

**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, 2018**

**OR**

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

For the transition period from to  
Commission file number 1-35322



**WPX Energy, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation or Organization)

**3500 One Williams Center,  
Tulsa, Oklahoma**

(Address of Principal Executive Offices)

**45-1836028**

(IRS Employer Identification No.)

**74172-0172**

(Zip Code)

**855-979-2012**

(Registrant's Telephone Number, Including Area Code)

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$0.01 par value	New York Stock Exchange
6.25% Series A Mandatory Convertible Preferred Stock, \$0.01 par value	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a 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. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The number of shares outstanding of the registrant's common stock at August 1, 2018 were 420,013,829 .

# WPX Energy, Inc.

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Certain matters contained in this report include forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. These forward-looking statements relate to anticipated financial performance, management’s plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions and other matters.

All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, believe or anticipate will exist or may occur in the future, are forward-looking statements. Forward-looking statements can be identified by various forms of words such as “anticipates,” “believes,” “seeks,” “could,” “may,” “should,” “continues,” “estimates,” “expects,” “forecasts,” “intends,” “might,” “goals,” “objectives,” “targets,” “planned,” “potential,” “projects,” “scheduled,” “will” or other similar expressions. These forward-looking statements are based on management’s beliefs and assumptions and on information currently available to management and include, among others, statements regarding:

- amounts and nature of future capital expenditures;
- expansion and growth of our business and operations;
- financial condition and liquidity;
- business strategy;
- estimates of proved oil and natural gas reserves;
- reserve potential;
- development drilling potential;
- cash flow from operations or results of operations;
- acquisitions or divestitures;
- seasonality of our business; and
- crude oil, natural gas and NGL prices and demand.

Forward-looking statements are based on numerous assumptions, uncertainties and risks that could cause future events or results to be materially different from those stated or implied in this report. Many of the factors that will determine these results are beyond our ability to control or predict. Specific factors that could cause actual results to differ from results contemplated by the forward-looking statements include, among others, the following:

- availability of supplies (including the uncertainties inherent in assessing, estimating, acquiring and developing future oil and natural gas reserves), market demand, volatility of commodity prices and the availability and cost of capital;
- inflation, interest rates, fluctuation in foreign exchange and general economic conditions (including future disruptions and volatility in the global credit markets and the impact of these events on our customers and suppliers);
- the strength and financial resources of our competitors;
- development of alternative energy sources;
- the impact of operational and development hazards;
- costs of, changes in, or the results of laws, government regulations (including climate change regulation and/or potential additional regulation of drilling and completion of wells), environmental liabilities, litigation and rate proceedings;
- changes in maintenance and construction costs;
- changes in the current geopolitical situation;
- our exposure to the credit risk of our customers;
- risks related to strategy and financing, including restrictions stemming from our debt agreements, future changes in our credit ratings and the availability and cost of credit;
- risks associated with future weather conditions;
- acts of terrorism;
- other factors described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”; and
- additional risks described in our filings with the Securities and Exchange Commission (“SEC”).

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Given the uncertainties and risk factors that could cause our actual results to differ materially from those contained in any forward-looking statement, we caution investors not to unduly rely on our forward-looking statements. Forward-looking statements speak only as of the date they are made. We disclaim any obligation to and do not intend to update the above list or to announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

In addition to causing our actual results to differ, the factors listed above and referred to below may cause our intentions to change from those statements of intention set forth in this report. Such changes in our intentions may also cause our results to differ. We may change our intentions, at any time and without notice, based upon changes in such factors, our assumptions or otherwise.

Because forward-looking statements involve risks and uncertainties, we caution that there are important factors, in addition to those listed above, that may cause actual results to differ materially from those contained in the forward-looking statements. For a detailed discussion of those factors, see Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 .

**WPX Energy, Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

	June 30, 2018	December 31, 2017
	(Millions)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 103	\$ 189
Accounts receivable, net of allowance of \$2 million as of June 30, 2018 and December 31, 2017	323	307
Derivative assets	136	36
Inventories	40	30
Assets classified as held for sale (Note 2)	—	811
Other	26	28
Total current assets	628	1,401
Investments	92	70
Properties and equipment (successful efforts method of accounting)	9,314	8,674
Less—accumulated depreciation, depletion and amortization	(2,340)	(1,983)
Properties and equipment, net	6,974	6,691
Derivative assets	49	23
Other noncurrent assets	27	22
Total assets	\$ 7,770	\$ 8,207
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	\$ 563	\$ 446
Accrued and other current liabilities	148	209
Liabilities associated with assets held for sale (Note 2)	—	20
Derivative liabilities	363	171
Total current liabilities	1,074	846
Deferred income taxes	42	117
Long-term debt, net	2,154	2,575
Derivative liabilities	89	65
Asset retirement obligations	48	32
Other noncurrent liabilities	428	445
Contingent liabilities and commitments (Note 8)		
Equity:		
Stockholders' equity:		
Preferred stock (100 million shares authorized at \$0.01 par value; 4.8 million shares outstanding at June 30, 2018 and December 31, 2017)	232	232
Common stock (2 billion shares authorized at \$0.01 par value; 400.3 million and 398.3 million shares issued and outstanding at June 30, 2018 and December 31, 2017)	4	4
Additional paid-in-capital	7,483	7,479
Accumulated deficit	(3,784)	(3,588)
Total stockholders' equity	3,935	4,127
Total liabilities and equity	\$ 7,770	\$ 8,207

See accompanying notes.

**WPX Energy, Inc.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Revenues:	(Millions, except per-share amounts)			
Product revenues:				
Oil sales	\$ 468	\$ 194	\$ 828	\$ 353
Natural gas sales	16	16	33	33
Natural gas liquid sales	36	16	66	27
Total product revenues	520	226	927	413
Net gain (loss) on derivatives	(154)	116	(223)	319
Commodity management	64	8	100	13
Total revenues	430	350	804	745
Costs and expenses:				
Depreciation, depletion and amortization	197	141	358	254
Lease and facility operating	59	41	114	77
Gathering, processing and transportation	20	6	38	11
Taxes other than income	41	19	71	32
Exploration (Note 4)	17	16	36	52
General and administrative (including equity-based compensation of \$10 million, \$8 million, \$17 million and \$15 million for the respective periods)	44	44	87	85
Commodity management	54	8	93	13
Net gain on sales of assets (Note 4)	(1)	(7)	—	(38)
Other—net	2	7	4	11
Total costs and expenses	433	275	801	497
Operating income (loss)	(3)	75	3	248
Interest expense	(39)	(46)	(85)	(93)
Loss on extinguishment of debt	(71)	—	(71)	—
Investment income (loss) and other	1	—	—	2
Income (loss) from continuing operations before income taxes	(112)	29	(153)	157
Benefit for income taxes	(33)	(298)	(48)	(265)
Income (loss) from continuing operations	(79)	327	(105)	422
Loss from discontinued operations	(2)	(251)	(91)	(254)
Net income (loss)	(81)	76	(196)	168
Less: Dividends on preferred stock	4	4	8	8
Net income (loss) available to WPX Energy, Inc. common stockholders	\$ (85)	\$ 72	\$ (204)	\$ 160
Amounts available to WPX Energy, Inc. common stockholders:				
Income (loss) from continuing operations	\$ (83)	\$ 323	\$ (113)	\$ 414
Loss from discontinued operations	(2)	(251)	(91)	(254)
Net income (loss)	\$ (85)	\$ 72	\$ (204)	\$ 160
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.21)	\$ 0.81	\$ (0.28)	\$ 1.06
Loss from discontinued operations	—	(0.63)	(0.23)	(0.65)
Net income (loss)	\$ (0.21)	\$ 0.18	\$ (0.51)	\$ 0.41
Basic weighted-average shares	400.0	397.8	399.3	392.1
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.21)	\$ 0.77	\$ (0.28)	\$ 1.01
Loss from discontinued operations	—	(0.60)	(0.23)	(0.61)
Net income (loss)	\$ (0.21)	\$ 0.17	\$ (0.51)	\$ 0.40
Diluted weighted-average shares	400.0	423.2	399.3	418.8

See accompanying notes.

**WPX Energy, Inc.**  
**Consolidated Statements of Changes in Equity**  
**(Unaudited)**

	WPX Energy, Inc., Stockholders				
	Preferred Stock	Common Stock	Additional Paid-In-Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2017	\$ 232	\$ 4	\$ 7,479	\$ (3,588)	\$ 4,127
Net loss	—	—	—	(196)	(196)
Stock-based compensation, net of tax impact	—	—	12	—	12
Dividends on preferred stock	—	—	(8)	—	(8)
Balance at June 30, 2018	<u>\$ 232</u>	<u>\$ 4</u>	<u>\$ 7,483</u>	<u>\$ (3,784)</u>	<u>\$ 3,935</u>

See accompanying notes.

**WPX Energy, Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Six months ended June 30,	
	2018	2017
<b>Operating Activities(a)</b>	<b>(Millions)</b>	
Net income (loss)	\$ (196)	\$ 168
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	365	318
Deferred income tax benefit	(75)	(24)
Provision for impairment of properties and equipment (including certain exploration expenses)	37	58
Net (gain) loss on derivatives	223	(319)
Net settlements related to derivatives	(133)	9
Amortization of stock-based awards	18	17
Loss on extinguishment of debt	71	—
Net (gain) loss on sales of assets including discontinued operations	151	(41)
Cash provided (used) by operating assets and liabilities:		
Accounts receivable	(16)	(49)
Inventories	(11)	(3)
Other current assets	4	(5)
Accounts payable	73	72
Federal income taxes receivable	—	12
Accrued and other current liabilities	(59)	(45)
Liabilities accrued in prior years for retained transportation and gathering contracts related to discontinued operations	(28)	(29)
Other, including changes in other noncurrent assets and liabilities	4	3
Net cash provided by operating activities(a)	<u>428</u>	<u>142</u>
<b>Investing Activities(a)</b>		
Capital expenditures(b)	(660)	(542)
Proceeds from sales of assets	686	38
Purchase of a business	—	(798)
Purchase of investments	(23)	(3)
Net cash provided by (used in) investing activities(a)	<u>3</u>	<u>(1,305)</u>
<b>Financing Activities</b>		
Proceeds from common stock	5	671
Dividends paid on preferred stock	(8)	(7)
Borrowings on credit facility	303	85
Payments on credit facility	(303)	(60)
Proceeds from long-term debt, net of discount	494	—
Payments for retirement of long-term debt, including premium	(986)	—
Taxes paid for shares withheld	(12)	(10)
Payments for debt issuance costs and credit facility amendment fees	(10)	—
Other	1	(1)
Net cash provided by (used in) financing activities	<u>(516)</u>	<u>678</u>
Net decrease in cash and cash equivalents and restricted cash	(85)	(485)
Cash and cash equivalents and restricted cash at beginning of period	201	506
Cash and cash equivalents and restricted cash at end of period	<u>\$ 116</u>	<u>\$ 21</u>
(a) Amounts reflect continuing and discontinued operations unless otherwise noted. See Note 2 of Notes to Consolidated Financial Statements for discussion of discontinued operations.		
(b) Increase to properties and equipment	\$ (705)	\$ (596)
Changes in related accounts payable and accounts receivable	45	54
Capital expenditures	<u>\$ (660)</u>	<u>\$ (542)</u>

See accompanying notes.



**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements**

**Note 1 . Description of Business and Basis of Presentation**

***Description of Business***

Operations of our company include oil, natural gas and NGL development and production primarily located in Texas, New Mexico and North Dakota. We specialize in development and production from tight-sands and shale formations in the Delaware and Williston Basins. Associated with our commodity production are sales and marketing activities, referred to as commodity management activities, that include oil and natural gas purchased from third-party working interest owners in operated wells and the management of various commodity related contracts such as transportation.

In March 2018, we sold our properties in the San Juan Basin's Gallup oil play ("San Juan Gallup") and in December 2017, we sold our natural gas-producing properties in the San Juan Basin ("San Juan Legacy"). Collectively, the San Juan Gallup and San Juan Legacy comprised our San Juan Basin operations. Subsequent to the closing of these transactions, we no longer have operations in the San Juan Basin. As a result of these divestments, the results of operations of the San Juan Basin are classified as discontinued operations on the Consolidated Statements of Operations. See Note 2 for additional information on these transactions.

In addition, we have sold other operations which are reported as discontinued operations and are discussed in Note 2 of Notes to Consolidated Financial Statements.

The consolidated businesses represented herein as WPX Energy, Inc. is also referred to as "WPX," the "Company," "we," "us" or "our."

***Basis of Presentation***

The accompanying interim consolidated financial statements do not include all the notes included in our annual financial statements and, therefore, should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2017 in Exhibit 99.1 of our Form 8-K filed on May 7, 2018. The accompanying interim consolidated financial statements include all normal recurring adjustments that, in the opinion of management, are necessary to present fairly our financial position at June 30, 2018, results of operations for the three and six months ended June 30, 2018 and 2017, changes in equity for the six months ended June 30, 2018 and cash flows for the six months ended June 30, 2018 and 2017. The Company has no elements of comprehensive income (loss) other than net income (loss).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Our continuing operations comprise a single business segment, which includes the development, production and commodity management activities of oil, natural gas and NGLs in the United States.

***Discontinued Operations***

See Note 2 for a discussion of discontinued operations. Unless indicated otherwise, the information in the Notes to Consolidated Financial Statements relates to continuing operations.

***Recently Adopted Accounting Standards***

The Company adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, effective January 1, 2018 using the modified retrospective method. The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 was not material to our revenues or operating income (loss) or to our consolidated balance sheet because our performance obligations, which determine when and how revenue is recognized, are not materially changed under the new standard; thus, revenue associated with the majority of our contracts will continue to be recognized as control of products is transferred to the customer. A majority of the Company's sales contracts at June 30, 2018 have terms of less than one year. For such contracts, we have used the practical expedient in ASC 606-10-50-14 which exempts an entity from the requirement to disclose the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract with an original expected duration of one year or less. For sales contracts with terms greater than one year, we have utilized the practical expedient in ASC 606-10-50-14A, which provides that an entity is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under our sales contracts for all products, each unit of production represents a separate performance

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

obligation that is satisfied upon delivery of product to the customer, thus, future volumes to be delivered are wholly unsatisfied at the reporting period end. We incorporated any new disclosure requirements into our 2017 financial statements and footnotes included in Exhibit 99.1 of our Form 8-K filed on May 7, 2018. See Note 1 of our 2017 financial statements and footnotes included in Exhibit 99.1 in our Form 8-K filed on May 7, 2018 for additional discussion related to revenue accounting policies and disclosures. In addition, see Note 16 of our 2017 financial statements and footnotes included in Exhibit 99.1 of our Form 8-K filed on May 7, 2018 for receivables related to sales of oil, natural gas and related products and services. The composition of our receivables as of June 30, 2018 has not changed significantly as compared to December 31, 2017.

We adopted ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, effective January 1, 2018 which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows on a retrospective basis. The requirements of this standard are reflected on our Consolidated Statement of Cash Flows, including prior periods. Restricted cash was approximately \$13 million and \$12 million as of June 30, 2018 and December 31, 2017, respectively.

We adopted ASU 2017-01, *Business Combinations*, clarifying the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses effective January 1, 2018.

We adopted ASU 2017-09, *Compensation - Stock Compensation (Topic 718)*, effective January 1, 2018. This ASU provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The adoption of this standard did not have a significant impact on our consolidated financial statements.

***Accounting Standards Not Yet Adopted***

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases*, to increase transparency and comparability among organizations through recognition of right-of-use assets and lease payment liabilities on the balance sheet and disclosure of key information about leasing arrangements. Under ASU 2016-02, a determination is to be made at the inception of a contract as to whether the contract is, or contains, a lease. Leases convey the right to control the use of an identified asset in exchange for consideration. Only the lease components of a contract must be accounted for in accordance with this ASU. Non-lease components, such as activities that transfer a good or service to the customer, shall be accounted for under other applicable Topics. ASU 2016-02 permits lessees to make alternative policy elections (“practical expedients”) to not recognize right-of-use assets and lease payment liabilities for leases with terms of less than twelve months and/or to not separate lease and non-lease components and account for the non-lease components together with the lease components as a single lease component. Based on an initial review of the new guidance and the Company’s current commitments, the Company anticipates it may be required to recognize right-of-use assets and lease payment liabilities related to certain drilling rig commitments, certain equipment leases, and potentially other arrangements. We are in the process of evaluating our contracts with components that may be subject to ASU 2016-02 and have engaged a third party to assist with implementing the standard. In 2018 and 2019, we will implement appropriate changes to our business processes, systems or controls to support recognition and disclosure under the new standard. Our findings and progress toward implementation of the standard are periodically reported to management. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted for any entity in any interim or annual period. In July 2018, the FASB amended this guidance to ease the transition requirements by providing an adoption alternative that allows entities to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption in lieu of retrospectively applying the guidance to pre-adoption periods. The Company continues to evaluate the impact of ASU 2016-02 to the Company’s Consolidated Financial Statements and related disclosures and the practical expedients we will utilize upon implementation of the standard. We do not intend to adopt the standard early.

In January 2018, the FASB issued ASU No. 2018-01, “Land Easement Practical Expedient for Transition to Topic 842,” which provides an optional practical expedient to not evaluate land easements that existed or expired before the adoption of ASU 2016-02 and that were not previously accounted for as leases under the original “Leases (Topic 840)” accounting standard (“Topic 840”). The Company enters into land easements on a routine basis as part of our ongoing operations and has many such agreements currently in place. The Company does not account for any land easements under Topic 840. As this guidance serves as an amendment to ASU 2016-02, the Company will elect this practical expedient, which becomes effective upon the date of adoption of ASU 2016-02. After the adoption of ASU 2016-02, the Company will assess any land easements entered into (or modified) on or after adoption of ASU 2016-02 to determine whether the arrangement should be accounted for as a lease.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815)*. This ASU provides guidance for various components of hedge accounting including hedge ineffectiveness, the expansion of types of permissible hedging strategies, reduced complexity in the application of the long-haul method for fair value hedges and reduced complexity in assessment of effectiveness. The amendments in this Update are effective for public entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2018. Early adoption is permitted, including adoption in any

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

interim period. The Company does not expect any significant impact on its consolidated financial statements from the adoption of this standard unless we apply hedge accounting in a future period.

**Note 2 . Discontinued Operations**

On January 30, 2018, we signed an agreement to sell our properties in the San Juan Gallup oil play to Enduring Resources IV, LLC (“Enduring”) for \$700 million (subject to closing and post-closing adjustments). The transaction closed on March 28, 2018 and we received approximately \$667 million (subject to post-closing adjustments). In addition, the purchaser assumed approximately \$309 million of gathering and processing commitments; however, WPX has left in place a performance guarantee with respect to these commitments. We believe that any future performance under this guarantee obligation is highly unlikely given our understanding of the buyer’s credit position, the indemnity arrangement between the Company and Enduring and the declining size of the obligations subject to the guarantee over time. Although we believe the probability of performance by WPX is low, we must determine the fair value of the guarantee that was provided. We estimated the fair value of the guarantee to be approximately \$9 million based on the factors mentioned above along with projections of estimated future volume throughputs and risk adjusted discount rates, all of which are Level 3 inputs. This amount is included in our calculation of the loss on sale. We recorded a total loss on the sale of \$147 million in 2018. The operations in the San Juan Gallup represented 12 percent of our total proved reserves at December 31, 2017 and 16 percent of our total production for 2017.

As previously noted, we sold our San Juan Legacy properties in December 2017. As a result of the dispositions of San Juan Gallup and San Juan Legacy properties, we no longer have operations in the San Juan Basin. Our discontinued operations consist of the previously owned properties in the San Juan Basin and accretion on certain transportation and gathering obligations retained and recognized in prior years related to the sale of Powder River properties.

**Summarized Results of Discontinued Operations**

The following table presents the results of our discontinued operations for the periods presented.

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	(Millions)			
Total revenues	\$ —	\$ 63	\$ 75	\$ 129
Costs and expenses:				
Depreciation, depletion and amortization	\$ —	\$ 30	\$ 8	\$ 64
Lease and facility operating	—	12	7	24
Gathering, processing and transportation	—	15	12	31
Taxes other than income	—	4	5	10
General and administrative	—	2	1	4
Exploration	—	5	3	8
Gain on sales of assets	—	—	—	(4)
Accretion for transportation and gathering obligations retained	1	1	3	3
Other—net	—	—	4	1
Total costs and expenses	1	69	43	141
Operating income (loss)	(1)	(6)	32	(12)
Loss on sale of assets	(1)	—	(150)	—
Loss from discontinued operations before income taxes	(2)	(6)	(118)	(12)
Income tax provision (benefit)	—	245	(27)	242
Loss from discontinued operations	\$ (2)	\$ (251)	\$ (91)	\$ (254)

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

**Assets and Liabilities in the Consolidated Balance Sheets attributable to Discontinued Operations**

The following table presents assets classified as held for sale and liabilities associated with assets held for sale related to our San Juan Basin operations.

	<b>December 31,</b>	
	<b>2017</b>	
	<b>(Millions)</b>	
<b>Assets classified as held for sale</b>		
Inventories	\$	14
Properties and equipment, net (successful efforts method of accounting)		797
Total assets classified as held for sale on the Consolidated Balance Sheets	\$	811
<b>Liabilities associated with assets held for sale</b>		
<b>Current liabilities:</b>		
Accounts payable	\$	1
Accrued and other current liabilities		1
Total current liabilities		2
Asset retirement obligations		15
Other noncurrent liabilities		3
Total liabilities associated with assets held for sale on the Consolidated Balance Sheets	\$	20

**Cash Flows Attributable to Discontinued Operations**

In addition to the amounts presented below, cash outflows related to previous accruals for the Powder River Basin gathering and transportation contracts retained by WPX were \$28 million and \$29 million for the six months ended June 30, 2018 and 2017, respectively.

	<b>Six months ended June 30,</b>			
	<b>2018</b>		<b>2017</b>	
	<b>(Millions)</b>			
Cash provided by operating activities(a)	\$	45	\$	55
Cash capital expenditures within investing activities	\$	29	\$	77

(a) Excluding income taxes and changes in working capital items.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

**Note 3 . Earnings (Loss) Per Common Share from Continuing Operations**

The following table summarizes the calculation of earnings per share.

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	(Millions, except per-share amounts)			
Income (loss) from continuing operations	\$ (79)	\$ 327	\$ (105)	\$ 422
Less: Dividends on preferred stock	4	4	8	8
Income (loss) from continuing operations available to WPX Energy, Inc. common stockholders for basic and diluted earnings (loss) per common share	<u>\$ (83)</u>	<u>\$ 323</u>	<u>\$ (113)</u>	<u>\$ 414</u>
Basic weighted-average shares	<u>400.0</u>	<u>397.8</u>	<u>399.3</u>	<u>392.1</u>
Effect of dilutive securities(a):				
Nonvested restricted stock units and awards	—	1.5	—	2.7
Stock options	—	0.1	—	0.2
Common shares issuable upon assumed conversion of 6.25% Series A mandatory convertible preferred stock	—	23.8	—	23.8
Diluted weighted-average shares	<u>400.0</u>	<u>423.2</u>	<u>399.3</u>	<u>418.8</u>
Earnings (loss) per common share from continuing operations:				
Basic	<u>\$ (0.21)</u>	<u>\$ 0.81</u>	<u>\$ (0.28)</u>	<u>\$ 1.06</u>
Diluted	<u>\$ (0.21)</u>	<u>\$ 0.77</u>	<u>\$ (0.28)</u>	<u>\$ 1.01</u>

(a) The following table includes amounts that have been excluded from the computation of diluted earnings (loss) per common share as their inclusion would be antidilutive due to our loss from continuing operations attributable to WPX Energy, Inc. available to common stockholders. The excluded amounts are as follows:

	Three months ended June 30,	Six months ended June 30,
	2018	2018
	(Millions)	
Weighted-average nonvested restricted stock units and awards	2.9	3.0
Weighted-average stock options	0.2	0.2
Common shares issuable upon assumed conversion of 6.25% Series A mandatory convertible preferred stock	19.8	19.8

The table below includes information related to stock options that were outstanding at June 30, 2018 and 2017 but have been excluded from the computation of weighted-average stock options due to the option exercise price exceeding the second quarter weighted-average market price of our common shares.

	June 30,	
	2018	2017
Options excluded (millions)	0.6	1.9
Weighted-average exercise price of options excluded	\$ 18.73	\$ 16.68
Exercise price range of options excluded	\$17.47 - \$21.81	\$11.75 - \$21.81
Second quarter weighted-average market price	\$ 17.12	\$ 11.40

The diluted weighted-average shares excludes the effect of approximately 0.7 million and 2.0 million nonvested restricted stock units for the six months ended June 30, 2018 and 2017, respectively. These restricted stock units were antidilutive under the treasury stock method.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

**Note 4 . Asset Sales and Exploration Expenses**

**Asset Sales**

Net gain on sales of assets for the three and six months ended June 30, 2017 includes a gain from exchanges of leasehold acreage in the Delaware Basin, a net gain recognized on the sales of certain Green River Basin and Appalachian Basin assets and recognition of deferred gain related to the completion of commitments from the sale of a gathering system in prior years.

In conjunction with exchanges of leasehold, we estimate the fair value of the leasehold through discounted cash flow models and consideration of market data. Our estimates and assumptions include future commodity prices, projection of estimated quantities of oil and natural gas reserves, expectations for future development and operating costs and risk adjusted discount rates, all of which are Level 3 inputs.

**Exploration Expenses**

The following table presents a summary of exploration expenses.

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	(Millions)			
Unproved leasehold property impairment, amortization and expiration	\$ 16	\$ 15	\$ 33	\$ 50
Geologic and geophysical costs	1	1	3	2
Total exploration expenses	<u>\$ 17</u>	<u>\$ 16</u>	<u>\$ 36</u>	<u>\$ 52</u>

Unproved leasehold property impairment, amortization and expiration for the six months ended June 30, 2017 includes costs in excess of the accumulated amortization balance associated with certain leases in the Delaware Basin that expired during the first quarter of 2017. These leases were renewed in second-quarter 2017.

**Note 5 . Inventories**

The following table presents a summary of our inventories as of the dates indicated below.

	June 30, 2018	December 31, 2017
	(Millions)	
Material, supplies and other	\$ 39	\$ 29
Crude oil production in transit	1	1
Total inventories	<u>\$ 40</u>	<u>\$ 30</u>

**Note 6 . Debt and Banking Arrangements**

The following table presents a summary of our debt as of the dates indicated below.

	June 30, 2018	December 31, 2017
	(Millions)	
Credit facility agreement	\$ —	\$ —
7.500% Senior Notes due 2020	—	350
6.000% Senior Notes due 2022	529	1,100
8.250% Senior Notes due 2023	500	500
5.250% Senior Notes due 2024	650	650
5.750% Senior Notes due 2026	500	—
Total long-term debt	<u>\$ 2,179</u>	<u>\$ 2,600</u>
Less: Debt issuance costs on long-term debt(a)	25	25
Total long-term debt, net(a)	<u>\$ 2,154</u>	<u>\$ 2,575</u>

(a) Debt issuance costs related to our Credit Facility are recorded in other noncurrent assets on the Consolidated Balance Sheets.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

***Credit Facility***

As of June 30, 2018, we had no borrowings outstanding and \$65 million of letters of credit issued under the Credit Facility and we were in compliance with our financial covenants with full access to the Credit Facility.

On April 17, 2018, the Company entered into a Second Amendment to Second Amended and Restated Credit Agreement with Wells Fargo Bank, National Association, as Administrative Agent, Lender and Swingline Lender and the other lenders party thereto (the “Credit Facility”). The Credit Facility, as amended, increases total commitments to \$1.5 billion, increases the Borrowing Base to \$1.8 billion, and extends the maturity date to April 17, 2023, subject to a springing maturity on October 15, 2021 if available liquidity minus outstanding 2022 notes is less than \$500 million. Based on our current credit ratings, a Collateral Trigger Period applies which makes the Credit Facility subject to certain financial covenants and a Borrowing Base as described below. The Credit Facility may be used for working capital, acquisitions, capital expenditures and other general corporate purposes. The financial covenants in the Credit Facility may limit our ability to borrow money, depending on the applicable financial metrics at any given time.

