devon

318

20 North Broadway
Oklahoma City, Oklahoma 73102
405-552-7843 FAX

Janet Wooldridge, CPL
Senior Landman
405-552-4626

RECEIVED

2009 MAR 13 PM 2 16

March 11, 2009

Bureau of Land Management
1235 LaPlata Highway
Farmington, NM 87401
Attention: Mr. Wayne Townsend

Re: Paying Well Determinations
Pictured Cliffs Formation
Northeast Blanco Unit ("NEBU")
San Juan and Rio Arriba Counties, New Mexico
C-03-000062

Dear Mr. Townsend:

Devon Energy Production Company, L.P., as the unit operator for the Northeast Blanco Unit ("NEBU"), requests a Paying Well Determination for each of the wells listed below. Enclosed are reserve and economic runs as well as production histories for each well. If additional information is required, please advise.

WELL NAME	FORMATION	LOCATION
NEBU 247	Pictured Cliffs	SW/4 Sec. 20-31N-6W
NEBU 248	Pictured Cliffs	NW/4 Sec. 20-31N-6W
NEBU 252H	Pictured Cliffs	NE/4 Sec. 18-31N-6W
NEBU 255H	Pictured Cliffs	NW/4 Sec. 7-31N-6W
NEBU 345	Pictured Cliffs	NE/4 Sec. 29-30N-7W

Should it be determined that any well is a Paying Well, a proposed expansion to the Pictured Cliffs Participating Area to include said well will be submitted for your approval. Wells that are determined to be non-commercial will be reported under their lease number or communitization agreement number.

If you have any questions, please don't hesitate to contact me at 405-552-4626 or jan.wooldridge@dvn.com.

Sincerely,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Janet Wooldridge

Janet Wooldridge, CPL
Senior Landman

enc.

cc: State of New Mexico
Engineering Department
Oil Conservation Division
1220 South St. Frances Drive
Santa Fe, New Mexico 87505

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87505
Attention: Mr. Pete Martinez

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410
Attention: Charlie Perrin

Working Interest Owners(see attached)

WORKING INTEREST OWNERS
PICTURED CLIFFS PAYING WELL DETERMINATIONS
NEBU 247, 248, 252H 255H AND 345 WELLS

Burlington Resources Oil & Gas Co.

ConocoPhillips Company

BP America Production Company

Devon Energy Production Company, LP

B&N Company

BN Non-Coal, LLC

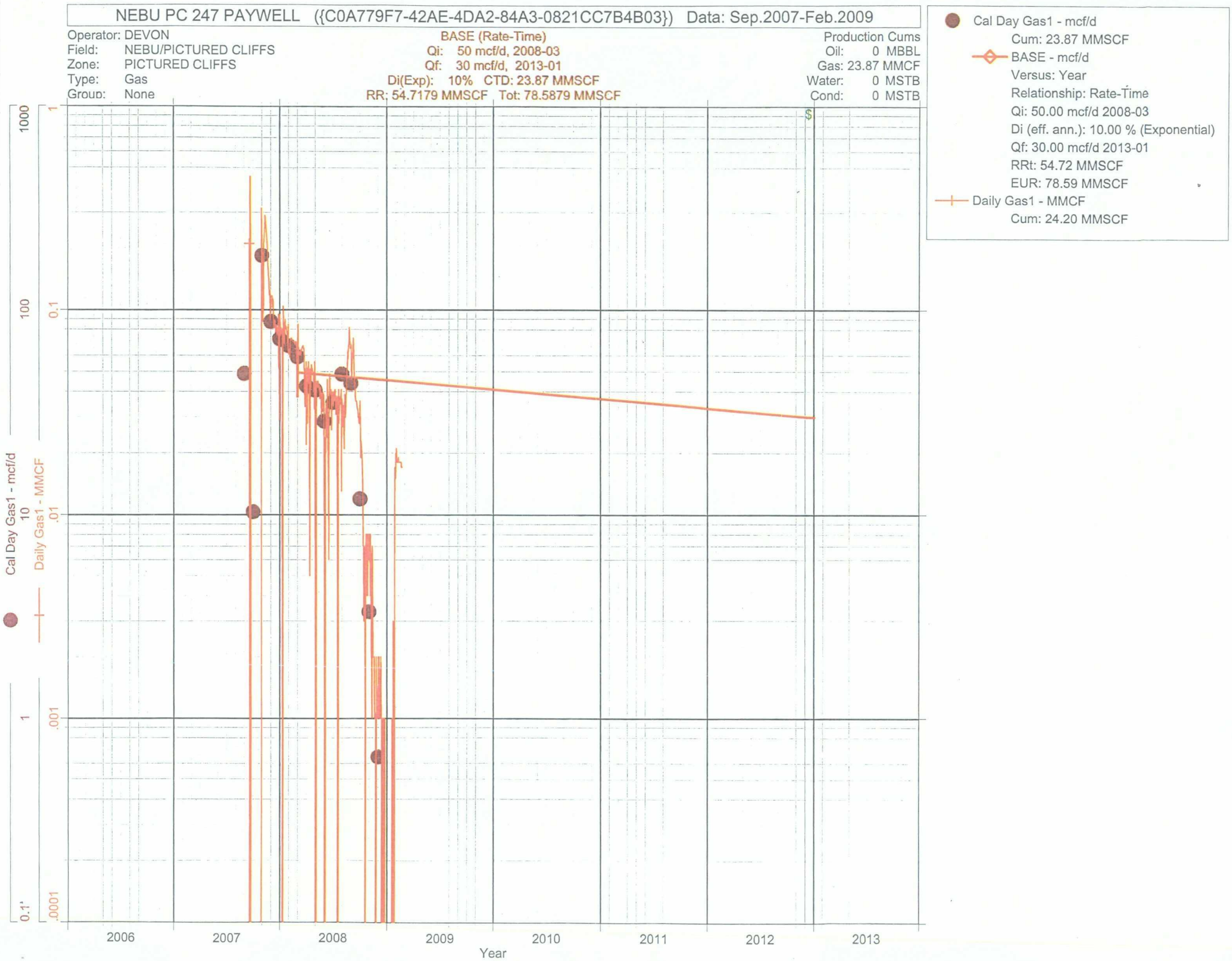
PAYING WELL DETERMINATION
NORTHEAST BLANCO UNIT 247 (Pictured Cliffs)
SW 20-31N-6W

ECONOMIC PARAMETERS:

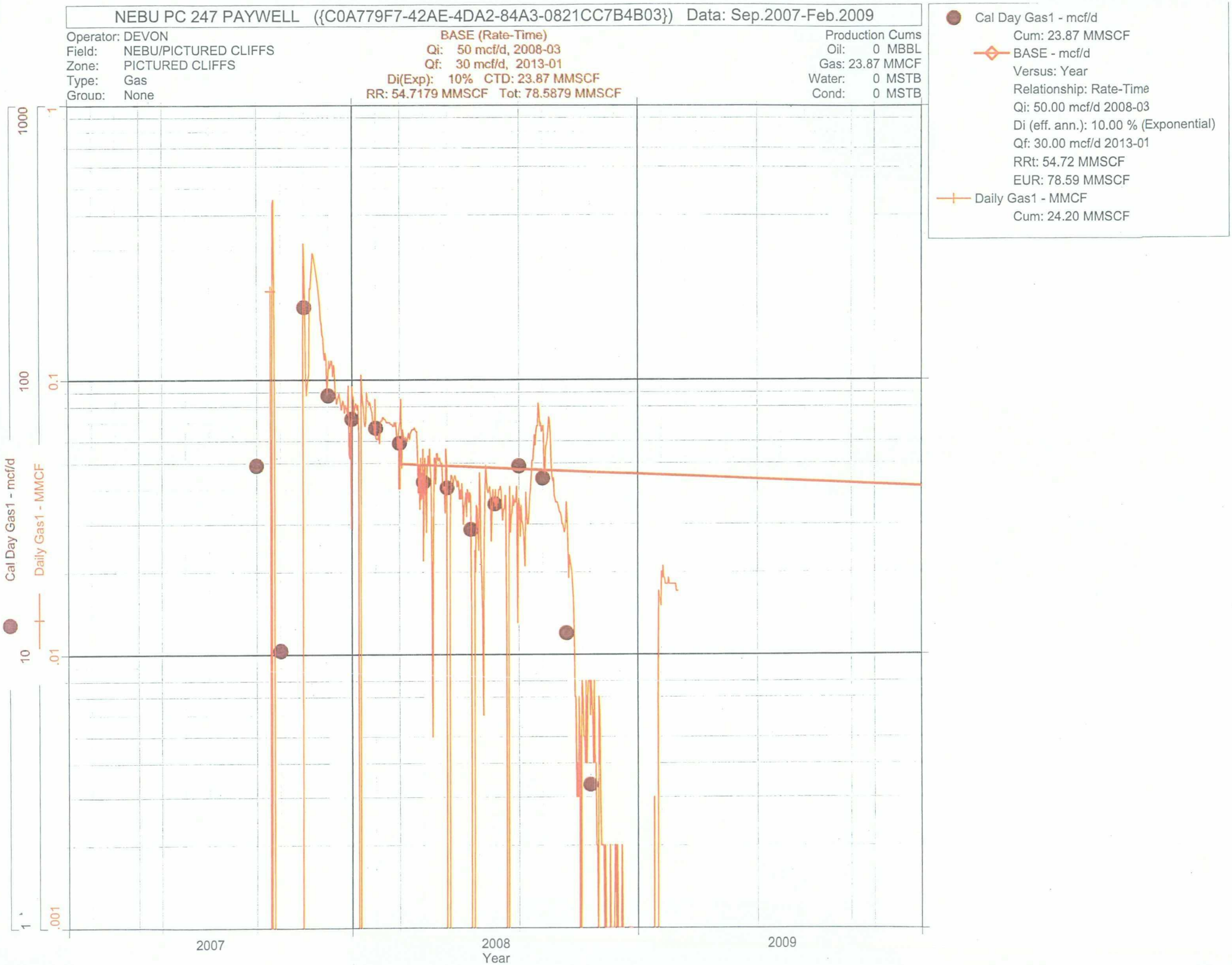
DRILLING AND COMPLETION COST	-	$1400M
OPERATING COST	-	$3150/Month
GAS TRANSPORTATION FEE	-	$0.30/mcf
ROYALTY	-	12.5%
TAXES (Severance + Ad Valorem)	-	8.86%
DISCOUNT RATE	-	10%
GAS PRICE	-	HISTORIC = ACTUAL 3/09–12/09 FRCST = $4.00/MCF LONGTERM = $5.00/MCF

RATE FORECAST PROCEDURE:

The NEBU 247 was drilled and completed as a Pictured Cliffs well in 09/2007. The production from this well has been erratic but has appeared to be stabilizing at very low rates. Future production for this well was forecast based on typical final decline rates for PC wells in, and adjacent to, Northeast Blanco Unit. A copy of the PC type curve is attached. The dark red circles on the production curve represent average daily production rates for the month, the thin red line shows the actual daily production rates.



NEBU PC 247 PAYWELL ({C0A779F7-42AE-4DA2-84A3-0821CC7B4B03}) Data: Sep.2007-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 50 mcf/d, 2008-03
Qf: 30 mcf/d, 2013-01
Di(Exp): 10% CTD: 23.87 MMSCF
RR: 54.7179 MMSCF Tot: 78.5879 MMSCF
Production Cums
Oil: 0 MBBL
Gas: 23.87 MMCF
Water: 0 MSTB
Cond: 0 MSTB
Cal Day Gas1 - mcf/d
Cum: 23.87 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 50.00 mcf/d 2008-03
Di (eff. ann.): 10.00 % (Exponential)
Qf: 30.00 mcf/d 2013-01
RRt: 54.72 MMSCF
EUR: 78.59 MMSCF
Daily Gas1 - MMCF
Cum: 24.20 MMSCF
Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
1000
100
10
1
0.1
1
0.1
.01
.001
.0001
2006
2007
2008
2009
2010
2011
2012
2013
Year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Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
1000
100
10
1
1
0.1
.01
.001
2007
2008
2009
Year

DEVON ENERGY CORP.

ECONOMIC SUMMARY

NEBU PC 247 PAYWELL

Database: Western Reserves Budget Oracle

Partial Case Reporting: 2007/08 - 2012/12

CASE PARAMETERS

DIVISION	WESTERN DIVISION	OPERATED	YES	AFE NUMBER:	1-123989
DISTRICT	ROCKY MOUNTAIN	OPERATOR	DEVON		
PROJECT AREA	XGEK	STATUS		TITLE 1:	X
FIELD GROUP	NORTHEAST BLANCO UNIT CONVEN	RESERVOIR	PICTURED CLIFFS	TITLE 2:	X
FIELD	09	PROPERY CODE	X	TITLE 3:	X
RES CAT CURRENT	PC	MAJOR PHASE	PAYWELL		
RES CAT YEAREND	PC	ENGINEER	CDS		
RES CAT PRIOR YE	PC	RIO WELLZONENUM	X		

CASE DATES

REPORT START DATE	2007/08
REPORT END DATE	2012/12
EVALUATION DATE	2007/08
DISCOUNT DATE	2007/08
PRODUCTION START	2007/09
ECONOMIC LIMIT	2012/12
1ST INVESTMENT	2007/08

DATE AND TIME

DATE:	2/24/2009
TIME:	14:17

CASE LINKS

MODEL	Devon USModel
GLOBAL PARM	Devon US
LINKED WELL	NEBU PC 247 PAYWELL
PRECEDING CASE	
OIL PRICE BASE	
OIL PRICE OFFSET1	
GAS PRICE BASE	
GAS PRICE OFFSET1	
COND PRICE BASE	Cond_WTI-Cushing
COND PRICE OFFSET1	
NGL PRICE BASE	Ngl_Mt Belvieu/Conway
NGL PRICE OFFSET1	

OWNERSHIP INTEREST

	INITIAL %	FINAL %	AVG %
NRI OIL	87.500	87.500	0.000
NRI GAS	87.500	87.500	87.500
NRI BYPROD	87.500	87.500	0.000
WI OPCOST	100.000	100.000	97.202
WI CAPITAL	100.000	100.000	100.000

CASE SCENARIOS

OIL PROD FORECAST	Base
GAS PROD FORECAST	Base
COND PROD FORECAST	Base
NGL PROD FORECAST	Base
OPERATING COSTS	Base
CAPITAL	Base
CUSTOM	Base
INTERESTS	Base
OIL PRICE	Base
GAS PRICE	Base
COND PRICE	Base
NGL PRICE	Base

SUMMARY INDICATORS

		B. TAX	A. TAX
ROR	%	0.00	0.0
PAYOUT PERIOD	STND. (MO'S)	0.00	0.0
	PROJ. (MO'S)	0.00	0.0
UNDISC. PIR	M$/M$	-0.91	-0.56
10.0 PCNT. PIR	M$/M$	-0.92	-0.60
15.0 PCNT. PIR	M$/M$	-0.93	-0.61
FD COST	$/BOE	128.806	
FDO COST	$/BOE	152.397	
NET UPLIFT	BOEPD/MM$	5.5715	

NPV SUMMARY

DISC RATE (%)	NET INVESTMENT M$	BEFORE TAX CASH FLOW M$	AFTER TAX CASH FLOW M$
0	1,400.000	-1,273.571	-789.614
5	1,400.000	-1,282.151	-817.821
8	1,400.000	-1,286.600	-832.236
10	1,400.000	-1,289.321	-840.980
12	1,400.000	-1,291.867	-849.114
14	1,400.000	-1,294.253	-856.698
15	1,400.000	-1,295.391	-860.301
16	1,400.000	-1,296.495	-863.786
18	1,400.000	-1,298.604	-870.425
20	1,400.000	-1,300.592	-876.658

RESERVES SUMMARY

REMAINING RESERVES		GROSS	NET
OIL/COND	MBBL	0.000	0.000
GAS - PROD	MMCF	78.453	68.646
- SALES	MMCF	74.530	65.214
NGL	MBBL	0.000	0.000
OIL EQ (SALES)	MBOE	12.422	10.869

ULTIMATE RECOVERABLE		GROSS PRIOR	GROSS EUR
OIL/COND	MBBL	0.000	0.000
GAS	MMCF	0.000	78.588
NGL	MBBL	0.000	0.000

PRODUCT, PRICE, AND REVENUE

Date	GROSS OIL/COND VOLUME	GROSS PROD GAS VOLUME	GROSS NGL VOLUME	NET OIL/COND VOLUME	NET SALES GAS VOLUME	NET NGL VOLUME	TOTAL NET OIL EQUIV VOLUME	AVG OIL/COND PRICE	AVG GAS PRICE	AVG NGL PRICE	NET OIL/COND REVENUE	NET GAS REVENUE	NET NGL REVENUE	NET OTHER INCOME	TOTAL NET REVENUE
	MBBL	MMCF	MBBL	MBBL	MMCF	MBBL	MBOE	$/Bbl	$/mcf	$/Bbl	M$	M$	M$	M$	M$
2007 08	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2007 09	0.000	1.470	0.000	0.000	1.222	0.000	0.204	0.000	4.957	0.000	0.000	6.057	0.000	0.000	6.057
2007 10	0.000	0.320	0.000	0.000	0.266	0.000	0.044	0.000	5.530	0.000	0.000	1.471	0.000	0.000	1.471
2007 11	0.000	5.530	0.000	0.000	4.597	0.000	0.766	0.000	6.545	0.000	0.000	30.085	0.000	0.000	30.085
2007 12	0.000	2.720	0.000	0.000	2.261	0.000	0.377	0.000	7.020	0.000	0.000	15.872	0.000	0.000	15.872
2008 01	0.000	2.240	0.000	0.000	1.862	0.000	0.310	0.000	6.890	0.000	0.000	12.830	0.000	0.000	12.830
2008 02	0.000	1.940	0.000	0.000	1.613	0.000	0.269	0.000	7.862	0.000	0.000	12.679	0.000	0.000	12.679
2008 03	0.000	1.830	0.000	0.000	1.521	0.000	0.254	0.000	8.737	0.000	0.000	13.291	0.000	0.000	13.291
2008 04	0.000	1.280	0.000	0.000	1.064	0.000	0.177	0.000	8.942	0.000	0.000	9.515	0.000	0.000	9.515
2008 05	0.000	1.260	0.000	0.000	1.047	0.000	0.175	0.000	10.184	0.000	0.000	10.667	0.000	0.000	10.667
2008 06	0.000	0.860	0.000	0.000	0.715	0.000	0.119	0.000	10.638	0.000	0.000	7.605	0.000	0.000	7.605
2008 07	0.000	1.100	0.000	0.000	0.914	0.000	0.152	0.000	12.269	0.000	0.000	11.218	0.000	0.000	11.218
2008 08	0.000	1.510	0.000	0.000	1.255	0.000	0.209	0.000	8.251	0.000	0.000	10.357	0.000	0.000	10.357
2008 09	0.000	1.320	0.000	0.000	1.097	0.000	0.183	0.000	6.944	0.000	0.000	7.620	0.000	0.000	7.620
2008 10	0.000	0.370	0.000	0.000	0.308	0.000	0.051	0.000	4.612	0.000	0.000	1.418	0.000	0.000	1.418
Sub.	0.000	23.750	0.000	0.000	19.742	0.000	3.290	0.000	—	0.000	0.000	150.685	0.000	0.000	150.685
Rem.	0.000	54.703	0.000	0.000	45.472	0.000	7.579	0.000	—	0.000	0.000	232.153	0.000	0.000	232.153
Total	0.000	78.453	0.000	0.000	65.214	0.000	10.869	0.000	—	0.000	0.000	382.838	0.000	0.000	382.838

