

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

PDC 1997-D LTD PARTNERSHIP

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SIC: **1381** Drilling oil & gas wells

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

- ANNUAL REPORT PURSUANT TO SECTION 13 or 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998

Commission File Number 033-63635-08

- Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934 for the transaction period from _____ to _____

PDC 1997-D LIMITED PARTNERSHIP
(Exact name of registrant as specified in its charter)

West Virginia
(State or other jurisdiction of
incorporation or organization)

31-1514713
(I.R.S. Employer
Identification No.)

103 East Main Street, Bridgeport, West Virginia 26330
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code (304) 842-3597

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

General and Limited Partnership Interests
(Title of class)

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 and (2) has been subject to such
filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will be contained, to the
best of registrant's knowledge, in definitive proxy or information

statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

PART I

ITEM 1. BUSINESS.

General

PDC 1997-D Limited Partnership ("the Partnership") is a limited partnership formed on December 30, 1997 pursuant to the West Virginia Uniform Limited Partnership Act. Petroleum Development Corporation ("PDC") serves as Managing General Partner of the Partnership.

Since the commencement of operations on December 30, 1997, the Partnership has been engaged in onshore, domestic gas exploration exclusively in the northern Appalachian and Michigan Basins. A total of 11 limited partners contributed initial capital of \$159,000; a total of 1,050 additional general partners contributed initial capital of \$18,360,579; and PDC (Managing General Partner) contributed \$4,028,009 in capital as a participant in accordance with contribution provisions of the Limited Partnership Agreement (the Agreement).

Under the terms of the Agreement, the allocation of revenues is as follows:

	Allocation of Revenues
Additional General and Limited Partners	80%
Managing General Partner	20%

Operating and direct costs are allocated and charged to the additional general and limited partners and the Managing General Partner in the same percentages as revenues are allocated. Leasehold, drilling and completion costs, and equipment costs are borne 80% by the additional general and limited partners and 20% by the Managing General Partner.

Employees

The Partnership has no employees, however, PDC has approximately 81 employees which include a staff of geologists, petroleum engineers, landmen and accounting personnel who administer all of the partnership's operations.

Plan of Operations

The Partnership participated in the drilling of 101 gross wells and will continue to operate and produce its 94 gross productive wells. The Partnership does not have unexpended initial capital and no additional drilling activity is planned.

See Item 2 herein for information concerning the Partnership's gas wells.

Markets for Oil and Gas

The availability of a market for any oil and gas produced from the operations of the Partnership will depend upon a number of factors beyond the control of the Partnership which cannot be accurately predicted. These factors include the proximity of the Partnership wells to and the capacity of natural gas pipelines, the availability and price of competitive fuels, fluctuations in seasonal supply and demand, and government regulation of supply and demand created by its pricing and allocation restrictions. Oversupplies of gas can be expected to occur from time to time and may result in the Partnership's wells being shut-in or curtailed. Increased imports of oil and natural gas have occurred and are expected to continue. The effects of such imports could adversely impact the market for domestic oil and natural gas.

Competition

The Partnership competes in marketing its gas with numerous companies and individuals, many of which have financial resources, staffs and facilities substantially greater than those of the Partnership or Petroleum Development Corporation.

State Regulations

State regulatory authorities have established rules and regulations requiring permits for well operations, reclamation bonds and reports concerning operations. States also have statutes and regulations concerning the spacing of wells, environmental matters and conservation, and have established regulations concerning the unitization and pooling of oil and gas properties and maximum rates of production from oil and gas wells. The Partnership believes it has complied in all material respects with applicable state regulations.

Federal Regulations

Regulation of Liquid Hydrocarbons. Liquid hydrocarbons (including crude oil and natural gas liquids) were subject to federal price and allocation controls until January 1981 when controls were effectively eliminated by executive order of the President. As a result, to the extent the Partnership sells oil produced from its properties, those sales are at unregulated market prices.

