Barclays CEO Energy-Power Conference

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NYSE: **DVN**
devonenergy.com

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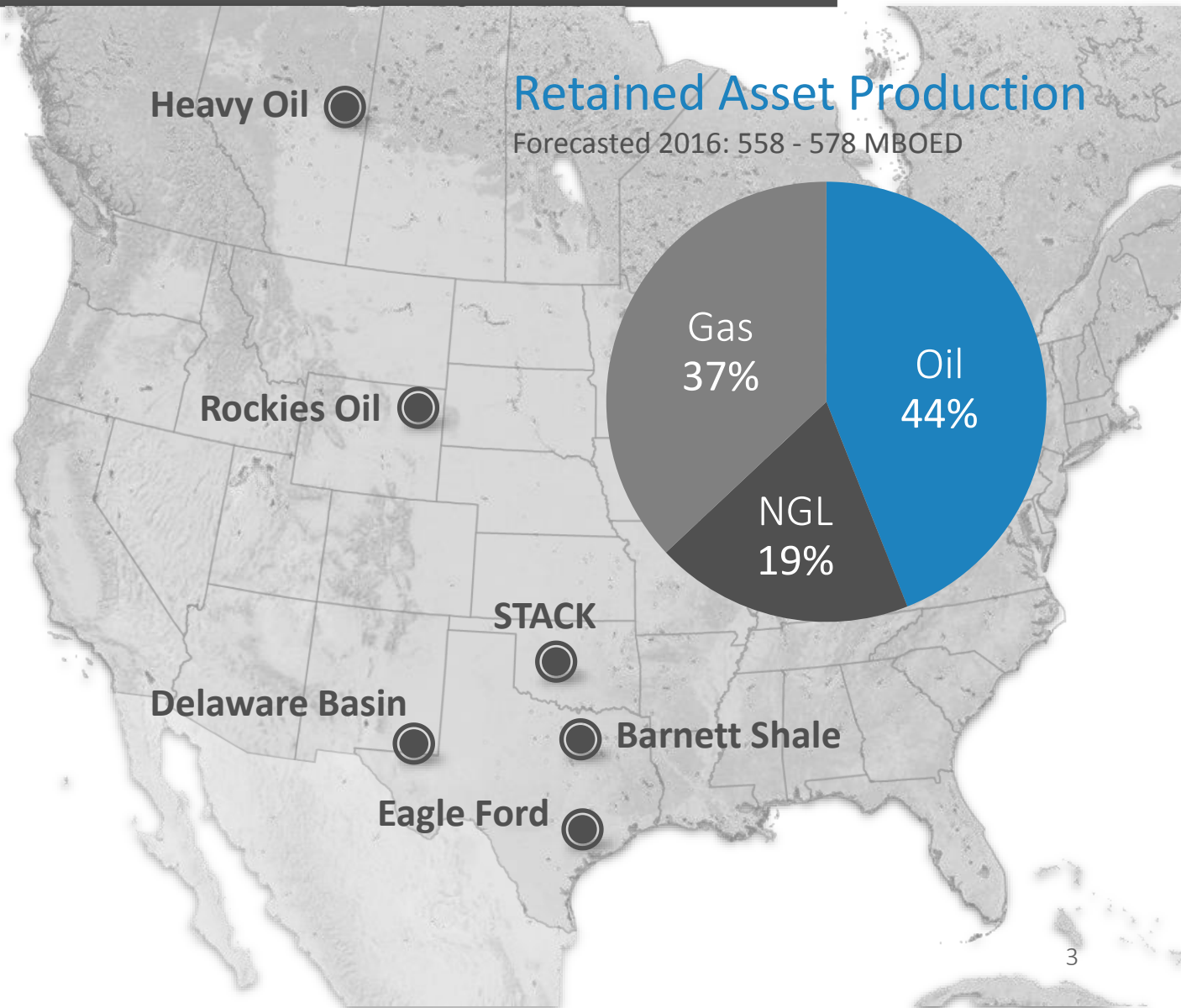
Devon Today
A Leading North American E&P

Key Messages

- **Premier asset portfolio**
  - — Top-tier N.A. resource plays
  - — Deep inventory of opportunities
- **Significant financial strength**
- **Delivering best-in-class results**
- **Disciplined capital allocation**
  - — Focused on value and returns



Approach To The Current Environment

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Drive **efficiencies** across the portfolio

- Achieve additional operating cost savings
- Further increase capital productivity

Position for the **recovery**

- Focused on value and returns
- Accelerate activity in STACK and Delaware Basin
- Preserve continuity in other U.S. resource plays

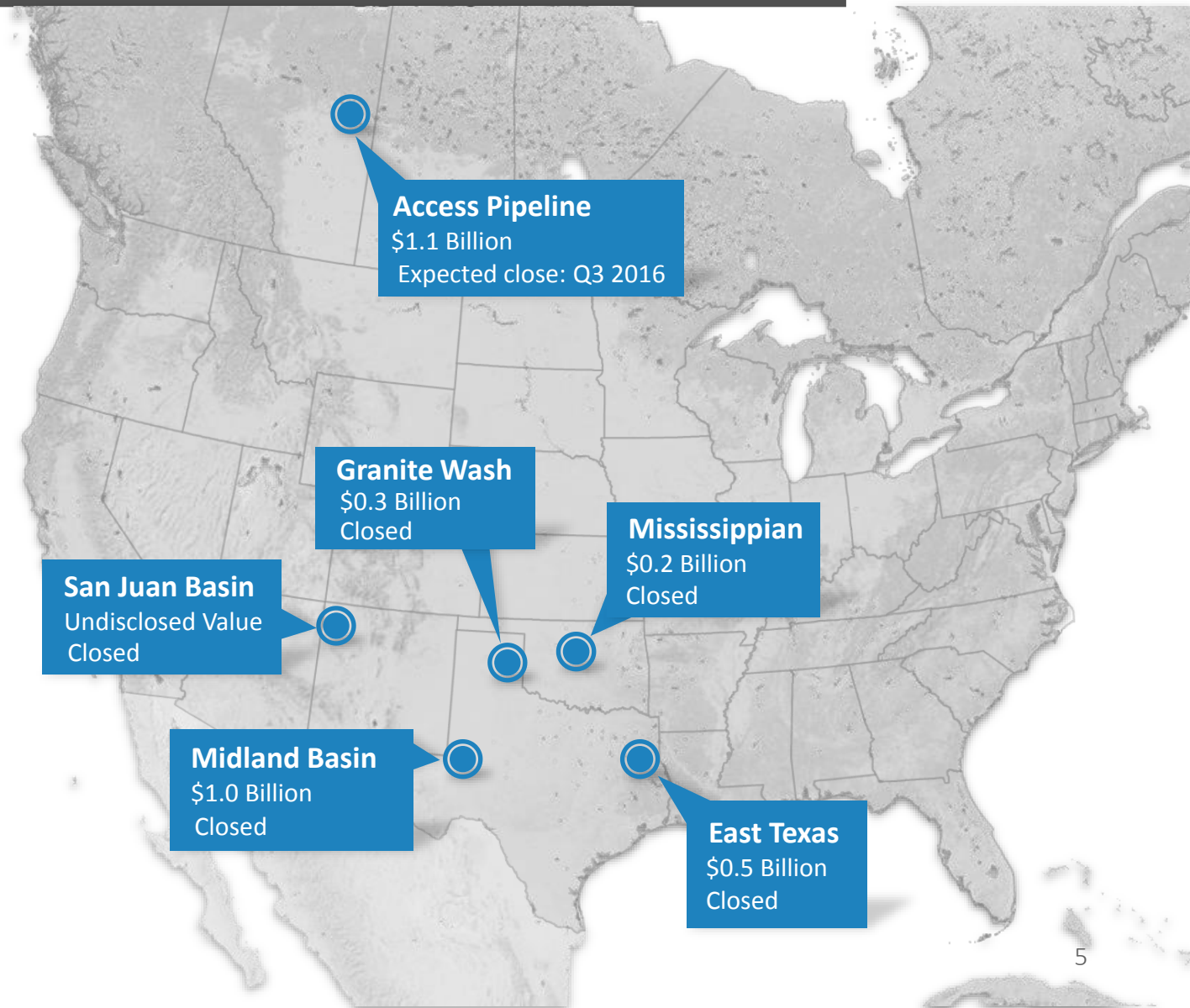
Protect **investment-grade** balance sheet

- Invest within cash flow
- Divestitures to enhance financial strength

Successful Asset Divestiture Program

Enhancing Financial Strength

- **Divestiture program complete**
- **Total proceeds: $3.2 billion**
  - E&P asset sales: $2.1 billion
  - Access pipeline sale: $1.1 billion
- **Minimal cash taxes expected**
- **Majority of proceeds to reduce debt**

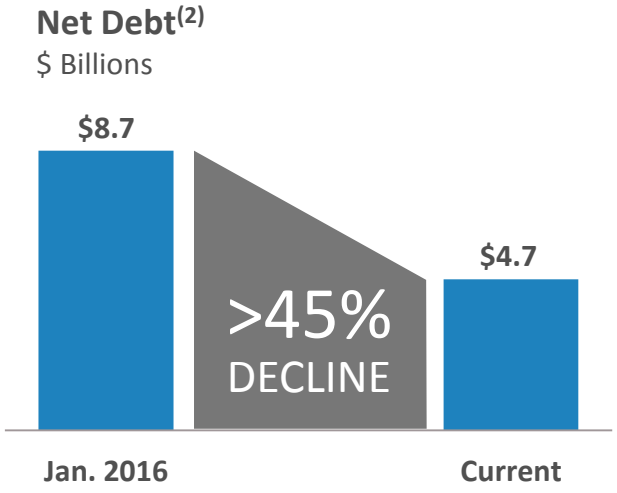


Significant Financial Strength

- **Investment-grade balance sheet**
  - Adjusted cash balance: $4.6 billion(1)
  - Undrawn $3 billion credit facility
- **Net debt(2) reduced >45% from early 2016**
- **Debt reduction program underway**
  - $1.3 billion tendered to date
- **No significant debt maturities until mid-2021**

$7.6 BILLION

PRO-FORMA LIQUIDITY



(1) Cash balance at 6/30/16 adjusted for asset divestitures expected to close in Q3 2016.
(2) Net debt is a non-GAAP measure defined as total debt less cash and cash equivalents and debt attributable to the consolidation of EnLink Midstream. Net debt is adjusted for asset divestitures that have closed and those expected to close in Q3 2016.

