
**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 March 31, 2022

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

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 April 20, 2022, 660.0 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:

“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.

“Canada” means the division of Devon encompassing oil and gas properties located in Canada. On June 27, 2019, all of Devon’s Canadian operating assets and operations were divested. All dollar amounts associated with Canada are in U.S. dollars, unless stated otherwise.

“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.

“G&A” means general and administrative expenses.

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

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

“LOE” means lease operating expenses.

“MBbls” means thousand barrels.

“MBoe” means thousand Boe.

“Mcf” means thousand cubic feet.

“Merger” means the merger of Merger Sub with and into WPX, with WPX continuing as the surviving corporation and a wholly-owned subsidiary of the Company, pursuant to the terms of the Merger Agreement.

“Merger Agreement” means that certain Agreement and Plan of Merger, dated September 26, 2020, by and among the Company, Merger Sub and WPX.

“Merger Sub” means East Merger Sub, Inc., a wholly-owned subsidiary of the Company.

“MMBoe” means million Boe.

“MMBtu” means million Btu.

“MMcf” means million cubic feet.

“N/M” means not meaningful.

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

“NYMEX” means New York Mercantile Exchange.

“OPEC” means Organization of the Petroleum Exporting Countries.

“SEC” means United States Securities and Exchange Commission.

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

“TSR” means total shareholder return.

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

“VIE” means variable interest entity.

“WPX” means WPX Energy, Inc.

“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;
- risks relating to the COVID-19 pandemic or other future pandemics;
- uncertainties inherent in estimating oil, gas and NGL reserves;
- the extent to which we are successful in acquiring and discovering additional reserves;
- regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to environmental matters;
- risks related to regulatory, social and market efforts to address climate change;
- the uncertainties, costs and risks involved in our operations, including as a result of employee misconduct;
- risks related to our hedging activities;
- counterparty credit risks;
- risks relating to our indebtedness;
- cyberattack risks;
- our limited control over third parties who operate some of our oil and gas properties;
- midstream capacity constraints and potential interruptions in production;
- the extent to which insurance covers any losses we may experience;
- competition for assets, materials, people and capital;
- risks related to investors attempting to effect change;
- 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 [2021 Annual Report on Form 10-K](#) and our other filings 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 assume no 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 March 31,	
	2022	2021
	(Unaudited)	
Oil, gas and NGL sales	\$ 3,175	\$ 1,757
Oil, gas and NGL derivatives	(683)	(528)
Marketing and midstream revenues	1,320	821
Total revenues	3,812	2,050
Production expenses	618	458
Exploration expenses	2	3
Marketing and midstream expenses	1,324	842
Depreciation, depletion and amortization	489	467
Asset dispositions	(1)	(32)
General and administrative expenses	94	107
Financing costs, net	85	77
Restructuring and transaction costs	—	189
Other, net	(61)	(29)
Total expenses	2,550	2,082
Earnings (loss) before income taxes	1,262	(32)
Income tax expense (benefit)	267	(248)
Net earnings	995	216
Net earnings attributable to noncontrolling interests	6	3
Net earnings attributable to Devon	<u>\$ 989</u>	<u>\$ 213</u>
Net earnings per share:		
Basic net earnings per share:	\$ 1.48	\$ 0.33
Diluted net earnings per share:	\$ 1.48	\$ 0.32
Comprehensive earnings:		
Net earnings	\$ 995	\$ 216
Other comprehensive earnings, net of tax:		
Pension and postretirement plans	1	23
Other comprehensive earnings, net of tax	1	23
Comprehensive earnings:	\$ 996	\$ 239
Comprehensive earnings attributable to noncontrolling interests	6	3
Comprehensive earnings attributable to Devon	<u>\$ 990</u>	<u>\$ 236</u>

See accompanying notes to consolidated financial statements

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2022	2021
	(Unaudited)	
Cash flows from operating activities:		
Net earnings	\$ 995	\$ 216
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation, depletion and amortization	489	467
Leasehold impairments	1	1
Amortization of liabilities	(6)	(7)
Total losses on commodity derivatives	683	528
Cash settlements on commodity derivatives	(344)	(232)
Gains on asset dispositions	(1)	(32)
Deferred income tax expense (benefit)	164	(243)
Share-based compensation	20	41
Early retirement of debt	—	(20)
Other	(21)	—
Changes in assets and liabilities, net	(143)	(127)
Net cash from operating activities	1,837	592
Cash flows from investing activities:		
Capital expenditures	(537)	(499)
Acquisitions of property and equipment	(1)	—
Divestitures of property and equipment	26	15
WPX acquired cash	—	344
Distributions from equity method investments	8	10
Contributions to equity method investments	(22)	—
Net cash from investing activities	(526)	(130)
Cash flows from financing activities:		
Repayments of long-term debt	—	(533)
Early retirement of debt	—	(27)
Repurchases of common stock	(211)	—
Dividends paid on common stock	(667)	(203)
Distributions to noncontrolling interests	(8)	(4)
Acquisition of noncontrolling interests	—	(24)
Shares exchanged for tax withholdings and other	(73)	(33)
Net cash from financing activities	(959)	(824)
Effect of exchange rate changes on cash	2	3
Net change in cash, cash equivalents and restricted cash	354	(359)
Cash, cash equivalents and restricted cash at beginning of period	2,271	2,237
Cash, cash equivalents and restricted cash at end of period	\$ 2,625	\$ 1,878
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 2,459	\$ 1,683
Restricted cash	166	195
Total cash, cash equivalents and restricted cash	\$ 2,625	\$ 1,878

See accompanying notes to consolidated financial statements

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 2,625	\$ 2,271
Accounts receivable	2,002	1,543
Other current assets	346	435
Total current assets	4,973	4,249
Oil and gas property and equipment, based on successful efforts accounting, net	13,566	13,536
Other property and equipment, net (\$119 million and \$111 million related to CDM in 2022 and 2021, respectively)	1,508	1,472
Total property and equipment, net	15,074	15,008
Goodwill	753	753
Right-of-use assets	229	235
Investments	416	402
Other long-term assets	333	378
Total assets	<u>\$ 21,778</u>	<u>\$ 21,025</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 576	\$ 500
Revenues and royalties payable	1,672	1,456
Other current liabilities	1,506	1,131
Total current liabilities	3,754	3,087
Long-term debt	6,471	6,482
Lease liabilities	251	252
Asset retirement obligations	443	468
Other long-term liabilities	974	1,050
Deferred income taxes	450	287
Stockholders' equity:		
Common stock, \$0.10 par value. Authorized 1.0 billion shares; issued 661 million and 663 million shares in 2022 and 2021, respectively	66	66
Additional paid-in capital	7,371	7,636
Retained earnings	2,013	1,692
Accumulated other comprehensive loss	(131)	(132)
Treasury stock, at cost, 0.3 million shares in 2022	(19)	—
Total stockholders' equity attributable to Devon	9,300	9,262
Noncontrolling interests	135	137
Total equity	9,435	9,399
Total liabilities and equity	<u>\$ 21,778</u>	<u>\$ 21,025</u>

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 March 31, 2022								
Balance as of December 31, 2021	663	\$ 66	\$ 7,636	\$ 1,692	\$ (132)	\$ —	\$ 137	\$ 9,399
Net earnings	—	—	—	989	—	—	6	995
Other comprehensive earnings, net of tax	—	—	—	—	1	—	—	1
Restricted stock grants, net of cancellations	2	—	1	—	—	—	—	1
Common stock repurchased	—	—	—	—	—	(305)	—	(305)
Common stock retired	(5)	—	(286)	—	—	286	—	—
Common stock dividends	—	—	—	(668)	—	—	—	(668)
Share-based compensation	1	—	20	—	—	—	—	20
Distributions to noncontrolling interests	—	—	—	—	—	—	(8)	(8)
Balance as of March 31, 2022	<u>661</u>	<u>\$ 66</u>	<u>\$ 7,371</u>	<u>\$ 2,013</u>	<u>\$ (131)</u>	<u>\$ (19)</u>	<u>\$ 135</u>	<u>\$ 9,435</u>
Three Months Ended March 31, 2021								
Balance as of December 31, 2020	382	\$ 38	\$ 2,766	\$ 208	\$ (127)	\$ —	\$ 134	\$ 3,019
Net earnings	—	—	—	213	—	—	3	216
Other comprehensive earnings, net of tax	—	—	—	—	23	—	—	23
Restricted stock grants, net of cancellations	4	—	—	—	—	—	—	—
Common stock repurchased	—	—	—	—	—	(38)	—	(38)
Common stock retired	(2)	—	(38)	—	—	38	—	—
Common stock dividends	—	—	—	(203)	—	—	—	(203)
Common stock issued	290	29	5,403	—	—	—	—	5,432
Share-based compensation	1	—	41	—	—	—	—	41
Distributions to noncontrolling interests	—	—	—	—	—	—	(4)	(4)
Balance as of March 31, 2021	<u>675</u>	<u>\$ 67</u>	<u>\$ 8,172</u>	<u>\$ 218</u>	<u>\$ (104)</u>	<u>\$ —</u>	<u>\$ 133</u>	<u>\$ 8,486</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 [2021 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 periods ended March 31, 2022 and 2021 and Devon's financial position as of March 31, 2022.

Devon and WPX completed an all-stock merger of equals on January 7, 2021. On the closing date of the Merger, each share of WPX common stock was automatically converted into the right to receive 0.5165 of a share of Devon common stock. The transaction has been accounted for using the acquisition method of accounting, with Devon being treated as the accounting acquirer. See [Note 2](#) for further discussion.

Restricted Cash

As of March 31, 2022, Devon classified approximately \$150 million of cash as restricted cash on the consolidated balance sheets for obligations retained related to the Barnett Shale assets and the Canadian business. Cash payments for these charges related to the Barnett assets and Canada business total approximately \$10 million per quarter.

Variable Interest Entity

Cotton Draw Midstream, L.L.C. ("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

In conjunction with the Merger, Devon acquired an interest in Catalyst, which is a joint venture established among WPX, 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. The agreements do not include any minimum volume commitments. 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.

Investments	% Interest	Carrying Amount	
		March 31, 2022	December 31, 2021
Catalyst	50%	\$ 361	\$ 368
Other	Various	55	34
Total		<u>\$ 416</u>	<u>\$ 402</u>

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

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 March 31,	
	2022	2021
Oil	\$ 2,406	\$ 1,331
Gas	307	202
NGL	462	224
Oil, gas and NGL sales	3,175	1,757
Marketing and midstream revenues	1,320	821
Total revenues from contracts with customers	\$ 4,495	\$ 2,578

2. Acquisitions and Divestitures

WPX Merger

On January 7, 2021, Devon and WPX completed an all-stock merger of equals. WPX was an oil and gas exploration and production company with assets in the Delaware Basin in Texas and New Mexico and the Williston Basin in North Dakota. On the closing date of the Merger, each share of WPX common stock was automatically converted into the right to receive 0.5165 of a share of Devon common stock. No fractional shares of Devon's common stock were issued in the Merger, and holders of WPX common stock instead received cash in lieu of fractional shares of Devon common stock, if any. Based on the closing price of Devon's common stock on January 7, 2021, the total value of Devon common stock issued to holders of WPX common stock as part of this transaction was approximately \$5.4 billion. The Merger was structured as a tax-free reorganization for United States federal income tax purposes. The final allocation of the total purchase price of WPX to the identifiable assets acquired and the liabilities assumed was finalized at December 31, 2021.

Divestitures

In the first quarter of 2021, Devon completed the sale of non-core assets in the Rockies for proceeds of \$9 million, net of purchase price adjustments, and recognized a \$35 million gain related to the sale. Devon received \$4 million in contingent earnout payments related to this transaction in the first quarter of 2022 with the potential for up to an additional \$4 million in the future. The total estimated proved reserves associated with these divested assets was approximately 3 MMBoe.

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 \$65 million in contingent earnout payments related to this transaction in the first quarter of 2022 and could receive up to an additional \$195 million in contingent earnout payments for the remaining performance periods depending on future commodity prices. The valuation of the future contingent earnout payments included within other current assets and other long-term assets in the March 31, 2022 consolidated balance sheet was approximately \$51 million and \$60 million, respectively. The value was derived utilizing a Monte Carlo valuation model and qualifies as a level 3 fair value measurement.

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, costless price collars and call options. Devon periodically enters into interest rate swaps to manage its exposure to interest rate volatility. As of March 31, 2022, Devon did not have any open interest rate swap contracts.

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

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 March 31, 2022, Devon neither held cash collateral of its counterparties nor posted cash collateral to its counterparties. Given Devon's current credit ratings and the terms of the underlying contracts, Devon is not currently required to post collateral to its counterparties with respect to its open derivative positions, and we would not be required to post any such collateral as a result of any change to the amount of Devon's net liability for such positions.

Commodity Derivatives

As of March 31, 2022, 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)
Q2-Q4 2022	35,258	\$ 44.50	37,658	\$ 55.56	\$ 74.84
Q1-Q4 2023	—	\$ —	6,193	\$ 61.32	\$ 97.65

Period	Oil Basis Swaps		Weighted Average Differential to WTI (\$/Bbl)	
	Index	Volume (Bbls/d)		
Q2-Q4 2022	BRENT	1,000	\$	(7.75)
Q2-Q4 2022	NYMEX Roll	29,000	\$	0.45
Q1-Q4 2023	Midland Sweet	3,000	\$	0.73

As of March 31, 2022, 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 and the end of month NYMEX index. The second table presents Devon's natural gas derivatives that settle against the respective indices noted within the table.

Period	Price Swaps ⁽¹⁾		Price Collars ⁽²⁾		
	Volume (MMBtu/d)	Weighted Average Price (\$/MMBtu)	Volume (MMBtu/d)	Weighted Average Floor Price (\$/MMBtu)	Weighted Average Ceiling Price (\$/MMBtu)
Q2-Q4 2022	110,000	\$ 2.79	209,509	\$ 2.98	\$ 4.30
Q1-Q4 2023	4,959	\$ 3.65	58,901	\$ 3.38	\$ 5.64

- (1) Related to the 2022 open positions, 10,000 MMBtu/d settle against the Inside FERC first of month Henry Hub index at an average price of \$3.65 and 100,000 MMBtu/d settle against the end of month NYMEX index at an average price of \$2.70. All 2023 open positions settle against the Inside FERC first of month Henry Hub index.
- (2) Price collars settle against the Inside FERC first of month Henry Hub Index.

