

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

Form 10-K

(Mark One)

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2025
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 001-32318



DEVON ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)
333 West Sheridan Avenue, Oklahoma City, Oklahoma
(Address of principal executive offices)

73-1567067
(I.R.S. Employer identification No.)
73102-5015
(Zip code)

Registrant's telephone number, including area code: (405) 235-3611
Securities registered pursuant to Section 12(b) of the Act:

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 30, 2025 was approximately \$20.2 billion, based upon the closing price of \$31.81 per share as reported by the New York Stock Exchange on such date. On February 4, 2026, 620 million shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant's definitive Proxy Statement relating to Registrant's 2026 annual meeting of stockholders have been incorporated by reference in Part III of this Annual Report on Form 10-K.

Auditor Name: KPMG LLP	Auditor Location: Oklahoma City, Oklahoma	Audit Firm ID: 185
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DEVON ENERGY CORPORATION
FORM 10-K
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DEFINITIONS

Unless the context otherwise indicates, references to “us,” “we,” “our,” “ours,” “Devon,” the “Company” and “Registrant” refer to Devon Energy Corporation and its consolidated subsidiaries. All monetary values, other than per unit and per share amounts, are stated in millions of U.S. dollars unless otherwise specified. In addition, the following are other abbreviations and definitions of certain terms used within this Annual Report on Form 10-K:

“2017 Plan” means the Devon Energy Corporation 2017 Long-Term Incentive Plan.

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

“ASU” means Accounting Standards Update.

“Bbl” or “Bbbls” means barrel or barrels.

“Bcf” means billion cubic feet.

“BLM” means the United States Bureau of Land Management.

“Boe” means barrel of oil equivalent. Gas proved reserves and production are converted to Boe, at the pressure and temperature base standard of each respective state in which the gas is produced, at the rate of six Mcf of gas per Bbl of oil, based upon the approximate relative energy content of gas and oil. NGL proved reserves and production are converted to Boe on a one-to-one basis with oil.

“Btu” means British thermal units, a measure of heating value.

“CAMT” means Corporate Alternative Minimum Tax.

“Catalyst” means Catalyst Midstream Partners, LLC.

“CDM” means Cotton Draw Midstream, L.L.C.

“Coterra” means Coterra Energy, Inc.

“DD&A” means depreciation, depletion and amortization expenses.

“EHS” means environmental, health and safety.

“EPA” means the United States Environmental Protection Agency.

“ESG” means environmental, social and governance.

“FASB” means Financial Accounting Standards Board.

“Fervo” means Fervo Energy Company.

“G&A” means general and administrative expenses.

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

“GHG” means greenhouse gas.

“Grayson Mill” means Grayson Mill Intermediate HoldCo II, LLC and Grayson Mill Intermediate HoldCo III, LLC.

“Inside FERC” refers to the publication *Inside F.E.R.C.’s Gas Market Report*.

“IRA” refers to the Inflation Reduction Act of 2022.

“LOE” means lease operating expenses.

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

“MBbbls” means thousand barrels.

“MBoe” means thousand Boe.

“Mcf” means thousand cubic feet.

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

“Merger Agreement” means that certain Agreement and Plan of Merger, dated February 1, 2026, by and among the Company, Merger Sub and Coterra.

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

“MMBbls” means million barrels.

“MMBoe” means million Boe.

“MMBtu” means million Btu.

“MMcf” means million cubic feet.

“N/M” means not meaningful.

“NCI” means noncontrolling interests.

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

“NYMEX” means New York Mercantile Exchange.

“NYSE” means New York Stock Exchange.

“OBBA” means One Big Beautiful Bill Act.

“OPEC” means Organization of the Petroleum Exporting Countries.

“SEC” means United States Securities and Exchange Commission.

“Senior Credit Facility” means Devon’s syndicated unsecured revolving line of credit, effective as of March 24, 2023.

“SOFR” means secured overnight financing rate.

“Standardized measure” means the present value of after-tax future net revenues discounted at 10% per annum.

“STEM” means science, technology, engineering and mathematics.

“S&P 500 Index” means Standard and Poor’s 500 index.

“Term Loan” means Term Loan Credit Agreement.

“TSR” means total shareholder return.

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

“VIE” means variable interest entity.

“Water JV” means NDB Midstream L.L.C.

“WaterBridge” means WaterBridge Infrastructure LLC and WBI Operating LLC. Any references to WaterBridge as a public company or its publicly-traded equity are to WaterBridge Infrastructure LLC individually.

“WPX” means WPX Energy, Inc.

“WTI” means West Texas Intermediate.

“/Bbl” means per barrel.

“/d” means per day.

“/MMBtu” means per MMBtu.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of the federal securities laws. Such statements include those concerning strategic plans, our expectations and objectives for future operations, as well as other future events or conditions, and are often identified by use of the words and phrases “expects,” “believes,” “will,” “would,” “could,” “continue,” “may,” “aims,” “likely to be,” “intends,” “forecasts,” “projections,” “estimates,” “plans,” “expectations,” “targets,” “opportunities,” “potential,” “anticipates,” “outlook” and other similar terminology. All statements, other than statements of historical facts, included in this report that address activities, events or developments that Devon expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. Consequently, actual future results could differ materially and adversely from our expectations due to a number of factors, including, but not limited to:

- the volatility of oil, gas and NGL prices, including from changes in trade relations and policies, such as the imposition of new or increased tariffs or other trade protection measures by the U.S., China or other countries;
- uncertainties inherent in estimating oil, gas and NGL reserves;
- the extent to which we are successful in acquiring and discovering additional reserves;
- the uncertainties, costs and risks involved in our operations;
- risks related to our hedging activities;
- our limited control over third parties who operate some of our oil and gas properties and investments;
- midstream capacity constraints and potential interruptions in production, including from limits to the build out of midstream infrastructure;
- competition for assets, materials, people and capital, which can be exacerbated by supply chain disruptions, including as a result of tariffs or other changes in trade policy;
- regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to federal lands, environmental matters, water disposal and tax matters;
- climate change and risks related to regulatory, social and market efforts to address climate change;
- risks relating to our sustainability initiatives;
- claims, audits and other proceedings impacting our business, including with respect to historic and legacy operations;
- governmental interventions in energy markets;
- counterparty credit risks;
- risks relating to our indebtedness;
- cybersecurity risks;
- risks associated with artificial intelligence and other emerging technologies;
- the extent to which insurance covers any losses we may experience;
- risks related to shareholder activism;
- our ability to successfully complete mergers, acquisitions and divestitures;
- our ability to pay dividends and make share repurchases;

- risks related to the Merger, including restrictions on our operations during the pendency of the Merger, litigation risk, the risk that the Merger Agreement may be terminated and the risk that we may not realize the anticipated benefits of the Merger or successfully integrate the two companies; and
- any of the other risks and uncertainties discussed in this report or other SEC filings.

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

PART I

Items 1 and 2. *Business and Properties*

General

Founded in 1971 and publicly held since 1988, Devon (NYSE: DVN) is an independent energy company engaged primarily in the exploration, development and production of oil, natural gas and NGLs. Our operations are concentrated in various onshore areas in the U.S. Our principal and administrative offices are located at 333 West Sheridan, Oklahoma City, OK 73102-5015 (telephone 405-235-3611).

Devon files or furnishes annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to these reports, with the SEC. Through our website, www.devonenergy.com, we make available electronic copies of the documents we file or furnish to the SEC, the charters of the committees of our Board of Directors and other documents related to our corporate governance. The corporate governance documents available on our website include our Code of Ethics for Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer, and any amendments to and waivers from any provision of that Code will also be posted on our website. Access to these electronic filings is available free of charge as soon as reasonably practicable after filing or furnishing them to the SEC. Printed copies of our committee charters or other governance documents and filings can be requested by writing to our corporate secretary at the address on the cover of this report. Reports filed with the SEC are also made available on its website at www.sec.gov.

Our Strategy

Our business strategy is focused on delivering a consistently competitive shareholder return among our peer group. Because the business of exploring for, developing and producing oil and natural gas is capital intensive, delivering sustainable, capital efficient cash flow growth is a key tenet to our success. While our cash flow is highly dependent on volatile and uncertain commodity prices, we pursue our strategy throughout all commodity price cycles with five fundamental principles.

Operating excellence – Operating our business in a safe, reliable and environmentally responsible manner is fundamental to who we are. We embrace innovative thinking and believe technology will be instrumental in the longevity of our industry. With our vision to be a premier independent oil and natural gas exploration and production company, the work our employees do every day contributes to the local, national and global economies. We produce a valuable commodity that is fundamental to society, and we endeavor to do so in a safe, environmentally responsible and ethical way, while striving to deliver strong returns to our shareholders. We have an ongoing commitment to transparency in reporting our ESG performance. We continue to establish new environmental performance targets for our Company and incorporate ESG initiatives into our compensation structure.

Advantaged asset portfolio – We believe U.S. crude oil and natural gas will continue to be advantaged in the global energy markets. As discussed in more detail later in this section, we own a portfolio of assets located in the Delaware Basin, Rockies, Eagle Ford and Anadarko Basin. We strive to own premier assets capable of generating cash flows in excess of our capital and operating requirements, as well as competitive rates of return. We also desire to own a portfolio of assets that can deliver sustainable production extending many years into the future and provide reliable and affordable energy needed to support the world's growing population and energy demands.

Maintaining financial strength and flexibility – Commodity prices are uncertain and volatile, so we strive to maintain a strong balance sheet, as well as adequate liquidity and financial flexibility, in order to operate competitively in all commodity price cycles. Our capital allocation decisions are made with attention to these financial stewardship principles, as well as the priorities of funding our core operations, protecting our investment-grade credit ratings and paying and growing our shareholder dividend. While maintaining financial strength is a top priority, we remain committed to maximizing shareholder value, which is evidenced by making opportunistic share repurchases and consistently paying and growing our fixed dividend.

Delivering value to shareholders – We are committed to shareholder returns. We are dedicated to a growing fixed dividend that is sustainable through the commodity price cycles. We adhere to distributing our cash flows in excess of operating and capital needs to shareholders. As we pursue cash flow growth, we continually work to optimize the efficiency of our capital programs and production operations, with an underlying objective of reducing absolute and per unit costs and enhancing our returns.

Cultivating a culture of innovation and results – We empower our people to leverage emerging technologies and drive superior results. Our employees are at the center of value creation, delivering impactful results that share our long-term success. We are committed to providing fulfilling careers, meaningful benefits and a sense of inclusion and belonging. We strive to be good stewards in all the communities we operate in, being actively involved and applying our culture of operating excellence.

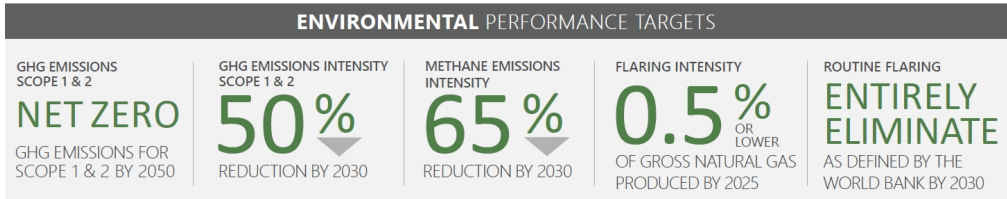
Sustainability and EHS

Devon is focused on producing reliable, affordable and accessible energy that the world needs, while continuing to find ways to produce and deliver it more responsibly. In planning activities and making decisions, we consider potential environmental impacts along with operational, financial and other relevant factors. We promote a culture of compliance with environmental laws and regulations and encourage performance that often goes above and beyond what is required. We deploy technologies, tools and processes intended to minimize or avoid potential effects on air, water, land and wildlife. We are also evaluating and selectively investing in low-emission opportunities that are complementary to our core business and deliver long-term shareholder value.

We have a strong organization in place to manage safety and environmental performance, encompassing our Board of Directors, our EHS and Sustainability leadership teams, and our field-level EHS and operations teams. Our governance philosophy in this space elevates EHS oversight and discussion, including matters related to climate change. Our Board and the Board's Safety, Operations, and Resource Committee and Governance, Environmental, and Public Policy Committee frequently review our safety and environmental initiatives and are keenly interested in the operational measures, technological advancements, planning, forecasting and other actions the Company takes in improving our performance in these areas.

Our organizational efforts are intended to ensure that our environmental objectives and targets are considered in capital allocation decisions, corporate and business unit planning and team strategies to integrate sustainability into our business activities. To support our environmental initiatives, we spent approximately \$100 million in 2025 on capital projects that will directly or indirectly result in emissions reduction, and we anticipate spending a similar amount in 2026.

Devon has established environmental performance targets that reflect our dedication and commitment to providing affordable energy while achieving meaningful emissions reductions and pursuing our longer-term aspiration of net zero GHG emissions for Scopes 1 and 2. Our GHG and methane targets, described below, are calculated from a 2019 baseline. Devon’s emission reduction strategy involves a range of potential actions, including expanding our leak detection and repair program; deploying advanced leak detection technologies; reducing the volume of natural gas that is flared; electrifying facilities to reduce the use of natural gas and diesel consumed onsite; and optimizing facility design to minimize leaks and eliminate common equipment failures.



Devon is also focused on water stewardship in support of our environmental objectives, continuing to advance our use of recycled water and targeting to use 90% or more non-freshwater for completions activities in our most active operating areas within the Delaware Basin.

We are confident we can deliver strong operational and financial results and reduce our environmental impact while safeguarding our workforce and the communities in which we operate.

Human Capital

Delivering strong operational and financial results in a safe, environmentally and socially responsible way requires the expertise and positive contributions of every Devon employee. Our people are the Company's most important resource and we seek to hire people who share and demonstrate our core values of integrity, relationships, courage and results. We value our people and invest in their success. Devon focuses on providing personally and professionally fulfilling careers, meaningful benefits and compensation and a sense of belonging and inclusion. Our workforce is central to and drives our long-term success. Devon's Executive Committee and Compensation Committee of the Board routinely engage in discussions regarding a wide range of human capital strategies, outcomes and activities. As of December 31, 2025, Devon and its consolidated subsidiaries had approximately 2,200 employees, all located in the U.S.

Employee Safety and Wellness

We prepare our workforce to work safely with comprehensive training and orientation, on-the-job guidance and tools, safety engagements, recognition and other resources. Employees and contractors are expected to comply with safety rules and regulations and are accountable for stopping at-risk work, immediately reporting incidents and near-miss events and informing visitors of emergency alarms and evacuation plans. To safeguard workers on our well sites and neighbors nearby, we plan, design, drill, complete and produce wells using proven best practices, technologies, tools and materials. We work continuously to prevent disruptions and provide training and drills so our employees are prepared and ready to respond to a wide variety of issues.

Devon also prioritizes the physical, mental and financial wellness of our employees. We offer competitive health and financial benefits with incentives designed to promote well-being, including an Employee Assistance Program ("EAP") that provides counseling services for employees and their family members free of charge. Access to experienced counselors, financial experts, staff attorneys, elder-care consultants and other services is included in EAP services available 365 days a year, 24 hours a day. Devon also provides virtual mental health counseling resources available through talk and text, as well as a digital mental health platform providing mental health assessment and education. Devon encourages employees to take advantage of our wellness programs and activities by getting an annual physical exam, attending preventive health screenings and completing a financial wellness series, all at no cost to our workforce.

Employee Compensation, Benefits, Development and Retention

We strive to attract and retain high-performing individuals across our workforce. One way we do this is by providing competitive compensation and benefits, including annual bonuses; a 401(k) savings plan with a Devon contribution up to 14% of the employee's earnings; stock awards for all employees; medical, dental and vision health care coverage; health savings and dependent-care flexible spending accounts; maternity and parental leave for the birth or adoption of a child; an adoption assistance program; alternate work schedules; flexible work hours; part-time work options; and telecommuting support; among other benefits. Devon also provides a four-week Paid Family and Medical Leave Policy for all employees to take care of themselves and their families. Devon continues to suspend collection of all employee health care premiums. We believe these benefits help contribute to strong productivity, low absenteeism and high retention rates.

Devon also looks to our core values to build the workforce we need. We develop our employees' knowledge and creativity and advance continual learning and career development through ongoing performance, training and development conversations.

Employee Culture and Community

Devon's success depends on employees who demonstrate integrity, accountability, perseverance and a passion for building our business and delivering results. Our efforts to create a workforce with these qualities start with offering equal opportunity in all aspects of employment. We do this with company policies and leadership commitment, and by providing employees opportunities to help shape Devon's culture.

We strive to bring a range of thoughts, experiences and points of view to our problem-solving and decision making throughout Devon. Along with our workforce efforts, we invest in community partnerships focusing on social services, environment and conservation, emergency response and preparedness, arts and culture and STEM education. Since 2019, Devon has created STEM centers throughout elementary and middle schools in the areas in which we operate. Devon has helped open 194 STEM centers that orient children of all backgrounds to skills that will be essential for the future workforce. Devon works with various school districts to provide students with access to state-of-the-art STEM tools and resources in each STEM Center.

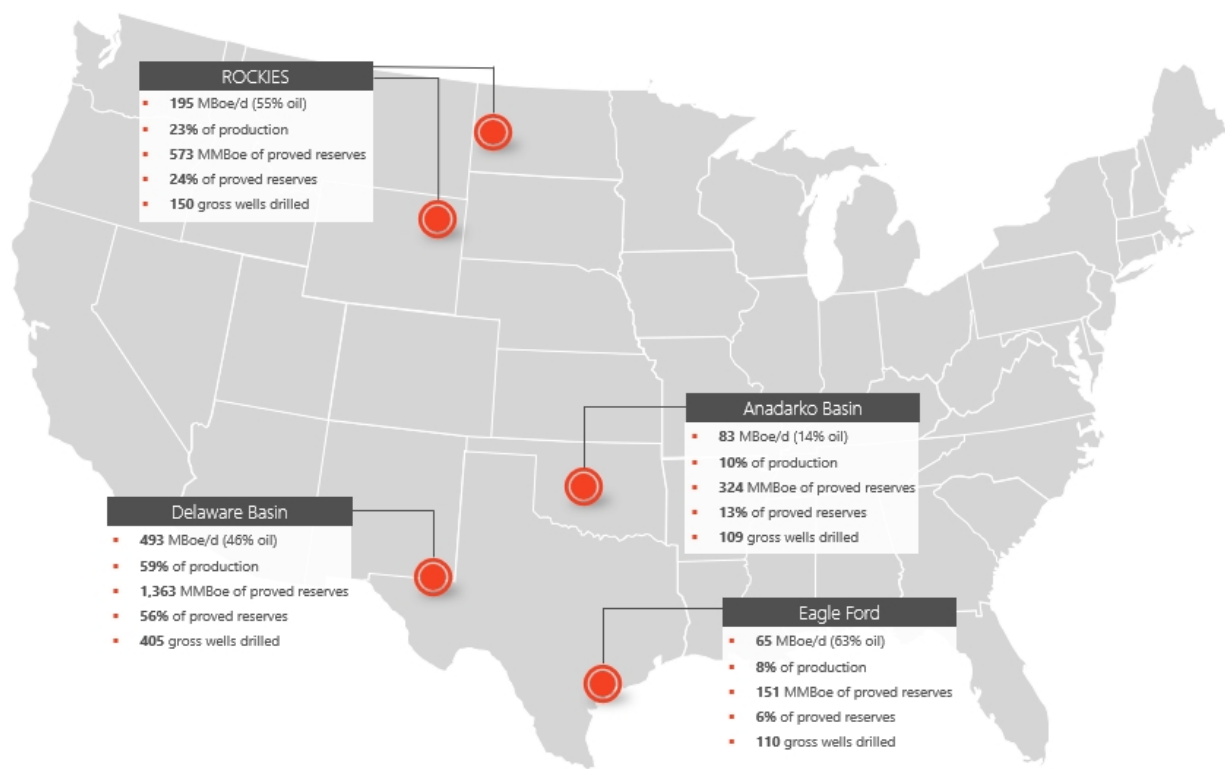
Compliance Culture

Devon reinforces the high expectations we have for ethical conduct by our employees through our Code of Business Conduct and Ethics (“Code”). The Code sets out basic principles for all employees to follow and incorporates specific guidance on critical areas such as our prohibition of harassment and discrimination, our protocols for avoiding conflicts of interest and our policies related to anti-corruption laws, privacy, cybersecurity and confidential information. On an annual basis, Devon employees, as well as our directors and officers, are required to acknowledge and agree to abide by our Code and complete a training course on the Code and its related policies. We encourage our employees to help enforce the Code, and we maintain reporting systems that are designed to minimize concerns that reports will result in retaliation.

Oil and Gas Properties

Property Profiles

Key summary data from each of our areas of operation as of and for the year ended December 31, 2025 are detailed in the map below.



Delaware Basin – The Delaware Basin is our largest and most active program in the portfolio with operations in southeast New Mexico and across the state line into west Texas. Over the past several years, we have built an industry-leading position in this basin. Through a capital efficient drilling program, it offers exploration and low-risk development opportunities from many geologic reservoirs and play types, including the oil-rich Wolfcamp, Bone Spring, Avalon and Delaware formations. With a significant inventory of oil and liquids-rich drilling opportunities that have multi-zone development potential, Devon has a robust platform to deliver high-margin drilling programs for many years to come. At December 31, 2025, we had 11 operated rigs developing this asset in the Wolfcamp and Bone Spring formations. The Delaware Basin is our top funded asset.

Rockies – Our Rockies development consists of our Williston Basin and Powder River Basin assets. Our position within these oil-weighted basins provides us with a deep inventory of high-margin opportunities.

Through the Grayson Mill acquisition, we significantly expanded our operating position within the basin. Our position in the Williston is focused on the oil-prone Bakken and Three Forks formations located across eastern Montana and western North Dakota. Our Williston Basin asset is a high-margin oil resource located in the core of the play and generates substantial cash flow. At December 31, 2025, we had three operated rigs developing the Williston Basin.

Our Powder River asset is focused on emerging oil opportunities in Wyoming's Powder River Basin. We are currently targeting several Cretaceous oil objectives, including the Turner, Parkman, Teapot and Niobrara formations. Recent drilling success in this basin has expanded our drilling inventory, and we expect further growth as we continue to de-risk this emerging light-oil opportunity. At December 31, 2025, we had one operated rig developing the Powder River Basin asset.

Eagle Ford – Our Eagle Ford operations are located in Texas' DeWitt and Karnes counties, situated in the economic core of this south Texas play. Its production is leveraged to oil and has low-cost access to premium Gulf Coast pricing, providing for strong operating margins. On April 1, 2025, Devon and BPX Energy dissolved their partnership and divided their acreage in the Eagle Ford Blackhawk field located in Texas' DeWitt County, resulting in increased operational flexibility for both parties. At December 31, 2025, we had two operated rigs developing this asset.

Anadarko Basin – Our Anadarko Basin development, located in western Oklahoma, is one of the largest in the industry, providing substantial long-term inventory optionality. We have an agreement with Dow to jointly develop a portion of our Anadarko Basin acreage and, as of December 31, 2025, we had a two rig program associated with this joint venture.

Proved Reserves

Proved oil and gas reserves are those quantities of oil, gas and NGLs which can be estimated with reasonable certainty to be economically producible from known reservoirs under existing economic conditions, operating methods and government regulations. To be considered proved, oil and gas reserves must be economically producible before contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Also, the project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence within a reasonable time. We establish our proved reserves estimates using standard geological and engineering technologies and computational methods, which are generally accepted by the petroleum industry. We primarily prepare our proved reserves additions by analogy using type curves that are based on decline curve analysis of wells in analogous reservoirs. We further establish reasonable certainty of our proved reserves estimates by using one or more of the following methods: geological and geophysical information to establish reservoir continuity between penetrations, rate-transient analysis, analytical and numerical simulations, or other proprietary technical and statistical methods. For estimates of our proved developed and proved undeveloped reserves and the discussion of the contribution by each property, see [Note 21](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

The process of estimating oil, gas and NGL reserves is complex and requires significant judgment, as discussed in “Item 1A. Risk Factors” of this report. As a result, we have developed internal policies for estimating and recording reserves in compliance with applicable SEC definitions and guidance. Our policies assign responsibilities for compliance in reserves bookings to our Reserve Evaluation Group (the “Group”). The Group, which is led by Devon’s Manager of Reserves and Economics, is responsible for the internal review and certification of reserves estimates. We ensure the Manager and key members of the Group have appropriate technical qualifications to oversee the preparation of reserves estimates and are independent of the operating groups. The Manager of the Group has approximately 20 years of industry experience, a degree in engineering and is a licensed professional engineer. The Group also oversees audits and reserves estimates performed by a qualified third-party petroleum consulting firm. During 2025, we engaged DeGolyer and MacNaughton to audit 91% of our proved reserves. Additionally, our Board of Directors has a Safety, Operations and Resource Committee that provides additional oversight of our reserves process. The committee consists of five independent members of our Board of Directors who collectively have skills and backgrounds that are relevant to the reserves estimation processes, reporting systems and disclosure requirements.

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The following tables present production, price and cost information for each significant field in our asset portfolio and the total company. Beginning in 2024, the Williston Basin was added as a significant field while the Anadarko Basin was removed due to the acquisition of the Williston Basin business of Grayson Mill in the third quarter of 2024.

Year Ended December 31,	Production			
	Oil (MMBbls)	Gas (Bcf)	NGLs (MMBbls)	Total (MMBoe)
2025				
Delaware Basin	82	297	49	180
Williston Basin	33	78	17	63
Total	142	505	81	307
2024				
Delaware Basin	80	268	45	170
Williston Basin	19	39	7	32
Total	127	438	70	270
2023				
Delaware Basin	77	240	39	156
Anadarko Basin	5	87	10	30
Total	117	385	59	240

Year Ended December 31,	Average Sales Price			Production Cost (Per Boe) ⁽¹⁾
	Oil (Per Bbl)	Gas (Per Mcf)	NGLs (Per Bbl)	
2025				
Delaware Basin	\$ 63.52	\$ 1.54	\$ 19.50	\$ 8.34
Williston Basin	\$ 60.37	\$ (0.06)	\$ 9.57	\$ 9.85
Total	\$ 62.77	\$ 1.67	\$ 18.28	\$ 8.98
2024				
Delaware Basin	\$ 74.75	\$ 0.59	\$ 20.27	\$ 7.95
Williston Basin	\$ 69.15	\$ (0.34)	\$ 8.76	\$ 11.61
Total	\$ 73.78	\$ 0.91	\$ 20.20	\$ 8.76
2023				
Delaware Basin	\$ 76.24	\$ 1.70	\$ 20.54	\$ 7.67
Anadarko Basin	\$ 75.48	\$ 2.34	\$ 22.82	\$ 9.30
Total	\$ 75.98	\$ 1.83	\$ 20.48	\$ 8.87

(1) Represents production expense per Boe excluding production and property taxes.

Drilling Statistics

The following table summarizes our development and exploratory drilling results.

Year Ended December 31,	Development Wells ⁽¹⁾		Exploratory Wells ⁽¹⁾		Total Wells ⁽¹⁾		
	Productive	Dry	Productive	Dry	Productive	Dry	Total
2025⁽²⁾	266.1	—	70.5	—	336.6	—	336.6
2024	290.8	—	47.2	—	338.0	—	338.0
2023	293.0	0.7	42.2	—	335.2	0.7	335.9

- (1) Well counts represent net wells completed during each year. Gross wells are the sum of all wells in which we own a working interest. Net wells are gross wells multiplied by our fractional working interests in each well.
- (2) As of December 31, 2025, there were 473 gross and 255 net wells that have been spud and are in the process of drilling, completing or waiting on completion.

Productive Wells

The following table sets forth our producing wells as of December 31, 2025.

	Oil Wells		Natural Gas Wells		Total Wells	
	Gross ⁽¹⁾⁽³⁾	Net ⁽²⁾	Gross ⁽¹⁾⁽³⁾	Net ⁽²⁾	Gross ⁽¹⁾⁽³⁾	Net ⁽²⁾
Total	15,035	5,748	3,514	1,581	18,549	7,329

- (1) Gross wells are the sum of all wells in which we own a working interest.
(2) Net wells are gross wells multiplied by our fractional working interests in each well.
(3) Includes 18 and 32 gross oil and gas wells, respectively, which had multiple completions.

The day-to-day operations of oil and gas properties are the responsibility of an operator designated under pooling or operating agreements. The operator supervises production, maintains production records, employs field personnel and performs other functions. We are the operator of approximately 7,785 gross wells. As operator, we receive reimbursement for direct expenses incurred to perform our duties, as well as monthly per-well producing, drilling and construction overhead reimbursement at rates customarily charged in the respective areas. In presenting our financial data, we record the monthly overhead reimbursements as a reduction of G&A, which is a common industry practice.

Acreage Statistics

The following table sets forth our developed and undeveloped lease and mineral acreage as of December 31, 2025. Of our 2.4 million net acres, approximately 1.6 million acres are held by production. The acreage in the table below does not include any material net acres subject to leases that are scheduled to expire during 2026, 2027 and 2028. For the net acres that are set to expire by December 31, 2028, we anticipate performing operational and administrative actions to continue the lease terms for portions of the acreage that we intend to further assess. However, we do expect to allow a portion of the acreage to expire in the normal course of business. Approximately 15% of our total net acres are located on federal lands.

	Developed		Undeveloped		Total	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
(Thousands)						
Total	1,730	1,059	3,188	1,310	4,918	2,369

- (1) Gross acres are the sum of all acres in which we own a working interest.
(2) Net acres are gross acres multiplied by our fractional working interests in the acreage.

Title to Properties

Title to properties is subject to contractual arrangements customary in the oil and gas industry, liens for taxes not yet due and, in some instances, other encumbrances. We believe that such burdens do not materially detract from the value of properties or from the respective interests therein or materially interfere with their use in the operation of the business.

As is customary in the industry, a preliminary title investigation, typically consisting of a review of local title records, is made at the time of acquisitions of undeveloped properties. More thorough title investigations, which generally include a review of title records and the preparation of title opinions by outside legal counsel, are made prior to the consummation of an acquisition of producing properties and before commencement of drilling operations on undeveloped properties.

Marketing Activities

Oil, Gas and NGL Marketing

The spot markets for oil, gas and NGLs are subject to volatility as supply and demand factors fluctuate. As detailed below, we sell our production under both long-term (one year or more) and short-term (less than one year) agreements at prices negotiated with third parties. Regardless of the term of the contract, the vast majority of our production is sold at variable, or market-sensitive, prices.

Additionally, we may enter into financial hedging arrangements or fixed-price contracts associated with a portion of our oil, gas and NGL production. These activities are intended to support targeted price levels and to manage our exposure to price fluctuations. See [Note 3](#) in “Item 8. Financial Statements and Supplementary Data” of this report for further information.

As of January 2026, our production was sold under the following contract terms.

	Short-Term		Long-Term	
	Variable	Fixed	Variable	Fixed
Oil	71%	—	29%	—
Natural gas	59%	3%	38%	—
NGLs	76%	13%	11%	—

Delivery Commitments

A portion of our production is sold under certain contractual arrangements that specify the delivery of a fixed and determinable quantity. As of December 31, 2025, we were committed to deliver the following fixed quantities of production.

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Oil (MMBbls)	11	10	1	—	—
Natural gas (Bcf)	530	149	121	110	150
NGLs (MMBbls)	13	13	—	—	—
Total (MMBoe)	112	48	21	18	25

We expect to fulfill our delivery commitments primarily with production from our proved developed reserves. Moreover, our proved reserves have generally been sufficient to satisfy our delivery commitments during the three most recent years, and we expect such reserves will continue to be the primary means of fulfilling our future commitments. However, where our proved reserves are not sufficient to satisfy our delivery commitments, we can and may use spot market purchases to satisfy the commitments.

Competition

See “Item 1A. Risk Factors.”

Public Policy and Government Regulation

Our industry is subject to a wide range of governmental regulation and oversight. Laws, regulations, taxes, fees and other policy implementation actions affecting our industry have been pervasive and are under constant review for amendment or expansion. Numerous government agencies have issued extensive regulations which are binding on our industry and its individual members, some of which carry substantial penalties for failure to comply. These laws and regulations increase the cost of doing business and consequently affect profitability. Public policy changes are commonplace, and changes to existing laws and regulations are frequently proposed or implemented. Moreover, it is often difficult to quantify all associated compliance costs as such amounts may be indistinguishable components of our general capital expenditures and operating expenses. Accordingly, we are unable to predict the future cost or impact of regulatory compliance, though we do not expect such compliance costs or impacts to affect our operations materially differently than other similarly situated companies. However, based on regulatory trends and increasingly stringent laws and permitting requirements, our capital expenditures and operating expenses related to environmental and other regulations have increased over the years and will likely continue to increase. For more information on our environmental capital expenditures specifically, see the sustainability and EHS discussion earlier in this report.

The following are significant areas of government control and regulation affecting our operations. For additional information on the Company's regulatory risks, see "Item 1A. Risk Factors—Legal, Regulatory and Environmental Risks" of this report.

Exploration and Production Regulation

Our operations are subject to various federal, state, tribal and local laws and regulations relating to exploration and production activities, including with respect to:

- acquisition of seismic data;
- design, location, drilling and casing of wells;
- hydraulic fracturing;
- well production, and the gathering and transportation of such production;
- spill prevention plans;
- emissions and discharge permitting;
- use, transportation, storage and disposal of fluids and materials incidental to oil and gas operations;
- surface usage and the restoration of properties upon which wells have been drilled;
- calculation and disbursement of royalty payments and production taxes;
- plugging and abandoning of wells; and
- endangered species and habitat.

Our operations are also subject to conservation regulations, including the regulation of the size of drilling and spacing units or proration units; the number of wells that may be drilled in a unit; the rate of production allowable from oil and gas wells; and the unitization or pooling of oil and gas properties. Some states allow the forced pooling or unitization of tracts to facilitate exploration and development, while other states rely on voluntary pooling of lands and leases. Such rules often impact the ultimate timing of our exploration and development plans. In addition, federal and state conservation laws generally limit the venting or flaring of natural gas, and state conservation laws impose certain requirements regarding the ratable purchase of production. These regulations limit the amounts of oil and gas we can produce from our wells and the number of wells or the locations at which we can drill.