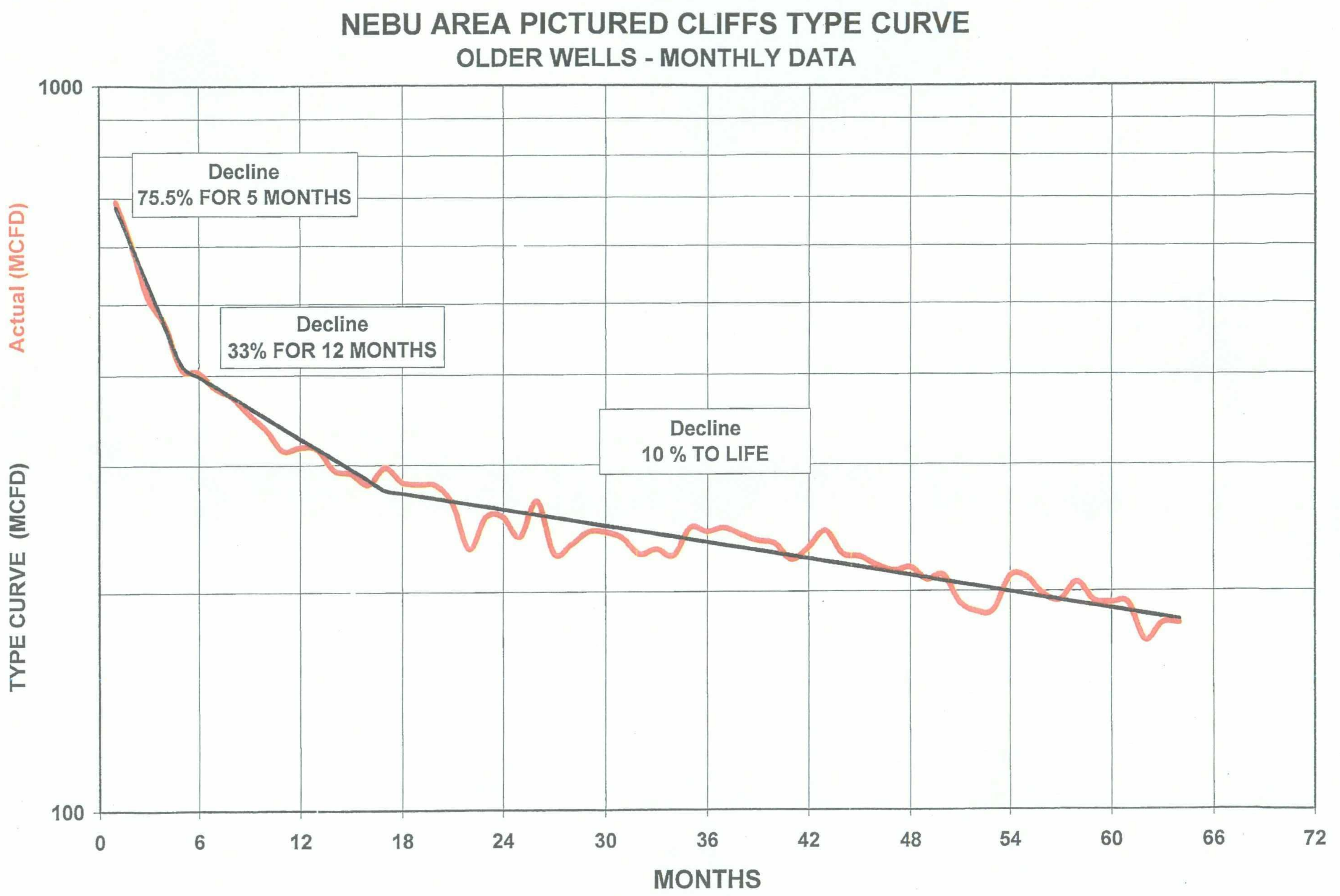
OPCOSTS AND OH

Date	NUM OF WELLS	TOTAL GROSS OPERATING EXPENSE	NET RECURRING LOE	NET COPAS	NET WORKOVER	NET AD VALOREM TAX	NET PRODUCT TRANSPORTATION	TOTAL NET LOE	NET SEVERANCE TAX	TOTAL NET OPERATING EXPENSE	NET OPERATING INCOME	NET DIRECT OH	NET REIMB OH	TOTAL NET OVERHEAD
		M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2007 08	1.00	3.150	3.150	0.000	0.000	0.000	0.000	3.150	0.000	3.150	-3.150	0.000	0.000	0.000
2007 09	1.00	4.143	3.150	0.000	0.000	0.000	0.367	3.517	0.502	4.019	2.038	0.000	0.000	0.000
2007 10	1.00	3.382	3.150	0.000	0.000	0.000	0.080	3.230	0.123	3.353	-1.882	0.000	0.000	0.000
2007 11	1.00	7.625	3.150	0.000	0.000	0.000	1.379	4.529	2.537	7.066	23.019	0.000	0.000	0.000
2007 12	1.00	5.460	3.150	0.000	0.000	0.000	0.678	3.828	1.343	5.171	10.701	0.000	0.000	0.000
2008 01	1.00	5.028	3.150	0.000	0.000	0.000	0.559	3.709	1.085	4.793	8.037	0.000	0.000	0.000
2008 02	1.00	4.935	3.150	0.000	0.000	0.000	0.484	3.634	1.078	4.712	7.967	0.000	0.000	0.000
2008 03	1.00	4.969	3.150	0.000	0.000	0.000	0.456	3.606	1.135	4.741	8.550	0.000	0.000	0.000
2008 04	1.00	4.444	3.150	0.000	0.000	0.000	0.319	3.469	0.813	4.282	5.232	0.000	0.000	0.000
2008 05	1.00	4.556	3.150	0.000	0.000	0.000	0.314	3.464	0.916	4.380	6.287	0.000	0.000	0.000
2008 06	1.00	4.142	3.150	0.000	0.000	0.000	0.214	3.364	0.654	4.018	3.587	0.000	0.000	0.000
2008 07	1.00	4.570	3.150	0.000	0.000	0.000	0.274	3.424	0.968	4.393	6.826	0.000	0.000	0.000
2008 08	1.00	4.589	3.150	0.000	0.000	0.000	0.377	3.527	0.882	4.409	5.948	0.000	0.000	0.000
2008 09	1.00	4.263	3.150	0.000	0.000	0.000	0.329	3.479	0.644	4.124	3.496	0.000	0.000	0.000
2008 10	1.00	3.389	3.150	0.000	0.000	0.000	0.092	3.242	0.117	3.359	-1.941	0.000	0.000	0.000
Sub.	—	68.645	47.250	0.000	0.000	0.000	5.923	53.173	12.798	65.971	84.714	0.000	0.000	0.000
Rem.	—	195.143	157.500	0.000	0.000	0.000	13.642	171.142	19.296	190.438	41.715	0.000	0.000	0.000
Total	—	263.789	204.750	0.000	0.000	0.000	19.564	224.314	32.095	256.409	126.429	0.000	0.000	0.000

BT AND AT CASH FLOW

Date	TOTAL GROSS CAPITAL	NET CAPITAL LESS P&A	NET P&A	TOTAL NET CAPITAL	NET BT CASH FLOW UNDISC	CUM NET BT CASH FLOW	NET BT CASH FLOW DISC@10%	NET CAPITAL DEPRECIATION	NET CAPITAL DEPLETION	NET CAPITAL EXPENSE	NET TAXABLE INCOME	NET TAX CREDIT	NET INCOME TAXES PAYABLE	NET AT CASH FLOW UNDISC	NET AT CASH FLOW DISC@10%
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2007 08	1,400.000	1,400.000	0.000	1,400.000	-1,403.150	-1,403.150	-1,403.150	14.000	0.000	182.000	-199.150	0.000	-75.677	-1,327.473	-1,327.473
2007 09	0.000	0.000	0.000	0.000	2.038	-1,401.112	2.022	14.000	0.000	182.000	-193.962	0.000	-73.705	75.744	75.145
2007 10	0.000	0.000	0.000	0.000	-1.882	-1,402.994	-1.852	14.000	0.000	182.000	-197.882	0.000	-75.195	73.313	72.158
2007 11	0.000	0.000	0.000	0.000	23.019	-1,379.974	22.477	14.000	0.000	182.000	-172.981	0.000	-65.733	88.752	86.662
2007 12	0.000	0.000	0.000	0.000	10.701	-1,369.273	10.366	14.000	0.000	182.000	-185.299	0.000	-70.414	81.115	78.578
2008 01	0.000	0.000	0.000	0.000	8.037	-1,361.237	7.724	10.000	0.000	0.000	-1.963	0.000	-0.746	8.783	8.441
2008 02	0.000	0.000	0.000	0.000	7.967	-1,353.270	7.596	10.000	0.000	0.000	-2.033	0.000	-0.773	8.740	8.333
2008 03	0.000	0.000	0.000	0.000	8.550	-1,344.720	8.087	10.000	0.000	0.000	-1.450	0.000	-0.551	9.101	8.609
2008 04	0.000	0.000	0.000	0.000	5.232	-1,339.488	4.910	10.000	0.000	0.000	-4.768	0.000	-1.812	7.044	6.610
2008 05	0.000	0.000	0.000	0.000	6.287	-1,333.201	5.853	10.000	0.000	0.000	-3.713	0.000	-1.411	7.698	7.167
2008 06	0.000	0.000	0.000	0.000	3.587	-1,329.614	3.313	10.000	0.000	0.000	-6.413	0.000	-2.437	6.024	5.564
2008 07	0.000	0.000	0.000	0.000	6.826	-1,322.789	6.255	10.000	0.000	0.000	-3.174	0.000	-1.206	8.032	7.360
2008 08	0.000	0.000	0.000	0.000	5.948	-1,316.841	5.407	10.000	0.000	0.000	-4.052	0.000	-1.540	7.488	6.807
2008 09	0.000	0.000	0.000	0.000	3.496	-1,313.345	3.153	10.000	0.000	0.000	-6.504	0.000	-2.471	5.968	5.382
2008 10	0.000	0.000	0.000	0.000	-1.941	-1,315.286	-1.737	10.000	0.000	0.000	-11.941	0.000	-4.538	2.597	2.323
Sub.	1,400.000	1,400.000	0.000	1,400.000	-1,315.286	-1,315.286	-1,319.575	170.000	0.000	910.000	-995.286	0.000	-378.209	-937.077	-948.335
Rem.	0.000	0.000	0.000	0.000	41.715	-1,273.571	30.254	320.000	0.000	0.000	-278.285	0.000	-105.748	147.463	107.355
Total	1,400.000	1,400.000	0.000	1,400.000	-1,273.571	-1,273.571	-1,289.321	490.000	0.000	910.000	-1,273.571	0.000	-483.957	-789.614	-840.980

CASE NOTES


NEBU AREA PICTURED CLIFFS TYPE CURVE
OLDER WELLS - MONTHLY DATA
Actual (MCFD)
TYPE CURVE (MCFD)
1000
100
Decline
75.5% FOR 5 MONTHS
Decline
33% FOR 12 MONTHS
Decline
10 % TO LIFE
0
6
12
18
24
30
36
42
48
54
60
66
72
MONTHS

PAYING WELL DETERMINATION
NORTHEAST BLANCO UNIT 248 (Pictured Cliffs)
NW 20-31N-6W

ECONOMIC PARAMETERS:

DRILLING AND COMPLETION COST	-	$1400M
OPERATING COST	-	$3150/Month
GAS TRANSPORTATION FEE	-	$0.30/mcf
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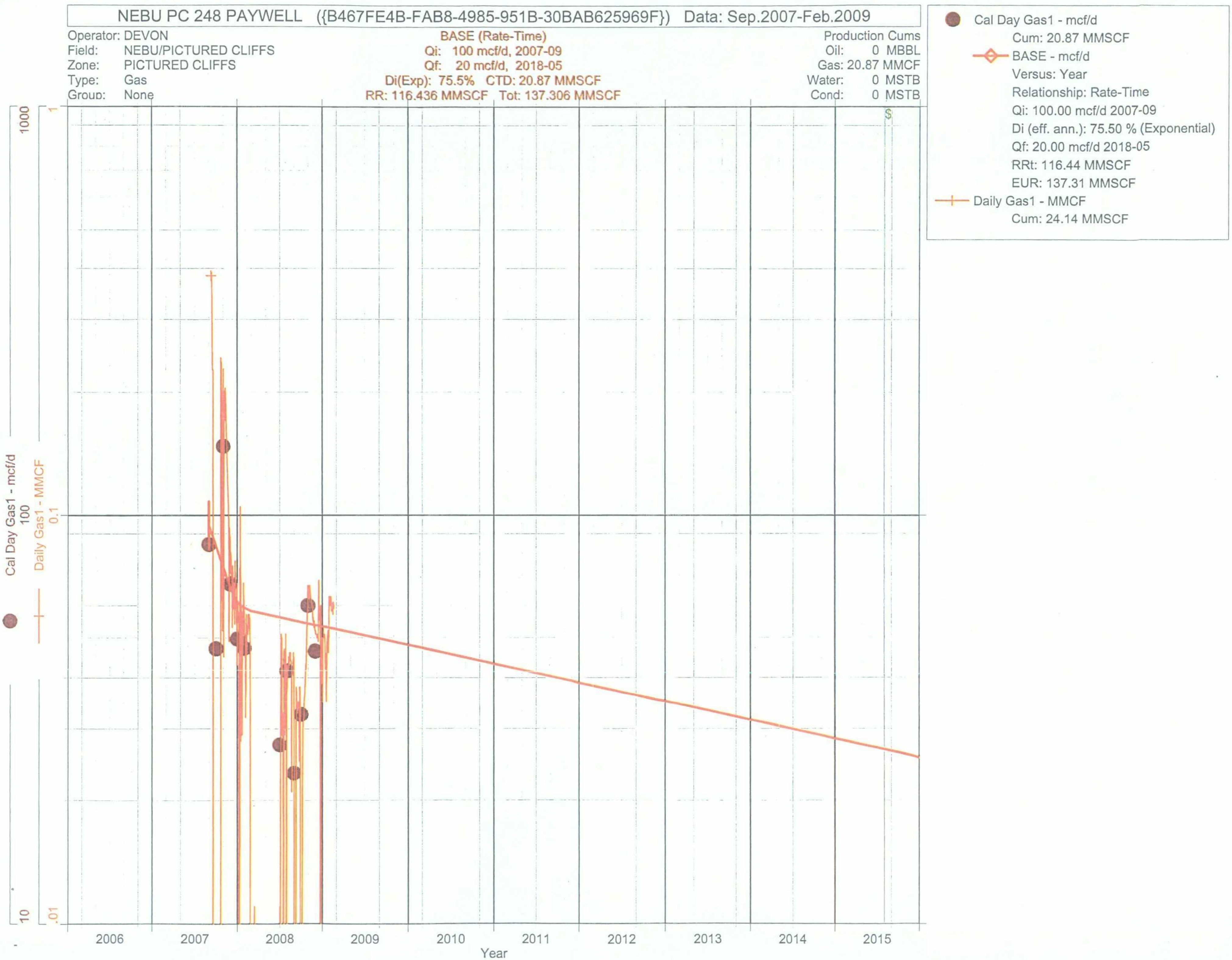
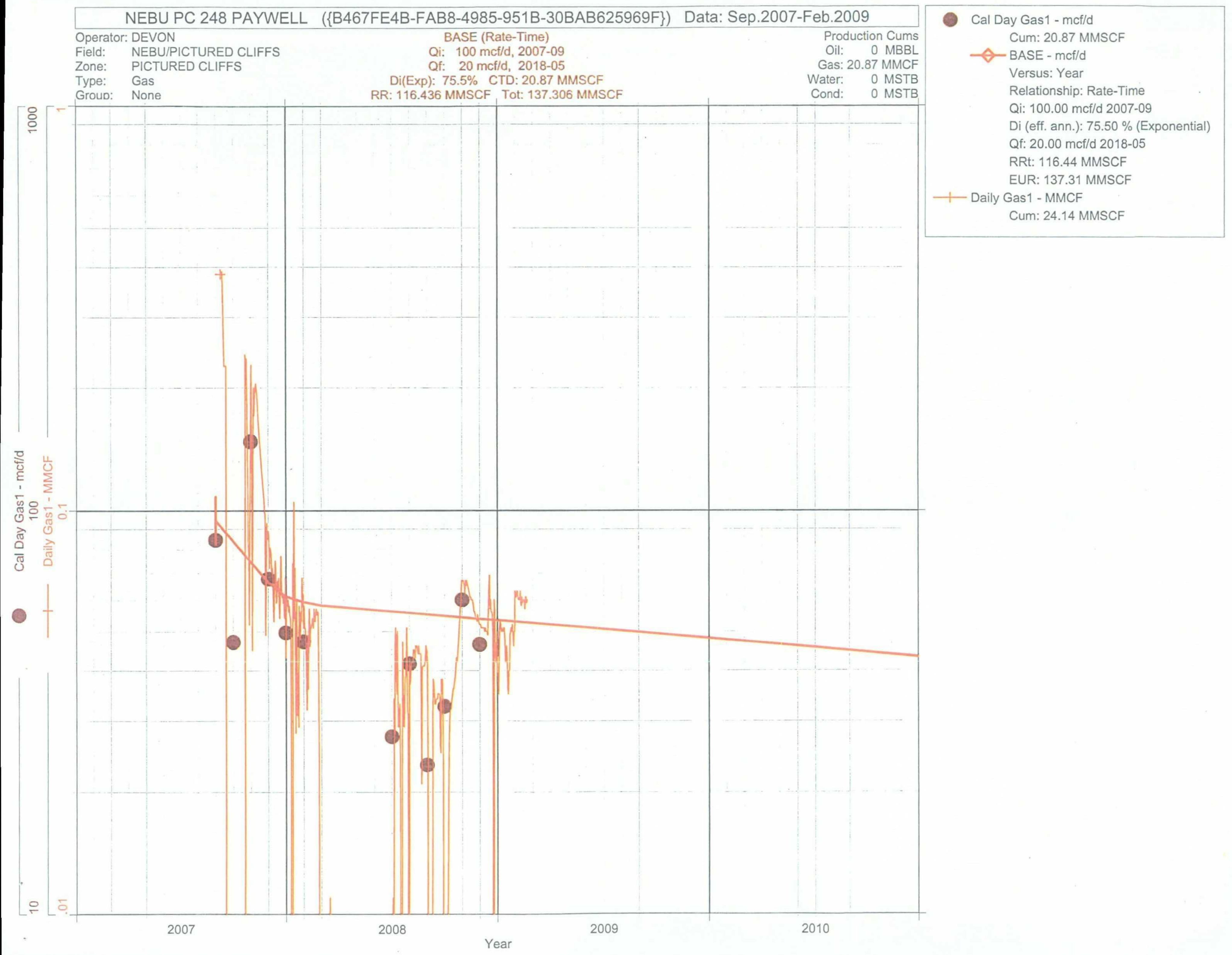
RATE FORECAST PROCEDURE:

The NEBU 248 was drilled and completed as a Pictured Cliffs well in 08/2007. The production from this well has been erratic but has appeared to be stabilizing at very low rates. Future production for this well was forecast based on typical final decline rates for PC wells in, and adjacent to, Northeast Blanco Unit. A copy of the PC type curve is attached. The dark red circles on the production curve represent average daily production rates for the month, the thin red line shows the actual daily production rates.


