



Northeast Red Lake Glorieta-Yeso Pool

Summary of Review of Devon Energy Leasehold

- Twenty type development wells established.
- Average drainage area for ultimate reserve recovery: 12 acre/well
- Average initial rate for the twenty type wells: 117 BOPD + 200 MCFPD
 - Two 20 acre average producers as described above on a 40 acre spacing unit would have a combined unit rate of 234 BOPD + 400 MCFPD
- Thirteen of the twenty type development wells or 65% of the wells had initial rates greater than 80 BOPD.
- Average initial rate for the 65% of wells that had initial rates greater than 80 BOPD: 143 BOPD + 234 MCFPD
 - Two 20 acre average producers as described above on a 40 acre spacing unit would have a combined unit rate of 286 BOPD + 468 MCFPD
- Highest initial rate encountered in a single producer: 311 BOPD + 491 MCFPD

Current Allowable

80 BOPD + GOR 2,000 SCF/BO for 40 acre spacing unit
2,000 SCF/BO GOR equivalent gas rate is 160 MCFPD

Requested Allowable

300 BOPD + GOR 2,000 SCF/BO for 40 acre spacing unit
2,000 SCF/BO GOR equivalent gas rate is 600 MCFPD

OIL CONSERVATION DIVISION

CASE NUMBER

EXHIBIT NUMBER 12

Conclusion

- To fully develop the Glorieta-Yeso within the Northeast Red Lake Glorieta-Yeso Pool, the producing wells need to be drilled on 20 acre spacing.
- Considering that most of the producers Devon has drilled to date have had initial rates greater than 80 BOPD, the recommended allowable should reflect the actual production rates encountered and allow development of the Glorieta-Yeso on 20 acre spacing.
- The requested allowable of 300 BOPD + GOR 2,000 SCF/BO will allow economic and full development of the Glorieta-Yeso reserves.
- The increased allowable will not result in waste of reservoir energy nor reduce the ultimate recovery of oil from the reservoir.
- The ability to further develop the Glorieta-Yeso will help prevent waste and protect correlative rights.