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 June 30, 2023

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	**73-1567067**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer identification No.)**
333 West Sheridan Avenue, Oklahoma City, Oklahoma	**73102-5015**
(Address of principal executive offices)	**(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:

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

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

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

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

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

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

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

On July 19, 2023, 640.7 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:

"2022 Plan" means the Devon Energy Corporation 2022 Long-Term Incentive Plan.

"AFSI" means adjusted financial statement income.

"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.

"CAMT" means corporate alternative minimum tax.

"Catalyst" means Catalyst Midstream Partners, LLC.

"CDM" means Cotton Draw Midstream, L.L.C.

"DD&A" means depreciation, depletion and amortization expenses.

"EPA" means the United States Environmental Protection Agency.

"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*.

"IRA" refers to the Inflation Reduction Act of 2022.

"LOE" means lease operating expenses.

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

"MBbls" means thousand barrels.

"MBoe" means thousand Boe.

"Mcf" means thousand cubic feet.

"Merger" means the merger of East Merger Sub, Inc., a wholly-owned subsidiary of the Company ("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 that certain Agreement and Plan of Merger, dated September 26, 2020, by and among the Company, Merger Sub and WPX.

"MMBoe" means million Boe.

"MMBtu" means million Btu.

"MMcf" means million cubic feet.

"N/M" means not meaningful.

"NCI" means noncontrolling interests.

"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.

"2018 Senior Credit Facility" means Devon's syndicated unsecured revolving line of credit, effective as of October 5, 2018.

"2023 Senior Credit Facility" means Devon's syndicated unsecured revolving line of credit, effective as of March 24, 2023.

"TSR" means total shareholder return.

"U.S." means United States of America.

"VIE" means variable interest entity.

"Water JV" means NDB Midstream L.L.C.

"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;
- uncertainties inherent in estimating oil, gas and NGL reserves;
- the extent to which we are successful in acquiring and discovering additional reserves;
- the uncertainties, costs and risks involved in our operations;
- risks related to our hedging activities;
- our limited control over third parties who operate some of our oil and gas properties;
- midstream capacity constraints and potential interruptions in production, including from limits to the build out of midstream infrastructure;
- competition for assets, materials, people and capital;
- regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to federal lands, environmental matters and seismicity;
- risks related to regulatory, social and market efforts to address climate change;
- governmental interventions in energy markets;
- risks relating to the COVID-19 pandemic or other future pandemics;
- counterparty credit risks;
- risks relating to our indebtedness;
- cyberattack risks;
- the extent to which insurance covers any losses we may experience;
- risks related to stockholder activism;
- our ability to successfully complete mergers, acquisitions and divestitures;
- our ability to pay dividends and make share repurchases; and
- any of the other risks and uncertainties discussed in this report, our 2022 Annual Report on Form 10-K and our other filings with the SEC.

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

Part I. Financial Information

Item 1. Financial Statements

DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Unaudited)			
Oil, gas and NGL sales	$ 2,493	$ 4,100	$ 5,172	$ 7,275
Oil, gas and NGL derivatives	(76)	(170)	(12)	(853)
Marketing and midstream revenues	1,037	1,696	2,117	3,016
Total revenues	3,454	5,626	7,277	9,438
Production expenses	719	729	1,412	1,347
Exploration expenses	10	10	13	12
Marketing and midstream expenses	1,051	1,700	2,156	3,024
Depreciation, depletion and amortization	638	528	1,253	1,017
Asset dispositions	(41)	(14)	(41)	(15)
General and administrative expenses	92	84	198	178
Financing costs, net	78	84	150	169
Other, net	10	10	15	(51)
Total expenses	2,557	3,131	5,156	5,681
Earnings before income taxes	897	2,495	2,121	3,757
Income tax expense	199	557	420	824
Net earnings	698	1,938	1,701	2,933
Net earnings attributable to noncontrolling interests	8	6	16	12
Net earnings attributable to Devon	$ 690	$ 1,932	$ 1,685	$ 2,921
Net earnings per share:				
Basic net earnings per share	$ 1.08	$ 2.94	$ 2.61	$ 4.42
Diluted net earnings per share	$ 1.07	$ 2.93	$ 2.60	$ 4.40
Comprehensive earnings:				
Net earnings	$ 698	$ 1,938	$ 1,701	$ 2,933
Other comprehensive earnings, net of tax:				
Pension and postretirement plans	1	1	2	2
Other comprehensive earnings, net of tax	1	1	2	2
Comprehensive earnings:	$ 699	$ 1,939	$ 1,703	$ 2,935
Comprehensive earnings attributable to noncontrolling interests	8	6	16	12
Comprehensive earnings attributable to Devon	$ 691	$ 1,933	$ 1,687	$ 2,923

See accompanying notes to consolidated financial statements

DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30, 2023 (Unaudited)	December 31, 2022
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	$ 488	$ 1,454
Accounts receivable	1,519	1,767
Inventory	201	201
Other current assets	397	469
Total current assets	2,605	3,891
Oil and gas property and equipment, based on successful efforts accounting, net	17,317	16,567
Other property and equipment, net ($117 million and $109 million related to CDM in 2023 and 2022, respectively)	1,446	1,539
Total property and equipment, net	18,763	18,106
Goodwill	753	753
Right-of-use assets	266	224
Investments	675	440
Other long-term assets	293	307
Total assets	$ 23,355	$ 23,721
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 843	$ 859
Revenues and royalties payable	1,199	1,506
Short-term debt	244	251
Other current liabilities	383	489
Total current liabilities	2,669	3,105
Long-term debt	6,169	6,189
Lease liabilities	299	257
Asset retirement obligations	548	511
Other long-term liabilities	858	900
Deferred income taxes	1,662	1,463
Stockholders' equity:		
Common stock, $0.10 par value. Authorized 1.0 billion shares; issued 641 million and 653 million shares in 2023 and 2022, respectively	64	65
Additional paid-in capital	6,131	6,921
Retained earnings	4,940	4,297
Accumulated other comprehensive loss	(114)	(116)
Total stockholders’ equity attributable to Devon	11,021	11,167
Noncontrolling interests	129	129
Total equity	11,150	11,296
Total liabilities and equity	$ 23,355	$ 23,721

See accompanying notes to consolidated financial statements

DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
	(Unaudited)			
Cash flows from operating activities:				
Net earnings	$ 698	$ 1,938	$ 1,701	$ 2,933
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, depletion and amortization	638	528	1,253	1,017
Leasehold impairments	3	7	3	8
Amortization of liabilities	(8)	(9)	(15)	(15)
Total losses on commodity derivatives	76	170	12	853
Cash settlements on commodity derivatives	37	(472)	50	(816)
Gains on asset dispositions	(41)	(14)	(41)	(15)
Deferred income tax expense	119	305	199	469
Share-based compensation	25	23	48	43
Other	(2)	4	—	(17)
Changes in assets and liabilities, net	(140)	198	(128)	55
Net cash from operating activities	1,405	2,678	3,082	4,515
Cash flows from investing activities:				
Capital expenditures	(1,079)	(573)	(2,091)	(1,110)
Acquisitions of property and equipment	(18)	(100)	(31)	(101)
Divestitures of property and equipment	1	9	22	35
Distributions from investments	9	15	17	23
Contributions to investments and other	(15)	(21)	(52)	(43)
Net cash from investing activities	(1,102)	(670)	(2,135)	(1,196)
Cash flows from financing activities:				
Repurchases of common stock	(228)	(324)	(745)	(535)
Dividends paid on common stock	(462)	(830)	(1,058)	(1,497)
Contributions from noncontrolling interests	8	—	8	—
Distributions to noncontrolling interests	(13)	(5)	(24)	(13)
Shares exchanged for tax withholdings and other	(9)	(12)	(96)	(85)
Net cash from financing activities	(704)	(1,171)	(1,915)	(2,130)
Effect of exchange rate changes on cash	2	(5)	2	(3)
Net change in cash, cash equivalents and restricted cash	(399)	832	(966)	1,186
Cash, cash equivalents and restricted cash at beginning of period	887	2,625	1,454	2,271
Cash, cash equivalents and restricted cash at end of period	$ 488	$ 3,457	$ 488	$ 3,457
Reconciliation of cash, cash equivalents and restricted cash:				
Cash and cash equivalents	$ 372	$ 3,300	$ 372	$ 3,300
Restricted cash	116	157	116	157
Total cash, cash equivalents and restricted cash	$ 488	$ 3,457	$ 488	$ 3,457

