

MITCHELL ENERGY & DEVELOPMENT CORP

Filed by
DEVON ENERGY CORP/DE

FORM 425

(Filing of certain prospectuses and communications in connection with business combination transactions)

Filed 12/12/01

Address	2001 TIMBERLOCH PL THE WOODLANDS, TX 77380
Telephone	7133775500
CIK	0000311995
SIC Code	1311 - Crude Petroleum and Natural Gas
Fiscal Year	01/31

MITCHELL ENERGY & DEVELOPMENT CORP

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Filed 12/12/2001

Address	2001 TIMBERLOCH PL THE WOODLANDS, Texas 77380
Telephone	713-377-5500
CIK	0000311995
Industry	Oil & Gas Operations
Sector	Energy
Fiscal Year	01/31

*Filed by Devon Energy Corporation
Pursuant to Rule 425 under the Securities Act of 1933
And deemed filed pursuant to Rule 14a-12
Of the Securities Exchange Act of 1934
Subject Company: Mitchell Energy & Development Corp.
Commission File No. 333-68694*

**NOTICE TO INVESTORS CONCERNING DEVON'S PLANS TO ACQUIRE
MITCHELL ENERGY**

Investors and security holders are advised to read the definitive joint proxy statement/prospectus that will be included in the Registration Statement on Form S-4 filed with the Securities and Exchange Commission in connection with the proposed transaction because it will contain important information. A preliminary joint proxy statement/prospectus has been filed with the SEC by Devon and Mitchell. Investors and security holders may obtain a free copy of the joint proxy statement/prospectus and other documents filed by Devon and Mitchell with the SEC at the SEC's web site at www.sec.gov. The definitive joint proxy statement/prospectus and such other documents (relating to Devon) may also be obtained for free from Devon when they become available by directing such request to: Devon Energy Corporation, 20 North Broadway, Suite 1500, Oklahoma City, Oklahoma 73102-8260, Attention: Investor Relations, telephone: (405) 552-4570, e-mail: judy.roberts@dvn.com. The definitive joint proxy statement/prospectus and such other documents (relating to Mitchell) may also be obtained for free from Mitchell when they become available by directing such request to: Mitchell Energy & Development Corp., 2001 Timberloch Place, The Woodlands, Texas 77380, Attention: Investor Relations, telephone: (713) 377-6625, e-mail: mndpr@mitchellenergy.com.

Devon, its directors, executive officers and certain members of management and employees may be considered "participants in the solicitation" of proxies from Devon's shareholders in connection with the transaction. Information regarding such persons and a description of their interests in the transaction is contained in Devon's Proxy Statements and Annual Reports on Form 10-K filed with the SEC. Additional information regarding the interests of those persons may be obtained by reading the definitive proxy statement/prospectus when it becomes available.

Mitchell, its directors, executive officers and certain members of management and employees may be considered "participants in the solicitation" of proxies from Mitchell's shareholders in connection with the transaction. Information regarding such persons and a description of their interests in the transaction is contained in Mitchell's Proxy Statements and Annual Reports on Form 10-K filed with the SEC. Additional information regarding the interests of those persons may be obtained by reading the definitive proxy statement/prospectus when it becomes available.

The following slide presentation was presented by Devon Energy Corporation to a group of outside analysts on December 12, 2001.

Information provided in this presentation includes “forward-looking statements” as defined by the SEC. Forward-looking statements are identified as “forecasts, projections, estimates, plans, expectations, etc.” and are subject to a variety of risk factors. For representative risk factors that could cause Devon’s actual results to differ materially from the estimates contained herein, see Form 10-Q for the period ended September 30, 2001 and Form 8-K dated December 11, 2001.

Executive Briefing Presentation Schedule

8:30 A.M.	Welcome and Introduction	Vince White
8:35	Corporate Overview	Larry Nichols
8:45	Operations Profile	Mike Lacey
8:55	Financial Outlook	Brian Jennings
9:10	Q&A	
9:30	Break	
9:50	Barnett Shale	Rick Clark
10:15	Gulf/Gulf Coast	Bill Van Wie
10:45	Canada	John Richels
11:20	International	David Sambrooks
11:40	Coalbed Methane	Don DeCarlo
12:10 P.M.	Summary	Larry Nichols
12:15	Q&A	



Corporate Overview

Larry Nichols - Chairman, President & CEO

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Corporate Overview

Shares outstanding:	155 MM
Equity capitalization:	≈ \$ 5.5 B
Enterprise value:	≈ \$13.2 B
Senior credit rating:	
S&P	BBB+
Moody's	Baa2
Fitch (D&P)	BBB

Pro forma data for the combination of Devon, Mitchell and Anderson.

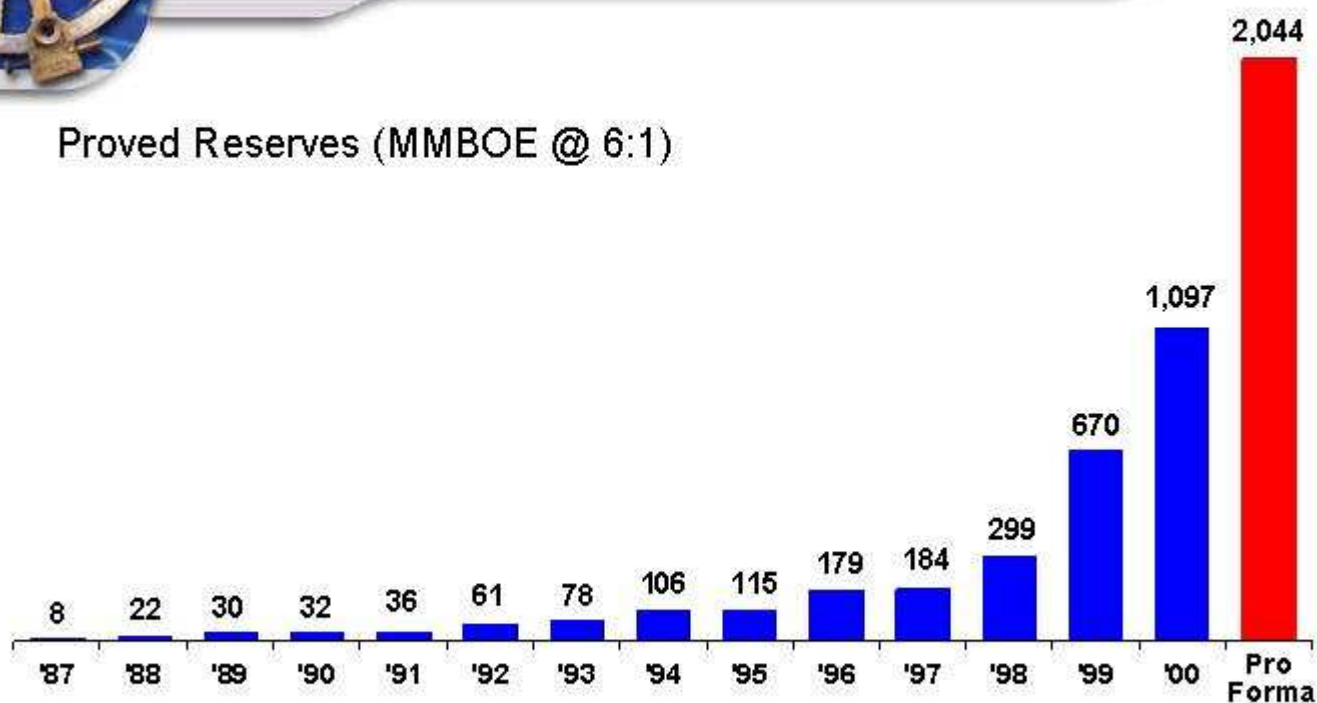


Corporate Overview

Proved reserves:	2,044 MMBOE
Production profile:	95% North America 5% International
Production mix:	68% gas / 32% liquids
R/P ratio:	9.8 years

Note: Pro forma reserves combine Devon as of 12/00, Mitchell as of 6/01 and Anderson as of 8/01.

Proved Reserves (MMBOE @ 6:1)



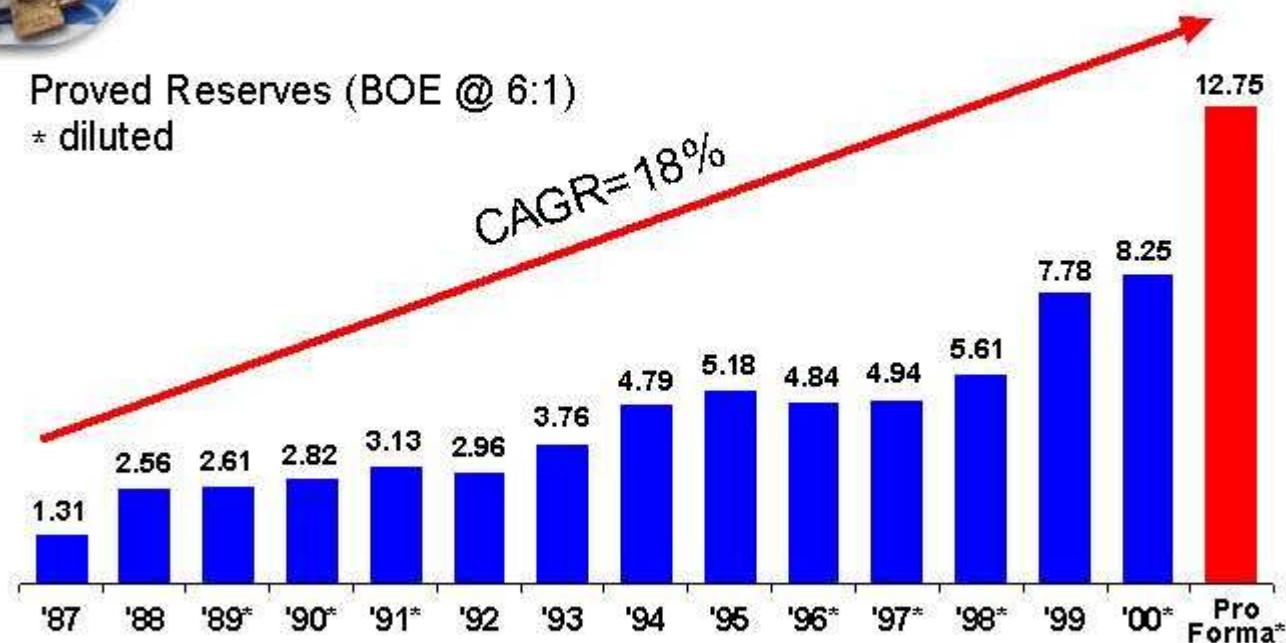
■ Pro forma reserves combine Devon as of 12/00, Mitchell as of 6/01 and Anderson as of 8/01. Pro forma shares include 30.2 MM for Mitchell less shares repurchased by Devon through 2001 repurchase program.
 Note: 1987-1997 represents historical Devon as reported prior to the 1998 Northstar merger. 1998-1999 represents historical Devon as reported prior to the 2000 Santa Fe Snyder merger.



Reserves Per Common Share

Proved Reserves (BOE @ 6:1)

* diluted



■ Pro forma reserves combine Devon as of 12/00, Mitchell as of 6/01 and Anderson as of 8/01. Pro forma shares include 30.2 MM for Mitchell less shares repurchased by Devon through 2001 repurchase program.

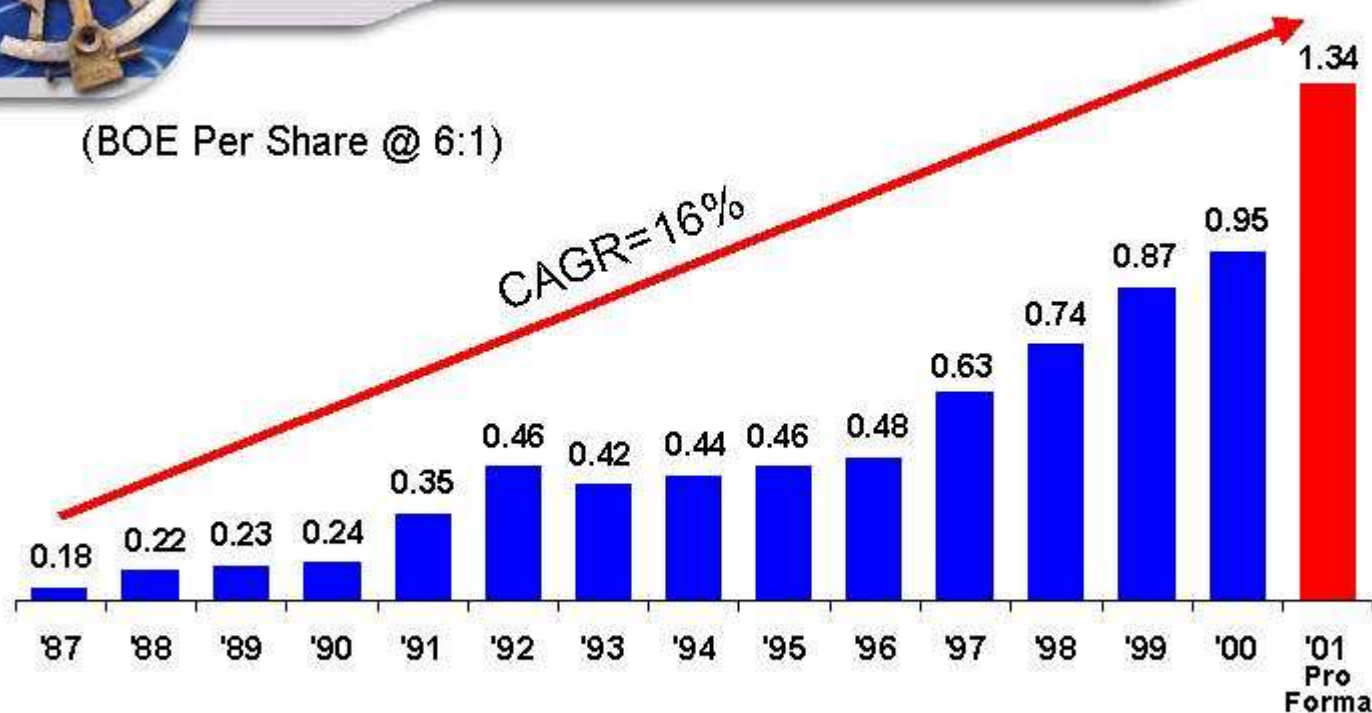
Note: 1987-1997 represents historical Devon as reported prior to the 1998 Northstar merger. 1998-1999 represents historical Devon as reported prior to the 2000 Santa Fe Snyder merger.



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Production Per Common Share

(BOE Per Share @ 6:1)



■ Represents annualized production for the quarter ended 6/30/01 for the combined Devon, Mitchell and Anderson. Pro forma basic shares include 29.2 MM for Mitchell less shares repurchased by Devon through repurchase program. Note: 1987-1997 represents historical Devon as reported prior to 1998 Northstar merger. 1998-1999 represents historical Devon as reported prior to the 2000 Santa Fe Snyder merger.

Integrate drilling and acquisitions to establish focused, high-margin property concentrations.



Acquisition Criteria

	Enhance Core Areas	Establish New Core Areas	Technology Transfer	Strengthen Balance Sheet
Alta (1994)	✓			✓
KMG-NA (1996)	✓	✓	✓	✓
Northstar (1998)	✓	✓		✓
PennzEnergy (1999)	✓	✓	✓	
Santa Fe/Snyder (2000)	✓	✓		✓
Anderson Exploration (2001)	✓	✓	✓	
Mitchell (Expected Q1 2002)		✓	✓	✓

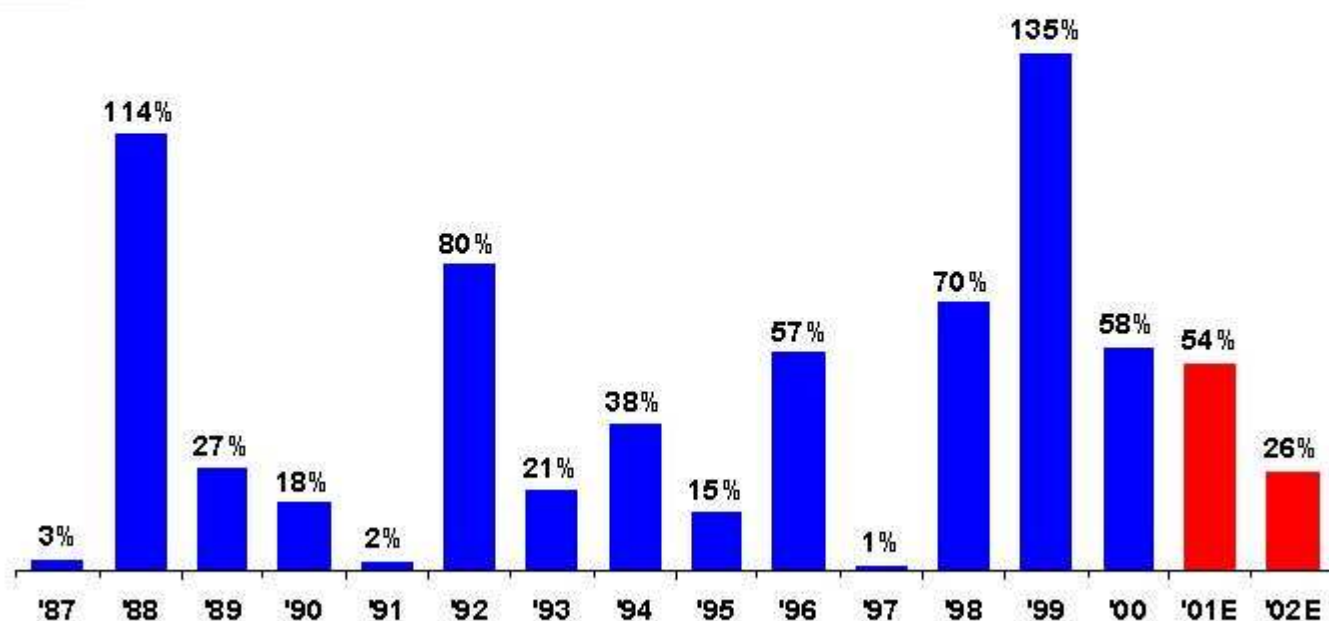
	Cash Flow Accretion	Earnings Accretion	Reserves Accretion	Production Accretion
Alta (1994)	✓		✓	✓
KMG-NA (1996)	✓	✓	✓	✓
Northstar (1998)	✓		✓	✓
PennzEnergy (1999)	✓	✓	✓	✓
Santa Fe/Snyder (2000)	✓	✓	✓	✓
Anderson Exploration (2001)	✓		✓	✓
Mitchell (Expected Q1 2002)	✓	✓	✓	✓

- 8/14/01: Announced purchase of Mitchell by Devon
 - Terms: 50/50 cash and stock
 - \$3.5 billion, including \$0.4 billion of assumed debt
 - Definitive proxy expected: Mid-December
 - Shareholder approval: January 2002
-



Anderson Acquisition

- 9/04/01: Announced purchase of Anderson by Devon
 - Terms: All cash tender of C\$40 per Anderson share
 - US\$ 3.4 billion cash tender
 - US\$ 1.2 billion net debt and other obligations
 - US\$ 4.6 billion total transaction
 - Closed October 15, 2001
-



* Proved reserves added from mergers and acquisitions expressed as a % of beginning of the year reserves. Years 1987-1997 represents historical Devon as reported prior to the 1998 Northstar merger. 1998-1999 represents historical Devon as reported prior to the 2000 Santa Fe Snyder merger.

- **Devon Canada management team in-place**
 - **Mitchell integration plans finalized for implementation at closing**
 - **Mitchell + Anderson: \approx \$50 MM synergies**
-

- **Complete Mitchell acquisition**
 - **Upgrade asset quality by disposing of non-core assets**
 - **Reduce debt through asset sales and cash flow**
 - **Grow production by 5%**
-



Devon's Goals

- **Preeminent North American oil and gas producer**
 - **Focused, high-impact international exploration**
 - **Strong balance sheet**
-



Operations Profile

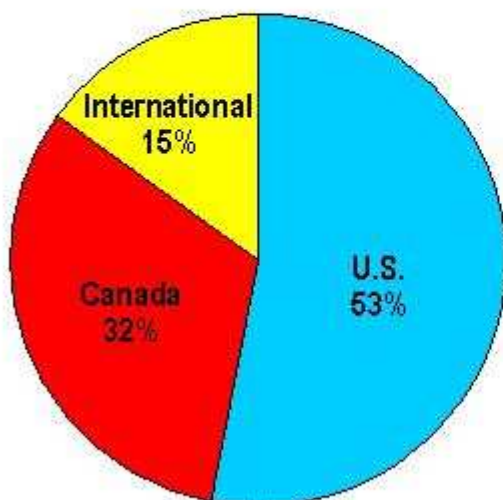
Mike Lacey - Sr. VP Exploration & Production

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- **Integrated Santa Fe Snyder operations**
 - **Completed acquisition of Anderson**
 - **Replaced 500% of production**
 - **Focused International operations**
 - **Established dominant position in Cherokee Basin coalbed methane play**
 - **Strengthened acreage position in core areas**
-

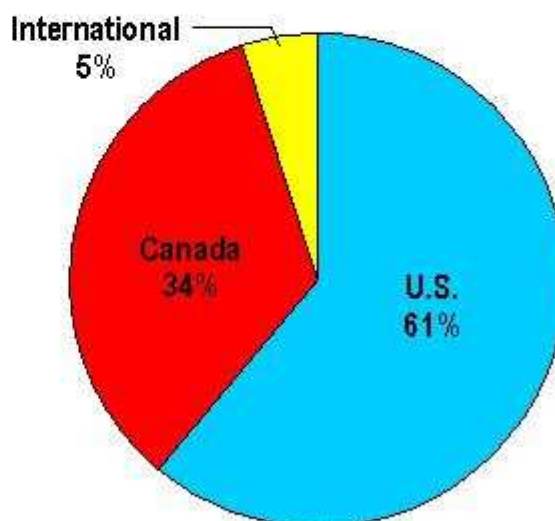
Reserves

(12/31/01 Estimate)



Production

(12/31/01 Exit Rate)



Note: Data presented is pro forma for the acquisition of Mitchell.



Pro Forma 2001 Domestic Exit Rates

	MBOED	% of Total
Gulf	84	24%
Barnett Shale	50	14%
West Texas	33	9%
Ark-La-Tex	30	9%
CBM Combined	29	8%
South Texas	24	7%
SE New Mexico	23	6%
Rocky Mtn. Conv.	18	5%
Other	65	18%
Total Domestic	356	100%

Note: Data presented is pro forma for the acquisition of Mitchell.

	MBOED	% of Total
Shallow Gas	56	29%
S. Central Alberta	48	25%
Peace River Arch	31	16%
Deep Basin	20	10%
Heavy Oil	15	8%
Foothills	14	7%
Other	10	5%
Total Canada	194	100%



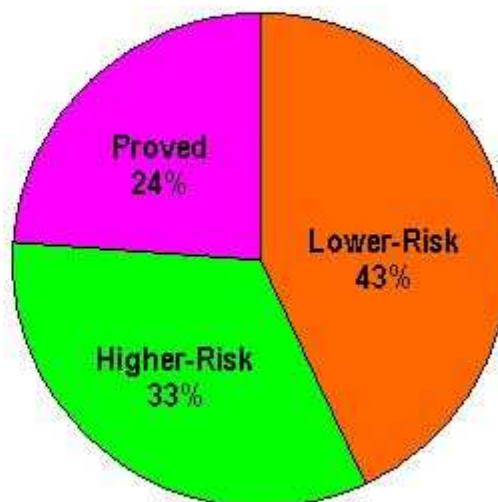
2001 Drilling & Facilities Expenditures



Divisions



Risk Categories



Estimated Total: \$1.3 Billion

Note: All Figures are estimates. Estimates exclude capitalized G&A, midstream and acquisition costs.

	Capital (\$MM)	Reserves (MMBOE)
Exploration, Development, Facilities	1,200	110
Acquisitions of O&G Properties	4,430	600
Revisions	-	(40)
Non-Reserve Related	60	-
Capitalized G&A	80	-
Total	5,770	670
Divestitures		(15)
Net Reserve Change		655



- **Capital costs incurred⁽¹⁾ \$5.8 billion**
- **Replaced 500% of production**
- **F&D costs of \$8.60 per BOE**

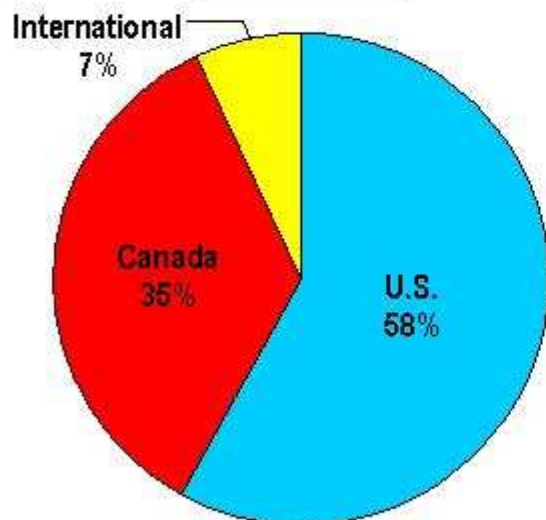
(1) Includes exploration and development expenditures, non-reserve related capital, capitalized G&A and acquisitions of oil and gas properties.



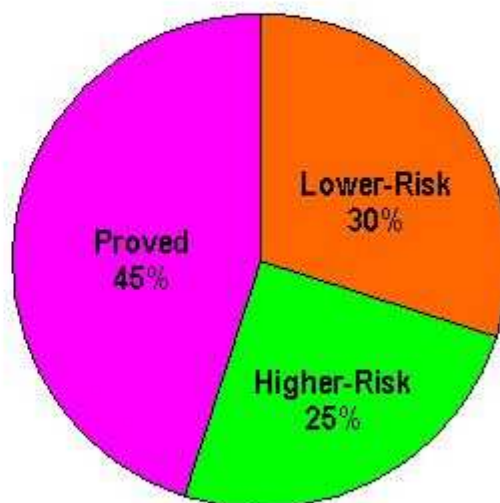
2002 Drilling & Facilities Expenditures



Divisions



Risk Categories



Estimated Total: \$1.2 - 1.4 Billion

Note: All Figures are estimates. Estimates exclude capitalized G&A, midstream and acquisition costs.



2002 E & P Capital Budget

	2002e	
	Gross Wells	Capital (\$MM) ⁽¹⁾
U.S.	1,520	\$ 740
Canada	525	465
International	35	90
Total Company	2,080	\$1,295

(1) Based on mid-point of estimates provided in Form 8-K filed with the Securities and Exchange Commission on December 11, 2001.

Note: All Figures are estimates. Estimates exclude capitalized G&A, midstream and acquisition costs.

	Capital⁽¹⁾ (\$MM)	Reserves (MMBOE)
Exploration, Development, Facilities	1,230	145
Acquisitions of O&G Properties	2,152	415
Non-Reserve Related	65	-
Capitalized G&A	95	-
Total	3,542	560
 Divestitures		(275)
Net Reserve Change		285

(1) Based on mid-point of estimates provided in Form 8-K filed with the Securities and Exchange Commission on December 11, 2001.

- **Capital costs incurred⁽¹⁾ \$3.5 billion**
- **Replace > 300% of production**
- **F&D costs \approx \$6.50 per BOE**

(1) Includes exploration and development expenditures, non-reserve related capital and capitalized G&A. Data based on the midpoint of estimates provided in Form 8-K filed with the Securities and Exchange Commission on December 11, 2001.



Financial Outlook

Brian Jennings - Sr. VP Corporate Development

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- Secured \$6 billion 5-year term loan facility
 - Libor plus 75-100 basis points
 - Issued \$3 billion long-term bonds
 - \$1.75 billion 6.875% due 2011
 - \$1.25 billion 7.875% due 2031
 - Renewed \$1 billion revolving credit facility
 - Libor plus 37.5-47.5 basis points
-

(\$MM as of 9/30/01)	Pro Forma Capitalization
Existing bank facilities / com. paper	\$ 190
Senior credit facility	2,374
Exchangeable debentures	645
Other long-term debt	5,055
Total debt	8,264
Stockholders' equity	5,298
Total capitalization	<u>\$13,562</u>

Note: Pro forma data reflects the acquisitions of Anderson and Mitchell.



Financial Covenants

- **Pro forma debt to cap at 9/30/01: $\approx 59\%$**
- **Consolidated total funded debt to total capitalization**
 - **$\leq 70\%$ through 6/30/02**
 - **$\leq 65\%$ thereafter**

Note: Pro forma data reflects the acquisitions of Anderson and Mitchell.

- **Weighted average interest rate**
 - **5.5% pre-tax**
 - **2.4% after tax**

Note: Represents weighted average interest rates for all debt securities and credit agreements assuming completion of Mitchell transaction as of 9/30/01.



Debt Amortization Schedule

<u>Year</u>	<u>\$ MM</u>	<u>Year</u>	<u>\$ MM</u>
2002	69	2008	-
2003	6	2009	177
2004	584	2010	-
2005	1,992	2011	2,150
2006	1,740	2012-30	-
2007	175	2031	1,250

Note: Represents required amortization for all debt securities and credit agreements assuming completion of Mitchell transaction as of 9/30/01 and full draw-down on term credit facility. Assumes zero coupon convertible debentures are paid in 2005 at their accreted value of \$427 MM. Excludes Chevron exchangeable debentures due 2008. Chevron debentures are exchangeable into 7.1 MM Chevron common shares owned by Devon.

- **Divest > \$1 billion non-core properties**
 - All five divisions contributing
 - **Excess cash flow**
 - Protect with hedges
-

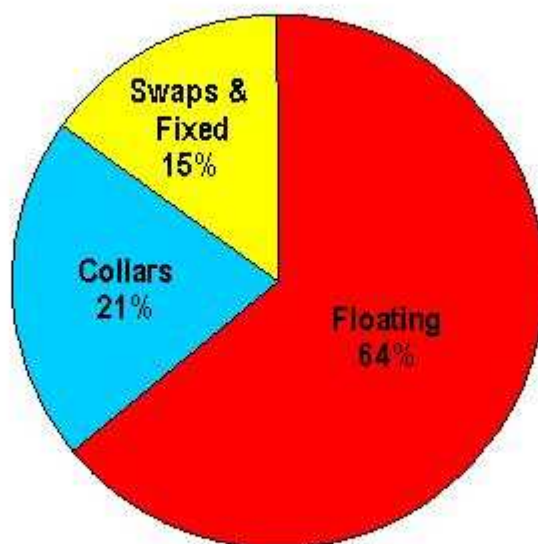


Non-Core Property Divestitures

Division	Reserves ⁽¹⁾ (MMBOE)	2002 Estimates		
		Production (MMBOE)	LOE (\$MM)	Transportation (\$MM)
U.S.	95	15	90	5
Canada	45	6	30	4
International	135	9	63	1
Total	275	30	183	10

(1) 12/31/01 estimated reserves.

Asset Package	Data Room Open	2002 Target Close Date
Canada	Nov. 2001	1st half
Argentina	Dec. 2001	1st half
Indonesia	Jan. 2002	1st half
Rocky Mountains	Jan. 2002	1st half
Gulf	Jan. 2002	1st half
Permian/Mid-Continent	1st half 2002	1st & 2nd half

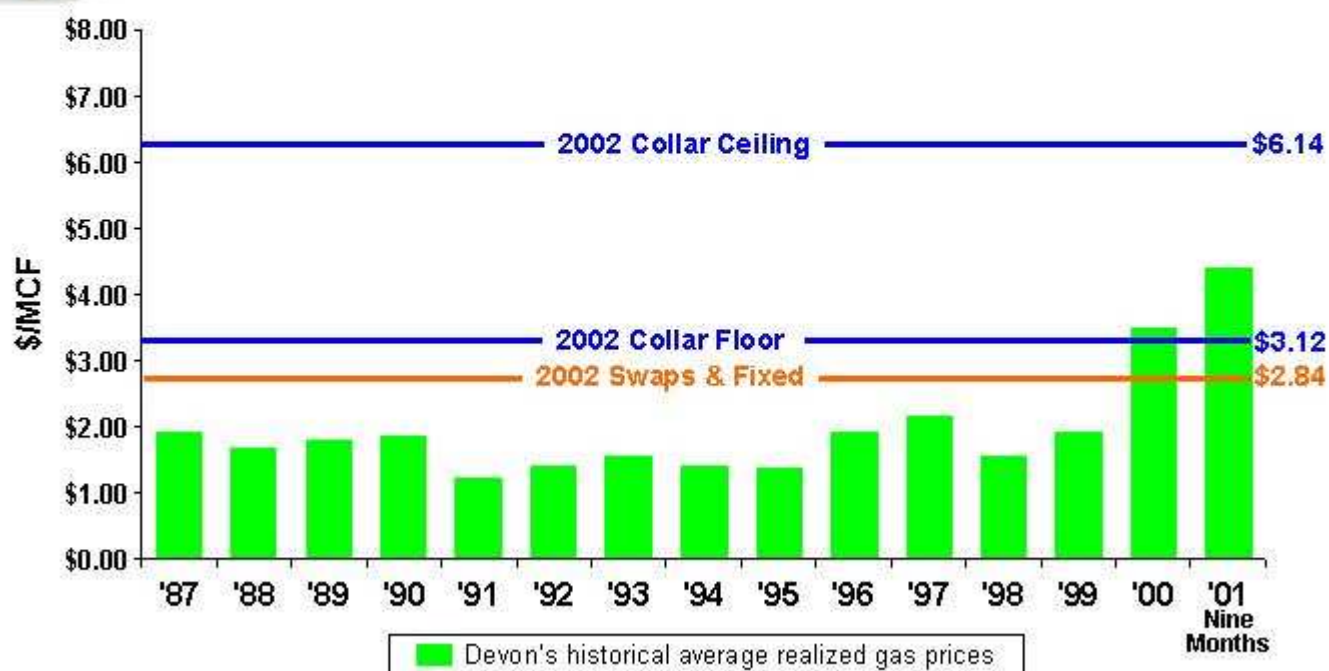


765 MMBTUD Protected

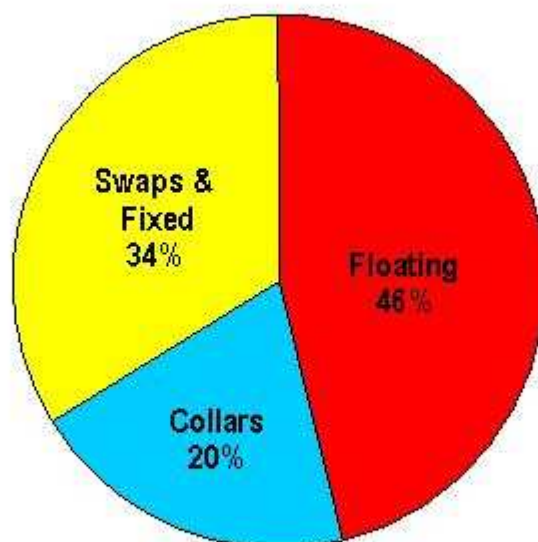
Note: Production percentages based on estimated 2002 pro forma gas production for Devon, Mitchell and Anderson assuming contemplated asset sales occur 1/1/02. Hedge percentages are based on hedges in place through 11/30/01.



