

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-32318



DEVON ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

333 West Sheridan Avenue, Oklahoma City, Oklahoma
(Address of principal executive offices)

73-1567067
(I.R.S. Employer
identification No.)

73102-5015
(Zip code)

Registrant's telephone number, including area code: (405) 235-3611

Former name, address and former fiscal year, if changed from last report: Not applicable

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.10 per share	DVN	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

On October 23, 2024, 656.9 million shares of common stock were outstanding.

DEVON ENERGY CORPORATION

FORM 10-Q

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DEFINITIONS

Unless the context otherwise indicates, references to “us,” “we,” “our,” “ours,” “Devon,” the “Company” and “Registrant” refer to Devon Energy Corporation and its consolidated subsidiaries. All monetary values, other than per unit and per share amounts, are stated in millions of U.S. dollars unless otherwise specified. In addition, the following are other abbreviations and definitions of certain terms used within this Quarterly Report on Form 10-Q:

“2018 Senior Credit Facility” means Devon’s syndicated unsecured revolving line of credit, effective as of October 5, 2018.

“2023 Senior Credit Facility” means Devon’s syndicated unsecured revolving line of credit, effective as of March 24, 2023.

“ASU” means Accounting Standards Update.

“Bbl” or “Bbls” means barrel or barrels.

“Boe” means barrel of oil equivalent. Gas proved reserves and production are converted to Boe, at the pressure and temperature base standard of each respective state in which the gas is produced, at the rate of six Mcf of gas per Bbl of oil, based upon the approximate relative energy content of gas and oil. NGL proved reserves and production are converted to Boe on a one-to-one basis with oil.

“Btu” means British thermal units, a measure of heating value.

“Catalyst” means Catalyst Midstream Partners, LLC.

“CDM” means Cotton Draw Midstream, L.L.C.

“DD&A” means depreciation, depletion and amortization expenses.

“ESG” means environmental, social and governance.

“FASB” means Financial Accounting Standards Board.

“Fervo” means Fervo Energy Company.

“G&A” means general and administrative expenses.

“GAAP” means U.S. generally accepted accounting principles.

“Grayson Mill” means Grayson Mill Intermediate HoldCo II, LLC and Grayson Mill Intermediate HoldCo III, LLC.

“Inside FERC” refers to the publication *Inside FERC’s Gas Market Report*.

“LOE” means lease operating expenses.

“Matterhorn” refers to Matterhorn Express Pipeline, LLC and, as applicable, its direct parent, MXP Parent, LLC.

“MBbls” means thousand barrels.

“MBoe” means thousand Boe.

“Mcf” means thousand cubic feet.

“MMBoe” means million Boe.

“MMBtu” means million Btu.

“MMcf” means million cubic feet.

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“N/M” means not meaningful.

“NCT” means noncontrolling interests.

“NGL” or “NGLs” means natural gas liquids.

“NYMEX” means New York Mercantile Exchange.

“SEC” means United States Securities and Exchange Commission.

“SOFR” means secured overnight financing rate.

“TSR” means total shareholder return.

“U.S.” means United States of America.

“VIE” means variable interest entity.

“Water JV” means NDB Midstream L.L.C.

“WTI” means West Texas Intermediate.

“/Bbl” means per barrel.

“/d” means per day.

“/MMBtu” means per MMBtu.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” as defined by the SEC. Such statements include those concerning strategic plans, our expectations and objectives for future operations, as well as other future events or conditions, and are often identified by use of the words and phrases “expects,” “believes,” “will,” “would,” “could,” “continue,” “may,” “aims,” “likely to be,” “intends,” “forecasts,” “projections,” “estimates,” “plans,” “expectations,” “targets,” “opportunities,” “potential,” “anticipates,” “outlook” and other similar terminology. All statements, other than statements of historical facts, included in this report that address activities, events or developments that Devon expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. Consequently, actual future results could differ materially and adversely from our expectations due to a number of factors, including, but not limited to:

- the volatility of oil, gas and NGL prices;
- uncertainties inherent in estimating oil, gas and NGL reserves;
- the extent to which we are successful in acquiring and discovering additional reserves;
- the uncertainties, costs and risks involved in our operations;
- risks related to our hedging activities;
- our limited control over third parties who operate some of our oil and gas properties;
- midstream capacity constraints and potential interruptions in production, including from limits to the build out of midstream infrastructure;
- competition for assets, materials, people and capital;
- regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to federal lands, environmental matters and seismicity;
- climate change and risks related to regulatory, social and market efforts to address climate change;
- governmental interventions in energy markets;
- counterparty credit risks;
- risks relating to our indebtedness;
- cybersecurity risks;
- risks relating to global pandemics;
- the extent to which insurance covers any losses we may experience;
- risks related to stockholder activism;
- our ability to successfully complete mergers, acquisitions and divestitures;
- our ability to pay dividends and make share repurchases; and
- any of the other risks and uncertainties discussed in this report, our [2023 Annual Report on Form 10-K](#) and our other filings with the SEC.

The forward-looking statements included in this filing speak only as of the date of this report, represent management’s current reasonable expectations as of the date of this filing and are subject to the risks and uncertainties identified above as well as those described elsewhere in this report and in other documents we file from time to time with the SEC. We cannot guarantee the accuracy of our forward-looking statements, and readers are urged to carefully review and consider the various disclosures made in this report and in other documents we file from time to time with the SEC. All subsequent written and oral forward-looking statements attributable to Devon, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements above. We do not undertake, and expressly disclaim, any duty to update or revise our forward-looking statements based on new information, future events or otherwise.

Part I. Financial Information

Item 1. Financial Statements

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Unaudited)			
Oil, gas and NGL sales	\$ 2,665	\$ 2,882	\$ 8,090	\$ 8,054
Oil, gas and NGL derivatives	227	(194)	105	(206)
Marketing and midstream revenues	1,132	1,148	3,342	3,265
Total revenues	4,024	3,836	11,537	11,113
Production expenses	763	757	2,302	2,169
Exploration expenses	4	3	16	16
Marketing and midstream expenses	1,149	1,160	3,390	3,316
Depreciation, depletion and amortization	794	651	2,284	1,904
Asset dispositions	—	—	16	(41)
General and administrative expenses	117	99	345	297
Financing costs, net	88	81	240	231
Restructuring and transaction costs	8	—	8	—
Other, net	37	13	64	28
Total expenses	2,960	2,764	8,665	7,920
Earnings before income taxes	1,064	1,072	2,872	3,193
Income tax expense	239	152	583	572
Net earnings	825	920	2,289	2,621
Net earnings attributable to noncontrolling interests	13	10	37	26
Net earnings attributable to Devon	\$ 812	\$ 910	\$ 2,252	\$ 2,595
Net earnings per share:				
Basic net earnings per share	\$ 1.31	\$ 1.43	\$ 3.60	\$ 4.05
Diluted net earnings per share	\$ 1.30	\$ 1.42	\$ 3.59	\$ 4.03
Comprehensive earnings:				
Net earnings	\$ 825	\$ 920	\$ 2,289	\$ 2,621
Other comprehensive earnings, net of tax:				
Pension and postretirement plans	1	1	3	3
Other comprehensive earnings, net of tax	1	1	3	3
Comprehensive earnings:	826	921	2,292	2,624
Comprehensive earnings attributable to noncontrolling interests	13	10	37	26
Comprehensive earnings attributable to Devon	\$ 813	\$ 911	\$ 2,255	\$ 2,598

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 676	\$ 875
Accounts receivable	1,779	1,573
Inventory	293	249
Other current assets	484	460
Total current assets	3,232	3,157
Oil and gas property and equipment, based on successful efforts accounting, net	23,155	17,825
Other property and equipment, net (\$164 million and \$136 million related to CDM in 2024 and 2023, respectively)	1,795	1,503
Total property and equipment, net	24,950	19,328
Goodwill	753	753
Right-of-use assets	317	267
Investments	718	666
Other long-term assets	293	319
Total assets	<u>\$ 30,263</u>	<u>\$ 24,490</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 995	\$ 760
Revenues and royalties payable	1,423	1,222
Short-term debt	—	483
Other current liabilities	488	484
Total current liabilities	2,906	2,949
Long-term debt	8,884	5,672
Lease liabilities	328	295
Asset retirement obligations	765	643
Other long-term liabilities	820	876
Deferred income taxes	2,082	1,838
Stockholders' equity:		
Common stock, \$0.10 par value. Authorized 1.0 billion shares; issued 658 million and 636 million shares in 2024 and 2023, respectively	66	64
Additional paid-in capital	6,662	5,939
Retained earnings	7,670	6,195
Accumulated other comprehensive loss	(121)	(124)
Treasury stock, at cost, 0.3 million shares in 2023	—	(13)
Total stockholders' equity attributable to Devon	14,277	12,061
Noncontrolling interests	201	156
Total equity	14,478	12,217
Total liabilities and equity	<u>\$ 30,263</u>	<u>\$ 24,490</u>

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(Unaudited)				
Cash flows from operating activities:				
Net earnings	\$ 825	\$ 920	\$ 2,289	\$ 2,621
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, depletion and amortization	794	651	2,284	1,904
Leasehold impairments	1	1	2	4
Accretion (amortization) of liabilities	2	(2)	2	(17)
Total (gains) losses on commodity derivatives	(227)	194	(105)	206
Cash settlements on commodity derivatives	61	(11)	139	39
(Gains) losses on asset dispositions	—	—	16	(41)
Deferred income tax expense	164	13	243	212
Share-based compensation	24	22	75	70
Other	3	(2)	6	(2)
Changes in assets and liabilities, net	16	(61)	(15)	(189)
Net cash from operating activities	1,663	1,725	4,936	4,807
Cash flows from investing activities:				
Capital expenditures	(877)	(882)	(2,719)	(2,973)
Acquisitions of property and equipment	(3,602)	(23)	(3,692)	(54)
Divestitures of property and equipment	—	1	18	23
Grayson Mill acquired cash	147	—	147	—
Distributions from investments	13	7	35	24
Contributions to investments and other	(30)	—	(78)	(52)
Net cash from investing activities	(4,349)	(897)	(6,289)	(3,032)
Cash flows from financing activities:				
Borrowings of long-term debt, net of issuance costs	3,219	—	3,219	—
Repayments of long-term debt	(472)	(242)	(472)	(242)
Repurchases of common stock	(295)	—	(756)	(745)
Dividends paid on common stock	(272)	(312)	(794)	(1,370)
Contributions from noncontrolling interests	20	10	44	18
Distributions to noncontrolling interests	(10)	(9)	(36)	(33)
Shares exchanged for tax withholdings and other	2	—	(49)	(96)
Net cash from financing activities	2,192	(553)	1,156	(2,468)
Effect of exchange rate changes on cash	1	(2)	(2)	—
Net change in cash, cash equivalents and restricted cash	(493)	273	(199)	(693)
Cash, cash equivalents and restricted cash at beginning of period	1,169	488	875	1,454
Cash, cash equivalents and restricted cash at end of period	\$ 676	\$ 761	\$ 676	\$ 761
Reconciliation of cash, cash equivalents and restricted cash:				
Cash and cash equivalents	\$ 645	\$ 654	\$ 645	\$ 654
Restricted cash	31	107	31	107
Total cash, cash equivalents and restricted cash	\$ 676	\$ 761	\$ 676	\$ 761

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

	Common Stock		Additional	Retained	Other Comprehensive	Treasury	Noncontrolling	Total
	Shares	Amount	Paid-In Capital	Earnings	Earnings (Loss)	Stock	Interests	Equity
(Unaudited)								
Three Months Ended September 30, 2024								
Balance as of June 30, 2024	628	\$ 63	\$ 5,478	\$ 7,132	\$ (122)	\$ —	\$ 178	\$ 12,729
Net earnings	—	—	—	812	—	—	13	825
Other comprehensive earnings, net of tax	—	—	—	—	1	—	—	1
Common stock repurchased	—	(1)	4	—	—	(295)	—	(292)
Common stock retired	(7)	—	(295)	—	—	295	—	—
Common stock dividends	—	—	—	(274)	—	—	—	(274)
Common stock issued	37	4	1,451	—	—	—	—	1,455
Share-based compensation	—	—	24	—	—	—	—	24
Contributions from noncontrolling interests	—	—	—	—	—	—	20	20
Distributions to noncontrolling interests	—	—	—	—	—	—	(10)	(10)
Balance as of September 30, 2024	<u>658</u>	<u>\$ 66</u>	<u>\$ 6,662</u>	<u>\$ 7,670</u>	<u>\$ (121)</u>	<u>\$ —</u>	<u>\$ 201</u>	<u>\$ 14,478</u>
Three Months Ended September 30, 2023								
Balance as of June 30, 2023	641	\$ 64	\$ 6,131	\$ 4,940	\$ (114)	\$ —	\$ 129	\$ 11,150
Net earnings	—	—	—	910	—	—	10	920
Other comprehensive earnings, net of tax	—	—	—	—	1	—	—	1
Common stock dividends	—	—	—	(315)	—	—	—	(315)
Share-based compensation	—	—	22	—	—	—	—	22
Contributions from noncontrolling interests	—	—	—	—	—	—	10	10
Distributions to noncontrolling interests	—	—	—	—	—	—	(9)	(9)
Balance as of September 30, 2023	<u>641</u>	<u>\$ 64</u>	<u>\$ 6,153</u>	<u>\$ 5,535</u>	<u>\$ (113)</u>	<u>\$ —</u>	<u>\$ 140</u>	<u>\$ 11,779</u>
Nine Months Ended September 30, 2024								
Balance as of December 31, 2023	636	\$ 64	\$ 5,939	\$ 6,195	\$ (124)	\$ (13)	\$ 156	\$ 12,217
Net earnings	—	—	—	2,252	—	—	37	2,289
Other comprehensive earnings, net of tax	—	—	—	—	3	—	—	3
Restricted stock grants, net of cancellations	2	—	—	—	—	—	—	—
Common stock repurchased	—	—	—	—	—	(792)	—	(792)
Common stock retired	(18)	(2)	(803)	—	—	805	—	—
Common stock dividends	—	—	—	(777)	—	—	—	(777)
Common stock issued	37	4	1,451	—	—	—	—	1,455
Share-based compensation	1	—	75	—	—	—	—	75
Contributions from noncontrolling interests	—	—	—	—	—	—	44	44
Distributions to noncontrolling interests	—	—	—	—	—	—	(36)	(36)
Balance as of September 30, 2024	<u>658</u>	<u>\$ 66</u>	<u>\$ 6,662</u>	<u>\$ 7,670</u>	<u>\$ (121)</u>	<u>\$ —</u>	<u>\$ 201</u>	<u>\$ 14,478</u>
Nine Months Ended September 30, 2023								
Balance as of December 31, 2022	653	\$ 65	\$ 6,921	\$ 4,297	\$ (116)	\$ —	\$ 129	\$ 11,296
Net earnings	—	—	—	2,595	—	—	26	2,621
Other comprehensive earnings, net of tax	—	—	—	—	3	—	—	3
Restricted stock grants, net of cancellations	2	—	—	—	—	—	—	—
Common stock repurchased	—	—	(6)	—	—	(833)	—	(839)
Common stock retired	(15)	(1)	(832)	—	—	833	—	—
Common stock dividends	—	—	—	(1,357)	—	—	—	(1,357)
Share-based compensation	1	—	70	—	—	—	—	70
Contributions from noncontrolling interests	—	—	—	—	—	—	18	18
Distributions to noncontrolling interests	—	—	—	—	—	—	(33)	(33)
Balance as of September 30, 2023	<u>641</u>	<u>\$ 64</u>	<u>\$ 6,153</u>	<u>\$ 5,535</u>	<u>\$ (113)</u>	<u>\$ —</u>	<u>\$ 140</u>	<u>\$ 11,779</u>

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

The accompanying unaudited interim financial statements and notes of Devon have been prepared pursuant to the rules and regulations of the SEC. Pursuant to such rules and regulations, certain disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted. The accompanying unaudited interim financial statements and notes should be read in conjunction with the financial statements and notes included in Devon's [2023 Annual Report on Form 10-K](#). The accompanying unaudited interim financial statements in this report reflect all adjustments that are, in the opinion of management, necessary for a fair statement of Devon's results of operations and cash flows for the three-month and nine-month periods ended September 30, 2024 and 2023 and Devon's financial position as of September 30, 2024.

On September 27, 2024, Devon acquired the Williston Basin business of Grayson Mill for total consideration of approximately \$5.0 billion, consisting of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock, including purchase price adjustments. The transaction has been accounted for using the acquisition method of accounting. See [Note 2](#) for further discussion.