Although it appears unlikely under present circumstances that controls will be reimposed upon liquid hydrocarbons, it is possible Congress may enact such legislation at a future date. The impact of such legislation on the Partnership would be minimal since the partnership expects to sell only small quantities of liquid hydrocarbons, if any.

Natural Gas Regulation. Sale of natural gas by the Partnership is subject to regulation of production, transportation and pricing by governmental regulatory agencies. Generally, the regulatory agency in the state where a producing well is located regulates production activities and, in addition, the transportation of gas sold intrastate. The Federal Energy Regulatory Commission (FERC) regulates the operation and cost of interstate pipeline operators who transport gas. Currently the price of gas to be sold by the Partnership is not regulated by any state or federal agency.

The FERC has adopted major changes in certain of its regulations and continues to make additional changes that will significantly affect future transportation and marketing of natural gas.

The Partnership is uncertain how the recent or proposed regulations will affect the marketing of its gas because it is unable to predict how all interstate pipelines that receive its gas will respond to such rulemakings.

Proposed Regulation. Numerous proposals concerning energy are being considered by the United States Congress, various state legislatures and regulatory agencies. The possible outcome and effect of these proposals cannot be accurately predicted.

Environmental and Safety Regulation. The Partnership believes that it complies, in all material respects, with all legislation and regulations affecting its operations in the drilling and production of oil and gas wells and the discharge of wastes. To date, compliance with such provisions and regulations has not had a material effect upon the Partnership's expenditures for capital equipment, its operations or its competitive position. The cost of such compliance is not anticipated to be material in the future.

ITEM 2. PROPERTIES.

Drilling Activity

The following table sets forth the results of drilling activity from December 30, 1997 (date of inception) to March 15, 1999, of the Partnership which was conducted in the Continental United States.

<TABLE>

Period Ended	Development Wells					
	Gross			Net		
	Productive	Dry	Total	Productive	Dry	Total
March 15, 1999. . .	94	7	101	70.37	4.64	75.01

</TABLE>

The Partnership has not participated in any exploratory wells. No additional drilling activity is planned.

Summary of Productive Wells

The table below shows the number of the Partnership's gross and net wells by state as of March 15, 1999.

Location	Natural Gas Wells	
	Gross	Net
Michigan	36	16.65
Pennsylvania	55	50.73
West Virginia	3	2.99
Total	94	70.37

A "productive well" is a well producing, or capable of producing, oil and gas in commercial quantities. For purposes of the above table, a "gross well" is one in which the Partnership has a working interest and a "net well" is a gross well multiplied by the Partnership's working interest to which it is entitled under its drilling agreement.

Title to Properties

The Partnership's interests in producing acreage are in the form of assigned direct interests in leases. Such properties are subject to customary royalty interests generally contracted for in connection with the acquisition of properties and could be subject to liens incident to operating agreements, liens for current taxes and other burdens. The Partnership believes that none of these burdens materially interfere with the use of such properties in the operation of the Partnership's business.

As is customary in the oil and gas industry, little or no investigation of title is made at the time of acquisition of undeveloped properties (other than a preliminary review of local mineral records). Investigations are generally made, including in most cases receiving a title opinion of legal counsel, before commencement of drilling operations. A thorough examination of title has been made with respect to all of the Partnership's producing properties and the Partnership believes that it has generally satisfactory title to such properties.

ITEM 3. LEGAL PROCEEDINGS.

The Managing General Partner as driller/operator is not party to any legal action that would materially affect the Managing General Partner's or Partnership's operations or financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND SECURITY HOLDER MATTERS.

At December 31, 1997, PDC 1997-D Limited Partnership had one Managing General Partner, 11 Limited Partners who fully paid for 7.95 units at \$20,000 per unit of limited partnership interests and a total of 1,050 Additional General Partners who fully paid for 918.02895 units at \$20,000 per unit of additional general partnership interests. No established public trading market exists for the interests.

