

Oil Conservation Division

Case No. 15409

Exhibit No. 12



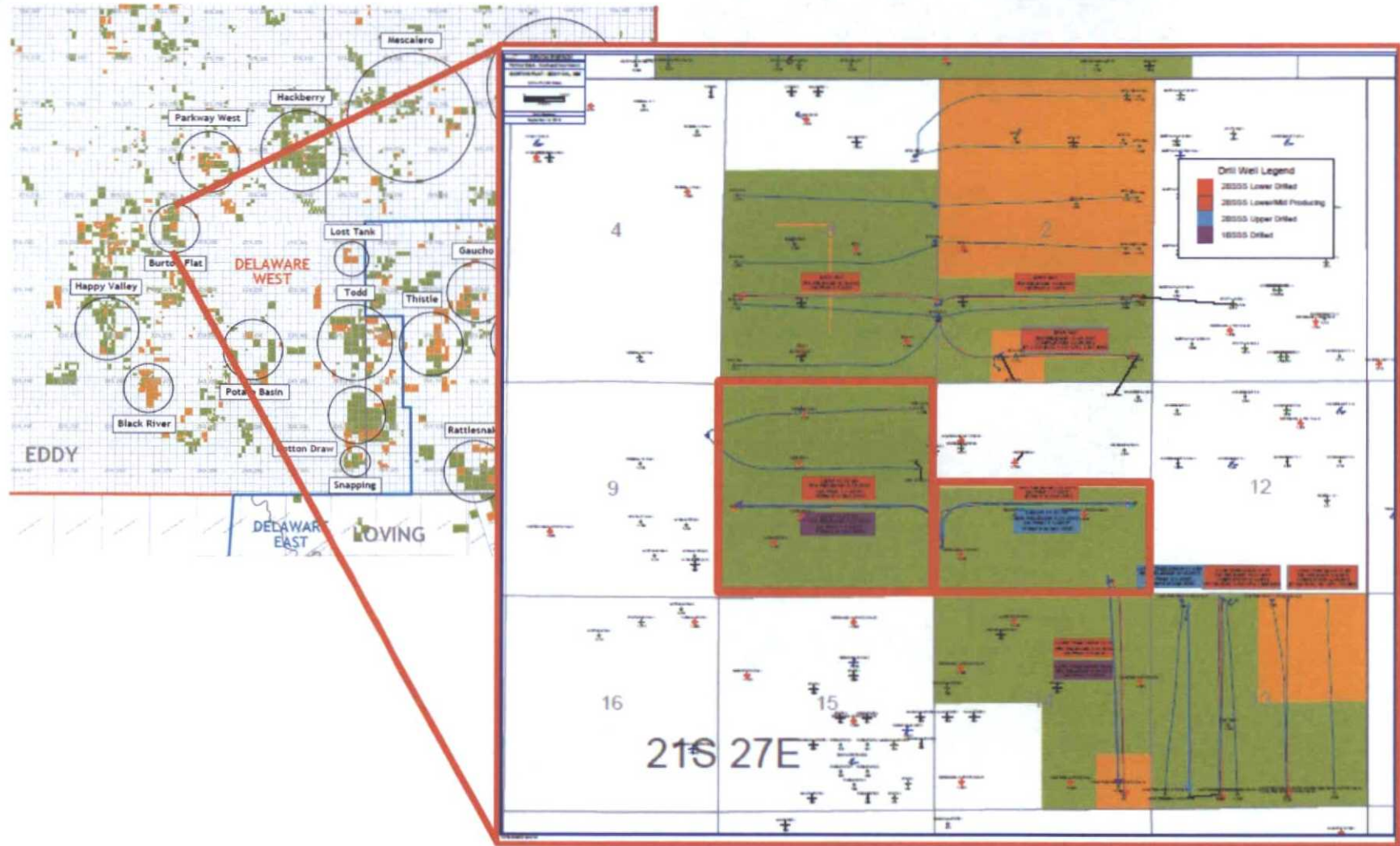
Bone Spring Allowable Request

November 12, 2015 | Santa Fe, NM

NYSE: DVN
devonenergy.com

Burton Flat Allowable

Section 10 & 11 Locator Map



Burton Flat Allowable

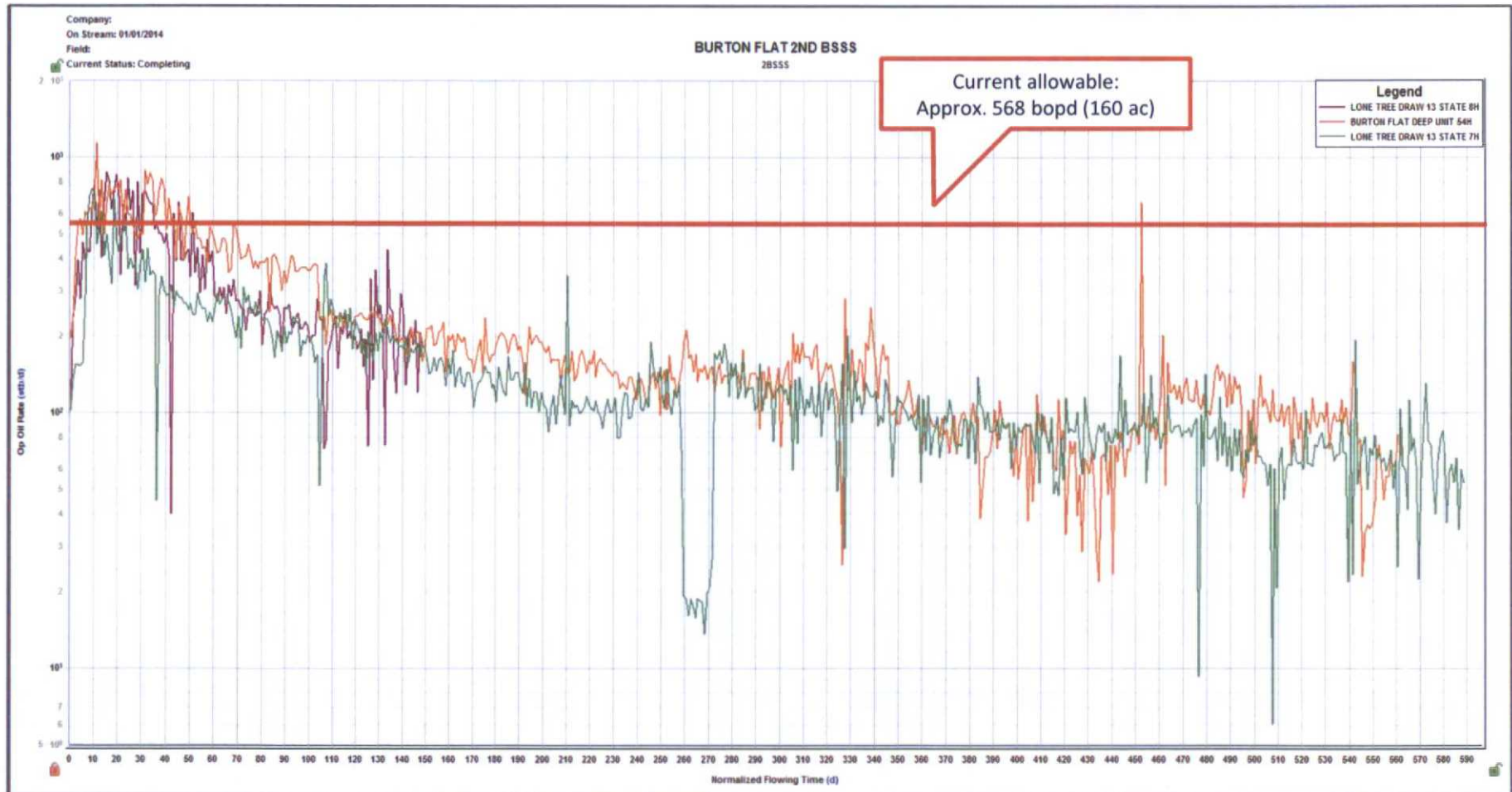
Overview



- Current maximum allowable
 - 142 bopd/40 acre unit
 - 2000 scf/stb
- Requesting an allowable increase to:
 - $3500 \text{ bopd}/320 \text{ acre unit} = 1750 \text{ bopd}/160 \text{ acre unit} = 437.5 \text{ bopd}/40 \text{ acre unit}$
 - $17500 \text{ mscfd}/320 \text{ acre unit} = 8750 \text{ mscfd}/160 \text{ acre unit} = 2187.5 \text{ mscfd}/40 \text{ acre unit}$
(GOR = 5,000 scf/stb)
