

Devon Energy Overview: The Company, Exploration, and Technology*

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Abstract

Devon Energy is a pioneer company in the “unconventional” plays, and today it is focused on exploring and developing a number of these plays across North America. This informal presentation consists of three parts (1) a focus on Devon the company, with some insight into the corporate structure, corporate values and philosophy, and our current activity and capital budget; (2) a high-level view of some of the plays in which Devon is involved; (3) some insight into some of our approaches to technology and innovation.

In the first part, the current structure of Devon (subsequent to the divestiture of international and GOM properties) is examined and discussed, including the philosophy behind those decisions. Further to that, Devon’s current exploration philosophy and activity is considered.

The middle part of presentation is an overview of some of Devon’s current activity. That includes Devon’s ideas on play entry, balance of spending, and risk management.

Lastly, introduction is provided to Devon’s current approach to innovation and technology, particularly in the geosciences. The structure of Devon’s Strategic Geosciences group and its function is discussed, and then highlighted with a few examples of that team’s work.



Devon Energy Overview:

The Company, Exploration, and Technology

Herb Martin, Vice President - Strategic Geoscience

Tulsa Geological Society

September 4, 2012



Investor Notices

Safe Harbor

Information provided in this presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission. Forward-looking statements are identified as “forecasts, projections, estimates, plans, expectations, targets, etc.” and are subject to a variety of risk factors. For representative risk factors that could cause Devon’s actual results to differ materially from the forward-looking statements contained herein, see Form 8-K filed February 15, 2012.

Cautionary Note to Investors

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC's definitions for such terms, and price and cost sensitivities for such reserves, and prohibits disclosure of resources that do not constitute such reserves. This presentation may contain certain terms, such as resource potential and exploration target size. These estimates are by their nature more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized. The SEC guidelines strictly prohibit us from including these estimates in filings with the SEC. Investors are urged to consider closely the disclosure in our Form 10-K for the fiscal year ended December 31, 2011, available from us at Devon Energy Corporation, Attn. Investor Relations, 20 North Broadway, Oklahoma City, OK 73102. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or from the SEC’s website at www.sec.gov.

Devon History

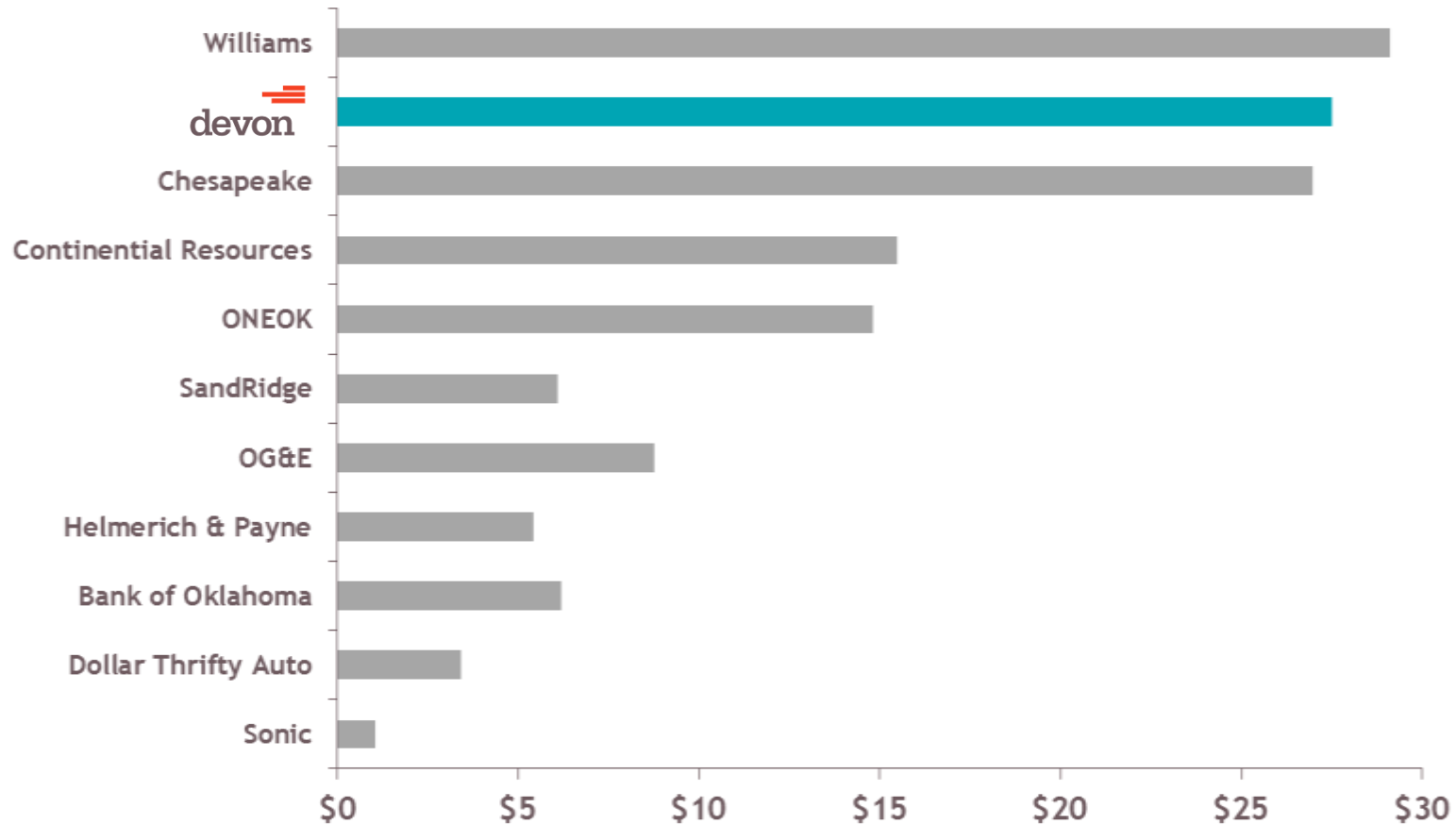
- Founded as a private company in 1971
- Became a public company in 1988
- Currently listed on the New York Stock Exchange under the ticker symbol DVN
- Has grown from 185 employees in 1981 to more than 5,000 employees today
- Established a portfolio to provide stable production and a solid platform for future growth



Top Oklahoma companies

Enterprise value

US\$, Billions



Note: Enterprise value - August 2012.

Devon today

Proved reserves: ≈ 3.0 billion BOE
(42% liquids)

Q2 2012 production: ≈ 679 MBOED
(37% liquids)

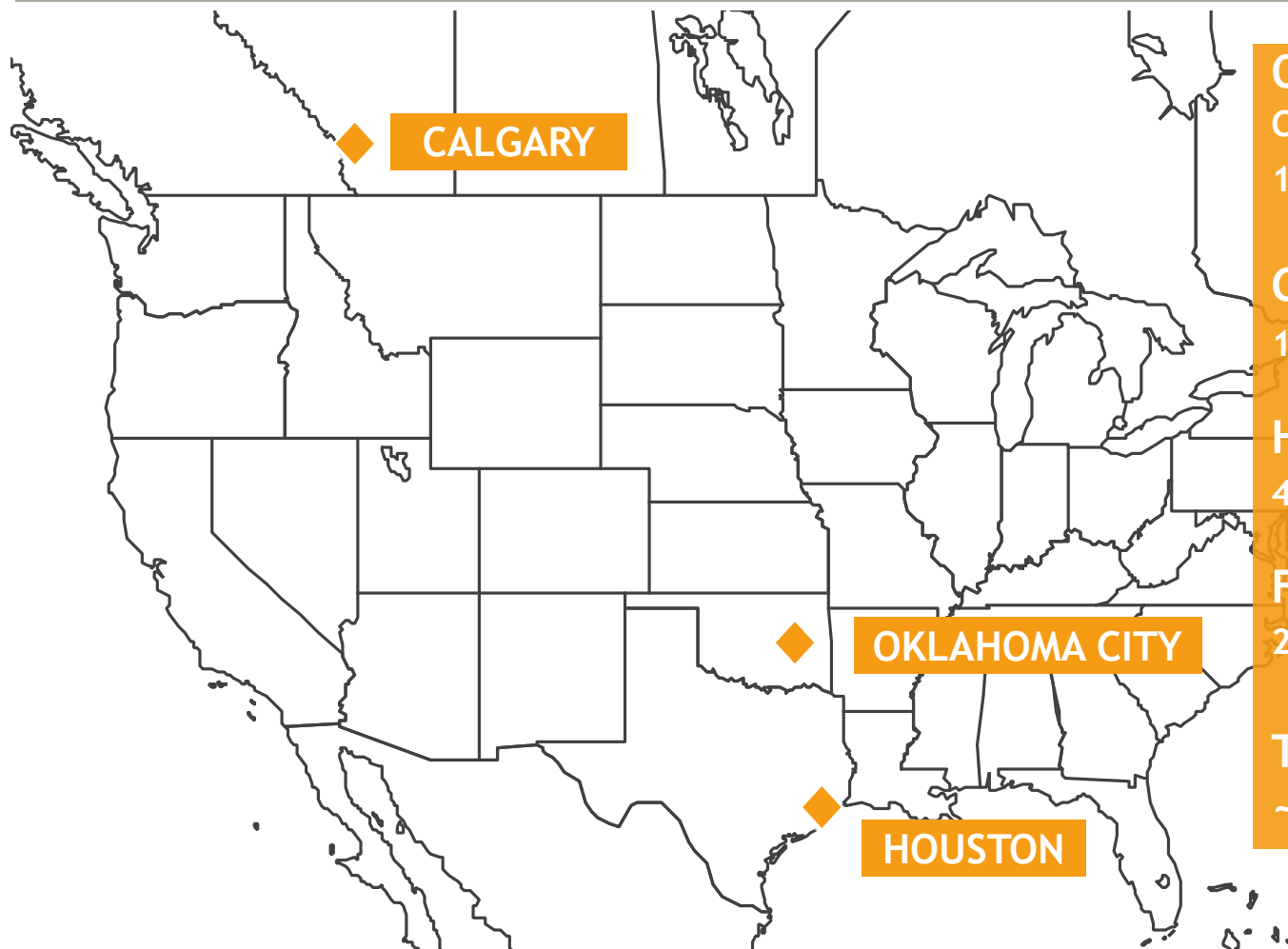
Sales revenue mix: 57% oil
18% NGLs
25% natural gas
(Q2 2012)

Significant midstream business

Enterprise value: $\approx \$27.6$ billion



Employment centers



Oklahoma City:
Corporate Headquarters
1,648 employees

Calgary, Alberta:
1,004 employees

Houston:
495 employees

Field Offices:
2,222 employees

Total:
~5400 employees

Current as of February 2012

NYSE: DVN

www.devonenergy.com


devon

Devon's Strengths

Disciplined focus on per share results

Deep inventory of development opportunities

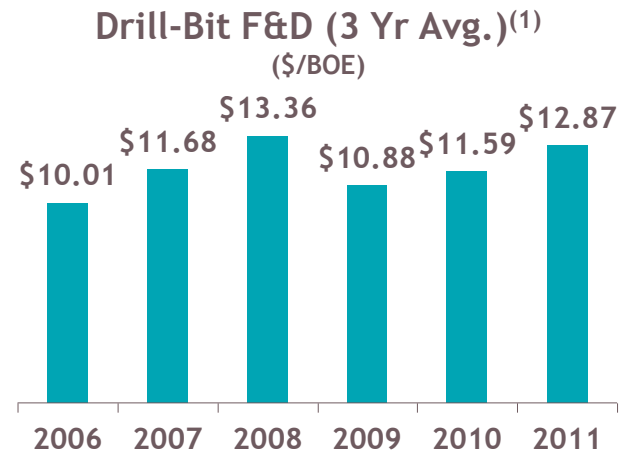
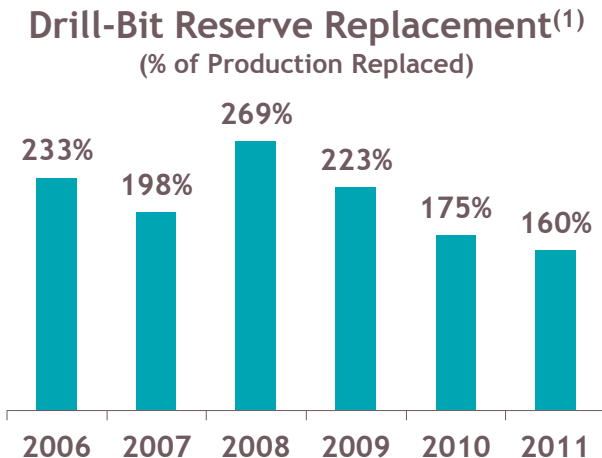
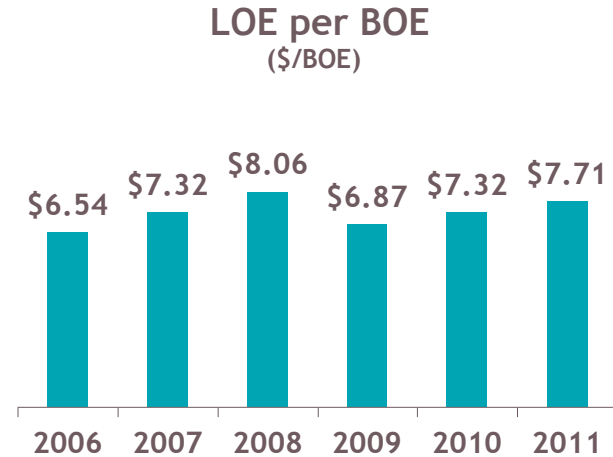
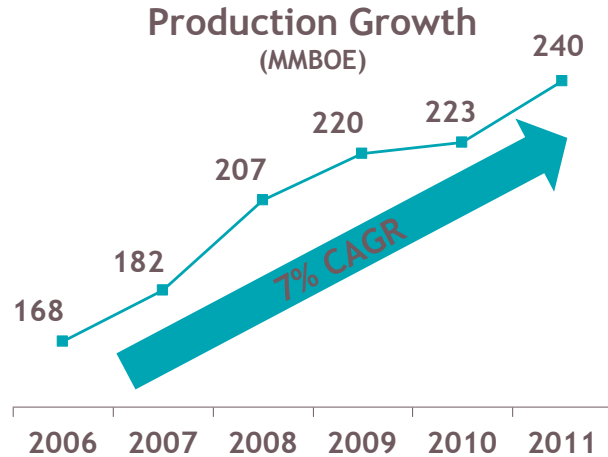
Strong, highly-visible oil growth