Certain of our leases are granted or approved by the federal government and administered by the BLM or Bureau of Indian Affairs of the Department of the Interior. Such leases require compliance with detailed federal regulations and orders that regulate, among other matters, drilling and operations on lands covered by these leases and calculation and disbursement of royalty payments to the federal government, tribes or tribal members. Moreover, the permitting process for oil and gas activities on federal and Indian lands can sometimes be subject to delay, including as a result of challenges to permits or other regulatory decisions brought by non-governmental organizations or other parties, which can hinder development activities or otherwise adversely impact operations. The federal government has, from time to time, evaluated and, in some cases, promulgated new rules and regulations regarding competitive lease bidding, venting and flaring, oil and gas measurement and royalty payment obligations for production from federal lands.

EHS Regulations

We strive to conduct our operations in a socially and environmentally responsible manner, which includes compliance with applicable law. We are subject to many federal, state, tribal and local laws and regulations concerning occupational safety and health as well as the discharge of materials into, and the protection of, the environment and natural resources. EHS laws and regulations relate to, among other things:

- the discharge of pollutants into federal and state waters;
- assessing the environmental impact of seismic acquisition, drilling or construction activities;
- the generation, storage, transportation and disposal of waste materials, including hazardous substances and wastes;
- the emission of methane and certain other gases into the atmosphere;

- the monitoring, abandonment, reclamation and remediation of well and other sites, including sites of former operations;
- the development of emergency response and spill contingency plans;
- the monitoring, repair and design of pipelines used for the transportation of oil and natural gas;
- the protection of threatened and endangered species; and
- worker protection.

Failure to comply with these laws and regulations can lead to the imposition of remedial liabilities, administrative, civil or criminal fines or penalties or injunctions limiting our operations in affected areas. Moreover, multiple environmental laws provide for citizen suits, which can allow environmental organizations to sue operators for alleged violations of environmental law. Environmental organizations also can assert legal and administrative challenges to certain actions of oil and gas regulators, such as the BLM, for allegedly failing to comply with environmental laws, which can result in delays in obtaining permits or other necessary authorizations. In recent years, federal and state policy makers and regulators have increasingly implemented or proposed new laws and regulations designed to reduce methane and other GHG emissions, which have included mandates for new leak detection and retrofitting requirements, stricter emission standards and a fee on methane emissions. For example, in March 2024, the BLM adopted a rule that limits flaring and allows the delay or denial of permits upon a finding that an operator's methane waste minimization plan is insufficient, although this rule is currently subject to litigation and halted in certain states. In addition, in December 2023, the EPA finalized more stringent methane rules for new, modified and reconstructed facilities and, for the first time ever, established standards for existing sources. Fines and penalties for violations of these EPA rules can be substantial. The rules have been subject to legal challenge, and may also be repealed or modified by the current U.S. administration, though we cannot predict the substance or timing of such changes, if any.

Item 1A. Risk Factors

Our business and operations, and our industry in general, are subject to a variety of risks. The risks described below may not be the only risks we face, as our business and operations may also be subject to risks that we do not yet know of, or that we currently believe are immaterial. If any of the following risks should occur, our business, financial condition, results of operations and liquidity could be materially and adversely impacted. As a result, holders of our securities could lose part or all of their investment in Devon.

Risks Related to Our Industry

Volatile Oil, Gas and NGL Prices Significantly Impact Our Business

Our financial condition, results of operations and the value of our properties are highly dependent on the general supply and demand for oil, gas and NGLs, which impact the prices we ultimately realize on our sales of these commodities. Historically, market prices and our realized prices have been volatile. For example, over the last five years, monthly NYMEX WTI oil and NYMEX Henry Hub gas prices ranged from highs of over \$120 per Bbl and \$9.50 per MMBtu, respectively, to lows of under \$50 per Bbl and \$1.60 per MMBtu, respectively. Such volatility is likely to continue in the future due to numerous factors beyond our control, including, but not limited to:

- the domestic and worldwide supply of and demand for oil, gas and NGLs;
- volatility and trading patterns in the commodity-futures markets;
- climate change incentives and conservation and environmental protection efforts;
- production levels of members of OPEC, Russia, the U.S. or other producing countries;
- geopolitical risks, including the conflict between Russia and Ukraine, the Israel-Gaza and Hezbollah conflicts and hostilities in Yemen and the Red Sea, as well as other hostilities or political and civil unrest in the Middle East, Africa, Europe and South America, including Venezuela;
- adverse weather conditions, natural disasters and other catastrophic events, such as tornadoes, earthquakes, hurricanes and acts of terrorism;
- pandemics (such as COVID-19) and epidemics of infectious diseases and other public health events, as well as any related governmental actions;

- regional pricing differentials, including in the Delaware Basin and other areas of our operations;
- differing quality of production, including NGL content of gas produced;
- the level of imports and exports of oil, gas and NGLs and the level of global oil, gas and NGL inventories;
- the price and availability of alternative energy sources;
- technological advances affecting energy consumption and production, including with respect to electric vehicles;
- stockholder activism or activities by non-governmental organizations to restrict the exploration and production of oil and natural gas in order to reduce GHG emissions;
- the overall economic environment, including inflationary pressures, fluctuations in interest rates, economic slowdowns or recessions;
- market and geopolitical uncertainty as a result of shifts or potential further shifts in domestic and international policies;
- changes in trade relations and policies, such as (i) the imposition of new or increased tariffs or other trade protection measures by the U.S., China or other countries, (ii) environmental performance standards or similar fossil fuel import restrictions in certain international markets, (iii) economic sanctions, including embargoes, on Russia or other producing countries or (iv) restrictions on oil, gas and NGL exports by the U.S.; and
- other governmental regulations and taxes.

Estimates of Oil, Gas and NGL Reserves Are Uncertain and May Be Subject to Revision

The process of estimating oil, gas and NGL reserves is complex and requires significant judgment in the evaluation of available geological, engineering and economic data for each reservoir, particularly for new discoveries. Because of the high degree of judgment involved, different reserve engineers may develop different estimates of reserve quantities and related revenue based on the same data. In addition, the reserve estimates for a given reservoir may change substantially over time as a result of several factors, including additional development and appraisal activity and the related impact to spacing assumptions for future drilling locations, the viability of production under varying economic conditions, including commodity price declines, and variations in production levels and associated costs. Consequently, material revisions to our existing reserves estimates may occur as a result of changes in any of these or other factors. Such revisions to proved reserves could have an adverse effect on our financial condition and the value of our properties, as well as the estimates of our future net revenue and profitability. Our policies and internal controls related to estimating and recording reserves are included in “Items 1 and 2. Business and Properties” of this report.

Discoveries or Acquisitions of Reserves Are Needed to Avoid a Material Decline in Reserves and Production, and Such Activities Are Capital Intensive

The production rates from oil and gas properties generally decline as reserves are depleted, while related per unit production costs generally increase due to decreasing reservoir pressures and other factors. Moreover, our current development activity is focused on unconventional oil and gas assets, which generally have significantly higher decline rates as compared to conventional assets. Therefore, our estimated proved reserves and future oil, gas and NGL production will decline materially as reserves are produced unless we conduct successful exploration and development activities, such as identifying additional producing zones in existing properties, utilizing secondary or tertiary recovery techniques or acquiring additional properties containing proved reserves. Consequently, our future oil, gas and NGL production and related per unit production costs are highly dependent upon our level of success in finding or acquiring additional reserves.

Our business requires significant capital to find and acquire new reserves. Although we plan to primarily fund these activities from cash generated by our operations, we have also from time to time relied on other sources of capital, including by accessing the debt and equity capital markets. There can be no assurance that these or other financing sources will be available in the future on acceptable terms, or at all. If we are unable to generate sufficient funds from operations or raise additional capital for any reason, we may be unable to replace our reserves, which would adversely affect our business, financial condition and results of operations.

Our Operations Are Uncertain and Involve Substantial Costs and Risks

Our operating activities are subject to numerous costs and risks, including the risk that we will not encounter commercially productive oil or gas reservoirs. Drilling for oil, gas and NGLs can be unprofitable, not only from dry holes, but from productive wells that do not return a profit because of insufficient revenue from production or high costs. Substantial costs are required to locate, acquire and develop oil and gas properties, and we are often uncertain as to the amount and timing of those costs. Our cost of drilling, completing, equipping and operating wells is often uncertain before drilling commences. Declines in commodity prices and overruns in budgeted expenditures are common risks that can make a particular project uneconomic or less economic than forecasted. While both exploratory and developmental drilling activities involve these risks, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons. In addition, our oil and gas properties can become damaged, our operations may be curtailed, delayed or canceled and the costs of such operations may increase as a result of a variety of factors, including, but not limited to:

- unexpected drilling conditions, pressure conditions or irregularities in reservoir formations;
- equipment failures or accidents;
- fires, explosions, blowouts, cratering or loss of well control, as well as the mishandling or underground migration of fluids and chemicals;
- adverse weather conditions, such as tornadoes, hurricanes, severe thunderstorms and extreme temperatures, the severity and frequency of which could potentially increase as a consequence of climate change;
- other natural disasters, such as earthquakes, floods and wildfires;
- terrorism, vandalism, equipment theft, extreme activism directed against fossil fuel operations or assets, cybersecurity incidents and pandemics or other widespread health concerns;
- issues with title or in receiving governmental permits or approvals;
- restricted takeaway capacity for our production, including due to inadequate midstream infrastructure or constrained downstream markets;
- environmental hazards or liabilities;
- restrictions in access to, or disposal of, water used or produced in drilling and completion operations;
- limited access to electrical power sources or other infrastructure used in our operations; and
- shortages or delays in the availability of services or delivery of material or equipment.

Many of the factors described above have negatively impacted and currently impact our operations and may do so again in the future. The occurrence of one or more of these factors could result in a partial or total loss of our investment in a particular property, as well as significant liabilities. Moreover, certain of these events historically have, and in the future could, result in environmental pollution and impact to third parties, including persons living in proximity to our operations, our employees and employees of our contractors, leading to possible injuries, death or significant damage to property and natural resources. For example, we have from time to time experienced well-control events that have resulted in various remediation and clean-up costs and certain of the other impacts described above.

In addition, we rely on our employees, consultants and independent contractors to conduct our operations in compliance with applicable laws and standards. Any violation of such laws or standards by these individuals, whether through negligence, harassment, discrimination or other misconduct, could result in significant liability for us and adversely affect our business. For example, negligent operations by employees could result in serious injury, death or property damage, and sexual harassment or racial, gender or age discrimination could result in legal claims and reputational harm.

Our Hedging Activities Limit Participation in Commodity Price Increases and Involve Other Risks

We enter into financial derivative instruments with respect to a portion of our production to manage our exposure to oil, gas and NGL price volatility. To the extent that we engage in price risk management activities to protect ourselves from commodity price declines, we will be prevented from fully realizing the benefits of commodity price increases above the prices established by our hedging contracts. In addition, our hedging arrangements may expose us to the risk of financial loss in certain circumstances,

including instances in which the contract counterparties fail to perform under the contracts. Moreover, many of our contract counterparties have become subject to increasing governmental oversight and regulations in recent years, which could adversely affect the cost and availability of our hedging arrangements.

We Have Limited Control Over Properties and Investments Operated by Others or through Joint Ventures

Certain of the properties and investments in which we have an interest are operated by other companies and may involve third-party working interest owners. We have limited influence and control over the operation or future development of such properties and investments, including compliance with EHS regulations or the amount and timing of required future capital expenditures. In addition, we conduct certain of our operations through joint ventures in which we may share control with third parties, and the other joint venture participants may have interests or goals that are inconsistent with those of the joint venture or us. These limitations and our dependence on such third parties could result in unexpected future costs or liabilities and unplanned changes in operations or future development, which could adversely affect our financial condition and results of operations. Moreover, any bankruptcy involving, or any misconduct or other improper activities committed by, our business partners or other counterparties could negatively impact the value of our investments, as well as our own business or reputation.

Midstream Capacity Constraints and Interruptions Impact Commodity Sales

We rely on midstream facilities and systems owned and operated by others to process our gas production and to gather and transport our oil, gas and NGL production to downstream markets. All or a portion of our production in one or more regions may be interrupted or shut in from time to time due to losing access to plants, pipelines or gathering systems. Such access could be lost due to a number of factors, including, but not limited to, weather conditions and natural disasters, terrorism or sabotage, cybersecurity incidents, accidents, field labor issues or strikes. Additionally, midstream operators have in the past been, and in the future may be, subject to constraints that limit their ability to construct, maintain or repair the facilities needed to gather, process and transport our production. Such interruptions or constraints could adversely impact our operations, including by requiring us to curtail our production or obtain alternative takeaway capacity on less favorable terms.

Competition for Assets, Materials, People and Capital Can Be Significant

Strong competition exists in all sectors of the oil and gas industry. We compete with major integrated and independent oil and gas companies for the acquisition of oil and gas leases and properties. We also compete for the equipment, materials, services and personnel required to explore, develop and operate properties, such as drilling rigs, well materials and oilfield services. The rising costs and scarcity caused by this competitive pressure will generally increase during periods of higher commodity prices and can be further exacerbated by higher inflation rates and supply chain disruptions in the broader economy, including as a result of tariffs or changes in trade policy. For example, we experienced some increase in operating costs throughout 2025 due to the economic uncertainty in global trade arising from geopolitical events and shifting trade policies. While we actively work to mitigate the impact of these potential risks through operational efficiencies gained from the scale of our operations as well as by leveraging long-standing relationships with our suppliers, the ultimate impacts remain uncertain. Competition is also prevalent in the marketing of oil, gas and NGLs. Certain of our competitors have resources substantially greater than ours and may have established superior strategic long-term positions and relationships. As a consequence, we may be at a competitive disadvantage in bidding for assets or services and accessing capital and downstream markets. In addition, many of our larger competitors may have a competitive advantage when responding to factors that affect demand for oil and gas production, such as changing worldwide price and production levels, the cost and availability of alternative energy sources and the application of government regulations.

Legal, Regulatory and Environmental Risks

We Are Subject to Extensive Governmental Regulation, Which Can Change and Could Adversely Impact Our Business

Our operations are subject to extensive federal, state, tribal and local laws and regulations, including with respect to environmental matters, worker health and safety, land and wildlife conservation, the gathering and transportation of oil, gas and NGLs, resource management and conservation policies, reporting obligations, royalty payments, unclaimed property and the imposition of taxes. Such regulations include requirements for permits to drill and to conduct other operations and for provision of financial assurances (such as surety bonds) covering drilling, completion and well operations and decommissioning obligations. If permits are delayed or not issued, or if unfavorable restrictions or conditions are imposed on our drilling or completion activities, we may not be able to conduct our operations as planned. Moreover, certain regulations require the plugging and abandonment of wells, removal of production facilities and other restorative actions by current and former operators, including corporate successors of former

operators, which means that we are exposed to the risk that owners or operators of assets acquired from us (or our predecessors) become unable to satisfy plugging or abandonment and other restorative obligations that attach to those assets. In that event, due to operation of law, we may be required to assume such obligations, which could be material. We have incurred and will continue to incur substantial capital, operating and remediation costs as a result of these and other laws, regulations, permits and orders to which we are subject.

Changes in public policy have affected, and in the future could further affect, our operations. For example, various policy makers have expressed support for, and have taken steps to implement, efforts to transition the economy away from fossil fuels and to promote stricter environmental regulations, and such proposals could impose new and more onerous burdens on our industry and business. The IRA, for instance, contains hundreds of billions of dollars in incentives for the development of renewable energy, clean fuels and carbon capture and sequestration, among other provisions, potentially further accelerating the transition toward lower-or zero-carbon emissions alternatives to fossil fuels. These and other regulatory and public policy developments could, among other things, restrict production levels, delay necessary permitting, impose price controls, change environmental protection requirements, impose restrictions on pipelines or other necessary infrastructure, raise taxes, royalties and other amounts payable to governments or governmental agencies and otherwise increase our operating costs. In addition, changes in public policy may indirectly impact our operations by, among other things, increasing the cost of supplies and equipment and fostering general economic uncertainty. While Congress and the current U.S. administration have taken various actions to slow or limit the availability of funding under the IRA, some of these efforts have been challenged and the ultimate effect of the IRA remains uncertain. For example, OBBB includes provisions that roll back certain aspects of the IRA, which could further restrict access to funding and incentives. Although we are unable to predict changes to existing laws and regulations, such changes could significantly impact our profitability, financial condition and liquidity, particularly changes related to the matters discussed in more detail below.

Federal Lands – Federal policy makers have from time to time expressed support for, and have taken steps to implement, additional regulation of oil and gas leasing, permitting and development on federal lands. For example, the Department of the Interior adopted a final rule in April 2024 revising various terms for future federal leases and wells, including by enhancing bonding requirements and increasing royalty rates, rental rates and minimum bids. Moreover, non-governmental organizations, trade groups and other private parties have filed lawsuits challenging leasing, permitting and other regulatory decisions relating to our and other industry participants’ oil and gas development on federal lands, which, if successful, could hinder or delay development activities or otherwise adversely impact operations. While it is not possible at this time to predict the ultimate impact of these actions or any other future regulatory changes, including any potential actions by the current U.S. administration, any additional restrictions or burdens on our ability to operate on federal lands could adversely impact our business in the Delaware and Powder River Basins, as well as other areas where we operate under federal leases.

Hydraulic Fracturing – Various federal agencies have asserted regulatory authority over certain aspects of the hydraulic fracturing process. For example, the EPA has issued regulations under the federal Clean Air Act establishing performance standards for oil and gas activities, including standards for the capture of air emissions released during hydraulic fracturing, and it previously finalized regulations that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants. Moreover, several state and local governments in areas in which we operate have adopted, or stated intentions to adopt, laws or regulations that mandate further restrictions on hydraulic fracturing, such as requiring disclosure of chemicals used in hydraulic fracturing, imposing more stringent permitting, disclosure and well-construction requirements on hydraulic fracturing operations and establishing standards for the capture of air emissions released during hydraulic fracturing. Beyond these regulatory efforts, various policy makers, regulatory agencies and political leaders at the federal, state and local levels have proposed implementing even further restrictions on hydraulic fracturing, including prohibiting the technology outright. Although it is not possible at this time to predict the outcome of these or other proposals, any new restrictions on hydraulic fracturing that may be imposed in areas in which we conduct business could potentially result in increased compliance costs, delays or cessation in development or other restrictions on our operations.

Environmental Laws Generally – In addition to regulatory efforts focused on hydraulic fracturing, we are subject to various other federal, state, tribal and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on us for the cost of remediating pollution that results from our operations or prior operations on assets we have acquired. Environmental laws may impose strict, joint and several liability, and failure to comply with environmental laws and regulations can result in the imposition of administrative, civil or criminal fines and penalties, as well as injunctions limiting operations in affected areas. Any future environmental costs of fulfilling our commitments to the environment are uncertain and will be governed by several factors, including future changes to regulatory requirements. Any such changes could have a significant impact on our operations and profitability.

Water Disposal – Earthquakes in southeastern New Mexico, western Texas and elsewhere have prompted concerns about seismic activity and possible relationships with the oil and gas industry, particularly the disposal of wastewater in salt-water disposal wells. In addition, similar concerns have been raised about the potential connection between water disposal activities and certain surface uplift, subsidence and other ground movement in western Texas and other areas of industry activity. Increased regulation and attention given to water disposal activities could lead to greater efforts, including through litigation, to limit or prohibit oil and gas activities relying on injection wells for produced water disposal. For example, New Mexico implemented protocols requiring operators to take various actions with respect to salt-water disposal wells within a specified proximity of certain seismic activity, including a requirement to limit injection rates if the seismic event is of a certain magnitude. Separately, the Railroad Commission of Texas has shown increasing regulatory focus on seismicity and the oil and gas industry in recent years, including by suspending all disposal well permits that inject into deep strata within the Northern Culberson-Reeves area due to increasing seismicity concerns. These or similar actions directed at our operating areas could limit the takeaway capacity for produced water in the impacted area, which could increase our operating expenses, require us to curtail our development plans or otherwise adversely impact our operations.

Tax Matters – We are subject to U.S. federal income tax as well as income, capital and other taxes in various U.S. state and foreign jurisdictions, and our operating cash flow is sensitive to the amount of taxes we must pay. In the jurisdictions in which we or any of our subsidiaries operate or previously operated, income taxes are assessed on our earnings after consideration of all allowable deductions and credits. Changes in the types of earnings that are subject to income tax, the types of costs that are considered allowable deductions and the timing of such deductions, or the rates assessed on our taxable earnings could significantly increase our tax obligations, adversely impacting our financial condition, results of operations and cash flows. Additionally, more generally, a change in any U.S. federal, state or local or foreign tax law, treaty, policy, statute, rule, regulation or ordinance, or in the interpretation thereof, in any jurisdiction in which we or any of our subsidiaries operate, or in which we or any of our subsidiaries are organized, could result in us incurring a materially higher tax expense, which would also adversely impact our financial condition, results of operations and cash flows. For example, the IRA included a 15% CAMT on certain financial statement income. Any incremental taxes attributable to CAMT or any other tax law changes, or a change in our current interpretation thereof, could be significant and adversely impact our financial condition, results of operations and cash flows. Moreover, we are regularly audited by tax authorities. Although we believe our tax positions are reasonable and properly supported, if one or more of our tax positions are challenged by the IRS or other tax authorities (in a tax audit or otherwise), material cash payments or adjustments to tax expense may occur, which could adversely affect our financial condition, results of operations and cash flows.

Climate Change and Related Regulatory, Social and Market Actions May Adversely Affect Our Business

Continuing and increasing political and social attention to the issue of climate change has resulted in legislative, regulatory and other initiatives, including international agreements, to reduce GHG emissions, such as carbon dioxide and methane. Policy makers and regulators at both the U.S. federal and state levels have from time to time imposed, or stated intentions to impose, laws and regulations designed to quantify and limit the emission of GHG. For example, in December 2023, the EPA finalized more stringent methane rules for new, modified and reconstructed facilities, known as OOOOb, as well as standards for existing sources for the first time ever, known as OOOOc. The final rule includes, among other things, enhanced leak detection survey requirements using optical gas imaging and other advanced monitoring, zero-emission requirements for certain devices, and reduction of emissions by 95% through capture and control systems. The final rule also establishes a “super emitter” response program that allows third parties to make reports to the EPA of large methane emissions events, triggering certain investigation and repair requirements. Fines and penalties for violations of these rules can be substantial. The rules have been subject to legal challenge, although OOOOb is already in effect. Relatedly, the IRA imposed a new charge or fee with respect to excess methane emissions from certain petroleum and natural gas facilities starting in 2024 and annually increasing through 2026. Although the current U.S. administration delayed the imposition of the fee until 2034, we cannot predict whether this or any future administration may seek to revise or repeal this delay or the timing of any such actions. In addition to these federal efforts, the states where we operate have already imposed, or stated intentions to impose, laws or regulations designed to reduce methane emissions from oil and gas exploration and production activities, including by mandating new leak detection and retrofitting requirements.

Policy makers have also advocated for expanding existing, or creating new, reporting and disclosure requirements regarding GHG emissions and other climate-related matters. For example, the EPA adopted amendments in May 2024 to its GHG Reporting Program, which, among other things, added well blowouts and other abnormal events as new categories of sources for GHG emissions reporting. In addition, the SEC finalized rules in March 2024 that would have required public companies to include extensive climate-related disclosures in their SEC filings. In April 2024, the SEC stayed the effectiveness of these rules pending the completion of a judicial review of certain legal challenges, and the current U.S. administration has declined to defend the rules in the legal challenges, which has resulted in a stay of the challenges that will remain in effect until the rules are withdrawn or the government resumes its defense of the rules. Similarly, California enacted legislation in October 2023 requiring extensive climate-related disclosures for

companies deemed to be doing business in California, and other states are considering similar laws. The European Union has also adopted a set of policy initiatives, including the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive, which impose expansive sustainability reporting and due diligence requirements for both European Union and certain non-European Union companies. While we are still assessing the applicability of the European Union directives, we would expect to incur substantial additional compliance costs to the extent these or similar disclosure requirements apply to us. We further anticipate the costs and other risks associated with any such disclosure requirements to be particularly heightened, given that reporting frameworks on GHG emissions and other climate-related metrics are still maturing and often require the use of numerous assumptions and judgments.

With respect to more comprehensive regulation, policy makers and political leaders have made, or expressed support for, a variety of proposals, such as the development of cap-and-trade or carbon tax programs. At the international level, over 190 countries have signed the Paris Agreement, which requires member nations to submit non-binding GHG emissions reduction goals every five years. Subsequent United Nations climate conferences have called for additional action to transition away from fossil fuels or otherwise reduce GHG emissions. The current U.S. administration re-withdrew the United States from the Paris Agreement in January 2025, and, in January 2026, the current U.S. administration announced that the United States was withdrawing from the United Nations Framework Convention on Climate Change and the various climate-related programs under this Framework. As a result, the United States' participation in future United Nations climate-related efforts is unclear. At the state level, there have been attempts to introduce legislation whereby certain entities found responsible for contributing toward climate change over a period of time are required to pay into a fund used for climate-related projects. For example, in December 2024, New York passed its "Climate Superfund Law," which provides for the assessment of a fee for emitters that have a sufficient nexus to the state and are found to have released more than one billion tons of carbon dioxide during 2000 through 2018. Vermont passed a similar law in May 2024, and similar legislation has been proposed in California, Massachusetts and New Jersey. We have been identified by New York as a potentially responsible party under the law; however, to date, we have not received any cost recovery demand. These and other initiatives could negatively impact our business through restrictions or cancellations of oil and natural gas activities, a requirement to pay damages, greater costs of compliance or consumption (thereby reducing demand for our products) or an impairment in our ability to continue our operations in an economic manner.

In addition to regulatory risk, other market and social initiatives relating to climate change present risks for our business. For example, in an effort to promote a lower-carbon economy, there are various public and private initiatives subsidizing or otherwise encouraging the development and adoption of alternative energy sources and technologies, including by mandating the use of specific fuels or technologies. These initiatives may reduce the competitiveness of carbon-based fuels, such as oil and gas. Moreover, an increasing number of financial institutions, funds and other sources of capital have restricted or eliminated their investment in oil and natural gas activities due to their concern regarding climate change. Such restrictions in capital could decrease the value of our business and make it more difficult to fund our operations. In addition, governmental entities and other plaintiffs have brought, and may continue to bring, claims against us and other oil and gas companies for purported damages caused by the alleged effects of climate change. The increasing attention to climate change may result in further claims or investigations against us, and heightened societal or political pressures may increase the possibility that liability could be imposed on us in such matters without regard to our causation of, or contribution to, the asserted damage or violation, or to other mitigating factors.

Finally, climate change may also result in various enhanced physical risks, such as an increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns, that may adversely impact our operations. Such physical risks may result in damage to our facilities or otherwise adversely impact our operations, such as if we are subject to water use curtailments in response to drought, or demand for our products, such as to the extent warmer winters reduce demand for energy for heating purposes. These and the other risks discussed above could result in additional costs, new restrictions on our operations and reputational harm to us, as well as reduce the actual and forecasted demand for our products. These effects in turn could impair or lower the value of our assets, including by resulting in uneconomic or "stranded" assets, and otherwise adversely impact our profitability, liquidity and financial condition.

Our Environmental Performance Targets and Other Sustainability Initiatives May Expose Us to Risks

We have developed, and may continue to develop, voluntary targets related to our sustainability initiatives, including our environmental performance targets and strategy. Any public statements related to these initiatives reflect our current plans and expectations and are not a guarantee the targets will be achieved or achieved on the currently anticipated timeline. Additionally, such statements are often based on assumptions or hypothetical scenarios which are necessarily uncertain. Our ability to achieve any targets is subject to numerous risks and uncertainties, many of which are beyond our control, including market factors, unanticipated changes in societal behavior, capital constraints, the pace of technological advancement and governmental policies or priorities. Moreover, as

emission measurement protocols mature and related technologies continue to develop, we may be required to revise our emissions estimates and reduction goals or otherwise revise the strategies outlined in our sustainability initiatives. If our sustainability initiatives do not meet our investors' or other stakeholders' evolving expectations and standards (including those in support of or in opposition to ESG principles), investment in us may be viewed as less attractive and our reputation and business may be adversely impacted.

Additionally, public statements with respect to environmental targets or other ESG-related goals are becoming increasingly subject to heightened scrutiny from public and governmental authorities, as well as other parties, with respect to the risk of potential "greenwashing," i.e., misleading information or false claims overstating potential ESG benefits. Certain regulators, such as the SEC and various state agencies, as well as non-governmental organizations and other private actors have filed lawsuits under various securities and consumer protection laws alleging that certain ESG statements were misleading, false or otherwise deceptive. Conversely, "anti-ESG" sentiment has gained momentum among some governmental and private actors, and various federal and state policy makers have enacted or proposed "anti-ESG" policies, legislation and other initiatives, including efforts targeting certain practices and programs related to diversity, equity and inclusion. As a result, we may also face heightened scrutiny, reputational risk, lawsuits or market access restrictions from these parties regarding our sustainability initiatives.

Claims, Litigation, Audits and Other Proceedings, Including Relating to Historic and Legacy Operations, May Adversely Impact Us

Devon is subject to claims, litigation, audits, investigations and other proceedings, including proceedings by governments, taxing authorities and other regulatory bodies, involving a wide range of issues, such as royalty underpayment claims, tax audits, alleged environmental law violations and claims for alleged environmental damages or remediation obligations. The outcomes of these matters are inherently unpredictable and subject to numerous uncertainties, and estimating associated reserves or loss exposure involves significant judgment that may not reflect the full range of possible results. Moreover, a number of these claims and proceedings relate to historic operations or the operations of predecessor entities, which can increase the difficulty in making reserve or loss determinations due to the age of the underlying matter, limited access to relevant information or other factors. Until the final resolution of such matters, Devon may be exposed to losses in excess of any liabilities recorded, and such amounts could be material. Should any of our estimates and assumptions change or prove to have been incorrect, it could have a material adverse effect on our business, financial position, results of operations and cash flows.

Price Controls, Export Restrictions and Other Governmental Interventions in Energy Markets May Adversely Impact Our Business

Domestic and foreign governmental bodies have from time to time intervened in energy markets by imposing price controls, restricting exports, limiting production or otherwise taking actions to impact the availability and price of oil, natural gas and NGLs. For instance, members of the European Union agreed to a price-cap framework in December 2022 for the trading of natural gas in response to rising energy costs in Europe. Similarly, during 2021 and 2022, former President Biden authorized several releases from the U.S. Strategic Petroleum Reserve in an effort to lower domestic energy prices. More recently, in May 2024, the European Union approved new regulations imposing fossil fuel import standards, which include disclosure, emission mitigation work practices and methane intensity threshold requirements, which could impact our ability to sell production in European markets. Governments may take similar actions in the future, particularly in the event of disruption in energy markets or national emergency. Any such interventions could adversely impact our business, including by depressing the price of our production and generally introducing greater uncertainty to our operations.

Risks Relating to the Merger

We May Fail to Realize the Anticipated Benefits of the Merger, and Any Failure to Successfully Integrate the Businesses and Operations of Devon and Coterra May Adversely Affect Our Future Results

The success of the Merger will depend on, among other things, the combined company's ability to realize anticipated synergies and benefits. If the combined company is not able to successfully achieve these synergies, or the cost to achieve these synergies is greater than expected, then the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected. Moreover, if we do not realize such benefits or for any other reason, the board of directors of the combined company may not approve, or delay the approval of, the anticipated increases in our dividends and share repurchase authorization following the Merger, which could negatively impact our stock price.

We and Coterra have operated and, until the completion of the Merger, will continue to operate independently. There can be no assurances that our businesses can be integrated successfully. It is possible that the integration process could result in the loss of key Devon employees or key Coterra employees, the loss of customers, the disruption of our or Coterra's ongoing businesses, inconsistencies in standards, controls, procedures and policies, unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. Devon and Coterra and certain of their respective subsidiaries also have contracts with various business partners, which contracts may grant the counterparties certain rights in connection with the Merger or which may require Devon or Coterra, as applicable, to obtain consents from these counterparties. If such rights are triggered or such consents cannot be obtained, the counterparties to these contracts may have the ability to terminate, reduce the scope of or otherwise seek to vary the terms of their relationships or the terms of such contracts with either or both parties, and the combined company may suffer a loss of potential future revenue, incur costs and lose rights that may be material to the business of the combined company. Furthermore, the combined company's board of directors and management team will consist of directors and employees from each of Devon and Coterra, as applicable. Combining the boards of directors and management teams of each company into a single board and a single management team could require the reconciliation of differing priorities and strategic philosophies, which may not be successful or take longer than anticipated.

We Are Subject to Certain Restrictions in the Merger Agreement That May Hinder Operations Pending the Consummation of the Merger, and We May Be the Target of Securities Class Action and Derivative Lawsuits as a Result of the Merger

Whether or not the Merger is completed, the pending Merger may disrupt our current plans and operations, which could adversely impact our business operations and financial results. During the pendency of the Merger, the Merger Agreement restricts us from engaging in specified types of actions, including, among other things, acquisition, divestiture and financing activities and unbudgeted capital expenditures, in each case subject to certain exceptions. These restrictions could be in place for an extended period of time if the consummation of the Merger is delayed, which may delay or prevent us from undertaking business opportunities that, absent the Merger Agreement, we might have pursued, or from effectively responding to competitive pressures or industry developments.

In addition, litigation is common in connection with mergers and acquisitions of public companies, regardless of any merits related to the claims. Defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages. Moreover, if a plaintiff is successful in obtaining an injunction prohibiting completion of the Merger, the injunction may delay or prevent the Merger from being completed, which may adversely affect our business, results of operations and financial condition.

The Merger Agreement Could Be Terminated, Which Could Negatively Impact Us

The Merger is subject to a number of conditions that must be satisfied or waived (to the extent permissible) prior to the completion of the Merger. These conditions to the completion of the Merger, some of which are beyond our control, may not be satisfied or waived in a timely manner or at all, and, accordingly, the Merger may be delayed or not completed. The Merger Agreement also contains certain termination rights for both Devon and Coterra, including if the Merger is not consummated by August 1, 2026 (subject to certain extensions due to delay in antitrust approvals), and further provides that, upon termination of the Merger Agreement under certain circumstances, we may be required to pay Coterra a termination fee equal to \$865 million.

