

The Devon logo is written in a white, lowercase, serif font on a dark green background. It is positioned in the top right corner of the slide, partially overlapping a photograph of a worker.

Devon South Wabasca

Performance Presentation AEUB Interim Directive 2002-3

**Athabasca Wabiskaw-McMurray Oil Sands Deposit
Primary Recovery Scheme
Appl #1069703, Approval #8756
Twp 78, Rng 24-25, W4M**

January 31st, 2006

Mike Toole

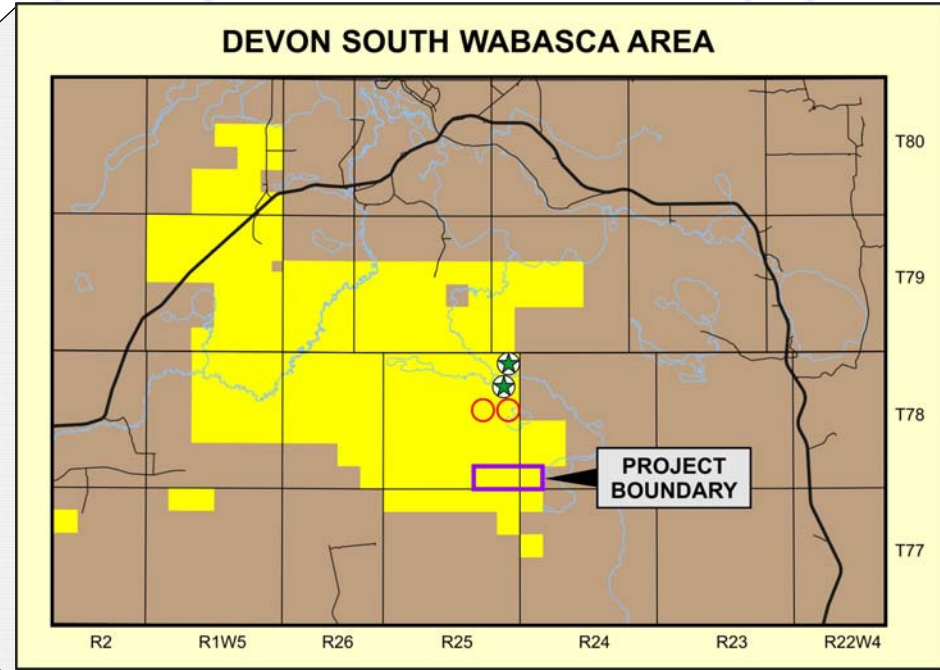
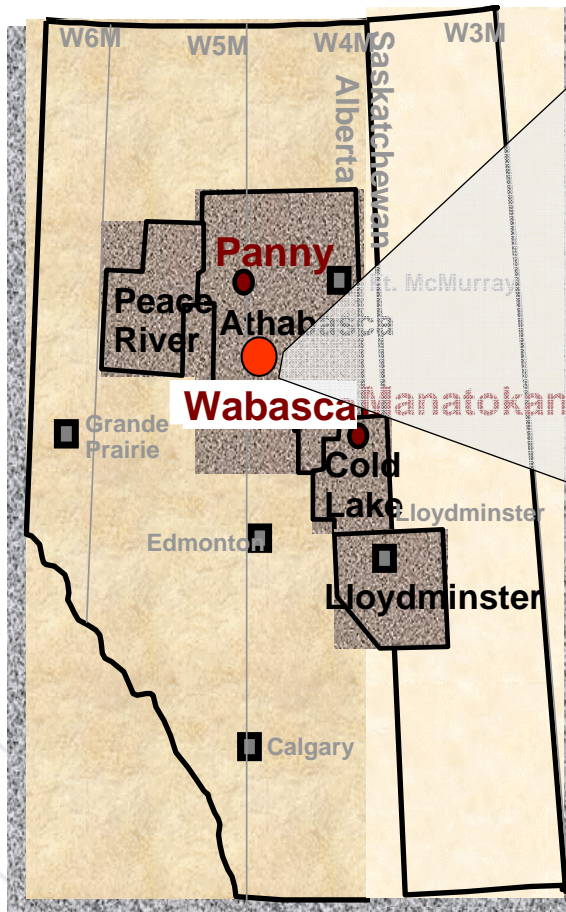
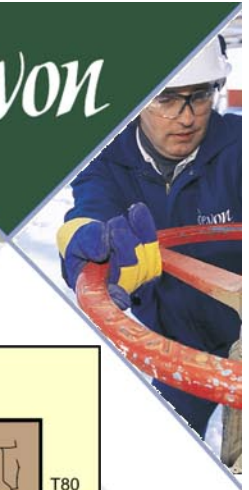
Presentation Summary