Variable Interest Entity

CDM is a joint venture entity formed by Devon and an affiliate of QL Capital Partners, LP. CDM provides gathering, compression and dehydration services for natural gas production in the Cotton Draw area of the Delaware Basin. Devon holds a controlling interest in CDM and the portions of CDM's net earnings and equity not attributable to Devon's controlling interest are shown separately as noncontrolling interests in the accompanying consolidated statements of comprehensive earnings and consolidated balance sheets. CDM is considered a VIE to Devon. The assets of CDM cannot be used by Devon for general corporate purposes and are included in, and disclosed parenthetically, on Devon's consolidated balance sheets. The carrying amount of liabilities related to CDM for which the creditors do not have recourse to Devon's assets are also included in, and disclosed parenthetically, if material, on Devon's consolidated balance sheets.

Investments

The following table presents Devon's investments.

Investments	% Interest	Carrying Amount	
		September 30, 2024	December 31, 2023
Catalyst	50%	\$ 282	\$ 311
Water JV	30%	216	216
Matterhorn	12.5%	90	90
Fervo	14%	77	—
Other	Various	53	49
Total		\$ 718	\$ 666

Devon has an interest in Catalyst, which is a joint venture with an affiliate of Howard Energy Partners, LLC ("HEP") and certain other investors, to develop oil gathering and natural gas processing infrastructure in the Stateline area of the Delaware Basin. Under the terms of the arrangement, Devon and a holding company owned by the other joint venture investors each have a 50% voting interest in the joint venture legal entity, and HEP serves as the operator. Through 2038, Devon's production from 50,000 net acres in the Stateline area of the Delaware Basin has been dedicated to Catalyst subject to fixed-fee oil gathering and natural gas processing agreements. Devon accounts for the investment in Catalyst as an equity method investment. Devon's investment in Catalyst is shown within investments on the consolidated balance sheets and Devon's share of Catalyst earnings are reflected as a component of other, net in the accompanying consolidated statements of comprehensive earnings.

In the second quarter of 2023, Devon made an investment in the Water JV, a joint venture entity formed with an affiliate of WaterBridge NDB LLC ("WaterBridge"), for the purpose of providing increased capacity and flexibility in disposing of produced water in the Delaware Basin and Eagle Ford. Under terms of the arrangement, Devon contributed water infrastructure assets and committed to a water gathering and disposal dedication to the Water JV through 2038, in exchange for a 30% voting interest in the joint venture legal entity. WaterBridge contributed water infrastructure assets to the Water JV, in exchange for a 70% voting interest in the joint venture legal entity and will serve as the operator. In the second quarter of 2023, Devon recognized a \$64 million gain in asset dispositions in the consolidated statements of comprehensive earnings, which represented the excess of the estimated fair value of Devon's interest in the Water JV over the carrying value of the water infrastructure assets Devon contributed to the Water JV.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Devon accounts for the investment in the Water JV as an equity method investment. Devon's investment in the Water JV is shown within investments on the consolidated balance sheets and Devon's share of the Water JV earnings are reflected as a component of other, net in the accompanying consolidated statements of comprehensive earnings.

Devon has an interest in Matterhorn, which is a joint venture in a natural gas pipeline which transports natural gas from the Permian Basin to the Katy, Texas area. Devon's investment in Matterhorn does not give it the ability to exercise significant influence over Matterhorn.

In the first quarter of 2024, Devon committed to invest approximately \$100 million in Fervo, a company that generates energy from geothermal wells. As of September 30, 2024, Devon has funded approximately \$78 million of the commitment and expects to fund the remaining \$22 million commitment in the fourth quarter of 2024. The investment in Fervo allows Devon to exercise significant influence over Fervo, and the investment is accounted for under the equity method of accounting. Devon's investment in Fervo is shown within investments on the consolidated balance sheets and Devon's share of Fervo earnings are reflected as a component of other, net in the accompanying consolidated statements of comprehensive earnings.

Disaggregation of Revenue

The following table presents revenue from contracts with customers that are disaggregated based on the type of good or service.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Oil	\$ 2,273	\$ 2,377	\$ 6,875	\$ 6,626
Gas	49	189	234	524
NGL	343	316	981	904
Oil, gas and NGL sales	2,665	2,882	8,090	8,054
Marketing and midstream revenues	815	795	2,423	2,260
	105	153	326	428
	212	200	593	577
Marketing and midstream revenues	1,132	1,148	3,342	3,265
Total revenues from contracts with customers	\$ 3,797	\$ 4,030	\$ 11,432	\$ 11,319

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. ASU 2023-09 intends to provide investors with enhanced information about an entity's income taxes by requiring disclosure of items such as disaggregation of the effective tax rate reconciliation as well as information regarding income taxes paid. This ASU will result in additional disclosures for annual reporting periods beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued.

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segments Disclosures. Under this ASU, the scope and frequency of segment disclosures is increased to provide investors with additional detail about information utilized by an entity's "Chief Operating Decision Maker." This ASU will result in additional disclosures for Devon beginning with our 2024 annual reporting and interim periods beginning in 2025.

2. Acquisitions and Divestitures

Acquisition

On September 27, 2024, Devon completed its acquisition of the Williston Basin business of Grayson Mill for total consideration of approximately \$5.0 billion, consisting of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock, including purchase price adjustments. Devon funded the cash portion of the purchase price through cash on hand and debt financing. For additional information regarding the debt financing, see [Note 11](#).

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Purchase Price Allocation

This transaction has been accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the assets and liabilities of Grayson Mill and its subsidiaries have been recorded at their respective fair values as of the date of completion of the acquisition and added to Devon's. The preliminary purchase price assessment remains an ongoing process and is subject to change for up to one year subsequent to the closing date of the acquisition. Determining the fair value of the assets and liabilities of Grayson Mill requires judgment and certain assumptions to be made, the most significant of these being related to the valuation of Grayson Mill's oil and gas properties. The inputs and assumptions related to the oil and gas properties are categorized as level 3 in the fair value hierarchy.

The following table represents the preliminary allocation of the total purchase price of Grayson Mill to the identifiable assets acquired and the liabilities assumed based on the fair values as of the acquisition date.

	Preliminary Purchase Price Allocation as of September 27, 2024
Consideration:	
Devon common stock issued	37.3
Devon closing price on September 27, 2024	\$ 38.96
Total common equity consideration	\$ 1,455
Cash consideration	3,567
Total consideration	\$ 5,022
Assets acquired:	
Cash, cash equivalents and restricted cash	\$ 147
Accounts receivable	226
Inventory	38
Other current assets	9
Proved oil and gas property and equipment	2,931
Unproved oil and gas property and equipment	1,905
Other property and equipment, net	210
Right-of-use assets	29
Total assets acquired	\$ 5,495
Liabilities assumed:	
Accounts payable	\$ 155
Revenue and royalties payable	209
Other current liabilities	16
Asset retirement obligations	75
Lease liabilities	18
Total liabilities assumed	473
Net assets acquired	\$ 5,022

Grayson Mill Revenues and Earnings

From the date of the acquisition through September 30, 2024, revenues and net earnings included in Devon's consolidated statements of comprehensive earnings associated with these assets totaled \$28 million and \$4 million, respectively.

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Pro Forma Financial Information

The following unaudited pro forma financial information is based on our historical consolidated financial statements adjusted to reflect as if the Grayson Mill acquisition had occurred on January 1, 2023. The information below reflects pro forma adjustments to conform Grayson Mill's historical financial information to Devon's financial statement presentation. The unaudited pro forma financial information is not necessarily indicative of what would have occurred if the acquisition had been completed as of the beginning of the periods presented, nor is it indicative of future results.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total revenues	\$ 4,691	\$ 4,553	\$ 13,563	\$ 12,679
Net earnings	\$ 895	\$ 1,044	\$ 2,524	\$ 2,827

Contingent Earnout Payments

Devon is entitled to contingent earnout payments associated with the sale of its Barnett Shale assets in 2020 with upside participation beginning at a \$2.75 Henry Hub natural gas price or a \$50 WTI oil price. The contingent payment period commenced on January 1, 2021 and has a term of four years. Devon received \$20 million in contingent earnout payments related to this transaction in the first quarter of 2024 and \$65 million in the first quarter of 2023. Devon could also receive up to an additional \$65 million in contingent earnout payments for the remaining performance period depending on future commodity prices. The valuation of the future contingent earnout payment included within other current assets in the September 30, 2024 consolidated balance sheet was approximately \$20 million. This value was derived utilizing a Monte Carlo valuation model and qualifies as a level 3 fair value measurement.

Devon also received \$4 million in contingent earnout payments in the first quarter of 2023 related to the sale of non-core assets in the Rockies.

3. Derivative Financial Instruments

Objectives and Strategies

Devon enters into derivative financial instruments with respect to a portion of its oil, gas and NGL production to hedge future prices received. Additionally, Devon periodically enters into derivative financial instruments with respect to a portion of its oil, gas and NGL marketing activities. These commodity derivative financial instruments include financial price swaps, basis swaps and costless price collars. Devon also periodically enters into interest rate swaps to manage its exposure to interest rate volatility. As of September 30, 2024, Devon did not have any open interest rate contracts.

Devon does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Counterparty Credit Risk

By using derivative financial instruments, Devon is exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. To mitigate this risk, the hedging instruments are placed with a number of counterparties whom Devon believes are acceptable credit risks. It is Devon's policy to enter into derivative contracts only with investment-grade rated counterparties deemed by management to be competent and competitive market makers. Additionally, Devon's derivative contracts generally contain provisions that provide for collateral payments if Devon's or its counterparty's credit rating falls below certain credit rating levels. As of September 30, 2024, Devon neither held cash collateral of its counterparties nor posted cash collateral to its counterparties.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
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Commodity Derivatives

As of September 30, 2024, Devon had the following open oil derivative positions. The first table presents Devon's oil derivatives that settle against the average of the prompt month NYMEX WTI futures price. The second table presents Devon's oil derivatives that settle against the respective indices noted within the table.

Period	Price Swaps		Price Collars		
	Volume (Bbls/d)	Weighted Average Price (\$/Bbl)	Volume (Bbls/d)	Weighted Average Floor Price (\$/Bbl)	Weighted Average Ceiling Price (\$/Bbl)
Q4 2024	33,000	\$ 78.38	98,000	\$ 68.64	\$ 83.73
Q1-Q4 2025	8,468	\$ 71.90	26,992	\$ 70.00	\$ 76.58

Oil Basis Swaps				
Period	Index	Volume (Bbls/d)	Weighted Average Differential to WTI (\$/Bbl)	
Q4 2024	Midland Sweet	69,500	\$	1.17
Q4 2024	NYMEX Roll	26,000	\$	0.82
Q1-Q4 2025	Midland Sweet	63,000	\$	1.00
Q1-Q4 2026	Midland Sweet	18,000	\$	1.21

As of September 30, 2024, Devon had the following open natural gas derivative positions. The first table presents Devon's natural gas derivatives that settle against the Inside FERC first of the month Henry Hub index. The second table presents Devon's natural gas derivatives that settle against the respective indices noted within the table.

Period	Price Swaps		Price Collars		
	Volume (MMBtu/d)	Weighted Average Price (\$/MMBtu)	Volume (MMBtu/d)	Weighted Average Floor Price (\$/MMBtu)	Weighted Average Ceiling Price (\$/MMBtu)
Q4 2024	252,000	\$ 3.16	15,000	\$ 3.00	\$ 3.65
Q1-Q4 2025	220,537	\$ 3.34	55,000	\$ 3.00	\$ 3.69
Q1-Q4 2026	130,000	\$ 3.78	50,000	\$ 3.25	\$ 4.18

Natural Gas Basis Swaps				
Period	Index	Volume (MMBtu/d)	Weighted Average Differential to Henry Hub (\$/MMBtu)	
Q4 2024	El Paso Natural Gas	10,000	\$	(1.00)
Q4 2024	Houston Ship Channel	160,000	\$	(0.28)
Q4 2024	WAHA	80,000	\$	(0.74)
Q1-Q4 2025	Houston Ship Channel	170,000	\$	(0.36)
Q1-Q4 2025	WAHA	50,000	\$	(1.04)
Q1-Q4 2026	Houston Ship Channel	50,000	\$	(0.29)

As of September 30, 2024, Devon had the following open NGL derivative positions. Devon's NGL positions settle against the average of the prompt month OPIS Mont Belvieu, Texas index.

Period	Product	Price Swaps	
		Volume (Bbls/d)	Weighted Average Price (\$/Bbl)
Q4 2024	Natural Gasoline	3,000	\$ 69.11
Q4 2024	Normal Butane	3,350	\$ 37.58
Q4 2024	Propane	5,250	\$ 33.01

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Financial Statement Presentation

All derivative financial instruments are recognized at their current fair value as either assets or liabilities in the consolidated balance sheets. Amounts related to contracts allowed to be netted upon payment subject to a master netting arrangement with the same counterparty are reported on a net basis in the consolidated balance sheets. The table below presents a summary of these positions as of September 30, 2024 and December 31, 2023.

	September 30, 2024			December 31, 2023			Balance Sheet Classification
	Gross Fair Value	Amounts Netted	Net Fair Value	Gross Fair Value	Amounts Netted	Net Fair Value	
Commodity derivatives:							
Short-term derivative asset	\$ 153	\$ (12)	\$ 141	\$ 213	\$ (5)	\$ 208	Other current assets
Long-term derivative asset	32	(5)	27	—	—	—	Other long-term assets
Short-term derivative liability	(14)	12	(2)	(7)	5	(2)	Other current liabilities
Long-term derivative liability	(6)	5	(1)	(7)	—	(7)	Other long-term liabilities
Total derivative asset	<u>\$ 165</u>	<u>\$ —</u>	<u>\$ 165</u>	<u>\$ 199</u>	<u>\$ —</u>	<u>\$ 199</u>	

4. Share-Based Compensation

The table below presents the share-based compensation expense included in Devon's accompanying consolidated statements of comprehensive earnings.

	Nine Months Ended September 30,	
	2024	2023
G&A	\$ 74	\$ 70
Exploration expenses	1	—
Total	<u>\$ 75</u>	<u>\$ 70</u>
Related income tax benefit	\$ 21	\$ 31

Under its approved long-term incentive plan, Devon grants share-based awards to its employees. The following table presents a summary of Devon's unvested restricted stock awards and units and performance share units granted under the plan.

	Restricted Stock Awards & Units		Performance Share Units	
	Awards/Units	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value
		(Thousands, except fair value data)		
Unvested at 12/31/23	4,033	\$ 42.10	1,547	\$ 43.25
Granted	1,936	\$ 42.53	858	\$ 40.41
Vested	(1,805)	\$ 34.83	(1,226)	\$ 18.08
Forfeited	(79)	\$ 45.44	—	\$ —
Unvested at 9/30/24	<u>4,085</u>	<u>\$ 45.45</u>	<u>1,179</u>	<u>\$ 67.38</u>

(1) A maximum of 2.4 million common shares could be awarded based upon Devon's final TSR ranking.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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The following table presents the assumptions related to the performance share units granted in 2024, as indicated in the previous summary table. The grants in the previous summary table also include the impacts of performance share units granted in a prior year that vested higher than 100% of target due to Devon's TSR performance compared to our peers.

	2024
Grant-date fair value	\$ 56.99
Risk-free interest rate	4.28 %
Volatility factor	46.03 %
Contractual term (years)	2.89

The following table presents a summary of the unrecognized compensation cost and the related weighted average recognition period associated with unvested awards and units as of September 30, 2024.

	Restricted Stock Awards/Units	Performance Share Units
Unrecognized compensation cost	\$ 116	\$ 26
Weighted average period for recognition (years)	2.6	1.7

5. Income Taxes

The following table presents Devon's total income tax expense and a reconciliation of its effective income tax rate to the U.S. statutory income tax rate.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Earnings before income taxes	\$ 1,064	\$ 1,072	\$ 2,872	\$ 3,193
Current income tax expense	\$ 75	\$ 139	\$ 340	\$ 360
Deferred income tax expense	164	13	243	212
Total income tax expense	<u>\$ 239</u>	<u>\$ 152</u>	<u>\$ 583</u>	<u>\$ 572</u>
U.S. statutory income tax rate	21 %	21 %	21 %	21 %
State income taxes	3 %	1 %	2 %	1 %
Income tax credits	(2 %)	(8 %)	(3 %)	(4 %)
Effective income tax rate	<u>22 %</u>	<u>14 %</u>	<u>20 %</u>	<u>18 %</u>

In the first nine months of 2024 and 2023, Devon recognized income tax credits associated with its qualified research activities.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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6. Net Earnings Per Share

The following table reconciles net earnings available to common shareholders and weighted-average common shares outstanding used in the calculations of basic and diluted net earnings per share.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net earnings available to common shareholders - basic and diluted	\$ 812	\$ 910	\$ 2,252	\$ 2,595
Common shares:				
Average common shares outstanding - basic	622	637	626	640
Dilutive effect of potential common shares issuable	1	2	2	3
Average common shares outstanding - diluted	623	639	628	643
Net earnings per share available to common shareholders:				
Basic	\$ 1.31	\$ 1.43	\$ 3.60	\$ 4.05
Diluted	\$ 1.30	\$ 1.42	\$ 3.59	\$ 4.03

7. Other Comprehensive Earnings (Loss)

Components of other comprehensive earnings (loss) consist of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Pension and postretirement benefit plans:				
Beginning accumulated pension and postretirement benefits	\$ (122)	\$ (114)	\$ (124)	\$ (116)
Recognition of net actuarial loss and prior service cost in earnings ⁽¹⁾	1	1	4	4
Income tax expense	—	—	(1)	(1)
Accumulated other comprehensive loss, net of tax	\$ (121)	\$ (113)	\$ (121)	\$ (113)

- (1) Recognition of net actuarial loss and prior service cost are included in the computation of net periodic benefit cost, which is a component of other, net in the accompanying consolidated statements of comprehensive earnings.

