



NEWS RELEASE

## Devon Energy Monetizes Non-Core Midland Assets for \$858 Million; Increasing 2016 Capital Program \$200 Million; Raising 2016 Production Outlook

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OKLAHOMA CITY--(BUSINESS WIRE)-- Devon Energy Corp. (NYSE: DVN) announced today it has entered definitive agreements to sell its remaining non-core assets in the Midland Basin for \$858 million. These transactions include the Company's upstream assets in the southern Midland Basin and its undeveloped leasehold in Martin County, Texas. This brings total announced non-core transactions to \$2.1 billion.

"We are pleased to announce these highly accretive non-core divestitures, concluding our E&P sales process ahead of schedule," said Dave Hager, president and CEO. "We anticipate our total non-core asset sales to be at or above the top end of our \$2 billion to \$3 billion guidance, with the sale of our 50 percent interest in the Access pipeline."

"At least two-thirds of our asset sales proceeds are expected to be used to further strengthen our investment-grade balance sheet, while one-third are targeted for reinvestment in our best-in-class U.S. resource plays," said Hager. "With the success of our E&P asset sales, we are now in the planning stages to increase our upstream activity by approximately \$200 million in the second half of this year. This additional activity will deliver production in early 2017 and beyond. Additionally, we are seeing even better than expected results from our core business and we are raising the mid-point of our full-year 2016 production guidance by 7,000 Boe per day."

### **Increasing 2016 Capital Program; Raising Full-Year Production Guidance**

The Company now expects its full-year 2016 upstream capital program to range between \$1.1 billion and \$1.3 billion, an increase of \$200 million from previous guidance. The incremental capital investment will be deployed in the Delaware Basin and the Oklahoma STACK play beginning in the third quarter of 2016 with the addition of three operated rigs. Devon is evaluating further accelerating activity in the fourth quarter of 2016.

The Company is also raising its full-year 2016 production guidance from core assets to a range of 540,000 to 560,000 Boe per day. This represents an increase of 7,000 Boe per day from previous guidance. More detailed information for Devon's 2016 production and capital outlook will be provided within second-quarter 2016 earnings disclosures.

## **Midland Divestitures Transaction Details**

In the northern Midland Basin, Devon agreed to monetize its working interest across 15,000 net acres in Martin County, Texas along with 13,000 net acres in eight surrounding counties for \$435 million. Current net production associated with this largely undeveloped leasehold position is approximately 1,000 Boe per day, with oil accounting for roughly 70 percent. Combined with the recent sale of the Company's overriding interest in Martin County, proceeds from Devon's northern Midland Basin acreage position totaled \$574 million.

In a separate transaction, Devon entered into an agreement to sell its assets in the southern Midland Basin for \$423 million. Current production from these assets is approximately 22,000 Boe per day, of which 33 percent was oil. At Dec. 31, 2015, proved reserves associated with these properties totaled 43 million Boe. Field-level cash flow accompanying these assets, which excludes overhead costs, amounted to \$13 million in the first quarter of 2016.

The Company expects to incur minimal taxes associated with these divestitures. These transactions are subject to customary terms and conditions and are expected to close in the third quarter of 2016.

Jefferies LLC acted as the lead financial advisor to Devon on the divestiture transactions. RBC Richardson Barr also acted as a financial advisor to Devon. Vinson & Elkins LLP acted as legal advisor to Devon.

## **About Devon Energy**

Devon Energy is a leading independent energy company engaged in finding and producing oil and natural gas. Based in Oklahoma City and included in the S&P 500, Devon operates in several of the most prolific oil and natural gas plays in the U.S. and Canada with an emphasis on a balanced portfolio. The Company is the second-largest oil producer among North American onshore independents. For more information, please visit [www.devonenergy.com](http://www.devonenergy.com).

## **Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of the federal securities laws. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. These risks include, but are not limited to: the failure to consummate the transactions due to

unsatisfied closing conditions or otherwise; the timing, amount of proceeds and ultimate success of divesting the Company's other non-core assets; and the other risks identified in the Company's Annual Report on Form 10-K and its other filings with the Securities and Exchange Commission. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. The forward-looking statements in this press release are made as of the date hereof, and the Company does not undertake any obligation to update the forward-looking statements as a result of new information, future events or otherwise.

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## **Investor Contacts**

Howard Thill, 405-552-3693

Scott Coody, 405-552-4735

Chris Carr, 405-228-2496

## **Media Contact**

John Porretto, 405-228-7506