

The top right corner of the slide features the Devon logo in white script on a dark green background. Below the logo is a photograph of a worker in a blue jacket and white hard hat, wearing yellow and blue gloves, holding a red hose. The background of the slide is a light blue and white geometric pattern of overlapping lines.

Performance Review
Primary Recovery Scheme
Approval No. 8304
Panny Area (Athabasca OSA)
Wabiskaw-McMurray Oil Sands Deposit

January 31, 2006

Global **VISION**. Community **VALUES**.

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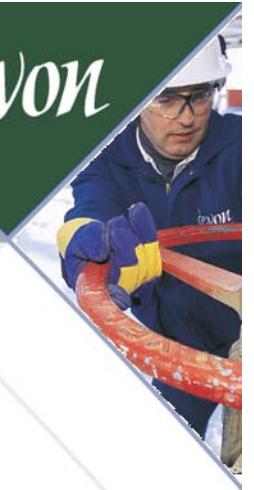
Devon Representatives

Julie Wong – Exploitation Engineer

Kamel Senusi – Production Engineer

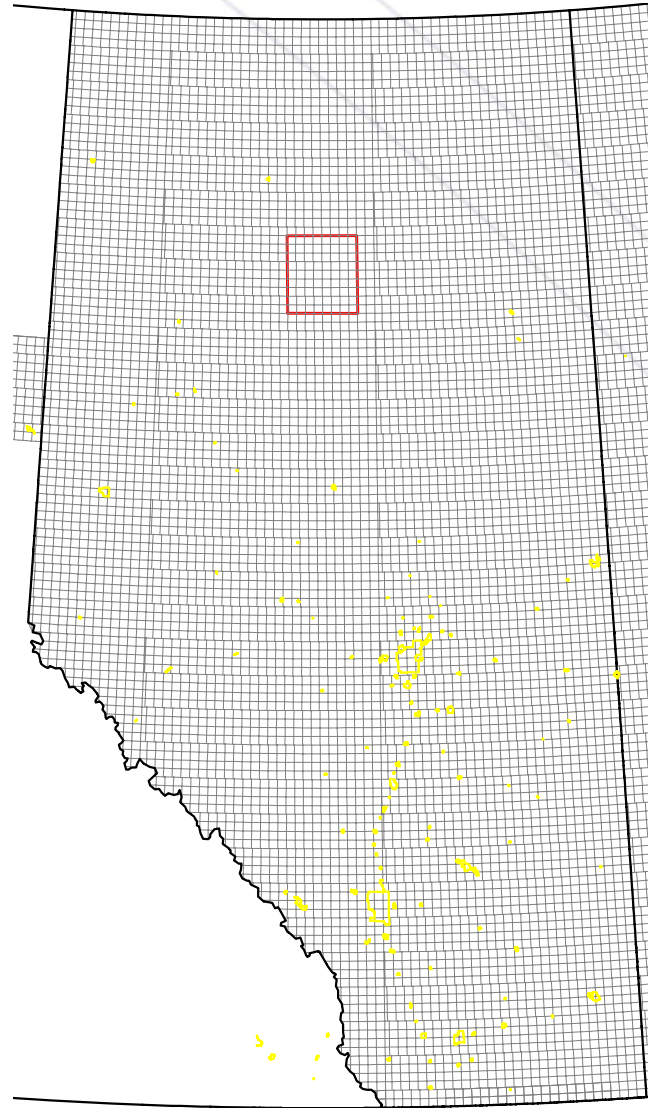
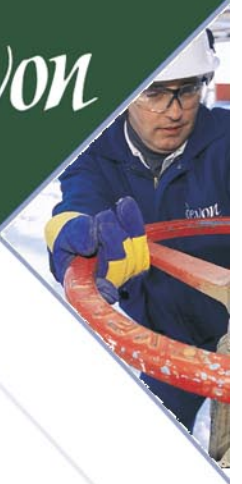
Glen McWilliams – Geologist

Vince Topacio – Exploitation Technologist

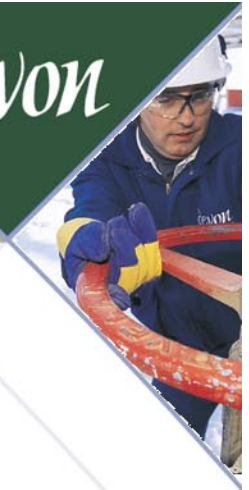
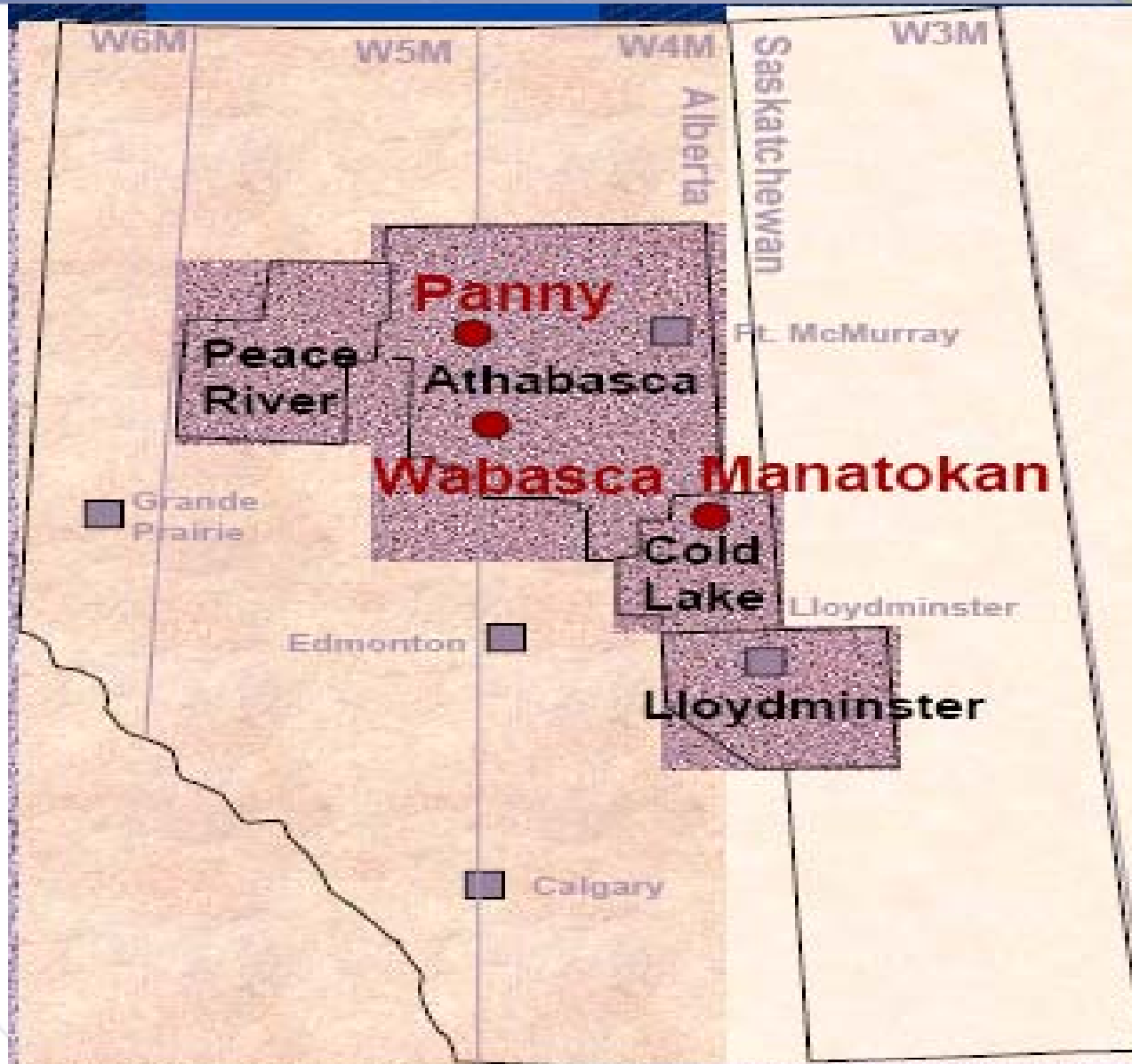


Alberta Proximity Map

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Devon Primary Recovery Schemes



The top of the slide features a decorative header. On the right side, there is a dark green triangle containing the word "devon" in a white, lowercase, serif font. To the right of this triangle is a photograph of a worker wearing a white hard hat, safety glasses, and a blue jacket with yellow accents, holding a red hose. The background of the slide is white with a faint, light blue grid pattern.