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

Natural Gas Basis Swaps			
Period	Index	Volume (MMBtu/d)	Weighted Average Differential to Henry Hub (\$/MMBtu)
Q2-Q4 2022	El Paso Natural Gas	40,000	\$ (0.82)
Q2-Q4 2022	Houston Ship Channel	10,000	\$ (0.17)
Q2-Q4 2022	WAHA	70,000	\$ (0.57)
Q1-Q4 2023	El Paso Natural Gas	60,000	\$ (1.50)
Q1-Q4 2023	WAHA	70,000	\$ (0.51)
Q1-Q4 2024	WAHA	40,000	\$ (0.51)

As of March 31, 2022, Devon did not have any open NGL positions.

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 tables below present a summary of these positions as of March 31, 2022 and December 31, 2021.

	March 31, 2022			December 31, 2021			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	\$ 15	\$ (14)	\$ 1	\$ 6	\$ (4)	\$ 2	Other current assets
Long-term derivative asset	31	—	31	6	—	6	Other long-term assets
Short-term derivative liability	(953)	14	(939)	(579)	4	(575)	Other current liabilities
Long-term derivative liability	(1)	—	(1)	(2)	—	(2)	Other long-term liabilities
Total derivative liability	<u>\$ (908)</u>	<u>\$ —</u>	<u>\$ (908)</u>	<u>\$ (569)</u>	<u>\$ —</u>	<u>\$ (569)</u>	

4. Share-Based Compensation

The table below presents the share-based compensation expense included in Devon's accompanying consolidated statements of comprehensive earnings. The vesting for certain share-based awards was accelerated in 2021 in conjunction with the reduction of workforce described in [Note 5](#) and is included in restructuring and transaction costs in the accompanying consolidated statements of comprehensive earnings.

	Three Months Ended March 31,	
	2022	2021
G&A	\$ 20	\$ 20
Restructuring and transaction costs	—	21
Total	<u>\$ 20</u>	<u>\$ 41</u>
Related income tax benefit	\$ 17	\$ —

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

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 12/31/21	7,656	\$ 22.15	2,076	\$ 24.12
Granted	1,249	\$ 52.23	964	\$ 44.05
Vested	(2,476)	\$ 23.02	(1,194)	\$ 28.91
Forfeited	(8)	\$ 29.42	—	\$ —
Unvested at 3/31/22	6,421	\$ 27.66	1,846 ⁽¹⁾	\$ 31.43

(1) A maximum of 3.7 million common shares could be awarded based upon Devon's final TSR ranking.

The following table presents the assumptions related to the performance share units granted in 2022, as indicated in the previous summary table.

	2022
Grant-date fair value	\$ 68.68
Risk-free interest rate	1.81 %
Volatility factor	70.1 %
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 March 31, 2022.

	Restricted Stock Awards/Units	Performance Share Units
Unrecognized compensation cost	\$ 122	\$ 32
Weighted average period for recognition (years)	3.0	2.1

5. Restructuring and Transaction Costs

The following table summarizes Devon's restructuring and transaction costs.

	Three Months Ended March 31,	
	2022	2021
Restructuring costs	\$ —	\$ 143
Transaction costs	—	46
Total costs	\$ —	\$ 189

In conjunction with the Merger closing, Devon recognized \$143 million of restructuring expenses during the first quarter of 2021 related to employee severance and termination benefits, settlements and curtailments from defined retirement benefits and contract terminations. Of these expenses, \$37 million and \$21 million resulted from settlements and curtailments of defined retirement benefits and accelerated vesting of share-based grants, respectively, which were non-cash charges. Additionally, in conjunction with the Merger closing, Devon recognized \$46 million of transaction costs primarily comprised of bank, legal and accounting fees.

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

The following table summarizes Devon's restructuring liabilities.

	Other Current Liabilities		Other Long-term Liabilities		Total
Balance as of December 31, 2021	\$ 38		\$ 111		\$ 149
Changes related to prior years' restructurings	(4)		(6)		(10)
Balance as of March 31, 2022	\$ 34		\$ 105		\$ 139
Balance as of December 31, 2020	\$ 35		\$ 137		\$ 172
Changes related to prior years' restructurings	59		(7)		52
Balance as of March 31, 2021	\$ 94		\$ 130		\$ 224

6. Other, Net

The following table summarizes Devon's other expenses (income) presented in the accompanying consolidated comprehensive statement of earnings.

	Three Months Ended March 31,	
	2022	2021
Estimated future obligation under a performance guarantee	\$ (96)	\$ —
Ukraine charitable pledge	20	—
Asset retirement obligation accretion	7	7
Severance and other non-income tax refunds	(3)	(36)
Other	11	—
Total	\$ (61)	\$ (29)

The first quarter of 2022 includes a \$96 million benefit related to the revision of a future obligation under a performance guarantee liability for previously divested assets. Due to improved commodity prices and market conditions, the purchaser of these assets was able to fully satisfy the \$35 million obligation due in the first quarter of 2022. Further, as of March 31, 2022, Devon also reduced the estimated future exposure of the performance guarantee by \$61 million based on probability-weighted cash flows for the remainder of the contract term of four years.

The first quarter of 2022 also includes a \$20 million pledge for humanitarian relief for the Ukrainian people and surrounding countries supporting refugees.

The first quarter of 2021 includes a Texas severance tax refund of \$36 million related to prior periods.

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

7. Income Taxes

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

	Three Months Ended March 31,	
	2022	2021
Earnings (loss) before income taxes	\$ 1,262	\$ (32)
Current income tax expense (benefit)	\$ 103	\$ (5)
Deferred income tax expense (benefit)	164	(243)
Total income tax expense (benefit)	<u>\$ 267</u>	<u>\$ (248)</u>
U.S. statutory income tax rate	21 %	21 %
State income taxes	1 %	(1 %)
Deferred tax asset valuation allowance	0 %	791 %
Other	(1 %)	(48 %)
Effective income tax rate	<u>21 %</u>	<u>763 %</u>

Prior to December 31, 2021, Devon maintained a valuation allowance against all U.S. federal deferred tax assets. Devon recognized approximately \$250 million of deferred tax liabilities to account for the Merger. The recognition of these deferred tax liabilities caused a decrease to Devon's net deferred tax assets and a corresponding decrease to the valuation allowance Devon had recognized on its U.S. federal deferred tax assets in the first quarter of 2021.

Due to significant increases in commodity pricing and projections of future income, in the fourth quarter of 2021, Devon reassessed its evaluation of the realizability of deferred tax assets in future years and determined that a U.S. federal valuation allowance was no longer necessary at December 31, 2021.

In the table above, the "other" effect for 2021 is composed primarily of permanent differences related to costs incurred in connection with the Merger. Such items represent \$15 million of income tax expense in the first quarter of 2021.

8. Net Earnings Per Share

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

	Three Months Ended March 31,	
	2022	2021
Net earnings:		
Net earnings	\$ 989	\$ 213
Attributable to participating securities	(16)	(2)
Basic and diluted earnings	<u>\$ 973</u>	<u>\$ 211</u>
Common shares:		
Common shares outstanding - total	663	654
Attributable to participating securities	(7)	(5)
Common shares outstanding - basic	656	649
Dilutive effect of potential common shares issuable	2	2
Common shares outstanding - diluted	<u>658</u>	<u>651</u>
Net earnings per share:		
Basic	\$ 1.48	\$ 0.33
Diluted	\$ 1.48	\$ 0.32

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

9. Other Comprehensive Earnings (Loss)

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

	Three Months Ended March 31,	
	2022	2021
Pension and postretirement benefit plans:		
Beginning accumulated pension and postretirement benefits	\$ (132)	\$ (127)
Recognition of net actuarial loss and prior service cost in earnings ⁽¹⁾	1	1
Settlement of pension benefits ⁽²⁾	—	15
Other ⁽³⁾	—	7
Accumulated other comprehensive loss, net of tax	<u>\$ (131)</u>	<u>\$ (104)</u>

- (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.
- (2) The Merger triggered settlement payments to certain plan participants, and the expense associated with this settlement is recognized as a component of restructuring and transaction costs in the accompanying consolidated statements of comprehensive earnings.
- (3) Other includes a rereasurement of the pension obligation due to the Merger, which was partially offset by a change in mortality assumption.

10. Supplemental Information to Statements of Cash Flows

	Three Months Ended March 31,	
	2022	2021
Changes in assets and liabilities, net:		
Accounts receivable	\$ (457)	\$ (63)
Other current assets	64	(10)
Other long-term assets	66	(10)
Accounts payable and revenues and royalties payable	247	16
Other current liabilities	8	(33)
Other long-term liabilities	(71)	(27)
Total	<u>\$ (143)</u>	<u>\$ (127)</u>
Supplementary cash flow data:		
Interest paid	\$ 100	\$ 114
Income taxes refunded	\$ (23)	\$ (6)

11. Accounts Receivable

Components of accounts receivable include the following:

	March 31, 2022	December 31, 2021
Oil, gas and NGL sales	\$ 1,296	\$ 984
Joint interest billings	161	158
Marketing and midstream revenues	496	370
Other	56	38
Gross accounts receivable	<u>2,009</u>	<u>1,550</u>
Allowance for doubtful accounts	(7)	(7)
Net accounts receivable	<u>\$ 2,002</u>	<u>\$ 1,543</u>

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

12. 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.

	March 31, 2022	December 31, 2021
Property and equipment:		
Proved	\$ 38,524	\$ 38,051
Unproved and properties under development	1,101	1,081
Total oil and gas	39,625	39,132
Less accumulated DD&A	(26,059)	(25,596)
Oil and gas property and equipment, net	13,566	13,536
Other property and equipment	2,192	2,139
Less accumulated DD&A	(684)	(667)
Other property and equipment, net ⁽¹⁾	1,508	1,472
Property and equipment, net	<u>\$ 15,074</u>	<u>\$ 15,008</u>

(1) \$119 million and \$111 million related to CDM in 2022 and 2021, respectively.

13. Debt and Related Expenses

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

	March 31, 2022	December 31, 2021
8.25% due August 1, 2023	\$ 242	\$ 242
5.25% due September 15, 2024	472	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
5.60% due July 15, 2041	1,250	1,250
4.75% due May 15, 2042	750	750
5.00% due June 15, 2045	750	750
Net premium (discount) on debentures and notes	137	149
Debt issuance costs	(29)	(30)
Total long-term debt	<u>\$ 6,471</u>	<u>\$ 6,482</u>

Retirement of Senior Notes

In the first quarter of 2021, Devon redeemed \$43 million of the 6.00% senior notes due 2022, \$175 million of the 5.875% senior notes due 2028 and \$315 million of the 4.50% senior notes due 2030. In the first quarter of 2021, Devon recognized \$20 million of gains on early retirement of debt, consisting of \$47 million of non-cash premium accelerations, partially offset by \$27 million of cash retirement costs. The gain on early retirement is included in net financing costs in the consolidated comprehensive statements of earnings.

Credit Lines

Devon has a \$3.0 billion Senior Credit Facility. As of March 31, 2022, Devon had no outstanding borrowings under the Senior Credit Facility and had issued \$2 million in outstanding letters of credit under this facility. The 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

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)
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non-cash financial write-downs such as impairments. As of March 31, 2022, Devon was in compliance with this covenant with a debt-to-capitalization ratio of 24.7%.

Net Financing Costs

The following schedule includes the components of net financing costs.

	Three Months Ended March 31,	
	2022	2021
Interest based on debt outstanding	\$ 92	\$ 105
Gain on early retirement of debt	—	(20)
Interest income	(1)	(1)
Other	(6)	(7)
Total net financing costs	\$ 85	\$ 77

14. Leases

The following table presents Devon's right-of-use assets and lease liabilities as of March 31, 2022 and December 31, 2021.

	March 31, 2022			December 31, 2021		
	Finance	Operating	Total	Finance	Operating	Total
Right-of-use assets	\$ 209	\$ 20	\$ 229	\$ 211	\$ 24	\$ 235
Lease liabilities:						
Current lease liabilities ⁽¹⁾	\$ 8	\$ 15	\$ 23	\$ 8	\$ 18	\$ 26
Long-term lease liabilities	247	4	251	247	5	252
Total lease liabilities	\$ 255	\$ 19	\$ 274	\$ 255	\$ 23	\$ 278

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

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

15. Asset Retirement Obligations

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

	Three Months Ended March 31,	
	2022	2021
Asset retirement obligations as of beginning of period	\$ 485	\$ 369
Assumed WPX obligations	—	98
Liabilities incurred	8	9
Liabilities settled and divested	(3)	(17)
Revision of estimated obligation	(35)	11
Accretion expense on discounted obligation	7	7
Asset retirement obligations as of end of period	462	477
Less current portion	19	22
Asset retirement obligations, long-term	\$ 443	\$ 455

During the first quarter of 2022, Devon reduced its asset retirement obligations by \$35 million primarily due to extended retirement dates for oil and gas assets, partially offset by inflation-driven increases to current settlement costs.

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

16. Stockholders' Equity

Share Repurchases

In November 2021, Devon authorized a share repurchase program of \$1.0 billion with a December 31, 2022 expiration date. In February 2022, the Board of Directors authorized an expansion of the share repurchase program to \$1.6 billion, and in May 2022, authorized a further expansion to \$2.0 billion and extended the expiration date to May 4, 2023. The table below provides information regarding purchases of Devon's common stock under the \$2.0 billion share repurchase program (shares in thousands).