*Borrowing Base.* During a Collateral Trigger Period, loans under the Credit Facility are subject to a Borrowing Base as calculated in accordance with the provisions of the Credit Facility. The \$1.8 billion Borrowing Base will remain in effect until the next Redetermination Date as set forth in the Credit Facility and at this time, availability under the Credit Facility Agreement is limited by the total commitments of \$1.5 billion. The Borrowing Base is recalculated at least every six months per the terms of the Credit Facility.

*Terms and Conditions.* The Credit Facility will initially be guaranteed by certain subsidiaries of the Company (excluding subsidiaries holding Midstream Assets and subsidiaries meeting other customary exclusion criteria), as Guarantors, and secured by substantially all of the Company’s and the Guarantors’ assets (including oil and gas properties), subject to customary exceptions and carve outs (which shall also exclude Midstream Assets and the equity interests of subsidiaries holding Midstream Assets). Such obligations shall terminate on the earlier of any applicable Collateral Trigger Termination Date (as described below) or the date on which all liens held by the Administrative Agent for the benefit of the secured parties are released pursuant to the terms of the Credit Facility.

The Collateral Trigger Termination Date is the first date following the date of the closing of the Credit Facility and the first date following any Collateral Trigger Date, as applicable, on which (i) the Company’s Corporate Rating is BBB- or better by S&P (without negative outlook or negative watch) or (ii) Baa3 or better by Moody’s (without negative outlook or negative watch), provided that the other of the two Corporate Ratings is at least BB+ by S&P or Ba1 by Moody’s.

*Interest and Commitment Fees.* Interest on borrowings under the Credit Facility is payable at rates per annum equal to, at the Company’s option: (1) a fluctuating base rate equal to the alternate base rate plus the applicable margin, or (2) a periodic fixed rate equal to LIBOR plus the applicable margin. The alternate base rate will be the highest of (i) the federal funds rate plus 0.5 percent, (ii) the Prime Rate, and (iii) one-month LIBOR plus 1.0 percent. As amended and during a Collateral Trigger Period, the applicable margin ranges from 0.25% to 1.25% per annum in the case of the alternate base rate, and from 1.25% to 2.25% per annum in the case of LIBOR. The Company is required to pay a commitment fee based on the unused portion of the commitments under the Credit Facility. As amended and during a Collateral Trigger Period, the commitment fee ranges from 0.375% to 0.500% per annum. The applicable margin and the commitment fees during a Collateral Trigger Period are determined by reference to a utilization percentage as set forth in the Credit Facility. The applicable margin and the commitment fee other than during a Collateral Trigger Period are determined by reference to the Company’s senior unsecured debt ratings.

*Significant Financial Covenants.*

Pursuant to the amendment, the Company is required to maintain:

- a ratio of Net Indebtedness to Consolidated EBITDAX for the most recent ended four consecutive fiscal quarters (excluding the first three quarters of 2018 which will use an Annualized Consolidated EBITDAX) of not greater than 4.25 to 1.00 as of the last day of the most recently ended Rolling Period; and
- a ratio of consolidated current assets (including the unused amount of the Aggregate Commitments) of the Company and its consolidated subsidiaries to the consolidated current liabilities of the Company and its consolidated subsidiaries as of the last day of any fiscal quarter of at least 1.0 to 1.0.

If a Collateral Trigger Termination Date occurs, other financial covenants would apply and replace those listed above.

See Exhibit 99.1 of our Form 8-K filed May 7, 2018 for additional information on covenants related to our Credit Facility that were unchanged under the new amendment. As of the date of this filing, we are in compliance with all terms, conditions and financial covenants of the Credit Facility, as amended.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

**Senior Notes**

In the second quarter of 2018, we used proceeds from our San Juan Gallup disposition and the issuance of new senior notes discussed below to retire \$921 million aggregate principal amount of our senior notes ( \$350 million due 2020 and \$571 million due 2022 ) through a series of cash tender offers. As a result of the debt tender offers, we recorded a loss on extinguishment of debt of \$71 million , which includes approximately \$63 million of premium and approximately \$6 million write-off of previously capitalized costs.

On May 23, 2018, we completed a debt offering of \$500 million of 5.750% Senior Notes due in 2026 (the “2026 Notes”). The notes are senior unsecured obligations ranking equally with the Company’s other existing and future senior unsecured indebtedness. Interest is payable on the notes semiannually in arrears on June 1 and December 1 of each year commencing on December 1, 2018. The 2026 Notes will mature on June 1, 2026 with the option, prior to June 1, 2021, to redeem some or all of the notes at a specified “make whole” premium as described in the indenture governing the notes or, after June 1, 2021, we have the option to redeem the notes, in whole or in part, at the applicable redemption prices set forth in the indenture. The net proceeds from the offering of the 2026 Notes was approximately \$494 million and approximately \$1 million of debt issuance costs were capitalized.

See Exhibit 99.1 of our Form 8-K filed May 7, 2018, which includes the financial statements and footnotes for the year ended December 31, 2017, for additional discussion related to our senior notes.

**Note 7 . Provision (Benefit) for Income Taxes**

The following table presents the benefit for income taxes from continuing operations.

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	(Millions)			
<b>Current:</b>				
Federal	\$ —	\$ —	\$ —	\$ —
State	—	—	—	—
	—	—	—	—
<b>Deferred:</b>				
Federal	(28)	(18)	(37)	28
State	(5)	(280)	(11)	(293)
	(33)	(298)	(48)	(265)
<b>Total benefit</b>	<b>\$ (33)</b>	<b>\$ (298)</b>	<b>\$ (48)</b>	<b>\$ (265)</b>

The effective income tax rate for the three months ended June 30, 2018 , differs from the new federal statutory rate of 21 percent due to the impact of equity-based compensation and the effect of state income taxes.

The effective income tax rate for the three months ended June 30, 2017 , differs from the federal statutory rate of 35 percent due to the impact of equity-based compensation, the effect of state income taxes and other permanent items as applied by ASC 740 interim period allocation methodology.

The effective income tax rate for the six months ended June 30, 2018 , differs from the new federal statutory rate of 21 percent due to the impact of equity-based compensation and the effect of an adjustment to state deferred taxes as a result of a decrease in the blended state income tax rate due to changes in state apportionment factors resulting from the divestment of our San Juan Basin assets.

The effective income tax rate for the six months ended June 30, 2017 , differs from the federal statutory rate of 35 percent due to the impact of equity-based compensation, the effect of an adjustment to state deferred taxes as a result of a decrease in the blended state income tax rate due to changes in state apportionment factors resulting from increased presence in the Delaware Basin operations in Texas following the Panther acquisition and other permanent items as applied by ASC 740 interim period allocation methodology.

Due to the uncertainty or diversity in views about the application of ASC 740 in the period of enactment of the Tax Cuts and Jobs Act (“Act”), the SEC issued Staff Accounting Bulletin (“SAB”) 118 which allowed us to provide a provisional estimate of the impacts of the Act in our results of operations for December 31, 2017. Additional impacts from the enactment of the Act will be recorded as they are identified during the one-year measurement period as provided for in SAB 118. Our estimate does not reflect the impact of potential reductions of AMT credit refunds, changes in current interpretations of

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

performance based executive compensation deduction limitations, effects of any state tax law changes and uncertainties regarding interpretations that may arise as a result of federal tax reform. The Company will continue to analyze the effects of the Act on its financial statements and operations and record changes to our estimates as appropriate.

We have recorded valuation allowances against deferred tax assets attributable primarily to certain state net operating loss (“NOL”) carryovers as well as our federal capital loss carryover. When assessing the need for a valuation allowance, we primarily consider future reversals of existing taxable temporary differences. To a lesser extent we may also consider future taxable income exclusive of reversing temporary differences and carryovers, and tax-planning strategies that would, if necessary, be implemented to accelerate taxable amounts to utilize expiring carryovers. The ultimate amount of deferred tax assets realized could be materially different from those recorded, as influenced by future operational performance, potential changes in jurisdictional income tax laws and other circumstances surrounding the actual realization of related tax assets. Valuation allowances that we have recorded are due to our expectation that we will not have sufficient income, or income of a sufficient character, in those jurisdictions to which the associated deferred tax asset applies. We have not recorded a valuation allowance against our federal NOL carryover, but a valuation allowance could be required in future periods if the federal NOL carryover continues to increase or circumstances change.

The ability of WPX to utilize loss carryovers or minimum tax credits to reduce future federal taxable income and income tax could be subject to limitations under the Internal Revenue Code. The utilization of such carryovers may be limited upon the occurrence of certain ownership changes during any three -year period resulting in an aggregate change of more than 50 percent in beneficial ownership (an “Ownership Change”). As of June 30, 2018 , we do not believe that an Ownership Change has occurred for WPX, but an Ownership Change did occur for RKI effective with the acquisition. Therefore, there is an annual limitation on the benefit that WPX can claim from RKI carryovers that arose prior to the acquisition.

Pursuant to our tax sharing agreement with Williams, we remain responsible for the tax from audit adjustments related to our business for periods prior to our spin-off from Williams on December 31, 2011. The 2011 consolidated tax filing by Williams is currently being audited by the IRS and is the only pre-spin-off period for which we continue to have exposure to audit adjustments as part of Williams. In 2017, the IRS proposed an adjustment related to our business for which a payment to Williams could be required. We are currently evaluating the issue and expect to protest the adjustment within the normal appeals process of the IRS. In addition, the alternative minimum tax credit deferred tax asset that was allocated to us by Williams at the time of the spin-off could change due to audit adjustments unrelated to our business. Any such adjustment to this deferred tax asset will not be known until the IRS examination is completed, but is not expected to result in a cash settlement unless we have utilized any of the alternative minimum tax credits.

As of June 30, 2018 , the Company has approximately \$8 million of unrecognized tax benefits which is offset by an increase in deferred tax assets of approximately \$7 million . Currently, we expect ultimate resolution of our uncertain tax position during the next 12 months.

## **Note 8 . Contingent Liabilities and Commitments**

### **Contingent Liabilities**

#### ***Royalty litigation***

In October 2011, a potential class of royalty interest owners in New Mexico and Colorado filed a complaint against us in the County of Rio Arriba, New Mexico. The complaint presently alleges failure to pay royalty on hydrocarbons including drip condensate, breach of the duty of good faith and fair dealing, fraudulent concealment, conversion, misstatement of the value of gas and affiliated sales, breach of duty to market hydrocarbons in Colorado, breach of implied duty to market, violation of the New Mexico Oil and Gas Proceeds Payment Act, and bad faith breach of contract. Plaintiffs sought monetary damages and a declaratory judgment enjoining activities relating to production, payments and future reporting. This matter was removed to the United States District Court for New Mexico where the court denied plaintiffs’ motion for class certification. In March 2017, plaintiffs appealed the denial of class certification to the Tenth Circuit and oral argument before the Tenth Circuit was held on January 17, 2018. In August 2012, a second potential class action was filed against us in the United States District Court for the District of New Mexico by mineral interest owners in New Mexico and Colorado. Plaintiffs claim breach of contract, breach of the covenant of good faith and fair dealing, breach of implied duty to market both in Colorado and New Mexico and violation of the New Mexico Oil and Gas Proceeds Payment Act, and seek declaratory judgment, accounting and injunctive relief. On August 16, 2016, the court denied plaintiffs’ motion for class certification. On September 15, 2016, plaintiffs filed their motion for reconsideration and filed a second motion for class certification, and on September 30, 2017, the Court issued its memorandum opinion and order denying the plaintiffs motion for reconsideration and their Second Motion for Class Certification. At this time, we believe that our royalty calculations have been properly determined in accordance with the

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

appropriate contractual arrangements and applicable laws. We do not have sufficient information to calculate an estimated range of exposure related to these claims.

Other producers have been pursuing administrative appeals with a federal regulatory agency and have been in discussions with a state agency in New Mexico regarding certain deductions, comprised primarily of processing, treating and transportation costs, used in the calculation of royalties. Although we are not a party to those matters, we are monitoring them to evaluate whether their resolution might have the potential for unfavorable impact on our results of operations. Certain outstanding issues in those matters could be material to us. We received notice from the U.S. Department of Interior Office of Natural Resources Revenue (“ONRR”) in the fourth quarter of 2010, intending to clarify the guidelines for calculating federal royalties on conventional gas production applicable to many of our federal leases in New Mexico. The guidelines for New Mexico properties were revised slightly in September 2013 as a result of additional work performed by the ONRR. The revisions did not change the basic function of the original guidance. The ONRR’s guidance provides its view as to how much of a producer’s bundled fees for transportation and processing can be deducted from the royalty payment. We believe using these guidelines would not result in a material difference in determining our historical federal royalty payments for our leases in New Mexico. Similar guidelines were recently issued for certain leases in Colorado and, as in the case of the New Mexico guidelines, we do not believe that they will result in a material difference to our historical federal royalty payments. ONRR has asked producers to attempt to evaluate the deductibility of these fees directly with the midstream companies that transport and process gas.

***Environmental matters***

The Environmental Protection Agency (“EPA”), other federal agencies, and various state and local regulatory agencies and jurisdictions routinely promulgate and propose new rules, and issue updated guidance to existing rules. These new rules and rulemakings include, but are not limited to, new air quality standards for ground level ozone, methane, green completions, and hydraulic fracturing and water standards. We are unable to estimate the costs of asset additions or modifications necessary to comply with these new regulations due to uncertainty created by the various legal challenges to these regulations and the need for further specific regulatory guidance.

***Matters related to Williams’ former power business***

In connection with a Separation and Distribution Agreement between WPX and The Williams Companies, Inc. (“Williams”), Williams is obligated to indemnify and hold us harmless from any losses arising out of liabilities assumed by us for the pending litigation described below relating to the reporting of certain natural gas-related information to trade publications.

Civil suits based on allegations of manipulating published gas price indices have been brought against us and others, seeking unspecified amounts of damages. We are currently a defendant in class action litigation and other litigation originally filed in state court in Colorado, Kansas, Missouri and Wisconsin and brought on behalf of direct and indirect purchasers of natural gas in those states. These cases were transferred to the federal court in Nevada. In 2008, the court granted summary judgment in the Colorado case in favor of us and most of the other defendants based on plaintiffs’ lack of standing. On January 8, 2009, the court denied the plaintiffs’ request for reconsideration of the Colorado dismissal and entered judgment in our favor.

In the other cases, on July 18, 2011, the Nevada district court granted our joint motions for summary judgment to preclude the plaintiffs’ state law claims because the federal Natural Gas Act gives the Federal Energy Regulatory Commission exclusive jurisdiction to resolve those issues. The court also denied the plaintiffs’ class certification motion as moot. The plaintiffs appealed to the United States Court of Appeals for the Ninth Circuit. On April 10, 2013, the United States Court of Appeals for the Ninth Circuit issued its opinion in the *In re: Western States Wholesale Antitrust Litigation*, holding that the Natural Gas Act does not preempt the plaintiffs’ state antitrust claims and reversing the summary judgment previously entered in favor of the defendants. The U.S. Supreme Court granted Defendants’ writ of certiorari. On April 21, 2015, the U.S. Supreme Court determined that the state antitrust claims are not preempted by the federal Natural Gas Act. On March 7, 2016, the putative class plaintiffs in several of the cases filed their motions for class certification. On March 30, 2017, the court denied the motions for class certification, which decision was appealed on June 20, 2017. On May 24, 2016, in *Reorganized FLI Inc. v. Williams Companies, Inc.*, the Court granted Defendants’ Motion for Summary Judgment in its entirety, and an agreed amended judgment was entered by the court on January 4, 2017. The parties have filed numerous motions for summary judgment, reconsideration and remand, and there are currently two appeals before the Ninth Circuit. Because of the uncertainty around pending unresolved issues, including an insufficient description of the purported classes and other related matters, we cannot reasonably estimate a range of potential exposure at this time.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

***Other Indemnifications***

Pursuant to various purchase and sale agreements relating to divested businesses and assets, including the agreements pursuant to which we divested our Piceance and San Juan Basin operations, we have indemnified certain purchasers against liabilities that they may incur with respect to the businesses and assets acquired from us. The indemnities provided to the purchasers are customary in sale transactions and are contingent upon the purchasers incurring liabilities that are not otherwise recoverable from third parties. The indemnities generally relate to breaches of representations and warranties, tax liabilities, historic litigation, personal injury, environmental matters and rights-of-way. Additionally, Federal and state laws in areas of former operations may require previous operators to perform in certain circumstances where the buyer/operator may no longer be able to perform. Such duties may include plugging and abandoning wells or responsibility for surface agreements.

The indemnity provided to the purchaser of the entity that held our Piceance Basin operations relates in substantial part to liabilities arising in connection with litigation over the appropriate calculation of royalty payments. Plaintiffs in that litigation have asserted claims regarding, among other things, the method by which we took transportation costs into account when calculating royalty payments. In 2017, we settled one of these claims.

As of June 30, 2018, we have not received a claim against any of these indemnities and thus have no basis from which to estimate any reasonably possible loss beyond any amount already accrued. Further, we do not expect any of the indemnities provided pursuant to the sales agreements to have a material impact on our future financial position. However, if a claim for indemnity is brought against us in the future, it may have a material adverse effect on our results of operations in the period in which the claim is made.

In connection with the separation from Williams, we agreed to indemnify and hold Williams harmless from any losses resulting from the operation of our business or arising out of liabilities assumed by us. Similarly, Williams has agreed to indemnify and hold us harmless from any losses resulting from the operation of its business or arising out of liabilities assumed by it.

***Summary***

As of June 30, 2018 and December 31, 2017, the Company had accrued approximately \$11 million for loss contingencies associated with royalty litigation and other contingencies. In certain circumstances, we may be eligible for insurance recoveries, or reimbursement from others. Any such recoveries or reimbursements will be recognized only when realizable.

Management, including internal counsel, currently believes that the ultimate resolution of the foregoing matters, taken as a whole and after consideration of amounts accrued, insurance coverage, recovery from customers or other indemnification arrangements, is not expected to have a materially adverse effect upon our future liquidity or financial position; however, it could be material to our results of operations in any given year.

***Commitments***

See Note 2 for a discussion of commitments that were assumed by the purchaser of our San Juan Gallup assets and a related existing performance guarantee from WPX that will remain in place.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

**Note 9 . Fair Value Measurements**

The following table presents, by level within the fair value hierarchy, our assets and liabilities that are measured at fair value on a recurring basis. The carrying amounts reported in the Consolidated Balance Sheets for cash and cash equivalents and restricted cash approximate fair value due to the nature of the instrument and/or the short-term maturity of these instruments.

	June 30, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Millions)				(Millions)			
Energy derivative assets	\$ —	\$ 185	\$ —	\$ 185	\$ —	\$ 59	\$ —	\$ 59
Energy derivative liabilities	\$ —	\$ 452	\$ —	\$ 452	\$ —	\$ 236	\$ —	\$ 236
Total debt(a)	\$ —	\$ 2,255	\$ —	\$ 2,255	\$ —	\$ 2,746	\$ —	\$ 2,746

(a) The carrying value of total debt, excluding capital leases and debt issuance costs, was \$2,179 million and \$2,600 million as of June 30, 2018 and December 31, 2017, respectively. The fair value of our debt, which also excludes capital leases and debt issuance costs, is determined on market rates and the prices of similar securities with similar terms and credit ratings.

Energy derivatives include commodity based exchange-traded contracts and over-the-counter (“OTC”) contracts. Exchange-traded contracts include futures, swaps and options. OTC contracts may include forwards, swaps, options or swaptions. These are carried at fair value on the Consolidated Balance Sheets.

Many contracts have bid and ask prices that can be observed in the market. Our policy is to use a mid-market pricing (the mid-point price between bid and ask prices) convention to value individual positions and then adjust on a portfolio level to a point within the bid and ask range that represents our best estimate of fair value. For offsetting positions by location, the mid-market price is used to measure both the long and short positions.

The determination of fair value for our assets and liabilities also incorporates the time value of money and various credit risk factors which can include the credit standing of the counterparties involved, master netting arrangements, the impact of credit enhancements (such as cash collateral posted and letters of credit) and our nonperformance risk on our liabilities. The determination of the fair value of our liabilities does not consider noncash collateral credit enhancements.

Forward, swap, option and swaption contracts are considered Level 2 and are valued using an income approach including present value techniques and option pricing models. Option contracts, which hedge future sales of our production, are structured as calls and are financially settled. All of our financial options are valued using an industry standard Black-Scholes option pricing model. In connection with swaps, we may sell call options or swaptions to the swap counterparties in exchange for receiving premium hedge prices on the swaps. The sold calls or swaptions establish a maximum price we will receive for the volumes under contract and are financially settled. Significant inputs into our Level 2 valuations include commodity prices, implied volatility and interest rates, as well as considering executed transactions or broker quotes corroborated by other market data. These broker quotes are based on observable market prices at which transactions could currently be executed. In certain instances where these inputs are not observable for all periods, relationships of observable market data and historical observations are used as a means to estimate fair value. Also categorized as Level 2 is the fair value of our debt, which is determined on market rates and the prices of similar securities with similar terms and credit ratings. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2.

Our energy derivatives portfolio is largely comprised of over-the-counter products or like products and the tenure of our derivatives portfolio extends through the end of 2022. Due to the nature of the products and tenure, we are consistently able to obtain market pricing. All pricing is reviewed on a daily basis and is formally validated with broker quotes or market indications and documented on a quarterly basis.

Certain instruments trade with lower availability of pricing information. These instruments are valued with a present value technique using inputs that may not be readily observable or corroborated by other market data. These instruments are classified within Level 3 when these inputs have a significant impact on the measurement of fair value. We had instruments totaling less than \$1 million included in Level 3 as of June 30, 2018.

Reclassifications of fair value between Level 1, Level 2 and Level 3 of the fair value hierarchy, if applicable, are made at the end of each quarter. No significant transfers occurred during the periods ended June 30, 2018 and 2017.

There have been no material changes in the fair value of our net energy derivatives and other assets classified as Level 3 in the fair value hierarchy.

**Note 10 . Derivatives and Concentration of Credit Risk**

***Energy Commodity Derivatives***

*Risk Management Activities*

We are exposed to market risk from changes in energy commodity prices within our operations. We utilize derivatives to manage exposure to the variability in expected future cash flows from forecasted sales of crude oil, natural gas and natural gas liquids attributable to commodity price risk.

We produce, buy and sell crude oil, natural gas and natural gas liquids at different locations throughout the United States. To reduce exposure to a decrease in revenues from fluctuations in commodity market prices, we enter into futures contracts, swap agreements and financial option contracts to mitigate the price risk on forecasted sales of crude oil, natural gas and natural gas liquids. We have also entered into basis swap agreements to reduce the locational price risk associated with our producing basins. Our financial option contracts are sold options.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

*Derivatives related to production*

The following table sets forth the derivative notional volumes of the net long (short) positions that are economic hedges of production volumes, which are included in our commodity derivatives portfolio as of June 30, 2018 .

Commodity	Period	Contract Type (a)	Location	Notional Volume (b)	Weighted Average Price (c)
<u>Crude Oil</u>					
Crude Oil	Jul - Dec 2018	Fixed Price Swaps	WTI	(57,500)	\$ 52.82
Crude Oil	Jul - Dec 2018	Basis Swaps	Midland-Cushing	(14,000)	\$ (0.77)
Crude Oil	Jul - Dec 2018	Basis Swaps	Nymex CMA Roll	(16,630)	\$ 0.03
Crude Oil	Jul - Dec 2018	Basis Swaps	Argus LLS	(4,158)	\$ 7.01
Crude Oil	Jul - Dec 2018	Basis Swaps	Magellan East	(4,989)	\$ 6.38
Crude Oil	Jul - Dec 2018	Fixed Price Calls	WTI	(13,000)	\$ 58.89
Crude Oil	2019	Fixed Price Swaps	WTI	(36,000)	\$ 52.86
Crude Oil	2019	Basis Swaps	Midland-Cushing	(21,008)	\$ (1.16)
Crude Oil	2019	Basis Swaps	Nymex CMA Roll	(20,000)	\$ 0.11
Crude Oil	2019	Fixed Price Calls	WTI	(5,000)	\$ 54.08
Crude Oil	2020	Basis Swaps	Midland-Cushing	(7,486)	\$ (1.31)
Crude Oil	2020	Basis Swaps	Brent/WTI Spread	(3,000)	\$ 8.40
Crude Oil	2021	Basis Swaps	Brent/WTI Spread	(1,000)	\$ 8.00
Crude Oil	2022	Basis Swaps	Brent/WTI Spread	(1,000)	\$ 7.75
<u>Natural Gas</u>					
Natural Gas	Jul - Dec 2018	Fixed Price Swaps	Henry Hub	(130)	\$ 2.99
Natural Gas	Jul - Dec 2018	Basis Swaps	Permian	(48)	\$ (0.31)
Natural Gas	Jul - Dec 2018	Basis Swaps	Waha	(15)	\$ 0.93
Natural Gas	Jul - Dec 2018	Basis Swaps	Houston Ship	(43)	\$ (0.08)
Natural Gas	Jul - Dec 2018	Fixed Price Calls	Henry Hub	(16)	\$ 4.75
Natural Gas	2019	Fixed Price Swaps	Henry Hub	(50)	\$ 2.87
Natural Gas	2019	Basis Swaps	Permian	(25)	\$ (0.39)
Natural Gas	2019	Basis Swaps	Waha	(25)	\$ 1.31
Natural Gas	2019	Basis Swaps	Houston Ship	(30)	\$ (0.09)
Natural Gas	2020	Basis Swaps	Waha	(40)	\$ (0.79)
Natural Gas	2021	Basis Swaps	Waha	(20)	\$ (0.57)
<u>Natural Gas Liquids</u>					
Natural Gas Liquids	Jul - Dec 2018	Fixed Price Swaps	Mont Belvieu	(3,300)	\$ 0.29
Natural Gas Liquids	Jul - Dec 2018	Fixed Price Swaps	Conway Propane	(900)	\$ 0.79
Natural Gas Liquids	Jul - Dec 2018	Fixed Price Swaps	Mont Belvieu	(3,900)	\$ 0.80
Natural Gas Liquids	Jul - Dec 2018	Fixed Price Swaps	Mont Belvieu Iso	(700)	\$ 0.91
Natural Gas Liquids	Jul - Dec 2018	Fixed Price Swaps	Mont Belvieu	(1,800)	\$ 0.90
Natural Gas Liquids	Jul - Dec 2018	Fixed Price Swaps	Mont Belvieu	(1,500)	\$ 1.31

(a) Derivatives related to crude oil production are fixed price swaps settled on the business day average, basis swaps, fixed price calls or swaptions. The derivatives related to natural gas production are fixed price swaps, basis swaps, fixed price calls or swaptions. In connection with swaps, we may sell call options or swaptions to the swap counterparties in exchange for receiving premium hedge prices on the swaps. The sold call or swaption establishes a maximum price we will receive for the volumes under contract and are financially settled. Basis swaps for the Nymex CMA (Calendar Monthly Average) Roll location are pricing adjustments to the trade month versus the delivery month for contract pricing. Basis swaps for the Brent/WTI location are priced off the Brent and WTI futures spread. Derivatives related to natural gas liquids production are fixed price swaps.

(b) Crude oil volumes are reported in Bbl/day, natural gas volumes are reported in BBTu/day and natural gas liquids volumes are reported in Bbl/day.

(c) The weighted average price for crude oil is reported in \$/Bbl, natural gas is reported in \$/MMBtu and natural gas liquids is reported in \$/Gal.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

*Fair values and gains (losses)*

Our derivatives are presented as separate line items in our Consolidated Balance Sheets as current and noncurrent derivative assets and liabilities. Derivatives are classified as current or noncurrent based on the contractual timing of expected future net cash flows of individual contracts. The expected future net cash flows for derivatives classified as current are expected to occur within the next 12 months. The fair value amounts are presented on a gross basis and do not reflect the netting of asset and liability positions permitted under the terms of our master netting arrangements. Further, the amounts below do not include cash held on deposit in margin accounts that we have received or remitted to collateralize certain derivative positions.