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Panny Primary Recovery Scheme Approval No. 8304

Global **VISION**. Community **VALUES**.



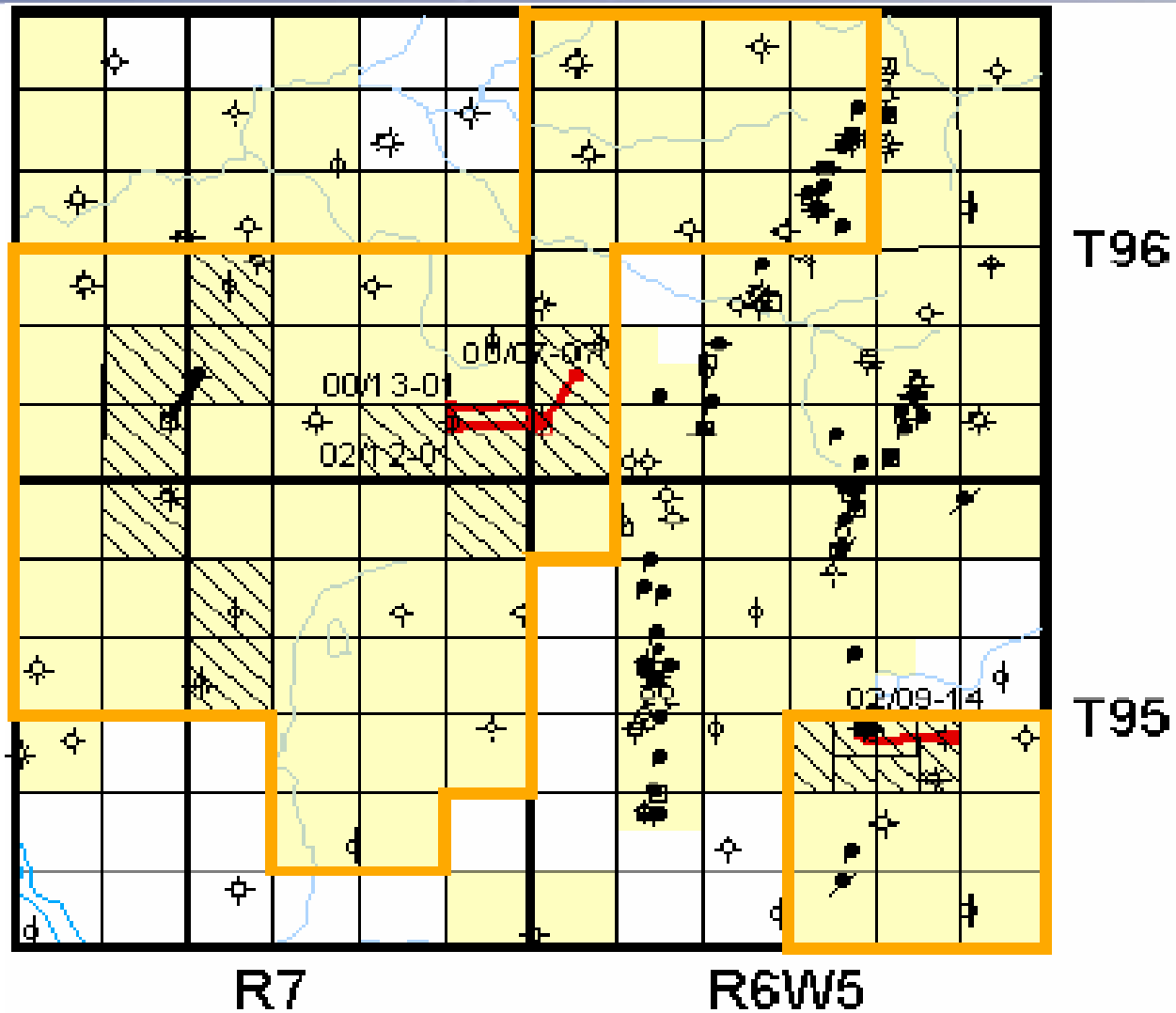
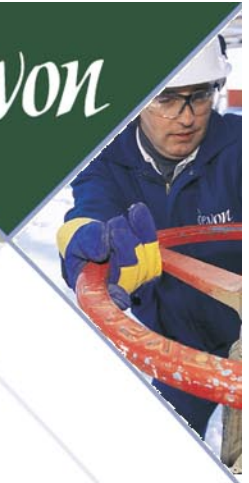
#8304 – Approved Primary Scheme Wells

Surface Location

Bottom-hole Location

12-06-096-06 W5M	➔	07-07-096-06 W5M
12-06-096-06 W5M	➔	12-01-096-07 W5M
12-06-096-06 W5M	➔	13-01-096-07 W5M
16-05-096-07 W5M	➔	14-09-096-07 W5M
16-05-096-07 W5M	➔	16-04-096-07 W5M
16-15-095-06 W5M	➔	09-14-095-06 W5M