If the Merger is not completed, our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the Merger, we may experience certain negative effects. Among others: (i) we may experience negative reactions from the financial markets and business partners; (ii) we will still be required to pay certain significant costs relating to the Merger, such as legal, accounting and other advisory fees and printing costs; and (iii) matters relating to the Merger (including integration planning) require substantial commitments of time and resources by our management, which may result in the distraction of our management from ongoing business operations and pursuing other opportunities that could have been beneficial to us.

General and Other Risks Facing Our Business

The Credit Risk of Our Counterparties Could Adversely Affect Us

We enter into a variety of transactions that expose us to counterparty credit risk. For example, we have exposure to financial institutions and insurance companies through our hedging arrangements, our Senior Credit Facility and our insurance policies. Disruptions in the financial markets or otherwise may impact these counterparties and affect their ability to fulfill their existing obligations and their willingness to enter into future transactions with us.

In addition, we are exposed to the risk of financial loss from trade, joint interest billing and other receivables. We sell our oil, gas and NGLs to a variety of purchasers, and, as an operator, we pay expenses and bill our non-operating partners for their respective share of costs. We also frequently look to buyers of oil and gas properties from us or our predecessors to perform certain obligations associated with the disposed assets, including the removal of production facilities and plugging and abandonment of wells. Certain of these counterparties or their successors may experience insolvency, liquidity problems or other issues and may not be able to meet their obligations and liabilities (including contingent liabilities) owed to, and assumed from, us, particularly during a depressed or volatile commodity price environment. Any such default may result in us being forced to cover the costs of those obligations and liabilities. Our business has been adversely impacted by counterparty defaults in the past, and we may experience similar defaults again in the future.

Our Debt May Limit Our Liquidity and Financial Flexibility, and Any Downgrade of Our Credit Rating Could Adversely Impact Us

As of December 31, 2025, we had total indebtedness of \$8.4 billion. Our indebtedness and other financial commitments have important consequences to our business, including, but not limited to:

- requiring us to dedicate a portion of our liquidity to debt service payments, thereby limiting our ability to fund working capital, capital expenditures, investments or acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions, including low commodity price environments; and
- limiting our ability to obtain additional financing due to higher costs and more restrictive covenants.

In addition, we receive credit ratings from rating agencies in the U.S. with respect to our debt. Factors that may impact our credit ratings include, among others, debt levels, planned asset sales and purchases, liquidity, size and scale of our production and commodity prices. Certain of our contractual obligations require us to provide letters of credit or other assurances. Any credit downgrades could adversely impact our ability to access financing and trade credit, require us to provide additional letters of credit or other assurances under contractual arrangements and increase our interest rate under the Senior Credit Facility and the Term Loan, as well as the cost of any other future debt.

Cybersecurity Incidents May Adversely Impact Our Operations

We rely heavily on information systems, operational technologies and other digital technologies to conduct our business, and we are expanding the use of and reliance on these systems and technologies, including through artificial intelligence, process automation and data analytics. Concurrent with the growing dependence on technology is a greater sensitivity to cyberattacks and other cyber-related incidents, which have increasingly targeted our industry. Perpetrators of cyberattacks often attempt to gain unauthorized access to digital systems for purposes of misappropriating confidential, proprietary or personal information, intellectual property or financial assets, corrupting data or causing operational disruptions, as well as preventing users from accessing systems or information for the purpose of demanding payment in order for users to regain access. A wide variety of individuals or groups may perpetuate cyberattacks, ranging from highly sophisticated criminal organizations and state-sponsored actors to disgruntled employees, and the nature of, and methods used in, cyberattacks are similarly diverse and constantly evolving, with examples including phishing attempts, distributed denial of service attacks or ransomware, which could be enhanced or facilitated by artificial intelligence. In addition, our vendors (including third-party cloud and IT service providers), midstream providers and other business partners may separately suffer disruptions or breaches from cyberattacks or other cyber-related incidents, which, in turn, could adversely impact our operations and compromise our information. Moreover, we and other upstream companies rely on extensive oil and gas infrastructure and distribution systems to deliver our production to market, which, in turn, depend upon digital technologies; we also rely on other critical infrastructure to operate our business, such as communication networks and power grids. Any cyberattack directed at such infrastructure or systems could adversely impact our business and operations, including by limiting our ability to transport and market our production. Furthermore, human error by our employees, contractors or third-party business partners may also cause or exacerbate a cybersecurity incident, and geopolitical instability may heighten the risk of cyberattacks against us or the infrastructure we rely upon.

As of the date of this report, though the Company and certain of our service providers have experienced certain cybersecurity incidents, we are not aware of any previous cybersecurity incidents that have materially affected, or are reasonably likely to materially affect, the Company. However, there is no assurance that such a breach has not already occurred and we are unaware of it, or that we will not suffer such a loss in the future. We devote significant resources to prevent cybersecurity incidents and protect our data, but

our systems and procedures for identifying and protecting against such attacks and mitigating such risks may prove to be insufficient due to system vulnerabilities, human error or malfeasance or other factors. Any such attacks could have an adverse impact on our business, operations or reputation and lead to remediation costs, litigation or regulatory actions. Moreover, as the sophistication and volume of cyberattacks continue to increase, we may be required to expend significant additional resources to further enhance our digital security or to remediate vulnerabilities, and we may face difficulties in fully anticipating or implementing adequate preventive measures or mitigating potential harm.

We Face Risks Associated with Artificial Intelligence and Other Emerging Technologies

We increasingly use artificial intelligence (“AI”) and other emerging technologies to improve our business processes, including through the integration of various AI tools into certain of our information systems. However, we may not properly implement these technologies into our business, and there can be no assurance that we will realize the anticipated efficiency gains or other benefits from their adoption. Failure to effectively integrate AI and other emerging technologies into our operations could put us at a competitive disadvantage to other oil and gas companies who have more successfully implemented such technologies. In addition, the use of AI presents certain risks, including, among other things: (i) the generation of and reliance upon inaccurate, misleading or otherwise flawed content in our business processes, (ii) the unauthorized use or disclosure of confidential or proprietary information and (iii) potential exposure to new or enhanced governmental or regulatory scrutiny, all of which could negatively impact our business.

Insurance Does Not Cover All Risks

As discussed above, our business is hazardous and is subject to all of the operating risks normally associated with the exploration, development and production of oil, gas and NGLs. To mitigate financial losses resulting from these operational hazards, we maintain comprehensive general liability insurance, as well as insurance coverage against certain losses resulting from physical damages, loss of well control, business interruption and pollution events that are considered sudden and accidental. We also maintain workers’ compensation and employer’s liability insurance. However, our insurance coverage does not provide 100% reimbursement of potential losses resulting from these operational hazards and, in the future, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. Additionally, we have limited or no insurance coverage for a variety of other risks, including pollution events that are considered gradual, war and political risks and fines or penalties assessed by governmental authorities. The occurrence of a significant event against which we are not fully insured could have an adverse effect on our profitability, financial condition and liquidity.

Activist Shareholders Could Cause Us to Incur Significant Expense, Hinder Execution of our Business Strategy and Impact Our Stock Price

Publicly traded companies are increasingly subject to campaigns by activist shareholders advocating corporate actions, such as operational, governance or management changes, sales of assets or entire business units or business combination transactions. Activist shareholders could seek to engage in proxy solicitations, advance shareholder proposals or otherwise attempt to assert influence on our Board of Directors and management. These actions may be prompted or exacerbated by unfavorable recommendations or ratings from proxy advisory firms or other third parties. Such actions could adversely impact our business by distracting our Board of Directors and employees from our long-term strategy, requiring us to incur increased advisory fees and related costs, interfering with our ability to successfully execute on business operations and strategic transactions or plans and provoking perceived uncertainty about the future direction of our business. Such perceived uncertainty may, in turn, make it more difficult to retain employees and could result in significant fluctuation in the market price of our common stock.

Our Acquisition and Divestiture Activities Involve Substantial Risks

Our business depends, in part, on making acquisitions, including by merger and other similar transactions, that complement or expand our current business and successfully integrating any acquired assets or businesses. We cannot ensure that any acquisitions we attempt will be completed on the terms announced, or at all. If we are unable to make attractive acquisitions, our future growth could be limited. Furthermore, even if we do make acquisitions, they may not result in an increase in our cash flow from operations or otherwise result in the benefits anticipated due to various risks, including, but not limited to:

- mistaken estimates or assumptions about reserves, potential drilling locations, revenues and costs, including synergies and the overall costs of equity or debt;

- difficulties in integrating the operations, technologies, products and personnel of the acquired assets or business; and
- unknown and unforeseen liabilities or other issues related to any acquisition for which contractual protections prove inadequate, including environmental liabilities and title defects.

In addition, from time to time, we may sell or otherwise dispose of certain of our properties or businesses as a result of an evaluation of our asset portfolio and to help enhance our liquidity. These transactions also have inherent risks, including possible delays or failures in closing, the risk of lower-than-expected sales proceeds for the disposed assets or business and potential post-closing liabilities and claims for indemnification, as well as secondary liability for any obligations to third parties guaranteed by us. Moreover, volatility in commodity prices may result in fewer potential bidders, unsuccessful sales efforts and a higher risk that buyers may seek to terminate a transaction prior to closing.

Our Ability to Declare and Pay Dividends and Repurchase Shares Is Subject to Certain Considerations

Dividends, whether fixed or variable, and share repurchases are authorized and determined by our Board of Directors in its sole discretion and depend upon a number of factors, including the Company's financial results, cash requirements and future prospects, as well as such other factors deemed relevant by our Board of Directors. We can provide no assurance that we will continue to pay dividends or execute share repurchases at the current rate or at all. Any elimination of, or downward revision in, our dividend payout or share repurchase program could have an adverse effect on the market price of our common stock.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

We maintain a corporate information security policy and program (the "Program") designed to identify, assess and appropriately manage risk from cybersecurity threats to help maintain operational continuity and protect Devon's networks, systems and other assets, as well as the significant amount of information we use to run our business. We employ a variety of tools designed to identify, assess and manage cybersecurity threats, including monitoring and detection programs, network security measures, firewall monitoring devices and encryption of critical data. The Program includes a cybersecurity incident response plan that provides the framework for categorizing and responding to cybersecurity incidents. As part of the Program, we perform cybersecurity risk assessments of certain third-party vendors of the Company, including technology vendors and key operational suppliers and service providers. These assessments are intended to identify potential risks to Devon associated with our use of third-party vendors and, where appropriate, to recommend and implement mitigating controls or solutions. In addition, Devon maintains disaster recovery plans related to cybersecurity incidents as part of our broader corporate emergency preparedness program, and our employees and contractors receive cybersecurity awareness training as part of both onboarding and through periodic training opportunities, including phishing simulations.

We have made efforts to align the Program with the National Institute of Standards and Technology Cybersecurity Framework for risk management, and we conduct regular assessments to identify areas for potential improvement and benchmark maturity relative to peers and other companies, as well as industry and other relevant standards. Moreover, we perform regular internal testing of our systems and processes, including disaster recovery exercises and tabletop exercises. We supplement these internal efforts by periodically engaging third-party organizations to separately review and stress-test the Program.

The Program is administered by our Digital Security team, which is led by our Manager of Digital Security. The Digital Security team meets at least weekly to discuss any cybersecurity incidents and related response actions, emerging cybersecurity threats facing the Company and preventative measures. It is important to Devon that members of our Digital Security team have the necessary expertise to oversee the Program and its related technologies, platforms and applications, whether through educational background, experience, technical certifications or other training. The Manager of Digital Security has over 15 years of cybersecurity experience, a degree in management information systems and multiple certifications relating to security, risk and information systems, including a security leadership certification.

Cybersecurity risk is an area of focus for our Board of Directors, and we include cybersecurity and related risks in our enterprise-wide risk-management framework that annually assesses risks to the Company. This year-round assessment of risk is guided by our Internal Audit team and involves our Board of Directors, management and certain internal subject matter experts. The Audit Committee of our Board of Directors has oversight of Devon's risks from cybersecurity threats and reviews the steps management has taken to monitor and address such risks. Our management team provides quarterly updates to the Audit Committee on activities and other developments impacting Devon's cybersecurity. These updates cover a variety of topics, including, among other things, (i) regular reviews of certain cybersecurity metrics for the Company, (ii) status reviews of our cybersecurity initiatives and the results of benchmarking or other assessments of the Program and (iii) briefings on current events or trends relating to cybersecurity. Our full Board of Directors also receives regular updates from our management team regarding the Program, as well as reports from the Audit Committee.

As of the date of this report, though the Company and certain of our service providers have experienced certain cybersecurity incidents, Devon is not aware of any previous cybersecurity threats that have materially affected or are reasonably likely to materially affect Devon. For information on the risks associated with cybersecurity threats, see "Item 1A. Risk Factors."

Item 3. Legal Proceedings

We are involved in various legal proceedings incidental to our business. However, to our knowledge as of the date of this report and subject to the environmental matters noted below, there were no material pending legal proceedings to which we are a party or to which any of our property is subject. For more information on our legal contingencies, see [Note 18](#) in "Item 8. Financial Statements and Supplementary Data" of this report.

Environmental Matters

Devon has elected to use a \$1 million threshold for disclosing certain proceedings arising under federal, state or local environmental laws when a governmental authority is a party. Devon believes proceedings under this threshold are not material to Devon's business, financial condition and results of operations.

On April 7, 2020, WPX Energy, Inc., a wholly-owned subsidiary of the Company, received a notice of violation ("NOV") from the EPA relating to specific historical air emission events occurring on the Fort Berthold Indian Reservation in North Dakota. On July 22, 2022, we received an updated NOV from the EPA relating to the same underlying events. On June 4, 2021, we received a NOV from the EPA relating to alleged air permit violations by WPX Energy Permian, LLC, a wholly-owned subsidiary of the Company, during 2020 in western Texas. On February 1, 2023, we received a NOV from the EPA relating to alleged air permit violations by WPX Energy Permian, LLC during 2020 in New Mexico. On June 1, 2023, we received a NOV from the EPA relating to alleged air permit violations by Devon Energy Production Company, L.P., a wholly-owned subsidiary of the Company, during 2020 and 2022 in New Mexico. On August 28, 2025, we received a NOV from the EPA relating to alleged air permit violations by Devon Energy Production Company, L.P. and WPX Energy Permian, LLC during 2024 in New Mexico and western Texas. The Company has been engaging with the EPA to resolve each of these matters, which remain ongoing, and management cannot predict their ultimate outcome; however, resolution of each of these matters may result in a fine or penalty in excess of \$1 million. For more information on the North Dakota NOV matter with the EPA, see [Note 18](#) in "Item 8. Financial Statements and Supplementary Data" of this report.

Item 4. Mine Safety Disclosures

Not applicable.

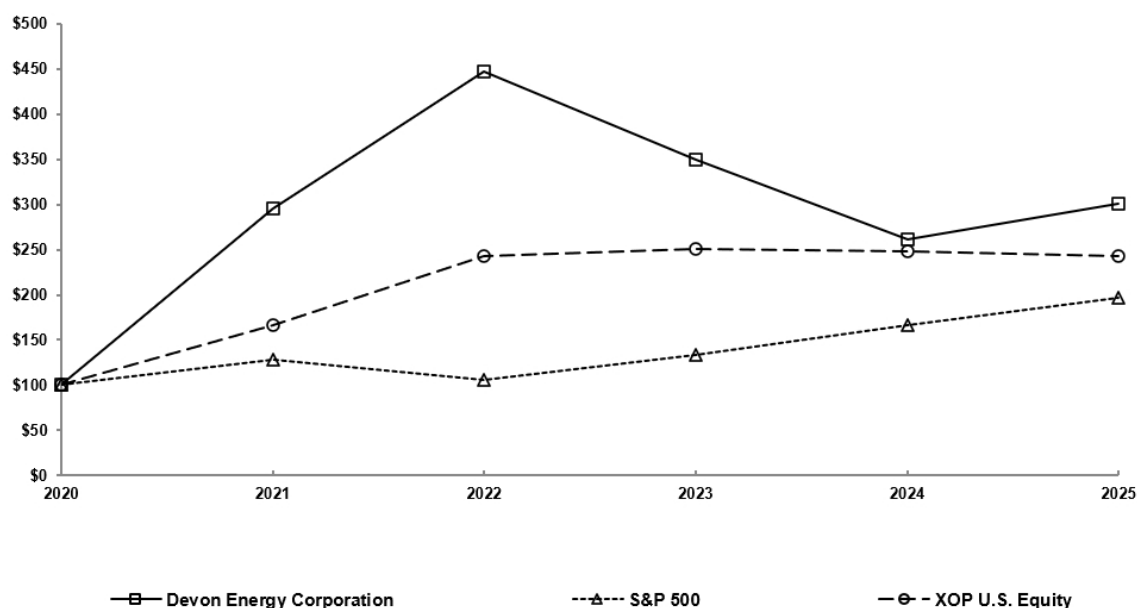
PART II

Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the NYSE under the “DVN” ticker symbol. On February 4, 2026, there were 10,200 holders of record of our common stock. We began paying regular quarterly cash dividends in the second quarter of 1993. Devon is committed to returning cash to shareholders through quarterly dividend payments and share repurchases, growing our per share value. The declaration and payment of any future dividend will remain at the full discretion of the Board of Directors and will depend on Devon’s financial results, cash requirements, future prospects and other factors deemed relevant by the Devon Board. In determining the amount of the quarterly fixed dividend, the Board expects to consider a number of factors, including Devon’s financial condition, the commodity price environment and a general target of paying out up to 10% of operating cash flow through the fixed dividend. Additional information on our dividends can be found in [Note 17](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Performance Graph

The following graph compares the cumulative TSR over a five-year period on Devon’s common stock with the cumulative total returns of the S&P 500 Index and the SPDR Oil and Gas Exploration & Production ETF (“XOP U.S. Equity”). The graph was prepared assuming \$100 was invested on December 31, 2020 in Devon’s common stock, the S&P 500 Index and the XOP U.S. Equity Index and dividends have been reinvested subsequent to the initial investment.



The graph and related information should not be deemed “soliciting material” or to be “filed” with the SEC, nor should such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate such information by reference into such a filing. The graph and information are included for historical comparative purposes only and should not be considered indicative of future stock performance.

Issuer Purchases of Equity Securities

The following table provides information regarding purchases of our common stock that were made by us during the fourth quarter of 2025 (shares in thousands).

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
October 1 - October 31	2,266	\$ 33.22	2,263	\$ 782
November 1 - November 30	2,723	\$ 35.18	2,721	\$ 686
December 1 - December 31	2,142	\$ 37.07	2,135	\$ 607
Total	7,131	\$ 35.12	7,119	

- (1) In addition to shares purchased under the share repurchase program described below, these amounts also include approximately thirteen thousand shares received by us from employees for the payment of personal income tax withholding on vesting transactions.
- (2) On November 2, 2021, we announced a \$1.0 billion share repurchase program that would expire on December 31, 2022. Through subsequent approvals, including most recently in July 2024, Devon's Board of Directors expanded the share repurchase program authorization to \$5.0 billion, with a June 30, 2026 expiration date. In the fourth quarter of 2025, we repurchased 7.1 million common shares for \$250 million, or \$35.12 per share, under this share repurchase program. For additional information, see [Note 17](#) in "Item 8. Financial Statements and Supplementary Data" of this report.

Item 6. *[Reserved]*

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following discussion and analysis presents management's perspective of our business, financial condition and overall performance. This information is intended to provide investors with an understanding of our past performance, current financial condition and outlook for the future and should be read in conjunction with "Item 8. Financial Statements and Supplementary Data" of this report.

The following discussion and analyses primarily focus on 2025 and 2024 items and year-to-year comparisons between 2025 and 2024. Discussions of 2023 items and year-to-year comparisons between 2024 and 2023 that are not included in this report can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our [2024 Annual Report on Form 10-K](#).

Executive Overview

We are a leading independent oil and natural gas exploration and production company whose operations are focused onshore in the United States. Our operations are currently focused in four core areas: the Delaware Basin, Rockies, Eagle Ford and Anadarko Basin. Our asset base is underpinned by premium acreage in the economic core of the Delaware Basin and our diverse, top-tier resource plays, providing a deep inventory of opportunities for years to come.

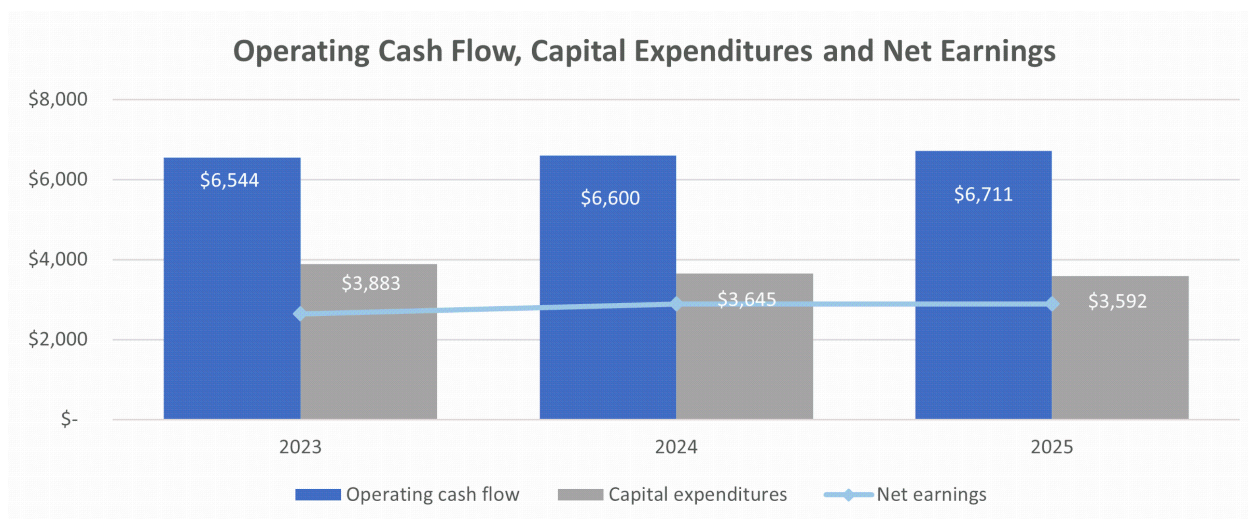
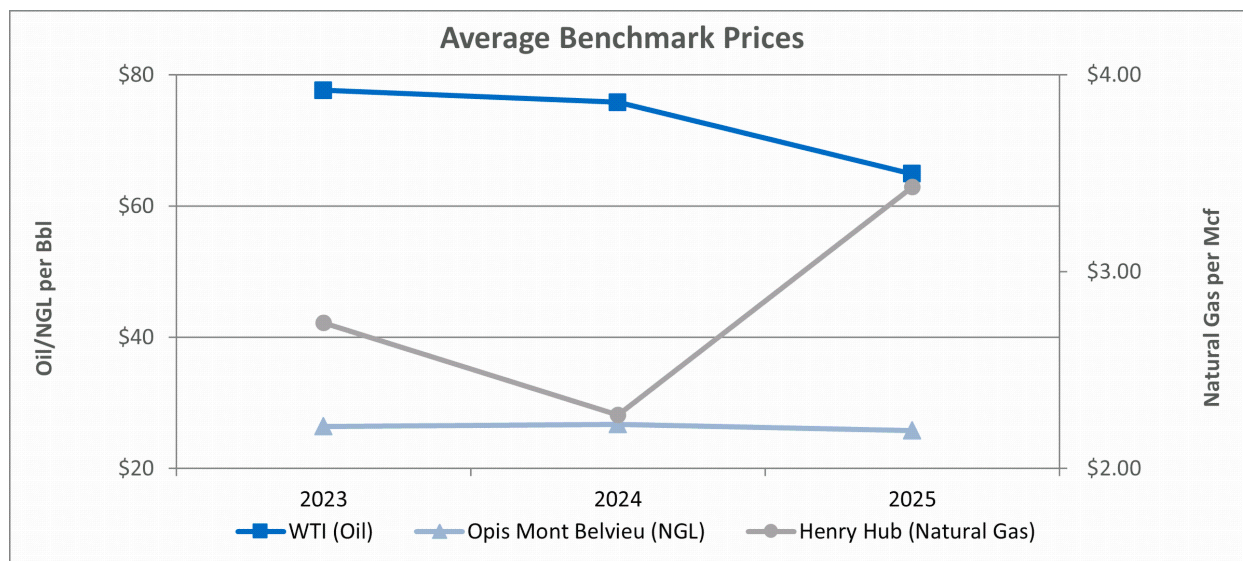
On September 27, 2024, we acquired the Williston Basin business of Grayson Mill for total consideration of approximately \$5.0 billion, consisting of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock, including purchase price adjustments. The acquisition has allowed us to efficiently expand our oil production and operating scale, creating immediate and long-term, sustainable value to shareholders.

On February 1, 2026, we entered into the Merger Agreement, providing for an all-stock merger of equals with Coterra. The Merger will create a leading large-cap shale operator with an asset base anchored by a premier position in the economic core of the Delaware Basin. The Merger is expected to unlock substantial value for shareholders by leveraging enhanced scale to improve margins, increase free cash flow and accelerate cash returns through the capture of \$1.0 billion in sustainable annual synergies. As a company, we remain focused on building economic value by executing on our strategic priorities of moderating production growth, emphasizing capital and operational efficiencies, optimizing reinvestment rates to maximize free cash flow, maintaining low leverage, delivering cash returns to our shareholders and pursuing operational excellence. Our recent performance highlights for these priorities include the following items for 2025:

- Oil production totaled 389 MBbls/d, a 12% increase year over year.
- Through 2025, completed approximately 88% of our authorized \$5.0 billion share repurchase program, with approximately 100 million of our common shares repurchased for approximately \$4.4 billion, or \$44.02 per share, since inception of the plan.
- Retired \$485 million of senior notes.
- Exited with \$4.4 billion of liquidity, including \$1.4 billion of cash.
- Generated \$6.7 billion of operating cash flow.
- Paid dividends of \$619 million.
- Completed acquisition of outstanding noncontrolling interests in Cotton Draw Midstream for \$260 million.
- Received \$545 million of cash proceeds from the sale of property and investments, including \$409 million related to the sale of our investment in Matterhorn.
- Through 2025, achieved approximately 85% of our \$1.0 billion business optimization plan.
- Earnings attributable to Devon were \$2.6 billion, or \$4.17 per diluted share.
- Core earnings (Non-GAAP) were \$2.5 billion, or \$3.92 per diluted share.

To emphasize our commitment to maximizing free cash flow and creating value for shareholders, we have implemented a business optimization plan which is anticipated to improve our annual pre-tax cash flow by \$1.0 billion. The plan includes actions to achieve more efficient field-level operations and improvements in drilling and completion costs while improving operating margins and corporate costs. These savings are on track to be achieved by the end of 2026 with approximately \$850 million achieved through 2025.

Our net earnings and operating cash flow are highly dependent upon oil, gas and NGL prices, which can be volatile due to several varying factors. Commodity pricing remained stable through 2023 and 2024. During 2025, however, commodity prices have experienced heightened volatility and declines, driven primarily by economic uncertainty in global trade arising from geopolitical events and shifting trade policies, such as the imposition of tariffs by the U.S. and planned oil output increases by OPEC+. The graphs below show the trends in commodity prices over the past three years and their related impact on our net earnings, operating cash flow and capital investments.



As we dependably generate strong cash flow results as shown above, we will continue to prioritize delivering cash returns to shareholders through share repurchases and dividends while maintaining a strong liquidity position. Since the inception of our authorized \$5.0 billion share repurchase program, we have repurchased approximately 100 million common shares for approximately \$4.4 billion, or \$44.02 per share. We also returned value to shareholders by paying dividends of \$619 million during 2025. We exited 2025 with \$4.4 billion of liquidity, comprised of \$1.4 billion of cash and \$3.0 billion of available credit under our Senior Credit Facility. We currently have \$8.4 billion of debt outstanding, of which approximately \$1.0 billion is classified as short-term. Additionally, to help mitigate the volatility of commodity prices and protect ourselves from downside risk, we currently have approximately 30% of our anticipated 2026 oil and gas production hedged.

Business and Industry Outlook

In 2025, Devon marked its 54th anniversary in the oil and gas business and its 37th year as a public company. We generated \$6.7 billion of operating cash flow in 2025, demonstrating resilience despite lower oil prices through higher production volumes and lower taxes. In April 2025, we announced our business optimization plan targeting \$1.0 billion in annual pre-tax free cash flow improvements by the end of 2026 through enhanced capital efficiency, production optimization, commercial improvements and corporate cost reductions. We achieved approximately 85% of these improvements through 2025, with the remainder to be realized by year-end 2026.

We remain committed to industry-leading capital returns to shareholders, supported by capital discipline and a strategy designed to succeed through commodity cycles. In 2025, we returned approximately \$1.7 billion of cash to shareholders through cash dividends and share repurchases, and will continue to prioritize shareholder cash return in 2026.

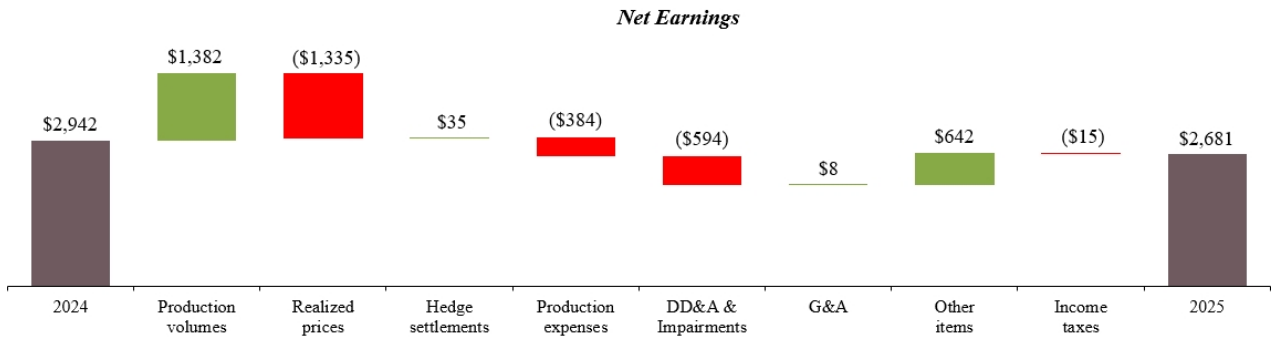
In 2025, WTI oil prices averaged \$64.87 per Bbl versus \$75.79 per Bbl in 2024, an approximately 14% decline amid continued market volatility. Oil prices are expected to remain volatile in 2026 due to ongoing geopolitical supply risks, including developments in key producing regions, stronger forecasted non-OPEC production, and improving global demand. Henry Hub natural gas prices increased significantly in 2025, averaging \$3.43 per Mcf compared to \$2.27 per Mcf in 2024. Natural gas prices are expected to strengthen further in 2026 driven by increased LNG export capacity, strong power generation demand across multiple sectors, and continued producer discipline. Our 2026 cash flow is partly protected from commodity price volatility due to our current hedge position that covers approximately 30% of our anticipated oil and gas volumes. In order to further insulate our cash flow, we continue to examine and, when appropriate, execute attractive regional basis swap hedges to protect price realizations across our portfolio. With continued capital efficiency gains and operational improvements, we expect to generate material amounts of free cash flow at current commodity price levels.

Our 2026 capital program reflects our continued commitment to capital discipline and efficiency. To maximize free cash flow generation, our 2026 capital is expected to be focused on our highest returning oil play, the Delaware Basin. The remainder of our 2026 capital will continue to be deployed to our other core areas of Rockies, Eagle Ford and Anadarko Basin. Our 2026 capital budget is expected to be approximately 4% lower than 2025, driven by continued capital efficiency gains and optimized activity levels. Our disciplined approach to capital allocation is expected to continue generating substantial free cash flow.

Results of Operations

The following graph, discussion and analysis are intended to provide an understanding of our results of operations and current financial condition. To facilitate the review, these numbers are being presented before consideration of earnings attributable to noncontrolling interests. Analysis of the change in net earnings is shown below.

Our 2025 net earnings were \$2.7 billion, compared to net earnings of \$2.9 billion for 2024. The graph below shows the change in net earnings from 2024 to 2025. The material changes are further discussed by category on the following pages.



Production Volumes

	2025	% of Total	2024	Change
Oil (MBbls/d)				
Delaware Basin	225	58%	220	2%
Rockies	107	28%	65	64%
Eagle Ford	41	10%	46	-11%
Anadarko Basin	12	3%	13	-9%
Other	4	1%	3	N/M
Total	389	100%	347	12%
Gas (MMcf/d)				
Delaware Basin	812	59%	732	11%
Rockies	235	17%	124	89%
Eagle Ford	76	5%	98	-23%
Anadarko Basin	258	19%	241	7%
Other	1	0%	1	N/M
Total	1,382	100%	1,196	16%
NGLs (MBbls/d)				
Delaware Basin	133	60%	123	8%
Rockies	49	22%	21	130%
Eagle Ford	11	5%	17	-33%
Anadarko Basin	28	13%	29	-4%
Other	—	0%	1	N/M
Total	221	100%	191	16%
Combined (MBoe/d)				
Delaware Basin	493	59%	465	6%
Rockies	195	23%	107	82%
Eagle Ford	65	8%	79	-18%
Anadarko Basin	83	10%	82	1%
Other	4	0%	4	N/M
Total	840	100%	737	14%

From 2024 to 2025, the change in volumes contributed to a \$1.4 billion increase in earnings. Volumes increased primarily due to the Grayson Mill acquisition in the Rockies, which closed in the third quarter of 2024, as well as new well activity in the Delaware Basin.

Production volumes for the first quarter of 2026 are expected to decrease by approximately 1%, or 10 MBoe/d, as a result of severe winter weather conditions.