See accompanying notes to consolidated financial statements

DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Earnings (Loss)	Treasury Stock	Noncontrolling Interests	Total Equity
Three Months Ended June 30, 2023								
Balance as of March 31, 2023	645	$ 64	$ 6,344	$ 4,712	$ (115)	$ (28)	$ 126	$ 11,103
Net earnings	—	—	—	690	—	—	8	698
Other comprehensive earnings, net of tax	—	—	—	—	1	—	—	1
Common stock repurchased	—	—	(2)	—	—	(208)	—	(210)
Common stock retired	(4)	—	(236)	—	—	236	—	—
Common stock dividends	—	—	—	(462)	—	—	—	(462)
Share-based compensation	—	—	25	—	—	—	—	25
Contributions from noncontrolling interests	—	—	—	—	—	—	8	8
Distributions to noncontrolling interests	—	—	—	—	—	—	(13)	(13)
Balance as of June 30, 2023	641	$ 64	$ 6,131	$ 4,940	$ (114)	$ —	$ 129	$ 11,150
Three Months Ended June 30, 2022								
Balance as of March 31, 2022	661	$ 66	$ 7,371	$ 2,013	$ (131)	$ (19)	$ 135	$ 9,435
Net earnings	—	—	—	1,932	—	—	6	1,938
Other comprehensive earnings, net of tax	—	—	—	—	1	—	—	1
Restricted stock grants, net of cancellations	—	1	—	—	—	—	—	1
Common stock repurchased	—	—	—	—	—	(329)	—	(329)
Common stock retired	(5)	(1)	(334)	—	—	335	—	—
Common stock dividends	—	—	—	(838)	—	—	—	(838)
Share-based compensation	—	—	23	—	—	—	—	23
Distributions to noncontrolling interests	—	—	—	—	—	—	(5)	(5)
Balance as of June 30, 2022	656	$ 66	$ 7,060	$ 3,107	$ (130)	$ (13)	$ 136	$ 10,226
Six Months Ended June 30, 2023								
Balance as of December 31, 2022	653	$ 65	$ 6,921	$ 4,297	$ (116)	$ —	$ 129	$ 11,296
Net earnings	—	—	—	1,685	—	—	16	1,701
Other comprehensive earnings, net of tax	—	—	—	—	2	—	—	2
Restricted stock grants, net of cancellations	2	—	—	—	—	—	—	—
Common stock repurchased	—	—	(6)	—	—	(833)	—	(839)
Common stock retired	(15)	(1)	(832)	—	—	833	—	—
Common stock dividends	—	—	—	(1,042)	—	—	—	(1,042)
Share-based compensation	1	—	48	—	—	—	—	48
Contributions from noncontrolling interests	—	—	—	—	—	—	8	8
Distributions to noncontrolling interests	—	—	—	—	—	—	(24)	(24)
Balance as of June 30, 2023	641	$ 64	$ 6,131	$ 4,940	$ (114)	$ —	$ 129	$ 11,150
Six Months Ended June 30, 2022								
Balance as of December 31, 2021	663	$ 66	$ 7,636	$ 1,692	$ (132)	$ —	$ 137	$ 9,399
Net earnings	—	—	—	2,921	—	—	12	2,933
Other comprehensive earnings, net of tax	—	—	—	—	2	—	—	2
Restricted stock grants, net of cancellations	2	1	1	—	—	—	—	2
Common stock repurchased	—	—	—	—	—	(634)	—	(634)
Common stock retired	(10)	(1)	(620)	—	—	621	—	—
Common stock dividends	—	—	—	(1,506)	—	—	—	(1,506)
Share-based compensation	1	—	43	—	—	—	—	43
Distributions to noncontrolling interests	—	—	—	—	—	—	(13)	(13)
Balance as of June 30, 2022	656	$ 66	$ 7,060	$ 3,107	$ (130)	$ (13)	$ 136	$ 10,226

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 2022 Annual Report on Form 10-K. The accompanying unaudited interim financial statements in this report reflect all adjustments that are, in the opinion of management, necessary for a fair statement of Devon's results of operations and cash flows for the three-month and six-month periods ended June 30, 2023 and 2022 and Devon's financial position as of June 30, 2023.

Restricted Cash

As of June 30, 2023, approximately $116 million of cash on the consolidated balance sheets is presented as restricted cash for obligations primarily related to an abandoned Canadian firm transportation agreement.

Variable Interest Entity

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

Investments

The following table presents Devon's investments.

Investments	% Interest	Carrying Amount	
		June 30, 2023	December 31, 2022
Catalyst	50%	$ 324	$ 339
Water JV	30%	212	—
Matterhorn	12.5%	90	54
Other	Various	49	47
Total		$ 675	$ 440

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

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

During 2023 and 2022, Devon made investments in Matterhorn. Matterhorn is a joint venture entity and was formed for the purpose of constructing a natural gas pipeline that will transport natural gas from the Permian Basin to the Katy, Texas area. Devon's investment in Matterhorn does not give it the ability to exercise significant influence over Matterhorn.

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Oil	$ 2,106	$ 2,970	$ 4,249	$ 5,376
Gas	122	557	335	864
NGL	265	573	588	1,035
Oil, gas and NGL sales	2,493	4,100	5,172	7,275
Oil	735	952	1,465	1,728
Gas	123	322	275	531
NGL	179	422	377	757
Marketing and midstream revenues	1,037	1,696	2,117	3,016
Total revenues from contracts with customers	$ 3,530	$ 5,796	$ 7,289	$ 10,291

2. Acquisitions and Divestitures

Acquisitions

In September 2022, Devon completed its acquisition of producing properties and leasehold interests located in the Eagle Ford for cash consideration of approximately $1.7 billion, net of purchase price adjustments. Additionally, in July 2022, Devon completed its acquisition of producing properties and leasehold interests located in the Williston Basin for cash consideration of approximately $830 million, net of purchase price adjustments. The total estimated proved reserves associated with these Eagle Ford and Williston Basin assets were approximately 87 MMBoe and 66 MMBoe, respectively. Each of these acquisitions were accounted for as asset acquisitions as substantially all of the fair value was concentrated in a group of similar assets. Each of the acquisitions resulted in the purchase of producing properties and leasehold interests in a defined geographical and geological area, and substantially all of the assets have similar risk characteristics.

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 2023 and 2022 and could receive up to an additional $130 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 June 30, 2023 consolidated balance sheet was approximately $30 million and $35 million, respectively. These values were derived utilizing a Monte Carlo valuation model and qualify as a level 3 fair value measurement.

Devon also received $4 million in contingent earnout payments related to the sale of non-core assets in the Rockies in the first quarter of 2023 and 2022.

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

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

and NGL marketing activities. These commodity derivative financial instruments include financial price swaps, basis swaps and costless price collars.

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 June 30, 2023, 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 June 30, 2023, 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.

	Price Swaps		Price Collars		
Period	**Volume (Bbls/d)**	**Weighted Average Price ($/Bbl)**	**Volume (Bbls/d)**	**Weighted Average Floor Price ($/Bbl)**	**Weighted Average Ceiling Price ($/Bbl)**
Q3-Q4 2023	6,000	$ 68.42	82,750	$ 69.52	$ 94.57
Q1-Q4 2024	1,492	$ 68.42	21,486	$ 60.00	$ 85.66

	Oil Basis Swaps		
Period	**Index**	**Volume (Bbls/d)**	**Weighted Average Differential to WTI ($/Bbl)**
Q3-Q4 2023	Midland Sweet	66,500	$ 1.11
Q1-Q4 2024	Midland Sweet	61,500	$ 1.17
Q1-Q4 2025	Midland Sweet	49,000	$ 0.96

As of June 30, 2023, Devon had the following open natural gas derivative positions. The first table presents Devon's natural gas derivatives that settle against the Inside FERC first of the month Henry Hub index. The second table presents Devon's natural gas derivatives that settle against the respective indices noted within the table.

	Price Swaps		Price Collars		
Period	**Volume (MMBtu/d)**	**Weighted Average Price ($/MMBtu)**	**Volume (MMBtu/d)**	**Weighted Average Floor Price ($/MMBtu)**	**Weighted Average Ceiling Price ($/MMBtu)**
Q3-Q4 2023	108,000	$ 3.30	171,000	$ 3.64	$ 7.44
Q1-Q4 2024	94,426	$ 3.30	40,527	$ 3.78	$ 7.05

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)
Q3-Q4 2023	El Paso Natural Gas	145,000	$ (1.58)
Q3-Q4 2023	Houston Ship Channel	140,000	$ (0.19)
Q3-Q4 2023	WAHA	70,000	$ (0.51)
Q1-Q4 2024	El Paso Natural Gas	34,863	$ (0.91)
Q1-Q4 2024	Houston Ship Channel	90,000	$ (0.25)
Q1-Q4 2024	WAHA	44,973	$ (0.58)

As of June 30, 2023, 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 June 30, 2023 and December 31, 2022.

	June 30, 2023			December 31, 2022			
	Gross Fair Value	Amounts Netted	Net Fair Value	Gross Fair Value	Amounts Netted	Net Fair Value	Balance Sheet Classification
Commodity derivatives:							
Short-term derivative asset	$ 111	$ (20)	$ 91	$ 138	$ (19)	$ 119	Other current assets
Long-term derivative asset	11	(1)	10	12	—	12	Other long-term assets
Short-term derivative liability	(43)	20	(23)	(22)	19	(3)	Other current liabilities
Long-term derivative liability	(13)	1	(12)	—	—	—	Other long-term liabilities
Total derivative asset	$ 66	$ —	$ 66	$ 128	$ —	$ 128	

4. Share-Based Compensation

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

	Six Months Ended June 30,	
	2023	2022
G&A	$ 48	$ 42
Exploration expenses	—	1
Total	$ 48	$ 43
Related income tax benefit	$ 27	$ 26

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 12/31/22	5,788	$ 29.11	1,841	$ 31.33
Granted	1,224	$ 62.95	743	$ 51.38
Vested	(2,905)	$ 25.18	(1,037)	$ 27.89
Forfeited	(79)	$ 43.82	—	$ —
Unvested at 6/30/23	4,028	$ 41.94	1,547 (1)	$ 43.25

(1) A maximum of 3.1 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 2023, as indicated in the previous summary table. The grants in the previous summary table also include the impacts of performance share units granted in a prior year that vested higher than 100% of target due to Devon's TSR performance compared to our peers.

	2023
Grant-date fair value	$ 81.70
Risk-free interest rate	4.15 %
Volatility factor	61.43 %
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 June 30, 2023.

	Restricted Stock Awards/Units	Performance Share Units
Unrecognized compensation cost	$ 118	$ 30
Weighted average period for recognition (years)	2.8	1.9

5. Restructuring

The following table summarizes Devon's restructuring liabilities. The remaining liabilities primarily relate to an abandoned Canadian firm transportation agreement.