Limited and additional general partnership interests are transferable, however no assignee of an interest in the Partnership can become a substituted partner without the written consent of the transferor and the Managing General Partner.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data presented below has been derived from audited financial statements of the Partnership appearing elsewhere herein.

<TABLE>

	<C>	<C>
	Year Ended December 31, 1998	Period from December 30, 1997 (date of inception) to December 31, 1997
Oil and Gas Sales	\$ 859,130	-
Costs and Expenses	10,088,089	484,865
Net Loss	(9,228,117)	(484,865)
Allocation of Net Loss:		
Managing General Partner.	(1,845,623)	(4,375)

Limited and Additional		
General Partners	(7,382,494)	(480,490)
Per Limited and Additional		
General Partner Unit	(7,973)	(519)
Total Assets.	10,512,755	20,140,043
Distributions:		
Managing General Partner.	81,549	-
Limited and Additional		
General Partners	326,198	-

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Liquidity and Capital Resources

The Partnership was funded with initial Limited and Additional General Partner contributions of \$18,519,579 and the Managing General Partner contributed \$4,028,009 in accordance with the Agreement. Syndication and management fee costs of \$2,407,545 were incurred leaving available capital of \$20,140,043 for Partnership activities.

The Partnership began exploration and development activities subsequent to the funding of the Partnership.

The Partnership had working capital at December 31, 1998 of \$185,537.

Operations are expected to be conducted with available funds and revenues generated from oil and gas activities. No bank borrowings are anticipated.

Results of Operations

1998 Results

Oil and gas sales production commenced during the second quarter of 1998 with revenue distributions to the partners commencing in the third quarter. The net loss of \$9,228,117 was primarily due to the impairment charge for oil and gas properties which amounted to \$9,074,054 in 1998. This impairment resulted from net capitalized costs exceeding estimated undiscounted future net cash flow. The impairment was based on estimated fair value which considered future discounted cash flows. This charge did not affect cash distributions to the partners which amounted to \$407,747 in 1998.

The Partnership's revenues from natural gas sales will be affected by changes in prices. Natural gas prices are subject to general market conditions which drive the pricing changes.

The principal effects of inflation upon the Partnership relate to the costs required to drill, complete and operate oil and gas wells. The Partnership expects these costs to remain somewhat stable over the next year.

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 PDC's software or hardware or that of government entities, service providers and vendors. PDC, who administers all aspects of the Partnership, has assessed the extent of the Year 2000 Issues affecting PDC and the Partnership. PDC believes that the new computer system including operating software installed during 1998 along with modifications made by PDC's computer technicians have addressed the dating system flaw inherent in most operating systems. PDC has completed a remediation plan and believes it is currently fully Year 2000 compliant.

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

Cost of Readiness

PDC does not currently expect to charge the Partnership for any portion of PDC's cost to become Year 2000 Compliant.

Risks of Year 2000 Issues

PDC presently believes the Year 2000 Issue will not present a materially adverse risk to PDC's or the Partnership's future results of operations, liquidity, and capital resources. However, if the level of the timely compliance by key suppliers or service providers is not sufficient, the Year 2000 Issue could have a material impact on PDC's or the Partnership'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 PDC's or the Partnership's business.

Contingency Plan

PDC has a contingency plan, and will implement it on any system that remains non-compliant at December 31, 1999, if any.

New Accounting Standards

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 standardizes the accounting for derivative instruments, including certain derivative instruments embedded in other contracts. The Partnership 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 Partnership 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 options contracts, outstanding at the date of adoption.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA:

The response to this Item is set forth herein in a separate section of this Report, beginning on Page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

NONE.

Part III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY.

The Partnership has no directors or executive officers. The Partnership is managed by Petroleum Development Corporation (the Managing General Partner). Petroleum Development Corporation's common stock is traded in the NASDAQ National Market and Form 10-K for 1998 has been filed with the Securities and Exchange Commission.

ITEM 11. MANAGEMENT REMUNERATIONS AND TRANSACTIONS.