Significant positions in emerging oil plays

Superior financial strength and flexibility

Track Record of Success

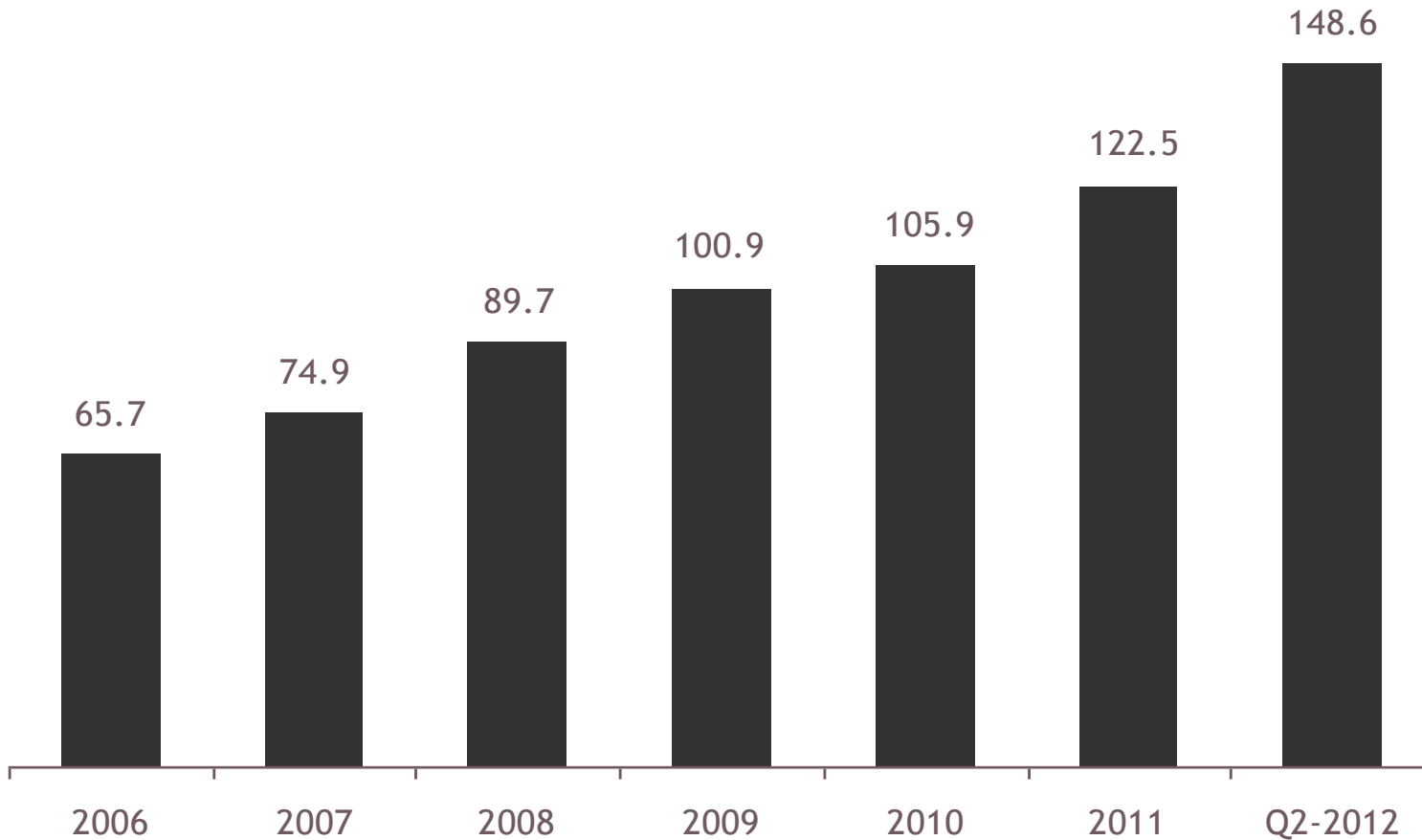
North American Onshore Historical Performance



Note: Includes a non-GAAP measure
(1) Excludes price revisions

Significant Oil Production Growth North American Onshore

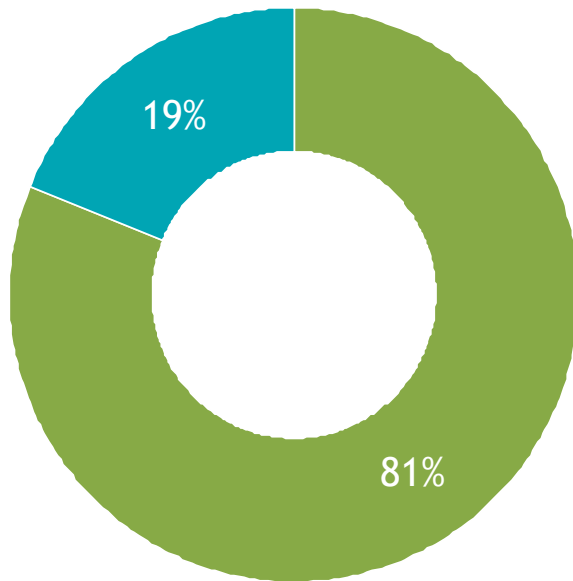
Production Data in MBOPD



Devon's Risked Resource Base

High-Quality and Balanced

16.2 BBOE Risked Resource
(31.8 BBOE Unrisked)



■ Proved Reserves (26% PUD)
 ■ Additional Risked Potential

Note: Includes 12/31/11 proved reserves of 3.0 BBOE.

Risked Resource By Product (BBOE)

Oil (29%)	4.7
NGLs (19%)	3.1
Gas (52%)	8.4
Total	16.2

Oil-focused exploration provides upside to risked resource

Resource By Asset

Strong Foundation for Growth

Data in BBOE

	Unrisked Resource	Proved Reserves	+	Additional Risked Potential	=	Total Risked Resources
Permian Basin	7.6	0.2		2.6		2.8
Barnett Shale	4.3	1.2		1.3		2.5
Cana Woodford Shale	2.8	0.3		1.6		1.9
Canadian Oil Sands	2.1	0.5		0.9		1.4
East Texas/Gulf Coast	0.9	0.2		0.6		0.8
Other U.S.	4.6	0.4		1.7		2.1
Other Canada	3.3	0.2		1.8		2.0
Horn River	1.4	-		1.1		1.1
Sinopec JV Assets (net)	4.8	-		1.6		1.6
Total	31.8	3.0		13.2		16.2

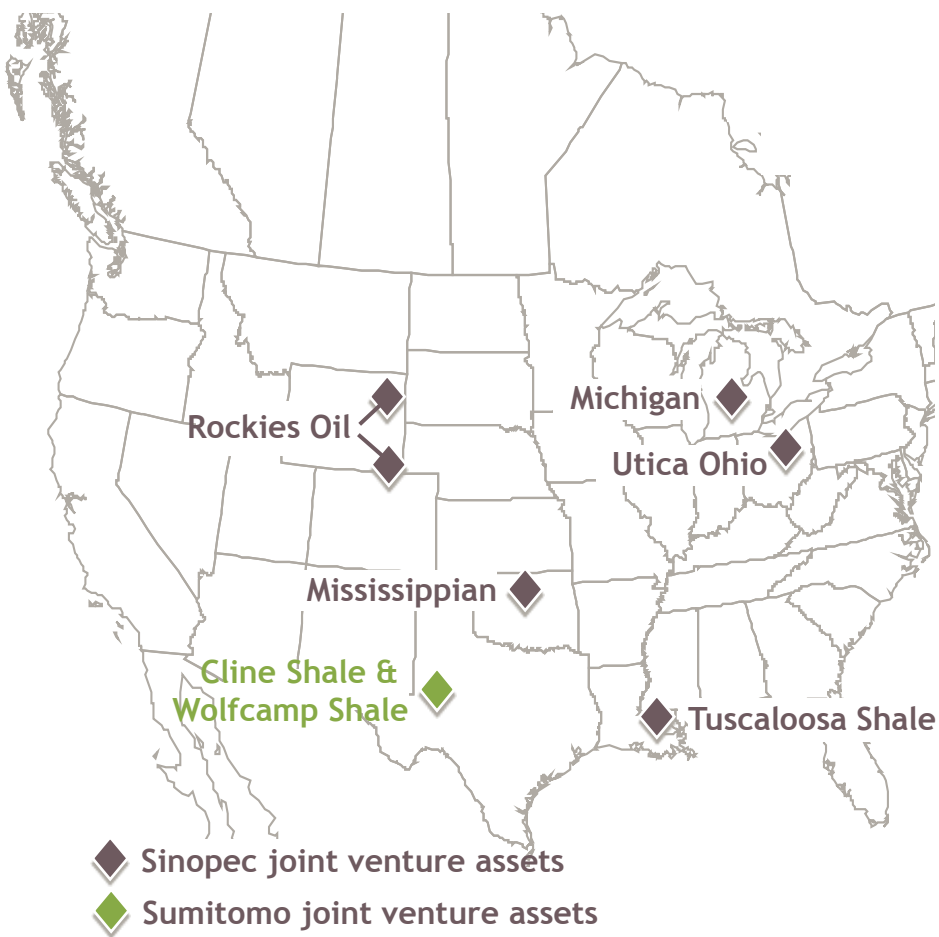
Portfolio Management

Goal: Optimize depth, diversity, and quality of drilling inventory

- Harvesting mature and lower return assets
(Since 2002 divested ≈\$17 billion of assets)
- New leasehold capture
(Since 2009 invested >\$4 billion into leasehold capture and exploration)
- Joint ventures / farm-ins
(Recent ~\$4.0 billion JV transactions)

Growing the Resource Base

New Ventures Exploration



Sinopec Joint Venture ◆

- \$2.5 billion transaction (\$900 million cash and \$1.6 billion drilling carry)
- Sinopec receives 33% of Devon's interest
- Net acreage in joint venture: 1.5 million
- Devon serves as operator

Sumitomo Joint Venture ◆

- \$1.4 billion transaction (\$340 million cash and \$1.025 billion drilling carry)
- Sumitomo receives 30% of Devon's interest
- Net acreage in joint venture: 650,000
- Devon serves as operator