We enter into commodity derivative contracts that serve as economic hedges but are not designated as cash flow hedges for accounting purposes as we do not utilize this method of accounting for derivative instruments. Net gain (loss) on derivatives on the Consolidated Statements of Operations includes settlements to be paid of \$78 million and \$133 million for the three and six months ended June 30, 2018, respectively, and settlements received of \$14 million and \$9 million for the three and six months ended June 30, 2017, respectively.

The cash flow impact of our derivative activities is presented as separate line items within the operating activities on the Consolidated Statements of Cash Flows.

*Offsetting of derivative assets and liabilities*

The following table presents our gross and net derivative assets and liabilities.

	Gross Amount Presented on Balance Sheet	Netting Adjustments (a)	Net Amount
	(Millions)		
<b>June 30, 2018</b>			
Derivative assets with right of offset or master netting agreements	\$ 185	\$ (138)	\$ 47
Derivative liabilities with right of offset or master netting agreements	\$ (452)	\$ 138	\$ (314)
<b>December 31, 2017</b>			
Derivative assets with right of offset or master netting agreements	\$ 59	\$ (42)	\$ 17
Derivative liabilities with right of offset or master netting agreements	\$ (236)	\$ 42	\$ (194)

(a) With all of our financial trading counterparties, we have agreements in place that allow for the financial right of offset for derivative assets and derivative liabilities at settlement or in the event of a default under the agreements. Additionally, we have negotiated master netting agreements with some of our counterparties. These master netting agreements allow multiple entities that have multiple underlying agreements the ability to net derivative assets and derivative liabilities at settlement or in the event of a default or a termination under one or more of the underlying contracts.

*Credit-risk-related features*

Certain of our derivative contracts contain credit-risk-related provisions that would require us, under certain events, to post additional collateral in support of our net derivative liability positions. These credit-risk-related provisions require us to post collateral in the form of cash or letters of credit when our net liability positions exceed an established credit threshold. The credit thresholds are typically based on our senior unsecured debt ratings from Standard and Poor's and/or Moody's Investment Services. Under these contracts, a credit ratings decline would lower our credit thresholds, thus requiring us to post additional collateral. We also have contracts that contain adequate assurance provisions giving the counterparty the right to request collateral in an amount that corresponds to the outstanding net liability.

As of June 30, 2018, we had no collateral posted to derivative counterparties, to support the aggregate fair value of our net \$314 million derivative liability position (reflecting master netting arrangements in place with certain counterparties), which includes a reduction of \$3 million to our liability balance for our own nonperformance risk. Assuming our credit thresholds were eliminated and a call for adequate assurance under the credit risk provisions in our derivative contracts was triggered, the additional collateral that we would have been required to post at June 30, 2018 was \$314 million.

**Concentration of Credit Risk**

*Cash equivalents*

Our cash equivalents are primarily invested in funds with high-quality, short-term securities and instruments that are issued or guaranteed by the U.S. government.

**WPX Energy, Inc.**  
**Notes to Consolidated Financial Statements — (Continued)**

*Accounts receivable*

Accounts receivable are carried on a gross basis, with no discounting, less the allowance for doubtful accounts. We estimate the allowance for doubtful accounts based on existing economic conditions, the financial conditions of the customers and the amount and age of past due accounts. Receivables are considered past due if full payment is not received by the contractual due date. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. A portion of our receivables are from joint interest owners of properties we operate. Thus, we may have the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings.

*Derivative assets and liabilities*

We have a risk of loss from counterparties not performing pursuant to the terms of their contractual obligations. Counterparty performance can be influenced by changes in the economy and regulatory issues, among other factors. Risk of loss is impacted by several factors, including credit considerations and the regulatory environment in which a counterparty transacts. We attempt to minimize credit-risk exposure to derivative counterparties and brokers through formal credit policies, consideration of credit ratings from public ratings agencies, monitoring procedures, master netting agreements and collateral support under certain circumstances. Collateral support could include letters of credit, payment under margin agreements and guarantees of payment by credit worthy parties.

We also enter into master netting agreements to mitigate counterparty performance and credit risk. During 2018 and 2017, we did not incur any significant losses due to counterparty bankruptcy filings. We assess our credit exposure on a net basis to reflect master netting agreements in place with certain counterparties. We offset our credit exposure to each counterparty with amounts we owe the counterparty under derivative contracts.

Our gross and net credit exposure from our derivative contracts were \$185 million and \$47 million, respectively, as of June 30, 2018. Ninety-nine percent of our credit exposure is with investment grade financial institutions. We determine investment grade primarily using publicly available credit ratings. We include counterparties with a minimum S&P's rating of BBB- or Moody's Investors Service rating of Baa3 to be investment grade.

Our three largest net counterparty positions represent approximately 100 percent of our net credit exposure. Under our marginless hedging agreements with key banks, neither party is required to provide collateral support related to hedging activities.

One of our senior officers is on the board of directors of NGL Energy Partners, LP ("NGL Energy"). In the normal course of business, we sell crude oil to NGL Energy. For the first six months of 2018, sales to NGL Energy were approximately 12 percent of our total consolidated revenues adjusted for loss on derivatives. In addition, a subsidiary of NGL Energy provides water disposal services for WPX that represent less than 1 percent of operating expenses.

*Other*

Collateral support for our commodity agreements could include margin deposits, letters of credit, surety bonds and guarantees of payment by credit worthy parties.

**Note 11 . Subsequent Events**

Based on the provisions of the mandatory convertible preferred stock offering in 2015, each share of our preferred stock would automatically convert into between 4.1254 and 4.9504 shares of our common stock (respectively, the "minimum conversion rate" and "maximum conversion rate") on July 30, 2018, subject to anti-dilution adjustments. The number of shares of our common stock issuable on conversion is determined based on the average volume weighted average price per share of our common stock (the "VWAP") over the 20 consecutive trading day period beginning on, and including, the 23rd scheduled trading day immediately preceding July 31, 2018, which is referred to as the "final averaging period." Based on the VWAP for the final averaging period, the preferred shares converted to common shares at the minimum conversion rate of 4.1254. On July 30, 2018, approximately 4.8 million shares of our preferred stock converted into approximately 19.8 million shares of our common stock pursuant to the mandatory conversion provisions of the preferred stock offering.

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

**General**

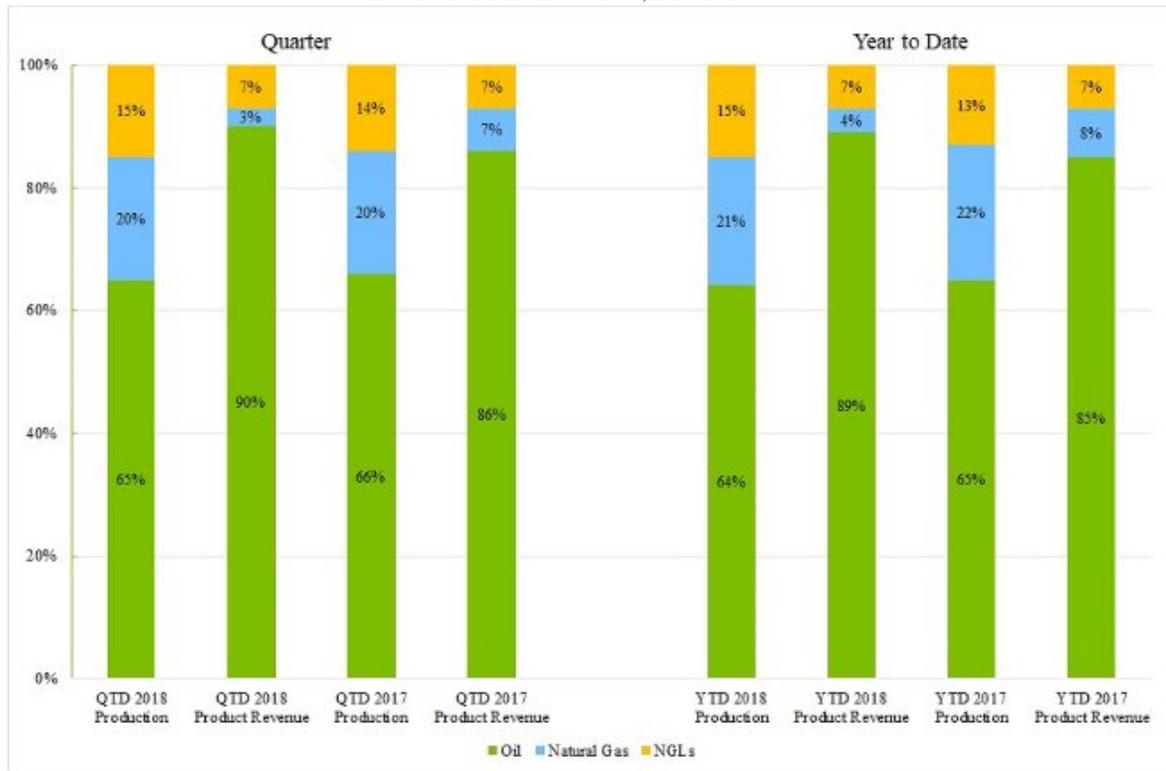
The following discussion should be read in conjunction with the selected historical consolidated financial data and the consolidated financial statements and the related notes included elsewhere in this Form 10-Q and Exhibit 99.1 of our Form 8-K filed on May 7, 2018. The matters discussed below may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Form 10-Q and our 2017 Annual Report on Form 10-K.

Unless indicated otherwise, the following discussion relates to continuing operations. See Note 2 of Notes to Consolidated Financial Statements for a discussion of discontinued operations.

**Overview**

*Composition of production (based on MBoe ) and product revenue*

Three and six months ended June 30, 2018 and 2017



The following table presents our production volumes and financial highlights for the three and six months ended June 30, 2018 and 2017:

	Three months ended June 30,				Six months ended June 30,			
	2018		2017		2018		2017	
	Per day		Per day		Per day		Per day	
<b>Production Sales Volume Data(a):</b>								
Oil (MBbls)	7,352	80.8	4,572	50.2	13,271	73.3	8,076	44.6
Natural gas (MMcf)	13,854	152	8,357	92	25,763	142	16,104	89
NGLs (MBbls)	1,713	18.8	959	10.5	3,053	16.9	1,665	9.2
Combined equivalent volumes (MBoe)(b)	11,374	125.0	6,923	76.1	20,618	113.9	12,424	68.6
<b>Financial Data (millions):</b>								
Total product revenues	\$ 520		\$ 226		\$ 927		\$ 413	
Total revenues	\$ 430		\$ 350		\$ 804		\$ 745	
Operating income (loss)	\$ (3)		\$ 75		\$ 3		\$ 248	
Capital expenditure activity (c)	\$ 355		\$ 316		\$ 705		\$ 596	

(a) Excludes production from discontinued operations.

(b) MBoe are converted using the ratio of one barrel of oil, condensate or NGL to six thousand cubic feet of natural gas.

(c) Includes capital expenditures activity related to discontinued operations of \$1 million and \$60 million for the three months ended June 30, 2018 and 2017, respectively, and \$27 million and \$103 million for the six months ended June 30, 2018 and 2017, respectively.

Our second quarter 2018 operating results were \$78 million unfavorable compared to second quarter 2017. The primary items impacting the three months ended June 30, 2018 compared to the same period in 2017 include:

- \$270 million unfavorable change in net gain (loss) on derivatives; and
- \$110 million higher operating costs including depreciation, depletion and amortization, lease and facility, gathering, processing and transportation, and taxes other than income.

Offset by

- \$294 million increase in product revenues, primarily oil sales, of which \$155 million related to higher oil prices and \$119 million related to higher oil volumes.

Our year-to-date 2018 operating results were \$245 million unfavorable compared to year to date 2017. The primary items impacting the six months ended June 30, 2018 compared to the same period in 2017 include:

- \$542 million unfavorable change in net gain (loss) on derivatives;
- \$207 million higher operating costs including depreciation, depletion and amortization, lease and facility, gathering, processing and transportation, and taxes other than income; and
- the absence in 2018 of a \$38 million net gain on sales of assets recorded in 2017 (see Note 4 of Notes to Consolidated Financial Statements).

Offset by

- \$514 million increase in product revenues, primarily oil sales, of which \$247 million related to higher oil prices and \$228 million related to higher oil volumes; and
- \$16 million lower exploration costs (see Note 4 of Notes to Consolidated Financial Statements).

## Outlook

After our multi-year transformation of WPX, our oil-prone positions in the Delaware (Permian) and Williston Basins now form the foundation of WPX. Our acreage positions in each of these basins contains some of the top geology in the plays and in North America. We have also assembled an attractive infrastructure portfolio in the Permian which will help flow our production out of the basin and potentially create value through our midstream investments. We believe we are well positioned for prudent and disciplined growth assuming a constructive commodity price environment. Our growth plan through the end of 2018, both volumes and cash flow, is another important step in the transformation of the company in an effort to improve our leverage metrics along with other per Boe metrics. In 2019, assuming current forward pricing, we expect our operating cash flows to equal or exceed our drilling and completion capital expenditures. However, the oil and gas industry is a challenging and dynamic environment and appropriate adjustments to our plans would be made if we foresee market conditions change including significant fluctuation in commodity prices.

Our continuing operations capital budget for full year 2018 is \$1.3 billion to \$1.4 billion, including amounts for land and midstream opportunities. Additionally, we estimate between \$70 million and \$85 million for equity investments. Planned capital for drilling and completions, including non-operated wells, is \$1.2 billion to \$1.25 billion for the full year 2018. The plan contemplates deploying a comparable rig count compared to 2017, completing an inventory of 38 DUCs at year-end 2017, adding a third frac crew in the Delaware Basin and drilling longer laterals in the Delaware. The 2018 budget is designed to fund 7 rigs and 3 rigs in the Delaware and Williston Basins, respectively.

Our June 30, 2018 liquidity totaled approximately \$1.5 billion, reflecting amounts available under the Credit Facility Agreement and cash on hand. Our next debt maturity of \$529 million is not due until 2022. In second quarter 2018, we amended our Credit Facility to, among other things, (i) increase the borrowing base to \$1.8 billion with aggregate elected commitments increased to \$1.5 billion (ii) extend the maturity date to April 17, 2023, subject to a springing maturity on October 15, 2021 and (iii) decrease the interest rates applicable to the loans under the Credit Facility Agreement (see Note 6 for further discussion). We believe our current liquidity position will provide the necessary capital to develop our assets or should sustain us if there is a downturn.

As we execute on our long-term strategy, we continue to operate with a focus on increasing shareholder value and investing in our businesses in a way that enhances our competitive position by:

- value driven development of our positions in the Delaware and Williston Basins;
- continuing to pursue cost improvements and efficiency gains;
- employing new technology and operating methods;
- continuing to invest in projects to assess resources and add new development opportunities to our portfolio;
- retaining the flexibility to make adjustments to our planned levels and allocation of capital investment expenditures in response to changes in economic conditions or business opportunities; and
- continuing to maintain an active economic hedging program around our commodity price risks.

Potential risks or obstacles that could impact the execution of our plan include:

- lower than anticipated energy commodity prices;
- increase in the cost of, or shortages or delays in the availability of, drilling rigs and equipment supplies, skilled labor or transportation;
- higher capital costs of developing our properties, including the impact of inflation;
- lower than expected levels of cash flow from operations;
- counterparty credit and performance risk;
- general economic, financial markets or industry downturn;
- unavailability of capital either under our revolver or access to capital markets;
- changes in the political and regulatory environments; and
- decreased drilling success.

With the exception of potential impairments, we continue to address certain of these risks through utilization of commodity hedging strategies, disciplined investment strategies and maintaining adequate liquidity. In addition, we use master netting agreements and collateral requirements with our counterparties to reduce credit risk and liquidity requirements. Further, we continue to monitor the long-term market outlooks and forecasts for potential indicators of needed changes to our forecasted oil and natural gas prices. Commodity prices are significantly volatile and prices for a barrel of oil ranged from over \$100 per barrel to less than \$30 per barrel for a brief time over the past five years. Our forecasted price assumptions reflect a long-term view of pricing but also consider current prices and are consistent with pricing assumptions generally used in evaluating our drilling decisions and acquisition plans. If forecasted oil and natural gas prices were to decline, we would need to review the producing properties net book value for possible impairment. Because of the uncertainty inherent in these factors, we cannot predict when or if future impairment charges will be recorded. If impairments were required, the charges could be significant. The net book value of our proved properties is \$4.8 billion. In addition, the net book value associated with unproved leasehold is approximately \$2.1 billion and is primarily associated with our Delaware Basin properties. See our discussion of impairment of long-lived assets in our Critical Accounting Estimates discussion in Exhibit 99.1 of our Form 8-K filed May 7, 2018.

## Results of Operations

### Three Month-Over-Three Month Results of Operations

#### Revenue analysis

	Three months ended June 30,		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	2018	2017		
	(Millions)			
Revenues:				
Oil sales	\$ 468	\$ 194	\$ 274	141%
Natural gas sales	16	16	—	—%
Natural gas liquid sales	36	16	20	125%
Total product revenues	520	226	294	130%
Net gain (loss) on derivatives	(154)	116	(270)	NM
Commodity management	64	8	56	NM
Total revenues	\$ 430	\$ 350	\$ 80	23%

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

Significant variances in the respective line items of revenues are comprised of the following:

- \$274 million increase in oil sales reflects \$155 million related to higher sales prices and \$119 million related to higher production sales volumes for the three months ended June 30, 2018 compared to 2017. The increase in production sales volumes was driven by both our Delaware and Williston Basins. The Delaware Basin volumes were 39.1 MBbls per day compared to 20.2 MBbls per day for the three months ended June 30, 2018 and 2017, respectively. The Williston Basin volumes were 41.7 MBbls per day compared to 30.1 MBbls per day for the three months ended June 30, 2018 and 2017, respectively. The following table reflects oil production prices, the price impact of our derivative settlements and volumes for the three months ended June 30, 2018 and 2017:

	Three months ended June 30,	
	2018	2017
Oil sales (per barrel)	63.63	\$ 42.65
Impact of net cash received (paid) related to settlement of derivatives (per barrel)(a)	(11.47)	2.55
Oil net price including derivative settlements (per barrel)	\$ 52.16	\$ 45.20
Oil production sales volumes (MBbls)	7,352	4,572
Per day oil production sales volumes (MBbls/d)	80.8	50.2

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- Natural gas sales were flat but reflect \$10 million related to lower sales prices offset by \$10 million related to higher production sales volumes for the three months ended June 30, 2018 compared to 2017. The following table reflects natural gas production prices, the price impact of our derivative settlements and volumes for the three months ended June 30, 2018 and 2017 :

	Three months ended June 30,	
	2018	2017
Natural gas sales (per Mcf)	\$ 1.12	\$ 1.90
Impact of net cash received (paid) related to settlement of derivatives (per Mcf)(a)	0.75	0.31
Natural gas net price including derivative settlements (per Mcf)	<u>\$ 1.87</u>	<u>\$ 2.21</u>
Natural gas production sales volumes (MMcf)	13,854	8,357
Per day natural gas production sales volumes (MMcf/d)	152	92

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- \$20 million increase in natural gas liquids sales primarily reflect \$12 million related to higher production sales volumes and \$8 million related to higher sales prices for the three months ended June 30, 2018 compared to 2017. The increased production primarily relates to the Delaware Basin. The Delaware Basin volumes were 14.2 MBbls per day compared to 8.0 MBbls per day for the three months ended June 30, 2018 and 2017 , respectively. The following table reflects NGL production prices, the price impact of our derivative settlements and volumes for the three months ended June 30, 2018 and 2017 :

	Three months ended June 30,	
	2018	2017
NGL sales (per barrel)	\$ 20.94	\$ 15.76
Impact of net cash received (paid) related to settlement of derivatives (per barrel)(a)	(2.06)	—
NGL net price including derivative settlements (per barrel)	<u>\$ 18.88</u>	<u>\$ 15.76</u>
NGL production sales volumes (MBbls)	1,713	959
Per day NGL production sales volumes (MBbls/d)	18.8	10.5

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- \$270 million unfavorable change in net gain (loss) on derivatives primarily reflects unfavorable change in crude oil derivatives which was a result of losses in 2018 due to increases in 2018 of forward commodity prices relative to our hedge positions as opposed to gains in 2017 due to decreases in 2017 of forward commodity prices relative to our hedge position at that time. Settlements to be paid on derivatives totaled \$78 million and settlements to be received totaled \$14 million for three months ended June 30, 2018 and June 30, 2017 , respectively.
- \$56 million increase in commodity management revenues is primarily due to higher crude sales volumes. A similar increase is reflected in the \$46 million increase in related commodity management costs and expenses, discussed below. The increase in crude sales volumes is due to crude oil purchases and sales to fulfill certain sales commitments.

## Cost and operating expense and operating income (loss) analysis

	Three months ended June 30,		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change	Per Boe Expense	
	2018	2017			2018	2017
	(Millions)					
Costs and expenses:						
Depreciation, depletion and amortization	\$ 197	\$ 141	\$ (56)	(40)%	\$17.31	\$20.26
Lease and facility operating	59	41	(18)	(44)%	\$5.20	\$5.92
Gathering, processing and transportation	20	6	(14)	NM	\$1.79	\$0.80
Taxes other than income	41	19	(22)	(116)%	\$3.67	\$2.68
Exploration	17	16	(1)	(6)%		
General and administrative:						
General and administrative expenses	34	36	2	6 %	\$3.06	\$5.13
Equity-based compensation	10	8	(2)	(25)%	\$0.83	\$1.27
Total general and administrative	44	44	—	— %	\$3.89	\$6.40
Commodity management	54	8	(46)	NM		
Net gain—sales of assets	(1)	(7)	(6)	(86)%		
Other—net	2	7	5	71 %		
Total costs and expenses	\$ 433	\$ 275	\$ (158)	(57)%		
Operating income (loss)	\$ (3)	\$ 75	\$ (78)	104 %		

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

Significant variances in our costs and expenses are comprised of the following:

- \$56 million increase in depreciation, depletion and amortization is primarily due to higher production volumes partially offset by a \$2.95 per Boe decrease in rate which was impacted by higher estimated reserves as compared to June 30, 2017 due to a higher 12-month average price, the addition of new wells with lower relative cost per Boe and an increase in Delaware production relative to the overall total.
- \$18 million increase in lease and facility operating expenses primarily related to increased production volumes.
- \$14 million increase in gathering, processing and transportation primarily due in part to the adoption of ASU 2014-09, *Revenue from Contracts with Customers*, for which the net expense on certain transportation related arrangements that were recorded as a reduction in oil revenue in 2017 are included in gathering, processing and transportation in 2018 and growth in production volumes.
- \$22 million increase in taxes other than income related to increased product revenues, previously discussed.
- \$46 million increase in commodity management expenses is primarily due to higher crude purchase volumes. The increase in crude oil purchase volumes is due to crude oil purchases and sales to fulfill certain sales commitments.

## Results below operating income (loss)

	Three months ended June 30,		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	2018	2017		
	(Millions)			
Operating income (loss)	\$ (3)	\$ 75	\$ (78)	NM
Interest expense	(39)	(46)	7	15 %
Loss on extinguishment of debt	(71)	—	(71)	NM
Investment income and other	1	—	1	NM
Income (loss) from continuing operations before income taxes	(112)	29	(141)	NM
Benefit for income taxes	(33)	(298)	(265)	(89)%
Income (loss) from continuing operations	(79)	327	(406)	NM
Loss from discontinued operations	(2)	(251)	249	99 %
Net income (loss)	\$ (81)	\$ 76	(157)	NM

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

The decrease in interest expense primarily relates to lower level of debt outstanding in 2018 compared to 2017.

In the second-quarter of 2018, we used proceeds from the San Juan Gallup disposition and proceeds from the issuance of \$500 million Senior Notes due in 2026 to retire \$921 million aggregate principal amount of our Senior Notes. As a result of the early retirement of these Senior Notes, we recorded a loss on extinguishment of debt of \$71 million in second-quarter 2018. See Note 6 of Notes to Consolidated Financial Statements for additional information regarding these transactions.

Benefit for income taxes for the three months ended June 30, 2018 changed unfavorably compared to the same period for 2017. See Note 7 of Notes to Consolidated Financial Statements for a discussion of the effective tax rates compared to the federal statutory rate for both periods.

Loss from discontinued operations in 2017 includes the results of the San Juan Basin. The sale of the San Juan Gallup closed in first quarter 2018 and the sale of the San Juan Legacy closed in fourth-quarter 2017. See Note 2 of Notes to Consolidated Financial Statements for detail of amounts included in discontinued operations.

### Six Month-Over-Six Month Results of Operations

#### Revenue analysis

	Six months ended June 30,		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	2018	2017		
	(Millions)			
Revenues:				
Oil sales	\$ 828	\$ 353	\$ 475	135%
Natural gas sales	33	33	—	—%
Natural gas liquid sales	66	27	39	144%
Total product revenues	927	413	514	124%
Net gain (loss) on derivatives	(223)	319	(542)	NM
Commodity management	100	13	87	NM
Total revenues	\$ 804	\$ 745	\$ 59	8%

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

Significant variances in the respective line items of revenues are comprised of the following:

- \$475 million increase in oil sales reflects \$247 million related to higher sales prices and \$228 million related to higher production sales volumes for the six months ended June 30, 2018 compared to 2017. The Delaware Basin volumes were 36.5 MBbls per day compared to 16.9 MBbls per day for the six months ended June 30, 2018 and 2017, respectively. The Williston Basin volumes were 36.8 MBbls per day compared to 27.7 MBbls per day for the six months ended June 30, 2018 and 2017, respectively. The following table reflects oil production prices, the price impact of our derivative settlements and volumes for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,	
	2018	2017
Oil sales (per barrel)	\$ 62.42	\$ 43.81
Impact of net cash received (paid) related to settlement of derivatives (per barrel)(a)	(10.78)	1.05
Oil net price including derivative settlements (per barrel)	<u>\$ 51.64</u>	<u>\$ 44.86</u>
Oil production sales volumes (MBbls)	13,271	8,076
Per day oil production sales volumes (MBbls/d)	73.3	44.6

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- Natural gas sales were flat but reflect \$20 million in higher production sales volumes offset by \$20 million related to lower sales prices for the six months ended June 30, 2018 compared to 2017. The increase in our production sales volumes primarily relates to our Delaware Basin which had production volumes of 119 MMcf per day compared to 66 MMcf per day for the six months ended June 30, 2018 compared to 2017, respectively. The following table reflects natural gas production prices, the price impact of our derivative settlements and volumes for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,	
	2018	2017
Natural gas sales (per Mcf)	\$ 1.27	\$ 2.03
Impact of net cash received (paid) related to settlement of derivatives (per Mcf)(a)	0.58	0.04
Natural gas net price including derivative settlements (per Mcf)	<u>\$ 1.85</u>	<u>\$ 2.07</u>
Natural gas production sales volumes (MMcf)	25,763	16,104
Per day natural gas production sales volumes (MMcf/d)	142	89

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- \$39 million increase in natural gas liquids sales primarily reflects \$22 million related to higher production sales volumes and \$17 million related to higher sales prices for the six months ended June 30, 2018 compared to 2017. The Delaware Basin volumes were 12.6 MBbls per day compared to 6.9 MBbls per day for the six months ended June 30, 2018 and 2017, respectively. The Williston Basin volumes were 4.3 MBbls per day compared to 2.3 MBbls per day for the six months ended June 30, 2018 and 2017, respectively. The following table reflects NGL production prices, the price impact of our derivative settlements and volumes for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,	
	2018	2017
NGL sales (per barrel)	\$ 21.47	\$ 15.99
Impact of net cash received (paid) related to settlement of derivatives (per barrel)(a)	(1.46)	—
NGL net price including derivative settlements (per barrel)	<u>\$ 20.01</u>	<u>\$ 15.99</u>
NGL production sales volumes (MBbls)	3,053	1,665
Per day NGL production sales volumes (MBbls/d)	16.9	9.2

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- \$542 million unfavorable change in net gain (loss) on derivatives primarily reflects unfavorable change in crude oil derivatives which was a result of losses in 2018 due to increases in 2018 of forward commodity prices relative to our hedge positions as opposed to gains in 2017 due to decreases in 2017 of forward commodity prices relative to our hedge position at that time. Settlements to be paid on derivatives totaled \$133 million for the six months ended June 30, 2018 and settlements to be received totaled \$9 million for the six months ended June 30, 2017.
- \$87 million increase in commodity management revenues primarily due to higher crude sales volumes. A similar increase is reflected in the \$ 80 million increase in related commodity management costs and expenses, discussed below. The increase in crude sales volumes is due to crude oil purchases and sales to fulfill certain sales commitments.