8. Supplemental Information to Statements of Cash Flows

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Changes in assets and liabilities, net:				
Accounts receivable	\$ 41	\$ (334)	\$ 26	\$ (86)
Other current assets	(13)	27	(120)	31
Other long-term assets	(9)	(31)	24	(13)
Accounts payable and revenues and royalties payable	(64)	194	121	(36)
Other current liabilities	57	88	(51)	(53)
Other long-term liabilities	4	(5)	(15)	(32)
Total	\$ 16	\$ (61)	\$ (15)	\$ (189)
Supplementary cash flow data:				
Interest paid	\$ 90	\$ 77	\$ 265	\$ 266
Income taxes paid	\$ 92	\$ 50	\$ 476	\$ 309

Devon's non-cash investing activities for the nine months ended September 30, 2023, included approximately \$150 million of contributions of other property and equipment for the formation of the Water JV.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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9. Accounts Receivable

Components of accounts receivable include the following:

	September 30, 2024	December 31, 2023
Oil, gas and NGL sales	\$ 989	\$ 965
Joint interest billings	321	251
Marketing and midstream revenues	442	342
Other	34	22
Gross accounts receivable	1,786	1,580
Allowance for doubtful accounts	(7)	(7)
Net accounts receivable	\$ 1,779	\$ 1,573

10. Property, Plant and Equipment

The following table presents the aggregate capitalized costs related to Devon's oil and gas and non-oil and gas activities.

	September 30, 2024	December 31, 2023
Property and equipment:		
Proved	\$ 52,190	\$ 46,659
Unproved and properties under development	3,286	1,279
Total oil and gas	55,476	47,938
Less accumulated DD&A	(32,321)	(30,113)
Oil and gas property and equipment, net	23,155	17,825
Other property and equipment	2,630	2,289
Less accumulated DD&A	(835)	(786)
Other property and equipment, net ⁽¹⁾	1,795	1,503
Property and equipment, net	\$ 24,950	\$ 19,328

(1) \$164 million and \$136 million related to CDM in 2024 and 2023, respectively.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
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11. Debt and Related Expenses

See below for a summary of debt instruments and balances. The notes, debentures and Term Loan reflected below are senior, unsecured obligations of Devon.

	September 30, 2024	December 31, 2023
5.25% due September 15, 2024	\$ —	\$ 472
5.85% due December 15, 2025	485	485
7.50% due September 15, 2027	73	73
5.25% due October 15, 2027	390	390
5.875% due June 15, 2028	325	325
4.50% due January 15, 2030	585	585
7.875% due September 30, 2031	675	675
7.95% due April 15, 2032	366	366
5.20% due September 15, 2034	1,250	—
5.60% due July 15, 2041	1,250	1,250
4.75% due May 15, 2042	750	750
5.00% due June 15, 2045	750	750
5.75% due September 15, 2054	1,000	—
Term Loan due September 25, 2026	1,000	—
Net premium on debentures and notes	41	64
Debt issuance costs	(56)	(30)
Total debt	\$ 8,884	\$ 6,155
Less amount classified as short-term debt	—	483
Total long-term debt	\$ 8,884	\$ 5,672

Credit Lines

In 2023, Devon amended and restated its 2018 Senior Credit Facility to provide for a new \$3.0 billion revolving 2023 Senior Credit Facility. In the first quarter of 2024, Devon exercised its option to extend the 2023 Senior Credit Facility maturity date from March 24, 2028 to March 24, 2029. Devon has the option to extend the March 24, 2029 maturity date by two additional one-year periods subject to lender consent. As of September 30, 2024, Devon had no outstanding borrowings under the 2023 Senior Credit Facility and had issued \$4 million in outstanding letters of credit under this facility. The 2023 Senior Credit Facility contains only one material financial covenant. This covenant requires Devon's ratio of total funded debt to total capitalization, as defined in the credit agreement, to be no greater than 65%. Under the terms of the credit agreement, total capitalization is adjusted to add back non-cash financial write-downs such as impairments. As of September 30, 2024, Devon was in compliance with this covenant with a debt-to-capitalization ratio of 26.7%

Term Loan Credit Agreement

On August 12, 2024, Devon entered into a delayed draw term loan credit agreement (the "Term Loan Credit Agreement"), providing for delayed draw term loans in an aggregate principal amount not to exceed \$2.0 billion, including a 364-day tranche of \$500 million and a two-year tranche of \$1.5 billion. On September 27, 2024, Devon borrowed \$1.0 billion on the two-year tranche (the "Term Loan") to partially fund the closing of the Grayson Mill acquisition. In connection with the borrowing of the Term Loan, the undrawn commitments under the Term Loan Credit Agreement automatically terminated. The Term Loan bears interest at a rate based on term SOFR plus a spread adjustment that varies based on Devon's credit ratings. The interest rate on the Term Loan was 6.33% as of September 30, 2024.

The Term Loan Credit Agreement contains substantially the same financial covenant as the 2023 Senior Credit Facility. As of September 30, 2024, Devon was in compliance with this covenant with a debt-to-capitalization ratio of 26.7%.

Issuance of Senior Notes

On August 28, 2024, Devon issued \$1.25 billion of 5.20% senior notes due 2034 and \$1.0 billion of 5.75% senior notes due 2054. Devon used the net proceeds to partially fund the Grayson Mill acquisition. For additional information, see [Note 2](#).

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Retirement of Senior Notes

On September 15, 2024 and August 1, 2023, Devon repaid the \$472 million of 5.25% senior notes and \$242 million of 8.25% senior notes at maturity, respectively.

Net Financing Costs

The following schedule includes the components of net financing costs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest based on debt outstanding	\$ 98	\$ 93	\$ 273	\$ 282
Interest income	(19)	(11)	(46)	(43)
Other	9	(1)	13	(8)
Total net financing costs	<u>\$ 88</u>	<u>\$ 81</u>	<u>\$ 240</u>	<u>\$ 231</u>

12. Leases

The following table presents Devon's right-of-use assets and lease liabilities as of September 30, 2024 and December 31, 2023.

	September 30, 2024			December 31, 2023		
	Finance	Operating	Total	Finance	Operating	Total
Right-of-use assets	<u>\$ 257</u>	<u>\$ 60</u>	<u>\$ 317</u>	<u>\$ 246</u>	<u>\$ 21</u>	<u>\$ 267</u>
Lease liabilities:						
Current lease liabilities ⁽¹⁾	\$ 27	\$ 30	\$ 57	\$ 21	\$ 12	\$ 33
Long-term lease liabilities	298	30	328	286	9	295
Total lease liabilities ⁽²⁾	<u>\$ 325</u>	<u>\$ 60</u>	<u>\$ 385</u>	<u>\$ 307</u>	<u>\$ 21</u>	<u>\$ 328</u>

(1) Current lease liabilities are included in other current liabilities on the consolidated balance sheets.

(2) Devon has entered into certain leases of equipment related to the exploration, development and production of oil and gas that had terms not yet commenced as of September 30, 2024 and are therefore excluded from the amounts shown above.

Devon's operating lease right-of-use assets relate to real estate, drilling rigs and other equipment related to the exploration, development and production of oil and gas. Devon's financing lease right-of-use assets primarily relate to real estate.

13. Asset Retirement Obligations

The following table presents the changes in Devon's asset retirement obligations.

	Nine Months Ended September 30,	
	2024	2023
Asset retirement obligations as of beginning of period	\$ 665	\$ 529
Assumed Grayson Mill obligations	75	—
Liabilities incurred	21	104
Liabilities settled and divested	(25)	(24)
Revision of estimated obligation	35	27
Accretion expense on discounted obligation	28	21
Asset retirement obligations as of end of period	<u>799</u>	<u>657</u>
Less current portion	34	16
Asset retirement obligations, long-term	<u>\$ 765</u>	<u>\$ 641</u>

During the first nine months of 2024, Devon increased its asset retirement obligations by approximately \$35 million primarily due to changes in current cost estimates and future retirement dates for its oil and gas assets. During the first nine months of 2023,

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Devon increased its asset retirement obligations by approximately \$27 million primarily due to inflation-driven increases in cost estimates.

Devon's asset retirement obligations recorded during the first nine months of 2023 included a potential obligation to decommission two California offshore oil and gas production platforms and related facilities pursuant to an order of the Department of the Interior, Bureau of Safety and Environmental Enforcement.

14. Stockholders' Equity

Share Issuance

On September 27, 2024, Devon completed its acquisition of the Williston Basin business of Grayson Mill for total consideration of approximately \$5.0 billion. The transaction consisted of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock at \$38.96 per share for total equity consideration of approximately \$1.5 billion, including purchase price adjustments.

Share Repurchases

In July 2024, Devon's Board of Directors authorized an expansion to the Company's share repurchase program from \$3.0 billion to \$5.0 billion and extended the expiration date from December 31, 2024 to June 30, 2026. The table below provides information regarding purchases of Devon's common stock under the \$5.0 billion share repurchase program (shares in thousands).

	<u>Total Number of Shares Purchased</u>	<u>Dollar Value of Shares Purchased</u>	<u>Average Price Paid per Share</u>
\$5.0 Billion Plan			
2021	13,983	\$ 589	\$ 42.15
2022	11,708	718	\$ 61.36
2023:			
First quarter	10,090	545	\$ 53.96
Second quarter	3,795	200	\$ 52.70
Fourth quarter	5,465	247	\$ 45.17
2023 Total	19,350	992	\$ 51.23
2024:			
First quarter	4,428	193	\$ 43.47
Second quarter	5,188	256	\$ 49.40
Third quarter	6,675	295	\$ 44.23
2024 Total	16,291	744	\$ 45.67
Total plan	61,332	\$ 3,043	\$ 49.62

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Dividends

Devon pays a quarterly dividend which can be comprised of a fixed dividend and a variable dividend. The variable dividend is dependent on quarterly cash flows, among other factors. Devon has raised its fixed dividend multiple times over the past two calendar years and most recently raised it by 10% from \$0.20 to \$0.22 per share in the first quarter of 2024. The following table summarizes Devon's dividends for the first nine months of 2024 and 2023, respectively.

	Fixed	Variable	Total	Rate Per Share
2024:				
First quarter	\$ 143	\$ 156	\$ 299	\$ 0.44
Second quarter	138	85	223	\$ 0.35
Third quarter	136	136	272	\$ 0.44
Total year-to-date	<u>\$ 417</u>	<u>\$ 377</u>	<u>\$ 794</u>	
2023:				
First quarter	\$ 133	\$ 463	\$ 596	\$ 0.89
Second quarter	128	334	462	\$ 0.72
Third quarter	127	185	312	\$ 0.49
Total year-to-date	<u>\$ 388</u>	<u>\$ 982</u>	<u>\$ 1,370</u>	

In November 2024, Devon announced a fixed cash dividend in the amount of \$0.22 per share for approximately \$144 million payable in the fourth quarter of 2024.

Noncontrolling Interests

The noncontrolling interests' share of CDM's net earnings and the contributions from and distributions to the noncontrolling interests are presented as components of equity.

15. Commitments and Contingencies

Devon is party to various legal actions arising in connection with its business. Matters that are probable of unfavorable outcome to Devon and which can be reasonably estimated are accrued. Such accruals are based on information known about the matters, Devon's estimates of the outcomes of such matters and its experience in contesting, litigating and settling similar matters. None of the actions are believed by management to likely involve future amounts that would be material to Devon's financial position or results of operations after consideration of recorded accruals. Actual amounts could differ materially from management's estimates.

Royalty Matters

Numerous oil and natural gas producers and related parties, including Devon, have been named in various lawsuits alleging royalty underpayments. Devon is currently named as a defendant in a number of such lawsuits, including some lawsuits in which the plaintiffs seek to certify classes of similarly situated plaintiffs. Among the allegations typically asserted in these suits are claims that Devon used below-market prices, made improper deductions, paid royalty proceeds in an untimely manner without including required interest, used improper measurement techniques and entered into gas purchase and processing arrangements with affiliates that resulted in underpayment of royalties in connection with oil, natural gas and NGLs produced and sold. Devon is also involved in governmental agency proceedings and royalty audits and is subject to related contracts and regulatory controls in the ordinary course of business, some that may lead to additional royalty claims. As of September 30, 2024, Devon has accrued approximately \$60 million in other current liabilities pertaining to such royalty matters.

Environmental and Climate Change Matters

Devon's business is subject to numerous federal, state, tribal and local laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines and penalties, as well as remediation costs. Although Devon believes that it is in substantial compliance with applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on its business, there can be no assurance that this will continue in the future.

As previously disclosed, the Company received separate notices of violation ("NOV") from the EPA alleging emissions and permitting violations relating to certain of our historic operations in North Dakota, western Texas and New Mexico, respectively. The

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

Company has been engaging with the EPA to resolve each of these matters, and Devon is actively negotiating a draft consent decree with the EPA and the Department of Justice with respect to the North Dakota NOV matter. If finalized, the consent decree may include monetary sanctions and obligations to complete mitigation projects and implement specific injunctive relief. Given that negotiations of the draft consent decree are ongoing and the uncertainty as to the ultimate result of the North Dakota NOV matter, we are currently unable to provide an estimate of potential loss; however, the costs associated with the resolution of the North Dakota NOV matter or any of the other NOV matters could be significant in amount and may include monetary penalties.

Beginning in 2013, various parishes in Louisiana filed suit against numerous oil and gas companies, including Devon, alleging that the companies' operations and activities in certain fields violated the State and Local Coastal Resource Management Act of 1978, as amended, and caused substantial environmental contamination, subsidence and other environmental damages to land and water bodies located in the coastal zone of Louisiana. The plaintiffs' claims against Devon relate primarily to the operations of several of Devon's corporate predecessors. The plaintiffs seek, among other things, payment of the costs necessary to clear, re-vegetate and otherwise restore the allegedly impacted areas. Although Devon cannot predict the ultimate outcome of these matters, Devon denies the allegations in these lawsuits and intends to vigorously defend against these claims.

The State of Delaware has filed legal proceedings against numerous oil and gas companies, including Devon, seeking relief to abate alleged impacts of climate change. These proceedings include far-reaching claims for monetary damages and injunctive relief. Although Devon cannot predict the ultimate outcome of this matter, Devon denies the allegations asserted in this lawsuit and intends to vigorously defend against these claims.

Other Indemnifications and Legacy Matters

Pursuant to various sale agreements relating to divested businesses and assets, Devon has indemnified various purchasers against liabilities that they may incur with respect to the businesses and assets acquired from Devon. Additionally, federal, state and other laws in areas of former operations may require previous operators (including corporate successors of previous operators) to perform or make payments in certain circumstances where the current operator may no longer be able to satisfy the applicable obligation. Such obligations may include plugging and abandoning wells, removing production facilities, undertaking other restorative actions or performing requirements under surface agreements in existence at the time of disposition. For example, a predecessor entity of a Devon subsidiary previously sold certain private, state and federal oil and gas leases covering properties in shallow waters off the coast of Louisiana in the Gulf of Mexico. These assets are generally referred to as the East Bay Field. The current operator of the East Bay Field has filed for protection under Chapter 11 of the U.S. Bankruptcy Code and may be unable to satisfy the eventual decommissioning obligations associated with the East Bay Field. Other companies in the chain of title of the East Bay Field have also sought bankruptcy protection and may be similarly unable to satisfy the eventual decommissioning obligations associated with the East Bay Field. Depending upon the outcome of these bankruptcy proceedings, amounts available under decommissioning bonds and a cash security account and other factors, Devon may be required to perform or fund certain decommissioning obligations associated with the East Bay Field under state and federal regulations applicable to predecessor operators. As a result of these factors and uncertainties, we are currently unable to provide an estimate of potential loss.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
(Unaudited)

16. Fair Value Measurements

The following table provides carrying value and fair value measurement information for certain of Devon's financial assets and liabilities. The carrying values of cash, accounts receivable, other current receivables, accounts payable, other current payables, accrued expenses and lease liabilities included in the accompanying consolidated balance sheets approximated fair value at September 30, 2024 and December 31, 2023, as applicable. Therefore, such financial assets and liabilities are not presented in the following table.