#8304 – Map of Primary Scheme Wells



 Oil Sands Leases

 Application Area

Major Events Background

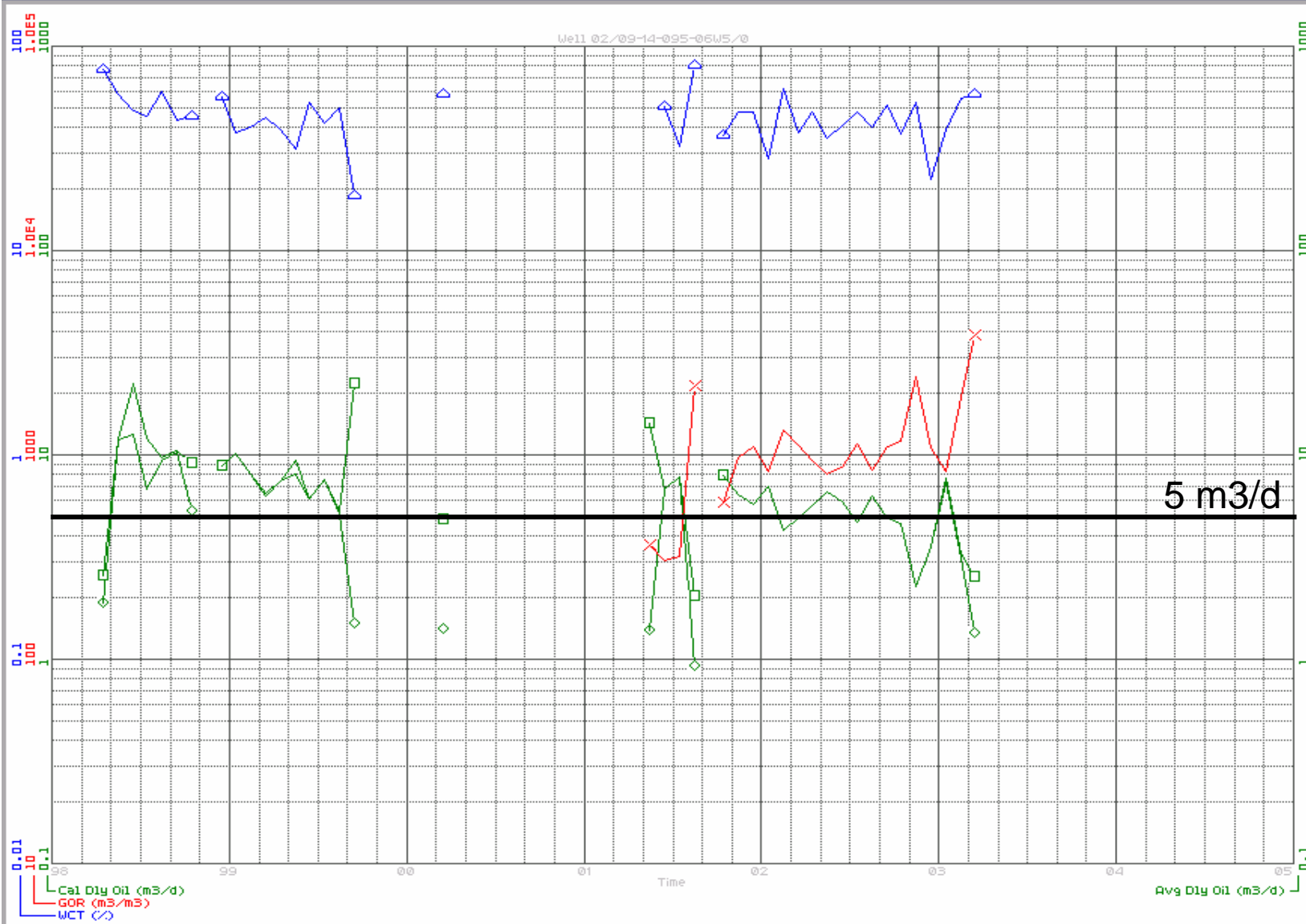
- Dec-1997: Northstar Energy made AEUB Primary Recovery Scheme Application on 6 OSL's.
- Feb-1998: Received AEUB Approval.
- Mar-1998: Northstar drilled 5 evaluation horizontal wells in the Wabiskaw-McMurray oil sands.
- Oct-2001: Devon Canada Corp. formed, Northstar assets amalgamated. Devon is current Operator of Panny.
- 2003-Present: Horizontal wells are all shut-in due to uneconomic production. Devon is currently experimenting with CHOPS technology using vertical wells.