	Other Current Liabilities	Other Long-term Liabilities	Total
Balance as of December 31, 2022	$ 34	$ 81	$ 115
Changes related to prior years' restructurings	(19)	(4)	(23)
Balance as of June 30, 2023	$ 15	$ 77	$ 92
Balance as of December 31, 2021	$ 38	$ 111	$ 149
Changes related to prior years' restructurings	(10)	(12)	(22)
Balance as of June 30, 2022	$ 28	$ 99	$ 127

6. Other, Net

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Estimated future obligation under a performance guarantee	$ —	$ —	$ —	$ (96)
Ukraine charitable pledge	—	—	—	20
Asset retirement obligation accretion	7	6	14	13
Other	3	4	1	12
Total	$ 10	$ 10	$ 15	$ (51)

Devon has guaranteed performance through 2026 for a minimum volume commitment associated with assets divested in 2018. Due to improved commodity prices, market conditions, and performance by the purchaser of the assets, the purchaser was able to fully satisfy the performance obligation due in the first quarter of 2023 and 2022. Additionally, at March 31, 2022, Devon reduced the estimated future exposure of the performance guarantee. The effect of these cash collections and liability revisions resulted in a $96 million benefit in the first six months of 2022.

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

7. Income Taxes

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Earnings before income taxes	$ 897	$ 2,495	$ 2,121	$ 3,757
Current income tax expense	$ 80	$ 252	$ 221	$ 355
Deferred income tax expense	119	305	199	469
Total income tax expense	$ 199	$ 557	$ 420	$ 824
U.S. statutory income tax rate	21 %	21 %	21 %	21 %
State income taxes	1 %	1 %	1 %	1 %
Other	0 %	0 %	(2 %)	0 %
Effective income tax rate	22 %	22 %	20 %	22 %

On August 16, 2022, the IRA was signed into law and included various income tax related provisions with effective dates generally beginning in 2023. Among the enacted provisions are a 15% CAMT on AFSI and several new and expanded clean energy credits and incentives. Dependent upon future regulations, Devon believes it is subject to the CAMT as Devon has an average annual AFSI that exceeds $1 billion for the three-year period ended December 31, 2022.

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

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net earnings:				
Net earnings	$ 690	$ 1,932	$ 1,685	$ 2,921
Attributable to participating securities	(3)	(17)	(11)	(33)
Basic and diluted earnings	$ 687	$ 1,915	$ 1,674	$ 2,888
Common shares:				
Common shares outstanding - total	642	658	646	661
Attributable to participating securities	(4)	(6)	(5)	(7)
Common shares outstanding - basic	638	652	641	654
Dilutive effect of potential common shares issuable	1	2	2	2
Common shares outstanding - diluted	639	654	643	656
Net earnings per share:				
Basic	$ 1.08	$ 2.94	$ 2.61	$ 4.42
Diluted	$ 1.07	$ 2.93	$ 2.60	$ 4.40

9. Other Comprehensive Earnings (Loss)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Pension and postretirement benefit plans:				
Beginning accumulated pension and postretirement benefits	$ (115)	$ (131)	$ (116)	$ (132)
Recognition of net actuarial loss and prior service cost in earnings [(1)]	2	2	3	3
Income tax expense	(1)	(1)	(1)	(1)
Accumulated other comprehensive loss, net of tax	$ (114)	$ (130)	$ (114)	$ (130)

(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.

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

10. Supplemental Information to Statements of Cash Flows

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Changes in assets and liabilities, net:				
Accounts receivable	$ 98	$ (346)	$ 248	$ (803)
Other current assets	(12)	(85)	4	(21)
Other long-term assets	(13)	9	18	75
Accounts payable and revenues and royalties payable	(65)	540	(230)	787
Other current liabilities	(138)	93	(141)	101
Other long-term liabilities	(10)	(13)	(27)	(84)
Total	$ (140)	$ 198	$ (128)	$ 55
Supplementary cash flow data:				
Interest paid	$ 88	$ 85	$ 189	$ 185
Income taxes paid	$ 259	$ 133	$ 259	$ 110

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

11. Accounts Receivable

Components of accounts receivable include the following:

	June 30, 2023	December 31, 2022
Oil, gas and NGL sales	$ 913	$ 1,153
Joint interest billings	217	162
Marketing and midstream revenues	364	428
Other	32	33
Gross accounts receivable	1,526	1,776
Allowance for doubtful accounts	(7)	(9)
Net accounts receivable	$ 1,519	$ 1,767

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.

	June 30, 2023	December 31, 2022
Property and equipment:		
Proved	$ 44,711	$ 42,734
Unproved and properties under development	1,528	1,548
Total oil and gas	46,239	44,282
Less accumulated DD&A	(28,922)	(27,715)
Oil and gas property and equipment, net	17,317	16,567
Other property and equipment	2,204	2,280
Less accumulated DD&A	(758)	(741)
Other property and equipment, net (1)	1,446	1,539
Property and equipment, net	$ 18,763	$ 18,106

(1) $117 million and $109 million related to CDM in 2023 and 2022, 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.

	June 30, 2023	December 31, 2022
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 on debentures and notes	82	103
Debt issuance costs	(32)	(26)
Total debt	$ 6,413	$ 6,440
Less amount classified as short-term debt	244	251
Total long-term debt	$ 6,169	$ 6,189

Retirement of Senior Notes

On August 1, 2023, Devon repaid the $242 million of 8.25% senior notes at maturity.

Credit Lines

On March 24, 2023, Devon amended and restated its 2018 Senior Credit Facility to provide for a new $3.0 billion revolving 2023 Senior Credit Facility with a financial covenant and other terms similar to the 2018 Senior Credit Facility. The 2023 Senior Credit Facility matures on March 24, 2028, with the option to extend the maturity date by three additional one-year periods, subject to lender consent. As of June 30, 2023, Devon had no outstanding borrowings under the 2023 Senior Credit Facility and had issued $2 million in outstanding letters of credit under this facility. The 2023 Senior Credit Facility contains only one material financial covenant. This covenant requires Devon's ratio of total funded debt to total capitalization, as defined in the credit agreement, to be no greater than 65%. Under the terms of the credit agreement, total capitalization is adjusted to add back non-cash financial write-downs such as impairments. As of June 30, 2023, Devon was in compliance with this covenant with a debt-to-capitalization ratio of 23.1%.

Net Financing Costs

The following schedule includes the components of net financing costs.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest based on debt outstanding	$ 96	$ 93	$ 189	$ 185
Interest income	(15)	(2)	(32)	(3)
Other	(3)	(7)	(7)	(13)
Total net financing costs	$ 78	$ 84	$ 150	$ 169

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

14. Leases

The following table presents Devon's right-of-use assets and lease liabilities as of June 30, 2023 and December 31, 2022.

	June 30, 2023			December 31, 2022		
	Finance	Operating	Total	Finance	Operating	Total
Right-of-use assets	$ 251	$ 15	$ 266	$ 203	$ 21	$ 224
Lease liabilities:						
Current lease liabilities [(1)]	$ 14	$ 10	$ 24	$ 8	$ 13	$ 21
Long-term lease liabilities	295	4	299	249	8	257
Total lease liabilities	$ 309	$ 14	$ 323	$ 257	$ 21	$ 278

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

Devon's operating lease right-of-use assets relate to real estate, drilling rigs and other equipment for the exploration, development and production of oil and gas. Devon's financing lease right-of-use assets relate to real estate. In the second quarter of 2023, Devon's financing lease right-of-use assets and the associated liabilities increased primarily from an amendment of lease terms.

15. Asset Retirement Obligations

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

	Six Months Ended June 30,	
	2023	2022
Asset retirement obligations as of beginning of period	$ 529	$ 485
Liabilities incurred	14	15
Liabilities settled and divested	(18)	(9)
Revision of estimated obligation	27	(35)
Accretion expense on discounted obligation	14	13
Asset retirement obligations as of end of period	566	469
Less current portion	18	17
Asset retirement obligations, long-term	$ 548	$ 452

During the first six months of 2023, Devon increased its asset retirement obligations by approximately $27 million primarily due to inflation-driven increases in current cost estimates. During the first six months 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.

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 2022, the Board of Directors authorized expansions of the share repurchase program ultimately to $2.0 billion and extended the expiration date to May 4, 2023. In May 2023, the Board of Directors authorized a further expansion to $3.0 billion and extended the expiration date to December 31, 2024. The table below provides information regarding purchases of Devon's common stock under the $3.0 billion share repurchase program (shares in thousands).

$3.0 Billion Plan	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
Second quarter	5,052	318	$ 63.07
Third quarter	1,875	113	$ 59.99
Fourth quarter	802	57	$ 71.69
2023:			
First quarter	10,090	545	$ 53.96
Second quarter	3,795	200	$ 52.70
Total plan	39,576	$ 2,052	$ 51.86

Dividends

Devon pays a quarterly dividend which is comprised of a fixed dividend and a variable dividend. The variable dividend is dependent on quarterly cash flows, among other factors. Devon raised its fixed dividend multiple times over the past two calendar years from $0.16 per share in the first quarter of 2022 to $0.20 per share beginning in the first quarter of 2023. The following table summarizes Devon's fixed and variable dividends for the first six months of 2023 and 2022, respectively.

	Fixed	Variable	Total	Rate Per Share
2023:				
First quarter	$ 133	$ 463	$ 596	$ 0.89
Second quarter	128	334	462	$ 0.72
Total year-to-date	$ 261	$ 797	$ 1,058	
2022:				
First quarter	$ 109	$ 558	$ 667	$ 1.00
Second quarter	105	725	830	$ 1.27
Total year-to-date	$ 214	$ 1,283	$ 1,497	

In August 2023, Devon announced a cash dividend in the amount of $0.49 per share payable in the third quarter of 2023. The dividend consists of a $0.20 per share fixed quarterly dividend and a $0.29 per share variable quarterly dividend and will total approximately $314 million.

