

# **Jackfish 2 Project**

## **Public Disclosure Document**

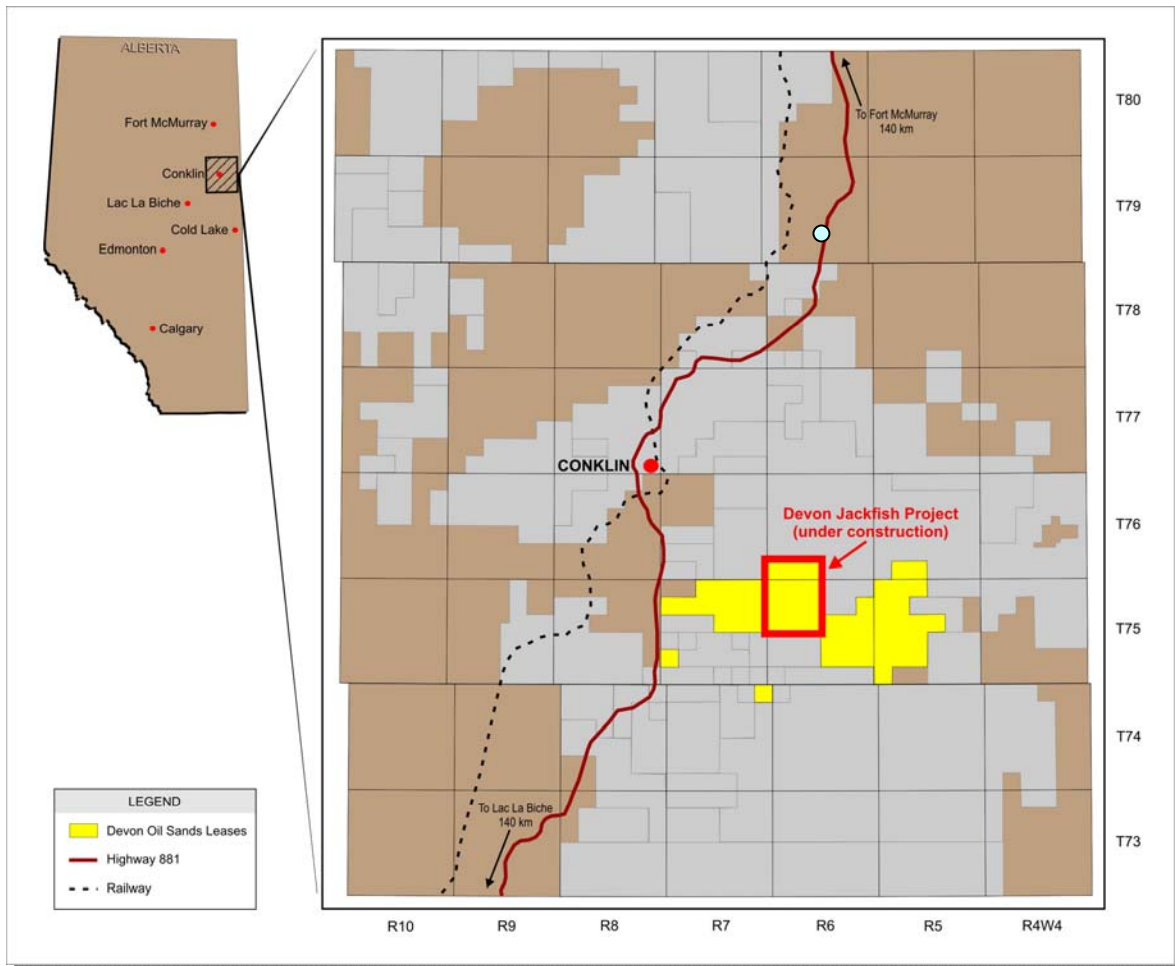
August 2005

# Table of Contents

Introduction .....	1
Company Profile.....	2
Preliminary Project Description .....	2
The Plan.....	2
The Process.....	3
Facilities .....	3
Physical Footprint.....	4
Jackfish 2 Project Timeline .....	5
Public Consultation and Opportunities for Stakeholder Input.....	5
Environmental Impact Assessment .....	6
Regulatory Review Process.....	6
Contact Information .....	7

# Introduction

Devon Canada Corporation (Devon) continues to evaluate the development potential of our oil sands leases, located approximately 15 km southeast of Conklin, Alberta. This document describes Devon’s preliminary plans to expand our operations in the Jackfish area. The proposed Jackfish 2 Project will be located adjacent to Devon’s initial Jackfish Project, which was approved in 2004 and is currently under construction. Devon holds a 100 percent working interest in 53 sections of land that make up the leases in Townships 75 and 76, Ranges 5, 6 and 7 W4M.



Devon has identified sufficient oil sands to support an additional 5,565 m<sup>3</sup>/d (35,000 bpd) stand-alone project. Engineering studies are underway to determine the final capacity of our new project and to define the optimal level of integration with the Jackfish facility currently under construction.