Well 02/09-14-095-06 W5/0



Comprehensive Production



Close
Print...
Help
Customize

Template Sets

Panny Oil

Delete Set

Mode

- Rate / Time
- Rate / Cum

Template

- Oil
- Inj
- Gas
- Other

From: 2001
To: 2005

First-Last + 0 Yrs

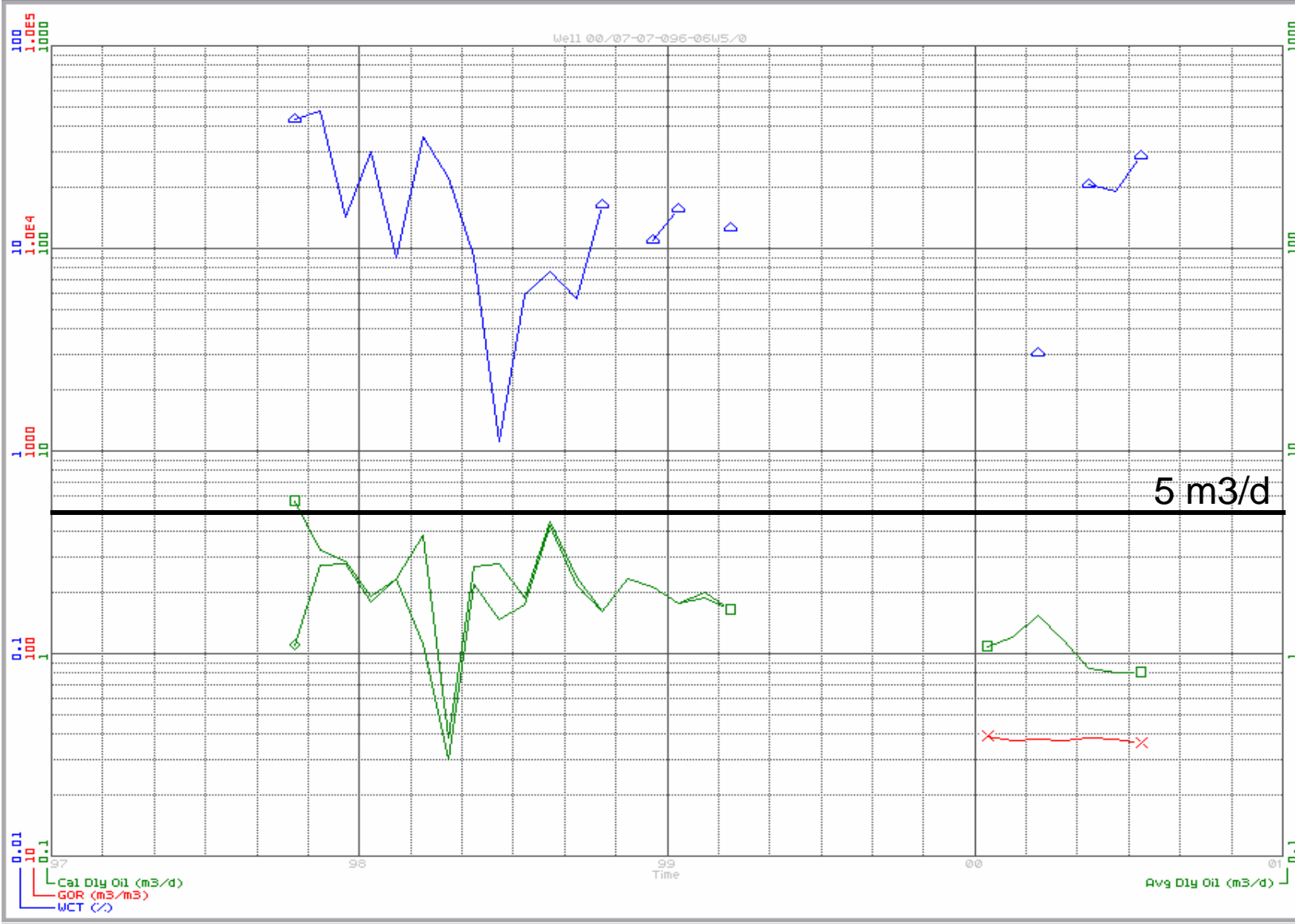
Imperial Metric

Display: Graph Data Summary

Well 00/07-07-096-06 W5/0



Comprehensive Production



- Close
- Print...
- Help
- Customize

Template Sets

Panny Oil

Delete Set

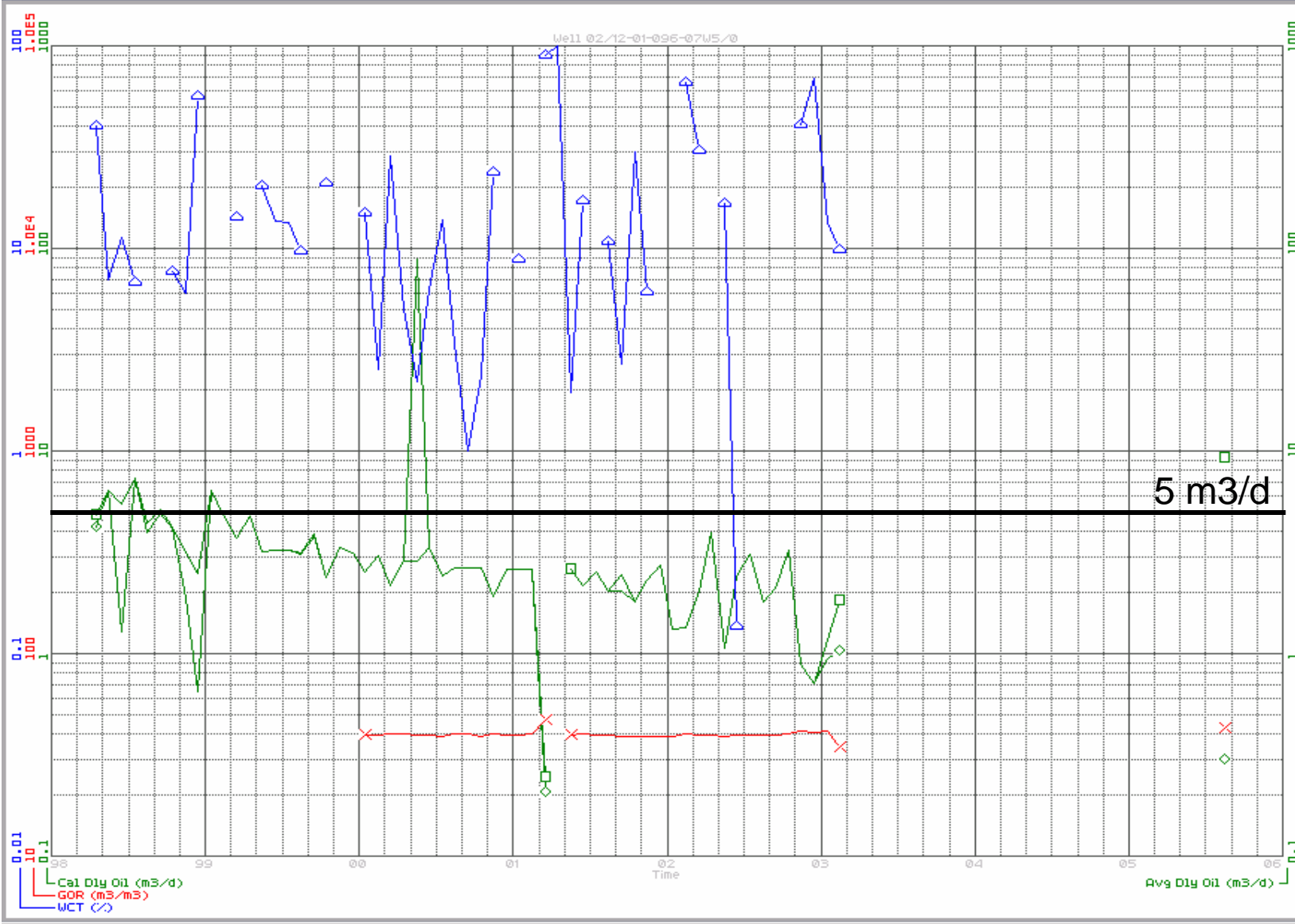
- Mode
- Rate / Time
 - Rate / Cum
- Template
- Oil
 - Inj
 - Gas
 - Other
- From: 2001
To: 2005
- First-Last + 0 Yrs
- Imperial Metric

Display: Graph Data Summary

Well 02/12-01-096-07 W5/0



Comprehensive Production



Close
Print...
Help
Customize

Template Sets
Panny Oil

Delete Set

Mode
 Rate / Time
 Rate / Cum

Template
 Oil
 Inj
 Gas
 Other

From: 2001
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First-Last + 0 Yrs