2002 Gas Hedges vs. Historical Prices

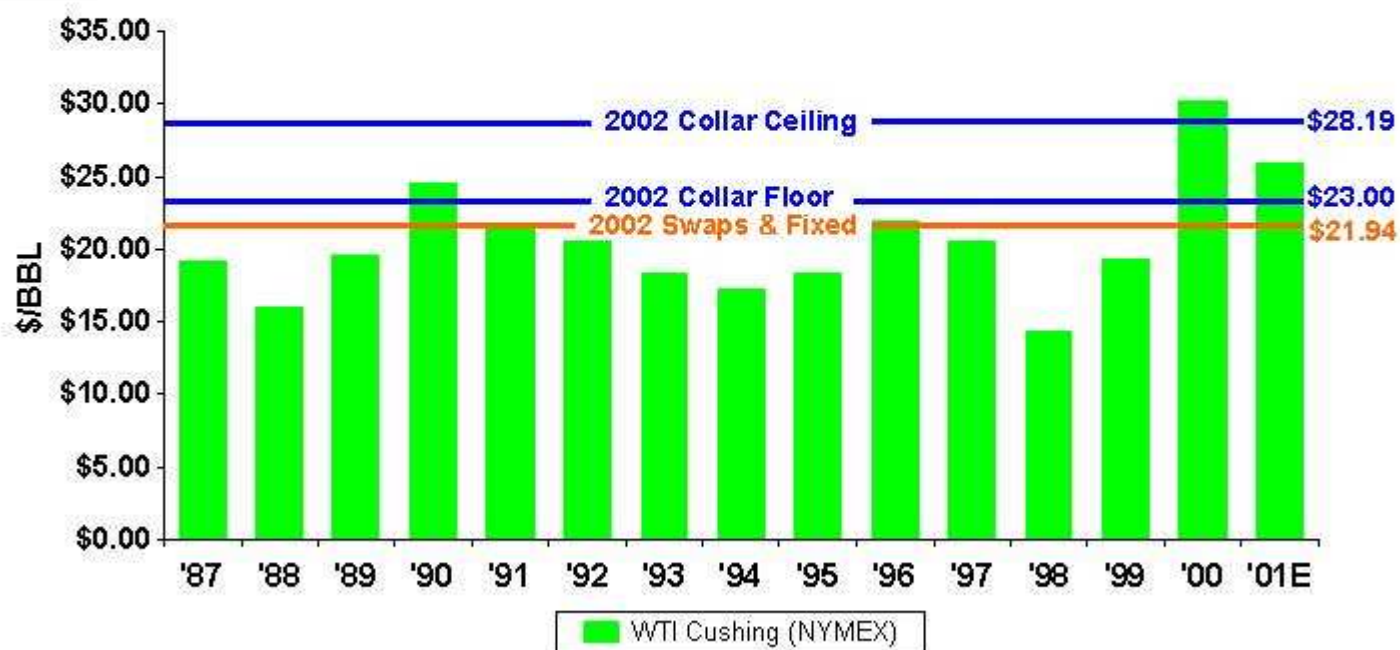


Note: Hedge prices are based on hedges in place through 11/30/01.



53 MBOD Protected

Note: Production percentages based on estimated 2002 pro forma oil production for Devon, Mitchell and Anderson assuming contemplated asset sales occur 1/1/02. Hedge percentages are based on hedges in place through 11/30/01.



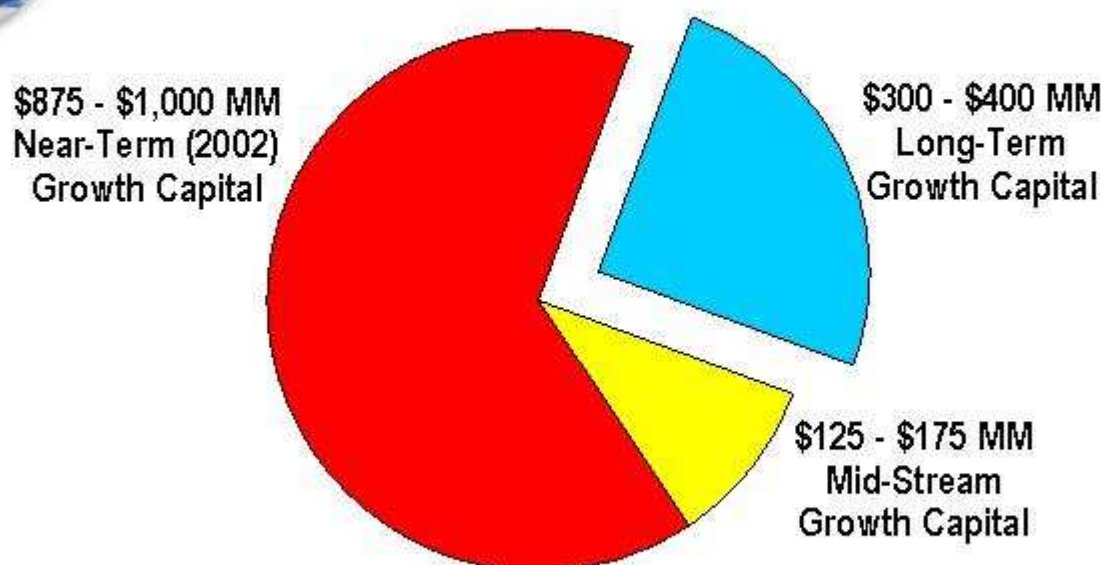
Note: Hedge prices are based on hedges in place through 11/30/01.

NYMEX⁽¹⁾ (Henry Hub)	NYMEX⁽²⁾ (WTI Cushing)	Expected Cash Margin
\$2.85	\$22.00	\$1.7 billion
\$2.00	\$15.00	\$1.2 billion

(1) NYMEX is determined to be the first-of-month South Louisiana Henry Hub price index as published monthly in Inside F.E.R.C.

(2) NYMEX is the monthly average of settled prices on each trading day for West Texas Intermediate Crude oil delivered at Cushing, Oklahoma.

Note: Assumes asset sales as of January 1, 2002



Estimated Total: \$1.3 - 1.6 Billion



2001 Production Estimates

Product	Pro Forma ⁽¹⁾ (MMBOE)	Sale Properties (MMBOE)	Pro Forma Adjusted ⁽²⁾ (MMBOE)
Liquids	74	20	54
Gas	135	15	120
MMBOE	209	35	174

(1) Represents Devon, Anderson & Mitchell combined.

(2) Represents Devon, Anderson & Mitchell combined reduced by production from properties selected for divestiture.



2001 vs. 2002 Production Estimates

Product	'01 Pro Forma Adjusted (MMBOE)	'02 Pro Forma Adjusted (MMBOE)	% Increase
Liquids	54	54	-
Gas	120	129	8%
MMBOE	174	183	5%

Note: Pro forma data represents Devon, Anderson & Mitchell combined less production from properties selected for divestiture.

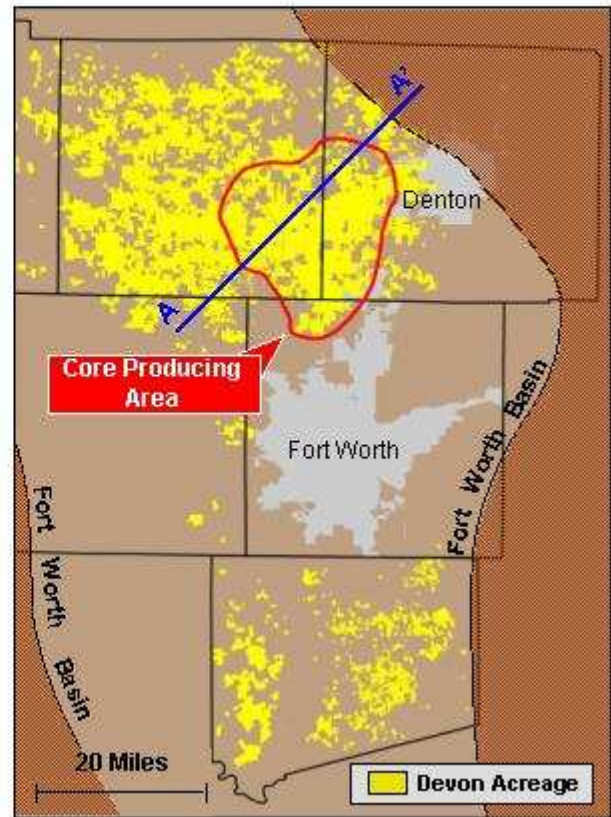


Barnett Shale

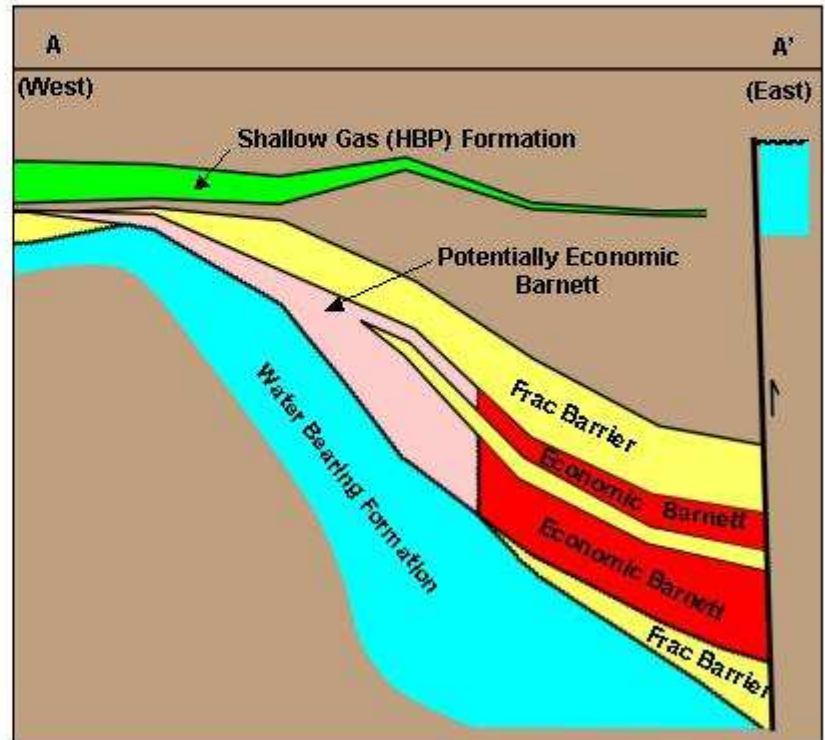
Rick Clark - VP Permian/Mid-Continent Division

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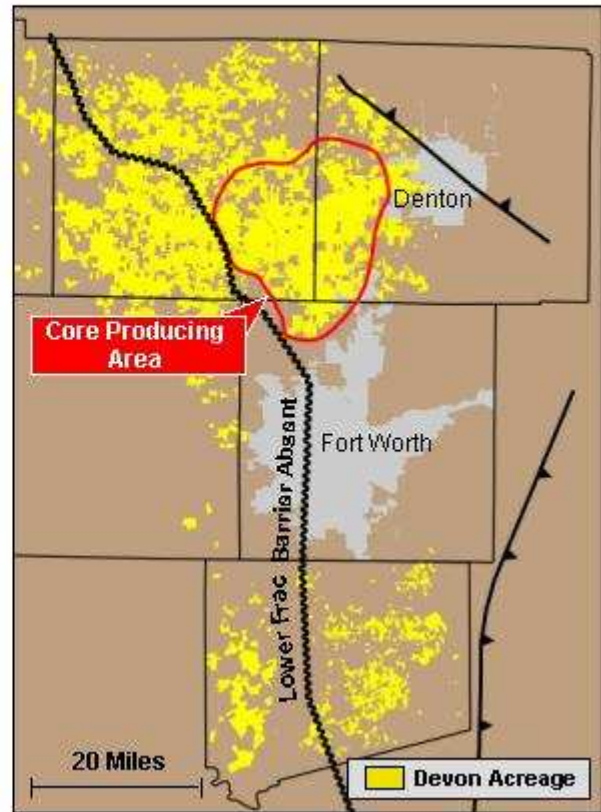
- Devon operated: 90% WI
- 800 wells: 345 MMCFD gross
- 2.1 TCFE proved reserves
- 525,000 net acres: 70% HBP
- Resource: 196 BCF / square mile



- Reservoir thickness: 400' - 500'
- Drill depth: 6,500' - 8,500'
- Economic production currently limited by lower frac barrier
- Acreage HBP by shallow production - 42 MMCFD net

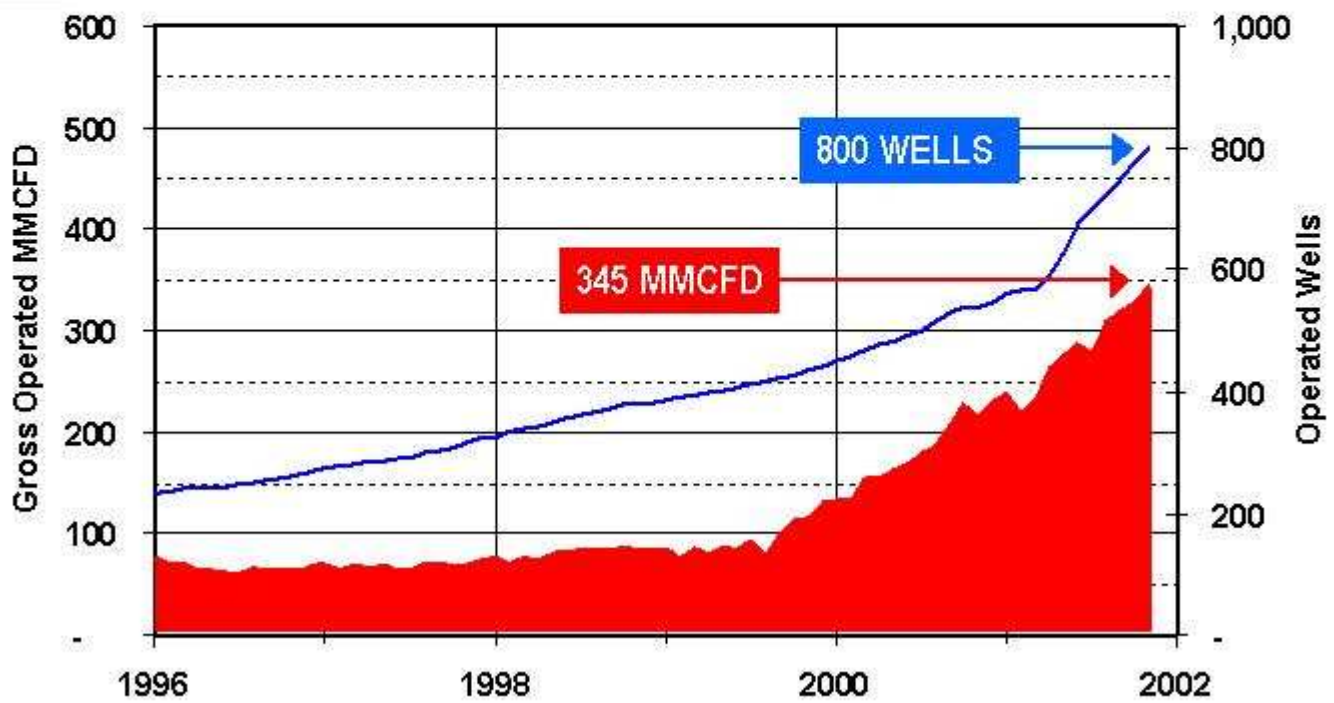


- Activity restricted to core area
 - 18 rigs active
 - 55 acre development
 - Re-fracs of 55 acre wells
 - 5 infill pilots (27 acre)
- West & south acreage untested
- Continuing to lease

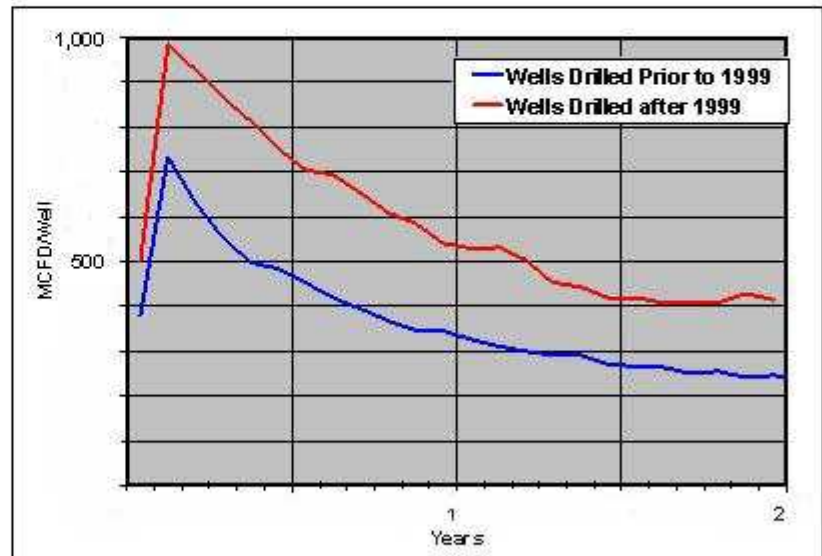


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Mitchell - Barnett Shale Production



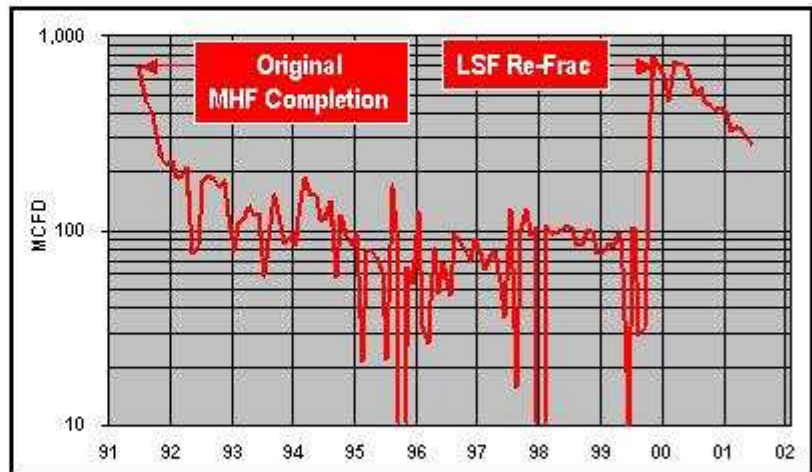
- Massive Hydraulic Frac Technology (MHF)
 - 1982 - 1998
 - Lower Barnett only
- Light Sand Frac Technology (LSF)
 - 1999 - present
 - Higher initial rates
 - Greater reserves
 - Lower costs
 - Upper Barnett development
 - Re-fracs of MHF wells





Barnett Shale - Re-Frac Technology

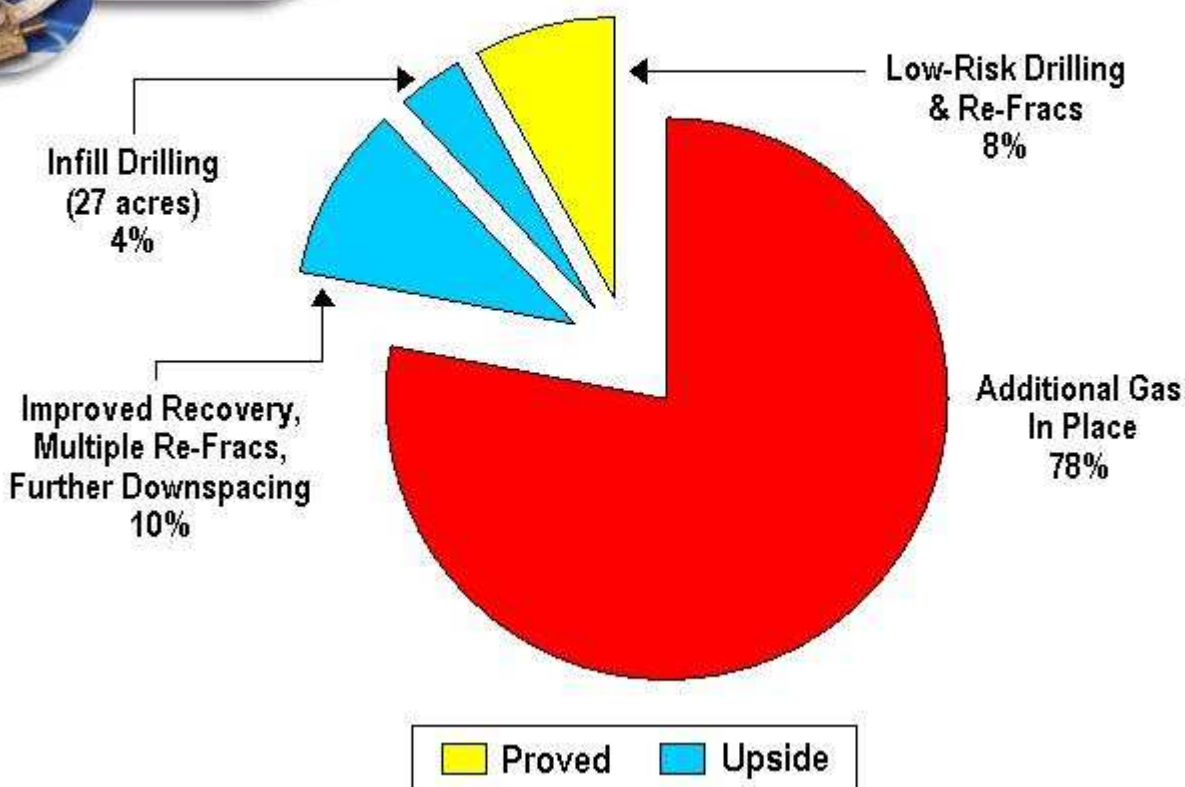
- Utilizing LSF technology
- 180 re-fracs completed
- 0.7 BCF reserves / well
- \$300M / re-frac
- New reservoir adds reserves
- Upper Barnett added



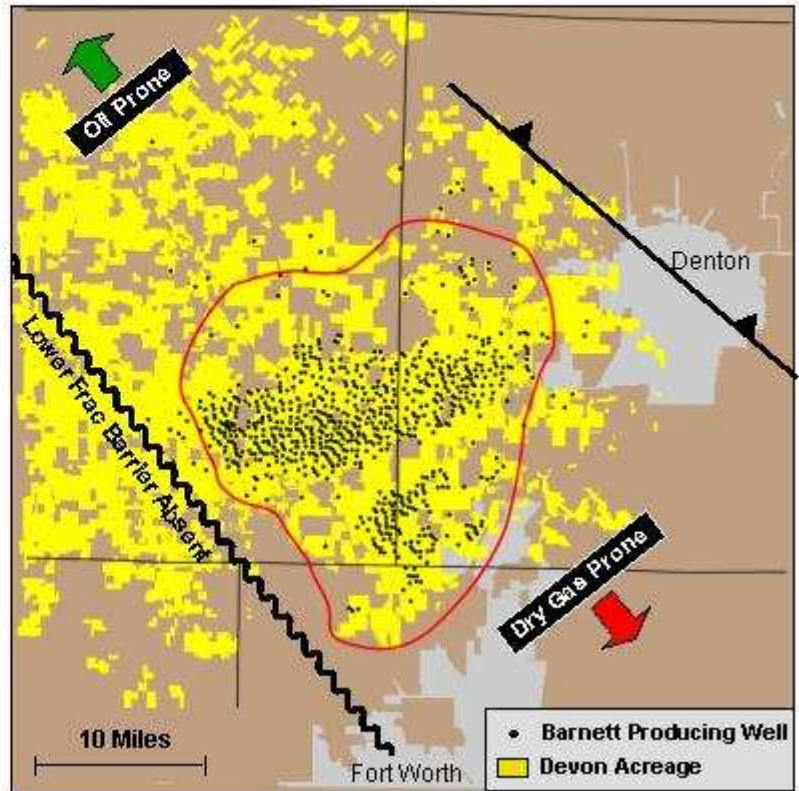


Barnett Shale - Typical Well

	<u>Drill & Frac</u>	<u>Re-Frac</u>
Rate (MCFD)	1,000	1,000
Reserves (BCF)	1.25	0.7
Capital Cost (M\$)	800	300
Cost/MCF (\$)	0.65	0.45

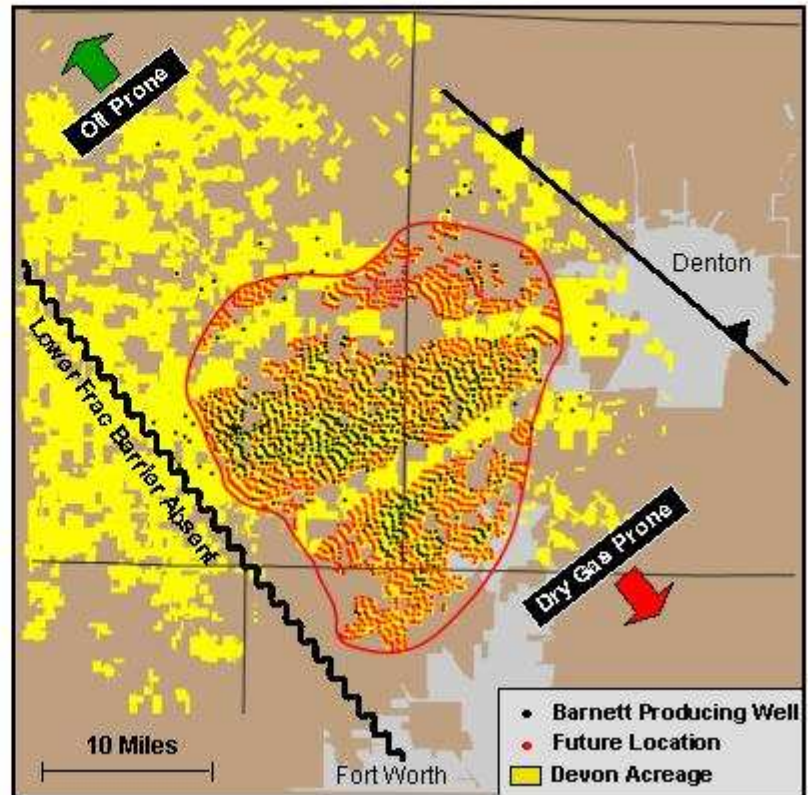


- 2001: Drilled 321 wells
- 55 acre spacing
- Re-fracs: 180 wells
- 27 acre infill pilots

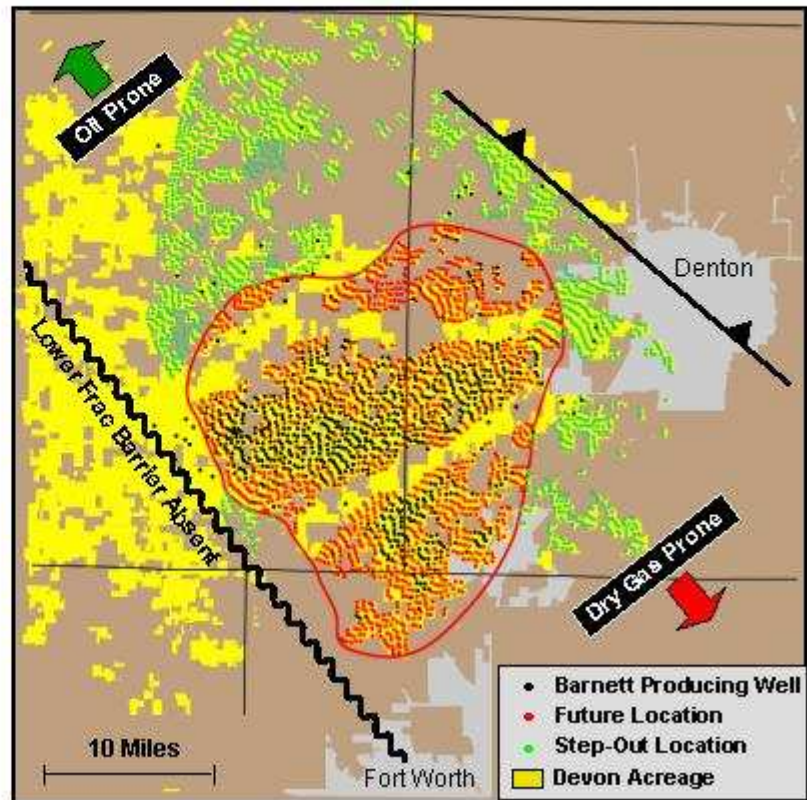


devon Barnett Shale - Core Area Development

- Low-risk drilling
 - 55 acre spacing
 - 1,100 wells
- Re-fracs of MHF wells
 - 55 acre spacing
 - 200 wells

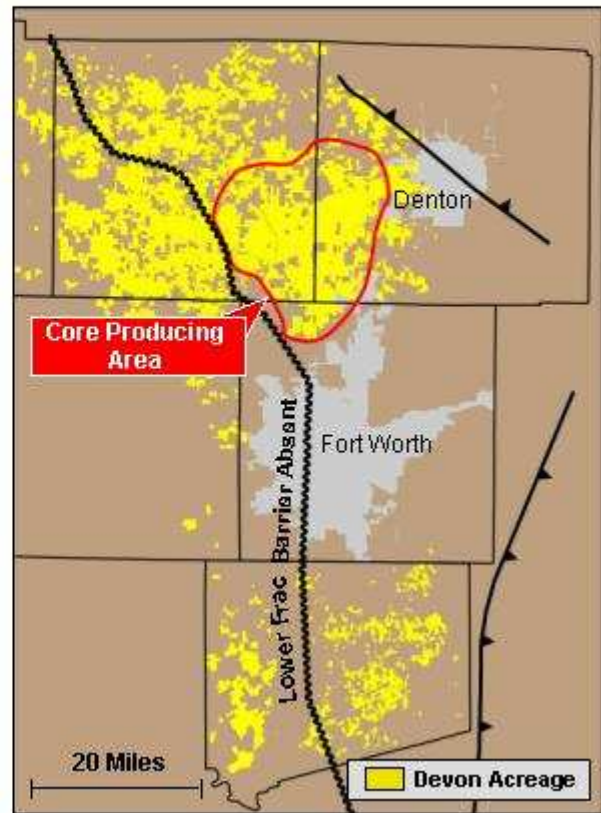


- Step-out drilling (55 acre)
 - 1,400 wells
- Re-fracs of LSF wells
 - 2,700 wells
- Infill Drilling (27 acre)
 - 2,500 wells

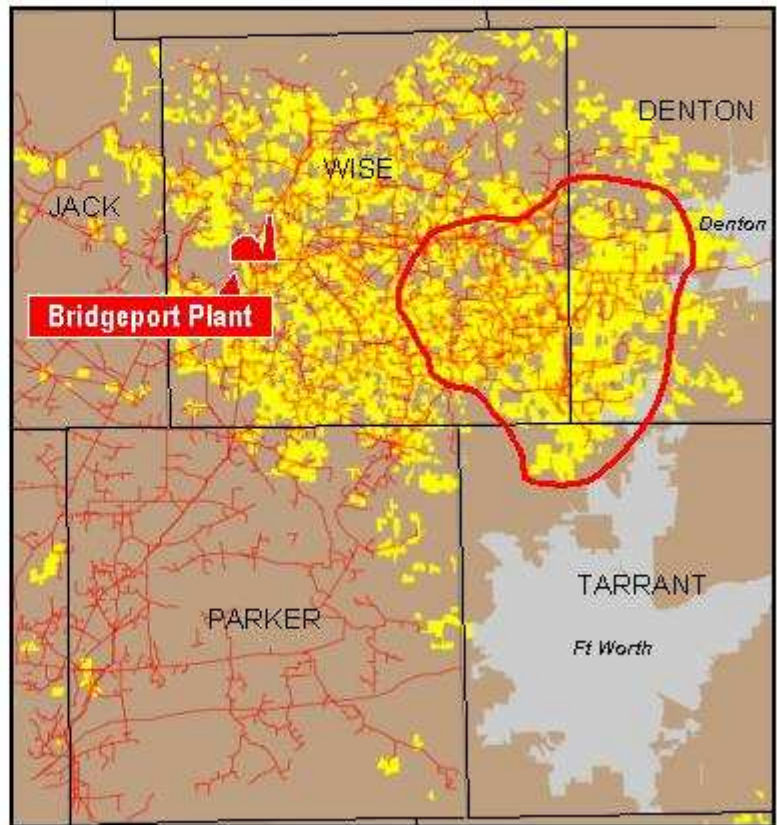


	<u>Wells</u>	<u>Re-fracs</u>
Core Area		
PDP	800	
Low-risk drilling	1,100	
Re-fracs of existing MHF wells		200
Total	1,900	200
Upside		
Step-out drilling	1,400	
Re-fracs of 55 acre LSF wells		2,700
Infill drilling (27 acre)	2,500	
Total	3,900	2,700
Total	5,800	2,900

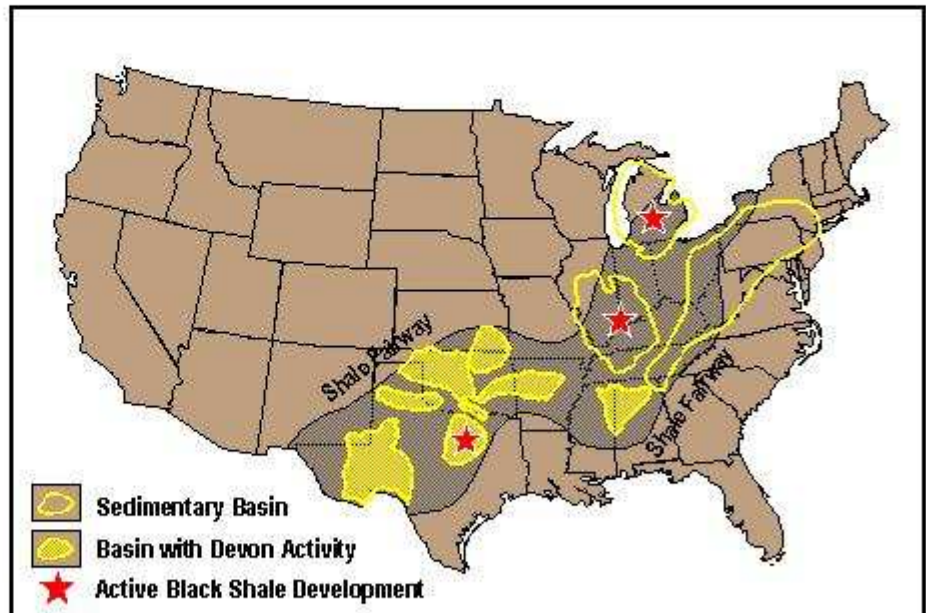
- Play extension south of Fort Worth
- Development beyond frac barrier
- Improved recovery
- Further downspacing
- Compression & debottlenecking
- Technological advances



- 430 MMCFD current capacity
- 2002 expansion to 600 MMCFD
- Multiple pipeline interconnects
- On-system markets
- Firm transportation



- Fort Worth Basin
 - Barnett Shale
 - Conventional
- Illinois Basin
 - New Albany Shale
 - Desorption
- Michigan Basin
 - Antrim Shale
 - Desorption



- **Low-risk proven play**
 - **Substantial growth and upside**
 - **Significant North American gas resource**
 - **Gathering and processing opportunities**
-