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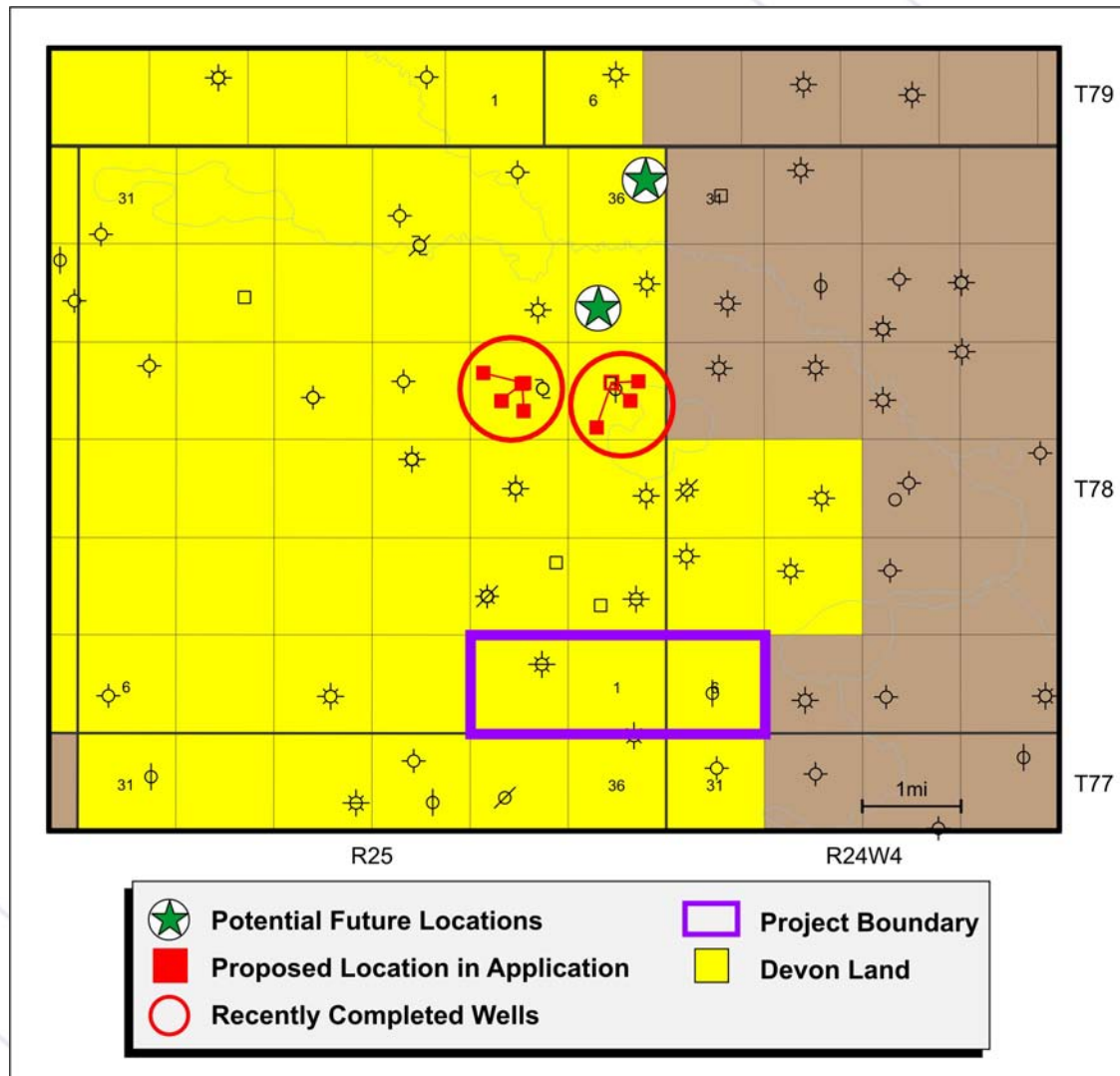
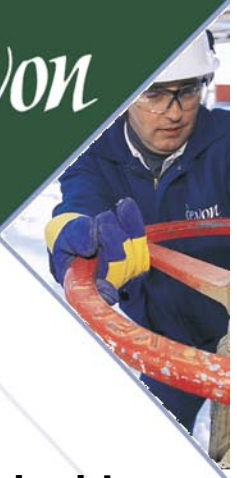
- Property Background - Major Events
- Overall Performance
- Compliance Issues
- Future Plans

Devon South Wabasca



SOUTH WABASCA Map of Scheme

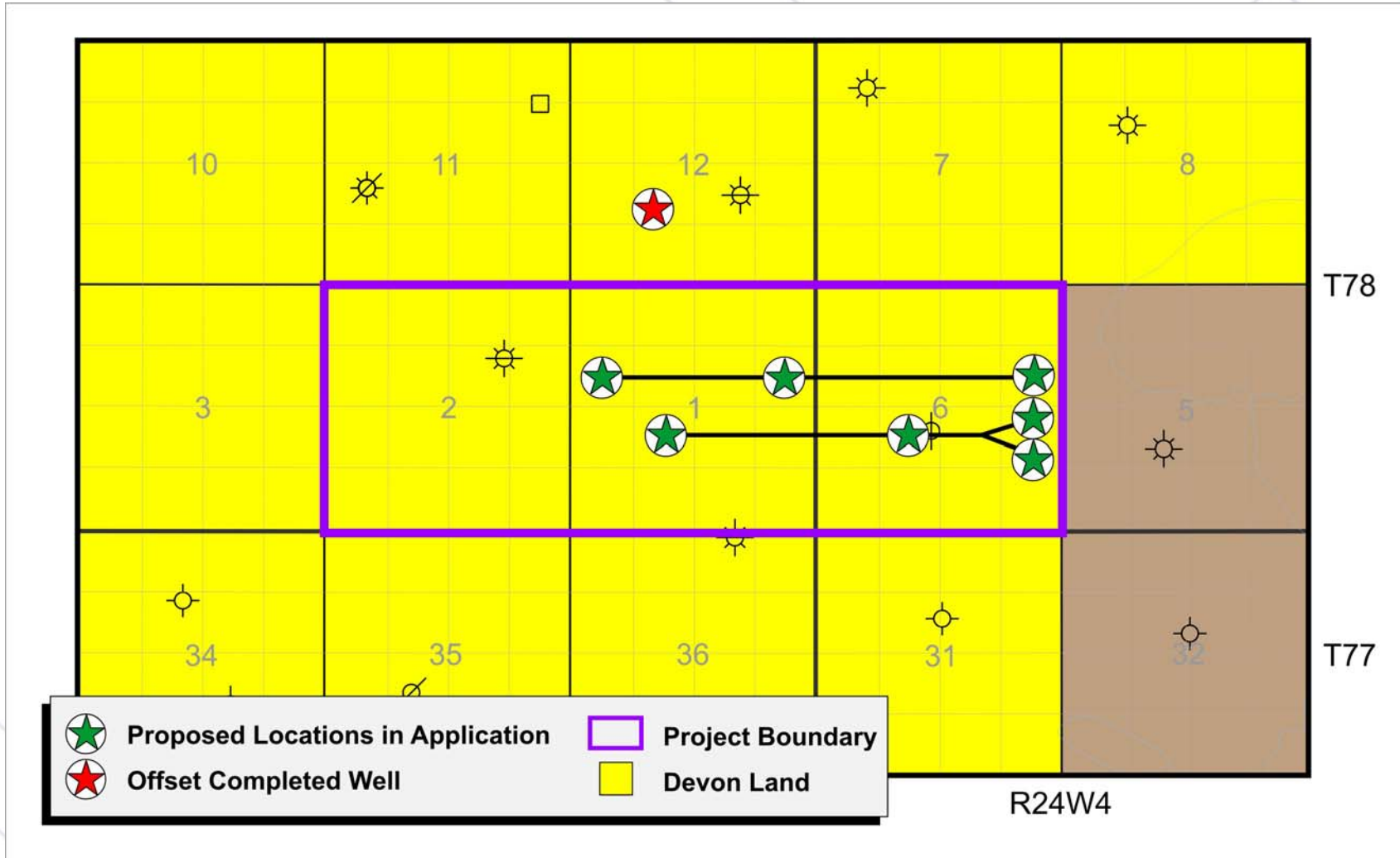
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- No producing wells inside the Primary Scheme Area.
- No facility infrastructure
- 4 Producing wells offset to Scheme Area
- Production is trucked for 3rd party processing.