NEBU PC 248 PAYWELL ({B467FE4B-FAB8-4985-951B-30BAB625969F}) Data: Sep.2007-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 100 mcf/d, 2007-09
Qf: 20 mcf/d, 2018-05
Di(Exp): 75.5% CTD: 20.87 MMSCF
RR: 116.436 MMSCF Tot: 137.306 MMSCF
Production Cums
Oil: 0 MBBL
Gas: 20.87 MMCF
Water: 0 MSTB
Cond: 0 MSTB
Cal Day Gas1 - mcf/d
Cum: 20.87 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 100.00 mcf/d 2007-09
Di (eff. ann.): 75.50 % (Exponential)
Qf: 20.00 mcf/d 2018-05
RRt: 116.44 MMSCF
EUR: 137.31 MMSCF
Daily Gas1 - MMCF
Cum: 24.14 MMSCF
Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
1000
100
10
1
0.1
.01
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Year



NEBU PC 248 PAYWELL ({B467FE4B-FAB8-4985-951B-30BAB625969F}) Data: Sep.2007-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 100 mcf/d, 2007-09
Qf: 20 mcf/d, 2018-05
Di(Exp): 75.5% CTD: 20.87 MMSCF
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Water: 0 MSTB
Cond: 0 MSTB
Cal Day Gas1 - mcf/d
Cum: 20.87 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 100.00 mcf/d 2007-09
Di (eff. ann.): 75.50 % (Exponential)
Qf: 20.00 mcf/d 2018-05
RRt: 116.44 MMSCF
EUR: 137.31 MMSCF
Daily Gas1 - MMCF
Cum: 24.14 MMSCF
Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
1000
100
10
1
0.1
.01
2007
2008
2009
2010
Year

DEVON ENERGY CORP.

ECONOMIC SUMMARY

NEBU PC 248 PAYWELL

Database: Western Reserves Budget Oracle
Partial Case Reporting: 2007/08 - 2015/08

CASE PARAMETERS

DIVISION	WESTERN DIVISION	OPERATED	YES	AFE NUMBER:	1-123989
DISTRICT	ROCKY MOUNTAIN	OPERATOR	DEVON		
PROJECT AREA	XGEK	STATUS		TITLE 1:	X
FIELD GROUP	NORTHEAST BLANCO UNIT CONVEN	RESERVOIR	PICTURED CLIFFS	TITLE 2:	X
FIELD	09	PROPERY CODE	X	TITLE 3:	X
RES CAT CURRENT	PC	MAJOR PHASE	PAYWELL		
RES CAT YEAREND	PC	ENGINEER	CDS		
RES CAT PRIOR YE	PC	RIO WELLZONENUM	X		

CASE DATES

REPORT START DATE	2007/08
REPORT END DATE	2015/08
EVALUATION DATE	2007/08
DISCOUNT DATE	2007/08
PRODUCTION START	2007/09
ECONOMIC LIMIT	2015/08
1ST INVESTMENT	2007/08

DATE AND TIME

DATE:	2/24/2009
TIME:	14:22

CASE LINKS

MODEL	Devon USModel
GLOBAL PARM	Devon US
LINKED WELL	NEBU PC 248 PAYWELL
PRECEDING CASE	
OIL PRICE BASE	
OIL PRICE OFFSET1	
GAS PRICE BASE	
GAS PRICE OFFSET1	
COND PRICE BASE	Cond_WTI-Cushing
COND PRICE OFFSET1	
NGL PRICE BASE	Ngl_Mt Belvieu/Conway
NGL PRICE OFFSET1	

OWNERSHIP INTEREST

	INITIAL %	FINAL %	AVG %
NRI OIL	87.500	87.500	0.000
NRI GAS	87.500	87.500	87.500
NRI BYPROD	*87.500*	*87.500*	*0.000*
WI OPCOST	100.000	100.000	97.339
WI CAPITAL	100.000	100.000	100.000

CASE SCENARIOS

OIL PROD FORECAST	Base
GAS PROD FORECAST	Base
COND PROD FORECAST	Base
NGL PROD FORECAST	*Base*
OPERATING COSTS	Base
CAPITAL	Base
CUSTOM	Base
INTERESTS	Base
OIL PRICE	Base
GAS PRICE	*Base*
COND PRICE	Base
NGL PRICE	Base

SUMMARY INDICATORS

		B. TAX	A. TAX
ROR	%	0.00	0.0
PAYOUT PERIOD	STND. (MO'S)	0.00	0.0
	PROJ. (MO'S)	0.00	0.0
UNDISC. PIR	M$/M$	-0.90	-0.56
10.0 PCNT. PIR	M$/M$	-0.92	-0.60
15.0 PCNT. PIR	M$/M$	-0.93	-0.62
FD COST	$/BOE	88.177	
FDO COST	$/BOE	111.731	
NET UPLIFT	BOEPD/MM$	3.9665	

NPV SUMMARY

DISC RATE (%)	NET INVESTMENT M$	BEFORE TAX CASH FLOW M$	AFTER TAX CASH FLOW M$
0	1,400.000	-1,258.772	-780.438
5	1,400.000	-1,275.162	-814.285
8	1,400.000	-1,283.272	-831.235
10	1,400.000	-1,288.094	-841.400
12	1,400.000	-1,292.511	-850.775
14	1,400.000	-1,296.566	-859.446
15	1,400.000	-1,298.470	-863.541
16	1,400.000	-1,300.297	-867.486
18	1,400.000	-1,303.739	-874.962
20	1,400.000	-1,306.920	-881.929

RESERVES SUMMARY

REMAINING RESERVES		GROSS	NET
OIL/COND	MBBL	0.000	0.000
GAS - PROD	MMCF	114.602	100.277
- SALES	MMCF	108.872	95.263
NGL	MBBL	0.000	0.000
OIL EQ (SALES)	MBOE	18.145	15.877

ULTIMATE RECOVERABLE		GROSS PRIOR	GROSS EUR
OIL/COND	MBBL	0.000	0.000
GAS	MMCF	0.000	137.306
NGL	MBBL	0.000	0.000

PRODUCT, PRICE, AND REVENUE

Date	GROSS OIL/COND VOLUME	GROSS PROD GAS VOLUME	GROSS NGL VOLUME	NET OIL/COND VOLUME	NET SALES GAS VOLUME	NET NGL VOLUME	TOTAL NET OIL EQUIV VOLUME	AVG OIL/COND PRICE	AVG GAS PRICE	AVG NGL PRICE	NET OIL/COND REVENUE	NET GAS REVENUE	NET NGL REVENUE	NET OTHER INCOME	TOTAL NET REVENUE
	MBBL	MMCF	MBBL	MBBL	MMCF	MBBL	MBOE	$/Bbl	$/mcf	$/Bbl	M$	M$	M$	M$	M$
2007 08	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2007 09	0.000	2.540	0.000	0.000	2.111	0.000	0.352	0.000	4.957	0.000	0.000	10.467	0.000	0.000	10.467
2007 10	0.000	1.460	0.000	0.000	1.214	0.000	0.202	0.000	5.530	0.000	0.000	6.711	0.000	0.000	6.711
2007 11	0.000	4.430	0.000	0.000	3.682	0.000	0.614	0.000	6.545	0.000	0.000	24.101	0.000	0.000	24.101
2007 12	0.000	2.100	0.000	0.000	1.746	0.000	0.291	0.000	7.020	0.000	0.000	12.254	0.000	0.000	12.254
2008 01	0.000	1.540	0.000	0.000	1.280	0.000	0.213	0.000	6.890	0.000	0.000	8.821	0.000	0.000	8.821
2008 02	0.000	1.370	0.000	0.000	1.139	0.000	0.190	0.000	7.862	0.000	0.000	8.954	0.000	0.000	8.954
2008 03	0.000	0.120	0.000	0.000	0.100	0.000	0.017	0.000	8.737	0.000	0.000	0.872	0.000	0.000	0.872
2008 04	0.000	0.150	0.000	0.000	0.125	0.000	0.021	0.000	8.942	0.000	0.000	1.115	0.000	0.000	1.115
2008 05	0.000	0.060	0.000	0.000	0.050	0.000	0.008	0.000	10.184	0.000	0.000	0.508	0.000	0.000	0.508
2008 06	0.000	0.010	0.000	0.000	0.008	0.000	0.001	0.000	10.638	0.000	0.000	0.088	0.000	0.000	0.088
2008 07	0.000	0.850	0.000	0.000	0.707	0.000	0.118	0.000	12.269	0.000	0.000	8.669	0.000	0.000	8.669
2008 08	0.000	1.290	0.000	0.000	1.072	0.000	0.179	0.000	8.251	0.000	0.000	8.848	0.000	0.000	8.848
2008 09	0.000	0.700	0.000	0.000	0.582	0.000	0.097	0.000	6.944	0.000	0.000	4.041	0.000	0.000	4.041
2008 10	0.000	1.010	0.000	0.000	0.840	0.000	0.140	0.000	4.612	0.000	0.000	3.872	0.000	0.000	3.872
Sub.	0.000	17.630	0.000	0.000	14.655	0.000	2.442	0.000	—	0.000	0.000	99.319	0.000	0.000	99.319
Rem.	0.000	96.972	0.000	0.000	80.608	0.000	13.435	0.000	—	0.000	0.000	415.869	0.000	0.000	415.869
Total	0.000	114.602	0.000	0.000	95.263	0.000	15.877	0.000	—	0.000	0.000	515.188	0.000	0.000	515.188

OPCOSTS AND OH

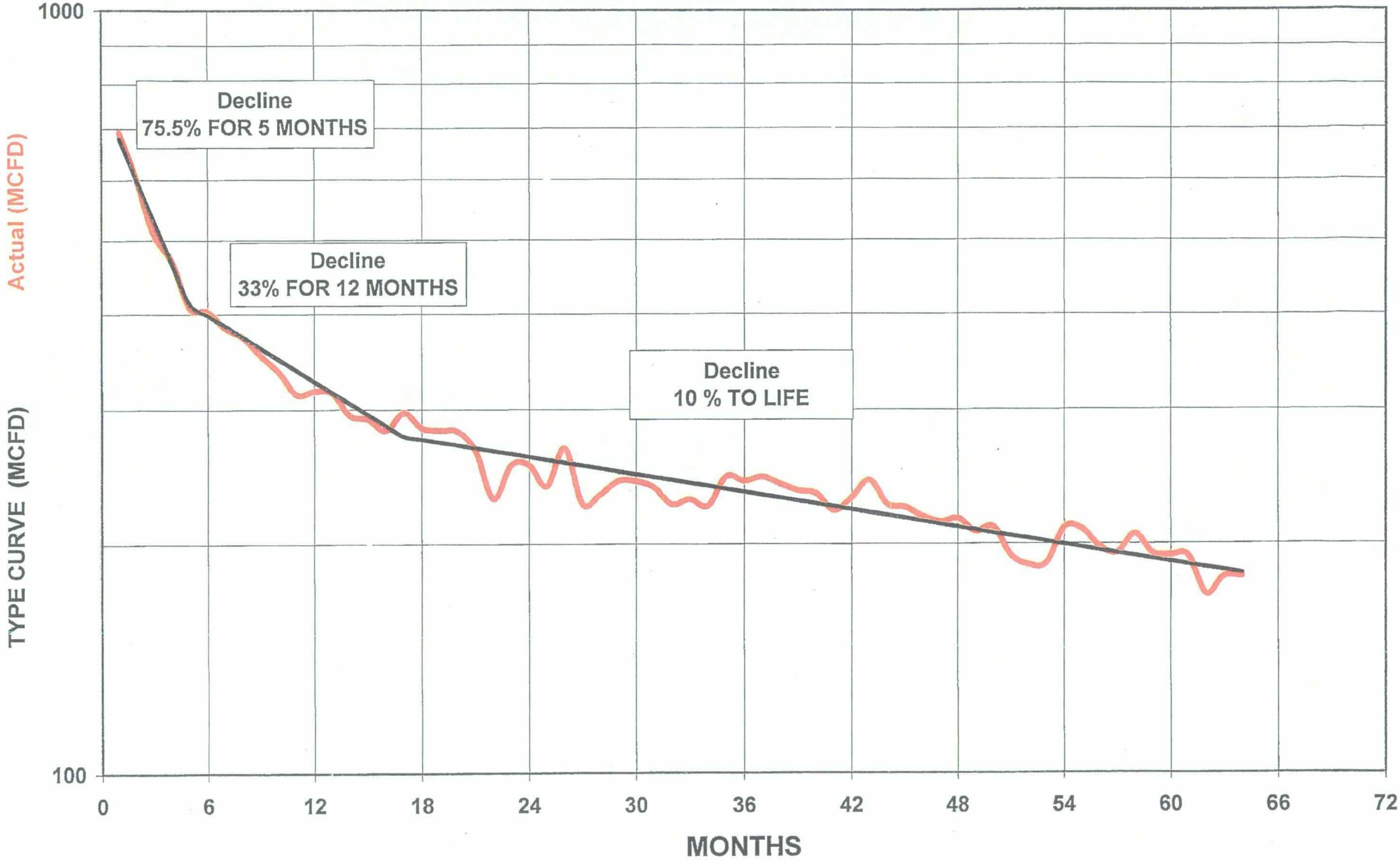
Date	NUM OF WELLS	TOTAL GROSS OPERATING EXPENSE	NET RECURRING LOE	NET COPAS	NET WORKOVER	NET AD VALOREM TAX	NET PRODUCT TRANSPORTATION	TOTAL NET LOE	NET SEVERANCE TAX	TOTAL NET OPERATING EXPENSE	NET OPERATING INCOME	NET DIRECT OH	NET REIMB OH	TOTAL NET OVERHEAD
		M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2007 08	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2007 09	1.00	4.866	3.150	0.000	0.000	0.000	0.633	3.783	0.868	4.652	5.815	0.000	0.000	0.000
2007 10	1.00	4.207	3.150	0.000	0.000	0.000	0.364	3.514	0.561	4.075	2.636	0.000	0.000	0.000
2007 11	1.00	6.735	3.150	0.000	0.000	0.000	1.105	4.255	2.032	6.287	17.814	0.000	0.000	0.000
2007 12	1.00	4.834	3.150	0.000	0.000	0.000	0.524	3.674	1.037	4.711	7.544	0.000	0.000	0.000
2008 01	1.00	4.441	3.150	0.000	0.000	0.000	0.384	3.534	0.746	4.280	4.541	0.000	0.000	0.000
2008 02	1.00	4.411	3.150	0.000	0.000	0.000	0.342	3.492	0.761	4.253	4.701	0.000	0.000	0.000
2008 03	1.00	3.269	3.150	0.000	0.000	0.000	0.030	3.180	0.074	3.254	-2.383	0.000	0.000	0.000
2008 04	1.00	3.302	3.150	0.000	0.000	0.000	0.037	3.187	0.095	3.283	-2.168	0.000	0.000	0.000
2008 05	1.00	3.217	3.150	0.000	0.000	0.000	0.015	3.165	0.044	3.209	-2.701	0.000	0.000	0.000
2008 06	1.00	3.162	3.150	0.000	0.000	0.000	0.002	3.152	0.008	3.160	-3.072	0.000	0.000	0.000
2008 07	1.00	4.247	3.150	0.000	0.000	0.000	0.212	3.362	0.748	4.110	4.558	0.000	0.000	0.000
2008 08	1.00	4.379	3.150	0.000	0.000	0.000	0.322	3.472	0.754	4.226	4.622	0.000	0.000	0.000
2008 09	1.00	3.740	3.150	0.000	0.000	0.000	0.175	3.325	0.342	3.666	0.374	0.000	0.000	0.000
2008 10	1.00	3.803	3.150	0.000	0.000	0.000	0.252	3.402	0.320	3.721	0.150	0.000	0.000	0.000
Sub.	—	58.713	44.100	0.000	0.000	0.000	4.396	48.496	8.390	56.886	42.433	0.000	0.000	0.000
Rem.	—	325.469	258.300	0.000	0.000	0.000	24.182	282.482	34.591	317.073	98.796	0.000	0.000	0.000
Total	—	384.182	302.400	0.000	0.000	0.000	28.579	330.979	42.980	373.959	141.228	0.000	0.000	0.000