Advantaged Midstream Business

EnLink Overview

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- **Devon's equity ownership interest**
  - 24% of MLP (ENLK: 95 million units)
  - 64% of GP (ENLC: 115 million units)
- **Eliminates midstream capital requirements**
- **Improves midstream growth potential**
- **Provides visible cash flow stream**
  - Annual distributions: ≈$270 million

$3.6 BILLION

DVN'S ENLINK OWNERSHIP

MARKET VALUE ON AUGUST 30th

ENLINK MIDSTREAM

Operating Strategy For Success

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Capture
FULL VALUE

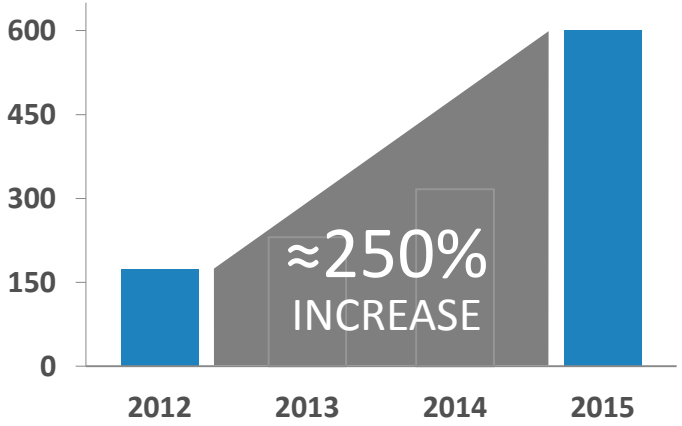
+

Improve
RETURNS

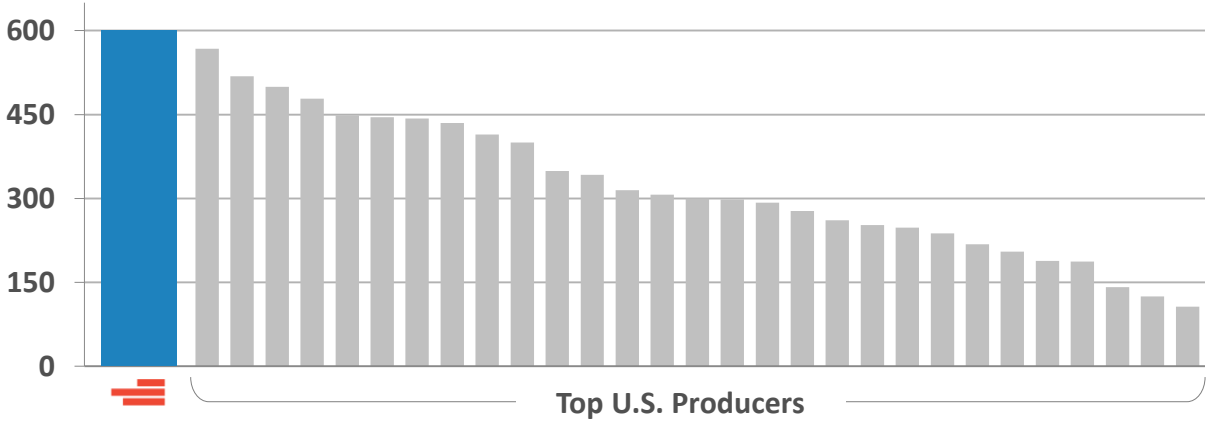
- **Maximize base production**
  - Minimize controllable downtime
  - Enhance well productivity
  - Leverage midstream operations
  - Reduce operating costs
- **Optimize capital program**
  - Disciplined project execution
  - Perform premier technical work
  - Focus on development drilling
  - Reduce capital costs

Delivering Best-In-Class Well Results

Devon's Avg. 90-Day Wellhead IPs
BOED, 20:1



2015 Avg. 90-Day Wellhead IPs
BOED, 20:1



Source: IHS/Devon. Operators with more than 100 wells.

- **Devon delivered best well results of any U.S. producer during 2015**
- **Key drivers of success:**
  - Enhanced completion designs and improved well placement
  - Development drilling focused in top N.A. resource plays

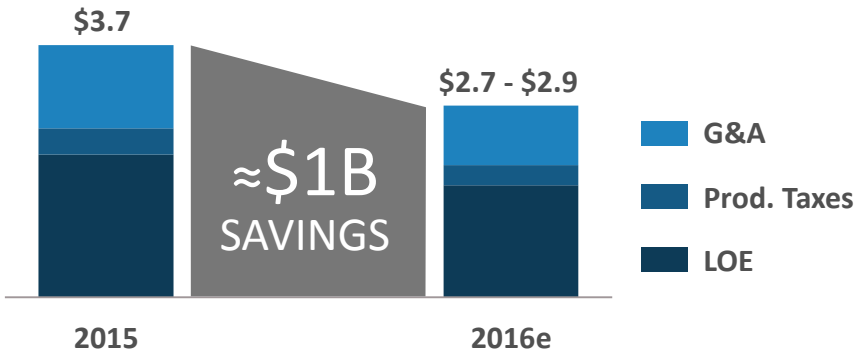
Achieving Significant Cost Savings

- **Declining D&C costs across portfolio**
  - Up to 40% lower than peak rates
  - Driven by efficiencies and supply chain costs
  - More than offsetting larger completions

- **Delivering significant operating cost savings**
  - LOE and G&A reduced >30% from peak levels
  - Operating costs to decline by ≈$1 billion in 2016

D&C Well Cost Declines
Peak cost to Q2 2016

2016e Field-Level Operating Costs and G&A[(1)]
$ Billions



(1) Includes capitalized G&A.

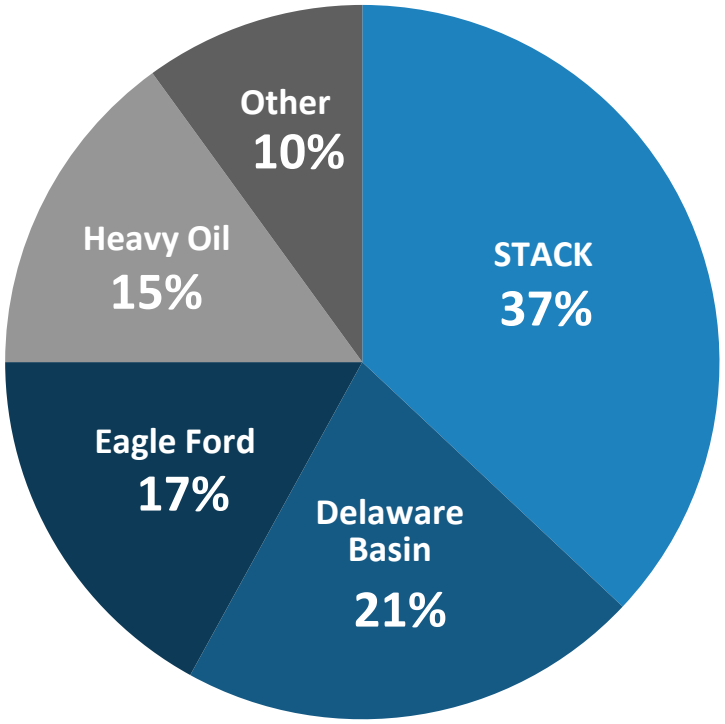
Disciplined Capital Allocation

Yielding Strong Results

- **Capital program focused on top U.S. resource plays**
- **Accelerating activity in STACK and Delaware Basin**
  - — Adding up to 7 operated rigs by year-end 2016
  - — Preparing for full-field development in 2017
- **Raised 2016 production targets**
  - — Driven by strong base production results
  - — Retained Midland assets boost U.S. oil guidance
- **Positioned to stabilize and grow production by mid-2017**