Realized Prices

	2025	Realization	2024	Change
Oil (per Bbl)				
WTI index	\$ 64.87		\$ 75.79	-14%
Realized price, unhedged	\$ 62.77	97%	\$ 73.78	-15%
Cash settlements	\$ 1.14		\$ 0.35	
Realized price, with hedges	\$ 63.91	99%	\$ 74.13	-14%

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	2025	Realization	2024	Change
Gas (per Mcf)				
Henry Hub index	\$ 3.43		\$ 2.27	51%
Realized price, unhedged	\$ 1.67	49%	\$ 0.91	84%
Cash settlements	\$ 0.12		\$ 0.35	
Realized price, with hedges	<u>\$ 1.79</u>	52%	<u>\$ 1.26</u>	42%

	2025	Realization	2024	Change
NGLs (per Bbl)				
WTI index	\$ 64.87		\$ 75.79	-14%
Realized price, unhedged	\$ 18.28	28%	\$ 20.20	-9%
Cash settlements	\$ 0.11		\$ 0.02	
Realized price, with hedges	<u>\$ 18.39</u>	28%	<u>\$ 20.22</u>	-9%

	2025	2024	Change
Combined (per Boe)			
Realized price, unhedged	\$ 36.60	\$ 41.44	-12%
Cash settlements	\$ 0.76	\$ 0.73	
Realized price, with hedges	<u>\$ 37.36</u>	<u>\$ 42.17</u>	-11%

From 2024 to 2025, realized prices contributed to an approximately \$1.3 billion decrease in earnings. This decrease was due to lower unhedged realized oil and NGL prices which decreased primarily due to lower WTI and Mont Belvieu index prices, respectively. This decrease was partially offset by an increase in unhedged realized gas prices which was primarily due to higher Henry Hub index prices. Realized prices were also positively impacted by oil, gas and NGL hedge cash settlements.

Hedge Settlements

	2025	2024	Change
Oil	\$ 162	\$ 44	268%
Natural gas	61	152	-60%
NGL	9	1	N/M
Total cash settlements ⁽¹⁾	<u>\$ 232</u>	<u>\$ 197</u>	18%

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

Cash settlements as presented in the tables above represent realized gains or losses related to the instruments described in [Note 3](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Production Expenses

	2025	2024	Change
LOE	\$ 1,922	\$ 1,574	22%
Gathering, processing & transportation	831	790	5%
Production taxes	748	748	0%
Property taxes	66	71	-7%
Total	<u>\$ 3,567</u>	<u>\$ 3,183</u>	12%
Per Boe:			
LOE	\$ 6.27	\$ 5.83	8%
Gathering, processing & transportation	\$ 2.71	\$ 2.93	-8%
Percent of oil, gas and NGL sales:			
Production taxes	6.7%	6.7%	0%

Production expenses increased in 2025 primarily due to increased activity in the Rockies related to the Grayson Mill acquisition in addition to new well activity in the Delaware Basin.

Field-Level Cash Margin

The table below presents the field-level cash margin for each of our operating areas. Field-level cash margin is computed as oil, gas and NGL revenues less production expenses and is not prepared in accordance with GAAP. A reconciliation to the comparable GAAP measures is found in “Non-GAAP Measures” in this Item 7. The changes in production volumes, realized prices and production expenses, shown above, had the following impacts on our field-level cash margins by asset.

	2025	\$ per BOE	2024	\$ per BOE
Field-level cash margin (Non-GAAP)				
Delaware Basin	\$ 4,636	\$ 25.74	\$ 5,197	\$ 30.56
Rockies	1,652	23.20	1,122	28.61
Eagle Ford	853	35.96	1,150	39.72
Anadarko Basin	468	15.54	464	15.50
Other	47	N/M	60	N/M
Total	\$ 7,656	\$ 24.97	\$ 7,993	\$ 29.63

DD&A and Asset Impairments

	2025	2024	Change
Oil and gas per Boe	\$ 11.35	\$ 11.70	-3%
Oil and gas	\$ 3,479	\$ 3,156	10%
Other property and equipment	116	99	17%
Total DD&A	\$ 3,595	\$ 3,255	10%
Asset impairments	\$ 254	\$ —	N/M

DD&A increased in 2025 primarily due to higher volumes driven by the Grayson Mill acquisition and new well activity in the Delaware Basin.

In the first quarter of 2025, Devon rationalized two headquarters-related real estate assets resulting in total asset impairments of \$254 million. See [Note 5](#) in “Item 8. Financial Statements and Supplementary Data” of this report for further discussion.

General and Administrative Expense

	2025	2024	Change
G&A per Boe	\$ 1.60	\$ 1.85	-13%
Labor and benefits	\$ 259	\$ 285	-9%
Non-labor	233	215	8%
Total	\$ 492	\$ 500	-2%

G&A per BOE decreased in 2025 due to the Grayson Mill acquisition efficiently expanding our operating scale and production.

Other Items

	2025	2024	Change in earnings
Commodity hedge valuation changes ⁽¹⁾	\$ 170	\$ (176)	\$ 346
Marketing and midstream operations	(72)	(49)	(23)
Exploration expenses	43	28	(15)
Asset dispositions	(343)	11	354
Net financing costs	455	363	(92)
Other, net	24	96	72
			<u>\$ 642</u>

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

We recognize fair value changes on our oil, gas and NGL derivative instruments in each reporting period. The changes in fair value resulted from new positions and settlements that occurred during each period, as well as the relationship between contract prices and the associated forward curves.

During 2025, Devon sold its investment in Matterhorn for \$409 million and recognized a pre-tax gain of \$342 million (\$266 million, net of tax), which was recorded to asset dispositions. The monetization of this investment did not change the terms or conditions of Devon's secured capacity on the pipeline. For additional information, see [Note 12](#) in "Item 8. Financial Statements and Supplementary Data" in this report.

During the third quarter of 2024, we issued \$3.25 billion of debt to partially fund the Grayson Mill acquisition. Additionally, we retired \$472 million of debt in the third quarter of 2024. During the third quarter of 2025, Devon early redeemed the \$485 million of 5.85% senior notes due in December 2025 pursuant to the "par-call" rights set forth in the indenture document. For additional information, see [Note 13](#) in "Item 8. Financial Statements and Supplementary Data" in this report.

Income Taxes

	2025	2024
Current expense	\$ 301	\$ 459
Deferred expense	484	311
Total expense	<u>\$ 785</u>	<u>\$ 770</u>
Current tax rate	9%	12%
Deferred tax rate	14%	9%
Effective income tax rate	<u>23%</u>	<u>21%</u>

For discussion on income taxes, see [Note 6](#) in "Item 8. Financial Statements and Supplementary Data" of this report.

Capital Resources, Uses and Liquidity

Sources and Uses of Cash

The following table presents the major changes in cash and cash equivalents for the time periods presented below.

	Year Ended December 31,	
	2025	2024
Operating cash flow	\$ 6,711	\$ 6,600
Grayson Mill acquired cash	—	147
Capital expenditures	(3,592)	(3,645)
Acquisitions of property and equipment	(322)	(3,808)
Divestitures of property, equipment and investments	545	24
Investment activity, net	(24)	(50)
Debt activity, net	(485)	2,747
Repurchases of common stock	(1,050)	(1,057)
Common stock dividends	(619)	(937)
Noncontrolling interest activity, net	(269)	1
Repayment of finance leases	(282)	—
Other	(25)	(51)
Net change in cash, cash equivalents and restricted cash	\$ 588	\$ (29)
Cash, cash equivalents and restricted cash at end of period	\$ 1,434	\$ 846

Operating Cash Flow

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

Capital Expenditures

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

	Year Ended December 31,	
	2025	2024
Delaware Basin	\$ 1,834	\$ 2,049
Rockies	858	504
Eagle Ford	575	670
Anadarko Basin	150	225
Other	4	7
Total oil and gas	3,421	3,455
Midstream	118	101
Other	53	89
Total capital expenditures	\$ 3,592	\$ 3,645

Capital expenditures consist primarily of amounts related to our oil and gas exploration and development operations, midstream operations and other corporate activities. Our capital investment program is driven by a disciplined allocation process focused on moderating our production growth and maximizing our returns. As such, our capital expenditures for 2025 represent approximately 54% of our operating cash flow.

Acquisitions of Property and Equipment

During 2025, we completed acquisitions of property primarily related to state and federal land sales in the Delaware Basin.

During the third quarter of 2024, we acquired the Williston Basin business of Grayson Mill. The transaction consisted of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock. For additional information, please see [Note 2](#) in “Part II. Item 8. Financial Statements and Supplementary Data” in this report.

Divestitures of Property and Equipment

During 2025, we generated additional cash flow of \$545 million by monetizing our investment in Matterhorn for \$409 million and divesting headquarters-related real estate assets for \$134 million as part of our real estate rationalization initiatives. These proceeds will be used to further strengthen our investment-grade financial position. For additional information regarding these divestitures, see [Note 12](#) and [Note 5](#), respectively, in “Part II. Item 8. Financial Statements and Supplementary Data” in this report.

During 2025 and 2024, we received contingent earnout payments related to assets previously sold. For additional information, please see [Note 2](#) in “Part II. Item 8. Financial Statements and Supplementary Data” in this report.

Investment Activity

During 2025 and 2024, Devon received distributions from our investments of \$38 million and \$68 million, respectively. Devon contributed \$62 million and \$118 million to our investments during 2025 and 2024, respectively.

Debt Activity

In 2025, Devon early redeemed the \$485 million of 5.85% senior notes due in December 2025 pursuant to the “par-call” rights set forth in the indenture document.

In 2024, Devon issued \$1.25 billion of 5.20% senior notes due 2034 and \$1.0 billion of 5.75% senior notes due 2054. Additionally, in 2024, Devon borrowed \$1.0 billion from the Term Loan. These debt issuances helped fund the Grayson Mill acquisition. During 2024, we repaid \$472 million of senior notes at maturity.

Shareholder Distributions and Stock Activity

We repurchased 30.8 million shares of common stock for \$1.1 billion in 2025 and 24.2 million shares of common stock for \$1.1 billion in 2024 under the share repurchase program authorized by our Board of Directors. For additional information, see [Note 17](#) in “Item 8. Financial Statements and Supplementary Data” in this report.

The following table summarizes our common stock dividends in 2025 and 2024. Devon most recently raised its fixed dividend by 9% from \$0.22 to \$0.24 per share in the first quarter of 2025.

	Dividends	Rate Per Share
2025:		
First quarter	\$ 163	\$ 0.24
Second quarter	156	\$ 0.24
Third quarter	151	\$ 0.24
Fourth quarter	149	\$ 0.24
Total year-to-date	<u>\$ 619</u>	
2024:		
First quarter	\$ 299	\$ 0.44
Second quarter	223	\$ 0.35
Third quarter	272	\$ 0.44
Fourth quarter	143	\$ 0.22
Total year-to-date ⁽¹⁾	<u>\$ 937</u>	

(1) During 2024, Devon paid variable dividends totaling \$377 million in addition to its recurring fixed dividend.

Noncontrolling Interest Activity

On August 1, 2025, Devon completed the acquisition of all outstanding noncontrolling interests in CDM for \$260 million. Accordingly, all future net income and cash flows from CDM are fully attributable to Devon and there will be no further distributions to or contributions from noncontrolling interest holders.

During 2025 and 2024, we received \$14 million and \$52 million, respectively, of contributions from our noncontrolling interests in CDM. During 2025 and 2024, we distributed \$23 million and \$51 million, respectively, to our noncontrolling interests in CDM.

Repayment of Finance Leases

During 2025, we paid \$282 million in cash repayments of finance leases, primarily consisting of a \$274 million payment to extinguish a financing lease related to a headquarters-related real estate asset as part of our real estate rationalization initiatives. For additional information, see [Note 14](#) in “Item 8. Financial Statements and Supplementary Data” in this report.

Liquidity

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

To emphasize our commitment to maximizing free cash flow and creating value for shareholders, we have implemented a business optimization plan which is anticipated to improve our annual pre-tax cash flow by \$1.0 billion. These optimization initiatives will be primarily focused on capital efficiencies, production optimization, commercial opportunities and corporate cost reductions. These savings are on track to be achieved by the end of 2026 with approximately \$850 million achieved through 2025.

Historically, our primary sources of capital funding and liquidity have been our operating cash flow and cash on hand. Additionally, we maintain a commercial paper program, supported by our revolving line of credit, which can be accessed as needed to supplement operating cash flow and cash balances. If needed, we can also issue debt and equity securities, including through transactions under our shelf registration statement filed with the SEC. We estimate the combination of our sources of capital will continue to be adequate to fund our planned capital requirements, as discussed in this section, as well as execute our cash-return business model.

Operating Cash Flow

Key inputs into determining our planned capital investment is the amount of cash we hold and operating cash flow we expect to generate over the next one to three or more years. At the end of 2025, we held approximately \$1.4 billion of cash. Our operating cash flow forecasts are sensitive to many variables and include a measure of uncertainty as actual results may differ from our expectations.

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

To mitigate some of the risk inherent in prices, we utilize various derivative financial instruments to protect a portion of our production against downside price risk. The key terms to our oil, gas and NGL derivative financial instruments as of December 31, 2025 are presented in [Note 3](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Further, when considering the current commodity price environment and our current hedge position, we expect to achieve our capital investment priorities. Additionally, we remain committed to capital discipline and focused on delivering the objectives that underpin our capital plan for 2026. However, if commodity prices decline further, we will adapt our plan by reducing activity in order to maximize free cash flow.

Operating Expenses – Commodity prices can also affect our operating cash flow through an indirect effect on operating expenses. Significant commodity price decreases can lead to a decrease in drilling and development activities. As a result, the demand and cost for people, services, equipment and materials may also decrease, causing a positive impact on our cash flow as the prices paid for services and equipment decline. However, the inverse is also generally true during periods of rising commodity prices.

Additionally, the economic uncertainty in global trade arising from geopolitical events and shifting trade policies, such as the imposition of tariffs by the U.S., may contribute to higher inflation rates and disrupt supply chains, negatively impacting our cash flow. While we actively work to mitigate the impact of these potential risks through operational efficiencies gained from the scale of our operations as well as by leveraging long-standing relationships with our suppliers, the ultimate impacts remain uncertain.

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

Credit Availability

We had approximately \$3.0 billion of available borrowing capacity under our Senior Credit Facility at December 31, 2025. In the first quarter of 2025, Devon exercised its option to extend the Senior Credit Facility maturity date from March 24, 2029 to March 24, 2030. Devon has the option to extend the March 24, 2030 maturity date by an additional year subject to lender consent. As of December 31, 2025, Devon had no outstanding borrowings under the Senior Credit Facility and had less than \$1.0 million in outstanding letters of credit under this facility. See [Note 13](#) in “Item 8. Financial Statements and Supplementary Data” of this report for further discussion.

The Senior Credit Facility contains only one material financial covenant. This covenant requires us to maintain a ratio of total funded debt to total capitalization, as defined in the credit agreement, of no more than 65%. As of December 31, 2025, we were in compliance with this covenant with a 24.8% debt-to-capitalization ratio.

Our access to funds from the Senior Credit Facility is not subject to a specific funding condition requiring the absence of a “material adverse effect”. It is not uncommon for credit agreements to include such provisions. In general, these provisions can remove the obligation of the banks to fund the credit line if any condition or event would reasonably be expected to have a material

and adverse effect on the borrower's financial condition, operations, properties or business considered as a whole, the borrower's ability to make timely debt payments or the enforceability of material terms of the credit agreement. While our credit agreement includes provisions qualified by material adverse effect as well as a covenant that requires us to report a condition or event having a material adverse effect, the obligation of the banks to fund the Senior Credit Facility is not conditioned on the absence of a material adverse effect.

As market conditions warrant and subject to our contractual restrictions, liquidity position and other factors, we may from time to time seek to repurchase or retire our outstanding debt through cash purchases and/or exchanges for other debt or equity securities in open market transactions, privately negotiated transactions, by tender offer or otherwise. Any such cash repurchases by us may be funded by cash on hand or incurring new debt. The amounts involved in any such transactions, individually or in the aggregate, may be material. Furthermore, any such repurchases or exchanges may result in our acquiring and retiring a substantial amount of such indebtedness, which would impact the trading liquidity of such indebtedness.

Debt Ratings

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

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

Cash Returns to Shareholders

We are committed to returning cash to shareholders through dividends and share repurchases. Our Board of Directors will consider a number of factors when setting the quarterly dividend, if any, including a general target of paying out approximately 10% of operating cash flow through the fixed dividend. In addition to the fixed quarterly dividend, we may pay a variable dividend or complete share repurchases. The declaration and payment of any future dividend, whether fixed or variable, will remain at the full discretion of our Board of Directors and will depend on our financial results, cash requirements, future prospects and other factors deemed relevant by the Board.

In February 2026, we announced a cash dividend of \$0.24 per share payable in the first quarter of 2026, which is expected to total approximately \$149 million.

Our Board of Directors has authorized a \$5.0 billion share repurchase program that expires on June 30, 2026. Through February 1, 2026, we had executed \$4.5 billion of the authorized program. Pursuant to the terms of the Merger Agreement, our share repurchase activity has been suspended and is expected to remain suspended through the completion of the Merger.

Capital Expenditures

Our 2026 capital expenditure budget is expected to be approximately \$3.5 billion to \$3.7 billion, which is approximately 4% lower than our 2025 capital expenditures, driven by continued capital efficiency gains and operational improvements.

Contractual Obligations

As of December 31, 2025, our material contractual obligations include debt, interest expense, asset retirement obligations, lease obligations, operational agreements, drilling and facility obligations, various tax obligations and retained obligations related to our divested Canadian business. As discussed above, we estimate the combination of our sources of capital will continue to be adequate to fund our short- and long-term contractual obligations. See Notes [6](#), [13](#), [14](#), [15](#) and [18](#) in "Item 8. Financial Statements and Supplementary Data" of this report for further discussion.

Tax Contingencies

As we are regularly audited by tax authorities, we have and will continue to have our tax positions challenged. Certain tax authorities require material cash deposits be made to further dispute and respond to any of our challenged tax positions.

Strategic Merger of Equals

On February 1, 2026, Devon and Coterra entered into the Merger Agreement to combine in an all-stock merger of equals transaction expected to close in the second quarter of 2026. The strategic combination is expected to unlock substantial value for shareholders by leveraging enhanced scale to improve margins, increase free cash flow and accelerate cash returns through the capture of \$1.0 billion in sustainable annual synergies. Following the Merger and subject to the approval of the board of directors of the combined company, we expect to enhance cash returns to shareholders through a planned quarterly dividend of \$0.315 per share and a new share repurchase authorization exceeding \$5 billion.

Contingencies and Legal Matters

For a detailed discussion of contingencies and legal matters, see [Note 18](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates, and changes in these estimates are recorded when known. We consider the following to be our most critical accounting estimates that involve judgment and have reviewed these critical accounting estimates with the Audit Committee of our Board of Directors.

Purchase Accounting

Periodically, we acquire assets and assume liabilities in transactions accounted for as business combinations, such as the acquisition of the Williston Basin business of Grayson Mill. In connection with the acquisition, we allocated the \$5.0 billion of purchase price consideration to the assets acquired and liabilities assumed based on estimated fair values as of the date of the acquisition.

We made a number of assumptions in estimating the fair value of assets acquired and liabilities assumed in the acquisition. The most significant assumptions relate to the estimated fair values of proved and unproved oil and gas properties. Since sufficient market data was not available regarding the fair values of proved and unproved oil and gas properties, we prepared estimates and engaged third-party valuation experts. Significant judgments and assumptions are inherent in these estimates and include, among other things, estimates of reserve quantities, estimates of future commodity prices, drilling plans, expected development costs, lease operating costs, reserve risk adjustment factors and an estimate of an applicable market participant discount rate that reflects the risk of the underlying cash flow estimates.

Estimated fair values ascribed to assets acquired can have a significant impact on future results of operations presented in our financial statements. A higher fair value ascribed to a property results in higher DD&A expense, which results in lower net earnings. Fair values are based on estimates of future commodity prices, reserve quantities, development costs and operating costs. In the event that future commodity prices or reserve quantities are lower than those used as inputs to determine estimates of acquisition date fair values, the likelihood increases that certain costs may be determined to not be recoverable.

Oil and Gas Assets Accounting, Classification, Reserves & Valuation

Successful Efforts Method of Accounting and Classification

We utilize the successful efforts method of accounting for our oil and natural gas exploration and development activities which requires management's assessment of the proper designation of wells and associated costs as developmental or exploratory. This classification assessment is dependent on the determination and existence of proved reserves, which is a critical estimate discussed in the section below. The classification of developmental and exploratory costs has a direct impact on the amount of costs we initially recognize as exploration expense or capitalize, then subject to DD&A calculations and impairment assessments and valuations.

Once a well is drilled, the determination that proved reserves have been discovered may take considerable time and requires both judgment and application of industry experience. Development wells are always capitalized. Costs associated with drilling an exploratory well are initially capitalized, or suspended, pending a determination as to whether proved reserves have been found. At the end of each quarter, management reviews the status of all suspended exploratory drilling costs to determine whether the costs should continue to remain capitalized or shall be expensed. When making this determination, management considers current activities, near-term plans for additional exploratory or appraisal drilling and the likelihood of reaching a development program. If management determines future development activities and the determination of proved reserves are unlikely to occur, the associated suspended exploratory well costs are recorded as dry hole expense and reported in exploration expense in the consolidated statements of comprehensive earnings. Otherwise, the costs of exploratory wells remain capitalized. At December 31, 2025, all material suspended well costs have been suspended for less than one year.

Similar to the evaluation of suspended exploratory well costs, costs for undeveloped leasehold, for which reserves have not been proven, must also be evaluated for continued capitalization or impairment. At the end of each quarter, management assesses undeveloped leasehold costs for impairment by considering future drilling plans, drilling activity results, commodity price outlooks, planned future sales or expiration of all or a portion of such projects. At December 31, 2025, Devon had approximately \$800 million of undeveloped leasehold costs. Of the remaining undeveloped leasehold costs at December 31, 2025, \$17 million is scheduled to expire in 2026.

Reserves

Our estimates of proved and proved developed reserves are a major component of DD&A calculations. Additionally, our proved reserves represent the element of these calculations that require the most subjective judgments. Estimates of reserves are forecasts based on engineering data, projected future rates of production and the timing of future expenditures. The process of estimating oil, gas and NGL reserves requires substantial judgment, resulting in imprecise determinations, particularly for new discoveries. Different reserve engineers may make different estimates of reserve quantities based on the same data. Our engineers prepare our reserve estimates. We then subject certain of our reserve estimates to audits performed by a third-party petroleum consulting firm. In 2025, 91% of our proved reserves were subjected to such an audit.

The passage of time provides additional information which may result in revisions to previous estimates to reflect updated information. In the past five years, annual revisions other than price to our proved reserve estimates, which have been both increases and decreases in individual years, have averaged approximately 4% of the previous year's estimate. However, there can be no assurance that more significant revisions will not be necessary in the future. For example, revisions may be driven broadly by economic factors such as significant changes in operating costs, or they may be more focused such as in a given area or reservoir. The data for a given reservoir may change substantially over time as a result of numerous factors, including, but not limited to, additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions.

Valuation of Long-Lived Assets

Long-lived assets used in operations, including proved and unproved oil and gas properties, are depreciated and assessed for impairment annually or whenever changes in facts and circumstances indicate a possible significant deterioration in future cash flows is expected to be generated by an asset group. For DD&A calculations and impairment assessments, management groups individual assets based on a judgmental assessment of the lowest level ("common operating field") for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The determination of common operating fields is largely based on geological structural features or stratigraphic condition, which requires judgment. Management also considers the nature of production, common infrastructure, common sales points, common processing plants, common regulation and management oversight

to make common operating field determinations. These determinations impact the amount of DD&A recognized each period and could impact the determination and measurement of a potential asset impairment.

Management evaluates assets for impairment through an established process in which changes to significant assumptions such as prices, volumes and future development plans are reviewed. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value. Because there usually is a lack of quoted market prices for long-lived assets, the fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants. The expected future cash flows used for impairment reviews and related fair value calculations are typically based on judgmental assessments of future production volumes, commodity prices, operating costs and capital investment plans, considering all available information at the date of review. The expected future cash flows used for impairment reviews include future production volumes associated with proved producing and risk-adjusted proved undeveloped reserves, and when needed, probable and possible reserves.

Besides the risk-adjusted estimates of reserves and future production volumes, future commodity prices are the largest driver in the variability of undiscounted pre-tax cash flows. For our impairment determinations, we utilize NYMEX forward strip prices and incorporate internally generated price forecasts along with price forecasts published by reputable investment banks and reservoir engineering firms to estimate our future revenues.

We also estimate and escalate or de-escalate future capital and operating costs by using a method that correlates cost movements to price movements similar to recent history. To measure indicated impairments, we use a market-based weighted-average cost of capital to discount the future net cash flows. Changes to any of the reserves or market-based assumptions can significantly affect estimates of undiscounted and discounted pre-tax cash flows and impact the recognition and amount of impairments.

None of our oil and gas assets were at risk of impairment as of December 31, 2025.

Income Taxes

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

On July 4, 2025, OBBB was signed into law. In addition to other provisions, OBBB includes permanent reinstatement of 100% bonus depreciation and the expensing of domestic research costs beginning in 2025 and allows for deduction of intangible drilling costs as part of the computation of the CAMT beginning in 2026. The Company continues to assess the impact of OBBB, including its impacts on the CAMT. Material incremental cash benefits are expected, the amount of which will depend on actual operating results as well as future U.S. Treasury guidance.

Further, in the event we were to undergo an “ownership change” (as defined in Section 382 of the Internal Revenue Code of 1986, as amended), our ability to use net operating losses and tax credits generated prior to the ownership change may be limited. Generally, an “ownership change” occurs if one or more shareholders, each of whom owns five percent or more in value of a corporation’s stock, increase their aggregate percentage ownership by more than 50 percent over the lowest percentage of stock owned by those shareholders at any time during the preceding three-year period. Based on currently available information, we do not believe an ownership change has occurred during 2025 for Devon.

Non-GAAP Measures

Core Earnings

We make reference to “core earnings attributable to Devon” and “core earnings per share attributable to Devon” in “Overview of 2025 Results” in this Item 7 that are not required by or presented in accordance with GAAP. These non-GAAP measures are not alternatives to GAAP measures and should not be considered in isolation or as a substitute for analysis of our results reported under GAAP. Core earnings attributable to Devon, as well as the per share amount, represent net earnings excluding certain noncash and other items that are typically excluded by securities analysts in their published estimates of our quarterly financial results. Our

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non-GAAP measures are typically used as a quarterly performance measure. Amounts excluded for 2025 relate to asset dispositions, noncash asset impairments (including unproved asset impairments), change in tax legislation, fair value changes in derivative financial instruments and restructuring and transaction costs.

Amounts excluded for 2024 relate to asset dispositions, noncash asset impairments (including unproved asset impairments), fair value changes in derivative financial instruments and restructuring and transaction costs. Amounts excluded for 2023 relate to asset dispositions, noncash asset impairments (including unproved asset impairments), deferred tax asset valuation allowance and fair value changes in derivative financial instruments.

We believe these non-GAAP measures facilitate comparisons of our performance to earnings estimates published by securities analysts. We also believe these non-GAAP measures can facilitate comparisons of our performance between periods and to the performance of our peers.

Below are reconciliations of our core earnings and earnings per share to their comparable GAAP measures.

	Year Ended December 31,			
	Before Tax	After Tax	After NCI	Per Diluted Share
2025:				
Earnings attributable to Devon (GAAP)	\$ 3,466	\$ 2,681	\$ 2,642	\$ 4.17
Adjustments:				
Asset dispositions	(343)	(266)	(266)	(0.42)
Asset and exploration impairments	265	206	206	0.33
Change in tax legislation	—	5	5	0.01
Fair value changes in financial instruments	(172)	(134)	(134)	(0.21)
Restructuring and transaction costs	36	28	28	0.04
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 3,252</u>	<u>\$ 2,520</u>	<u>\$ 2,481</u>	<u>\$ 3.92</u>
2024:				
Earnings attributable to Devon (GAAP)	\$ 3,712	\$ 2,942	\$ 2,891	\$ 4.56
Adjustments:				
Asset dispositions	11	9	9	0.01
Asset and exploration impairments	5	4	4	0.01
Fair value changes in financial instruments	182	143	143	0.23
Restructuring and transaction costs	9	7	7	0.01
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 3,919</u>	<u>\$ 3,105</u>	<u>\$ 3,054</u>	<u>\$ 4.82</u>
2023:				
Earnings attributable to Devon (GAAP)	\$ 4,623	\$ 3,782	\$ 3,747	\$ 5.84
Adjustments:				
Asset dispositions	(30)	(24)	(24)	(0.04)
Asset and exploration impairments	5	3	3	—
Deferred tax asset valuation allowance	—	(1)	(1)	—
Fair value changes in financial instruments	(74)	(58)	(58)	(0.09)
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 4,524</u>	<u>\$ 3,702</u>	<u>\$ 3,667</u>	<u>\$ 5.71</u>

EBITDAX and Field-Level Cash Margin

To assess the performance of our assets, we use EBITDAX and Field-Level Cash Margin. We compute EBITDAX as net earnings before income tax expense; financing costs, net; exploration expenses; DD&A; asset impairments; asset disposition gains and losses; non-cash share-based compensation; non-cash valuation changes for derivatives and financial instruments; accretion on discounted liabilities; and other items not related to our normal operations. Field-Level Cash Margin is computed as oil, gas and NGL revenues less production expenses. Production expenses consist of lease operating, gathering, processing and transportation expenses, as well as production and property taxes.

We exclude financing costs from EBITDAX to assess our operating results without regard to our financing methods or capital structure. Exploration expenses and asset disposition gains and losses are excluded from EBITDAX because they generally are not indicators of operating efficiency for a given reporting period. DD&A and impairments are excluded from EBITDAX because capital expenditures are evaluated at the time capital costs are incurred. We exclude share-based compensation, valuation changes, accretion on discounted liabilities and other items from EBITDAX because they are not considered a measure of asset operating performance.

We believe EBITDAX and Field-Level Cash Margin provide information useful in assessing our operating and financial performance across periods. EBITDAX and Field-Level Cash Margin as defined by Devon may not be comparable to similarly titled measures used by other companies and should be considered in conjunction with net earnings from operations.

Below are reconciliations of net earnings to EBITDAX and a further reconciliation to Field-Level Cash Margin.

	Year Ended December 31,		
	2025	2024	2023
Net earnings (GAAP)	\$ 2,681	\$ 2,942	\$ 3,782
Financing costs, net	455	363	308
Income tax expense	785	770	841
Exploration expenses	43	28	20
Depreciation, depletion and amortization	3,595	3,255	2,554
Asset impairments	254	—	—
Asset dispositions	(343)	11	(30)
Share-based compensation	89	98	92
Derivative and financial instrument non-cash valuation changes	(170)	176	(71)
Accretion on discounted liabilities and other	24	96	38
EBITDAX (Non-GAAP)	7,413	7,739	7,534
Marketing and midstream revenues and expenses, net	72	49	60
Commodity derivative cash settlements	(232)	(197)	(47)
General and administrative expenses, cash-based	403	402	316
Field-level cash margin (Non-GAAP)	\$ 7,656	\$ 7,993	\$ 7,863

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. The term “market risk” refers to our risk of loss arising from adverse changes in oil, gas and NGL prices, interest rates and foreign currency exchange rates. The following disclosures are not meant to be precise indicators of expected future losses but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures. All of our market risk sensitive instruments were entered into for purposes other than speculative trading.

Commodity Price Risk

Our major market risk exposure is the pricing applicable to our oil, gas and NGL production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our gas and NGL production. Pricing for oil and gas production has been volatile and unpredictable as discussed in “Item 1A. Risk Factors” of this report. Consequently, we systematically hedge a portion of our production through various financial transactions. The key terms to our oil and gas derivative financial instruments as of December 31, 2025 are presented in [Note 3](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

The fair values of our commodity derivatives are largely determined by estimates of the forward curves of the relevant price indices. At December 31, 2025, a 10% change in the forward curves associated with our commodity derivative instruments would have changed our net positions by approximately \$150 million.

Interest Rate Risk

At December 31, 2025, we had total debt of \$8.4 billion. \$7.4 billion of this debt was comprised of debentures and notes that have fixed interest rates which average 5.7%. We also have a \$1.0 billion Term Loan which has a variable interest rate that is adjusted monthly. The interest rate on the Term Loan was 5.4% at December 31, 2025.

Item 8. Financial Statements and Supplementary Data

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All financial statement schedules are omitted as they are inapplicable or the required information has been included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Devon Energy Corporation:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Devon Energy Corporation and subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of comprehensive earnings, equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Estimate of proved oil and gas reserves used in the depletion of proved oil and gas properties

As discussed in Notes 1 and 11 to the consolidated financial statements, the Company calculates depletion for its proved oil and gas properties subject to amortization using a units-of-production method. The rates used to deplete the balance of oil and gas properties subject to amortization are set using the estimate of proved oil and gas reserves by common operating field. Under the units-of-production method, a rate is set annually using the beginning of year balance of oil and gas properties subject to amortization and estimated proved oil and gas reserves for each common operating field. That rate is then applied to production throughout the year to determine the amount of depletion expense to be recorded by common operating field. The Company also periodically evaluates whether changes in the estimated proved oil and gas reserves for each common operating field have occurred that would require a change in the rate of depletion to be applied to the production realized. The Company's internal reservoir engineers estimate proved oil and gas reserves, and the Company engages external reservoir engineers to perform an independent evaluation of a portion of the estimates of proved oil and gas reserves. The company recorded depletion expense of \$3.6 billion for the year ended December 31, 2025.

We identified the estimate of proved oil and gas reserves used in the depletion of proved oil and gas properties as a critical audit matter. There was a high degree of subjectivity in evaluating the Company's estimate of the proved oil and gas reserves used as an input to determine depletion for each common operating field.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's depletion expense process, including controls related to the estimate of proved oil and gas reserves. We analyzed and assessed the determination of depletion expense for compliance with industry and regulatory standards. To assess the Company's ability to accurately estimate proved oil and gas reserves, we compared the estimated future production quantities assumptions used by the Company in prior periods to the actual production amounts realized and the current year-end future production quantities forecasted. We compared the estimated future production quantities used by the Company in the current period to historical production trends and investigated differences. We evaluated (1) the professional qualifications of the Company's internal reservoir engineers as well as the external reservoir engineers and external engineering firm, (2) the knowledge, skills, and ability of the Company's internal and external reservoir engineers, and (3) the relationship of the external reservoir engineers and external engineering firm to the Company. We read and considered the report of the Company's external reservoir engineers in connection with our evaluation of the Company's reserve estimates.

/s/ KPMG, LLP

We have served as the Company's auditor since 1980.