SOUTH WABASCA Map Detail of Scheme

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Major Events Background



- **Jul-2000: Numac Energy made AEUB Primary Recovery Scheme Application on 3 OSL sections.**
- **Feb-2001: Numac Received AEUB Approval.**
- **Feb-2001: Numac Energy acquired by Anderson Exploration.**
- **Oct-2001: Anderson acquired by Devon, Numac assets amalgamated. Devon Canada is current Operator.**
- **Jan-2003: Devon placed 4 vertical wells offsetting Application area on production to assess performance.**
- **Nov-2003: Devon drilled 7 pilot wells offsetting Application Area to assess well performance.**
- **Nov-2003 to Present: Operations focus to maintain existing production.**
- **Jan-2006: Devon has purchased an interest in existing road infrastructure in the area and is constructing additional access to existing wells.**

Overall Performance

Original Application Expectations

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- South Wabasca is a Primary Production Scheme
- Application assumed: 4 horizontal wells, 1200 – 1300 m pay length, 8 horizontal wells/section potential, 10 year production life, Q_o initial = 35 m³/d/well, Water Cut = 10% constant.
- Application estimated Wabiskaw primary RF = 5-6%, Recoverable Oil = 35,000 m³/well (220 mstb/well) OOIP = 14,000 e⁶m³ (88mmstb) within 3 section area.

Overall Performance Actual versus Expected

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- No drilling or development work within the the original Application area has occurred. No production data within the approval area to compare.
- 9 New Wells put on production outside the application approval area.
 - Operating costs associated with production are excessive.

Production Performance

100/9-11-78-25W5

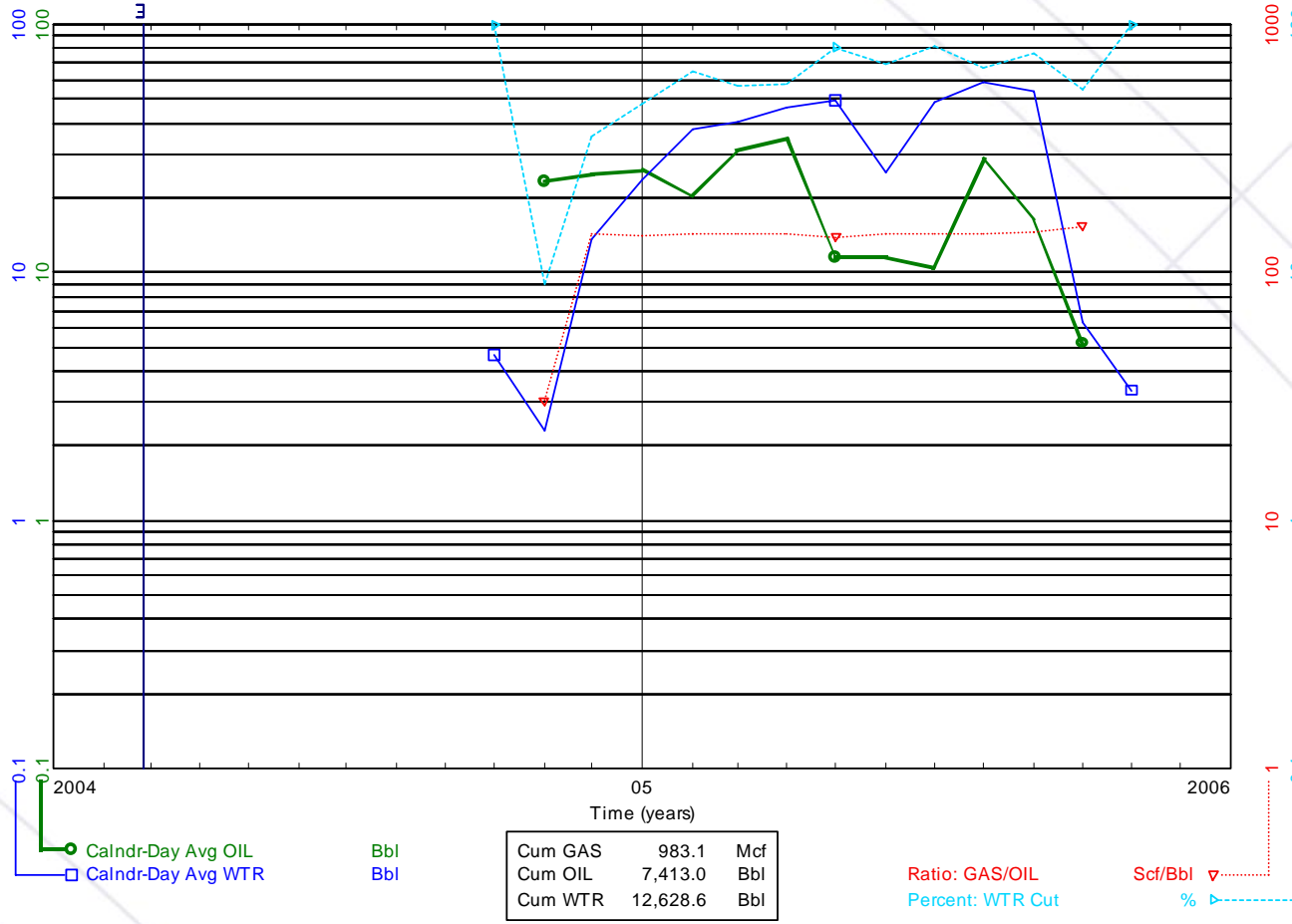
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Data As Of: 2005-11 (AB)
From: 2004-10
To: 2005-11