	Total Number of Shares Purchased	Dollar Value of Shares Purchased	Average Price Paid per Share
2021:			
Fourth quarter	13,983	\$ 589	\$ 42.15
2022:			
First quarter	3,979	\$ 230	\$ 57.74
Total plan	17,962	\$ 819	\$ 45.61

Dividends

Upon completion of the Merger, Devon continued its commitment to pay a quarterly dividend at a fixed rate and instituted a variable quarterly dividend, which is dependent on quarterly cash flows, among other factors. Devon raised its fixed quarterly dividend by 45%, to \$0.16 per share, beginning in the first quarter of 2022. The following table summarizes Devon's fixed and variable dividends for the first quarter of 2022 and 2021, respectively.

	Fixed	Variable	Total	Rate Per Share
2022:				
First quarter	\$ 109	\$ 558	\$ 667	\$ 1.00
2021:				
First quarter	\$ 76	\$ 127	\$ 203	\$ 0.30

In May 2022, Devon announced a cash dividend in the amount of \$1.27 per share payable in the second quarter of 2022. The dividend consists of a fixed quarterly dividend in the amount of approximately \$106 million (or \$0.16 per share) and a variable quarterly dividend in the amount of approximately \$732 million (or \$1.11 per share).

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.

17. 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 March 31, 2022, Devon has accrued approximately \$30 million in other current liabilities pertaining to such royalty matters.

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

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.

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 intends to vigorously defend against these claims.

The State of Delaware and various municipalities and other governmental and private parties in California have 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 these matters, Devon intends to vigorously defend against the proceedings.

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 or performing requirements under surface agreements in existence at the time of disposition.

In November 2020, the Department of the Interior, Bureau of Safety and Environmental Enforcement, ordered several oil and gas operators, including Devon, to perform decommissioning and reclamation activities related to two California offshore oil and gas production platforms and related facilities. The current operator and owner of the platforms contends that it does not have the financial ability to perform these obligations and relinquished the related federal lease in October 2020. In response to the apparent insolvency of the current operator, the government has ordered the former operators and alleged former lease record title owners to decommission the platforms and related facilities. The government contends that an alleged corporate predecessor of Devon owned a partial interest in the subject lease and platforms. Although Devon cannot predict the ultimate outcome of this matter, Devon denies any obligation to decommission the subject platforms, has appealed the order, and believes any decommissioning obligation related to the subject platforms should be assumed by others.

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

18. 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 March 31, 2022 and December 31, 2021, as applicable. Therefore, such financial assets and liabilities are not presented in the following table.

			Fair Value Measurements Using:		
	Carrying Amount	Total Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
March 31, 2022 assets (liabilities):					
Cash equivalents	\$ 2,196	\$ 2,196	\$ 2,196	\$ —	\$ —
Commodity derivatives	\$ 32	\$ 32	\$ —	\$ 32	\$ —
Commodity derivatives	\$ (940)	\$ (940)	\$ —	\$ (940)	\$ —
Debt	\$ (6,471)	\$ (7,126)	\$ —	\$ (7,126)	\$ —
Contingent earnout payments	\$ 115	\$ 115	\$ —	\$ —	\$ 115
December 31, 2021 assets (liabilities):					
Cash equivalents	\$ 1,421	\$ 1,421	\$ 1,421	\$ —	\$ —
Commodity derivatives	\$ 8	\$ 8	\$ —	\$ 8	\$ —
Commodity derivatives	\$ (577)	\$ (577)	\$ —	\$ (577)	\$ —
Debt	\$ (6,482)	\$ (7,644)	\$ —	\$ (7,644)	\$ —
Contingent earnout payments	\$ 184	\$ 184	\$ —	\$ —	\$ 184

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.

Level 3 Fair Value Measurements

Contingent Earnout Payments – Devon has the right to receive contingent consideration related to the Barnett and non-core Rockies asset divestitures 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 period ended March 31, 2022 compared to previous periods and in our financial condition and liquidity since December 31, 2021. For information regarding our critical accounting policies and estimates, see our [2021 Annual Report on Form 10-K](#) under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Executive Overview

The Merger has helped us become a leading unconventional oil producer in the U.S., with an asset base underpinned by premium acreage in the economic core of the Delaware Basin. This strategic combination accelerated our transition to a cash-return business model, including the implementation of a fixed plus variable dividend strategy. We remain focused on building economic value by executing on our strategic priorities of moderating growth, emphasizing capital efficiencies, maintaining and improving operational and corporate synergies, reducing 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:

- First quarter oil production totaled 288 MBbls/d, exceeding our plan by 1%.
- As of March 31, 2022, have completed approximately 40% of our authorized \$2.0 billion share repurchase program, with approximately 4.0 million of our common shares repurchased in the first quarter of 2022 for approximately \$230 million, or \$57.74 per share.
- Exited the first quarter with \$5.6 billion of liquidity, including \$2.6 billion of cash, with no debt maturities until the third quarter of 2023.
- Generated \$1.8 billion of operating cash flow in the first quarter of 2022.
- Including variable dividends, paid dividends of approximately \$667 million in the first quarter of 2022 and have declared \$838 million of dividends to be paid in the second quarter of 2022.

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 steep backwardation in commodity prices, supply chain constraints and the economic uncertainty arising from recent geopolitical events.

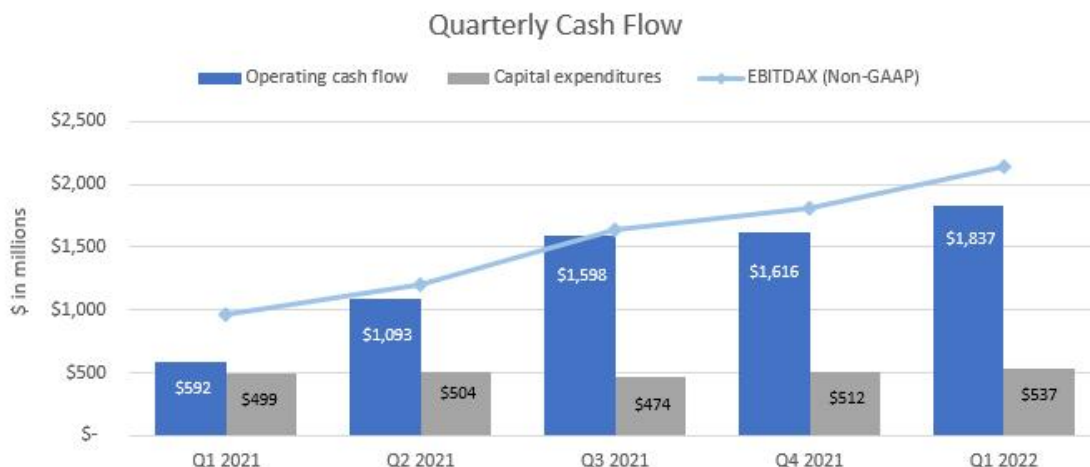
Commodity prices strengthened throughout 2021 and oil prices continued to increase in the first quarter of 2022, which has significantly improved our earnings and cash flow generation. The increase in commodity prices during 2021 was primarily driven by increased demand resulting from the initial recovery from the COVID-19 pandemic, as well as OPEC+ and other oil and natural gas producers not rapidly increasing production levels. The military conflict between Russia and Ukraine and related economic sanctions imposed on Russia has further exacerbated supply shortages, causing oil prices to increase even more during the first quarter of 2022.

Trends of our quarterly earnings, operating cash flow, EBITDAX and capital expenditures are shown below. "Core earnings" and "EBITDAX" are financial measures not prepared in accordance with GAAP. For a description of these measures, including reconciliations to the comparable GAAP measures, see "Non-GAAP Measures" in this Item 2.



Our earnings decreased from the fourth quarter of 2021 to the first quarter of 2022 primarily due to non-cash adjustments related to the value of commodity hedges, lower sold volumes resulting from natural declines and winter weather downtime and lower gas prices. Henry Hub decreased 15% from the fourth quarter of 2021 to the first quarter of 2022. These decreases were partially offset by a 23% increase in WTI from the fourth quarter of 2021 to the first quarter of 2022 which contributed to a 16% increase in our unhedged combined realized prices.

Our net earnings in recent quarters have been significantly impacted by non-cash adjustments to the value of our commodity hedges. Net earnings in the first quarter of 2021, the second quarter of 2021 and the first quarter of 2022 each included a hedge valuation loss, net of tax of \$0.2 billion, \$0.3 billion and \$0.3 billion, respectively. Net earnings in the fourth quarter of 2021 included a hedge valuation gain, net of tax of \$0.4 billion. Excluding these amounts, our core earnings have been more stable over recent quarters and continue to trend upward while remaining sensitive to volatile commodity prices.



Like earnings, our operating cash flow is sensitive to volatile commodity prices. Our cash flow and EBITDAX have continued to trend upward primarily due to improved commodity prices and overall market conditions as well as strong operating performance. However, volumes were down slightly in the first quarter of 2022 primarily due to natural declines across the asset portfolio as well as downtime related to winter weather which negatively impacted earnings.

We exited the first quarter of 2022 with \$5.6 billion of liquidity, comprised of \$2.6 billion of cash and \$3.0 billion of available credit under our Senior Credit Facility. We currently have \$6.5 billion of debt outstanding with no maturities until August 2023. We currently have approximately 25% and 35% of our anticipated 2022 oil and gas production hedged, respectively. These contracts consist of collars and swaps based off the WTI oil benchmark and the Henry Hub and NYMEX last day natural gas indices. Additionally, we have entered into regional basis swaps in an effort to protect price realizations across our portfolio.

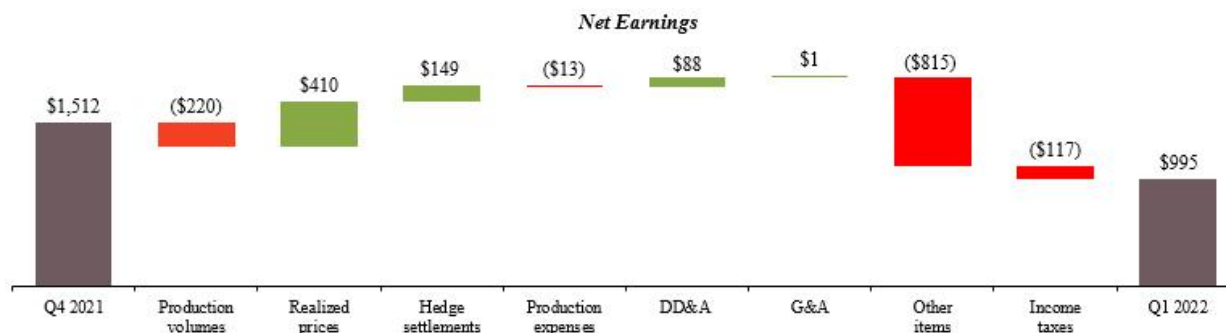
As commodity prices and our operating performance strengthen and bolster our financial condition, we have authorized opportunistic repurchases of up to \$2.0 billion of our common shares with an expiration date of May 4, 2023. We repurchased approximately 4.0 million shares in the first quarter of 2022 for approximately \$230 million, or \$57.74 per share. As of March 31, 2022, we have repurchased approximately 18 million shares for approximately \$819 million, or \$45.61 per share, since the inception of the program. Additionally, we continue funding our fixed plus variable dividends, which totaled \$667 million in the first quarter of 2022. We recently declared a dividend payable in the second quarter of 2022 for \$838 million.

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.

Q1 2022 vs. Q4 2021

Our first quarter 2022 net earnings were \$995 million, compared to net earnings of \$1.5 billion for the fourth quarter of 2021. The graph below shows the change in net earnings from the fourth quarter of 2021 to the first quarter of 2022. The material changes are further discussed by category on the following pages.



Production Volumes

	Q1 2022	% of Total	Q4 2021	Change
Oil (MBbls/d)				
Delaware Basin	209	73 %	213	-2 %
Anadarko Basin	14	5 %	14	2 %
Williston Basin	32	11 %	36	-12 %
Eagle Ford	17	6 %	19	-11 %
Powder River Basin	12	4 %	14	-9 %
Other	4	1 %	4	-9 %
Total	288	100 %	300	-4 %
Gas (MMcf/d)				
Delaware Basin	561	62 %	577	-3 %
Anadarko Basin	210	23 %	222	-5 %
Williston Basin	54	6 %	64	-15 %
Eagle Ford	61	7 %	60	3 %
Powder River Basin	19	2 %	19	-3 %
Other	1	0 %	1	-4 %
Total	906	100 %	943	-4 %
NGLs (MBbls/d)				
Delaware Basin	92	67 %	107	-14 %
Anadarko Basin	25	19 %	27	-4 %
Williston Basin	8	6 %	9	-16 %
Eagle Ford	9	6 %	9	-1 %
Powder River Basin	2	2 %	2	-10 %
Other	—	0 %	—	N/M
Total	136	100 %	154	-12 %

	Q1 2022	% of Total	Q4 2021	Change
Combined (MBoe/d)				
Delaware Basin	394	69 %	416	-5 %
Anadarko Basin	75	13 %	78	-4 %
Williston Basin	48	8 %	55	-13 %
Eagle Ford	36	6 %	38	-5 %
Powder River Basin	18	3 %	19	-7 %
Other	4	1 %	5	-11 %
Total	<u>575</u>	<u>100 %</u>	<u>611</u>	-6 %

From the fourth quarter of 2021 to the first quarter of 2022, the change in volumes contributed to a \$220 million decrease in earnings. The decrease in volumes was primarily due to natural declines across the asset portfolio as well as downtime in the Delaware Basin and Williston Basin related to winter weather.