2016 E&P Capital Budget

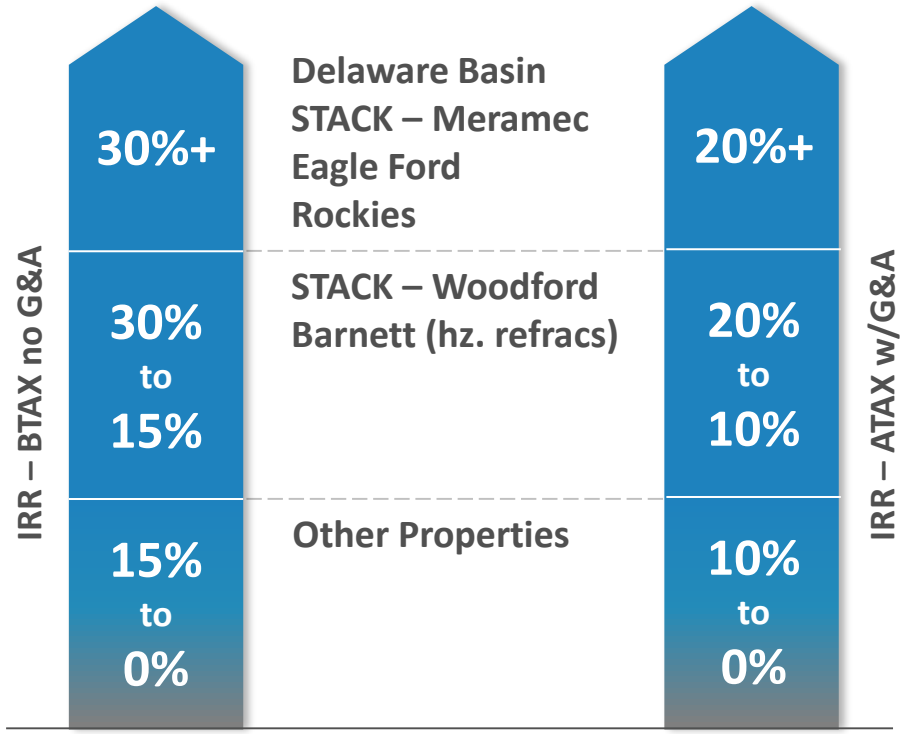
$1.1 Billion - $1.3 Billion



Strong Returns At Lower Prices

- **Assets in best U.S. resource plays**
- **Inventory attractively positioned on cost curve**
- **>10,000 risked locations in STACK and Delaware**
- **Prepared to further accelerate activity**

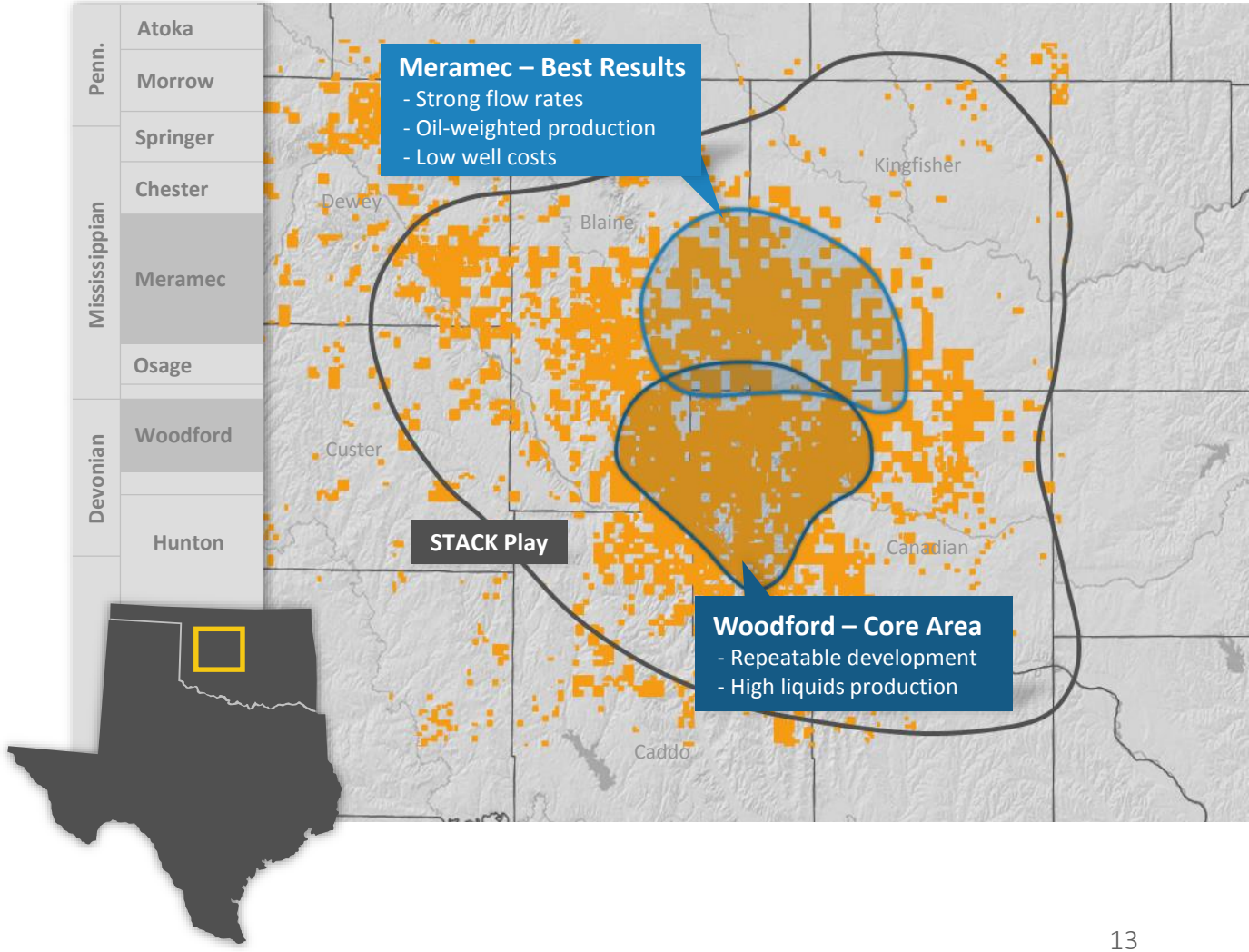
Incremental Well Economics
At $50 Oil & $2.50 Gas



Note: The capital component of the IRR calculation includes the cost to drill and complete an incremental well. Seismic and G&G costs are excluded from this calculation.

STACK
Best-In-Class Position

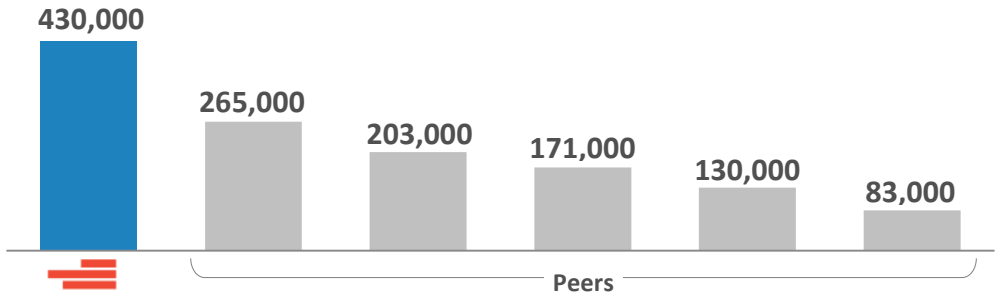
- **World-class development opportunity**
  - 430,000 net surface acres
  - Top targets: Meramec & Woodford
  - Q2 net production: ≈91 MBOED
- **Acreage concentrated in core of play**
  - Deep inventory of low-risk projects
- **Accelerating activity in 2H 2016**
  - Up to 6 operated rigs by year end
  - 2016 capital ≈$450 million
  - Drilling focused in Meramec formation



STACK
A Multi-Decade Growth Opportunity

Largest leasehold position of any operator

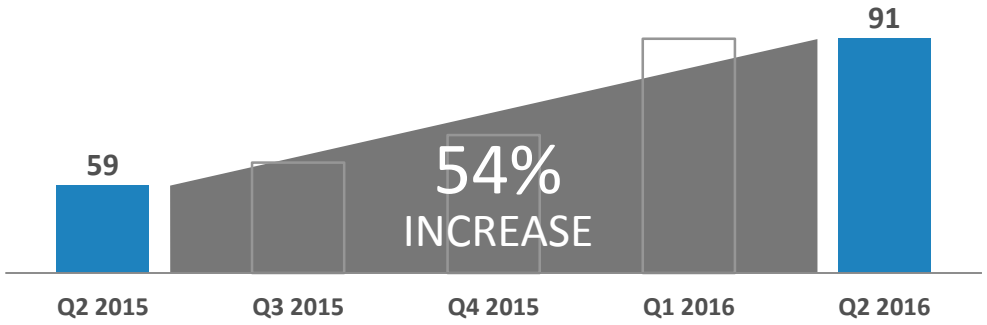
STACK Acreage
Net Acres



Source: Company reports.