#### Cost and operating expense and operating income (loss) analysis

	Six months ended June 30,		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change	Per Boe Expense	
	2018	2017			2018	2017
	(Millions)					
Costs and expenses:						
Depreciation, depletion and amortization	\$ 358	\$ 254	\$ (104)	(41)%	\$17.34	\$20.42
Lease and facility operating	114	77	(37)	(48)%	\$5.55	\$6.21
Gathering, processing and transportation	38	11	(27)	NM	\$1.85	\$0.86
Taxes other than income	71	32	(39)	(122)%	\$3.46	\$2.56
Exploration	36	52	16	31 %		
General and administrative:						
General and administrative expenses	70	70	—	— %	\$3.41	\$5.60
Equity-based compensation	17	15	(2)	(13)%	\$0.82	\$1.24
Total general and administrative	87	85	(2)	(2)%	\$4.23	\$6.84
Commodity management	93	13	(80)	NM		
Net gain—sales of assets	—	(38)	(38)	100 %		
Other—net	4	11	7	64 %		
Total costs and expenses	<u>\$ 801</u>	<u>\$ 497</u>	<u>\$ (304)</u>	<u>(61)%</u>		
Operating income	<u>\$ 3</u>	<u>\$ 248</u>	<u>\$ (245)</u>	<u>(99)%</u>		

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

Significant variances in our costs and expenses are comprised of the following:

- \$104 million increase in depreciation, depletion and amortization is primarily due to higher production volumes partially offset by a \$3.08 per Boe decrease in rate which was impacted by higher estimated reserves as compared to June 30, 2017 due to a higher 12-month average price, the addition of new wells with lower relative cost per Boe and an increase in Delaware production relative to the overall total.
- \$37 million increase in lease and facility operating expenses primarily related to increased production volumes.
- \$27 million increase in gathering, processing and transportation is due in part to the adoption of ASU 2014-09, *Revenue from Contracts with Customers*, for which the net expense on certain transportation related arrangements that were recorded as a reduction in oil revenue in 2017 are included in gathering, processing and transportation in 2018 and growth in production volumes.
- \$39 million increase in taxes other than income related to increased product revenues, previously discussed.
- \$16 million decrease in exploration expenses is primarily due to unproved leasehold property impairment, amortization and expiration in 2017 which includes costs associated with certain expired leases in the Delaware Basin in excess of the accumulated amortization balance recorded during first-quarter 2017. See Note 4 of Notes to Consolidated Financial Statements.
- \$80 million increase in commodity management expenses is primarily due to higher crude purchase volumes. The increase in crude oil purchase volumes is due to crude oil purchases and sales to fulfill certain sales commitments.
- The absence in 2018 of a \$38 million net gain on sales of assets recorded in 2017. See Note 4 of Notes to Consolidated Financial Statements.

#### Results below operating income (loss)

	Six months ended June 30,		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	2018	2017		
	(Millions)			
Operating income	\$ 3	\$ 248	\$ (245)	(99)%
Interest expense	(85)	(93)	8	9 %
Loss on extinguishment of debt	(71)	—	(71)	NM
Investment income and other	—	2	(2)	100 %
Income (loss) from continuing operations before income taxes	(153)	157	(310)	NM
Benefit for income taxes	(48)	(265)	(217)	(82)%
Income (loss) from continuing operations	(105)	422	(527)	NM
Loss from discontinued operations	(91)	(254)	163	64 %
Net income (loss)	\$ (196)	\$ 168	(364)	NM

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

The decrease in interest expense primarily relates to lower level of debt outstanding in 2018 compared to 2017.

In the second-quarter of 2018, we used proceeds from the San Juan Gallup disposition and proceeds from the issuance of \$500 million Senior Notes due in 2026 to retire \$921 million aggregate principal amount of our Senior Notes. As a result of the early retirement of these Senior Notes, we recorded a loss on extinguishment of debt of \$71 million in second-quarter 2018. See Note 6 of Notes to Consolidated Financial Statements for additional information regarding these transactions.

Income taxes for 2018 changed unfavorably compared to 2017. See Note 7 of Notes to Consolidated Financial Statements for a discussion of the effective tax rates compared to the federal statutory rate for both periods.

Loss from discontinued operations in 2018 included a \$147 million pretax loss on the sale of our San Juan Gallup operations which was sold in the first quarter of 2018. See Note 2 of Notes to Consolidated Financial Statements for detail of amounts included in discontinued operations.

## Management's Discussion and Analysis of Financial Condition and Liquidity

### Overview and Liquidity

We expect our capital structure will provide us financial flexibility to meet our requirements for working capital and capital expenditures while maintaining a sufficient level of liquidity. Our primary sources of liquidity in 2018 are cash on hand, expected cash flows from operations, proceeds from the sales of the San Juan Basin properties and other non-core assets, and, if necessary, borrowings on our credit facility. We anticipate that the combination of these sources should be sufficient to allow us to pursue our business strategy and goals through at least 2018 which included the reduction of a portion of our Senior Notes (see Note 6 of Notes to Consolidated Financial Statements). Additional sources of liquidity, if needed and if available, include proceeds from asset sales, bank financings and proceeds from the issuance of long-term debt and equity securities. In addition, we may further reduce debt and/or interest expense by seeking to retire, purchase or exchange our outstanding debt through cash purchases and/or exchanges for equity or debt securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

We note the following assumptions for 2018 :

- our planned capital expenditures for full-year 2018, excluding acquisitions, are estimated to be approximately \$1.3 billion to \$1.4 billion of which \$1.2 billion to \$1.25 billion relate to drilling and completions, including facilities. Additionally, we estimate between \$70 million and \$85 million for equity investments. As of June 30, 2018, we have incurred \$624 million of drilling and completion capital expenditures including facilities (and excluding capital related to discontinued operations); and
- we have hedged a portion of our anticipated 2018 oil and gas production as disclosed in Commodity Price Risk Management following this section.

Potential risks associated with our planned levels of liquidity and the planned capital and investment expenditures discussed above include:

- lower than expected levels of cash flow from operations, primarily resulting from lower energy commodity prices or inflation on operating costs;
- lower than anticipated proceeds from asset sales;
- significantly lower than expected capital expenditures could result in the loss of undeveloped leasehold;
- reduced access to our credit facility pursuant to our financial covenants; and
- higher than expected development costs, including the impact of inflation.

### Credit Facility

On April 17, 2018, the Company entered into a Second Amendment to Second Amended and Restated Credit Agreement with Wells Fargo Bank, National Association, as Administrative Agent, Lender and Swingline Lender and the other lenders party thereto (the "Credit Facility"). The Credit Facility, as amended, increases total commitments to \$1.5 billion, increases the Borrowing Base to \$1.8 billion and extends the maturity date to April 17, 2023. The Credit Facility may become due on October 15, 2021 if available liquidity minus outstanding 2022 notes is less than \$500 million. The \$1.8 billion Borrowing Base will remain in effect until the next Redetermination Date as set forth in the Credit Facility and, at this time, availability under the Credit Facility Agreement is limited by the total commitments of \$1.5 billion. The financial covenants in the Credit Facility may limit our ability to borrow money, depending on the applicable financial metrics at any given time. One of the significant financial covenants is a ratio of Net Indebtedness to Consolidated EBITDAX of 4.25 to 1.00. For additional information regarding the terms of our Credit Facility see Note 6 of Notes to Consolidated Financial Statements. As of June 30, 2018, we had no borrowings and \$65 million of letters of credit issued under the Credit Facility and we were in compliance with our financial covenants under the credit agreement. Our unused borrowing availability was approximately \$1,435 million as of June 30, 2018. As of the date of this filing, we are in compliance with all terms, conditions and financial covenants of the Credit Facility, as amended.

### Commodity Price Risk Management

To manage the commodity price risk and volatility of owning producing oil and gas properties, we enter into derivative contracts for a portion of our future production (see Note 10 of Notes to Consolidated Financial Statements). We chose not to designate our derivative contracts associated with our future production as cash flow hedges for accounting purposes. For the remainder of 2018 and 2019, we have the following contracts as of the date of this filing shown at weighted average volumes and basin-level weighted average prices:

Crude Oil	Jul - Dec 2018		2019	
	Volume (Bbls/d)	Weighted Average Price (\$/Bbl)	Volume (Bbls/d)	Weighted Average Price (\$/Bbl)
Fixed Price Swaps—WTI	57,500	\$ 52.82	38,000	\$ 53.49
Fixed Price Calls—WTI	13,000	\$ 58.89	5,000	\$ 54.08
Basis swaps—Midland	14,000	\$ (0.77)	21,008	\$ (1.16)
Basis swaps—Nymex Calendar Monthly Avg Roll	16,630	\$ 0.03	20,000	\$ 0.11
Basis swaps—Argus LLS	4,158	\$ 7.01	—	\$ —
Basis swaps—Magellan East Houston	4,989	\$ 6.38	—	\$ —

Natural Gas	Jul - Dec 2018		2019	
	Volume (BBtu/d)	Weighted Average Price (\$/MMBtu)	Volume (BBtu/d)	Weighted Average Price (\$/MMBtu)
Fixed Price Swaps—Henry Hub	129	\$ 2.99	48	\$ 2.87
Fixed Price Calls—Henry Hub	16	\$ 4.75	—	\$ —
Basis swaps—Permian	48	\$ (0.31)	25	\$ (0.39)
Basis swaps—Waha	15	\$ 0.93	25	\$ 1.31
Basis swaps—Houston Ship Channel	43	\$ (0.08)	30	\$ (0.09)

Natural Gas Liquids	Jul - Dec 2018		2019	
	Volume (Bbls/d)	Weighted Average Price (\$/Gal)	Volume (Bbls/d)	Weighted Average Price (\$/Gal)
Fixed Price Swaps—Ethane Mont Belvieu	3,300	\$ 0.29	—	\$ —
Fixed Price Swaps—Propane Conway	900	\$ 0.79	—	\$ —
Fixed Price Swaps—Propane Mont Belvieu	3,900	\$ 0.80	—	\$ —
Fixed Price Swaps—Iso Butane Mont Belvieu	700	\$ 0.91	—	\$ —
Fixed Price Swaps—Normal Butane Mont Belvieu	1,800	\$ 0.90	—	\$ —
Fixed Price Swaps—Natural Gasoline Mont Belvieu	1,500	\$ 1.31	—	\$ —

### Sources (Uses) of Cash

	Six months ended June 30,	
	2018	2017
	(Millions)	
Net cash provided by (used in):		
Operating activities	\$ 428	\$ 142
Investing activities	3	(1,305)
Financing activities	(516)	678
Net decrease in cash and cash equivalents and restricted cash	\$ (85)	\$ (485)

#### Operating activities

Net cash provided by operating activities increased for the six months ended June 30, 2018 compared to the same period in 2017 primarily due to higher commodity prices and higher production volumes in 2018, partially offset by higher payments on derivatives settlements and higher operating costs. Excluding changes in working capital, total cash provided by operating

activities related to discontinued operations was approximately \$45 million and \$55 million for the six months ended June 30, 2018 and 2017, respectively. In addition, cash outflows related to Powder River Basin gathering and transportation contracts retained by WPX were \$28 million and \$29 million for the six months ended June 30, 2018 and 2017, respectively.

#### *Investing activities*

The table below includes cash and incurred capital expenditures for drilling and completions and capital expenditures excluding facilities for land acquisitions.

	Six months ended June 30,	
	2018	2017
<b>Cash capital expenditures for drilling and completions:</b>		
Continuing operations	\$ 588	\$ 343
Discontinued operations	25	73
Total	<u>\$ 613</u>	<u>\$ 416</u>
<b>Capital expenditures incurred for drilling and completions:</b>		
Continuing operations	\$ 624	\$ 363
Discontinued operations	23	94
Total	<u>\$ 647</u>	<u>\$ 457</u>
Land acquisitions	\$ 10	\$ 62

Net cash provided by investing activities for the six months ended June 30, 2018 includes \$648 million of net proceeds from the sale of San Juan Gallup (see Note 2 of Notes to Consolidated Financial Statements). Net cash used by investing activities for the six months ended June 30, 2017 includes \$798 million related to the closing of the Panther acquisition in March 2017.

#### *Financing activities*

Net cash used in financing activities for the six months ended June 30, 2018 includes \$986 million of payments for retirement of long-term debt, including approximately \$63 million of premium partially offset by \$494 million net proceeds from a debt issuance in the second quarter of 2018. See Note 6 of Notes to Consolidated Financial Statements for further discussion of our debt tender offers and debt issuance.

Net cash provided by financing activities for the six months ended June 30, 2017 was primarily due to an equity offering of 51.675 million shares for net proceeds of approximately \$670 million and net borrowings under the Credit Facility of \$25 million.

Net cash provided by (used in) financing activities for the six months ended June 30, 2018 and 2017 also includes payment for shares withheld for taxes of \$12 million and \$10 million, respectively.

#### *Contractual Obligations*

See Note 2 for a discussion of commitments that will be assumed by the purchaser of our San Juan Gallup assets and a related existing performance guarantee from WPX that will remain in place.

#### *Off-Balance Sheet Financing Arrangements*

We had no guarantees of off-balance sheet debt to third parties or any other off-balance sheet arrangements at June 30, 2018 or at December 31, 2017.

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

#### *Interest Rate Risk*

Our current interest rate risk exposure is primarily related to our debt portfolio and has not materially changed during the first six months of 2018.

### **Commodity Price Risk**

We are exposed to the impact of fluctuations in the market price of oil, natural gas and natural gas liquids as well as other market factors, such as market volatility and energy commodity price correlations. We are exposed to these risks in connection with our owned energy-related assets, our long-term energy-related contracts and our marketing trading activities. We manage the risks associated with these market fluctuations using various derivatives and nonderivative energy-related contracts. The fair value of derivative contracts is subject to many factors, including changes in energy commodity market prices, the liquidity and volatility of the markets in which the contracts are transacted and changes in interest rates. See Notes 9 and 10 of Notes to Consolidated Financial Statements.

We measure the risk in our portfolios using a value-at-risk methodology to estimate the potential one-day loss from adverse changes in the fair value of the portfolios. Value at risk requires a number of key assumptions and is not necessarily representative of actual losses in fair value that could be incurred from the portfolios. Our value-at-risk model uses a Monte Carlo method to simulate hypothetical movements in future market prices and assumes that, as a result of changes in commodity prices, there is a 95 percent probability that the one-day loss in fair value of the portfolios will not exceed the value at risk. The simulation method uses historical correlations and market forward prices and volatilities. In applying the value-at-risk methodology, we do not consider that the simulated hypothetical movements affect the positions or would cause any potential liquidity issues, nor do we consider that changing the portfolios in response to market conditions could affect market prices and could take longer than a one-day holding period to execute. While a one-day holding period has historically been the industry standard, a longer holding period could more accurately represent the true market risk given market liquidity and our own credit and liquidity constraints.

We segregate our derivative contracts into trading and nontrading contracts, as defined in the following paragraphs. We calculate value at risk separately for these two categories. Contracts designated as normal purchases or sales and nonderivative energy contracts have been excluded from our estimation of value at risk.

We have policies and procedures that govern our trading and risk management activities. These policies cover authority and delegation thereof in addition to control requirements, authorized commodities and term and exposure limitations. Value-at-risk is limited in aggregate and calculated at a 95 percent confidence level.

#### **Trading**

We currently have no derivative contracts other than the nontrading derivatives discussed below.

#### **Nontrading**

Our nontrading portfolio consists of derivative contracts that hedge or could potentially hedge the price risk exposure from our energy commodity purchases and sales. The fair value of our derivatives not designated as hedging instruments was a net liability of \$267 million and \$177 million at June 30, 2018 and December 31, 2017, respectively.

The value at risk for derivative contracts held for nontrading purposes was \$45 million at June 30, 2018 and \$56 million at December 31, 2017. During the last 12 months, our value at risk for these contracts ranged from a high of \$56 million to a low of \$44 million.

### **Item 4. Controls and Procedures**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act) (“Disclosure Controls”) or our internal control over financial reporting (“Internal Controls”) will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. We monitor our Disclosure Controls and Internal Controls and make modifications as necessary; our intent in this regard is that the Disclosure Controls and Internal Controls will be modified as systems change and conditions warrant.

**Evaluation of Disclosure Controls and Procedures**

An evaluation of the effectiveness of the design and operation of our Disclosure Controls was performed as of the end of the period covered by this report. This evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these Disclosure Controls are effective at a reasonable assurance level.

**Changes in Internal Control over Financial Reporting**

There have been no changes during the second quarter of 2018 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## Part II. OTHER INFORMATION

### Item 1. Legal Proceedings

See Note 8 of Notes to Consolidated Financial Statements included under Part I, Item 1. Financial Statements of this report, which information is incorporated by reference into this item.

### Item 1A. Risk Factors

Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, for the year ended December 31, 2017, includes certain risk factors that could materially affect our business, financial condition or future results. Those risk factors have not materially changed as of June 30, 2018.

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

Not applicable.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

Not applicable.

## EXHIBITS

Exhibit No.	Description
<a href="#">2.1**</a>	Agreement and Plan of Merger, dated October 2, 2014, by and among Pluspetrol Resources Corporation, Pluspetrol Black River Corporation and Apco Oil and Gas International Inc. (incorporated herein by reference to Exhibit 2.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on October 7, 2014)
<a href="#">2.2**</a>	Agreement and Plan of Merger, dated as of July 13, 2015, by and among RKI Exploration & Production, LLC, WPX Energy, Inc. and Thunder Merger Sub LLC (incorporated herein by reference to Exhibit 2.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 14, 2015)
<a href="#">2.3**</a>	Membership Interest Purchase Agreement by and Among WPX Energy Holdings, LLC, as Seller, WPX Energy, Inc., solely for purposes of Section 14.15, and Terra Energy Partners LLC, as Purchaser, dated February 8, 2016 (incorporated herein by reference to Exhibit 2.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on February 9, 2016)
<a href="#">2.4**</a>	Purchase and Sale Agreement, dated as of January 12, 2017, by and among RKI Exploration & Production, LLC, Panther Energy Company II, LLC and CP2 Operating, LLC (incorporated herein by reference to Exhibit 2.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on March 13, 2017)
<a href="#">3.1</a>	Restated Certificate of Incorporation of WPX Energy, Inc. (incorporated herein by reference to Exhibit 3.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on January 6, 2012)
<a href="#">3.2</a>	Certificate of Amendment of Amended and Restated Certificate of Incorporation of WPX Energy, Inc. (incorporated herein by reference to Exhibit 3.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 14, 2015)
<a href="#">3.3</a>	Amended and Restated Bylaws of WPX Energy, Inc. (incorporated herein by reference to Exhibit 3.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on March 21, 2014)
<a href="#">3.4</a>	Certificate of Designations for 6.25% Series A Mandatory Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 22, 2015)
<a href="#">4.1</a>	Indenture, dated as of November 14, 2011, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to The Williams Companies, Inc.'s Current Report on Form 8-K (File No. 001-04174) filed with the SEC on November 15, 2011)
<a href="#">4.2</a>	Indenture, dated as of September 8, 2014, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 8, 2014)
<a href="#">4.3</a>	First Supplemental Indenture, dated as of September 8, 2014, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 8, 2014)
<a href="#">4.4</a>	Second Supplemental Indenture, dated as of July 22, 2015, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 22, 2015)
<a href="#">4.5</a>	Third Supplemental Indenture, dated as of May 23, 2018, between WPX Energy, Inc. and the Bank of New York Mellon Trust Company, N.A. as trustee (incorporated by reference to Exhibit 4.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 23, 2018)
<a href="#">10.1</a>	Separation and Distribution Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc. (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011)
<a href="#">10.2</a>	Employee Matters Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc. (incorporated herein by reference to Exhibit 10.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on January 6, 2012)
<a href="#">10.3</a>	Tax Sharing Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc. (incorporated herein by reference to Exhibit 10.3 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on January 6, 2012)
<a href="#">10.4</a>	WPX Energy, Inc. 2013 Incentive Plan (incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 29, 2013) (1)

Exhibit No.	Description
<a href="#">10.5</a>	WPX Energy, Inc. Amended 2011 Employee Stock Purchase Plan (incorporated herein by reference to Appendix B to WPX Energy, Inc.'s definitive proxy statement on Schedule 14A (File No. 001-35322) filed with the SEC on March 29, 2018) (1)
<a href="#">10.6</a>	Form of Restricted Stock Agreement between WPX Energy, Inc. and Non-Employee Directors (incorporated herein by reference to Exhibit 10.13 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011) (1)
<a href="#">10.7</a>	Form of Restricted Stock Agreement between WPX Energy, Inc. and Executive Officers (incorporated herein by reference to Exhibit 10.13 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014) (1)
<a href="#">10.8</a>	Form of Restricted Stock Unit Agreement between WPX Energy, Inc. and Executive Officers (incorporated herein by reference to Exhibit 10.14 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014) (1)
<a href="#">10.9</a>	Form of Performance-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Executive Officers (incorporated herein by reference to Exhibit 10.15 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015) (1)
<a href="#">10.10</a>	Form of Stock Option Agreement between WPX Energy, Inc. and Section 16 Executive Officers (incorporated herein by reference to Exhibit 10.15 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014) (1)
<a href="#">10.11</a>	WPX Energy Nonqualified Deferred Compensation Plan, effective January 1, 2013 (incorporated herein by reference to Exhibit 10.16 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012) (1)
<a href="#">10.12</a>	WPX Energy Board of Directors Nonqualified Deferred Compensation Plan, effective January 1, 2013 (incorporated herein by reference to Exhibit 10.17 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012) (1)
<a href="#">10.13</a>	Retirement Agreement, dated December 16, 2013, between WPX Energy, Inc. and Ralph A. Hill (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on December 17, 2013)
<a href="#">10.14</a>	Employment Agreement, dated April 29, 2014, between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
<a href="#">10.15</a>	Form of Nonqualified Stock Option Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
<a href="#">10.16</a>	Form of 2014 Time-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.3 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
<a href="#">10.17</a>	Form of 2014 Performance-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.4 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
<a href="#">10.18</a>	Form of Time-Based Restricted Stock Unit Inducement Award Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.5 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
<a href="#">10.19</a>	Form of Performance-Based Restricted Stock Unit Inducement Award Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.6 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
<a href="#">10.20</a>	Form of Restricted Stock Unit Award between WPX Energy, Inc. and Non-Employee Directors (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 3, 2014) (1)

<b>Exhibit No.</b>	<b>Description</b>
<a href="#"><u>10.21</u></a>	Separation and Release Agreement, dated July 28, 2014, between WPX Energy, Inc. and James J. Bender (incorporated herein by reference to Exhibit 10.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 3, 2014) (1)
<a href="#"><u>10.22</u></a>	Amended and Restated Credit Agreement, dated as of October 28, 2014, by and among WPX Energy, Inc., the lenders party thereto, and Citibank, N.A., as Administrative Agent and Swingline Lender (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on November 3, 2014)
<a href="#"><u>10.23</u></a>	Form of Voting and Support Agreement, dated as of July 13, 2015, by and between WPX Energy, Inc. and the Member signatory thereto (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 14, 2015)
<a href="#"><u>10.24</u></a>	First Amendment to the Amended and Restated Credit Agreement, dated as of July 16, 2015, by and among WPX Energy, Inc., the lenders party thereto, and Citibank, N.A., as existing Administrative Agent and existing Swingline Lender, and Wells Fargo Bank, National Association, as successor Administrative Agent and successor Swingline Lender (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 22, 2015)
<a href="#"><u>10.25</u></a>	Commitment Increase Agreement for Amended and Restated Credit Agreement, dated as of July 31, 2015, among WPX Energy, Inc., the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, and the Issuing Banks thereto (incorporated by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on August 6, 2015)
<a href="#"><u>10.26</u></a>	Registration Rights Agreement dated August 17, 2015, among WPX Energy, Inc. and the signatures thereto (incorporated herein by reference to Exhibit 10.35 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015)
<a href="#"><u>10.27</u></a>	Second Amendment to the Amended and Restated Credit Agreement, dated as of March 18, 2016, by and among WPX Energy, Inc., as the borrower thereunder, the financial institutions party thereto from time to time, as lenders, and Wells Fargo Bank, National Association, as Administrative Agent and Swingline Lender (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on March 22, 2016)
<a href="#"><u>10.28</u></a>	Form of Performance-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Executive Officers (incorporated herein by reference to Exhibit 10.32 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1)
<a href="#"><u>10.29</u></a>	Form of Severance and Restrictive Covenant Agreement between WPX Energy, Inc. and Marcia MacLeod (incorporated herein by reference to Exhibit 10.33 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016) (1)
<a href="#"><u>10.30</u></a>	Form of Severance and Restrictive Covenant Agreement between WPX Energy, Inc. and Michael Fiser (incorporated herein by reference to Exhibit 10.33 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2016) (1)
<a href="#"><u>10.31</u></a>	Form of Amended and Restated Change in Control Agreement between WPX Energy, Inc. and CEO (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on November 16, 2016) (1)
<a href="#"><u>10.32</u></a>	Form of Amended and Restated Change in Control Agreement between WPX Energy, Inc. and Tier One Executives*(1)
<a href="#"><u>10.33</u></a>	Amended and Restated WPX Energy Executive Severance Pay Plan*(1)
<a href="#"><u>10.34</u></a>	Purchase and Sale Agreement by and Among WPX Energy Production, LLC and Enduring Resources IV, LLC dated January 30, 2018 (incorporated by reference to Exhibit 2.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on February 5, 2018)
<a href="#"><u>10.35</u></a>	WPX Energy, Inc. 2013 Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on February 19, 2018)
<a href="#"><u>10.36</u></a>	Form of Amended and Restated Restricted Stock Agreement between WPX Energy, Inc. and Executive Officers (incorporated by reference to Exhibit 10.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on February 19, 2018)
<a href="#"><u>10.37</u></a>	Form of Amended and Restated Performance-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Executive Officers (incorporated by reference to Exhibit 10.3 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on February 19, 2018)

Exhibit No.	Description
<a href="#">10.38</a>	Second Amendment to the Second Amended and Restated Credit Agreement and First Amendment to Guaranty and Collateral Agreement dated April 17, 2018, by and among the Company and certain of its wholly-owned subsidiaries signatory thereto, Wells Fargo Bank, National Association, as lender, Swingline Lender and Administrative Agent and the lenders party thereto (incorporated by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on April 20, 2018)
<a href="#">10.39</a>	Amendment No. 3 to the WPX Energy, Inc. 2013 Incentive Plan (incorporated by reference to Appendix A to WPX Energy, Inc.'s definitive proxy statement on Schedule 14A (File No. 001-35322) filed with the SEC on March 29, 2018)
<a href="#">10.40</a>	Form of Amendment to Performance-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Executive Officers*(1)
<a href="#">12</a> *	Computation of Ratio of Earnings to Fixed Charges
<a href="#">31.1</a> *	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">31.2</a> *	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">32.1</a> *	Certification by the Chief Executive Officer and the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

\* Filed herewith

\*\* All schedules to the Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request

(1) Management contract or compensatory plan or arrangement



**WPX ENERGY, INC.**

**AMENDED AND RESTATED  
CHANGE IN CONTROL SEVERANCE AGREEMENT**

**(TIER I EXECUTIVE)**

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# WPX ENERGY, INC.

## AMENDED AND RESTATED CHANGE IN CONTROL SEVERANCE AGREEMENT (TIER I EXECUTIVE)

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# WPX ENERGY, INC.

## AMENDED AND RESTATED CHANGE-IN-CONTROL SEVERANCE AGREEMENT (TIER I EXECUTIVE)

THIS AGREEMENT (“Agreement”) dated as of \_\_\_\_\_, 20\_\_ (the “Agreement Date”) is made by and between WPX Energy, Inc., a corporation incorporated under the laws of the State of Delaware (hereinafter, together with its subsidiaries and successors, referred to as “WPX”), and [INSERT EXECUTIVE NAME] (“Executive”).