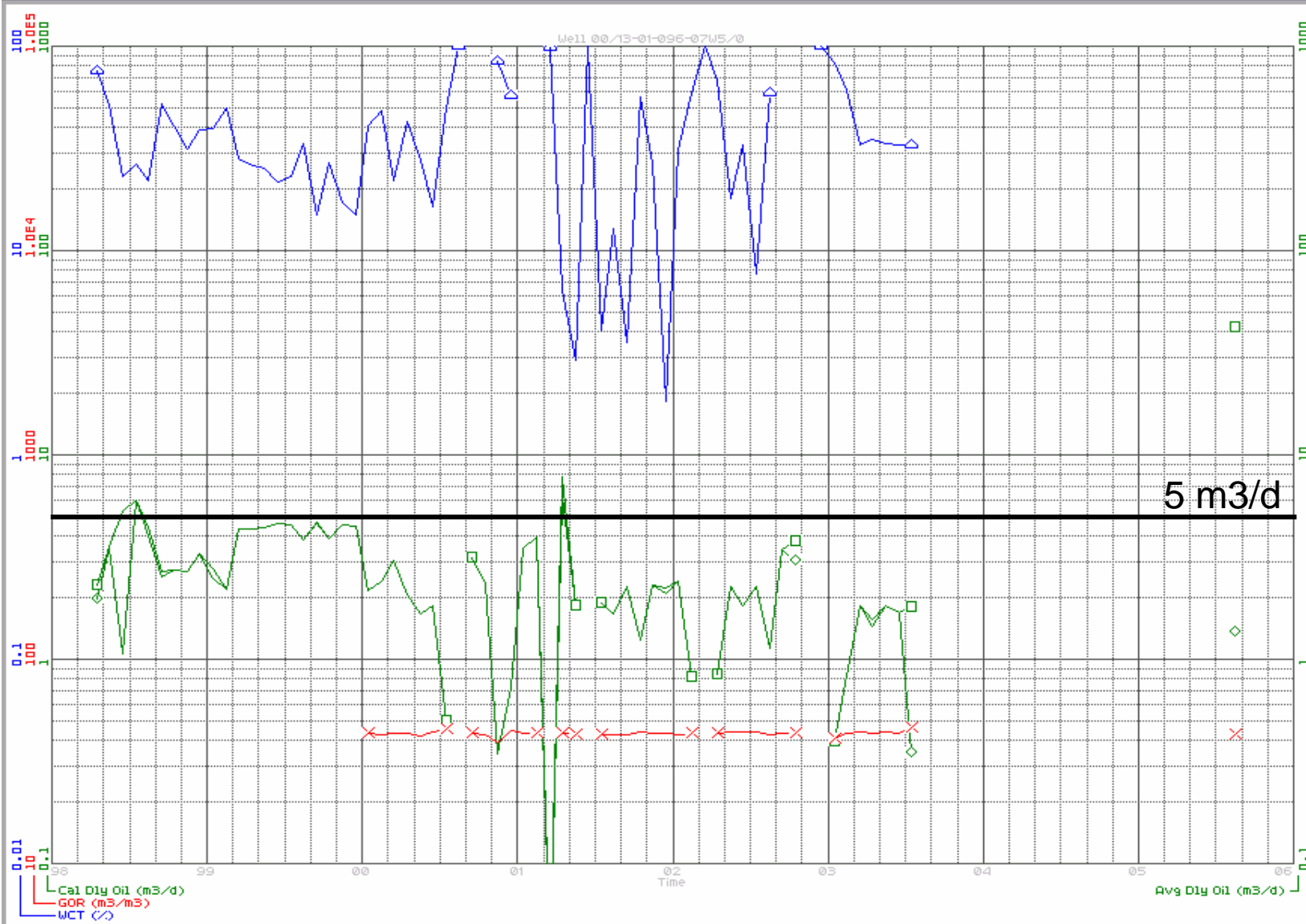
Imperial Metric

Display: Graph Data Summary

Well 00/13-01-096-07 W5/0



Comprehensive Production



- Close
- Print...
- Help
- Customize

Template Sets

Panny Oil

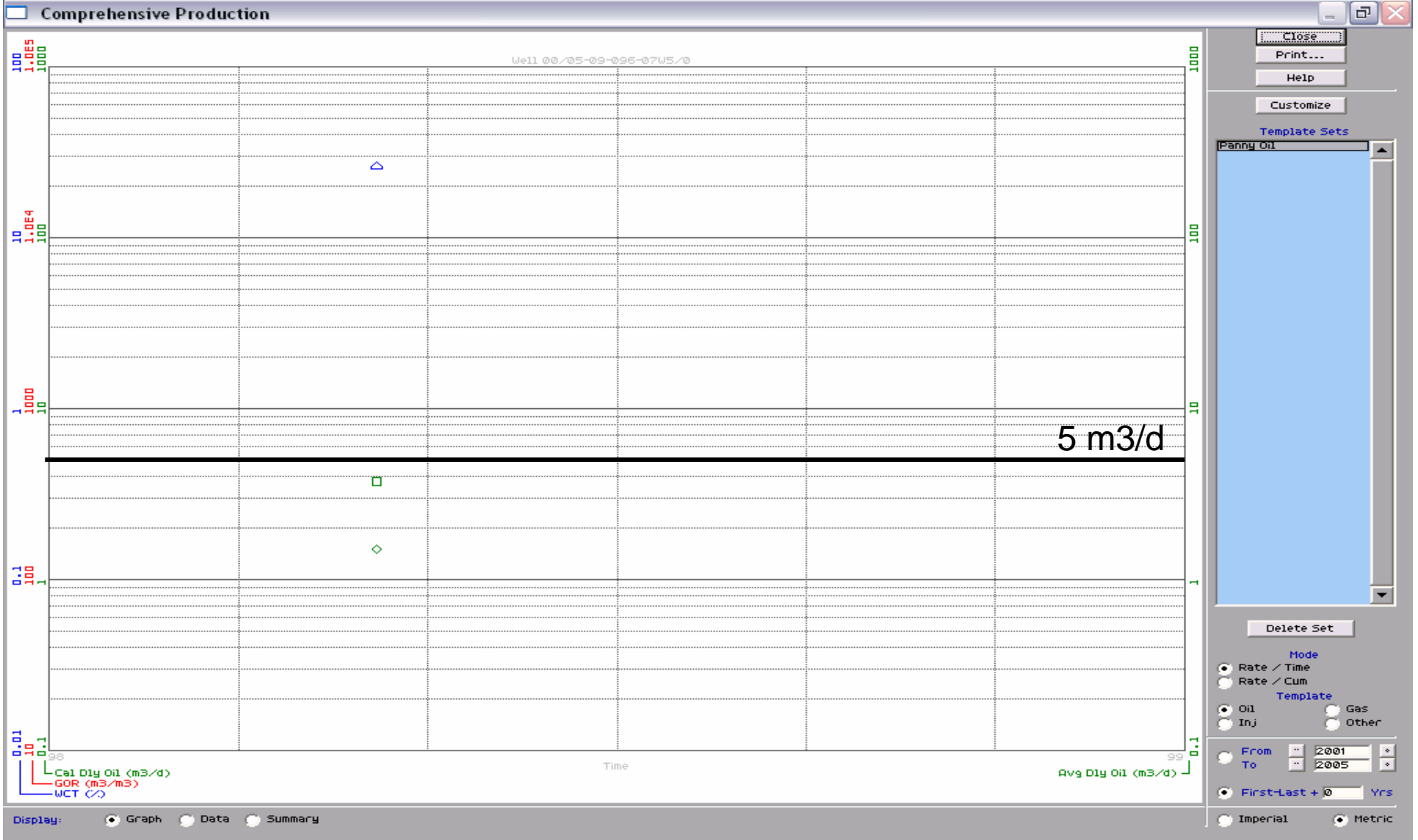
Delete Set

- Mode
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- Template
- Oil
 - Inj
 - Gas
 - Other
- From: 2001
To: 2005
- First-Last + 0 Yrs
- Imperial Metric

Display: Graph Data Summary

Well 00/05-09-096-07 W5/0 (Originally 14-09-096-07 W5)

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PERFORMANCE COMPARISON

Original Application Expectations vs Actual

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- Peak oil rates expectations: 15 – 25 m³/d/well. Actual 4 well performance range is 5 – 15 m³/d.
- Original oil recovery expectations = 38,000 m³/well. Actual oil recoveries at 1,300 – 7,500 m³.
- Original per well RF expectations = 5% OOIP. Actual RF is 0.8 – 1.5% OOIP.
- Water, Gas & Sand Cuts stable.
- Reasons for production variation: past heavy oil operations inexperience, non-contiguous land holdings, segmented or partial contribution of horizontal wellbore.

Future Plans Summary from Last Performance Presentation

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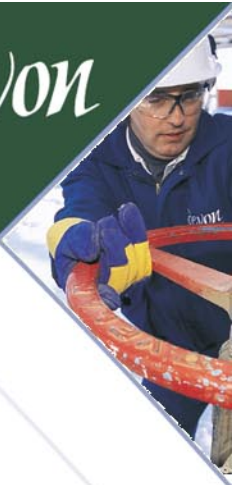


- Evaluate development potential for pad oriented multi-well slant well programs. Compare geology, fluid & reservoir characterization to analogous slant well heavy oil areas.
- Evaluate costs reductions and technological advances made in horizontal drilling for improved economics. Consider shorter length horizontal sections & other completion methods.
- Review individual well production performance, determine suitability for increasing fluid rates, assess fluid contribution from horizontal wellbore contribution.