Realized Prices

	Q1 2022	Realization	Q4 2021	Change
Oil (per Bbl)				
WTI index	\$ 94.45		\$ 76.91	23 %
Realized price, unhedged	\$ 92.94	98%	\$ 75.36	23 %
Cash settlements	\$ (11.32)		\$ (13.14)	
Realized price, with hedges	<u>\$ 81.62</u>	86%	<u>\$ 62.22</u>	31 %

	Q1 2022	Realization	Q4 2021	Change
Gas (per Mcf)				
Henry Hub index	\$ 4.96		\$ 5.84	-15 %
Realized price, unhedged	\$ 3.77	76%	\$ 4.68	-19 %
Cash settlements	\$ (0.62)		\$ (1.42)	
Realized price, with hedges	<u>\$ 3.15</u>	64%	<u>\$ 3.26</u>	-3 %

	Q1 2022	Realization	Q4 2021	Change
NGLs (per Bbl)				
WTI index	\$ 94.45		\$ 76.91	23 %
Realized price, unhedged	\$ 37.76	40%	\$ 35.36	7 %
Cash settlements	\$ —		\$ (0.54)	
Realized price, with hedges	<u>\$ 37.76</u>	40%	<u>\$ 34.82</u>	8 %

	Q1 2022	Q4 2021	Change
Combined (per Boe)			
Realized price, unhedged	\$ 61.40	\$ 53.12	16 %
Cash settlements	\$ (6.65)	\$ (8.78)	
Realized price, with hedges	<u>\$ 54.75</u>	<u>\$ 44.34</u>	23 %

From the fourth quarter of 2021 to the first quarter of 2022, realized prices contributed to a \$410 million increase in earnings. Unhedged realized oil and NGL prices increased primarily due to higher WTI and Mont Belvieu index prices while realized gas prices decreased slightly due to a lower Henry Hub index price. The increase in WTI and Mont Belvieu index prices was partially offset by hedge cash settlements related to oil and gas commodities.

We currently have approximately 25% and 35% of our anticipated 2022 oil and gas production hedged, respectively.

Hedge Settlements

	Q1 2022	Q4 2021	Change
Oil	\$ (293)	\$ (362)	19 %
Natural gas	(51)	(123)	59 %
NGL	—	(8)	N/M
Total cash settlements ⁽¹⁾	<u>\$ (344)</u>	<u>\$ (493)</u>	30 %

(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

	Q1 2022	Q4 2021	Change
LOE	\$ 224	\$ 235	-5 %
Gathering, processing & transportation	161	173	-7 %
Production taxes	214	197	9 %
Property taxes	19	—	N/M
Total	<u>\$ 618</u>	<u>\$ 605</u>	2 %
Per Boe:			
LOE	\$ 4.33	\$ 4.18	4 %
Gathering, processing & transportation	\$ 3.11	\$ 3.08	1 %
Percent of oil, gas and NGL sales:			
Production taxes	6.7 %	6.6 %	2 %

Production expenses remained relatively flat from the fourth quarter of 2021 to the first quarter of 2022. LOE and gathering, processing and transportation expenses decreased primarily due to lower volumes which was offset by an increase in property taxes and production taxes which resulted from higher commodity 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.

	Q1 2022	\$ per BOE	Q4 2021	\$ per BOE
Field-level cash margin (Non-GAAP)				
Delaware Basin	\$ 1,877	\$ 52.99	\$ 1,706	\$ 44.59
Anadarko Basin	204	\$ 30.31	212	\$ 29.65
Williston Basin	207	\$ 47.65	209	\$ 40.95
Eagle Ford	158	\$ 48.92	149	\$ 42.70
Powder River Basin	86	\$ 54.32	80	\$ 45.61
Other	25	\$ 61.96	24	\$ 55.14
Total	<u>\$ 2,557</u>	\$ 49.45	<u>\$ 2,380</u>	\$ 42.37

DD&A

	Q1 2022	Q4 2021	Change
Oil and gas per Boe	\$ 8.95	\$ 9.79	-9 %
Oil and gas	\$ 463	\$ 550	-16 %
Other property and equipment	26	27	-3 %
Total	<u>\$ 489</u>	<u>\$ 577</u>	-15 %

DD&A decreased in the first quarter of 2022 primarily due to lower DD&A rates compared to 2021. The decrease in DD&A rates was primarily due to increases to oil, gas and NGL reserve estimates at December 31, 2021, resulting from higher prices.

General and Administrative Expense

	Q1 2022	Q4 2021	Change
G&A per Boe	\$ 1.82	\$ 1.70	7 %
Labor and benefits	\$ 58	\$ 58	0 %
Non-labor	36	37	-3 %
Total	\$ 94	\$ 95	-1 %

The G&A per BOE rate increased in the first quarter of 2022 primarily due to lower volumes resulting from natural declines and winter weather downtime.

Other Items

	Q1 2022	Q4 2021	Change in earnings
Commodity hedge valuation changes ⁽¹⁾	\$ (339)	\$ 515	\$ (854)
Marketing and midstream operations	(4)	—	(4)
Exploration expenses	2	5	3
Asset dispositions	(1)	(49)	(48)
Net financing costs	85	86	1
Restructuring and transaction costs	—	28	28
Other, net	(61)	(2)	59
			<u>\$ (815)</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.

Asset dispositions in the fourth quarter of 2021 includes \$49 million related to the re-valuation of contingent earnout payments associated with prior divestitures. For additional information, see [Note 2](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

For discussion on other, net, see [Note 6](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

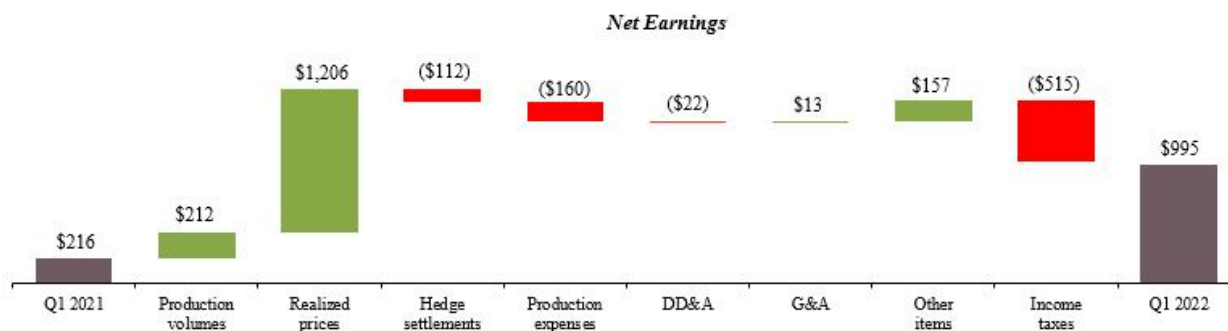
Income Taxes

	Q1 2022	Q4 2021
Current expense	\$ 103	\$ 1
Deferred expense	164	149
Total expense	<u>\$ 267</u>	<u>\$ 150</u>
Effective income tax rate	<u>21 %</u>	<u>9 %</u>

For discussion on income taxes, see [Note 7](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Q1 2022 vs. Q1 2021

Our first quarter 2022 net earnings were \$995 million, compared to net earnings of \$216 million for the first quarter of 2021. The graph below shows the change in net earnings from the first quarter of 2022 to the first quarter of 2021. The material changes are further discussed by category on the following pages.



Production Volumes

	Q1 2022	% of Total	Q1 2021	Change
Oil (MBbls/d)				
Delaware Basin	209	73 %	172	22 %
Anadarko Basin	14	5 %	13	11 %
Williston Basin	32	11 %	44	-29 %
Eagle Ford	17	6 %	16	8 %
Powder River Basin	12	4 %	17	-27 %
Other	4	1 %	6	-38 %
Total	288	100 %	268	8 %
Gas (MMcf/d)				
Delaware Basin	561	62 %	471	19 %
Anadarko Basin	210	23 %	200	5 %
Williston Basin	54	6 %	49	10 %
Eagle Ford	61	7 %	47	31 %
Powder River Basin	19	2 %	21	-10 %
Other	1	0 %	3	-60 %
Total	906	100 %	791	15 %
NGLs (MBbls/d)				
Delaware Basin	92	67 %	60	52 %
Anadarko Basin	25	19 %	21	19 %
Williston Basin	8	6 %	8	0 %
Eagle Ford	9	6 %	6	35 %
Powder River Basin	2	2 %	3	-21 %
Other	—	0 %	1	N/M
Total	136	100 %	99	37 %
Combined (MBoe/d)				
Delaware Basin	394	69 %	310	27 %
Anadarko Basin	75	13 %	68	11 %
Williston Basin	48	8 %	61	-20 %
Eagle Ford	36	6 %	30	19 %
Powder River Basin	18	3 %	23	-23 %
Other	4	1 %	7	-38 %
Total	575	100 %	499	15 %

From the first quarter of 2021 to the first quarter of 2022, the change in volumes contributed to a \$212 million increase in earnings. The increase in volumes was primarily due to continued development in the Delaware Basin as well as increased activity in the Anadarko Basin and Eagle Ford. These increases were partially offset by lower volumes in the Williston Basin and Powder River Basin primarily due to natural declines.

Realized Prices

	Q1 2022	Realization	Q1 2021	Change
Oil (per Bbl)				
WTI index	\$ 94.45		\$ 57.87	63 %
Realized price, unhedged	\$ 92.94	98%	\$ 55.28	68 %
Cash settlements	\$ (11.32)		\$ (9.13)	
Realized price, with hedges	<u>\$ 81.62</u>	86%	<u>\$ 46.15</u>	77 %

	Q1 2022	Realization	Q1 2021	Change
Gas (per Mcf)				
Henry Hub index	\$ 4.96		\$ 2.71	83 %
Realized price, unhedged	\$ 3.77	76%	\$ 2.84	33 %
Cash settlements	\$ (0.62)		\$ (0.15)	
Realized price, with hedges	<u>\$ 3.15</u>	64%	<u>\$ 2.69</u>	17 %

	Q1 2022	Realization	Q1 2021	Change
NGLs (per Bbl)				
WTI index	\$ 94.45		\$ 57.87	63 %
Realized price, unhedged	\$ 37.76	40%	\$ 25.01	51 %
Cash settlements	\$ —		\$ (0.20)	
Realized price, with hedges	<u>\$ 37.76</u>	40%	<u>\$ 24.81</u>	52 %

	Q1 2022	Q1 2021	Change
Combined (per Boe)			
Realized price, unhedged	\$ 61.40	\$ 39.14	57 %
Cash settlements	\$ (6.65)	\$ (5.17)	
Realized price, with hedges	<u>\$ 54.75</u>	<u>\$ 33.97</u>	61 %

From the first quarter of 2021 to the first quarter of 2022, realized prices contributed to a \$1.2 billion increase in earnings. Unhedged realized oil, gas and NGL prices increased primarily due to higher WTI, Henry Hub and Mont Belvieu index prices. The increase in index prices was partially offset by hedge cash settlements related to oil and gas commodities.

Hedge Settlements

	Q1 2022	Q1 2021	Change
Oil	\$ (293)	\$ (220)	-33 %
Natural gas	(51)	(10)	-410 %
NGL	—	(2)	N/M
Total cash settlements ⁽¹⁾	<u>\$ (344)</u>	<u>\$ (232)</u>	-48 %

(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

	Q1 2022	Q1 2021	Change
LOE	\$ 224	\$ 199	13 %
Gathering, processing & transportation	161	129	25 %
Production taxes	214	117	83 %
Property taxes	19	13	46 %
Total	<u>\$ 618</u>	<u>\$ 458</u>	35 %
Per Boe:			
LOE	\$ 4.33	\$ 4.44	-3 %
Gathering, processing & transportation	\$ 3.11	\$ 2.87	8 %
Percent of oil, gas and NGL sales:			
Production taxes	6.7 %	6.6 %	2 %

Production expenses increased primarily due to higher volumes as well as an increase in production taxes resulting from higher commodity 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.

	Q1 2022	\$ per BOE	Q1 2021	\$ per BOE
Field-level cash margin (Non-GAAP)				
Delaware Basin	\$ 1,877	\$ 52.99	\$ 895	\$ 32.07
Anadarko Basin	204	\$ 30.31	85	\$ 14.01
Williston Basin	207	\$ 47.65	161	\$ 29.70
Eagle Ford	158	\$ 48.92	72	\$ 26.57
Powder River Basin	86	\$ 54.32	67	\$ 31.99
Other	25	\$ 61.96	19	\$ 28.21
Total	<u>\$ 2,557</u>	\$ 49.45	<u>\$ 1,299</u>	\$ 28.95

DD&A and Asset Impairments

	Q1 2022	Q1 2021	Change
Oil and gas per Boe	\$ 8.95	\$ 9.78	-8 %
Oil and gas	\$ 463	\$ 439	5 %
Other property and equipment	26	28	-6 %
Total	<u>\$ 489</u>	<u>\$ 467</u>	5 %

DD&A increased primarily due to higher volumes which was partially offset by lower DD&A rates. The decrease in DD&A rates was primarily due to increases to oil, gas and NGL reserve estimates at December 31, 2021, resulting from higher prices.

General and Administrative Expense

	Q1 2022	Q1 2021	Change
G&A per Boe	\$ 1.82	\$ 2.40	-24 %
Labor and benefits	\$ 58	\$ 72	-19 %
Non-labor	36	35	3 %
Total	<u>\$ 94</u>	<u>\$ 107</u>	-12 %

General and administrative expenses decreased primarily due to synergies resulting from the Merger.

Other Items

	Q1 2022	Q1 2021	Change in earnings
Commodity hedge valuation changes ⁽¹⁾	\$ (339)	\$ (296)	\$ (43)
Marketing and midstream operations	(4)	(21)	17
Exploration expenses	2	3	1
Asset dispositions	(1)	(32)	(31)
Net financing costs	85	77	(8)
Restructuring and transaction costs	—	189	189
Other, net	(61)	(29)	32
			<u>\$ 157</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.

Asset dispositions include \$35 million in the first quarter of 2021 related to the sale of non-core assets in the Rockies. For additional information, see [Note 2](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Net financing costs include a \$20 million gain in the first quarter of 2021 related to debt retirements. For additional information, see [Note 13](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Restructuring and transaction costs in the first quarter of 2021 reflect workforce reductions in conjunction with the Merger, as well as various transaction costs related to the Merger. For additional information, see [Note 5](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

For discussion on other, net, see [Note 6](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Income Taxes

	Q1 2022	Q1 2021
Current expense (benefit)	\$ 103	\$ (5)
Deferred expense (benefit)	164	(243)
Total expense (benefit)	<u>\$ 267</u>	<u>\$ (248)</u>
Effective income tax rate	<u>21%</u>	<u>763%</u>

For discussion on income taxes, see [Note 7](#) 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 months ended March 31, 2022 and 2021.