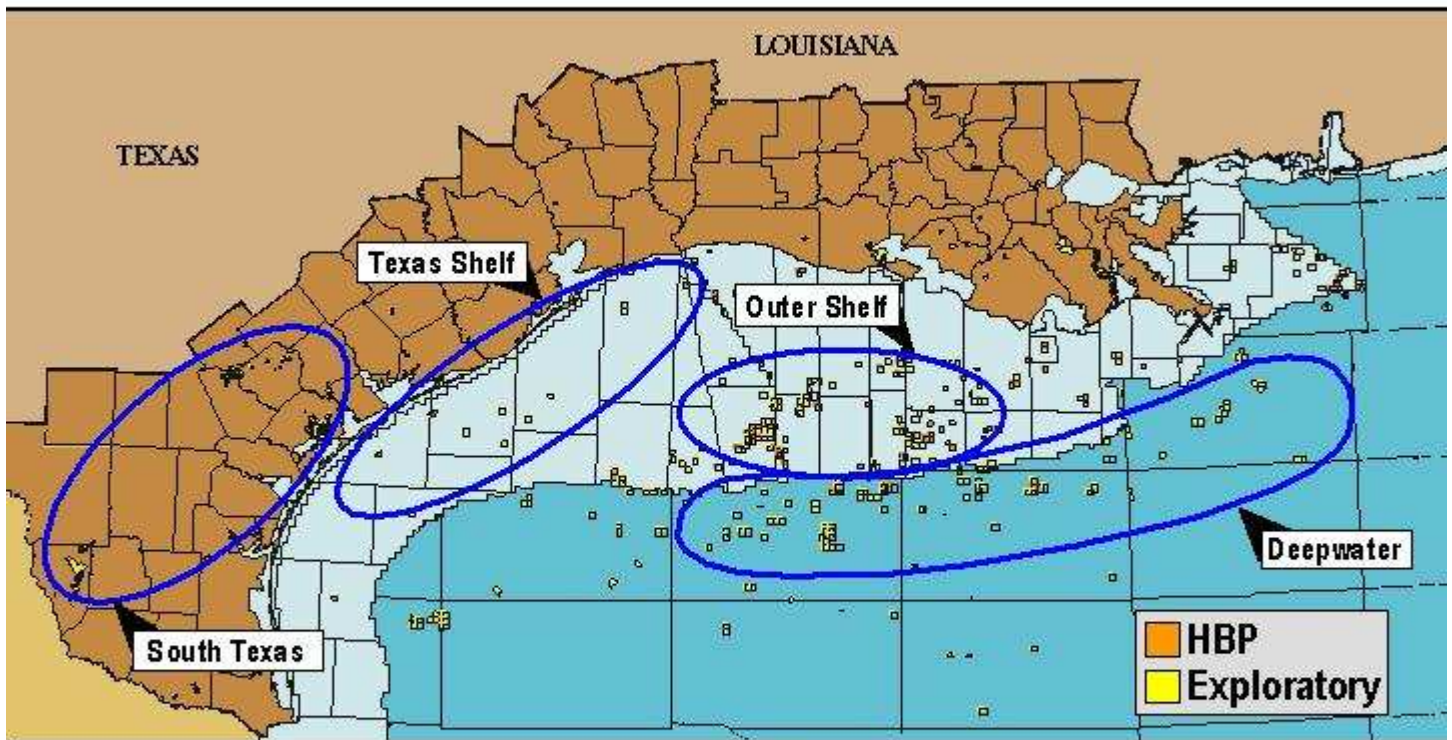


Gulf/Gulf Coast

Bill Van Wie - VP Gulf Division

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Gulf Division - Focus Areas

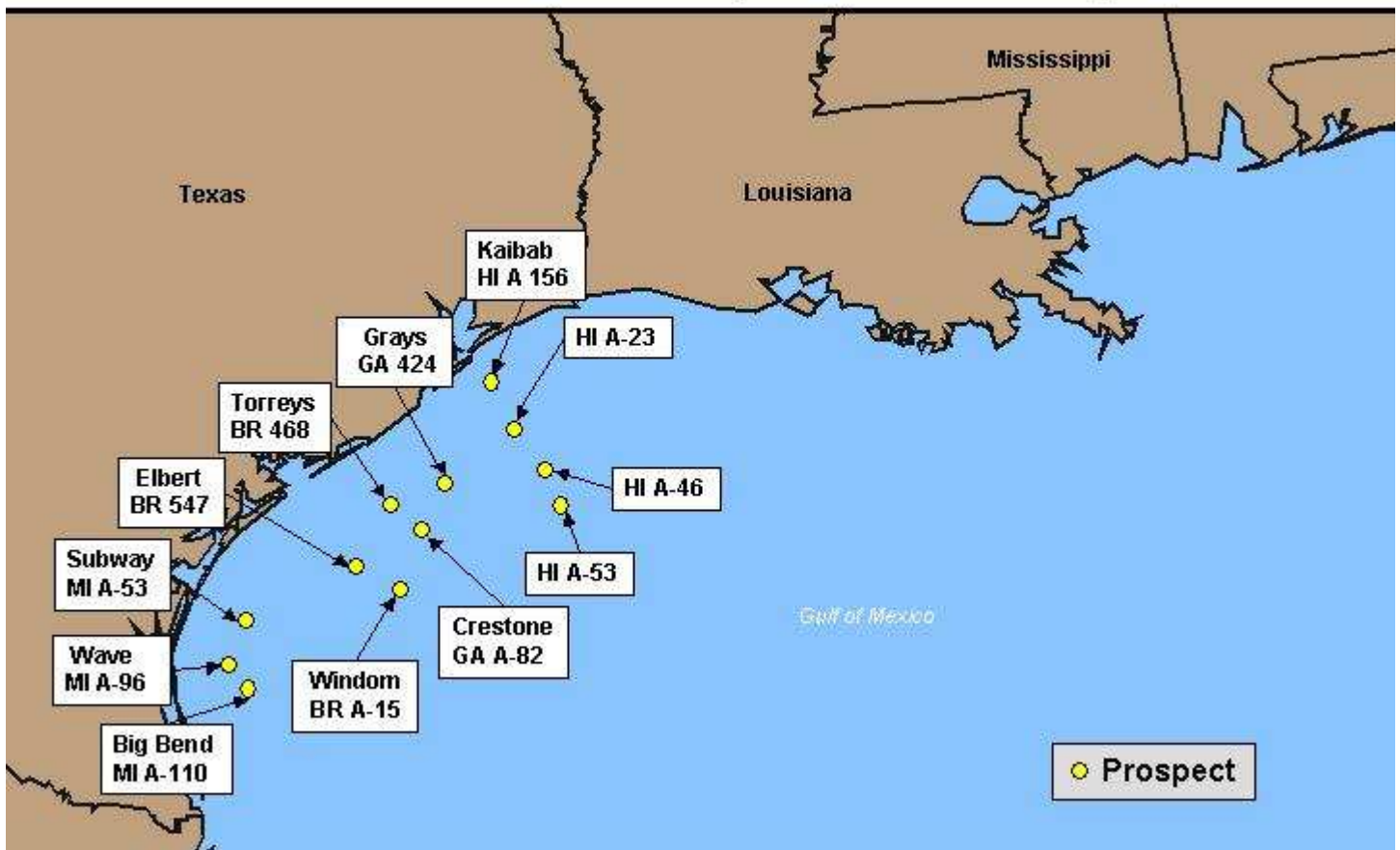


- **Production: 100,000 BOED**
- **Acreage: 1.3 MM acres**

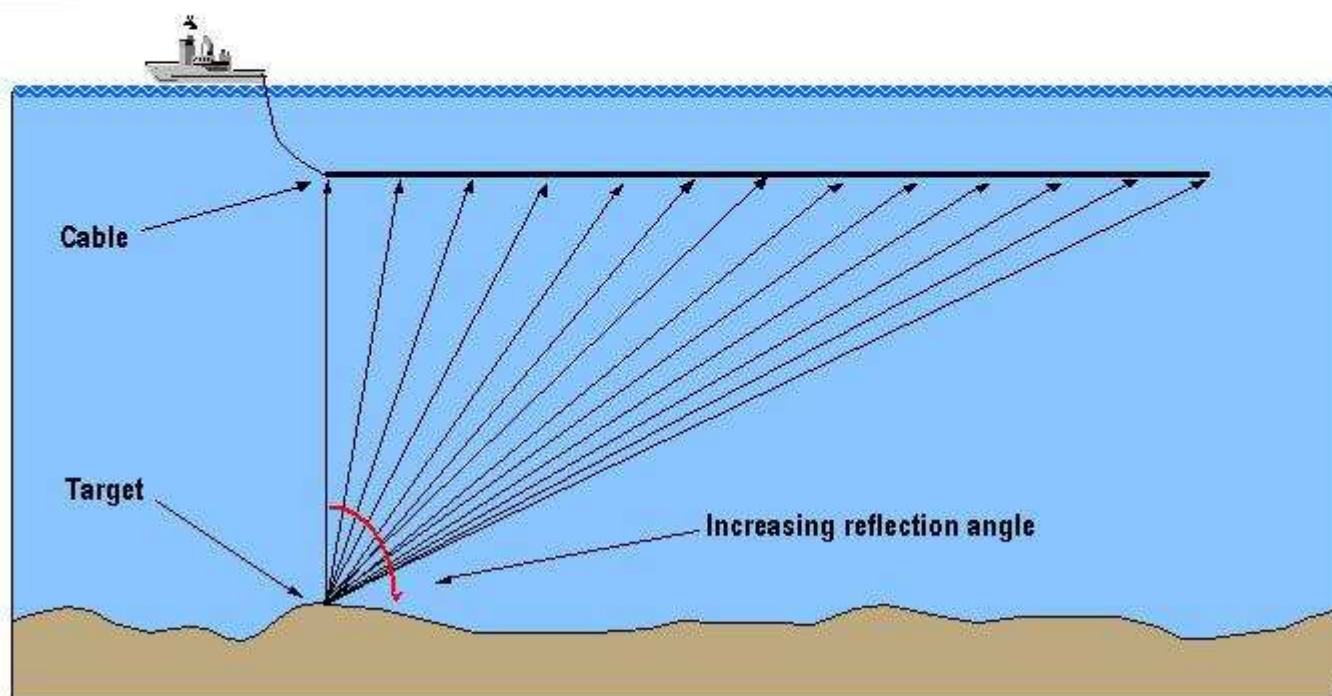
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- I. **Texas Shelf Exploration**
 - II. Deepwater Gulf of Mexico
 - III. South Texas
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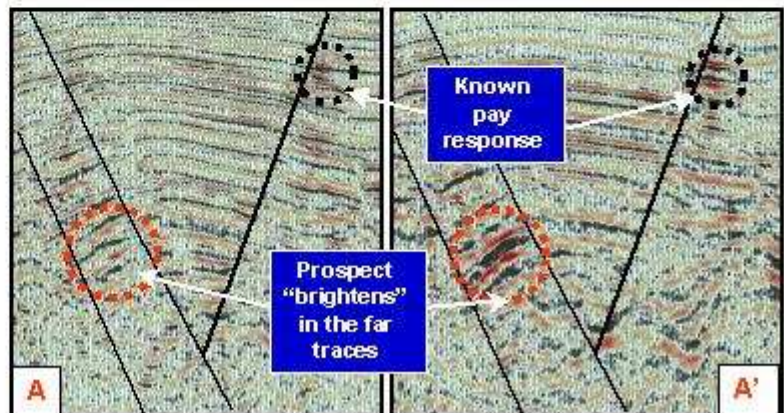
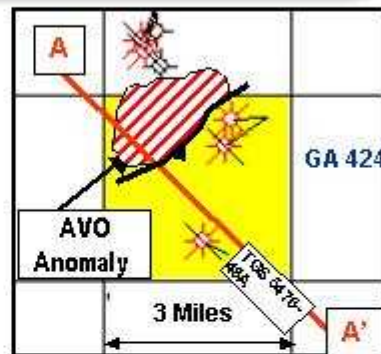
Texas Shelf Prospect Inventory



Net Unrisked Exposure: > 500 BCF



- 100% WI
- Objective: Middle-Miocene
- Depth: 11,500'
- Water depth: 157'
- Mean Reserves: 100 BCFE
- P10 Reserves: 200 BCFE
- Gross DHC: \$6.2 MM



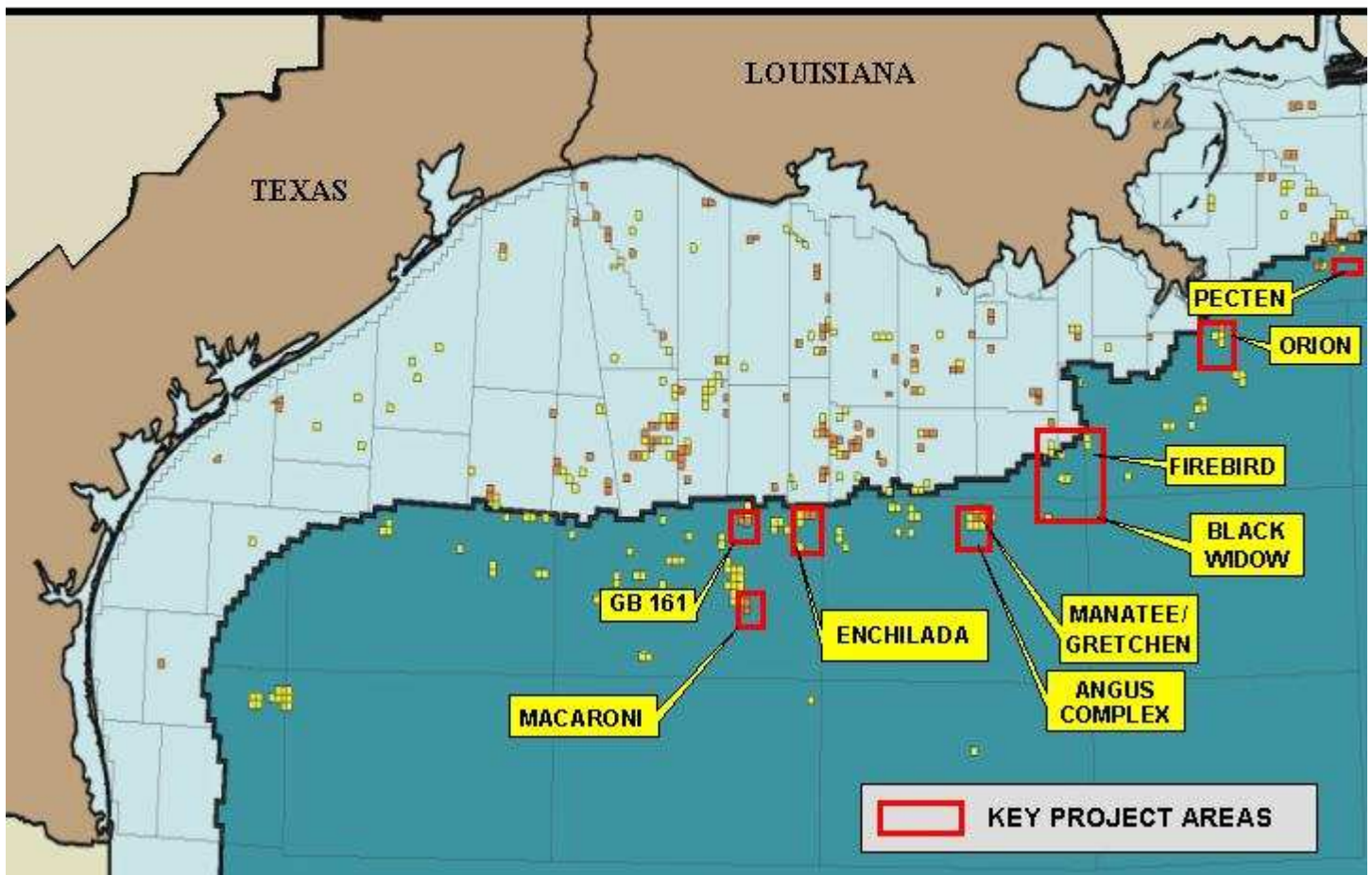
Near Angles Stack

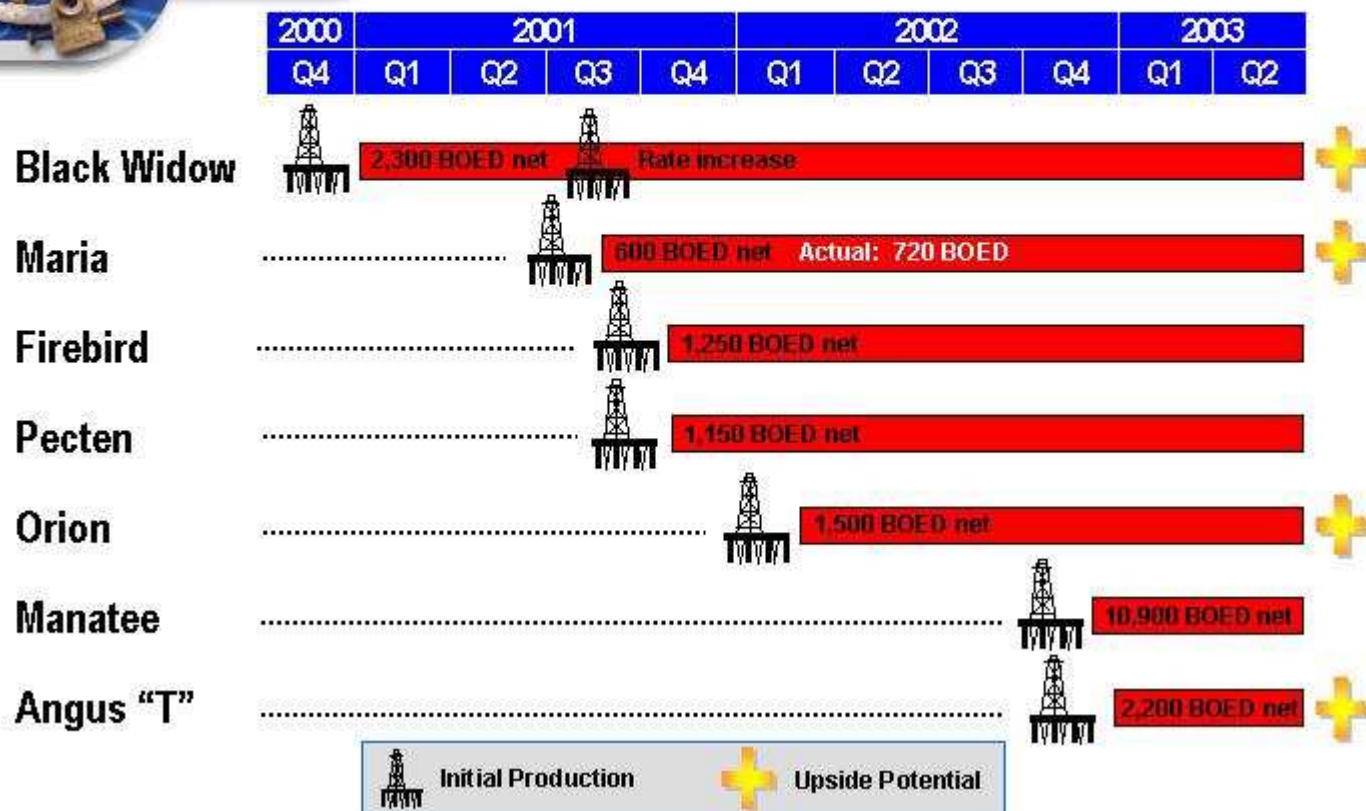
Far Angles Stack

- 
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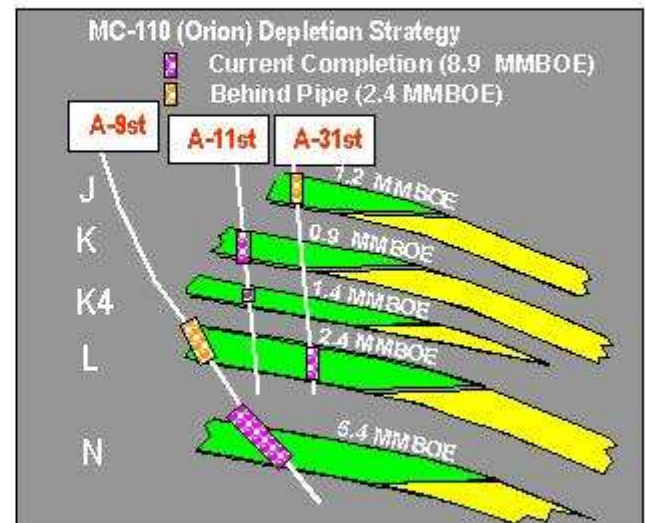
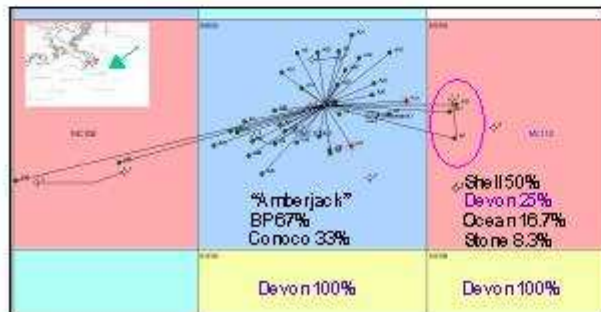
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Gulf of Mexico Deepwater - Producing Areas





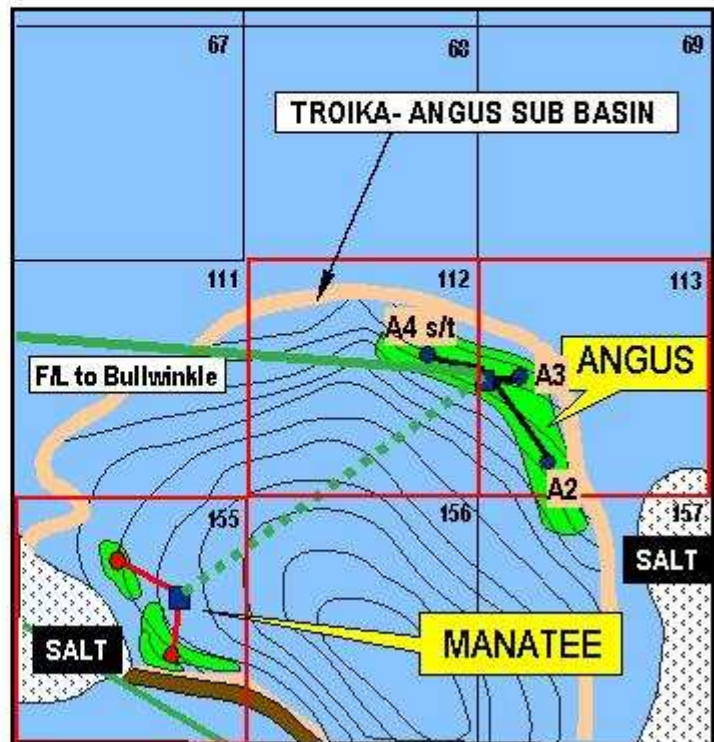
- 25% WI
- 3 wells drilled and flow tested
- Shut-in; waiting on gas compression
- 1,900 net BOED (9,600 gross BOED); production commences Q1 2002
- Reserves increased 1 MMBOE based on drilling results



Expect compressor installation on BP's Amberjack Platform in Q1 2002

Manatee

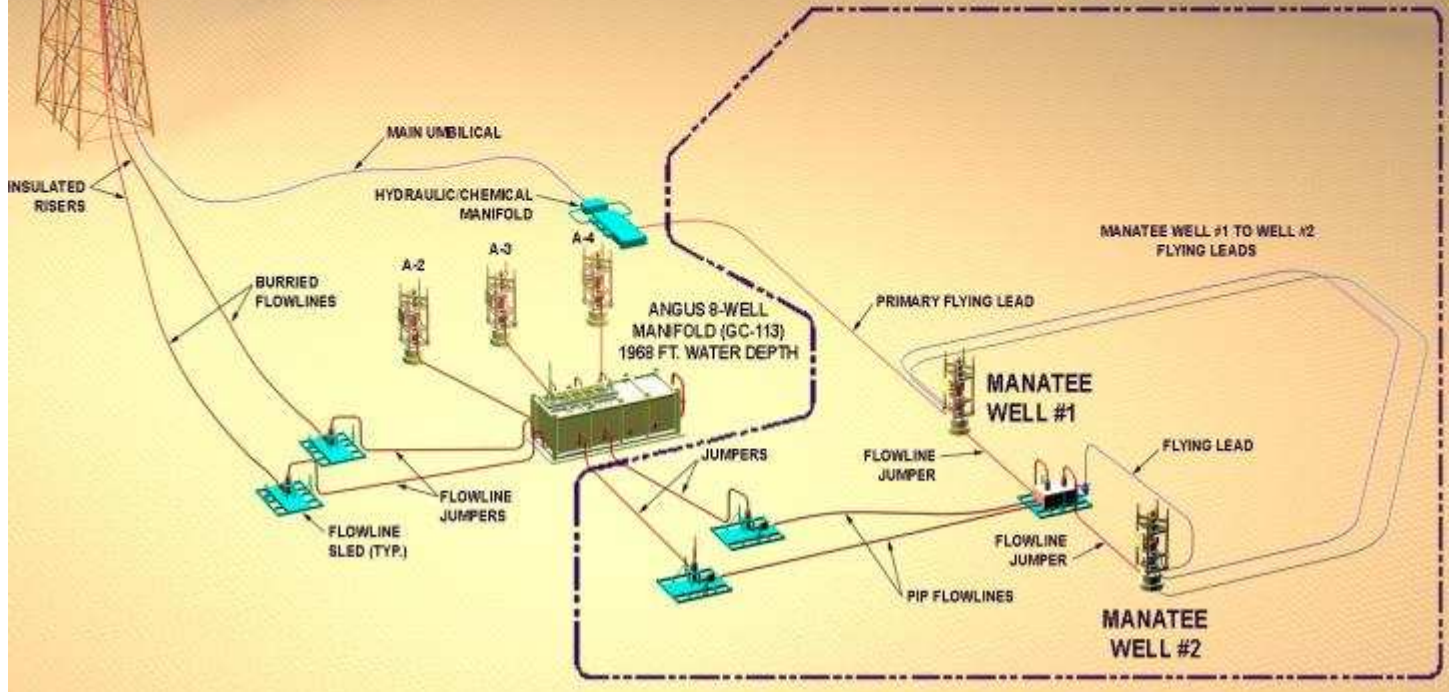
- 48.33% WI
- Sanctioned 7/01
- Production
 - First Oil: 10/02
 - Peak Rate: 11/02
 - Gross: 20,000 BOD + gas
 - Net: 10,900 BOED
 - F&D: \$8/BOE
- Build on existing infrastructure



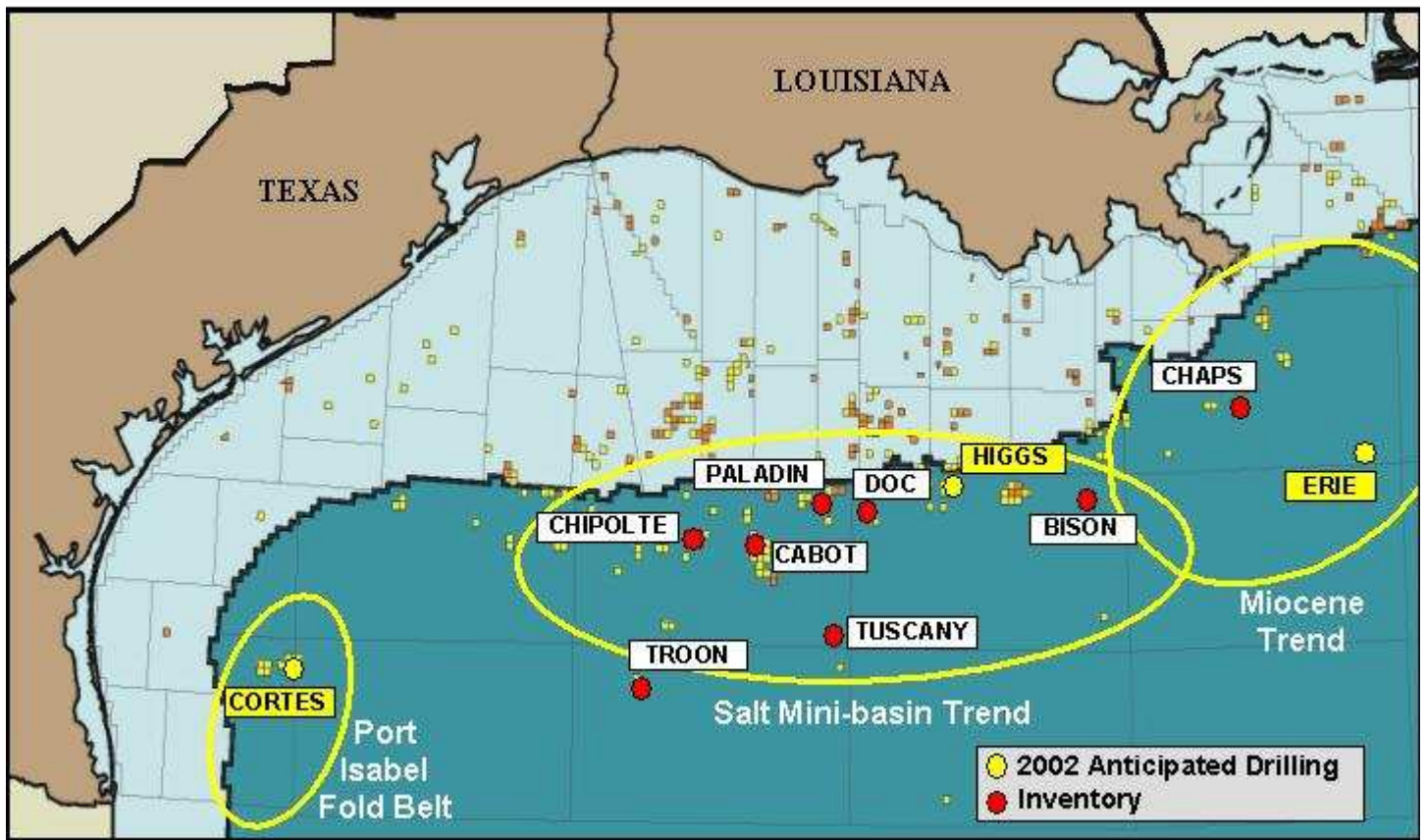
BULLWINKLE PLATFORM
1350 FT. WATER DEPTH
(GC-65)

Manatee - July 2001

MANATEE 2-WELL SUBSEA SYSTEM
(GC-155)

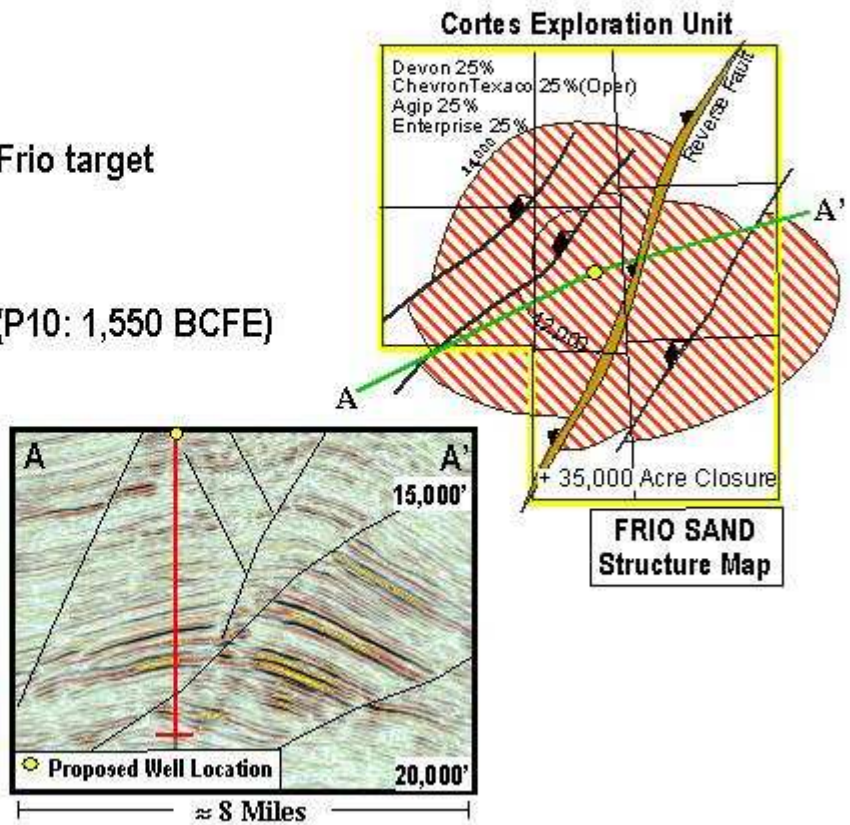


Deepwater Exploration

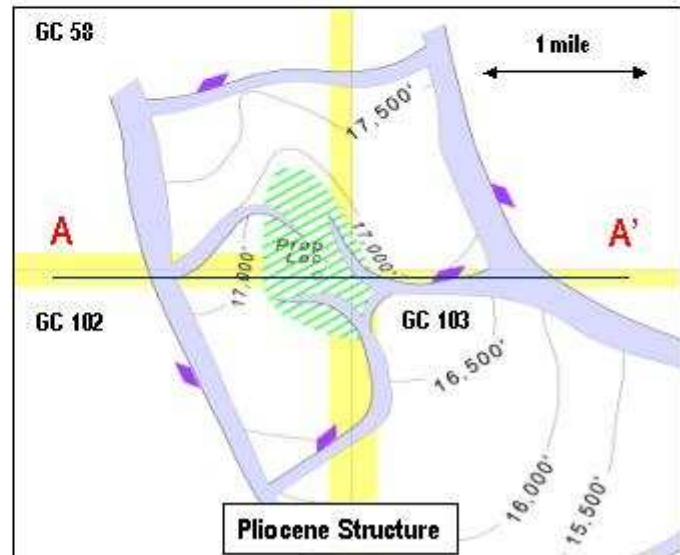
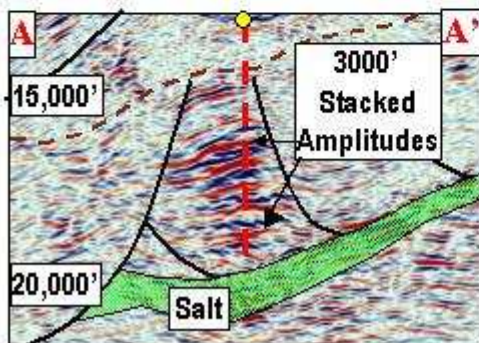


Net Unrisked Exposure: 500 MMBOE

- Objective: Oligocene Frio target
- Water Depth: 3,300'
- Mean Reserves: 973 BCFE (P10: 1,550 BCFE)
- PTD: 18,000
- DHC 8/8ths: \$23.4 MM
- WI: 25%



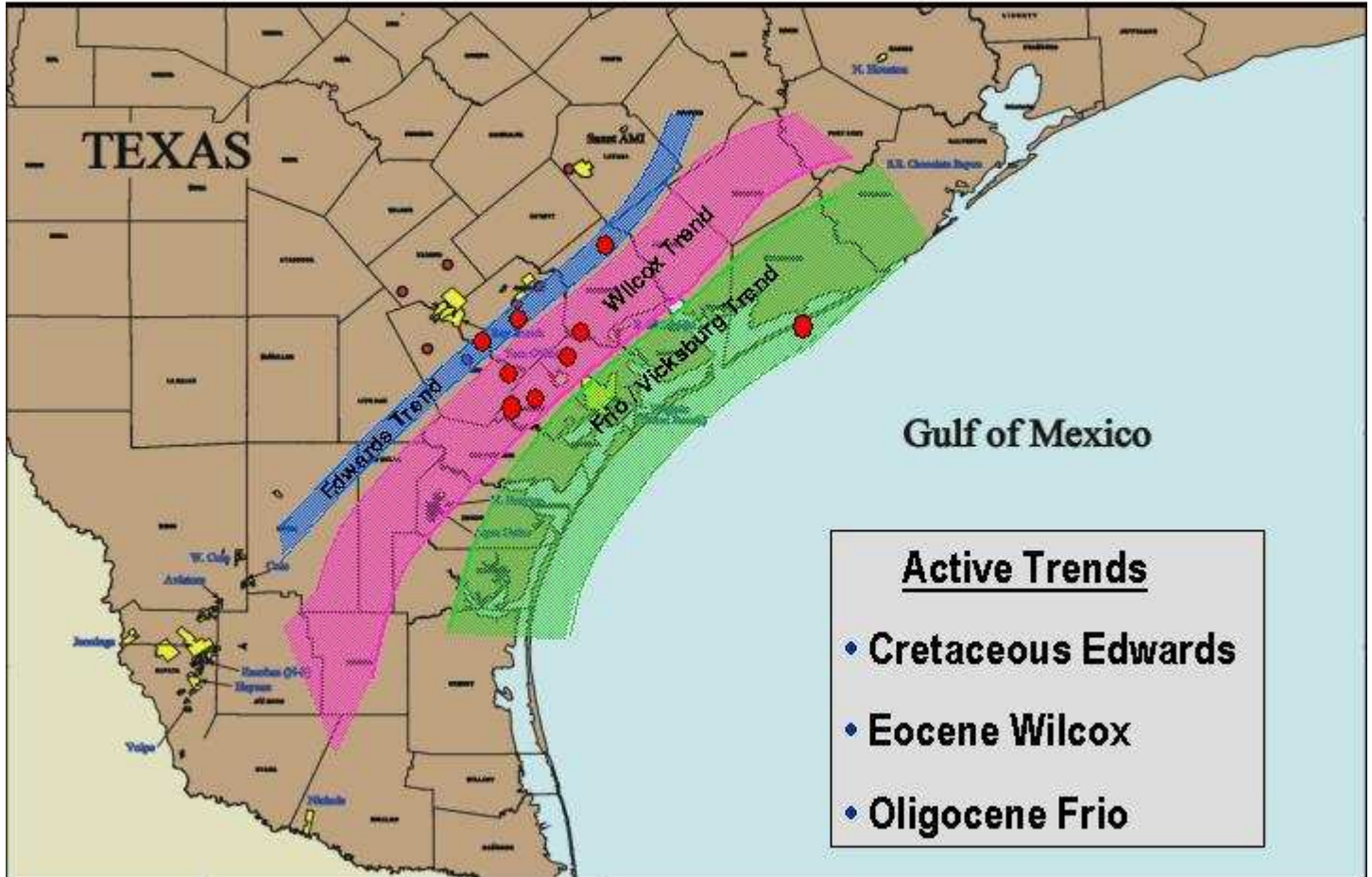
- Objective: Mid-Lower Pliocene
- Water Depth: 940'
- Mean Reserves: 44 MMBOE (P10: 100 MMBOE)
- PTD: 19,000'
- DHC 8/8ths: \$12 MM
- WI: 100%