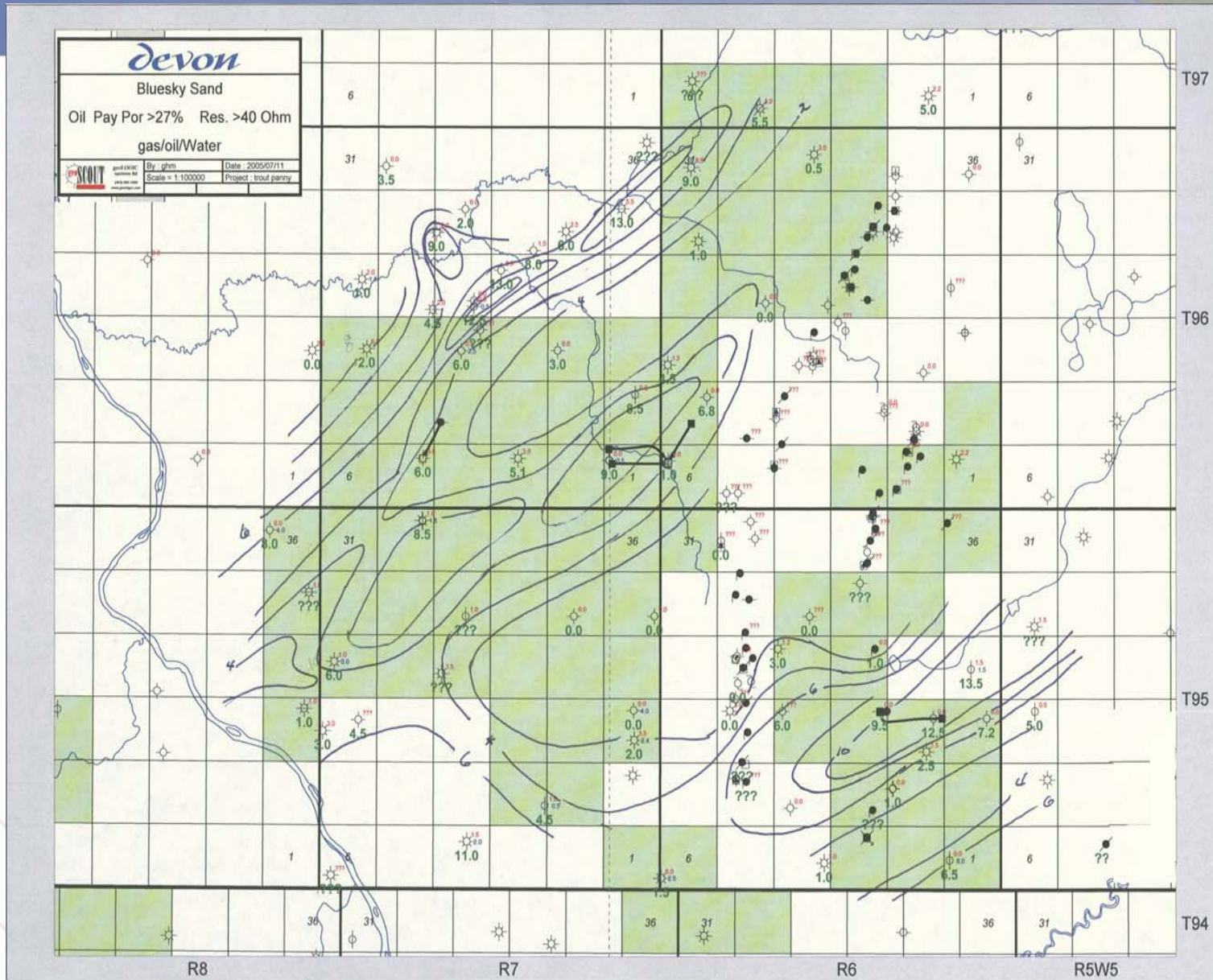
#8304 – CHOPS in Panny

- Devon will experiment with the Cold Heavy Oil Production with Sand (CHOPS) process in Panny. Oil producing wells utilize progressive cavity pumps.



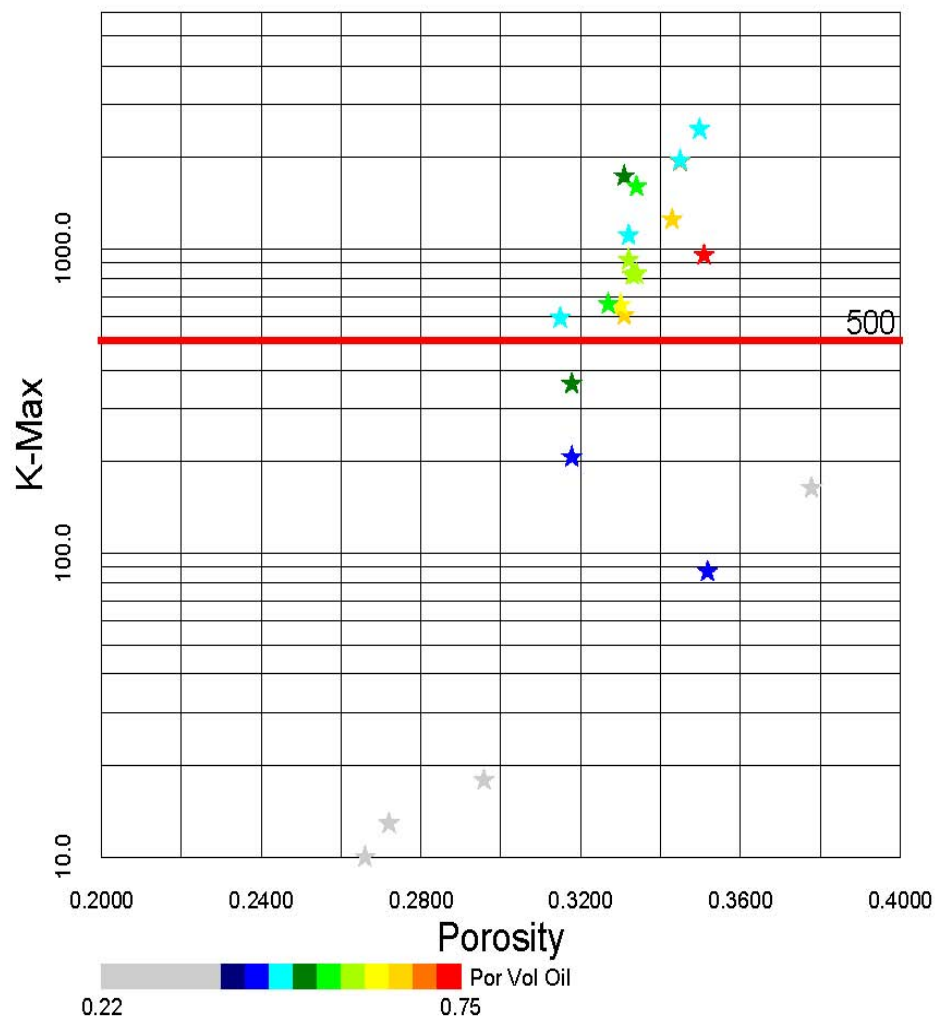


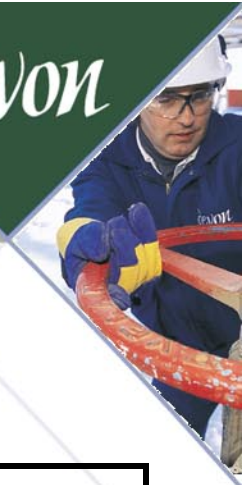
Net Oil Pay Map



03/16-15-095-06 W5/0

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#8304 – Reservoir Parameters

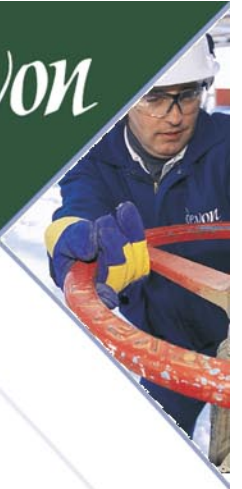
Formation	Range in Bitumen Net Pay (m)	Range in Bitumen Viscosity (cp)	Reservoir Quality
Bluesky	4-9	6,000 – 60,000	Fair – Excellent

03/16-15-095-06 W5/0

- Spud Jan.22 1998 RR Jan.27 1998
- Excellent core porosity and perm.
 - Fine to very fine grained
 - Unconsolidated
 - Permeability greater than 1 Darcy