	Three Months Ended March 31,	
	2022	2021
Operating cash flow	\$ 1,837	\$ 592
WPX acquired cash	—	344
Divestitures of property and equipment	26	15
Capital expenditures	(537)	(499)
Equity method investment activity, net	(14)	10
Debt activity, net	—	(560)
Repurchases of common stock	(211)	—
Common stock dividends	(667)	(203)
Noncontrolling interest activity, net	(8)	(28)
Other	(72)	(30)
Net change in cash, cash equivalents and restricted cash	\$ 354	\$ (359)
Cash, cash equivalents and restricted cash at end of period	\$ 2,625	\$ 1,878

Operating Cash Flow and WPX Acquired Cash

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 more than tripled during the three months ended March 31, 2022 compared to the three months ended March 31, 2021. The increase was primarily due to significantly increased commodity prices as well as higher volumes for the first three months of 2022 compared to 2021.

Divestitures of Property and Equipment

During the first three months of 2022 and 2021, we received contingent consideration related to asset divestitures and sold non-core assets, respectfully. For additional information, please see [Note 2](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

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 March 31,	
	2022	2021
Delaware Basin	\$ 395	\$ 397
Anadarko Basin	10	9
Williston Basin	23	28
Eagle Ford	26	14
Powder River Basin	33	33
Other	3	—
Total oil and gas	490	481
Midstream	29	5
Other	18	13
Total capital expenditures	\$ 537	\$ 499

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 2022 capital expenditures represent approximately 30% of our operating cash flow.

Equity Method Investments

During the first three months of 2022 and 2021, Devon received distributions from our equity method investments of \$8 million and \$10 million, respectively. Devon contributed \$22 million to our equity method investments during the first three months of 2022.

Debt Activity

Subsequent to the Merger closing, we redeemed \$533 million of senior notes in the first quarter of 2021. We also paid \$27 million of cash retirement costs related to these redemptions.

Shareholder Distributions and Stock Activity

We repurchased approximately 4.0 million shares of common stock for \$230 million in the first quarter of 2022 under the share repurchase program authorized by our Board of Directors. For additional information, see [Note 16](#) in “Part I. Financial Information – Item 1. Financial Statements” in this report.

The following table summarizes our common stock dividends during the first quarter 2022 and 2021. In February 2022, our Board of Directors increased our fixed dividend rate by 45% to \$0.16 per share. In addition to the fixed quarterly dividend, we paid a variable dividend of \$0.84 per share in the first quarter of 2022 and \$0.19 per share in the first quarter of 2021.

	Fixed	Variable	Total	Rate Per Share
2022:				
First quarter	\$ 109	\$ 558	\$ 667	\$ 1.00
2021:				
First quarter	\$ 76	\$ 127	\$ 203	\$ 0.30

Noncontrolling Interest Activity, net

During the first three months of 2022 and 2021, we distributed \$8 million and \$4 million, respectively, to our noncontrolling interests in CDM. In the first quarter of 2021, we paid \$24 million to purchase the noncontrolling interest portion of a partnership that WPX had formed to acquire minerals in the Delaware Basin.

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 land owners to enhance our existing portfolio of assets.

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 accelerate our cash-return business model.

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 first quarter of 2022, we held approximately \$2.6 billion of cash, inclusive of approximately \$150 million of cash restricted primarily for retained obligations related to divested assets. 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 March 31, 2022 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 2022. We will continue to prioritize economic value over growing volumes, which is driven partially by current commodity price backwardation, supply chain constraints and economic uncertainty arising from recent geopolitical events.

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. Furthermore, the COVID-19 pandemic has contributed to disruption and volatility in our supply chain, which has resulted, and may continue to result in labor shortages, increased costs and delays for pipe and other materials needed for our operations.

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, partners and counterparties. Such mechanisms include, under certain conditions, requiring letters of credit, prepayments or cash collateral postings.

Credit Availability

As of March 31, 2022, we had approximately \$3.0 billion of available borrowing capacity under our Senior Credit Facility. This credit facility supports our \$3.0 billion of short-term credit under our commercial paper program. At March 31, 2022, 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 production growth opportunities. 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 Baa3 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 any credit facility borrowings and the ability to economically access debt markets in the future.

Fixed Plus Variable Dividend

We are committed to a “fixed plus variable” dividend strategy. 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 February 2022, our Board of Directors increased our quarterly fixed dividend rate by 45% to \$0.16 per share. In addition to the fixed quarterly dividend, we may pay a variable dividend up to 50% of our excess free cash flow, which is a non-GAAP measure. Each quarter’s excess free cash flow is computed as operating cash flow (a GAAP measure) before balance sheet changes, less capital expenditures and the fixed dividend. 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 May 2022, Devon announced a cash dividend in the amount of \$1.27 per share payable in the second quarter of 2022. The dividend consists of a fixed quarterly dividend in the amount of approximately \$106 million (or \$0.16 per share) and a variable quarterly dividend in the amount of approximately \$732 million (or \$1.11 per share).

Share Repurchases

In May 2022, our Board of Directors increased our share repurchase program by \$0.4 billion to a total authorized amount of \$2.0 billion, and extended the expiration date to May 4, 2023. Through April 29, 2022, we had executed \$891 million of the authorized program.

Capital Expenditures

Our 2022 exploration and development budget for the remainder of 2022 is expected to range from approximately \$1.4 billion to \$1.7 billion.

Critical Accounting Estimates

Income Taxes

The amount of income taxes recorded requires interpretations of complex rules and regulations of federal, state, provincial and foreign tax jurisdictions. We recognize current tax expense based on estimated taxable income for the current period and the applicable statutory tax rates. We routinely assess potential uncertain tax positions and, if required, estimate and establish accruals for such amounts. We have recognized deferred tax assets and liabilities for temporary differences, operating losses and other tax carryforwards. We routinely assess our deferred tax assets and reduce such assets by a valuation allowance if we deem it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Further, in the event we were to undergo an “ownership change” (as defined in Section 382 of the Internal Revenue Code of 1986, as amended), our ability to use net operating losses and tax credits generated prior to the ownership change may be limited. Generally, an “ownership change” occurs if one or more shareholders, each of whom owns five percent or more in value of a corporation’s stock, increase their aggregate percentage ownership by more than 50 percent over the lowest percentage of stock owned by those shareholders at any time during the preceding three-year period. Based on currently available information, we do not believe an ownership change has occurred during 2022 for Devon, but the Merger did cause an ownership change for WPX and increased the likelihood Devon could experience an ownership change over the next two years.

For additional information regarding our critical accounting policies and estimates, see our [2021 Annual Report on Form 10-K](#).

Non-GAAP Measures

We make reference to “core earnings attributable to Devon” and “core earnings per share attributable to Devon” in “Executive Overview” in this Item 2 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, non-cash asset impairments (including non-cash unproved asset impairments), deferred tax asset valuation allowance, fair value changes in derivative financial instruments and foreign currency, costs associated with early retirement of debt and restructuring and transaction costs associated with the workforce reductions described further in [Note 5](#).

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 March 31,			
	Before Tax	After Tax	After Noncontrolling Interests	Per Diluted Share
2022				
Earnings attributable to Devon (GAAP)	\$ 1,262	\$ 995	\$ 989	\$ 1.48
Adjustments:				
Asset dispositions	(1)	—	—	—
Deferred tax asset valuation allowance	—	6	6	0.01
Fair value changes in financial instruments	338	260	260	0.39
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 1,599</u>	<u>\$ 1,261</u>	<u>\$ 1,255</u>	<u>\$ 1.88</u>
2021				
Earnings (loss) attributable to Devon (GAAP)	\$ (32)	\$ 216	\$ 213	\$ 0.32
Adjustments:				
Asset dispositions	(32)	(24)	(24)	(0.04)
Asset and exploration impairments	1	—	—	—
Deferred tax asset valuation allowance	—	(263)	(263)	(0.40)
Fair value changes in financial instruments and foreign currency	294	225	225	0.34
Restructuring and transaction costs	189	162	162	0.25
Early retirement of debt	(20)	(15)	(15)	(0.02)
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 400</u>	<u>\$ 301</u>	<u>\$ 298</u>	<u>\$ 0.45</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 March 31,	
	2022	2021
Net earnings (GAAP)	\$ 995	\$ 216
Financing costs, net	85	77
Income tax expense (benefit)	267	(248)
Exploration expenses	2	3
Depreciation, depletion and amortization	489	467
Asset dispositions	(1)	(32)
Share-based compensation	20	20
Derivative and financial instrument non-cash valuation changes	339	296
Restructuring and transaction costs	—	189
Accretion on discounted liabilities and other	(61)	(29)
EBITDAX (Non-GAAP)	2,135	959
Marketing and midstream revenues and expenses, net	4	21
Commodity derivative cash settlements	344	232
General and administrative expenses, cash-based	74	87
Field-level cash margin (Non-GAAP)	\$ 2,557	\$ 1,299

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Commodity Price Risk

As of March 31, 2022, we have commodity derivatives that pertain to a portion of our estimated production for the last nine months of 2022, as well as for 2023 and 2024. 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 March 31, 2022, a 10% change in the forward curves associated with our commodity derivative instruments would have changed our net positions by approximately \$225 million.

Interest Rate Risk

As of March 31, 2022, we had total debt of \$6.5 billion. All of our debt is based on fixed interest rates averaging 5.8%.

Foreign Currency Risk

We had no material foreign currency risk at March 31, 2022.

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 March 31, 2022 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 [2021 Annual Report on Form 10-K](#), there were no material pending legal proceedings to which we are a party or to which any of our property is subject.

Please see our [2021 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 [2021 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 first quarter of 2022 (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⁾
January 1 - January 31	10	\$ 48.58	—	\$ 411
February 1 - February 28	1,872	\$ 52.34	888	\$ 964
March 1 - March 31	3,494	\$ 59.25	3,091	\$ 781
Total	5,376	\$ 56.82	3,979	

- (1) In addition to shares purchased under the share repurchase program described below, these amounts also include approximately 1.4 million 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 with an expiration date of December 31, 2022. In February 2022, we announced the expansion of this program to \$1.6 billion, and in May 2022, we announced a further expansion to \$2.0 billion and extended the expiration date to May 4, 2023. In the first quarter of 2022, we repurchased 4.0 million common shares for \$230 million, or \$57.74 per share, under this share repurchase program. For additional information, see [Note 16](#) 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

Not applicable.

Item 6. Exhibits

Exhibit Number	Description
10.1*	2022 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2017 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for restricted stock awarded.
10.2*	2022 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2017 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for performance based restricted share units awarded.
10.3*	Employment Agreement, dated March 2, 2022, by and between Devon Energy Corporation and Ms. Tana K. Cashion (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed March 7, 2022; 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	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Indicates management contract or compensatory plan or arrangement.

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.

DEVON ENERGY CORPORATION

Date: May 3, 2022

/s/ Jeremy D. Humphers

Jeremy D. Humphers

Senior Vice President and Chief Accounting Officer

Devon Energy Corporation
ID: 73-1567067
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102-5015

**Notice of Grant of RESTRICTED STOCK Award
and Award Agreement**

Participant Name

Grant Date: **Grant Date**
Grant Type: **RSA**
Award No.: **Client Grant ID**

Effective **Grant Date**, you have been granted a Restricted Stock Award of **Number of Shares Granted** shares of Devon Energy Corporation (the "Company") Common Stock that will vest over a period of time. 25% of the shares vest on each of the first four anniversary dates of the Grant Date, subject to the terms set forth herein.* Shares are restricted until they vest. The following chart depicts the vesting schedule:

Anniversary of Grant Date	% of Shares to Vest
1 st Anniversary	25%
2 nd Anniversary	25%
3 rd Anniversary	25%
4 th Anniversary	25%

*Vesting Schedule

By accepting this agreement online, you and the Company agree that this award is granted under and governed by the terms and conditions of the Company's 2017 Long-Term Incentive Plan and the Award Agreement, both of which are attached and made a part of this document.

**DEVON ENERGY CORPORATION
2017 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Award Agreement") is entered into as of **Grant Date** (the "Date of Grant"), by and between Devon Energy Corporation, a Delaware corporation (the "Company"), and **Participant Name** (the "Participant").

WITNESSETH:

WHEREAS, the Company has previously adopted the Devon Energy Corporation 2017 Long-Term Incentive Plan (the "Plan"); and
WHEREAS, in connection with the Participant's employment with the Company, the Company desires to award to the Participant **Number of Shares Granted** shares of the Company's Common Stock under the Plan subject to the terms and conditions of this Award Agreement and the Plan; and
NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the Participant and the Company agree as follows:

1. **The Plan.** The Plan, a copy of which is attached hereto, is hereby incorporated by reference herein and made a part hereof for all purposes, and when taken with this Award Agreement shall govern the rights of the Participant and the Company with respect to the Award.
2. **Grant of Award.** The Company hereby grants to the Participant an award (the "Award") of **Number of Shares Granted** shares of the Company's Common Stock (the "Restricted Stock"), on the terms and conditions set forth herein and in the Plan.
3. **Terms of Award.**
 - a. **Escrow of Shares.** A certificate or book-entry registration representing the Restricted Stock shall be issued in the name of the Participant and shall be escrowed with the Secretary subject to removal of the restrictions placed thereon or forfeiture pursuant to the terms of this Award Agreement.
 - b. **Vesting.**
 - i. 25% of the shares of the Restricted Stock are scheduled to vest on each of the first four anniversary dates of the Date of Grant (each, a "Vesting Date"). Except as provided in this Section 3, if the Participant's Date of Termination has not occurred as of a Vesting Date, then the Participant shall be entitled, subject to the applicable provisions of the Plan and this Award Agreement having been satisfied, to receive, on or within a reasonable time after the applicable Vesting Date, the shares scheduled to vest as of the applicable Vesting Date. The portion of the Restricted Stock that has vested pursuant to the terms of this Award Agreement shall be deemed "Vested Stock."
 - ii. The Participant shall forfeit the unvested portion of the Award (including the underlying Restricted Stock and Accrued Dividends) upon the occurrence of the Participant's Date of Termination unless the Award becomes vested under the circumstances described in paragraphs (iii), (iv), or (v) below.
 - iii. If (A) the Participant's Date of Termination occurs under circumstances in which the Participant is entitled to a severance payment from the Company, a Subsidiary, or an Affiliated Entity under (1) the Participant's employment agreement or severance agreement with the Company due to a termination of the Participant's employment by the Company without "cause" or by the Participant for "good reason" in accordance with the Participant's employment agreement or severance agreement or (2) the Devon Energy Corporation Severance Plan and (B) the Participant timely signs and returns to the Company a release of claims against the Company in a form prepared by the Company (the "Release"), the Restricted Stock shall become fully vested upon the date the Release becomes effective and the Restricted Stock shall be released within a reasonable time after the applicable Vesting Date. If the Participant fails to timely sign and return the Release to the Company or revokes the Release prior to the date the Release becomes effective, the unvested shares of Restricted Stock subject to this Award Agreement shall be forfeited.
 - iv. The Restricted Stock shall become fully vested upon the Participant's Date of Termination if the Participant's Date of Termination occurs by reason of the Participant's death. The Committee may in its sole and absolute discretion, elect to vest all or a portion of the unvested Restricted Stock upon the Participant's Date

of Termination if the Participant's Date of Termination occurs by reason of disability or upon other special circumstances (as determined by the Committee and permitted pursuant to the Plan).