Exploration & Exploitation

Sept 4, 2012



Devon Today

2012 Exploration

Projected 2012 exploration spending

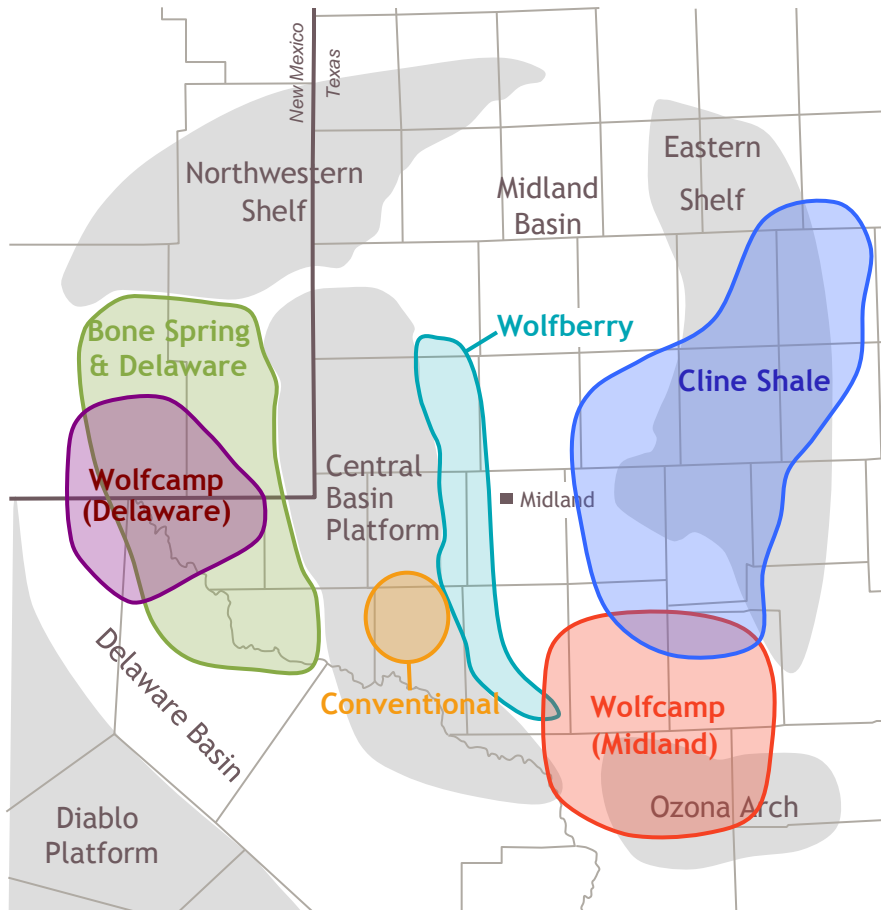
Land, G & G, Testing **\$1,600**

Breakdown

- Mississippian leasehold & testing \$800
- Cline Shale leasehold & testing \$350
- Other \$450



Permian Basin Overview



Net acres: 1.5 million

Net unrisks resource: 7.6 BBOE

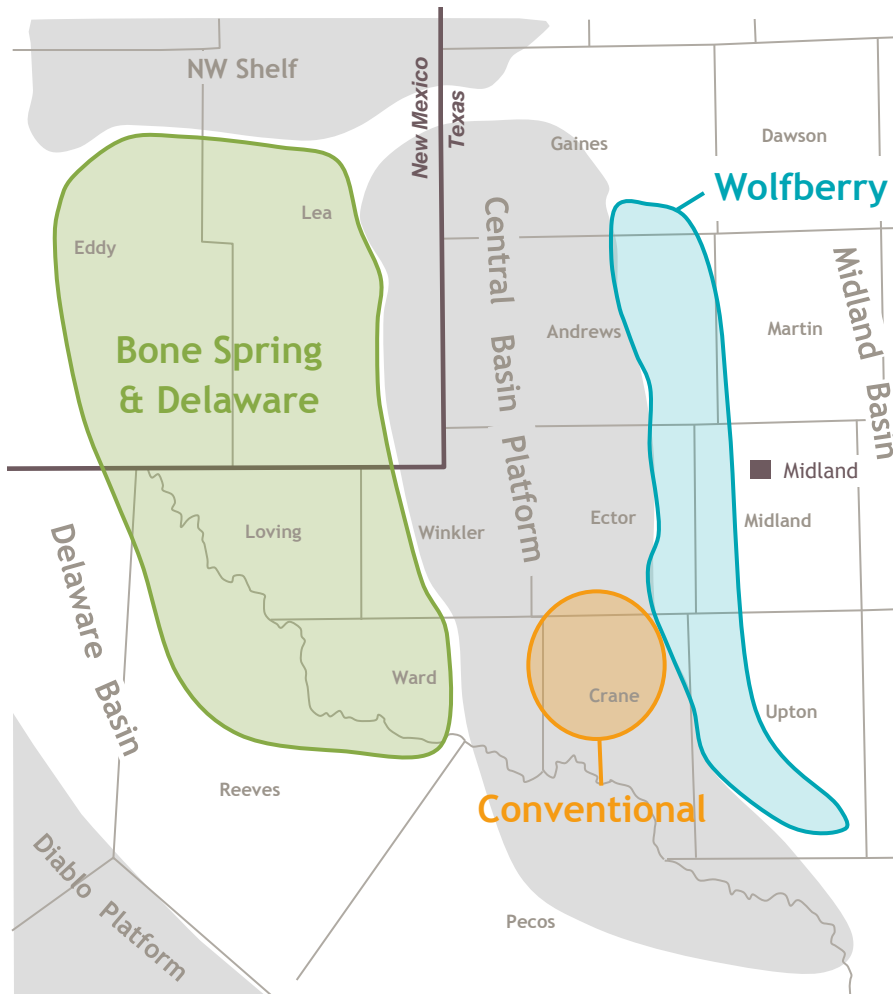
Net risked resource: 2.8 BBOE

Risked locations: >8,000

- Significant exposure to oil & liquids plays
- 21 operated rigs (24 by year-end)
- Q4 2011 net production: 53 MBOED
- Oil and liquids content \approx 75% of production

Permian Basin

Oil Development Projects



Development Overview

- Low-risk, high-margin oil plays
- Multi-year drilling inventory
- 16 operated rigs

Bone Spring/Delaware

- 185,000 net acres (2012 plans: Drill ~110 wells)
- High-impact wells (Best wells: IP's >1,000 BOED)

Wolfberry

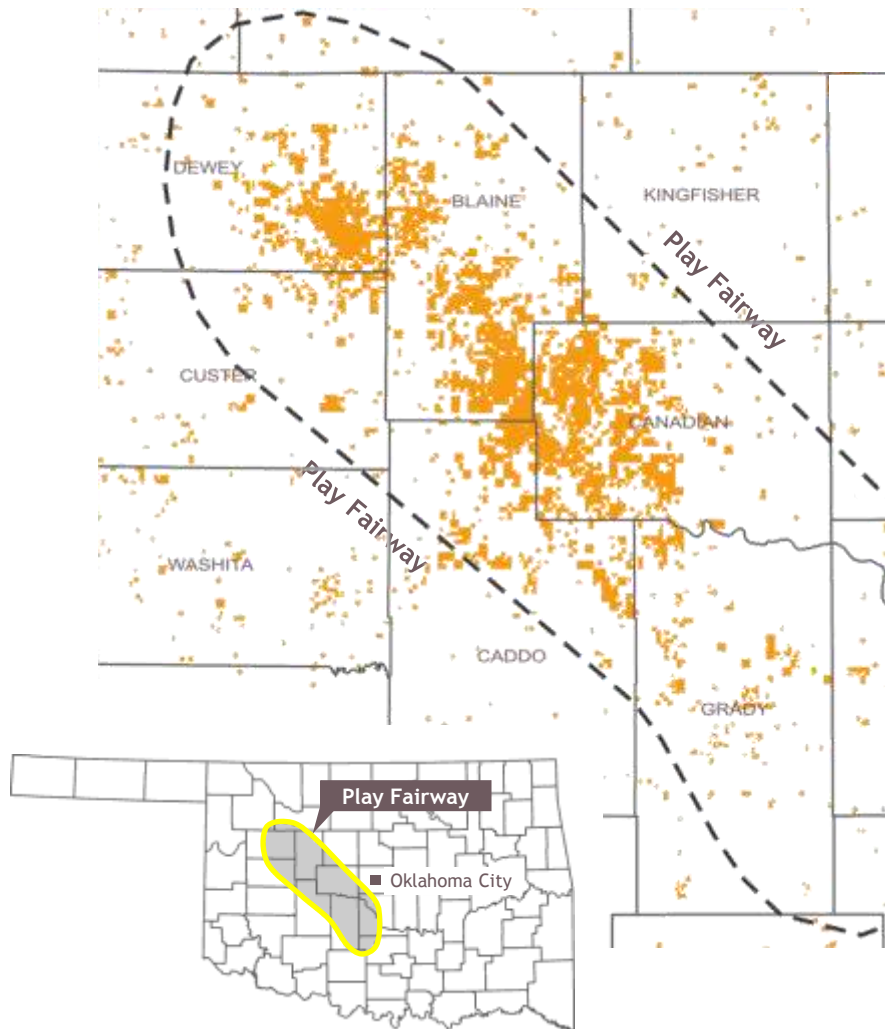
- 160,000 net acres (2012 plans: Drill ~100 wells)
- Upside: Downspacing and Wolfcamp horizontal exploitation

Other Conventional Activity

- Exploit Central Basin Platform targets
- Stacked oil pays
(Tubb, Wichita-Albany, Strawn, Clear Fork & others)

Cana Woodford Shale

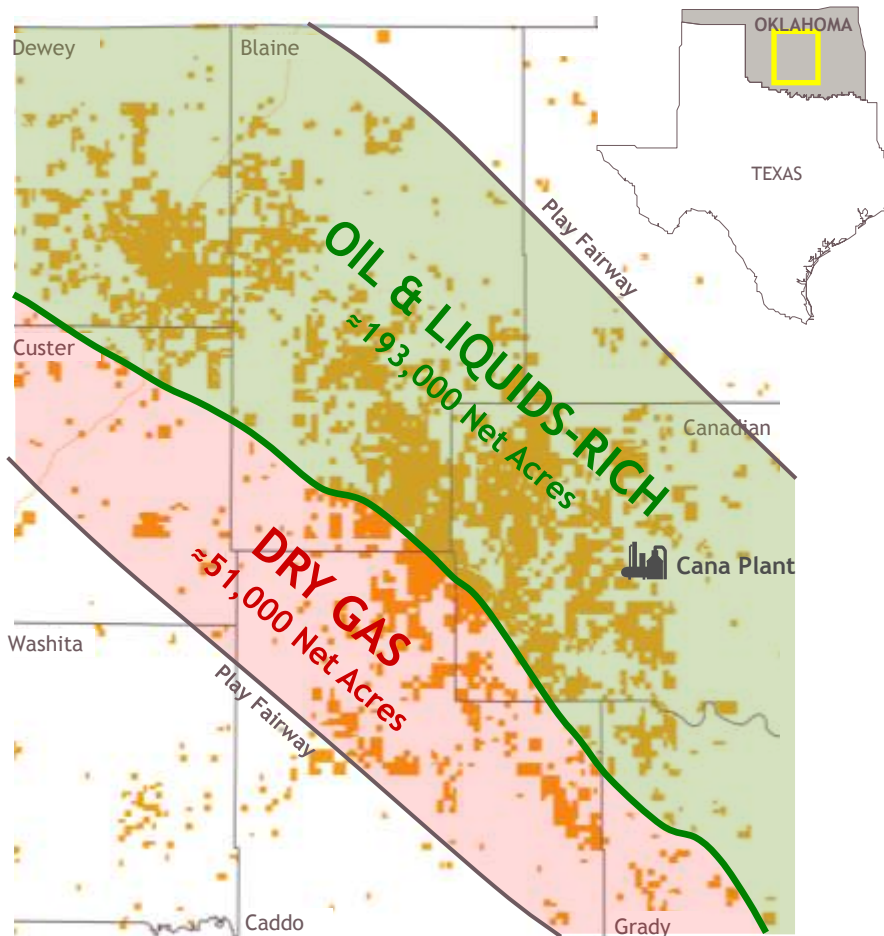
Overview



- Estimated play resource in-place: 50-220 BCFE per square mile
- Oil and liquids-rich gas play
- Low above ground risk (markets, topography, regulatory environment)
- Industry rigs running: 46
- Producing wells: ~500

Cana Woodford Shale

Liquids-Rich Gas Development



Net risked resource: 11.4 TCFE

Risked locations: ≈5,400

Net acreage: 244,000

Low average royalty burden: 21%

Q2 2012 net production: 280 MMCFED

2012e program: >40% of production is liquids

Expanding gas processing facility:

- 30 MBPD of NGL capacity

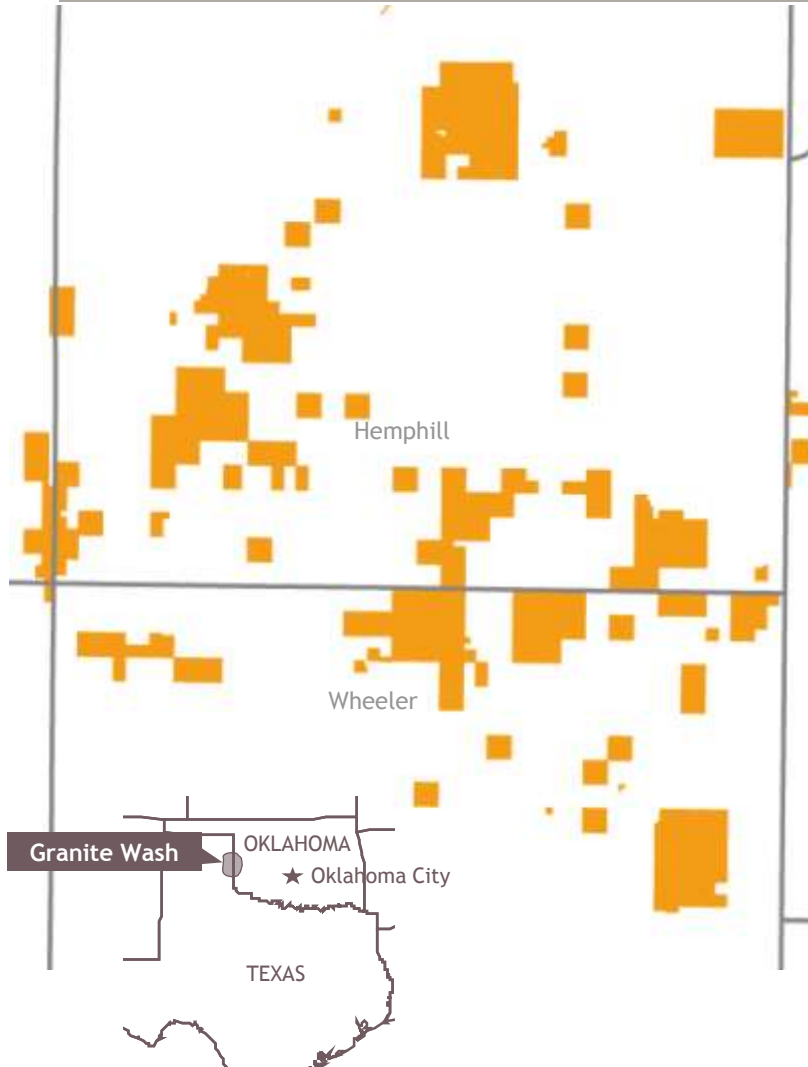
Significant undrilled liquids-rich inventory

- ≈3,000 locations

2012 plans: Drill ≈200 wells

Granite Wash

Oil & Liquids-Rich Development



Net risked resource: ≈ 200 MMBOE

Risked locations: ≈ 350 net wells

Net acreage: 63,600

Legacy land position held by production

Low average royalty burden: 19%

Q2 2012 net production: 19 MBOED

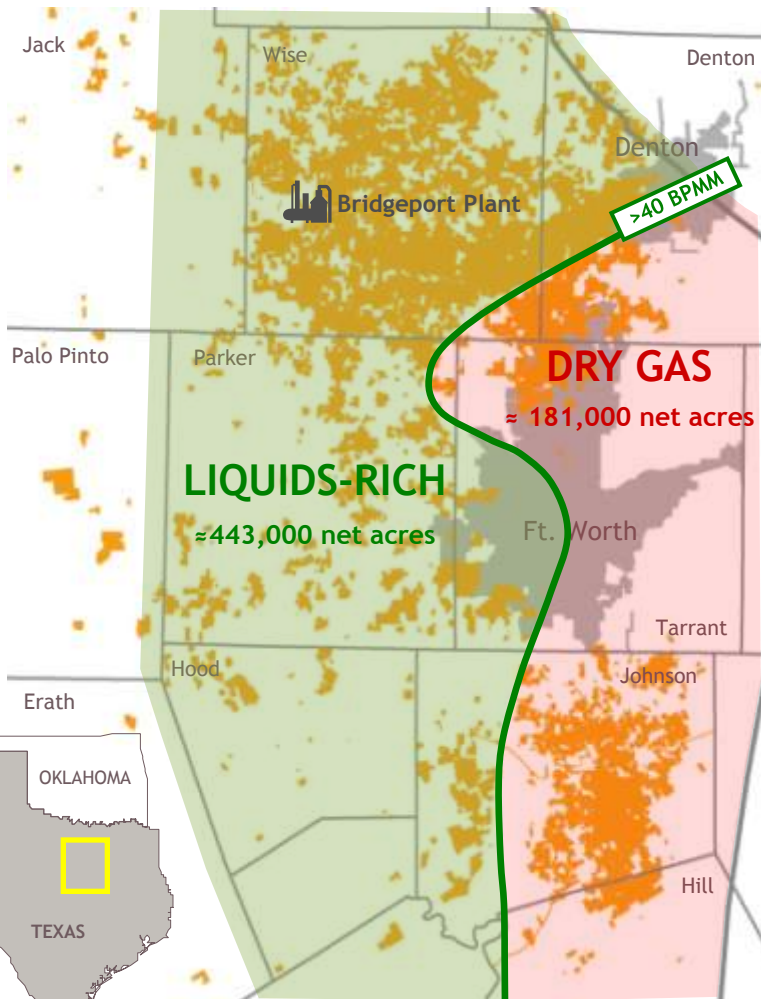
Liquids drive superior economics

3 operated rigs running

2012 plans: Drill ≈ 65 wells

Barnett Shale

Liquids-Rich Gas Development



www.devonenergy.com

Net risked resource: 14.8 TCFE

Risked locations: ≈ 5,000

Net acreage: 624,000

Low average royalty burden: 18%

Q2 2012 net production: 1.32 BCFED

2012e program: >30% of production is liquids

Significant free cash flow

Liquids-rich drilling inventory: ≈2,500 locations

2012 plans: Drill ≈300 wells

Devon's Thermal Oil Position

SAGD Development



- Jackfish (100% WI)
- Pike (50% WI)
- Access Pipeline



Field characteristics

- Low F&D
- Flat production profile
- Long reserve life >20 years

Jackfish

- Top-tier operating performance
- Q2 2012 net production: 33 MBOPD

Jackfish 2

- Q2 2012 net production: 18 MBOPD
- Reach peak facility capacity in 2013

Jackfish 3

- Construction ≈40% complete

Pike

- Up to five SAGD development phases
- First regulatory application filed in June

New Ventures/Exploration Process

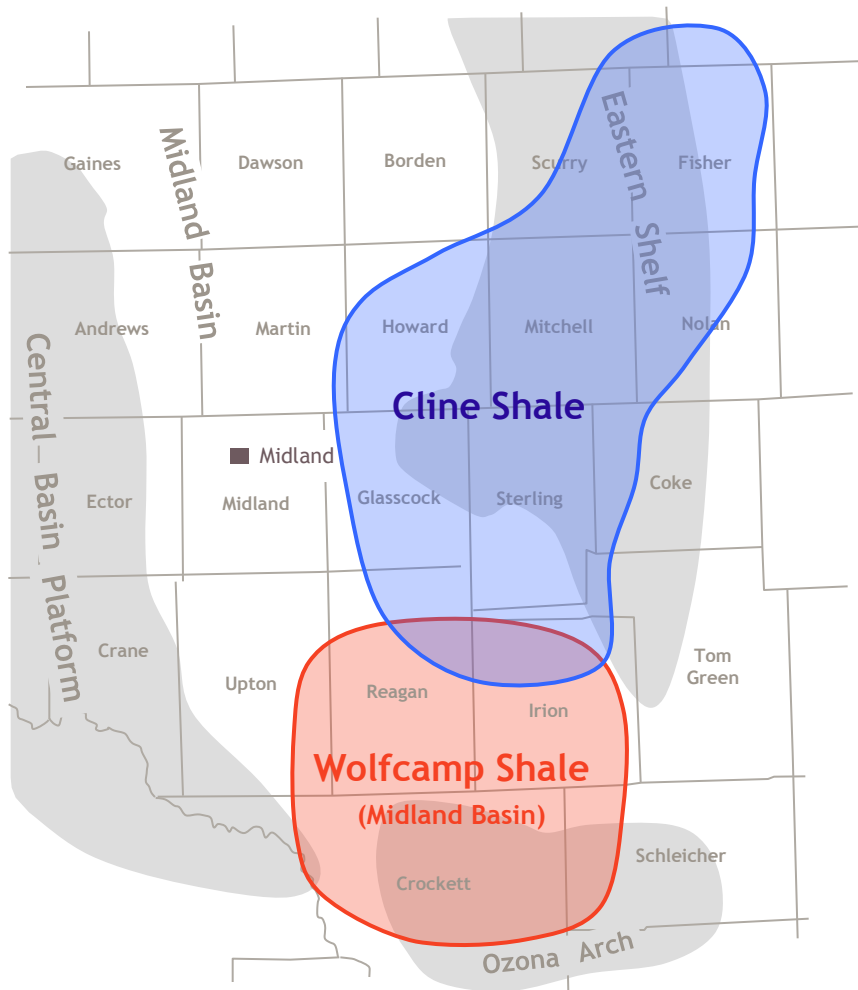
Unlocking Significant Potential

- Methodical exploration
- Initial assessment
 - Oil in-place
 - Permeability
 - Rock properties
 - Cost to develop
- Lease best plays
- Test commerciality
- Expand position

	Unrisked Resource (BBOE)
New ventures (Sinopec JV & Cline Shale)	8.4
Other U.S. exploration	5.8
Canada exploration	2.2
<i>Development & exploitation assets</i>	15.4
Total Unrisked Resource	31.8

Permian Basin

Oil Exploration Projects



Exploration Overview

- Potential, high-impact resource plays (Unrisked resource: >3 BBOE net to Devon)
- 2012 plans: Drill \approx 40 wells
- 4 operated rigs

Cline Shale

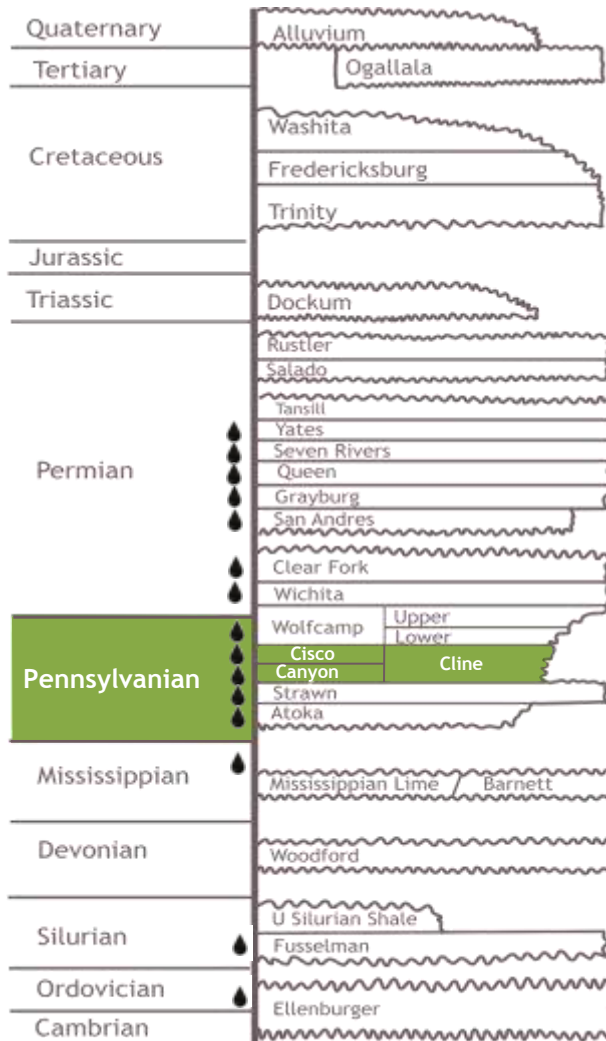
- JV acreage: 556,000 net acres (Net to Devon: 389,000 acres)
- Stacked pay potential
- Encouraging initial wells results

Midland-Wolfcamp Shale

- JV acreage: 94,000 net acres (Net to Devon: 66,000 acres)
- Well results continue to improve
- Testing longer laterals (Extending to >7,000')