### RECITALS

The Compensation Committee of the Board of Directors of WPX has determined that it is in the best interests of WPX and its shareholders to encourage and motivate Executive to devote his full attention to the performance of his assigned duties without the distraction of concerns regarding his involuntary or constructive termination of employment due to a Change in Control of WPX. WPX believes that it is in the best interest of Executive, its customers, the communities they serve, and the stockholders of WPX to provide financial assistance through severance payments and other benefits to Executive if Executive is involuntarily or constructively terminated upon or within a certain period after a Change in Control. This Agreement is intended to accomplish these objectives and does not apply to any termination of employment not occurring during the Post-Change Period (as defined below).

This Agreement supersedes and replaces all other written or oral exchanges, agreements, understandings, or arrangements between or among Executive and WPX entered into prior to the date hereof and relating to severance or benefits in relation to a Change in Control, including but not limited to that certain Amended and Restated Change-In-Control Severance Agreement (Tier I Executive) entered into between WPX and Executive dated as of \_\_\_\_\_ 20\_\_, but excluding any non-qualified deferred compensation plan(s) sponsored by WPX (“WPX NQDC Plan”) and any agreements and plans awarding Stock Options and Restricted Shares. Each superseded agreement or understanding is void and of no further force and effect.

### ARTICLE I. DEFINITIONS

As used in this Agreement, the terms specified below shall have the following meanings:

1.1 “Accrued Base Salary” means the amount of Executive’s Base Salary that is accrued but not yet paid as of the Termination Date, other than amounts Executive has elected to defer.

1.2 “ Accrued Obligations ” means, as of the Termination Date, the sum of Executive’s Accrued Base Salary, any accrued but unpaid paid time off under WPX’s paid time off program, and any other amounts and benefits which are then due to be paid or provided to Executive by WPX, but have not yet been paid or provided (as applicable), provided no payments will be accelerated if such acceleration would violate Code Section 409A. Accrued Obligations shall not include Restricted Stock or Stock Options.

1.3 “ Affiliate ” means any Person that directly or indirectly, through one or more intermediaries, controls, or is controlled by or is under common control with WPX. For purposes of this definition the term “control” with respect to any Person means the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of Voting Securities, by contract or otherwise.

1.4 “ Agreement ” means this Change In Control Severance Agreement (Tier I Executive).

1.5 “ Agreement Date ” -- see the introductory paragraph of this Agreement.

1.6 “ Agreement Term ” means the period commencing on the Agreement Date and ending on the second anniversary of the Agreement Date or, if later, such later date to which the Agreement Term is extended, unless earlier terminated as provided herein. On the first anniversary of the Agreement Date, the term shall automatically be extended by one year and then each day thereafter by one day to create a perpetual two-year term, unless earlier terminated as provided herein.

The Agreement Term may be terminated at any time by WPX upon delivering written notice (an “Expiration Notice”) to Executive that the Agreement shall terminate on a date specified in the Expiration Notice (the “Expiration Date”) that is not less than 12 months after the date the Expiration Notice is delivered to Executive. Notwithstanding the foregoing, if a Change Date occurs before the Expiration Date, then such Expiration Notice shall be void and of no further effect.

If, before a Change Date, Executive is demoted to an employment classification lower than Senior Vice President, the Agreement Term shall automatically terminate on the first anniversary of the date of such demotion (the “Demotion Anniversary Date”), without the requirement of notice or any action by Company or Executive. Notwithstanding the foregoing, if a Change Date occurs before the Demotion Anniversary Date, the Agreement Term shall not terminate as a result of the demotion.

In the event a Change Date occurs before the Agreement Term terminates, the Agreement Term shall end at the later of the following: (a) the second anniversary of the Change Date, or (b) until all obligations, if any, of WPX to Executive hereunder have been fulfilled, and until all benefits required hereunder have been paid to Executive. The obligations of Executive under this Agreement shall continue beyond the Agreement Term until all such obligations are fully satisfied. Notwithstanding anything herein to the contrary, the Agreement shall automatically terminate upon the occurrence of a Disqualifying Disaggregation pursuant to Section 1.21(a).

1.7 “Annual Bonus” means the opportunity to receive payment of a cash annual incentive. As of the Agreement Date, the term “Annual Bonus” refers to the bonus determined pursuant to the WPX Annual Incentive Plan. In the event the Annual Incentive Plan is replaced or superseded, the term “Annual Bonus” shall refer to such replacement or successor bonus plan or program.

1.8 “Average Annual Bonus” means, subject to the requirements described in this Section 1.8, the average of the Annual Bonus payments received by Executive with respect to the three (3) most recent fiscal years preceding the Termination Date.

(a) Except as provided in Section 1.8(d), to be taken into account for purposes of calculating the Average Annual Bonus, an Annual Bonus payment must reflect employment in any of the Senior Vice President, Executive Vice President, and/or President employment classifications (or any combination thereof) for the entire fiscal year. Except as provided in Section 1.8(d), any Annual Bonus amount that: (i) reflects employment in an employment classification lower than Senior Vice President; or (ii) reflects less than the entire fiscal year in any of the Senior Vice President, Executive Vice President, and/or President classifications (or any combination thereof), shall not be taken into account for purposes of calculating the Average Annual Bonus.

(b) If, as of the Termination Date, Executive has received only two (2) Annual Bonus payments that reflect employment in any of the Senior Vice President, Executive Vice President, and/or President employment classifications (or any combination thereof) for the entire fiscal year, Average Annual Bonus shall mean the average of those two (2) Annual Bonus payments.

(c) If, as of the Termination Date, Executive has received only one (1) Annual Bonus payment that reflects employment in any of the Senior Vice President, Executive Vice President, and/or President employment classifications (or any combination thereof) for the entire fiscal year, Average Annual Bonus shall mean the amount of such Annual Bonus payment.

(d) If, as of the Termination Date, Executive has not received an Annual Bonus payment that reflects employment in any of the Senior Vice President, Executive Vice President, and/or President employment classifications (or any combination thereof) for the entire fiscal year, Average Annual Bonus shall mean the greater of: (i) the amount of any Annual Bonus payment received that reflects any employment in any of the Senior Vice President, Executive Vice President, and/or President employment classifications (or any combination thereof); or (ii) 75% of Executive’s Base Salary.

1.9 “Base Salary” means annual base salary in effect on the Termination Date, disregarding any reduction that would qualify as Good Reason.

1.10 “Beneficiary” means the persons or entities designated or deemed designated by Executive pursuant to Section 9.3.

1.11 “Board” means the Board of Directors of WPX Energy or, from and after the Change Date that gives rise to a Surviving Company other than WPX Energy, the board of directors or comparable governing body of such Surviving Company.

1.12 “Cause” means any one or more of the following:

- (a) Executive’s conviction of or plea of nolo contendere to a felony or other crime involving fraud, dishonesty or moral turpitude;
- (b) Executive’s willful or reckless material misconduct in the performance of his duties which results in an adverse effect on WPX or an Affiliate;
- (c) Executive’s willful or reckless violation or disregard of the code of business conduct;
- (d) Executive’s material willful or reckless violation or disregard of a WPX policy; or
- (e) Executive’s habitual or gross neglect of duties;

provided, however, that for purposes of clauses (b) and (e), Cause shall not include any one or more of the following:

- (i) bad judgment or negligence, other than Executive’s habitual neglect of duties or gross negligence;
- (ii) any act or omission believed by Executive in good faith, after reasonable investigation, to have been in or not opposed to the interest of WPX or an Affiliate (without intent of Executive to gain, directly or indirectly, a profit to which Executive was not legally entitled);
- (iii) any act or omission with respect to which a determination could properly have been made by the Board that Executive had satisfied the applicable standard of conduct for indemnification or reimbursement under WPX’s by-laws, any applicable indemnification agreement, or applicable law, in each case as in effect at the time of such act or omission; or
- (iv) during a Post-Change Period, failure to meet performance goals, objectives or measures following good faith efforts to meet such goals, objectives or measures; and

further provided that, for purposes of clauses (b) through (e) if an act, or a failure to act, which was done, or omitted to be done, by Executive in good faith and with a reasonable belief, after reasonable investigation, that Executive’s act, or failure to act, was in the best interests of WPX, or an Affiliate or was required by applicable law or administrative regulation, such breach shall not constitute Cause if, within 10 business days after Executive is given written notice of such breach that specifically refers to this Section, Executive cures such breach to the fullest extent that it is curable.

With respect to the above definition of “cause”, no act or conduct by Executive will constitute “cause” if Executive acted: (i) in accordance with the instructions or advice of counsel representing WPX or, if there was a conflict such that Executive could not consult with counsel representing WPX, other qualified counsel, or (ii) as required by legal process.

1.13 “Cause Determination” -- see Section 2.2(b)(iv)

1.14 “Change Date” means the date on which a Change in Control first occurs during the Agreement Term.

1.15 “Change in Control” means, except as otherwise provided below, the occurrence of any one or more of the following during the Agreement Term:

(a) any person (as such term is used in Rule 13d-5 of the SEC under the Exchange Act) or group (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than a Controlled Affiliate of WPX Energy or any employee benefit plan (or any related trust) sponsored or maintained by WPX Energy or any of its Controlled Affiliates (a “Related Party”), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of twenty-five percent (25%) or more of the common stock of WPX Energy or of Voting Securities representing twenty-five percent (25%) or more of the combined voting power of all Voting Securities of WPX Energy; or

(b) WPX Incumbent Directors (determined using the Agreement Date as the baseline date) cease for any reason to constitute at least a majority of the directors of WPX Energy then serving; or

(c) consummation of a merger, reorganization, recapitalization, consolidation, or similar transaction (any of the foregoing, a “Reorganization Transaction”), other than a Reorganization Transaction that results in the Persons who were the direct or indirect owners of the outstanding common stock and Voting Securities of WPX Energy immediately before such Reorganization Transaction becoming, immediately after the consummation of such Reorganization Transaction, the direct or indirect owners, of both at least sixty-five percent (65%) of the then-outstanding common stock of the Surviving Company and Voting Securities representing at least sixty-five percent (65%) of the combined voting power of the then-outstanding Voting Securities of the Surviving Company, in substantially the same respective proportions as such Persons’ ownership of the common stock and Voting Securities of WPX Energy immediately before such Reorganization Transaction; or

(d) consummation of a plan or agreement for the sale or other disposition of all or substantially all of the consolidated assets of WPX Energy or a plan of complete liquidation of WPX Energy, other than any such transaction that would result in (i) a Related Party owning or acquiring more than fifty percent (50%) of the assets owned by WPX Energy immediately prior to the transaction or (ii) the Persons who were the direct or indirect owners of the outstanding common stock and Voting Securities of WPX Energy immediately before such transaction becoming, immediately after the consummation of such transaction, the

direct or indirect owners, of more than fifty percent (50%) of the assets owned by WPX Energy immediately prior to the transaction.

Notwithstanding the occurrence of any of the foregoing events and subject to Section 9.6, a Change in Control shall not occur with respect to Executive if, in advance of such event, Executive agrees in writing that such event shall not constitute a Change in Control. Executive also agrees that the occurrence of a Change in Control involves the sale of the goodwill of WPX Energy within the meaning of Title 15, Section 218 of the Oklahoma Statutes and that the benefits provided under this Agreement are being provided by the Company to Executive in connection with such a transaction.

1.16 “Code” means the Internal Revenue Code of 1986, as amended.

1.17 “Competitive Business” means, as of any date, any energy business and any individual or entity (and any branch, office, or operation thereof) which engages in, or proposes to engage in (with Executive’s assistance) any of the following in which Executive has been engaged in the twelve (12) months preceding the Termination Date: the exploration and/or production, marketing or sale of oil, gas or other energy product, which is located (i) anywhere in the United States, or (ii) anywhere outside of the United States where WPX is then engaged in, or proposes as of the Termination Date to engage in to the knowledge of Executive, any of such activities.

1.18 “Confidential Information” means any non-public information of any kind or nature in the possession of WPX or any of its Affiliates, including without limitation, processes, methods, designs, innovations, devices, inventions, discoveries, data, techniques, models, customer lists, marketing, business or strategic plans, financial information, research and development information, trade secrets or other subject matter relating to WPX’s or its Affiliates’ products, services, businesses, operations, employees, customers or suppliers, whether in tangible or intangible form, including (i) any information that gives WPX or any of its Affiliates a competitive advantage in the exploration and/or production, marketing or sale of oil, gas or other energy or any other businesses in which WPX or an Affiliate is engaged, or (ii) any information obtained by WPX or any of its Affiliates from third parties to which WPX or an Affiliate owes a duty of confidentiality, or (iii) any information that was learned, discovered, developed, conceived, originated or prepared during or as a result of Executive’s performance of any services on behalf of WPX or any Affiliate. Notwithstanding the foregoing, “Confidential Information” shall not include: (i) information that is or becomes generally known to the public through no fault of Executive; (ii) information obtained on a non-confidential basis from a third party other than WPX or any Affiliate, which third party disclosed such information without breaching any legal, contractual or fiduciary obligation; or (iii) information approved for release by written authorization of WPX.

1.19 “Controlled Affiliate” means any Person that directly or indirectly, through one or more intermediaries, is controlled by WPX Energy.

1.20 “Disability” means any medically determinable physical or mental impairment of Executive where he or she (a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in

death or can be expected to last for a continuous period of not less than twelve (12) months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of Executive's employer. Notwithstanding the forgoing, all determinations of whether an Executive is Disabled shall be made in accordance with Code Section 409A.

1.21 “Disqualifying Disaggregation” means:

(a) The cessation of Executive's employment with WPX and/or its Affiliates prior to the Change Date for any reason, including but not limited to a cessation of employment with WPX and/or its Affiliates which is effected by a sale, spin-off, or other disaggregation (“Disaggregation”) by WPX or an Affiliate of the business unit which employed Executive immediately prior to such Disaggregation; or

(b) The cessation of Executive's employment with WPX and/or its Affiliates during the Post-Change Period due to a Disaggregation solely where Executive is employed by the successor in substantially the same position as the position held prior to the Disaggregation, provided the successor assumes all of WPX's obligations under this Agreement.

1.22 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

1.23 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

1.24 “Good Reason” means a Separation from Service by Executive in accordance with the substantive and procedural provisions of this Section.

(a) Separation from Service by Executive for “Good Reason” means a Separation from Service initiated by Executive on account of any one or more of the following actions or omissions that, unless otherwise specified, occurs during a Post-Change Period:

(i) a material adverse reduction in the nature or scope of Executive's office, position, duties, functions, responsibilities or authority (including reporting responsibilities and authority) during a Post-Change Period from the most significant of those held, exercised and assigned at any time during the 90-day period immediately before the Change Date;

(ii) any reduction in or failure to pay Executive's Base Salary at an annual rate not less than twelve (12) times the highest monthly base salary paid or payable to Executive by WPX in respect of the twelve (12) month period immediately before the Change Date;

(iii) any material reduction in the Target Annual Bonus which Executive may earn determined as of the Change Date or failure to pay Executive's Annual Bonus on terms substantially equivalent to those provided to peer executives of WPX;

(iv) a material reduction of Executive's aggregate compensation and benefits from the amounts and/or levels in effect on the Change Date, unless such reduction is part of a policy applicable to peer executives of WPX and of any successor entity. For this purpose, the term "aggregate compensation and benefits" includes Base Salary, Target Annual Bonus, stock-based compensation, benefits and perquisites under WPX-sponsored benefit plans and programs (including but not limited to retirement plans (qualified and nonqualified) and medical insurance);

(v) required relocation during a Post-Change Period of more than 50 miles of Executive's workplace without the consent of Executive; provided, such new location is farther from Executive's residence than the prior location;

(vi) the failure at any time of a successor to WPX to explicitly to assume and agree to be bound by this Agreement; or

(vii) the giving of a Notice of Consideration pursuant to Section 2.2(b)(ii) and the subsequent failure to terminate Executive for Cause within a period of ninety (90) days thereafter in compliance with all of the substantive and procedural requirements of Section 2.2.

(b) Notwithstanding anything in this Agreement to the contrary, no act or omission shall constitute grounds for "Good Reason":

(i) Unless Executive gives a Notice of Termination to WPX at least 30 days prior to his intent to terminate his employment for Good Reason which describes the alleged act or omission giving rise to Good Reason; and

(ii) Unless such Notice of Termination is given within ninety (90) days of Executive's first actual knowledge of such act or omission; and

(iii) Unless WPX fails to cure such act or omission within the thirty (30) day period after receiving the Notice of Termination.

(c) Notwithstanding the foregoing provisions of this Section, no act or omission shall constitute grounds for "Good Reason", if Executive has consented in writing to such act or omission in a document that makes specific reference to this Section, or if any of the reductions contemplated in (a)(ii)-(iv) are applicable to all similarly situated employees of the Company.

1.25 "IRS" means the Internal Revenue Service of the United States of America.

1.26 "Legal and Other Expenses" -- see Section 4.1.

1.27 “Notice of Consideration” -- see Section 2.2(b)(ii).

1.28 “Notice of Termination” means a written notice of a Separation from Service, if applicable, given in accordance with Section 9.7 that sets forth (a) the specific termination provision in this Agreement relied on by the party giving such notice, (b) in reasonable detail the specific facts and circumstances claimed to provide a basis for such Separation from Service, and (c) if the Termination Date is other than the date of receipt of such Notice of Termination, the Termination Date.

1.29 “Person” means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

1.30 “Post-Change Period” means the period commencing on the Change Date and ending on the earlier of the Termination Date or the second anniversary of the Change Date.

1.31 “Potential Parachute Payment” -- see Section 3.1.

1.32 “Pro-rata Annual Bonus” means, in respect of WPX’s fiscal year during which the Termination Date occurs, an amount equal to the product of Executive’s Target Annual Bonus (determined as of the Termination Date) multiplied by a fraction, the numerator of which equals the number of days from and including the first day of such fiscal year through and including the Termination Date, and the denominator of which equals three hundred sixty-five (365).

1.33 “Reorganization Transaction” -- see clause (c) of the definition of “Change in Control”.

1.34 “Restricted Shares” means shares of restricted stock, restricted stock units, deferred stock or similar awards.

1.35 “SEC” means the United States Securities and Exchange Commission.

1.36 “Separation from Service” means Executive’s termination from employment with WPX and its Affiliates on account of Executive’s death, retirement or other termination of employment, as determined in accordance with Code Section 409A and the regulations thereunder.

1.37 “Stock Options” means stock options, stock appreciation rights or similar awards.

1.38 “Surviving Company” means the parent company resulting from a Reorganization Transaction or, if securities representing at least fifty percent (50%) of the aggregate voting power of all Voting Securities of a company effected by a Change in Control which is not a Reorganization Transaction are directly or indirectly owned by another company, such other company.

1.39 “Target Annual Bonus” means, as of any date, the amount equal to the product of Executive’s Base Salary determined as of such date multiplied by the percentage of such Base

Salary to which Executive would have been entitled immediately prior to such date under any Annual Bonus arrangement for the fiscal year for which the Annual Bonus is awarded if the performance goals established pursuant to such Annual Bonus were achieved at the one hundred percent (100%) level as of the end of the fiscal year; provided, however, that if Executive's Annual Bonus is discretionary and no one hundred percent (100%) target level is formally established either under the Annual Bonus arrangement or otherwise, Executive's "Target Annual Bonus" shall mean the amount equal to the one hundred percent (100%) of Executive's Base Salary.

1.40 "Taxes" means federal, state, local and other income, employment and other taxes.

1.41 "Termination Date" means the date of the receipt of the Notice of Termination by Executive (if such notice is given by WPX) or by WPX (if such notice is given by Executive), or any later date specified in the notice that is not more than thirty (30) days after delivery of such notice; provided, however, that:

(a) if Executive's employment is terminated by reason of death or Disability, the Termination Date shall be the date of Executive's death or the date of deemed termination of employment due to Disability, as applicable, regardless of whether a Notice of Termination has been given; and

(b) if no Notice of Termination is given, the Termination Date shall be the last date on which Executive is employed by WPX; and

(c) for purposes of Article VI (Restrictive Covenants), if Executive does not have a Separation from Service, the Termination Date shall be the later of the date the entity that employs Executive ceases to be an Affiliate of WPX Energy, or, after a Disaggregation (as defined in Section 1.21), the date Executive's employment with the successor business unit terminates, whether such termination is initiated by such successor or by Executive.

1.42 "Voting Securities" of a corporation or other entity means securities of such corporation or other entity that are entitled to vote generally in the election of directors of such corporation or board of directors or comparable governing body of such other entity.

1.43 "Work Product" means any and all work product, including, but not limited to, documentation, tools, templates, processes, procedures, discoveries, inventions, innovations, technical data, concepts, know-how, methodologies, methods, drawings, prototypes, trade secrets, notebooks, reports, findings, business plans, recommendations and memoranda of every description, that Executive makes, conceives, discovers or develops alone or with others during the course of Executive's employment with WPX or during the one year period following Executive's Termination Date (whether or not protectable upon application by copyright, patent, trademark, trade secret or other proprietary rights).

1.44 "WPX" means WPX Energy, together with its subsidiaries, or any successor thereto as provided in Section 9.2.

1.45 “ WPX Energy ” means WPX Energy, Inc., a Delaware Corporation.

1.46 “ WPX Incumbent Directors ” means, determined as of any date by reference to any baseline date:

(a) the members of the Board on the date of such determination who have been members of the Board since such baseline date, and

(b) the members of the Board on the date of such determination who were appointed or elected after such baseline date and whose election, or nomination for election by stockholders of WPX Energy or the Surviving Company, as applicable, was approved by a vote or written consent of two-thirds of the directors comprising the WPX Incumbent Directors on the date of such vote or written consent, but excluding each such member whose initial assumption of office was in connection with (i) an actual or threatened election contest, including a consent solicitation, relating to the election or removal of one or more members of the Board, (ii) a “tender offer” (as such term is used in Section 14(d) of the Exchange Act), or (iii) a proposed Reorganization Transaction.

1.47 “ WPX NQDC Plan ” -- see the second paragraph of the Recitals of this Agreement.

## ARTICLE II.

### WPX’S OBLIGATIONS UPON SEPARATION FROM SERVICE DURING THE POST-CHANGE PERIOD

2.1 If By Executive for Good Reason or By WPX Other Than for Cause, Disability, Death or Disqualifying Disaggregation . If, during the Post-Change Period, Executive has a Separation from Service for Good Reason or there is a WPX-initiated Separation from Service for any reason other than Cause, Disability, death or a Disqualifying Disaggregation, then in addition to payment of all Accrued Obligations, which shall be payable no later than ten (10) business days after the Termination Date, WPX’s sole obligation to Executive under this Agreement shall be as follows:

(a) Severance Payments . Executive shall be paid a lump-sum cash amount equal to the sum of the following, on the first business day following six (6) months after Executive’s Separation from Service:

(i) Prorated Annual Bonus for Year of Termination . Executive’s Pro-rata Annual Bonus reduced (but not below zero (0)) by the amount of any Annual Bonus paid to Executive with respect to WPX’s fiscal year during which the Termination Date occurs;

(ii) Multiple of Salary and Bonus . An amount equal to two (2) times the sum of (A) Base Salary plus (B) the Average Annual Bonus; provided, however, that any reduction in Executive’s Base Salary that would qualify as Good Reason shall be disregarded for this purpose.

(iii) COBRA Equivalent Payment. If Executive was enrolled in WPX -sponsored medical and prescription coverage on the Termination Date, an amount equal to the monthly premium for COBRA continuation coverage for the medical and prescription coverage elected by Executive and in effect on such date multiplied by eighteen (18). Dental, vision and health care flexible spending account coverage premiums will not be included in determining such payment.

(b) Stock Incentive Awards. The effect on any outstanding Stock Options and Restricted Shares held by Executive shall be determined in accordance with the applicable award agreements and the applicable plan, subject to Section 2.6.

(c) Outplacement. Executive shall be reimbursed for reasonable fees and costs for outplacement services incurred by Executive within six (6) months after the Separation from Service, promptly upon presentation of reasonable documentation of such fees and costs, subject to a maximum of \$25,000. All requests of Executive for reimbursement must be submitted to WPX within one (1) year of Separation from Service and WPX shall make the reimbursement of reasonable requests no later than thirty (30) days after such request, but in all events within fifteen (15) months of Separation from Service.

(d) Indemnification. Executive (i) shall be indemnified and held harmless by WPX on the same terms as other peer executives and to the greatest extent permitted under applicable law as the same now exists or may hereafter be amended and WPX Energy's by-laws as such exist on the Agreement Date, or such greater rights that may be provided by amendment to such by-laws from time to time, if Executive was, is, or is threatened to be, made a party to any pending, completed or threatened action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that Executive is or was, or had agreed to become, a director, officer, employee, agent or fiduciary of WPX or any other entity which Executive is or was serving at the request of WPX ("Proceeding"), against all expenses (including reasonable attorneys' fees) and all claims, damages, liabilities and losses incurred or suffered by Executive or to which Executive may become subject for any reason, and (ii) shall be entitled to advancement of any such indemnifiable expenses in accordance with WPX Energy's by-laws as such exist on the Agreement Date, or such greater rights that may be provided by amendment to such by-laws from time to time. A Proceeding shall not include any proceeding to the extent it concerns or relates to a matter described in Section 4.1 (concerning reimbursement of certain costs and expenses).

(e) Directors' and Officers' Liability Insurance. For a period of six (6) years after the Termination Date (or for any known longer applicable statute of limitations period), Executive shall be entitled to coverage under a directors' and officers' liability insurance policy in an amount no less than, and on the same terms as those provided to peer executive officers and directors of WPX.

2.2 If by WPX for Cause.

(a) Termination for Cause. If Executive has a Separation from Service for Cause during the Post-Change Period, WPX's sole obligation to Executive under this Article II shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations.

(b) Change in Control: Procedural Requirements for Termination for Cause. For any Separation from Service for Cause during any part of a Post-Change Period, WPX shall strictly observe each of the following substantive and procedural provisions:

(i) The Board shall call a meeting for the stated purpose of determining whether Executive's acts or omissions satisfy the requirements of the definition of "Cause" and, if so, whether to terminate Executive's employment for Cause.

(ii) Not less than fifteen (15) days prior to the date of such meeting, the Board shall provide Executive and each member of the Board written notice (a "Notice of Consideration") of (A) a detailed description of the acts or omissions alleged to constitute Cause, (B) the date of such meeting of the Board, and (C) Executive's rights under clauses (iii) and (iv) below.

(iii) Executive shall have the opportunity to appear before the Board in person and, at Executive's option, with legal counsel, and/or present to the Board a written response.

(iv) Executive's employment may be terminated for Cause only if (A) the acts or omissions specified in the Notice of Consideration did in fact occur and such actions or omissions do constitute Cause as defined in this Agreement, (B) the Board, by affirmative vote of at least sixty-six and two-thirds percent (66⅔ %) of its members (excluding Executive's vote), makes a specific determination to such effect and to the effect that Executive's employment should be terminated for Cause ("Cause Determination"), and (C) WPX thereafter provides Executive with a Notice of Termination that specifies in specific detail the basis of such Separation from Service for Cause and which Notice shall be consistent with the reasons set forth in the Notice of Consideration.

Nothing in this Section 2.2(b) shall preclude the Board, by majority vote, from suspending Executive from his duties, with pay, at any time.

(c) Change in Control: Standard of Review. In the event that the existence of Cause during a Post-Change Period shall become an issue in any action or proceeding between Executive and WPX, WPX shall, notwithstanding the Cause Determination, have the burden of establishing that the actions or omissions specified in the Notice of Consideration did in fact occur and do constitute Cause and that WPX has satisfied all applicable substantive and procedural requirements of this Section.

2.3 If by Executive Other Than for Good Reason. If Executive has a Separation from Service initiated by Executive during the Post-Change Period other than for Good Reason, Disability

or death, the sole obligation of WPX to Executive under this Agreement shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations.

2.4 If by Death or Disability. If Executive dies during the Post-Change Period or if Executive has a Separation from Service during the Post-Change Period by reason of Executive's Disability, WPX's sole obligation to Executive under this Agreement shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations.