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.

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 denies the allegations in these lawsuits and 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 denies all allegations asserted in these lawsuits and intends to vigorously defend against these claims.

Other Indemnifications and Legacy Matters

Pursuant to various sale agreements relating to divested businesses and assets, Devon has indemnified various purchasers against liabilities that they may incur with respect to the businesses and assets acquired from Devon. Additionally, federal, state and other laws in areas of former operations may require previous operators (including corporate successors of previous operators) to perform or make payments in certain circumstances where the current operator may no longer be able to satisfy the applicable obligation. Such obligations may include plugging and abandoning wells, removing production facilities 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.

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 June 30, 2023 and December 31, 2022, as applicable. Therefore, such financial assets and liabilities are not presented in the following table.

	Carrying Amount	Total Fair Value	Fair Value Measurements Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
June 30, 2023 assets (liabilities):					
Cash equivalents	$ 2	$ 2	$ 2	$ —	$ —
Commodity derivatives	$ 101	$ 101	$ —	$ 101	$ —
Commodity derivatives	$ (35)	$ (35)	$ —	$ (35)	$ —
Debt	$ (6,413)	$ (6,187)	$ —	$ (6,187)	$ —
Contingent earnout payments	$ 65	$ 65	$ —	$ —	$ 65
December 31, 2022 assets (liabilities):					
Cash equivalents	$ 708	$ 708	$ 708	$ —	$ —
Commodity derivatives	$ 131	$ 131	$ —	$ 131	$ —
Commodity derivatives	$ (3)	$ (3)	$ —	$ (3)	$ —
Debt	$ (6,440)	$ (6,231)	$ —	$ (6,231)	$ —
Contingent earnout payments	$ 157	$ 157	$ —	$ —	$ 157

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 asset divestiture based on future oil and gas prices. These values were derived using a Monte Carlo valuation model and qualify as a level 3 fair value measurement. For additional information, see Note 2.

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

The following discussion and analysis addresses material changes in our results of operations for the three-month and six-month periods ended June 30, 2023 compared to previous periods, and in our financial condition and liquidity since December 31, 2022. For information regarding our critical accounting policies and estimates, see our 2022 Annual Report on Form 10-K under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Executive Overview

We are a leading independent oil and natural gas exploration and production company whose operations are focused onshore in the United States. Our operations are currently focused in five core areas: the Delaware Basin, Eagle Ford, Anadarko Basin, Williston Basin and Powder River Basin. Our asset base is underpinned by premium acreage in the economic core of the Delaware Basin and our diverse, top-tier resource plays provide a deep inventory of opportunities for years to come. In the third quarter of 2022, we acquired additional producing properties and leasehold interests in both the Williston Basin and Eagle Ford that were complementary to our existing acreage, offered operational synergies and added additional high-quality inventory to our portfolio.

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

- Second quarter oil production totaled 323 MBbls/d, exceeding our plan by 1%.
- As of June 30, 2023, completed approximately 68% of our authorized $3.0 billion share repurchase program, with approximately 39.6 million of our common shares repurchased for approximately $2.1 billion, or $51.86 per share since inception of the plan.
- Exited the second quarter with $3.5 billion of liquidity, including $0.5 billion of cash.
- Generated $1.4 billion of operating cash flow in the second quarter of 2023 and $7.1 billion for the past twelve trailing months.
- Including variable dividends, paid dividends of approximately $462 million in the second quarter of 2023 and have declared approximately $314 million of dividends to be paid in the third quarter of 2023.
- Second quarter earnings attributable to Devon were $690 million, or $1.07 per diluted share.
- Second quarter core earnings (Non-GAAP) were $755 million, or $1.18 per diluted share.

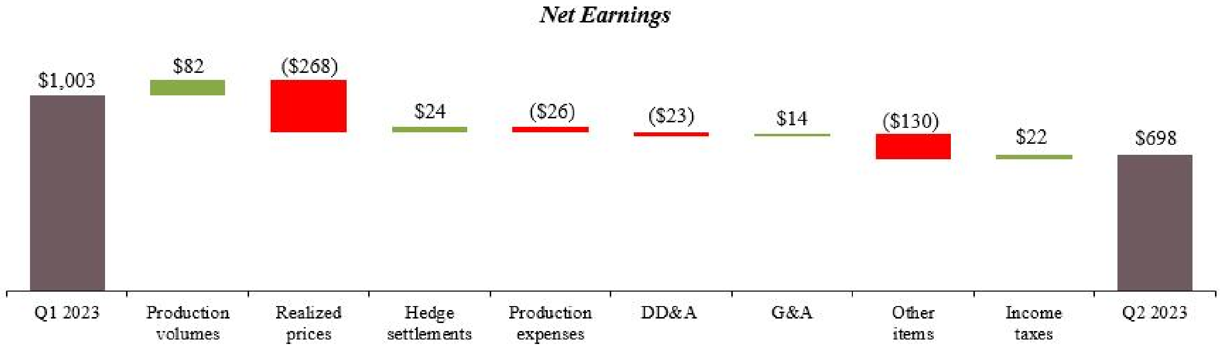
We remain committed to capital discipline and delivering the objectives that underpin our current plan. Those objectives prioritize value creation through moderated capital investment and production growth, particularly with a view of the volatility in commodity prices, supply chain constraints and the economic uncertainty arising from inflation and geopolitical events.

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.

Q2 2023 vs. Q1 2023

Our second quarter 2023 and first quarter 2023 net earnings were $0.7 billion and $1.0 billion, respectively. The graph below shows the change in net earnings from the first quarter of 2023 to the second quarter of 2023. The material changes are further discussed by category on the following pages.



Production Volumes

	Q2 2023	% of Total	Q1 2023	Change
Oil (MBbls/d)				
Delaware Basin	209	65 %	211	-1 %
Eagle Ford	45	14 %	40	11 %
Anadarko Basin	15	5 %	15	0 %
Williston Basin	36	11 %	36	2 %
Powder River Basin	14	4 %	14	-3 %
Other	4	1 %	4	-2 %
Total	323	100 %	320	1 %

	Q2 2023	% of Total	Q1 2023	Change
Gas (MMcf/d)				
Delaware Basin	636	60 %	640	-1 %
Eagle Ford	86	8 %	82	5 %
Anadarko Basin	254	24 %	237	7 %
Williston Basin	59	6 %	54	10 %
Powder River Basin	18	2 %	16	13 %
Other	1	0 %	1	32 %
Total	1,054	100 %	1,030	2 %

	Q2 2023	% of Total	Q1 2023	Change
NGLs (MBbls/d)				
Delaware Basin	105	64 %	97	8 %
Eagle Ford	16	10 %	15	6 %
Anadarko Basin	31	19 %	26	19 %
Williston Basin	9	6 %	8	11 %
Powder River Basin	2	1 %	2	4 %
Other	1	0 %	1	N/M
Total	164	100 %	149	10 %

	Q2 2023	% of Total	Q1 2023	Change
Combined (MBoe/d)				
Delaware Basin	420	64 %	415	1 %
Eagle Ford	74	11 %	68	9 %
Anadarko Basin	89	13 %	81	10 %
Williston Basin	56	8 %	53	5 %
Powder River Basin	19	3 %	19	0 %
Other	4	1 %	5	-11 %
Total	662	100 %	641	3 %

From the first quarter of 2023 to the second quarter of 2023, the change in volumes contributed to an $82 million increase to earnings. The increase in volumes was primarily due to modest growth in the Anadarko Basin, Eagle Ford, Delaware Basin and Williston Basin resulting from new well activity.

Realized Prices

	Q2 2023	Realization	Q1 2023	Change
Oil (per Bbl)				
WTI index	$ 73.76		$ 76.17	-3 %
Realized price, unhedged	$ 71.74	97%	$ 74.32	-3 %
Cash settlements	$ —		$ (0.10)	
Realized price, with hedges	$ 71.74	97%	$ 74.22	-3 %

	Q2 2023	Realization	Q1 2023	Change
Gas (per Mcf)				
Henry Hub index	$ 2.09		$ 3.44	-39 %
Realized price, unhedged	$ 1.27	61%	$ 2.29	-45 %
Cash settlements	$ 0.39		$ 0.18	
Realized price, with hedges	$ 1.66	79%	$ 2.47	-33 %

	Q2 2023	Realization	Q1 2023	Change
NGLs (per Bbl)				
WTI index	$ 73.76		$ 76.17	-3 %
Realized price, unhedged	$ 17.79	24%	$ 24.12	-26 %
Cash settlements	$ —		$ —	
Realized price, with hedges	$ 17.79	24%	$ 24.12	-26 %

	Q2 2023	Q1 2023	Change
Combined (per Boe)			
Realized price, unhedged	$ 41.39	$ 46.44	-11 %
Cash settlements	$ 0.61	$ 0.22	
Realized price, with hedges	$ 42.00	$ 46.66	-10 %

From the first quarter of 2023 to the second quarter of 2023, realized prices contributed to a $268 million decrease in earnings. Unhedged realized oil, gas and NGL prices decreased primarily due to lower WTI, Henry Hub and Mont Belvieu index prices. The decrease in Henry Hub index prices was partially offset by improved hedge cash settlements related to gas commodities.

We currently have approximately 30% of both our remaining anticipated 2023 oil and gas production hedged.