Devon is committed to environmentally sustainable economic development and the involvement of the community from the earliest stages of project planning. The consultation process for the Jackfish 2 Project will build on our ongoing co-operative approach established with stakeholders.

In addition to recent oil sands development, the oil and gas industry, including Devon, has been active in the Conklin area for more than 25 years. Devon's Leismer Compressor Station, constructed in 1979, and the Kirby and Chard Compressor Stations are in the Conklin area.



*Devon Leismer Compressor Station*

## Company Profile

Devon Canada Corporation, based in Calgary, Alberta has been operating in Canada since 1996. Devon is a wholly owned subsidiary of Devon Energy, headquartered in Oklahoma, USA. Devon Canada produces approximately 220,000 barrels of oil equivalent per day, accounting for 26 percent of Devon Energy's company-wide production. Devon Canada has approximately 1,400 employees working in Calgary and across its Yukon, British Columbia, Alberta and Saskatchewan operations.

While Devon Canada's current oil and natural gas production derives primarily from conventional reservoirs, the 5,565 m<sup>3</sup>/d (35,000 bpd) Jackfish Project is scheduled to reach full production in 2008.

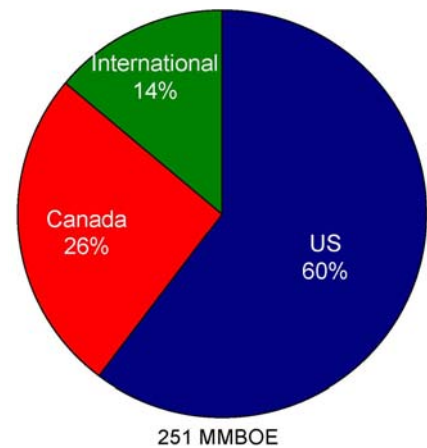
Devon has significant experience in thermal heavy oil as the previous operator of the Dover Pilot Project, the origin of Steam Assisted Gravity Drainage (SAGD) technology and longest-producing SAGD operation in Alberta.

## Preliminary Project Description

### The Plan

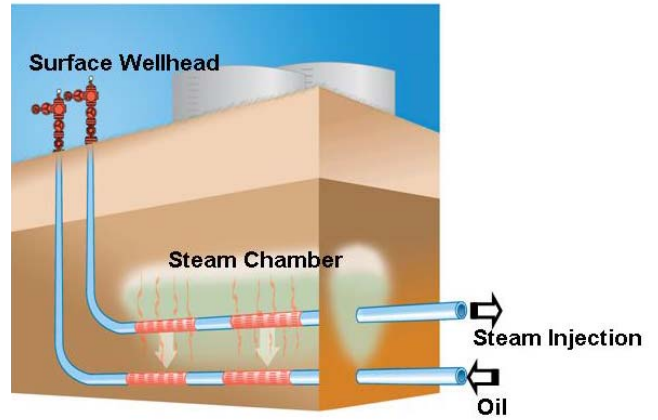
Devon continues to evaluate the development potential of our oil sands leases in the Jackfish area. Preliminary information shows the Jackfish 2 Project could produce 5,565 m<sup>3</sup>/d (35,000 BPD), or more, of bitumen for twenty years. Initial development capital, yet to be finalized, will be similar to Jackfish 1 at approximately \$500 million dollars. Devon has additional oil sands leases in the area that could be developed in the future.

**Devon Energy 2004 Production**



## The Process

The Jackfish 2 Project will use Steam Assisted Gravity Drainage (SAGD) Technology, which is the most promising and proven technology for projects of this nature. Through research funding and peer collaboration, Devon continues to investigate opportunities for technological improvements. The SAGD process injects steam via a well and piping system into the deep bitumen reservoir to heat the heavy oil. The heavy oil and steam mixture then flows by gravity to a second piping system that carries the mixture to a surface well.



SAGD Process

## Facilities

Project design at the conceptual level is underway. The Jackfish 2 Project is currently expected to produce approximately 5,565 m<sup>3</sup>/d (35,000 BPD) of bitumen using the SAGD process. Approximately 25 well pairs would be drilled initially. Drilling will occur from multiple well pads to reduce surface disturbance. A central corridor of pipelines and access roads will connect the pads to the central processing facility.



Jackfish 3D Design Program Model

Consideration to utilize existing Jackfish infrastructure is a priority in order to meet our sustainability goals. The central processing facility will include:

### *Bitumen/Water/Gas Separation System*

The combined fluids from the well pads will be separated into bitumen, gas and water. Bitumen will flow to a pipeline transportation system. The gas will be combined with natural fuel gas and burned in the steam generators. The water will be transferred to the Water Deoiling System for further treatment.

### *Water Deoiling System*

The water deoiling system will remove the remaining oil in the produced water so that the water can be treated and recycled to the steam generators. Recovered oils are returned to the bitumen/water/gas separation system.