Cline Shale

Stratigraphic Section

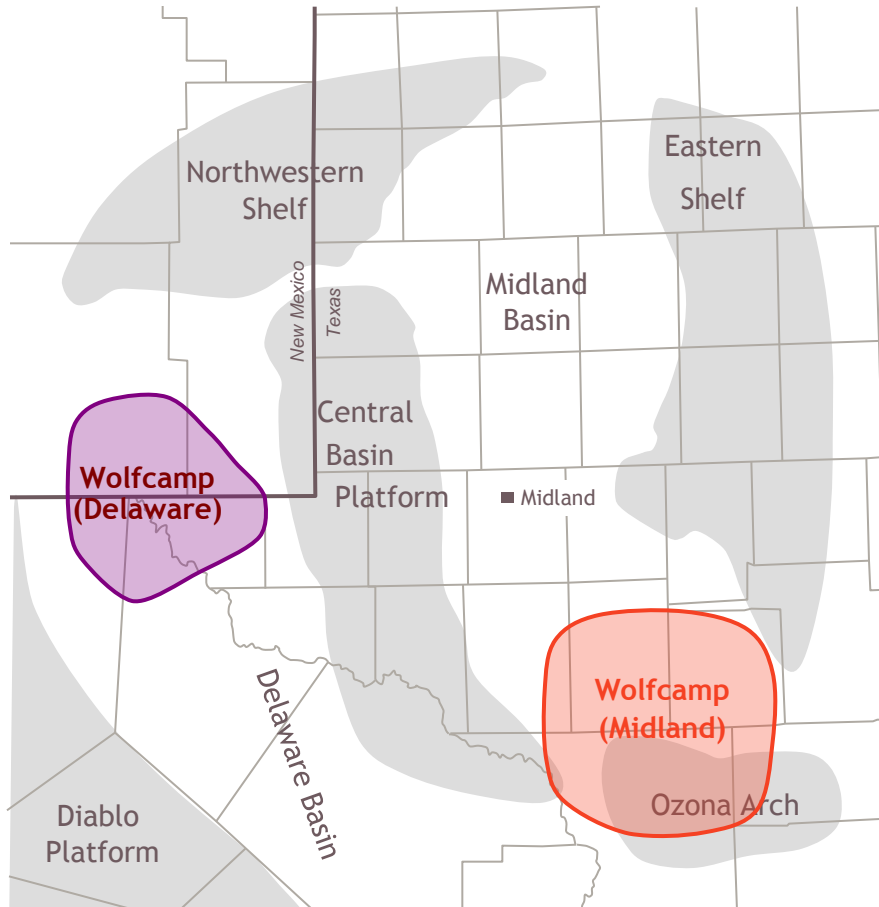


- Organic-rich shale
- Mixed silt and sand interbeds
- Gross thickness: 200' - 550'
- Total organic content: 1 - 8%
- Frac barriers above and below

 Productive Zones
  Primary Objective

Wolfcamp Shale

Emerging Opportunity



Net acres: 92,000 (Midland)
240,000 (Delaware)

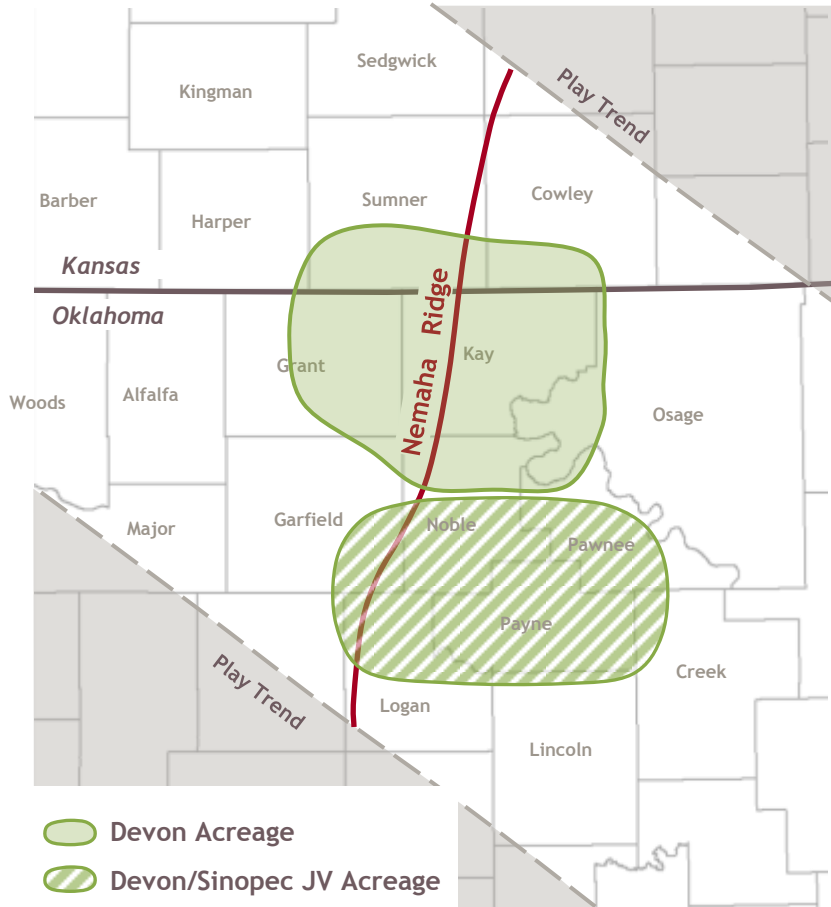
Unrisked resource: 1.3 BBOE

2012 capital: ≈\$225 million

2012 plans: Drill 35 wells

- Focus on Wolfcamp Midland (light oil, resource play)
- Multiple producing zones in Wolfcamp
- Drilling depth: 5,000' - 8,500' (Midland)
8,000' - 10,500' (Delaware)
- Midland Basin results improving
- Testing long laterals (Extending to >7,000')

Mississippian Light-Oil Exploration



Net acreage: 545,000

(400,000 net acres outside of Sinopec JV)

High-margin, exploration play

Early results in-line with expectations

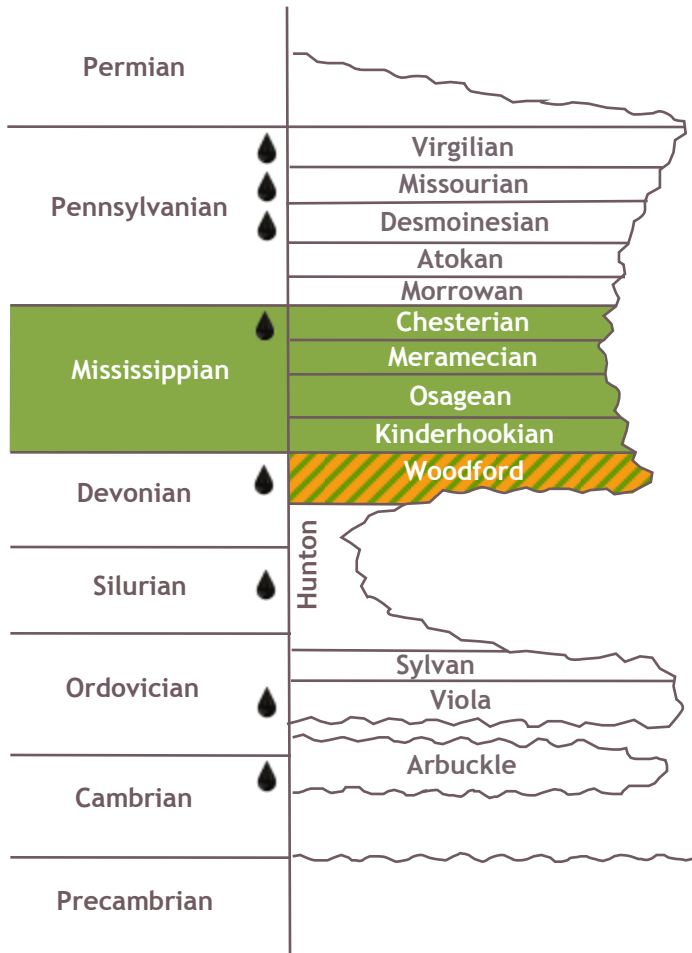
Risked resource potential: >800 MMBOE

Stacked pay potential (Woodford)

7 operated rigs

2012 plans: Drill >50 wells

Mississippian Stratigraphic Section

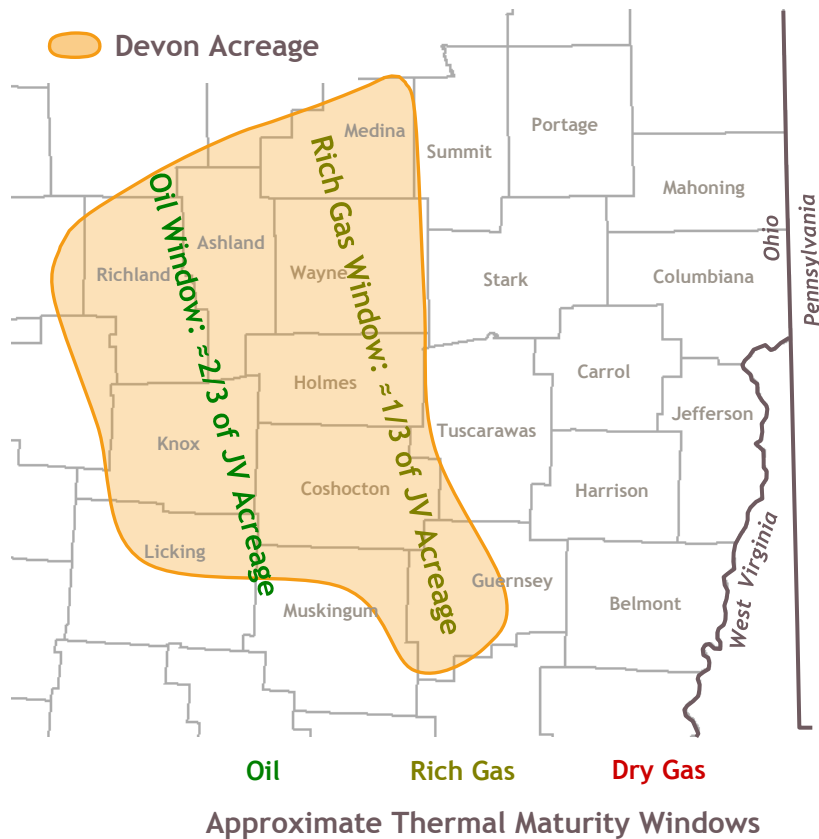


 Productive Zones
  Primary Objective
  Secondary Objective

- Multiple prolific lithologies
 - High porosity chert
 - Siliceous limestone with medium porosity
 - Fractured limestone with lower porosity
- Significant open fractures
- Woodford TOC up to 10% is a great source rock



Ohio Utica Overview

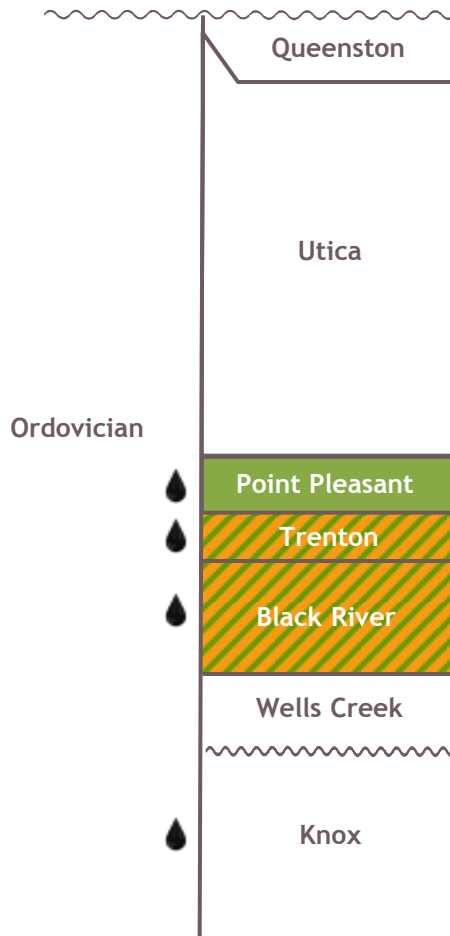


	DVN (net)	JV (gross)
Net acres:	157,000	235,000
Unrisked res.	640 MMBOE	950 MMBOE
2012 capital:	\$26 MM	\$100 MM
2011/12 plans:	Drill \approx 15 wells	

Attractive Attributes

- Positive industry results to date
- Conventional oil and gas area
- Abundant well control
- Favorable subsurface (TOC, porosity, perm)