	Carrying Amount	Total Fair Value	Fair Value Measurements Using:			
			Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
September 30, 2024 assets (liabilities):						
Cash equivalents	\$ 164	\$ 164	\$ 164	\$ —	\$ —	—
Commodity derivatives	\$ 168	\$ 168	\$ —	\$ 168	\$ —	—
Commodity derivatives	\$ (3)	\$ (3)	\$ —	\$ (3)	\$ —	—
Debt	\$ (8,884)	\$ (8,883)	\$ —	\$ (8,883)	\$ —	—
Contingent earnout payments	\$ 20	\$ 20	\$ —	\$ —	\$ —	20
December 31, 2023 assets (liabilities):						
Cash equivalents	\$ 306	\$ 306	\$ 306	\$ —	\$ —	—
Commodity derivatives	\$ 208	\$ 208	\$ —	\$ 208	\$ —	—
Commodity derivatives	\$ (9)	\$ (9)	\$ —	\$ (9)	\$ —	—
Debt	\$ (6,155)	\$ (6,090)	\$ —	\$ (6,090)	\$ —	—
Contingent earnout payments	\$ 55	\$ 55	\$ —	\$ —	\$ —	55

The following methods and assumptions were used to estimate the fair values in the table above.

Level 1 Fair Value Measurements

Cash equivalents – Amounts consist primarily of money market investments and the fair value approximates the carrying value.

Level 2 Fair Value Measurements

Commodity derivatives – The fair value of commodity derivatives is estimated using internal discounted cash flow calculations based upon forward curves and data obtained from independent third parties for contracts with similar terms or data obtained from counterparties to the agreements.

Debt – Devon's debt instruments do not consistently trade actively in an established market. The fair values of its debt are estimated based on rates available for debt with similar terms and maturity when active trading is not available. Our variable rate debt is non-public and consists of our Term Loan. The fair value of our variable rate debt approximates the carrying value as the underlying SOFR resets every month based on the prevailing market rate.

Level 3 Fair Value Measurements

Contingent Earnout Payments – Devon has the right to receive contingent consideration related to the Barnett asset divestiture based on future oil and gas prices. These values were derived using a Monte Carlo valuation model and qualify as a level 3 fair value measurement. For additional information, see [Note 2](#).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis addresses material changes in our results of operations for the three-month and nine-month periods ended September 30, 2024 compared to previous periods, and in our financial condition and liquidity since December 31, 2023. For information regarding our critical accounting policies and estimates, see our [2023 Annual Report on Form 10-K](#) under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Executive Overview

We are a leading independent oil and natural gas exploration and production company whose operations are focused onshore in the United States. Our operations are currently focused in five core areas: the Delaware Basin, Eagle Ford, Anadarko Basin, Williston Basin and Powder River Basin. Our asset base is underpinned by premium acreage in the economic core of the Delaware Basin and our diverse, top-tier resource plays, providing a deep inventory of opportunities for years to come.

On September 27, 2024, we acquired the Williston Basin business of Grayson Mill for total consideration of approximately \$5.0 billion, consisting of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock, including purchase price adjustments. The transaction is expected to increase our volumes in 2025 by approximately 100 MBoe/d. The acquisition will allow us to efficiently expand our oil production and operating scale, creating immediate and long-term, sustainable value to shareholders over time.

As evidenced by this acquisition, we remain focused on building economic value by executing on our strategic priorities of moderating production growth, emphasizing capital and operational efficiencies, optimizing reinvestment rates to maximize free cash flow, maintaining low leverage, delivering cash returns to our shareholders and pursuing ESG excellence. Our recent performance highlights for these priorities include the following items for the third quarter of 2024:

- Oil production totaled 335 MBbls/d, exceeding our plan by 4%.
- As of September 30, 2024, completed approximately 60% of our authorized \$5.0 billion share repurchase program with approximately 61.3 million of our common shares purchased for approximately \$3.0 billion, or \$49.62 per share since inception of the plan.
- Exited with \$3.7 billion of liquidity, including \$0.7 billion of cash.
- Generated \$1.7 billion of operating cash flow and \$6.7 billion for the past twelve trailing months.
- Including variable dividends, paid dividends of \$272 million and have declared approximately \$144 million of dividends to be paid in the fourth quarter of 2024.
- Earnings attributable to Devon were \$812 million, or \$1.30 per diluted share.
- Core earnings (Non-GAAP) were \$683 million, or \$1.10 per diluted share.

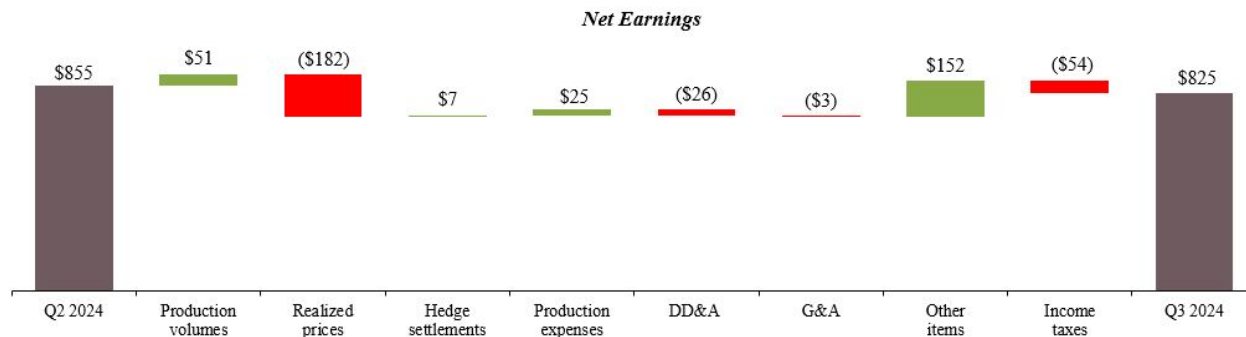
We remain committed to capital discipline and delivering the objectives that underpin our current plan. Those objectives prioritize value creation through moderated capital investment and production growth, particularly with a view of the volatility in commodity prices, supply chain constraints and the economic uncertainty arising from inflation and geopolitical events. Our cash-return objectives remain focused on opportunistic share repurchases, funding our dividends, repaying debt at upcoming maturities and building cash balances.

Results of Operations

The following graphs, discussion and analysis are intended to provide an understanding of our results of operations and current financial condition. To facilitate the review, these numbers are being presented before consideration of noncontrolling interests.

Q3 2024 vs. Q2 2024

Our third quarter 2024 and second quarter 2024 net earnings were \$825 million and \$855 million, respectively. The graph below shows the change in net earnings from the second quarter of 2024 to the third quarter of 2024. The material changes are further discussed by category on the following pages.



Production Volumes

	Q3 2024	% of Total	Q2 2024	Change
Oil (MBbls/d)				
Delaware Basin	227	68 %	221	2 %
Eagle Ford	44	13 %	46	-6 %
Anadarko Basin	13	4 %	14	-4 %
Williston Basin	34	10 %	37	-8 %
Powder River Basin	14	4 %	13	5 %
Other	3	1 %	4	-3 %
Total	335	100 %	335	0 %

	Q3 2024	% of Total	Q2 2024	Change
Gas (MMcf/d)				
Delaware Basin	764	64 %	712	7 %
Eagle Ford	93	8 %	92	1 %
Anadarko Basin	241	20 %	244	-1 %
Williston Basin	77	6 %	71	8 %
Powder River Basin	19	2 %	18	2 %
Other	—	0 %	—	N/M
Total	1,194	100 %	1,137	5 %

	Q3 2024	% of Total	Q2 2024	Change
NGLs (MBbls/d)				
Delaware Basin	134	69 %	121	11 %
Eagle Ford	16	8 %	17	-7 %
Anadarko Basin	29	15 %	30	-4 %
Williston Basin	13	7 %	12	10 %
Powder River Basin	2	1 %	2	3 %
Other	—	0 %	—	N/M
Total	194	100 %	182	6 %

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	Q3 2024	% of Total	Q2 2024	Change
Combined (MBoe/d)				
Delaware Basin	488	67 %	461	6 %
Eagle Ford	75	10 %	79	-5 %
Anadarko Basin	82	11 %	84	-3 %
Williston Basin	60	8 %	61	-2 %
Powder River Basin	19	3 %	18	4 %
Other	4	1 %	4	N/M
Total	728	100 %	707	3 %

From the second quarter of 2024 to the third quarter of 2024, the change in volumes contributed to a \$51 million increase in earnings. The increase in volumes was primarily due to new well activity in the Delaware Basin, which was partially offset by natural well declines in the Eagle Ford and Anadarko Basin. We expect volumes to increase approximately 110 MBoe/d in the fourth quarter of 2024 due to the Grayson Mill acquisition.

Realized Prices

	Q3 2024	Realization	Q2 2024	Change
Oil (per Bbl)				
WTI index	\$ 75.20		\$ 80.62	-7 %
Realized price, unhedged	\$ 73.74	98%	\$ 79.10	-7 %
Cash settlements	\$ 0.52		\$ (0.15)	
Realized price, with hedges	\$ 74.26	99%	\$ 78.95	-6 %

	Q3 2024	Realization	Q2 2024	Change
Gas (per Mcf)				
Henry Hub index	\$ 2.15		\$ 1.89	14 %
Realized price, unhedged	\$ 0.45	21%	\$ 0.55	-19 %
Cash settlements	\$ 0.39		\$ 0.55	
Realized price, with hedges	\$ 0.84	39%	\$ 1.10	-24 %

	Q3 2024	Realization	Q2 2024	Change
NGLs (per Bbl)				
WTI index	\$ 75.20		\$ 80.62	-7 %
Realized price, unhedged	\$ 19.25	26%	\$ 19.60	-2 %
Cash settlements	\$ 0.11		\$ 0.11	
Realized price, with hedges	\$ 19.36	26%	\$ 19.71	-2 %

	Q3 2024	Q2 2024	Change
Combined (per Boe)			
Realized price, unhedged	\$ 39.80	\$ 43.44	-8 %
Cash settlements	\$ 0.91	\$ 0.85	
Realized price, with hedges	\$ 40.71	\$ 44.29	-8 %

From the second quarter of 2024 to the third quarter of 2024, realized prices contributed to a \$182 million decrease in earnings. Unhedged oil and NGL prices decreased primarily due to lower WTI and Mont Belvieu index prices, respectively. Unhedged gas prices decreased primarily due to the expanded regional gas price differential in the Delaware Basin driven by infrastructure constraints. The decrease in unhedged prices was partially offset by hedge cash settlements across all commodities.

We currently have approximately 35% and 20% of our remaining anticipated 2024 oil and gas production hedged, respectively. For 2025, we currently have hedged approximately 10% and 20% of our anticipated oil and gas production, respectively.

Hedge Settlements

	Q3 2024	Q2 2024	Change
Oil	\$ 16	\$ (5)	N/M
Natural gas	43	57	-25 %
NGL	2	2	N/M
Total cash settlements ⁽¹⁾	\$ 61	\$ 54	13 %

(1) Included as a component of oil, gas and NGL derivatives on the consolidated statements of comprehensive earnings.

Cash settlements as presented in the tables above represent realized gains or losses related to the instruments described in [Note 3](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Production Expenses

	Q3 2024	Q2 2024	Change
LOE	\$ 366	\$ 383	-4 %
Gathering, processing & transportation	200	197	2 %
Production taxes	179	188	-5 %
Property taxes	18	20	-10 %
Total	\$ 763	\$ 788	-3 %
Per Boe:			
LOE	\$ 5.46	\$ 5.95	-8 %
Gathering, processing & transportation	\$ 2.98	\$ 3.07	-3 %
Percent of oil, gas and NGL sales:			
Production taxes	6.7 %	6.7 %	0 %

Production expenses decreased during the third quarter of 2024 primarily due to cost efficiencies, lower workover activity and lower production taxes resulting from decreased oil prices.

Field-Level Cash Margin

The table below presents the field-level cash margin for each of our operating areas. Field-level cash margin is computed as oil, gas and NGL sales less production expenses and is not a measure defined by GAAP. A reconciliation to the comparable GAAP measures is found in “Non-GAAP Measures” in this Item 2. The changes in production volumes, realized prices and production expenses, shown above, had the following impact on our field-level cash margins by asset.

	Q3 2024	\$ per BOE	Q2 2024	\$ per BOE
Field-level cash margin (Non-GAAP)				
Delaware Basin	\$ 1,317	\$ 29.38	\$ 1,346	\$ 32.12
Eagle Ford	273	\$ 39.51	303	\$ 42.15
Anadarko Basin	112	\$ 14.82	119	\$ 15.48
Williston Basin	117	\$ 21.16	160	\$ 28.62
Powder River Basin	68	\$ 38.88	65	\$ 39.44
Other	15	N/M	15	N/M
Total	\$ 1,902	\$ 28.41	\$ 2,008	\$ 31.19

DD&A

	Q3 2024	Q2 2024	Change
Oil and gas per Boe	\$ 11.51	\$ 11.56	0 %
Oil and gas	\$ 770	\$ 744	3 %
Other property and equipment	24	24	3 %
Total	\$ 794	\$ 768	3 %

DD&A increased in the third quarter of 2024 primarily due to higher volumes.

G&A

	Q3 2024	Q2 2024	Change
G&A per Boe	\$ 1.75	\$ 1.77	-1 %
Labor and benefits	\$ 70	\$ 62	13 %
Non-labor	47	52	-10 %
Total	<u>\$ 117</u>	<u>\$ 114</u>	3 %

Other Items

	Q3 2024	Q2 2024	Change in earnings
Commodity hedge valuation changes ⁽¹⁾	\$ 166	\$ (31)	\$ 197
Marketing and midstream operations	(17)	(10)	(7)
Exploration expenses	4	3	(1)
Asset dispositions	—	15	15
Net financing costs	88	76	(12)
Restructuring and transaction costs	8	—	(8)
Other, net	37	5	(32)
			<u>\$ 152</u>

(1) Included as a component of oil, gas and NGL derivatives on the consolidated statements of comprehensive earnings.

We recognize fair value changes on our oil, gas and NGL derivative instruments in each reporting period. The changes in fair value resulted from new positions and settlements that occurred during each period, as well as the relationship between contract prices and the associated forward curves. For additional information, see [Note 3](#) in "Part I. Financial Information – Item 1. Financial Statements" in this report.

During the third quarter of 2024, we issued \$3.25 billion of debt to partially fund the Grayson Mill acquisition. Additionally, we retired \$472 million of debt in the third quarter of 2024. The net impact of this debt activity is expected to increase our annual net financing costs by approximately \$180 million. For additional information, see [Note 11](#) in "Part I. Financial Information - Item 1. Financial Statements" in this report.

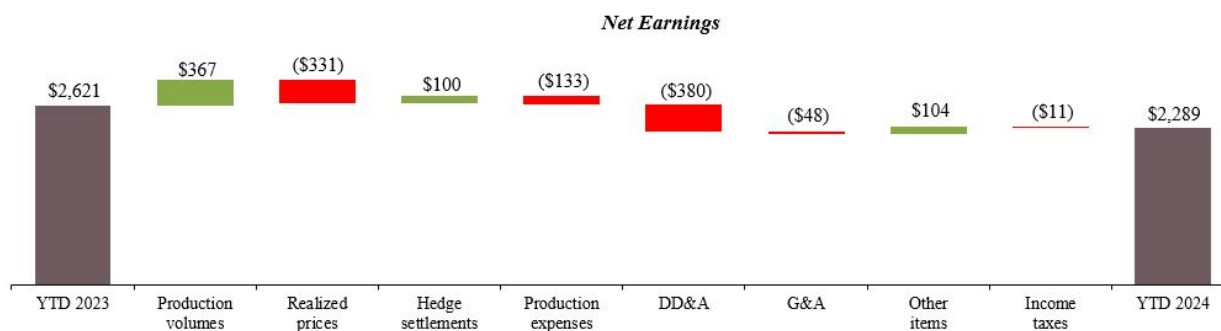
Income Taxes

	Q3 2024	Q2 2024
Current expense	\$ 75	\$ 146
Deferred expense	164	39
Total expense	<u>\$ 239</u>	<u>\$ 185</u>
Current tax rate	7 %	14 %
Deferred tax rate	15 %	4 %
Effective income tax rate	<u>22 %</u>	<u>18 %</u>

The current income tax rate decreased in the third quarter of 2024 primarily due to the impacts of the Grayson Mill acquisition. For additional discussion on income taxes, see [Note 5](#) in "Part I. Financial Information – Item 1. Financial Statements" in this report.