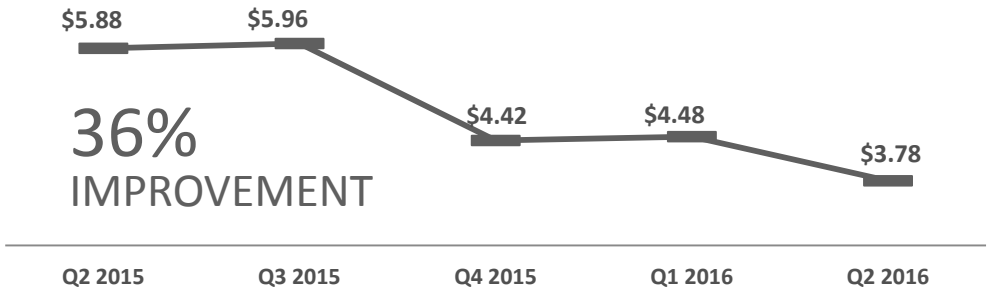
Strong production growth

STACK Production
MBOED



Advantaged cost structure

STACK Field-Level Operating Costs(1)
$/BOE



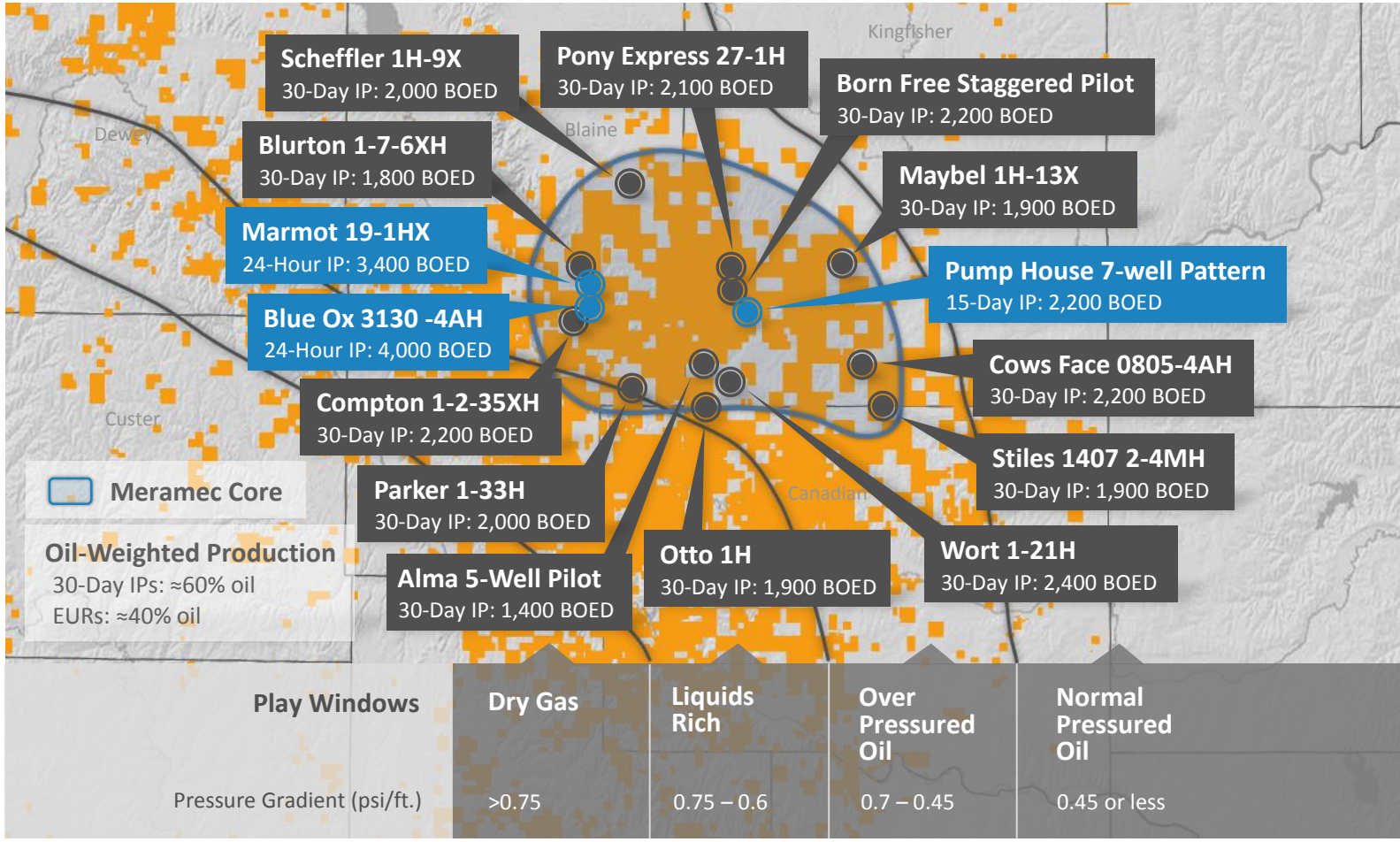
(1) Includes LOE and production taxes.

Significant resource

STACK
Meramec Results Validate Core Position

- **Favorable characteristics of core oil window:**

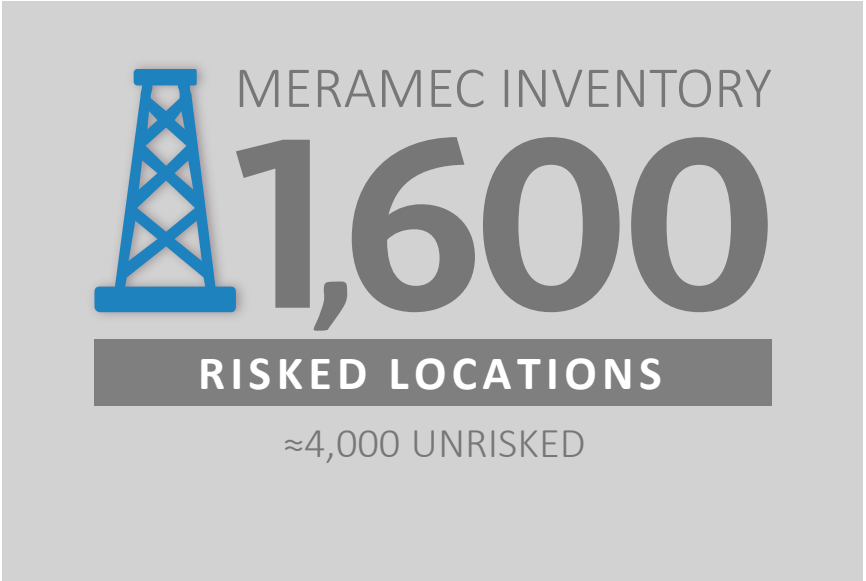
1. Attractive reservoir properties (thickness, permeability, porosity)
2. Strong flow rates due to high pressure gradients
3. Returns enhanced by oil-weighted production
4. Low well costs

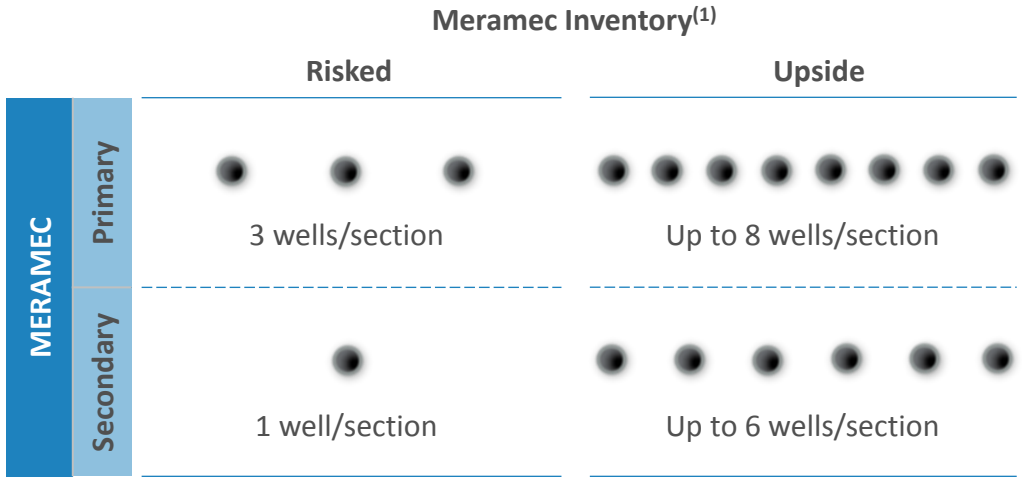


Meramec Resource

Best Emerging Development Play in North America

- **Meramec inventory conservatively risked (4 wells per surface section)**
- **>10 spacing tests underway to drive risked location count higher**
  - First three Devon operated spacing pilots successful (Born Free, Alma and Pump House tests)
  - Testing up to 8 wells per section across 1 interval in Meramec
  - Staggered lateral pilots underway could further expand potential in Meramec