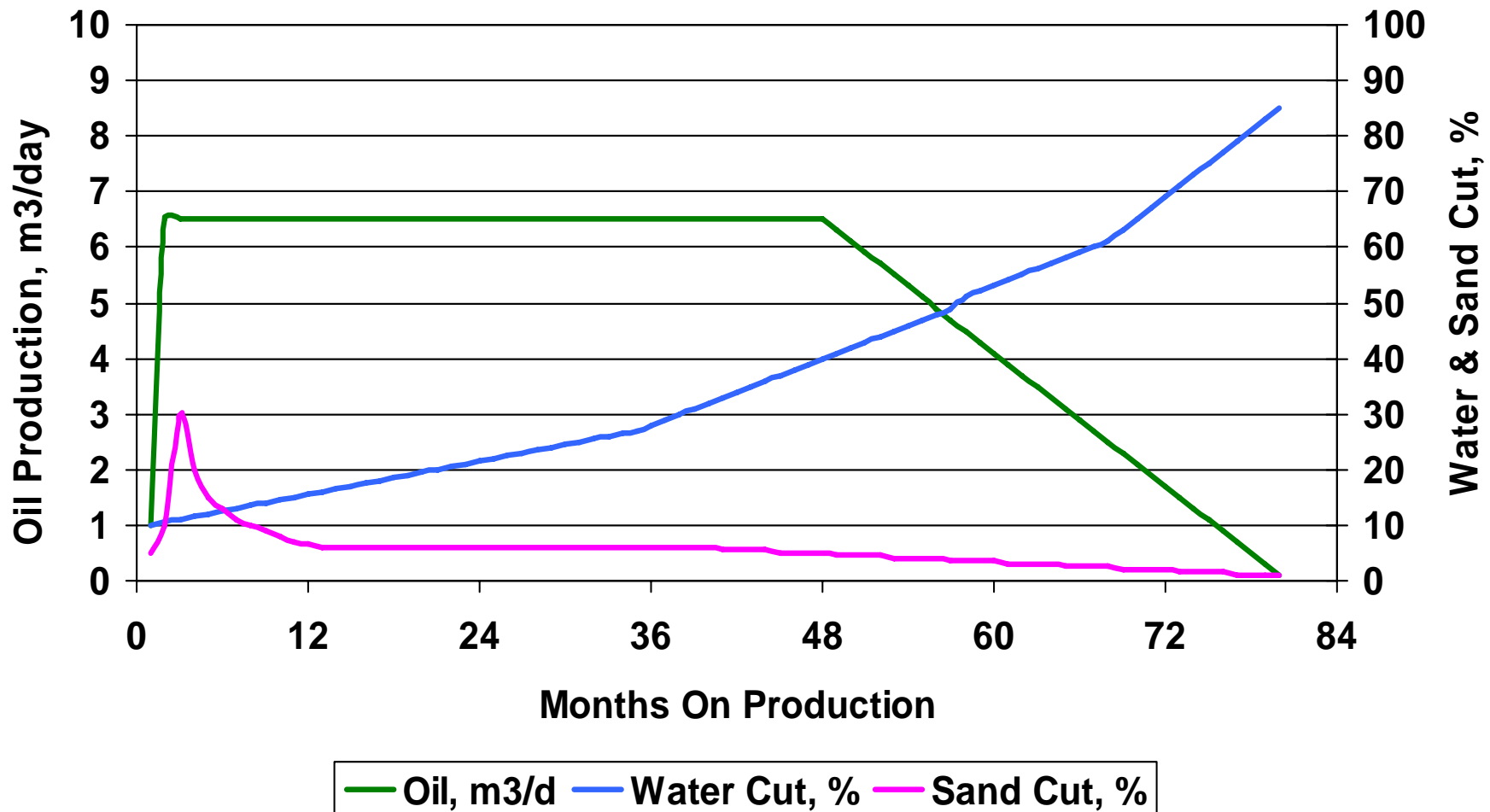
Status: Shut In

Recommendation: Extended production test



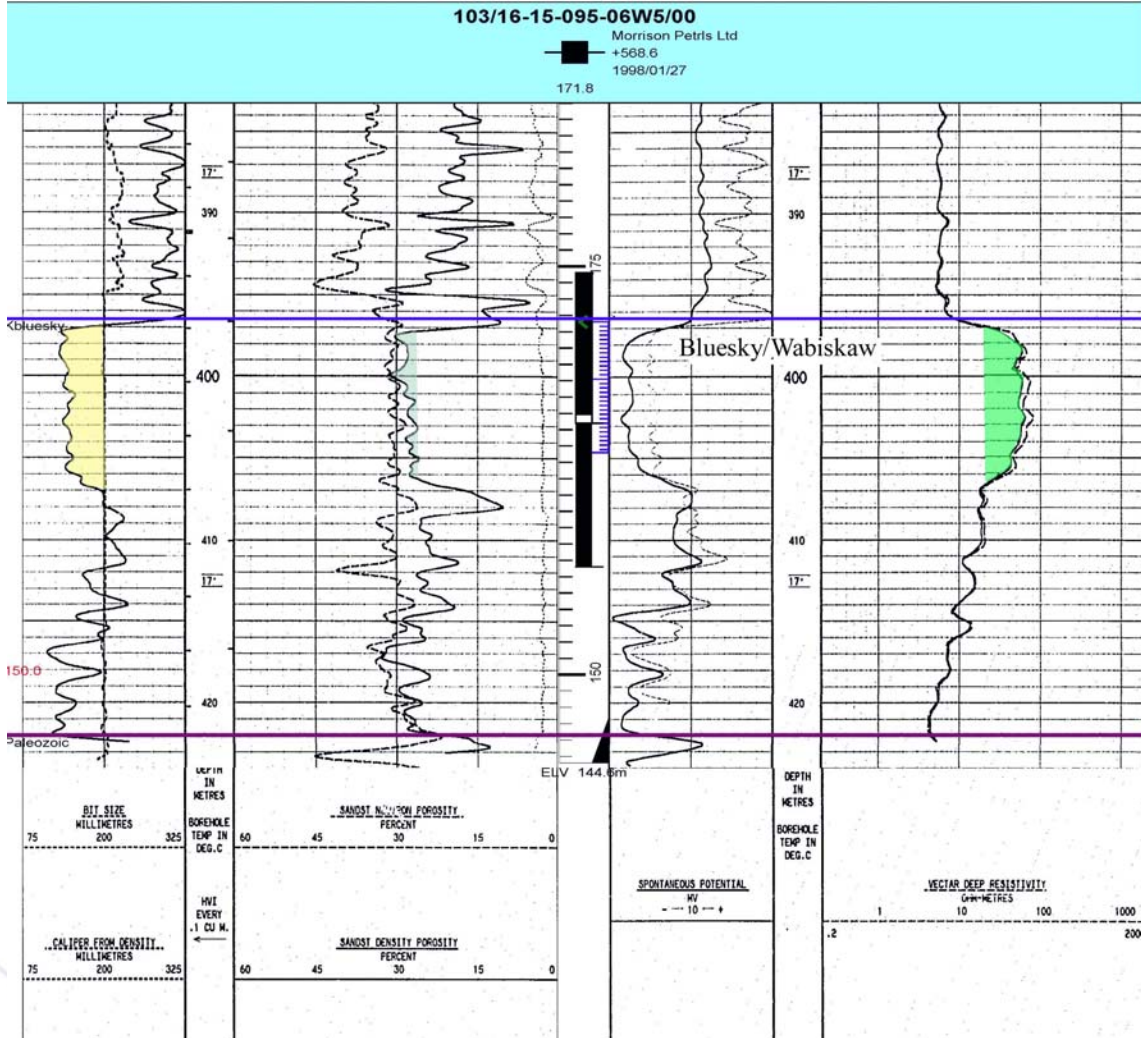
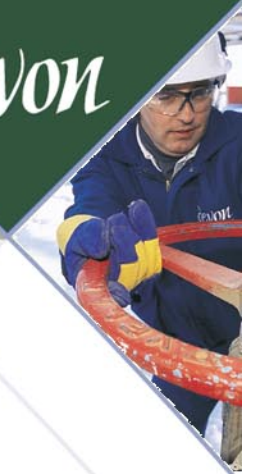
Heavy Oil Well Typical Production Plot