September 30, 2024 YTD vs. September 30, 2023 YTD

Our nine months ended September 30, 2024 net earnings were \$2.3 billion, compared to net earnings of \$2.6 billion for the first nine months ended September 30, 2023. The graph below shows the change in net earnings from the nine months ended September 30, 2023 to the nine months ended September 30, 2024. The material changes are further discussed by category on the following pages.



Production Volumes

	Nine Months Ended September 30,			
	2024	% of Total	2023	Change
Oil (MBbls/d)				
Delaware Basin	219	67 %	211	4 %
Eagle Ford	44	13 %	41	6 %
Anadarko Basin	13	4 %	15	-14 %
Williston Basin	37	11 %	36	4 %
Powder River Basin	13	4 %	14	-4 %
Other	4	1 %	4	-2 %
Total	330	100 %	321	3 %

	Nine Months Ended September 30,			
	2024	% of Total	2023	Change
Gas (MMcf/d)				
Delaware Basin	724	64 %	652	11 %
Eagle Ford	88	8 %	82	7 %
Anadarko Basin	236	20 %	242	-2 %
Williston Basin	70	6 %	57	22 %
Powder River Basin	18	2 %	18	5 %
Other	1	0 %	1	N/M
Total	1,137	100 %	1,052	8 %

	Nine Months Ended September 30,			
	2024	% of Total	2023	Change
NGLs (MBbls/d)				
Delaware Basin	122	68 %	105	17 %
Eagle Ford	16	9 %	15	6 %
Anadarko Basin	28	16 %	28	-1 %
Williston Basin	12	6 %	9	32 %
Powder River Basin	2	1 %	2	1 %
Other	—	0 %	1	N/M
Total	180	100 %	160	13 %

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	Nine Months Ended September 30,			
	2024	% of Total	2023	Change
Combined (MBoe/d)				
Delaware Basin	462	66 %	425	9 %
Eagle Ford	75	10 %	70	7 %
Anadarko Basin	80	11 %	83	-4 %
Williston Basin	61	9 %	54	12 %
Powder River Basin	18	3 %	19	-2 %
Other	4	1 %	5	-7 %
Total	700	100 %	656	7 %

From the nine months ended September 30, 2023 to the nine months ended September 30, 2024, the change in volumes contributed to a \$367 million increase in earnings. Volumes increased primarily due to new well activity in the Delaware Basin, Williston Basin and Eagle Ford, which was partially offset by natural well declines in the Anadarko Basin. We expect volumes to increase approximately 110 MBoe/d in the fourth quarter of 2024 due to the Grayson Mill acquisition.

Realized Prices

	Nine Months Ended September 30,			
	2024	Realization	2023	Change
Oil (per Bbl)				
WTI index	\$ 77.61		\$ 77.33	0 %
Realized price, unhedged	\$ 76.08	98%	\$ 75.53	1 %
Cash settlements	\$ 0.05		\$ (0.26)	
Realized price, with hedges	\$ 76.13	98%	\$ 75.27	1 %

	Nine Months Ended September 30,			
	2024	Realization	2023	Change
Gas (per Mcf)				
Henry Hub index	\$ 2.10		\$ 2.69	-22 %
Realized price, unhedged	\$ 0.75	36%	\$ 1.82	-59 %
Cash settlements	\$ 0.42		\$ 0.22	
Realized price, with hedges	\$ 1.17	56%	\$ 2.04	-43 %

	Nine Months Ended September 30,			
	2024	Realization	2023	Change
NGLs (per Bbl)				
WTI index	\$ 77.61		\$ 77.33	0 %
Realized price, unhedged	\$ 19.84	26%	\$ 20.76	-4 %
Cash settlements	\$ 0.05		\$ —	
Realized price, with hedges	\$ 19.89	26%	\$ 20.76	-4 %

	Nine Months Ended September 30,			
	2024	2023	Change	
Combined (per Boe)				
Realized price, unhedged	\$ 42.19	\$ 44.96	-6 %	
Cash settlements	\$ 0.73	\$ 0.22		
Realized price, with hedges	\$ 42.92	\$ 45.18	-5 %	

From the nine months ended September 30, 2023 to the nine months ended September 30, 2024, realized prices contributed to a \$331 million decrease in earnings. This decrease was due to lower unhedged realized gas and NGL prices which decreased primarily due to lower Henry Hub and Mont Belvieu index prices. Additionally, gas prices were impacted by expanded regional gas price differentials in the Delaware Basin driven by infrastructure constraints. These decreases were partially offset by an increase in unhedged realized oil prices which was primarily due to slightly higher WTI index prices. Realized prices were strengthened by hedge cash settlements across all commodities.

Hedge Settlements

	Nine Months Ended September 30,		
	2024	2023	Change
Oil	\$ 4	\$ (23)	117 %
Natural gas	132	62	113 %
NGL	3	—	N/M
Total cash settlements ⁽¹⁾	<u>\$ 139</u>	<u>\$ 39</u>	256 %

(1) Included as a component of oil, gas and NGL derivatives on the consolidated statements of comprehensive earnings.

Cash settlements as presented in the tables above represent realized gains or losses related to the instruments described in [Note 3](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Production Expenses

	Nine Months Ended September 30,		
	2024	2023	Change
LOE	\$ 1,129	\$ 1,047	8 %
Gathering, processing & transportation	577	521	11 %
Production taxes	542	531	2 %
Property taxes	54	70	-23 %
Total	<u>\$ 2,302</u>	<u>\$ 2,169</u>	6 %
Per Boe:			
LOE	\$ 5.89	\$ 5.84	1 %
Gathering, processing & transportation	\$ 3.01	\$ 2.91	3 %
Percent of oil, gas and NGL sales:			
Production taxes	6.7 %	6.6 %	2 %

LOE and gathering, processing and transportation expenses increased for the first nine months of 2024 primarily due to increased activity.

Field-Level Cash Margin

The table below presents the field-level cash margin for each of our operating areas. Field-level cash margin is computed as oil, gas and NGL sales less production expenses and is not a measure defined by GAAP. A reconciliation to the comparable GAAP measures is found in “Non-GAAP Measures” in this Item 2. The changes in production volumes, realized prices and production expenses, shown above, had the following impact on our field-level cash margins by asset.

	Nine Months Ended September 30,			
	2024	\$ per BOE	2023	\$ per BOE
Field-level cash margin (Non-GAAP)				
Delaware Basin	\$ 3,938	\$ 31.13	\$ 4,009	\$ 34.54
Eagle Ford	842	\$ 41.16	789	\$ 41.26
Anadarko Basin	329	\$ 15.00	390	\$ 17.14
Williston Basin	441	\$ 26.50	445	\$ 30.06
Powder River Basin	193	\$ 38.12	208	\$ 40.41
Other	45	N/M	44	N/M
Total	<u>\$ 5,788</u>	<u>\$ 30.19</u>	<u>\$ 5,885</u>	<u>\$ 32.86</u>

DD&A

	Nine Months Ended September 30,		
	2024	2023	Change
Oil and gas per Boe	\$ 11.54	\$ 10.25	13 %
Oil and gas	\$ 2,213	\$ 1,836	21 %
Other property and equipment	71	68	5 %
Total	\$ 2,284	\$ 1,904	20 %

DD&A increased in the first nine months of 2024 primarily due to an increase in the oil and gas DD&A rate. The largest contributor to the higher rate was our 2023 drilling and development activity. DD&A also increased in the first nine months of 2024 due to higher volumes.

G&A

	Nine Months Ended September 30,		
	2024	2023	Change
G&A per Boe	\$ 1.80	\$ 1.66	9 %
Labor and benefits	\$ 195	\$ 157	24 %
Non-labor	150	140	7 %
Total	\$ 345	\$ 297	16 %

G&A increased for the nine months ended 2024 primarily due to inflationary adjustments to our labor and benefits.

Other Items

	Nine Months Ended September 30,		
	2024	2023	Change in earnings
Commodity hedge valuation changes ⁽¹⁾	\$ (34)	\$ (245)	\$ 211
Marketing and midstream operations	(48)	(51)	3
Exploration expenses	16	16	—
Asset dispositions	16	(41)	(57)
Net financing costs	240	231	(9)
Restructuring and transaction costs	8	—	(8)
Other, net	64	28	(36)
			\$ 104

(1) Included as a component of oil, gas and NGL derivatives on the consolidated statements of comprehensive earnings.

We recognize fair value changes on our oil, gas and NGL derivative instruments in each reporting period. The changes in fair value resulted from new positions and settlements that occurred during each period, as well as the relationship between contract prices and the associated forward curves. For additional information, see [Note 3](#) in "Part I. Financial Information – Item 1. Financial Statements" in this report.

In the second quarter of 2023, we recorded a \$64 million gain within asset dispositions related to the difference between the fair market value and book value of assets contributed to the Water JV. For additional information, see [Note 1](#) in "Part I. Financial Information - Item 1. Financial Statements" in this report.

During the third quarter of 2024, we issued \$3.25 billion of debt to partially fund the Grayson Mill acquisition. Additionally, we retired \$472 million of debt in the third quarter of 2024. The net impact of this debt activity is expected to increase our annual net financing costs by approximately \$180 million. For additional information, see [Note 11](#) in "Part I. Financial Information - Item 1. Financial Statements" in this report.

Income Taxes

	Nine Months Ended September 30,	
	2024	2023
Current expense	\$ 340	\$ 360
Deferred expense	243	212
Total expense	\$ 583	\$ 572
Current tax rate	12 %	11 %
Deferred tax rate	8 %	7 %
Effective income tax rate	20 %	18 %

For discussion on income taxes, see [Note 5](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Capital Resources, Uses and Liquidity

Sources and Uses of Cash

The following table presents the major changes in cash and cash equivalents for the three and nine months ended September 30, 2024 and 2023.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating cash flow	\$ 1,663	\$ 1,725	\$ 4,936	\$ 4,807
Grayson Mill acquired cash	147	—	147	—
Capital expenditures	(877)	(882)	(2,719)	(2,973)
Acquisitions of property and equipment	(3,602)	(23)	(3,692)	(54)
Divestitures of property and equipment	—	1	18	23
Investment activity, net	(17)	7	(43)	(28)
Debt activity, net	2,747	(242)	2,747	(242)
Repurchases of common stock	(295)	—	(756)	(745)
Common stock dividends	(272)	(312)	(794)	(1,370)
Noncontrolling interest activity, net	10	1	8	(15)
Other	3	(2)	(51)	(96)
Net change in cash, cash equivalents and restricted cash	\$ (493)	\$ 273	\$ (199)	\$ (693)
Cash, cash equivalents and restricted cash at end of period	\$ 676	\$ 761	\$ 676	\$ 761

Operating Cash Flow

As presented in the table above, net cash provided by operating activities continued to be a significant source of capital and liquidity. Operating cash flow funded all of our capital expenditures, and we continued to return value to our shareholders by utilizing cash flow and cash balances for dividends and share repurchases.

Capital Expenditures

The amounts in the table below reflect cash payments for capital expenditures, including cash paid for capital expenditures incurred in prior periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Delaware Basin	\$ 516	\$ 507	\$ 1,589	\$ 1,735
Eagle Ford	177	183	536	573
Anadarko Basin	55	22	174	163
Williston Basin	33	82	117	264
Powder River Basin	58	46	144	125
Other	1	2	4	4
Total oil and gas	840	842	2,564	2,864
Midstream	12	17	79	51
Other	25	23	76	58
Total capital expenditures	\$ 877	\$ 882	\$ 2,719	\$ 2,973

Capital expenditures consist primarily of amounts related to our oil and gas exploration and development operations, midstream operations and other corporate activities. Our capital investment program is driven by a disciplined allocation process focused on moderating our production growth and maximizing our returns. As such, our capital expenditures for the first nine months of 2024 represented approximately 55% of our operating cash flow.

Acquisitions of Property and Equipment

During the third quarter of 2024, we acquired the Williston Basin business of Grayson Mill. The transaction consisted of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock. For additional information, please see [Note 2](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Divestitures of Property and Equipment

During the first nine months of 2024 and 2023, we received contingent earnout payments related to assets previously sold. For additional information, please see [Note 2](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Investment Activity

During the first nine months of 2024 and 2023, Devon received distributions from our investments of \$35 million and \$24 million, respectively. Devon contributed \$78 million and \$52 million to our investments during the first nine months of 2024 and 2023, respectively.

Debt Activity

In the third quarter of 2024, Devon issued \$1.25 billion of 5.20% senior notes due 2034 and \$1.0 billion of 5.75% senior notes due 2054. Additionally, in the third quarter of 2024, Devon borrowed \$1.0 billion on the Term Loan. These debt issuances helped fund the Grayson Mill acquisition. In the third quarter of 2024, Devon retired \$472 million of debt. For additional information, see [Note 11](#) in “Part I. Financial Information - Item 1. Financial Statements” in this report.

Shareholder Distributions and Stock Activity

We repurchased approximately 16.3 million shares of common stock for \$744 million and approximately 13.9 million shares of common stock for \$745 million under the share repurchase program authorized by our Board of Directors in the first nine months of 2024 and 2023, respectively. For additional information, see [Note 14](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

The following table summarizes our common stock dividends during the third quarter and total for the first nine months of 2024 and 2023. Devon has raised its fixed dividend multiple times over the past two calendar years and most recently raised it by 10% from \$0.20 to \$0.22 per share in the first quarter of 2024. In addition to the fixed quarterly dividend, we paid a variable dividend in the first, second and third quarters of 2024 and 2023.

	Fixed	Variable	Total	Rate Per Share
2024:				
First quarter	\$ 143	\$ 156	\$ 299	\$ 0.44
Second quarter	138	85	223	\$ 0.35
Third quarter	136	136	272	\$ 0.44
Total year-to-date	<u>\$ 417</u>	<u>\$ 377</u>	<u>\$ 794</u>	
2023:				
First quarter	\$ 133	\$ 463	\$ 596	\$ 0.89
Second quarter	128	334	462	\$ 0.72
Third quarter	127	185	312	\$ 0.49
Total year-to-date	<u>\$ 388</u>	<u>\$ 982</u>	<u>\$ 1,370</u>	

Noncontrolling Interest Activity, net

During the first nine months of 2024 and 2023, we distributed \$36 million and \$33 million, respectively, to our noncontrolling interests in CDM. During the first nine months of 2024 and 2023, we received \$44 million and \$18 million, respectively, in contributions from our noncontrolling interests.

Liquidity

The business of exploring for, developing and producing oil and natural gas is capital intensive. Because oil, natural gas and NGL reserves are a depleting resource, we, like all upstream operators, must continually make capital investments to grow and even sustain production. Generally, our capital investments are focused on drilling and completing new wells and maintaining production from existing wells. At opportunistic times, we also acquire operations and properties from other operators or landowners to enhance our existing portfolio of assets.

On September 27, 2024, Devon acquired the Williston Basin business of Grayson Mill. This acquisition adds a high-margin production mix that enhances our position and efficiently expands our operating scale and production. The acquisition delivers sustainable accretion to earnings and free cash flow further supporting our cash-return business model, which moderates growth, emphasizes capital efficiencies and prioritizes cash returns to shareholders.

Historically, our primary sources of capital funding and liquidity have been our operating cash flow, cash on hand and asset divestiture proceeds. Additionally, we maintain a commercial paper program, supported by our revolving line of credit, which can be accessed as needed to supplement operating cash flow and cash balances. If needed, we can also issue debt and equity securities, including through transactions under our shelf registration statement filed with the SEC. We estimate the combination of our sources of capital will continue to be adequate to fund our planned capital requirements as discussed in this section as well as return cash to shareholders.

Operating Cash Flow

Key inputs into determining our planned capital investment are the amount of cash we hold and operating cash flow we expect to generate over the next one to three or more years. At the end of the third quarter of 2024, we held approximately \$700 million of cash. Our operating cash flow forecasts are sensitive to many variables and include a measure of uncertainty as actual results may differ from our expectations.

Commodity Prices – The most uncertain and volatile variables for our operating cash flow are the prices of the oil, gas and NGLs we produce and sell. Prices are determined primarily by prevailing market conditions. Regional and worldwide economic activity, weather and other highly variable factors influence market conditions for these products. These factors, which are difficult to predict, create volatility in prices and are beyond our control.

To mitigate some of the risk inherent in prices, we utilize various derivative financial instruments to protect a portion of our production against downside price risk. The key terms to our oil, gas and NGL derivative financial instruments as of September 30, 2024 are presented in [Note 3](#) in “Part I. Financial Information – Item 1. Financial Statements” of this report.

Further, when considering the current commodity price environment and our current hedge position, we expect to achieve our capital investment priorities. Additionally, we remain committed to capital discipline and focused on delivering the objectives that underpin our capital plan for 2024. The currently elevated level of cost inflation has eroded, and could continue to erode, our cost efficiencies gained over previous years and pressure our margins for the foreseeable future. Despite this, we expect to continue generating material amounts of free cash flow at current commodity price levels due to our strategy of spending within cash flow.

