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EPA NATURAL GAS STAR PROGRAM

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EPA Welcomes a new Natural Gas STAR Partner

Devon Energy becomes an official partner in the EPA Natural Gas STAR Program on July 21, 2003

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Summary of Devon Reductions

- Overall Reductions – 23.6 Bcf (through 2006)
  - Low Bleed Pneumatics 3.19 Bcf
  - **Reduced Emission Completions 15.9 Bcf**
  - AOF Testing 618 Mmcf
  - VRU's 1.28 Bcf
  - Dehy Controls 92.14 Mmcf
  - Plunger Lift Systems 1.22 Bcf
  - Flared Volumes 1.25 Bcf

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Devon's Accomplishments

- Over 23.6 BCF in total methane emission reductions since 1990 (through 2006)
- 6.88 BCF reported for the year 2006
  - 68% from RECs
  - 14% from low bleed pneumatics
  - 5% from VRUs
  - 5% from flared volumes/reduced venting
  - 5% from plunger lift systems
  - 3% from other BMPs

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Economics

Year	Volume	Gas Price	Revenue
1990	19.73 Mmcf	$ 1.52	$29,989
1991	38.25 Mmcf	$ 1.88	$71,910
1992	47.81 Mmcf	$ 1.67	$79,842
1993	98.24 Mmcf	$ 1.95	$191,568
1994	124.71 Mmcf	$ 2.02	$251,914
1995	205.41 Mmcf	$ 1.62	$332,764
1996	296.96 Mmcf	$ 3.42	$1,105,603
1997	341.71 Mmcf	$ 4.09	$1,397,593

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Economics

Year	Volume	Gas Price	Revenue
1998	254.81 Mmcf	$ 2.20	$560,582
1999	272.54 Mmcf	$ 2.29	$624,116
2000	846.36 Mmcf	$ 3.77	$3,190,777
2001	714.42 Mmcf	$ 4.51	$3,222,034
2002	623.60 Mmcf	$ 3.16	$1,970,576
2003	1.14 Bcf	$ 4.96	$5,654,400
2004	5.52 Bcf	$ 6.15	$33,948,000
2005	6.16 Bcf	$ 6.99	$43,058,400
2006	6.88 Bcf	$ 6.57	$45,223,235
Total	23.58 Bcf		$140,913,303

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FWB Success

- Implementation Manager discussed STAR opportunities with the Production Supervisor in the FWB
- Reviewed opportunities to reduce venting during cleanup procedures after fracs
  - Evaluated portable flare systems
  - Supervisor discussed it further with superintendents and foreman
- Completions Superintendent decided there was a better option available

FWB Reduced Emission Completions (RECs)

Previous procedure upon completion of the frac job

- Flow well back to frac tanks until clean up is completed
- Snub tubing in the hole while venting gas back to reduce the pressure on the well
- Run required tests to atmosphere to calculate the absolute open flow potential

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FWB RECs

Current procedure upon completion of the frac job

- Install temporary flowline and meter run on location during completion process
- Flow well back to frac tanks until gas is encountered

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FWB RECs

- Turn well down line and ***sale gas*** while cleaning up the well
- Snub tubing in the hole while ***selling gas*** back to reduce the pressure on the well
- Run required tests ***through sales*** to calculate the absolute open flow potential