NON-APPLICABLE.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

NON-APPLICABLE.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Pursuant to the authorization contained in the Limited Partnership Agreement, PDC receives fees for services rendered and reimbursement of certain expenses from the Partnership. The following table presents compensation or reimbursements by the Partnership to PDC or other related parties during the periods listed below:

<TABLE>

	<C> Periods Ended December 31, 1998	<C> 1997
Footage Drilling Contracts, Services, Chemicals, Supplies, and Equipment	\$ -	20,120,043
Syndication costs and management fee	-	2,407,545
Lifting costs	237,295	-
Tax return preparation	6,291	12,445
Direct administrative cost	2,642	2,500

</TABLE>

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) (1) Financial Statements

See Index to Financial Statements on F-2

(2) Financial Statement Schedules

See Index to Financial Statements on page F-2. All financial statement schedules are omitted because they are not required, inapplicable, or the information is included in the Financial Statements or Notes thereto.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

PDC 1997-D Limited Partnership
By its Managing General
Partner Petroleum Development
Corporation

By /s/ James N. Ryan
James N. Ryan, Chairman

March 24, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ James N. Ryan James N. Ryan	Chairman, Chief Executive Officer and Director	March 24, 1999
/s/ Steven R. Williams Steven R. Williams	President and Director	March 24, 1999
/s/ Dale G. Rettinger Dale G. Rettinger	Executive Vice President, Treasurer and Director (principal financial and accounting officer)	March 24, 1999
/s/ Roger J. Morgan Roger J. Morgan	Secretary and Director	March 24, 1999

PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Financial Statements for Annual Report
on Form 10-K to Securities and Exchange
Commission

Year Ended December 31, 1998 and Period from
December 30, 1997 (Date of Inception)
to December 31, 1997

(With Independent Auditors' Report Thereon)

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PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Index to Financial Statements

Independent Auditors' Report	F-3
Balance Sheet - December 31, 1998 and 1997	F-4
Statement of Operations - Year Ended December 31, 1998 and Period from December 30, 1997 (Date of Inception) to December 31, 1997	F-5
Statement of Partners' Equity - Year Ended December 31, 1998 and Period from December 30, 1997 (Date of Inception) to December 31, 1997	F-6
Statement of Cash Flows - Year Ended December 31, 1998 and Period from December 30, 1997 (Date of Inception) to December 31, 1997	F-7
Notes to Financial Statements	F-8

All financial statement schedules have been omitted because they are not applicable or not required or for the reason that the required information is shown in the financial statements or notes thereto.

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Independent Auditors' Report

To the Partners
PDC 1997-D Limited Partnership:

We have audited the financial statements of PDC 1997-D Limited Partnership (a West Virginia limited partnership) as listed in the accompanying index. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PDC 1997-D Limited Partnership as of December 31, 1998 and 1997, and the results of its operations and its cash flows for year ended December 31, 1998 and the period from December 30, 1997 (date of inception) to December 31, 1997, in conformity with generally accepted accounting principles.

KPMG LLP

Pittsburgh, Pennsylvania
March 23, 1999

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PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Balance Sheets

December 31, 1998 and 1997

<TABLE>

<C>

<C>

<C>

Assets	1998	1997
Current assets:		
Cash	\$ 1,900	\$ 20,000
Accounts receivable - oil and gas revenues	214,089	-
Total current assets	215,989	20,000
Oil and gas properties,		
successful efforts method (Notes 3 and 5):	11,045,989	20,120,043
Less accumulated depreciation, depletion, and amortization	749,223	-
	10,296,766	20,120,043
	\$10,512,755	20,140,043
Current Liabilities and Partners' Equity		
Current liabilities:		
Accrued expenses	\$ 30,452	21,876
Total current liabilities	30,452	21,876
Partners' equity	10,482,303	20,118,167
	\$10,512,755	20,140,043

</TABLE>

See accompanying notes to financial statements.

PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Statements of Operations

Year Ended December 31, 1998 and Period from December 30, 1997
(Date of Inception) to December 31, 1997

<TABLE>

<C>	<C> 1998	<C> 1997
Revenues:		
Sales of oil and gas	\$ 859,130	-
Interest income	842	-
	859,972	-
Expenses (note 3):		
Lifting cost	237,295	-
Management fee	-	462,989
Independent audit fee	6,479	6,831
Franchise taxes	4,105	100
Tax return preparation	6,291	12,445
Direct administrative cost	2,642	2,500
Independent engineering cost	8,000	-
Loss on impairment of oil and gas properties	9,074,054	-
Depreciation, depletion and amortization	749,223	-
	10,088,089	484,865
Net loss	\$ (9,228,117)	(484,865)
Net loss per limited and additional general partner unit	\$ (7,973)	(519)

</TABLE>

See accompanying notes to financial statements.

PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Statements of Partners' Equity

Year Ended December 31, 1998 and Period from December 30, 1997
(Date of Inception) to December 31, 1997

<TABLE>

<C>	<C>	<C>	<C>
	Limited and additional general partners	Managing general partner	Total
Partners' initial capital			
contributions	\$18,519,579	4,028,009	22,547,588
Syndication costs	(1,944,556)	-	(1,944,556)
Net loss	(480,490)	(4,375)	(484,865)
Balance, December 31, 1997	\$16,094,533	4,023,634	20,118,167
Net loss	(7,382,494)	(1,845,623)	(9,228,117)
Distributions to partners	(326,198)	(81,549)	(407,747)
Balance, December 31, 1998	\$ 8,385,841	2,096,462	10,482,303

</TABLE>

See accompanying notes to financial statements.

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PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Statements of Cash Flows

Year Ended December 31, 1998 and Period from December 30, 1997
(Date of Inception) to December 31, 1997

<TABLE>

<C>	<C>	<C>
	1998	1997

Cash flows from operating activities:

Net loss	\$ (9,228,117)	(484,865)
----------	----------------	-----------

Adjustments to reconcile net loss
to net cash provided from (used by)
operating activities:

Depreciation, depletion and amortization	749,223	-
---	---------	---

Loss on impairment of oil and gas properties	9,074,054	-
---	-----------	---

Changes in operating assets
and liabilities:

Increase in accounts

receivable - oil and gas		
revenues	(214,089)	-
Increase in accrued expenses	8,576	21,876
Net cash provided from		
(used by) operating activities	389,647	(462,989)
Cash flows from investing activities:		
Expenditures for		
oil and gas properties	-	(20,120,043)
Net cash used by		
investing activities	-	(20,120,043)
Cash flows from financing activities:		
Limited and additional		
general partner contributions	-	18,519,579
Managing General Partner		
contribution	-	4,028,009
Syndication cost paid	-	(1,944,556)
Distributions to partners	(407,747)	-
Net cash (used by) provided		
from financing activities	(407,747)	20,603,032
Net (decrease) increase in cash	(18,100)	20,000
Cash at beginning of period	20,000	-
Cash at end of period	\$ 1,900	20,000

</TABLE>

See accompanying notes to financial statements.

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PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Notes to Financial Statements

Year Ended December 31, 1998 and Period from December 30, 1997
(Date of Inception) to December 31, 1997

(1) Summary of Significant Accounting Policies

Partnership Financial Statement Presentation Basis

The financial statements include only those assets, liabilities and results of operations of the partners which relate to the business of PDC 1997-D Limited Partnership (the Partnership). The statements do not include any assets, liabilities, revenues or expenses attributable to any of the partners' other activities.

Oil and Gas Properties

The Partnership follows the successful efforts method of accounting for the cost of exploring for and developing oil and gas reserves. Under this method, costs of development wells, including equipment and intangible drilling costs related to both producing wells and developmental dry holes, and successful exploratory wells are capitalized and amortized on an annual basis to operations by the units-of-production method using estimated proved developed reserves determined at year end by an independent petroleum engineer. If a determination is made that an exploratory well has not discovered economically producible reserves, then its costs are expensed as dry hole costs.

