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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

July 18, 2018
Date of Report (Date of earliest event reported)

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

001-32318
(Commission
File Number)

73-1567067
(IRS Employer
Identification No.)

333 W. SHERIDAN AVE., OKLAHOMA CITY, OK
(Address of Principal Executive Offices)

73102-5015
(Zip Code)

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

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

Item 2.01 Completion of Acquisition or Disposition of Assets

As previously disclosed, Devon Energy Corporation (the “Company”) entered into a Purchase Agreement (the “Purchase Agreement”), solely for certain purposes described therein, with Devon Gas Services, L.P., an indirect wholly-owned subsidiary of the Company (“DGS”), Southwestern Gas Pipeline, L.L.C., an indirect wholly-owned subsidiary of the Company (“Southwestern Gas”), EnLink Midstream Manager, LLC, an indirect wholly-owned subsidiary of the Company (“Manager”), acting solely in its individual capacity and not in its capacity as managing member of ENLC (as defined below), and GIP III Stetson I, L.P. (“MLP Acquiror”) and GIP III Stetson II, L.P. (“ENLC Acquiror”), affiliates of Global Infrastructure Partners.

On July 18, 2018, the transactions contemplated by the Purchase Agreement were completed, pursuant to which (a) DGS transferred to ENLC Acquiror 115,495,669 common units representing limited liability company interests in EnLink Midstream, LLC (“ENLC”), (b) DGS transferred to MLP Acquiror (i) 87,128,717 common units representing limited partner interests in EnLink Midstream Partners, LP (the “MLP”) and (ii) all of the outstanding limited liability company interests in Manager and (c) Southwestern Gas transferred to MLP Acquiror 7,531,883 common units representing limited partner interests in the MLP for aggregate consideration of \$3,125,000,000.

The foregoing description of the Purchase Agreement and the transactions contemplated thereby is not complete and is subject to and qualified in its entirety by reference to the Purchase Agreement, a copy of which is included as Exhibit 2.1 to the Company’s Form 8-K, filed with the Securities and Exchange Commission on June 7, 2018, and the terms of which are incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On July 18, 2018, the Company issued a press release in connection with the closing of the transactions described in Item 2.01 above.

The information in Item 7.01 of this Current Report and in Exhibit 99.1 attached hereto is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 7.01 of this Current Report and in Exhibit 99.1 attached hereto shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits

(b) Pro Forma Financial Information

The unaudited pro forma consolidated financial information of the Company giving effect to the transactions described in Item 2.01 above is filed as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein.

(d) Exhibits

Exhibit Number	Description of Exhibits
2.1	<u>Purchase Agreement, dated June 5, 2018, by and among Devon Gas Services, L.P., Southwestern Gas Pipeline, L.L.C., EnLink Midstream Manager, LLC, GIP III Stetson I, L.P., GIP III Stetson II, L.P. and, solely for certain purposes described therein, Devon Energy Corporation (incorporated by reference to Exhibit 2.1 to the Company’s Form 8-K filed June 7, 2018; File No. 001-32318).</u>
99.1	<u>Press release dated July 18, 2018.</u>
99.2	<u>Unaudited Pro Forma Consolidated Financial Information of Devon Energy Corporation.</u>

SIGNATURES

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

Date: July 18, 2018

DEVON ENERGY CORPORATION

/s/ Jeffrey L. Ritenour

Jeffrey L. Ritenour

Executive Vice President and Chief Financial Officer



NEWS RELEASE

Devon Energy Completes Sale of Ownership Interests in EnLink Midstream

OKLAHOMA CITY — July 18, 2018 — Devon Energy Corp. (NYSE: DVN) announced today it has completed the sale of its ownership interests in EnLink Midstream Partners, LP (NYSE: ENLK) and EnLink Midstream, LLC (NYSE: ENLC) for \$3.125 billion to affiliates of Global Infrastructure Partners (GIP), a leading global, independent infrastructure fund manager.

With the closing of this transaction, the financial results of EnLink Midstream will no longer be consolidated with Devon's upstream business and historical results related to EnLink will be presented as discontinued operations in the company's consolidated financial statements. Devon will provide pro forma financial statements for its upstream business in a separate Form 8-K filing in the near future.