Operating Expenses – Commodity prices can also affect our operating cash flow through an indirect effect on operating expenses. Significant commodity price decreases can lead to a decrease in drilling and development activities. As a result, the demand and cost for people, services, equipment and materials may also decrease, causing a positive impact on our cash flow as the prices paid for services and equipment decline. However, the inverse is also generally true during periods of rising commodity prices. We expect to mitigate the impact of cost inflation through efficiencies gained from the scale of our operations as well as by leveraging our long-standing relationships with our suppliers.

Credit Losses – Our operating cash flow is also exposed to credit risk in a variety of ways. This includes the credit risk related to customers who purchase our oil, gas and NGL production, the collection of receivables from our joint interest owners for their proportionate share of expenditures made on projects we operate and counterparties to our derivative financial contracts. We utilize a

variety of mechanisms to limit our exposure to the credit risks of our customers, joint interest owners and counterparties. Such mechanisms include, under certain conditions, requiring letters of credit, prepayments or cash collateral postings.

Credit Availability

As of September 30, 2024, we had approximately \$3.0 billion of available borrowing capacity under our 2023 Senior Credit Facility. This credit facility supports our \$3.0 billion of short-term credit under our commercial paper program. At September 30, 2024, there were no borrowings under our commercial paper program, and we were in compliance with the Senior Credit Facility's financial covenant.

Debt Ratings

We receive debt ratings from the major ratings agencies in the U.S. In determining our debt ratings, the agencies consider a number of qualitative and quantitative items including, but not limited to, commodity pricing levels, our liquidity, asset quality, reserve mix, debt levels, cost structure, planned asset sales and the size and scale of our production. Our credit rating from Standard and Poor's Financial Services is BBB with a stable outlook. Our credit rating from Fitch is BBB+ with a stable outlook. Our credit rating from Moody's Investor Service is Baa2 with a stable outlook. Any rating downgrades may result in additional letters of credit or cash collateral being posted under certain contractual arrangements.

There are no "rating triggers" in any of our contractual debt obligations that would accelerate scheduled maturities should our debt rating fall below a specified level. However, a downgrade could adversely impact our interest rate on our Term Loan or any credit facility borrowings and the ability to economically access debt markets in the future.

Cash Returns to Shareholders

We are committed to returning cash to shareholders through dividends and share repurchases. Our Board of Directors will consider a number of factors when setting the quarterly dividend, if any, including a general target of paying out approximately 10% of operating cash flow through the fixed dividend. In addition to the fixed quarterly dividend, we may pay a variable dividend or complete share repurchases. Each quarter's free cash flow, which is a non-GAAP measure, is computed as operating cash flow (a GAAP measure) before balance sheet changes less capital expenditures. The declaration and payment of any future dividend, whether fixed or variable, will remain at the full discretion of our Board of Directors and will depend on our financial results, cash requirements, future prospects and other factors deemed relevant by the Board.

In November 2024, Devon announced a fixed cash dividend in the amount of \$0.22 per share for approximately \$144 million payable in the fourth quarter of 2024. Devon has elected not to declare a variable dividend to be paid in the fourth quarter of 2024.

Our Board of Directors has authorized a \$5.0 billion share repurchase program that expires June 30, 2026. Through October 2024, we had executed \$3.1 billion of the authorized program.

Capital Expenditures

Our capital expenditures budget for the remainder of 2024 is expected to be approximately \$950 million, including \$150 million of incremental capital expenditures related to the Grayson Mill acquisition.

Critical Accounting Estimates

Purchase Accounting

Periodically we acquire assets and assume liabilities in transactions accounted for as business combinations, such as the acquisition of the Williston Basin business of Grayson Mill. In connection with the acquisition, we allocated the \$5.0 billion of purchase price consideration to the assets acquired and liabilities assumed based on estimated fair values as of the date of the acquisition. The preliminary purchase price assessment remains an ongoing process and is subject to change for up to one year subsequent to the closing date of the acquisition.

We made a number of assumptions in estimating the fair value of assets acquired and liabilities assumed in the acquisition. The most significant assumptions relate to the estimated fair values of proved and unproved oil and gas properties. Since sufficient market data was not available regarding the fair values of proved and unproved oil and gas properties, we prepared estimates and engaged third-party valuation experts. Significant judgments and assumptions are inherent in these estimates and include, among other things, estimates of reserve quantities, estimates of future commodity prices, drilling plans, expected development costs, lease operating costs, reserve risk adjustment factors and an estimate of an applicable market participant discount rate that reflects the risk of the underlying cash flow estimates.

Estimated fair values ascribed to assets acquired can have a significant impact on future results of operations presented in Devon's financial statements. A higher fair value ascribed to a property results in higher DD&A expense, which results in lower net earnings. Fair values are based on estimates of future commodity prices, reserve quantities, development costs and operating costs. In the event that future commodity prices or reserve quantities are lower than those used as inputs to determine estimates of acquisition date fair values, the likelihood increases that certain costs may be determined to not be recoverable.

For additional information regarding our critical accounting policies and estimates, see our [2023 Annual Report on Form 10-K](#).

Non-GAAP Measures

We utilize "core earnings attributable to Devon" and "core earnings per share attributable to Devon" that are not required by or presented in accordance with GAAP. These non-GAAP measures are not alternatives to GAAP measures and should not be considered in isolation or as a substitute for analysis of our results reported under GAAP. Core earnings attributable to Devon, as well as the per share amount, represent net earnings excluding certain non-cash and other items that are typically excluded by securities analysts in their published estimates of our financial results. Our non-GAAP measures are typically used as a quarterly performance measure. Amounts excluded relate to asset dispositions, noncash asset impairments (including unproved asset impairments), deferred tax asset valuation allowance, fair value changes in derivative financial instruments and restructuring and transaction costs.

We believe these non-GAAP measures facilitate comparisons of our performance to earnings estimates published by securities analysts. We also believe these non-GAAP measures can facilitate comparisons of our performance between periods and to the performance of our peers.

Below are reconciliations of core earnings and core earnings per share attributable to Devon to comparable GAAP measures.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	Before Tax	After Tax	After NCI	Per Diluted Share	Before Tax	After Tax	After NCI	Per Diluted Share
2024:								
Earnings attributable to Devon (GAAP)	\$ 1,064	\$ 825	\$ 812	\$ 1.30	\$ 2,872	\$ 2,289	\$ 2,252	\$ 3.59
Adjustments:								
Asset dispositions	—	—	—	—	16	12	12	0.02
Asset and exploration impairments	1	1	1	—	2	2	2	—
Deferred tax asset valuation allowance	—	(7)	(7)	(0.01)	—	(4)	(4)	(0.01)
Fair value changes in financial instruments	(167)	(129)	(129)	(0.20)	37	30	30	0.05
Restructuring and transaction costs	8	6	6	0.01	8	6	6	0.01
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 906</u>	<u>\$ 696</u>	<u>\$ 683</u>	<u>\$ 1.10</u>	<u>\$ 2,935</u>	<u>\$ 2,335</u>	<u>\$ 2,298</u>	<u>\$ 3.66</u>
2023:								
Earnings attributable to Devon (GAAP)	\$ 1,072	\$ 920	\$ 910	\$ 1.42	\$ 3,193	\$ 2,621	\$ 2,595	\$ 4.03
Adjustments:								
Asset dispositions	—	—	—	—	(41)	(31)	(31)	(0.05)
Asset and exploration impairments	—	—	—	—	3	2	2	0.01
Deferred tax asset valuation allowance	—	3	3	—	—	10	10	0.02
Fair value changes in financial instruments	186	145	145	0.23	245	189	189	0.29
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 1,258</u>	<u>\$ 1,068</u>	<u>\$ 1,058</u>	<u>\$ 1.65</u>	<u>\$ 3,400</u>	<u>\$ 2,791</u>	<u>\$ 2,765</u>	<u>\$ 4.30</u>

EBITDAX and Field-Level Cash Margin

To assess the performance of our assets, we use EBITDAX and Field-Level Cash Margin. We compute EBITDAX as net earnings before income tax expense; financing costs, net; exploration expenses; DD&A; asset impairments; asset disposition gains and losses; non-cash share-based compensation; non-cash valuation changes for derivatives and financial instruments; restructuring and transaction costs; accretion on discounted liabilities; and other items not related to our normal operations. Field-Level Cash Margin is computed as oil, gas and NGL sales less production expenses. Production expenses consist of lease operating, gathering, processing and transportation expenses, as well as production and property taxes.

We exclude financing costs from EBITDAX to assess our operating results without regard to our financing methods or capital structure. Exploration expenses and asset disposition gains and losses are excluded from EBITDAX because they generally are not indicators of operating efficiency for a given reporting period. DD&A and impairments are excluded from EBITDAX because capital expenditures are evaluated at the time capital costs are incurred. We exclude share-based compensation, valuation changes, restructuring and transaction costs, accretion on discounted liabilities and other items from EBITDAX because they are not considered a measure of asset operating performance.

We believe EBITDAX and Field-Level Cash Margin provide information useful in assessing our operating and financial performance across periods. EBITDAX and Field-Level Cash Margin as defined by Devon may not be comparable to similarly titled measures used by other companies and should be considered in conjunction with net earnings from operations.

Below are reconciliations of net earnings to EBITDAX and a further reconciliation to Field-Level Cash Margin.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net earnings (GAAP)	\$ 825	\$ 920	\$ 2,289	\$ 2,621
Financing costs, net	88	81	240	231
Income tax expense	239	152	583	572
Exploration expenses	4	3	16	16
Depreciation, depletion and amortization	794	651	2,284	1,904
Asset dispositions	—	—	16	(41)
Share-based compensation	24	22	74	70
Derivative and financial instrument non-cash valuation changes	(166)	183	34	245
Restructuring and transaction costs	8	—	8	—
Accretion on discounted liabilities and other	37	13	64	28
EBITDAX (Non-GAAP)	1,853	2,025	5,608	5,646
Marketing and midstream revenues and expenses, net	17	12	48	51
Commodity derivative cash settlements	(61)	11	(139)	(39)
General and administrative expenses, cash-based	93	77	271	227
Field-level cash margin (Non-GAAP)	\$ 1,902	\$ 2,125	\$ 5,788	\$ 5,885

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Commodity Price Risk

As of September 30, 2024, we have commodity derivatives that pertain to a portion of our estimated production for the last three months of 2024, as well as for 2025 and 2026. The key terms to our open oil, gas and NGL derivative financial instruments are presented in [Note 3](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

The fair values of our commodity derivatives are largely determined by the forward curves of the relevant price indices. At September 30, 2024, a 10% change in the forward curves associated with our commodity derivative instruments would have changed our net positions by approximately \$195 million.

Interest Rate Risk

At September 30, 2024, we had total debt of \$8.9 billion. \$7.9 billion of this debt was comprised of debentures and notes that have fixed interest rates which average 5.7%. We also have a \$1.0 billion Term Loan which has a variable interest rate that is adjusted monthly. The interest rate on the Term Loan was 6.33% at September 30, 2024.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to Devon, including its consolidated subsidiaries, is made known to the officers who certify Devon's financial reports and to other members of senior management and the Board of Directors.

Based on their evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective as of September 30, 2024 to ensure that the information required to be disclosed by Devon in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

We are involved in various legal proceedings incidental to our business. However, to our knowledge as of the date of this report and subject to the environmental matters noted in Part I, Item 3. Legal Proceedings of our [2023 Annual Report on Form 10-K](#) and Part II, Item 1. Legal Proceedings of our [Second Quarter 2024 Quarterly Report on Form 10-Q](#), as well as the discussion of the North Dakota NOV matter included in [Note 15](#) in “Part I. Financial Information – Item 1. Financial Statements” of this report, there were no material pending legal proceedings to which we are a party or to which any of our property is subject. For more information on our legal contingencies, see [Note 15](#) in “Part I. Financial Information – Item 1. Financial Statements” of this report.

Please see our [2023 Annual Report on Form 10-K](#) and other SEC filings for additional information.

Item 1A. Risk Factors

There have been no material changes to the information included in Item 1A. “Risk Factors” in our [2023 Annual Report on Form 10-K](#).

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information regarding purchases of our common stock that were made by us during the third quarter of 2024 (shares in thousands).

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
July 1 - July 31	1,927	\$ 46.98	1,925	\$ 2,162
August 1 - August 31	3,058	\$ 44.49	3,056	\$ 2,026
September 1 - September 30	1,695	\$ 40.64	1,694	\$ 1,957
Total	6,680	\$ 44.23	6,675	

- (1) In addition to shares purchased under the share repurchase program described below, these amounts include approximately four thousand shares received by us from employees for the payment of personal income tax withholdings on vesting transactions.
- (2) On November 2, 2021, we announced a \$1.0 billion share repurchase program that would expire on December 31, 2022. Through subsequent approvals, Devon's Board of Directors expanded the share repurchase program authorization to \$3.0 billion, with a December 31, 2024 expiration date. In July 2024, Devon's Board of Directors further expanded the share repurchase program authorization to \$5.0 billion, with a June 30, 2026 expiration date. In the third quarter of 2024, we repurchased 6.7 million common shares for \$295 million, or \$44.23 per share, under this share repurchase program. For additional information, see [Note 14](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended September 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

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Item 6. Exhibits

Exhibit Number	Description
2.1	Securities Purchase Agreement, dated July 8, 2024, by and among Grayson Mill Holdings II, LLC, Grayson Mill Holdings III, LLC, Grayson Mill Intermediate HoldCo II, LLC, Grayson Mill Intermediate HoldCo III, LLC, WPX Energy Williston, LLC and Devon Energy Corporation (incorporated by reference to Exhibit 2.1 to Registrant's Form 8-K filed July 8, 2024; File No. 001-32318).*
2.2	Amendment to Securities Purchase Agreement, dated September 27, 2024, by and among Grayson Mill Holdings II, LLC, Grayson Mill Holdings III, LLC, Grayson Mill Intermediate HoldCo II, LLC, Grayson Mill Intermediate HoldCo III, LLC, WPX Energy Williston, LLC and Devon Energy Corporation.*
4.1	Indenture, dated as of August 28, 2024, by and between Devon Energy Corporation and U.S. Bank Trust Company, National Association (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed August 28, 2024; File No. 001-32318).
4.2	Supplemental Indenture No. 1, dated as of August 28, 2024, by and between Devon Energy Corporation and U.S. Bank Trust Company, National Association, relating to the 5.200% Senior Notes due 2034 (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed August 28, 2024; File No. 001-32318).
4.3	Supplemental Indenture No. 2, dated as of August 28, 2024, by and between Devon Energy Corporation and U.S. Bank Trust Company, National Association, relating to the 5.750% Senior Notes due 2054 (incorporated by reference to Exhibit 4.3 to Registrant's Form 8-K filed August 28, 2024; File No. 001-32318).
4.4	Registration Rights Agreement, dated as of September 27, 2024, by and among Devon Energy Corporation and the stockholders from time to time party thereto.
10.1	Delayed Draw Term Loan Credit Agreement, dated August 12, 2024, by and among Devon Energy Corporation, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed August 12, 2024; File No. 001-32318).*
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Certain annexes, schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant undertakes to furnish supplemental copies of any of the omitted annexes, schedules and exhibits to the U.S. Securities and Exchange Commission upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 6, 2024

DEVON ENERGY CORPORATION

/s/ John B. Sherrer

John B. Sherrer

Vice President, Accounting and Controller

AMENDMENT TO SECURITIES PURCHASE AGREEMENT

This Amendment to Securities Purchase Agreement (this “Amendment”), dated as of September 27, 2024, is made and entered into by and among Grayson Mill Holdings II, LLC, a Delaware limited liability company (“GM II Seller”) and Grayson Mill Holdings III, LLC, a Delaware limited liability company (“GM III Seller”, and together with the GM II Seller, each a “Seller” and collectively the “Sellers”); Grayson Mill Intermediate HoldCo II, LLC (“GM II Subject Company”) and Grayson Mill Intermediate HoldCo III, LLC (“GM III Subject Company”, and together with the GM II Subject Company, each individually a “Subject Company” and collectively the “Subject Companies”); WPX Energy Williston, LLC, a Delaware limited liability company (“Purchaser”); and Devon Energy Corporation, a Delaware corporation (“Parent”, and together with Purchaser, each individually a “Purchaser Party” and collectively the “Purchaser Parties”). Each of the Sellers, Subject Companies, and Purchaser Parties are sometimes referred to individually as a “Party” and collectively as the “Parties”. Capitalized terms used but not defined in this Amendment shall have the meanings given to such terms in the SPA (as hereinafter defined).