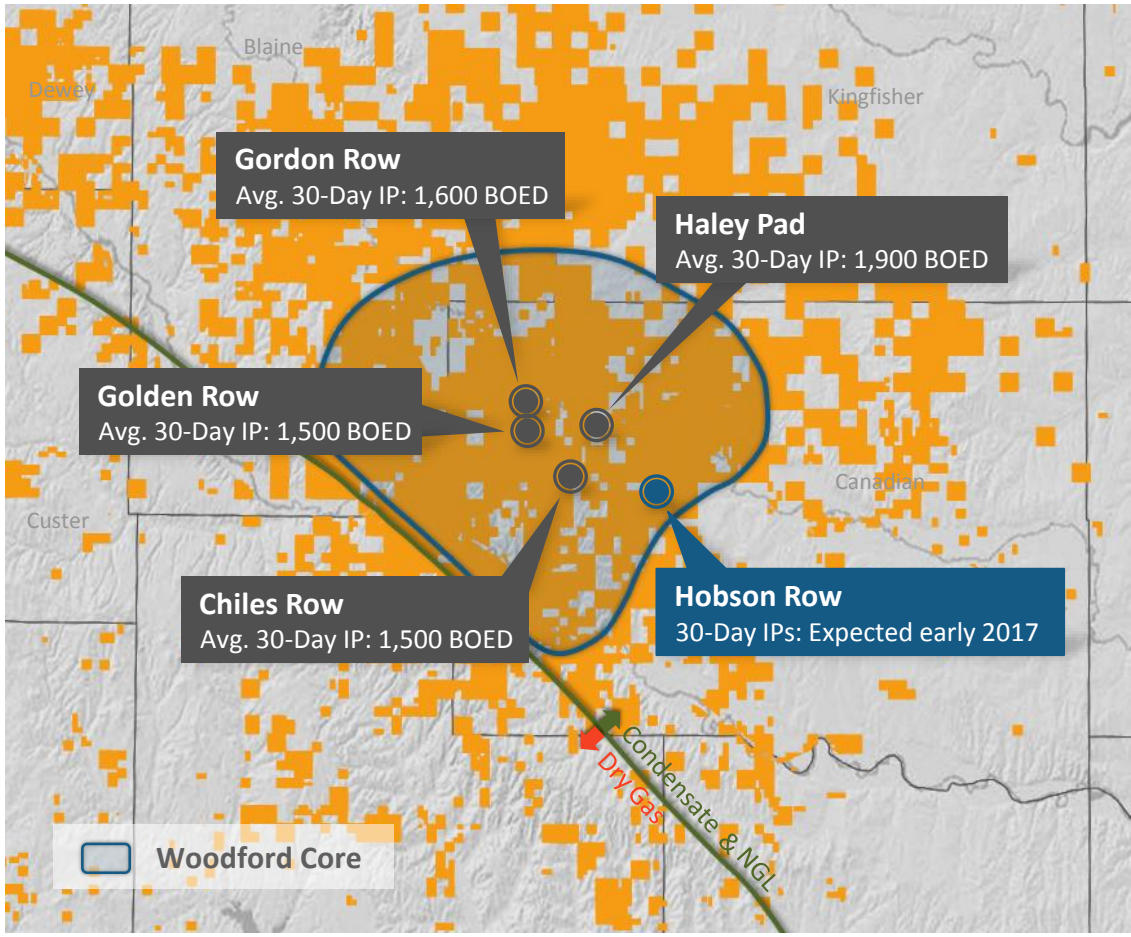


(1) Does not include upside potential from other target intervals within Meramec.

Woodford Shale

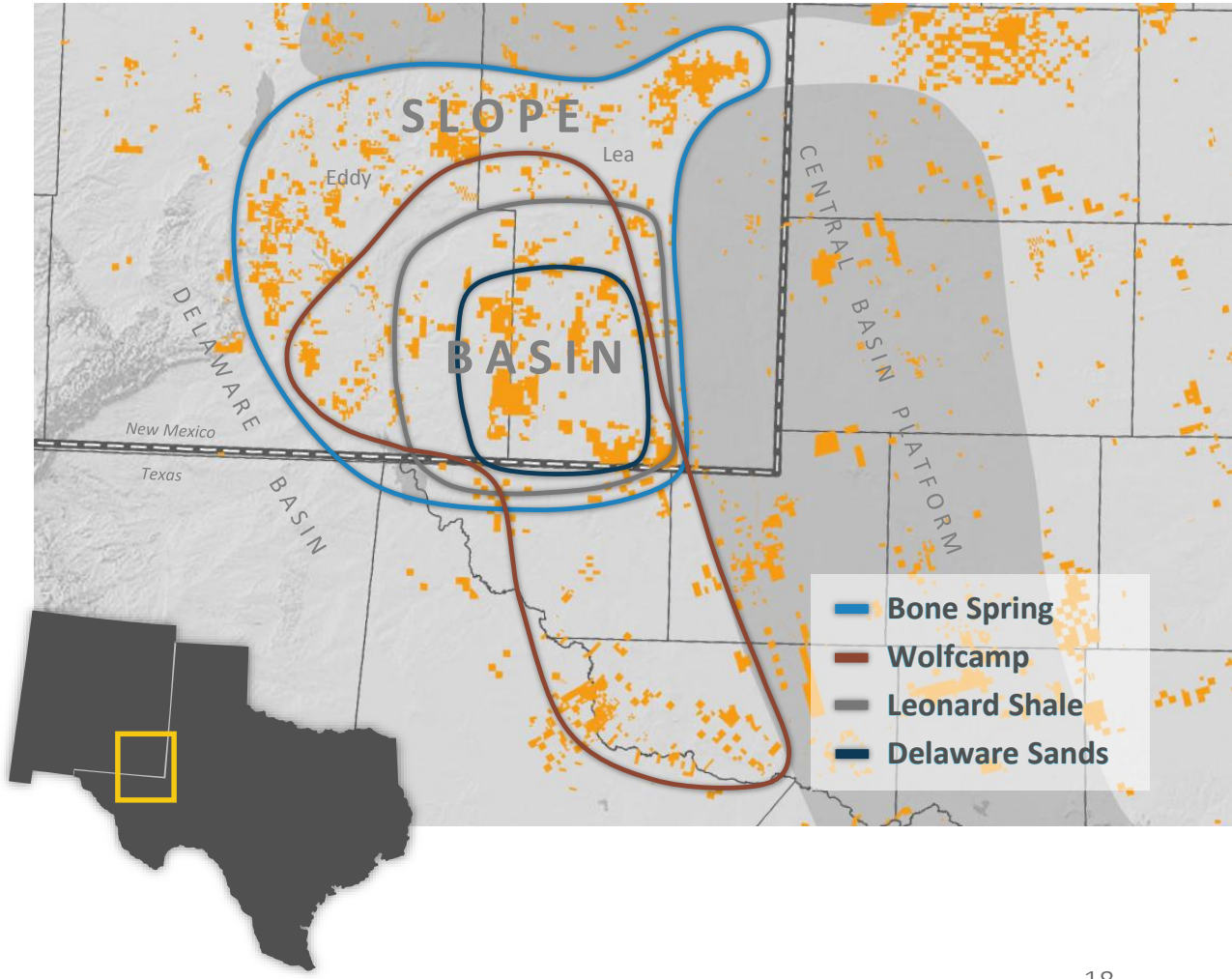
A Top-Tier Liquids-Rich Development

- **Well productivity improved by >100%**
  - Recent wells averaging up to 1,900 BOED
  - Results driven by enhanced completion design
- **5-section Hobson row development underway**
  - Completion activity begins in Q3 2016
  - Higher oil rates expected
- **Future development to leverage long laterals**
- **Deep inventory of lower risk projects**
  - 3,700 risked locations
  - Acreage concentrated in liquids-rich window



Delaware Basin
A World-Class Oil Play

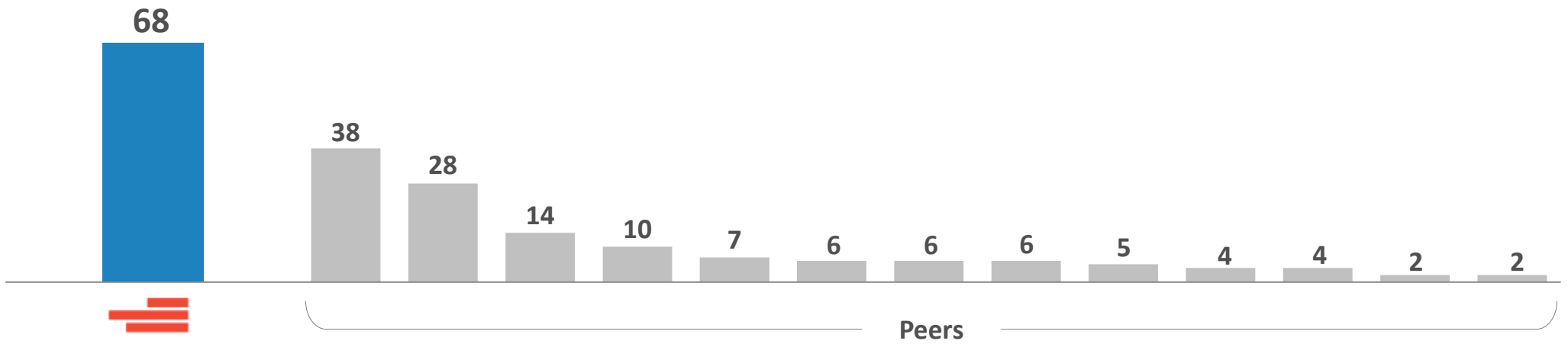
- **Industry leader in basin**
  - — Net risked acres by formation: 585,000
  - — Q2 net production: 65 MBOED
- **Delivering top-tier well results**
- **Deep inventory of low-risk oil projects**
  - — >5,000 risked locations
- **Accelerating activity in 2H 2016**
  - — Up to 3 operated rigs by year end
  - — 2016 capital ≈$250 million



Delaware Basin
Industry Leading Well Productivity

- **Acreage position concentrated in basin of southeast New Mexico**
- **Delivering the most productive wells in world-class field**
- **90-day IP rates ≈20% higher than industry average**

Top 200 Delaware Basin Wells
Based on 90-Day IP Rates, Number of Wells

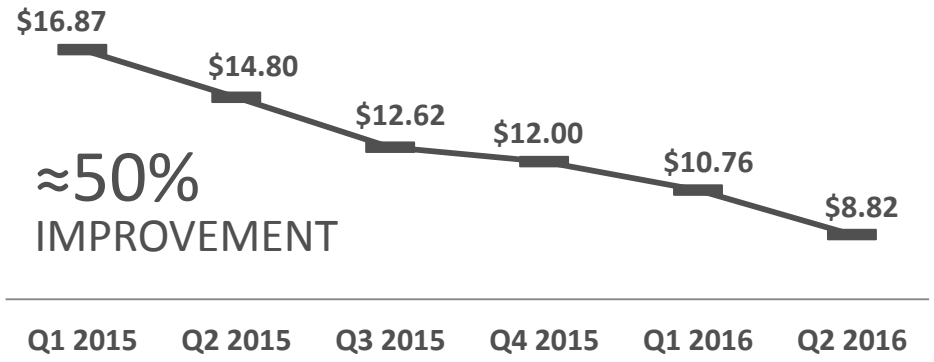


Source: IHS/Devon. Data limited to wells with 90-day rates in southeast New Mexico (as of 6/30/16). Natural gas adjusted to BOE on a 20-to-1 basis.