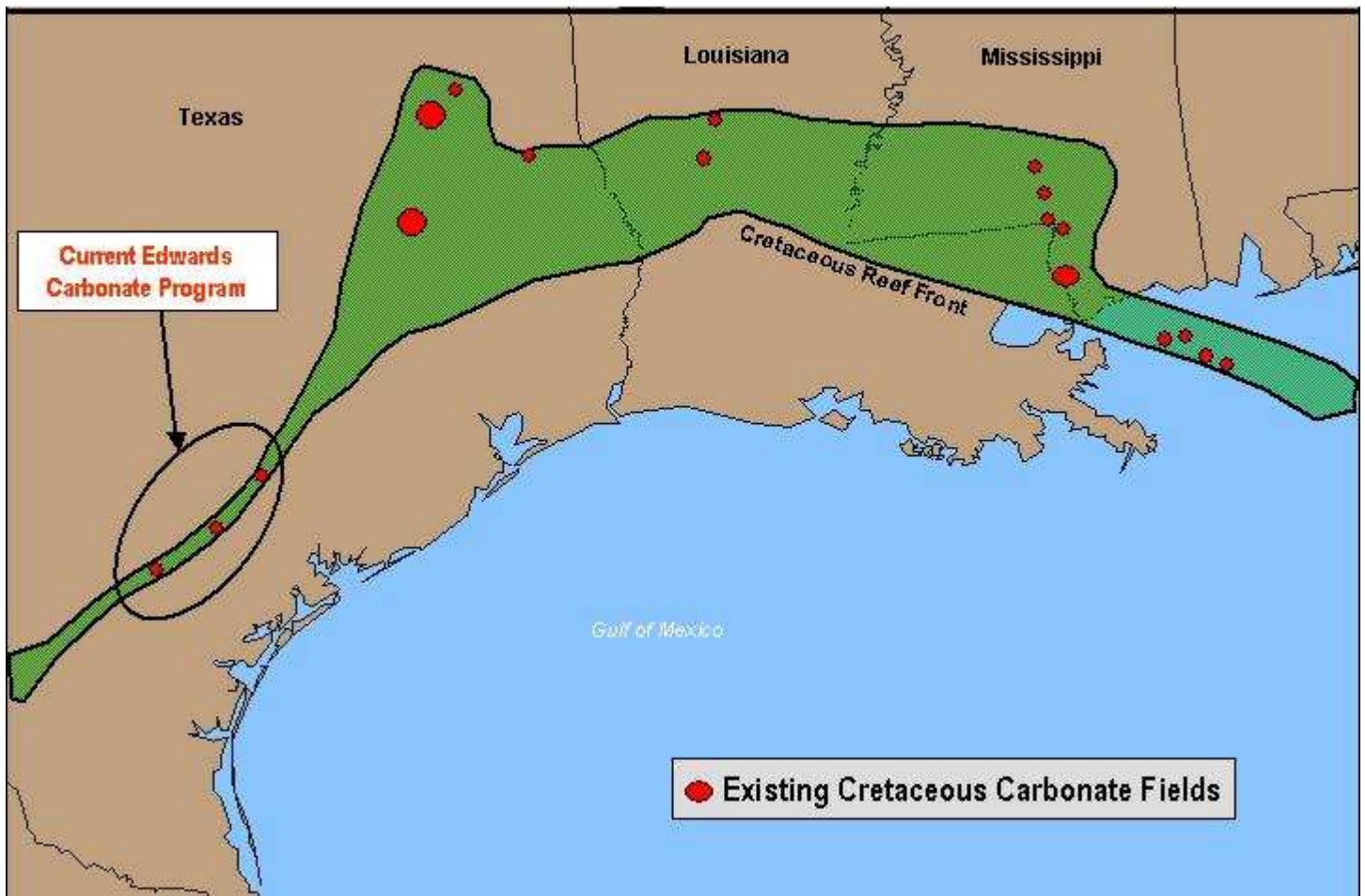
- 
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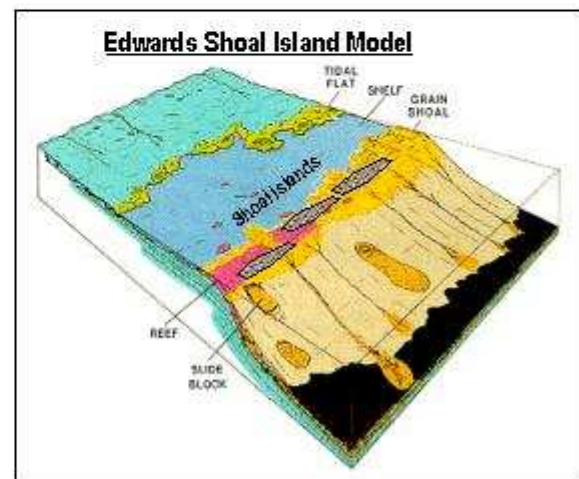
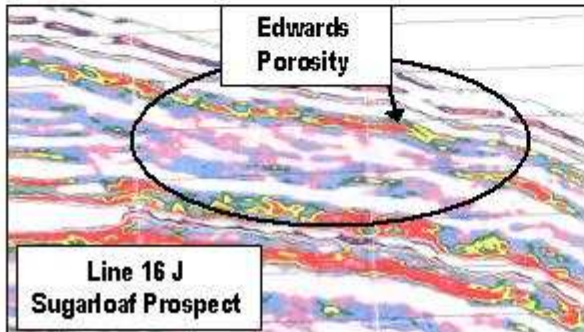
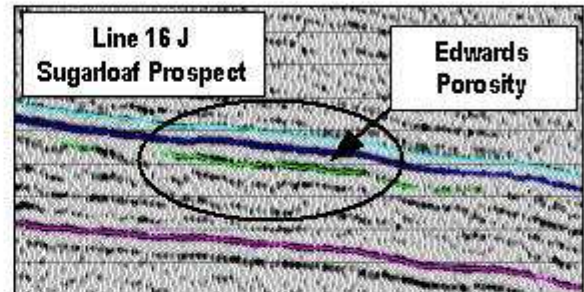
South Texas



Cretaceous Carbonate Trend



- Objective: Cretaceous Edwards
- Mean Reserves: 209 BCFE (P10: 522 BCFE)
- PTD: 13,500'
- DHC 8/8ths: \$1.2 MM
- County: Live Oak, Karnes
- WI: 100% BCP, 44% ACP

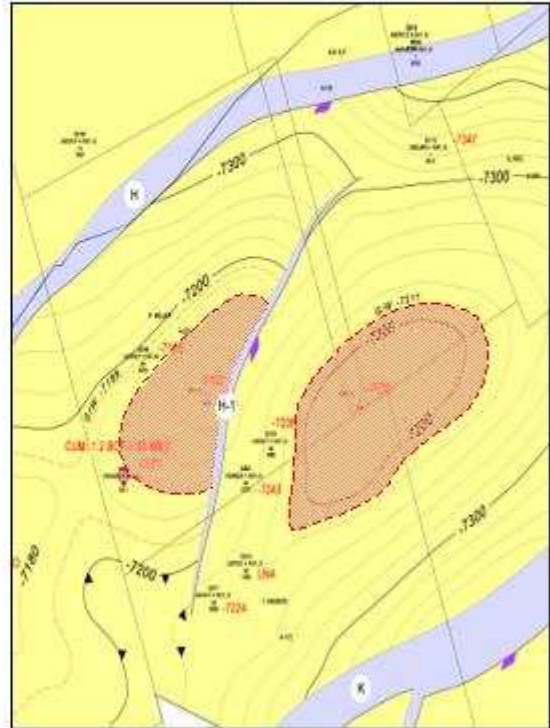


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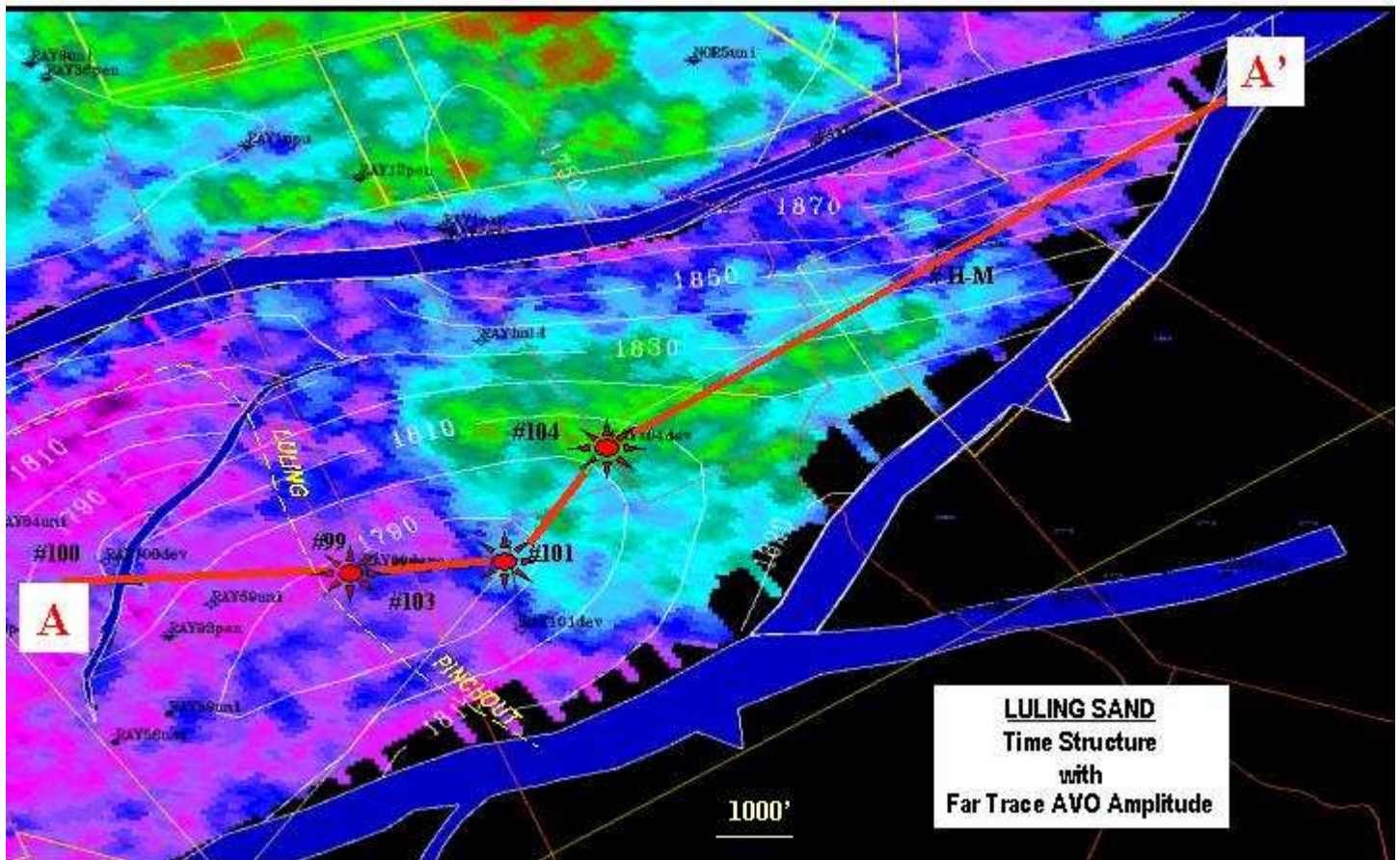
- Applications of new technology to inventory of producing properties
 - New 3D over old properties
 - Ray Ranch
 - Eugene Island
 - Cyrus Discovery: High Island
 - New 3D/4 component seismic data
-

- Drilled/participated in 12 wells
 - 10 completed
- Reserve adds: 45 BCF (8/8ths)
21 BCF net
- Rate increase: 42 MMCFD (8/8ths)
23 MMCFD net
- F&D: \$3.10/BOE



Upper Wilcox - First Massive Structure Map

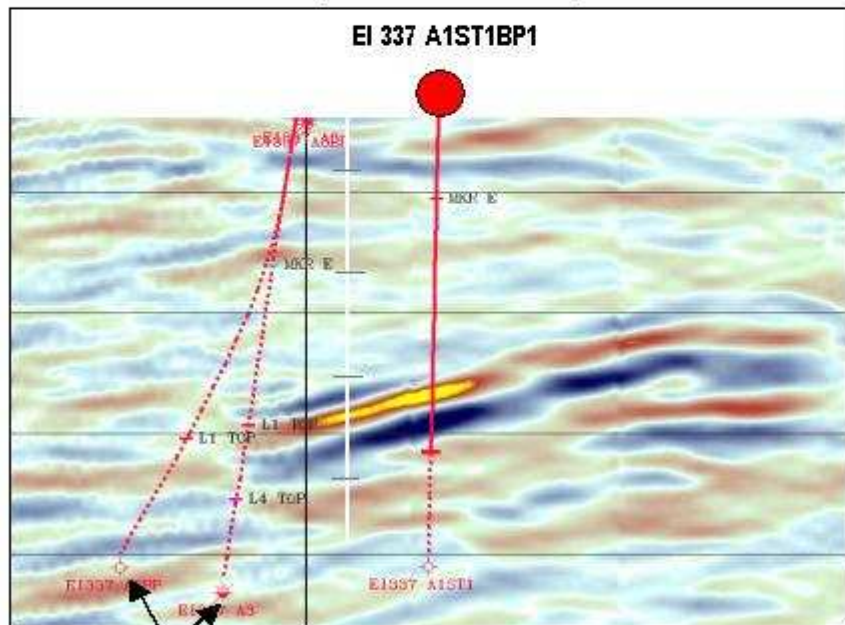
Ray #104 - Kerr Field



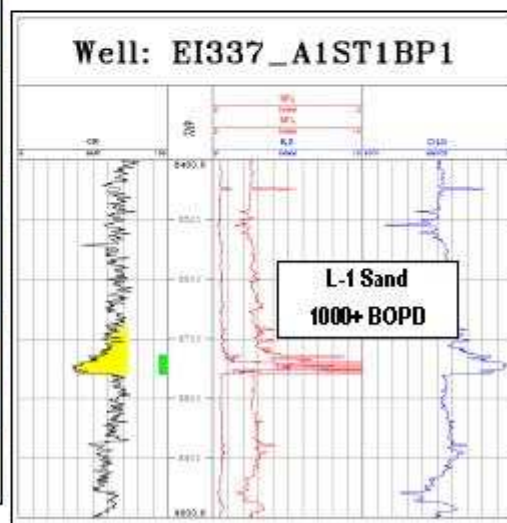
Pettus Ray Ranch Area



Recently Drilled Prospects



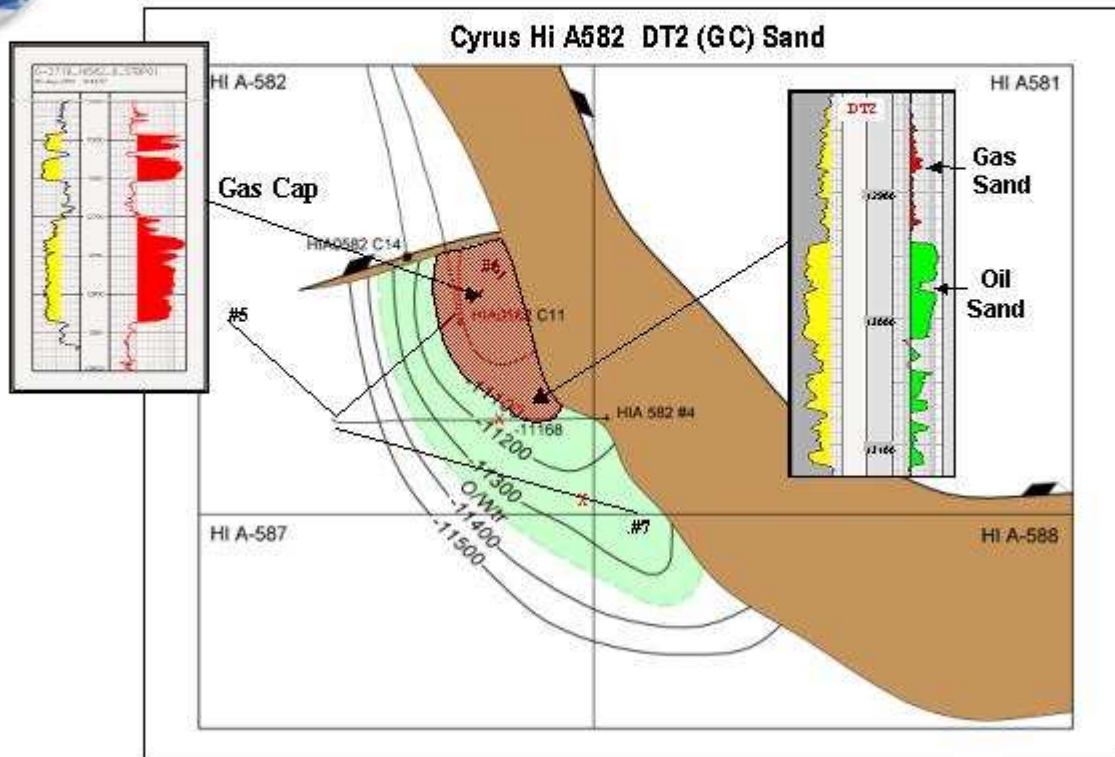
Original wells drilled on 2D seismic data





Development History

- **1982-1984: Original field development - 2D seismic**
 - **2000: Field nearing depletion/abandonment**
 - **2001: Re-evaluation - new 3D seismic**
 - **Acquired additional 37.5% partner interest for cost of abandonment (DVN=98%)**
 - **Drilled two best prospects: Both wells successful (Generated \$5.2 MM present value)**
 - **> 2,000 BOED added production**
-

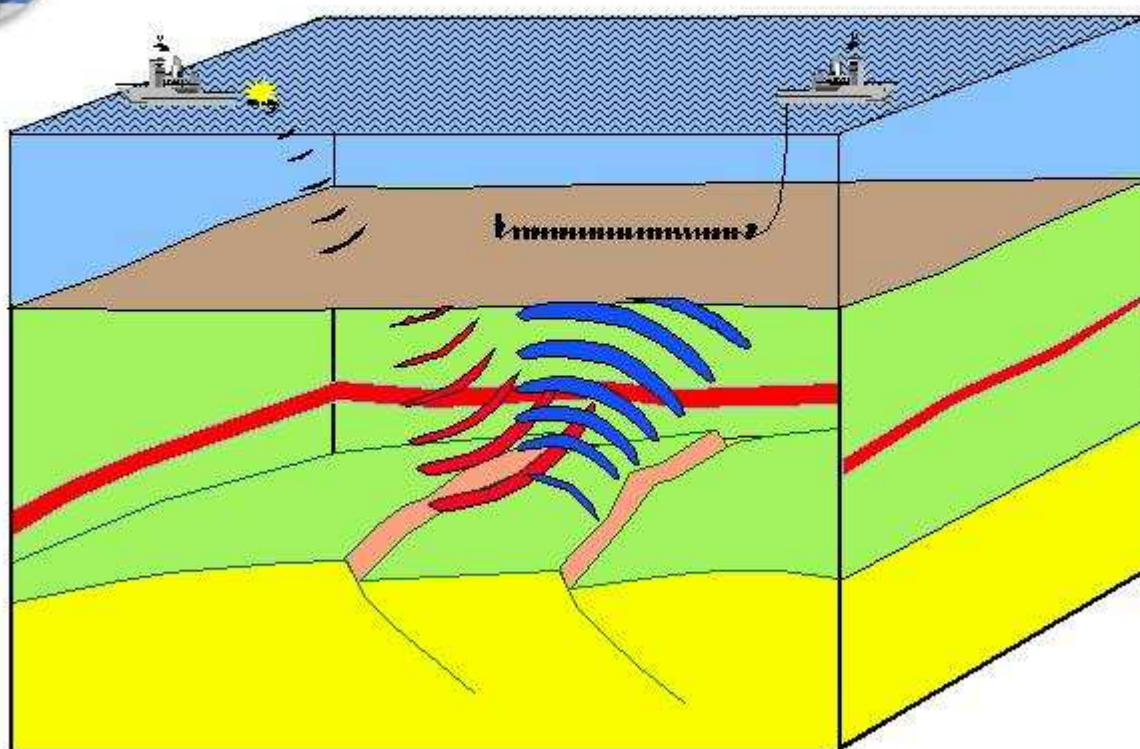


3D/4C Seismic Programs



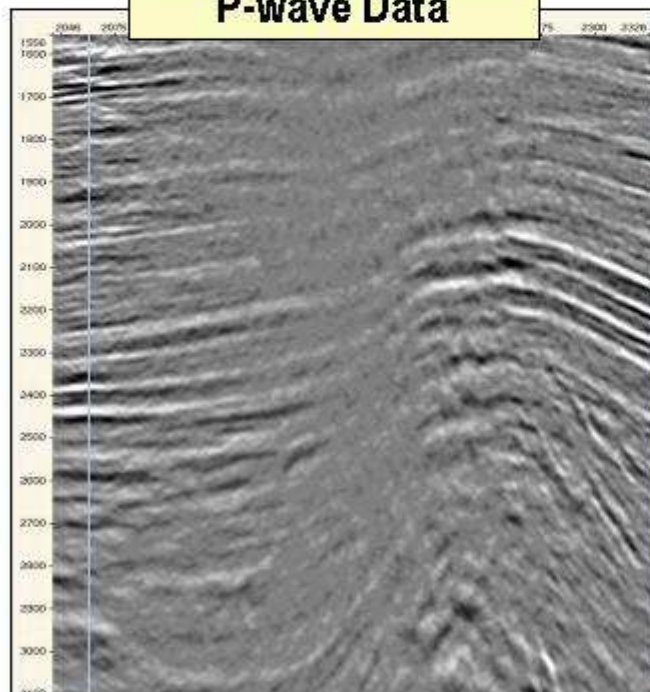
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Marine OBC Seismology

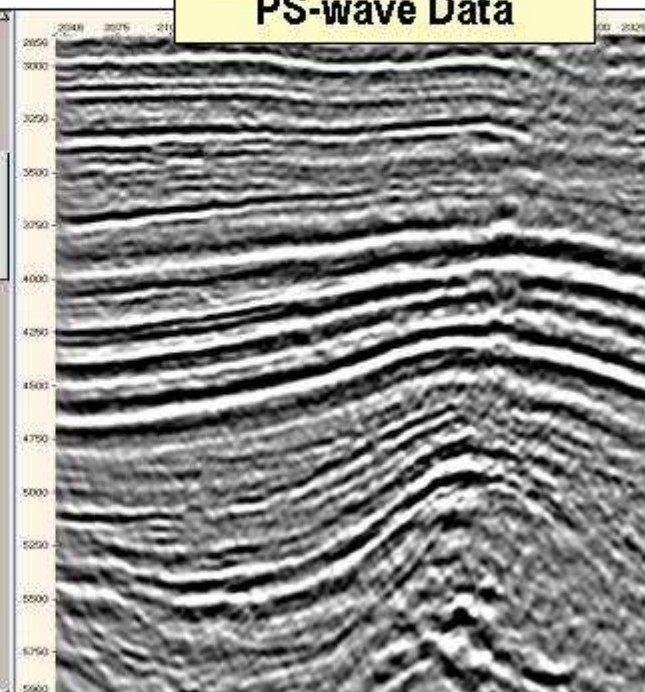




P-wave Data

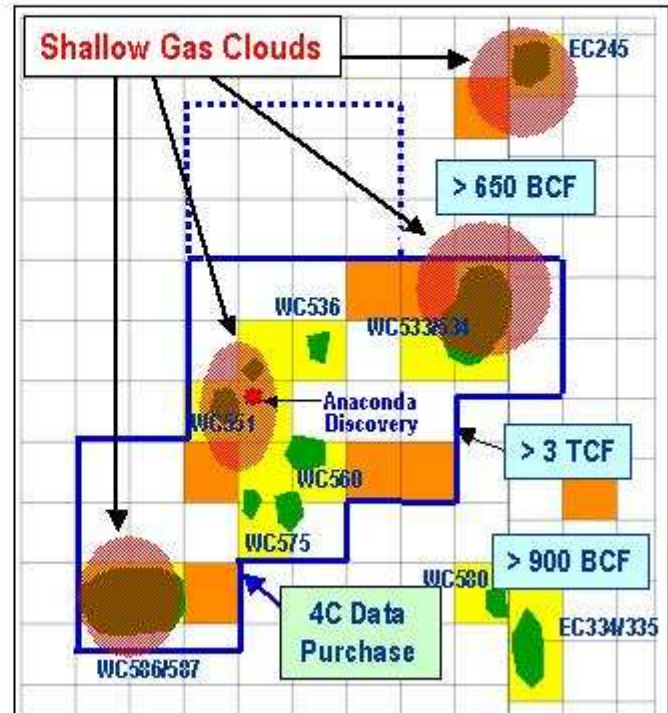


PS-wave Data

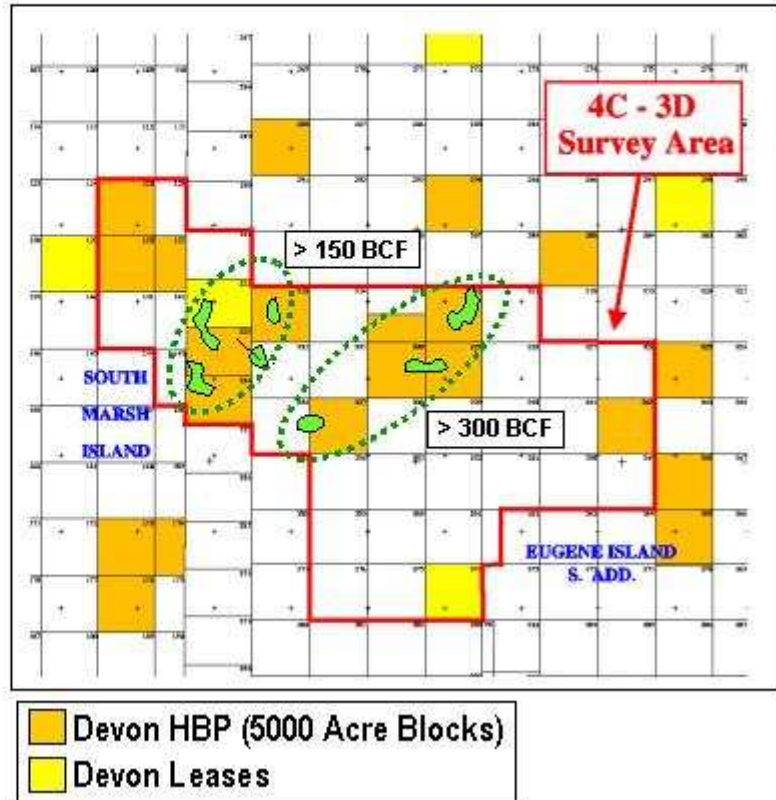


- Potential in 4C area: > 300 BCF
- 35 blocks (300 mi²) in 4C area

12	Held By Production
6	Under Lease
	Devon's Fields

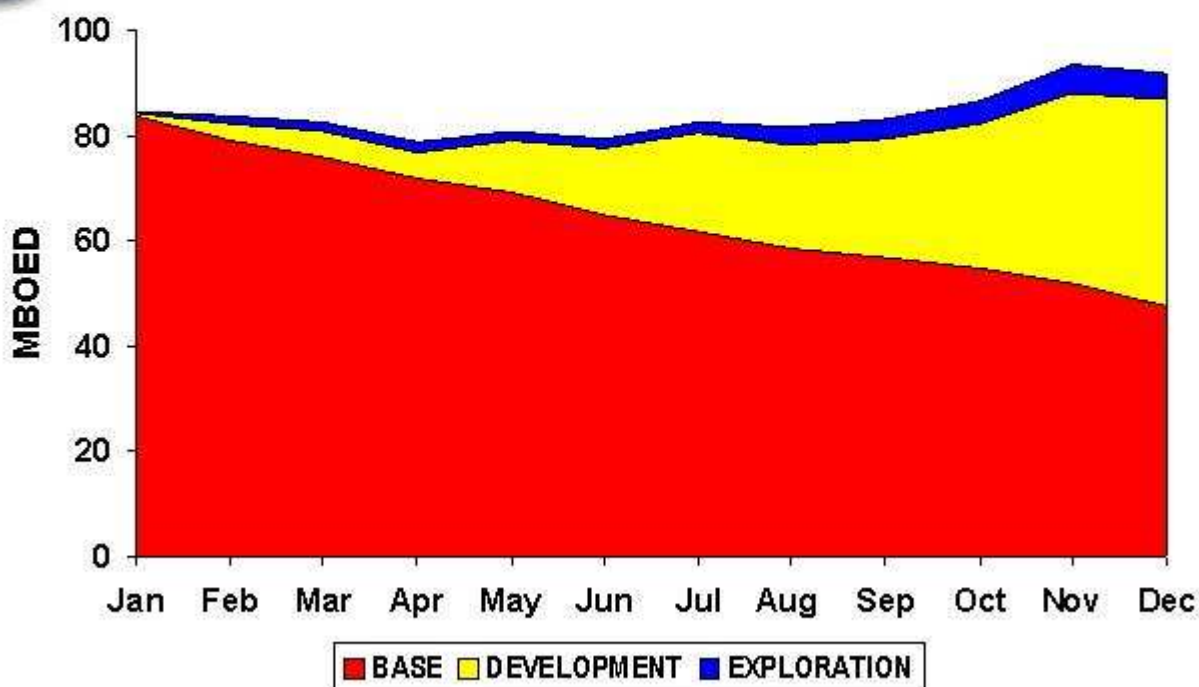


- Devon core area
 - Potential: > 450 BCF
- Current production (8/8ths)
 - 20 MBOD
 - 70 MMCFD
- New 3D/4C survey in progress
 - Anticipate Q4 delivery
- 40 blocks (360 mi²) in 4C area



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Note: Projected production excluding properties designated for divestiture.

- Focus on new seismic technology
 - Stable production levels
 - New projects coming on stream - shelf/deepwater
 - Increasing exposure to upside potential
 - Growing production from onshore Texas
-



Canada

John Richels - Sr. VP Canadian Division

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I. Canadian Industry Overview

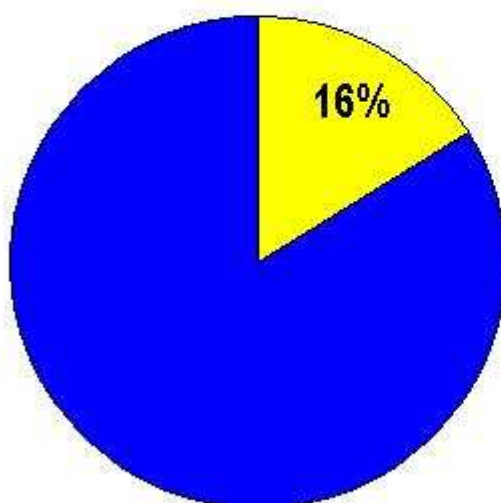
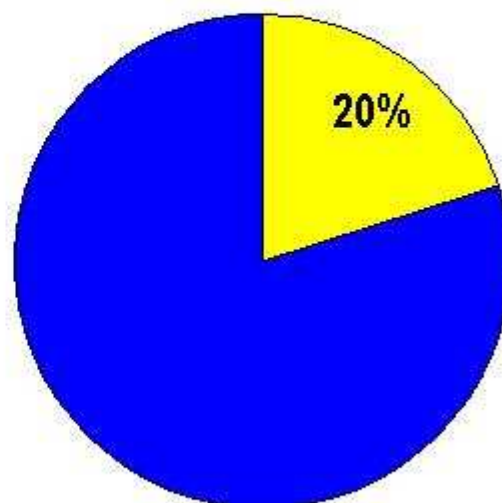
II. Devon Canada Overview

III. Near-term Growth Projects

IV. Long-term/High-potential Opportunities

V. Summary

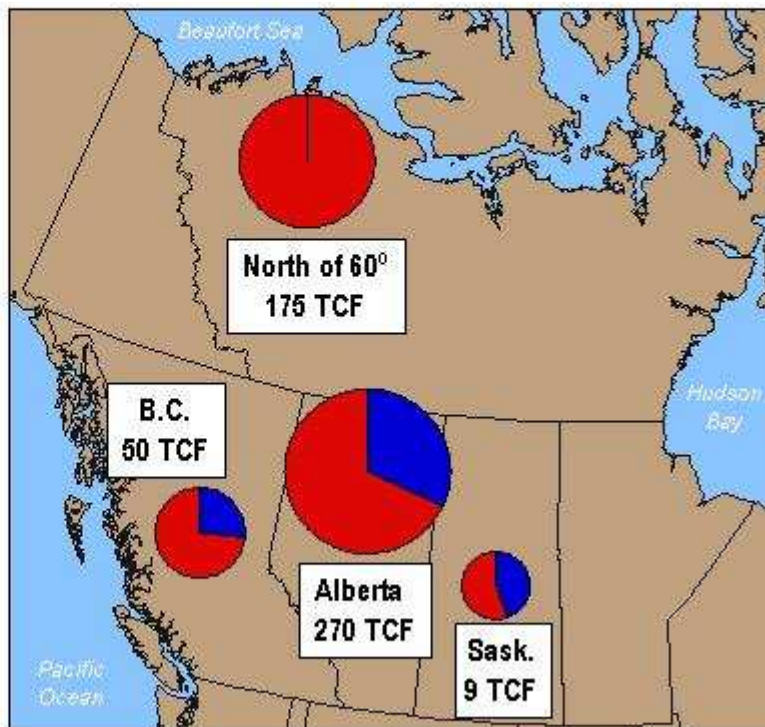
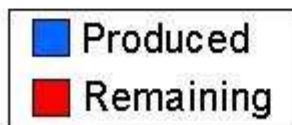
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**Reserves****Production**

 **Canada**

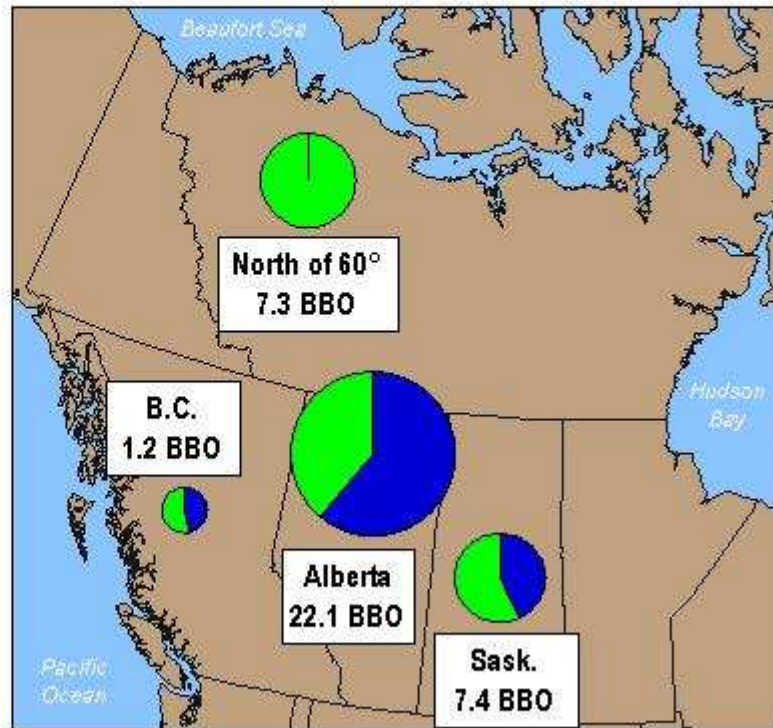
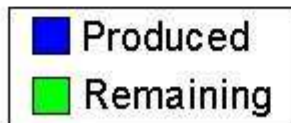
Source – International Energy Annual, 1999

- Large Canadian gas resource
 - > 500 TCF potential
 - 20% produced to date



Estimated recoverable reserves. Source: National Energy Board.

