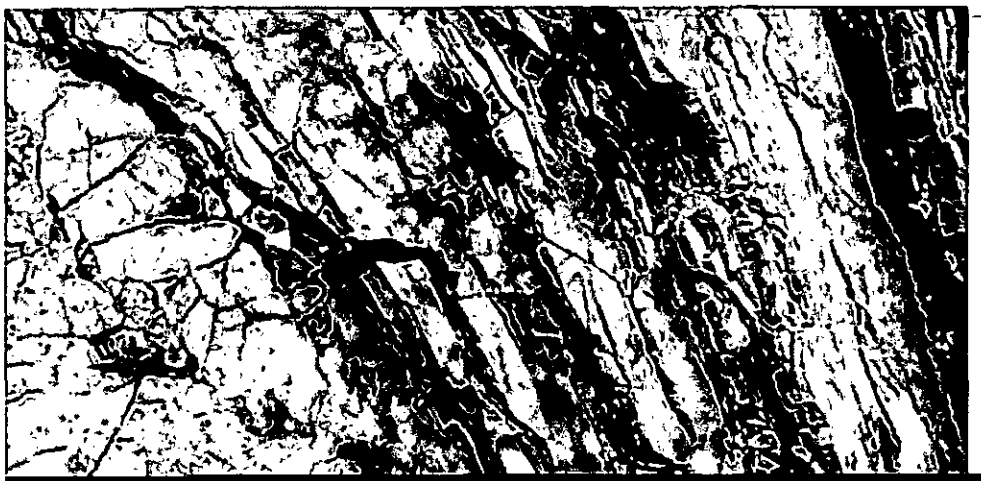


Bone Spring Allowable increase Proposal

Oil Conservation Division
Case No.
Exhibit No. 4

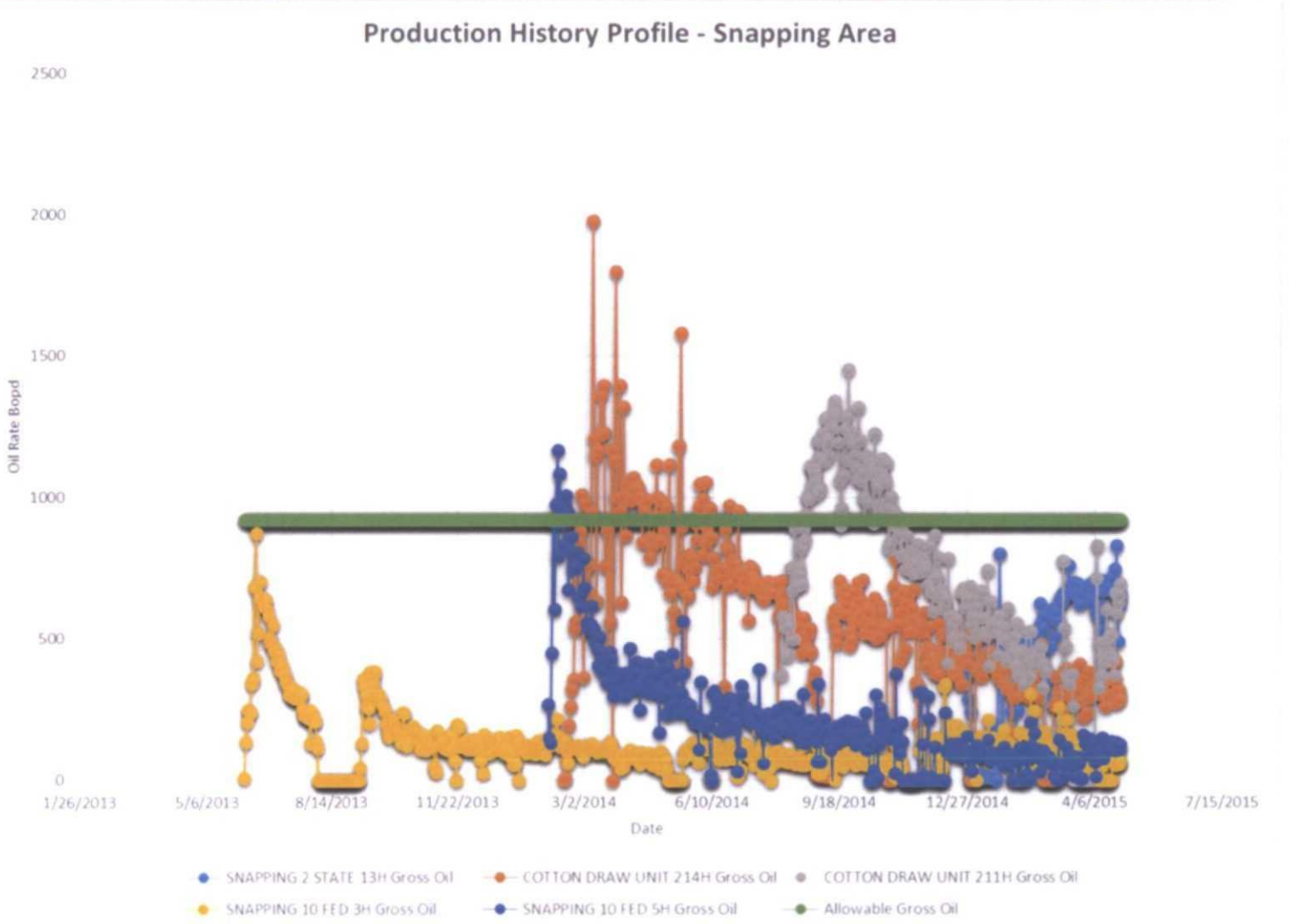
devon

Delaware Basin Downspacing
Overview

Objective -

- Optimize well spacing that maximize recovery and economics for the Bone Spring Sands
- Increase the actual allowable to increase the Net Present Value of the wells
- Implement pilot development to test concept

Actual History in the Snapping Area



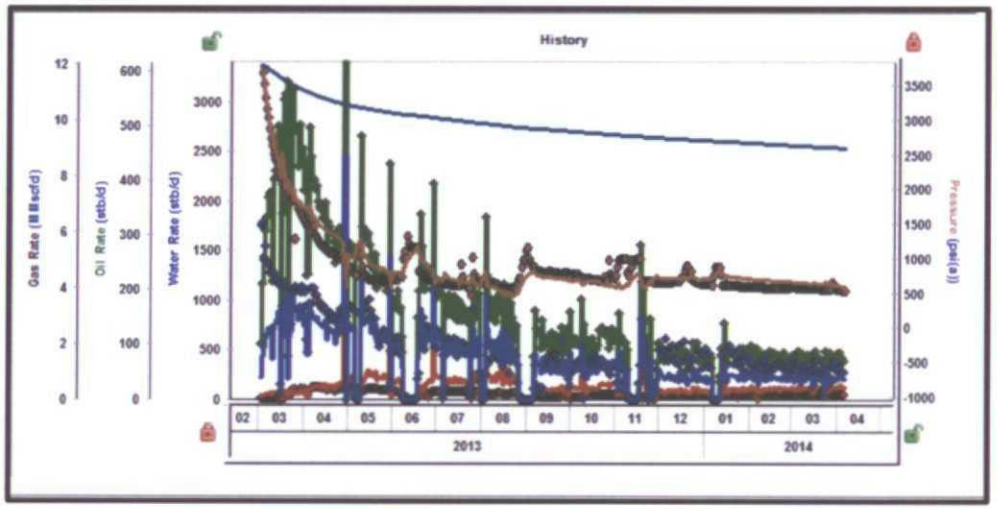
devon

Fekete Harmony

Numerical Model Work Flow, Technical support

Disciplines	Inputs	Sources
Geology	TVD Net Pay Porosity Fluid Saturation Matrix Perm	Logs, Core
Reservoir	Res. Pressure Res. Temperature API FVF Viscosity Bubble Point Compressibility GOR	DFIT PVT
Drilling & Operation	Deviation Survey Csg/Tbg Sizes Perfs Production Rates FBH Pressures	Wellview OFM

Fekete Harmony → History Match



Use to make business decision regarding to:

- Reserves Forecast & Estimation
- Recovery Factor
- Field Development Scenario (**Spacing**, Facilities development, drilling Pattern scenarios)

devon

Economic Results table
Peep cases

Wells	ROR %	NPV10 M$	ROR group %	NPV10 group M$	EUR/Well MBl	Res/section MBl
1	26.1	1621	26.1	1621	460	460
2	26.1	1621	26.1	3242	460	920
3	26.1	1621	26.1	4863	460	1380
4	26.1	1609	26.1	6436	447	1788
5	25.9	1530	25.9	7650	416	2080
6	25.3	1343	25.3	8058	375	2250
7	23.3	1021	23.3	7147	335	2345
8	20.3	700	20.3	5600	303	2424

devon

Technical Conclusions

- High remaining residual oil Saturation on current spacing; Need for an acceleration/Downspacing Program
- Optimal well density is 6 wells/section based on NPV10; 30-40% increase in total reserves
- Actual Pool max allowable = 230 Bopd /40ac ~ 920 Bopd (160 ac)
- Actual data production shows the need of the increase; Third Bone Spring and Second Bone Spring producing at the moment
- In addition to the history, with the 6 wells per section, we are expecting 1650 Bopd per well in a 107 ac spacing, just in Lower second bone spring
- We request an increase to 690 Bopd per 40 Acres ~ 2760 Bopd (160 ac), the equivalent of 1845 Bopd (107ac)

devon