Delaware Basin
Achieving Significant Cost Savings

- **Record-low LOE costs reduced by ≈50%**
- **Majority of cost savings are sustainable**
  - — Improved electrical infrastructure
  - — Enhanced water handling infrastructure
- **Drilling and completion efficiencies accelerate**
  - — 75% increase in feet drilled per day
  - — Completion costs reduced ≈60%
  - — Well costs as low as $5 million

Delaware Basin Unit LOE
$/BOE

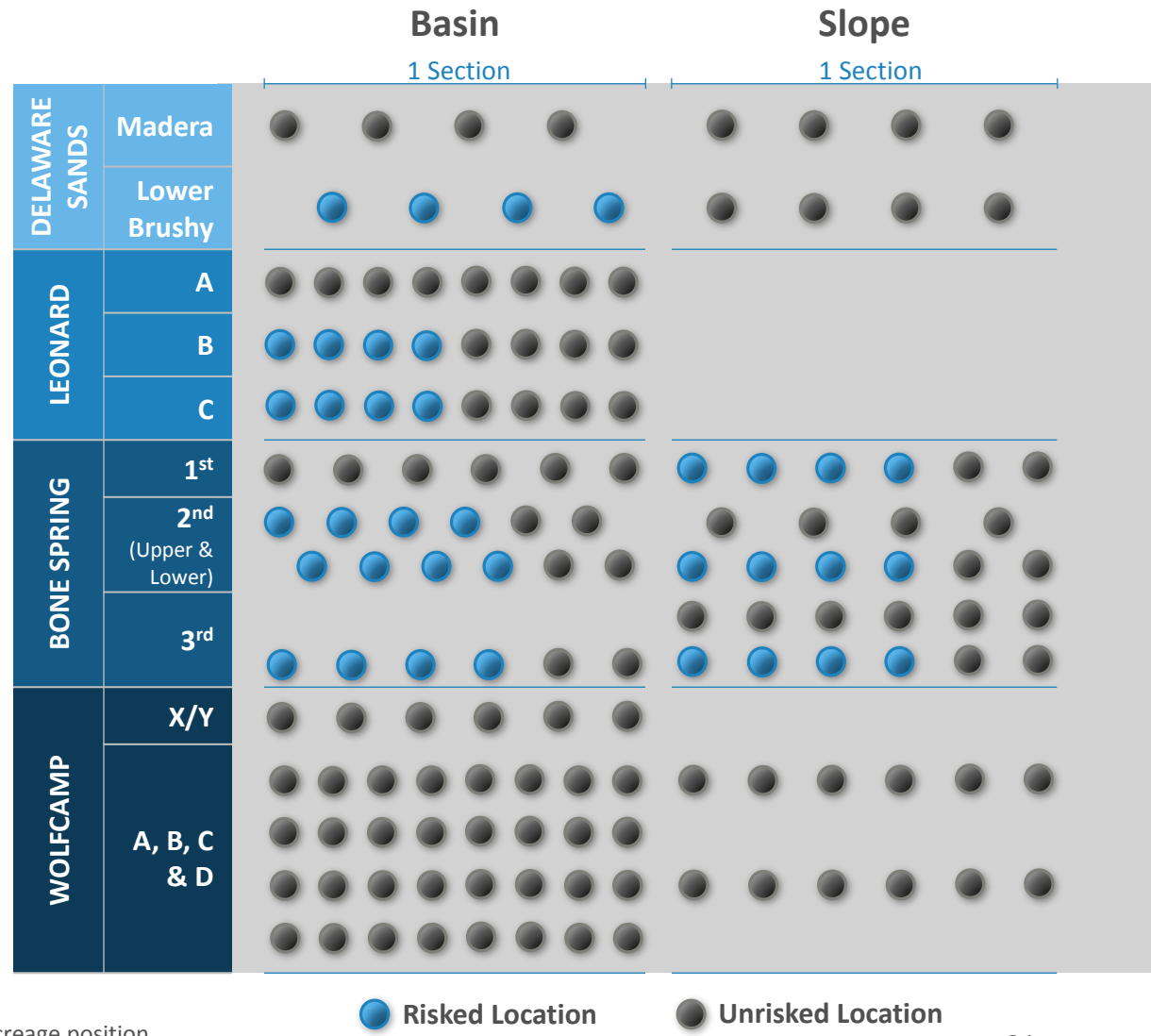


Bone Spring Basin Completion Costs
Q4 2014 to 1H 2016

≈60%
COST REDUCTION

Delaware Basin
Significant Resource Opportunity

- **Identified 5,200 risked locations (>16,000 unrisked)**
  - Bone Spring ≈65% of risked inventory
  - Wolfcamp has massive upside potential
- **Appraisal work evaluating resource upside**
  - Evaluating tighter Bone Spring spacing
  - Leonard Shale has staggered lateral potential
  - Wolfcamp appraisal activity to increase in 2017
- **Results to optimize master development plan**

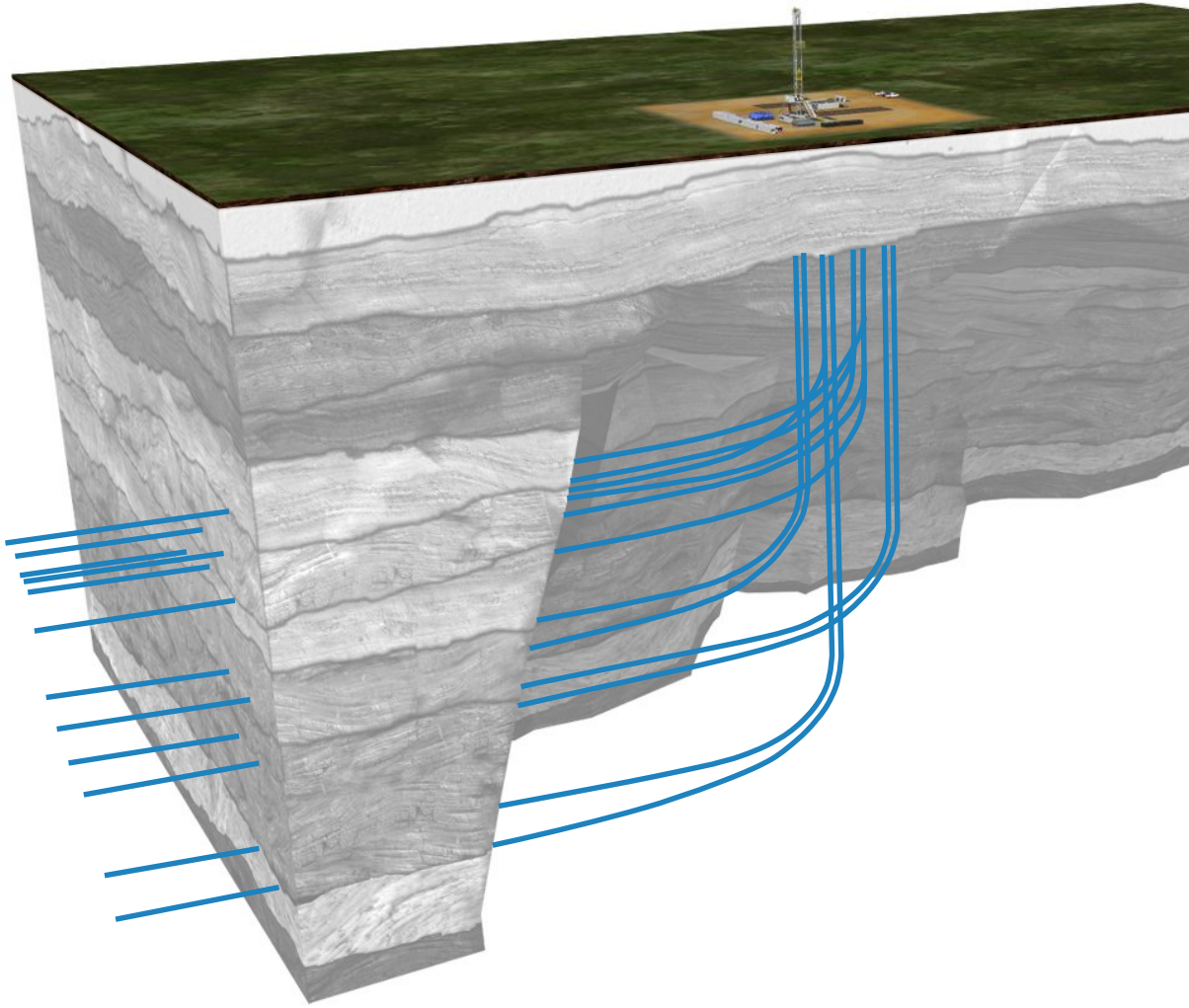


Note: Graphic for illustrative purposes only and not necessarily representative across Devon's entire acreage position.