WHEREAS, Sellers, Subject Companies and Purchaser Parties are parties to that certain Securities Purchase Agreement dated as of July 8, 2024 (as the same may be amended or supplemented from time to time, the “SPA”);

WHEREAS, the Parties desire to amend the SPA in the manner and upon the terms and conditions hereafter set forth;

NOW, THEREFORE, in consideration of the Closing of the transactions contemplated under the SPA, the mutual promises and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Amendment to the SPA.

(a) Schedule 1.2 to SPA. Schedule 1.2 to the SPA (Excluded Assets) is hereby amended to remove references to the following software licenses from such Schedule, it being understood and agreed by the Parties that such software licenses shall be included in, and constitute part of, the Assets:

“Keeper, DBT, Fivetran, iLand, Snowflake, W Energy Software ERP system”.

(b) Schedule 1.2 to SPA. The Parties acknowledge and agree that (i) the reference to “Enverus Data Subscription” set forth on Schedule 1.2 to the SPA is deemed amended to reference such “Enverus Data Subscription” only to the extent pertaining to the Order Form executed by Grayson Mill Energy, LLC on February 29, 2024, and such Order Form shall be an Excluded Asset, and (ii) (A) the OpenContract – Pricebook and JIBFlow Agreement dated September 15, 2023; (B) the OpenMaterials Agreement dated December 14, 2023; (C) the OpenInvoice Enterprise, OpenTicket, and Open Order Agreement dated December 14, 2023; (D) the Non-Op Revenue Property Downloads, Non-Op JIB Property Downloads, and Non-Op Fixed Fee Reporting Agreement dated December 20, 2023; and (E) the PRINTMAIL JIB and PRINTMAIL REVENUE Agreement dated August 29, 2024 (clauses (A) through (E),

collectively, the “Enverus Agreements”), in each case, by and between Enverus, Inc. and Grayson Mill Energy, LLC are not included on Schedule 1.2 to the SPA nor are such Enverus Agreements intended to be an Excluded Asset, it being understood and agreed by the Parties that such Enverus Agreements shall be included in, and constitute part of, the Assets.

(c) Upward Adjustment to Purchase Price. New clause (m) is hereby added to Section 2.4 of the SPA to read in its entirety as follows:

“(m) increased by an amount equal to \$273,000.00.”

(d) Schedule 8.2(b) to SPA. Schedule 8.2(b) to the SPA (Interim Period Employee Matters) is hereby amended to add the below position under sub-title “Promotion Positions”:

Title of Position	Manager Title	Location
Treasury Manager	Director of Corporate Accounting	Houston

(e) Section 8.9 of the SPA. Section 8.9 of the SPA (Change of Name; Removal of Name) is hereby amended by adding the following at the end of such Section 8.9 to read in its entirety as follows:

“Notwithstanding anything to the contrary set forth in this Agreement, Seller agrees to provide Purchaser with access to Seller’s IT applications as follows: (i) access to graysonmillenergy.onmicrosoft.com and (ii) use of graysonmillenergy.com for internal domain authentication, in each case, until March 31, 2025. The foregoing access and use shall be limited to such access and use as is reasonably necessary for business continuity of the Subject Companies and transition to Purchaser’s systems and software. Further, notwithstanding anything to the contrary set forth in this Agreement, for a period of sixty (60) days following Closing, Seller agrees that it will not, and will not allow any Person to, delete, remove, modify or otherwise change the “General Inquiry” phone number, the “Emergency Line” phone number or the information and/or links on the Owner Relations page on www.graysonmillenergy.com, and for the foregoing 60-day period, the “General Inquiry” phone number, the “Emergency Line” phone number and the information and links on the Owner Relations page will remain as the same appear on www.graysonmillenergy.com as of the Closing Date.”

(f) Section 8.10(c) of the SPA. Section 8.10(c) of the SPA (Indemnification of Directors and Officers) is here by amended and restated to read in its entirety as follows:

(g) “As soon as practicable after Closing (and no later than three (3) Business Days after Closing), Sellers shall cause the Subject Companies to obtain (and fully prepay, subject to reimbursement by Purchaser at Closing of one hundred percent (100%) of the premium thereof), a “tail” policy from an insurer with substantially the same or better credit rating as the current

carrier(s) for the existing D&O Insurance of the Subject Company Groups that provides coverage for acts or omissions occurring prior to the Effective Time covering each such Person covered by the D&O Insurance of the Subject Company Groups as of the Effective Time on terms with respect to coverage and in amounts no less favorable in the aggregate than the D&O Insurance of the Subject Company Groups in effect on the Execution Date and with a term of six (6) years from the Effective Time; *provided, however*, that Purchaser and/or any Subject Company shall not be required to pay an annual premium for the D&O Insurance in excess of three hundred percent (300%) of the existing annual premium currently paid by the Subject Company Groups for such coverage; and *provided, further, however*, that if any annual premium for such insurance coverage exceeds three hundred percent (300%) of such existing annual premium, Purchaser shall obtain as much coverage as reasonably practicable for a cost not exceeding such amount. From and after the date such “tail” policy becomes effective, Purchaser shall cause such policy to be maintained in full force and effect, for its full term, and cause all obligations thereunder to be honored by each Subject Company.”

(h) Schedule 5.15 to the SPA. Schedule 5.15 to the SPA (Consents; Preferential Rights) is hereby amended and restated to read in its entirety as set forth on Annex A hereto.

(i) Schedule 5.28(a) to the SPA. Schedule 5.28(a) to the SPA (Affiliate Arrangements) is hereby amended and restated to read in its entirety as set forth on Annex B hereto.

2.Compliance with SPA; Ratification. The Parties acknowledge that this Amendment complies with the requirements to alter or amend the SPA, as stated in Section 14.9 of the SPA. The SPA, as amended herein, is ratified and confirmed, and all other terms and conditions of the SPA not modified by this Amendment shall remain in full force and effect. From and after the execution of this Amendment, all references to the SPA shall be considered to be references to the SPA as modified by this Amendment.

3.Counterparts. This Amendment may be executed and delivered (including by e-mail transmission) in one or more counterparts, each of which shall be deemed to be an original copy of this Amendment and all of which, when taken together, shall be deemed to constitute one and the same agreement.

4.Incorporation. The provisions of the following Sections of the SPA are hereby incorporated into this Amendment, *mutatis mutandis*: Sections 14.1 through 14.13.

[Signature pages follow.]

IN WITNESS WHEREOF, this and Amendment has been signed by each of the Parties as of its date of execution.

GM II SELLER:

GRAYSON MILL HOLDINGS II, LLC

By: /s/ Eric Bayes

Name: Eric Bayes

Title: Chief Executive Officer

GM III SELLER:

GRAYSON MILL HOLDINGS III, LLC

By: /s/ Eric Bayes

Name: Eric Bayes

Title: Chief Executive Officer

GM II SUBJECT COMPANY:

GRAYSON MILL INTERMEDIATE HOLDCO II, LLC

By: /s/ Eric Bayes

Name: Eric Bayes

Title: Chief Executive Officer

GM III SUBJECT COMPANY:

GRAYSON MILL INTERMEDIATE HOLDCO III, LLC

By: /s/ Eric Bayes

Name: Eric Bayes

Title: Chief Executive Officer

PURCHASER:

WPX ENERGY WILLISTON, LLC

By: /s/ David G. Harris

Name: David G. Harris

Title: Executive Vice President

PARENT:

DEVON ENERGY CORPORATION

By: /s/ David G. Harris

Name: David G. Harris

Title: Executive Vice President and Chief Corporate
Development Officer

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REGISTRATION RIGHTS AGREEMENT
BY AND AMONG
DEVON ENERGY CORPORATION
AND
THE SELLERS NAMED HEREIN

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this “Agreement”) is made and entered into as of September 27, 2024 (the “Closing Date”) by and among Devon Energy Corporation, a Delaware corporation (“Devon”), and the stockholders from time to time party to this Agreement (each a “Party” and collectively, the “Parties”).

WHEREAS, this Agreement is made in connection with the acquisition of all of the issued and outstanding securities of (a) Grayson Mill Intermediate HoldCo II, LLC, a Delaware limited liability company (“GM II Subject Company”) and (b) Grayson Mill Intermediate HoldCo III, LLC, a Delaware limited liability company (“GM III Subject Company” and together with the GM II Subject Company, each individually a “Subject Company” and collectively, the “Subject Companies”), in exchange for cash and the issuance of Devon’s common stock, par value \$0.10 per share (the “Purchased Common Stock”) to the Holders pursuant to the securities purchase agreement (the “Purchase Agreement”), dated as of July 8, 2024, by and among (i) Grayson Mill Holdings II, LLC, a Delaware limited liability company (“GM II Seller”), Grayson Mill Holdings III, LLC, a Delaware limited liability company (“GM III Seller”, and together with the GM II Seller, each a “Seller” and collectively, the “Sellers”), the Subject Companies, WPX Energy Williston, LLC, a Delaware limited liability company and Devon;

WHEREAS, Devon has agreed to provide the registration and other rights set forth in this Agreement for the benefit of the Sellers pursuant to the Purchase Agreement; and

WHEREAS, it is a condition to the obligations of each party to the Purchase Agreement that this Agreement be executed and delivered.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions. Capitalized terms used herein without definition shall have the meanings given to them in the Purchase Agreement. The terms set forth below are used herein as so defined:

“Adoption Agreement” means an adoption agreement in a form reasonably acceptable to Devon.

“Affiliate” means as to any Person, any other Person who directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person. As used in this definition, the term “control,” including the correlative terms “controlling,” “controlled by” and “under common control with,” means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

“Agreement” has the meaning specified therefor in the introductory paragraph.

“Automatic Shelf Registration Statement” means an “automatic shelf registration statement” as defined under Rule 405.

“Commission” means the Securities and Exchange Commission.

“Devon” has the meaning specified therefor in the introductory paragraph.

“Devon Repurchase Exercise” has the meaning specified therefor in Section 2.07(b).

“Effectiveness Period” has the meaning specified therefor in Section 2.01(a).

“Exercised Repurchase Right Shares” has the meaning specified therefor in Section 2.07(b).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations promulgated by the Commission thereunder.

“Holder” means the holder of any Registrable Securities.

“Holder Repurchase Notice” has the meaning specified therefor in Section 2.07(b).

“Legend Removal Documents” has the meaning specified therefor in Section 2.09.

“Losses” has the meaning specified therefor in Section 2.05(a).

“Major Holder” means each of GM II Seller, GM III Seller and any other Holder that is an Affiliate of EnCap Investments L.P.

“Party” and “Parties” have the meaning specified therefor in the Recitals of this Agreement.

“Permitted Transferee” means (a) any Affiliate of a Holder and (b) any of the direct or indirect partners, shareholders, members or other holders of other equity interests of a Major Holder, provided that in each case, such transferee has delivered to Devon a duly executed Adoption Agreement.

“Person” means any natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, estate, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity and any government or agency or political subdivision thereof.

“Purchase Agreement” has the meaning specified therefor in the Recitals of this Agreement.

“Purchased Common Stock” has the meaning specified therefor in the Recitals of this Agreement.

“Registrable Securities” means the Purchased Common Stock until no longer Registrable Securities pursuant to the provisions of Section 1.02.

“Registration Statement” has the meaning specified therefor in Section 2.01(a) of this Agreement.

“Repurchase Price” has the meaning specified therefor in Section 2.07(a).

“Repurchase Right” has the meaning specified therefor in Section 2.07(a).

“Repurchase Right Sale” has the meaning specified therefor in Section 2.07(a).

“Repurchase Right Shares” has the meaning specified therefor in Section 2.07(a).

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act.

“Rule 405” means Rule 405 promulgated by the Commission pursuant to the Securities Act.

“Seller” and “Sellers” have the meanings specified therefor in the recitals of this Agreement.

“Seller Affiliate” has the meaning specified therefor in Section 2.05(b).

“Selling Holder” means a Holder who is selling Registrable Securities pursuant to a Registration Statement.

“Underwritten Offering” means an offering (including an offering pursuant to a Registration Statement) in which shares of common stock of Devon, par value \$0.10, are sold to an underwriter on a firm commitment basis for reoffering to the public or an offering that is a “bought deal” with one or more investment banks.

Section 1.02 Registrable Securities. Any Registrable Security will cease to be a Registrable Security when: (a) a registration statement covering such Registrable Security has become effective and such Registrable Security has been sold or disposed of pursuant to such effective registration statement, (b) such Registrable Security can be (or has been) disposed of without regard to volume or manner-of-sale restrictions under Rule 144 (or any similar provision then in force) under the Securities Act, or (c) it is held by a Person to which the rights under this Agreement have not been assigned.

ARTICLE II REGISTRATION RIGHTS

Section 2.01 Registration. Devon shall prepare and file (if not previously filed) within five (5) business days after the Closing Date, and use commercially reasonable efforts to cause to become effective as promptly as reasonably practicable after the filing thereof (it being agreed that the Registration Statement shall be an Automatic Shelf Registration Statement if Devon is a

well-known seasoned issuer (as defined in Rule 405) at the most recent applicable eligibility determination date), a shelf registration statement and prospectus supplement under the Securities Act (or shall file an amendment or prospectus supplement to an existing shelf registration statement) to permit the resale of the Registrable Securities from time to time, including as permitted by Rule 415 under the Securities Act (or any similar provision then in force), under the Securities Act with respect to all of the Registrable Securities in accordance with the method or methods of disposition thereof (other than an Underwritten Offering) as may be reasonably requested by the Selling Holders in writing prior to the filing of the Registration Statement or prospectus supplement, as applicable (the “Registration Statement”). A Registration Statement filed pursuant to this Section 2.01 shall be on Form S-3 (or any successor form or other appropriate form under the Securities Act), or, if Devon is not then permitted to file a registration statement on Form S-3, a registration statement on Form S-1 (or any successor form or other appropriate form under the Securities Act); in each case, provided that such Registration Statement shall permit the resale of the Registrable Securities in accordance with the method or methods of disposition thereof (other than an Underwritten Offering) as may be reasonably requested by the Selling Holders in writing prior to the filing of the Registration Statement. Devon will use its commercially reasonable efforts to cause the Registration Statement filed pursuant to this Section 2.01 to remain continuously effective, including by filing any supplements or amendments thereto, under the Securities Act until the earlier of (i) the date as of which all such Registrable Securities are sold by the Holders or cease to be Registrable Securities or (ii) two years from the initial effective date of such Registration Statement or prospectus supplement, if later (the “Effectiveness Period”). The Registration Statement when it becomes effective (including the documents incorporated therein by reference) shall comply in all material respects as to form with all applicable requirements of the Securities Act and the Exchange Act and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

Section 2.02 Sale Procedures. In connection with a Registration Statement prepared pursuant to Section 2.01, Devon shall:

- (a) if the Registration Statement is not automatically effective upon filing, use commercially reasonable efforts to cause such Registration Statement to become effective as promptly as reasonably practicable;
- (b) respond to any and all comments received from the Commission, with a view towards causing such Registration Statement or any amendment thereto to be declared effective by the Commission as soon as practicable and shall file an acceleration request, if necessary, as soon as practicable following the resolution or clearance of all Commission comments or, if applicable, following notification by the Commission that any such Registration Statement or any amendment thereto will not be subject to review;
- (c) prepare and file with the Commission such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective for the Effectiveness Period and as may be necessary to comply in all material respects with the provisions of the Securities Act with respect to the disposition of all the Registrable Securities;

(d) before filing a Registration Statement and any amendments or supplements thereto, furnish to the Holders and to one counsel selected by the Holders of a majority of such Registrable Securities copies of all such documents proposed to be filed, which documents will be subject to the reasonable review and comment by such counsel;

(e) if applicable, use its commercially reasonable efforts to register or qualify the Registrable Securities covered by the Registration Statement or any other registration statement contemplated by this Agreement under the securities or “blue sky” laws of such jurisdictions as the Selling Holders may reasonably request and do any and all other acts and things that may be reasonably necessary or advisable to enable any Selling Holder to consummate the disposition of the Registrable Securities in such jurisdiction; *provided, however*, that Devon will not be required to qualify generally to transact business in any jurisdiction where it is not then required to so qualify or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

(f) furnish to each Selling Holder such numbers of copies of such Registration Statement, each amendment and supplement thereto, each prospectus (including each preliminary prospectus and prospectus supplement) and such other documents as such Selling Holder may reasonably request in writing in order to facilitate the disposition of the Registrable Securities;

(g) as promptly as practicable, notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered by any of them under the Securities Act, of (i) the filing of the Registration Statement or any prospectus or prospectus supplement to be used in connection therewith, or any amendment or supplement thereto, and, with respect to such Registration Statement or any post-effective amendment thereto, when the same has become effective; and (ii) any written comments from the Commission with respect to any filing referred to in clause (i) and any written request by the Commission for amendments or supplements to the Registration Statement or any prospectus or prospectus supplement thereto;

(h) as promptly as practicable, notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the happening of (but not the nature or details concerning) any event as a result of which the prospectus or prospectus supplement contained in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; (ii) the issuance or threat of issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement, or the initiation of any proceedings for that purpose; or (iii) the receipt by Devon of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction. Following the provision of such notice, Devon agrees to as promptly as practicable amend or supplement the prospectus or prospectus supplement or take other appropriate action so that the prospectus or prospectus supplement does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the

light of the circumstances under which they were made, not misleading and to take such other action as is necessary to remove a stop order, suspension, threat thereof or proceedings related thereto and shall, at the written request of any Selling Holder promptly furnish to such Selling Holder a reasonable number of copies of a supplement to or an amendment of such prospectus, or a revised prospectus, as may be necessary so that, as thereafter delivered to the purchasers of such securities, the prospectus or prospectus supplement does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(i) otherwise use its commercially reasonable efforts to comply in all material respects with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(j) cause all such Registrable Securities registered pursuant to this Agreement to be listed on each securities exchange on which similar securities issued by Devon are then listed;

(k) use its commercially reasonable efforts to cause the Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of Devon to enable the Selling Holders to consummate the disposition of such Registrable Securities; and

(l) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement, in each case not later than the effective date of the Registration Statement.