- Increased allowable will allow for increased well density from 4 wells/section to 6 wells/section for future development.
- This increased well density will allow for optimum project economics and maximize resource recovery.
- Numerical modeling techniques were used in predicting production rates in each spacing scenario.

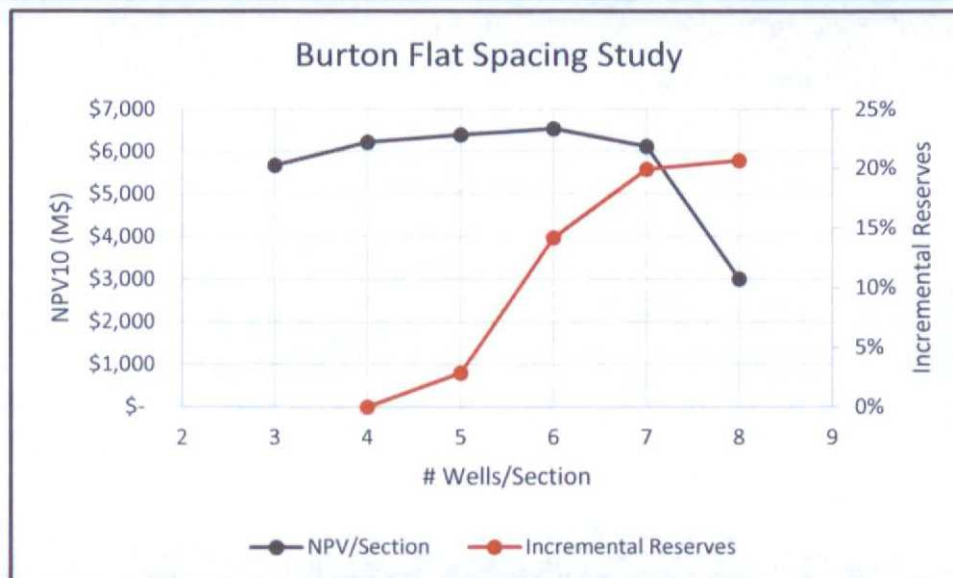
Burton Flat Allowable

Historical BS Production



Burton Flat Allowable

Economic Results



# Wells/Section	ATAX ROR	NPV10 (M\$)	NPV10/Section (M\$)	Reserves (MBO)	Reserves/Section (MBO)
1	34.9%	\$ 1,891	\$ 5,673	324	324
2	34.9%	\$ 1,891	\$ 5,673	324	648
3	34.9%	\$ 1,891	\$ 5,673	324	972
4	30.8%	\$ 1,554	\$ 6,216	300	1,200
5	30.1%	\$ 1,248	\$ 6,240	247	1,235
6	28.2%	\$ 1,088	\$ 6,528	233	1,398
7	26.3%	\$ 874	\$ 6,118	214	1,498
8	18.3%	\$ 376	\$ 3,008	189	1,512

Burton Flat Allowable

Summary



- Optimal well density is 6 wells/section based on NPV10.
- Realize a 20 - 30% increase in total reserves.
- Predicted peak rate is 1250 bopd/well in a 6 wells/section spacing scenario.
**Peak rate value only considers one landing zone.*
- Potential for development in two landing zones within the same depth interval reinforces the need for the increase.
- Current max allowable = $142 \text{ Bopd}/40\text{ac} = 568 \text{ Bopd}/160\text{ac}$
- We request an increase to 437.5 bopd/40 acre unit, the equivalent to either 1750 bopd/160 acre unit or 1167 bopd/107 acre unit.



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Thank you.