- Maturing conventional oil basin
 - > 37 BBO recoverable
 - 46% produced to date



Estimated recoverable reserves. Source: National Energy Board.



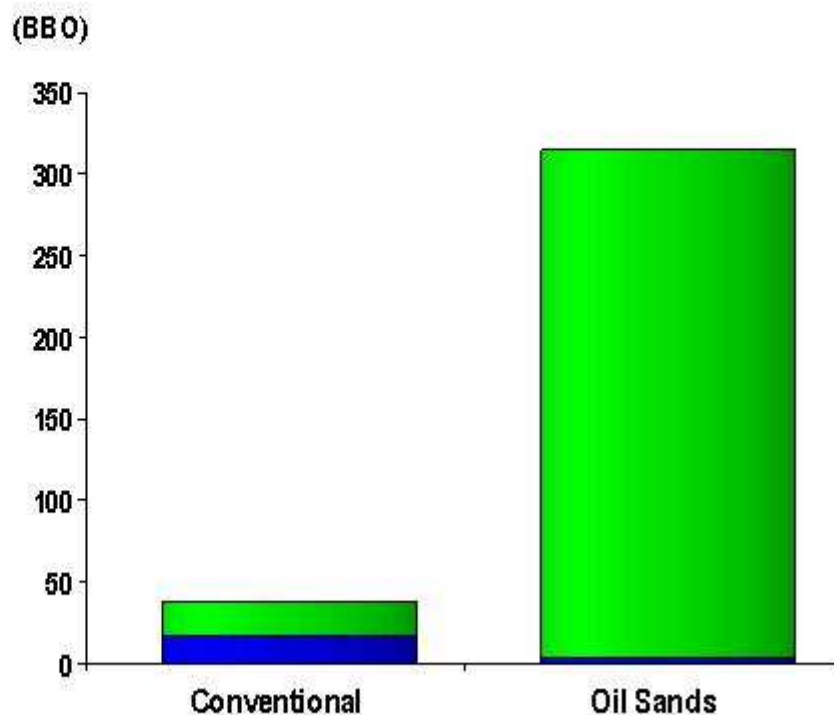
Conventional Oil

- > 37 BBO currently recoverable
- 46% produced to date

Oil Sands Deposits

- 2,500 BBO in place
- 315 BBO currently recoverable
- 1% produced to date

■ Produced
■ Remaining



Estimated recoverable reserves. Source: National Energy Board.

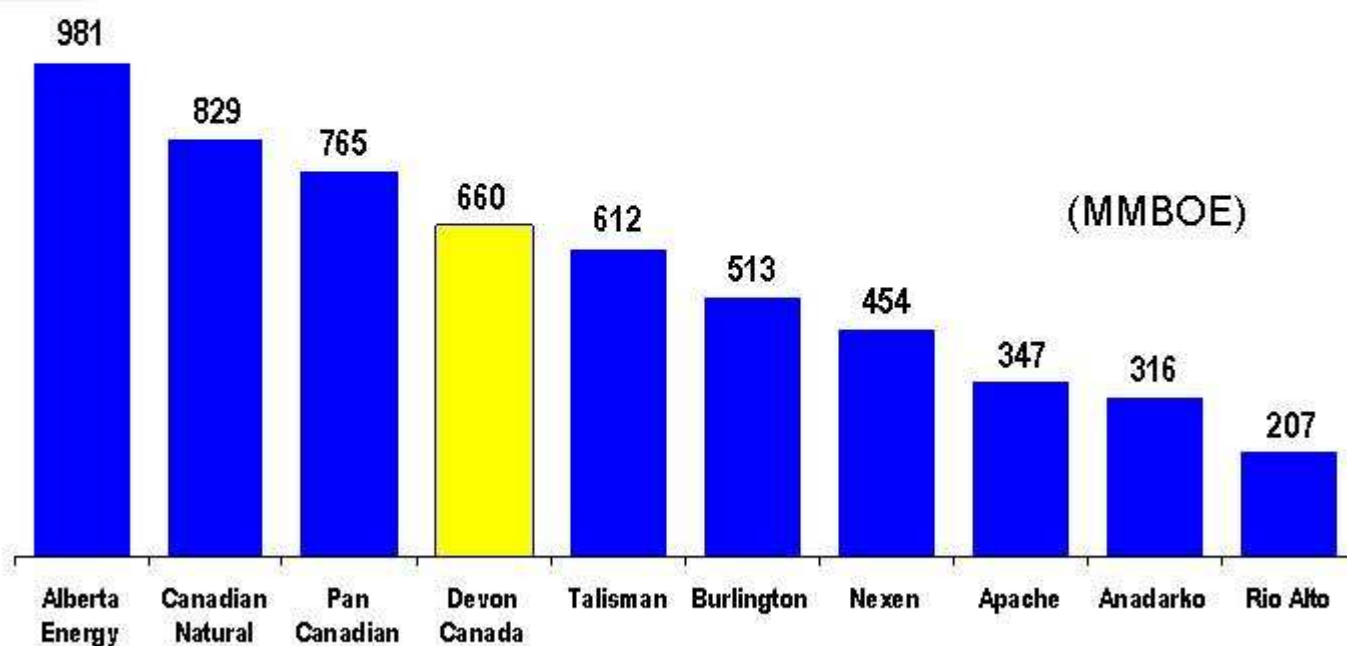
- 
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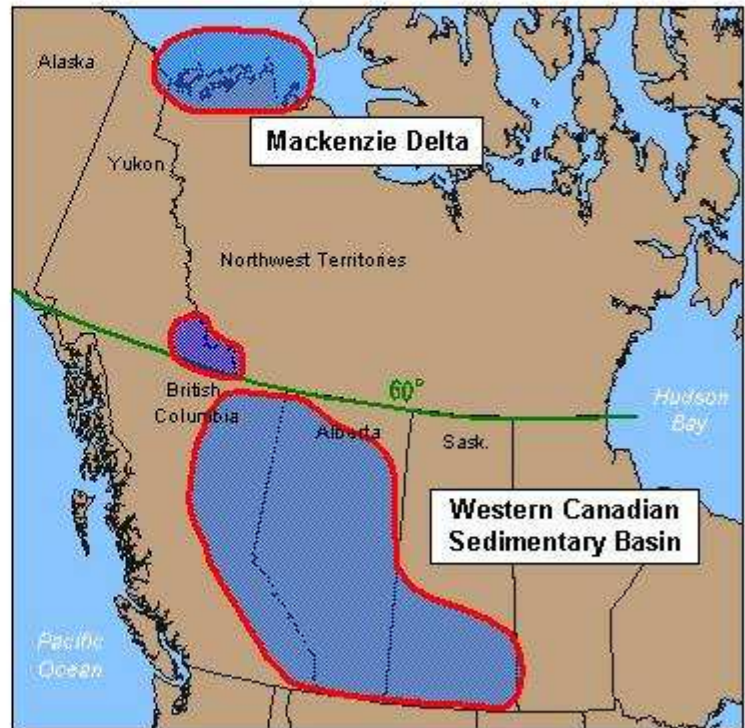
Devon Canada Attributes

- **Third-largest independent gas producer in Canada**
 - **High-impact, near-term opportunities**
 - **Ownership in key infrastructure**
 - **Significant long-term growth prospects**
-



Note: Proved reserves at 12/31/00 adjusted for major acquisitions.

- Western Canadian Sedimentary Basin
 - 8 MM net undeveloped acres
- North of 60°
 - 2 MM net undeveloped acres





2001 Pro Forma Canadian Statistics



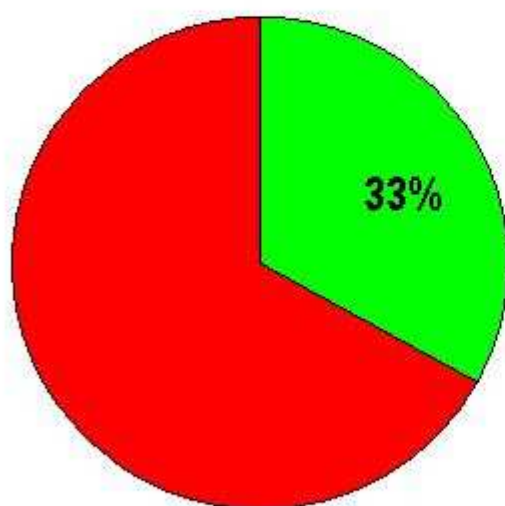
Reserves:	660 MMBOE
Production:	70 MMBOE 80% operated
Wells Drilled:	495 exploratory 535 development
Reserve Life Index:	9.5 years

Note: Estimated pro forma data for the acquisition of Anderson.

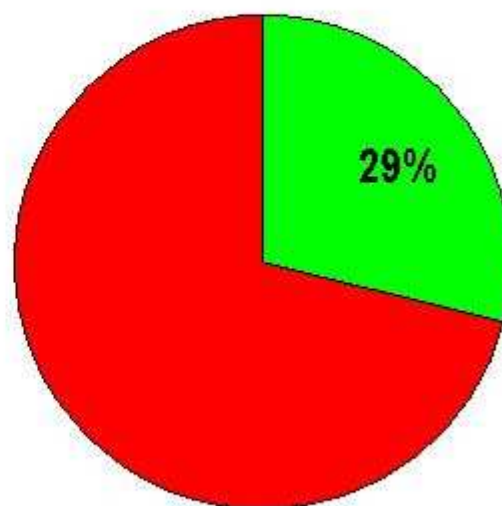


Canadian Production & Reserves

2001 Reserves

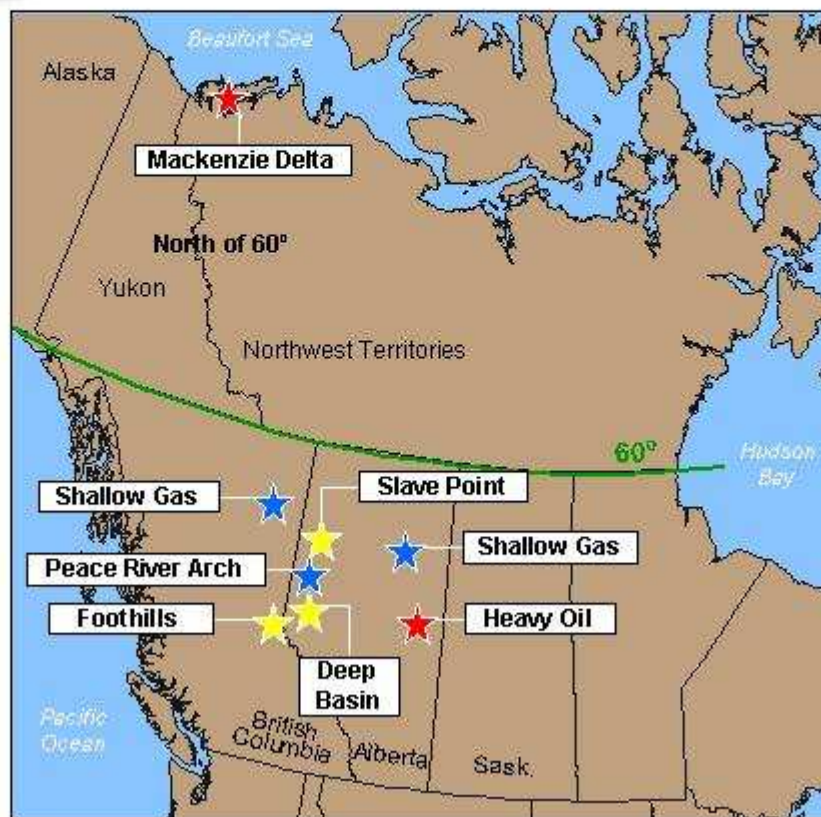


2001 Production

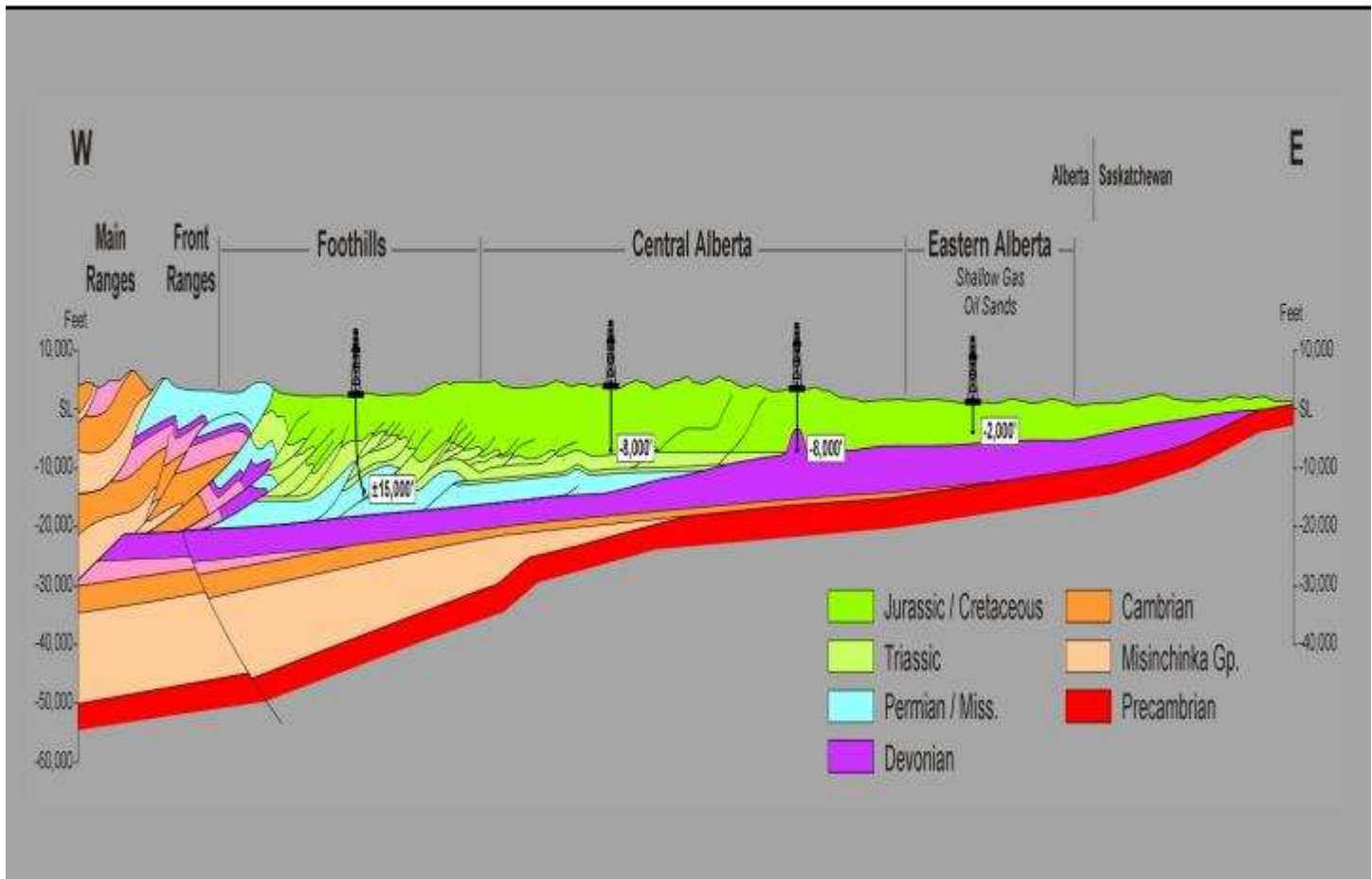


■ % Gas ■ % Liquids

Note: Estimated pro forma data for the acquisition of Anderson.



Western Canadian Sedimentary Basin



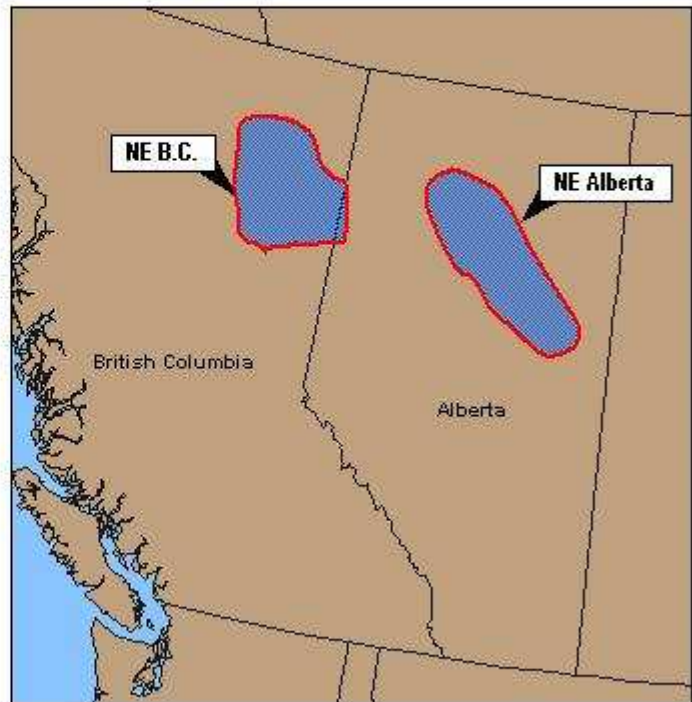
- 
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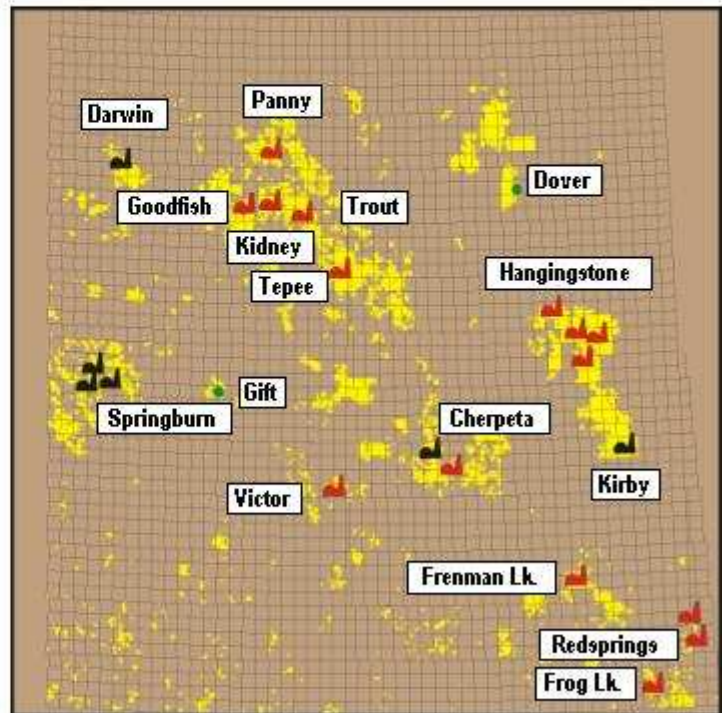
Shallow Gas



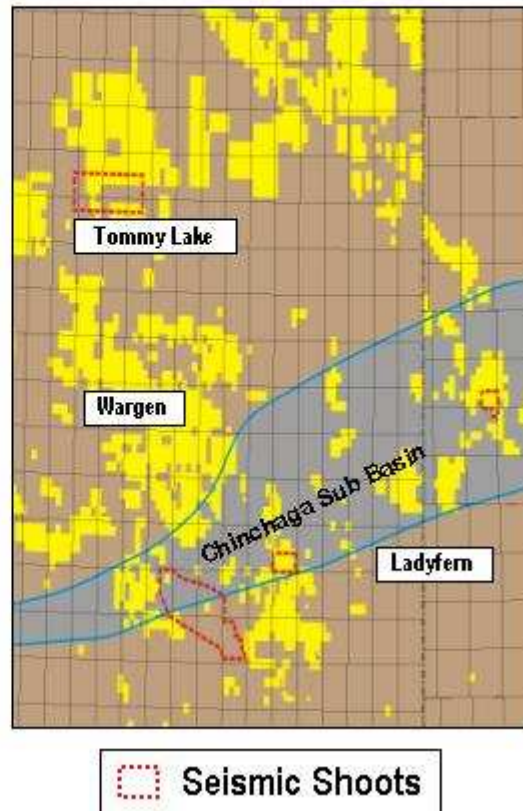
- Primarily winter-access area
- Demonstrated success in harsh operating environment
- Significant land position
- Control of infrastructure: 20 operated gas compression facilities



- 2.4 MM net acres
- 80% average WI
- 1,000' to 2,500' well depths
- \$145,000 average well cost
- 0.75 to 1 BCF reserves/well
- Low operating costs:
\$3.35/BOE



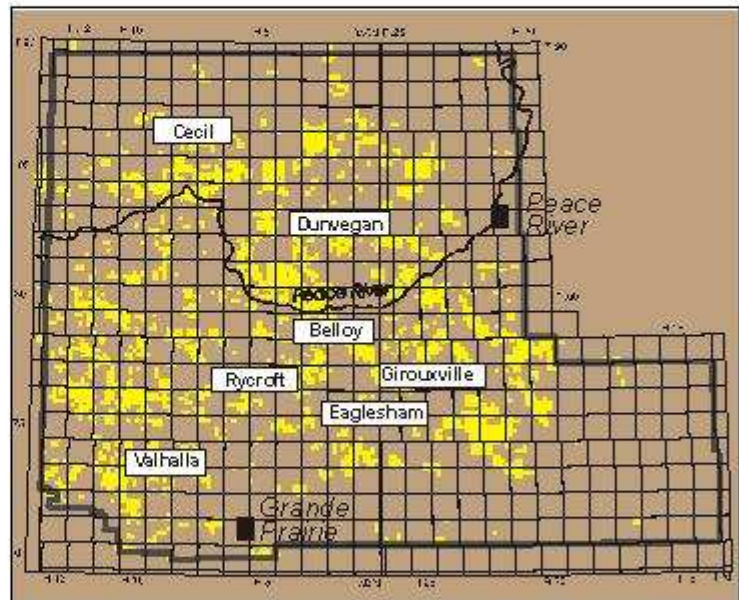
- 1 MM net acres
- 80% average WI
- 3,000' to 4,000' well depths
- \$500,000 average well cost
- 1 to 2 BCF reserves/well
- Operating costs: \$4.40/BOE



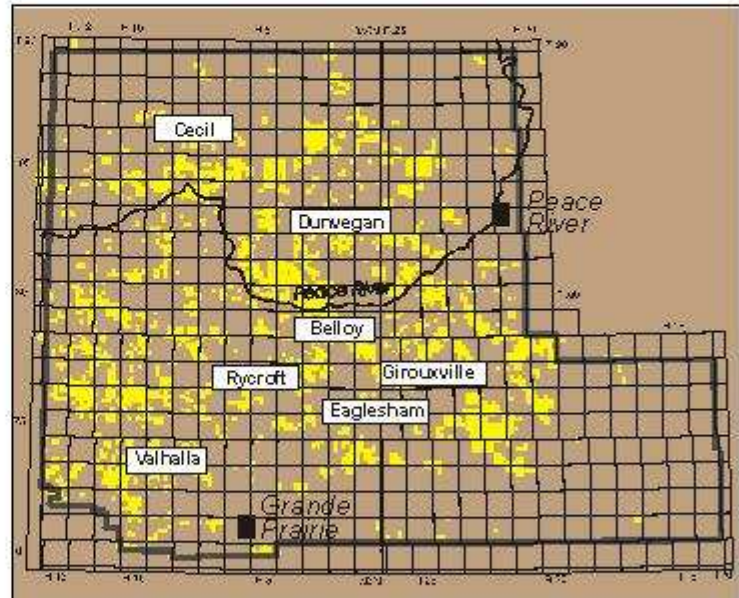
- Dominant player in mature area
- Multi-zone reservoirs
- Largely year-round access
- Extensive infrastructure = short cycle time



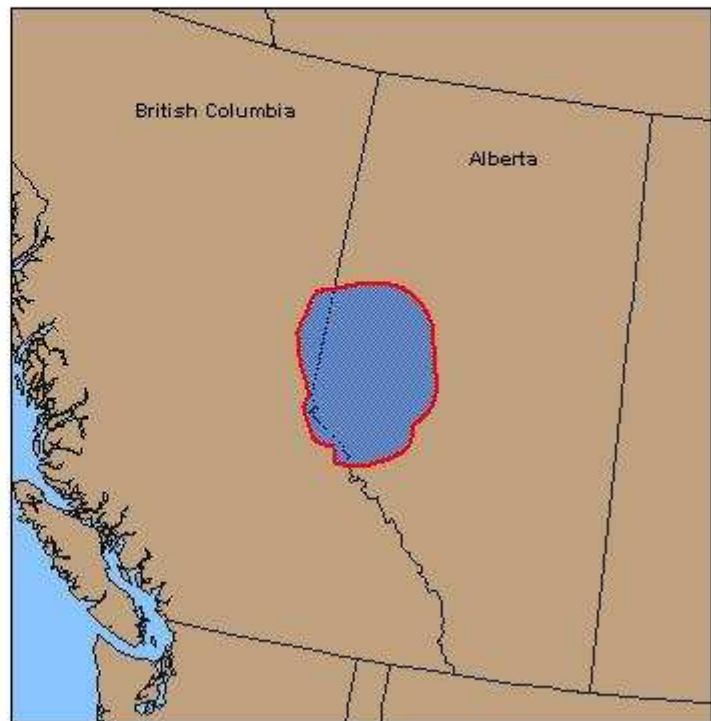
- 900,000 net acres
 - 75% average WI
- Moderate risk, medium-depth wells
- \$400,000 average well cost
- 17 operated liquids extraction facilities
- High operating margins



- Drill > 70 wells in 2002
- Significant conventional oil play at Girouxville
 - 16 well program
 - Expand production facilities

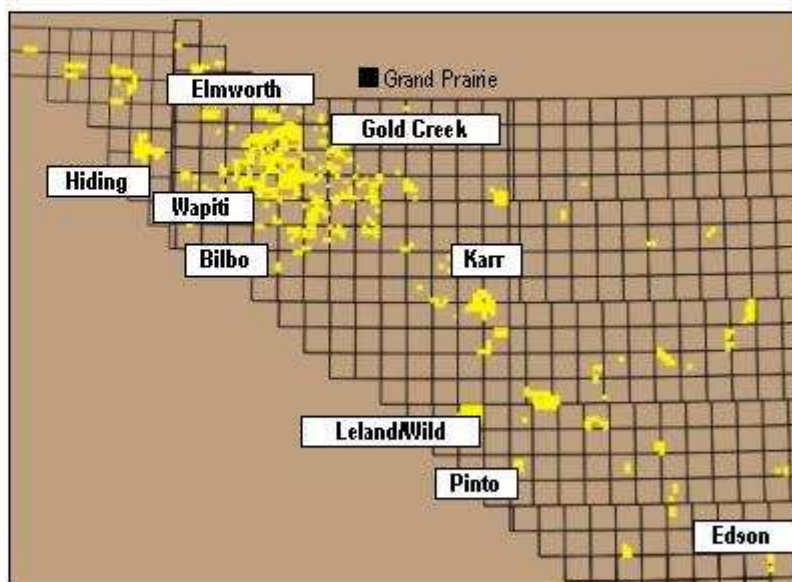


- Lead player in under-developed area
- Multi-zone, stacked reservoirs
- Control of strategic facilities
- Significant barriers to entry

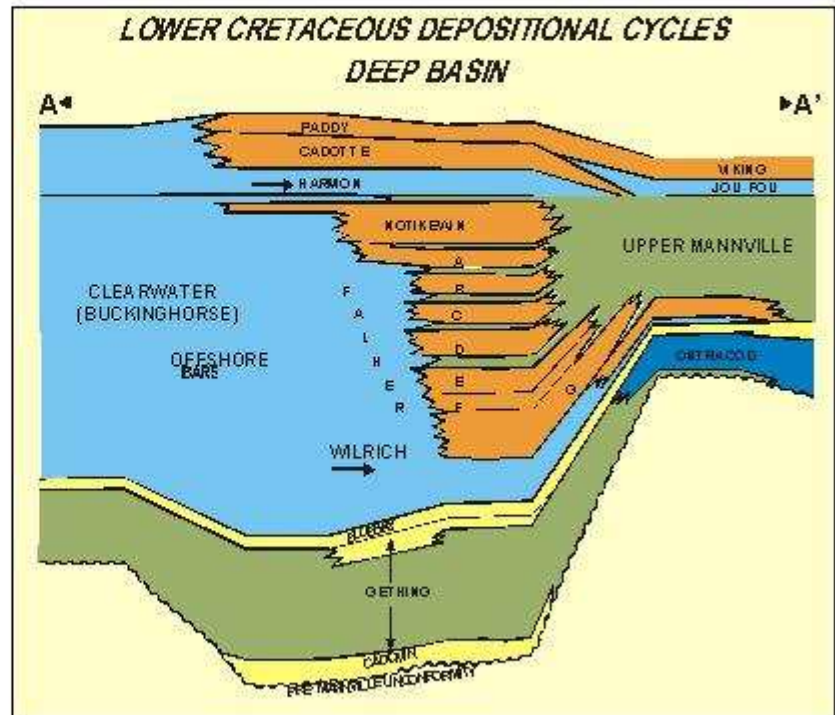




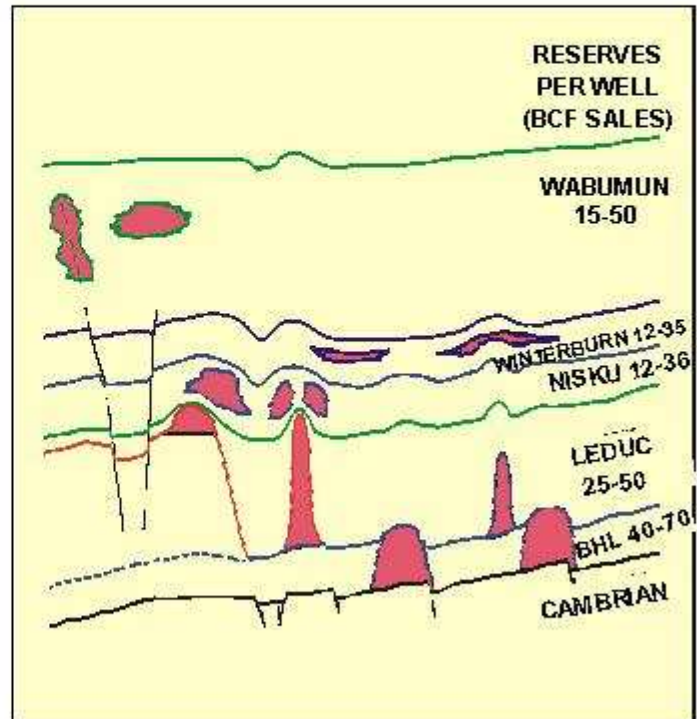
- 800,000 net acres
- 48% average WI
- Cretaceous and Devonian targets
- High operating margins
- 9 major processing plants - 2.1 BCFD capacity



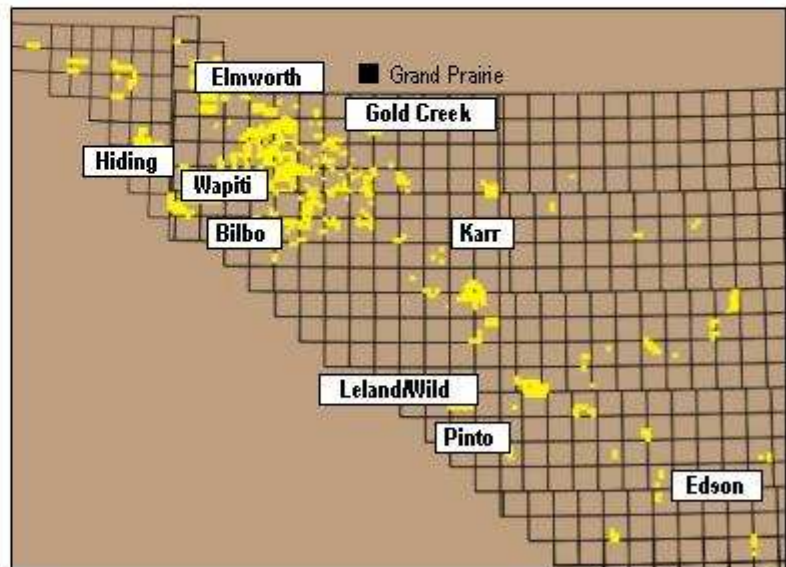
- 8,000' to 11,000' well depths
- 5 to 15 BCF targets
- Liquids-rich (100 Bbl/MMCF)
- Short cycle time
- > 100 wells drilled in 2001
- High success rate (70-90%)



- 11,000' to 15,000' well depths
- 20 to 70 BCF targets
- High-deliverability, lean sour gas
- 8 wells drilled in 2001

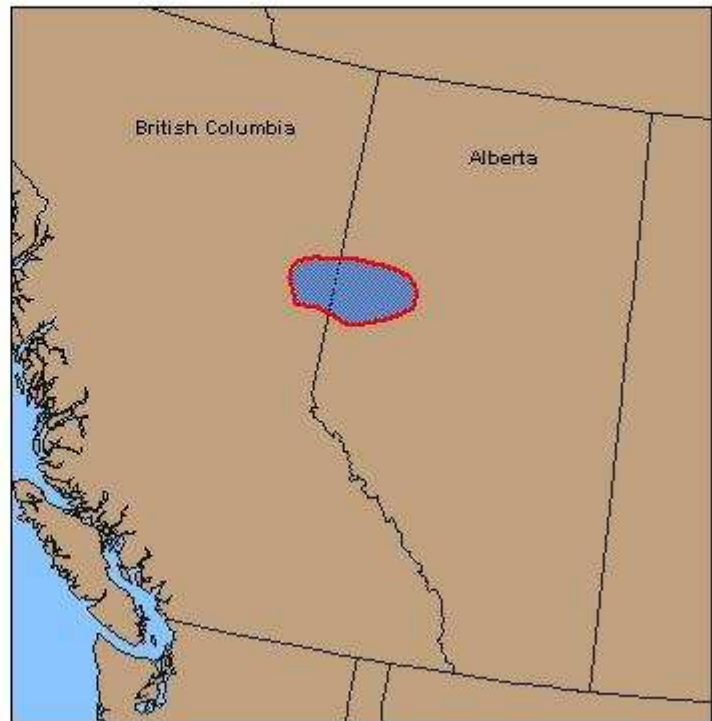


- Drill 80 Cretaceous wells
- Drill 8 Devonian wells
- Expand into British Columbia (Drill 10 wells)
- Continue Cretaceous development at Elmworth
 - 18 well field
 - 7 to 10 MMCFD per well
 - On-stream Q2 2002