- v. If the Participant is Post-Retirement Vesting Eligible, the Participant shall, subject to the satisfaction of the conditions in Section 15, be eligible to vest in accordance with the Vesting Schedule above in Section 3(b), in the installments of Restricted Stock that remain unvested on the Date of Termination as follows:

Age at Retirement	Percentage of each Unvested Installment of Restricted Stock Eligible to be Earned by the Participant
54 and earlier	0%
55	60%
56	65%
57	70%
58	75%
59	80%
60 and beyond	100%

If (i) the Participant is Post-Retirement Vesting Eligible, (ii) the death of the Participant occurs following the Date of Termination, and (iii) no Non-Compliance Event has occurred prior to the date of the Participant's death, then any installments of Restricted Stock that remain unvested on the date of the Participant's death but in which the Participant was eligible to vest pursuant to this Section 3(b)(v) shall become fully vested upon the Participant's death.

(vi) If (1) the Award is eligible for vesting under the circumstances described in paragraphs (iii) (other than in connection with a Change in Control Event) or (v) above, and (2) the Participant's Date of Termination occurs before the one-year anniversary of the Date of Grant, then, notwithstanding such provisions in paragraphs (iii) and (v) above, the number of shares of Restricted Stock that would have otherwise vested pursuant to such provisions will be pro-rated based on the number of days from the Date of Grant to the Date of Termination out of 365.

- c. Voting Rights and Dividends. The Participant shall have all of the voting rights attributable to the shares of Restricted Stock. Any dividends declared and paid by the Company with respect to shares of Restricted Stock (the "Accrued Dividends") shall not be paid to the Participant until such Restricted Stock becomes Vested Stock. Accrued Dividends shall be held by the Company as a general obligation of the Company and paid to the Participant reasonably promptly following the time the underlying Restricted Stock becomes Vested Stock (but in no event later than March 15 of the calendar year following the year in which such vesting occurs).
- d. Vested Stock - Removal of Restrictions. Upon Restricted Stock becoming Vested Stock, all restrictions shall be removed from the certificates or book-entry registrations and the Participant shall be provided a confirmation of the release of such Vested Stock, representing such Vested Stock free and clear of all restrictions, except for any applicable securities laws restrictions. Reasonably promptly thereafter (but in no event later than March 15 of the calendar year following the year in which such vesting occurs), the Participant shall receive a payment in the amount of all Accrued Dividends attributed to such Vested Stock without interest thereon.
4. Legend. The shares of Restricted Stock covered by the Award shall be subject to the restrictions described in the following legend, which shall appear on an individual certificate or book entry registration representing the Award:
- "THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION ARE SUBJECT TO AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THAT CERTAIN AWARD AGREEMENT DATED **Grant Date** UNDER THE DEVON ENERGY CORPORATION 2017 LONG-TERM INCENTIVE PLAN. ANY ATTEMPTED TRANSFER OF THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION IN VIOLATION OF SUCH AWARD AGREEMENT SHALL BE NULL AND VOID AND WITHOUT EFFECT. A COPY OF THE AWARD AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF DEVON ENERGY CORPORATION."
5. Delivery of Forfeited Shares. The Participant authorizes the Secretary to deliver to the Company any and all shares of Restricted Stock that are forfeited under the provisions of this Award Agreement.
6. Employment. Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or any of its Subsidiaries or Affiliated Entities, or interfere in any way with the right to terminate the Participant's employment at any time.
7. Non-transferability of Award. The Participant shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber or charge any Restricted Stock or any interest therein in any manner whatsoever.
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8. Notices. All notices or other communications relating to the Plan and this Award Agreement as it relates to the Participant shall be in writing and shall be delivered electronically, personally or mailed (U.S. mail) by the Company to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing.
 9. Binding Effect and Governing Law. This Award Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns except as may be limited by the Plan, and (ii) governed by and construed under the laws of the State of Delaware.
 10. Company Policies. The Participant agrees that the Award, and the right to receive and/or retain any Vested Stock or cash payments covered by this Award, will be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented from time to time by the Company's Board of Directors, a duly authorized committee thereof or the Company, or as required by applicable law or any applicable securities exchange listings standards. By accepting this Award under the Plan, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any Award or amounts paid under the Plan subject to clawback pursuant to such policy, law or standard. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any Award or amounts paid pursuant to this Award.
 11. Withholding. The Company and the Participant shall comply with all federal and state laws and regulations respecting the required withholding, deposit and payment of any income, employment or other taxes relating to the Award (including Accrued Dividends). The Company shall withhold the employer's minimum statutory withholding based upon minimum statutory withholding rates for federal and state purposes, or as otherwise approved by the Committee, including payroll taxes that are applicable to such supplemental taxable income. Any payment of required withholding taxes by the Participant in the form of Common Stock shall not be permitted if it would result in an accounting charge to the Company with respect to such shares used to pay such taxes unless otherwise approved by the Committee.
 12. Award Subject to Claims of Creditors. The Participant shall not have any interest in any particular assets of the Company, its parent, if applicable, or any Subsidiary or Affiliated Entity by reason of the right to earn an Award (including Accrued Dividends) under the Plan and this Award Agreement, and the Participant or any other person shall have only the rights of a general unsecured creditor of the Company, its parent, if applicable, or a Subsidiary or Affiliated Entity with respect to any rights under the Plan or this Award Agreement.
 13. Captions. The captions of specific provisions of this Award Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope of this Award Agreement or the intent of any provision hereof.
 14. Counterparts. This Award Agreement may be executed in any number of identical counterparts, each of which shall be deemed an original for all purposes, but all of which taken together shall form one agreement.
 15. Conditions to Post-Retirement Vesting.
 - a. Notice of and Conditions to Post-Retirement Vesting. If the Participant is Post-Retirement Vesting Eligible, the Company shall, within a reasonable period of time prior to the Participant's Date of Termination, notify the Participant that the Participant has the right, pursuant to this Section 15(a), to continue to vest following the Date of Termination in any unvested installments of Restricted Stock (each such unvested installment, an "Installment"). The Participant shall have the right to vest in such Installments of Restricted Stock, provided that the Participant executes and delivers to the Company, with respect to each such Installment, the following documentation: (i) a non-disclosure letter agreement, in the form attached as Exhibit A (a "Non-Disclosure Agreement") and (ii) a compliance certificate, in the form attached as Exhibit B (a "Compliance Certificate") indicating the Participant's full compliance with the Non-Disclosure Agreement. For each such Installment, (x) a Non-Disclosure Agreement shall be provided to the Company no later than March 31 of the year that immediately precedes the scheduled Vesting Date of such Installment or, with respect to the first Installment that is scheduled to occur following the Date of Termination, on or before the Date of Termination, and (y) a Compliance Certificate shall be provided to the Company no later than January 1 of the year in which the Vesting Date of such Installment is scheduled to occur. By way of illustration, if the Vesting Date of an Installment is scheduled to occur on February 1, a Non-Disclosure Agreement for such Installment would need to be provided to the Company by no later than March 31 of the preceding year; *provided, however*, that if such Installment is the first Installment scheduled to occur following the Date of Termination, a Non-Disclosure Agreement for such Installment would need to be provided on or before the Date of Termination. Further, under the foregoing illustration, a Compliance Certificate would be delivered by no later than January 1 of the year in which the Vesting Date of such Installment is scheduled to occur. Notwithstanding the foregoing and for the avoidance of doubt, at the Company's election,
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the Participant may deliver a single Non-Disclosure Agreement and Compliance Certificate, as applicable, for each year to satisfy the Participant's obligations under this Section and similar provisions in the Participant's other equity award agreements with the Company.

- b. **Consequences of Failure to Satisfy Vesting Conditions.** In the event that, with respect to any given Installment, the Participant fails to deliver either the respective Non-Disclosure Agreement or Compliance Certificate for such Installment on or before the date required for the delivery of such document (such failure, a "Non-Compliance Event"), the Participant shall not be entitled to vest in any unvested Installments that would vest from and after the date of the Non-Compliance Event and the Company shall be authorized to take any and all such actions as are necessary to cause such unvested Restricted Stock to not vest and to terminate. The only remedy of the Company for failure to deliver a Non-Disclosure Agreement or a Compliance Certificate shall be the failure to vest in, and cancellation of, any unvested Installments then held by the Participant.

16. **Definitions.** Words, terms or phrases used in this Award Agreement shall have the meaning set forth in this Section 16. Capitalized terms used in this Award Agreement but not defined herein shall have the meaning designated in the Plan.

- a. "Accrued Dividends" has the meaning set forth in Section 3(c).
 - b. "Award" has the meaning set forth in Section 2.
 - c. "Award Agreement" has the meaning set forth in the preamble.
 - d. "Company" has the meaning set forth in the preamble.
 - e. "Compliance Certificate" has the meaning set forth in Section 15(a).
 - f. "Date of Grant" has the meaning set forth in the preamble.
 - g. "Date of Termination" means the first day occurring on or after the Date of Grant on which the Participant is not employed by the Company, a Subsidiary, or an Affiliated Entity, regardless of the reason for the termination of employment; provided, however, that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company, a Subsidiary, and an Affiliated Entity or between two Subsidiaries or two Affiliated Entities. The Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company, a Subsidiary, or an Affiliated Entity approved by the Participant's employer pursuant to Company policies. If, as a result of a sale or other transaction, the Participant's employer ceases to be either a Subsidiary or an Affiliated Entity, and the Participant is not, at the end of the 30-day period following the transaction, employed by the Company or an entity that is then a Subsidiary or Affiliated Entity, then the date of occurrence of such transaction shall be treated as the Participant's Date of Termination.
 - h. "Early Retirement Date" means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant (i) attains age 55 and (ii) earns at least 10 Years of Service.
 - i. "Installment" has the meaning set forth in Section 15(a).
 - j. "Non-Compliance Event" has the meaning set forth in Section 15(b).
 - k. "Non-Disclosure Agreement" has the meaning set forth in Section 15(a).
 - l. "Normal Retirement Date" means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant attains age 65.
 - m. "Participant" has the meaning set forth in the preamble.
 - n. "Plan" has the meaning set forth in the recitals.
 - o. "Post-Retirement Vesting Eligible" means the Participant's Date of Termination occurs (i) by reason of the Participant's retirement and (ii) on or after the earlier of the Participant's Early Retirement Date or the Participant's Normal Retirement Date, provided that, in connection with the Participant's termination of employment, the Committee has not otherwise affirmatively determined that the Participant shall not be Post-Retirement Vesting Eligible.
 - p. "Restricted Stock" has the meaning set forth in Section 2.
 - q. "Vested Stock" has the meaning set forth in Section 3(b).
 - r. "Vesting Date" has the meaning set forth in Section 3(b).
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s. "Year of Service" means a calendar year in which the Participant is employed with the Company, a Subsidiary or Affiliated Entity for at least nine months during such calendar year.

"COMPANY"

DEVON ENERGY CORPORATION
a Delaware corporation

"PARTICIPANT"

Participant Name

EXHIBIT A
Form of Non-Disclosure Agreement
[Insert Date]

Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, OK 73102-5015
Re: Non-Disclosure Agreement
Ladies and Gentlemen:

This letter agreement is entered between Devon Energy Corporation (together with its subsidiaries and affiliates, the "Company") and the undersigned (the "Participant") in connection with that certain Restricted Stock Award Agreement (the "Agreement") dated _____, 20__ between the Company and the Participant. All capitalized terms used in this letter agreement shall have the same meaning ascribed to them in the Agreement unless specifically denoted otherwise.

The Participant acknowledges that, during the course of and in connection with the employment relationship between the Participant and the Company, the Company provided and the Participant accepted access to the Company's trade secrets and confidential and proprietary information, which included, without limitation, information pertaining to the Company's finances, oil and gas properties and prospects, compensation structures, business and litigation strategies and future business plans and other information or material that is of special and unique value to the Company and that the Company maintains as confidential and does not disclose to the general public, whether through its annual report and/or filings with the Securities and Exchange Commission or otherwise (the "Confidential Information").

The Participant acknowledges that his position with the Company was one of trust and confidence because of the access to the Confidential Information, requiring the Participant's best efforts and utmost diligence to protect and maintain the confidentiality of the Confidential Information. Unless required by the Company or with the Company's express written consent, the Participant will not, during the term of this letter agreement, directly or indirectly, disclose to others or use for his own benefit or the benefit of another any of the Confidential Information, whether or not the Confidential Information is acquired, learned, attained or developed by the Participant alone or in conjunction with others.