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PANNY AREA Type Log

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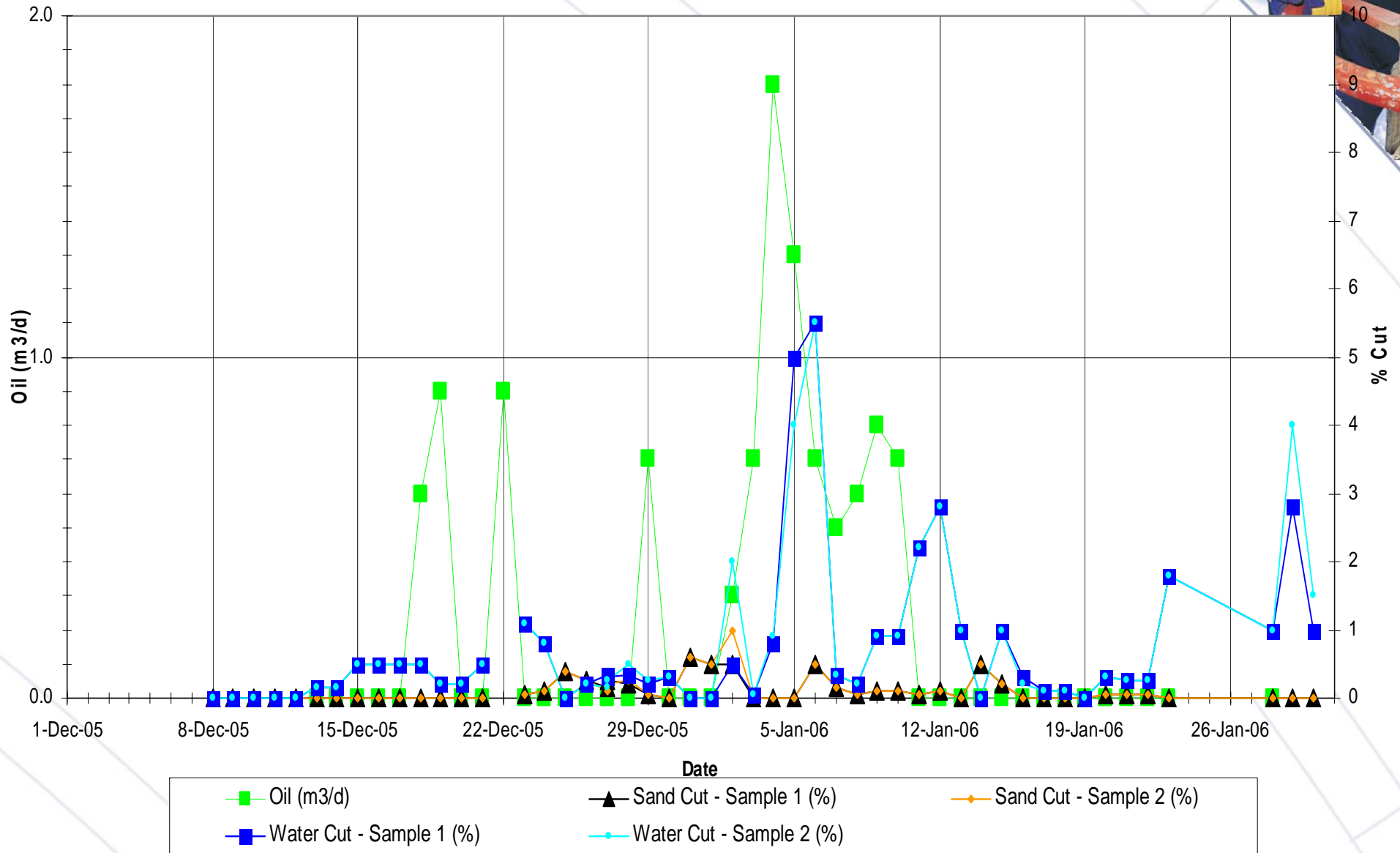
Reservoir:

- Porosity = 27-30%
- Net Pay = 9m
- Sw = 35%
- K = 1.0+ Darcy

#8304 – Production Plot

Well 03/16-15-095-06 W5/0

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03/16-15 Wellhead and SWB



Access Road into 03/16-15



#8304 – Compliance

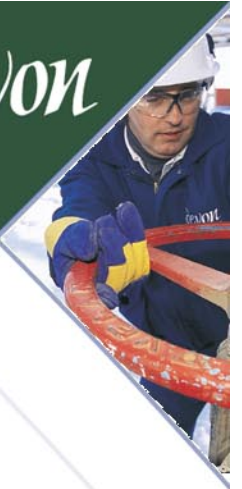


- AEUB issued Approval # 8304 to Northstar on February 25, 1998 for Primary Recovery Scheme Application #1015183.
- Approval specified 6 horizontal well locations to be drilled within Wabiskaw-McMurray OSD. 5 horizontal locations were ultimately drilled.
- Minimum interwell distance of 400 meters specified.
- Minimum 100 meter lease buffer specified.

Minor Administrative Correction

00/14-09-096-07 W5

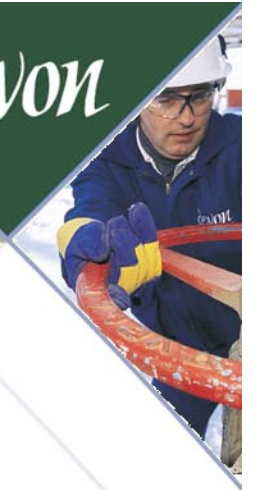
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- 14-09-096-07 W5 was spudded on Jan.17,1998
- This well collapsed and only 157 m of slotted liner was put in place
- Bottomhole location resulted in well 05-09-096-07 W5 (not 14-09-096-07 W5)

#8304 – Compliance

- Devon is not aware of any other non-compliance issues with respect to the subject scheme

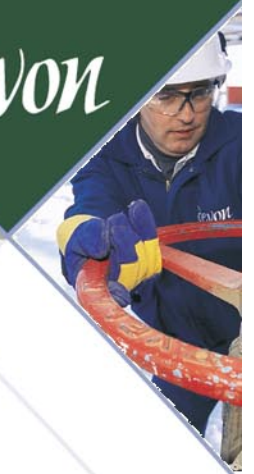


Future Plans

- Horizontal wells possibly not the optimal method for cold production in this area
- The fine to very fine sand and gassy viscous oils are ideal for CHOPS
- Production test on 03/16-15 well to determine if CHOPS is applicable for reservoir
- Plan 4 vertical wells for 2007 to apply CHOPS



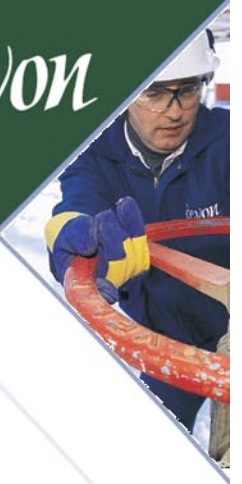
Performance Presentation



- ✓ Overall Performance
- ✓ Compliance Issues
- ✓ Future Plans

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Questions



Questions???