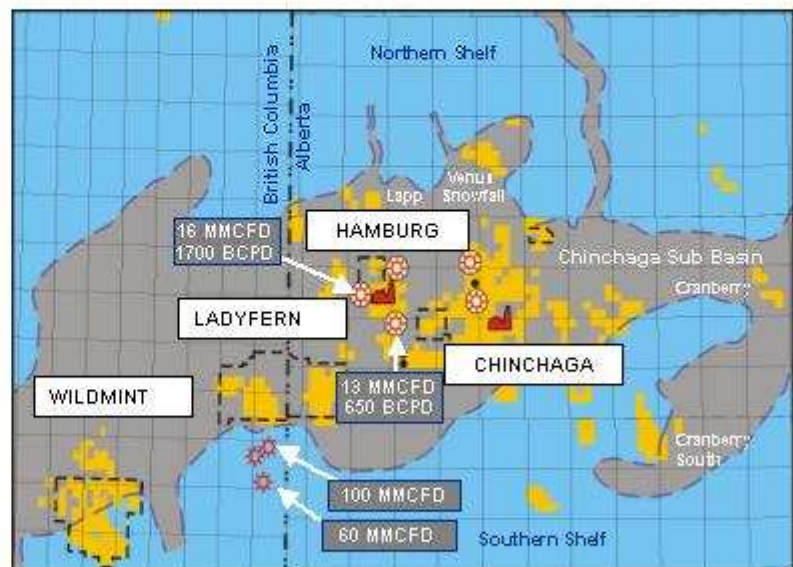


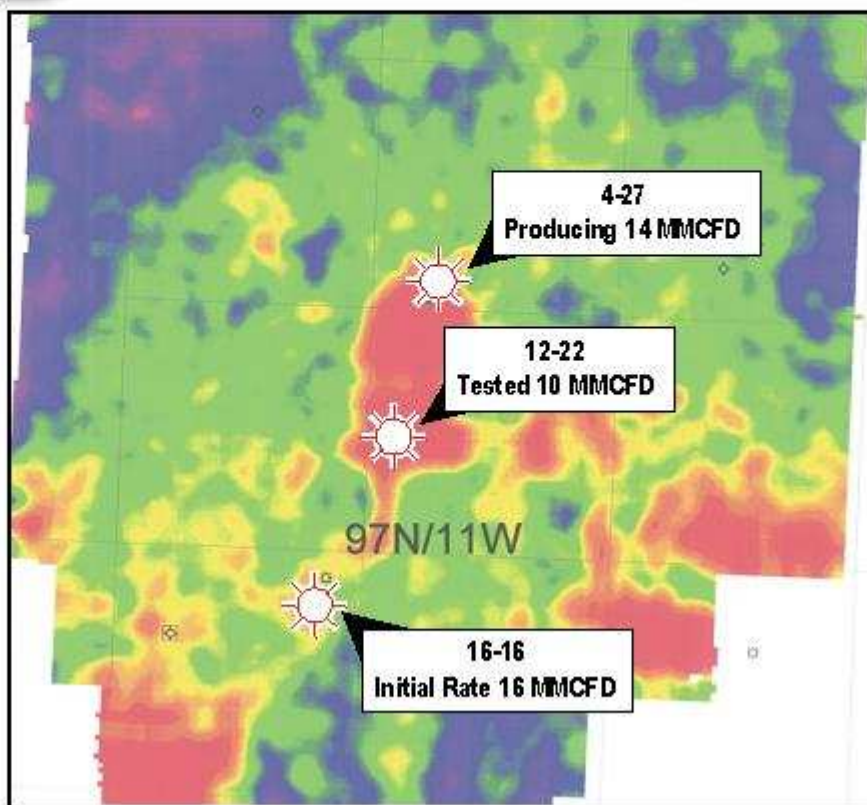


- Devonian Slave Point reefs
- Primarily winter-only access
- High-margin production
- Liquids-rich gas
- Strategic land position adjacent to significant discoveries

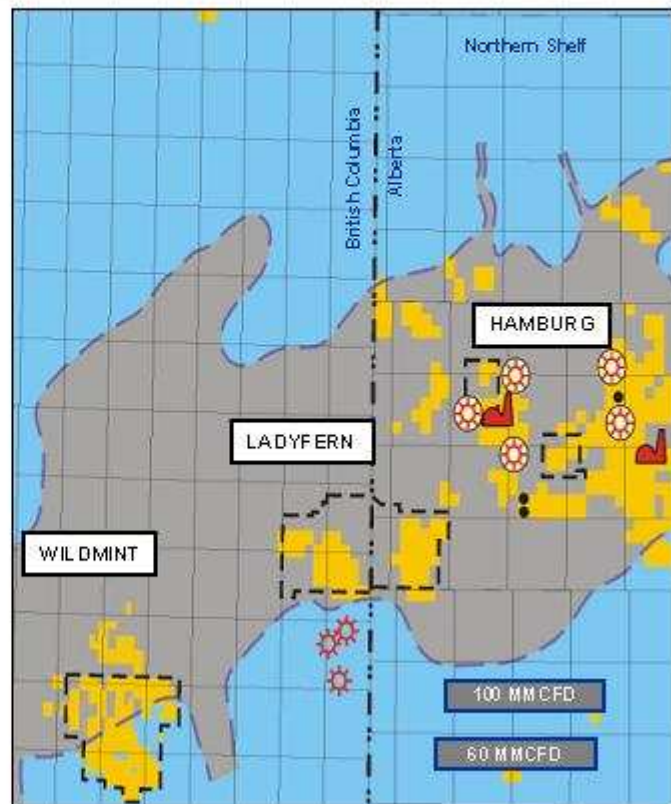


- 180,000 net acres
- 7,000' to 9,000' well depths
- 10 to 30 BCF targets
- Low operating costs:
\$2.00/BOE
- 11 wells drilled in 2001
- 80 MMCFD pipeline capacity
secured at Ladyfern





- Drill 8 high-potential wells in 2002
- Shoot 140 mi² of 3D seismic
- Evaluate results at Wildmint for future activities

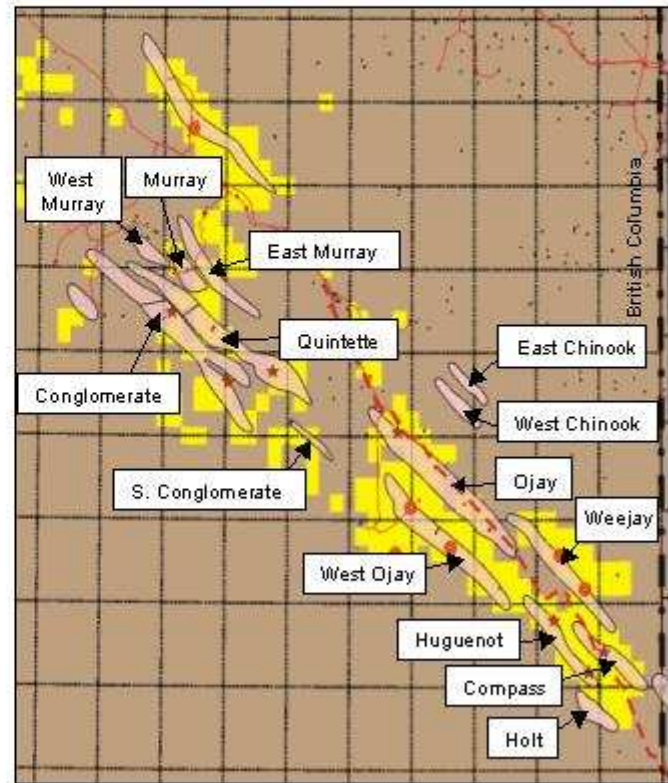


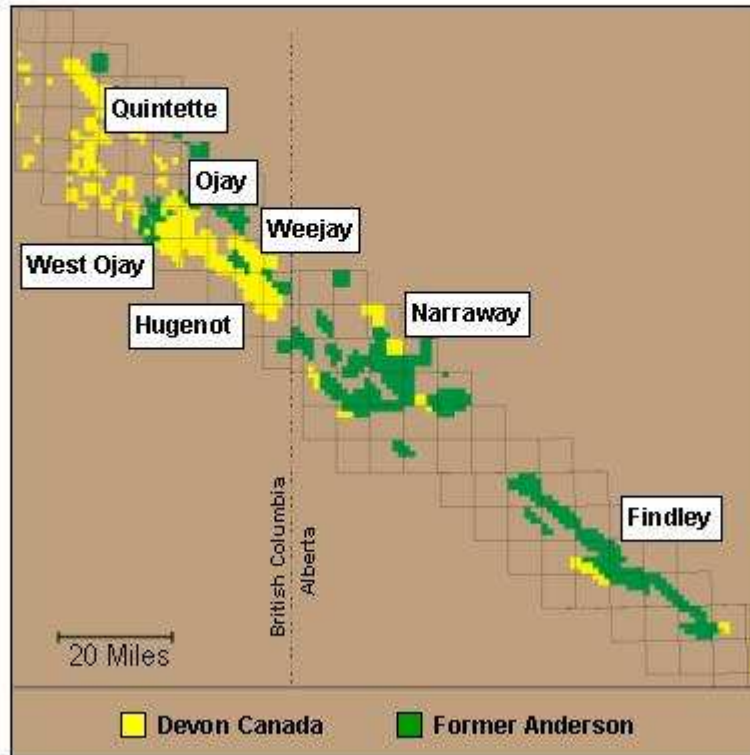


- World-class, high-impact gas exploration
- Multi-zone, sweet and sour gas
- Early entrant with low cost base
- Dominant player in high-profile area
- Significant early success

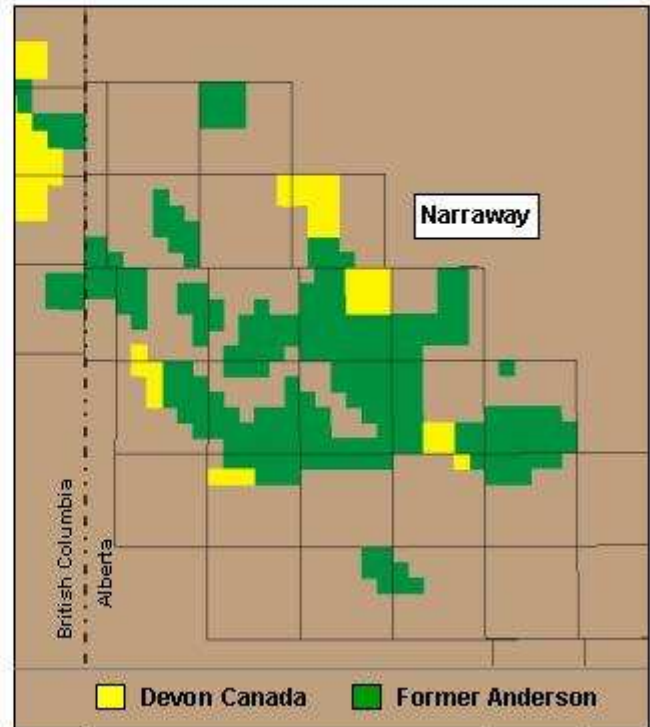


- 115,000 net acres
- 49% average WI
- Multi-zone deep gas
- 100 to 300 BCF targets
- 20 to 50 MMCFD deliverability
- 14 wells drilled: 11 successful
- > 50 MMCFD net shut-in



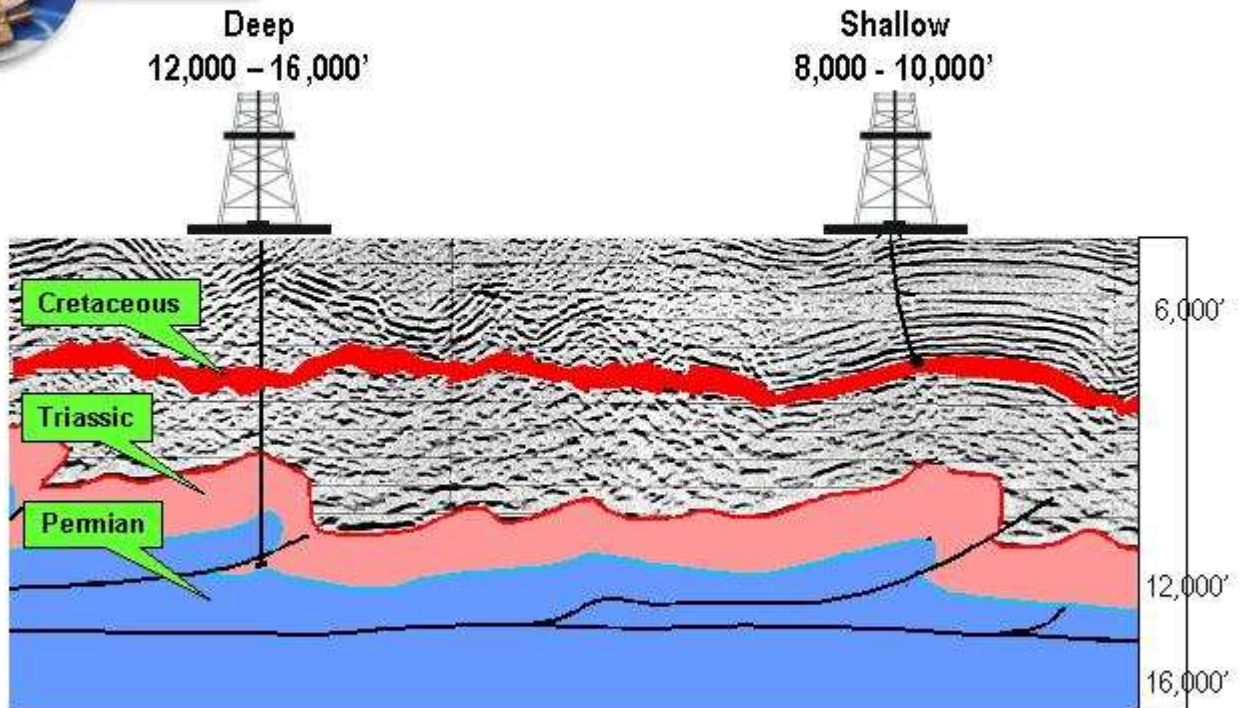


- 176,000 net acres
- 55% average WI
- Multi-zone, shallower sweet gas
- 10 to 30 BCF targets
- 15 to 40 MMCFD deliverability
- 11 wells drilled in 2001
- > 50 MMCFD net shut-in

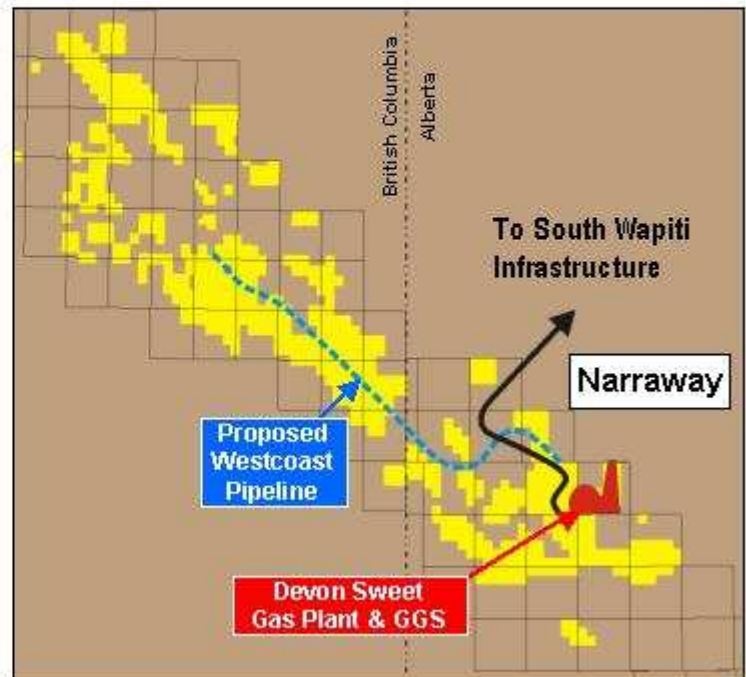


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Northern Foothills

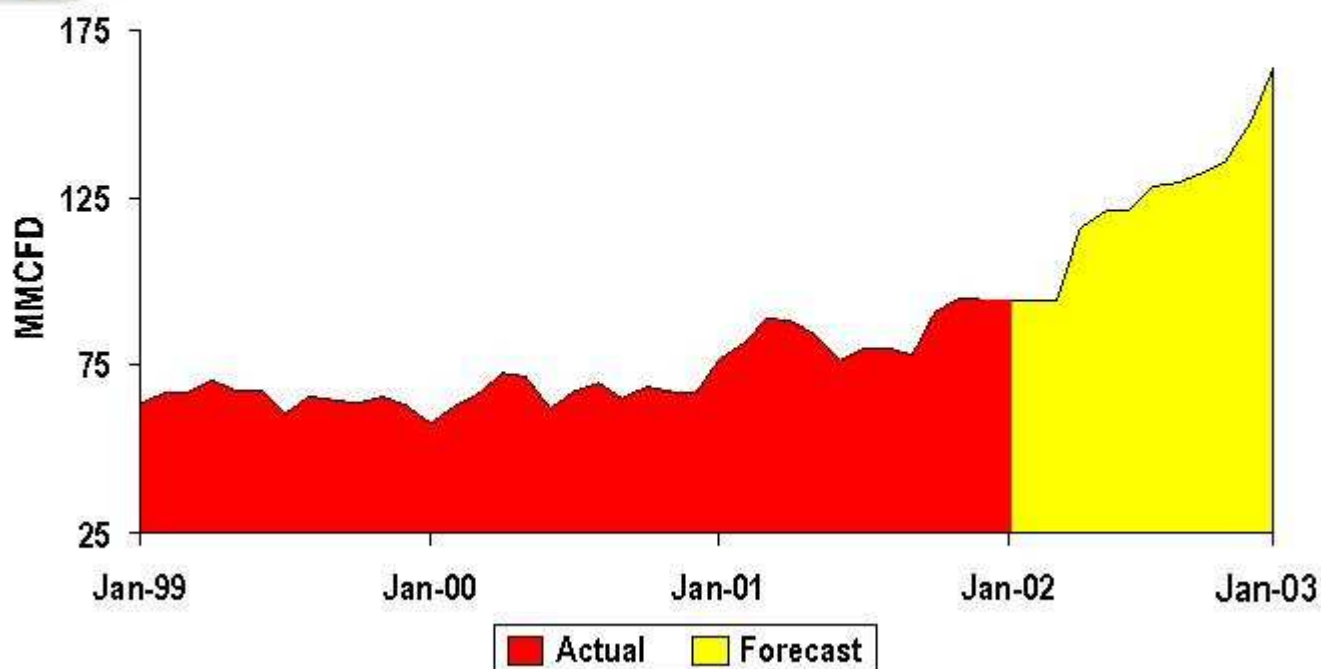


- Drill 7 deep and 10 shallow wells in 2002
- Complete infrastructure
 - 134 MMCFD sweet gas plant at Narraway (Q1 2002)
 - 125 MMCFD sour gas pipeline into Grizzly Valley (Q3 2002)
 - Extend sour gas pipeline into Narraway (Q2 2003)



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Northern Foothills - Production

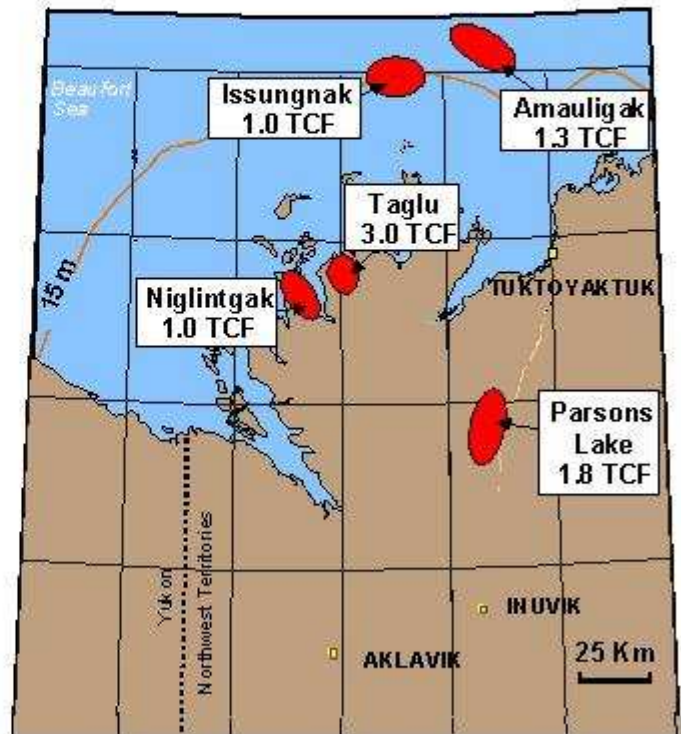


Note: Pro forma data for the combination of Anderson.

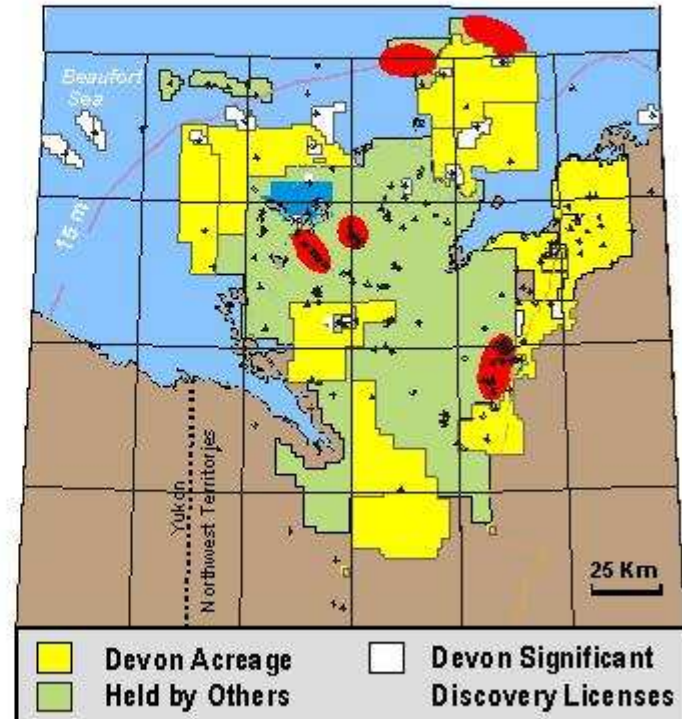
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- Five (1 to 3 TCF) fields discovered by industry
- NEB estimate for area: 64 TCF
- No developed infrastructure



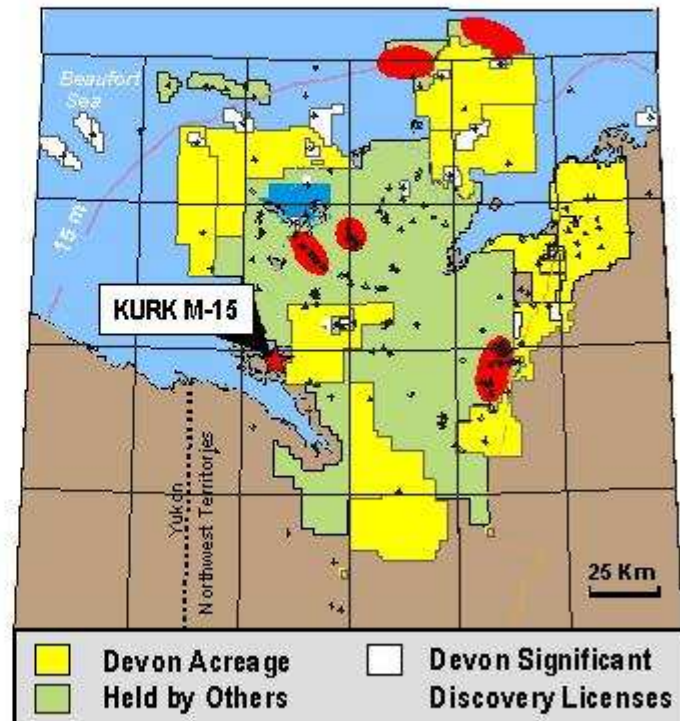
- Largest land holder
 - Interest in 48% of Mackenzie Delta lands
 - 1.3 MM net acres
- Adjacent to known discoveries





- Prudhoe to Caroline
- Mackenzie Valley
- Dempster Lateral
- Offshore Proposal

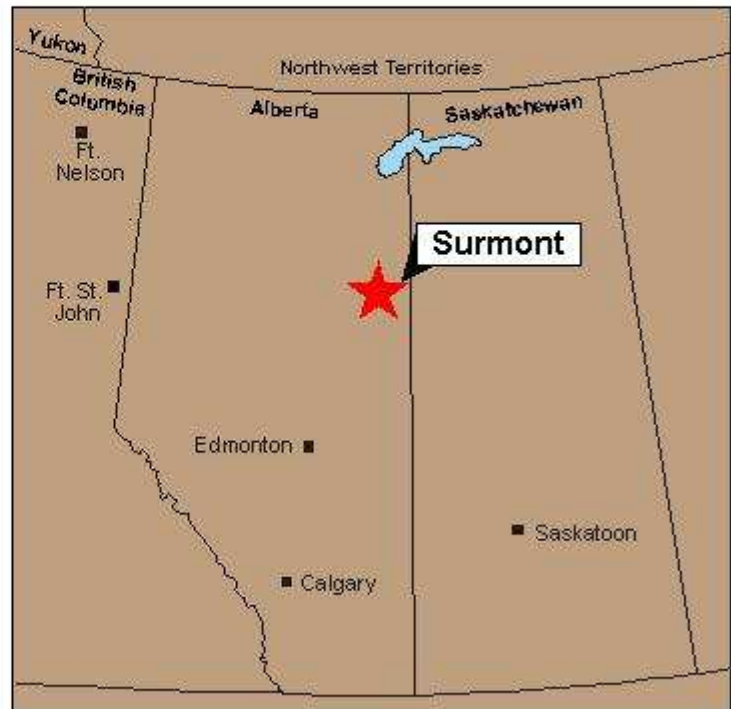
- Drill 3 wells in 2002
- Test KURK M-15 well in 2002
- Pursue farm-out opportunities
- Pursue pipeline discussions



- Long-term growth prospects
- Ownership in 3 top-quartile projects
- Large resource potential
- Long reserve life index
- Low F&D Costs



- 13% interest in Conoco's Surmont project
- Four 25,000 BOD phases
- Phase 1 start-up: 2004
- Full development by 2014
- > 1 billion BBO recoverable

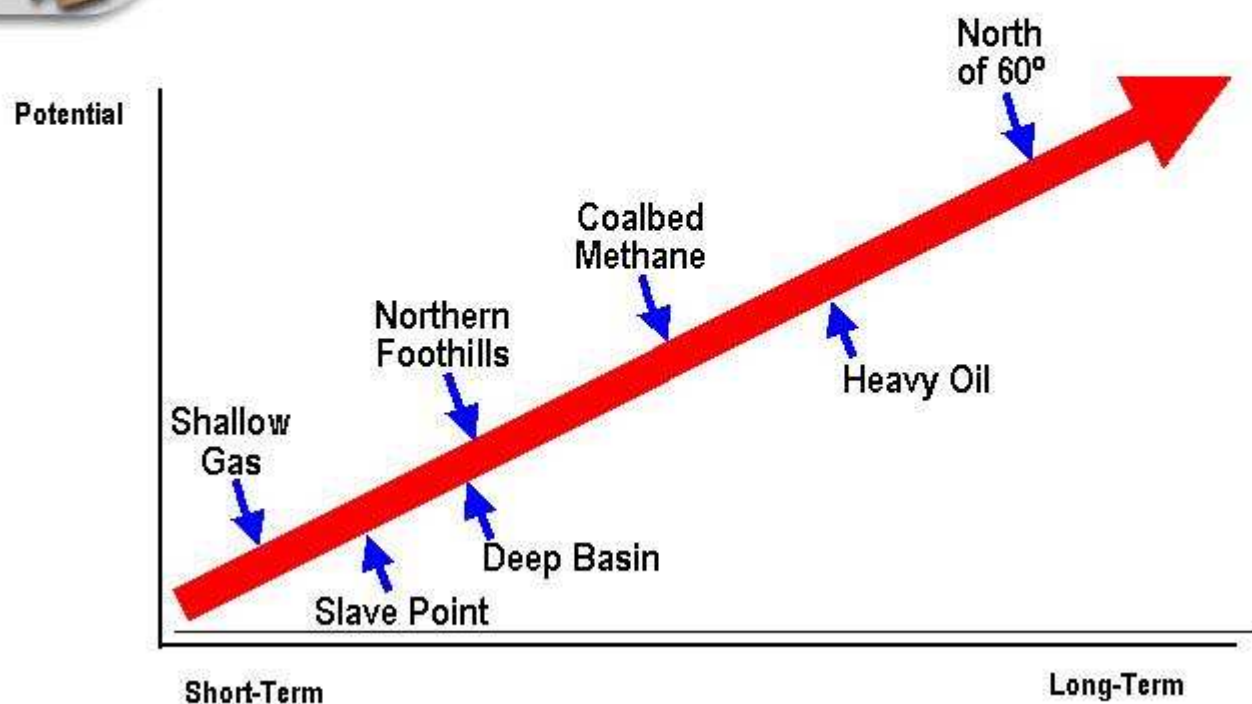


- 100% WI
- 30 strat wells in 2002
- Commercial start-ups in 2005 to 2007
- 250 to 300 MMBO recoverable/project
- Commercial production > 25,000 BOD/project



- 
- I. Canadian Industry Overview
 - II. Devon Canada Overview
 - III. Near-term Growth Projects
 - IV. Long-term/High-potential Opportunities
 - V. Summary**

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- **Large portfolio of opportunities**
 - **World-class assets with significant upside**
 - **Dominant industry player**
 - **Control of infrastructure**
 - **Reputation for operational excellence**
-



International

David Sambrooks - VP International Division

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International Division Characteristics

- **Focused, high-impact assets**
 - **Built-in production growth from development projects**
 - **Large positions in high-potential exploration plays**
-



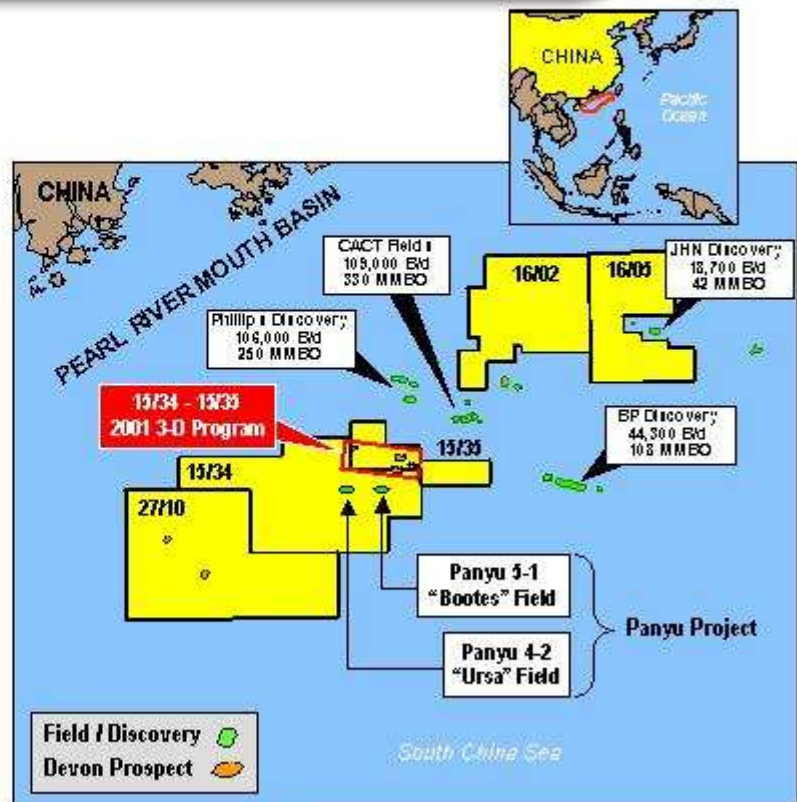
I. China

II. West Africa Exploration

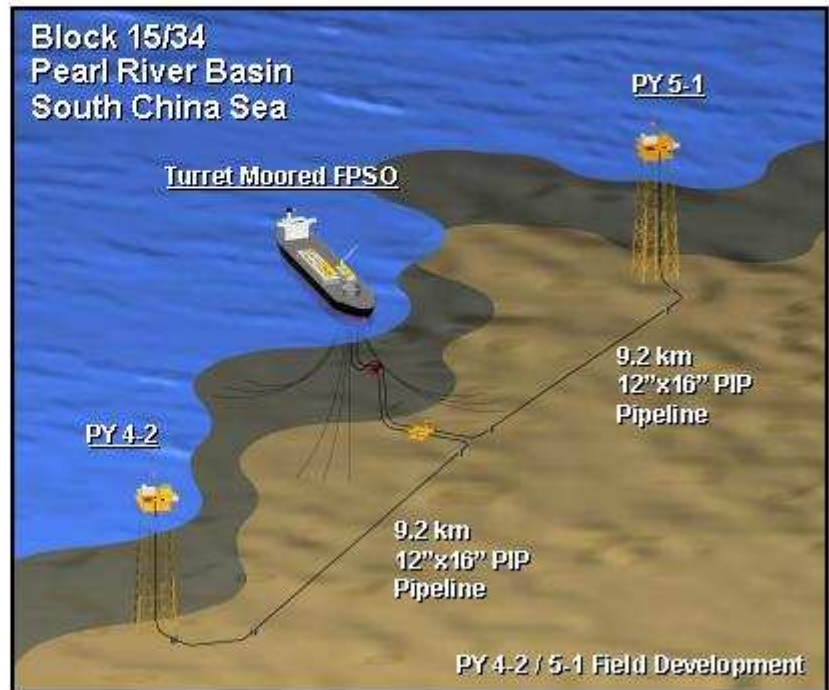
III. Azerbaijan - ACG Field

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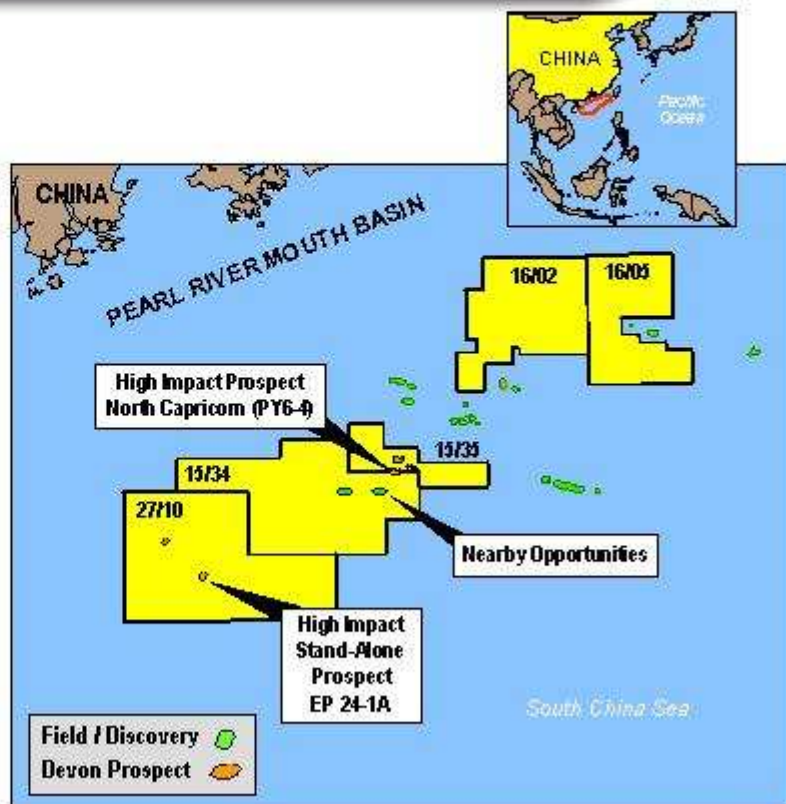
- Devon's Interest:
 - Exploration: 50%
 - Development: 24.5%
- Operator: Devon
- 2,400,000 net acres
- Favorable operating environment
- 2002 Plans:
 - Drill 2 exploration wells
 - Develop Panyu Project