BT AND AT CASH FLOW

Date	TOTAL GROSS CAPITAL	NET CAPITAL LESS P&A	NET P&A	TOTAL NET CAPITAL	NET BT CASH FLOW UNDISC	CUM NET BT CASH FLOW	NET BT CASH FLOW DISC@10%	NET CAPITAL DEPRECIATION	NET CAPITAL DEPLETION	NET CAPITAL EXPENSE	NET TAXABLE INCOME	NET TAX CREDIT	NET INCOME TAXES PAYABLE	NET AT CASH FLOW UNDISC	NET AT CASH FLOW DISC@10%
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2007 08	1,400.000	1,400.000	0.000	1,400.000	-1,400.000	-1,400.000	-1,400.000	14.000	0.000	182.000	-196.000	0.000	-74.480	-1,325.520	-1,325.520
2007 09	0.000	0.000	0.000	0.000	5.815	-1,394.185	5.769	14.000	0.000	182.000	-190.185	0.000	-72.270	78.085	77.467
2007 10	0.000	0.000	0.000	0.000	2.636	-1,391.549	2.595	14.000	0.000	182.000	-193.364	0.000	-73.478	76.114	74.915
2007 11	0.000	0.000	0.000	0.000	17.814	-1,373.735	17.394	14.000	0.000	182.000	-178.186	0.000	-67.711	85.525	83.511
2007 12	0.000	0.000	0.000	0.000	7.544	-1,366.192	7.308	14.000	0.000	182.000	-188.456	0.000	-71.613	79.157	76.682
2008 01	0.000	0.000	0.000	0.000	4.541	-1,361.651	4.364	10.000	0.000	0.000	-5.459	0.000	-2.074	6.615	6.358
2008 02	0.000	0.000	0.000	0.000	4.701	-1,356.950	4.482	10.000	0.000	0.000	-5.299	0.000	-2.014	6.714	6.402
2008 03	0.000	0.000	0.000	0.000	-2.383	-1,359.333	-2.254	10.000	0.000	0.000	-12.383	0.000	-4.705	2.323	2.197
2008 04	0.000	0.000	0.000	0.000	-2.168	-1,361.501	-2.034	10.000	0.000	0.000	-12.168	0.000	-4.624	2.456	2.305
2008 05	0.000	0.000	0.000	0.000	-2.701	-1,364.201	-2.514	10.000	0.000	0.000	-12.701	0.000	-4.826	2.126	1.979
2008 06	0.000	0.000	0.000	0.000	-3.072	-1,367.273	-2.837	10.000	0.000	0.000	-13.072	0.000	-4.967	1.896	1.751
2008 07	0.000	0.000	0.000	0.000	4.558	-1,362.714	4.177	10.000	0.000	0.000	-5.442	0.000	-2.068	6.626	6.072
2008 08	0.000	0.000	0.000	0.000	4.622	-1,358.092	4.202	10.000	0.000	0.000	-5.378	0.000	-2.044	6.666	6.060
2008 09	0.000	0.000	0.000	0.000	0.374	-1,357.718	0.338	10.000	0.000	0.000	-9.626	0.000	-3.658	4.032	3.637
2008 10	0.000	0.000	0.000	0.000	0.150	-1,357.568	0.134	10.000	0.000	0.000	-9.850	0.000	-3.743	3.893	3.483
Sub.	1,400.000	1,400.000	0.000	1,400.000	-1,357.567	-1,357.568	-1,358.877	170.000	0.000	910.000	-1,037.567	0.000	-394.276	-963.292	-972.702
Rem.	0.000	0.000	0.000	0.000	98.796	-1,258.772	70.782	320.000	0.000	0.000	-221.204	0.000	-84.058	182.853	131.302
Total	1,400.000	1,400.000	0.000	1,400.000	-1,258.772	-1,258.772	-1,288.094	490.000	0.000	910.000	-1,258.771	0.000	-478.333	-780.438	-841.400

CASE NOTES

NEBU AREA PICTURED CLIFFS TYPE CURVE
OLDER WELLS - MONTHLY DATA



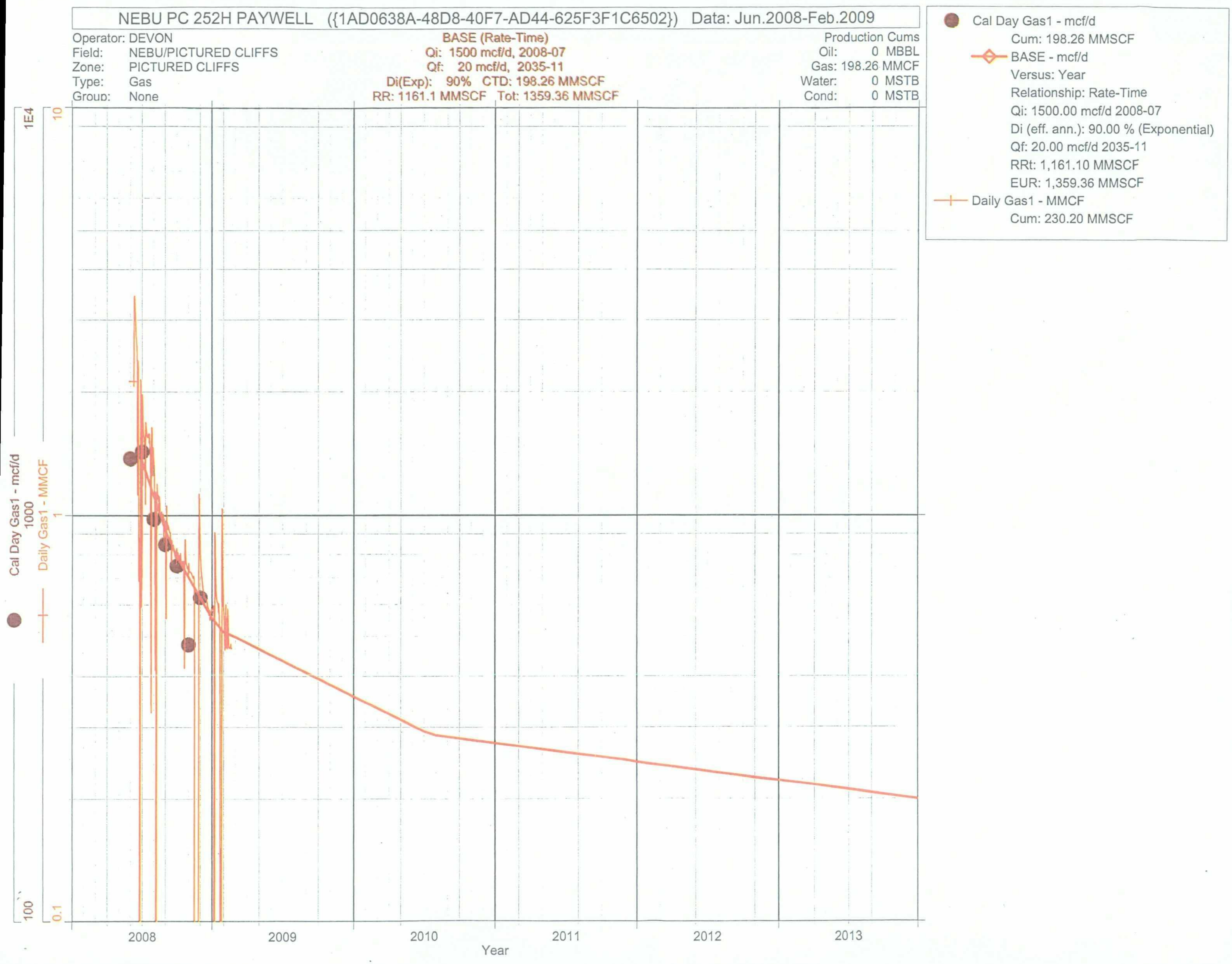
PAYING WELL DETERMINATION
NORTHEAST BLANCO UNIT 252H (Pictured Cliffs)
NE 18-31N-6W

ECONOMIC PARAMETERS:

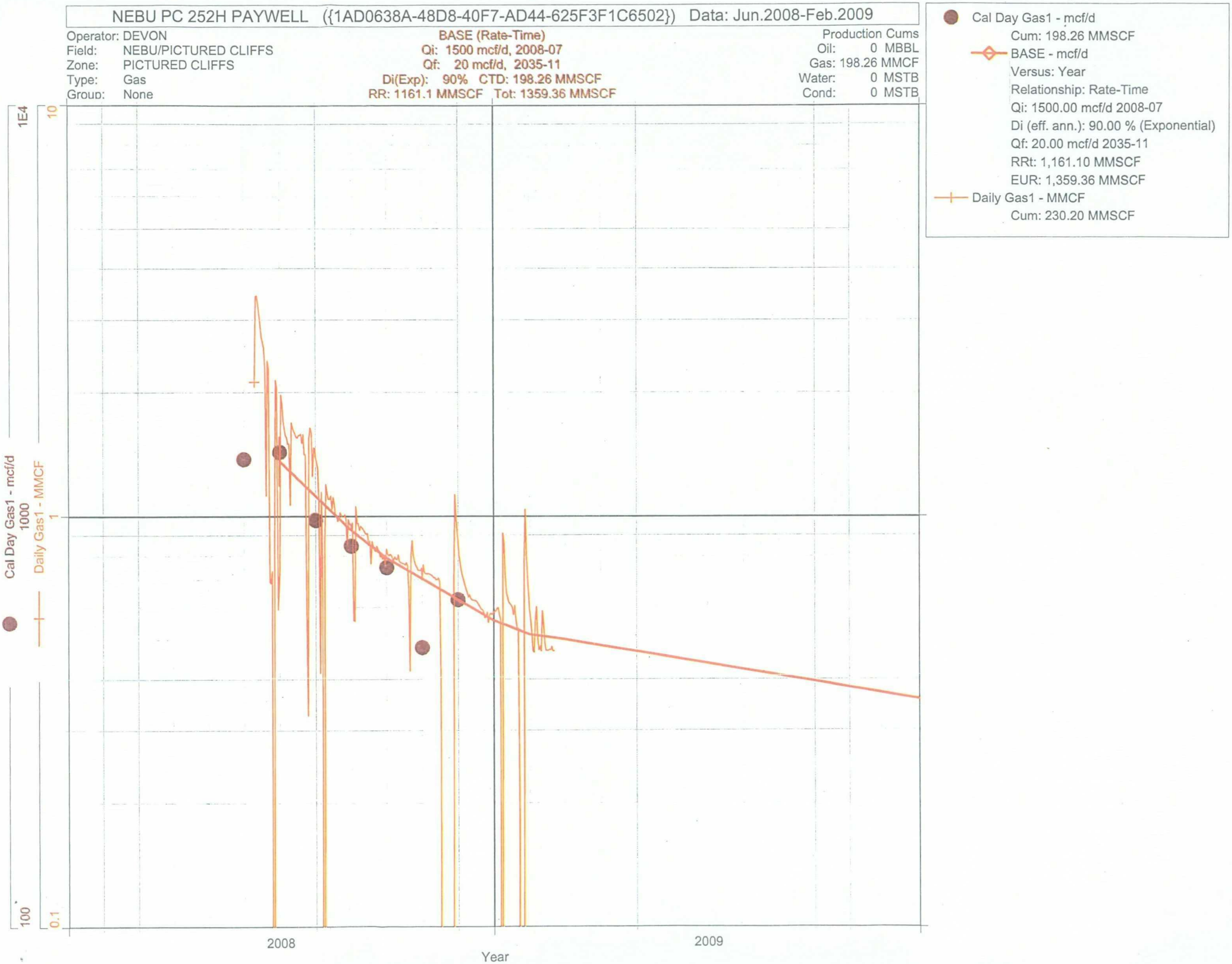
DRILLING AND COMPLETION COST	-	$2000M
OPERATING COST	-	$3150/Month
GAS TRANSPORTATION FEE	-	$0.30/mcf
ROYALTY	-	12.5%
TAXES (Severance + Ad Valorem)	-	8.86%
DISCOUNT RATE	-	10%
GAS PRICE	-	HISTORIC = ACTUAL 3/09–12/09 FRCST = $4.00/MCF LONGTERM = $5.00/MCF

RATE FORECAST PROCEDURE:

The NEBU 252H was drilled and completed as a Horizontal Pictured Cliffs well in 5/2008. The well was fracture stimulated in 3 stages and early production data appears to conform to the established vertical PC type curve. The early time gas production history was fit to a Pictured Cliffs (PC) type decline curve. Future production for this well was then forecast to follow the type decline curve as shown on the attached production curve. The PC type curve was constructed from historic gas production rates of PC wells in, and adjacent to, Northeast Blanco Unit.. The dark red circles on the production curve represent average daily production rates for the month, the thin red line shows the actual daily production rates.



NEBU PC 252H PAYWELL ({1AD0638A-48D8-40F7-AD44-625F3F1C6502}) Data: Jun.2008-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 1500 mcf/d, 2008-07
Qf: 20 mcf/d, 2035-11
Di(Exp): 90% CTD: 198.26 MMSCF
RR: 1161.1 MMSCF Tot: 1359.36 MMSCF
Production Cums
Oil: 0 MBBL
Gas: 198.26 MMCF
Water: 0 MSTB
Cond: 0 MSTB
Cal Day Gas1 - mcf/d
Cum: 198.26 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 1500.00 mcf/d 2008-07
Di (eff. ann.): 90.00 % (Exponential)
Qf: 20.00 mcf/d 2035-11
RRt: 1,161.10 MMSCF
EUR: 1,359.36 MMSCF
Daily Gas1 - MMCF
Cum: 230.20 MMSCF
Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
1E4
10
1000
1
100
0.1
2008
2009
2010
2011
2012
2013
Year


NEBU PC 252H PAYWELL ({1AD0638A-48D8-40F7-AD44-625F3F1C6502}) Data: Jun.2008-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 1500 mcf/d, 2008-07
Qf: 20 mcf/d, 2035-11
Di(Exp): 90% CTD: 198.26 MMSCF
RR: 1161.1 MMSCF Tot: 1359.36 MMSCF
Production Cums
Oil: 0 MBBL
Gas: 198.26 MMCF
Water: 0 MSTB
Cond: 0 MSTB
Cal Day Gas1 - mcf/d
Cum: 198.26 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 1500.00 mcf/d 2008-07
Di (eff. ann.): 90.00 % (Exponential)
Qf: 20.00 mcf/d 2035-11
RRt: 1,161.10 MMSCF
EUR: 1,359.36 MMSCF
Daily Gas1 - MMCF
Cum: 230.20 MMSCF
1E4
1000
100
10
1
0.1
2008
2009
Year

DEVON ENERGY CORP.

ECONOMIC SUMMARY

NEBU PC 252H PAYWELL

Database: Western Reserves Budget Oracle
Partial Case Reporting: 2008/05 - 2033/01

CASE PARAMETERS

DIVISION	WESTERN DIVISION	OPERATED	YES	AFE NUMBER:	1-123989
DISTRICT	ROCKY MOUNTAIN	OPERATOR	DEVON		
PROJECT AREA	XGEK	STATUS		TITLE 1:	X
FIELD GROUP	NORTHEAST BLANCO UNIT CONVEN	RESERVOIR	PICTURED CLIFFS	TITLE 2:	X
FIELD	09	PROPERY CODE	X	TITLE 3:	X
RES CAT CURRENT	PC	MAJOR PHASE	PAYWELL		
RES CAT YEAREND	PC	ENGINEER	CDS		
RES CAT PRIOR YE	PC	RIO WELLZONENUM	X		

CASE DATES

REPORT START DATE	2008/05
REPORT END DATE	2033/01
EVALUATION DATE	2008/05
DISCOUNT DATE	2008/05
PRODUCTION START	2008/06
ECONOMIC LIMIT	2033/01
1ST INVESTMENT	2008/05

DATE AND TIME

DATE:	2/24/2009
TIME:	14:38

CASE LINKS

MODEL	Devon USModel
GLOBAL PARM	Devon US
LINKED WELL	NEBU PC 252H PAYWELL
PRECEDING CASE	
OIL PRICE BASE	
OIL PRICE OFFSET1	
GAS PRICE BASE	
GAS PRICE OFFSET1	
COND PRICE BASE	Cond_WTI-Cushing
COND PRICE OFFSET1	
NGL PRICE BASE	Ngl_Mt Belvieu/Conway
NGL PRICE OFFSET1	

OWNERSHIP INTEREST

	INITIAL %	FINAL %	AVG %
NRI OIL	87.500	87.500	0.000
NRI GAS	87.500	87.500	87.500
NRI BYPROD	87.500	87.500	0.000
WI OPCOST	100.000	100.000	93.569
WI CAPITAL	100.000	100.000	100.000

CASE SCENARIOS

OIL PROD FORECAST	Base
GAS PROD FORECAST	Base
COND PROD FORECAST	Base
NGL PROD FORECAST	Base
OPERATING COSTS	Base
CAPITAL	Base
CUSTOM	Base
INTERESTS	Base
OIL PRICE	Base
GAS PRICE	Base
COND PRICE	Base
NGL PRICE	Base

SUMMARY INDICATORS

		B. TAX	A. TAX
ROR	%	37.25	27.5
PAYOUT PERIOD	STND. (MO'S)	30.10	36.0
	PROJ. (MO'S)	30.10	36.0
UNDISC. PIR	M$/M$	1.28	0.79
10.0 PCNT. PIR	M$/M$	0.57	0.32
15.0 PCNT. PIR	M$/M$	0.38	0.19
FD COST	$/BOE	10.809	
FDO COST	$/BOE	20.521	
NET UPLIFT	BOEPD/MM$	49.3328	