Hedge Settlements

	Q2 2023	Q1 2023	Change
Oil	$ —	$ (3)	100 %
Natural gas	37	16	131 %
Total cash settlements (1)	$ 37	$ 13	185 %

(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

	Q2 2023	Q1 2023	Change
LOE	$ 353	$ 327	8 %
Gathering, processing & transportation	177	166	7 %
Production taxes	165	175	-6 %
Property taxes	24	25	-4 %
Total	$ 719	$ 693	4 %
Per Boe:			
LOE	$ 5.86	$ 5.67	3 %
Gathering, processing & transportation	$ 2.94	$ 2.88	2 %
Percent of oil, gas and NGL sales:			
Production taxes	6.6 %	6.5 %	1 %

Production expenses increased in the second quarter of 2023 primarily due to higher LOE and gathering, processing and transportation costs resulting from increased activity. These increases were partially offset by a decrease in production taxes which resulted from lower 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.

	Q2 2023	$ per BOE	Q1 2023	$ per BOE
Field-level cash margin (Non-GAAP)				
Delaware Basin	$ 1,196	$ 31.28	$ 1,334	$ 35.71
Eagle Ford	263	$ 38.87	257	$ 41.75
Anadarko Basin	111	$ 13.72	154	$ 21.09
Williston Basin	128	$ 25.54	156	$ 32.65
Powder River Basin	63	$ 36.54	70	$ 41.43
Other	13	N/M	15	N/M
Total	$ 1,774	$ 29.45	$ 1,986	$ 34.42

DD&A

	Q2 2023	Q1 2023	Change
Oil and gas per Boe	$ 10.22	$ 10.25	0 %
Oil and gas	$ 616	$ 591	4 %
Other property and equipment	22	24	-7 %
Total	$ 638	$ 615	4 %

DD&A increased in the second quarter of 2023 primarily due to higher volumes.

G&A

	Q2 2023	Q1 2023	Change
G&A per Boe	$ 1.52	$ 1.85	-18 %
Labor and benefits	$ 50	$ 56	-11 %
Non-labor	42	50	-16 %
Total	$ 92	$ 106	-13 %

G&A decreased in the second quarter of 2023 due to seasonal decreases in costs.

Other Items

	Q2 2023	Q1 2023	Change in earnings
Commodity hedge valuation changes (1)	$ (113)	$ 51	$ (164)
Marketing and midstream operations	(14)	(25)	11
Exploration expenses	10	3	(7)
Asset dispositions	(41)	—	41
Net financing costs	78	72	(6)
Other, net	10	5	(5)
			$ (130)

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

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

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

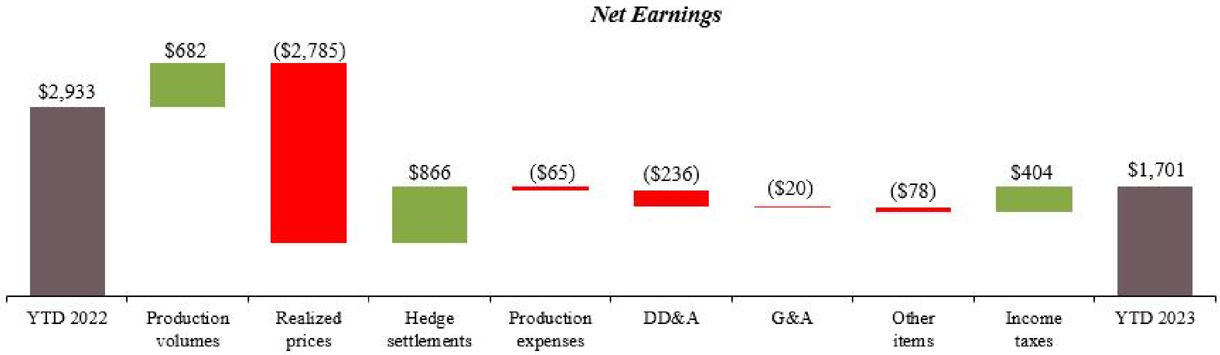
Income Taxes

	Q2 2023	Q1 2023
Current expense	$ 80	$ 141
Deferred expense	119	80
Total expense	$ 199	$ 221
Current tax rate	9 %	12 %
Deferred tax rate	13 %	6 %
Effective income tax rate	22 %	18 %

We continue to analyze the new CAMT and its effects on our tax planning. Our current rate is trending below the 15% stated rate in the CAMT due to projected utilization of tax credits and favorable AFSI adjustments, including depreciation and other items. For further discussion on income taxes, see Note 7 in "Part I. Financial Information – Item 1. Financial Statements" in this report.

June 30, 2023 YTD vs. June 30, 2022 YTD

Our six months ended June 30, 2023 net earnings were $1.7 billion, compared to net earnings of $2.9 billion for the first six months ended June 30, 2022. The graph below shows the change in net earnings from the six months ended June 30, 2022 to the six months ended June 30, 2023. The material changes are further discussed by category on the following pages.



Production Volumes

	Six Months Ended June 30,			
	2023	% of Total	2022	Change
Oil (MBbls/d)				
Delaware Basin	210	66 %	216	-3 %
Eagle Ford	43	13 %	18	140 %
Anadarko Basin	15	5 %	14	9 %
Williston Basin	36	11 %	29	23 %
Powder River Basin	14	4 %	13	7 %
Other	4	1 %	4	-9 %
Total	322	100 %	294	9 %

	Six Months Ended June 30,			
	2023	% of Total	2022	Change
Gas (MMcf/d)				
Delaware Basin	638	61 %	589	8 %
Eagle Ford	84	8 %	61	37 %
Anadarko Basin	245	24 %	211	16 %
Williston Basin	57	5 %	53	7 %
Powder River Basin	17	2 %	19	-7 %
Other	1	0 %	1	32 %
Total	1,042	100 %	934	12 %

	Six Months Ended June 30,			
	2023	% of Total	2022	Change
NGLs (MBbls/d)				
Delaware Basin	101	65 %	101	0 %
Eagle Ford	15	10 %	9	66 %
Anadarko Basin	29	18 %	25	14 %
Williston Basin	9	6 %	9	2 %
Powder River Basin	2	1 %	2	-3 %
Other	—	0 %	—	N/M
Total	156	100 %	146	7 %

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	Six Months Ended June 30, 2023	% of Total	2022	Change
Combined (MBoe/d)				
Delaware Basin	418	64 %	415	1 %
Eagle Ford	71	11 %	37	93 %
Anadarko Basin	85	13 %	74	14 %
Williston Basin	54	8 %	47	16 %
Powder River Basin	19	3 %	18	3 %
Other	5	1 %	4	5 %
Total	652	100 %	595	9 %

From the six months ended 2022 to the six months ended 2023, the change in volumes contributed to a $682 million increase in earnings. Volumes increased primarily due to acquisitions in the Eagle Ford and Williston Basin which both closed in the third quarter of 2022. Volumes also increased due to new well activity in the Anadarko Basin.

Realized Prices

	Six Months Ended June 30, 2023	Realization	2022	Change
Oil (per Bbl)				
WTI index	$ 74.96		$ 101.57	-26 %
Realized price, unhedged	$ 73.02	97%	$ 101.14	-28 %
Cash settlements	$ (0.06)		$ (12.25)	
Realized price, with hedges	$ 72.96	97%	$ 88.89	-18 %

	Six Months Ended June 30, 2023	Realization	2022	Change
Gas (per Mcf)				
Henry Hub index	$ 2.77		$ 6.06	-54 %
Realized price, unhedged	$ 1.77	64%	$ 5.11	-65 %
Cash settlements	$ 0.29		$ (0.97)	
Realized price, with hedges	$ 2.06	74%	$ 4.14	-50 %

	Six Months Ended June 30, 2023	Realization	2022	Change
NGLs (per Bbl)				
WTI index	$ 74.96		$ 101.57	-26 %
Realized price, unhedged	$ 20.79	28%	$ 39.11	-47 %
Cash settlements	$ —		$ —	
Realized price, with hedges	$ 20.79	28%	$ 39.11	-47 %

	Six Months Ended June 30, 2023	2022	Change
Combined (per Boe)			
Realized price, unhedged	$ 43.86	$ 67.50	-35 %
Cash settlements	$ 0.42	$ (7.57)	
Realized price, with hedges	$ 44.28	$ 59.93	-26 %

From the six months ended 2022 to the six months ended 2023, realized prices contributed to a $2.8 billion decrease in earnings. Unhedged realized oil, gas and NGL prices decreased primarily due to lower WTI, Henry Hub and Mont Belvieu index prices. The decrease in index prices was partially offset by improved hedge cash settlements related to oil and gas commodities.

Hedge Settlements

	Six Months Ended June 30,		
	2023	2022	Change
Oil	$ (3)	$ (651)	100 %
Natural gas	53	(165)	132 %
Total cash settlements [1]	$ 50	$ (816)	106 %

(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

	Six Months Ended June 30,		
	2023	2022	Change
LOE	$ 680	$ 479	42 %
Gathering, processing & transportation	343	338	1 %
Production taxes	340	492	-31 %
Property taxes	49	38	29 %
Total	$ 1,412	$ 1,347	5 %
Per Boe:			
LOE	$ 5.77	$ 4.45	30 %
Gathering, processing & transportation	$ 2.91	$ 3.13	-7 %
Percent of oil, gas and NGL sales:			
Production taxes	6.6 %	6.8 %	-3 %

LOE expenses and LOE per Boe increased for the six months ended 2023 primarily due to acquisitions in the Eagle Ford and Williston Basin as well as cost inflation. Production taxes decreased due to lower 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.