Oklahoma City, Oklahoma
February 18, 2026

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

	Year Ended December 31,		
	2025	2024	2023
	(Millions, except per share amounts)		
Oil, gas and NGL sales	\$ 11,223	\$ 11,176	\$ 10,791
Oil, gas and NGL derivatives	402	21	118
Marketing and midstream revenues	5,563	4,743	4,349
Total revenues	17,188	15,940	15,258
Production expenses	3,567	3,183	2,928
Exploration expenses	43	28	20
Marketing and midstream expenses	5,635	4,792	4,409
Depreciation, depletion and amortization	3,595	3,255	2,554
Asset impairments	254	—	—
Asset dispositions	(343)	11	(30)
General and administrative expenses	492	500	408
Financing costs, net	455	363	308
Other, net	24	96	38
Total expenses	13,722	12,228	10,635
Earnings before income taxes	3,466	3,712	4,623
Income tax expense	785	770	841
Net earnings	2,681	2,942	3,782
Net earnings attributable to noncontrolling interests	39	51	35
Net earnings attributable to Devon	<u>\$ 2,642</u>	<u>\$ 2,891</u>	<u>\$ 3,747</u>
Net earnings per share:			
Basic net earnings per share	\$ 4.18	\$ 4.58	\$ 5.86
Diluted net earnings per share	\$ 4.17	\$ 4.56	\$ 5.84
Comprehensive earnings (loss):			
Net earnings	\$ 2,681	\$ 2,942	\$ 3,782
Other comprehensive earnings (loss), net of tax:			
Pension and postretirement plans	—	2	(8)
Other comprehensive earnings (loss), net of tax	—	2	(8)
Comprehensive earnings:	\$ 2,681	\$ 2,944	\$ 3,774
Comprehensive earnings attributable to noncontrolling interests	39	51	35
Comprehensive earnings attributable to Devon	<u>\$ 2,642</u>	<u>\$ 2,893</u>	<u>\$ 3,739</u>

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 1,434	\$ 846
Accounts receivable	1,792	1,972
Inventory	336	294
Other current assets	444	315
Total current assets	<u>4,006</u>	<u>3,427</u>
Oil and gas property and equipment, based on successful efforts accounting, net	23,731	23,198
Other property and equipment, net	1,688	1,813
Total property and equipment, net	<u>25,419</u>	<u>25,011</u>
Goodwill	753	753
Right-of-use assets	299	303
Investments	727	727
Other long-term assets	395	268
Total assets	<u>\$ 31,599</u>	<u>\$ 30,489</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 790	\$ 806
Revenues and royalties payable	1,491	1,432
Short-term debt	998	485
Other current liabilities	807	586
Total current liabilities	<u>4,086</u>	<u>3,309</u>
Long-term debt	7,391	8,398
Lease liabilities	197	320
Asset retirement obligations	863	770
Other long-term liabilities	907	840
Deferred income taxes	2,627	2,148
Stockholders' equity:		
Common stock, \$0.10 par value. Authorized 1.0 billion shares; issued 622 million and 651 million shares in 2025 and 2024, respectively	62	65
Additional paid-in capital	5,388	6,387
Retained earnings	10,200	8,166
Accumulated other comprehensive loss	(122)	(122)
Total stockholders' equity attributable to Devon	<u>15,528</u>	<u>14,496</u>
Noncontrolling interests	—	208
Total equity	<u>15,528</u>	<u>14,704</u>
Total liabilities and equity	<u>\$ 31,599</u>	<u>\$ 30,489</u>

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net earnings	\$ 2,681	\$ 2,942	\$ 3,782
Adjustments to reconcile net earnings to net cash from operating activities:			
Depreciation, depletion and amortization	3,595	3,255	2,554
Asset impairments	254	—	—
Leasehold impairments	11	5	5
Accretion (amortization) of liabilities	16	8	(16)
Total gains on commodity derivatives	(402)	(21)	(118)
Cash settlements on commodity derivatives	232	197	47
(Gains) losses on asset dispositions	(343)	11	(30)
Deferred income tax expense	484	311	376
Share-based compensation	99	99	93
Other	(67)	10	(5)
Changes in assets and liabilities, net	151	(217)	(144)
Net cash from operating activities	6,711	6,600	6,544
Cash flows from investing activities:			
Capital expenditures	(3,592)	(3,645)	(3,883)
Acquisitions of property and equipment	(322)	(3,808)	(64)
Divestitures of property, equipment and investments	545	24	26
Grayson Mill acquired cash	—	147	—
Distributions from investments	38	68	32
Contributions to investments and other	(62)	(118)	(53)
Net cash from investing activities	(3,393)	(7,332)	(3,942)
Cash flows from financing activities:			
Borrowings of long-term debt, net of issuance costs	—	3,219	—
Repayments of long-term debt	(485)	(472)	(242)
Repurchases of common stock	(1,050)	(1,057)	(979)
Dividends paid on common stock	(619)	(937)	(1,858)
Contributions from noncontrolling interests	14	52	37
Distributions to noncontrolling interests	(23)	(51)	(45)
Acquisition of noncontrolling interests	(260)	—	—
Repayment of finance leases	(282)	—	—
Shares exchanged for tax withholdings and other	(25)	(48)	(97)
Net cash from financing activities	(2,730)	706	(3,184)
Effect of exchange rate changes on cash	—	(3)	3
Net change in cash, cash equivalents and restricted cash	588	(29)	(579)
Cash, cash equivalents and restricted cash at beginning of period	846	875	1,454
Cash, cash equivalents and restricted cash at end of period	\$ 1,434	\$ 846	\$ 875
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	\$ 1,384	\$ 811	\$ 853
Restricted cash	50	35	22
Total cash, cash equivalents and restricted cash	\$ 1,434	\$ 846	\$ 875

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

	Common Stock		Additional		Other				
	Shares	Amount	Paid-In Capital	Retained Earnings	Earnings (Loss)	Treasury Stock	Noncontrolling Interests	Total Equity	
Balance as of December 31, 2022	653	\$ 65	\$ 6,921	\$ 4,297	\$ (116)	\$ —	\$ 129	\$ 11,296	
Net earnings	—	—	—	3,747	—	—	35	3,782	
Other comprehensive loss, net of tax	—	—	—	—	(8)	—	—	(8)	
Restricted stock grants, net of cancellations	2	—	—	—	—	—	—	—	
Common stock repurchased	—	—	(8)	—	—	(1,081)	—	(1,089)	
Common stock retired	(20)	(1)	(1,067)	—	—	1,068	—	—	
Common stock dividends	—	—	—	(1,849)	—	—	—	(1,849)	
Share-based compensation	1	—	93	—	—	—	—	93	
Contributions from noncontrolling interests	—	—	—	—	—	—	37	37	
Distributions to noncontrolling interests	—	—	—	—	—	—	(45)	(45)	
Balance as of December 31, 2023	<u>636</u>	<u>\$ 64</u>	<u>\$ 5,939</u>	<u>\$ 6,195</u>	<u>\$ (124)</u>	<u>\$ (13)</u>	<u>\$ 156</u>	<u>\$ 12,217</u>	
Net earnings	—	—	—	2,891	—	—	51	2,942	
Other comprehensive earnings, net of tax	—	—	—	—	2	—	—	2	
Restricted stock grants, net of cancellations	2	—	—	—	—	—	—	—	
Common stock repurchased	—	—	—	—	—	(1,092)	—	(1,092)	
Common stock retired	(25)	(2)	(1,103)	—	—	1,105	—	—	
Common stock dividends	—	—	—	(920)	—	—	—	(920)	
Common stock issued	37	3	1,452	—	—	—	—	1,455	
Share-based compensation	1	—	99	—	—	—	—	99	
Contributions from noncontrolling interests	—	—	—	—	—	—	52	52	
Distributions to noncontrolling interests	—	—	—	—	—	—	(51)	(51)	
Balance as of December 31, 2024	<u>651</u>	<u>\$ 65</u>	<u>\$ 6,387</u>	<u>\$ 8,166</u>	<u>\$ (122)</u>	<u>\$ —</u>	<u>\$ 208</u>	<u>\$ 14,704</u>	
Net earnings	—	—	—	2,642	—	—	39	2,681	
Other comprehensive earnings, net of tax	—	—	—	—	—	—	—	—	
Restricted stock grants, net of cancellations	2	—	—	—	—	—	—	—	
Common stock repurchased	—	—	(10)	—	—	(1,074)	—	(1,084)	
Common stock retired	(31)	(3)	(1,071)	—	—	1,074	—	—	
Common stock dividends	—	—	—	(608)	—	—	—	(608)	
Share-based compensation	—	—	99	—	—	—	—	99	
Contributions from noncontrolling interests	—	—	—	—	—	—	14	14	
Distributions to noncontrolling interests	—	—	—	—	—	—	(23)	(23)	
Acquisition of noncontrolling interests	—	—	(17)	—	—	—	(238)	(255)	
Balance as of December 31, 2025	<u>622</u>	<u>\$ 62</u>	<u>\$ 5,388</u>	<u>\$ 10,200</u>	<u>\$ (122)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15,528</u>	

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Devon is a leading independent energy company engaged primarily in the exploration, development and production of oil, natural gas and NGLs. Devon's operations are concentrated in various onshore areas in the U.S.

On September 27, 2024, Devon acquired the Williston Basin business of Grayson Mill for total consideration of approximately \$5.0 billion, consisting of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock, including purchase price adjustments. The transaction was accounted for using the acquisition method of accounting.

Accounting policies used by Devon and its subsidiaries conform to accounting principles generally accepted in the U.S. and reflect industry practices. The more significant of such policies are discussed below.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Devon, entities in which it holds a controlling interest and VIEs for which Devon was the primary beneficiary. All intercompany transactions have been eliminated. Undivided interests in oil and natural gas exploration and production joint ventures are consolidated on a proportionate basis. Investments in non-controlled entities, over which Devon has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method. In applying the equity method of accounting, the investments are initially recognized at cost and subsequently adjusted for Devon's proportionate share of earnings, losses, contributions and distributions. Investments in non-controlled entities over which Devon does not have the ability to exercise significant influence are initially recognized at cost and subsequently adjusted for contributions and distributions.

Variable Interest Entity

CDM was a joint venture entity formed by Devon and an affiliate of QL Capital Partners, LP ("QLCP"). Devon held a controlling interest in CDM and the portions of CDM's net earnings and equity not attributable to Devon's controlling interest were shown separately as noncontrolling interests in the accompanying consolidated statements of comprehensive earnings and consolidated balance sheets. CDM was considered a VIE to Devon.

As the primary beneficiary of CDM, Devon had the power to direct the activities that significantly affected the economic performance of CDM and the obligation to absorb losses or the right to receive benefits that could be significant to CDM; therefore, Devon consolidated CDM in its financial statements. CDM maintained its own capital structure that was separate from Devon. During 2025, 2024 and 2023, QLCP distributions from CDM were approximately \$23 million, \$51 million and \$45 million, respectively. During 2025, 2024 and 2023, QLCP contributions to CDM were approximately \$14 million, \$52 million and \$37 million, respectively.

On August 1, 2025, Devon completed the acquisition of all outstanding noncontrolling interests in CDM for \$260 million. As a result of this transaction, Devon owns 100% of the equity interests in CDM. The acquisition of the noncontrolling interests was accounted for as an equity transaction, resulting in a \$17 million, net of tax, reduction in Devon's additional paid-in capital within the consolidated balance sheet. This amount represents the difference between the carrying amount of the noncontrolling interests and the consideration paid.

Segment Information

Devon's oil and gas exploration and production activities are solely focused in the U.S. For financial reporting purposes, Devon aggregates its U.S. operating segments into one reporting segment due to the similar nature of these operations.

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

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates, and changes in these estimates are recorded when known. Significant items subject to such estimates and assumptions include the following:

- proved reserves and related present value of future net revenues;
- evaluation of suspended well costs;
- the carrying and fair values of oil and gas properties, other property and equipment and product and equipment inventories;
- derivative financial instruments;
- the fair value of reporting units and related assessment of goodwill for impairment;
- income taxes;
- asset retirement obligations;
- obligations related to employee pension and postretirement benefits;
- purchase accounting estimates used for assets acquired and liabilities assumed;
- legal and environmental risks and exposures; and
- general credit risk associated with receivables and other assets.

Revenue Recognition

Upstream Revenues

Upstream revenues include the sale of oil, gas and NGL production. Oil, gas and NGL sales are recognized when production is sold to a purchaser at a fixed or determinable price, delivery has occurred, control has transferred and collectability of the revenue is probable. Devon's performance obligations are satisfied at a point in time. This occurs when control is transferred to the purchaser upon delivery of contract-specified production volumes at a specified point. The transaction price used to recognize revenue is a function of the contract billing terms. Revenue is invoiced, if required, by calendar month based on volumes at contractually based rates with payment typically received within 30 days of the end of the production month. Taxes assessed by governmental authorities on oil, gas and NGL sales are presented separately from such revenues in the accompanying consolidated statements of comprehensive earnings.

Devon acts as a principal in sales transactions when control of the product is retained prior to delivery to the ultimate third-party customer or acts as an agent when services are rendered on behalf of the principal in the transactions. A control-based assessment is performed to identify whether Devon is a principal or an agent in the transaction, which determines whether revenue and the related expenses are presented on a gross or net basis, respectively.

Oil sales

Devon's oil sales contracts are generally structured in one of two ways. First, production is sold at the wellhead at an agreed-upon index price, net of pricing differentials. In this scenario, revenue is recognized when control transfers to the purchaser at the wellhead at the net price received. Alternatively, production is delivered to the purchaser at a contractually agreed-upon delivery point where the purchaser takes custody, title and risk of loss of the product. Under this arrangement, a third party is paid to transport the product and Devon receives a specified index price from the purchaser with no transportation deduction. In this scenario, revenue is recognized when control transfers to the purchaser at the delivery point based on the price received from the purchaser. The

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

third-party costs are recorded as gathering, processing and transportation expense as a component of production expenses in the consolidated statements of comprehensive earnings.

Natural gas and NGL sales

Under Devon's natural gas processing contracts, natural gas is delivered to a midstream processing entity at the wellhead or the inlet of the midstream processing entity's system. The midstream processing entity gathers and processes the natural gas and remits proceeds for the resulting sales of NGLs and residue gas. In these scenarios, Devon evaluates whether it is the principal or the agent in the transaction. Devon has concluded it is the principal under these contracts and the ultimate third party is the customer. Revenue is recognized on a gross basis, with gathering, processing and transportation fees presented as a component of production expenses in the consolidated statements of comprehensive earnings.

In certain natural gas processing agreements, Devon may elect to take residue gas and/or NGLs in-kind at the tailgate of the midstream entity's processing plant and subsequently market the product. Through the marketing process, the product is delivered to the ultimate third-party purchaser at a contractually agreed-upon delivery point, and Devon receives a specified index price from the purchaser. In this scenario, revenue is recognized when control transfers to the purchaser at the delivery point based on the index price received from the purchaser. The gathering, processing and compression fees attributable to the gas processing contract, as well as any transportation fees incurred to deliver the product to the purchaser, are presented as gathering, processing and transportation expense as a component of production expenses in the consolidated statements of comprehensive earnings.

Marketing Revenues

Marketing revenues are generated primarily as a result of Devon selling commodities purchased from third parties. Marketing revenues are recognized when performance obligations are satisfied. This occurs at the time contract-specified products are sold to third parties at a contractually fixed or determinable price, delivery occurs at a specified point or performance has occurred, control has transferred and collectability of the revenue is probable. The transaction price used to recognize revenue and invoice customers is based on a contractually stated fee or on a third party published index price plus or minus a known differential. Devon typically receives payment for invoiced amounts within 30 days. Marketing revenues and expenses attributable to oil, gas and NGL purchases are reported on a gross basis when Devon takes control of the products and has risks and rewards of ownership.

Midstream Revenues

Midstream revenues are generated as a result of Devon providing gathering, transportation, compression and dehydration services for other producers' oil and natural gas production. Devon evaluates whether it is the principal or agent in these transactions. Under the terms of these gathering, transportation, compression and dehydration contracts, Devon has concluded it is the agent as title to the oil and gas production remains with the third-party producer. Revenue is recognized on a net basis since Devon is strictly providing a service. Costs to maintain Devon's assets are presented as marketing and midstream expenses in the consolidated statements of comprehensive earnings. Revenue is recognized for sales at the time the gathering, transportation, compression and dehydration service has been rendered or performed.

Satisfaction of Performance Obligations and Revenue Recognition

Because Devon has a right to consideration from its customers in amounts that correspond directly to the value that the customer receives from the performance completed on each contract, Devon recognizes revenue for sales at the time the crude oil, natural gas or NGLs are delivered at a fixed or determinable price.

Transaction Price Allocated to Remaining Performance Obligations

Most of Devon's contracts are short-term in nature with a contract term of one year or less. Devon applies the practical expedient exempting the disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For contracts with terms greater than one year, Devon applies the practical expedient exempting the disclosure of the transaction price allocated to remaining performance

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

obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under Devon's contracts, each unit of product typically represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Contract Balances

Cash received relating to future performance obligations is deferred and recognized when all revenue recognition criteria are met. Contract liabilities generated from such deferred revenue are not considered material as of December 31, 2025. Devon's product sales and marketing contracts do not give rise to contract assets.

Disaggregation of Revenue

The following table presents revenue from contracts with customers that are disaggregated based on the type of good.

	Year Ended December 31,		
	2025	2024	2023
Oil	\$ 8,906	\$ 9,368	\$ 8,879
Gas	842	398	703
NGL	1,475	1,410	1,209
Oil, gas and NGL sales	11,223	11,176	10,791
Oil	3,580	3,405	3,018
Gas	1,010	517	572
NGL	973	821	759
Marketing and midstream revenues	5,563	4,743	4,349
Total revenues from contracts with customers	\$ 16,786	\$ 15,919	\$ 15,140

Customers

For the year ended December 31, 2025 and the year ended December 31, 2024, no customer accounted for more than 10% of Devon's sales revenue. For the year ended December 31, 2023, sales to two customers accounted for approximately 14% and 10% of Devon's sales revenue.

If any one of Devon's major customers were to stop purchasing our production, the Company believes there are a number of other purchasers to whom the company could sell Devon's production. If multiple significant customers were to discontinue purchasing Devon's production abruptly, the Company believes it would have the resources needed to access alternative customers or markets and avoid or materially mitigate associated sales disruptions.

Derivative Financial Instruments

Devon is exposed to certain risks relating to its ongoing business operations, including risks related to commodity prices and interest rates. As discussed more fully below, Devon uses derivative instruments primarily to manage commodity price risk. Devon does not intend to issue or hold derivative financial instruments for speculative trading purposes.

Devon enters into derivative financial instruments with respect to a portion of its oil, gas and NGL production to hedge future prices received. Additionally, Devon periodically enters into derivative financial instruments with respect to a portion of its oil, gas and NGL marketing activities. These instruments are used to manage the inherent uncertainty of future revenues resulting from commodity price volatility. Devon's derivative financial instruments typically include financial price swaps, basis swaps and costless price collars. Under the terms of the price swaps, Devon receives a fixed price for its production and pays a variable market price to the contract counterparty. For the basis swaps, Devon receives a fixed differential between two regional index prices and pays a variable differential on the same two index prices to the contract counterparty. For price collars, Devon utilizes two-way and three-way price collars. The two-way price collars set a floor and ceiling price for the hedged production. If the applicable monthly price

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

indices are outside of the ranges set by the floor and ceiling prices in the various collars, Devon will cash-settle the difference with the counterparty. The three-way price collars consist of a two-way collar with an additional short put option sold by Devon. These contracts cash-settle similarly to the two-way collars unless the market price falls below the additional short put, causing the company to receive the market price plus the long put to short put price differential.

All derivative financial instruments are recognized at their current fair value as either assets or liabilities on the consolidated balance sheets. Amounts related to contracts allowed to be netted upon payment subject to a master netting arrangement with the same counterparty are reported on a net basis in the balance sheets. Changes in the fair value of these derivative financial instruments are recorded in earnings unless specific hedge accounting criteria are met. For derivative financial instruments held during the three-year period ended December 31, 2025, Devon chose not to meet the necessary criteria to qualify its derivative financial instruments for hedge accounting treatment. Cash settlements with counterparties on Devon's derivative financial instruments are also recorded in earnings.

By using derivative financial instruments to hedge exposures to changes in commodity prices, Devon is exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. To mitigate this risk, the hedging instruments are placed with a number of counterparties whom Devon believes are acceptable credit risks. It is Devon's policy to enter into derivative contracts only with investment-grade rated counterparties deemed by management to be competent and competitive market makers. Additionally, Devon's derivative contracts generally require cash collateral to be posted if either its or the counterparty's credit rating falls below certain credit rating levels. As of December 31, 2025, Devon held no cash collateral of its counterparties nor posted collateral to its counterparties.

General and Administrative Expenses

G&A is reported net of amounts reimbursed by working interest owners of the oil and gas properties operated by Devon.

Share-Based Compensation

Devon grants share-based awards to members of its Board of Directors, management and employees. All such awards are measured at fair value on the date of grant and are generally recognized as a component of G&A in the accompanying consolidated statements of comprehensive earnings over the applicable requisite service periods.

Generally, Devon uses new shares from approved incentive programs to grant share-based awards and to issue shares upon stock option exercises. Shares repurchased under approved programs are generally available to be issued as part of Devon's share-based awards. However, Devon has historically canceled these shares upon repurchase.

Income Taxes

Devon is subject to current income taxes assessed by the federal and various state jurisdictions in the U.S. and by other foreign jurisdictions. In addition, Devon accounts for deferred income taxes related to these jurisdictions using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are also recognized for the future tax benefits attributable to the expected utilization of existing tax net operating loss carryforwards and other types of carryforwards. If the future utilization of some portion of the deferred tax assets is determined to be unlikely, a valuation allowance is provided to reduce the recorded tax benefits from such assets. Devon periodically weighs the positive and negative evidence to determine if it is more likely than not that some or all of the deferred tax assets will be realized. Forming a conclusion that a valuation allowance is not required is difficult when there is significant negative evidence, such as cumulative losses in recent years.

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

Devon recognizes the financial statement effects of tax positions when it is more likely than not, based on the technical merits, that the position will be sustained upon examination by a taxing authority. Recognized tax positions are initially and subsequently measured as the largest amount of tax benefit that is more likely than not of being realized upon ultimate settlement with a taxing authority. Liabilities for unrecognized tax benefits related to such tax positions are included in other long-term liabilities unless the tax position is expected to be settled within the upcoming year, in which case the liabilities are included in other current liabilities. Interest and penalties related to unrecognized tax benefits are included in current income tax expense.

Devon estimates its annual effective income tax rate in recording its provision for income taxes in the various jurisdictions in which it operates. Statutory tax rate changes and other significant or unusual items are recognized as discrete items in the period in which they occur.

Net Earnings Per Share Attributable to Devon

Devon's basic earnings per share amounts have been computed based on the average number of shares of common stock outstanding for the period. Devon applies the two-class method to stock awards deemed to be participating securities. The two-class method requires allocating net earnings to both common shares and participating securities based on their respective rights to receive dividends. Diluted earnings per share is calculated using the treasury stock method to reflect the assumed issuance of common shares for all potentially dilutive securities. Such securities primarily consist of unvested restricted stock awards and unvested performance share units.

Cash, Cash Equivalents and Restricted Cash

Devon considers all highly liquid investments with original contractual maturities of three months or less to be cash equivalents. Devon also considers cash balances subject to legal and contractual restrictions as restricted cash.

Accounts Receivable

Devon's accounts receivable balance primarily consists of oil and gas sales receivables, marketing and midstream revenue receivables and joint interest receivables. Devon does not require collateral security for joint interest receivables.

Devon records an allowance for credit losses based on a forward-looking "expected loss" model. Credit risk is assessed by class of account type, which includes cash equivalents and oil and gas, marketing and midstream, joint interest and other accounts receivable. These classes are further evaluated using a probability-weighted scenario assessment based on historical losses and a probability of future default. This evaluation is supported by an assessment of risk factors such as the age of the receivable, current macro-economic conditions, credit rating of the counterparty and our historical loss rate.

Inventory

Devon's inventories primarily consist of oil and NGL inventory and equipment inventory. Oil and NGL inventory are recorded at weighted average cost and carried at the lower of cost or net realizable value. Equipment inventory is valued at weighted average cost and reviewed periodically for obsolescence or impairment when market conditions indicate.

Property and Equipment

Oil and Gas Property and Equipment

Devon follows the successful efforts method of accounting for its oil and gas properties. Exploration costs, such as exploratory geological and geophysical costs, and costs associated with nonproductive exploratory wells, delay rentals and exploration overhead are charged against earnings as incurred. Costs of drilling successful exploratory wells along with acquisition costs and the costs of drilling development wells, including those that are unsuccessful, are capitalized. Devon groups its oil and gas properties with a common geological structure or stratigraphic condition ("common operating field") for purposes of computing DD&A, assessing proved property impairments and accounting for asset dispositions.

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

Exploratory drilling costs and exploratory-type stratigraphic test wells are initially capitalized, or suspended, pending the determination of proved reserves. If proved reserves are found, drilling costs remain capitalized as proved properties. Costs of unsuccessful wells are charged to exploration expense. For exploratory wells that find reserves that cannot be classified as proved when drilling is completed, costs continue to be capitalized as suspended exploratory well costs if there have been sufficient reserves found to justify completion as a producing well and sufficient progress is being made in assessing the reserves and the economic and operating viability of the project. If management determines that future appraisal drilling or development activities are unlikely to occur, associated suspended exploratory well costs are expensed. In some instances, this determination may take longer than one year. Devon reviews the status of all suspended exploratory drilling costs quarterly.

Capitalized costs of proved oil and gas properties are depleted by an equivalent unit-of-production method, converting gas to oil at the ratio of six Mcf of gas to one Bbl of oil. Proved leasehold acquisition costs, less accumulated amortization, are depleted over total proved reserves, which includes proved undeveloped reserves. Capitalized costs of wells and related equipment and facilities, including estimated asset retirement costs, net of estimated salvage values and less accumulated amortization are depreciated over proved developed reserves associated with those capitalized costs. Depletion is calculated by applying the DD&A rate (amortizable base divided by beginning of period proved reserves) to current period production.

Costs associated with unproved properties are excluded from the depletion calculation until it is determined whether or not proved reserves can be assigned to such properties. Devon assesses its unproved properties for impairment annually, or more frequently if events or changes in circumstances dictate that the carrying value of those assets may not be recoverable. Significant unproved properties are assessed individually.

Proved properties are assessed for impairment when events or changes in circumstances dictate that the carrying value of those assets may not be recoverable. Individual assets are grouped for impairment purposes based on a common operating field. If there is an indication the carrying amount of an asset may not be recovered, the asset is assessed for potential impairment by management through an established process. If, upon review, the sum of the undiscounted pre-tax reserve cash flows is less than the carrying value of the asset, the carrying value is written down to estimated fair value. Because there is usually a lack of quoted market prices for long-lived assets, the fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants or by comparable transactions. The expected future cash flows used for impairment reviews and related fair value calculations are typically based on judgmental assessments of future production volumes, commodity prices, operating costs, and capital investment plans, considering all available information at the date of review.

Gains or losses are recorded for sales or dispositions of oil and gas properties which constitute an entire common operating field or which result in a significant alteration of the common operating field's DD&A rate. These gains and losses are classified as asset dispositions in the accompanying statements of comprehensive earnings. Partial common operating field sales or dispositions deemed not to significantly alter the DD&A rates are generally accounted for as adjustments to capitalized costs with no gain or loss recognized.

Devon capitalizes interest costs incurred that are attributable to material unproved oil and gas properties and major development projects of oil and gas properties.

Other Property and Equipment

Costs for midstream assets that are in use are depreciated over the assets' estimated useful lives, using the straight-line method. Depreciation and amortization of other property and equipment, including corporate and leasehold improvements, are provided using the straight-line method based on estimated useful lives ranging from three to 60 years. Interest costs incurred and attributable to major corporate construction projects are also capitalized.

Asset Retirement Obligations

Devon recognizes liabilities for retirement obligations associated with tangible long-lived assets, such as producing well sites when there is a legal obligation associated with the retirement of such assets and the amount can be reasonably estimated. The initial measurement of an asset retirement obligation is recorded as a liability at its fair value, with an offsetting asset retirement cost recorded as an increase to the associated property and equipment on the consolidated balance sheet unless the associated asset has already been disposed. When the assumptions used to estimate a recorded asset retirement obligation change, a revision is recorded to

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

both the asset retirement obligation and the asset retirement cost. Devon's asset retirement obligations also include estimated environmental remediation costs which arise from normal operations and are associated with the retirement of such long-lived assets. The asset retirement cost is depreciated using a systematic and rational method similar to that used for the associated property and equipment.

Leases

Devon establishes right-of-use assets and lease liabilities on the consolidated balance sheet for all leases with a term longer than 12 months. Devon's right-of-use operating lease assets are for certain leases related to real estate, drilling rigs and other equipment related to the exploration, development and production of oil and gas. Devon's right-of-use financing lease assets primarily relate to real estate and equipment utilized in the exploration, development and production of oil and gas. Certain of Devon's lease agreements include variable payments based on usage or rental payments adjusted periodically for inflation.

Goodwill

Goodwill represents the excess of the purchase price of business combinations over the fair value of the net assets acquired and is tested for impairment annually, or more frequently if events or changes in circumstances dictate that the carrying value of goodwill may not be recoverable. Such test includes a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, then a quantitative goodwill impairment test is performed. The quantitative goodwill impairment test requires the fair value of the reporting unit be compared to the carrying value of the reporting unit. If the fair value of the reporting unit is less than the carrying value, an impairment charge will be recognized for the amount by which the carrying amount exceeds the fair value. The fair value of the reporting unit is estimated based upon market capitalization, comparable transactions of similar companies and premiums paid.

Devon performed impairment tests of goodwill in the fourth quarters of 2025, 2024 and 2023. No impairment was required as a result of the annual tests in these time periods.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Liabilities for environmental remediation or restoration claims resulting from allegations of improper operation of assets are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. Expenditures related to such environmental matters are expensed or capitalized in accordance with Devon's accounting policy for property and equipment.

Fair Value Measurements

Certain of Devon's assets and liabilities are measured at fair value at each reporting date. Fair value represents the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants. This price is commonly referred to as the "exit price." Fair value measurements are classified according to a hierarchy that prioritizes the inputs underlying the valuation techniques. This hierarchy consists of three broad levels:

- Level 1 – Inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. When available, Devon measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.
- Level 2 – Inputs consist of quoted prices that are generally observable for the asset or liability. Common examples of Level 2 inputs include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in markets not considered to be active.
- Level 3 – Inputs are not observable from objective sources and have the lowest priority. The most common Level 3 fair value measurement is an internally developed cash flow model.

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

Noncontrolling Interests

Noncontrolling interests represent third-party ownership in the net assets of Devon's consolidated subsidiaries and are presented as a component of equity. Changes in Devon's ownership interests in subsidiaries that do not result in deconsolidation are recognized in equity.

Recently Adopted Accounting Standards

Beginning in this Annual Report on Form 10-K, Devon adopted ASU 2023-09, Improvements to Income Tax Disclosures. ASU 2023-09 provides investors with enhanced information about an entity's income taxes by requiring disclosure of items such as disaggregation of the effective tax rate reconciliation as well as information regarding income taxes paid. See [Note 6](#) for Devon's disclosure.

Recently Issued Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses. ASU 2024-03 requires disclosures about specific types of expenses included in the expense captions presented on the face of the statement of operations as well as disclosures about selling expenses. This ASU will result in additional disclosures for Devon beginning with its 2027 annual reporting and interim periods beginning in 2028.

2. Acquisitions and Divestitures

Grayson Mill Acquisition

On September 27, 2024, Devon completed its acquisition of the Williston Basin business of Grayson Mill for total consideration of approximately \$5.0 billion, consisting of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock, including purchase price adjustments. Devon funded the cash portion of the purchase price through cash on hand and debt financing. For additional information regarding the debt financing, see [Note 13](#).

Purchase Price Allocation

This transaction was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the assets and liabilities of Grayson Mill and its subsidiaries were recorded at their respective fair values as of the date of completion of the acquisition and added to Devon's. Determining the fair value of the assets and liabilities of Grayson Mill required judgment and certain assumptions to be made, the most significant of these being related to the valuation of Grayson Mill's oil and gas properties. The inputs and assumptions related to the oil and gas properties were categorized as level 3 in the fair value hierarchy.

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

The following table represents the final allocation of the total purchase price of Grayson Mill to the identifiable assets acquired and the liabilities assumed based on the fair values as of the acquisition date.

	Final Purchase Price Allocation
Consideration:	
Devon common stock issued	37.3
Devon closing price on September 27, 2024	\$ 38.96
Total common equity consideration	\$ 1,455
Cash consideration	3,567
Total consideration	\$ 5,022
Assets acquired:	
Cash, cash equivalents and restricted cash	\$ 147
Accounts receivable	219
Inventory	44
Other current assets	9
Proved oil and gas property and equipment	3,056
Unproved oil and gas property and equipment	1,771
Other property and equipment, net	210
Right-of-use assets	29
Total assets acquired	\$ 5,485
Liabilities assumed:	
Accounts payable	\$ 145
Revenue and royalties payable	209
Other current liabilities	16
Asset retirement obligations	75
Lease liabilities	18
Total liabilities assumed	463
Net assets acquired	\$ 5,022

Pro Forma Financial Information

The following unaudited pro forma financial information is based on our historical consolidated financial statements adjusted to reflect as if the Grayson Mill acquisition had occurred on January 1, 2023. The information below reflects pro forma adjustments to conform Grayson Mill's historical financial information to Devon's financial statement presentation. The unaudited pro forma financial information is not necessarily indicative of what would have occurred if the acquisition had been completed as of the beginning of the periods presented, nor is it indicative of future results.

	Year Ended December 31,	
	2024	2023
	(Unaudited)	
Total revenues	\$ 17,930	\$ 17,483
Net earnings	\$ 3,166	\$ 4,083

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

Asset Exchange

On April 1, 2025, Devon and BPX Energy dissolved their partnership and divided their acreage in the Eagle Ford Blackhawk field located in Texas' DeWitt County, resulting in increased operational flexibility for both parties. The assets exchanged were in close proximity and shared similar geological characteristics. The transaction was accounted for as an equal, non-monetary exchange, as it did not result in a significant change to the risks, expected future cash flows or the timing of those cash flows, and therefore was determined to lack commercial substance. As a result, the new acreage and underlying property costs were recorded at the historical cost of the assets exchanged.