NPV SUMMARY

DISC RATE (%)	NET INVESTMENT M$	BEFORE TAX CASH FLOW M$	AFTER TAX CASH FLOW M$
0	2,000.000	2,551.355	1,581.840
5	2,000.000	1,676.391	999.927
8	2,000.000	1,322.980	760.883
10	2,000.000	1,133.316	631.265
12	2,000.000	971.516	518.800
14	2,000.000	832.066	422.973
15	2,000.000	769.365	379.182
16	2,000.000	710.752	338.092
18	2,000.000	604.319	263.064
20	2,000.000	510.217	198.249

RESERVES SUMMARY

REMAINING RESERVES		GROSS	NET
OIL/COND	MBBL	0.000	0.000
GAS - PROD	MMCF	1,335.511	1,168.572
- SALES	MMCF	1,268.735	1,110.143
NGL	MBBL	0.000	0.000
OIL EQ (SALES)	MBOE	211.456	185.024

ULTIMATE RECOVERABLE		GROSS PRIOR	GROSS EUR
OIL/COND	MBBL	0.000	0.000
GAS	MMCF	0.000	1,359.357
NGL	MBBL	0.000	0.000

PRODUCT, PRICE, AND REVENUE

Date	GROSS OIL/COND VOLUME	GROSS PROD GAS VOLUME	GROSS NGL VOLUME	NET OIL/COND VOLUME	NET SALES GAS VOLUME	NET NGL VOLUME	TOTAL NET OIL EQUIV VOLUME	AVG OIL/COND PRICE	AVG GAS PRICE	AVG NGL PRICE	NET OIL/COND REVENUE	NET GAS REVENUE	NET NGL REVENUE	NET OTHER INCOME	TOTAL NET REVENUE
	MBBL	MMCF	MBBL	MBBL	MMCF	MBBL	MBOE	$/Bbl	$/mcf	$/Bbl	M$	M$	M$	M$	M$
2008 05	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2008 06	0.000	41.230	0.000	0.000	34.272	0.000	5.712	0.000	10.638	0.000	0.000	364.590	0.000	0.000	364.590
2008 07	0.000	44.340	0.000	0.000	36.858	0.000	6.143	0.000	12.269	0.000	0.000	452.199	0.000	0.000	452.199
2008 08	0.000	30.310	0.000	0.000	25.195	0.000	4.199	0.000	8.251	0.000	0.000	207.891	0.000	0.000	207.891
2008 09	0.000	25.410	0.000	0.000	21.122	0.000	3.520	0.000	6.944	0.000	0.000	146.680	0.000	0.000	146.680
2008 10	0.000	23.240	0.000	0.000	19.318	0.000	3.220	0.000	4.612	0.000	0.000	89.088	0.000	0.000	89.088
2008 11	0.000	14.350	0.000	0.000	11.928	0.000	1.988	0.000	3.067	0.000	0.000	36.587	0.000	0.000	36.587
2008 12	0.000	19.380	0.000	0.000	16.110	0.000	2.685	0.000	5.000	0.000	0.000	80.555	0.000	0.000	80.555
2009 01	0.000	17.265	0.000	0.000	14.351	0.000	2.392	0.000	5.216	0.000	0.000	74.862	0.000	0.000	74.862
2009 02	0.000	14.415	0.000	0.000	11.982	0.000	1.997	0.000	4.320	0.000	0.000	51.763	0.000	0.000	51.763
2009 03	0.000	15.499	0.000	0.000	12.883	0.000	2.147	0.000	4.320	0.000	0.000	55.656	0.000	0.000	55.656
2009 04	0.000	14.505	0.000	0.000	12.057	0.000	2.010	0.000	4.320	0.000	0.000	52.088	0.000	0.000	52.088
2009 05	0.000	14.495	0.000	0.000	12.049	0.000	2.008	0.000	4.320	0.000	0.000	52.053	0.000	0.000	52.053
2009 06	0.000	13.566	0.000	0.000	11.277	0.000	1.879	0.000	4.320	0.000	0.000	48.716	0.000	0.000	48.716
2009 07	0.000	13.557	0.000	0.000	11.269	0.000	1.878	0.000	4.320	0.000	0.000	48.683	0.000	0.000	48.683
Sub.	0.000	301.562	0.000	0.000	250.673	0.000	41.779	0.000	--	0.000	0.000	1,761.409	0.000	0.000	1,761.409
Rem.	0.000	1,033.949	0.000	0.000	859.470	0.000	143.245	0.000	—	0.000	0.000	4,586.777	0.000	0.000	4,586.777
Total	0.000	1,335.511	0.000	0.000	1,110.143	0.000	185.024	0.000	—	0.000	0.000	6,348.187	0.000	0.000	6,348.187

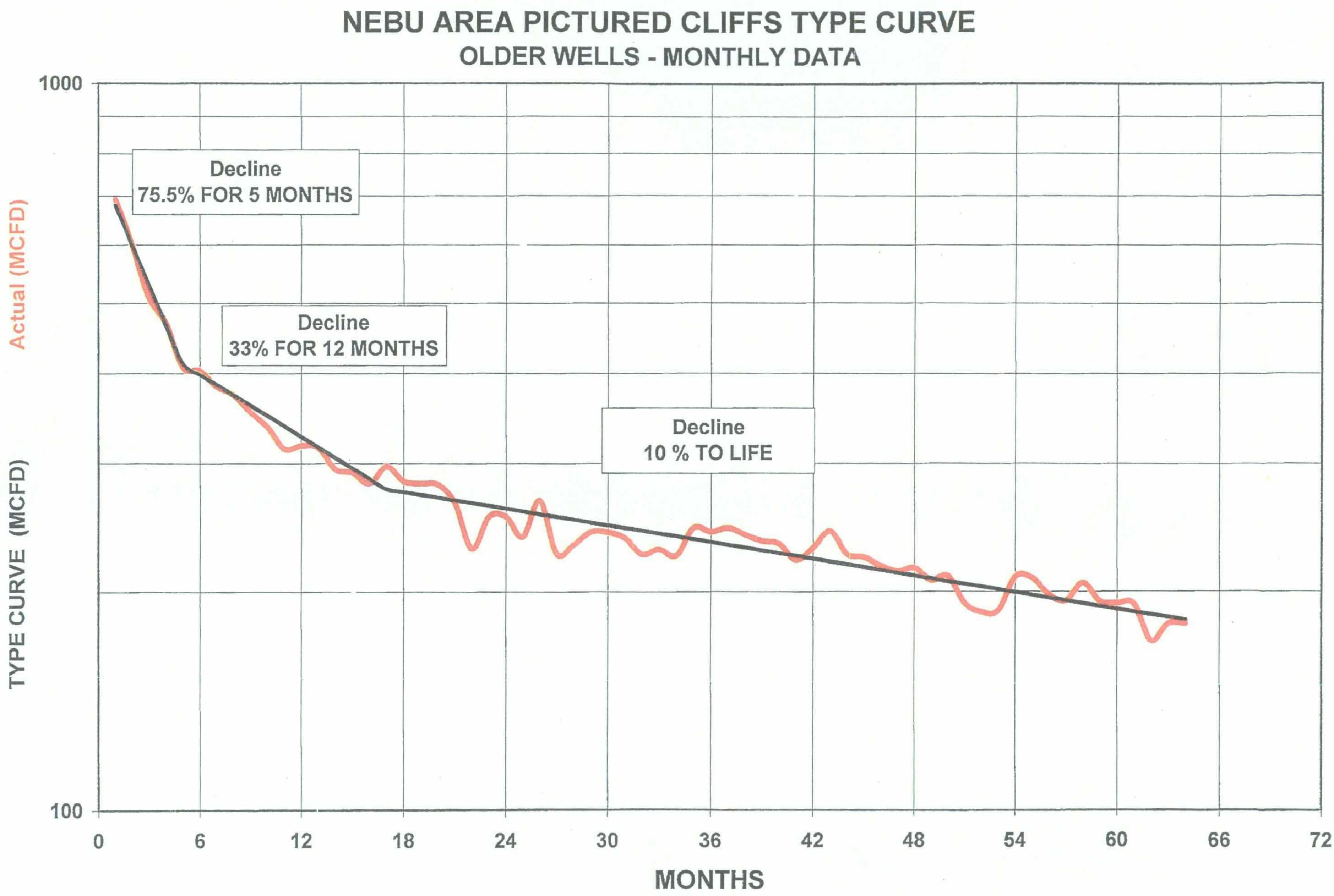
OPCOSTS AND OH

Date	NUM OF WELLS	TOTAL GROSS OPERATING EXPENSE	NET RECURRING LOE	NET COPAS	NET WORKOVER	NET AD VALOREM TAX	NET PRODUCT TRANSPORTATION	TOTAL NET LOE	NET SEVERANCE TAX	TOTAL NET OPERATING EXPENSE	NET OPERATING INCOME	NET DIRECT OH	NET REIMB OH	TOTAL NET OVERHEAD
		M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2008 05	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2008 06	1.00	50.722	3.150	0.000	0.000	0.000	10.282	13.432	31.344	44.776	319.815	0.000	0.000	0.000
2008 07	1.00	60.397	3.150	0.000	0.000	0.000	11.057	14.207	39.034	53.241	398.958	0.000	0.000	0.000
2008 08	1.00	32.033	3.150	0.000	0.000	0.000	7.559	10.709	17.714	28.423	179.468	0.000	0.000	0.000
2008 09	1.00	24.569	3.150	0.000	0.000	0.000	6.337	9.487	12.405	21.891	124.789	0.000	0.000	0.000
2008 10	1.00	18.176	3.150	0.000	0.000	0.000	5.795	8.945	7.353	16.298	72.790	0.000	0.000	0.000
2008 11	1.00	10.563	3.150	0.000	0.000	0.000	3.579	6.729	2.908	9.636	26.951	0.000	0.000	0.000
2008 12	1.00	16.315	3.150	0.000	0.000	0.000	4.833	7.983	6.686	14.669	65.885	0.000	0.000	0.000
2009 01	1.00	15.192	3.150	0.000	0.000	0.000	4.305	7.455	6.231	13.687	61.176	0.000	0.000	0.000
2009 02	1.00	12.116	3.150	0.000	0.000	0.000	3.595	6.745	4.251	10.996	40.768	0.000	0.000	0.000
2009 03	1.00	12.791	3.150	0.000	0.000	0.000	3.865	7.015	4.571	11.586	44.070	0.000	0.000	0.000
2009 04	1.00	12.173	3.150	0.000	0.000	0.000	3.617	6.767	4.278	11.045	41.043	0.000	0.000	0.000
2009 05	1.00	12.167	3.150	0.000	0.000	0.000	3.615	6.765	4.275	11.040	41.013	0.000	0.000	0.000
2009 06	1.00	11.589	3.150	0.000	0.000	0.000	3.383	6.533	4.001	10.534	38.182	0.000	0.000	0.000
2009 07	1.00	11.583	3.150	0.000	0.000	0.000	3.381	6.531	3.998	10.529	38.154	0.000	0.000	0.000
Sub.	—	300.385	44.100	0.000	0.000	0.000	75.202	119.302	149.047	268.349	1,493.060	0.000	0.000	0.000
Rem.	—	1,619.937	888.300	0.000	0.000	0.000	257.841	1,146.141	382.341	1,528.482	3,058.295	0.000	0.000	0.000
Total	—	1,920.322	932.400	0.000	0.000	0.000	333.043	1,265.443	531.389	1,796.832	4,551.355	0.000	0.000	0.000

BT AND AT CASH FLOW

Date	TOTAL GROSS CAPITAL	NET CAPITAL LESS P&A	NET P&A	TOTAL NET CAPITAL	NET BT CASH FLOW UNDISC	CUM NET BT CASH FLOW	NET BT CASH FLOW DISC@10%	NET CAPITAL DEPRECIATION	NET CAPITAL DEPLETION	NET CAPITAL EXPENSE	NET TAXABLE INCOME	NET TAX CREDIT	NET INCOME TAXES PAYABLE	NET AT CASH FLOW UNDISC	NET AT CASH FLOW DISC@10%
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2008 05	2,000.000	2,000.000	0.000	2,000.000	-2,000.000	-2,000.000	-2,000.000	12.500	0.000	162.500	-175.000	0.000	-66.500	-1,933.500	-1,933.500
2008 06	0.000	0.000	0.000	0.000	319.815	-1,680.185	317.285	12.500	0.000	162.500	144.815	0.000	55.030	264.785	282.690
2008 07	0.000	0.000	0.000	0.000	398.958	-1,281.227	392.671	12.500	0.000	162.500	223.958	0.000	85.104	313.854	308.908
2008 08	0.000	0.000	0.000	0.000	179.468	-1,101.760	175.242	12.500	0.000	162.500	4.468	0.000	1.698	177.770	173.584
2008 09	0.000	0.000	0.000	0.000	124.789	-976.971	120.886	12.500	0.000	162.500	-50.211	0.000	-19.080	143.869	139.370
2008 10	0.000	0.000	0.000	0.000	72.790	-904.181	69.956	12.500	0.000	162.500	-102.210	0.000	-38.840	111.630	107.283
2008 11	0.000	0.000	0.000	0.000	26.951	-877.231	25.696	12.500	0.000	162.500	-148.049	0.000	-56.259	83.209	79.337
2008 12	0.000	0.000	0.000	0.000	65.885	-811.345	62.322	12.500	0.000	162.500	-109.115	0.000	-41.464	107.349	101.543
2009 01	0.000	0.000	0.000	0.000	61.176	-750.170	57.409	14.286	0.000	0.000	46.890	0.000	17.818	43.357	40.688
2009 02	0.000	0.000	0.000	0.000	40.768	-709.402	37.955	14.286	0.000	0.000	26.482	0.000	10.063	30.704	28.586
2009 03	0.000	0.000	0.000	0.000	44.070	-665.332	40.705	14.286	0.000	0.000	29.785	0.000	11.318	32.752	30.251
2009 04	0.000	0.000	0.000	0.000	41.043	-624.289	37.609	14.286	0.000	0.000	26.757	0.000	10.168	30.875	28.292
2009 05	0.000	0.000	0.000	0.000	41.013	-583.276	37.285	14.286	0.000	0.000	26.728	0.000	10.156	30.857	28.052
2009 06	0.000	0.000	0.000	0.000	38.182	-545.094	34.436	14.286	0.000	0.000	23.896	0.000	9.081	29.101	28.247
2009 07	0.000	0.000	0.000	0.000	38.154	-506.940	34.139	14.286	0.000	0.000	23.868	0.000	9.070	29.084	26.023
Sub	2,000.000	2,000.000	0.000	2,000.000	-506.940	-506.940	-556.403	200.000	0.000	1,300.000	-6.940	0.000	-2.637	-504.303	-552.644
Rem.	0.000	0.000	0.000	0.000	3,058.295	2,551.354	1,689.719	500.000	0.000	0.000	2,558.295	0.000	972.152	2,086.143	1,183.909
Total	2,000.000	2,000.000	0.000	2,000.000	2,551.355	2,551.354	1,133.316	700.000	0.000	1,300.000	2,551.355	0.000	969.515	1,581.840	631.265

CASE NOTES



NEBU AREA PICTURED CLIFFS TYPE CURVE
OLDER WELLS - MONTHLY DATA
Actual (MCFD)
TYPE CURVE (MCFD)
1000
100
Decline
75.5% FOR 5 MONTHS
Decline
33% FOR 12 MONTHS
Decline
10 % TO LIFE
0
6
12
18
24
30
36
42
48
54
60
66
72
MONTHS

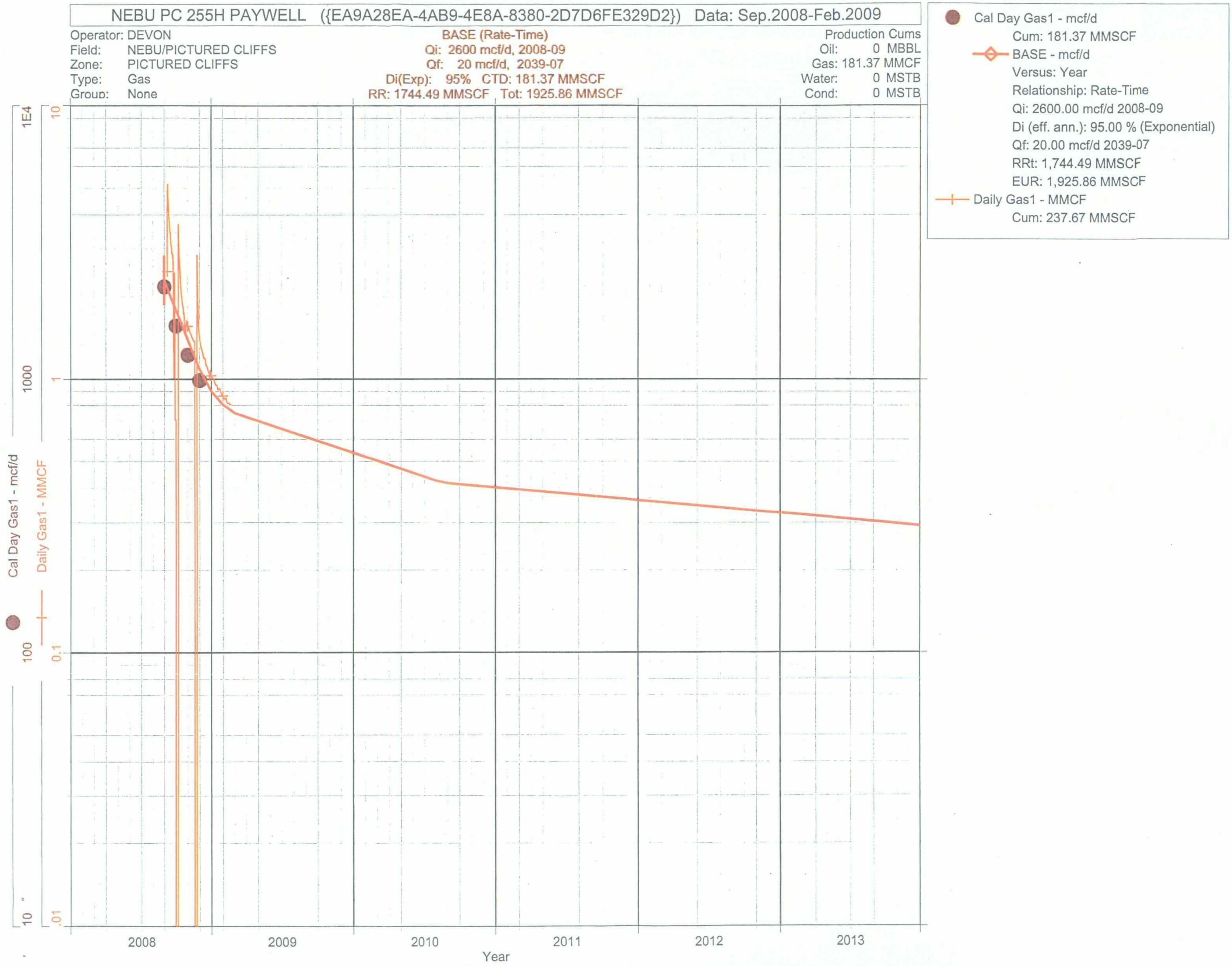
PAYING WELL DETERMINATION
NORTHEAST BLANCO UNIT 255H (Pictured Cliffs)
NW 7-31N-6W