2.5 Waiver and Release. Notwithstanding anything herein to the contrary, in the event that Executive's employment terminates pursuant to Section 2.1, WPX shall have no obligation to Executive under Section 2.1(a) and Sections 2.1(c)-(e) unless and until Executive executes and delivers to WPX within sixty (60) days after Separation from Service a release and waiver of WPX and Affiliates, and thereafter not revoking such release, in substantially the same form as attached hereto as Exhibit A (as may be amended by WPX from time to time solely to comply with changes in applicable law), or as otherwise mutually acceptable.

2.6 Breach of Covenants. If a court determines (after exhaustion of all available judicial remedies) that Executive has breached any non-competition, non-solicitation, non-disparagement, confidential information or intellectual property covenant entered into at any time between Executive and WPX or any Affiliate, including the Restrictive Covenants in Article VI, (a) WPX will not have any obligation to pay or provide any severance or benefits under Article II, (b) all of Executive's unexercised Stock Options shall terminate as of the date of the breach, (c) all of Executive's Restricted Stock shall be forfeited as of the date of the breach, (d) Executive shall reimburse WPX for any amount already paid under Article II or any value received from any Stock Option or Restricted Stock on or after the date of the breach, and (e) Executive shall repay to WPX an amount equal to the aggregate "spread" (as defined below) on all Stock Options exercised in the one year period prior to the first date on which Executive breached any such covenant ("Breach Date"). For purposes of this Section 2.6, "spread" in respect of any Stock Option shall mean the product of the number of shares as to which such Stock Option has been exercised during the one year period prior to the Breach Date multiplied by the difference between the closing price of the common stock on the exercise date (or if the common stock did not trade on the New York Stock Exchange or other exchange, if any, on which common stock had a higher trading volume at the time, on the exercise date, the most recent date on which the common stock did so trade) and the exercise price of the Stock Options.

### **ARTICLE III. CERTAIN POTENTIAL BENEFIT ADJUSTMENTS BY WPX**

3.1 Potential Benefit Adjustment on Account of "Golden Parachute" Excise Taxes. If at any time or from time to time, it shall be determined by independent tax professionals selected by WPX ("Tax Professional") that any payment or other benefit to Executive pursuant to Article II of this Agreement or otherwise ("Potential Parachute Payment") is or will, but for the provisions of this Article III, become subject to the excise tax imposed by Code Section 4999 or any similar tax payable under any state, local, foreign or other law, but expressly excluding any income taxes and penalties or interest imposed pursuant to Code Section 409A ("Excise Taxes"), then Executive's Potential Parachute Payment shall be either (a) provided to Executive in full, or (b) provided to

Executive as to such lesser extent which would result in no portion of such benefits being subject to the Excise Taxes, whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, the Excise Tax, and any other applicable taxes, results in the receipt by Executive, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under the Excise Taxes (“Payments”).

3.2 Implementation of Calculations and Any Benefit Reduction Under Section 3.1. In the event of a reduction of benefits pursuant to Section 3.1, the Tax Professional shall determine which benefits shall be reduced so as to achieve the principle set forth in Section 3.1. For purposes of making the calculations required by Section 3.1, the Tax Professional may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code and other applicable legal authority. WPX and Executive shall furnish to the Tax Professional such information and documents as the Tax Professional may reasonably request in order to make a determination under Section 3.1. WPX shall bear all costs the Tax Professional may reasonably incur in connection with any calculations contemplated by Section 3.1.

3.3 Potential Subsequent Adjustments.

(a) If, notwithstanding any calculations performed or reduction in benefits imposed as described in Section 3.1, the IRS determines that Executive is liable for Excise Taxes as a result of the receipt of any payments made pursuant to Article II of this Agreement or otherwise, then Executive shall be obligated to pay back to WPX, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Payments equal to the “Repayment Amount.” The Repayment Amount shall be the smallest such amount, if any, as shall be required to be paid to WPX so that Executive’s net after-tax proceeds with respect to the Payments (after taking into account the payment of the Excise Taxes and all other applicable taxes imposed on such benefits) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive’s net after-tax proceeds with respect to the Payments being maximized. If the Excise Taxes are not eliminated pursuant to this Section 3.3, Executive shall pay the Excise Taxes.

(b) Notwithstanding any other provision of this Article III, if (i) there is a reduction in the payments to an Executive as described above in this Article III, (ii) the IRS later determines that Executive is liable for Excise Taxes, the payment of which would result in the maximization of Executive’s net after-tax proceeds (calculated based on the full amount of the Potential Parachute Payment and as if Executive’s benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then WPX shall pay to Executive those payments which were reduced pursuant to Section 3.1 or 3.3(a) as soon as administratively possible after Executive pays the Excise Taxes to the extent that Executive’s net after-tax proceeds with respect to the payment of the Payments are maximized.

**ARTICLE IV.  
EXPENSES AND INTEREST**

#### 4.1 Legal and Other Expenses .

(a) If Executive incurs legal fees or other expenses (including expert witness and accounting fees) in an effort to determine, secure, preserve, establish entitlement to, or obtain benefits under this Agreement (collectively, “Legal and Other Expenses”), Executive shall, regardless of the outcome of such effort, be entitled to payment of or reimbursement for such Legal and Other Expenses in accordance with Section 4.1(b).

(b) All Legal and Other Expenses shall be paid or reimbursed on a monthly basis within 10 days after presentation of Executive’s written request for reimbursement accompanied by evidence that such Legal and Other Expenses were incurred. In all events, the Company shall pay or reimburse such eligible expenses in accordance with the requirements of Treasury Regulation Section 1.409A-3(i)(1)(iv) for reimbursement and in-kind benefit plans, to the extent applicable. For this purpose, (i) any reimbursement shall be for expenses incurred during Executive’s lifetime or within two additional years following Executive’s death, (ii) the amount of expenses eligible for reimbursement, or benefits provided, in one calendar year shall not affect the expenses eligible for reimbursement, or benefits to be provided, in any other calendar year, (iii) the reimbursement of any eligible expense will be made no later than the last day of the calendar year next following the calendar year in which the expense was incurred, and (iv) the right to any reimbursement or benefit shall not be subject to liquidation or exchange for any other benefit.

(c) If Executive does not prevail (after exhaustion of all available judicial remedies) in respect of a claim by Executive or by WPX, hereunder, and such party establishes before a court of competent jurisdiction that Executive had no reasonable basis for his claim hereunder, or for his response to such party’s claim hereunder, or acted in bad faith, no further payment of or reimbursement for Legal and Other Expenses shall be due to Executive in respect of such claim and Executive shall refund any amounts previously paid or reimbursed hereunder with respect to such claim.

4.2 Interest. If an amount due is not paid to Executive under this Agreement within five business days after such amount first became due and owing, interest shall accrue on such amount from the date it became due and owing until the date of payment at an annual rate equal to two hundred (200) basis points above the base commercial lending rate published in *The Wall Street Journal* in effect from time to time during the period of such nonpayment.

### **ARTICLE V. NO SET-OFF OR MITIGATION**

5.1 No Set-off by WPX. Executive’s right to receive when due the payments and other benefits provided for under this Agreement is absolute, unconditional and subject to no setoff, counterclaim, recoupment, or other claim, right or action that WPX may have against Executive or others. Time is of the essence in the performance by WPX of its obligations under this Agreement.

5.2 No Mitigation. Executive shall not have any duty to mitigate the amounts payable under this Agreement by seeking new employment or self-employment following termination .

Except as specifically otherwise provided in this Agreement, all amounts payable pursuant to this Agreement shall be paid without reduction regardless of any amounts of salary, compensation or other amounts which may be paid or payable to Executive as the result of Executive's employment by another employer or self-employment.

**ARTICLE VI.**  
**RESTRICTIVE COVENANTS**

6.1 Confidential Information. Executive acknowledges that in the course of performing services for WPX and its Affiliates, Executive may create (alone or with others), learn of, have access to, or receive Confidential Information. Executive recognizes that all such Confidential Information is the sole and exclusive property of WPX and its Affiliates or of third parties to which WPX or an Affiliate owes a duty of confidentiality, that it is WPX's policy to safeguard and keep confidential all such Confidential Information, and that disclosure of Confidential Information to an unauthorized third party would cause irreparable damage to WPX and its Affiliates. Executive agrees that, except as required by the duties of Executive's employment with WPX or any of its Affiliates and except in connection with enforcing Executive's rights under this Agreement or if compelled by a court or governmental agency, in each case provided that prior written notice is given to WPX, Executive will not, without the written consent of WPX, willfully disseminate or otherwise disclose, directly or indirectly, any Confidential Information disclosed to Executive or otherwise obtained by Executive during his employment with WPX or its Affiliates, and will take all necessary precautions to prevent disclosure, to any unauthorized individual or entity (whether or not such individual or entity is employed or engaged by, or is otherwise affiliated with, WPX or any Affiliate), and will use the Confidential Information solely for the benefit of WPX and its Affiliates and will not use the Confidential Information for the benefit of any other Person nor permit its use for the benefit of Executive. These obligations shall continue during and after the termination of Executive's employment for any reason and for so long as the Confidential Information remains Confidential Information. For the avoidance of doubt, nothing in the foregoing shall preclude Executive from disclosing Confidential Information for purposes of reporting a possible violation of state or federal law to a relevant law enforcement agency, including, without limitation, to the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934 or any similar provision of applicable state or federal law and the rules and regulations promulgated thereunder. Furthermore, Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Confidential Information or a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. Executive shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of Confidential Information or a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Executive files a lawsuit for retaliation by WPX for reporting a suspected violation of law he may disclose the Confidential Information or trade secret to his attorney and use the Confidential Information or trade secret information in the court proceeding, if Executive files any document containing the Confidential Information or trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

6.2 Non-Competition. For twelve (12) months following a Separation from Service pursuant to Section 2.1, Executive agrees that without the written consent of WPX, Executive shall not at any time, directly or indirectly, in any capacity:

(a) engage or participate in, become employed by, serve as a director of, or render advisory or consulting or other services in connection with, any Competitive Business; provided, however, that after Executive's Separation from Service, this Section 6.2 shall not preclude Executive from (i) being an employee of, or consultant to, any business unit of a Competitive Business if (A) such business unit does not qualify as a Competitive Business in its own right and (B) Executive does not have any direct or indirect involvement in, or responsibility for, any operations of such Competitive Business that cause it to qualify as a Competitive Business, or (ii) with the approval of an Authorized WPX Executive, being a consultant to, an advisor to, a director of, or an employee of a Competitive Business (for purposes of this Section 6.2(a), an "Authorized WPX Executive" shall mean one of the individuals then serving as the Chief Executive Officer, President, or Executive Vice President, Chief Financial Officer of WPX Energy); or

(b) make or retain any financial investment, whether in the form of equity or debt, or own any interest, in any Competitive Business. Nothing in this subsection (b) shall, however, restrict Executive from making an investment in any Competitive Business if such investment does not (i) represent more than 1% of the aggregate market value of the outstanding capital stock or debt (as applicable) of such Competitive Business, (ii) give Executive any right or ability, directly or indirectly, to control or influence the policy decisions or management of such Competitive Business, or (iii) create a conflict of interest between Executive's duties to WPX and its Affiliates or under this Agreement and his interest in such investment.

6.3 Non-Solicitation. During the period beginning on the Agreement Date and ending on the Termination Date (or the first anniversary of the Termination Date following a Separation from Service pursuant to Section 2.1 or Section 2.2), Executive shall not, directly or indirectly:

(a) other than in connection with the good-faith performance of his duties as an officer of WPX or its Affiliates, cause or attempt to cause any employee, director or consultant of WPX or an Affiliate to terminate his or her relationship with WPX or an Affiliate;

(b) employ, engage as a consultant or adviser, or solicit the employment or engagement as a consultant or adviser, of any employee of WPX or an Affiliate (other than by WPX or its Affiliates), or cause or attempt to cause any Person to do any of the foregoing;

(c) establish (or take preliminary steps to establish) a business with, or cause or attempt to cause others to establish (or take preliminary steps to establish) a business with, any employee of WPX or an Affiliate, if such business is or will be a Competitive Business;

(d) interfere with the relationship of WPX or an Affiliate with, or endeavor to entice away from WPX or an Affiliate, any Person who or which at any time during the

period commencing one year prior to the Termination Date was or is, to Executive's knowledge, a material customer or material supplier of, or maintained a material business relationship with, WPX or an Affiliate; or

(e) directly solicit the sale of goods, services or a combination of goods and services from the established customers of WPX or an Affiliate.

#### 6.4 Intellectual Property.

(a) During the period of Executive's employment with WPX or any Affiliate, and thereafter upon WPX's request, regardless of the reason for Executive's Separation from Service, Executive shall disclose immediately to WPX all Work Product that: (i) relates to the business of WPX or any Affiliate or any customer or supplier to WPX or an Affiliate or any of the products or services being developed, manufactured, sold or otherwise provided by WPX or an Affiliate or that may be used in relation therewith; or (ii) results from tasks or projects assigned to Executive by WPX or an Affiliate; or (iii) results from the use of the premises or personal property (whether tangible or intangible) owned, leased or contracted for by WPX or an Affiliate. Executive agrees that any Work Product shall be the property of WPX and, if subject to copyright, shall be considered a "work made for hire" within the meaning of the Copyright Act of 1976, as amended. If and to the extent that any such Work Product is not a "work made for hire" within the meaning of the Copyright Act of 1976, as amended, Executive hereby assigns, and agrees to assign, to WPX all right, title and interest in and to the Work Product and all copies thereof, and all copyrights, patent rights, trademark rights, trade secret rights and all other proprietary and intellectual property rights in the Work Product, without further consideration, free from any claim, lien for balance due, or rights of retention thereto on the part of Executive.

(b) Notwithstanding the foregoing, WPX agrees and acknowledges that the provisions of Section 6.4(a) relating to ownership and disclosure of Work Product do not apply to any inventions or other subject matter for which no equipment, supplies, facility, or trade secret information of WPX or an Affiliate was used and that are developed entirely on Executive's own time, unless: (i) the invention or other subject matter relates (a) to the business of WPX or an Affiliate, or (b) to the actual or demonstrably anticipated research or development of WPX or any Affiliate, or (ii) the invention or other subject matter results from any work performed by Executive for WPX or any Affiliate.

(c) Executive agrees that, upon disclosure of Work Product to WPX, Executive will, during his employment by WPX or an Affiliate and at any time thereafter, at the request and cost of WPX, execute all such documents and perform all such acts as WPX or an Affiliate (or their respective duly authorized agents) may reasonably require: (i) to apply for, obtain and vest in the name of WPX alone (unless WPX otherwise directs) letters patent, copyrights or other intellectual property protection in any country throughout the world, and when so obtained or vested to renew and restore the same; and (ii) to prosecute or defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other intellectual property protection, or otherwise in respect of the Work Product.

(d) In the event that WPX is unable, after reasonable effort, to secure Executive's execution of such documents as provided in Section 6.4(c), whether because of Executive's physical or mental incapacity or for any other reason whatsoever, Executive hereby irrevocably designates and appoints WPX and its duly authorized officers and agents as his agent and attorney-in-fact, to act for and on his behalf to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution, issuance and protection of letters patent, copyright and other intellectual property protection with the same legal force and effect as if personally executed by Executive.

## 6.5 Non-Disparagement .

(a) Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (i) accuses or implies that WPX and/or any of its Affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to Executive's employment (or the termination thereof), the business or operations of WPX, or otherwise; or (ii) disparages, impugns or in any way reflects adversely upon the business or reputation of WPX and/or any of its Affiliates, together with their respective present or former officers, directors, partners, stockholders, employees and agents, and each of their predecessors, successors and assigns.

(b) WPX agrees not to authorize any statement, observation or opinion, or communicate any information (whether oral or written, direct or indirect) that (i) accuses or implies that Executive engaged in any wrongful, unlawful or improper conduct relating to Executive's employment or termination thereof with WPX, or otherwise; or (ii) disparages, impugns or in any way reflects adversely upon the reputation of Executive.

(c) Notwithstanding anything contained herein to the contrary, nothing herein shall be deemed to preclude Executive or WPX from providing truthful testimony or information pursuant to subpoena, court order or other similar legal or regulatory process, provided, that to the extent permitted by law, Executive will promptly inform WPX of any such obligation prior to participating in any such proceedings.

## 6.6 Reasonableness of Restrictive Covenants .

(a) Executive acknowledges that the covenants contained in this Agreement are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect WPX's legitimate interests in its Confidential Information, its proprietary work, and in its relationships with its employees, customers, suppliers and agents .

(b) WPX has, and Executive has had an opportunity to, consult with their respective legal counsel and to be advised concerning the reasonableness and propriety of such covenants . Executive acknowledges that his observance of the covenants contained herein will not deprive Executive of the ability to earn a livelihood or to support his or her dependents.

(c) Executive understands he is bound by the terms of this Article VI, whether or not he receives severance payments under the Agreement or otherwise.

6.7 Right to Injunction: Survival of Undertakings.

(a) In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by this Agreement, Executive and WPX agree that it would be impossible to measure solely in money the damages which WPX would suffer if Executive were to breach any of his obligations hereunder. Executive acknowledges that any breach of any provision of this Agreement would irreparably injure WPX. Accordingly, Executive agrees that if he breaches any of the provisions of Article VI of this Agreement, WPX shall be entitled, in addition to any other remedies to which WPX may be entitled under this Agreement or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of any provision of this Agreement without the necessity of posting a bond or other security therefor, and Executive hereby waives any right to assert any claim or defense that WPX has an adequate remedy at law for any such breach.

(b) If a court determines that any covenant included in this Article VI is unenforceable in whole or in part because of such covenant's duration or geographical or other scope, such court shall have the power to modify the duration or scope of such provision, as the case may be, so as to cause such covenant as so modified to be enforceable. Furthermore, if a court determines that a certain form of remedy or relief sought by WPX for the breach of a covenant included in this Article VI is unavailable under applicable law, such a finding shall not prohibit WPX from obtaining a different form of remedy or relief with respect to such breach which such court has not found to be unavailable.

(c) All of the provisions of this Agreement shall survive any Separation from Service of Executive, without regard to the reasons for such termination. Notwithstanding Section 2.6, in addition to any other rights it may have, neither WPX nor any Affiliate shall have any obligation to pay or provide severance or other benefits (except as may be required under the Employee Retirement Income Security Act of 1974, as amended) after the Termination Date if Executive has materially breached any of Executive's obligations under Article VI of this Agreement.

**ARTICLE VII.**  
**NON-EXCLUSIVITY OF RIGHTS**

7.1 Waiver of Certain Other Rights. To the extent that Executive shall have received severance payments or other severance benefits under any other plan, program, policy, practice or procedure or agreement of WPX prior to receiving severance payments or other severance benefits pursuant to Article II, the severance payments or other severance benefits under such other plan, program, policy, practice or procedure or agreement shall reduce (but not below zero) the corresponding severance payments or other benefits to which Executive shall be entitled under Article II, but only to the extent such severance payments or other severance benefits are payable in the same form and in the same calendar year in which such severance payments or other benefits under this Agreement are to be made. To the extent that Executive accepts payments made pursuant

to Article II, he shall be deemed to have waived his right to receive a corresponding amount of future severance payments or other severance benefits under any other plan, program, policy, practice or procedure or agreement of WPX.

7.2 Other Rights. Except as expressly provided in Section 7.1 and as provided in the Recitals to this Agreement, this Agreement shall not prevent or limit Executive's continuing or future participation in any benefit, bonus, incentive or other plan, program, policy, practice or procedure provided by WPX and for which Executive may qualify, nor shall this Agreement limit or otherwise affect such rights as Executive may have under any other agreements with WPX. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, program, policy, practice or procedure and any other payment or benefit required by law at or after the Termination Date shall be payable in accordance with such plan, program, policy, practice or procedure or applicable law except as expressly modified by this Agreement.

7.3 No Right to Continued Employment. Nothing in this Agreement shall guarantee the right of Executive to continue in employment, and WPX retains the right to terminate Executive's employment at any time for any reason or for no reason.

**ARTICLE VIII.  
CLAIMS PROCEDURE**

8.1 Filing a Claim.

(a) Each individual eligible for benefits under this Agreement (" Claimant") may submit his application for benefits (" Claim") to WPX (or to such other person as may be designated by WPX) in writing in such form as is provided or approved by WPX. A Claimant shall have no right to seek review of a denial or benefits, or to bring any action in any court to enforce a Claim, prior to his filing a Claim and exhausting his rights to review under Sections 8.1 and 8.2.

(b) When a Claim has been filed properly, it shall be evaluated and the Claimant shall be notified of the approval or the denial of the Claim within thirty (30) days after the receipt of such Claim. A Claimant shall be given a written notice in which the Claimant shall be advised as to whether the Claim is granted or denied, in whole or in part. If a Claim is denied, in whole or in part, the notice shall contain (i) the specific reasons for the denial, (ii) references to pertinent provisions of this Agreement on which the denial is based, (iii) a description of any additional material or information necessary to perfect the Claim and an explanation of why such material or information is necessary, (iv) the Claimant's right to seek review of the denial and a description of the procedures for such review and (v) a statement regarding Claimant's right to bring a civil action under section 502(a) of ERISA following an adverse decision on appeal.

8.2 Review of Claim Denial. If a Claim is denied, in whole or in part, or if a Claim is neither approved nor denied within the thirty (30) day period specified Section 8.1(b), the Claimant (or his or her authorized representative) shall have the right at any time to (a) request that WPX (or such other person as shall be designated in writing by WPX) review the denial or the failure to approve or deny the Claim, (b) review pertinent documents, and (c) submit issues and comments

in writing. Within thirty (30) days after such a request is received, WPX shall complete its review and give the Claimant written notice of its decision. Upon request and without charge, the Claimant will be provided reasonable access to and copies of all documents, records and other information relevant to the claim. WPX shall include in its notice to Claimant (i) the specific reasons for its decision, (ii) references to provisions of this Agreement on which its decision is based, (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim; and (iv) a statement regarding the Claimant's right to bring a civil action under ERISA Section 502(a) within one hundred eighty (180) days of receipt of notice of denial on appeal.

## **ARTICLE IX. MISCELLANEOUS**

9.1 No Assignability. This Agreement is personal to Executive and without the prior written consent of WPX shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

9.2 Successors. This Agreement shall inure to the benefit of and be binding upon WPX and its successors and assigns. WPX will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of WPX to assume expressly and agree to perform this Agreement in the same manner and to the same extent that WPX would be required to perform it if no such succession had taken place. Any successor to the business or assets of WPX which assumes or agrees to perform this Agreement by operation of law, contract, or otherwise shall be jointly and severally liable with WPX under this Agreement as if such successor were WPX.

9.3 Payments to Beneficiary. If Executive dies before receiving amounts to which Executive is entitled under this Agreement, such amounts shall be paid in a lump sum to one or more beneficiaries designated in writing by Executive (each, a "Beneficiary"). If none is so designated, Executive's estate shall be his or her Beneficiary.

9.4 Non-Alienation of Benefits. Benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, before actually being received by Executive, and any such attempt to dispose of any right to benefits payable under this Agreement shall be void.

9.5 Severability. If any one or more Articles, Sections or other portions of this Agreement are declared by any court or governmental authority to be unlawful, invalid, void or unenforceable, such unlawfulness, invalidity or unenforceability shall not serve to invalidate any Article, Section or other portion not so declared to be unlawful, invalid, void or unenforceable. Any Article, Section or other portion so declared to be unlawful, invalid, void or unenforceable shall be construed so as to effectuate the terms of such Article, Section or other portion to the fullest extent possible while remaining lawful and valid. To the extent that any provision of this Agreement is adjudicated to

be unlawful, invalid, void or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

9.6 Amendments. This Agreement shall not be amended or modified except by written instrument executed by WPX and Executive; provided however that notwithstanding the terms of this Agreement to the contrary, the terms of this Agreement shall be administered in such a way to comply with Code Section 409A as reasonably deemed appropriate by WPX; provided further however that notwithstanding anything to the contrary herein, WPX shall have the unilateral right to modify or amend this Agreement as it reasonably deems appropriate related to compliance with Code Section 409A. The parties to this Agreement intend that this Agreement meet the requirements of Internal Revenue Code Section 409A and recognize that it may be necessary to modify this Agreement to reflect guidance under Code Section 409A issued by the IRS.

9.7 Notices. All notices and other communications under this Agreement shall be in writing and delivered by hand, by nationally-recognized delivery service that promises overnight delivery, or by first-class registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive, to Executive at his most recent home address on file with WPX.

If to WPX:

J. Kevin Vann  
Executive Vice President, Chief Financial Officer  
WPX Energy, Inc.  
3500 One Williams Center  
Tulsa, OK 74172

or to such other address as either party shall have furnished to the other in writing . WPX may also deliver notice and other communications under this Agreement in writing by email transmission to the work email address of Executive.

Notice and communications shall be effective when received by the addressee. An email notice under this Agreement will be deemed received when sent. All other notices or communications will be deemed received when delivered if delivery is confirmed by a delivery service or return receipt.

9.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

9.9 Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of Oklahoma, without regard to its choice of law principles, except to the extent preempted by federal law.

9.10 Captions. The captions of this Agreement are not a part of the provisions hereof and shall have no force or effect.

9.11 Rules of Construction. Reference to a specific law shall include such law, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

9.12 Number and Gender. Wherever appropriate, the singular shall include the plural, the plural shall include the singular, and the masculine shall include the feminine.

9.13 Tax Withholding. WPX may withhold from any amounts payable under this Agreement or otherwise payable to Executive any Taxes WPX determines to be required under applicable law or regulation and may report all such amounts payable to such authority as is required by any applicable law or regulation.

9.14 No Rights Prior to Change Date. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall not entitle Executive to any compensation, severance or other payments or benefits of any kind prior to a Change Date.

9.15 Entire Agreement. This Agreement and the documents expressly referred to herein contain the entire understanding of WPX and Executive with respect to severance or benefits in relation to a Change in Control.

[ *Signature Page Follows* ]

IN WITNESS WHEREOF, Executive and a duly authorized representative of WPX Energy, Inc. have executed this Agreement as of the date set forth at the beginning of this Agreement.

**[INSERT EXECUTIVE NAME]**

\_\_\_\_\_  
Signature

Date:\_\_\_\_\_

WPX ENERGY, INC., acting on behalf of itself and its Affiliates

By:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

**EXHIBIT A**

**WPX ENERGY, INC.  
WAIVER AND RELEASE  
CHANGE IN CONTROL SEVERANCE  
AGREEMENT (TIER I EXECUTIVE)**

This agreement, release and waiver (the “Agreement”), made as of the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), is made by and among WPX Energy, Inc. (“WPX”)(and together with all successors thereto and subsidiaries and affiliates thereof, “Company”) and [**INSERT EXECUTIVE NAME**] (“Executive”).

WHEREAS, the Executive and WPX have entered into WPX Energy, Inc. Change in Control Severance Agreement (Tier I Executive) (“Severance Agreement”);

NOW THEREFORE, in consideration for receiving benefits and severance under the Severance Agreement and in consideration of the representations, covenants and mutual promises set forth in this Agreement, the parties agree as follows:

1. Release. Except with respect to all of the Company’s obligations under the Severance Agreement, the Executive, and Executive’s heirs, executors, assigns, agents, legal representatives, and personal representatives, hereby releases, acquits and forever discharges the Company, its agents, subsidiaries, affiliates, and their respective officers, directors, agents, servants, employees, attorneys, shareholders, partners, members, managers, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorney’s fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts or conduct at any time prior to the day prior to execution of this Agreement that arose out of or were related to the Executive’s employment with the Company or the Executive’s termination of employment with the Company including, but not limited to, claims pursuant to under Title VII of the Civil Rights Act of 1964 as amended by the Civil Rights Act of 1991, 42 U.S.C. § 2000e, *et seq.* ; 42 U.S.C. § 1981; 42 U.S.C. § 1983; 42 U.S.C. § 1985; 42 U.S.C. § 1986; the Equal Pay Act of 1963, 29 U.S.C. § 206(d); the National Labor Relations Act, as amended, 29 U.S.C. § 160, *et seq.* ; the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101, *et seq.* ; the Employee Retirement Income Security Act of 1974, as amended, (“ERISA”), 29 U.S.C. § 1001, *et seq.* ; the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990, 29 U.S.C. § 621, *et seq.* ; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 *et seq.* ; the Rehabilitation Act of 1973; the Oklahoma Anti-Discrimination Act, Okla. Stat., tit. 25, §§ 1101, *et seq.* , and any claims for wrongful discharge, breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, discrimination, harassment, defamation, infliction of emotional distress, termination in violation of public policy, retaliation, including workers’ compensation retaliation under state statutes, tort law; contract law; wrongful discharge; discrimination; fraud; libel; slander; defamation; harassment; emotional distress; breach of the implied covenant of good faith and fair dealing; or other claims arising under any local, state or federal regulation, statute or common law. This Release does not apply to the payment of any

and all benefits and/or monies earned, accrued, vested or otherwise owing, if any, to the Executive under the terms of a Company sponsored tax qualified retirement or savings plan and/or any non-qualified deferred compensation plan(s) sponsored by the Company, except that the Executive hereby releases and waives any claims that his termination was to avoid payment of such benefits or payments, and that, as a result of his termination, he is entitled to additional benefits or payments. Additionally, this Release does not apply to the indemnification provided or any other payments or benefits to which Executive is entitled pursuant to the Severance Agreement. This Release does not apply to any claim or rights which might arise out of the actions of the Company after the date the Executive signs this Agreement or any other claims or rights that Executive is prohibited from waiving under applicable law.