As previously announced, in conjunction with the EnLink transaction, Devon's board of directors has authorized an increase in the company's share-repurchase program to \$4 billion. With this increased authorization, the company plans to utilize an accelerated share-repurchase program and will provide additional details on this initiative within its second-quarter earnings materials.

About Devon Energy

Devon Energy is a leading independent energy company engaged in finding and producing oil and natural gas. Based in Oklahoma City and included in the S&P 500, Devon operates in several of the most prolific oil and natural gas plays in the U.S. and Canada with an emphasis on achieving strong returns and capital-efficient cash-flow growth. For more information, please visit www.devonenergy.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the company. These risks include, but are not limited to: changes in commodity prices, market conditions or other circumstances that could negatively impact the company's ability to complete the share-repurchase program; and the other risks identified in the Company's Annual Report on Form 10-K and its other filings with the Securities and Exchange Commission (SEC). Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. The forward-looking statements in this press release are made as of the date hereof, and the company does not undertake any obligation to update the forward-looking statements as a result of new information, future events or otherwise.

Investor Contacts

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DEVON ENERGY CORPORATION
Unaudited Pro Forma Consolidated Financial Information

Introduction

On July 18, 2018, the Company completed the previously announced sale of its ownership interests in EnLink Midstream, LP (“EnLink”), EnLink Midstream, LLC (the “General Partner”) and EnLink Midstream Manager, LLC, the managing member of the General Partner (and together with EnLink and the General Partner, the “EnLink Entities”). The transaction was completed pursuant to the terms of the Agreement and the Company sold its aggregate ownership interest in the EnLink Entities to Global Infrastructure Partners for \$3.125 billion. Due to the disposition transaction, the EnLink Entities’ financial information is being recast as discontinued operations.

The unaudited pro forma consolidated financial information has been prepared in conformity with Article 11 of Regulation S-X. In addition, this unaudited pro forma consolidated financial information is based on currently available information and assumptions that the Company believes are reasonable. This unaudited pro forma consolidated financial information is presented for informational purposes only, and does not purport to represent what the Company’s results of operations or financial position would have been had the disposition of the EnLink Entities occurred on the dates indicated, or to project the results of operations for any future periods.

DEVON ENERGY CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 2018
(In millions, except per share amounts)

ASSETS	<u>As Reported</u>	<u>Pro Forma Adjustments (a)</u>	<u>Pro Forma</u>
Current assets:			
Cash and cash equivalents	\$ 1,424	\$ (17)	\$ 4,507
		(25)	
		3,125	
Accounts receivable	1,695	(745)	950
Other current assets	516	(38)	478
Total current assets	3,635	2,300	5,935
Oil and gas property and equipment, based on successful efforts accounting, net	13,475	—	13,475
Midstream and other property and equipment, net	7,908	(6,659)	1,249
Total property and equipment, net	21,383	(6,659)	14,724
Goodwill	2,383	(1,543)	840
Other long-term assets	1,915	(1,566)	349
Total assets	<u>\$ 29,316</u>	<u>\$ (7,468)</u>	<u>\$ 21,848</u>
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable	\$ 862	\$ (187)	\$ 675
Revenues and royalties payable	1,269	(456)	813
Short-term debt	354	(77)	277
Other current liabilities	997	(137)	860
Total current liabilities	3,482	(857)	2,625
Long-term debt	9,628	(3,839)	5,789
Asset retirement obligations	1,141	(14)	1,127
Other long-term liabilities	567	(29)	538
Deferred income taxes	773	(352)	421
Equity:			
Common stock, \$0.10 par value. Authorized 1.0 billion shares; issued 526 million in 2018	53	—	53
Treasury stock	(12)	—	(12)
Additional paid-in capital	7,269	(1,153)	6,116
Retained earnings	473	3,594	4,067
Accumulated other comprehensive earnings	1,122	2	1,124
Total stockholders' equity attributable to Devon	8,905	2,443	11,348
Noncontrolling interests	4,820	(4,820)	—
Total equity	13,725	(2,377)	11,348
Total liabilities and equity	<u>\$ 29,316</u>	<u>\$ (7,468)</u>	<u>\$ 21,848</u>

DEVON ENERGY CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMPREHENSIVE STATEMENTS OF EARNINGS
Quarter Ended March 31, 2018
(In millions, except per share amounts)