- Two platforms & pipelines to leased FPSO
- First production expected in late 2003
- Gross reserves: 82 MMBO
- Attractive economics; project payout 1.5 years from first production

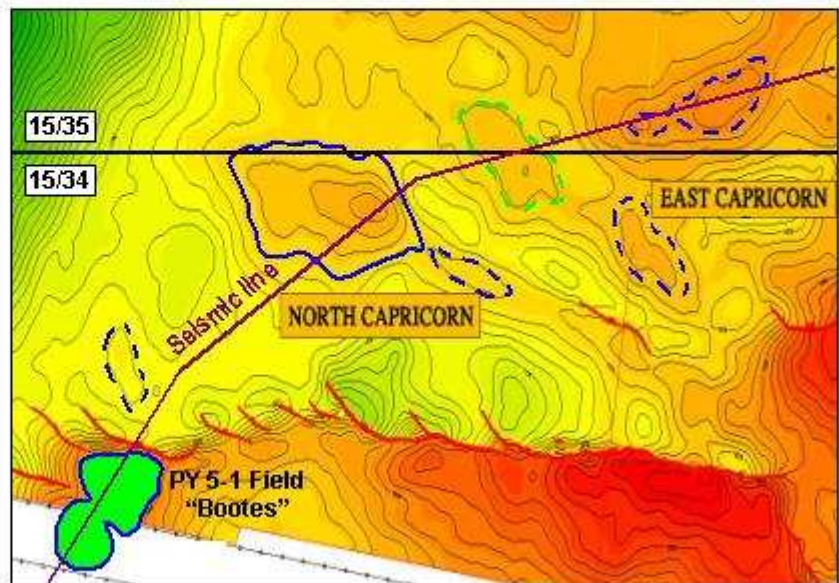


- Total exposure of > 1 BBO
- Nearby exploration opportunities
- High impact stand-alone prospects

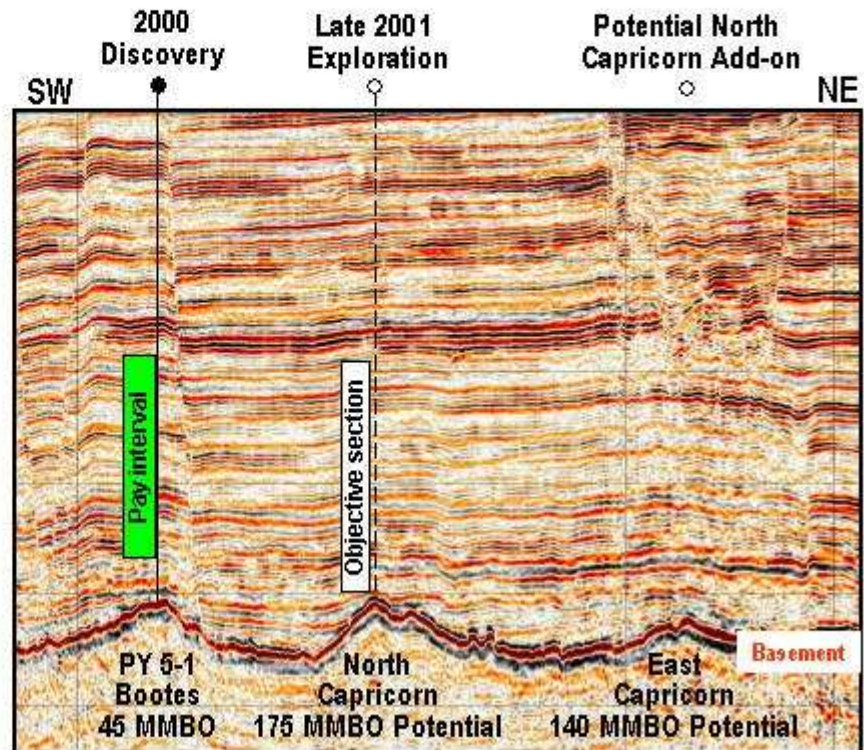


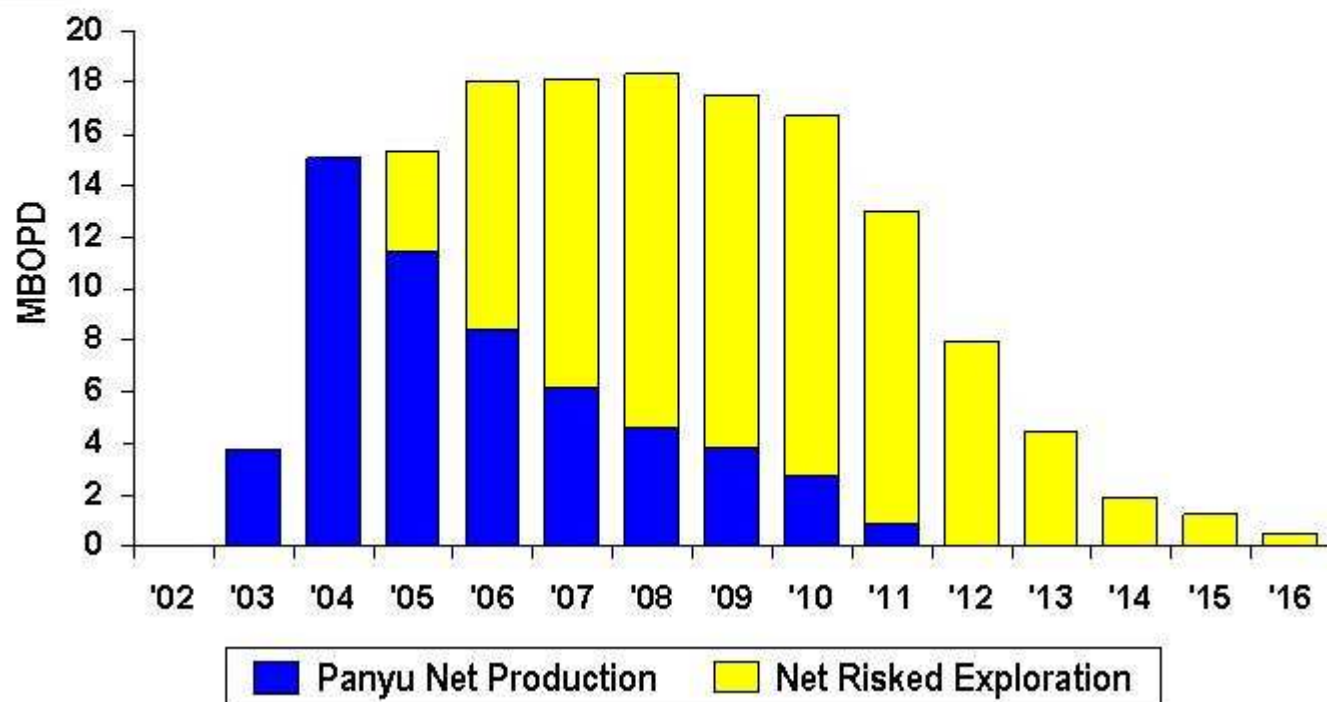
North Capricorn Prospect Blocks 15/34 & 15/35

- Panyu 5-1 analog
- 3D seismic coverage
- Reserve potential:
 - Gross: 175 MMBO
 - Net: 36 MMBO
- Numerous follow-ups



- Blocks 15/34 & 15/35
- Basement Drape Play:
 - Most successful play in basin
 - Proven at Panyu 5-1
 - Look-a-like at East Capricorn
 - Excellent prospect/ play economics







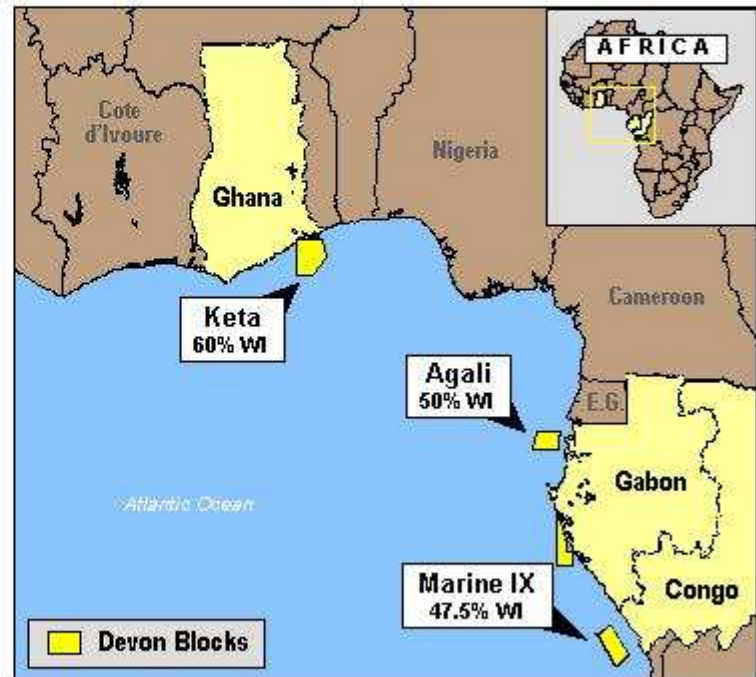
I. China

II. **West Africa Exploration**

III. Azerbaijan - ACG Field

devon

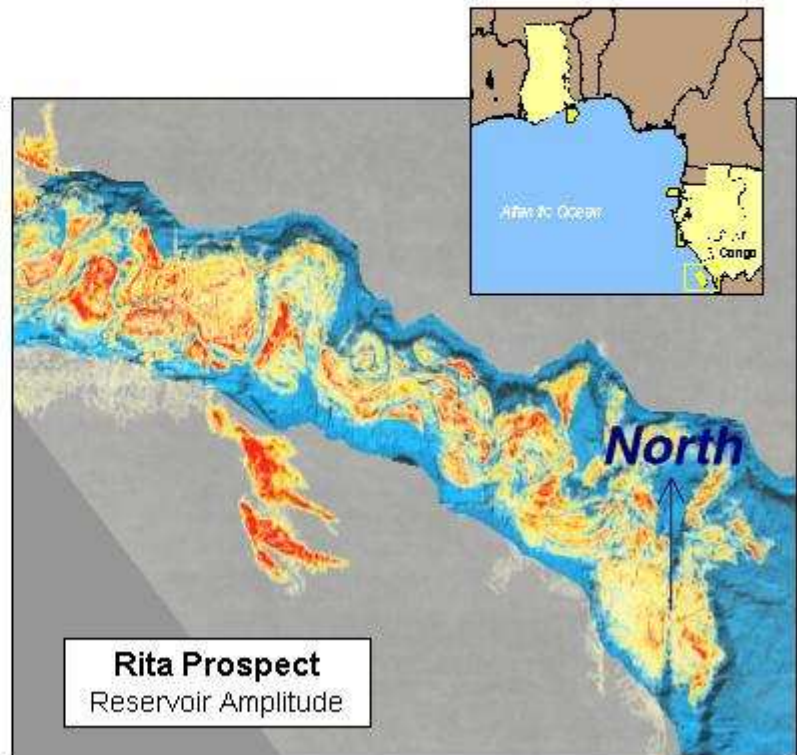
- High impact projects
- Significant working interest
- Larger reserve potential
- Multiple prospects / play types
- In or near producing basins
- Attractive contract terms



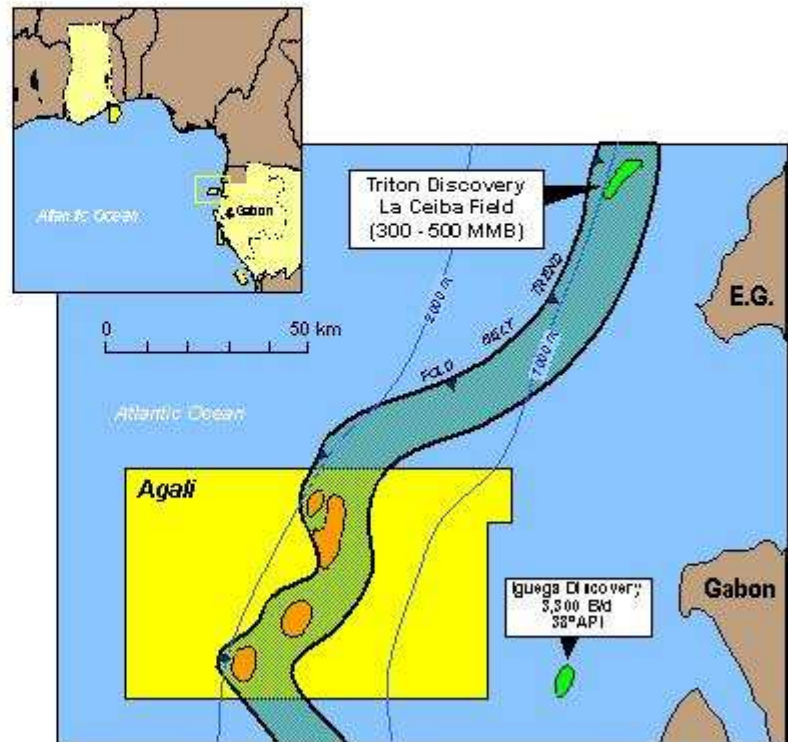


- **Leverage Technology**
 - Utilize 3D imaging technologies to map distribution of reservoirs
 - Focus on basins with geology that support the seismic identification of reservoirs and fluids
 - **Operate in the proven technology window**
 - **Strategic partnering**
-

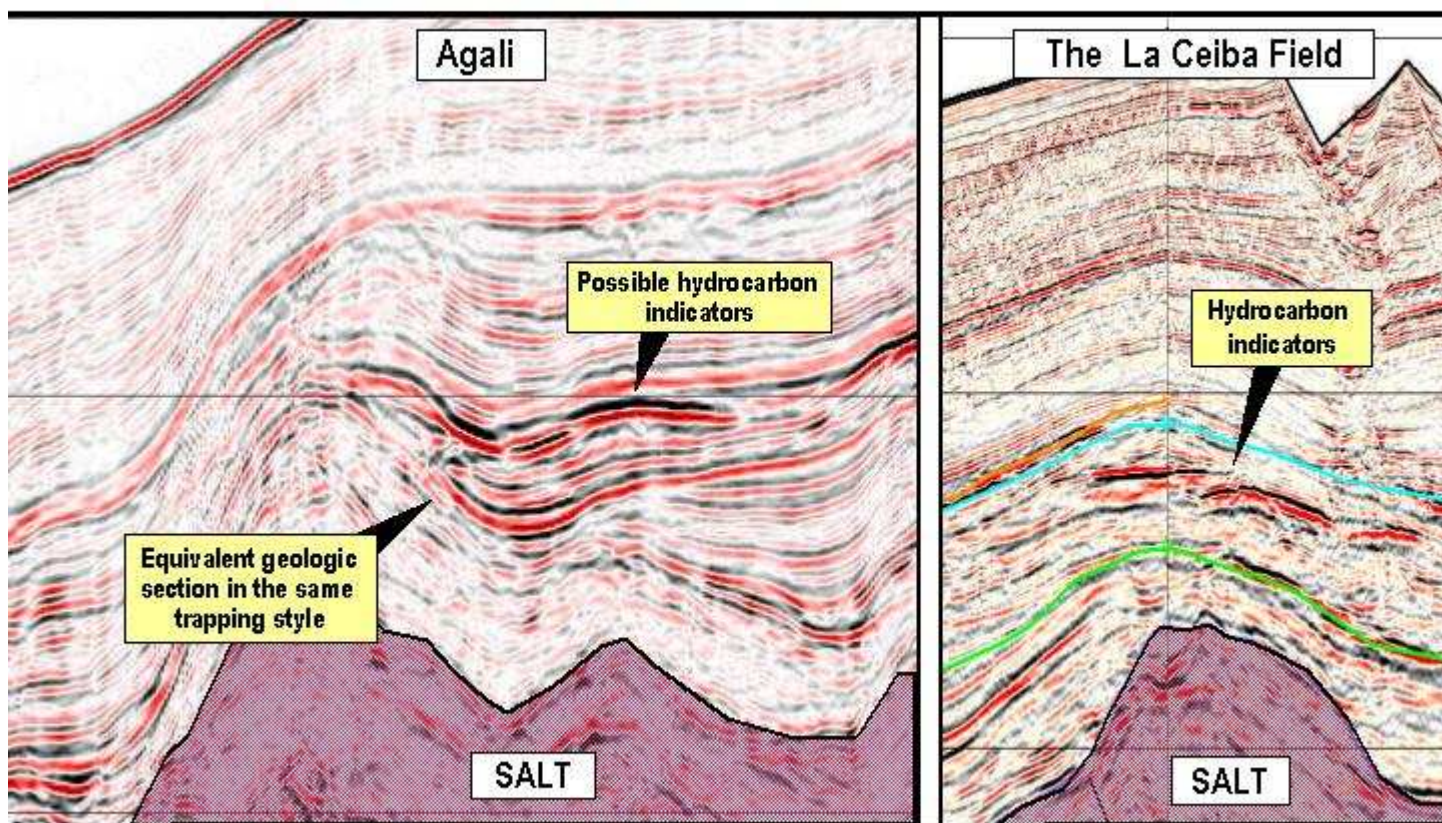
- 47.5% WI
- 98,000 net acres
- 285 MMBO gross target
- Drill exploration well in early 2002



- 50% WI
- 546,000 net acres
- 300+ MMBO gross target
- Multiple play types
- Evaluating seismic to identify drilling location
- Drill exploration well in late 2002



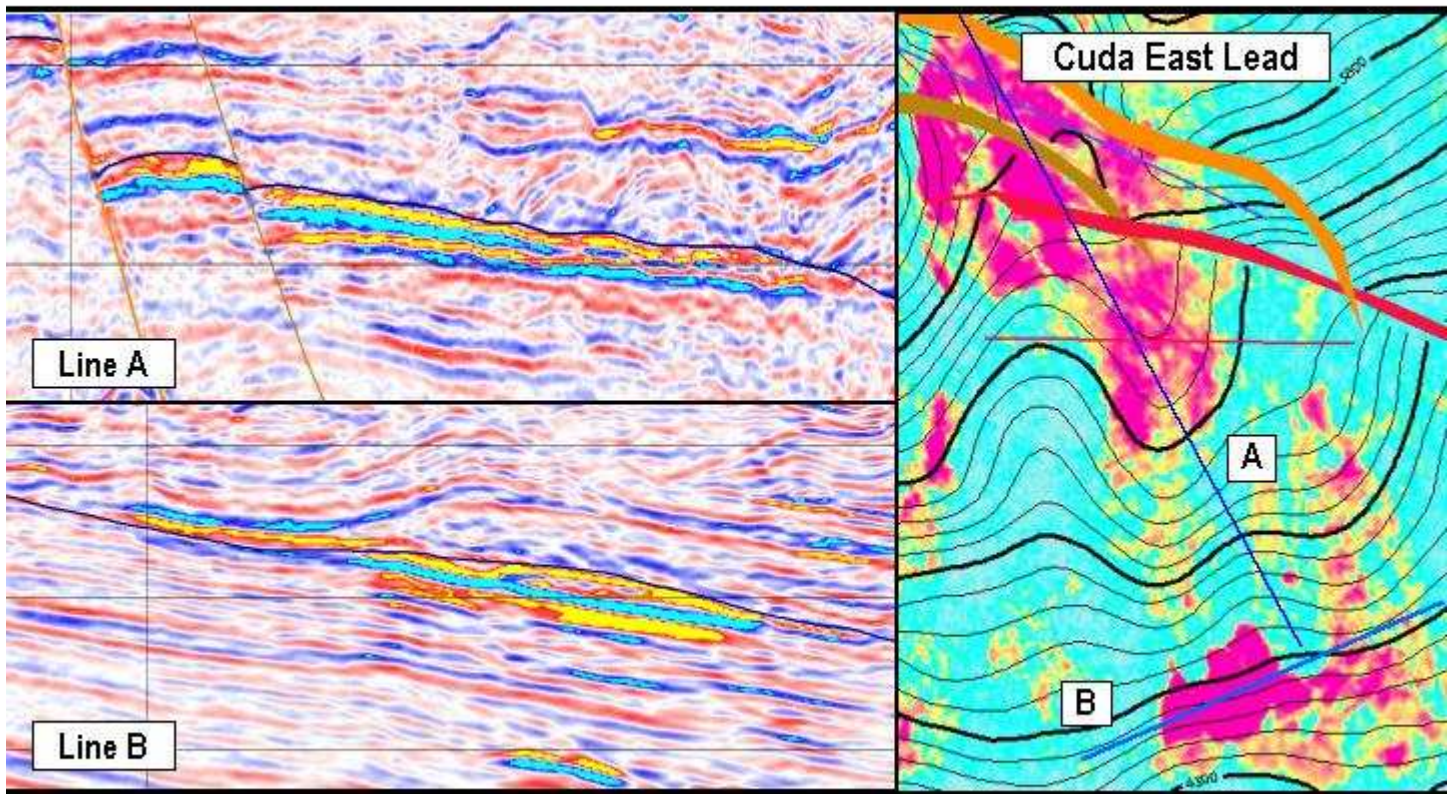
Agali - Gabon



- 60% WI
- 1,565,000 net acres
- 250+ MMBO gross target
- Multiple prospects
- Evaluating seismic to identify drilling location
- Drill exploration well in early 2003



Keta - Ghana





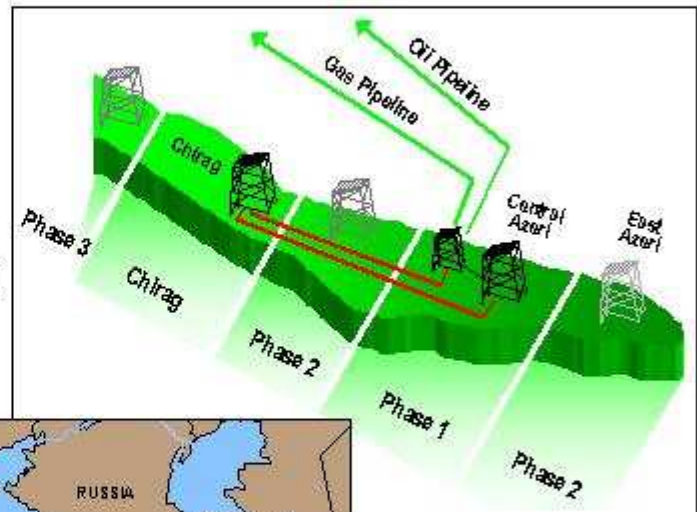
I. China

II. West Africa Exploration

III. Azerbaijan - ACG Field

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- 5.63% carried interest
- Operator: BP
- Current production: 130 MBOD (gross)
- Gross proven reserves: 4.2 BBO
- Ultimate gross potential: >6 BBO
- Field development in three phases commencing in 2002



- **Built-in production growth from development projects**
 - Panyu development in China
 - ACG Unit in Azerbaijan
 - **Large positions in high-potential exploration plays**
 - Four significant wells in 2002
-



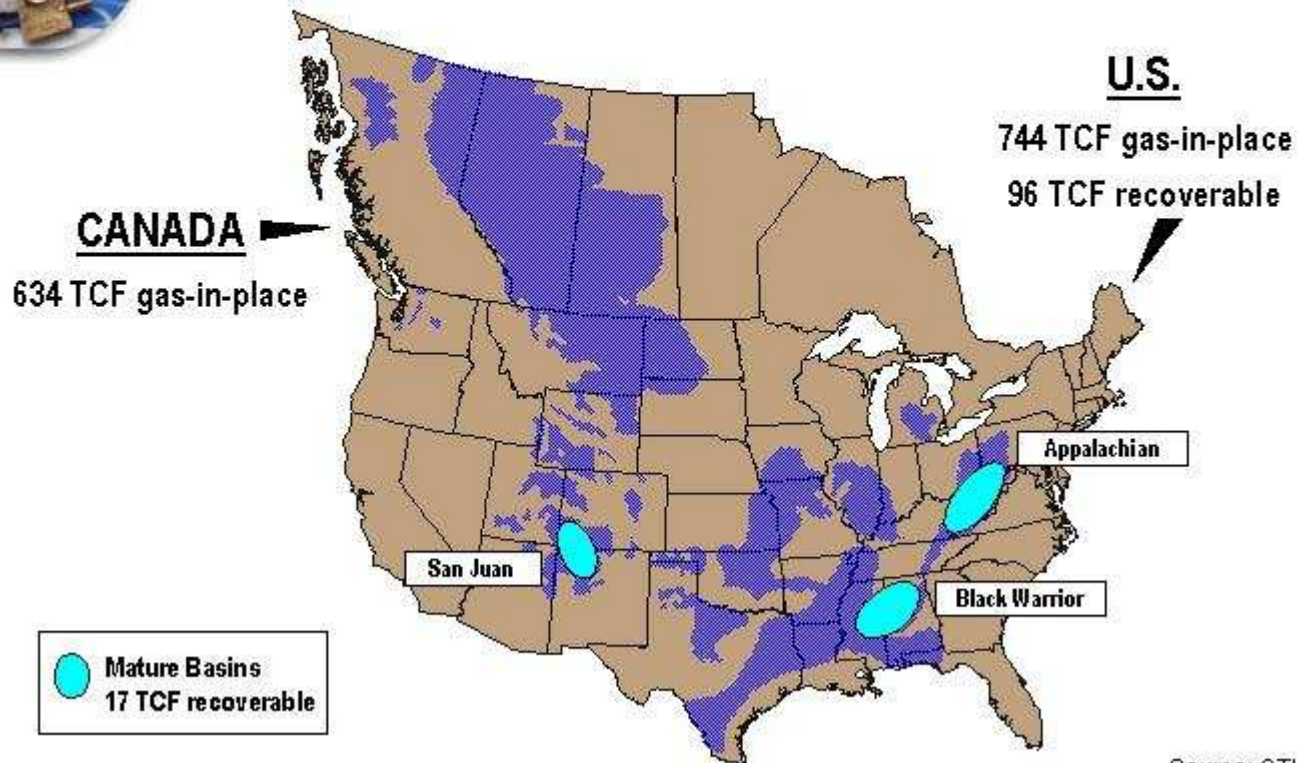
Coalbed Methane

Don DeCarlo - VP Rocky Mountain Division

devon

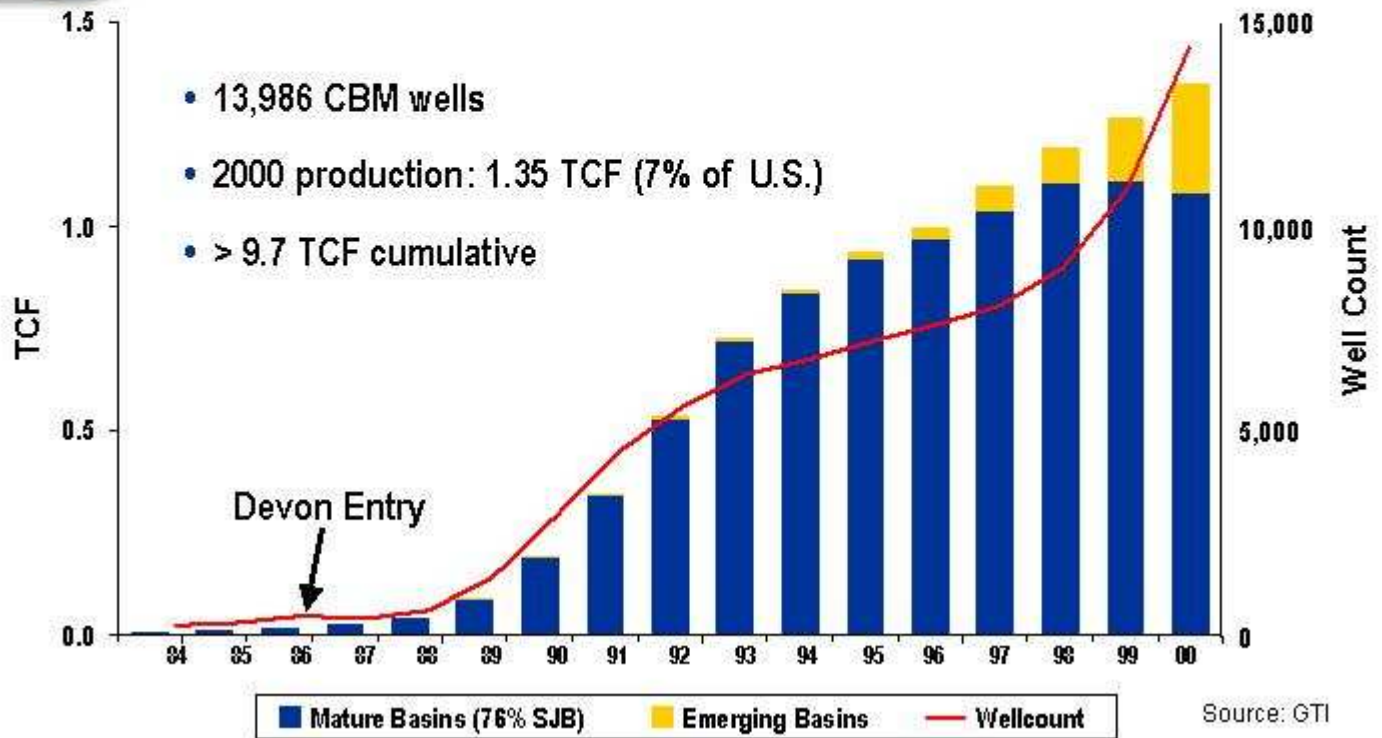
- 
- I. **North American CBM Resources**
 - II. **Devon's Producing CBM Projects**
 - III. **Devon's Future CBM Projects**

devon

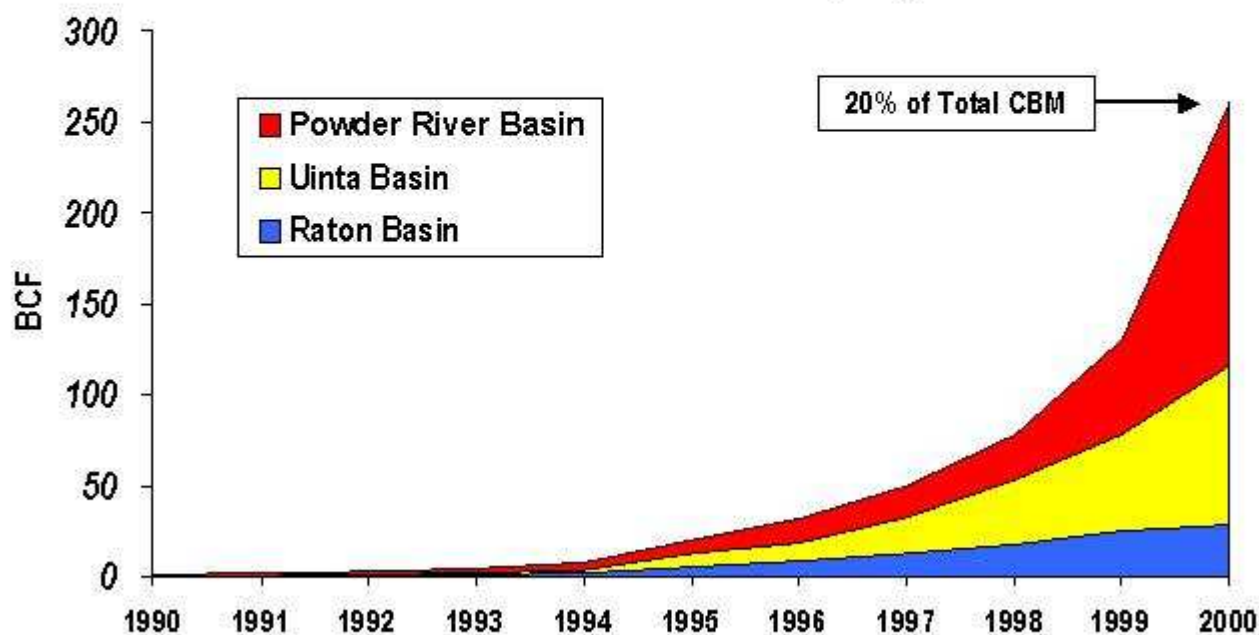


Source: GTI

Coalbed Gas Production from U.S. Lower-48 Basins (TCF)



Coalbed Gas Production from 3 Emerging U.S. Lower-48 Basins (BCF)

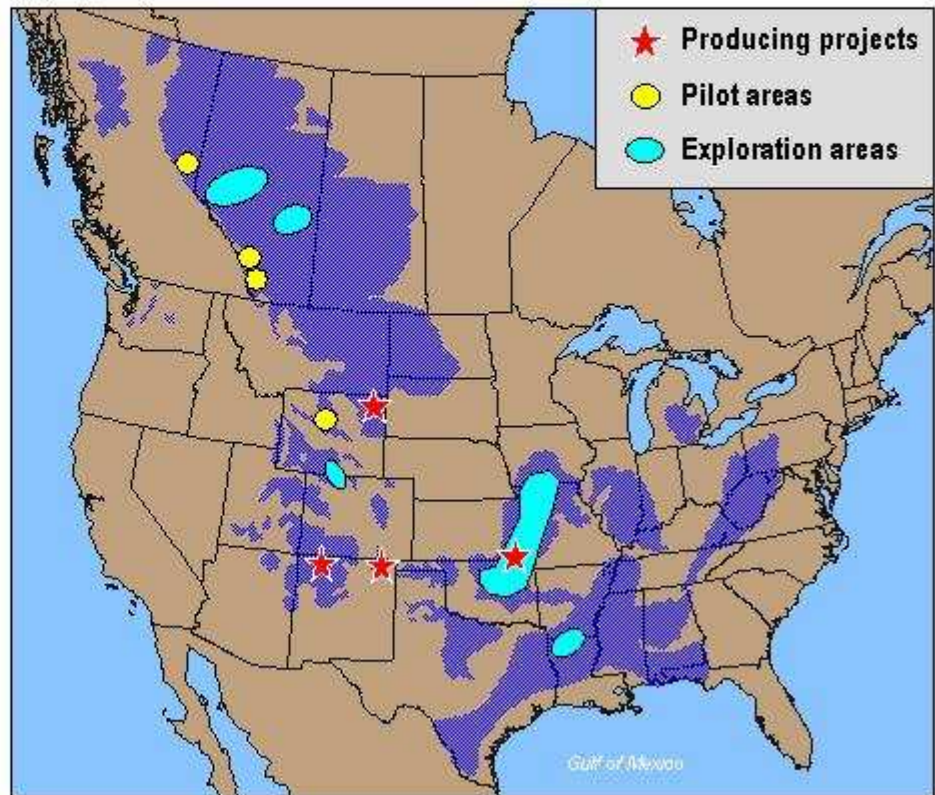


Source: GTI

- 
- I. North American CBM Resources
 - II. Devon's Producing CBM Projects**
 - III. Devon's Future CBM Projects

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- Producer since 1986
- 173 MMCFD net
- Cum > 272 BCF net
- Over 1,900 CBM wells
- 4 producing projects
- 4 active pilot areas
- 5 exploration areas





Coalbed Methane Project Comparison



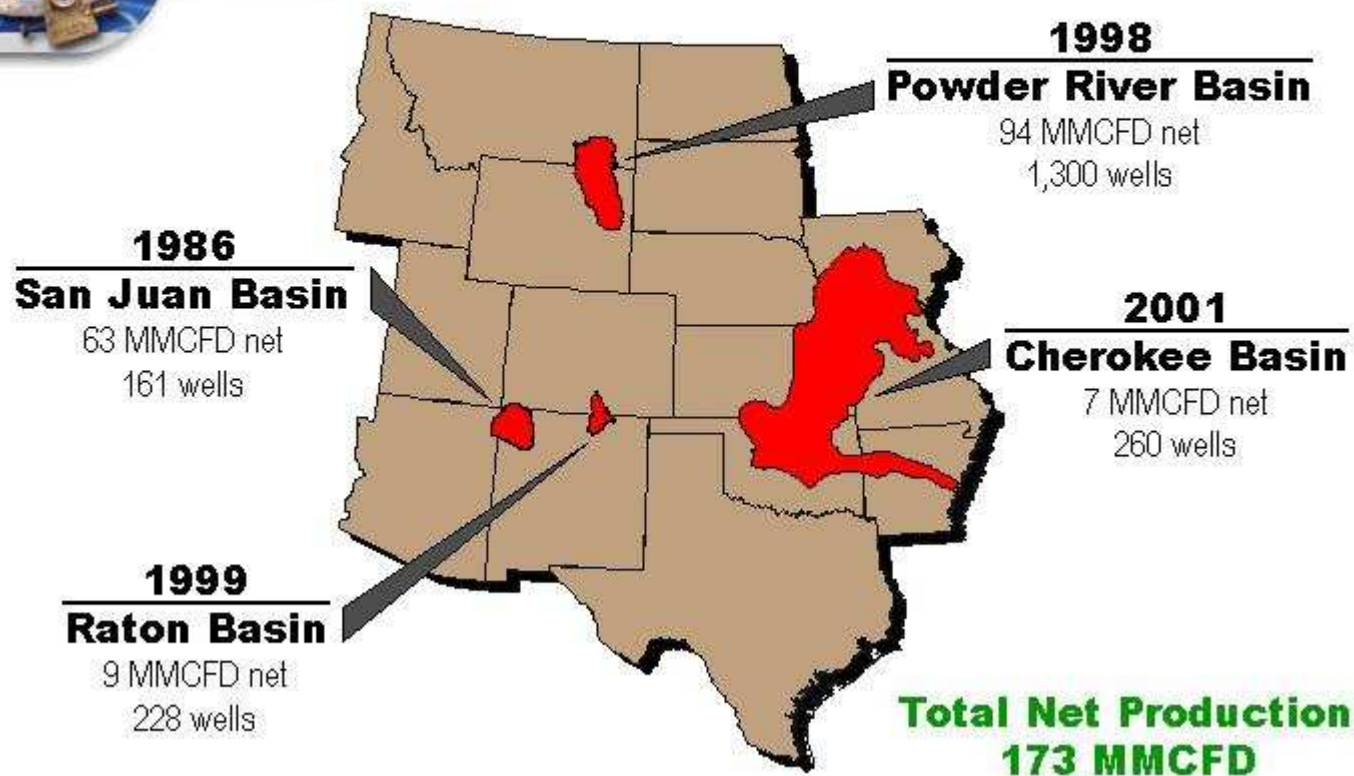
		Avg. Depth (ft.)	Thickness (ft.)	Gas Content (Scf/Ton)	Net Remaining Potential (Tcf)
Projects					
Producing	San Juan	3,300	48	550-750	0.2
	Powder River Basin	1,000	80	30-75	1.0
	Raton	2,000	24	300-500	0.5-1.0
	Cherokee	1,100	10	200-650	0.5-1.0
Pilots	Wind River	3,000	52	200-400	?
	Monkman	3,300	45	300-500	?
	Goldcreek/Livingston	1,500	53	300-600	?

