



FOR IMMEDIATE RELEASE

The American Carbon Registry Approves New Carbon Offset Methodology for the U.S. Oil & Gas Sector

ARLINGTON, VA, March 29, 2010 -- The American Carbon Registry ("ACR") has approved the first U.S. carbon offset methodology for a fugitive methane emission reduction project in the oil & gas sector, which was developed collaboratively by Verdeo Group, Inc. ("Verdeo") and Devon Energy Corporation ("Devon"). This methodology will enable oil & gas companies to generate carbon offset credits by retrofitting existing high-bleed pneumatic controllers with low-bleed options, thus reducing fugitive emissions of methane, a potent greenhouse gas (GHG).

"We are thrilled to approve the first methodology that provides a framework for oil & gas companies to reduce a significant source of GHG emissions by implementing a technology retrofit solution," said Nicholas Martin, ACR's Chief Technical Officer. "We are confident that this methodology, which was subject to ACR's stringent scientific peer review process, meets the highest standards of environmental integrity in the market today," he added.

Pneumatic controllers use a pressurized gas, typically natural gas for applications in the oil & gas sector, to regulate process variables such as pressure, flow rate and liquid level. While pneumatic controllers are designed to vent emissions of methane under normal operating conditions, high-bleed controllers vent more of these emissions than low-bleed alternatives. According to the U.S. Environmental Protection Agency ("EPA"), high-bleed pneumatic controllers are among the largest sources of vented methane by equipment type in the domestic oil & natural gas industry.

Voluntary retrofits of high-bleed pneumatic controllers have long been encouraged by voluntary programs such as EPA's Natural Gas STAR Program. Despite the many successes of the Gas STAR Program, oil & gas companies have been slow to retrofit high-bleed pneumatic controllers for a number of reasons: high-bleed pneumatic controllers work well, company-wide retrofits represent a complex undertaking, and the economic value of the retrofit may be small relative to other core business investment opportunities. As a result, though new wells are typically equipped with low-bleed technology, oil & gas companies have rarely undertaken retrofits of the thousands of wells with existing high-bleed pneumatic controllers.

"The value of this methodology is that it will provide an additional incentive for Gas STAR members or any oil & gas producer to consider voluntary pneumatic retrofits and to verify and register emission reductions using industry best practices," said John Savage, Managing Director for Verdeo. "These retrofits, which are driven by the incentives of carbon offset credits, generate permanent emission reductions and result in valuable gas savings," he added.

These projects are also valuable given that climate change legislation introduced in Congress has proposed recognizing them under an offset program. For example, reductions of vented and fugitive emissions from the oil & natural gas sector were listed as potentially eligible by both "The Clean Energy Jobs and American Power Act" that was introduced by Senators Kerry and Boxer last fall, and the "Clean Energy Partnerships Act of 2009" that was introduced by Senators Stabenow, Baucus, Klobuchar, Brown, Begich and Harkin.

The approval of this methodology has encouraged Devon to undertake a wide-scale retrofit of high-bleed pneumatic controllers with WellMark's Mizer® Pilot Valves, which are low-bleed pneumatic controllers. This



project, which has achieved certification under ACR and will be verified later this year, is expected to generate significant reductions of methane. “Devon has a corporate initiative to reduce GHG emissions and create tradable, bankable offset credits,” said Darren Smith, Manager of Environmental Health and Safety for Devon. “This methodology allows us to quantify and verify GHG reductions in a credible and transparent manner, and sets the stage for us to pursue additional offset project development.”

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The American Carbon Registry is a leading voluntary offset program with strong standards for environmental integrity and over a decade of operational experience in development of high quality carbon standards and methodologies, as well as offset issuance, serialization and transparent on-line transaction reporting. As the first private voluntary GHG registry in the U.S., ACR has set the bar for transparency and integrity that is the market standard today. ACR is an enterprise of Winrock International, headquartered in Little Rock, Arkansas. www.americancarbonregistry.org

Verdeo Group, Inc. is a leading provider of capital and project development solutions to mining and oil & gas companies. Backed by Black River Asset Management, an independently managed subsidiary of Cargill, Inc., Verdeo is developing and financing some of the first innovative pre-compliance GHG emission reduction projects in North America. Verdeo is based in Washington, DC, and has offices in Denver and Austin. www.verdeogroup.com

Devon Energy Corporation is an Oklahoma City-based independent energy company engaged in oil and gas exploration and production. Devon is a leading U.S.-based independent oil and gas producer and is included in the S&P 500 Index. Devon is a member of the EPA’s Natural Gas STAR Program and was named Natural Gas STAR Production Partner of the Year in 2005. www.devonenergy.com

WellMark is an ISO9001:2008-certified manufacturer of pneumatic and electric instrumentation, primarily serving the oil and gas industry. In addition to its broad range of products, including level controls, dump valves, safety relief valves and chemical injection pumps, WellMark continues to help oil and gas producers meet their EPA Natural Gas STAR Program pledge of reducing methane emissions by developing environmentally-conscious alternatives to conventional high-bleed pneumatic devices. www.wellmarkco.com

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