Delaware Basin Master Development Plan

Total Reservoir Access Concept (TRAC)

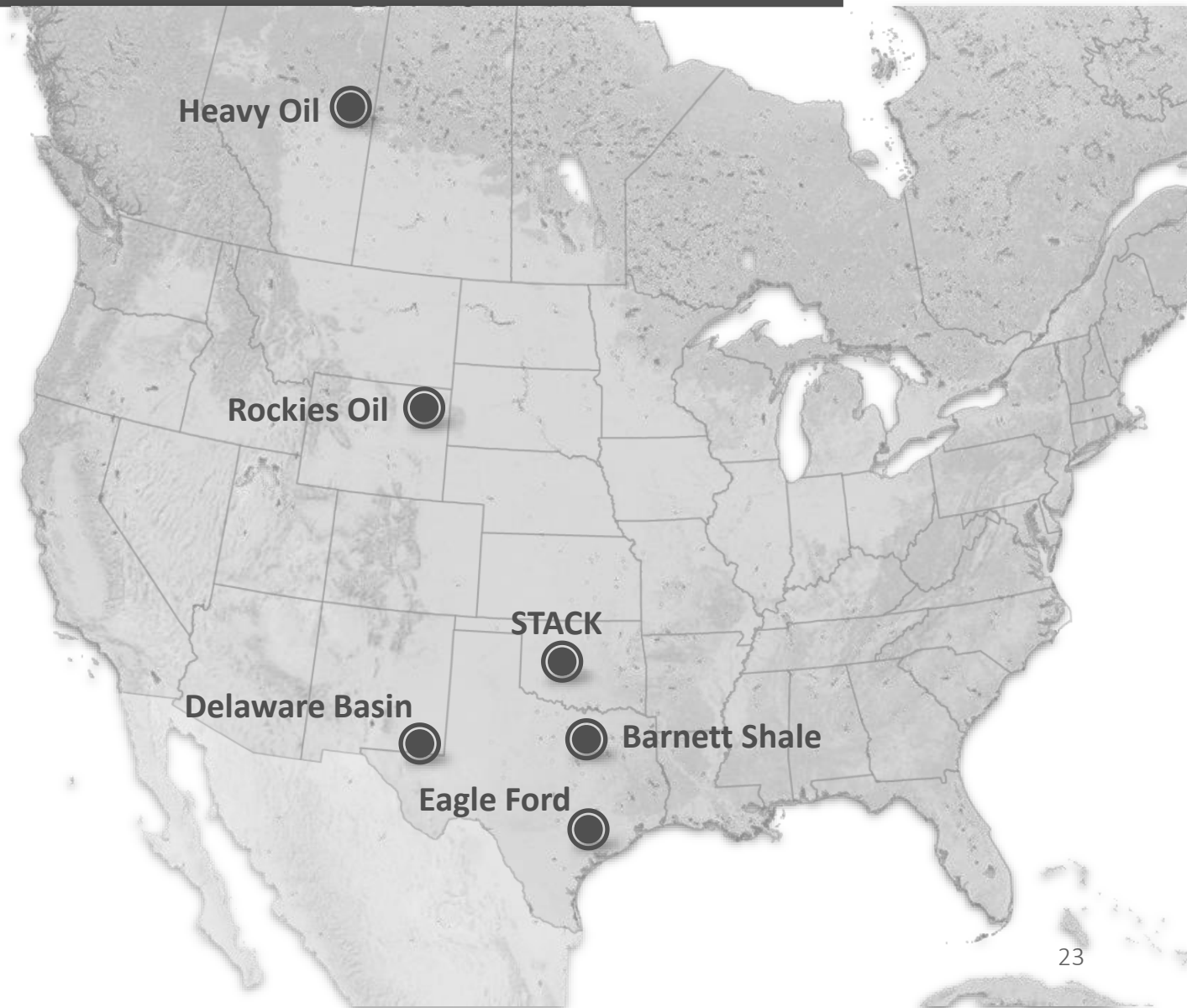
- **A disciplined development approach**
  - Develop up to 9 intervals of stacked-pay
  - Utilizes integrated surface facilities
  - Leverages simultaneous operations
  - Flexibility to add/defer development zones
- **Efficiencies gains to drive returns higher**
- **TRAC project progressing**
  - Planning complete
  - Permits submitted to BLM
  - Initial drilling expected in 2H 2017



Premier Asset Portfolio

Platform For Value Creation

Asset	Risked Opportunity	Upside Potential
STACK	5,300 undrilled locations	>10 spacing tests underway
Delaware Basin	>5,000 undrilled locations	Spacing tests and appraisal work ongoing
Heavy Oil	1.4 billion barrels of risked resource	Technology to improve facility performance and increase future recovery rates
Eagle Ford	≈1,000 potential locations	Upper EF delineation and staggered lateral development of Lower EF
Barnett Shale	5,000-plus producing wells	Horizontal refrac testing underway
Rockies Oil	>1,000 potential locations	Further de-risking of oil fairway



Devon Energy

A Leading North American E&P

- **Premier** asset portfolio
- **Significant** financial strength
- **Delivering** top-tier results
- **Disciplined** capital allocation

Thank you.

Forward-Looking Statements

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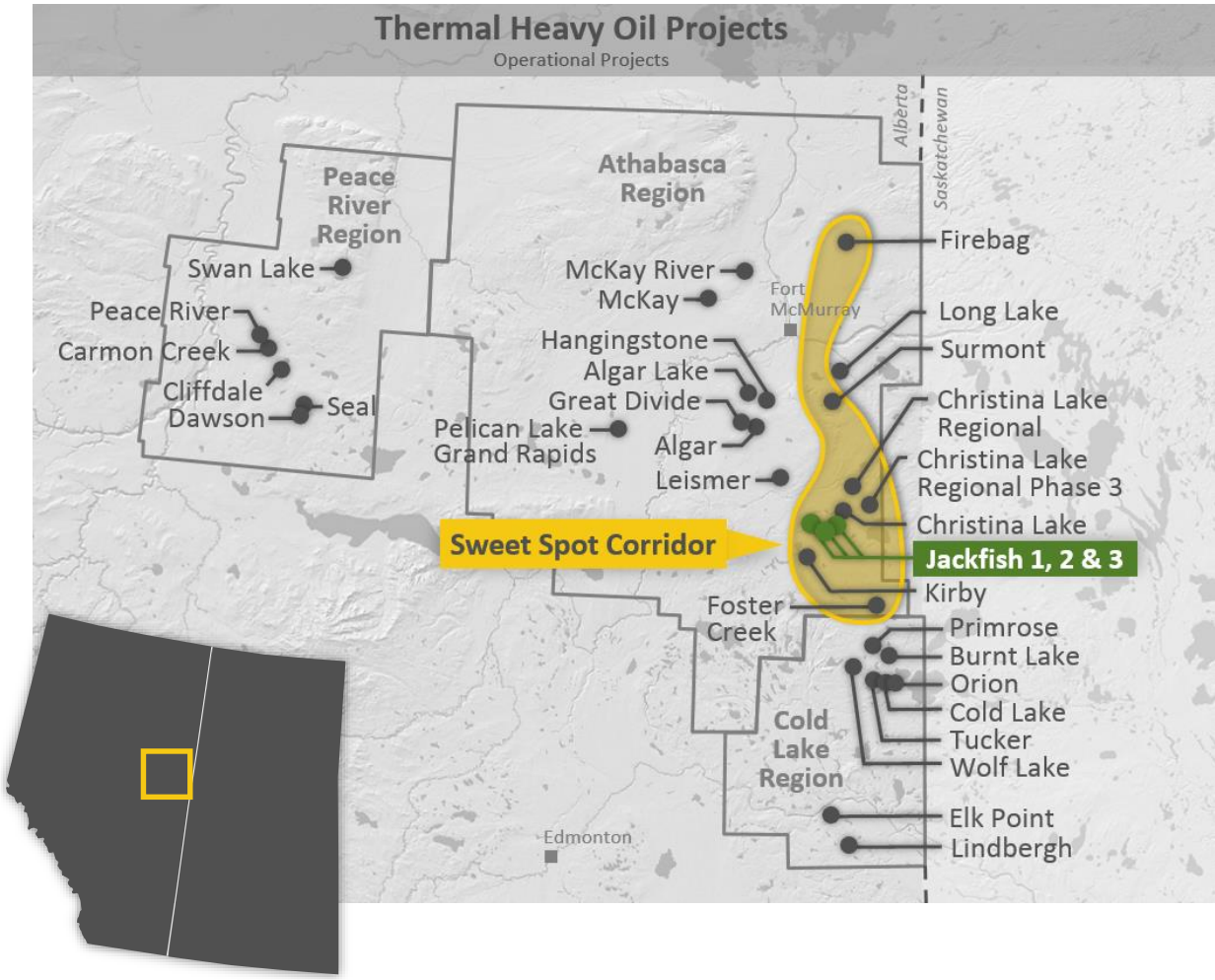
Appendix

Canadian Heavy Oil

- **Top-tier thermal oil position**
  - — High reservoir quality: <2.5 SOR(1)
  - — Massive risked resource: 1.4 BBO
- **Significant leverage to higher prices**
  - — Profitable at ≈$35 WTI
  - — $1 increase in WTI ≈$40 MM of annualized cash flow
- **Jackfish complex oil production up 36% YoY**
- **65% decline in LOE from peak rates**



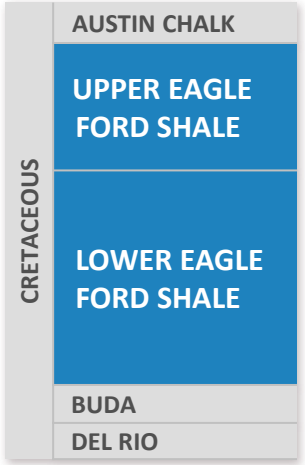
(1) Current steam-to-oil ratio for Jackfish complex.