The Partnership assesses impairment of capitalized costs of proved oil and gas properties by comparing net capitalized costs to undiscounted future net cash flows on a field-by-field basis using expected prices. Prices utilized in each years calculation for measurement purposes and expected costs are held constant. If net capitalized costs exceed undiscounted future net cash flow, the measurement of impairment is based on estimated fair value which would consider future discounted cash flows. During 1998 the loss on impairment of oil and gas properties as reflected in the Statement of Operations amounted to \$9,074,054.

Based on the Managing General Partner's experience, management believes site restoration, dismantlement and abandonment costs, net of salvage to be immaterial in relation to operating costs. These costs are being expensed when incurred.

Income Taxes

Since the taxable income or loss of the Partnership is reported in the separate tax returns of the partners, no provision has been made for income taxes on the Partnership's books.

Under federal income tax laws, regulations and administrative rulings, certain types of transactions may be accorded varying interpretations. Accordingly, the Partnership's tax return and, consequently, individual tax returns of the partners may be changed to conform to the tax treatment resulting from a review by the Internal Revenue Service.

PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Notes to Financial Statements, Continued

Use of Estimates

Management of the Partnership has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(2) Organization

The Partnership was organized as a limited partnership on December 30, 1997 in accordance with the laws of the State of West Virginia for the purpose of engaging in the drilling, completion and operation of oil and gas development and exploratory wells in the Northern Appalachian and Michigan Basins.

Purchasers of partnership units subscribed to and fully paid for 7.95 units of limited partner interests and 918.02895 units of additional general partner interests at \$20,000 per unit (Investor Partners). Petroleum Development Corporation has been designated the Managing General Partner of the Partnership. Although costs, revenues and cash distributions allocable to the limited and additional general partners are shared pro rata based upon the amount of their subscriptions, including the Managing General Partner to the extent of its capital contributions, there are significant differences in the federal income tax effects and liability associated with these different types of units in the Partnership.

Upon completion of the drilling phase of the Partnership's wells, all additional general partners units are converted into units of limited partner interests and thereafter become limited partners of the Partnership. Limited partners do not have any rights to convert their units into units of additional general partner interests in the Partnership.

In accordance with the terms of the Partnership Agreement (the Agreement), the Managing General Partner manages all activities of

the Partnership and acts as the intermediary for substantially all Partnership transactions.

(3) Transactions with Managing General Partner and Affiliates

The Partnership's transactions with the Managing General Partner include charges for the following:

<TABLE>

<C>	<C>	<C>
	Year Ended December 31, 1998	Period from December 30, 1997 (date of inception) to December 31, 1997
Drilling, completion and lease costs	\$ -	20,120,043
Offering and organization costs (includes reimbursements of commissions and management fee)	-	2,407,545
Lifting costs	237,295	-
Tax return preparation	6,291	12,445
Direct administrative cost	2,642	2,500

</TABLE>

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PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Notes to Financial Statements, Continued

(4) Allocation

The following table summarizes the participation of the Managing General Partner and the Investor Partners, taking account of the Managing General Partner's capital contribution equal to a minimum of 20% of the Initial Operating Capital, in the costs and revenues of the Partnership.