### *Water Recycle/Treating System*

Recycled produced water will be the primary source of water for steam generation. In this way, Devon is able to minimize the impact on local water supplies. Brackish (non-potable) groundwater from a deep aquifer would be the secondary source for project water needs. Several proven technologies are available to accomplish produced water recycle for steam generation and Devon is in the early stages of selecting the technology that best fits the project.

### *Steam Generation*

Natural gas will be used to heat the water to generate the steam for the project. The use of Cogeneration, producing electricity and steam together, is being evaluated.

### *Pipeline Transportation System*

Devon's Access Pipeline system will be used to transport products to/from the Jackfish location.

### *Other Systems*

Other utility systems such as fuel gas, flare and drain, instrument air, power distribution, solids disposal, office and infrastructure would be required and integrated into the central plant facility and well pads.

## **Physical Footprint**

The surface impact associated with the SAGD process is similar to conventional oil and gas operations because the bitumen recovery process occurs underground. Measures will be taken to reduce surface disruption and avoid environmentally sensitive areas identified during the environmental assessment process.



## Jackfish 2 Project Timeline

Task	2004 Q 1-4				2005 Q 1-4				2006 Q 1-4				2007 Q 1-4				2008 Q 1-4				2009 Q 1-4				2010 Q 1-4							
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4				
Public Consultation	→																															
Reservoir Delineation	■	■			■	■			■	■																						
Engineering Studies					■	■	■	■	■	■																						
EIA & Application					■	■	■	■	■	■																						
Regulatory Approval Process									■	■	■	■	■	■																		
Detailed Engineering													■	■	■	■	■	■	■	■	■	■										
Procurement													■	■	■	■	■	■	■	■	■	■										
SAGD Well Pair Drilling																	■	■	■	■	■	■										
Facility Construction																	■	■	■	■	■	■										
Commissioning																									■							
First Steam																													■			
First Oil Production																																■

The Public Consultation Process, Environmental Impact Assessment and Engineering Studies are currently underway, with targeted completion in the second or third quarter (Q2-Q3) of 2006. At that time, a decision will be made on whether to proceed with the Project. If the decision is made to proceed, construction could commence within the next 2 to 4 years, as early as 2008.

## Public Consultation and Opportunities for Stakeholder Input

Devon will continue to work with stakeholders and the local communities. Stakeholders will be consulted through a series of individual meetings, written materials, public forums and potentially other means over the coming months. We have outlined our plans early in the process so that interested parties may understand these plans, and have various opportunities to participate in project planning. Information provided to us and views expressed are very important, and these stakeholder communications will guide Devon as the company moves towards development. The following table outlines formal opportunities for stakeholder input; however, Devon encourages and is open to discussions with all stakeholders on this project and any other Devon operations, at any time.

Project Activity	Formal Opportunity for Stakeholder Input	Anticipated Timing
<b>Project Disclosure/ Announcement</b>	Inform stakeholders and regulators about preliminary development plans for Jackfish 2.	August 2005
<b>Notice for the Proposed Terms of Reference for the Environmental Impact Assessment (EIA)</b>	Opportunity to provide written input to Alberta Environment and Devon on draft Terms of Reference for EIA; typical notice period is 30 days.	September to October 2005
<b>Community Open Houses</b>	Presentation to area stakeholders on preliminary development plans; obtain stakeholder input.	TBD
<b>Project Updates</b>	Community Open House(s). Presentations to area stakeholder groups. Devon will continue to follow-up on stakeholder input.	Ongoing
<b>Notice for Joint Alberta Environment and Alberta Energy and Utilities Board Regulatory Application</b>	Following the submission of the joint application, stakeholders have the opportunity to review the application and file written submissions related to the project; minimum notice period is 30 days.	May 2006

## Environmental Impact Assessment

Devon has assembled an EIA team to begin the important task of collecting baseline data, to assess and understand the various impacts of the Project in the local and regional setting. Included are: traditional knowledge, historical resources, air, noise, groundwater, surface water, soils/terrain, vegetation, wildlife, fisheries, health, biodiversity and socio-economics. The baseline information is used to prepare the environmental impact assessment. Draft Terms of Reference, describing the content of the EIA, will be submitted to the regulators and made available for public review and commentary. Based on those comments received, Alberta Environment will issue the final Terms of Reference.

## Regulatory Review Process

Preparation of an Environmental Impact Assessment is a requirement of the Environmental Protection and Enhancement Act, administered by Alberta Environment. Information on the Act is available on the Alberta Environment web site at [www.gov.ab.ca/env](http://www.gov.ab.ca/env). The Technical Project Application will be an “integrated application” to both Alberta Environment and the Alberta Energy and Utilities Board (AEUB).



More information on the application process can be found on the AEUB web site at: [www.eub.gov.ab.ca](http://www.eub.gov.ab.ca).

## Contact Information

Devon continues to value our relationships with local and regional stakeholders and is committed to addressing questions/concerns raised. If you have questions or would like more information please contact:

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