
**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

Date of Report (Date of earliest event reported): October 1, 2020

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, OKLAHOMA
(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))

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 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 Production Company, L.P. (the “Seller”), a wholly-owned subsidiary of Devon Energy Corporation (the “Company”), and BKV Barnett, LLC (the “Purchaser”) entered into a Purchase and Sale Agreement, dated December 17, 2019 (the “Original Agreement”), as amended by the First Amendment to Purchase and Sale Agreement, dated April 13, 2020 (the “Amendment” and, together with the Original Agreement, the “Amended Agreement”), pursuant to which the Seller agreed to sell its Barnett Shale assets to the Purchaser for \$570 million in cash, subject to certain purchase price adjustments. The Amended Agreement also provides for contingent earnout payments to the Seller of up to \$260 million based upon future commodity prices, with upside participation beginning at a \$2.75 Henry Hub natural gas price or a \$50 WTI oil price. The contingent payment period commences on January 1, 2021 and has a term of four years.

On October 1, 2020, the transaction contemplated by the Amended Agreement was completed, pursuant to which the Seller received proceeds, net of purchase price adjustments, of \$490 million from the Purchaser, including a \$170 million deposit previously received in April 2020.

The foregoing description of the Amended Agreement and the transaction contemplated thereby is not complete and is subject to and qualified in its entirety by reference to the Original Agreement and the Amendment, copies of which were included as Exhibit 2.1 to the Company’s Form 8-K, filed with the Securities and Exchange Commission on December 18, 2019, and as Exhibit 2.1 to the Company’s Form 8-K, filed with the Securities and Exchange Commission on April 14, 2020, respectively, and the terms of which are incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On October 1, 2020, the Company issued a press release in connection with the closing of the transaction 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 transaction 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.

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
2.1	Purchase and Sale Agreement, dated December 17, 2019, by and between Devon Energy Production Company, L.P. and BKV Barnett, LLC (incorporated by reference to Exhibit 2.1 to the Company’s Form 8-K filed December 18, 2019; File No. 001-32318).
2.2	First Amendment to Purchase and Sale Agreement, dated April 13, 2020, by and between Devon Energy Production Company, L.P., BKV Barnett, LLC, and solely with respect to certain provisions therein, BKV Oil & Gas Capital Partners, L.P. (incorporated by reference to Exhibit 2.1 to the Company’s Form 8-K filed April 14, 2020; File No. 001-32318).
99.1	Press release dated October 1, 2020.
99.2	Unaudited Pro Forma Consolidated Financial Information of Devon Energy Corporation.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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: October 2, 2020

DEVON ENERGY CORPORATION

/s/ Jeremy D. Humphers

Jeremy D. Humphers

Senior Vice President and Chief Accounting Officer



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

Devon Energy Completes Sale of Barnett Shale Assets

OKLAHOMA CITY – Oct. 1, 2020 – Devon Energy Corp. (NYSE: DVN) today announced that it has completed the sale of its assets in the Barnett Shale to Banpu Kalnin Ventures (BKV). Devon received a cash payment of \$320 million from BKV at closing, after adjusting for a \$170 million deposit received in April and purchase-price adjustments that, among other things, allocate revenues and expenses based on a Sept. 1, 2019, effective date.

The sale agreement with BKV provides Devon the opportunity for contingent cash payments of up to \$260 million based upon future commodity prices, with upside participation beginning at either a \$2.75 Henry Hub natural gas price or a \$50 West Texas Intermediate oil price. The contingent payment period commences on Jan. 1, 2021 and has a term of four years. The contingent payments are earned and paid on an annual basis.

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: the risk that depressed commodity prices prevent Devon from earning some or all of the contingent payments; 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.

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. with an emphasis on achieving strong returns and capital-efficient cash-flow growth. For more information, please visit www.devonenergy.com.

Investor Contacts

Scott Coody, 405-552-4735
Chris Carr, 405-228-2496

Media Contact

Lisa Adams, 405-228-1732

DEVON ENERGY CORPORATION
Unaudited Pro Forma Consolidated Financial Information

Introduction

On October 1, 2020, Devon Energy Corporation (the “Company” or “Devon”) completed the previously announced Barnett Shale divest transaction, pursuant to which Devon sold its Barnett Shale assets to BKV Barnett, LLC (the “Purchaser”). Under the terms of the agreement, Devon has received proceeds, net of purchase price adjustments, of \$490 million, including a \$170 million deposit previously received in April 2020. Additionally, the agreement provides for contingent earnout payments to Devon of up to \$260 million based upon future commodity prices, with upside participation beginning at a \$2.75 Henry Hub natural gas price or a \$50 WTI oil price. The contingent payment period commences on January 1, 2021 and has a term of four years.