Ohio Utica Stratigraphic Section



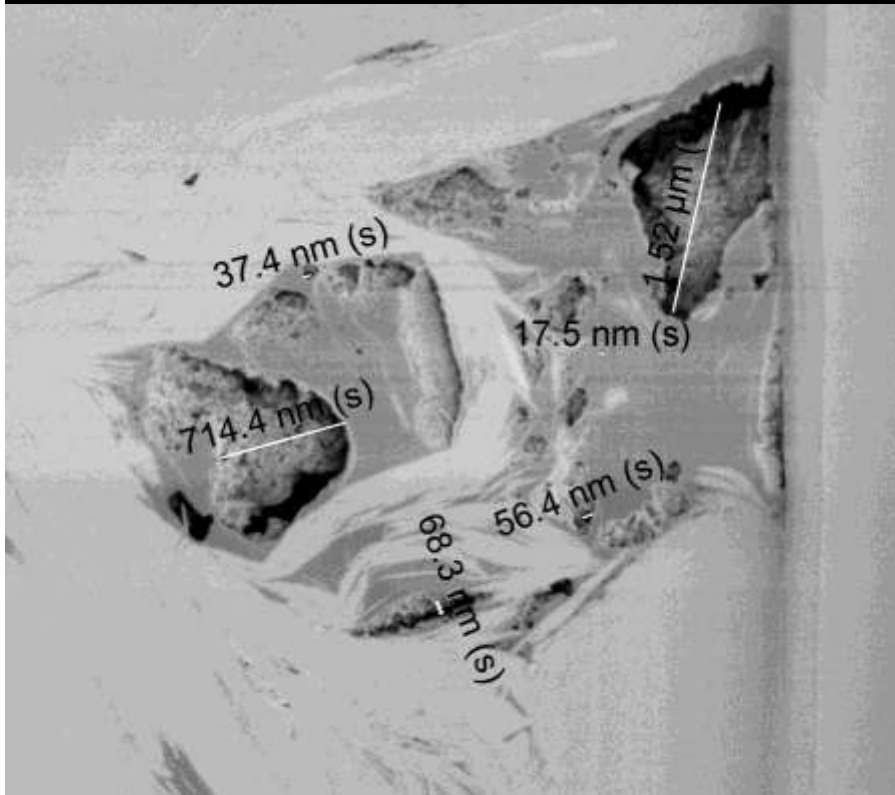
- Hybrid unconventional resource
- Lithology consists of laminated limestone-mudstone
- In-situ fractures
- Frac barriers above and below (no wet zones)
- Prolific source rock and reservoir
- Potential upside from fractured Trenton/Black River

🔹 Productive Zones 🟢 Primary Objective 🟡 Secondary Objective

Ohio Utica

Permeability Analysis

Fixed Ion Beam Scanned Electron Microscope (FIBSEM Analysis)



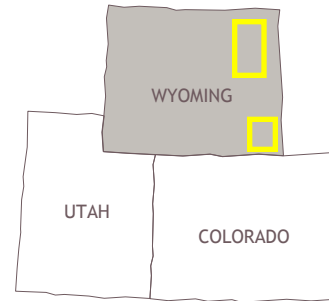
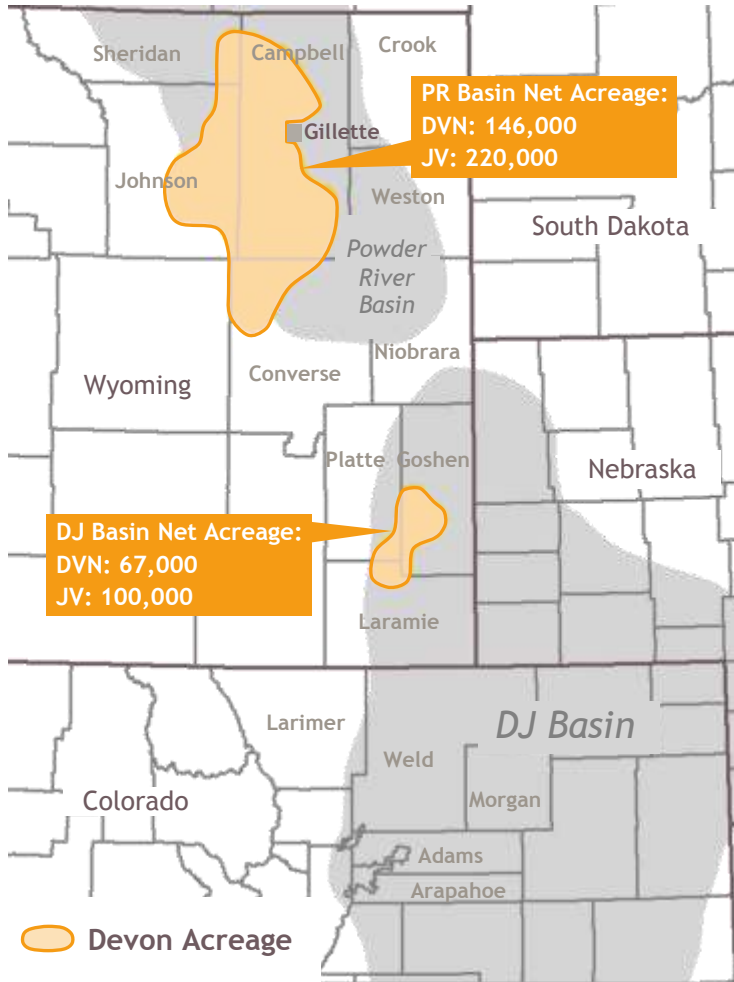
nm = nanometers
(Oil molecules range from 0.5 - 3.0 nm)

- FIBSEM analysis enables imaging of connected pores
- Significant size pores present
- Indicates potential to move liquids
- Top-tier permeability:

Permeability (microdarcy, μD)

DVN Harstine Well	Up to 30
Barnett Shale:	0.2 to 0.3
Marcellus:	0.7 to 1.3
Eagleford:	0.7 to 1.5
Bakken:	6.7 to 13.3

Rockies Oil Overview



	DVN (net)	JV (gross)
Net acres:	213,000	320,000
Unrisked res.	890 MMBOE	1,330 MMBOE
2012 capital:	\$40 MM	\$152 MM
2011/12 plans:	Drill ≈35 wells	

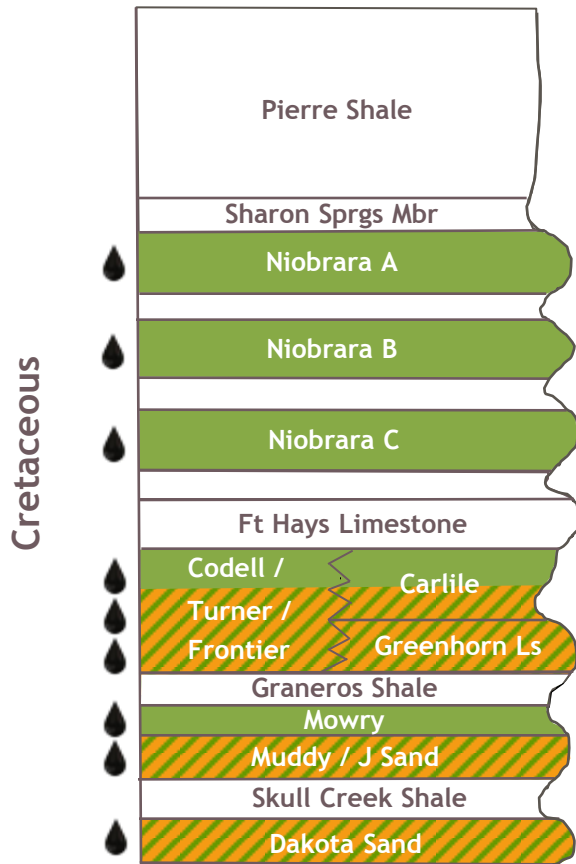
Attractive Attributes - Powder River Basin

- Stacked oil targets - Niobrara, Turner, Frontier, Greenhorn Mowry & Muddy
- Economic results in multiple intervals
- Significant operational expertise in basin

Attractive Attributes - DJ Basin

- Stacked oil targets - Niobrara, Codell, Greenhorn & J Sand
- Favorable thermal maturity for oil generation
- Thick Codell sand with oil shows in core and logs

Rockies Oil Stratigraphic Section



Powder River Basin

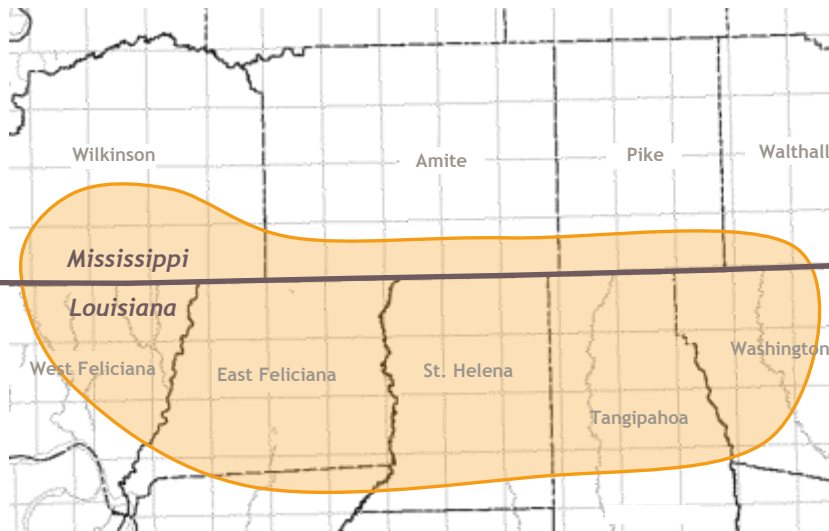
- Primary targets: Niobrara and Mowry
- High total organic content in Mowry and Niobrara
- Secondary targets: Turner, Muddy, Dakota and Frontier
- Deeper Paleozoic prospective

DJ Basin

- Primary targets: Niobrara and Codell
- Niobrara and Mowry source of significant Lower Cretaceous production
- Multiple Niobrara chalk benches; B main target across play
- Viable secondary objectives: Greenhorn and J Sand

Productive Zones
 Primary Objective
 Secondary Objective

Tuscaloosa Overview



 Devon Acreage



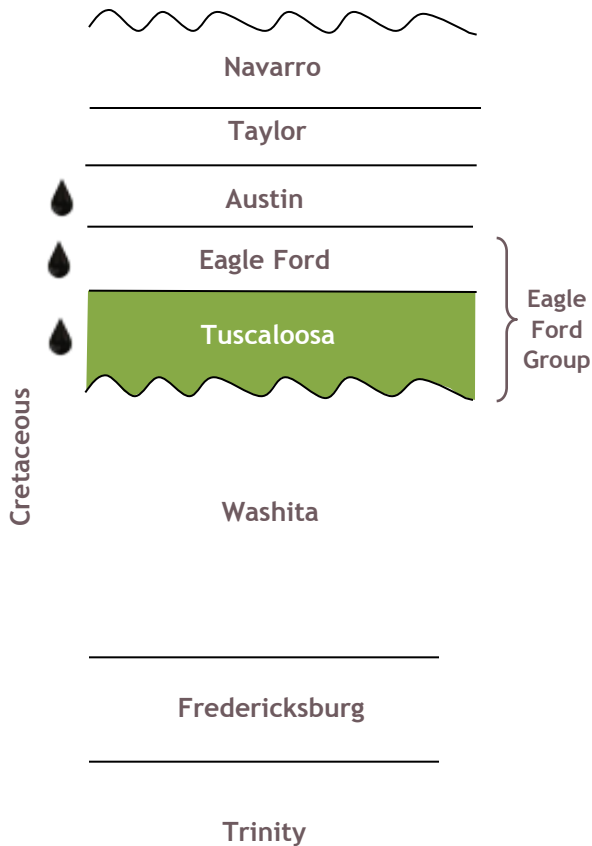
	DVN (net)	JV (gross)
Net acres:	190,000	285,000
Unrisked res.	1,150 MMBOE	1,730 MMBOE
2012 capital:	\$44 MM	\$167 MM
2011/12 plans:	Drill ≈ 10 wells	

Attractive Attributes

- Proven capacity to flow oil; existing production
- Highly overpressured reservoir
- Low-cost acreage
- Well-established regulatory environment
- Existing infrastructure

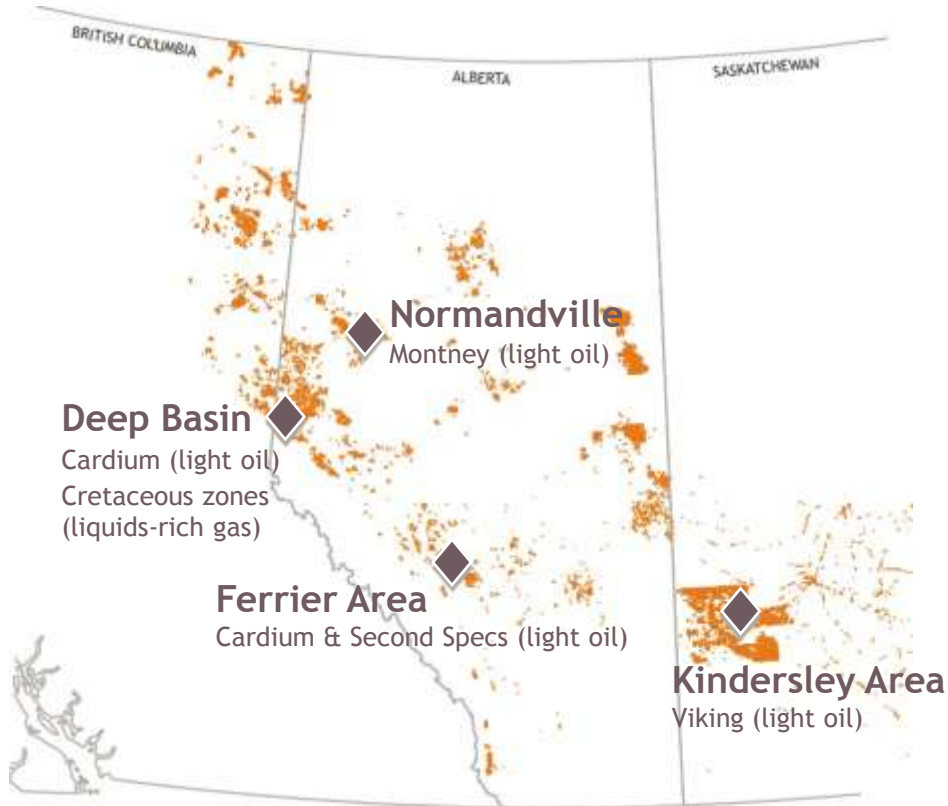
Tuscaloosa

Stratigraphic Section



- Highly laminated lithology
- Brittle intervals of sand, siltstone and limestone
- Significant fracture system
- Several historical oil pay zones throughout the stratigraphic section