ECONOMIC PARAMETERS:

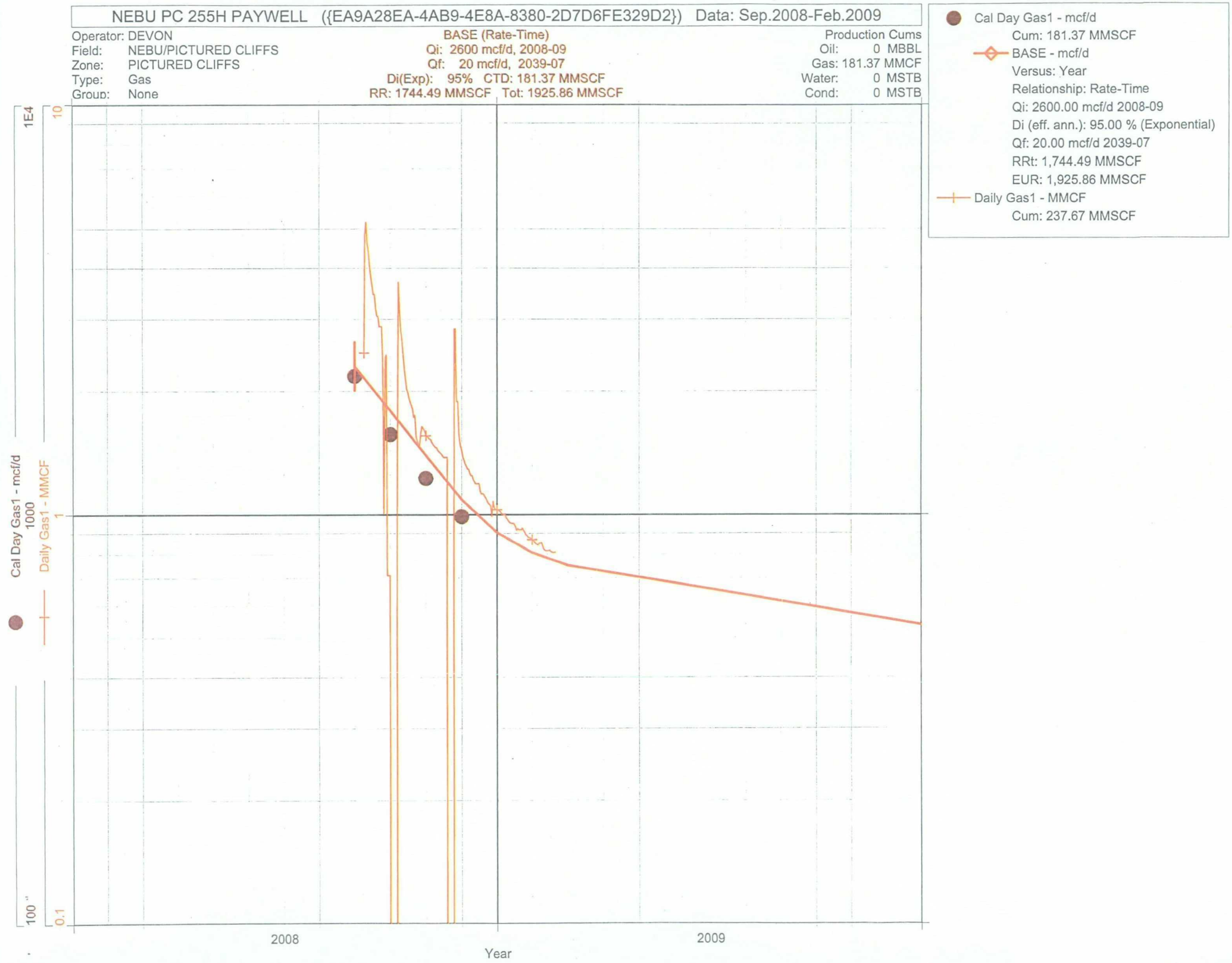
DRILLING AND COMPLETION COST	-	$2000M
OPERATING COST	-	$3150/Month
GAS TRANSPORTATION FEE	-	$0.30/mcf
ROYALTY	-	12.5%
TAXES (Severance + Ad Valorem)	-	8.86%
DISCOUNT RATE	-	10%
GAS PRICE	-	HISTORIC = ACTUAL 3/09–12/09 FRCST = $4.00/MCF LONGTERM = $5.00/MCF

RATE FORECAST PROCEDURE:

The NEBU 255H was drilled and completed as a Horizontal Pictured Cliffs well in 8/2008. The well was fracture stimulated in 3 stages and early production data appears to conform to the established vertical PC type curve. The early time gas production history as fit to a Pictured Cliffs (PC) type decline curve. Future production for this well was then forecast to follow the type decline curve as shown on the attached production curve. The PC type curve was constructed from historic gas production rates of PC wells in, and adjacent to, Northeast Blanco Unit.. The dark red circles on the production curve represent average daily production rates for the month, the thin red line shows the actual daily production rates.



NEBU PC 255H PAYWELL ({EA9A28EA-4AB9-4E8A-8380-2D7D6FE329D2}) Data: Sep.2008-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 2600 mcf/d, 2008-09
Qf: 20 mcf/d, 2039-07
Di(Exp): 95% CTD: 181.37 MMSCF
RR: 1744.49 MMSCF Tot: 1925.86 MMSCF
Production Cums
Oil: 0 MBBL
Gas: 181.37 MMCF
Water: 0 MSTB
Cond: 0 MSTB
Cal Day Gas1 - mcf/d
Cum: 181.37 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 2600.00 mcf/d 2008-09
Di (eff. ann.): 95.00 % (Exponential)
Qf: 20.00 mcf/d 2039-07
RRt: 1,744.49 MMSCF
EUR: 1,925.86 MMSCF
Daily Gas1 - MMCF
Cum: 237.67 MMSCF
Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
1E4
1000
100
10
10
1
0.1
.01
2008
2009
2010
2011
2012
2013
Year



NEBU PC 255H PAYWELL ({EA9A28EA-4AB9-4E8A-8380-2D7D6FE329D2}) Data: Sep.2008-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 2600 mcf/d, 2008-09
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Cal Day Gas1 - mcf/d
Cum: 181.37 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 2600.00 mcf/d 2008-09
Di (eff. ann.): 95.00 % (Exponential)
Qf: 20.00 mcf/d 2039-07
RRt: 1,744.49 MMSCF
EUR: 1,925.86 MMSCF
Daily Gas1 - MMCF
Cum: 237.67 MMSCF
1E4
1000
100
10
1
0.1
Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
2008
2009
Year

DEVON ENERGY CORP.
ECONOMIC SUMMARY
NEBU PC 255H PAYWELL

Database: Western Reserves Budget Oracle
Partial Case Reporting: 2008/08 - 2036/08

CASE PARAMETERS

DIVISION	WESTERN DIVISION	OPERATED	YES	AFE NUMBER:	1-123989
DISTRICT	ROCKY MOUNTAIN	OPERATOR	DEVON		
PROJECT AREA	XGEK	STATUS		TITLE 1:	X
FIELD GROUP	NORTHEAST BLANCO UNIT CONVEN	RESERVOIR	PICTURED CLIFFS	TITLE 2:	X
FIELD	09	PROPERY CODE	X	TITLE 3:	X
RES CAT CURRENT	PC	MAJOR PHASE	PAYWELL		
RES CAT YEAREND	PC	ENGINEER	CDS		
RES CAT PRIOR YE	PC	RIO WELLZONENUM	X		

CASE DATES

REPORT START DATE	2008/08
REPORT END DATE	2036/08
EVALUATION DATE	2008/08
DISCOUNT DATE	2008/08
PRODUCTION START	2008/09
ECONOMIC LIMIT	2036/08
1ST INVESTMENT	2008/08

DATE AND TIME

DATE:	2/24/2009
TIME:	14:47

CASE LINKS

MODEL	Devon USModel
GLOBAL PARM	Devon US
LINKED WELL	*NEBU PC 255H PAYWELL*
PRECEDING CASE	
OIL PRICE BASE	
OIL PRICE OFFSET1	
GAS PRICE BASE	
GAS PRICE OFFSET1	
COND PRICE BASE	Cond_WTI-Cushing
COND PRICE OFFSET1	
NGL PRICE BASE	Ngl_Mt Belvieu/Conway
NGL PRICE OFFSET1	

OWNERSHIP INTEREST

	INITIAL %	FINAL %	AVG %
NRI OIL	87.500	87.500	0.000
NRI GAS	*87.500*	*87.500*	*87.500*
NRI BYPROD	87.500	87.500	0.000
WI OPCOST	100.000	100.000	93.034
WI CAPITAL	100.000	100.000	100.000

CASE SCENARIOS

OIL PROD FORECAST	Base
GAS PROD FORECAST	Base
COND PROD FORECAST	*Base*
NGL PROD FORECAST	Base
OPERATING COSTS	Base
CAPITAL	Base
CUSTOM	Base
INTERESTS	Base
OIL PRICE	Base
GAS PRICE	Base
COND PRICE	Base
NGL PRICE	Base

SUMMARY INDICATORS

		B. TAX	A. TAX
ROR	%	41.85	33.7
PAYOUT PERIOD	STND. (MO'S)	28.84	32.8
	PROJ. (MO'S)	28.84	32.8
UNDISC. PIR	M$/M$	2.04	1.26
10.0 PCNT. PIR	M$/M$	0.90	0.53
15.0 PCNT. PIR	M$/M$	0.62	0.35
FD COST	$/BOE	7.591	
FDO COST	$/BOE	16.034	
NET UPLIFT	BOEPD/MM$	64.4318	

NPV SUMMARY

DISC RATE (%)	NET INVESTMENT M$	BEFORE TAX CASH FLOW M$	AFTER TAX CASH FLOW M$
0	2,000.000	4,079.566	2,529.331
5	2,000.000	2,654.363	1,611.870
8	2,000.000	2,097.983	1,249.883
10	2,000.000	1,804.108	1,057.431
12	2,000.000	1,556.037	894.146
14	2,000.000	1,344.185	754.002
15	2,000.000	1,249.521	691.147
16	2,000.000	1,161.365	632.472
18	2,000.000	1,002.112	528.104
20	2,000.000	862.213	432.231

RESERVES SUMMARY

REMAINING RESERVES		GROSS	NET
OIL/COND	MBBL	0.000	0.000
GAS - PROD	MMCF	1,901.620	1,663.918
- SALES	MMCF	1,806.539	1,580.722
NGL	MBBL	0.000	0.000
OIL EQ (SALES)	MBOE	301.090	263.454

ULTIMATE RECOVERABLE		GROSS PRIOR	GROSS EUR
OIL/COND	MBBL	0.000	0.000
GAS	MMCF	0.000	1,925.856
NGL	MBBL	0.000	0.000

PRODUCT, PRICE, AND REVENUE

Date	GROSS OIL/COND VOLUME	GROSS PROD GAS VOLUME	GROSS NGL VOLUME	NET OIL/COND VOLUME	NET SALES GAS VOLUME	NET NGL VOLUME	TOTAL NET OIL EQUIV VOLUME	AVG OIL/COND PRICE	AVG GAS PRICE	AVG NGL PRICE	NET OIL/COND REVENUE	NET GAS REVENUE	NET NGL REVENUE	NET OTHER INCOME	TOTAL NET REVENUE
	MBBL	MMCF	MBBL	MBBL	MMCF	MBBL	MBOE	$/Bbl	$/mcf	$/Bbl	M$	M$	M$	M$	M$
2008 08	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2008 09	0.000	65.310	0.000	0.000	54.289	0.000	9.048	0.000	6.944	0.000	0.000	377.004	0.000	0.000	377.004
2008 10	0.000	48.630	0.000	0.000	40.424	0.000	6.737	0.000	4.612	0.000	0.000	186.418	0.000	0.000	186.418
2008 11	0.000	36.770	0.000	0.000	30.565	0.000	5.094	0.000	3.067	0.000	0.000	93.749	0.000	0.000	93.749
2008 12	0.000	30.660	0.000	0.000	25.486	0.000	4.248	0.000	5.000	0.000	0.000	127.441	0.000	0.000	127.441
2009 01	0.000	28.008	0.000	0.000	23.281	0.000	3.880	0.000	5.216	0.000	0.000	121.444	0.000	0.000	121.444
2009 02	0.000	22.576	0.000	0.000	18.767	0.000	3.128	0.000	4.320	0.000	0.000	81.072	0.000	0.000	81.072
2009 03	0.000	23.273	0.000	0.000	19.346	0.000	3.224	0.000	4.320	0.000	0.000	83.574	0.000	0.000	83.574
2009 04	0.000	21.781	0.000	0.000	18.105	0.000	3.018	0.000	4.320	0.000	0.000	78.216	0.000	0.000	78.216
2009 05	0.000	21.766	0.000	0.000	18.093	0.000	3.016	0.000	4.320	0.000	0.000	78.163	0.000	0.000	78.163
2009 06	0.000	20.371	0.000	0.000	16.933	0.000	2.822	0.000	4.320	0.000	0.000	73.152	0.000	0.000	73.152
2009 07	0.000	20.357	0.000	0.000	16.922	0.000	2.820	0.000	4.320	0.000	0.000	73.103	0.000	0.000	73.103
2009 08	0.000	19.676	0.000	0.000	16.356	0.000	2.726	0.000	4.320	0.000	0.000	70.658	0.000	0.000	70.658
2009 09	0.000	18.415	0.000	0.000	15.307	0.000	2.551	0.000	4.320	0.000	0.000	66.128	0.000	0.000	66.128
2009 10	0.000	18.403	0.000	0.000	15.297	0.000	2.550	0.000	4.320	0.000	0.000	66.084	0.000	0.000	66.084
Sub.	0.000	395.997	0.000	0.000	329.172	0.000	54.862	0.000	—	0.000	0.000	1,576.206	0.000	0.000	1,576.206
Rem.	0.000	1,505.623	0.000	0.000	1,251.550	0.000	208.592	0.000	—	0.000	0.000	6,727.454	0.000	0.000	6,727.454
Total	0.000	1,901.620	0.000	0.000	1,580.722	0.000	263.454	0.000	—	0.000	0.000	8,303.660	0.000	0.000	8,303.660