	<u>As Reported</u>	<u>Pro Forma Adjustments (b)</u>	<u>Pro Forma</u>
Upstream revenues	\$ 1,319	\$ —	\$ 1,319
Marketing and midstream revenues	2,491	(1,612)	879
Total revenues	<u>3,810</u>	<u>(1,612)</u>	<u>2,198</u>
Production expenses	543	—	543
Exploration expenses	33	—	33
Marketing and midstream expenses	2,214	(1,341)	873
Depreciation, depletion and amortization	537	(138)	399
Asset dispositions	(12)	—	(12)
General and administrative expenses	226	(27)	199
Financing costs, net	431	(44)	387
Other expenses	19	2	21
Total expenses	<u>3,991</u>	<u>(1,548)</u>	<u>2,443</u>
Loss before income taxes	(181)	(64)	(245)
Income tax benefit	(28)	(6)	(34)
Net loss from continuing operations	(153)	(58)	(211)
Net earnings attributable to noncontrolling interests	44	(44)	—
Net loss attributable to Devon from continuing operations	<u>\$ (197)</u>	<u>\$ (14)</u>	<u>\$ (211)</u>
Net loss per share attributable to Devon from continuing operations:			
Basic	\$ (0.38)	\$ (0.03)	\$ (0.41)
Diluted	\$ (0.38)	\$ (0.03)	\$ (0.41)

DEVON ENERGY CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMPREHENSIVE STATEMENTS OF EARNINGS
Year Ended December 31, 2017
(In millions, except per share amounts)

	<u>As Reported</u>	<u>Pro Forma Adjustments (b)</u>	<u>Pro Forma</u>
Upstream revenues	\$ 5,307	\$ —	\$ 5,307
Marketing and midstream revenues	8,642	(5,071)	3,571
Total revenues	<u>13,949</u>	<u>(5,071)</u>	<u>8,878</u>
Production expenses	1,823	—	1,823
Exploration expenses	380	—	380
Marketing and midstream expenses	7,730	(4,111)	3,619
Depreciation, depletion and amortization	2,074	(545)	1,529
Asset impairments	17	(17)	—
Asset dispositions	(217)	—	(217)
General and administrative expenses	872	(128)	744
Financing costs, net	498	(182)	316
Other expenses	(124)	35	(89)
Total expenses	<u>13,053</u>	<u>(4,948)</u>	<u>8,105</u>
Earnings before income taxes	896	(123)	773
Income tax expense (benefit)	(182)	197	15
Net earnings from continuing operations	1,078	(320)	758
Net earnings attributable to noncontrolling interests	180	(180)	—
Net earnings attributable to Devon from continuing operations	<u>\$ 898</u>	<u>\$ (140)</u>	<u>\$ 758</u>
Net earnings per share attributable to Devon from continuing operations:			
Basic	\$ 1.71	\$ (0.27)	\$ 1.44
Diluted	\$ 1.70	\$ (0.27)	\$ 1.43

DEVON ENERGY CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMPREHENSIVE STATEMENTS OF EARNINGS
Year Ended December 31, 2016
(In millions, except per share amounts)

	As Reported	Pro Forma Adjustments (b)	Pro Forma
Upstream revenues	\$ 3,981	\$ —	\$ 3,981
Marketing and midstream revenues	6,323	(3,551)	2,772
Total revenues	<u>10,304</u>	<u>(3,551)</u>	<u>6,753</u>
Production expenses	1,803	2	1,805
Exploration expenses	215	—	215
Marketing and midstream expenses	5,533	(2,712)	2,821
Depreciation, depletion and amortization	2,096	(504)	1,592
Asset impairments	1,310	(873)	437
Asset dispositions	(1,483)	(13)	(1,496)
General and administrative expenses	865	(118)	747
Financing costs, net	907	(190)	717
Other expenses	375	(26)	349
Total expenses	<u>11,621</u>	<u>(4,434)</u>	<u>7,187</u>
Loss before income taxes	(1,317)	883	(434)
Income tax expense	141	—	141
Net loss from continuing operations	(1,458)	883	(575)
Net loss attributable to noncontrolling interests	(402)	402	—
Net loss attributable to Devon from continuing operations	<u>\$ (1,056)</u>	<u>\$ 481</u>	<u>\$ (575)</u>
Net loss per share attributable to Devon from continuing operations:			
Basic	\$ (2.09)	\$ 0.95	\$ (1.14)
Diluted	\$ (2.09)	\$ 0.95	\$ (1.14)