INDIVIDUAL PRODUCTION
DEVON ARL 9D PELICAN 9-11-78-25
102/09-11-078-25W4/00

Status: Pumping Crude Bitumen
Field: ATHABASCA-OS (A001)
Pool: WABISKAW-MCMURRAY (0306200)

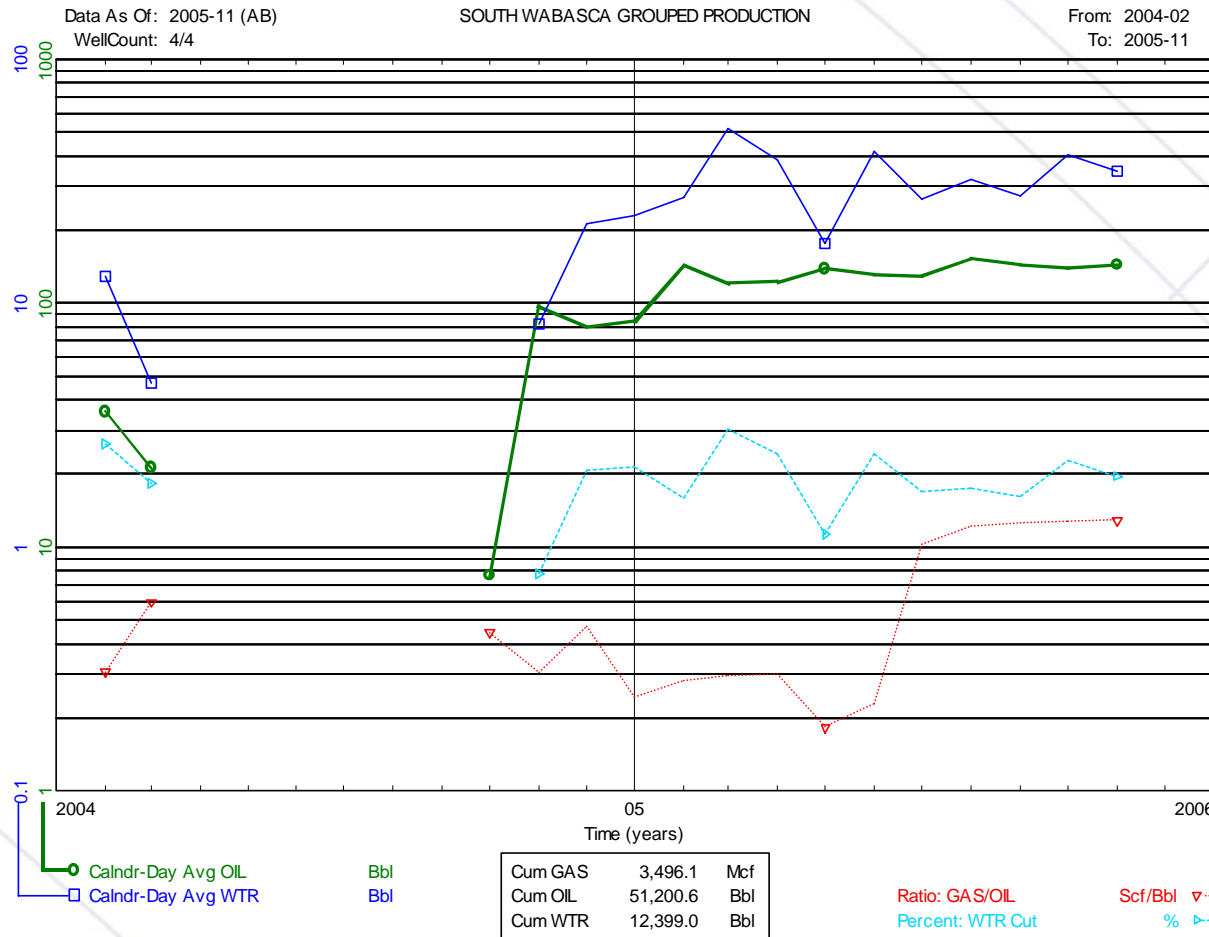


- 20-30 bopd
- 70-100% water cut

Production Performance

24-78-25W4 Pad Wells

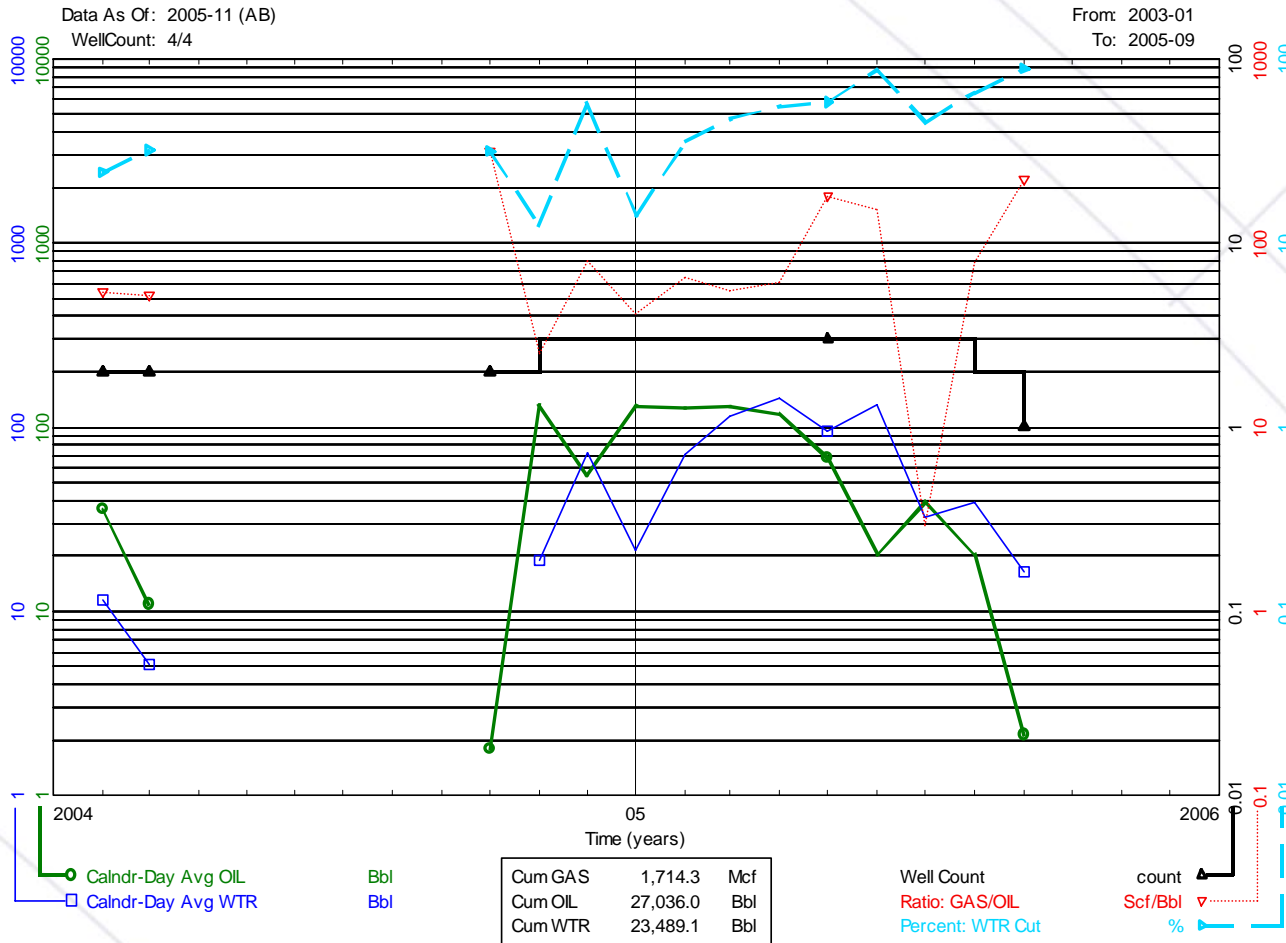
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- 4 wells producing
- 1 horizontal
- 3 vertical/slant wells
- 150 bopd @ 20% WC

Production Performance 23-78-25W4 Pad Wells

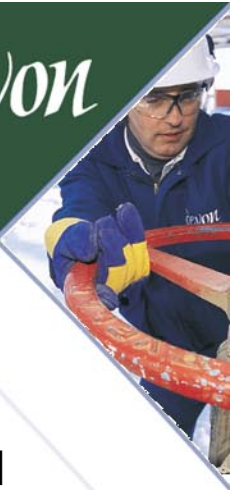
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- 10 bopd or less
- 90+% water cut
- Wells shut-in