OPCOSTS AND OH

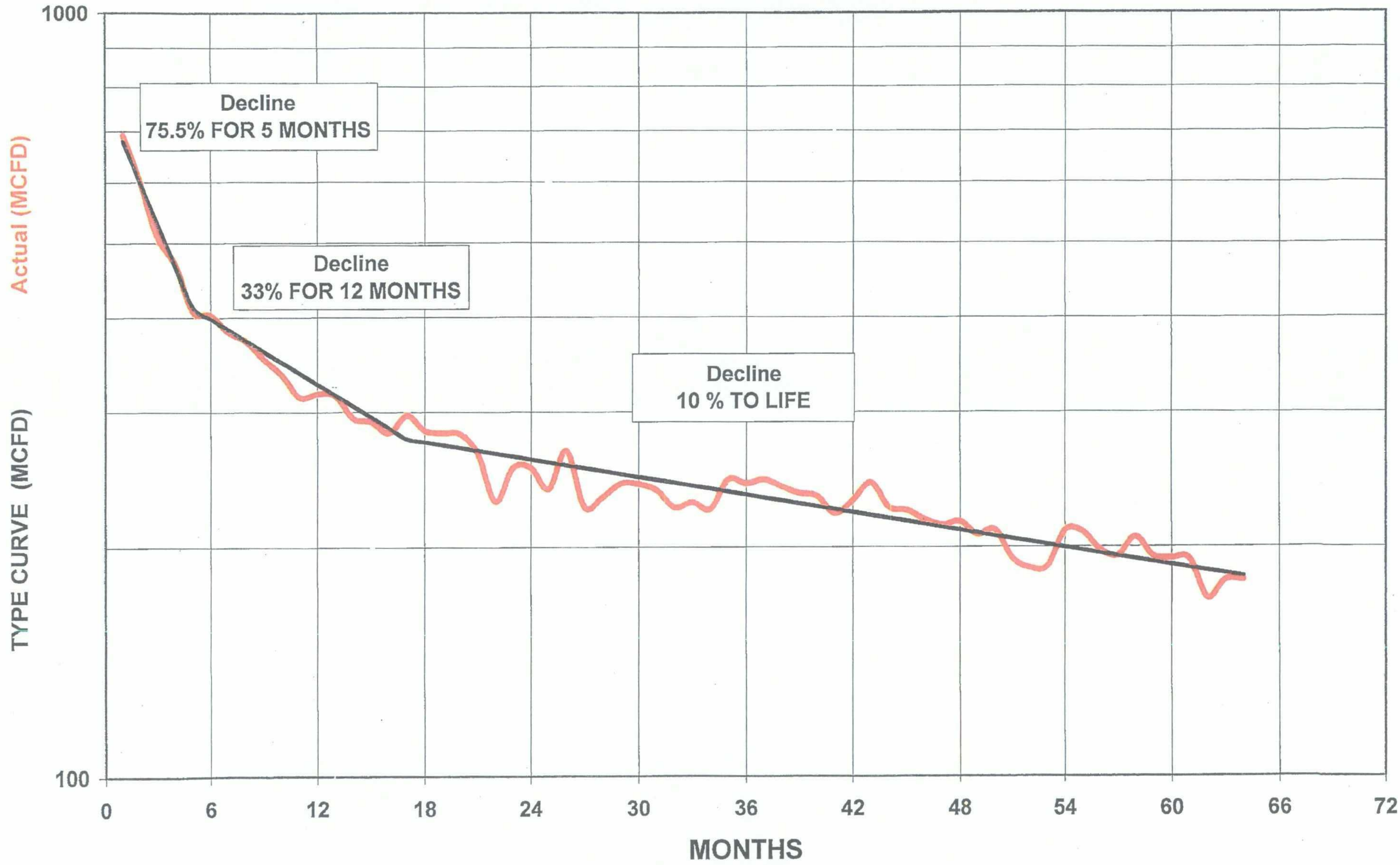
Date	NUM OF WELLS	TOTAL GROSS OPERATING EXPENSE	NET RECURRING LOE	NET COPAS	NET WORKOVER	NET AD VALOREM TAX	NET PRODUCT TRANSPORTATION	TOTAL NET LOE	NET SEVERANCE TAX	TOTAL NET OPERATING EXPENSE	NET OPERATING INCOME	NET DIRECT OH	NET REIMB OH	TOTAL NET OVERHEAD
		M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2008 08	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2008 09	1.00	58.202	3.150	0.000	0.000	0.000	16.287	19.437	31.884	51.320	325.684	0.000	0.000	0.000
2008 10	1.00	34.593	3.150	0.000	0.000	0.000	12.127	15.277	15.386	30.663	155.755	0.000	0.000	0.000
2008 11	1.00	22.145	3.150	0.000	0.000	0.000	9.170	12.320	7.451	19.771	73.979	0.000	0.000	0.000
2008 12	1.00	23.977	3.150	0.000	0.000	0.000	7.646	10.796	10.578	21.374	106.067	0.000	0.000	0.000
2009 01	1.00	22.685	3.150	0.000	0.000	0.000	6.984	10.134	10.109	20.243	101.201	0.000	0.000	0.000
2009 02	1.00	17.193	3.150	0.000	0.000	0.000	5.630	8.780	6.658	15.438	65.634	0.000	0.000	0.000
2009 03	1.00	17.627	3.150	0.000	0.000	0.000	5.804	8.954	6.863	15.817	67.756	0.000	0.000	0.000
2009 04	1.00	16.699	3.150	0.000	0.000	0.000	5.432	8.582	6.423	15.005	63.211	0.000	0.000	0.000
2009 05	1.00	16.689	3.150	0.000	0.000	0.000	5.428	8.578	6.419	14.997	63.166	0.000	0.000	0.000
2009 06	1.00	15.821	3.150	0.000	0.000	0.000	5.080	8.230	6.007	14.237	58.915	0.000	0.000	0.000
2009 07	1.00	15.813	3.150	0.000	0.000	0.000	5.077	8.227	6.003	14.230	58.873	0.000	0.000	0.000
2009 08	1.00	15.389	3.150	0.000	0.000	0.000	4.907	8.057	5.803	13.860	56.799	0.000	0.000	0.000
2009 09	1.00	14.605	3.150	0.000	0.000	0.000	4.592	7.742	5.431	13.173	52.955	0.000	0.000	0.000
2009 10	1.00	14.597	3.150	0.000	0.000	0.000	4.589	7.739	5.427	13.166	52.918	0.000	0.000	0.000
Sub.	—	306.036	44.100	0.000	0.000	0.000	98.752	142.852	130.442	273.294	1,302.912	0.000	0.000	0.000
Rem.	—	2,084.586	1,014.300	0.000	0.000	0.000	375.465	1,389.765	561.035	1,950.800	4,776.654	0.000	0.000	0.000
Total	—	2,390.622	1,058.400	0.000	0.000	0.000	474.217	1,532.617	691.477	2,224.094	6,079.566	0.000	0.000	0.000

BT AND AT CASH FLOW

Date	TOTAL GROSS CAPITAL	NET CAPITAL LESS P&A	NET P&A	TOTAL NET CAPITAL	NET BT CASH FLOW UNDISC	CUM NET BT CASH FLOW	NET BT CASH FLOW DISC@10%	NET CAPITAL DEPRECIATION	NET CAPITAL DEPLETION	NET CAPITAL EXPENSE	NET TAXABLE INCOME	NET TAX CREDIT	NET INCOME TAXES PAYABLE	NET AT CASH FLOW UNDISC	NET AT CASH FLOW DISC@10%
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
2008 08	2,000.000	2,000.000	0.000	2,000.000	-2,000.000	-2,000.000	-2,000.000	20.000	0.000	260.000	-280.000	0.000	-106.400	-1,893.600	-1,893.600
2008 09	0.000	0.000	0.000	0.000	325.684	-1,674.316	323.107	20.000	0.000	260.000	45.684	0.000	17.360	308.324	305.885
2008 10	0.000	0.000	0.000	0.000	155.755	-1,518.561	153.301	20.000	0.000	260.000	-124.245	0.000	-47.213	202.968	199.770
2008 11	0.000	0.000	0.000	0.000	73.979	-1,444.582	72.237	20.000	0.000	260.000	-206.021	0.000	-78.288	152.267	148.681
2008 12	0.000	0.000	0.000	0.000	106.067	-1,338.516	102.750	20.000	0.000	260.000	-173.933	0.000	-66.095	172.161	166.778
2009 01	0.000	0.000	0.000	0.000	101.201	-1,237.314	97.261	14.286	0.000	0.000	86.916	0.000	33.028	68.173	65.519
2009 02	0.000	0.000	0.000	0.000	65.634	-1,171.680	62.579	14.286	0.000	0.000	51.348	0.000	19.512	46.122	43.975
2009 03	0.000	0.000	0.000	0.000	67.756	-1,103.924	64.092	14.286	0.000	0.000	53.471	0.000	20.319	47.438	44.872
2009 04	0.000	0.000	0.000	0.000	63.211	-1,040.713	59.319	14.286	0.000	0.000	48.925	0.000	18.591	44.619	41.872
2009 05	0.000	0.000	0.000	0.000	63.168	-977.547	58.808	14.286	0.000	0.000	48.880	0.000	18.575	44.592	41.515
2009 06	0.000	0.000	0.000	0.000	58.915	-918.633	54.416	14.286	0.000	0.000	44.629	0.000	16.959	41.956	38.752
2009 07	0.000	0.000	0.000	0.000	58.873	-859.760	53.948	14.286	0.000	0.000	44.587	0.000	16.943	41.930	38.422
2009 08	0.000	0.000	0.000	0.000	56.799	-802.961	51.635	14.286	0.000	0.000	42.513	0.000	16.155	40.644	36.949
2009 09	0.000	0.000	0.000	0.000	52.955	-750.006	47.760	14.286	0.000	0.000	38.670	0.000	14.694	38.261	34.508
2009 10	0.000	0.000	0.000	0.000	52.918	-697.088	47.349	14.286	0.000	0.000	38.632	0.000	14.680	38.238	34.214
Sub.	2,000.000	2,000.000	0.000	2,000.000	-697.088	-697.088	-751.437	242.857	0.000	1,300.000	-239.945	0.000	-91.179	-605.909	-651.888
Rem.	0.000	0.000	0.000	0.000	4,776.654	4,079.566	2,555.545	457.143	0.000	0.000	4,319.511	0.000	1,641.414	3,135.240	1,709.319
Total	2,000.000	2,000.000	0.000	2,000.000	4,079.566	4,079.566	1,804.108	700.000	0.000	1,300.000	4,079.566	0.000	1,550.235	2,529.331	1,057.431

CASE NOTES

NEBU AREA PICTURED CLIFFS TYPE CURVE
OLDER WELLS - MONTHLY DATA



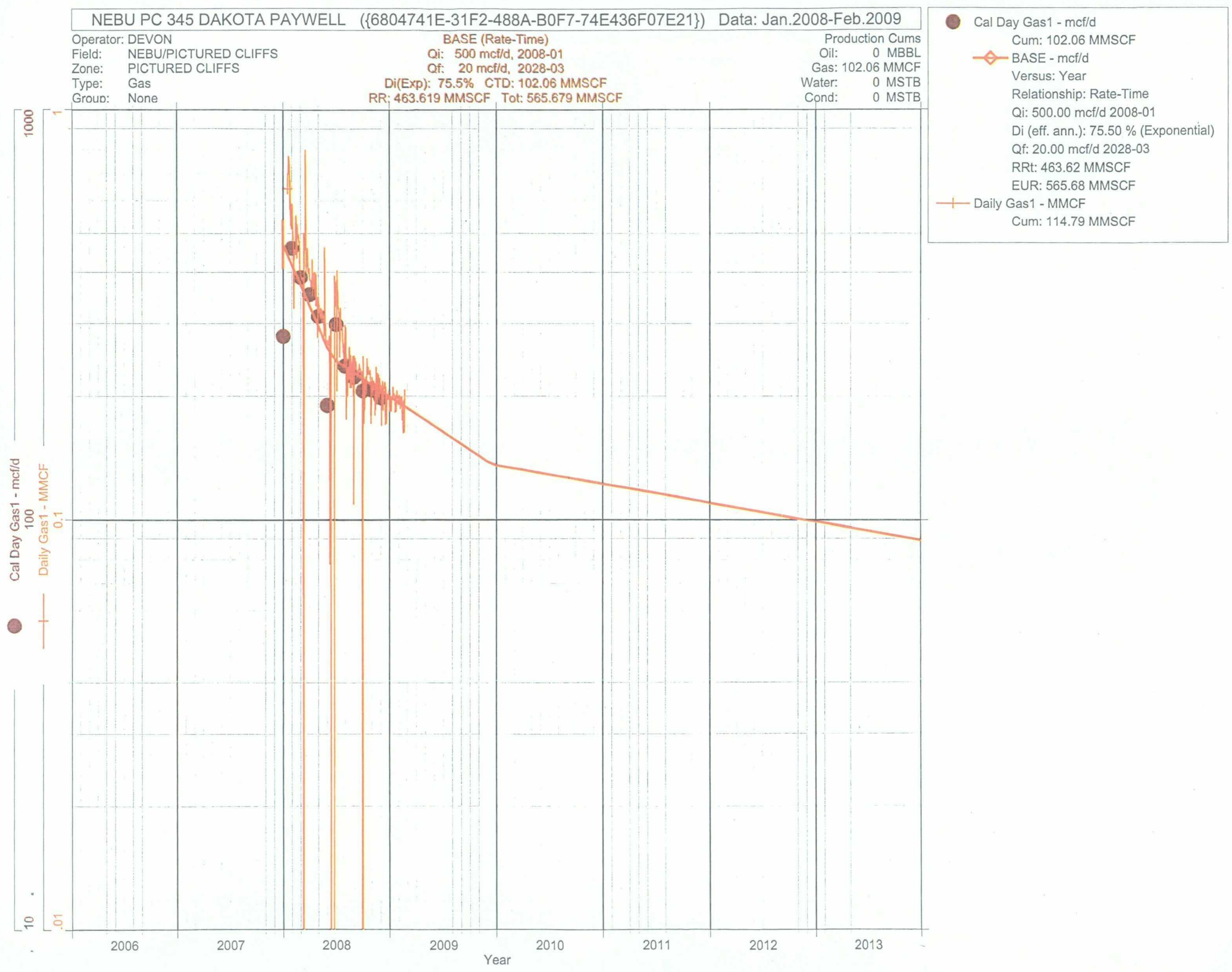
PAYING WELL DETERMINATION
NORTHEAST BLANCO UNIT 345 (Pictured Cliffs)
NE 29-30N-7W

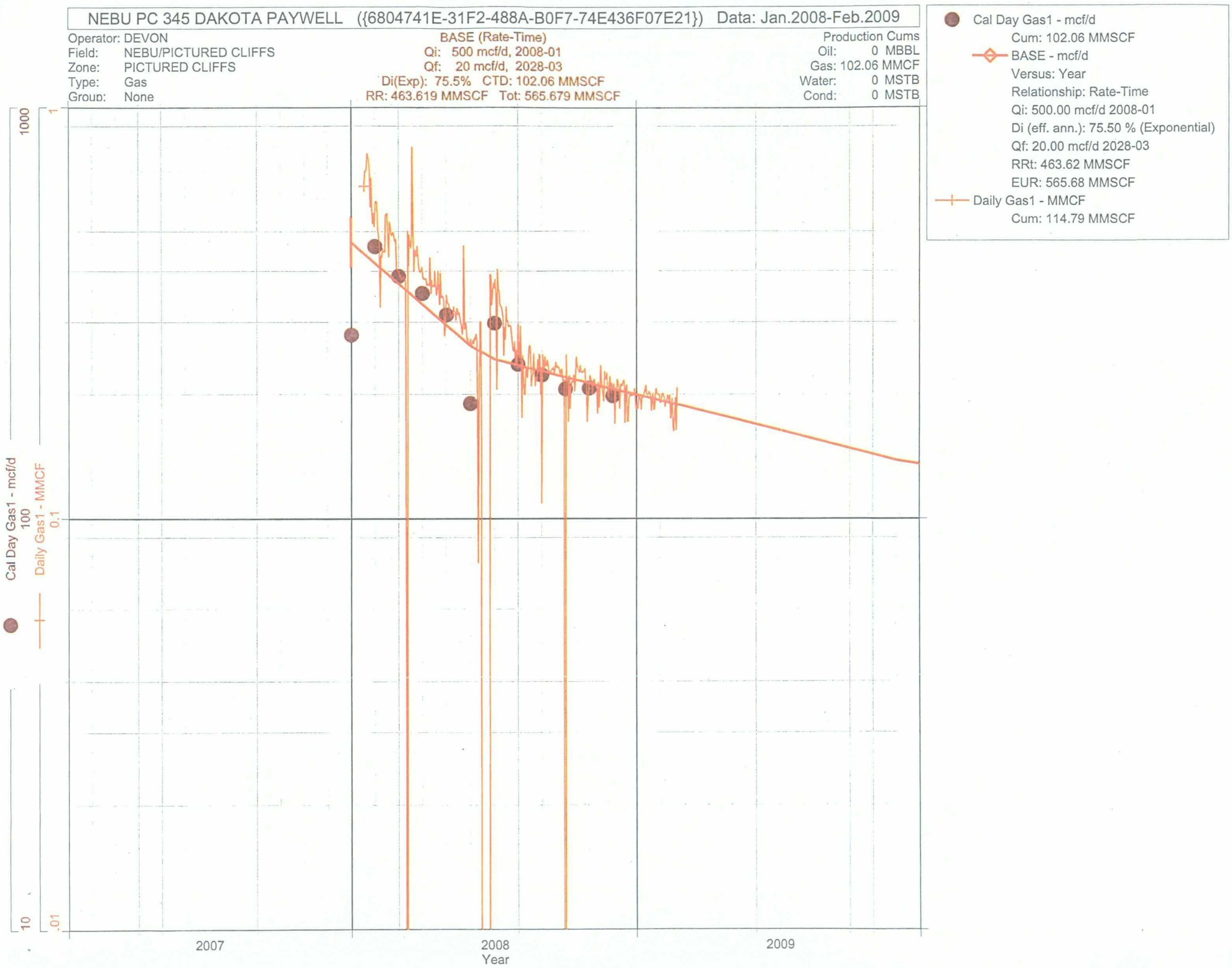
ECONOMIC PARAMETERS:

DRILLING AND COMPLETION COST	-	$610M
OPERATING COST	-	$3150/Month
GAS TRANSPORTATION FEE	-	$0.30/mcf
ROYALTY	-	12.5%
TAXES (Severance + Ad Valorem)	-	8.86%
DISCOUNT RATE	-	10%
GAS PRICE	-	HISTORIC = ACTUAL 3/09–12/09 FRCST = $4.00/MCF LONGTERM = $5.00/MCF

RATE FORECAST PROCEDURE:

The NEBU 345 was drilled and completed as a Pictured Cliffs/Dakota well in 10/2007. The costs used are for the PC portion of the drilling and completion. The early time gas production history was fit to a Pictured Cliffs (PC) type decline curve. Future production for this well was then forecast to follow the type decline curve as shown on the attached production curve. The PC type curve was constructed from historic gas production rates of PC wells in, and adjacent to, Northeast Blanco Unit.. The dark red circles on the production curve represent average daily production rates for the month, the thin red line shows the actual daily production rates.