Canada Exploration Oil & Liquids Opportunities



- Net prospective acres: >4 million
- Net unrisked resource: 2.2 BBOE
- 2012 plans: Drill 90 wells
- Testing >10 new play types including:
 - Viking (Shallow targets; good economics)
 - Cardium (Ferrier area IP's up to 940 BOED)
 - Second Specs (Early stages of evaluation)
 - Montney (Light-oil exploration prospect)
 - Cretaceous zones (Exploiting multi-stacked pay)

Other U.S. Exploration

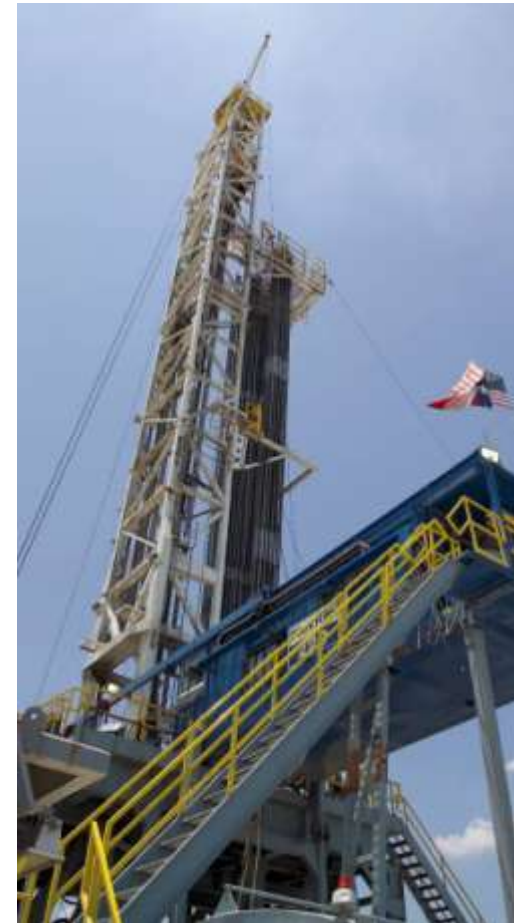
Oil & Liquids Opportunities

- Net prospective acres: 1.3 million
- Net unrisked resource: 5.8 BBOE
- Focus on oil opportunities
- Targeting tight carbonates/clastics and shale
- Currently evaluating 16 different exploration concepts across our existing asset base
 - 2012 Plans: Drill ≈15 wells



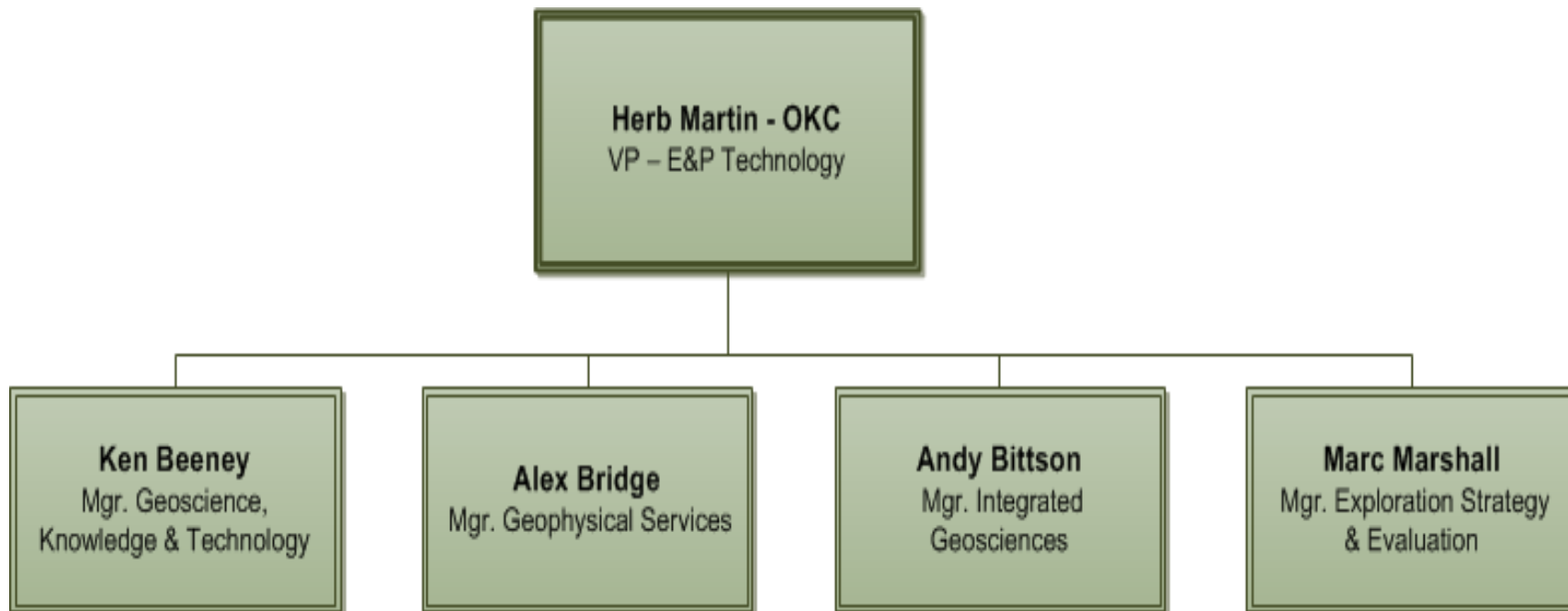
E&P Strategic Services at Devon Strategic Geosciences Group

- Sept 4, 2012



E&P Strategic Services

2012 E&P Technology (May 2012)



Competencies and Roles

Exploration Strategy & Evaluation (ESE)

- Technical/Peer review
- Play Evaluation & Ranking
- Development/Support for Evaluation process/tool
- Technology Pipeline

Integrated Geoscience (SSIG)

- Reservoir Modelers
- Geophysical modelers
- Sedimentologists/petrographers
- Structure/Fracture Expertise
- Geochemistry

Geophysical Services (GS)

- Acquisition
- Processing
- Microseismic
- Data management
 - Contracts and Permitting
- Geodetics

Knowledge Management / Technology

- Collaborate w/ Engineering Technology
- Consortia prioritized
- Data Management
- Training
- Petrophysics



Exploration Strategy and Evaluation

Exploration Strategy Evaluation Team (ESE): Roles and Responsibilities

ESE Team is responsible for unconventional play characterization and comparative play analysis across the company.

Analysis is used for play ranking and as an aid for executive decision-making

Facilitate consistent technical and peer reviews (UCRisk)

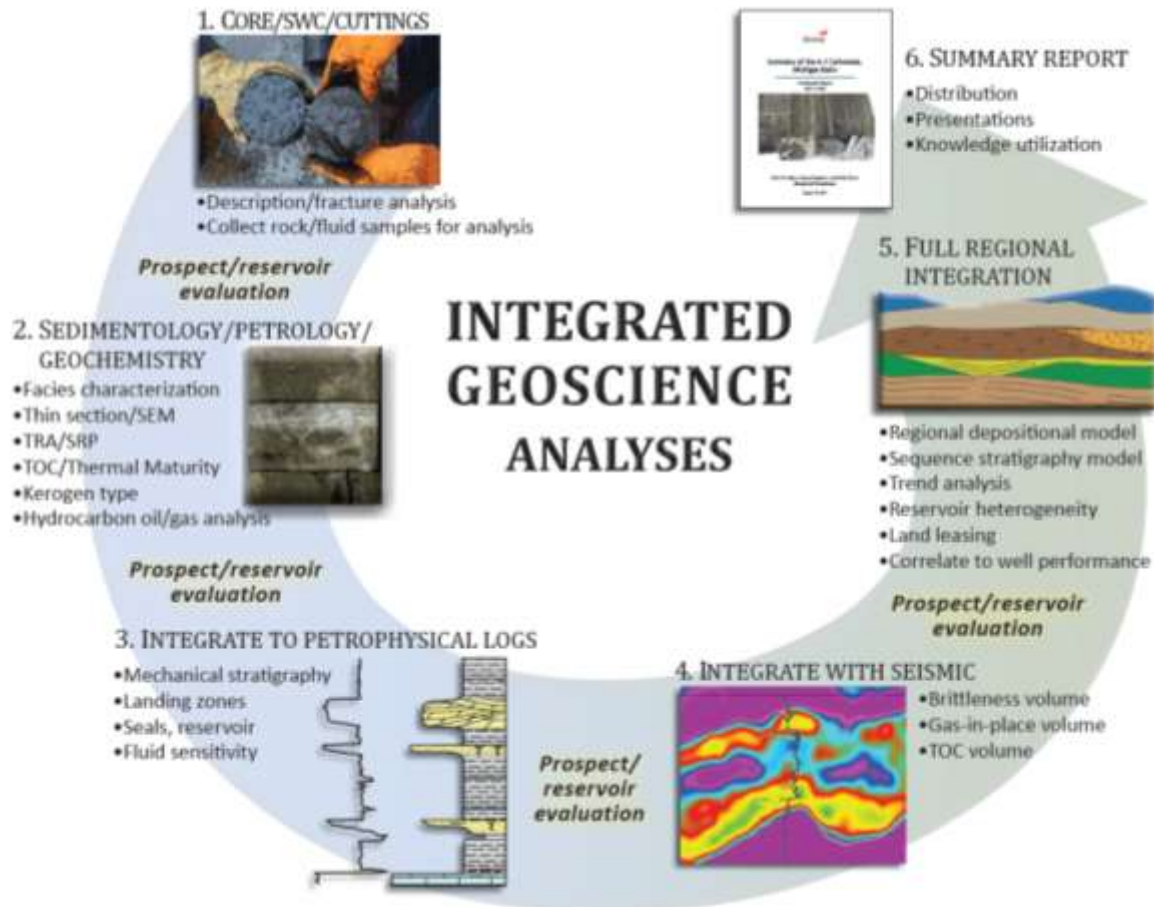
Promote best practices and technical exchanges through reviews