DEVON ENERGY CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMPREHENSIVE STATEMENTS OF EARNINGS
Year Ended December 31, 2015
(In millions, except per share amounts)

	<u>As Reported</u>	<u>Pro Forma Adjustments (b)</u>	<u>Pro Forma</u>
Upstream revenues	\$ 5,885	\$ —	\$ 5,885
Marketing and midstream revenues	7,260	(3,773)	3,487
Total revenues	<u>13,145</u>	<u>(3,773)</u>	<u>9,372</u>
Production expenses	2,439	—	2,439
Exploration expenses	451	—	451
Marketing and midstream expenses	6,461	(2,986)	3,475
Depreciation, depletion and amortization	4,022	(387)	3,635
Asset impairments	17,647	(1,563)	16,084
Asset dispositions	7	(1)	6
General and administrative expenses	1,193	(137)	1,056
Financing costs, net	519	(107)	412
Other expenses	264	25	289
Total expenses	<u>33,003</u>	<u>(5,156)</u>	<u>27,847</u>
Loss before income taxes	(19,858)	1,383	(18,475)
Income tax benefit	(6,213)	(30)	(6,243)
Net loss from continuing operations	(13,645)	1,413	(12,232)
Net loss attributable to noncontrolling interests	(749)	749	—
Net loss attributable to Devon from continuing operations	<u>\$ (12,896)</u>	<u>\$ 664</u>	<u>\$ (12,232)</u>
Net loss per share attributable to Devon from continuing operations:			
Basic	\$ (31.72)	\$ 1.63	\$ (30.09)
Diluted	\$ (31.72)	\$ 1.63	\$ (30.09)

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS:

1. Basis of Presentation

The historical consolidated balance sheet as of March 31, 2018 and historical consolidated statement of earnings for the three months ended March 31, 2018 is derived from and should be read in conjunction with the Company's unaudited financial statements in its March 31, 2018 [Quarterly Report on Form 10-Q](#), which was filed on May 2, 2018. The historical consolidated statement of earnings for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, is derived from and should be read in conjunction with the Company's audited financial statements in its December 31, 2017 [Annual Report on Form 10-K](#), which was filed on February 21, 2018.

Due to the disposition transaction, the EnLink Entities' financial information is being recast as discontinued operations in Devon's historical financial statements, and the accompanying unaudited pro forma statements of earnings do not include discontinued operations. The unaudited pro forma consolidated balance sheet of the Company as of March 31, 2018 is presented as if the disposition of the EnLink Entities had occurred on March 31, 2018. The unaudited pro forma consolidated statements of earnings for the three months ended March 31, 2018 as well as for the years ended December 31, 2017, December 31, 2016, and December 31, 2015, are presented as if the disposition of the EnLink Entities had occurred on January 1, 2015, the beginning of the earliest period presented.

The Company's historical consolidated financial statements have been adjusted in the unaudited pro forma consolidated financial information to present events that are (i) directly attributable to the sale of the EnLink Entities, (ii) factually supportable and (iii) are expected to have a continuing impact on the Company's consolidated results following EnLink and the General Partner disposition. The pro forma consolidated financial statements do not reflect the application of cash proceeds to future share repurchases.

These pro forma financial statements do not purport to be indicative of the financial position or results of earnings of the Company as of such date or for such periods, nor are they necessarily indicative of future results.

2. Pro Forma Adjustments

The following pro forma adjustments are included in the Company's unaudited pro forma consolidated financial information:

- (a) Reflect the disposition of the ownership interest of the EnLink Entities for \$3.125 billion in cash. Adjustments include derecognizing the EnLink Entities' assets, liabilities and non-controlling interest. The adjustment to retained earnings reflects an estimated \$2.5 billion after-tax gain net of approximately \$25 million of transaction-related costs.
- (b) Reflect the elimination of revenues and expenses associated with the EnLink Entities. Devon does not expect the disposition will impact income tax expense. Therefore, no pro forma adjustment is provided for income tax expense.