Divestiture of Matterhorn Investment

During 2025, Devon sold its investment in Matterhorn for \$409 million and recognized a pre-tax gain of \$342 million (\$266 million, net of tax), which was recorded to asset dispositions on the accompanying consolidated statements of comprehensive earnings.

Contingent Earnout Payments

Devon was entitled to contingent earnout payments associated with the sale of its Barnett Shale assets in 2020 with upside participation beginning at a \$2.75 Henry Hub natural gas price or a \$50 WTI oil price. The contingent payment period commenced on January 1, 2021, and had a term of four years. Devon received \$20 million in contingent earnout payments related to this transaction in the first quarters of 2025 and 2024 and \$65 million in the first quarter of 2023.

Devon also received \$4 million in contingent earnout payments in the first quarter of 2023 related to the sale of non-core assets in the Rockies which occurred in 2021.

Pending Merger

On February 1, 2026, Devon, Coterra and Merger Sub entered into the Merger Agreement, providing for an all-stock merger of equals. Coterra is an oil and gas exploration and production company with assets in the Delaware Basin in Texas and New Mexico, Marcellus Shale in Pennsylvania and the Anadarko Basin in Oklahoma. On the closing date of the Merger, each share of Coterra common stock will be automatically converted into the right to receive 0.70 of a share of Devon common stock. No fractional shares of Devon's common stock will be issued in the Merger, and holders of shares of Coterra common stock will, instead, receive cash in lieu of fractional shares of Devon common stock, if any. The Merger has been unanimously approved by the boards of directors of Devon and Coterra and remains subject to the approval of Coterra shareholders, and the issuance of shares of Devon common stock in the Merger remains subject to the approval of Devon shareholders. The Merger is expected to close in the second quarter of 2026, subject to shareholder and regulatory approvals and other customary closing conditions.

3. Derivative Financial Instruments

Commodity Derivatives

As of December 31, 2025, Devon had the following open oil derivative positions. The first table presents Devon's oil derivatives that settle against the average of the prompt month NYMEX WTI futures price. The second table presents Devon's oil derivatives that settle against the respective indices noted within the table.

Period	Three-Way Price Collars				Weighted Average Ceiling Price (\$/Bbl)
	Volume (Bbls/d)	Weighted Average Floor Sold Price (\$/Bbl)	Weighted Average Floor Purchased Price (\$/Bbl)		
Q1-Q4 2026	103,529	\$ 49.73	\$ 59.85	\$	71.54
Q1-Q4 2027	6,942	\$ 47.64	\$ 57.64	\$	65.84

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

Oil Basis Swaps			
Period	Index	Volume (Bbls/d)	Weighted Average Differential to WTI (\$/Bbl)
Q1-Q4 2026	Midland Sweet	46,000	\$ 1.10
Q1-Q4 2026	NYMEX Roll	23,803	\$ 0.10
Q1-Q4 2027	Midland Sweet	16,000	\$ 1.04

As of December 31, 2025, Devon had the following open natural gas derivative positions. The first table presents Devon's natural gas derivatives that settle against the Inside FERC first of the month Henry Hub index. The second table presents Devon's natural gas derivatives that settle against the respective indices noted within the table.

Price Swaps			Price Collars		
Period	Volume (MMBtu/d)	Weighted Average Price (\$/MMBtu)	Volume (MMBtu/d)	Weighted Average Floor Price (\$/MMBtu)	Weighted Average Ceiling Price (\$/MMBtu)
Q1-Q4 2026	247,500	\$ 3.80	220,000	\$ 3.24	\$ 4.92

Natural Gas Basis Swaps			
Period	Index	Volume (MMBtu/d)	Weighted Average Differential to Henry Hub (\$/MMBtu)
Q1-Q4 2026	Houston Ship Channel	50,000	\$ (0.29)
Q1-Q4 2026	WAHA	150,000	\$ (1.79)

Financial Statement Presentation

All derivative financial instruments are recognized at their current fair value as either assets or liabilities on the consolidated balance sheets. Amounts related to contracts allowed to be netted upon payment subject to a master netting arrangement with the same counterparty are reported on a net basis on the consolidated balance sheets. The table below presents a summary of these positions as of December 31, 2025 and 2024.

	December 31, 2025			December 31, 2024			Balance Sheet Classification
	Gross Fair Value	Amounts Netted	Net Fair Value	Gross Fair Value	Amounts Netted	Net Fair Value	
Commodity derivatives:							
Short-term derivative asset	\$ 199	\$ (7)	\$ 192	\$ 78	\$ (23)	\$ 55	Other current assets
Long-term derivative asset	2	—	2	5	(4)	1	Other long-term assets
Short-term derivative liability	(8)	7	(1)	(37)	23	(14)	Other current liabilities
Long-term derivative liability	—	—	—	(23)	4	(19)	Other long-term liabilities
Total derivative asset	<u>\$ 193</u>	<u>\$ —</u>	<u>\$ 193</u>	<u>\$ 23</u>	<u>\$ —</u>	<u>\$ 23</u>	

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

4. Share-Based Compensation

In 2022, Devon's stockholders approved the 2022 Plan, which replaced the 2017 Plan. From the effective date of the 2022 Plan, no further awards may be made under the 2017 Plan; however, awards previously granted will continue to be governed by the terms of the respective award documents. The 2022 Plan authorizes the grant of nonqualified and incentive stock options, restricted stock awards or units and stock appreciation rights to eligible employees. Restricted stock awards or restricted stock units granted under the 2022 Plan may be subject to performance-based conditions. The 2022 Plan also authorizes the grant of nonqualified stock options, restricted stock awards or units and stock appreciation rights to non-employee directors. To calculate the number of shares that may be granted in awards under the 2022 Plan, options and stock appreciation rights represent one share and other awards represent 1.74 shares.

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

	Year Ended December 31,					
	2025		2024		2023	
G&A	\$	89	\$	98	\$	92
Exploration expenses		1		1		1
Restructuring and transaction costs		9		—		—
Total	\$	99	\$	99	\$	93
Related income tax benefit	\$	16	\$	25	\$	34

The following table presents a summary of Devon's unvested restricted stock awards and units and performance share units granted under the plans.

	Restricted Stock Awards & Units		Performance Share Units	
	Awards/Units	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value
		(Thousands, except fair value data)		
Unvested at 12/31/24	4,107	\$ 45.31	1,179	\$ 67.38
Granted	2,679	\$ 34.11	510	\$ 45.92
Vested	(1,897)	\$ 41.21	(272)	\$ 68.68
Forfeited	(236)	\$ 40.22	(124)	\$ 65.47
Unvested at 12/31/25	4,653	\$ 40.79	1,293 ⁽¹⁾	\$ 58.82

(1) A maximum of 2.6 million common shares could be awarded based upon Devon's final TSR ranking.

The following table presents the aggregate fair value of awards and units that vested during the indicated period.

	2025	2024	2023
Restricted Stock Awards and Units	\$ 62	\$ 82	\$ 172
Performance Share Units	\$ 9	\$ 52	\$ 66

The following table presents the unrecognized compensation cost and the related weighted average recognition period associated with unvested awards and units as of December 31, 2025.

	Restricted Stock Awards/Units	Performance Share Units
Unrecognized compensation cost	\$ 109	\$ 18
Weighted average period for recognition (years)	2.5	1.9

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

Restricted Stock Awards and Units

Restricted stock awards and units are subject to the terms, conditions, restrictions and limitations, if any, that the Compensation Committee deems appropriate, including restrictions on continued employment. Generally, the service requirement for vesting ranges from one to four years. Dividends declared during the vesting period with respect to restricted stock awards and units will not be paid until the underlying award vests. Devon estimates the fair values of restricted stock awards and units as the closing price of Devon's common stock on the grant date of the award, which is expensed over the applicable vesting period.

Performance Share Units

Performance share units are granted to certain members of Devon's management and employees. Each unit that vests entitles the recipient to one share of Devon common stock. The vesting of these units is based on comparing Devon's TSR to the TSR of a predetermined group of peer companies and certain indices over the specified three-year performance period. Subject to certain limits, the vesting of units may be between zero and 200% of the units granted depending on Devon's TSR as compared to the peer group as of the end of the performance period.

At vesting, recipients receive dividend equivalents with respect to the number of units vested. The fair value of each performance share unit is estimated as of the date of grant using a Monte Carlo simulation with the following assumptions used for all grants made under the plan: (i) a risk-free interest rate based on U.S. Treasury rates as of the grant date; (ii) a volatility assumption based on the historical realized price volatility of Devon and the designated peer group; and (iii) an estimated ranking of Devon among the designated peer group. The fair value of the unit on the date of grant is expensed over the applicable vesting period. The following table presents the assumptions related to performance share units granted.

	2025	2024	2023
Grant-date fair value	\$ 45.92	\$ 56.99	\$ 81.70
Risk-free interest rate	4.29%	4.28%	4.15%
Volatility factor	38.70%	46.03%	61.43%
Contractual term (years)	2.89	2.89	2.89

5. Asset Impairments

In the first quarter of 2025, Devon rationalized two headquarters-related real estate assets, triggering assets held for sale and recording asset impairments of \$254 million. Both transactions closed in the first quarter of 2025 and generated aggregate sales proceeds of \$120 million.

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

6. Income Taxes

Income Tax Expense

The following table presents Devon's income tax expense.

	Year Ended December 31,		
	2025	2024	2023
Earnings (loss) before income taxes:			
U.S.	\$ 3,474	\$ 3,721	\$ 4,609
Canada	(8)	(9)	14
Total earnings before income taxes	<u>\$ 3,466</u>	<u>\$ 3,712</u>	<u>\$ 4,623</u>
Current income tax expense (benefit):			
U.S. federal	\$ 285	\$ 427	\$ 441
Various states	16	32	27
Canada	—	—	(3)
Total current income tax expense	<u>301</u>	<u>459</u>	<u>465</u>
Deferred income tax expense:			
U.S. federal	406	267	365
Various states	78	44	11
Total deferred income tax expense	<u>484</u>	<u>311</u>	<u>376</u>
Total income tax expense (benefit):			
U.S. federal	691	694	806
Various states	94	76	38
Canada	—	—	(3)
Total income tax expense	<u>\$ 785</u>	<u>\$ 770</u>	<u>\$ 841</u>

Total income tax expense differed from the amounts computed by applying the U.S. federal income tax rate to earnings before income taxes as a result of the following:

	Year Ended December 31,					
	2025		2024		2023	
U.S. federal statutory tax rate	\$ 728	21%	\$ 780	21%	\$ 971	21%
U.S. federal:						
Tax credits	(32)	(1%)	(85)	(2%)	(133)	(3%)
Nontaxable and nondeductible items	2	—	(13)	—	(15)	—
Effect of changes in tax laws or rates	8	—	—	—	—	—
Other	(3)	—	4	—	(17)	(1%)
U.S. state income taxes ⁽¹⁾	74	3%	60	2%	30	1%
Foreign tax effects	2	—	2	—	(6)	—
Changes in unrecognized tax benefits	6	—	22	—	11	—
Effective income tax rate	<u>\$ 785</u>	<u>23%</u>	<u>\$ 770</u>	<u>21%</u>	<u>\$ 841</u>	<u>18%</u>

(1) State taxes in North Dakota, New Mexico, and Texas made up the majority (greater than 50%) of the tax effect in this category.

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

On July 4, 2025, OBBB was signed into law. In addition to other provisions, OBBB includes permanent reinstatement of 100% bonus depreciation and the expensing of domestic research costs beginning in 2025 and allows for the deduction of intangible drilling costs as part of the computation of the CAMT beginning in 2026. Accordingly, Devon's 2025 income tax expense included a current tax benefit of approximately \$215 million and a corresponding deferred tax expense associated with the deferral of income taxes resulting from the enactment of OBBB.

Income Taxes Paid

The following table presents the components of Devon's income taxes paid or refunded.

	Year Ended December 31,		
	2025	2024	2023
U.S. federal	\$ 149	\$ 439	\$ 350
Various states:			
New Mexico	5	20	28
Texas	22	11	23
North Dakota	10	12	1
Other	—	—	1
Subtotal	37	43	53
Canada	—	(2)	(3)
Total	<u>\$ 186</u>	<u>\$ 480</u>	<u>\$ 400</u>

Deferred Tax Assets and Liabilities

The following table presents the tax effects of temporary differences that gave rise to Devon's deferred tax assets and liabilities.

	December 31,	
	2025	2024
Deferred tax assets:		
Capital loss carryforwards	\$ 522	\$ 497
Net operating loss carryforwards	375	428
Accrued liabilities	219	191
Asset retirement obligations	206	181
CAMT credit	179	—
Other	18	28
Total deferred tax assets before valuation allowance	1,519	1,325
Less: valuation allowance	(829)	(794)
Net deferred tax assets	690	531
Deferred tax liabilities:		
Property and equipment	(3,251)	(2,669)
Other	(66)	(10)
Total deferred tax liabilities	(3,317)	(2,679)
Net deferred tax liability	<u>\$ (2,627)</u>	<u>\$ (2,148)</u>

At December 31, 2025, Devon has recognized \$375 million of deferred tax assets related to various net operating loss carryforwards available to offset future taxable income. Devon has \$38 million of U.S. federal net operating loss carryforwards which do not expire. Devon has \$14 million of Canadian net operating loss carryforwards, all of which are covered by a valuation allowance. Devon also has \$323 million of state net operating loss carryforwards, with \$145 million expiring between 2027 and 2040, \$178 million with no expiration, and \$288 million of which are covered by a valuation allowance.

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

Devon's \$38 million U.S. federal net operating losses were acquired through the merger with WPX. These net operating losses are subject to limitation pursuant to Section 382 of the Internal Revenue Code of 1986, which relates to limitations upon the 50% or greater change of ownership of an entity during any three-year period. The Company anticipates utilizing these net operating losses prior to their expiration.

Devon's remaining Canadian deferred tax assets of \$527 million, primarily made up of \$515 million of capital losses, are fully covered by a valuation allowance.

Unrecognized Tax Benefits

The following table presents changes in Devon's unrecognized tax benefits.

	December 31,	
	2025	2024
	(Millions)	
Balance at beginning of year	\$ 105	\$ 83
Tax positions taken in prior periods	10	22
Settlements	(4)	—
Balance at end of year	<u>\$ 111</u>	<u>\$ 105</u>

Devon's unrecognized tax benefit balance at December 31, 2025 and 2024 included \$18 million and \$12 million, respectively, of interest. At December 31, 2025 and 2024, there were \$111 million and \$105 million, respectively, of current unrecognized tax benefits that if recognized would affect the annual effective tax rate.

Included below is a summary of the tax years, by jurisdiction, that remain subject to examination by taxing authorities.

Jurisdiction	Tax Years Open
U.S. federal	2018-2025
Various U.S. states	2021-2025
Canada	2006-2025

Certain statute of limitation expirations are scheduled to occur in the next twelve months. Devon is currently in various stages of the audit and administrative review process for certain open tax years.

7. Net Earnings Per Share

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

	Year Ended December 31,		
	2025	2024	2023
Net earnings available to common shareholders - basic and diluted	\$ 2,642	\$ 2,891	\$ 3,747
Common shares:			
Average common shares outstanding - basic	632	632	639
Dilutive effect of potential common shares issuable	1	2	3
Average common shares outstanding - diluted	<u>633</u>	<u>634</u>	<u>642</u>
Net earnings per share available to common shareholders:			
Basic	\$ 4.18	\$ 4.58	\$ 5.86
Diluted	\$ 4.17	\$ 4.56	\$ 5.84

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

8. Other Comprehensive Earnings (Loss)

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

	Year Ended December 31,		
	2025	2024	2023
Pension and postretirement benefit plans:			
Beginning accumulated pension and postretirement benefits	\$ (122)	\$ (124)	\$ (116)
Net actuarial gain (loss) and prior service cost arising in current year	(6)	(3)	(15)
Recognition of net actuarial loss and prior service cost in earnings ⁽¹⁾	6	6	5
Income tax benefit (expense)	—	(1)	2
Accumulated other comprehensive loss, net of tax	<u>\$ (122)</u>	<u>\$ (122)</u>	<u>\$ (124)</u>

- (1) Recognition of net actuarial loss and prior service cost are included in the computation of net periodic benefit cost, which is a component of other, net in the accompanying consolidated statements of comprehensive earnings. See [Note 16](#) for additional details.

9. Supplemental Information to Statements of Cash Flows

	Year Ended December 31,		
	2025	2024	2023
Changes in assets and liabilities, net:			
Accounts receivable	\$ 183	\$ (170)	\$ 191
Other current assets	(54)	(46)	95
Other long-term assets	(128)	12	(36)
Accounts payable and revenues and royalties payable	25	(32)	(335)
Other current liabilities	99	26	(50)
Other long-term liabilities	26	(7)	(9)
Total	<u>\$ 151</u>	<u>\$ (217)</u>	<u>\$ (144)</u>
Supplementary cash flow data:			
Interest paid	\$ 509	\$ 366	\$ 378
Income taxes paid	\$ 186	\$ 480	\$ 400

As of December 31, 2025 and 2024, Devon had approximately \$360 million and \$340 million, respectively, of accrued capital expenditures included in total property and equipment, net and accounts payable on the consolidated balance sheets.

10. Accounts Receivable

Components of accounts receivable include the following:

	December 31, 2025	December 31, 2024
Oil, gas and NGL sales	\$ 865	\$ 1,130
Joint interest billings	245	341
Marketing and midstream revenues	669	465
Other	20	42
Gross accounts receivable	<u>1,799</u>	<u>1,978</u>
Allowance for doubtful accounts	<u>(7)</u>	<u>(6)</u>
Net accounts receivable	<u>\$ 1,792</u>	<u>\$ 1,972</u>

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

11. Property and Equipment

Capitalized Costs

The following table presents the aggregate capitalized costs related to Devon's oil and gas and non-oil and gas activities.

	December 31, 2025	December 31, 2024
Property and equipment:		
Proved	\$ 58,573	\$ 53,647
Unproved and properties under development	1,910	2,814
Total oil and gas	60,483	56,461
Less accumulated DD&A	(36,752)	(33,263)
Oil and gas property and equipment, net	23,731	23,198
Other property and equipment	2,624	2,671
Less accumulated DD&A	(936)	(858)
Other property and equipment, net	1,688	1,813
Property and equipment, net	\$ 25,419	\$ 25,011

Suspended Exploratory Well Costs

The following summarizes the changes in suspended exploratory well costs for the three years ended December 31, 2025.

	Year Ended December 31,		
	2025	2024	2023
Beginning balance	\$ 293	\$ 136	\$ 126
Additions pending determination of proved reserves	555	674	522
Charges to exploration expense	(1)	(1)	(1)
Reclassifications to proved properties	(624)	(516)	(511)
Ending balance	\$ 223	\$ 293	\$ 136

Devon had no projects with material suspended exploratory well costs capitalized for a period greater than one year since the completion of drilling as of December 31, 2025, 2024 and 2023.

12. Investments

WaterBridge

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

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

In the third quarter of 2025, Devon and its joint venture partner in the Water JV combined the Water JV with certain other companies to form WaterBridge, a water infrastructure business focused in the Delaware Basin, which ultimately completed an initial public offering. Devon received approximately 14% of the equity interests in WaterBridge in connection with these transactions. Devon accounts for its investment in WaterBridge under the equity method. As a result of the WaterBridge equity issued to third parties in the combination transaction and related initial public offering which were accretive, Devon's investment increased by approximately \$45 million, which was recorded to other, net in the accompanying consolidated statements of comprehensive earnings.

Catalyst

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

Fervo

In 2024, Devon invested approximately \$117 million in Fervo, a company that generates energy from geothermal wells. The investment allows Devon to exercise significant influence over Fervo, and the investment is accounted for under the equity method of accounting. Devon's investment in Fervo is shown within investments on the consolidated balance sheets, and Devon's share of Fervo earnings are reflected as a component of other, net in the accompanying consolidated statements of comprehensive earnings. In the fourth quarter of 2025, Devon invested an additional \$50 million in Fervo.

Matterhorn

Devon had an interest in Matterhorn, which was a joint venture in a natural gas pipeline. Devon's investment in Matterhorn did not give it the ability to exercise significant influence over Matterhorn. During 2025, Devon sold its investment in Matterhorn for \$409 million and recognized a pre-tax gain of \$342 million (\$266 million, net of tax), which was recorded to asset dispositions in the accompanying consolidated statements of comprehensive earnings.

Other

Devon has other investments largely focused on midstream, new technologies and other initiatives. Devon does not have the ability to exercise significant influence over these investments.

The following table presents Devon's investments that are shown on the consolidated balance sheet.

Investments	% Interest December 31, 2025	Carrying Amount	
		December 31, 2025	December 31, 2024
WaterBridge	14%	\$ 268	\$ 216
Catalyst	50%	247	273
Fervo	15%	162	115
Matterhorn	—	—	69
Other	Various	50	54
Total		<u>\$ 727</u>	<u>\$ 727</u>

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

As of December 31, 2025, Devon's investments in equity investees exceeded the underlying equity in net assets by approximately \$160 million. The basis differences primarily relate to intangible assets associated with Devon's acreage dedication to Catalyst, which are being amortized over the remaining term of 12 years.

Devon's investments provided certain gathering, processing and marketing services to Devon in the ordinary course of business. The impact from these services on Devon's consolidated statements of comprehensive earnings and consolidated balance sheets for the years ended and as of December 31, 2025, 2024 and 2023, respectively, relate primarily to Catalyst and are summarized below.

	Year ended December 31,		
	2025	2024	2023
Oil, gas and NGL sales	\$ 136	\$ 284	\$ 213
Production expenses	\$ 160	\$ 131	\$ 93
Accounts receivable	\$ —	\$ 18	\$ 11

13. Debt and Related Expenses

See below for a summary of debt instruments and balances. The notes, debentures and Term Loan reflected below are senior, unsecured obligations of Devon unless otherwise noted in the table below.

	December 31, 2025	December 31, 2024
5.85% due December 15, 2025	\$ —	\$ 485
7.50% due September 15, 2027 ⁽¹⁾	73	73
5.25% due October 15, 2027 ⁽²⁾	390	390
5.875% due June 15, 2028 ⁽²⁾	325	325
4.50% due January 15, 2030 ⁽²⁾	585	585
7.875% due September 30, 2031	675	675
7.95% due April 15, 2032	366	366
5.20% due September 15, 2034	1,250	1,250
5.60% due July 15, 2041	1,250	1,250
4.75% due May 15, 2042	750	750
5.00% due June 15, 2045	750	750
5.75% due September 15, 2054	1,000	1,000
Term Loan due September 25, 2026	1,000	1,000
Net premium on debentures and notes	23	37
Debt issuance costs	(48)	(53)
Total debt	\$ 8,389	\$ 8,883
Less amount classified as short-term debt	998	485
Total long-term debt	\$ 7,391	\$ 8,398

- (1) This instrument was assumed by Devon in April 2003 in conjunction with the merger with Ocean Energy. This instrument is the unsecured and unsubordinated obligation of Devon OEI Operating, L.L.C. and is guaranteed by Devon Energy Production Company, L.P. Each of these entities is a wholly-owned subsidiary of Devon.
- (2) These instruments were assumed by Devon in January 2021 in conjunction with the merger with WPX. Approximately \$27 million of these instruments remain the unsecured and unsubordinated obligation of WPX, a wholly-owned subsidiary of Devon.

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

Debt maturities as of December 31, 2025, excluding debt issuance costs, premiums and discounts, are as follows:

	Total
2026	\$ 1,000
2027	463
2028	325
2029	—
2030	585
Thereafter	6,041
Total	\$ 8,414

On or after the dates in the following schedule, Devon has the option to redeem the notes, in whole or in part, at the applicable redemption prices set forth in the indenture documents, plus accrued and unpaid interest thereon to the redemption date as more fully described in the indenture documents governing the notes to be redeemed. At any time prior to the dates in the following schedule, Devon has the option to redeem some or all of the notes at a specified “make whole” premium as described in such documents. Other than with respect to the notes identified in the schedule below, Devon's senior notes generally include more limited redemption provisions, such as “par call” rights near the maturity date or “make whole” redemption rights.

	Optional Redemption
5.25% due October 15, 2027	October 15, 2022
5.875% due June 15, 2028	June 15, 2023
4.50% due January 15, 2030	January 15, 2025

Credit Lines

Devon currently maintains a \$3.0 billion revolving Senior Credit Facility. In the first quarter of 2025, Devon exercised its option to extend the Senior Credit Facility maturity date from March 24, 2029 to March 24, 2030. Devon has the option to extend the March 24, 2030 maturity date by an additional year subject to lender consent. As of December 31, 2025, Devon had no outstanding borrowings under the Senior Credit Facility and had less than \$1.0 million in outstanding letters of credit under this facility. Interest rates on borrowings under the Senior Credit Facility are determined based on the applicable loan type elected by Devon and a pricing grid set forth in the credit agreement and vary according to the credit ratings of the Company. The Senior Credit Facility currently provides for an annual facility fee of approximately \$5 million.

The Senior Credit Facility contains only one material financial covenant. This covenant requires Devon's ratio of total funded debt to total capitalization, as defined in the credit agreement, to be no greater than 65%. Under the terms of the credit agreement, total capitalization is adjusted to add back non-cash financial write-downs such as impairments. As of December 31, 2025, Devon was in compliance with this covenant with a debt-to-capitalization ratio of 24.8%.

Commercial Paper

Devon's Senior Credit Facility supports its \$3.0 billion of short-term credit under its commercial paper program. Commercial paper debt generally has a maturity of between 1 and 90 days, although it can have a maturity of up to 365 days, and bears interest at rates agreed to at the time of the borrowing. As of December 31, 2025, Devon had no outstanding commercial paper borrowings.

Term Loan Credit Agreement

In August 2024, Devon entered into a delayed draw term loan credit agreement (the “Term Loan Credit Agreement”), providing for delayed draw term loans in an aggregate principal amount not to exceed \$2.0 billion, including a 364-day tranche of \$500 million and a two-year tranche of \$1.5 billion. On September 27, 2024, Devon borrowed \$1.0 billion on the two-year tranche (the “Term Loan”) to partially fund the closing of the Grayson Mill acquisition. In connection with the borrowing of the Term Loan, the undrawn commitments under the Term Loan Credit Agreement automatically terminated. The Term Loan bears interest at a rate based on term SOFR plus a spread adjustment that varies based on Devon's credit ratings. The interest rate on the Term Loan was 5.4% as of December 31, 2025.

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

The Term Loan Credit Agreement contains substantially the same financial covenant as the Senior Credit Facility. As of December 31, 2025, Devon was in compliance with this covenant with a debt-to-capitalization ratio of 24.8%.

Issuance of Senior Notes

In August 2024, Devon issued \$1.25 billion of 5.20% senior notes due 2034 and \$1.0 billion of 5.75% senior notes due 2054. Devon used the net proceeds to partially fund the Grayson Mill acquisition. For additional information, see [Note 2](#).

Retirement of Senior Notes

On September 15, 2025, Devon early redeemed the \$485 million of 5.85% senior notes due in December 2025 pursuant to the "par call" rights set forth in the indenture document.

On September 15, 2024, Devon repaid the \$472 million of 5.25% senior notes at maturity.

Net Financing Costs

The following schedule includes the components of net financing costs.

	Year Ended December 31,		
	2025	2024	2023
Net financing costs:			
Interest based on debt outstanding	\$ 497	\$ 401	\$ 369
Interest income	(56)	(62)	(55)
Other	14	24	(6)
Total net financing costs	<u>\$ 455</u>	<u>\$ 363</u>	<u>\$ 308</u>

14. Leases

Devon's operating lease right-of-use assets relate to real estate, drilling rigs and other equipment related to the exploration, development and production of oil and gas. As of December 31, 2025, Devon's financing lease right-of-use assets primarily relate to equipment related to the exploration, development and production of oil and gas.

During the first quarter of 2025, Devon extinguished an approximately \$300 million real estate finance lease by making a cash payment of \$274 million and recognized a gain on early lease extinguishment in other, net related to the difference on the accompanying consolidated statement of comprehensive earnings.

The following table presents Devon's right-of-use assets and lease liabilities.

	December 31, 2025			December 31, 2024		
	Finance	Operating	Total	Finance	Operating	Total
Right-of-use assets	\$ 23	\$ 276	\$ 299	\$ 248	\$ 55	\$ 303
Lease liabilities:						
Current lease liabilities ⁽¹⁾	\$ 7	\$ 95	\$ 102	\$ 25	\$ 28	\$ 53
Long-term lease liabilities	16	181	197	293	27	320
Total lease liabilities ⁽²⁾	<u>\$ 23</u>	<u>\$ 276</u>	<u>\$ 299</u>	<u>\$ 318</u>	<u>\$ 55</u>	<u>\$ 373</u>

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

(2) Devon has entered into certain leases of equipment related to the exploration, development and production of oil and gas that had terms not yet commenced as of December 31, 2025 and are therefore excluded from the amounts shown above.

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

The following table presents Devon's total lease cost.

		Year Ended December 31,		
		2025	2024	2023
Operating lease cost	Property and equipment; LOE; G&A	\$ 85	\$ 28	\$ 13
Short-term lease cost ⁽¹⁾	Property and equipment; LOE; G&A	275	234	193
Financing lease cost:				
Amortization of right-of-use assets	DD&A	5	11	9
Interest on lease liabilities	Net financing costs	5	19	15
Variable lease cost	G&A	—	—	5
Lease income	G&A	(3)	(10)	(10)
Net lease cost		<u>\$ 367</u>	<u>\$ 282</u>	<u>\$ 225</u>

(1) Short-term lease cost excludes leases with terms of one month or less.

The following table presents Devon's additional lease information.

		Year Ended December 31,			
		2025		2024	
		Finance	Operating	Finance	Operating
Cash outflows for lease liabilities:					
Operating cash flows		\$ 6	\$ 85	\$ 22	\$ 27
Investing cash flows		\$ —	\$ —	\$ —	\$ 1
Financing cash flows		\$ 282	\$ —	\$ —	\$ —
Right-of-use assets obtained in exchange for new lease liabilities					
		\$ 15	\$ 300	\$ 14	\$ 59
Weighted average remaining lease term (years)		2.6	3.6	8.2	2.1
Weighted average discount rate		4.8%	4.9%	6.2%	5.3%

The following table presents Devon's maturity analysis as of December 31, 2025 for leases expiring in each of the next 5 years and thereafter.

	Finance	Operating	Total
2026	\$ 7	\$ 106	\$ 113
2027	7	66	73
2028	6	55	61
2029	3	49	52
2030	1	24	25
Thereafter	—	1	1
Total lease payments	<u>24</u>	<u>301</u>	<u>325</u>
Less: interest	<u>(1)</u>	<u>(25)</u>	<u>(26)</u>
Present value of lease liabilities	<u>\$ 23</u>	<u>\$ 276</u>	<u>\$ 299</u>

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

15. Asset Retirement Obligations

The following table presents the changes in asset retirement obligations.

	Year Ended December 31,	
	2025	2024
Asset retirement obligations as of beginning of period	\$ 807	\$ 665
Assumed Grayson Mill obligations	—	75
Liabilities incurred	58	30
Liabilities settled and divested	(65)	(37)
Revision and reclassification of estimated obligation	55	35
Accretion expense on discounted obligation	51	39
Asset retirement obligations as of end of period	906	807
Less current portion	43	37
Asset retirement obligations, long-term	\$ 863	\$ 770

During 2025 and 2024, Devon increased its asset retirement obligations by approximately \$55 million and \$35 million, respectively, primarily due to changes in current cost estimates and future retirement dates for its oil and gas assets.

16. Retirement Plans

Defined Contribution Plans

Devon sponsors defined contribution plans covering its employees. Such plans include its 401(k) plan and enhanced contribution plan. Devon makes matching contributions and additional retirement contributions, with the matching contributions being primarily based upon percentages of annual compensation and years of service. In addition, each plan is subject to regulatory limitations by the U.S. government. Devon contributed \$47 million, \$44 million and \$38 million to these plans in 2025, 2024 and 2023, respectively.

Defined Benefit Plans

Devon has various non-contributory defined benefit pension plans, including qualified plans and nonqualified plans covering eligible employees and former employees meeting certain age and service requirements. Benefits under the defined benefit plans have been closed to new employees and effective, as of December 31, 2020, Devon's benefits committee approved a freeze of all future benefit accruals under the plans.

Benefits are primarily funded from assets held in the plans' trusts.

Devon's investment objective for its plans' assets is to achieve stability of the funded status while providing long-term growth of invested capital and income to ensure benefit payments can be funded when required. Devon has established certain investment strategies, including target allocation percentages and permitted and prohibited investments, designed to mitigate risks inherent with investing. Devon's target allocations for its plan assets are 70% fixed income and 30% equity. See the following discussion for Devon's pension assets by asset class.

Fixed-income – Devon's fixed-income securities consist of U.S. Treasury obligations, bonds issued by investment-grade companies from diverse industries and asset-backed securities. These fixed-income securities do not consistently trade actively in an established market. The fair values of these Level 2 securities are estimated based upon rates available for securities with similar terms and maturity when active trading is not available and were \$301 million and \$286 million at December 31, 2025 and 2024, respectively.

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

Equity – Devon’s equity securities include commingled global equity funds that invest in large, mid and small capitalization stocks across the world’s developed and emerging markets and international large cap equity securities. These equity securities can be sold on demand but are not actively traded. The fair values of these securities are based upon the net asset values provided by the investment managers and were \$99 million and \$97 million at December 31, 2025 and 2024, respectively.

Other – Devon’s other securities include short-term investment funds that invest both long and short term using a variety of investment strategies. The fair value of these securities is based upon the net asset values provided by investment managers and were \$44 million and \$64 million at December 31, 2025 and 2024, respectively.

Defined Postretirement Plans

Devon also has defined benefit postretirement plans that provide benefits for substantially all qualifying retirees. Benefit obligations for such plans are estimated based on Devon’s future cost-sharing intentions. Devon’s funding policy for the plans is to fund the benefits as they become payable with available cash and cash equivalents.