NEBU PC 345 DAKOTA PAYWELL ({6804741E-31F2-488A-B0F7-74E436F07E21}) Data: Jan.2008-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 500 mcf/d, 2008-01
Qf: 20 mcf/d, 2028-03
Di(Exp): 75.5% CTD: 102.06 MMSCF
RR: 463.619 MMSCF Tot: 565.679 MMSCF
Production Cums
Oil: 0 MBBL
Gas: 102.06 MMCF
Water: 0 MSTB
Cond: 0 MSTB
Cal Day Gas1 - mcf/d
Cum: 102.06 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 500.00 mcf/d 2008-01
Di (eff. ann.): 75.50 % (Exponential)
Qf: 20.00 mcf/d 2028-03
RRt: 463.62 MMSCF
EUR: 565.68 MMSCF
Daily Gas1 - MMCF
Cum: 114.79 MMSCF
Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
1000
100
10
1
0.1
.01
2006
2007
2008
2009
2010
2011
2012
2013
Year


NEBU PC 345 DAKOTA PAYWELL ({6804741E-31F2-488A-B0F7-74E436F07E21}) Data: Jan.2008-Feb.2009
Operator: DEVON
Field: NEBU/PICTURED CLIFFS
Zone: PICTURED CLIFFS
Type: Gas
Group: None
BASE (Rate-Time)
Qi: 500 mcf/d, 2008-01
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Cum: 102.06 MMSCF
BASE - mcf/d
Versus: Year
Relationship: Rate-Time
Qi: 500.00 mcf/d 2008-01
Di (eff. ann.): 75.50 % (Exponential)
Qf: 20.00 mcf/d 2028-03
RRt: 463.62 MMSCF
EUR: 565.68 MMSCF
Daily Gas1 - MMCF
Cum: 114.79 MMSCF
Cal Day Gas1 - mcf/d
Daily Gas1 - MMCF
1000
100
10
1
0.1
.01
2007
2008
2009
Year

DEVON ENERGY CORP.
ECONOMIC SUMMARY
NEBU PC 345 DAKOTA PAYWELL

Database: Western Reserves Budget Oracle
Partial Case Reporting: 2007/12 - 2025/05

CASE PARAMETERS

DIVISION	WESTERN DIVISION	OPERATED	YES	AFE NUMBER:	1-123989
DISTRICT	ROCKY MOUNTAIN	OPERATOR	DEVON		
PROJECT AREA	XGEK	STATUS		TITLE 1:	X
FIELD GROUP	NORTHEAST BLANCO UNIT CONVEN	RESERVOIR	PICTURED CLIFFS	TITLE 2:	X
FIELD	09	PROPERY CODE	X	TITLE 3:	X
RES CAT CURRENT	PC	MAJOR PHASE	PAYWELL		
RES CAT YEAREND	PC	ENGINEER	CDS		
RES CAT PRIOR YE	PC	RIO WELLZONENUM	X		

CASE DATES

REPORT START DATE	2007/12
REPORT END DATE	2025/05
EVALUATION DATE	2007/12
DISCOUNT DATE	2007/12
PRODUCTION START	2008/01
ECONOMIC LIMIT	2025/05
1ST INVESTMENT	2007/12

DATE AND TIME

DATE:	2/24/2009
TIME:	14:30

CASE LINKS

MODEL	Devon USModel
GLOBAL PARM	Devon US
LINKED WELL	NEBU PC 345 DAKOTA PAYWELL
PRECEDING CASE	
OIL PRICE BASE	
OIL PRICE OFFSET1	
GAS PRICE BASE	
GAS PRICE OFFSET1	
COND PRICE BASE	Cond_WTI-Cushing
COND PRICE OFFSET1	
NGL PRICE BASE	Ngl_Mt Belvieu/Conway
NGL PRICE OFFSET1	

OWNERSHIP INTEREST

	INITIAL %	FINAL %	AVG %
NRI OIL	87.500	87.500	0.000
NRI GAS	87.500	87.500	87.500
NRI BYPROD	87.500	87.500	0.000
WI OPCOST	100.000	100.000	95.244
WI CAPITAL	100.000	100.000	100.000

CASE SCENARIOS

OIL PROD FORECAST	Base
GAS PROD FORECAST	Base
COND PROD FORECAST	Base
NGL PROD FORECAST	Base
OPERATING COSTS	Base
CAPITAL	Base
CUSTOM	Base
INTERESTS	Base
OIL PRICE	Base
GAS PRICE	Base
COND PRICE	Base
NGL PRICE	Base

SUMMARY INDICATORS

		B. TAX	A. TAX
ROR	%	66.56	51.7
PAYOUT PERIOD	STND. (MO'S)	15.93	21.0
	PROJ. (MO'S)	15.93	21.0
UNDISC. PIR	M$/M$	1.62	1.00
10.0 PCNT. PIR	M$/M$	0.92	0.55
15.0 PCNT. PIR	M$/M$	0.72	0.42
FD COST	$/BOE	8.123	
FDO COST	$/BOE	21.602	
NET UPLIFT	BOEPD/MM$	59.6790	

NPV SUMMARY

DISC RATE (%)	NET INVESTMENT M$	BEFORE TAX CASH FLOW M$	AFTER TAX CASH FLOW M$
0	610.000	987.186	612.055
5	610.000	735.831	448.200
8	610.000	625.438	375.776
10	610.000	563.731	335.145
12	610.000	509.625	299.422
14	610.000	461.861	267.804
15	610.000	440.032	253.328
16	610.000	419.426	239.646
18	610.000	381.501	214.424
20	610.000	347.420	191.710

RESERVES SUMMARY

REMAINING RESERVES		GROSS	NET
OIL/COND	MBBL	0.000	0.000
GAS - PROD	MMCF	542.013	474.262
- SALES	MMCF	514.913	450.548
NGL	MBBL	0.000	0.000
OIL EQ (SALES)	MBOE	85.819	75.091

ULTIMATE RECOVERABLE		GROSS PRIOR	GROSS EUR
OIL/COND	MBBL	0.000	0.000
GAS	MMCF	0.000	565.879
NGL	MBBL	0.000	0.000

PRODUCT, PRICE, AND REVENUE

Date	GROSS OIL/COND VOLUME MBBL	GROSS PROD GAS VOLUME MMCF	GROSS NGL VOLUME MBBL	NET OIL/COND VOLUME MBBL	NET SALES GAS VOLUME MMCF	NET NGL VOLUME MBBL	TOTAL NET OIL EQUIV VOLUME MBOE	AVG OIL/COND PRICE $/Bbl	AVG GAS PRICE $/mcf	AVG NGL PRICE $/Bbl	NET OIL/COND REVENUE M$	NET GAS REVENUE M$	NET NGL REVENUE M$	NET OTHER INCOME M$	TOTAL NET REVENUE M$
2007 12	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2008 01	0.000	8.660	0.000	0.000	7.199	0.000	1.200	0.000	6.890	0.000	0.000	49.601	0.000	0.000	49.601
2008 02	0.000	13.330	0.000	0.000	11.081	0.000	1.847	0.000	7.862	0.000	0.000	87.120	0.000	0.000	87.120
2008 03	0.000	12.060	0.000	0.000	10.025	0.000	1.671	0.000	8.737	0.000	0.000	87.589	0.000	0.000	87.589
2008 04	0.000	10.600	0.000	0.000	8.811	0.000	1.469	0.000	8.942	0.000	0.000	78.794	0.000	0.000	78.794
2008 05	0.000	9.690	0.000	0.000	8.055	0.000	1.342	0.000	10.184	0.000	0.000	82.033	0.000	0.000	82.033
2008 06	0.000	5.700	0.000	0.000	4.738	0.000	0.790	0.000	10.638	0.000	0.000	50.404	0.000	0.000	50.404
2008 07	0.000	9.260	0.000	0.000	7.697	0.000	1.283	0.000	12.269	0.000	0.000	94.438	0.000	0.000	94.438
2008 08	0.000	7.330	0.000	0.000	6.093	0.000	1.016	0.000	8.251	0.000	0.000	50.275	0.000	0.000	50.275
2008 09	0.000	6.680	0.000	0.000	5.553	0.000	0.925	0.000	6.944	0.000	0.000	38.561	0.000	0.000	38.561
2008 10	0.000	6.390	0.000	0.000	5.312	0.000	0.885	0.000	4.612	0.000	0.000	24.495	0.000	0.000	24.495
2008 11	0.000	6.210	0.000	0.000	5.162	0.000	0.860	0.000	3.067	0.000	0.000	15.833	0.000	0.000	15.833
2008 12	0.000	6.150	0.000	0.000	5.112	0.000	0.852	0.000	5.000	0.000	0.000	25.563	0.000	0.000	25.563
2009 01	0.000	6.196	0.000	0.000	5.150	0.000	0.858	0.000	5.216	0.000	0.000	26.865	0.000	0.000	26.865
2009 02	0.000	5.418	0.000	0.000	4.503	0.000	0.751	0.000	4.320	0.000	0.000	19.455	0.000	0.000	19.455
Sub.	0.000	113.673	0.000	0.000	94.491	0.000	15.748	0.000	---	0.000	0.000	731.026	0.000	0.000	731.026
Rem.	0.000	428.340	0.000	0.000	356.058	0.000	59.343	0.000	---	0.000	0.000	1,878.250	0.000	0.000	1,878.250
Total	0.000	542.013	0.000	0.000	450.548	0.000	75.091	0.000	---	0.000	0.000	2,609.276	0.000	0.000	2,609.276

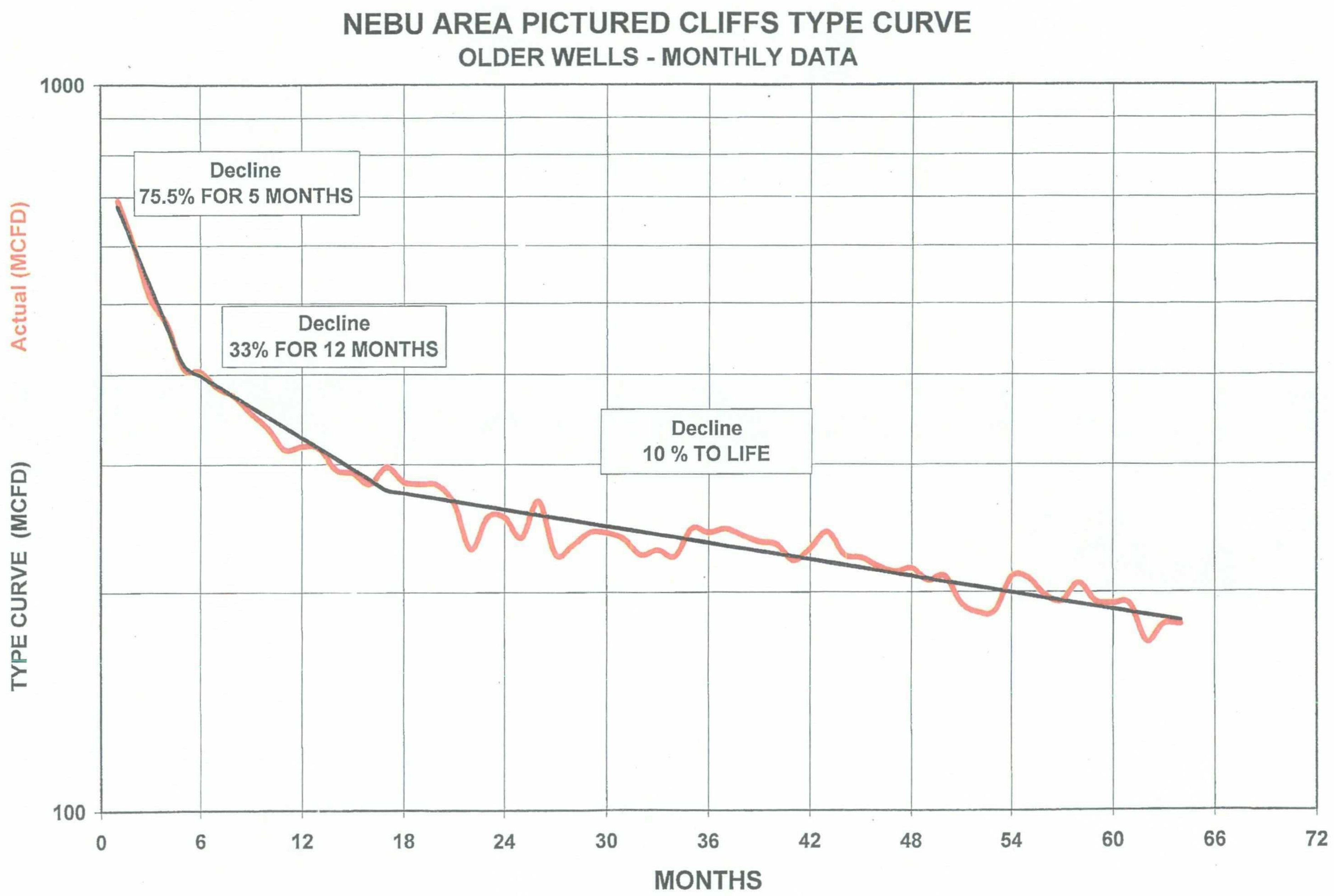
OPCOSTS AND OH

Date	NUM OF WELLS	TOTAL GROSS OPERATING EXPENSE M$	NET RECURRING LOE M$	NET COPAS M$	NET WORKOVER M$	NET AD VALOREM TAX M$	NET PRODUCT TRANSPORTATION M$	TOTAL NET LOE M$	NET SEVERANCE TAX M$	TOTAL NET OPERATING EXPENSE M$	NET OPERATING INCOME M$	NET DIRECT OH M$	NET REIMB OH M$	TOTAL NET OVERHEAD M$
2007 12	0.00	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2008 01	1.00	10.410	3.150	0.000	0.000	0.000	2.160	5.310	4.193	9.503	40.099	0.000	0.000	0.000
2008 02	1.00	15.416	3.150	0.000	0.000	0.000	3.324	6.474	7.409	13.883	73.237	0.000	0.000	0.000
2008 03	1.00	15.136	3.150	0.000	0.000	0.000	3.007	6.157	7.480	13.637	73.952	0.000	0.000	0.000
2008 04	1.00	13.868	3.150	0.000	0.000	0.000	2.643	5.793	6.735	12.528	66.266	0.000	0.000	0.000
2008 05	1.00	13.961	3.150	0.000	0.000	0.000	2.416	5.566	7.043	12.609	69.424	0.000	0.000	0.000
2008 06	1.00	9.727	3.150	0.000	0.000	0.000	1.421	4.571	4.333	8.905	41.499	0.000	0.000	0.000
2008 07	1.00	15.105	3.150	0.000	0.000	0.000	2.309	5.459	8.152	13.611	80.827	0.000	0.000	0.000
2008 08	1.00	10.135	3.150	0.000	0.000	0.000	1.828	4.978	4.284	9.262	41.013	0.000	0.000	0.000
2008 09	1.00	8.781	3.150	0.000	0.000	0.000	1.666	4.816	3.261	8.077	30.484	0.000	0.000	0.000
2008 10	1.00	7.282	3.150	0.000	0.000	0.000	1.594	4.744	2.022	6.765	17.730	0.000	0.000	0.000
2008 11	1.00	6.358	3.150	0.000	0.000	0.000	1.549	4.699	1.258	5.957	9.876	0.000	0.000	0.000
2008 12	1.00	7.328	3.150	0.000	0.000	0.000	1.534	4.684	2.122	6.806	18.757	0.000	0.000	0.000
2009 01	1.00	7.471	3.150	0.000	0.000	0.000	1.545	4.695	2.236	6.931	19.934	0.000	0.000	0.000
2009 02	1.00	6.520	3.150	0.000	0.000	0.000	1.351	4.501	1.598	6.099	13.356	0.000	0.000	0.000
Sub.	---	147.497	44.100	0.000	0.000	0.000	28.347	72.447	62.125	134.572	596.454	0.000	0.000	0.000
Rem.	---	915.128	614.250	0.000	0.000	0.000	106.817	721.067	156.451	877.518	1,000.732	0.000	0.000	0.000
Total	---	1,062.625	658.350	0.000	0.000	0.000	135.165	793.515	218.576	1,012.091	1,597.186	0.000	0.000	0.000

BT AND AT CASH FLOW

Date	TOTAL GROSS CAPITAL M$	NET CAPITAL LESS P&A M$	NET P&A M$	TOTAL NET CAPITAL M$	NET BT CASH FLOW UNDISC M$	CUM NET BT CASH FLOW M$	NET BT CASH FLOW DISC@10% M$	NET CAPITAL DEPRECIATION M$	NET CAPITAL DEPLETION M$	NET CAPITAL EXPENSE M$	NET TAXABLE INCOME M$	NET TAX CREDIT M$	NET INCOME TAXES PAYABLE M$	NET AT CASH FLOW UNDISC M$	NET AT CASH FLOW DISC@10% M$
2007 12	610.000	610.000	0.000	610.000	-610.000	-610.000	-610.000	30.500	0.000	396.500	-427.000	0.000	-162.260	-447.740	-447.740
2008 01	0.000	0.000	0.000	0.000	40.099	-569.901	39.781	4.357	0.000	0.000	35.741	0.000	13.582	26.517	26.307
2008 02	0.000	0.000	0.000	0.000	73.237	-496.665	72.083	4.357	0.000	0.000	68.880	0.000	26.174	47.063	46.321
2008 03	0.000	0.000	0.000	0.000	73.952	-422.713	72.211	4.357	0.000	0.000	69.595	0.000	26.446	47.506	46.387
2008 04	0.000	0.000	0.000	0.000	66.266	-356.447	64.194	4.357	0.000	0.000	61.909	0.000	23.525	42.740	41.404
2008 05	0.000	0.000	0.000	0.000	69.424	-287.023	66.721	4.357	0.000	0.000	65.067	0.000	24.725	44.699	42.958
2008 06	0.000	0.000	0.000	0.000	41.499	-245.523	39.568	4.357	0.000	0.000	37.142	0.000	14.114	27.385	26.111
2008 07	0.000	0.000	0.000	0.000	80.827	-164.697	76.455	4.357	0.000	0.000	76.469	0.000	29.058	51.768	48.969
2008 08	0.000	0.000	0.000	0.000	41.013	-123.683	38.488	4.357	0.000	0.000	36.656	0.000	13.929	27.084	25.417
2008 09	0.000	0.000	0.000	0.000	30.484	-93.200	28.381	4.357	0.000	0.000	26.128	0.000	9.928	20.556	19.137
2008 10	0.000	0.000	0.000	0.000	17.730	-75.470	16.376	4.357	0.000	0.000	13.373	0.000	5.082	12.648	11.683
2008 11	0.000	0.000	0.000	0.000	9.876	-65.593	9.050	4.357	0.000	0.000	5.519	0.000	2.097	7.779	7.128
2008 12	0.000	0.000	0.000	0.000	18.757	-46.836	17.052	4.357	0.000	0.000	14.400	0.000	5.472	13.285	12.078
2009 01	0.000	0.000	0.000	0.000	19.934	-26.903	17.978	3.112	0.000	0.000	16.821	0.000	6.392	13.541	12.213
2009 02	0.000	0.000	0.000	0.000	13.356	-13.546	11.951	3.112	0.000	0.000	10.244	0.000	3.893	9.463	8.468
Sub.	610.000	610.000	0.000	610.000	-13.546	-13.546	-39.711	89.010	0.000	396.500	110.943	0.000	42.159	-55.705	-73.160
Rem.	0.000	0.000	0.000	0.000	1,000.732	987.186	603.441	124.490	0.000	0.000	876.242	0.000	332.972	667.760	408.305
Total	610.000	610.000	0.000	610.000	987.186	987.186	563.731	213.500	0.000	396.500	987.186	0.000	375.131	612.055	335.145

CASE NOTES


NEBU AREA PICTURED CLIFFS TYPE CURVE
OLDER WELLS - MONTHLY DATA
Actual (MCFD)
TYPE CURVE (MCFD)
1000
100
Decline
75.5% FOR 5 MONTHS
Decline
33% FOR 12 MONTHS
Decline
10 % TO LIFE
0
6
12
18
24
30
36
42
48
54
60
66
72
MONTHS