102/11-24-078-25W4 Vertical Well

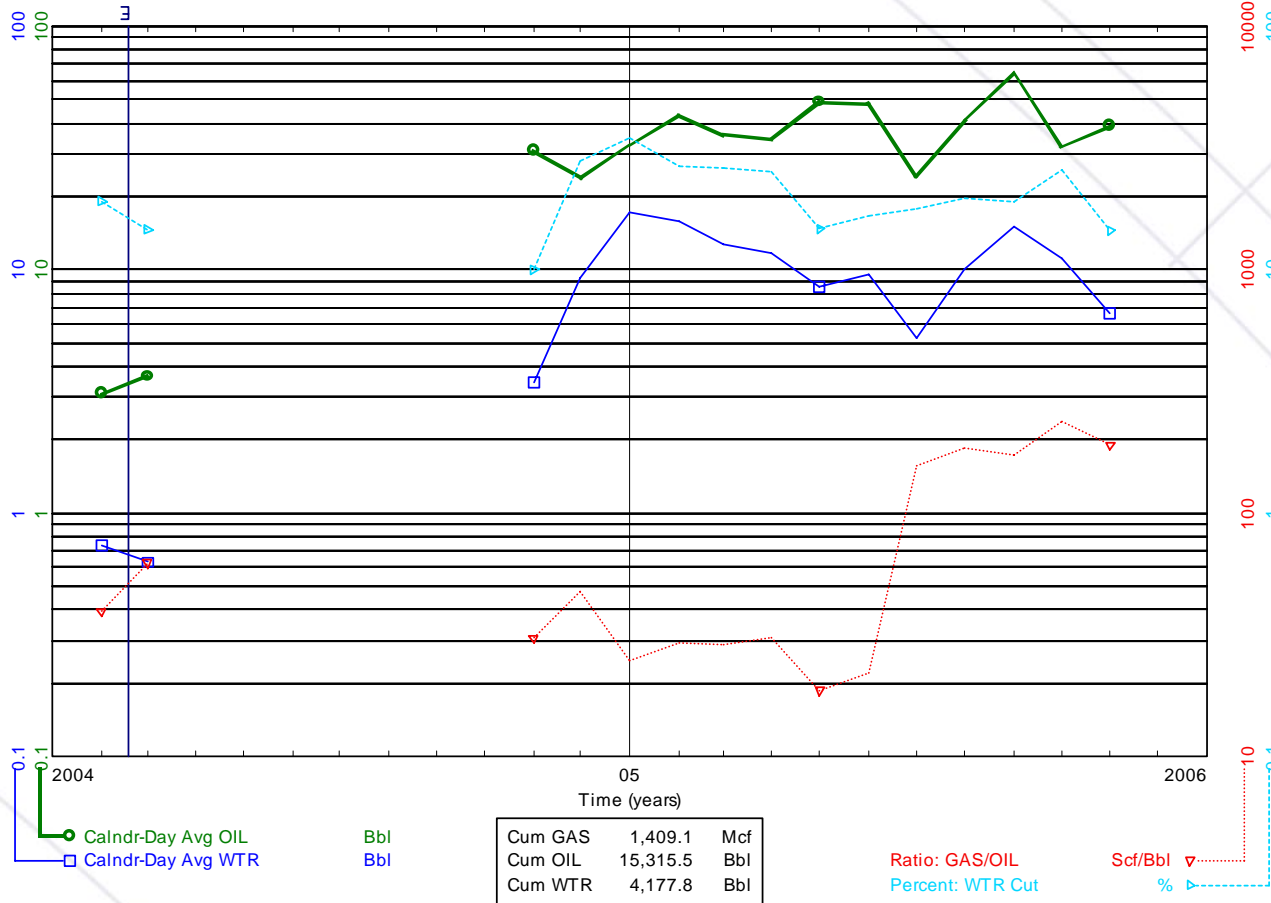
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Data As Of: 2005-11 (AB)
From: 2004-02
To: 2005-11

INDIVIDUAL PRODUCTION
DEVON PELICAN 11-24-78-25
102/11-24-078-25W4/00

Status: Pumping Crude Bitumen
Field: ATHABASCA-OS (A001)
Pool: WABISKAW-MCMURRAY (0306200)



• 40-50 bopd

• 15% water cut

100/03-24-78-25W4 Horizontal Well

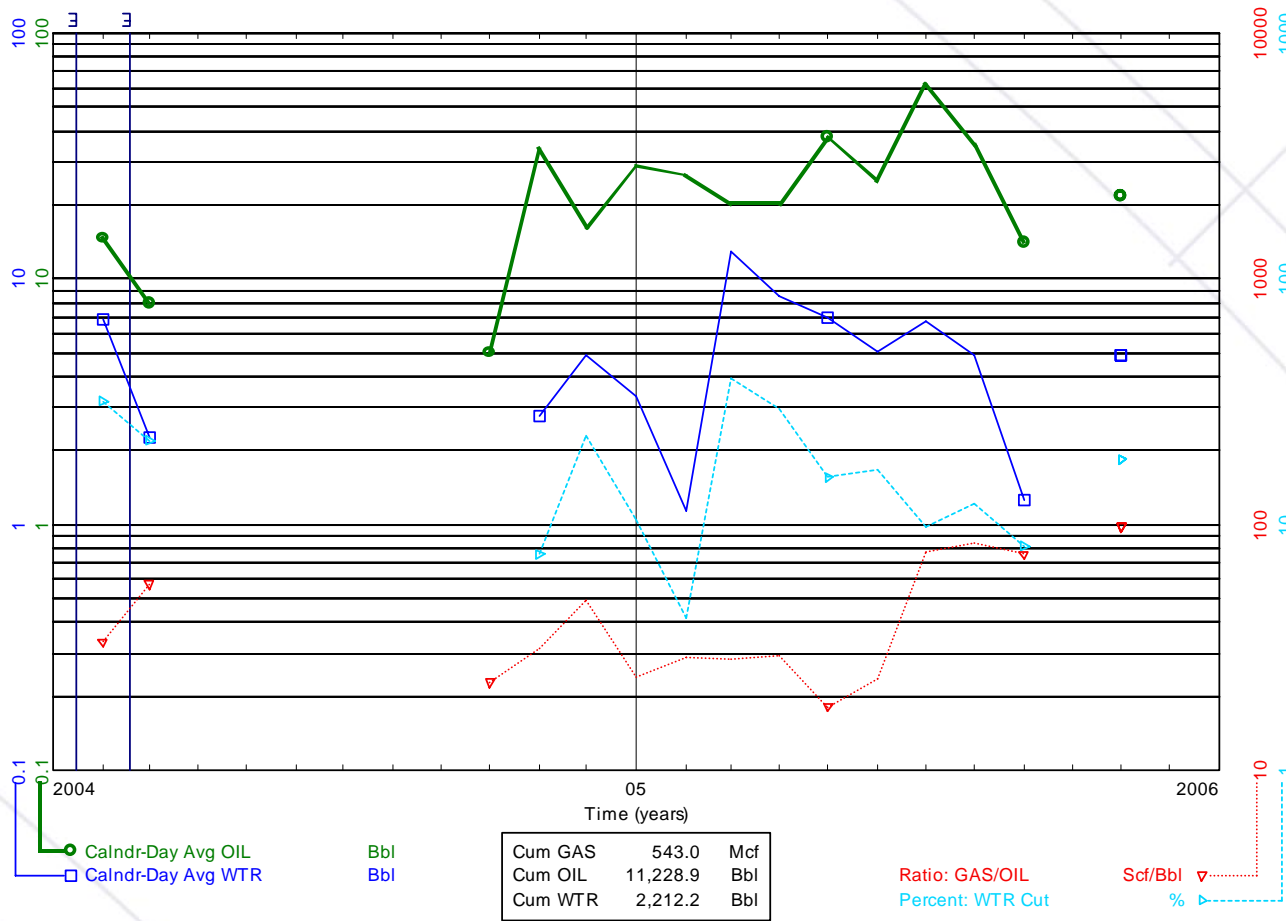
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Data As Of: 2005-11 (AB)
From: 2004-02
To: 2005-11