Eagle Ford

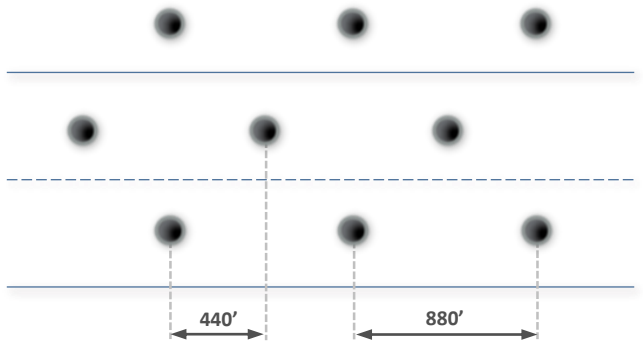
- **Top-tier acreage position**
  - — 66,000 net acres focused in DeWitt Co.
  - — Q2 net production: 75 MBOED (77% liquids)
- **Expect ≈$300 million of free cash flow in 2016**
  - — Best-in-class well productivity
  - — Low-cost asset: LOE $4 per BOE
- **Staggered lateral development to expand inventory**
- **Completion activity to resume in 2H 2016**
  - — Reduce DUCs to ≈50 by year end

$300 MILLION

2016e FREE CASH FLOW

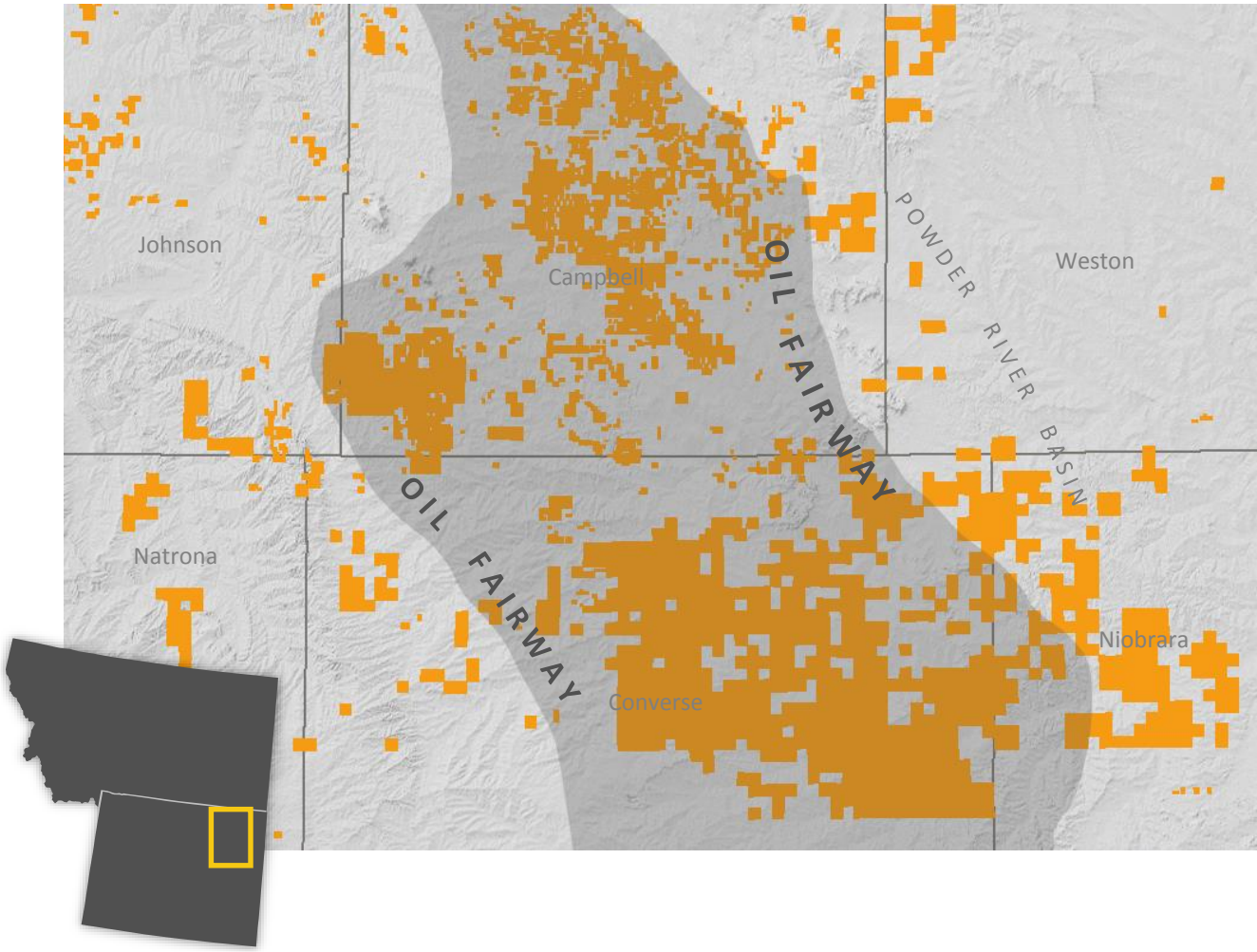


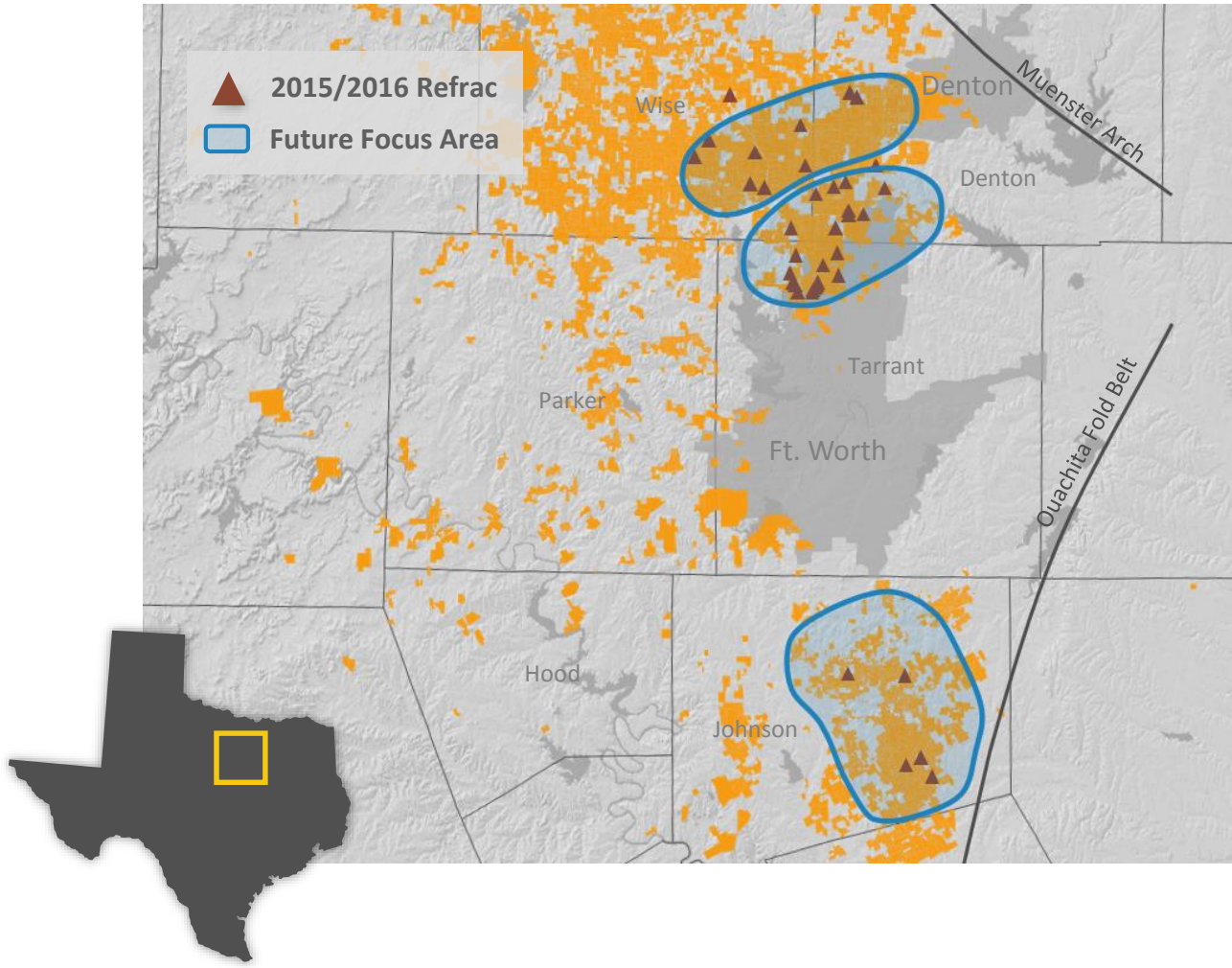
Staggered Lateral Development
(9-well pattern testing up to 18 wells per section)



Rockies

- **Premier Powder River position**
  - ≈470,000 net surface acres
  - Q2 net production: 21 MBOED (70% oil)
- **Development programs delivering strong results**
  - Targeting Parkman, Teapot and Turner formations



Barnett Shale

- **Significant gas optionality**
  - Net acres: 610,000
  - Q2 net production: 167 MBOED (26% liquids)
- **Focused on optimizing base production**
  - Concluded refrac appraisal program in 2016
  - Identified 1,000 horizontal refrac locations