Flow Back Configuration

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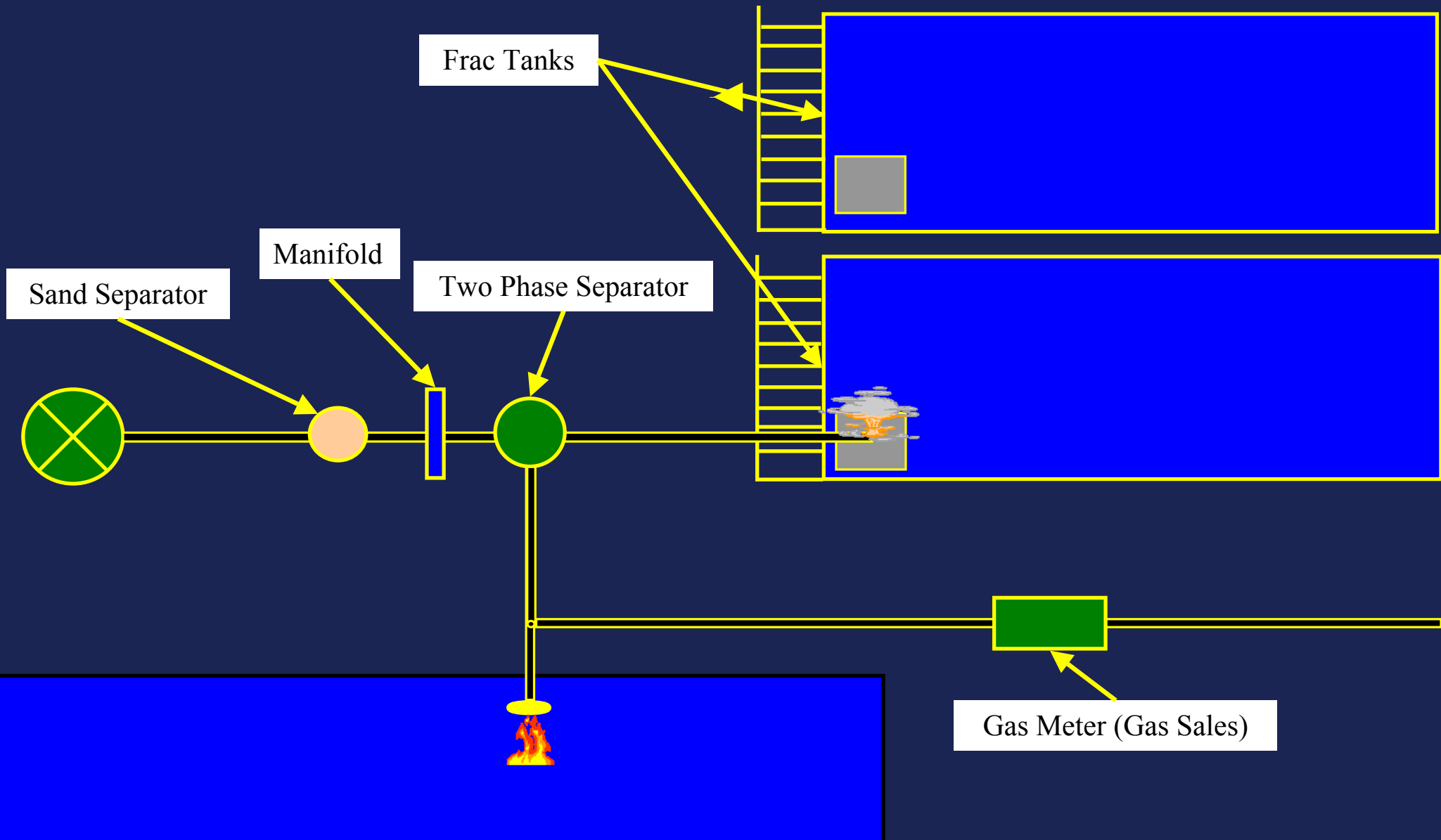

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Benefits of FWB RECs

- Reduces the volume of methane emissions
- Allows wells to be cleaned up longer with better results
- Additional gas sales
- Safer work environment

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Gas Sales Increase From the FWB RECs

Annual Additional Gas Sales Since the Implementation of RECs in the FWB

2004	581,696
2005	1,182,097
2006	1,965,994

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Economics of FWB RECs

Initiated RECs in the FWB in March of 2004

Gas Recovered * (mcf)	$6.57/mcf	Incremental Cost	Net Gas Sale Value
3,729,787	$24,504,701	$2,243,780	$22,260,921

* STAR credits – 3,151,670 mcf (methane - 84.5%)

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Economics of FWB RECs

Average Additional Sales	$64,486
Average Incremental Cost	$5,904
Additional Revenue	$58,582

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