	Six Months Ended June 30,			
	2023	$ per BOE	2022	$ per BOE
Field-level cash margin (Non-GAAP)				
Delaware Basin	$ 2,530	$ 33.47	$ 4,388	$ 58.45
Eagle Ford	520	$ 40.24	364	$ 54.49
Anadarko Basin	265	$ 17.22	481	$ 35.73
Williston Basin	284	$ 29.00	431	$ 51.01
Powder River Basin	133	$ 38.97	205	$ 61.67
Other	28	N/M	59	N/M
Total	$ 3,760	$ 31.88	$ 5,928	$ 55.00

DD&A

	Six Months Ended June 30,		
	2023	2022	Change
Oil and gas per Boe	$ 10.24	$ 8.99	14 %
Oil and gas	$ 1,207	$ 969	25 %
Other property and equipment	46	48	-5 %
Total	$ 1,253	$ 1,017	23 %

DD&A and our oil and gas per Boe rate both increased for the six months ended 2023 primarily due to acquisitions in the Eagle Ford and Williston Basin which both closed in the third quarter of 2022.

G&A

	Six Months Ended June 30,		
	2023	2022	Change
G&A per Boe	$ 1.68	$ 1.66	2 %
Labor and benefits	$ 106	$ 102	4 %
Non-labor	92	76	21 %
Total	$ 198	$ 178	11 %

G&A increased for the six months ended 2023 primarily due to an increase in non-labor costs.

Other Items

	Six Months Ended June 30,		
	2023	2022	Change in earnings
Commodity hedge valuation changes [1]	$ (62)	$ (37)	$ (25)
Marketing and midstream operations	(39)	(8)	(31)
Exploration expenses	13	12	(1)
Asset dispositions	(41)	(15)	26
Net financing costs	150	169	19
Other, net	15	(51)	(66)
			$ (78)

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

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

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

Net financing costs decreased for the six months ended 2023 due to an increase in interest income resulting from higher interest rates. For additional information, see Note 13 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

	Six Months Ended June 30,	
	2023	2022
Current expense	$ 221	$ 355
Deferred expense	199	469
Total expense	$ 420	$ 824
Current tax rate	11 %	9 %
Deferred tax rate	9 %	13 %
Effective income tax rate	20 %	22 %

We continue to analyze the new CAMT and its effects on our tax planning. Our current rate is trending below the 15% stated rate in the CAMT due to projected utilization of tax credits and favorable AFSI adjustments, including depreciation and other items. For further 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 and six months ended June 30, 2023 and 2022.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating cash flow	$ 1,405	$ 2,678	$ 3,082	$ 4,515
Capital expenditures	(1,079)	(573)	(2,091)	(1,110)
Acquisitions of property and equipment	(18)	(100)	(31)	(101)
Divestitures of property and equipment	1	9	22	35
Investment activity, net	(6)	(6)	(35)	(20)
Repurchases of common stock	(228)	(324)	(745)	(535)
Common stock dividends	(462)	(830)	(1,058)	(1,497)
Noncontrolling interest activity, net	(5)	(5)	(16)	(13)
Other	(7)	(17)	(94)	(88)
Net change in cash, cash equivalents and restricted cash	$ (399)	$ 832	$ (966)	$ 1,186
Cash, cash equivalents and restricted cash at end of period	$ 488	$ 3,457	$ 488	$ 3,457

Operating Cash Flow

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

Capital Expenditures

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Delaware Basin	$ 644	$ 412	$ 1,228	$ 807
Eagle Ford	198	33	390	59
Anadarko Basin	79	32	141	42
Williston Basin	83	16	182	39
Powder River Basin	41	28	79	61
Other	1	3	2	6
Total oil and gas	1,046	524	2,022	1,014
Midstream	18	28	34	57
Other	15	21	35	39
Total capital expenditures	$ 1,079	$ 573	$ 2,091	$ 1,110

Capital expenditures consist primarily of amounts related to our oil and gas exploration and development operations, midstream operations and other corporate activities. Our capital investment program is driven by a disciplined allocation process focused on moderating our production growth and maximizing our returns. As such, our capital expenditures for the first six months of 2023 represented approximately 68% of our operating cash flow. Capital expenditures increased due to capital spend on assets acquired in 2022 and general inflation trends.

Divestitures of Property and Equipment

During the first six months of 2023 and 2022, we received contingent earnout payments related to assets previously sold. For additional information, please see Note 2 in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Investment Activity

During the first six months of both 2023 and 2022, Devon received distributions from our investments of $17 million and $23 million, respectively. Devon contributed $52 million and $43 million to our investments during the first six months of 2023 and 2022, respectively.

Shareholder Distributions and Stock Activity

We repurchased approximately 13.9 million shares of common stock for $745 million and 9.0 million shares of common stock for $548 million under the share repurchase program authorized by our Board of Directors in the first half of 2023 and 2022, respectively. 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 second quarter and total for the first six months of 2023 and 2022. Devon has raised its fixed dividend multiple times over the past two calendar years to $0.20 per share beginning in the first quarter of 2023. In addition to the fixed quarterly dividend, we paid a variable dividend in the first and second quarters of 2023 and 2022.

	Fixed	Variable	Total	Rate Per Share
2023:				
First quarter	$ 133	$ 463	$ 596	$ 0.89
Second quarter	128	334	462	$ 0.72
Total year-to-date	$ 261	$ 797	$ 1,058	
2022:				
First quarter	$ 109	$ 558	$ 667	$ 1.00
Second quarter	105	725	830	$ 1.27
Total year-to-date	$ 214	$ 1,283	$ 1,497	

Noncontrolling Interest Activity, net

During the first six months of 2023 and 2022, we distributed $24 million and $13 million, respectively, to our noncontrolling interests in CDM. During the first six months of 2023, we received contributions from our noncontrolling interests of $8 million.

Liquidity

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

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 second quarter of 2023, we held approximately $0.5 billion of cash. Our operating cash flow forecasts are sensitive to many variables and include a measure of uncertainty as actual results may differ from our expectations.

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

To mitigate some of the risk inherent in prices, we utilize various derivative financial instruments to protect a portion of our production against downside price risk. The key terms to our oil, gas and NGL derivative financial instruments as of June 30, 2023 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 2023. The currently elevated level of cost inflation has eroded, and could continue to erode, the cost efficiencies gained over previous years and further pressure our margins for the remainder of 2023. Despite this, we expect to continue generating material amounts of free cash flow at current commodity price levels due to our strategy of spending within cash flow.

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

Credit Losses – Our operating cash flow is also exposed to credit risk in a variety of ways. This includes the credit risk related to customers who purchase our oil, gas and NGL production, the collection of receivables from our joint interest owners for their proportionate share of expenditures made on projects we operate and counterparties to our derivative financial contracts. We utilize a variety of mechanisms to limit our exposure to the credit risks of our customers, joint interest owners and counterparties. Such mechanisms include, under certain conditions, requiring letters of credit, prepayments or cash collateral postings.

Credit Availability

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

Debt Ratings

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

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

Repayment of Debt

On August 1, 2023, we repaid the $242 million of the 8.25% senior notes at maturity.

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. Our Board of Directors increased our quarterly fixed dividend rate by 11% to $0.20 per share beginning in February 2023. In addition to the fixed quarterly dividend, we may pay a variable dividend of 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 August 2023, Devon announced a cash dividend in the amount of $0.49 per share payable in the third quarter of 2023. The dividend consists of a $0.20 per share fixed quarterly dividend and a $0.29 per share variable quarterly dividend and will total approximately $314 million.

Share Repurchases

In May 2023, our Board of Directors increased our share repurchase program by $1.0 billion to a total authorized amount of $3.0 billion and extended the expiration date to December 31, 2024. Through July 2023, we had executed $2.1 billion of the authorized program.

Capital Expenditures

Our capital expenditures budget for the remainder of 2023 is expected to range from approximately $1.6 billion to $1.8 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 the first six months of 2023 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 year.

On August 16, 2022, the IRA was signed into law and included various income tax related provisions with an effective date beginning in 2023. Among the enacted provisions are a 15% CAMT and several new and expanded clean energy credits and incentives. Devon believes it is subject to the CAMT as Devon has an average annual AFSI that exceeds $1 billion for the three-year period ended December 31, 2022. Devon continues to assess the potential impact of the CAMT, and material incremental cash tax could be incurred depending on actual operating results as well as future U.S. Treasury guidance.

For additional information regarding our critical accounting policies and estimates, see our 2022 Annual Report on Form 10-K.