Benefit Obligations and Funded Status

The following table summarizes the benefit obligations, assets, funded status and balance sheet impacts associated with Devon’s defined pension and postretirement plans. Devon’s benefit obligations and plan assets are measured each year as of December 31. The accumulated benefit obligation for pension plans approximated the projected benefit obligation at December 31, 2025 and 2024.

	Pension Benefits		Postretirement Benefits	
	2025	2024	2025	2024
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 620	\$ 655	\$ 7	\$ 7
Interest cost	30	31	—	—
Actuarial loss (gain)	17	(14)	—	—
Participant contributions	—	—	1	1
Benefits paid	(54)	(52)	(1)	(1)
Benefit obligation at end of year	<u>613</u>	<u>620</u>	<u>7</u>	<u>7</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	447	476	—	—
Actual return on plan assets	38	9	—	—
Employer contributions	13	14	1	1
Participant contributions	—	—	—	1
Benefits paid	(54)	(52)	(1)	(2)
Fair value of plan assets at end of year	<u>444</u>	<u>447</u>	<u>—</u>	<u>—</u>
Funded status at end of year	<u>\$ (169)</u>	<u>\$ (173)</u>	<u>\$ (7)</u>	<u>\$ (7)</u>
Amounts recognized in balance sheet:				
Other current liabilities	\$ (14)	\$ (13)	\$ (1)	\$ (1)
Other long-term liabilities	(155)	(160)	(6)	(6)
Net amount	<u>\$ (169)</u>	<u>\$ (173)</u>	<u>\$ (7)</u>	<u>\$ (7)</u>
Amounts recognized in accumulated other comprehensive earnings:				
Net actuarial loss (gain)	\$ 194	\$ 195	\$ (12)	\$ (13)
Prior service cost	—	—	1	1
Total	<u>\$ 194</u>	<u>\$ 195</u>	<u>\$ (11)</u>	<u>\$ (12)</u>

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

Certain of Devon's pension plans have a combined projected benefit obligation or accumulated benefit obligation in excess of plan assets at December 31, 2025, and December 31, 2024, as presented in the table below.

	December 31,	
	2025	2024
Projected and accumulated benefit obligation	\$ 613	\$ 620
Fair value of plan assets	\$ 444	\$ 447

The following table presents the components of net periodic benefit cost and other comprehensive earnings.

	Pension Benefits			Postretirement Benefits		
	2025	2024	2023	2025	2024	2023
Net periodic benefit cost:						
Interest cost	\$ 30	\$ 31	\$ 34	\$ —	\$ —	\$ —
Expected return on plan assets	(27)	(27)	(27)	—	—	—
Recognition of net actuarial loss (gain) ⁽¹⁾	7	7	6	(1)	(1)	(1)
Total net periodic benefit cost ⁽²⁾	10	11	13	(1)	(1)	(1)
Other comprehensive loss (earnings):						
Actuarial loss (gain) arising in current year	6	4	16	—	—	—
Recognition of net actuarial (loss) gain, including settlement expense, in net periodic benefit cost	(7)	(7)	(6)	1	1	1
Total other comprehensive loss (earnings)	(1)	(3)	10	1	1	1
Total	\$ 9	\$ 8	\$ 23	\$ —	\$ —	\$ —

- (1) These net periodic benefit costs were reclassified out of other comprehensive earnings in the current period.
- (2) The service cost component of net periodic benefit cost is included in G&A expense and the remaining components of net periodic benefit costs are included in other, net in the accompanying consolidated statements of comprehensive earnings.

Assumptions

	Pension Benefits			Postretirement Benefits		
	2025	2024	2023	2025	2024	2023
Assumptions to determine benefit obligations:						
Discount rate	5.10%	5.27%	5.01%	4.99%	5.18%	4.96%
Assumptions to determine net periodic benefit cost:						
Discount rate - service cost	N/A	N/A	N/A	5.36%	5.01%	5.81%
Discount rate - interest cost	5.05%	4.95%	5.61%	4.99%	4.94%	5.49%
Expected return on plan assets	6.20%	5.80%	6.21%	N/A	N/A	N/A

Discount rate – Future pension and post-retirement obligations are discounted based on the rate at which obligations could be effectively settled, considering the timing of expected future cash flows related to the plans. This rate is based on high-quality bond yields, after allowing for call and default risk.

Expected return on plan assets – This was determined by evaluating input from external consultants and economists, as well as long-term inflation assumptions and consideration of target allocation of investment types.

Mortality rate – Devon utilized the Society of Actuaries produced mortality tables.

Other assumptions – For measurement of the December 31, 2025 benefit obligation for the other postretirement medical plans, a 7% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2026. The rate was assumed to decrease annually to an ultimate rate of 5% in the year 2036 and remain at that level thereafter.

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

Expected Cash Flows

Devon expects benefit plan payments to average approximately \$52 million a year for the next five years and \$236 million total for the five years thereafter. Of these payments to be paid in 2026, \$14 million is expected to be funded from Devon's available cash, cash equivalents and other assets.

17. Stockholders' Equity

The authorized capital stock of Devon consists of 1.0 billion shares of common stock, par value \$0.10 per share, and 4.5 million shares of preferred stock, par value \$1.00 per share. The preferred stock may be issued in one or more series, and the terms and rights of such stock will be determined by the Board of Directors.

Share Issuance

On September 27, 2024, Devon completed its acquisition of the Williston Basin business of Grayson Mill for total consideration of approximately \$5.0 billion. The transaction consisted of \$3.5 billion of cash and approximately 37.3 million shares of Devon common stock at \$38.96 per share for total equity consideration of approximately \$1.5 billion, including purchase price adjustments.

Share Repurchase Program

Devon's Board of Directors has authorized a \$5.0 billion share repurchase program with a June 30, 2026 expiration date. The table below provides information regarding purchases of Devon's common stock under the \$5.0 billion share repurchase program (shares in thousands).

	<u>Total Number of Shares Purchased</u>	<u>Dollar Value of Shares Purchased</u>	<u>Average Price Paid per Share</u>
\$5.0 Billion Plan			
2021	13,983	\$ 589	\$ 42.15
2022	11,708	718	\$ 61.36
2023	19,350	992	\$ 51.23
2024	23,944	1,044	\$ 43.61
2025	30,813	1,050	\$ 34.07
Total plan	<u>99,798</u>	<u>\$ 4,393</u>	<u>\$ 44.02</u>

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

Dividends

Devon pays a quarterly dividend which can be comprised of a fixed dividend and a variable dividend. The variable dividend is dependent on quarterly cash flows, among other factors. Devon has raised its fixed dividend multiple times over the past three calendar years with it most recently being raised from \$0.22 to \$0.24 per share beginning in the first quarter of 2025. The following table summarizes the dividends Devon has paid on its common stock in 2025, 2024 and 2023, respectively.

	Dividends	Rate Per Share
2025:		
First quarter	\$ 163	\$ 0.24
Second quarter	156	\$ 0.24
Third quarter	151	\$ 0.24
Fourth quarter	149	\$ 0.24
Total year-to-date	<u>\$ 619</u>	
2024:		
First quarter	\$ 299	\$ 0.44
Second quarter	223	\$ 0.35
Third quarter	272	\$ 0.44
Fourth quarter	143	\$ 0.22
Total year-to-date ⁽¹⁾	<u>\$ 937</u>	
2023:		
First quarter	\$ 596	\$ 0.89
Second quarter	462	\$ 0.72
Third quarter	312	\$ 0.49
Fourth quarter	488	\$ 0.77
Total year-to-date ⁽¹⁾	<u>\$ 1,858</u>	

(1) During 2024 and 2023, Devon paid variable dividends totaling \$377 million and \$1.3 billion, respectively, in addition to its recurring fixed dividend.

In February 2026, Devon announced a fixed cash dividend in the amount of \$0.24 per share for approximately \$149 million payable in the first quarter of 2026.

Noncontrolling Interests

On August 1st, 2025, Devon completed the acquisition of all outstanding noncontrolling interests in CDM for \$260 million. As a result of this transaction, Devon owns 100% of the equity interests in CDM. Prior to the acquisition, the noncontrolling interests' share of CDM's net earnings and the contributions from and distributions to the noncontrolling interests are presented as components of equity. For additional information, see [Note 1](#).

18. Commitments and Contingencies

Devon is party to various legal actions arising in connection with its business. Matters that are probable of unfavorable outcome to Devon and which can be reasonably estimated are accrued. Such accruals are based on information known about the matters, Devon's estimates of the outcomes of such matters and its experience in contesting, litigating and settling similar matters. None of the actions are believed by management to likely involve future amounts that would be material to Devon's financial position or results of operations after consideration of recorded accruals. Actual amounts could differ materially from management's estimates.

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

Royalty Matters

Numerous oil and natural gas producers and related parties, including Devon, have been named in various lawsuits alleging royalty underpayments. Devon is currently named as a defendant in a number of such lawsuits, including some lawsuits in which the plaintiffs seek to certify classes of similarly situated plaintiffs. Among the allegations typically asserted in these suits are claims that Devon used below-market prices, made improper deductions, paid royalty proceeds in an untimely manner without including required interest, used improper measurement techniques and entered into gas purchase and processing arrangements with affiliates that resulted in underpayment of royalties in connection with oil, natural gas and NGLs produced and sold. Devon is also involved in governmental agency proceedings and royalty audits and is subject to related contracts and regulatory controls in the ordinary course of business, some that may lead to additional royalty claims. As of December 31, 2025, Devon has accrued approximately \$60 million in other current liabilities pertaining to such royalty matters.

Environmental and Climate Change Matters

Devon's business is subject to numerous federal, state, tribal and local laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines and penalties, as well as remediation costs. Although Devon believes that it is in substantial compliance with applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on its business, there can be no assurance that this will continue in the future.

The Company has previously received separate NOVs from the EPA alleging emissions and permitting violations relating to certain of our historic operations in North Dakota, western Texas and New Mexico, respectively. The Company has been engaging with the EPA to resolve each of these matters, and Devon is actively negotiating a draft consent decree with the EPA and the Department of Justice with respect to the North Dakota NOV matter. If finalized, the consent decree may include monetary sanctions and obligations to complete mitigation projects and implement specific injunctive relief. Given that negotiations of the draft consent decree are ongoing and the uncertainty as to the ultimate result of the North Dakota NOV matter, we are currently unable to provide an estimate of potential loss; however, the costs associated with the resolution of the North Dakota NOV matter or any of the other NOV matters could be significant in amount and may include monetary penalties.

Beginning in 2013, various parishes in Louisiana filed suit against numerous oil and gas companies, including Devon, alleging that the companies' operations and activities in certain fields violated the State and Local Coastal Resource Management Act of 1978, as amended, and caused substantial environmental contamination, subsidence and other environmental damages to land and water bodies located in the coastal zone of Louisiana. The plaintiffs' claims against Devon relate primarily to the operations of several of Devon's corporate predecessors. The plaintiffs seek, among other things, payment of the costs necessary to clear, re-vegetate and otherwise restore the allegedly impacted areas. Although Devon cannot predict the ultimate outcome of these matters, Devon denies the allegations in these lawsuits and intends to vigorously defend against these claims.

The State of Delaware has filed legal proceedings against numerous oil and gas companies, including Devon, seeking relief to abate alleged impacts of climate change. These proceedings include far-reaching claims for monetary damages and injunctive relief. Although Devon cannot predict the ultimate outcome of this matter, Devon denies the allegations asserted in this lawsuit and intends to vigorously defend against these claims.

Other Indemnifications and Legacy Matters

Pursuant to various sale agreements relating to divested businesses and assets, Devon has indemnified various purchasers against liabilities that they may incur with respect to the businesses and assets acquired from Devon. Additionally, federal, state and other laws in areas of former operations may require previous operators (including corporate successors of previous operators) to perform or make payments in certain circumstances where the current operator may no longer be able to satisfy the applicable obligation. Such obligations may include plugging and abandoning wells, removing production facilities, undertaking other restorative actions or performing requirements under surface agreements in existence at the time of disposition. For example, a predecessor entity of a Devon subsidiary previously sold certain private, state and federal oil and gas leases covering properties in shallow waters off the coast of Louisiana in the Gulf of America. These assets are generally referred to as the East Bay Field. The current operator of the East

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

Bay Field has filed for protection under Chapter 11 of the U.S. Bankruptcy Code and will likely be unable to satisfy the eventual decommissioning obligations associated with the East Bay Field. Other companies in the chain of title of the East Bay Field have also sought bankruptcy protection and will also likely be unable to satisfy the eventual decommissioning obligations associated with the East Bay Field.

In March 2025, Devon received an order from the Department of the Interior, Bureau of Safety and Environmental Enforcement to decommission assets located on certain federal leases in the East Bay Field (the “Federal Assets”). As a result, during the first quarter of 2025, Devon recorded a contingent liability of \$125 million within other liabilities in the consolidated balance sheet, reflecting the estimated costs of decommissioning the Federal Assets. The Company expects to be able to access funds available under certain bonds and a cash security account as and when Devon performs and pays these decommissioning obligations. Devon believes the funds will likely cover approximately \$100 million of the estimated decommissioning costs for the Federal Assets. Accordingly, during the first quarter of 2025, Devon recorded an approximately \$100 million receivable related to these sources of funds within other assets in the consolidated balance sheet. The remaining \$25 million difference of the recorded decommissioning obligation and such sources of funds was recognized in the first quarter of 2025 in other, net on the consolidated statement of comprehensive earnings. Devon may also be required to perform or fund decommissioning obligations associated with the East Bay Field under state and federal regulations applicable to predecessor operators beyond amounts accrued. Factors impacting this contingency include, among others: (i) the ultimate outcome of the ongoing bankruptcy proceedings, including with respect to state lease assets included in the East Bay Field, (ii) the actual costs to decommission the Federal Assets relative to the estimates, which are subject to numerous assumptions and uncertainties and (iii) Devon's ability to successfully access funds under decommissioning bonds and other sources.

As of December 31, 2025, Devon has accrued approximately \$190 million of contingent liabilities related to such decommissioning legacy matters, including liabilities associated with the East Bay Field.

Commitments

The following table presents Devon's commitments that have initial or remaining noncancelable terms in excess of one year as of December 31, 2025.

Year Ending December 31,	Drilling and Facility Obligations ⁽¹⁾	Operational Agreements ⁽¹⁾	Equipment Leases and Other
2026	\$ 103	\$ 563	\$ 122
2027	23	523	140
2028	36	516	150
2029	4	495	113
2030	—	390	70
Thereafter	—	1,194	91
Total	\$ 166	\$ 3,681	\$ 686

- (1) Total costs incurred under take-or-pay and throughput obligations were approximately \$700 million, \$800 million and \$750 million in 2025, 2024 and 2023, respectively.

Devon has certain drilling and facility obligations under contractual agreements with third-party service providers to procure drilling rigs and other related services for developmental and exploratory drilling and facilities construction. The value of the drilling obligations reported is based on gross contractual value.

Devon has certain operational agreements whereby Devon has committed to transport or process certain volumes of oil, gas and NGLs for a fixed fee. Devon has entered into these agreements to aid the movement of its production to downstream markets.

Devon leases certain equipment under financing and operating lease arrangements.

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

19. Fair Value Measurements

The following table provides carrying value and fair value measurement information for certain of Devon's financial assets and liabilities. The carrying values of cash, restricted cash, accounts receivable, other current receivables, accounts payable, other current payables, accrued expenses and lease liabilities included in the accompanying consolidated balance sheets approximated fair value at December 31, 2025 and December 31, 2024, as applicable. Therefore, such financial assets and liabilities are not presented in the following table.

	Carrying Amount	Total Fair Value	Fair Value Measurements Using:			
			Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
December 31, 2025 assets (liabilities):						
Cash equivalents	\$ 764	\$ 764	\$ 764	\$ —	\$ —	
Commodity derivatives	\$ 194	\$ 194	\$ —	\$ 194	\$ —	
Commodity derivatives	\$ (1)	\$ (1)	\$ —	\$ (1)	\$ —	
Debt	\$ (8,389)	\$ (8,290)	\$ —	\$ (8,290)	\$ —	
December 31, 2024 assets (liabilities):						
Cash equivalents	\$ 319	\$ 319	\$ 319	\$ —	\$ —	
Commodity derivatives	\$ 56	\$ 56	\$ —	\$ 56	\$ —	
Commodity derivatives	\$ (33)	\$ (33)	\$ —	\$ (33)	\$ —	
Debt	\$ (8,883)	\$ (8,520)	\$ —	\$ (8,520)	\$ —	
Contingent earnout payments	\$ 20	\$ 20	\$ —	\$ —	\$ 20	

The following methods and assumptions were used to estimate the fair values in the table above.

Level 1 Fair Value Measurements

Cash equivalents – Amounts consist primarily of money market investments and the fair value approximates the carrying value.

Level 2 Fair Value Measurements

Commodity derivatives – The fair value of commodity derivatives is estimated using internal discounted cash flow calculations based upon forward curves and data obtained from independent third parties for contracts with similar terms or data obtained from counterparties to the agreements.

Debt – Devon's debt instruments do not consistently trade actively in an established market. The fair values of its debt are estimated based on rates available for debt with similar terms and maturity when active trading is not available. Our variable rate debt is non-public and consists of our Term Loan. The fair value of our variable rate debt approximates the carrying value as the underlying SOFR resets every month based on the prevailing market rate.

Level 3 Fair Value Measurements

Contingent Earnout Payments – Devon had the right to receive contingent consideration related to the Barnett asset divestiture based on future oil and gas prices. 2024 was the last performance period related to this contingent consideration. These values were derived using a Monte Carlo valuation model and qualify as a level 3 fair value measurement. For additional information, see [Note 2](#).

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

20. Reportable Segments

Devon is a leading independent energy company engaged primarily in the exploration, development and production of oil, natural gas and NGLs. Devon's oil and gas exploration and production activities are solely focused in the U.S. For financial reporting purposes, Devon aggregates its U.S. operating segments into one reporting segment due to the similar nature of these operations.

Devon's chief operating decision maker is the executive committee, which includes the chief executive officer, chief operating officers and chief financial officer. To assess the performance of our assets, we use net earnings. We believe net earnings provides information useful in assessing our operating and financial performance across periods.

The following table reflects Devon's net earnings, assets and capital expenditures for the time periods presented below.

	Year Ended December 31,		
	2025	2024	2023
Total revenues	\$ 17,188	\$ 15,940	\$ 15,258
LOE	1,922	1,574	1,428
Gathering, processing & transportation	831	790	702
Production and property taxes	814	819	798
Total significant expenses	3,567	3,183	2,928
Marketing and midstream expenses	5,635	4,792	4,409
DD&A	3,595	3,255	2,554
G&A	492	500	408
Financing costs, net	455	363	308
Income tax expense	785	770	841
Other segment items ⁽¹⁾	(22)	135	28
Total expenses	14,507	12,998	11,476
Net earnings	\$ 2,681	\$ 2,942	\$ 3,782
Total assets	\$ 31,599	\$ 30,489	\$ 24,490
Capital expenditures, including acquisitions	\$ 4,000	\$ 8,919	\$ 3,907

(1) Other segment items included in segment net earnings are exploration expenses, asset impairments, asset dispositions and other, net.

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

21. Supplemental Information on Oil and Gas Operations (Unaudited)

Supplemental unaudited information regarding Devon's oil and gas activities is presented in this note. All of Devon's reserves are located within the U.S.

Costs Incurred

The following table reflects the costs incurred in oil and gas property acquisition, exploration and development activities.

	Year Ended December 31,		
	2025	2024	2023
Property acquisition costs:			
Proved properties	\$ 138	\$ 3,058	\$ 2
Unproved properties	224	1,949	63
Exploration costs	581	690	534
Development costs	3,057	2,856	3,160
Costs incurred	<u>\$ 4,000</u>	<u>\$ 8,553</u>	<u>\$ 3,759</u>

Acquisition costs for 2025 in the table primarily reflect acreage acquisitions in the Delaware Basin. Acquisition costs for 2024 primarily relate to the Grayson Mill acquisition which closed in the third quarter of 2024. Development costs in the table above includes additions and revisions to Devon's asset retirement obligations.

Results of Operations

The following table includes revenues and expenses associated with Devon's oil and gas producing activities. It does not include any allocation of Devon's interest costs or general corporate overhead and, therefore, is not necessarily indicative of the contribution to net earnings of Devon's oil and gas operations. Income tax expense has been calculated using statutory income tax rates, and then giving effect to permanent differences associated with oil and gas producing activities.

	Year Ended December 31,		
	2025	2024	2023
Oil, gas and NGL sales	\$ 11,223	\$ 11,176	\$ 10,791
Production expenses	(3,567)	(3,183)	(2,928)
Exploration expenses	(43)	(28)	(20)
Depreciation, depletion and amortization	(3,479)	(3,156)	(2,464)
Asset dispositions	—	(15)	(33)
Accretion of asset retirement obligations	(49)	(39)	(29)
Income tax expense	(888)	(972)	(1,044)
Results of operations	<u>\$ 3,197</u>	<u>\$ 3,783</u>	<u>\$ 4,273</u>
Depreciation, depletion and amortization per Boe	<u>\$ 11.35</u>	<u>\$ 11.70</u>	<u>\$ 10.27</u>

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

Proved Reserves

The following table presents Devon's estimated proved reserves by product.

	Oil (MMBbls)	Gas (Bcf) ⁽¹⁾	NGL (MMBbls)	Combined (MMBoe)
Proved developed and undeveloped reserves:				
December 31, 2022	793	3,175	493	1,815
Revisions due to prices	(25)	(189)	(22)	(78)
Revisions other than price	(12)	58	1	(1)
Extensions and discoveries	147	525	87	322
Production	(117)	(385)	(59)	(240)
Sale of reserves	—	(2)	—	(1)
December 31, 2023	786	3,182	500	1,817
Revisions due to prices	(9)	(187)	(14)	(54)
Revisions other than price	3	245	31	75
Extensions and discoveries	129	646	104	340
Purchase of reserves	120	328	73	247
Production	(127)	(438)	(70)	(270)
December 31, 2024	902	3,776	624	2,155
Revisions due to prices	(25)	91	(6)	(16)
Revisions other than price	36	353	55	150
Extensions and discoveries	185	778	129	443
Purchase of reserves	23	59	10	43
Production	(142)	(505)	(81)	(307)
Sale of reserves	(18)	(70)	(11)	(40)
December 31, 2025	961	4,482	720	2,428
Proved developed reserves:				
December 31, 2022	596	2,595	391	1,419
December 31, 2023	603	2,560	395	1,425
December 31, 2024	706	3,057	500	1,715
December 31, 2025	714	3,476	551	1,844
Proved undeveloped reserves:				
December 31, 2022	197	580	102	396
December 31, 2023	183	622	105	392
December 31, 2024	196	719	124	440
December 31, 2025	247	1,006	169	584

- (1) Gas reserves are converted to Boe at the rate of six Mcf per Bbl of oil, based upon the approximate relative energy content of gas and oil. NGL reserves are converted to Boe on a one-to-one basis with oil. The conversion rates are not necessarily indicative of the relationship of oil, natural gas and NGL prices.

Price Revisions

Reserves decreased 16 MMBoe in 2025 primarily due to price decreases in the trailing 12-month average for oil and NGLs partially offset by price increases in the trailing 12-month average for gas.

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

Reserves decreased 54 MMBoe in 2024 primarily due to price decreases in the trailing 12-month averages for oil, gas and NGLs.

Reserves decreased 78 MMBoe in 2023 primarily due to price decreases in the trailing 12-month averages for oil, gas and NGLs.

Revisions Other Than Price

2025 – Total revisions other than price (150 MMBoe) are the result of upward revisions due to well performance exceeding previous estimates on proved developed reserves (163 MMBoe) and downward revisions to proved undeveloped reserves (-13 MMBoe) as noted below. In total, the most significant changes were located in the Rockies (125 MMBoe) and the Delaware Basin (25 MMBoe).

2024 – Total revisions other than price (75 MMBoe) are the result of upward revisions due to well performance exceeding previous estimates on proved developed reserves (81 MMBoe) and downward revisions to proved undeveloped reserves (-6 MMBoe) as noted below. In total, each of the operating areas recorded modest upward revisions with the most significant changes being located in the Delaware Basin (55 MMBoe), Anadarko Basin (7 MMBoe) and Powder River Basin (6 MMBoe).

2023 – Total revisions other than price (-1 MMBoe) are the result of upward revisions due to well performance exceeding previous estimates on developed properties (11 MMBoe), which were offset by downward revisions to proved undeveloped reserves (-12 MMBoe) as noted below. In total, we recorded modest upward revisions in the Delaware Basin (7 MMBoe), Eagle Ford (5 MMBoe), Anadarko Basin (4 MMBoe) and Powder River Basin (2 MMBoe) which were offset by downward revisions in the Williston Basin (-19 MMBoe) due to reduced well performance compared to previous estimates.

Extensions and Discoveries

Each year, Devon's proved reserves extensions and discoveries consist of adding proved undeveloped reserves to locations classified as undeveloped at year-end and adding proved developed reserves from successful development wells drilled on locations outside the areas classified as proved at the previous year-end. Therefore, it is not uncommon for Devon's total proved extensions and discoveries to differ from the extensions and discoveries for Devon's proved undeveloped reserves. Furthermore, because annual additions are classified according to reserve determinations made at the previous year-end and because Devon operates a multi-basin portfolio with assets at varying stages of maturity, extensions and discoveries for proved developed and proved undeveloped reserves can differ significantly in any particular year.

2025 – Of the 443 MMBoe of additions from extensions and discoveries, 278 MMBoe were in the Delaware Basin, 81 MMBoe were in the Rockies, 51 MMBoe were in Eagle Ford and 33 MMBoe were in the Anadarko Basin.

2024 – Of the 340 MMBoe of additions from extensions and discoveries, 252 MMBoe were in the Delaware Basin, 36 MMBoe were in the Williston Basin, 30 MMBoe were in the Anadarko Basin, 16 MMBoe were in Eagle Ford and 6 MMBoe were in the Powder River Basin.

2023 – Of the 322 MMBoe of additions from extensions and discoveries, 212 MMBoe were in the Delaware Basin, 33 MMBoe were in the Anadarko Basin, 32 MMBoe were in Eagle Ford, 26 MMBoe were in the Powder River Basin and 19 MMBoe were in the Williston Basin.

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

Purchase and Sale of Reserves

During 2025, Devon had purchases and sales of reserves of 43 MMBoe and 40 MMBoe, respectively, which were primarily related to the asset exchange in the Eagle Ford. For additional information on the asset exchange, see [Note 2](#).

During 2024, Devon had reserve additions due to the acquisition of 247 MMBoe in the Williston Basin. For additional information on these asset additions, see [Note 2](#).

Proved Undeveloped Reserves

The following table presents the changes in Devon's total proved undeveloped reserves during 2025 (MMBoe).

	Total
Proved undeveloped reserves as of December 31, 2024	440
Extensions and discoveries	322
Revisions due to prices	1
Revisions other than price	(13)
Purchase of reserves	19
Sale of reserves	(10)
Conversion to proved developed reserves	(175)
Proved undeveloped reserves as of December 31, 2025	584

Total proved undeveloped reserves increased 33% from 2024 to 2025 with the year-end 2025 balance representing 24% of total proved reserves. Approximately 57% of the 322 MMBoe in extensions and discoveries were the result of Devon's drilling and development activities in the Delaware Basin, followed by the Rockies (23%), Eagle Ford (12%), and the Anadarko Basin (8%). Purchases and sales (9 MMBoe) primarily were the result of Devon's asset exchange discussed in [Note 2](#). Conversions to proved developed reserves of 175 MMBoe were driven by development in the Delaware Basin (74%) and the Rockies (20%). Costs incurred in 2025 to develop and convert Devon's proved undeveloped reserves were approximately \$1.1 billion. Proved undeveloped reserves revisions other than price (-13 MMBoe) were due to changes in previously adopted development plans (-45 MMBoe) primarily in the Delaware Basin (-33 MMBoe) and Rockies (-10 MMBoe), combined with upward revisions (32 MMBoe) related to continued evaluation of well performance primarily in the Delaware Basin and Rockies.

Standardized Measure

The following tables reflect Devon's standardized measure of discounted future net cash flows from its proved reserves.

	Year Ended December 31,		
	2025	2024	2023
Future cash inflows	\$ 81,155	\$ 82,422	\$ 75,734
Future costs:			
Development	(6,035)	(6,099)	(5,241)
Production	(38,022)	(38,326)	(31,648)
Future income tax expense	(5,653)	(5,528)	(6,644)
Future net cash flow	31,445	32,469	32,201
10% discount to reflect timing of cash flows	(12,680)	(12,699)	(12,888)
Standardized measure of discounted future net cash flows	\$ 18,765	\$ 19,770	\$ 19,313

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

Future cash inflows, development costs and production costs were computed using the same assumptions for prices and costs that were used to estimate Devon's proved oil and gas reserves at the end of each year. For 2025 estimates, Devon's future realized prices were assumed to be \$62.67 per Bbl of oil, \$1.32 per Mcf of gas and \$20.85 per Bbl of NGLs. Of the \$6.0 billion of future development costs as of the end of 2025, \$1.8 billion, \$1.3 billion and \$1.0 billion are estimated to be spent in 2026, 2027 and 2028, respectively.

Future development costs include not only development costs but also future asset retirement costs. Included as part of the \$6.0 billion of future development costs are \$1.5 billion of future asset retirement costs. The future income tax expenses have been computed using statutory tax rates, giving effect to allowable tax deductions and tax credits under current laws.

The principal changes in Devon's standardized measure of discounted future net cash flows are as follows:

	Year Ended December 31,		
	2025	2024	2023
Beginning balance	\$ 19,770	\$ 19,313	\$ 31,314
Net changes in prices and production costs	(3,027)	(3,202)	(16,797)
Oil, gas and NGL sales, net of production costs	(7,656)	(7,993)	(7,863)
Changes in estimated future development costs	582	806	218
Extensions and discoveries, net of future development costs	4,367	3,951	5,222
Purchase of reserves	791	3,123	—
Sales of reserves in place	(744)	—	(9)
Revisions of quantity estimates	1,430	427	(747)
Previously estimated development costs incurred during the period	1,792	1,269	1,567
Accretion of discount	1,623	1,730	2,972
Net change in income taxes and other	(163)	346	3,436
Ending balance	<u>\$ 18,765</u>	<u>\$ 19,770</u>	<u>\$ 19,313</u>

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

Not applicable.

Item 9A. *Controls and Procedures*

Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to Devon, including its consolidated subsidiaries, is made known to the officers who certify Devon's financial reports and to other members of senior management and the Board of Directors.

Based on their evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective as of December 31, 2025, to ensure that the information required to be disclosed by Devon in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for Devon, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of Devon's management, including our principal executive and principal financial officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (the "2013 COSO Framework"). Based on this evaluation under the 2013 COSO Framework, which was completed on February 18, 2026, management concluded that its internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by KPMG LLP, an independent registered public accounting firm who audited our consolidated financial statements as of and for the year ended December 31, 2025, as stated in their report, which is included under "Item 8. Financial Statements and Supplementary Data" of this report.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during the fourth quarter of 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information*

Not applicable.

Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections*

Not applicable.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information called for by this Item 10 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and applicable information in Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2025.

Item 11. *Executive Compensation*

The information called for by this Item 11 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and applicable information in Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2025.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information called for by this Item 12 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and applicable information in Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2025.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information called for by this Item 13 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and applicable information in Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2025.

Item 14. *Principal Accountant Fees and Services*

The information called for by this Item 14 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and applicable information in Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2025.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are included as part of this report:

1. Consolidated Financial Statements

Reference is made to the Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules appearing at “Item 8. Financial Statements and Supplementary Data” in this report.

2. Consolidated Financial Statement Schedules

All financial statement schedules are omitted as they are inapplicable, or the required information has been included in the consolidated financial statements or notes thereto.

3. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Securities Purchase Agreement, dated July 8, 2024, by and among Grayson Mill Holdings II, LLC, Grayson Mill Holdings III, LLC, Grayson Mill Intermediate HoldCo II, LLC, Grayson Mill Intermediate HoldCo III, LLC, WPX Energy Williston, LLC and Registrant (incorporated by reference to Exhibit 2.1 to Registrant’s Form 8-K filed July 8, 2024; File No. 001-32318).
2.2	Amendment to Securities Purchase Agreement, dated September 27, 2024, by and among Grayson Mill Holdings II, LLC, Grayson Mill Holdings III, LLC, Grayson Mill Intermediate HoldCo II, LLC, Grayson Mill Intermediate HoldCo III, LLC, WPX Energy Williston, LLC and Registrant (incorporated by reference to Exhibit 2.2 to Registrant’s Form 10-Q filed November 6, 2024; File No. 001-32318).
2.3	Agreement and Plan of Merger, dated as of February 1, 2026, by and among Devon Energy Corporation, Cubs Merger Sub, Inc., and Coterra Energy, Inc. (incorporated by reference to Exhibit 2.1 to Registrant’s Current Report on Form 8-K, filed February 2, 2026; File No. 001-32318).
3.1	Registrant’s Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Registrant’s Form 8-K filed June 12, 2023; File No. 001-32318).
3.2	Registrant’s Bylaws (incorporated by reference to Exhibit 3.2 to Registrant’s Form 8-K filed June 12, 2023; File No. 001-32318).
4.1	Indenture, dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Registrant’s Form 8-K filed July 12, 2011; File No. 001-32318).
4.2	Supplemental Indenture No. 1, dated as of July 12, 2011, to Indenture dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee, relating to the 5.60% Senior Notes due 2041 (incorporated by reference to Exhibit 4.2 to Registrant’s Form 8-K filed July 12, 2011; File No. 001-32318).
4.3	Supplemental Indenture No. 2, dated as of May 14, 2012, to Indenture dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee, relating to the 4.750% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to Registrant’s Form 8-K filed May 14, 2012; File No. 001-32318).
4.4	Supplemental Indenture No. 4, dated as of June 16, 2015, to Indenture dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee, relating to the 5.000% Senior Notes due 2045 (incorporated by reference to Exhibit 4.1 to Registrant’s Form 8-K filed June 16, 2015; File No. 001-32318).
4.5	Supplemental Indenture No. 7, dated as of June 9, 2021, between Registrant and UMB Bank, National Association, as Trustee, relating to the 5.250% Senior Notes due 2027, 5.875% Senior Notes due 2028 and 4.500% Senior Notes due 2030 (incorporated by reference to Exhibit 4.3 to Registrant’s Form 8-K filed June 9, 2021; File No. 001-32318).
4.6	Indenture, dated as of March 1, 2002, between Registrant and The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York), as Trustee (incorporated by reference to Exhibit 4.1 of Registrant’s Form 8-K filed April 9, 2002; File No. 000-30176).