The Participant agrees that, due to his access to the Confidential Information, the Participant would inevitably use and/or disclose that Confidential Information in breach of his confidentiality and non-disclosure obligations if the Participant worked in certain capacities or engaged in certain activities for a period of time following his employment with the Company, specifically in a position that involves (i) responsibility and decision-making authority or input at the executive level regarding any subject or responsibility, (ii) decision-making responsibility or input at any management level in the Participant's individual area of assignment with the Company, or (iii) responsibility and decision-making authority or input that otherwise allows the use of the Confidential Information (collectively referred to as the "Restricted Occupation"). Therefore, except with the prior written consent of the Company, during the term of this letter agreement, the Participant agrees not to be employed by, consult for or otherwise act on behalf of any person or entity in any capacity in which he would be involved, directly or indirectly, in a Restricted Occupation. The Participant acknowledges that this commitment is intended to protect the Confidential Information and is not intended to be applied or interpreted as a covenant against competition.

The Participant further agrees that during the term of this letter agreement, the Participant will not, directly or indirectly on behalf of a person or entity or otherwise, (i) solicit any of the established customers of the Company or attempt to induce any of the established customers of the Company to cease doing business with the Company, or (ii) solicit any of the employees of the Company to cease employment with the Company.

Notwithstanding the foregoing, nothing in this letter agreement is intended to conflict with the Defend Trade Secrets Act or create liability for disclosures of trade secrets that are expressly allowed by that statute. In particular, under the Defend Trade Secrets Act, the Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret of the Company that is made (i) in confidence to a government official or to the Participant's attorney solely for the purpose of reporting or investigating a suspected violation of law or (ii) in a complaint or other document that is filed under seal in a proceeding. In addition, if the Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Participant may disclose the trade secret to the Participant's attorney and use the trade secret information in the court proceeding if the Participant files any document containing the trade secret under seal and does not otherwise disclose the trade secret, except pursuant to court order. Further, nothing in this letter agreement or any other agreement or arrangement with the Company shall prohibit or restrict the Participant from making any voluntary disclosure of information or documents pertaining to violations of law

to any governmental agency or legislative body, any self-regulatory organization, or the Legal Department of the Company without prior notice to the Company.

This letter agreement shall become effective upon execution by the Participant and the Company and shall terminate on March 31, 20____. [Note: Insert the year of the next scheduled Vesting Date of an Installment. For example, if the letter agreement is executed on March 31, 2018, the termination date inserted in the preceding sentence would be March 31, 2019.]

If you agree to the above terms and conditions, please execute a copy of this letter agreement below and return a copy to me.
"PARTICIPANT"

Participant

The undersigned hereby accepts and agrees to the terms set forth above as of this ____ day of _____, ____.

"COMPANY"

Devon Energy Corporation

By:

Name:

Title:

EXHIBIT B

Form of Compliance Certificate

I hereby certify that I am in full compliance with the covenants contained in that certain letter agreement (the "Agreement") dated as of _____, _____ between Devon Energy Corporation and me and have been in full compliance with such covenants at all times during the period ending January 1, 20____.

Participant Name

Dated:

**Notice of Grant of PERFORMANCE SHARE UNIT Award
and Award Agreement**

#ParticipantName#

Grant Date: **#GrantDate#**

Grant Type: **PSU**

Award No.: **#ClientGrantID#**

Effective **#GrantDate#**, you have been granted a target award of **#QuantityGranted#** Performance Share Units ("Award") under the Devon Energy Corporation 2017 Long-Term Incentive Plan. Each Performance Share Unit that vests entitles you to one share of Devon Energy Corporation (the "Company") Common Stock. The vesting of these Performance Share Units is calculated based upon the Company's TSR (as defined in Schedule A of the Award Agreement) over the Performance Period (as defined in the Award Agreement). The maximum number of Performance Share Units that you can earn will be calculated as follows: **#QuantityGranted#**x 200%, with actual payout based on the performance level achieved by the Company with respect to the Performance Goal set forth on Schedule A.

This Award also entitles you to be paid Dividend Equivalents as set forth in the Award Agreement.

***Vesting Schedule**

By accepting this agreement online, you and the Company agree that this award is granted under and governed by the terms and conditions of the Company's 2017 Long-Term Incentive Plan and the Award Agreement, both of which are attached and made a part of this document.

**DEVON ENERGY CORPORATION
2017 LONG-TERM INCENTIVE PLAN
PERFORMANCE SHARE UNIT AGREEMENT**

THIS PERFORMANCE SHARE UNIT AWARD AGREEMENT (this "Award Agreement") is entered into as of **#GrantDate#**(the "Date of Grant"), by and between Devon Energy Corporation, a Delaware corporation (the "Company"), and **#ParticipantName#** (the "Participant");

WITNESSETH:

WHEREAS, the Devon Energy Corporation 2017 Long-Term Incentive Plan (the "Plan") permits the grant of Performance Units (hereinafter referred to as "Performance Share Units") to employees, officers and non-employee directors of the Company and its Subsidiaries and Affiliated Entities, in accordance with the terms and provisions of the Plan; and

WHEREAS, in connection with the Participant's employment with the Company, the Company desires to award to the Participant **#QuantityGranted#** Performance Share Units subject to the terms and conditions of this Award Agreement and the Plan; and WHEREAS, the Performance Share Units granted pursuant to this Award Agreement shall vest based on the attainment and certification of the Performance Goal described on Schedule A as of the end of the Performance Period; and NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the Participant and the Company agree as follows:

1. The Plan. The Plan, a copy of which is attached hereto, is hereby incorporated by reference herein and made a part hereof for all purposes, and when taken with this Award Agreement shall govern the rights of the Participant and the Company with respect to the Award.
2. Grant of Award. The Company hereby grants to the Participant a target award (the "Award") of **#QuantityGranted#** Performance Share Units, on the terms and conditions set forth herein and in the Plan. Each Performance Share Unit that vests entitles the Participant to one share of Common Stock.
3. Terms of Award.
 - a. Performance Share Unit Account. The Company shall establish a bookkeeping account on its records for the Participant and shall credit the Participant's Performance Share Units to the bookkeeping account.
 - b. General Vesting Terms. Except as provided in this Section 3, the number of Performance Share Units which actually vest under this Agreement shall be calculated based on the attainment and certification of the Performance Goal described on Schedule A as of the end of the Performance Period. Any Performance Share Units that do not vest as of the end of the Performance Period shall be forfeited as of the end of the Performance Period. Except as specifically provided below in this Section 3, in the event of a termination of the Participant's employment prior to the end of the Performance Period, all unvested Performance Share Units will be immediately forfeited.
 - c. If a Participant's Date of Termination occurs by reason of disability or other special circumstances (as determined by the Committee), and the Committee determines, in its sole and absolute discretion, that the Performance Share Units shall continue to vest following the Participant's Date of Termination, the Participant shall vest in the maximum number of Performance Share Units in which the Participant could vest, based on the process described in Section 3(b), as if the Participant remained in the employ of the Company through the end of the Performance Period.
 - d. If the Participant is Post-Retirement Vesting Eligible, the Participant shall vest in the maximum number of Performance Share Units in which the Participant could vest, based on the process described in Section 3(b), as if the Participant remained in the employ of the Company through the end of the Performance Period, provided that, such continued vesting shall be subject to the satisfaction of the conditions in Section 13, and the Participant shall only be eligible to vest in accordance with the process described in Section 3(b) with respect to the percentage of unvested Performance Share Units set forth in the table below.

Age at Retirement	Percentage of the Unvested Performance Share Unit Award Eligible to be Earned by the Participant
54 and earlier	0%
55	60%
56	65%
57	70%
58	75%
59	80%
60 and beyond	100%

- e. Performance Share Units shall continue to vest and the Participant shall vest in the maximum number of Performance Share Units in which the Participant could vest, based on the process described in Section 3(b), as if the Participant remained in the employ of the Company through the end of the Performance
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Period following the Participant's Date of Termination that occurs under circumstances in which the Participant is entitled to a severance payment from the Company, a Subsidiary, or an Affiliated Entity under (A) the Participant's employment agreement or severance agreement with the Company due to a termination of the Participant's employment by the Company without "cause" or by the Participant for "good reason" in accordance with the Participant's employment agreement or severance agreement or (B) the Devon Energy Corporation Severance Plan, provided that for a severance related termination, the Participant timely signs and returns to the Company a release of claims against the Company in a form prepared by the Company (the "Release") and such Release becomes effective. If the Participant fails to timely sign and return the Release to the Company or revokes the Release prior to the date the Release becomes effective, the Performance Share Units (and Dividend Equivalents) subject to this Award Agreement shall be forfeited.

If (1) the Award is eligible for vesting under the circumstances described in sub-sections (d) or (e) (other than in connection with a Change in Control Event) above, and (2) the Participant's Date of Termination occurs before the one-year anniversary of the Date of Grant, then, notwithstanding such provisions in sub-sections (d) and (e) above, the number of Performance Share Units that would have otherwise vested pursuant to such provisions will be pro-rated based on the number of days from the Date of Grant to the Date of Termination out of 365.

- f. A Participant shall become fully and immediately vested in the Award at the target level of performance for the Performance Period in the event of the Participant's death.
 - g. Voting Rights and Dividend Equivalents. The Participant shall not have any voting rights with respect to the Performance Share Units. The Participant shall be credited with dividend equivalents ("Dividend Equivalents") with respect to each outstanding Performance Share Unit to the extent that any dividends or other distributions (in cash or other property) are declared and/or paid with respect to the shares of Common Stock after the commencement of the Performance Period (other than distributions pursuant to a share split, for which an adjustment shall be made as described in Section 12.1 of the Plan). Dividend Equivalents shall be credited to the bookkeeping account established on the records of the Company for the Participant and will vest subject to the same conditions as are applicable to the underlying Performance Share Units, and Dividend Equivalents will be paid in cash to the Participant reasonably promptly following such vesting (but in no event later than March 15 of the calendar year following the year in which such vesting occurs). Accordingly, Dividend Equivalents shall be forfeited to the extent that the Performance Share Units do not vest and are forfeited or cancelled. No interest shall be credited on Dividend Equivalents.
 - h. Conversion of Performance Share Units; Delivery of Performance Share Units.
 - i. Except in the event of the Participant's death or the occurrence of certain Change in Control Events as described under the Plan, the Committee shall, within a reasonably practicable time following the last day of the Performance Period, certify the extent, if any, to which the Performance Goal has been achieved with respect to the Performance Period and the number of Performance Share Units, if any, earned upon attainment of the Performance Goal. Such certification shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law. Payment in respect of vested Performance Share Units shall be made promptly following the Committee's certification of the attainment of the Performance Goal and the determination of the number of vested Performance Share Units, but in any event, no later than March 15 of the year following the year in which the Performance Period ends.
 - ii. In the event of the Participant's death, payment in respect of earned and vested Performance Share Units shall be made as soon as reasonably practicable thereafter.
 - iii. Notwithstanding any provision of this Award Agreement to the contrary, in no event shall the timing of the Participant's execution of the Compliance Certificate, directly or indirectly, result in the Participant designating the calendar year of payment, and if a payment that is subject to execution of the Compliance Certificate could be made in more than one taxable year, payment shall be made in the later taxable year.
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- iv. All payments in respect of earned and vested Performance Share Units shall be made in freely transferable shares of Common Stock. No fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Award Agreement shall be rounded down to the next whole share.
4. Employment. Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or any of its Subsidiaries or Affiliated Entities, or interfere in any way with the right to terminate the Participant's employment at any time.
5. Non-transferability of Award. The Participant shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber or charge any Performance Share Unit or any interest therein in any manner whatsoever.
6. Notices. All notices or other communications relating to the Plan and this Agreement as it relates to the Participant shall be in writing and shall be delivered electronically, personally or mailed (U.S. mail) by the Company to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing.
7. Binding Effect and Governing Law. This Award Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns except as may be limited by the Plan, and (ii) governed by and construed under the laws of the State of Delaware.
8. Company Policies. The Participant agrees that the Award, and the right to receive and/or retain any vested Performance Share Units or payments covered by this Award, will be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented from time to time by the Company's Board of Directors, a duly authorized committee thereof or the Company, or as required by applicable law or any applicable securities exchange listings standards. By accepting this Award under the Plan, the Participant agrees and acknowledges that the Participant is obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any Award or amounts paid under the Plan subject to clawback pursuant to such policy, law or standard. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any Award or amounts paid pursuant to this Award.
9. Withholding. The Company and the Participant shall comply with all federal and state laws and regulations respecting the required withholding, deposit and payment of any income, employment or other taxes relating to the Award (including Dividend Equivalents). The Company shall withhold the employer's minimum statutory withholding based upon minimum statutory withholding rates for federal and state purposes, or as otherwise approved by the Committee, including payroll taxes that are applicable to such supplemental taxable income. Any payment of required withholding taxes by the Participant in the form of Common Stock shall not be permitted if it would result in an accounting charge to the Company with respect to such shares used to pay such taxes unless otherwise approved by the Committee.
10. Award Subject to Claims of Creditors. The Participant shall not have any interest in any particular assets of the Company, its parent, if applicable, or any Subsidiary or Affiliated Entity by reason of the right to earn an Award (including Dividend Equivalents) under the Plan and this Award Agreement, and the Participant or any other person shall have only the rights of a general unsecured creditor of the Company, its parent, if applicable, or a Subsidiary or Affiliated Entity with respect to any rights under the Plan or this Award Agreement.
11. Captions. The captions of specific provisions of this Award Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope of this Award Agreement or the intent of any provision hereof.
12. Counterparts. This Award Agreement may be executed in any number of identical counterparts, each of which shall be deemed an original for all purposes, but all of which taken together shall form one agreement.
13. Conditions to Post-Retirement Vesting.
- a. Notice of and Conditions to Post-Retirement Vesting. If the Participant is Post-Retirement Vesting Eligible, the Company shall, within a reasonable period of time prior to the Participant's Date of Termination,
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notify the Participant that the Participant has the right, pursuant to this Section 13(a), to continue to vest following the Date of Termination in any unvested Performance Share Units provided that the Participant executes and delivers to the Company the following documentation: (i) a non-disclosure letter agreement, in the form attached as Exhibit A (a "Non-Disclosure Agreement"), on or before the Date of Termination, and (ii) a compliance certificate, in the form attached as Exhibit B (a "Compliance Certificate"), indicating the Participant's full compliance with the Non-Disclosure Agreement, no later than the time(s) specified in similar provisions of the Participant's other equity award agreements with the Company or as may otherwise be required by the Committee. Notwithstanding the foregoing and for the avoidance of doubt, at the Company's election, the Participant may deliver a single Non-Disclosure Agreement and Compliance Certificate, as applicable, for each year to satisfy the Participant's obligations under this Section and similar provisions in the Participant's other equity award agreements with the Company.