Non-GAAP Measures

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

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 June 30,				Six Months Ended June 30,			
	Before Tax	After Tax	After NCI	Per Diluted Share	Before Tax	After Tax	After NCI	Per Diluted Share
2023								
Earnings attributable to Devon (GAAP)	$ 897	$ 698	$ 690	$ 1.07	$ 2,121	$ 1,701	$ 1,685	$ 2.60
Adjustments:								
Asset dispositions	(41)	(31)	(31)	(0.05)	(41)	(31)	(31)	(0.05)
Asset and exploration impairments	3	2	2	0.01	3	2	2	0.01
Deferred tax asset valuation allowance	—	10	10	0.02	—	7	7	0.01
Fair value changes in financial instruments	112	84	84	0.13	59	44	44	0.07
Core earnings attributable to Devon (Non-GAAP)	$ 971	$ 763	$ 755	$ 1.18	$ 2,142	$ 1,723	$ 1,707	$ 2.64
2022								
Earnings attributable to Devon (GAAP)	$ 2,495	$ 1,938	$ 1,932	$ 2.93	$ 3,757	$ 2,933	$ 2,921	$ 4.40
Adjustments:								
Asset dispositions	(14)	(11)	(11)	(0.02)	(15)	(11)	(11)	(0.02)
Asset and exploration impairments	8	6	6	0.01	8	6	6	0.01
Deferred tax asset valuation allowance	—	10	10	0.02	—	16	16	0.02
Fair value changes in financial instruments	(299)	(230)	(230)	(0.35)	39	30	30	0.05
Core earnings attributable to Devon (Non-GAAP)	$ 2,190	$ 1,713	$ 1,707	$ 2.59	$ 3,789	$ 2,974	$ 2,962	$ 4.46

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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net earnings (GAAP)	$ 698	$ 1,938	$ 1,701	$ 2,933
Financing costs, net	78	84	150	169
Income tax expense	199	557	420	824
Exploration expenses	10	10	13	12
Depreciation, depletion and amortization	638	528	1,253	1,017
Asset dispositions	(41)	(14)	(41)	(15)
Share-based compensation	25	22	48	42
Derivative and financial instrument non-cash valuation changes	113	(302)	62	37
Accretion on discounted liabilities and other	10	10	15	(51)
EBITDAX (Non-GAAP)	1,730	2,833	3,621	4,968
Marketing and midstream revenues and expenses, net	14	4	39	8
Commodity derivative cash settlements	(37)	472	(50)	816
General and administrative expenses, cash-based	67	62	150	136
Field-level cash margin (Non-GAAP)	$ 1,774	$ 3,371	$ 3,760	$ 5,928

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

Commodity Price Risk

As of June 30, 2023, we have commodity derivatives that pertain to a portion of our estimated production for the last six months of 2023, as well as for 2024 and 2025. 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 June 30, 2023, a 10% change in the forward curves associated with our commodity derivative instruments would have changed our net positions by approximately $125 million.

Interest Rate Risk

As of June 30, 2023, we had total debt of $6.4 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 June 30, 2023.

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 June 30, 2023 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 below and in Part I, Item 3. Legal Proceedings of our 2022 Annual Report on Form 10-K, as updated by our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023, there were no material pending legal proceedings to which we are a party or to which any of our property is subject. For more information on our legal contingencies, see Note 17 in "Part I. Financial Information – Item 1. Financial Statements" of this report.

On June 1, 2023, we received a notice of violation from the EPA relating to alleged air permit violations by Devon Energy Production Company, L.P., a wholly-owned subsidiary of the Company, during 2020 and 2022 in New Mexico. The Company has been engaging with the EPA to resolve this matter. Although this matter is ongoing and management cannot predict its ultimate outcome, the resolution of this matter may result in a fine or penalty in excess of $300,000.

Please see our 2022 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 2022 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 second quarter of 2023 (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 (2)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1 - April 30	2,905	$ 53.73	2,762	$ —
May 1 - May 31	2	$ 50.33	—	$ 1,000
June 1 - June 30	1,040	$ 49.88	1,033	$ 948
Total	3,947	$ 52.72	3,795	

(1) In addition to shares purchased under the share repurchase program described below, these amounts also include approximately 153 thousand shares received by us from employees for the payment of personal income tax withholdings on vesting transactions.

(2) On November 2, 2021, we announced a $1.0 billion share repurchase program with an expiration date of December 31, 2022. In 2022, we announced expansions of this program ultimately to $2.0 billion and extended the expiration date to May 4, 2023. In May 2023, we announced a further expansion to $3.0 billion and extended the expiration date to December 31, 2024. In the second quarter of 2023, we repurchased 3.8 million common shares for $200 million, or $52.70 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*

During the three months ended June 30, 2023, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. ***Exhibits***

Exhibit Number	Description
3.1	Registrant's Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Registrant's Form 8-K filed June 12, 2023; File No. 001-32318).
3.2	Registrant's Bylaws (incorporated by reference to Exhibit 3.2 of Registrant's Form 8-K filed June 12, 2023; File No. 001-32318).
10.1*	2023 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2022 Long-Term Incentive Plan between the Company and certain non-management directors for restricted stock awarded.
10.2*	2023 Form of Notice of Grant of Restricted Stock Unit Award and Award Agreement under the 2022 Long-Term Incentive Plan between the Company and certain non-management directors for deferred restricted stock units awarded.
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: August 2, 2023

/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 under the 2022 Devon Energy Corporation Long-Term Incentive Plan. These shares are restricted until the vesting date shown below.*

Anniversary of Grant Date	% of Shares to Vest
1st Anniversary	100%

*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 2022 Long-Term Incentive Plan and the Award Agreement, both of which are attached and made a part of this document.

DEVON ENERGY CORPORATION
2022 LONG-TERM INCENTIVE PLAN
NON-MANAGEMENT DIRECTOR
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 2022 Long-Term Incentive Plan" (the "Plan");

WHEREAS, the Participant is a nonemployee director of the Company and it is important to the Company that the Participant be encouraged to remain a director of the Company; and

WHEREAS, in recognition of such facts, 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;

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. 100% of the shares of the Restricted Stock is scheduled to vest on the first anniversary date of the Date of Grant (the "Vesting Date"). 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 Vesting Date, the shares scheduled to vest as of the Vesting Date. The portion of the Restricted Stock that has vested pursuant to the terms of this Award Agreement shall be deemed "Vested Stock."

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 (i) or (ii) below.

(i) The Award 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 discretion, elect to accelerate vesting of all or any portion of the Award if the Date of Termination occurs by reason of the Participant's disability or occurs under other special circumstances (as determined by the Committee and permitted pursuant to the Plan).

(ii) The Award 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 Mandatory Retirement.

(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 ("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). Accordingly, Accrued Dividends shall be forfeited to the extent that the related Restricted Stock does not vest and is forfeited or cancelled. No interest shall be credited on Accrued Dividends.

(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 as 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 any individual certificate or book-entry registration representing the Award; provided, however, that in the case of book entry registration, a notation or other precautionary device may be used to denote such restrictions:

"THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION ARE SUBJECT TO AND ARE TRANSFERRABLE ONLY IN ACCORDANCE WITH THAT CERTAIN RESTRICTED STOCK AWARD AGREEMENT DATED **GRANT DATE** UNDER THE DEVON ENERGY CORPORATION 2022 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. Non-transferability of Award. The Participant shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber, or charge the Award or any Restricted Stock or any interest therein in any manner whatsoever.

7. 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.

8. Binding Effect; No Third-party Beneficiaries; Governing Law and Venue; Compliance with Law. This Award Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and permitted assigns except as may be limited by the Plan, and (ii) governed by and construed under the laws of the State of Delaware. This Award Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. The issuance of shares of Common Stock, if any, to the Participant pursuant to this Award Agreement is subject to any applicable taxes and other laws or regulations of the United States or of any state, municipality or other country having jurisdiction thereof. Any action arising out of, or relating to, any of the provisions of this Award Agreement shall be brought only in the United States District Court for the Southern District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Delaware, and the jurisdiction of such court in any such proceeding shall be exclusive.

9. 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.

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. 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. Amendment. Except as permitted by the Plan, this Award Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

14. Entire Agreement. Except as otherwise provided herein, the Plan and this Award Agreement constitute the entire agreement between the Participant and the Company and supersede any prior understandings, agreements, or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter of this Award Agreement.

15. Section 83(b) Election. The Participant hereby acknowledges that the Participant has been informed that, with respect to the shares of Restricted Stock, the Participant may file an election

with the Internal Revenue Service, within 30 days following the Date of Grant, electing pursuant to Section 83(b) of the Code ("Section 83(b)") to be taxed currently on Fair Market Value (as defined in the Plan) of the shares of Restricted Stock on the Date of Grant, in which case any future appreciation in the shares of Common Stock covered by the Award will be taxed as capital gains. Absent such an election, ordinary income will be measured and recognized by the Participant at the time or times which the Restricted Stock vests. The Participant is strongly encouraged to seek the advice of the Participant's tax consultants in connection with the advisability of the filing of the election under Section 83(b). A form of election under Section 83(b) may be obtained from the administrator of the Plan. The Participant acknowledges that it is not the Company's, but rather the Participant's sole responsibility to file the election under Section 83(b).

16. Application of Section 409A of the Code. The Award covered by this Award Agreement is intended to be exempt from, or otherwise comply with the provisions of, Section 409A of the Code, and the regulations and other guidance promulgated thereunder ("409A"). Notwithstanding the foregoing or any other provision of this Award Agreement or the Plan to the contrary, if the Award is subject to the provisions of 409A (and not exempt therefrom), the provisions of this Award Agreement and the Plan shall be administered, interpreted and construed in a manner necessary to comply with 409A (or disregarded to the extent such provision cannot be so administered, interpreted or construed). If any payments or benefits hereunder constitute non-conforming "deferred compensation" subject to taxation under 409A, the Participant agrees that the Company may, without the Participant's consent, modify the Award Agreement to the extent and in the manner the Company deems necessary or advisable or take such other action or actions, including an amendment or action with retroactive effect, that the Company deems appropriate in order either to preclude any such payment or benefit from being deemed "deferred compensation" without the meaning of 409A or to provide such payment or benefits in a manner that complies with the provisions of 409A such that they will not be subject to the imposition of taxes and/or interest thereunder. If, at the time of the Participant's separation from service (within the meaning of 409A), (A) the Participant is a specified employee (within the meaning of 409A and using the identification methodology selected by the Company from time to time) and (B) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of 409A) the settlement of which is required to be delayed pursuant to the six-month delay rule set forth in 409A in order to avoid taxes or penalties under 409A, then the Company shall not settle such amount on the otherwise scheduled settlement date, but shall instead settle it, without interest, within 30 days after such six-month period. Each payment under the Award shall be treated as a right to a separate payment. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. Notwithstanding the foregoing, the Company makes no representations and/or warranties with respect to compliance with 409A, and the Participant recognizes and acknowledges that 409A could potentially impose upon the Participant certain taxes and/or interest charges for which the Participant is and shall remain solely responsible,

17. Definitions. Words, terms, or phrases used in this Award Agreement shall have the meaning set forth in this Section 17. 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) "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 a member of the Board.