<TABLE>

<C>	<C>	<C>
	Investor Partners	Managing General Partner
Partnership Costs		
Broker-dealer Commissions and Expenses(1)	100%	0%
Management Fee	100%	0%
Undeveloped Lease Costs	0%	100%
Drilling and Completion Costs	80%	20%
Tangible Equipment	0%	100%
Intangible Drilling and Development Costs	100%	0%
Operating Costs(2)	80%	20%
Direct Costs(3)	80%	20%
Administrative Costs	0%	100%

Partnership Revenues

Sale of Oil and Gas Production(4)	80%	20%
Sale of Productive Properties(5)	80%	20%
Sale of Equipment	0%	100%
Sale of Undeveloped Leases	80%	20%
Interest Income.	80%	20%

[FN]

- (1) Organization and Offering Costs, net of the Dealer Manager commissions, discounts, due diligence expenses, and wholesaling fees of the Partnership were paid by the Managing General Partner and not from Partnership funds. In addition, Organization and Offering Costs in excess of 10-1/2% of Subscriptions were paid by the Managing General Partner, without recourse to the Partnership.
- (2) Represents Operating costs incurred after the completion of productive wells, including monthly per-well charges paid to the Managing General Partner.
- (3) The Managing General Partner receives monthly reimbursement from the Partnership for their direct costs incurred by the Managing General Partner on behalf of the Partnership.
- (4) The revenues and expenses allocated to the partners are subject to a special provision in the partnership agreement, whereby the allocable share of revenues and expenses of the Investor Partners may be increased and the interest of the Managing General Partner may be decreased if certain cash distribution levels are not met. The shifting of the allocable share of revenues and expenses to the Investor Partners in the event that certain prescribed cash distribution levels are not attained may also serve to shift an increased amount of cash distributions to the Investor Partners and a decreased amount of cash distributions to the Managing General Partner.

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PDC 1997-D LIMITED PARTNERSHIP
(A West Virginia Limited Partnership)

Notes to Financial Statements, Continued

- (5) In the event of the sale or other disposition of a productive well, a lease upon which such well is situated, or any equipment related to any such lease or well, the proceeds from such sale or disposition shall be allocated and credited to the Partners as oil and gas revenues are allocated. The term "proceeds" above does not include revenues from a royalty, overriding royalty, lease

interest reserved, or other promotional consideration received by the Partnership in connection with any sale or disposition, which revenues shall be allocated to the Investor Partners and the Managing General Partner in the same percentages that oil and gas revenues are allocated. No such sales have occurred.

</FN>

(5) Costs Relating to Oil and Gas Activities

The Partnership is engaged solely in oil and gas activities, all of which are located in the continental United States. Information regarding aggregate capitalized costs and results of operations for these activities is located in the basic financial statements. Costs capitalized for these activities are as follows:

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		December 31,	
		1998	1997
Lease acquisition costs		\$520,022	520,022
Intangible development costs		16,216,034	16,216,034
Well equipment		3,383,987	3,383,987
Impairment charge		(9,074,054)	-
		\$11,045,989	20,120,043

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		Year Ended	Period from
		Dec. 31	Dec. 30, 1997
		1998	(date of
			inception) to
			December 31,
			1997
Costs capitalized:			
Oil and gas properties		\$ -	\$20,120,043
		\$ -	20,120,043

</TABLE>

(6) Income Taxes

As a result of the differences in the treatment of certain items for income tax purposes as opposed to financial reporting purposes, primarily depreciation, depletion and amortization of oil and gas properties and the recognition of intangible drilling costs as an expense or capital item, the income tax basis of oil and gas properties differs from the basis used for financial reporting purposes. At December 31, 1998 and 1997, the income tax basis of the partnership's oil and gas properties was \$3,420,582 and \$3,904,009, respectively.

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Notes to Financial Statements, Continued

(7) Supplemental Reserve Information

Proved oil and gas reserves of the Partnership have been estimated by an independent petroleum engineer, Wright & Company, Inc. These reserves have been prepared in compliance with the Securities and Exchange Commission rules based on year end prices. A copy of the reserve report has been made available to all partners. All of the partnership's reserves are proved developed. An analysis of the change in estimated quantities of proved developed oil and gas reserves is shown below:

	Natural gas (mcf)
Proved developed reserves as of December 31, 1997	-
Extensions, discoveries and other additions	13,375,499
Production	(337,359)
 Proved developed reserves as of December 31, 1998	 13,038,140

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