With this disposition, Devon is effectively exiting its last natural gas focused asset and the transaction results in a material reduction to the Company’s total assets, revenues and proved reserves. Therefore, this disposition represents a strategic shift in Devon’s business, and the Company’s Barnett Shale financial information has been classified as discontinued operations since entering into the divestiture agreement with the Purchaser.

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 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 financial position would have been had the disposition of Devon’s Barnett Shale assets occurred on the date indicated.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
June 30, 2020
(In millions)

	<u>As Reported</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Current assets:			
Cash and cash equivalents	\$ 1,474	\$ 315	\$ 1,789
Cash restricted for discontinued operations	195	—	195
Accounts receivable	515	—	515
Current assets associated with discontinued operations	748	(744)	4
Other current assets	446	—	446
Total current assets	<u>3,378</u>	<u>(429)</u>	<u>2,949</u>
Oil and gas property and equipment, net	4,673	—	4,673
Other property and equipment, net	1,013	—	1,013
Total property and equipment, net	<u>5,686</u>	<u>—</u>	<u>5,686</u>
Goodwill	753	—	753
Right-of-use assets	231	—	231
Other long-term assets	227	—	227
Long-term assets associated with discontinued operations	82	41	123
Total assets	\$ 10,357	\$ (388)	\$ 9,969
Current liabilities:			
Accounts payable	\$ 309	\$ —	\$ 309
Revenues and royalties payable	473	—	473
Current liabilities associated with discontinued operations	441	(375)	66
Other current liabilities	229	—	229
Total current liabilities	<u>1,452</u>	<u>(375)</u>	<u>1,077</u>
Long-term debt	4,296	—	4,296
Lease liabilities	245	—	245
Asset retirement obligations	391	—	391
Other long-term liabilities	458	—	458
Long-term liabilities associated with discontinued operations	162	—	162
Deferred income taxes	—	—	—
Stockholders' equity:			
Common stock, \$0.10 par value. Authorized 1.0 billion shares; issued 383 million shares	38	—	38
Additional paid-in capital	2,720	—	2,720
Retained earnings	586	(13)	573
Accumulated other comprehensive loss	(117)	—	(117)
Total stockholders' equity attributable to Devon	<u>3,227</u>	<u>(13)</u>	<u>3,214</u>
Noncontrolling interests	126	—	126
Total equity	<u>3,353</u>	<u>(13)</u>	<u>3,340</u>
Total liabilities and equity	\$ 10,357	\$ (388)	\$ 9,969

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS:

1. Basis of Presentation

Because the Company's Barnett Shale financial information has been presented as discontinued operations, the accompanying pro forma financial information only consists of a balance sheet prepared as of June 30, 2020. The historical consolidated balance sheet as of June 30, 2020 is derived from and should be read in conjunction with the Company's unaudited financial statements in its June 30, 2020 [Quarterly Report on Form 10-Q](#), which was filed on August 5, 2020.

The Company's historical consolidated balance sheet has been adjusted in the unaudited pro forma consolidated financial information to present events that are (i) directly attributable to the sale of its Barnett Shale assets, (ii) factually supportable and (iii) are expected to have a continuing impact on the Company's consolidated results following the Barnett Shale disposition.

The pro forma financial information does not purport to be indicative of the financial position of the Company as of June 30, 2020, nor is it indicative of future results.

2. Pro Forma Adjustments

The pro forma adjustments reflect the following:

- Devon's receipt of \$320 million of cash proceeds from the Purchaser at closing, less \$5 million of transaction related expenses. This amount excludes the \$170 million cash deposit received in April 2020.
- The recognition of a \$41 million long-term asset, which represents the estimated fair value of the contingent earnout payments.
- The derecognition of \$744 million of assets acquired and \$375 million of liabilities assumed by the Purchaser.
- The recognition of a \$13 million decrease to retained earnings and total equity.