Maintain an up-to-date exploration play inventory

Integrated Geoscience

June 2012

Integrated Workflow and Knowledge Experts

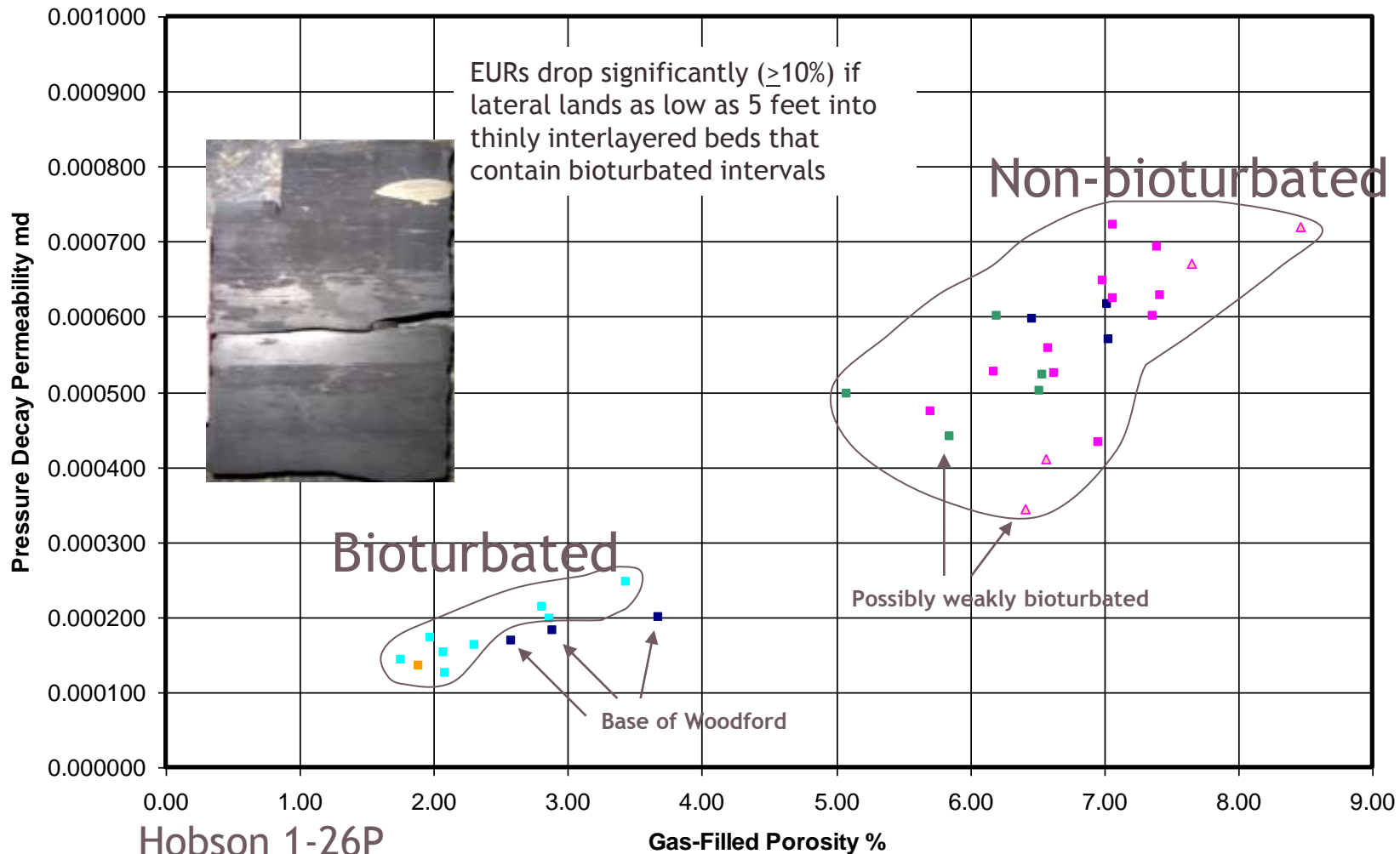


Technology Experts

- Core Description
- Stratigraphy /Sedimentology
- Structure and Fractures
- Seismic Reservoir Characterization
- Reservoir / Basin Modeling
- Petrography
- Geochemistry

Cana Woodford Example

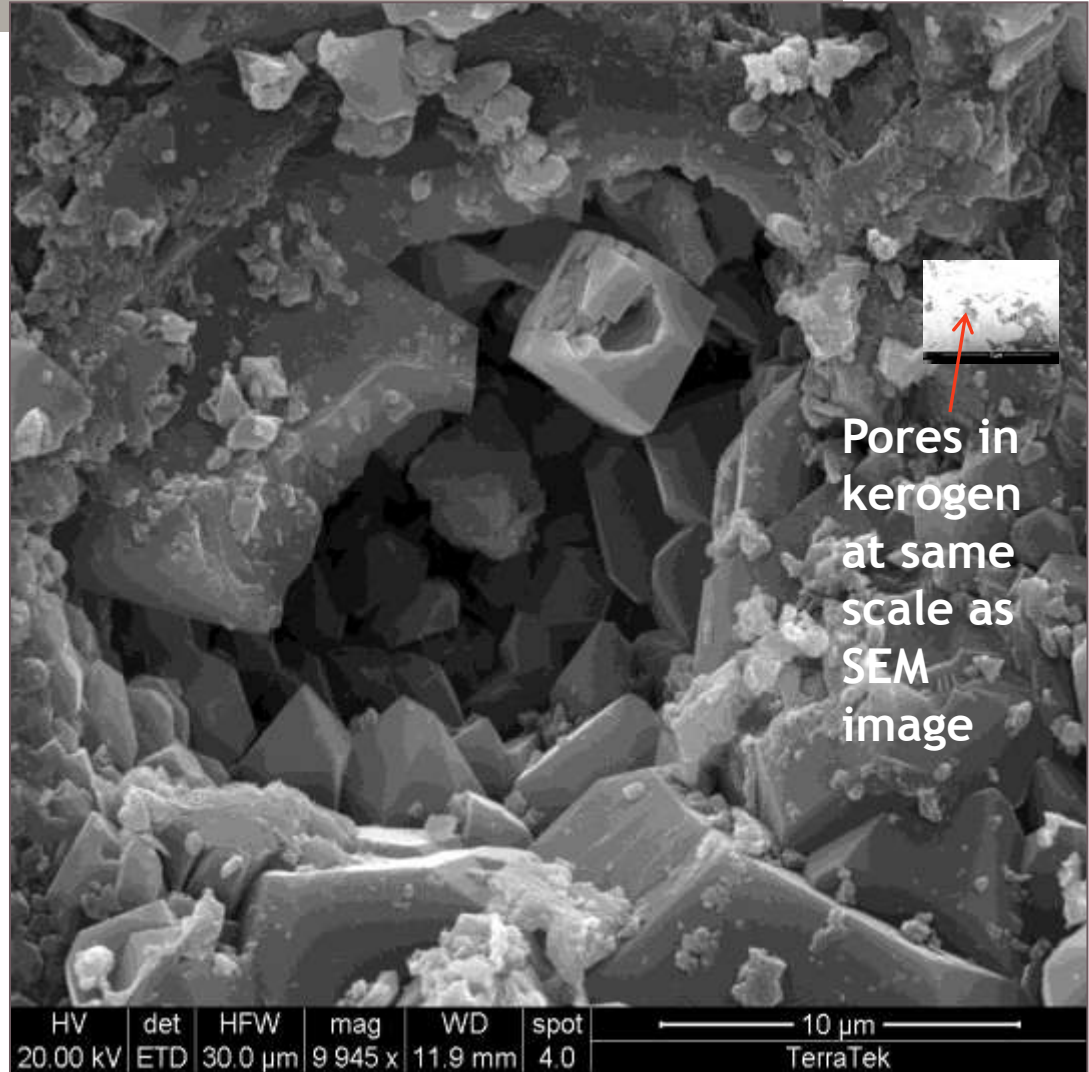
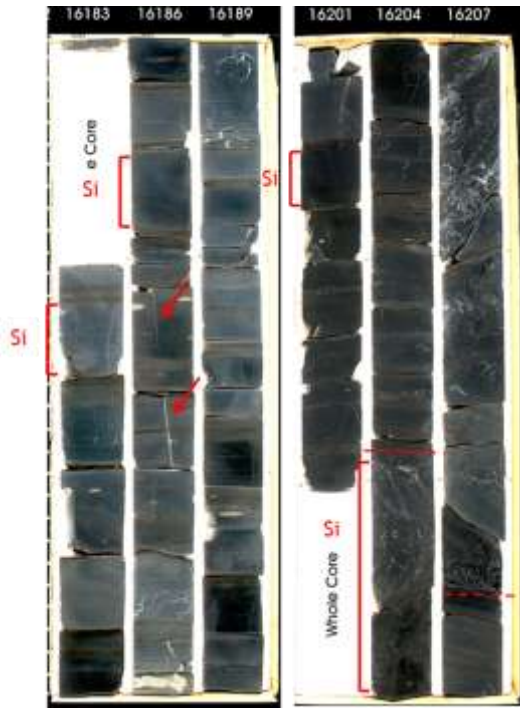
Facies Control on Production



Cana Woodford Example

Natural Fracture Production Conduits

- Bed-confined natural fractures likely conduits for liquids production
- Increase oil storage
- Large enough to move oil through
- Vertical paths of weakness for fracturing



Permian Basin Wolfcamp Example

Type Well Stratigraphic Flow Profile

Most wells landed in zone 8-9
 Additional potential identified in zone 11



3. Stratigraphic Flow Profile

Geophysical Services

Geophysical Services (GS)

What We Do

- Acquisition
- Processing
- Microseismic
- Data management
- Contracts and Permitting
- Geodetics

Seismic Acquisition Highlights

2012 Seismic Acquisition Projects

3D Summary

- 4 Completed 366 mi²
- 4 Active 790 mi²
- 5 Planning 941 mi²
- 4 Hold 275 mi²

Total 17 2,371 mi²

New Seismic Methods / Evaluations

- Regional Seismicity Monitoring
- Seismic Source Optimization - Michigan, Ohio, West Texas
- Frac Monitor with passive surface seismic - Mississippian & Cana
- High-Resolution 3D Depth Imaging
- Microseismic Evaluations

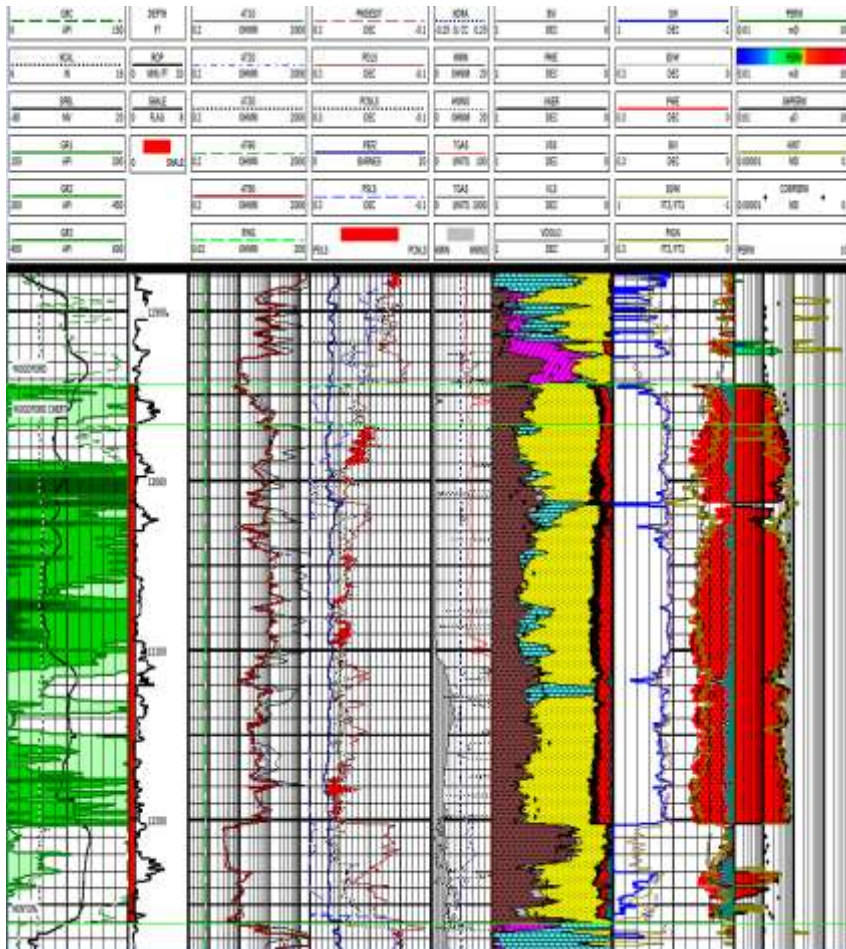
Knowledge and Technology

Geoscience - Knowledge & Technology

- Collaborate w/ Engineering Technology
 - Knowledge management (Communities of Practice)
- Consortia management
- Data Management
- Training
 - In-house
 - Nautilus
 - Industry
- Petrophysics

Knowledge & Technology

Petrophysics Example



- Core to Log integration
- Productivity
 - Pay zones and cutoffs
 - Permeability
- Volumetrics
 - Thickness, Net to Gross
 - Effective porosity and fluid saturations
 - Reserves in-Place
- Reservoir Description
 - Lithology
 - Sweet Spot identification
- Additional Categories
 - Seismic integration
 - Mechanical properties
 - Reservoir modeling integration
 - *Pretty log plots*

Strategic Geoscience

Putting It All Together

- Why “Strategic”?
- Integration Essential
 - Across Geoscience Disciplines
 - Across E & P
- Answer Important Questions Early
 - Data Gathering
 - Which data to gather
 - Technology
 - Experience (what do we need to know?)

The Devon Energy Nano Imaging Center



Devon

E&P in Unconventionals

- Focused Strategy
- Leverages Experience and Expertise
- Takes Advantage of Unique Time in our Industry

- Questions?

The image features a minimalist design with several overlapping rectangular blocks. A large, light green block is positioned at the top left, extending towards the center. Below it, a darker green block is partially visible. To the right, a light green block extends further across the top. At the bottom left, a bright blue block is visible. The text 'Thank you.' is centered within the light green block at the top.

Thank you.