> 2.0 TCF

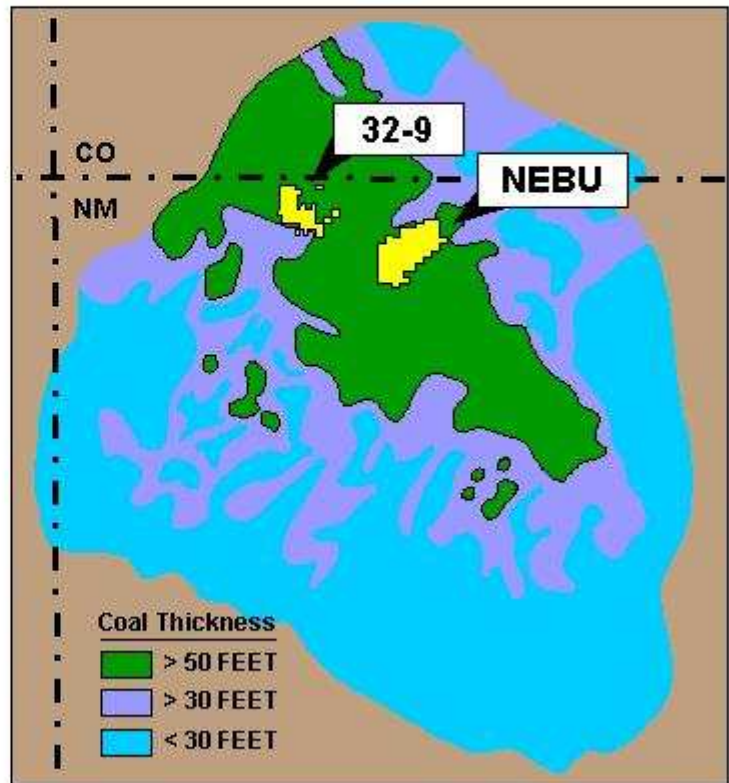
Booked To Date = 0.6 TCF



Devon Producing CBM Projects



- 1st CBM production (1986)
- Stable production
- Long reserve life: R/P > 10 years
- High operating margins

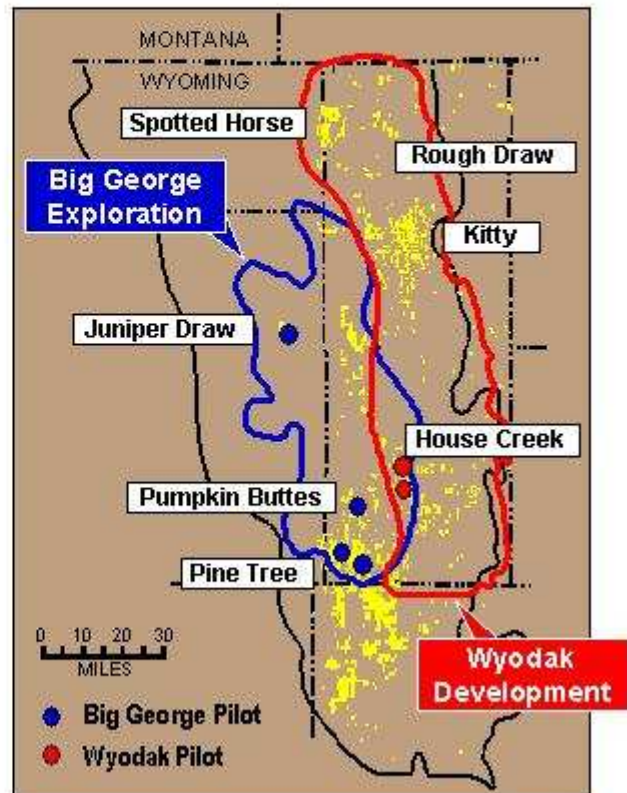




Importance of San Juan Basin

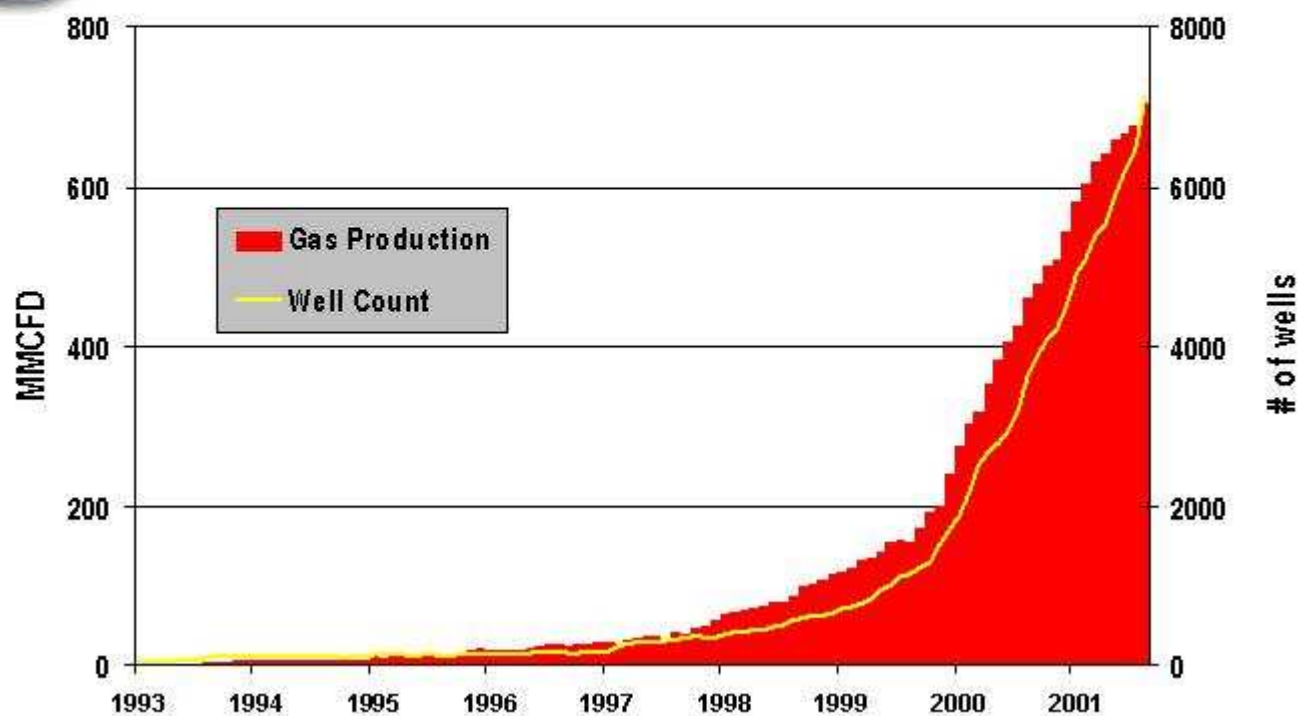
- **1st western basin with CBM production (> 8 Tcf gross)**
 - **Devon's 1st CBM production (cum > 236 Bcf net)**
 - **Confidence in producing characteristics**
 - **Established completion technology**
 - **Experience with production enhancements**
-

- > 250,000 net acres
- High working interest (>75%)
- >1.0 Tcf net target
- Increasing volumes
- 2,500 additional locations
- Own infrastructure (Thundercreek)



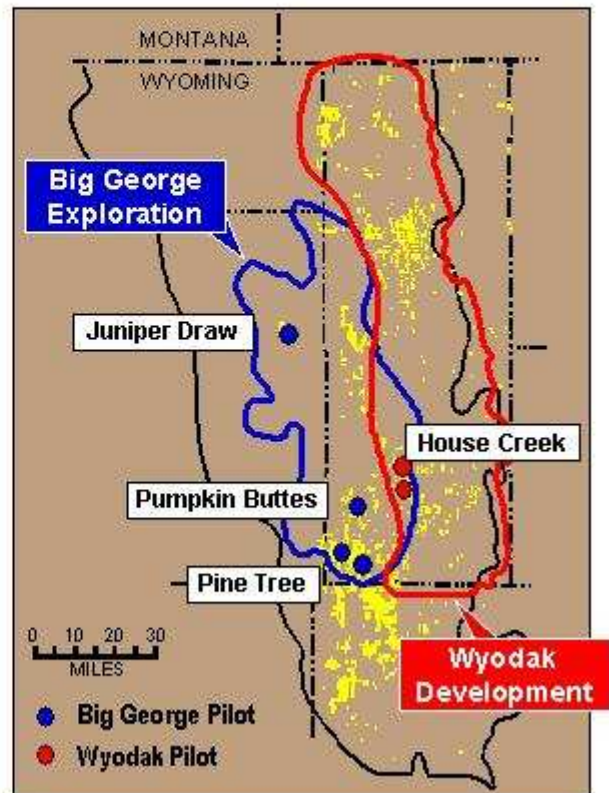
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Total Powder River Basin CBM



- **Drilled 449 gross wells (\$40 MM)**
 - **Success with discharge permits**
 - **Obtained 190 federal drilling permits**
 - **Operated production > 100 MMCFD**
 - **Early production from pilots**
-

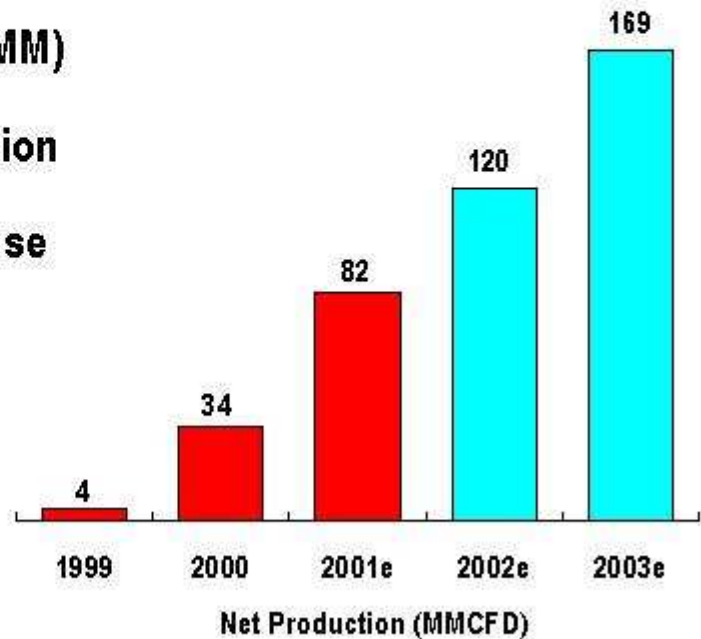
- **House Creek (Wyodak/Big George)**
 - Restricted sales of 1.4 MMCFD (16 wells)
 - Drilled 65 wells in 2001
 - Unrestricted sales 1st qtr 2002
- **Pine Tree**
 - Restricted sales of 1.1 MMCFD (21 wells)
 - 43 wells drilled by 1st qtr 2002
 - Unrestricted sales 1st qtr 2002
- **Juniper Draw**
 - 10 wells drilled
 - Permitting pilot
- **Pumpkin Buttes**
 - 18 wells by year-end
 - Pilot scheduled for 2002



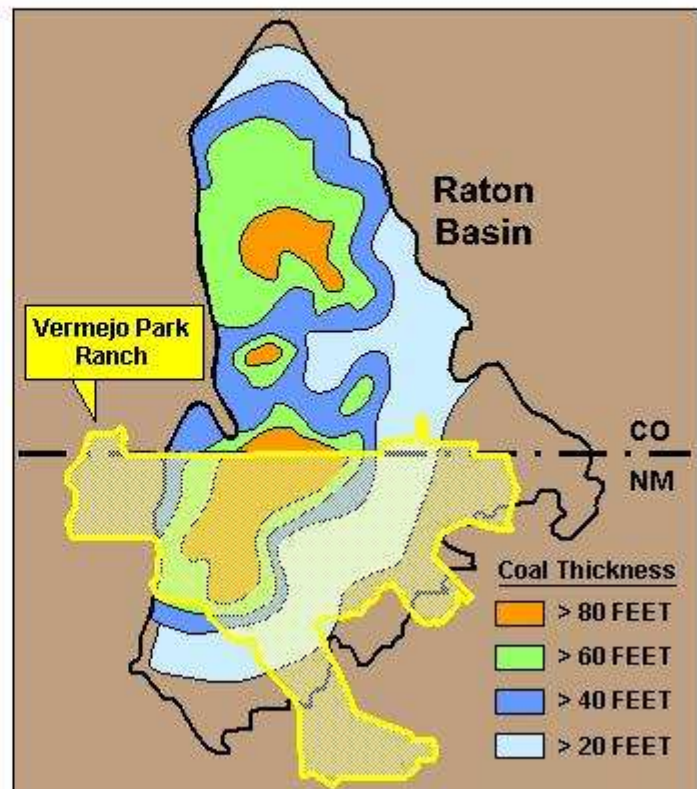


Powder River Basin CBM: 2002 Plans

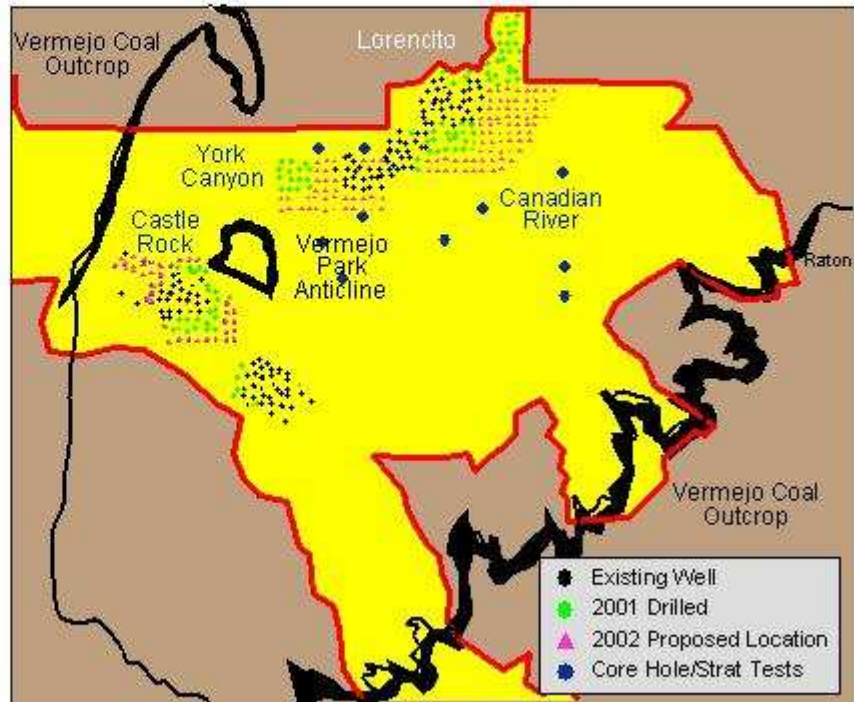
- Drill 330 gross wells (\$24 MM)
- EIS scheduled for completion
- Complete pipelines to House Creek & Pine Tree
- Start producing 2 new Big George pilots



- > 280,000 acres (minerals)
- WI=25%, NRI=42%
- 0.5-1.0 Tcf net target
- Increasing volumes
- > 800 additional locations



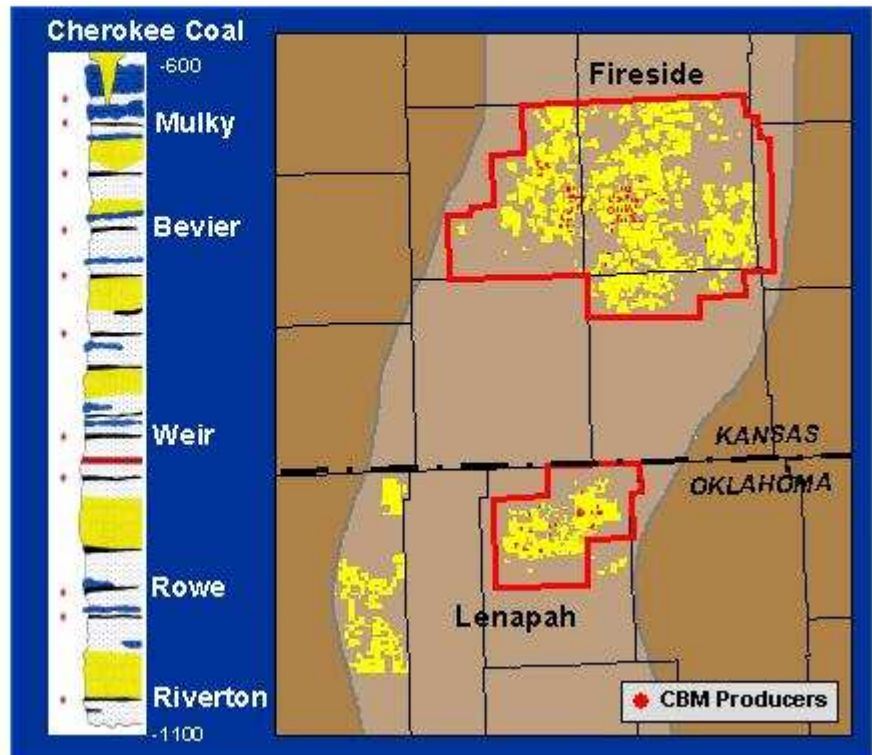
- 2001: drilled 104 wells
- Exit rate: 10 MMCFD
- 2002: 150 wells planned
- Expand infrastructure
- Volumes double in 2002





Cherokee Basin Coalbed Methane

- New CBM play
- 420,000 net acres
- Devon operated
- 100% WI
- Multiple coal seams
- Marketing advantage





Cherokee Basin CBM 2001 Highlights

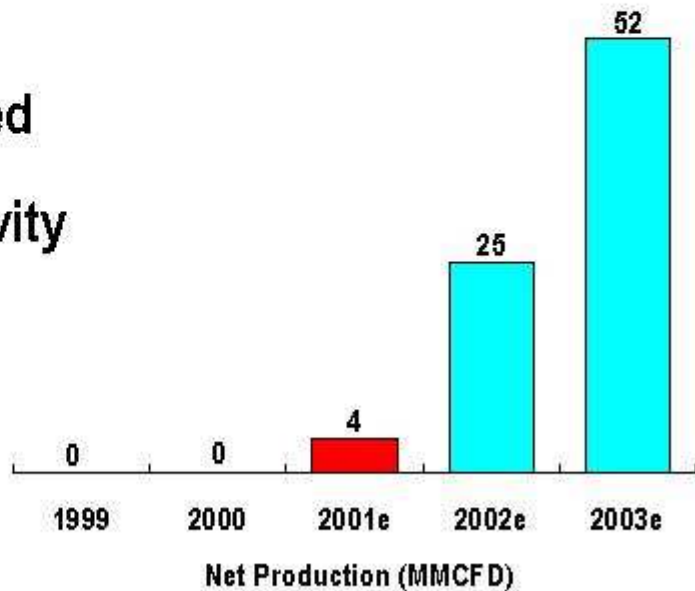


- **Established dominant acreage position (420,000 net acres)**
 - **120 new wells drilled by year-end**
 - **Building infrastructure (Tall Grass Gas Services)**
-



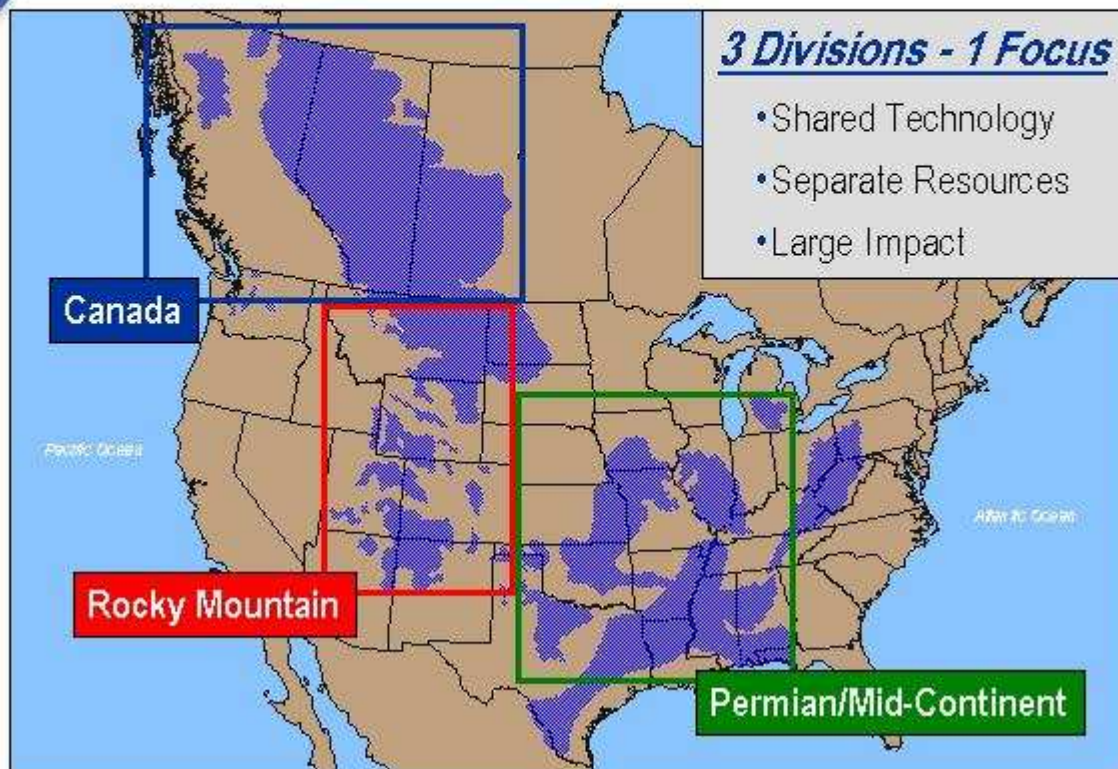
Cherokee Basin CBM 2002 Plan

- \$35 MM budgeted
- 300 - 400 wells planned
- Continue leasing activity
- Build infrastructure



- 
- I. North American CBM Resources
 - II. Devon's Producing CBM Projects
 - III. **Devon's Future CBM Projects**

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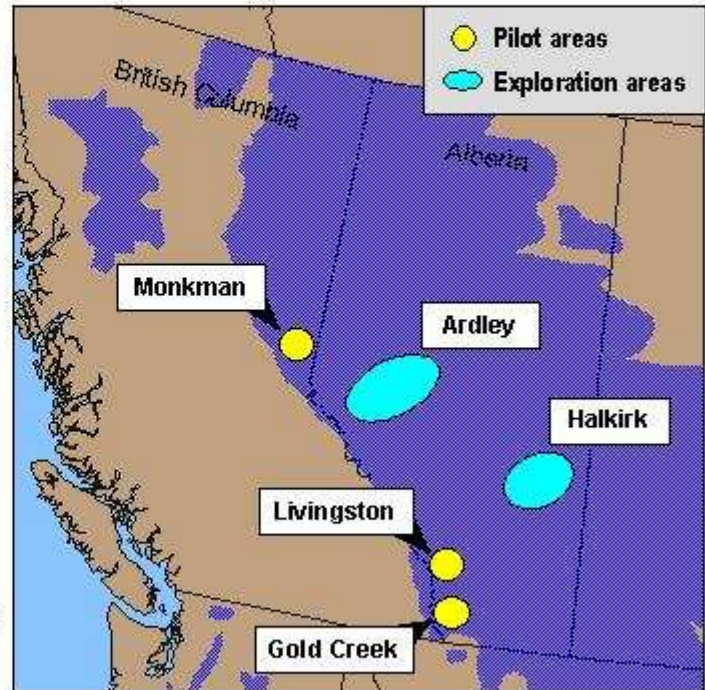


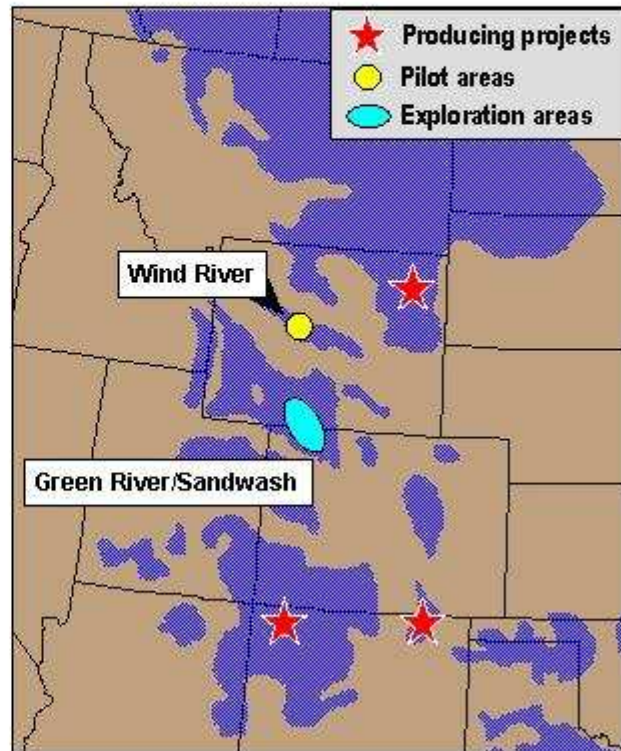
Pilot Areas

- Monkman (33,000 acres)
 - 2 CBM wells drilled in 2001
 - Expand to full pilot in 2002
- Gold Creek (11,600 acres)
 - 3 CBM wells drilled in 2001
 - Install production pilot in 2002
- Livingston (32,000 acres)
 - 4 CBM wells drilled in 2001
 - Install production pilot in 2002

Exploration Areas

- Ardley
 - Complete evaluation of prospect area
- Halkirk
 - Evaluation of 2 coal zones in 2 existing wells





Pilot Areas

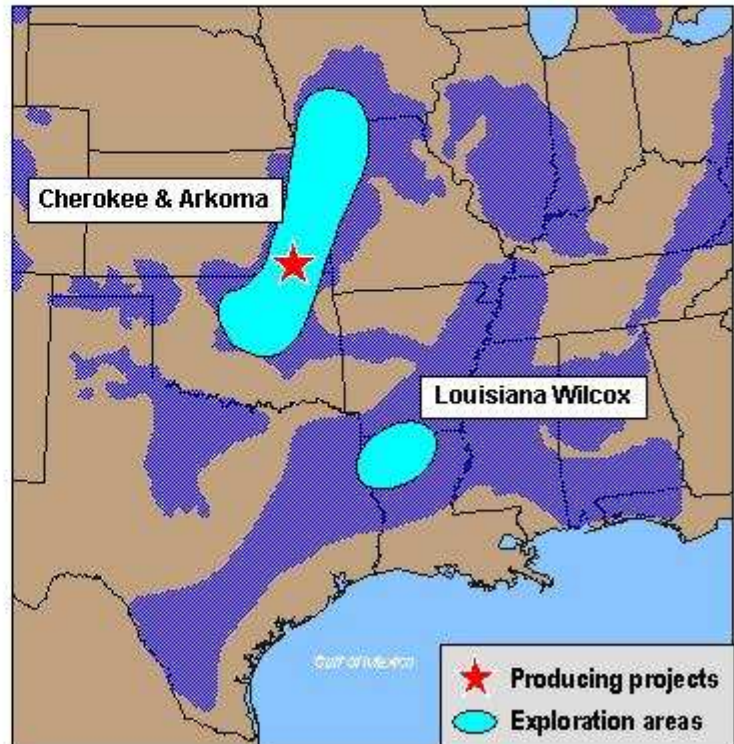
- Wind River (41,000 acres)
 - Multiple cores being acquired & analyzed
 - 2 new test wells by year-end 2001
 - 8 well pilot in 2002
 - 2 additional test wells in 2002

Exploration Areas

- Green River/Sandwash area
 - Establishing land position
 - Technical evaluation underway
 - Acquiring core by year-end 2001

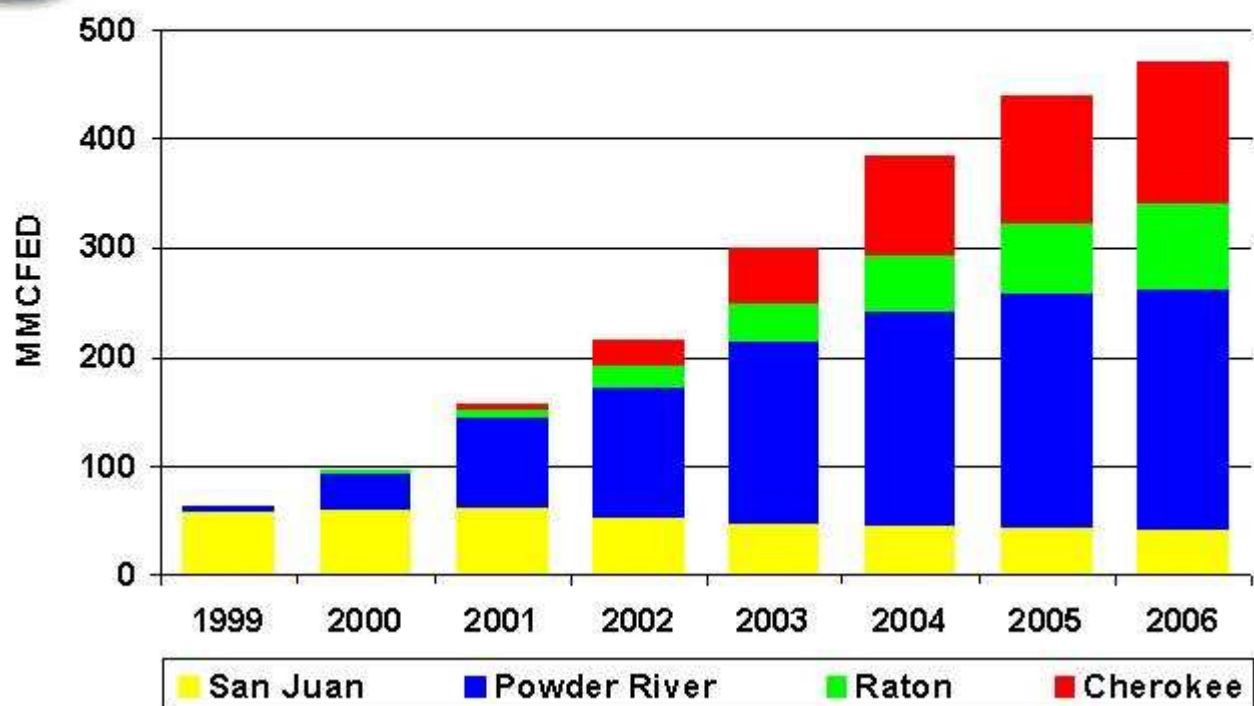
New Projects

- Louisiana Wilcox area
 - 200,000 net mineral acres
 - 1,500' - 3,000' Wilcox coal
 - 50' - 60' net coal
 - 2 test wells by Q1 2002
- Continue exploration in Cherokee & Arkoma Basins





- **San Juan Basin**
 - Continue production enhancements
 - Evaluate infill drilling
 - **Powder River Basin**
 - 330 wells
 - Expand Big George
 - **Raton Basin**
 - 150 wells
 - Continue de-watering & facility expansion
 - **Cherokee Basin**
 - 300-400 wells
 - Build infrastructure
 - **New Ventures: U.S. & Canada**
 - Multiple pilots underway
 - Lead exploration areas being evaluated
-





Summary

Larry Nichols - Chairman, President & CEO

devon

- **Complete Mitchell acquisition**
 - **Upgrade asset quality by disposing of non-core assets**
 - **Reduce debt through asset sales and cash flow**
 - **Grow production by 5%**
-



Devon's Goals

- **Preeminent North American oil and gas producer**
 - **Focused, high-impact international exploration**
 - **Strong balance sheet**
-

- Preeminent North American oil and gas producer
 - Expansive low-risk organic growth platform
 - › Coalbed methane
 - › Barnett Shale
 - › Western Canada
 - High potential exploration portfolio
 - › Gulf of Mexico
 - › Western Canada
 - › McKenzie Delta
-

- **Preeminent North American oil and gas producer**
 - **Focused, high-impact international exploration**
 - **West Africa**
 - **China**
 - **Azerbaijan**
-

- **Preeminent North American oil and gas producer**
 - **Focused, high-impact international exploration**
 - **Strong balance sheet**
 - Enhance cash flow with expanded hedge position
 - Fund capital requirements with cash flow
 - Repay debt with divestiture proceeds
-



Devon's Goals

- Preeminent North American oil and gas producer
- Focused, high-impact international exploration
- Strong balance sheet

End of Filing

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