(g) “Mandatory Retirement” means the Participant’s retirement from the Board pursuant to the mandatory retirement policy reflected in the Company’s Corporate Governance Guidelines or similar corporate governance document.

(h) “Participant” has the meaning set forth in the preamble.

(i) “Plan” has the meaning set forth in the recitals.

(j) “Restricted Stock” has the meaning set forth in Section 2.

(k) “Vested Stock” has the meaning set forth in Section 3(b).

(l) “Vesting Date” has the meaning set forth in Section 3(b).

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement on the day and year first above written.

“COMPANY”	a Delaware corporation CORPORATION,	DEVON ENERGY
“PARTICIPANT”	**Participant Name**	

NOTICE OF GRANT OF RESTRICTED STOCK UNIT AWARD AND AWARD AGREEMENT

#ParticipantName#	Grant Date:	**#GrantDate#**
	Grant Type:	**RSU**
	Award No.:	**#ClientGrantID#**

Effective **#GrantDate#**, you have been granted an award of **#QuantityGranted#** Restricted Stock Units ("Award") under the Devon Energy Corporation 2022 Long-Term Incentive Plan. Each Restricted Stock Unit that vests entitles you to one share of Devon Energy Corporation (the "Company") Common Stock. This Award is restricted until the vesting date shown below.

Anniversary of Grant Date	% of Shares to Vest
1st Anniversary	100%

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

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 2022 Long-Term Incentive Plan and the Award Agreement, both of which are attached and made a part of this document.

DEVON ENERGY CORPORATION
2022 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK 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”).

W I T N E S S E T H:

WHEREAS, the Company has previously adopted the Devon Energy Corporation 2022 Long-Term Incentive Plan (the “Plan”);

WHEREAS, the Participant is a nonemployee director of the Company and it is important to the Company that the Participant be encouraged to remain a director of the Company; and

WHEREAS, in recognition of such facts, the Company desires to award to the Participant **#QuantityGranted#** Restricted Stock Units subject to the terms and conditions of this Award Agreement and the Plan.

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 **#QuantityGranted#** Restricted Stock Units, on the terms and conditions set forth herein and in the Plan. Each Restricted Stock Unit that vests entitles the Participant to one share of Common Stock.

3. Terms of Award.

(a) Restricted Stock Unit Account. The Company shall establish a bookkeeping account on its records for the Participant and shall credit the Participant’s Restricted Stock Units to the bookkeeping account.

(b) Vesting. 100% of the Restricted Stock Units are scheduled to vest on the first anniversary date of the Date of Grant. The Participant shall forfeit the unvested Restricted Stock Units (including the underlying Dividend Equivalents) upon the occurrence of the Participant’s Date of Termination, unless the Restricted Stock Units become vested under the circumstances described in paragraphs (i) or (ii) below.

(i) The Restricted Stock Units 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 discretion, elect to accelerate vesting of all of any portion of the Restricted Stock Units if the Date of Termination occurs by reason of the Participant’s disability or occurs under other special circumstances (as determined by the Committee and permitted pursuant to the Plan).

(ii) The Restricted Stock Units 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 Mandatory Retirement.

(c) Voting Rights and Dividend Equivalents. The Participant shall not have any voting rights with respect to the Restricted Stock Units. The Participant shall be credited with dividend equivalents ("Dividend Equivalents") with respect to each outstanding Restricted Stock 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 Date of Grant (other than distributions pursuant to a share split, for which an adjustment shall be made as described in Section 10.1 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 Restricted Stock Units, and Dividend Equivalents will be [alt 1: paid in cash to the Participant reasonably promptly following such vesting or, with respect to dividends declared and/or paid thereafter, by December 31st of the calendar year in which the record date for such dividend occurs, unless payment as of such date is not practicable (but in no event later than March 15 of the calendar year following the year in which such vesting or record date occurs, as applicable)] / [alt 2: notionally invested in Company stock and paid in shares of Company stock at the same time as the payment of the Restricted Stock Units to which they relate]. Accordingly, Dividend Equivalents shall be forfeited to the extent that the Restricted Stock Units do not vest and are forfeited or cancelled. No interest shall be credited on Dividend Equivalents.

(d) Conversion of Restricted Stock Units; Delivery of Restricted Stock Units.

(i) In the event of the Participant's death or other circumstances covered by Section 3(b)(i), payment in respect of vested Restricted Stock Units shall be made as soon as reasonably practicable thereafter (but in no event later than March 15 of the calendar year following the year in which such vesting occurs).

(ii) Subject to Section 3(d)(i), payment in respect of vested Restricted Stock Units shall be made promptly following [alt 1: the Participant's Termination Date] / [alt 2: [INSERT PAYMENT DATE ELECTED]] / [alt 3: the first to occur of the Participant's Termination Date or [INSERT PAYMENT DATE ELECTED]].

(iii) All payments in respect of earned and vested Restricted Stock 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. 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 Unit or any interest therein in any manner whatsoever.

5. 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.

6. Binding Effect; No-Third-party Beneficiaries; Governing Law and Venue; Compliance with Law. This Award Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns except as may be limited by the Plan, and (ii) governed

by and construed under the laws of the State of Delaware. This Award Agreement shall not confer any rights or remedies upon any person other than the Company and the Participant and each of their respective heirs, representatives, successors and permitted assigns. The issuance of shares of Common Stock, if any, to the Participant pursuant to this Award Agreement is subject to any applicable taxes and other laws or regulations of the United States or of any state, municipality or other country having jurisdiction thereof. Any action arising out of, or relating to, any of the provisions of this Award Agreement shall be brought only in the United States District Court for the Southern District of Delaware, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Delaware, and the jurisdiction of such court in any such proceeding shall be exclusive.

7. Company Policies. The Participant agrees that the Award, and the right to receive and/or retain any vested Restricted Stock 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.

8. 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.

9. 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.

10. 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.

11. Amendment. Except as permitted by the Plan, this Award Agreement may not be amended, modified, terminated or otherwise altered except by the written consent of the Company and the Participant.

12. Entire Agreement. Except as otherwise provided herein, the Plan and this Award Agreement constitute the entire agreement between the Participant and the Company and supersede any prior understandings, agreements, or representations by or between the parties, written or oral, to the extent they relate in any way to the subject matter of this Award Agreement.

13. Application of Section 409A of the Code. The Award covered by this Award Agreement is intended to be exempt from, or otherwise comply with the provisions of, Section 409A of the Code, and the regulations and other guidance promulgated thereunder ("409A"). Notwithstanding the foregoing or any other provision of this Award Agreement or the Plan to the contrary, if the Award is subject to the provisions of 409A (and not exempt therefrom), the provisions of this Award Agreement and the Plan shall

be administered, interpreted and construed in a manner necessary to comply with 409A (or disregarded to the extent such provision cannot be so administered, interpreted or construed). If any payments or benefits hereunder constitute non-conforming “deferred compensation” subject to taxation under 409A, the Participant agrees that the Company may, without the Participant’s consent, modify the Award Agreement to the extent and in the manner the Company deems necessary or advisable or take such other action or actions, including an amendment or action with retroactive effect, that the Company deems appropriate in order either to preclude any such payment or benefit from being deemed “deferred compensation” within the meaning of 409A or to provide such payment or benefits in a manner that complies with the provisions of 409A such that they will not be subject to the imposition of taxes and/or interest thereunder. If, at the time of the Participant’s separation from service (within the meaning of 409A), (A) the Participant is a specified employee (within the meaning of 409A and using the identification methodology selected by the Company from time to time) and (B) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of 409A) the settlement of which is required to be delayed pursuant to the six-month delay rule set forth in 409A in order to avoid taxes or penalties under 409A, then the Company shall not settle such amount on the otherwise scheduled settlement date, but shall instead settle it, without interest, within 30 days after such six-month period. Each payment under the Award shall be treated as a right to a separate payment. In no event shall the Participant, directly or indirectly, designate the calendar year of payment. Notwithstanding the foregoing, the Company makes no representations and/or warranties with respect to compliance with 409A, and the Participant recognizes and acknowledges that 409A could potentially impose upon the Participant certain taxes and/or interest charges for which the Participant is and shall remain solely responsible.

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) “Date of Grant” has the meaning set forth in the preamble.

(e) “Date of Termination” means the first day occurring on or after the Date of Grant on which the Participant is not a member of the Board.

(f) “Dividend Equivalent” has the meaning set forth in Section 3(c).

(g) “Mandatory Retirement” means the Participant’s retirement from the Board pursuant to the mandatory retirement policy reflected in the Company’s Corporate Governance Guidelines or similar corporate governance document.

(h) “Participant” has the meaning set forth in the preamble.

(i) “Plan” has the meaning set forth in the recitals.

(j) “Restricted Stock Unit” means a restricted stock unit granted under the Plan.

"COMPANY"	DEVON ENERGY CORPORATION, a Delaware corporation
"PARTICIPANT"	**#ParticipantName#**

Exhibit 31.1

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: August 2, 2023

/s/ Richard E. Muncrief
Richard E. Muncrief
President and Chief Executive Officer

Exhibit 31.2

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: August 2, 2023

/s/ Jeffrey L. Ritenour

Jeffrey L. Ritenour
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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 June 30, 2023 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
August 2, 2023

Exhibit 32.2

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 June 30, 2023 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
August 2, 2023