INDIVIDUAL PRODUCTION
DEVON PELICAN 3-24-78-25
100/03-24-078-25W4/00

Status: Pumping Crude Bitumen
Field: ATHABASCA-OS (A001)
Pool: WABISKAW-MCMURRAY (0306200)



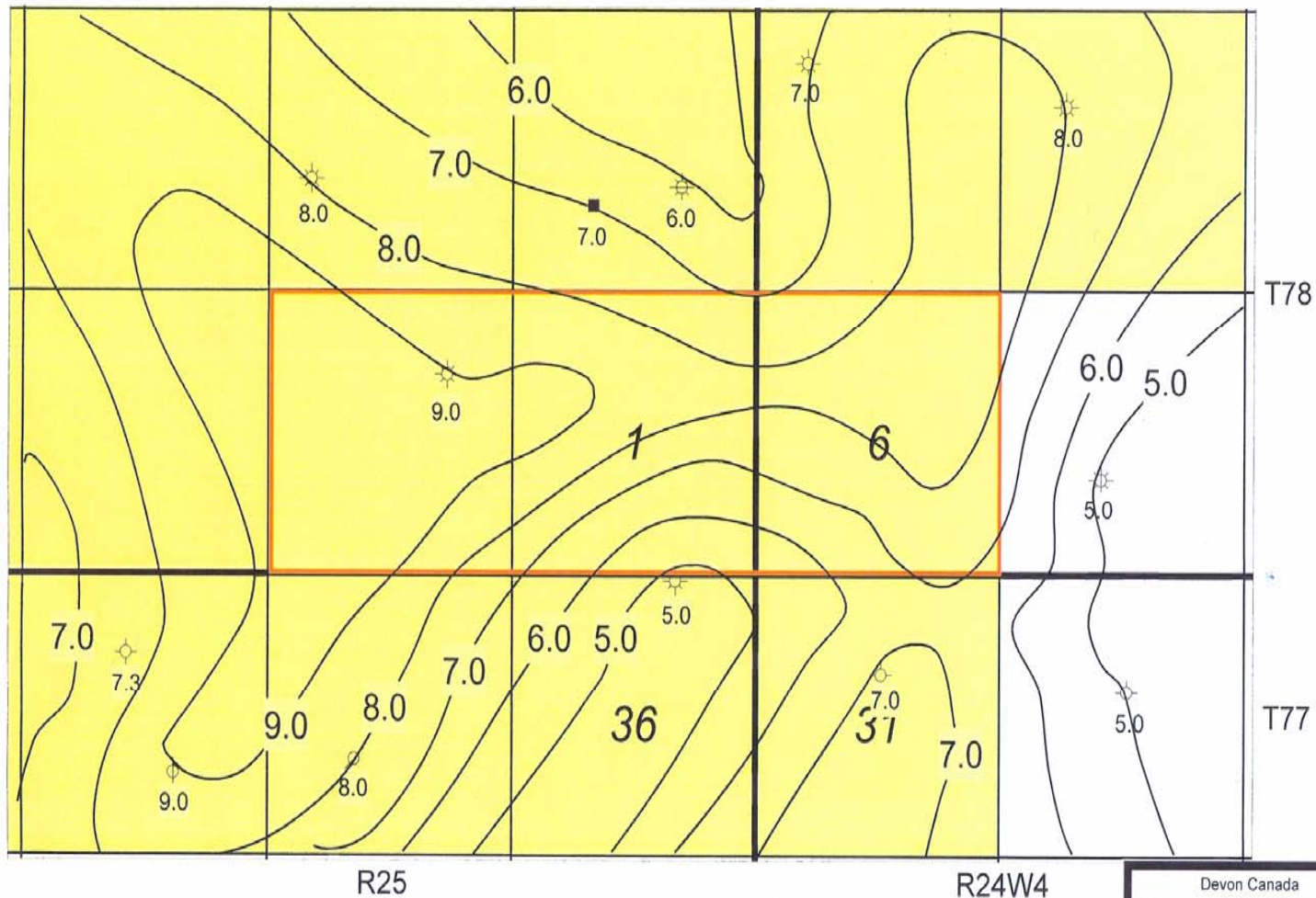
- 20-30 bopd
- 10% water cut

Cum GAS	543.0	Mcf
Cum OIL	11,228.9	Bbl
Cum WTR	2,212.2	Bbl

Ratio: GAS/OIL
Percent: WTR Cut
Scf/Bbl
%

SOUTH WABASKA Net Pay Map

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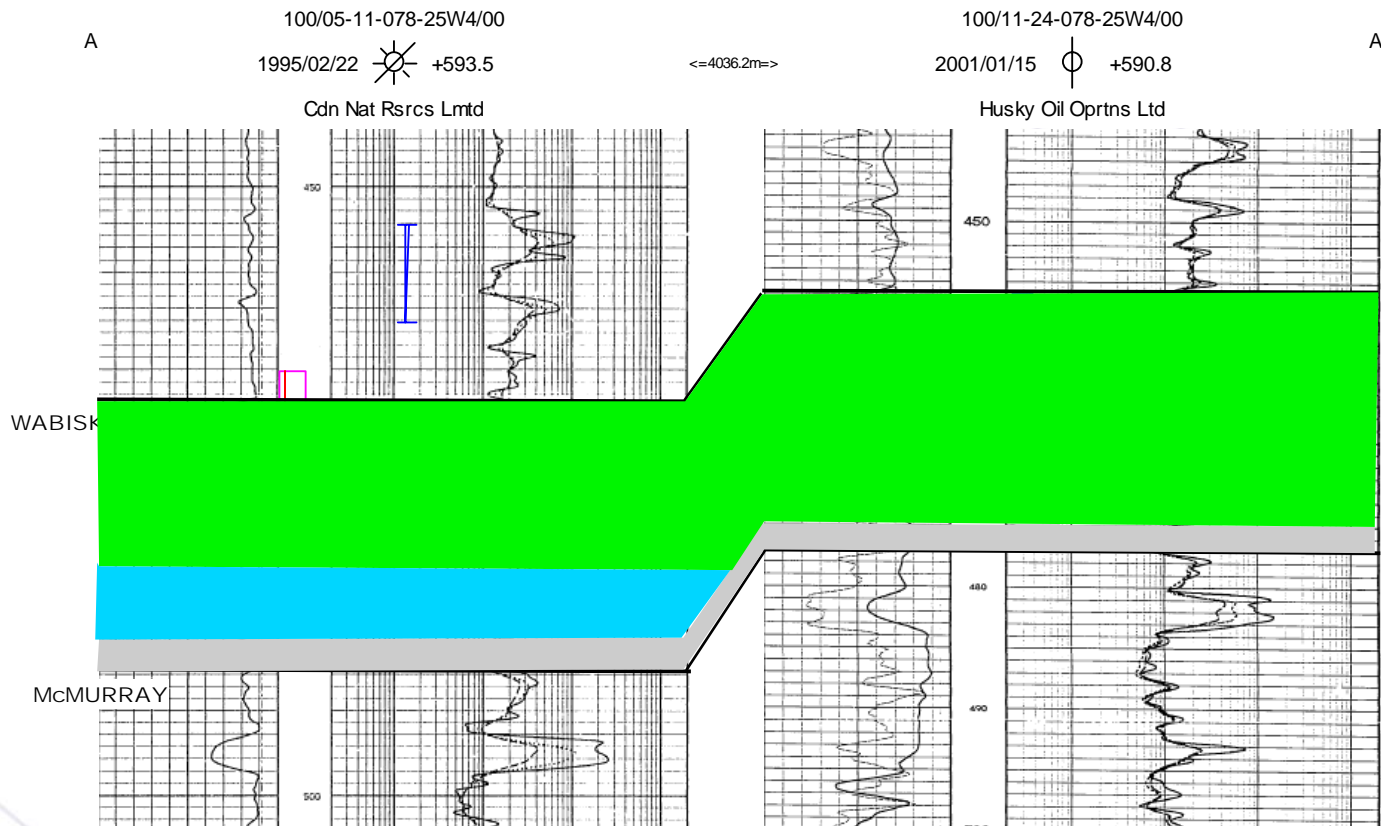
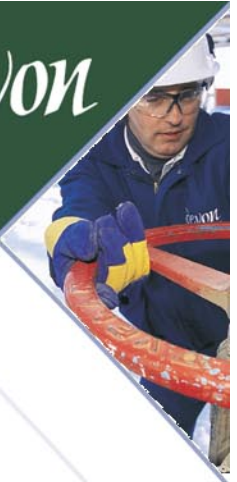


Devon Canada
Wabiskaw
Net Oil Pay (m)
cutoffs: 10 ohms, 30% porosity
Revised to: Devon Canada
Scale: 1:50,000
Date: 2003/04/10
Author: [illegible]

SOUTH WABASCA AREA

Type Logs

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Reservoir:

- Porosity = 30%
- K = 1.0+ Darcy
- Net Pay = 6m

Recoverable Reserves:

- 75,000 bbls/Well
- 1.2MM bbls/Sec
- (16 Wells)

Plateau Rate: 40 bopd

Production Performance Actual versus Expected in Application

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- **Stabilized Oil Rate:**
 - Horizontal: 20-30 bopd Actual versus 220 bopd Predicted
 - Vertical: 40-50 bopd Actual
- **Reserve Recovery:**
 - 75 mstb/well Vertical well estimate versus 220 mstb/well Horizontal well prediction in original application
- **Vertical wells performing better**

Compliance Issues

Original AEUB Application Requirements

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- **AEUB issued Approval # 8756 to Numac on February 1, 2001 for Primary Recovery Scheme Application #1069703.**
- **Approval specified 4 horizontal locations + 2 vertical locations to be drilled within Athabasca oil sands deposit. One horizontal well assumed to be dual leg well.**
- **Minimum interwell distance of 200 meters specified for horizontal wells.**
- **Minimum 100 meter project boundary buffer specified.**
- **Report submission required by Sep-28-2001 detailing observed GOR's, gas conservation plans and ID-99-1 compliance confirmation.**

Compliance Issues

Actual Performance

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- **Drilling locations:** Project was suspended by Anderson. No wells have been spudded in the scheme area. Original approval & locations still apply.
- **Minimum interwell distance:** Not yet applicable
- **Minimum 100 meter buffer:** Not yet applicable
- **Report submission by Sep-28-2001 (GOR's, conservation, ID-99-1):**
Not yet applicable

Future Plans Summary



- **Continue to monitor production performance of wells offsetting approval Area.**
 - **Reduce operating costs – currently marginally economic**
- **Evaluate economics and merits of further development.**
 - **Identify possible drilling locations**
 - **Quantify viable production and reserve base**
 - **Prove additional production (economies of scale).**
 - **Facility infrastructure & Sales P/L requirements**
 - **Is it economic??**
- **Expand/Revise existing Approval Area??**