2. No Inducement. Executive agrees that no promise or inducement to enter into this Agreement has been offered or made except as set forth in this Agreement, that the Executive is entering into this Agreement without any threat or coercion and without reliance or any statement or representation made on behalf of the Company or by any person employed by or representing the Company, except for the written provisions and promises contained in this Agreement.

3. Damages. The parties agree that damages incurred as a result of a breach of this Agreement will be difficult to measure. It is, therefore, further agreed that, in addition to any other remedies, equitable relief will be available in the case of a breach of this Agreement. It is also agreed that, in the event Executive files a claim against the Company with respect to a claim released by Executive herein (other than a proceeding before the EEOC), the Company may withhold, retain, or require reimbursement of all or any portion of the benefits and severance payments under the Severance Agreement until such claim is withdrawn by Executive. For the avoidance of doubt, the foregoing does not extend to any monetary award from a law enforcement agency, including, without limitation, the Securities and Exchange Commission, relating to reporting by the Executive of a possible violation of state or federal law.

4. Advice of Counsel; Time to Consider; Revocation. Executive acknowledges the following:

(a) Executive has read this Agreement, and understands its legal and binding effect. Executive is acting voluntarily and of Executive's own free will in executing this Agreement.

(b) Executive has been advised to seek and has had the opportunity to seek legal counsel in connection with this Agreement.

(c) Executive was given at least twenty-one (21) days to consider the terms of this Agreement before signing it.

Executive understands that, if Executive signs this Agreement, Executive may revoke it within seven days after signing it by delivering written notification of intent to revoke within that seven day period. Executive understands that this Agreement will not be effective until after the seven-day period has expired.

5. Severability. If all or any part of this Agreement is declared by any court, arbitrator or governmental authority to be unlawful, invalid, void or unenforceable, such unlawfulness, invalidity or unenforceability shall not affect the validity or enforceability of any other portion of this Agreement. Any section or a part of a section declared to be unlawful, invalid, void or unenforceable shall, if possible, be construed in a manner which will give effect to the terms of the section to the fullest extent possible while remaining lawful and valid. To the extent that any provision of this Agreement is adjudicated to be unlawful, invalid, void or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

6. Amendment. This Agreement shall not be altered, amended, or modified except by written instrument executed by the Company and the Executive. A waiver of any portion of this Agreement shall not be deemed a waiver of any other portion of this Agreement.

7. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.

8. Headings. The headings of this Agreement are not part of the provisions hereof and shall not have any force or effect.

9. Rules of Construction. Reference to a specific law shall include such law, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

10. Applicable Law. The provisions of this Agreement shall be interpreted and construed in accordance with the laws of the State of Oklahoma without regard to its choice of law principles.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates specified below.

**[INSERT EXECUTIVE NAME]**

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

**WPX ENERGY, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# WPX Energy, Inc.

## Change in Control Severance Agreement

### Beneficiary Designation and Spousal Consent Form

Participant's Name      Social Security Number

In the event of my death, I hereby designate the Beneficiary(ies) identified below to receive any benefits to which I am entitled under the WPX Energy, Inc. Change in Control Severance Agreement (the "Agreement"). In the event I live in a community property state, I understand that if I do not designate my current spouse as sole primary beneficiary, I shall obtain the written consent of my spouse (see below) in order to have this beneficiary designation apply in full to my award. If I do not obtain my spouse's written consent, I understand that this beneficiary designation shall apply only to the extent otherwise permitted by law. I reserve the right to revoke or modify this designation at any time by a subsequent written designation.

PRIMARY BENEFICIARY*				
Name	Relationship	Percent**	Date of Birth (if applicable)	Social Security Number or EIN
1)				
2)				
3)				

If some but not all Primary Beneficiaries survive me by (or exist after my death for) at least thirty (30) days, then the portion allocated to the non-surviving or non-existing Primary Beneficiary(ies) will be re-allocated to the remaining Primary Beneficiaries pro rata based on their original allocations. If all such Primary Beneficiaries shall not survive me by (or shall not exist after my death for) at least thirty (30) days, the following shall be the Beneficiary(ies):

CONTINGENT BENEFICIARY*				
Name	Relationship	Percent**	Date of Birth (if applicable)	Social Security Number or EIN
1)				
2)				
3)				

If some but not all Contingent Beneficiaries survive me by (or exist after my death for) at least thirty (30) days, then the portion allocated to the non-surviving or non-existing Contingent Beneficiary(ies) will be re-allocated to the remaining Contingent Beneficiaries pro rata based on their original allocations.

By submitting this Beneficiary Designation and Spousal Consent Form, all previous Beneficiary Designation and Spousal Consent Forms relating to any rights that I may have under the Agreement hereby are revoked.

Signature of Participant      Date

#### SPOUSAL CONSENT – Required for persons living in a community property state.

I, \_\_\_\_\_, am the spouse of \_\_\_\_\_. I acknowledge that my spouse has designated someone other than me as a primary beneficiary of benefits under the Agreement, and I hereby approve of that designation. I agree that the designation shall be binding upon me with the same effect as if I personally had executed said designation.

Signature of Spouse      Date

\* If you wish to designate more than three beneficiaries, please contact Human Resources.

\*\*Must total 100%.

# WPX Energy

## Executive Severance Pay Plan

Amended and Restated Effective July 10, 2018

# WPX ENERGY

## EXECUTIVE SEVERANCE PAY PLAN

(Amended and Restated Effective as of July 10, 2018)

### Article 1 Definitions

The following capitalized words and phrases when used in the text of the Plan shall have the meanings set forth below. Words in the masculine gender shall connote the feminine gender as well.

- 1.1 “ Affiliate ” means any corporation which is a member of the controlled group of corporations (as defined in Section 414(b) of the Code) which includes the Company; and any trade or business (whether or not incorporated) which is under common control (as defined in Section 414(c) of the Code) with the Company.
- 1.2 “ Aggregate Compensation ” means Regular Wage Base and an amount, if any, equal to the payout the Employee would have received under the Company’s Annual Bonus program at “target”, as defined in the Annual Bonus program, for the calendar year of the Employee’s termination as if the Employee has remained employed for the entire year. If Aggregate Compensation is being determined for any company or entity described in Section 2.3(f), the foregoing definition of Aggregate Compensation shall be applied to equivalent items of compensation to be received from such company or entity, provided that any incentive or bonus compensation to be received from such company or entity shall be taken into account even if not resulting from a formal annual incentive program. The term Aggregate Compensation shall only be relevant for determining whether a Comparable Offer of Employment has been made, and does not impact the calculation of severance pay as described in Section 3.1.
- 1.3 “ Annual Bonus ” means the opportunity to receive payment of a cash annual incentive. As of the Effective Date, the term “Annual Bonus” refers to the bonus determined pursuant to the WPX Annual Incentive Plan. In the event the Annual Incentive Plan is replaced or superseded, the term “Annual Bonus” shall refer to such replacement or successor bonus plan or program.
- 1.4 “ Average Annual Bonus ” means, subject to the requirements described in this Section 1.4, the average of the Annual Bonus payments received by a Participant with respect to the three (3) most recent fiscal years preceding the Participant’s termination date.
  - (a) For purposes of this Section 1.4, the term “Final Employment Classification” means the Participant’s employment classification (Vice President, Senior Vice President, Executive Vice President, President, or Chief Executive Officer, as applicable) on the Participant’s termination date; provided that, solely with respect to any Participant whose

employment classification is Senior Vice President, Executive Vice President, or President on his or her Termination Date, all continuous service with the title Senior Vice President, Executive Vice President, and/or President shall be taken into account as employment in the Final Employment Classification for purposes of determining the Average Annual Bonus amount under Sections 1.4(b), 1.4(c), 1.4(d), or 1.4(e) and the determination of Average Annual Bonus shall include any Annual Bonus payment with respect to continuous service as an Eligible Employee with the title Senior Vice President, Executive Vice President, and/or President. For example, if a Participant: (i) served a partial fiscal year as a Senior Vice President and was then promoted to Executive Vice President and served the remainder of that fiscal year as Executive Vice President (and received an Annual Bonus with respect to each of those employment classifications); (ii) then served one fiscal year as Executive Vice President (and received an Annual Bonus with respect to that employment classification); and (iii) then became eligible to receive a severance payment under Section 3.1, the Participant's service as both Senior Vice President and Executive Vice President and the Annual Bonuses received with respect to Senior Vice President and Executive Vice President service would be taken into account and the Participant's Annual Average Bonus would be determined under Section 1.4(c).

- (b) Except as provided in Section 1.4(a) and in Section 1.4(e), to be taken into account for purposes of calculating the Average Annual Bonus, an Annual Bonus payment must reflect employment for the entire fiscal year in the Participant's Final Employment Classification. Except as provided in Section 1.4(a), any Annual Bonus amount that: (i) reflects employment in an employment classification other than the Participant's Final Employment Classification; or (ii) reflects less than the entire fiscal year, shall not be taken into account for purposes of calculating the Average Annual Bonus.
- (c) Except as provided for in Section 1.4 (a), if, as of the Termination Date, the Participant has received only two (2) Annual Bonus payments that reflect employment in the Participant's Final Employment Classification for the entire fiscal year, Average Annual Bonus shall mean the average of those two (2) Annual Bonus payments.
- (d) Except as provided for in Section 1.4(a), if, as of the Termination Date, the Participant has received only one (1) Annual Bonus payment that reflects employment in the Participant's Final Employment Classification for the entire fiscal year, Average Annual Bonus shall mean the amount of such Annual Bonus payment.
- (e) Except as provided for in Section 1.4 (a) if, as of the Termination Date, the Participant has not received an Annual Bonus payment that reflects employment in the Participant's Final Employment Classification for the entire fiscal year, Average Annual Bonus shall mean the greater of: (i) the amount of any Annual Bonus payment received that reflects any employment in the Participant's Final Employment Classification; or (ii) 50% of the Participant's Base Salary as of the Participant's termination date.

1.5 “Base Salary” means the amount a Participant is entitled to receive as wages or salary on an annualized basis, including any salary deferral contributions made by the Participant to

any qualified or nonqualified defined contribution plan maintained by the Participating Company and any amounts contributed by a Participant to any cafeteria plan, flexible benefit plan or qualified transportation plan maintained by the Participating Company in accordance with Sections 125, 132 and related provisions of the Code, but excluding all special pay, bonus, overtime, incentive compensation, commissions, cost of living pay, housing pay, relocation pay, other taxable fringe benefits and all extraordinary compensation, payable by the Company or any of its Affiliates as consideration for the Participant's services, as determined on the date immediately preceding termination of employment.

- 1.6 “Board of Directors” means the board of directors of the Parent Company.
- 1.7 “Cause” means the occurrence of any one (1) or more of the following, as determined in the good faith and reasonable judgment of the Compensation Committee (with respect to the CEO, determinations of “Cause” shall be made by the Board of Directors):
- (a) willful failure by an Employee to substantially perform his duties (as they existed immediately prior to the Employee's termination of employment with the Participating Company), other than any such failure resulting from a disability as defined in the applicable Participating Company or Affiliate disability program; or
  - (b) an Employee's conviction of or plea of guilty or nolo contendere to a crime involving fraud, dishonesty or any other act constituting a felony involving moral turpitude or causing material harm, financial or otherwise, to the Company or an Affiliate; or
  - (c) an Employee's willful or reckless material misconduct in the performance of his duties which results in an adverse effect on the Company or an Affiliate; or
  - (d) an Employee's willful or reckless violation or disregard of the code of business conduct or other published policy of the Company or an Affiliate; or
  - (e) an Employee's habitual or gross neglect of duties.
- 1.8 “CEO” means the Chief Executive Officer of the Parent Company.
- 1.9 “Code” means the Internal Revenue Code of 1986, as amended from time to time. References to a particular section of the Code include references to regulations and rulings thereunder and to successor provisions.
- 1.10 “Company” means WPX Energy Services Company, LLC, a Delaware limited liability company and any successor or successors thereto that continue this Plan pursuant to Section 5.1 or otherwise.
- 1.11 “Compensation Committee” means the Committee of the Board of Directors designated as the Compensation Committee.

- 1.12 “Comparable Offer of Employment” means an offer of employment for a position with the Company, any of its Affiliates, or any Successor (as defined herein) of the Company or its Affiliates that provides for Aggregate Compensation equal to or greater than the Eligible Employee’s Aggregate Compensation immediately preceding the Eligible Employee’s termination date. For purposes of this Section 1.12, and such other Sections of the Plan where the capitalized term “Successor” is used, a Successor of the Company or any of its Affiliates shall include, but shall not be limited to, any entity (or its affiliated entity) involved in or in any way connected with a corporate rearrangement, total or partial merger, acquisition, sale of stock, sale of assets, operation or service of transferred assets, or any other transaction. A Comparable Offer of Employment includes, without limitation, a position that requires the Eligible Employee to transfer to a different work location (without the Eligible Employee’s consent), but only so long as the Eligible Employee’s commuting distance to the new work location is not increased more than fifty (50) miles beyond the commuting distance to his or her current work location (except for travel reasonably required in the performance of the Eligible Employee’s duties).
- 1.13 “Effective Date” means July 10, 2018, which is the effective date of this amended and restated Plan.
- 1.14 “Eligible Employee” means an Employee who holds the employment classification of Vice President, Senior Vice President, Executive Vice President, President, or Chief Executive Officer of the Company or the Parent Company.
- 1.15 “Employee” means any regular full-time or part-time employee in the service and on the payroll of a Participating Company as a common law employee with the exception of any employee who is excluded either by this Section 1.15 or Section 2.3. An employee is considered as full-time if he is regularly scheduled to work the number of hours in the normal workweek established by a Participating Company. An Employee is considered as part-time if he is not a full-time employee, but is regularly scheduled to work at least fifty percent of the number of hours in the normal workweek established by a Participating Company. A regular employee receiving benefits under a Participating Company’s short-term disability program or long-term disability program is an Employee for purposes of this Plan, subject to exclusion (if applicable) under Section 2.3. For purposes of this Plan, the term “Employee” shall not include:
- (a) an employee who is a member of a group of employees represented by a collective bargaining representative under a collective bargaining agreement, unless such agreement expressly provides for coverage of bargaining unit employees under the Plan;
  - (b) an employee who is not a resident of the United States and not a citizen of the United States;
  - (c) a nonresident alien;
  - (d) a seasonal employee, temporary employee, leased employee, term employee, or an employee not employed on a regularly scheduled basis;

- (e) a person who has a written contract or other contract for services, unless such contract expressly provides that such person is an employee;
- (f) a person who is paid through the payroll of a temporary agency or similar organization regardless of any subsequent reclassification as a common law employee by a court, government agency or any other third party;
- (g) a person who is designated, compensated or otherwise treated as an independent contractor by a Participating Company or its Affiliates regardless of any subsequent reclassification as a common law employee by a court, government agency or any other third party;
- (h) a person who has a written contract with a Participating Company or its Affiliates which states either that such person is not an employee or that such person is not entitled to receive employee benefits from a Participating Company or its Affiliates for services under such contract;
- (i) an individual who is not contemporaneously classified as an employee for purposes of the Participating Company's payroll system. In the event any such individual is reclassified as an employee for any purpose, including, without limitation, as a common law or statutory employee, by any action of any third party, including, without limitation, any government agency, or as a result of any private lawsuit, action or administrative proceeding, such individual will, notwithstanding such reclassification, remain ineligible for participation hereunder and will not be considered an Eligible Employee. In addition to and not in derogation of the foregoing, the exclusive means for an individual who is not contemporaneously classified as an employee in the Participating Company's payroll system to become eligible to participate in this Plan is through an amendment to this Plan which specifically renders such individual eligible for participation hereunder; or
- (j) any individual retained by a Participating Company or its Affiliates directly or through an agency or other party to perform services for a Participating Company or its Affiliates (for either a definite or indefinite duration) in the capacity of a fee-for-service worker or independent contractor or any similar capacity including, without limitation, any such individual employed by temporary help firms, technical help firms, staffing firms, employee leasing firms, professional employer organizations or other staffing firms, whether or not deemed to be a "common law" employee.

1.16 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time. References to a particular section of ERISA include references to regulations and rulings thereunder and to successor provisions.

1.17 "Leave of Absence" means an absence, with or without compensation, authorized on a non-discriminatory basis by the Company or any of its Affiliates. For the purposes of this Plan, Leave of Absence includes any leave of absence other than a Family and Medical Leave of

Absence or Military Leave of Absence (as those terms are defined in Company policy governing leaves).

- 1.18 “Parent Company” means WPX Energy, Inc., a Delaware corporation, and any successor or successors thereto that continue this Plan pursuant to Section 5.1 or otherwise.
- 1.19 “Participant” means an Eligible Employee who has satisfied all of the conditions for participation described in Article 2.
- 1.20 “Participating Company” means the Company and any Affiliate of the Company, which has adopted this Plan in accordance with Section 5.11.
- 1.21 “Plan” means the WPX Energy Executive Severance Pay Plan. The Plan is maintained by the Company and any other Participating Companies for the purpose of providing benefits for a select group of management or highly compensated employees.
- 1.22 “Plan Year” means the twelve (12) month period from January 1 through December 31.
- 1.23 “Regular Wage Base” means an Eligible Employee’s total weekly base salary or wages, including any salary deferral contributions made by the Eligible Employee to any qualified or nonqualified defined contribution plan maintained by the Participating Company and any amounts contributed by an Eligible Employee to any cafeteria plan, flexible benefit plan or qualified transportation plan maintained by the Participating Company in accordance with Sections 125, 132 and related provisions of the Code, but excluding any bonuses, overtime, incentive compensation, commissions, cost of living pay, housing pay, relocation pay, other taxable fringe benefits and all other extraordinary compensation.

## **Article 2 Eligibility**

- 2.1 Eligibility. An Eligible Employee, who is not the CEO and who is not excluded pursuant to Section 2.3, shall be entitled to become a Participant in the Plan only when and only if all of the following conditions of subsections (a), (b), (c) and (d) are met:
- (a) The CEO, or the CEO’s designee, approves a reduction in force, or a job elimination, or an involuntary termination without Cause affecting the Eligible Employee, and the Eligible Employee is notified in writing that his employment is being involuntarily terminated due to the same; and
  - (b) The Compensation Committee, in the case of an Eligible Employee who is a member of the Parent Company’s Executive Leadership Team, or the CEO, in the case of an Eligible Employee who is not a member of the Parent Company’s Executive Leadership Team, in his, her or its sole discretion, determines the Eligible Employee is eligible to receive benefits under the Plan, approves the Eligible Employee’s participation in the Plan and notifies the Eligible Employee in writing of such eligibility. (For purposes of determining benefits under this Plan, the term “Parent Company’s Executive Leadership

Team” shall refer to all direct reports of the CEO who are also Employees subject to Section 16 of the Securities Exchange Act of 1934 but does not include the CEO.) Unless such written notice specifies an amount of severance pay, no severance payment shall be made; and

- (c) The Eligible Employee remains in good standing as an employee of the applicable Participating Company and continues to perform his job in a satisfactory manner, as determined by the Participating Company (in its employer capacity and not as a function of Plan administration) through, but not beyond, the Eligible Employee’s designated termination date; and
- (d) The Eligible Employee, in accordance with and within the time periods described in Section 3.1 (i) executes a severance and restrictive covenant agreement prepared by the Company which may contain, among other provisions, prohibitions against (1) competition with a Participating Company or an Affiliate for a six-month period following termination; and (2) solicitation of any Participating Company’s or an Affiliate’s employees for a twelve-month period following termination, (ii) executes a release of claims agreement prepared by the Company, (iii) returns the executed agreements within the time periods and in the manner required by the Company, and (iv) allows any applicable revocation period to expire without revoking the Eligible Employee’s acceptance of the agreements. An Eligible Employee must not execute the release of claims agreement described in this Section 2.1(d) before the day immediately following the Eligible Employee’s termination date.

An Eligible Employee shall have no vested right to any benefits set forth in the Plan until all of the conditions described in this Section 2.1 are satisfied.

2.2 Eligibility of the CEO \_Unless excluded pursuant to Section 2.3, the CEO shall be entitled to become a Participant in the Plan only when and only if all of the following conditions of subsections (a), (b), (c) and (d) are met:

- (a) The Board of Directors approves an involuntary termination without Cause of the CEO, and the CEO is notified in writing that his employment is being involuntarily terminated due to the same; and
- (b) The Board of Directors, in its sole discretion, determines the CEO is eligible to receive benefits under the Plan, approves the CEO’s participation in the Plan, and notifies the CEO in writing of such eligibility. Unless such written notice specifies an amount of severance pay, no severance payment shall be made; and
- (c) The CEO remains in good standing as an employee of the applicable Participating Company and continues to perform his job in a satisfactory manner, as determined by the Board of Directors through, but not beyond, the CEO’s designated termination date; and

(d) The CEO, in accordance with and within the time periods described in Section 3.1 (i) executes a severance and restrictive covenant agreement prepared by the Company which may contain, among other provisions, prohibitions against (1) competition with a Participating Company or an Affiliate for a six-month period following termination; and (2) solicitation of any Participating Company's or an Affiliate's employees for a twelve-month period following termination, (ii) executes a release of claims agreement prepared by the Company, (iii) returns the executed agreements within the time periods and in the manner required by the Company, and (iv) allows any applicable revocation period to expire without revoking the CEO's acceptance of the agreements. The CEO must not execute the release of claims agreement described in this Section 2.1(d) before the day immediately following the CEO's termination date.

The CEO shall have no vested right to any benefits set forth in the Plan until all of the conditions described in this Section 2.1 are satisfied.

2.3 Exclusions. Notwithstanding the provisions of Sections 2.1 and 2.2, an Eligible Employee will not become a Participant in the Plan if any of the following conditions occur:

- (a) An Eligible Employee is discharged for Cause.
- (b) An Eligible Employee voluntarily resigns for any reason, including retirement.
- (c) An Eligible Employee accepts any benefits from the Participating Company or any Affiliate under any voluntary or any other involuntary separation plan or program or agreement or early retirement incentive plan or program or agreement.
- (d) An Eligible Employee subject to a reduction in force or job elimination fails to make a *bona fide* effort to secure employment within a Participating Company or any of its Affiliates, or any successor of the Company or its Affiliates.
- (e) An Eligible Employee transfers to or receives a Comparable Offer of Employment from a Participating Company or any of its Affiliates.
- (f) An Eligible Employee receives a Comparable Offer of Employment from any purchaser company or resultant entity, or an Affiliate or Successor, as defined in Section 1.12 herein, of such a company or entity, after a corporate rearrangement, total or partial merger, acquisition, sale of stock, sale of assets or other transaction involving the Company, the Parent Company or an Affiliate.
- (g) An Eligible Employee accepts an offer of employment with a Participating Company or any of its Affiliates, whether or not such offer of employment constitutes a Comparable Offer of Employment.
- (h) An Eligible Employee accepts an offer of employment with any purchaser company or resultant entity, or an Affiliate or Successor, as defined in Section 1.12 herein, of such a company or entity, after a corporate rearrangement, total or partial merger, acquisition,

sale of stock, sale of assets or other transaction involving the Company, the Parent Company or an Affiliate, whether or not such offer of employment constitutes a Comparable Offer of Employment.

- (i) An Eligible Employee dies prior to his termination of employment.
- (j) Except as provided in subsection (k), an Eligible Employee is on a Leave of Absence at the time he is notified that his employment is being terminated.
- (k) An Eligible Employee is receiving benefits under a short-term disability program maintained by a Participating Company or an Affiliate. This exclusion may not apply if the Employee would have returned to work within the initial six-month period of short-term disability had his termination of employment not occurred.
- (l) An Eligible Employee is receiving benefits under a long-term disability program maintained by a Participating Company or an Affiliate.
- (m) An Eligible Employee has a written employment contract which contains severance provisions.
- (n) An Eligible Employee received or is eligible to receive more favorable severance pay benefits under any other severance pay plan, agreement or arrangement of a Participating Company, any of its Affiliates, or any successor of a Participating Company.
- (o) An Eligible Employee received or is eligible to receive severance pay benefits under a change-in-control agreement (or similar agreement) with a Participating Company, any of its Affiliates, or any successor of a Participating Company.

### **Article 3 Benefits**

- 3.1 Severance Pay. Except as provided in Section 3.6, subject to (i) the Participant's signing and returning to the Company on or before the Participant's termination date a severance and restrictive covenant agreement prepared by the Company which may contain, among other provisions, prohibitions against (1) competition with a Participating Company or an Affiliate for a six-month period following termination; and (2) solicitation of any Participating Company's or an Affiliate's employees for a twelve-month period following termination, (ii) the Participant's signing and returning to the Company during the fifty (50) day period following the Participant's termination date a release of claims agreement prepared by the Company, and (iii) expiration of any applicable revocation period associated with such release of claims agreement (which expiration must occur within the sixty (60) day period following the Participant's termination date), a Participant will be eligible to receive:
- (a) a severance payment equal to either:

- (i) if the Participant is the CEO (as such term is defined in Section 1.8), the Participant's Base Salary multiplied by 2; or
- (ii) if the Participant is a member of the Parent Company's Executive Leadership Team (as such term is defined in Section 2.1(b)), the Participant's Base Salary multiplied by 1.5; or
- (iii) if the Participant is not a member of the Parent Company's Executive Leadership Team (as such term is defined in Section 2.1(b)), the Participant's Base Salary;

(b) plus an additional severance payment equal to either:

- (i) if the Participant is the CEO (as such term is defined in Section 1.8), the Participant's Average Annual Bonus multiplied by 2; or
- (ii) if the Participant is a member of the Parent Company's Executive Leadership Team (as such term is defined in Section 2.1(b)), the Participant's Average Annual Bonus multiplied by 1.5; or
- (iii) if the Participant is not a member of the Parent Company's Executive Leadership Team (as such term is defined in Section 2.1(b)), the Participant's Average Annual Bonus.

3.2 Time and Form of Payment; Forfeiture. Severance benefits payable to a Participant under Sections 3.1 and 3.3(b) shall be paid in a lump sum during the sixty (60) day period following the Participant's termination date, subject to (i) the Participant's signing and returning to the Company the severance and restrictive covenant agreement referred to in Section 3.1 on or before the Participant's termination date, (ii) the Participant's signing and returning to the Company the release of claims agreement referred to in Section 3.1 during the fifty (50) day period following the Participant's termination date, and (iii) expiration of any applicable revocation period associated with such release of claims agreement (which expiration must occur within the sixty (60) day period following the Participant's termination date). If the severance and restrictive covenant agreement is not signed and returned on or before the Participant's termination date, the release of claims agreement is not signed and returned during the fifty (50) day period following the Participant's termination date or if the Participant revokes such release of claims agreement during an applicable revocation period, all benefits otherwise payable under the Plan will be forfeited. If severance benefits could be paid under this provision in more than one calendar year, they will be paid in the latest calendar year in which the payment may be made.

