made in connection with the certification of the Company's quarterly and annual reports filed with the SEC of (a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and (b) any fraud, whether or not material, that involves management or other employees who have a role in the Company's internal controls.
- 2.38 Review major issues regarding the adequacy of the Company's internal controls; and actions taken or special audit steps adopted in light of material control deficiencies.

**Internal Audit Function.**

- 2.39 If an internal audit function is in place, oversee the performance of the Company's internal audit function, including by discussing with the independent auditor and management the internal audit department responsibilities, budget, staffing and performance, and any recommended changes in the planned scope of the internal audit.
- 2.40 If an internal audit function is in place, review the appointment and replacement of the senior internal auditing executive.

### **Complaint Procedures.**

- 2.41 Establish and oversee procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, as such Committee duty is described in the Company's Code of Business Conduct and Ethics, including procedures for confidential, anonymous submissions by Company employees regarding questionable accounting or auditing matters.

### **Compliance Programs.**

- 2.42 Oversee and review areas noted in the Company's Code of Business Conduct and Ethics as specified for Committee oversight in such code, as well as the Company's system to monitor compliance with and enforce such code provisions; provided, however, that changes to the Code of Business Conduct and Ethics are to be made upon the recommendation of the Nominating and Governance Committee and approval of the Board.
- 2.43 Review, with its counsel or the Company's counsel, legal compliance and legal matters, including asserted and unasserted claims, that could have a significant impact on the Company's financial statements.
- 2.44 Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.

### **Hiring of Auditor Personnel.**

- 2.45 Set policies, consistent with governing laws and regulations, governing the potential hiring by the Company of personnel of the independent auditor.

### **Investigative Authority.**

- 2.46 In discharging its oversight role, be empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company.

### **Other Responsibilities.**

- 2.47 Review, with the independent auditor and management, the extent to which changes or improvements in financial or accounting practices have been implemented.
- 2.48 Review with management the Company's finance function, including its budget, organization, and quality of finance personnel.

## **3. Membership.**

- 3.1 **Composition of the Committee.** The Committee shall consist of no fewer than three members of the Board. The members of the Committee shall meet the independence and experience requirements under the rules of the NASDAQ Stock Market ("NASDAQ"), the rules and regulations of the SEC, and such other rules and regulations as may be appropriate. At least one member shall qualify as an "audit committee financial expert" as defined by the SEC.
- 3.2 **Selection of Members.** The members of the Committee shall be appointed annually by the Board on the recommendation of the Nominating and Governance Committee.
- 3.3 **Selection of the Chair.** The Chair of the Committee shall be appointed annually by the Board on the recommendation of the Nominating and Governance Committee.

- 3.4 **Vacancies.** Vacancies on the Committee or in the Chair shall be filled by the Board upon recommendation of the Nominating and Governance Committee.
- 3.5 **Removal or Replacement of Members.** Members of the Committee may be removed or replaced, with or without cause, by a majority vote of the Board.
- 3.6 **Delegation.** The Committee may form and delegate authority to subcommittees, including, to the extent the Committee deems necessary or appropriate, one or more subcommittees to provide oversight that is consistent with the Committee's oversight functions generally over other ventures in which the Company has an interest, such as partnerships for which the Company serves as general partner.

#### 4. **Meetings, Minutes, and Voting.**

- 4.1 **Meeting Schedule.** The Committee will meet as often as necessary to carry out its responsibilities but not less than four times annually in conjunction with the review of the quarterly reports on Form 10-Q and the annual report on Form 10-K. The Chair, in consultation with the other members of the Committee, shall set the dates and times for each meeting.
- 4.2 **Agendas.** The Chair, in consultation with the other members of the Committee, shall establish the agenda of items to be addressed at each meeting of the Committee. The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated in advance of the meeting to each member of the Committee as well as to each other director attending the meeting. The Chair, in consultation with the other members of the Committee, shall have the authority to change the agenda to respond to any matters that warrant attention.
- 4.3 **Quorum.** A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.
- 4.4 **Procedures and Voting.** The Chair will preside at each meeting of the Committee. The Committee shall make decisions and take other actions by majority vote.
- 4.5 **Executive Sessions.** The Committee shall meet periodically in separate executive sessions with management and the independent auditor, and shall have such other direct and independent interaction with such persons from time to time as the Committee deems appropriate.
- 4.6 **Minutes.** The Committee shall keep minutes of each meeting and file those minutes with the Corporate Secretary in a timely fashion.

#### 5. **Advisors and Counsel; Cooperation and Reliance.**

The Committee shall have the authority and resources to discharge its responsibilities; and the Board shall provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board.

- 5.1 **Retention of Advisors and Counsel.** The Committee shall have the authority, in its sole discretion, to obtain advice and assistance from, and to retain at the Company's expense, such administrative support, independent or outside legal counsel, accounting or other advisors and experts as the Committee determines necessary or appropriate to carry out its duties, and in connection therewith to receive appropriate funding from the Company, as determined by the Committee.

- 5.2 Administrative Expenses.** The Committee shall have the authority to determine the level and cost of separate administrative support necessary or appropriate in carrying out its duties, with the Company bearing such costs.
- 5.3 Participation of Employees and Consultants.** The Committee shall have the authority to request unrestricted access to the Company's employees, independent auditor, and outside counsel, and may require any employee of the Company or representative of the Company's independent auditor or outside counsel to attend meetings of the Committee or to meet with any members of the Committee or representative of the Committee's counsel, advisors, or experts. The Committee may also, to the extent it deems necessary or appropriate and with the approval of the Board, meet with the Company's investment bankers or financial analysts who follow the Company.
- 5.4 Reliance Permitted.** The Committee may act in reliance upon other committees of the Board, management and other employees, the Company's independent auditor, counsel, advisors and experts, as it deems necessary or appropriate.
- 6. Evaluation of the Committee.**  
The Committee shall, on an annual basis, evaluate its performance under this Charter. This self-evaluation may be accomplished through the full Board's annual self-evaluation process.
- 7. Rules and Procedures.** Except as expressly set forth in this Charter or the Company's By-Laws or Corporate Governance Guidelines, or as otherwise required by NASDAQ rules, SEC rules or other applicable law, the Committee shall establish its own rules and procedures that are consistent with this Charter.
- 8. Limitation on Responsibility.** While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor. In addition, nothing in this Charter or in a member's service on the Committee shall increase or be deemed to increase the liability of any member of the Board under applicable state law.
- 9. Annual Review of Charter.** The Committee shall review and reassess the adequacy of this Charter at least annually and recommend to the Nominating and Governance Committee for its consideration for recommendation to the Board, revisions to this Charter, as the Committee shall deem necessary or appropriate.