

Devon Energy Corp. boasts balanced inventory

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Devon Energy Corp. has a balanced cache of oil and natural gas properties spread across North America.

“We've got a deep inventory of repeatable opportunities that's really diversified across several key resource plays,” CEO John Richels said at a recent conference.

He said Devon's current production is about 660,000 barrels of oil equivalent a day, with plenty of room to grow.

The company's ongoing projects in Canada's oil sands are expected to boost Devon's oil production there as much as 20 percent a year until 2020.

Richels said Devon intends to spend as much as \$5.9 billion on capital expenditures this year, with about 90 percent of that devoted to oil and natural gas liquids production.

“This development activity is going to translate into top-line production growth of somewhere between 7 and 8 percent,” he said Sept. 7 at Barclays Capital CEO Energy-Power Conference in New York. “Most of that year over year growth ... is coming from oil and NGLs.”

Flexible assets

Devon's asset base is flexible enough to allow that kind of focus, he said, since officials have worked hard to avoid lease expiration issues.

“We can allocate our capital where we want to allocate it rather than where we have to allocate it,” he said.

Richels also said a “healthy” 20 percent of Devon's 2011 capital budget will be used to explore new opportunities for the company.

Devon's primary areas of operation are in Canada, North Texas and western Oklahoma. The company also is evaluating a number of other opportunities around the country and in Canada.

Richels said Devon is one of the most successful companies in the oil sands of northern Alberta.

Devon is poised to add a third steam-assisted gravity drainage project at Jackfish. Each

one will be capable of producing about 300 million barrels of oil.

The company also is developing another operation, called Pike, in a joint venture with BP. Richels said it could have as many as five projects on the same scale as Jackfish.

“This is going to be a real significant contributor to our future success,” he said.

Devon also is drilling for oil in an area south of the oil sands with more than 1,000 undrilled locations.

The company currently produces almost 40,000 barrels of oil there.

Texas powerhouse

In North Texas, Devon remains a powerhouse in the production Barnett Shale, the first of the nation's shale plays.

“We have a terrific position here,” Richels said. “This play just continues to get better and better.”

Devon expects to recover 18 trillion cubic feet of natural gas equivalent from its acreage in the Barnett as it continues drilling operations and expands its processing capacity for liquids production.

“We still have significant running room in some of the best portions of this play,” Richels said.

Devon's fastest growing shale play, the Cana Woodford, is in western Oklahoma.

Richels said the play is dominated by only a few companies, with Devon holding more than half of the best acreage there.

He said the company has 23 drilling rigs running in the Cana, with second-quarter production averaging 190 million cubic feet of natural gas equivalent a day and continuing to rise.

Devon also is pursuing a number of new ventures in Oklahoma, Louisiana, Ohio, Michigan, Wyoming and Colorado, Richels said.



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