3.3 COBRA Continuation and COBRA Equivalent Payment.

- (a) COBRA Continuation. Continued participation in welfare benefit plans maintained by the applicable Participating Company is subject to the terms and conditions of the applicable plan documents or insurance contracts in effect on the date of the Participant's

termination of employment. Generally, the Participant has the option to elect the currently maintained Participating Company group medical and dental plan in which he is currently enrolled for up to eighteen (18) months under Consolidated Omnibus Budget Reconciliation Act ("COBRA") continuation coverage. Participants will be required to pay the full cost for medical and/or dental benefits under COBRA (to the extent the Participant seeks and is otherwise eligible to continue COBRA coverage). COBRA continuation coverage under the Participating Company group medical and dental plan will generally cease on the date the Participant or his dependents become covered under any other medical plan or dental plan or on the date applicable under any of the other termination events specified under COBRA.

(b) COBRA Equivalent Payment. Except as provided in Section 3.6, subject to (i) the Participant's signing and returning to the Company the severance and restrictive covenant agreement referred to in Section 3.1 on or before the Participant's termination date, (ii) the Participant's signing and returning to the Company the release of claims agreement referred to in Section 3.1 during the fifty (50) day period following the Participant's termination date, and (iii) expiration of any applicable revocation period associated with such release of claims agreement (which expiration must occur within the sixty (60) day period following the Participant's termination date), a Participant enrolled in Participating Company-sponsored medical and prescription coverage on the Participant's termination date will receive an additional severance payment equal to the monthly premium for COBRA continuation coverage for the medical and prescription coverage elected by the Participant and in effect on such date multiplied by twelve (12) (which is referred to herein as the "COBRA Equivalent Payment"). Such amount shall be paid in accordance with and within the time period described in Section 3.2. Dental, vision and health care flexible spending account coverage premiums will not be included in determining such payment.

3.4 Paid-Time Off ("PTO") Program. If applicable, payment for PTO hours earned but not taken prior to the Participant's employment termination, if any, shall be made in accordance with the Participating Company's then-current policy regarding payout of unused PTO. PTO time will not be considered for purposes of continued coverage under any of the other various employee benefit plans maintained by the Participating Company.

3.5 Equity Awards. Any outstanding stock options and restricted stock units shall be governed by the terms of the Parent Company's applicable equity compensation plans and award agreements pursuant to which such awards were issued to the Participant.

3.6 Rehired Participants. This Section 3.6 applies to Participants rehired by a Participating Company or any Affiliate after receipt of severance pay under Section 3.1 and a COBRA Equivalent Payment under 3.3(b).

(a) Severance Pay and COBRA Equivalent Payment. Following his rehire, the Participant will be entitled to keep a portion of his severance pay and COBRA Equivalent Payment (received pursuant to Sections 3.1 and 3.3(b)) equal to the product of the full amount of severance pay and the COBRA Equivalent Payment received by the Participant, net of

any taxes withheld or paid, multiplied by a fraction equal to (i) the number of weeks and/or fraction of weeks between his termination date and the date of rehire (ii) divided by fifty-two (52). Any remainder must be returned to the Participating Company that paid the severance pay and COBRA Equivalent Payment upon rehire or it will be deducted from the Participant's wages paid after rehire.

If a Participant is rehired within twelve (12) months of his termination date and again becomes eligible for severance pay due to a subsequent event within twelve (12) months of rehire, subject to the Participant's signing a severance and restrictive covenant agreement prepared by the Company on or before the Participant's termination date and the Participant's signing a release of claims agreement prepared by the Company within fifty (50) days of such subsequent termination date and further subject to expiration of any applicable revocation period associated with such release of claims agreement (which expiration must occur within the sixty (60) day period following the Participant's termination date), the Participant will be eligible to receive the greater of:

- (i) the sum of any remaining severance not yet received (or received and returned) attributable to the initial termination date in accordance with Section 3.1, plus two (2) weeks of severance pay (based only on the Participant's Regular Wage Base); or
- (ii) two (2) weeks of severance pay (based only on the Participant's Regular Wage Base).

Severance pay under this Section 3.6 will be paid in accordance with and within the time period described in Section 3.2.

(b) PTO. If a Participant is rehired within the same calendar year in which his employment was terminated and he received payment for paid-time-off ("PTO") hours earned but not taken, he may either retain the payment and forfeit PTO time for which he was eligible prior to his employment termination, or he may return to the Company the amount he received and have PTO time for which he was eligible prior to termination reinstated.

(c) Equity Awards. If a Participant is rehired by a Participating Company or any Affiliate or successor after receipt of severance pay under Section 3.1, the Participant shall not be eligible for reinstatement of any forfeited equity awards.

3.7 No Vesting. An Eligible Employee shall have no vested right to any benefits set forth in the Plan until such time as an Eligible Employee becomes a Participant and becomes entitled to receive benefits under Article 2.

3.8 Integration with Plant Closing and Mass Layoff Law(s). If and to the extent that a federal, state or local law, including, but not limited to the Worker Adjustment and Retraining Act, requires a Participating Company, as an employer, to provide notice and/or make a payment to an Employee because of that Employee's involuntary termination, or pursuant to a plant

closing law, the benefit payable under this Plan shall be reduced by any Regular Wage Base paid during such notice period and/or by such other required payment. Nothing in this Section 3.8, or any other section of this Plan, shall be used to reduce benefits under this Plan because of payments under state unemployment insurance laws.

- 3.9 Outplacement Services. Any Participant who receives severance pay is eligible for executive outplacement services through a reputable, third party outplacement provider approved by the Company. The Participating Company who employed the Participant will pay up to \$25,000 for such outplacement services for a Participant who is the CEO or a member of the Parent Company's Executive Leadership Team (as such term is defined in Section 2.1(b)), or up to \$10,000 for such outplacement services for a Participant who is not the CEO or a member of the Parent Company's Executive Leadership Team, provided that such expenses must be incurred within nine (9) months after the Participant's termination, but in all events no payments for such outplacement services will be made after fifteen (15) months following the Participant's termination.

**Article 4**  
**Administration of the Plan**

- 4.1 Administration by the Compensation Committee. Except for the responsibilities allocated to the Board of Directors in Sections 2.2 and 4.6, the Plan shall be administered by the Compensation Committee.
- 4.2 Operation of the Compensation Committee.
- (a) The Compensation Committee shall act by a majority of its members constituting a quorum and such action may be taken either by a vote in a meeting or in writing without a meeting. A quorum shall consist of a majority of the members of the Compensation Committee. No Compensation Committee member shall act upon any question pertaining solely to himself, and with respect to any such question only the other Compensation Committee members shall act.
  - (b) The Compensation Committee may allocate responsibility for the performance of any of its duties or powers to one or more Compensation Committee members or employees of the Participating Company.
  - (c) The Compensation Committee or its designee shall keep such books of account, records and other data as may be necessary for the proper administration of the Plan.
- 4.3 Powers and Duties of the Compensation Committee. The Compensation Committee shall be generally responsible for the operation and administration of the Plan, with all powers and discretionary authority necessary to enable the Compensation Committee to carry out its duties in that respect. To the extent that powers are not delegated to others pursuant to provisions of this Plan (and except to the extent that powers are allocated to the Board of Directors in Section 2.2 and 4.6), the Compensation Committee shall have such powers as may be necessary to carry out the provisions of the Plan and to perform its duties hereunder, including, without limiting the generality of the foregoing, the power:
- (a) To appoint, retain and terminate such persons as it deems necessary or advisable to assist in the administration of the Plan or to render advice with respect to the responsibilities of the Compensation Committee under the Plan, including accountants, administrators and attorneys.
  - (b) To make use of the services of the employees of any Participating Company in administrative matters.
  - (c) To obtain and act on the basis of all tables, certificates, opinions, and reports furnished by the persons described in paragraph (a) or (b) above.
  - (d) To review the manner in which benefit claims and other aspects of the Plan administration have been handled by the employees of the Participating Companies.

- (e) To determine all benefits and resolve all questions pertaining to the administration and interpretation of the Plan provisions, either by rules of general applicability or by particular decisions. To the maximum extent permitted by law, all interpretations of the Plan and other decisions of the Compensation Committee (or its delegates) shall be conclusive and binding on all parties.
  - (f) To adopt such forms, rules and regulations as it shall deem necessary or appropriate for the administration of the Plan and the conduct of its affairs, provided that any such forms, rules and regulations shall not be inconsistent with the provisions of the Plan.
  - (g) To remedy any inequity resulting from incorrect information received or communicated or from administrative error.
  - (h) To commence or defend any litigation arising from the operation of the Plan in any legal or administrative proceeding.
- 4.4 Required Information. Any Eligible Employee and any Participant eligible to receive benefits under the Plan shall furnish to the Compensation Committee or its designee any information or proof requested by the Compensation Committee and reasonably required for the proper administration of the Plan. Failure on the part of an Eligible Employee or any Participant to comply with any such request within the time permitting for signing and returning the signed severance and restrictive covenant agreement and signed release of claims agreement as prescribed under Section 3 above shall result in forfeiture of all compensation hereunder.
- 4.5 Compensation and Expenses. All expenses incident to the operation and administration of the Plan reasonably incurred, including, without limitation by way of specification, the fees and expenses of attorneys and advisors, and for such other professional, technical and clerical assistance as may be required, shall be paid by the Participating Companies. Members of the Compensation Committee shall not be entitled to any compensation by virtue of their services as such nor be required to give any bond or other security; provided, however, that they shall be entitled to reimbursement by the Participating Companies for all reasonable expenses which they may incur in the performance of their duties hereunder and in taking such action as they deem advisable hereunder within the limits of the authority given them by the Plan and by law.
- 4.6 Claims.
- (a) Claims Administrator. For purposes of this Section 4.6, the “Claims Administrator” shall be the person(s), office or committee(s) to whom the Compensation Committee has delegated day-to-day Plan administration responsibilities and who, pursuant to such delegation, processes Plan benefit claims in the ordinary course. The Board of Directors shall be the Claims Administrator for purposes of claims relating to the CEO’s eligibility for benefits under the Plan and the amount of such benefits.

- (b) Claims Procedure. Any Participant or Beneficiary may file a written claim with the Claims Administrator setting forth the nature of the benefit claimed, the amount thereof, and the basis for claiming entitlement to such benefit. A claim under this Plan shall be adjudicated by the Claims Administrator in accordance with this Section 4.6.
- (i) Initial Claim. The claimant initiates a claim by submitting to the Claims Administrator a written claim for benefits.
  - (ii) Timing of Response. The Claims Administrator shall respond to such claimant within ninety (90) days after receiving the claim. If the Claims Administrator determines that special circumstances require additional time for processing the claim, the Claims Administrator can extend the response period by an additional ninety (90) days by notifying the claimant in writing, prior to the end of the initial ninety (90) day period, that an additional period is required. Such notice shall indicate the special circumstances requiring the additional time and the date by which the Claims Administrator expects to respond. If the period of time is extended because the claimant has failed to provide necessary information to decide the claim, the period for the Claims Administrator to respond shall be tolled from the date on which the notification of the additional period is sent to the claimant, until the date on which the claimant provides the information. If the claimant fails to provide necessary information to decide the claim within the time period specified by the Claims Administrator, the claim shall be denied.
  - (iii) Notice of Decision. If the Claims Administrator denies part or all of the claim, the Claims Administrator shall notify the claimant in writing of such denial. Such notice shall include the specific reason or reasons for the denial; specific references to the Plan provisions on which the denial is based; a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and a description of the Agreement's review procedure including a statement of the claimant's rights to bring a civil action under Section 502 of the ERISA following an adverse determination on review.
  - (iv) Deadline to File Claim. To be considered timely under the Plan's claim and review procedure, a claim for payment must be filed with the Claims Administrator on or before the last day of the 12th month beginning after the due date for the requested payment or benefit.
- (c) Review Procedure. If the Claims Administrator denies part or all of the claim, the claimant shall have the opportunity for a full and fair review by the Claims Administrator of the denial, as follows:
- (i) Review Request. To initiate the review, the claimant, within sixty (60) days after receiving the Claims Administrator's notice of denial, must file with the Claims Administrator a written request for review.

- (ii) Additional Submissions. The claimant shall have the opportunity to submit written comments, documents, records and other information relating to the claim. The claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim for benefits. The review of the claim shall take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.
  
- (iii) Timing of Response. The Claims Administrator shall respond in writing to such claimant within sixty (60) days after receiving the request for review. If the Claims Administrator determines that special circumstances require additional time for processing the claim, the Claims Administrator can extend the response period by an additional sixty (60) days by notifying the claimant in writing, prior to the end of the initial sixty (60) day period, that an additional period is required. Such notice shall indicate the special circumstances requiring the additional time and the date by which the Claims Administrator expects to respond. If the period of time is extended because the claimant has failed to provide necessary information to decide the claim, the period for the Claims Administrator to respond shall be tolled from the date on which the notification of the additional period is sent to the claimant, until the date on which the claimant provides the information. If the claimant fails to provide necessary information to decide the claim within the time period specified by the Claims Administrator, the claim shall be denied.
  
- (iv) Notice of Decision. The Claims Administrator shall notify the claimant in writing of its decision on review. In the case of denial, such notice shall include the specific reason or reasons for the denial; specific references to the Plan provisions on which the denial is based; a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits; and a statement of the claimant's right to bring an action under Section 502(a) of ERISA.
  
- (d) Exhaustion of Administrative Remedies. No claimant may commence any legal action to recover a benefit under this Agreement or to enforce or clarify rights under this Plan until the claim and review procedure set forth herein has been exhausted in its entirety. In any such legal action, all explicit and all implicit determinations by the Claims Administrator and the Compensation Committee, as applicable (including, but not limited to, determinations as to whether the claim, or a request for a review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law.
  
- (e) Deadline to File Legal Action. No legal action to recover benefits under this Plan or to enforce or clarify rights under this Plan may be brought by any claimant on any matter pertaining to this Plan unless the legal action is commenced in the proper forum on or

before the last day of the twelfth (12 th ) month beginning after the date the claimant has received a denial on review following exhaustion of the claim and review procedure.

**Article 5**  
**General Provisions**

- 5.1 Successor to Company. This Plan shall bind any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the Parent Company in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Plan, the Parent Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations under this Plan, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. The term "Company," as used in this Plan, shall mean the Company and any successor or assignee to the business or assets that by reason hereof becomes bound by this Plan.
- 5.2 Duration. The Plan shall continue indefinitely unless terminated as provided in Section 5.3 hereof.
- 5.3 Amendment and Termination. The Compensation Committee, in its settlor capacity, reserves the right at any time to terminate the Plan. The Compensation Committee reserves the right at any time and from time to time, and retroactively if deemed necessary or appropriate, to modify or amend in whole or in part any or all of the provisions of the Plan, provided that the Board of Directors must approve any amendment relating to the CEO's eligibility for benefits under the Plan and the amount of such benefits.
- Any amendment or modification to the Plan shall be effective at such date as the Compensation Committee may determine with respect to any amendment adopted by the Compensation Committee.
- Decisions regarding the design of the Plan (including any decision to amend or terminate, or to not amend or terminate the Plan) will be made in a settlor capacity and will not be governed by the fiduciary responsibility provisions of ERISA.
- 5.4 Management Rights. Participation in the Plan shall not lessen or otherwise affect the responsibility of an Employee to perform fully his duties in a satisfactory and workmanlike manner. This Plan shall not be deemed to constitute a contract between a Participating Company and any Employee or other person whether or not in the employ of the Participating Company, nor shall anything herein contained be deemed to give any Employee or other person whether or not in the employ of a Participating Company any right to be retained in the employ of any Participating Company, or to interfere with the right of any Participating Company to discharge any Employee at any time and to treat him without any regard to the effect which such treatment might have upon him as an Employee covered by the Plan.
- 5.5 Funding. The Plan shall constitute an unfunded and unsecured obligation of the Participating Companies payable from the general funds of such Participating Companies.

- 5.6 Withholding of Taxes. Each Participating Company may withhold from any amounts payable under the Plan all federal, state, city and/or other taxes as shall be legally required.
- 5.7 Participant's Responsibility. Each Participant (or personal representative of a deceased Participant's estate) shall be responsible for providing the Compensation Committee with his current address. Any notices required or permitted to be given hereunder shall be deemed given if directed to such address and mailed by regular United States mail. The Compensation Committee shall not have any obligation or duty to locate a Participant.
- 5.8 Indemnification. Each Participating Company shall indemnify and hold harmless each member of the Board of Directors and each officer and employee of a Participating Company to whom are delegated duties, responsibilities, and authority with respect to this Plan against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him (including, but not limited to reasonable attorney fees) which arise as a result of his actions or failure to act in connection with the operation and administration of this Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by a Participating Company. Notwithstanding the foregoing, a Participating Company shall not indemnify any person for any such amount incurred through any settlement or compromise of any action unless the Participating Company consents in writing to such settlement or compromise.
- 5.9 Governing Law. The Plan shall be governed by and construed in accordance with applicable Federal laws, including ERISA, governing employee benefit plans and in accordance with the laws of the State of Oklahoma where such laws are not in conflict with the aforementioned Federal laws. The United States District Court, Northern District of Oklahoma, and the Tulsa County District Court, both sitting in Tulsa, Oklahoma, shall have jurisdiction and be the exclusive venues for purposes of all proceedings arising out of or relating to this Plan or the transactions contemplated thereby.
- 5.10 Right of Recovery. If any Participating Company makes payment(s) in excess of the amount required under the Plan, the Compensation Committee shall have the right to recover the excess payment(s) from any person who received the excess payment(s). Such recovery shall be returned by the Compensation Committee to such Participating Company.
- 5.11 Adoption by Participating Company. Any Affiliate may adopt or withdraw from this Plan. The adoption resolution may contain such specific changes and variations in this Plan's terms and provisions applicable to the employees of the adopting Affiliate as may be acceptable to the Compensation Committee.
- 5.12 Code Section 409A. It is intended that this Plan meet the requirements of the short-term deferral exception from Section 409A of the Code, and all regulations and other guidance thereunder ("Section 409A") and, if not excepted, comply with Section 409A. Accordingly, the Plan shall be interpreted and administered in accordance with such intent. It is further recognized that it may be necessary to modify this Plan from time to time to reflect guidance

under Section 409A. The Compensation Committee shall have unilateral discretion and authority in: (a) determining (i) whether any modification of the Plan is desirable or appropriate and (ii) the terms of any such modification; and (b) adopting and implementing any amendment to the Plan or any administrative rules deemed necessary for the Plan to be excepted from Section 409A or to comply therewith.

Notwithstanding any provision to the contrary in this Plan, no payment or distribution under this Plan which constitutes an item of deferred compensation under Section 409A and becomes payable by reason of a Participant's termination of employment with the Company will be made prior to the earlier of: (i) the expiration of the six (6)-month period measured from the date of his "separation from service" (as such term is defined in Treasury Regulations issued under Section 409A); or (ii) the date of the Participant's death, if he is deemed at the time of such separation from service to be a "key employee" within the meaning of that term under Code Section 416(i) and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Section 409A. Upon the expiration of the applicable Section 409A deferral period, all payments and benefits deferred pursuant to this Section 5.12 shall be paid or reimbursed to such key employee in a lump sum on the first business day following such expiration.

IN WITNESS WHEREOF, the Parent Company and the Company have caused this amended and restated Plan to be executed effective as herein provided.

WPX ENERGY SERVICES COMPANY, LLC

WPX ENERGY, INC.

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**OMNIBUS AMENDMENT TO THE WPX ENERGY, INC. 2016, 2017 AND  
2018 PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENTS**

**THIS OMNIBUS AMENDMENT TO THE WPX ENERGY, INC. 2016, 2017 AND 2018 PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENTS** (this “Amendment”) is made as of the [•] day of July, 2018, by and between the Company and the Participant.

**WHEREAS**, the Participant and the Company previously entered into the WPX Energy, Inc. 2016 Performance-Based Restricted Stock Unit Agreement dated May 19, 2016 (the “2016 Agreement”), the WPX Energy, Inc. 2017 Performance-Based Restricted Stock Unit Agreement dated March 3, 2017 (the “2017 Agreement”) and the WPX Energy, Inc. 2018 Performance-Based Restricted Stock Unit Agreement March 2, 2018 (the “2018 Agreement” and, collectively with the 2016 Agreement and the 2017 Agreement, the “Agreements” and each an “Agreement”);

**WHEREAS**, the Company’s Board of Directors recently approved amendments to the Agreements and to future Performance-Based Restricted Stock Unit Agreements that modify the manner in which RSUs will vest if the Participant experiences certain types of Separation from Service within the two (2) year period following a change in control; and

**WHEREAS**, the Participant and the Company each agree and consent to making corresponding amendments to each of the Agreements as set forth below.

**NOW, THEREFORE**, in consideration of the premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Section 5(d) of the 2016 Agreement is hereby deleted in its entirety and replaced with the following:

(d) (i) If the Participant experiences a Separation from Service prior to the Maturity Date within two years following a Change in Control, either voluntarily for Good Reason or involuntarily (other than due to Cause), the Participant shall vest in a number of Shares calculated based on the Company’s actual performance as of the date of the Change in Control, determined according to the provisions of this Section 5(d).

(ii) For purposes of this Subparagraph 5(d), actual performance shall be determined based on the Company’s relative TSR within the peer group established by the Committee at the time of grant for a performance period beginning on January 1, 2016 and ending on the date immediately preceding the Change in Control (the “CIC Performance Period”). The number of Shares earned and payable to the Participant will be based upon the range set by the Committee from 30% (for relative TSR above the 25<sup>th</sup>

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percentile of the peer group established by the Committee) to 200% (for relative TSR at the first or second ranking within the peer group established by the Committee) of the Target Number of Shares depending on the level of relative TSR on the date immediately preceding the Change in Control, as set forth in Appendix B.

(iii) For purposes of this Subparagraph 5(d) only, the Committee will not have the discretion to reduce the number of Shares payable to the Participant under Subparagraph 4(d) above.

2. Section 5(d) of the 2017 Agreement is hereby deleted in its entirety and replaced with the following:

(d) (i) If the Participant experiences a Separation from Service prior to the Maturity Date within two years following a Change in Control, either voluntarily for Good Reason or involuntarily (other than due to Cause), the Participant shall vest in a number of Shares calculated based on the Company's actual performance as of the date of the Change in Control, determined according to the provisions of this Section 5(d).

(ii) For purposes of this Subparagraph 5(d), actual performance shall be determined based on the Company's relative TSR within the peer group established by the Committee at the time of grant for a performance period beginning on January 1, 2017 and ending on the date immediately preceding the Change in Control (the "CIC Performance Period"). The number of Shares earned and payable to the Participant will be based upon the range set by the Committee from 30% (for relative TSR above the 25<sup>th</sup> percentile of the peer group established by the Committee) to 200% (for relative TSR at the first or second ranking within the peer group established by the Committee) of the Target Number of Shares depending on the level of relative TSR on the date immediately preceding the Change in Control, as set forth in Appendix B.

(iii) For purposes of this Subparagraph 5(d) only, the Committee will not have the discretion to reduce the number of Shares payable to the Participant under Subparagraph 4(d) above.

3. Section 5(d) of the 2018 Agreement is hereby deleted in its entirety and replaced with the following:

(d) (i) If the Participant experiences a Separation from Service prior to the Maturity Date within two years following a Change in Control, either voluntarily for Good Reason or involuntarily (other than due to Cause), the Participant shall vest in a number of Shares calculated based on the Company's actual performance as of the date of the Change in Control, determined according to the provisions of this Section 5(d).

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(ii) For purposes of this Subparagraph 5(d), actual performance shall be determined based on the Company's relative TSR within the peer group established by the Committee at the time of grant for a performance period beginning on January 1, 2018 and ending on the date immediately preceding the Change in Control (the "CIC Performance Period"). The number of Shares earned and payable to the Participant will be based upon the range set by the Committee from 30% (for relative TSR above the 25<sup>th</sup> percentile of the peer group established by the Committee) to 200% (for relative TSR at the first or second ranking within the peer group established by the Committee) of the Target Number of Shares depending on the level of relative TSR on the date immediately preceding the Change in Control, as set forth in Appendix B.

(iii) For purposes of this Subparagraph 5(d) only, the Committee will not have the discretion to reduce the number of Shares payable to the Participant under Subparagraph 4(d) above.

4. Appendix B to each of the Agreements are hereby deleted in their entirety and replaced with the Appendix B attached hereto as Exhibit 1.

5. Capitalized terms used in this Amendment and not otherwise defined herein shall have the respective meanings ascribed to them in the applicable Agreement.

6. Except as amended hereby, all other terms, covenants and conditions of each of the Agreements shall continue in full force and effect, and the same are hereby reaffirmed.

7. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together shall constitute a single agreement.

[ SIGNATURE PAGES FOLLOW ]

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IN WITNESS WHEREOF, the parties have executed this Amendment as of the first date specified above.

**[INSERT EXECUTIVE NAME]**

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

**WPX ENERGY, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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Exhibit 1  
(Revised Appendix B)

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**APPENDIX B**  
**DETERMINATION OF TSR RANKING**

As of the Effective Date, the Committee has established a peer group of companies for the purpose of determining the Company's relative TSR ranking for the Performance Period or the CIC Period. The Committee retains the authority to determine the treatment of any company in the peer group that ceases to be a United States-domiciled publicly traded company on a national stock exchange or market system and to adjust the table below accordingly.

The table below reflects the Shares, expressed as a percentage of the Target Number of Shares, that may be payable to the Participant based upon the Company's TSR ranking within the peer group for the Performance Period. Notwithstanding any provision in this Appendix B or in the Agreement to the contrary, other than Subparagraph 5(d), the Committee has the sole and absolute discretion to reduce the number of Shares payable to the Participant to zero (0) pursuant to Subparagraph 4(d) of the Agreement.

<b>Company TSR Ranking Within the Peer Group</b>	<b>Percentage of the Target Number of Shares</b>
1 <sup>st</sup>	200%
2 <sup>nd</sup>	200%
3 <sup>rd</sup>	191.6%
4 <sup>th</sup>	183.3%
5 <sup>th</sup>	175%
6 <sup>th</sup>	150%
7 <sup>th</sup>	125%
Target Peer Group Ranking 8 <sup>th</sup>	100%
9 <sup>th</sup>	82.5%
10 <sup>th</sup>	65%
11 <sup>th</sup>	47.5%
12 <sup>th</sup>	30%
13 <sup>th</sup>	0%
14 <sup>th</sup>	0%
15 <sup>th</sup>	0%

**WPX Energy, Inc.**  
**Computation of Ratio of Earnings to Fixed Charges**

	Six months ended June 30,
	2018
	(Millions)
Earnings (loss):	
Loss from continuing operations before income taxes	\$ (153)
Less: Equity (earnings) loss, excluding proportionate share from 50% owned investees and unconsolidated majority-owned investees	2
Loss before income taxes and equity (earnings) loss	(151)
Add:	
Fixed Charges:	
Interest accrued, including proportionate share from 50% owned investees and unconsolidated majority-owned investees	85
Capitalized Interest	—
Rental expense representative of interest factor	2
Total fixed charges	87
Less:	
Capitalized interest	—
Total earnings (loss) as adjusted	\$ (64)
Fixed charges	\$ 87
Ratio of earnings to fixed charges	(a)
Preferred dividend requirement	\$ 10
Combined fixed charges and preferred dividends	\$ 97
Ratio of earnings to combined fixed charges and preferred dividends	(b)

(a) Earnings are inadequate to cover fixed charges by \$151 million.

(b) Earnings are inadequate to cover combined fixed charges and preferred dividends by \$161 million.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Richard E. Muncrief, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WPX Energy, Inc.;
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(s) 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(s) 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 the 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, 2018

/s/ Richard E. Muncrief

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Richard E. Muncrief  
Chief Executive Officer

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, J. Kevin Vann, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WPX Energy, Inc.;
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(s) 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(s) 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 the 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, 2018

/s/ J. Kevin Vann

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J. Kevin Vann  
Chief Financial Officer

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

In connection with the Quarterly Report of WPX Energy, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (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 the Company.

/s/ Richard E. Muncrief

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Richard E. Muncrief  
Chief Executive Officer  
August 2, 2018

/s/ J. Kevin Vann

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J. Kevin Vann  
Executive Vice President and Chief Financial Officer  
August 2, 2018

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be considered filed as part of the Report.