Each Selling Holder, upon receipt of notice from Devon of the happening of any event of the kind described in Section 2.02(g) of this Agreement, shall forthwith discontinue disposition of the Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.02(g) of this Agreement or until it is advised in writing by Devon that the use of the prospectus may be resumed.

Section 2.03 Cooperation by Holders. Devon shall promptly provide written notice to a Holder to the extent that information related to such Holder is reasonably required for the Registration Statement or prospectus supplement, as applicable, to comply with the Securities Act. Following 10 days after providing such notice, Devon shall have no obligation to include in the Registration Statement Registrable Securities of a Holder who has failed to timely furnish such information.

Section 2.04 Expenses. Devon shall not be responsible for legal fees incurred by Holders in connection with the exercise of such Holders' rights hereunder. Devon shall pay all Commission, securities exchange, listing, inclusion, compliance and filing fees, legal fees and expenses of its counsel, fees of its accountants and other advisors and its internal expenses in

connection with its performance of this Agreement, and each Selling Holder shall pay all selling expenses in connection with any sale of its Registrable Securities hereunder.

Section 2.05 Indemnification.

(a). By Selling Holders. Each Selling Holder agrees severally and not jointly to indemnify and hold harmless Devon, its directors, officers, agents and representatives, and each Person, if any, who controls Devon within the meaning of the Securities Act or of the Exchange Act, and its directors, officers, agents and representatives, against any losses, claims, damages, expenses or liabilities (including reasonable attorneys' fees and expenses) (collectively, "Losses") with respect to information regarding such Selling Holder furnished in writing by or on behalf of such Selling Holder expressly for inclusion in the Registration Statement or any preliminary prospectus or final prospectus included therein, or any amendment or supplement thereto; *provided, however*, that the liability of each Selling Holder shall not be greater in amount than the dollar amount of the net proceeds received by such Selling Holder from the sale of the Registrable Securities giving rise to such indemnification, except in cases of fraud, bad faith, gross negligence or willful misconduct.

(b). By Devon. Devon agrees to indemnify and reimburse, to the fullest extent permitted by law, each Selling Holder, and each of its employees, advisors, agents, representatives, partners, officers, and directors and each Person who controls such Selling Holder (within the meaning of the Securities Act or the Exchange Act) (collectively, the "Seller Affiliates") (i) against any and all Losses based upon, arising out of, related to or resulting from any untrue or alleged untrue statement of a material fact contained in any Registration Statement or prospectus or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact necessary to be stated therein to make the statements made, in the light of the circumstances under which they were made, not misleading, (ii) against any and all Losses to the extent of the aggregate amount paid in settlement of any litigation or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon, arising out of, related to or resulting from any such untrue statement or omission or alleged untrue statement or omission, and (iii) against any and all reasonable and documented out-of-pocket costs and expenses (including reasonable and documented fees and disbursements of counsel) as may be reasonably incurred in investigating, preparing or defending against any litigation, investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon, arising out of, related to or resulting from any such untrue statement or omission or alleged untrue statement or omission, or such violation of the Securities Act or Exchange Act, to the extent that any such reasonable and documented out-of-pocket expense or cost is not paid under clause (i) or (ii) above; except insofar as any such statements are made in reliance upon information furnished to Devon in writing by such Selling Holder or any Seller Affiliate expressly for use therein.

(c). Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give such notice shall not limit the rights of

such Person) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; *provided, however*, that any person entitled to indemnification hereunder shall have the right to employ one separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (A) the indemnifying party has agreed to pay such fees or expenses or (B) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person. If such defense is not assumed by the indemnifying party as permitted hereunder, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its prior written consent (but such consent will not be unreasonably withheld, conditioned or delayed). If such defense is assumed by the indemnifying party pursuant to the provisions hereof, such indemnifying party shall not settle or otherwise compromise the applicable claim unless (i) such settlement or compromise contains a full and unconditional release of the indemnified party or (ii) the indemnified party otherwise consents in writing (which consent will not be unreasonably withheld, conditioned or delayed). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party, a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and disbursements of such additional counsel or counsels.

(d). *Contribution*. If the indemnification provided for in this Section 2.05 is held by a court or government agency of competent jurisdiction to be unavailable to any indemnified party or is insufficient to hold them harmless in respect of any Losses, then each such indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of such indemnified party on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations; *provided, however*, that in no event shall such Selling Holder be required to contribute an aggregate amount in excess of the dollar amount of net proceeds received by such Selling Holder from the sale of Registrable Securities giving rise to such indemnification, except in cases of fraud, bad faith, gross negligence or willful misconduct. The relative fault of the indemnifying party on the one hand and the indemnified party on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact has been made by, or relates to, information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to herein. The amount paid by an indemnified party as a result of the Losses referred to in the first sentence of this paragraph shall be deemed to include any

legal and other reasonable and documented out-of-pocket expenses reasonably incurred by such indemnified party in connection with investigating or defending any Loss which is the subject of this paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e). Other Indemnification. The provisions of this Section 2.05 shall be in addition to any other rights to indemnification or contribution which an indemnified party may have pursuant to law, equity, contract or otherwise.

Section 2.06 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Registrable Securities to the public without registration, Devon agrees to use its commercially reasonable efforts to:

(a). make and keep public information regarding Devon available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after the date hereof; and

(b). file with the Commission in a timely manner all reports and other documents required of Devon under the Securities Act and the Exchange Act at all times from and after the date hereof.

Section 2.07 Repurchase Right.

(a). Repurchase Right. If at any time, a Major Holder shall propose to sell, dispose of or otherwise transfer any Purchased Common Stock in a block trade (other than transfers (i) to a non-Affiliate that are less than \$10,000,000.00, (ii) that are pursuant to broker assisted ordinary transactions into the open market, or (iii) to a Permitted Transferee of such Major Holder that signs a joinder to this Agreement) (a “Repurchase Right Sale”), Devon, or its authorized delegate, shall have the right (the “Repurchase Right”) to repurchase from such Major Holder up to 50% of the Purchased Common Stock proposed to be sold in the Repurchase Right Sale then held by such Major Holder (the “Repurchase Right Shares”), at a price per share (the “Repurchase Price”) equal to (i) the offering or sale price per share in such Repurchase Right Sale minus (ii) any brokerage commissions or fees and the underwriting discount and commissions per share (if any) in any such Repurchase Right Sale; *provided* that any such brokerage commission, fee or underwriting discount and commission will be reasonably negotiated by such Major Holder with a reasonably acceptable bank or other financial institution. The Repurchase Right shall apply with respect to each Major Holder until the earlier of either (i) such time as such Major Holder holds 0.5% or less of Devon’s then-issued and outstanding common stock, par value \$0.10 per share, or (ii) eighteen (18) months from the date hereof.

(b). Notices and Closing. Each Major Holder will deliver e-mail notice to Devon, or its authorized delegate (the “Holder Repurchase Notice”), of such Repurchase Right Sale at least one (1) business day before commencing such Repurchase Right Sale, setting forth the number of Purchased Common Stock that the Major Holder is selling in the Repurchase Right Sale, the intended pricing (including offering price per share and

brokerage commissions or fees and underwriting discounts and commissions per share, if any, and as known at such time, or, as applicable, a reasonably detailed estimation of the manner in which such sale shall be priced) and the anticipated date and time, as applicable, of such transfer or sale. At any time before 2:00 p.m. CST on the anticipated date of such Repurchase Right Sale as set forth in the applicable Holder Repurchase Notice, Devon, or its authorized delegate, may exercise the Repurchase Right in whole or in part by email notice (the “Devon Repurchase Exercise”) to such Major Holder setting forth the number of Purchased Common Stock as to which Devon, or its authorized delegate, is exercising the Repurchase Right and a reasonable estimate of the number of Purchased Common Stock Devon would exercise the Repurchase Right to purchase in the event of an increase in the amount of Purchased Common Stock to be sold by such Major Holder; *provided*, that in the event of any decrease in the amount of Purchased Common Stock to be sold by such Major Holder, Devon shall have the right to repurchase from such Major Holder up to 60% of the Purchased Common Stock proposed to be sold in the Repurchase Right Sale then held by such Major Holder. The final number of Repurchase Right Shares as to which the Repurchase Right has been exercised is referred to herein as the “Exercised Repurchase Right Shares.” Delivery of and payment for the Exercised Repurchase Right Shares shall occur as promptly as possible following the closing and settlement of the Repurchase Right Sale and may be evidenced by a customary short-form purchase agreement if requested by either Devon, its authorized delegate, or the Major Holder.

Section 2.08 Removal of Restrictive Legends. Devon shall use its commercially reasonable efforts to facilitate the removal of the restrictive legend on any Registrable Securities if (a) such Registrable Securities are sold pursuant to an effective registration statement in accordance with the plan of distribution described therein, (b) a registration statement covering the resale of such Registrable Securities is effective under the Securities Act and the applicable Holder delivers to Devon a representation and/or “will comply” letter, as applicable, in a form reasonably acceptable to Devon, certifying that, among other things, such Holder will only transfer such Registrable Securities pursuant to such effective registration statement in accordance with the plan of distribution described therein and will, upon request following any lapse of effectiveness of such registration statement, cooperate with Devon to have any then-applicable restrictive legends reincluded on such Registrable Securities and the Registrable Securities returned to book-entry form at Devon’s transfer agent, (c) such Registrable Securities may be sold by the applicable Holder free of restrictions without regard to Rule 144(b) under the Securities Act (i.e., such Holder is not an affiliate of Devon, and has not been an affiliate of Devon for the previous three months, and has satisfied the one-year holding period under Rule 144) or (d) such Registrable Securities have been sold, assigned or otherwise transferred pursuant to Rule 144; *provided*, that with respect to clause (b), (c) or (d) above, the applicable Holder has provided all documentation and evidence (which may include an opinion of counsel) as may reasonably be required by Devon or its transfer agent to confirm that the legend may be removed under applicable securities laws (the “Legend Removal Documents”). Devon shall use its commercially reasonable efforts to cooperate with the applicable Holder covered by this Agreement to effect removal of the legend on such Registrable Securities pursuant to this Section 2.08 as soon as reasonably practicable after delivery of notice from such Holder that the conditions to removal are satisfied (together with any Legend Removal Documents). Devon shall bear all direct costs and expenses associated with the removal of a legend pursuant to this Section 2.08; *provided*, that the applicable Holder shall be responsible for all fees

and expenses (including of counsel for such Holder) incurred by such Holder with respect to delivering the Legend Removal Documents.

ARTICLE III TRANSFERS OF REGISTRATION RIGHTS

Section 3.01 Transfers of Registration Rights. The provisions hereof will inure to the benefit of, and be binding upon, the successors and assigns of each of the Parties, except as otherwise provided herein; provided, however, that the registration rights granted hereby may be transferred only (a) by operation of law, (b) if such transferee is a Permitted Transferee or (c) if such transfer is not made in accordance with clauses (a) and (b), with the express prior written consent of Devon, provided, in each case, that any such transferee shall not be entitled to the rights provided in this Agreement unless such transferee of registration rights hereunder agrees to be bound by the terms and conditions hereof and executes and delivers to Devon a duly executed Adoption Agreement. Notwithstanding anything to the contrary contained in this Section 3.01, any Holder may elect to transfer all or a portion of its Registrable Securities to any third party without assigning its rights hereunder with respect thereto; provided, that in any such event all rights under this Agreement with respect to the Registrable Securities so transferred shall cease and terminate. References to a Party in this Agreement shall be deemed to include any such transferee or assignee permitted by this Section 3.01.

ARTICLE IV MISCELLANEOUS

Section 4.01 Communications. All notices and other communications provided for or permitted hereunder shall be made in writing by facsimile, electronic mail, courier service or personal delivery:

(a) if to Holder, at 840 W. Sam Houston North, Suite 300, Houston, Texas 77024, Attn: Adam Osbeck (Email: aosbeck@gmellc.com) or such other address set forth under that Holder's signature block or provided by such Holder from time to time;

(b) if to Devon, for any purpose other than delivering a Holder Repurchase Notice, at 333 West Sheridan Avenue, Oklahoma City, Oklahoma 73102, Attn: Joe Pullampally (Email: joe.pullampally@dvn.com), with a copy to Attn: Edward T. Highberger (Email: edward.highberger@dvn.com); and

(c) if to Devon, for the purpose of delivering a Holder Repurchase Notice, at 333 West Sheridan Avenue, Oklahoma City, Oklahoma 73102, Attn: Jeffrey L. Ritenour (Email: jeff.ritenour@dvn.com), with a copy to Attn: Edward T. Highberger (Email: edward.highberger@dvn.com).

All such notices and communications shall be deemed to have been received: at the time delivered by hand, if personally delivered; when receipt acknowledged, if sent via facsimile or electronic mail; and when actually received, if sent by courier service or any other means.

Section 4.02 Successor and Assigns. No Seller shall assign or otherwise transfer all or any part of this Agreement, nor shall any Seller delegate any of its rights or duties hereunder,

without the prior written consent of Devon, and any transfer or delegation made without such consent shall be null and void ab initio. This Agreement shall inure to the benefit of and be binding upon the Holders and the successors and assigns of each of the parties.

Section 4.03Recapitalization, Exchanges, Etc. Affecting the Stock of Devon. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all capital stock of Devon or any successor or assign of Devon (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, stock dividends, stock splits, recapitalizations and the like occurring after the date of this Agreement.

Section 4.04Specific Performance. Damages in the event of breach of this Agreement by a party hereto may be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to seek an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each of the parties hereto hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity which such Person may have.

Section 4.05Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute the same Agreement. Facsimile, .pdf or other electronic transmission of copies of signatures shall constitute original signatures for all purposes of this Agreement and any enforcement hereof.

Section 4.06Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 4.07Governing Law. The Laws of the State of Delaware shall govern this Agreement without regard to principles of conflict of Laws.

Section 4.08Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or impairing the validity or enforceability of such provision in any other jurisdiction.

Section 4.09Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the rights granted by Devon set forth herein. This Agreement and the Purchase Agreement supersede all prior agreements and understandings between the parties with respect to such subject matter.

Section 4.10Amendment. This Agreement may be amended only by means of a written amendment signed by Devon and the Holders of a majority of the then-outstanding Registrable Securities.

Section 4.11No Presumption. If any claim is made by a party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular party or its counsel.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

DEVON ENERGY CORPORATION

By: /s/ David G. Harris

Name: David G. Harris

Title: Executive Vice President and Chief
Corporate Development Officer

[Signature Page to Registration Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

GM II SELLER:

GRAYSON MILL HOLDINGS II, LLC

By: /s/ Eric Bayes

Name: Eric Bayes

Title: Chief Executive Officer

GM III SELLER:

GRAYSON MILL HOLDINGS III, LLC

By: /s/ Eric Bayes

Name: Eric Bayes

Title: Chief Executive Officer

[Signature Page to Registration Rights Agreement]

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard E. Muncrief, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Devon Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2024

/s/ Richard E. Muncrief

Richard E. Muncrief

President and Chief Executive Officer

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey L. Ritenour, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Devon Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2024

/s/ Jeffrey L. Ritenour

Jeffrey L. Ritenour

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Devon Energy Corporation (“Devon”) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard E. Muncrief, President and Chief Executive Officer of Devon, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Devon.

/s/ Richard E. Muncrief

Richard E. Muncrief

President and Chief Executive Officer

November 6, 2024

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Devon Energy Corporation (“Devon”) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey L. Ritenour, Executive Vice President and Chief Financial Officer of Devon, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Devon.

/s/ Jeffrey L. Ritenour

Jeffrey L. Ritenour

Executive Vice President and Chief Financial Officer

November 6, 2024