- b. Consequences of Failure to Satisfy Vesting Conditions. In the event that, the Participant fails to deliver either the respective Non-Disclosure Agreement or Compliance Certificate on or before the date required for the delivery of such document (such failure, a "Non-Compliance Event"), the Participant shall not be entitled to vest in any unvested Performance Share Units and the unvested Performance Share Units subject to this Award Agreement shall be forfeited. The only remedy of the Company for failure to deliver a Non-Disclosure Agreement or a Compliance Certificate shall be the Participant's failure to vest in, and forfeiture of, any unvested Performance Share Units.

14. Definitions. Words, terms or phrases used in this Award Agreement shall have the meaning set forth in this Section 14. Capitalized terms used in this Award Agreement but not defined herein shall have the meaning designated in the Plan.

- a. "Award" has the meaning set forth in Section 2.
 - b. "Award Agreement" has the meaning set forth in the preamble.
 - c. "Company" has the meaning set forth in the preamble.
 - d. "Compliance Certificate" has the meaning set forth in Section 13(a).
 - e. "Date of Grant" has the meaning set forth in the preamble.
 - f. "Date of Termination" means the first day occurring on or after the Date of Grant on which the Participant is not employed by the Company, a Subsidiary, or an Affiliated Entity, regardless of the reason for the termination of employment; provided, however, that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company, a Subsidiary, and an Affiliated Entity or between two Subsidiaries or two Affiliated Entities. The Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company, a Subsidiary, or an Affiliated Entity approved by the Participant's employer pursuant to Company policies. If, as a result of a sale or other transaction, the Participant's employer ceases to be either a Subsidiary or an Affiliated Entity, and the Participant is not, at the end of the 30-day period following the transaction, employed by the Company or an entity that is then a Subsidiary or Affiliated Entity, then the date of occurrence of such transaction shall be treated as the Participant's Date of Termination.
 - g. "Dividend Equivalent" has the meaning set forth in Section 3(g).
 - h. "Early Retirement Date" means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant (i) attains age 55 and (ii) earns at least 10 Years of Service.
 - i. "Non-Compliance Event" has the meaning set forth in Section 13(b).
 - j. "Non-Disclosure Agreement" has the meaning set forth in Section 13(a).
 - k. "Normal Retirement Date" means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant attains age 65.
 - l. "Participant" has the meaning set forth in the preamble.
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- m. "Performance Goal" shall mean the performance goal specified on Schedule A which must be attained and certified in order to determine the number of Performance Share Units, if any, that vest pursuant to this Award.
- n. "Performance Period" has the meaning set forth on Schedule A over which the attainment of the Performance Goal is to be measured.
- o. "Performance Share Unit" has the meaning set forth in the recitals.
- p. "Plan" has the meaning set forth in the recitals.
- q. "Post-Retirement Vesting Eligible" means the Participant's Date of Termination occurs (i) by reason of the Participant's retirement and (ii) on or after the earlier of the Participant's Early Retirement Date or the Participant's Normal Retirement Date, provided that, in connection with the Participant's termination of employment, the Committee has not otherwise affirmatively determined that the Participant shall not be Post-Retirement Vesting Eligible.
- r. "Year of Service" means a calendar year in which the Participant is employed with the Company, a Subsidiary or Affiliated Entity for at least nine months during such calendar year.

"COMPANY"

DEVON ENERGY CORPORATION

a Delaware corporation

"PARTICIPANT"

Participant Name

SCHEDULE A

PERFORMANCE GOAL, PERFORMANCE PERIOD

1. Performance Period. The maximum number of Performance Share Units in which Participant can vest pursuant to the Award shall be calculated based on the Performance Goal over a three-year Performance Period that begins January 1, 2022 and ends December 31, 2024 (the "Performance Period").
2. Performance Goal. The Performance Goal is based on total shareholder return ("TSR"). TSR shall mean the rate of return stockholders receive through stock price changes and the assumed reinvestment of dividends over the Performance Period. Vesting will be based on the Company's TSR ranking relative to the TSR ranking of the Peer Companies (identified in Section 3(d) below). At the end of the Performance Period, the TSR for the Company, and for each Peer Company, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Closing Average Share Value} - \text{Opening Average Share Value}) + \text{Reinvested Dividends}}{\text{Opening Average Share Value}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

- a. The term "Closing Average Share Value" means the average value of the common stock for the 30 trading days ending on the last day of the Performance Period, which shall be calculated as follows: (i) determine the closing price of the common stock on each trading date during 30-day period and (ii) average the amounts so determined for the 30-day period.
 - b. The term "Opening Average Share Value" means the average value of the common stock for the 30 trading days preceding the start of the Performance Period, which shall be calculated as follows: (i) determine the closing price of the common stock on each trading date during the 30-day period and (ii) average the amounts so determined for the 30-day period.
 - c. "Reinvested Dividends" shall be calculated by multiplying (i) the aggregate number of shares (including fractional shares) that could have been purchased during the Performance Period had each cash dividend paid on a single share during that period been immediately reinvested in additional shares (or fractional shares) at the closing selling price per share on the applicable ex-dividend date by (ii) the Closing Average Share Value.
 - d. Each of the foregoing amounts shall be equitably adjusted for stock splits, stock dividends, recapitalizations and other similar events affecting the shares in question without the issuer's receipt of consideration.
3. Vesting Schedule. The Performance Share Units will vest pursuant to the Award based on the Company's relative TSR ranking in respect of the Performance Period as compared to the TSR ranking of the Peer Companies, in accordance with the following schedule:

<u>Devon Energy Corporation</u> <u>Relative TSR Ranking</u>	<u>Vesting (Percentage of Target Award) in the</u> <u>event of Positive TSR</u>	<u>Vesting (Percentage of Target Award) in the</u> <u>event of Negative TSR</u>
1-2	200%	100%
3	175%	100%
4	150%	100%
5	125%	100%
6	100%	100%
7	88%	88%
8	75%	75%
9	63%	63%
10	50%	50%
11-12	0%	0%

- a. In the event TSR is positive for the Performance Period, the maximum number of Performance Share Units that can vest for the Performance Period may range from 0% to 200% of the target Award, with the actual percentage to be determined on the basis of the percentile level at which the Committee certifies that the Performance Goal has been attained in relation to the corresponding Performance Goal for Peer Companies for the Performance Period; provided however, that the maximum number of Performance Share Units that may become earned and vested during such Performance Period will be calculated as follows: $\#QuantityGranted\# \times 200\%$. The Committee retains sole discretion to reduce the vesting percentage (and thus the maximum number of Performance Share Units that may vest), including reduction to zero, without regard to the performance of the Company's TSR relative to the TSR of the Peer Companies.
 - b. In the event the Company's TSR is negative for the Performance Period, the maximum number of Performance Share Units that can vest for the Performance Period may range from 0% to 100% of the target Award, with the actual percentage to be determined on the basis of the percentile level at which the Committee certifies that the Performance Goal has been attained in relation to the corresponding Performance Goal for Peer Companies for the Performance Period; provided however, that the maximum number of Performance Share Units that may become earned and vested during such Performance Period will be calculated as follows: $\#QuantityGranted\# \times 100\%$. The Committee retains sole discretion to reduce the vesting percentage (and thus the maximum number of Performance Share Units that may vest), including reduction to zero, without regard to the performance of the Company's TSR relative to the TSR of the Peer Companies.
 - c. If the Company's final TSR value is equal to the TSR value of a Peer Company, the Committee shall assign the Company the higher ranking.
 - d. In addition to the Company, the Peer Companies are APA Corporation, ConocoPhillips, Continental Resources, Inc., Coterra Energy Inc., Diamondback Energy, Inc., EOG Resources, Inc., Marathon Oil Corporation, Occidental Petroleum Corporation, Orintiv Inc., Pioneer Natural Resources Company, and the S&P Midcap 400 Index.
 - e. The Peer Companies will be subject to change as follows:
 - i. In the event of a merger, acquisition or business combination transaction of a Peer Company, in which the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company. Any entity involved in the transaction that is not the surviving company shall no longer be a Peer Company.
 - ii. If a Peer Company ceases to be a publicly traded company at any time during the Performance Period, for any reason, such company shall remain a Peer Company but shall be deemed to have a TSR of negative 100% (-100%).
4. Pro-rata vesting. In the event the pro-ration terms of Section 3(e) of the Award Agreement apply, then the number of Performance Share Units that vest pursuant to the Award based on Sections 1-3 of this Schedule A will be pro-rated based on the number of days from the Date of Grant to the Date of Termination out of 365.
 5. General Vesting Terms. Any fractional Performance Share Unit resulting from the vesting of the Performance Share Units in accordance with the Award Agreement shall be rounded down to the nearest whole number. Any portion of the Performance Share Units that does not vest as of the end of the Performance Period shall be forfeited as of the end of the Performance Period.
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EXHIBIT A
Form of Non-Disclosure Agreement

[Insert Date]

Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, OK 73102-5015

Re: Non-Disclosure Agreement

Ladies and Gentlemen:

This letter agreement is entered between Devon Energy Corporation (together with its subsidiaries and affiliates, the "Company") and the undersigned (the "Participant") in connection with that certain Performance Share Unit Award Agreement (the "Agreement") dated _____, _____ between the Company and the Participant. All capitalized terms used in this letter agreement shall have the same meaning ascribed to them in the Agreement unless specifically denoted otherwise.

The Participant acknowledges that, during the course of and in connection with the employment relationship between the Participant and the Company, the Company provided and the Participant accepted access to the Company's trade secrets and confidential and proprietary information, which included, without limitation, information pertaining to the Company's finances, oil and gas properties and prospects, compensation structures, business and litigation strategies and future business plans and other information or material that is of special and unique value to the Company and that the Company maintains as confidential and does not disclose to the general public, whether through its annual report and/or filings with the Securities and Exchange Commission or otherwise (the "Confidential Information").

The Participant acknowledges that his position with the Company was one of trust and confidence because of the access to the Confidential Information, requiring the Participant's best efforts and utmost diligence to protect and maintain the confidentiality of the Confidential Information. Unless required by the Company or with the Company's express written consent, the Participant will not, during the term of this letter agreement, directly or indirectly, disclose to others or use for his own benefit or the benefit of another any of the Confidential Information, whether or not the Confidential Information is acquired, learned, attained or developed by the Participant alone or in conjunction with others.

The Participant agrees that, due to his access to the Confidential Information, the Participant would inevitably use and/or disclose that Confidential Information in breach of his confidentiality and non-disclosure obligations if the Participant worked in certain capacities or engaged in certain activities for a period of time following his employment with the Company, specifically in a position that involves (i) responsibility and decision-making authority or input at the executive level regarding any subject or responsibility, (ii) decision-making responsibility or input at any management level in the Participant's individual area of assignment with the Company, or (iii) responsibility and decision-making authority or input that otherwise allows the use of the Confidential Information (collectively referred to as the "Restricted Occupation"). Therefore, except with the prior written consent of the Company, during the term of this letter agreement, the Participant agrees not to be employed by, consult for or otherwise act on behalf of any person or entity in any capacity in which he would be involved, directly or indirectly, in a Restricted Occupation. The Participant acknowledges that this commitment is intended to protect the Confidential Information and is not intended to be applied or interpreted as a covenant against competition.

The Participant further agrees that during the term of this letter agreement, the Participant will not, directly or indirectly on behalf of a person or entity or otherwise, (i) solicit any of the established customers of the Company or attempt to induce any of the established customers of the Company to cease doing business with the Company, or (ii) solicit any of the employees of the Company to cease employment with the Company.

Notwithstanding the foregoing, nothing in this letter agreement is intended to conflict with the Defend Trade Secrets Act or create liability for disclosures of trade secrets that are expressly allowed by that statute. In particular, under the Defend Trade Secrets Act, the Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret of the Company that is made (i) in confidence to a government official or to the Participant's attorney solely for the purpose of reporting or investigating a suspected violation of law or (ii) in a complaint or other document that is filed under seal in a proceeding. In addition, if the Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Participant may disclose the trade secret to the Participant's attorney and use the trade secret information in the court proceeding if the Participant files any document containing the trade secret under seal and does not otherwise disclose the trade secret, except pursuant to court order. Further, nothing in this letter agreement or any other agreement or

arrangement with the Company shall prohibit or restrict the Participant from making any voluntary disclosure of information or documents pertaining to violations of law to any governmental agency or legislative body, any self-regulatory organization, or the Legal Department of the Company without prior notice to the Company.

This letter agreement shall become effective upon execution by the Participant and the Company and shall terminate on December 31, 20__.
[Note: Insert date that is the end of the 2022-2024 Performance Period.]

If you agree to the above terms and conditions, please execute a copy of this letter agreement below and return a copy to me.

“PARTICIPANT”

#ParticipantName#

THE UNDERSIGNED HEREBY ACCEPTS AND AGREES TO THE TERMS SET FORTH ABOVE AS OF THIS ____ DAY OF _____, ____.

“COMPANY”

DEVON ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT B

Form of Compliance Certificate

I hereby certify that I am in full compliance with the covenants contained in that certain letter agreement (the "Agreement") dated as of _____, _____ between Devon Energy Corporation and me and have been in full compliance with such covenants at all times during the period ending _____, _____.

Dated: _____

#ParticipantName#

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: May 3, 2022

/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: May 3, 2022

/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 March 31, 2022 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

May 3, 2022

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 March 31, 2022 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

May 3, 2022