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- 4.7 [Supplemental Indenture No. 1, dated as of March 25, 2002, to Indenture dated as of March 1, 2002, between Registrant and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.95% Senior Debentures due 2032 \(incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed April 9, 2002; File No. 000-30176\).](#)
- 4.8 [Supplemental Indenture No. 4, dated as of March 22, 2018, to Indenture dated as of March 1, 2002, between Registrant and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.95% Senior Notes due 2032 \(incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed March 22, 2018; File No. 000-32318\).](#)
- 4.9 [Indenture, dated as of October 3, 2001, among Devon Financing Company, L.L.C. \(f/k/a Devon Financing Corporation, U.L.C.\), as Issuer, Registrant, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., originally The Chase Manhattan Bank, as Trustee, relating to the 7.875% Debentures due 2031 \(incorporated by reference to Exhibit 4.7 to Registrant's Registration Statement on Form S-4 filed October 31, 2001; File No. 333-68694\).](#)
- 4.10 [Assignment and Assumption Agreement, dated as of June 19, 2019, by and between Devon Financing Company, L.L.C. and Registrant, relating to that certain Indenture, dated as of October 3, 2001, by and among Devon Financing Company, L.L.C. \(f/k/a Devon Financing Company, U.L.C.\), as Issuer, Devon Energy Corporation, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as successor to The Chase Manhattan Bank, as Trustee, and the 7.875% Debentures due 2031 issued thereunder \(incorporated by reference to Exhibit 4.1 to Registrant's Form 10-Q filed August 7, 2019; File No. 001-32318\).](#)
- 4.11 [Senior Indenture, dated as of September 1, 1997, between Devon OEI Operating, L.L.C. \(as successor to Seagull Energy Corporation\) and The Bank of New York Mellon Trust Company, N.A. \(as successor to The Bank of New York\), as Trustee, and related Specimen of 7.50% Senior Notes due 2027 \(incorporated by reference to Exhibit 4.4 to Ocean Energy Inc.'s Form 10-K filed March 23, 1998; File No. 001-08094\).](#)
- 4.12 [First Supplemental Indenture, dated as of March 30, 1999, to Senior Indenture dated as of September 1, 1997, by and among Devon OEI Operating, L.L.C., its Subsidiary Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.50% Senior Notes due 2027 \(incorporated by reference to Exhibit 4.10 to Ocean Energy, Inc.'s Form 10-Q filed May 17, 1999; File No. 001-08094\).](#)
- 4.13 [Second Supplemental Indenture, dated as of May 9, 2001, to Senior Indenture dated as of September 1, 1997, by and among Devon OEI Operating, L.L.C., its Subsidiary Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.50% Senior Notes due 2027 \(incorporated by reference to Exhibit 99.4 to Ocean Energy, Inc.'s Form 8-K filed May 14, 2001; File No. 033-06444\).](#)
- 4.14 [Third Supplemental Indenture, dated as of December 31, 2005, to Senior Indenture dated as of September 1, 1997, by and among Devon OEI Operating, L.L.C., as Issuer, Devon Energy Production Company, L.P., as Successor Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.50% Senior Notes due 2027 \(incorporated by reference to Exhibit 4.27 of Registrant's Form 10-K filed March 3, 2006; File No. 001-32318\).](#)
- 4.15 [Indenture, dated as of September 8, 2014, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee \(incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Form 8-K filed September 8, 2014; File No. 001-35322\).](#)
- 4.16 [Fourth Supplemental Indenture, dated as of September 24, 2019, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A. as Trustee, relating to the 5.250% Senior Notes due 2027 \(incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Form 8-K filed on September 24, 2019; File No. 001-35322\).](#)
- 4.17 [Fifth Supplemental Indenture, dated as of January 10, 2020, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A. as Trustee, relating to the 4.500% Senior Notes due 2030 \(incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Form 8-K filed January 10, 2020; File No. 001-35322\).](#)
- 4.18 [Sixth Supplemental Indenture, dated as of June 17, 2020, between WPX Energy, Inc. and the Bank of New York Mellon Trust Company, N.A. as Trustee, relating to the 5.875% Senior Notes due 2028 \(incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Form 8-K filed June 17, 2020; File No. 001-35322\).](#)
- 4.19 [Supplemental Indenture No. 7, dated as of June 9, 2021, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 5.250% Senior Notes due 2027, the 5.875% Senior Notes due 2028 and the 4.500% Senior Notes due 2030 \(incorporated by reference to Exhibit 4.5 to Registrant's Form 8-K filed June 9, 2021; File No. 001-32318\).](#)

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4.20	<u>Indenture, dated as of August 28, 2024, by and between Registrant and U.S. Bank Trust Company, National Association (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed August 28, 2024; File No. 001-32318).</u>
4.21	<u>Supplemental Indenture No. 1, dated as of August 28, 2024, by and between Registrant and U.S. Bank Trust Company, National Association, relating to the 5.200% Senior Notes due 2034 (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed August 28, 2024; File No. 001-32318).</u>
4.22	<u>Supplemental Indenture No. 2, dated as of August 28, 2024, by and between Registrant and U.S. Bank Trust Company, National Association, relating to the 5.750% Senior Notes due 2054 (incorporated by reference to Exhibit 4.3 to Registrant's Form 8-K filed August 28, 2024; File No. 001-32318).</u>
4.23	<u>Registration Rights Agreement, dated as of September 27, 2024, by and among Registrant and the stockholders from time to time party thereto (incorporated by reference to Exhibit 4.4 to Registrant's Form 10-Q filed November 6, 2024; File No. 001-32318).</u>
4.24	<u>Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934.</u>
10.1	<u>Amended and Restated Credit Agreement, dated as of March 24, 2023, among Registrant, as Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and each Lender and L/C Issuer from time to time party thereto (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed March 28, 2023; File No. 001-32318).</u>
10.2	<u>Extension Agreement, dated as of March 25, 2024, to the Amended and Restated Credit Agreement, dated as of March 24, 2023, among Registrant, as Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and each Lender and L/C Issuer from time to time party thereto, with respect to Borrower's extension of the maturity date from March 24, 2028 to March 24, 2029 (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed May 2, 2024; File No. 001-32318).</u>
10.3	<u>Extension Agreement, dated as of March 24, 2025, to the Amended and Restated Credit Agreement, dated as of March 24, 2023, among Registrant, as Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and each Lender and L/C Issuer from time to time party thereto, with respect to Borrower's extension of the maturity date from March 24, 2029 to March 24, 2030 (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed May 7, 2025; File No. 001-32318).</u>
10.4	<u>Delayed Draw Term Loan Credit Agreement, dated August 12, 2024, by and among Registrant, as Borrower, each lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed August 12, 2024; File No. 001-32318).</u>
10.5	<u>Devon Energy Corporation 2022 Long-Term Incentive Plan (amended and restated effective as of November 19, 2025).*</u>
10.6	<u>Devon Energy Corporation 2017 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to Registrant's Form S-8 filed June 7, 2017; File No. 333-218561).*</u>
10.7	<u>2021 Amendment (effective as of January 7, 2021) to the Devon Energy Corporation 2017 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company's Form 10-K filed February 17, 2021; File No. 001-32318).*</u>
10.8	<u>WPX Energy, Inc. 2013 Incentive Plan, and amendments No. 1 and No. 2 thereto (incorporated by reference to Exhibit 10.1 to WPX Energy, Inc.'s Form 8-K filed on February 19, 2018; File No. 001-35322).*</u>
10.9	<u>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 filed March 29, 2018; File No. 001-35322).*</u>
10.10	<u>Amendment No. 4 to the WPX Energy, Inc. 2013 Incentive Plan and Global Amendment to Restricted Stock Unit Agreements effective December 1, 2021 (incorporated by reference to Exhibit 10.7 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318).*</u>
10.11	<u>Devon Energy Corporation Non-Qualified Deferred Compensation Plan (amended and restated effective as of January 1, 2021) (incorporated by reference to Exhibit 10.9 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318).*</u>
10.12	<u>Amendment No. 1, effective November 29, 2023, to the Devon Energy Corporation Non-Qualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.9 of Registrant's Form 10-K filed February 28, 2024; File No. 001-32318).*</u>

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- 10.13 [Devon Energy Corporation Benefit Restoration Plan \(amended and restated effective January 1, 2012\) \(incorporated by reference to Exhibit 10.15 to Registrant's Form 10-K filed February 24, 2012; File No. 001-32318\).*](#)
- 10.14 [Amendment 2014-1, executed March 7, 2014, to the Devon Energy Corporation Benefit Restoration Plan \(incorporated by reference to Exhibit 10.6 to Registrant's Form 10-Q filed May 9, 2014; File No. 001-32318\).*](#)
- 10.15 [Amendment 2015-1, executed April 15, 2015, to the Devon Energy Corporation Benefit Restoration Plan \(incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed May 6, 2015; File No. 001-32318\).*](#)
- 10.16 [Amendment 2016-1, executed October 20, 2016, to the Devon Energy Corporation Benefit Restoration Plan \(incorporated by reference to Exhibit 10.17 to Registrant's Form 10-K filed February 15, 2017; File No. 001-32318\).*](#)
- 10.17 [Amendment 2020-1, executed December 23, 2020, to the Devon Energy Corporation Benefit Restoration Plan \(incorporated by reference to Exhibit 10.20 to the Company's Form 10-K filed February 17, 2021; File No. 001-32318\).*](#)
- 10.18 [Devon Energy Corporation Defined Contribution Restoration Plan \(amended and restated effective as of January 1, 2021\) \(incorporated by reference to Exhibit 10.15 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318\).*](#)
- 10.19 [Amendment No. 1, effective November 29, 2023, to the Devon Energy Corporation Defined Contribution Restoration Plan \(incorporated by reference to Exhibit 10.16 of Registrant's Form 10-K filed February 28, 2024; File No. 001-32318\).*](#)
- 10.20 [Devon Energy Corporation Supplemental Contribution Plan \(amended and restated effective as of January 1, 2021\) \(incorporated by reference to Exhibit 10.16 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318\).*](#)
- 10.21 [Amendment No. 1, effective November 29, 2023, to the Devon Energy Corporation Supplemental Contribution Plan \(incorporated by reference to Exhibit 10.18 of Registrant's Form 10-K filed February 28, 2024; File No. 001-32318\).*](#)
- 10.22 [Devon Energy Corporation Supplemental Retirement Income Plan \(amended and restated effective January 1, 2012\) \(incorporated by reference to Exhibit 10.19 to Registrant's Form 10-K filed February 24, 2012; File No. 001-32318\).*](#)
- 10.23 [Amendment 2014-1, executed March 7, 2014, to the Devon Energy Corporation Supplemental Retirement Income Plan \(incorporated by reference to Exhibit 10.9 to Registrant's Form 10-Q filed May 9, 2014; File No. 001-32318\).*](#)
- 10.24 [Amendment 2016-1, executed October 20, 2016, to the Devon Energy Corporation Supplemental Retirement Income Plan \(incorporated by reference to Exhibit 10.28 to Registrant's Form 10-K filed February 15, 2017; File No. 001-32318\).*](#)
- 10.25 [Amendment 2019-1, effective September 10, 2019, to the Devon Energy Corporation Supplemental Retirement Income Plan \(incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q filed November 6, 2019; File No. 001-32318\).*](#)
- 10.26 [Amendment 2020-1, executed December 23, 2020, to the Devon Energy Corporation Supplemental Retirement Income Plan \(incorporated by reference to Exhibit 10.40 to the Company's Form 10-K filed February 17, 2021; File No. 001-32318\).*](#)
- 10.27 [Form of Amended & Restated Employment Agreement by and between Registrant and certain executive officers \(incorporated by reference to Exhibit 10.33 to Registrant's Form 10-K filed February 19, 2025; File No. 001-32318\).*](#)
- 10.28 [Form of Severance Agreement by and between Registrant and certain executive officers \(incorporated by reference to Exhibit 10.34 to Registrant's Form 10-K filed February 19, 2025; File No. 001-32318\).*](#)
- 10.29 [WPX Energy Nonqualified Deferred Compensation Plan, effective January 1, 2013 \(incorporated herein by reference to Exhibit 10.16 to WPX Energy, Inc.'s Form 10-K filed February 28, 2013; File No. 001-35322\).*](#)
- 10.30 [First Amendment to the WPX Energy Nonqualified Deferred Compensation Plan, executed January 4, 2021 \(incorporated by reference to Exhibit 10.37 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318\).*](#)
- 10.31 [Second Amendment to the WPX Energy Nonqualified Deferred Compensation Plan, executed December 15, 2021 \(incorporated by reference to Exhibit 10.38 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318\).*](#)
- 10.32 [WPX Energy Board of Directors Nonqualified Deferred Compensation Plan, effective January 1, 2013 \(incorporated herein by reference to Exhibit 10.17 to WPX Energy, Inc.'s Form 10-K filed February 28, 2013; File No. 001-35322\).*](#)
- 10.33 [First Amendment to the WPX Energy Board of Directors Nonqualified Deferred Compensation Plan, executed December 9, 2021 \(incorporated by reference to Exhibit 10.40 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318\).*](#)

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- 10.34 [WPX Energy Nonqualified Restoration Plan, effective January 1, 2015 \(incorporated by reference to Exhibit 10.41 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318\).*](#)
- 10.35 [First Amendment to the WPX Energy Nonqualified Restoration Plan, executed January 4, 2021 \(incorporated by reference to Exhibit 10.42 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318\).*](#)
- 10.36 [Second Amendment to the WPX Energy Nonqualified Restoration Plan, executed December 15, 2021 \(incorporated by reference to Exhibit 10.43 of Registrant's Form 10-K filed February 16, 2022; File No. 001-32318\).*](#)
- 10.37 [Form of Indemnity Agreement between Registrant and non-management directors \(incorporated by reference to Exhibit 10.40 to Registrant's Form 10-K filed February 19, 2020; File No. 001-32318\).*](#)
- 10.38 [2022 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2017 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for restricted stock awarded \(incorporated by reference to Exhibit 10.1 of Registrant's Form 10-Q filed May 3, 2022; File No. 001-32318\).*](#)
- 10.39 [2023 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2022 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for restricted stock awarded \(incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q filed May 9, 2023; File No. 001-32318\).*](#)
- 10.40 [2024 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2022 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for restricted stock awarded \(incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q filed May 2, 2024; File No. 001-32318\).*](#)
- 10.41 [2025 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2022 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for restricted stock awarded \(EVP form\) \(incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q filed May 7, 2025; File No. 001-32318\).*](#)
- 10.42 [2025 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2022 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for restricted stock awarded \(SVP form\) \(incorporated by reference to Exhibit 10.3 of Registrant's Form 10-Q filed May 7, 2025; File No. 001-32318\).*](#)
- 10.43 [2023 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2022 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for performance based restricted share units awarded \(incorporated by reference to Exhibit 10.3 to Registrant's Form 10-Q filed May 9, 2023; File No. 001-32318\).*](#)
- 10.44 [2024 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2022 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for performance based restricted share units awarded \(incorporated by reference to Exhibit 10.3 to Registrant's Form 10-Q filed May 2, 2024; File No. 001-32318\).*](#)
- 10.45 [2025 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2022 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for performance based restricted share units awarded \(EVP form\) \(incorporated by reference to Exhibit 10.4 to Registrant's Form 10-Q filed May 7, 2025; File No. 001-32318\).*](#)
- 10.46 [2025 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2022 Long-Term Incentive Plan between Devon Energy Corporation and certain officers for performance based restricted share units awarded \(SVP form\) \(incorporated by reference to Exhibit 10.5 to Registrant's Form 10-Q filed May 7, 2025; File No. 001-32318\).*](#)
- 10.47 [2025 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2022 Long-Term Incentive Plan between the Company and non-management directors for restricted stock awarded \(incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed August 6, 2025; File No. 001-32318\).*](#)
- 10.48 [2025 Form of Notice of Grant of Restricted Stock Unit Award and Award Agreement under the 2022 Long-Term Incentive Plan between the Company and non-management directors for restricted stock units awarded \(incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q filed August 6, 2025; File No. 001-32318\).*](#)
- 10.49 [Form of Restricted Stock Unit Award Agreement between WPX Energy, Inc. and non-employee directors \(incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Form 8-K filed September 3, 2014; File No. 001-35322\).*](#)

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10.50	<u>Form of Amended and Restated Restricted Stock Unit Award Agreement between WPX Energy, Inc. and non-employee directors (incorporated herein by reference to Exhibit 10.38 to WPX Energy, Inc.'s Form 10-Q filed August 6, 2019; File No. 001-35322).</u> *
19	<u>Insider Trading Policy.</u>
21	<u>List of Subsidiaries.</u>
23.1	<u>Consent of KPMG LLP.</u>
23.2	<u>Consent of DeGolyer and MacNaughton.</u>
31.1	<u>Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
97	<u>Devon Energy Corporation Clawback Policy, adopted on November 29, 2023 (incorporated by reference to Exhibit 97 to Registrant's Form 10-K filed February 28, 2024; File No. 001-32318).</u>
99	<u>Report of DeGolyer and MacNaughton.</u>
101.INS	Inline XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbases Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Indicates management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEVON ENERGY CORPORATION

By: /s/ JEFFREY L. RITENOUR
Jeffrey L. Ritenour
*Executive Vice President and
Chief Financial Officer*

February 18, 2026

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>/s/ CLAY M. GASPAR</u> Clay M. Gaspar	President, Chief Executive Officer and Director (Principal executive officer)	February 18, 2026
<u>/s/ JEFFREY L. RITENOUR</u> Jeffrey L. Ritenour	Executive Vice President and Chief Financial Officer (Principal financial officer)	February 18, 2026
<u>/s/ JOHN B. SHERRER</u> John B. Sherrer	Vice President, Accounting and Controller (Principal accounting officer)	February 18, 2026
<u>/s/ JOHN E. BETHANCOURT</u> John E. Bethancourt	Chair and Director	February 18, 2026
<u>/s/ BARBARA M. BAUMANN</u> Barbara M. Baumann	Director	February 18, 2026
<u>/s/ ANN G. FOX</u> Ann G. Fox	Director	February 18, 2026
<u>/s/ GENNIFER F. KELLY</u> Gennifer F. Kelly	Director	February 18, 2026
<u>/s/ KELT KINDICK</u> Kelt Kindick	Director	February 18, 2026
<u>/s/ KARL F. KURZ</u> Karl F. Kurz	Director	February 18, 2026
<u>/s/ MICHAEL N. MEARS</u> Michael N. Mears	Director	February 18, 2026
<u>/s/ ROBERT A. MOSBACHER, JR.</u> Robert A. Mosbacher, Jr.	Director	February 18, 2026
<u>/s/ BRENT J. SMOLIK</u> Brent J. Smolik	Director	February 18, 2026
<u>/s/ VALERIE M. WILLIAMS</u> Valerie M. Williams	Director	February 18, 2026

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of February 4, 2026, we have one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock, par value \$0.10 per share (“common stock”). The following summary of terms of our common stock is based upon our restated certificate of incorporation (the “Charter”) and amended and restated bylaws (the “Bylaws”) currently in effect under Delaware law. This summary is not complete and is subject to, and qualified in its entirety by reference to, the Charter and the Bylaws. For a complete description of the terms and provisions of the common stock, refer to the Charter and Bylaws, which are filed as Exhibits 3.1 and 3.2, respectively, to this Annual Report on Form 10-K. Throughout this exhibit, references to the “Company,” “Devon,” “we,” “our,” and “us” refer to Devon Energy Corporation. We encourage you to read these documents and the applicable portion of the General Corporation Law of the State of Delaware, as amended (the “DGCL”), carefully.

General

Devon’s authorized capital stock consists of:

- 1.0 billion shares of common stock; and
- 4.5 million shares of preferred stock, par value \$1.00 per share (“preferred stock”).

As of February 4, 2026, there were 619,921,871 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Holders of common stock will be entitled to receive dividends out of legally available funds when and if declared by our board of directors. Subject to the rights of the holders of any outstanding shares of preferred stock, holders of shares of common stock will be entitled to cast one vote for each share held of record on all matters submitted to a vote of stockholders. They will not be entitled to cumulative voting rights for the election of directors. The shares of common stock have no preemptive, conversion or other rights to subscribe for or purchase any of our securities. Upon our liquidation or dissolution, the holders of shares of common stock are entitled to share ratably in any of our assets that remain after payment or provision for payment to creditors and holders of preferred stock.

Preferred Stock

The preferred stock may be issued in one or more series. Our board of directors may establish attributes of any series, including the designation and number of shares in the series, dividend rates (cumulative or noncumulative), voting rights, redemptions, conversion or preference rights, and any other rights and qualifications, preferences and limitations or restrictions on shares of a series. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of Devon without any vote or action by the stockholders and may adversely affect the voting and other rights of the holders of shares of common stock. The specific terms of a particular series of preferred stock will be described in a certificate of designation relating to that series.

Subject to the Charter and to any limitations imposed by any then outstanding preferred stock, we may issue additional series of preferred stock, at any time or from time to time, with such powers, preferences, rights and qualifications, limitations or restrictions as our board of directors determines, and without further action of the stockholders, including holders of our then outstanding preferred stock, if any.

Certain Anti-takeover Matters

The Charter and Bylaws contain provisions that may make it more difficult for a potential acquirer to acquire us by means of a transaction that is not negotiated with our board of directors. These provisions and certain provisions of the DGCL could delay or prevent a merger or acquisition that our stockholders consider favorable. These provisions may also discourage acquisition proposals or have the effect of delaying or preventing a change in

control, which could harm our stock price. Following is a description of the anti-takeover effects of certain provisions of the Charter and Bylaws.

No cumulative voting. The DGCL provides that stockholders of a Delaware corporation are not entitled to the right to cumulate votes in the election of directors unless its certificate of incorporation provides otherwise. The Charter provides that cumulative voting is not permitted.

Calling of special meetings of stockholders. The Charter and Bylaws provide that special meetings of our stockholders may be called only by or at the direction of our board of directors, the chair of our board of directors, our president or chief executive officer or by our secretary upon an appropriately made written request of one or more record holders owning, and having held continuously for a period of at least one year prior to the date such request is delivered, an aggregate of not less than 25% of the voting power of all outstanding shares of our capital stock.

Advance notice requirements for stockholder proposals and director nominations. The Bylaws provide that stockholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of stockholders or a stockholder requested special meeting of stockholders must provide timely notice of their proposal in writing to our corporate secretary.

Generally, to be timely, a stockholder's notice regarding an annual meeting of stockholders must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the previous year's annual meeting. The Bylaws also specify requirements as to the form and content of a stockholder's notice. These provisions may impede stockholders' ability to bring matters before an annual meeting of stockholders, a stockholder requested special meeting of stockholders or make nominations for directors.

No action by stockholder consent. The Charter provides that any action required or permitted to be taken by the stockholders of Devon must be effected at a duly called annual or special meeting of Devon's stockholders, and specifically denies to the stockholders the ability to consent in writing to the taking of any action.

Limitations on liability and indemnification of officers and directors. The DGCL authorizes corporations to limit or eliminate the personal liability of directors and officers to corporations and their stockholders for monetary damages for certain breaches of their fiduciary duties. The Charter provides that directors and officers shall not be liable to the corporation or our stockholders for monetary damages for breaches of their fiduciary duties, subject to the limitations set forth in the DGCL (including the exclusion of breaches of the duty of loyalty from the limitation of liability) as the same exists or may hereafter be amended.

The Charter and Bylaws require us to indemnify our directors, officers, employees and agents in certain circumstances and also authorize us to carry directors' and officers' insurance for the benefit of our directors, officers, employees and agents. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and officers.

The limitation of liability and indemnification provisions in the Charter and Bylaws may discourage our stockholders from bringing lawsuits against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Board authority to amend bylaws. Under the Charter and Bylaws, our board of directors has the authority to adopt, amend or repeal our bylaws without the approval of our stockholders. However, our stockholders also have the right, with the affirmative vote of the holders of at least a majority of the combined voting power of the then-outstanding shares of voting stock and without the approval of our board of directors, to adopt, amend or repeal our bylaws.

General Corporation Law of the State of Delaware. Devon is a Delaware corporation that is subject to Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified therein, a Delaware corporation shall not engage in certain “business combinations” with any “interested stockholder” for a three-year period following the time that the stockholder became an interested stockholder unless:

- prior to such time, the board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the corporation’s voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by the board of directors of the corporation and by the affirmative vote of holders of at least 66 ⅔% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a “business combination” includes a merger, asset or stock sale or other transaction that results in a financial benefit to the interested stockholder. Subject to certain exceptions, an “interested stockholder” is a person who, together with that person’s affiliates and associates, owns, or within the previous three years did own, 15% or more of our voting stock.

Under certain circumstances, Section 203 could make it more difficult for a person who would be an “interested stockholder” to effect a “business combination” with Devon. Section 203 of the DGCL may encourage any person interested in acquiring Devon to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction that results in such person becoming an interested stockholder. Section 203 of the DGCL also may make it more difficult to effect transactions involving the Company that our stockholders may otherwise deem to be in their best interests.

Exclusive forum for certain lawsuits. The Bylaws designate the Court of Chancery in the state of Delaware and the federal district courts of the United States of America as the exclusive forums for certain claims involving the Company. This forum selection provision in the Bylaws may limit a stockholder’s ability to bring a claim against us or our directors, officers or employees in a judicial forum that it finds favorable and otherwise may discourage lawsuits with respect to such claims.

Listing

Our common stock is listed and traded on the New York Stock Exchange under the symbol “DVN.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. Its address is c/o Computershare Investor Services, 150 Royall St., Suite 101, Canton, MA 02021 or P.O. Box 43006, Providence, RI 02940-3006 and its telephone number is (877) 860-5820.

DEVON ENERGY CORPORATION
2022 LONG-TERM INCENTIVE PLAN

Effective as of June 8, 2022
(Amended and Restated Effective November 19, 2025)

ARTICLE I
PURPOSE

SECTION 1.1 Purpose. The Devon Energy Corporation 2022 Long-Term Incentive Plan is established by Devon Energy Corporation (“the Company”) to create incentives designed to provide meaningful share ownership opportunities that align Participants’ long-term interests with those of our stockholders, emphasize long-term performance results, and promote retention of Participants. Toward these objectives, the Plan provides for the grant of Options, Restricted Stock Awards, Restricted Stock Units and SARs to Eligible Employees and the grant of Nonqualified Stock Options, SARs, Restricted Stock Awards and Restricted Stock Units to Eligible Directors, subject to the conditions set forth in the Plan. The Plan is designed to provide flexibility to meet the needs of the Company in a changing and competitive environment and to help further align the interests of Eligible Employees and Eligible Directors with those of the Company’s stockholders. The Company does not intend to use all incentive vehicles at all times for each Participant but will selectively grant Awards to Participants to achieve long-term goals.

SECTION 1.2 Establishment. The Plan was effective June 8, 2022, when the Plan was approved by the stockholders of the Company at a stockholders’ meeting held on such date (“the Effective Date”). The authority to issue Awards under the Plan will terminate on June 8, 2032, and the remaining terms of the Plan shall continue in effect until all matters relating to the payment of Awards and administration of the Plan have been settled. The Plan was subsequently amended on November 30, 2022 to permit a limited exception to the requirement relating to the outside date upon which awards under the Plan must expire, June 4, 2024 to permit the immediate vesting of Restricted Stock Awards and Restricted Stock Units that are granted to Eligible Directors, and November 19, 2025 to clarify the ability of the Company to permit certain deferrals of payments of Awards under the Plan.

SECTION 1.3 Shares Subject to the Plan.

(a) Subject to the limitations set forth in the Plan, Awards may be made under the Plan for a total of 27,500,000 shares of Common Stock, plus the number of shares of Common Stock available for issuance as of the Effective Date under the Predecessor Plan, including the shares of Common Stock subject to outstanding awards under the Predecessor Plan that are transferred to the Plan in accordance with the provisions of subsection (b) below.

(b) The Plan shall serve as the successor to the Predecessor Plan, and no further grants shall be made under the Predecessor Plan on or after the Effective Date. All awards outstanding under the Predecessor Plan on the Effective Date shall be transferred to the Plan at that time and shall be treated as outstanding awards under the Plan. However, each outstanding award so transferred shall continue to be governed solely by the terms of the documents evidencing such award, and no provision of the Plan shall be deemed to affect or otherwise modify the rights or obligations of the holders of such transferred awards with respect to their acquisition of shares of Common Stock thereunder.

(c) Any shares granted as Options or SARs shall be counted against the share limit set forth in subsection (a) above as one share for each share granted. Any shares granted under Awards other

than Options or SARs shall be counted against this limit as 1.74 shares for each share granted; provided, further, that a maximum of 27.5 million shares of Common Stock of the total shares of Common Stock authorized under this Section 1.3 may be granted as Incentive Stock Options.

(d) The limitations of this Section 1.3 shall be subject to adjustment pursuant to Article X.

(e) Notwithstanding the preceding provisions of this Section 1.3:

(i) Effective as of the WPX Merger Closing Date, the number of Awards that were available under the Predecessor Plan were increased by 2,007,033 shares of Common Stock (the “WPX Plan Share Reserve”), which shares shall not be subject to the provisions of subsection (c) above.

(ii) Awards made out of the WPX Share Reserve may be granted only to WPX Reserve Eligible Employees.

(iii) No Award may be granted out of the WPX Share Reserve after May 22, 2023.

(iv) For purposes of Section 4.1(c), any shares of Common Stock made subject to an Award granted out of the WPX Plan Share Reserve shall be credited back to the WPX Plan Share Reserve.

(v) All Awards granted out of the WPX Plan Share Reserve may be Incentive Stock Options.

(vi) For purposes of this subsection (e),

(1) “WPX Merger Closing Date” means the date of consummation of the transactions contemplated by that certain Agreement and Plan of Merger, dated as of September 26, 2020, by and among the Company, East Merger Sub, Inc. and WPX Energy, Inc.

(2) “WPX Reserve Eligible Employees” means (I) those individuals employed by or otherwise providing services to WPX Energy, Inc. or its affiliates immediately before the Merger Closing Date and (II) those individuals who are hired by, or otherwise first become service providers to, the Company or its Affiliated Entities on or after the WPX Merger Closing Date.

ARTICLE II DEFINITIONS

SECTION 2.1 “Account” means the recordkeeping account established by the Company that will be utilized to track an Award of Restricted Stock Units, dividends or dividend equivalents or certain other cash-payable Awards to a Participant.

SECTION 2.2 “Affiliated Entity” means any partnership or limited liability company in which a majority of the partnership, company or other similar interest thereof is owned or controlled, directly or indirectly, by the Company or one or more of its Subsidiaries or Affiliated Entities or a combination thereof. For purposes hereof, the Company, a Subsidiary or an Affiliated Entity shall be deemed to have a majority ownership interest in a partnership or limited liability company if the Company, such Subsidiary or

Affiliated Entity shall be allocated a majority of partnership or limited liability company gains or losses or shall be or control a managing director or a general partner of such partnership or limited liability company.

SECTION 2.3 “Award” means, individually or collectively, any Option, Restricted Stock Award, Restricted Stock Unit or SAR granted under the Plan to an Eligible Employee by the Committee or any Nonqualified Stock Option, SAR, Restricted Stock Award or Restricted Stock Unit granted under the Plan to an Eligible Director by the Board pursuant to such terms, conditions, restrictions, and/or limitations, if any, as the Committee may establish by the Award Agreement or otherwise.

SECTION 2.4 “Award Agreement” means any written instrument that establishes the terms, conditions, restrictions, and/or limitations applicable to an Award in addition to those established by the Plan and by the Committee’s exercise of its administrative powers.

SECTION 2.5 “Board” means the Board of Directors of the Company.

SECTION 2.6 “Change in Control Event” means the occurrence of any one of the following events:

(a) the Incumbent Directors cease for any reason to constitute at least a majority of the Board;

(b) any person is or becomes a “beneficial owner” (as such meaning is set forth in Rule 13d-3 under the Exchange Act), directly or indirectly, of Company securities representing 30% or more of either (x) the Company’s outstanding shares of common stock or (y) the combined voting power of the Company’s then-outstanding securities eligible to vote in the election of directors (each, “Company Securities”); provided, however, that the event described in this subsection (b) shall not be deemed to be a Change in Control Event by virtue of any of the following acquisitions or transactions: (A) by the Company or any subsidiary, (B) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary, (C) by an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) pursuant to a Non-Qualifying Transaction;

(c) the consummation of a merger, consolidation, statutory share exchange, or similar form of corporate transaction involving the Company or any of its subsidiaries that requires the approval of the Company’s stockholders, whether for such transaction or the issuance of securities in the transaction (a “Reorganization”), or the sale or other disposition of all or substantially all of the Company’s assets to an entity that is not an affiliate (a “Sale”), unless:

(i) immediately following the consummation of the Reorganization or Sale, the holders of the Company’s shares of Common Stock hold or receive in such Reorganization more than 50% of each of the outstanding common stock and the total voting power of securities eligible to vote in the election of directors of (x) the corporation resulting from such Reorganization or the corporation that has acquired all or substantially all of the assets of the Company (in either case, “the Surviving Corporation”), or (y) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (“the Parent Corporation”),

(ii) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation) is or becomes, as a result of the Reorganization or Sale, the beneficial owner, directly or indirectly, of 30% or more of the outstanding shares of common stock or the total voting power of the outstanding voting securities eligible to vote in the

election of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and

(iii) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Reorganization or Sale were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization or Sale;

(any Reorganization or Sale that satisfies all of the criteria specified in (i), (ii) and (iii) above shall be deemed to be a "Non-Qualifying Transaction"); or

(d) the Company's stockholders consummate a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, a Change in Control Event shall not be deemed to occur solely because any person acquires beneficial ownership of more than 30% of Company Securities due to the Company's acquisition of Company Securities that reduces the number of Company Securities outstanding; provided, however, if, following such acquisition by the Company, such person becomes the beneficial owner of additional Company Securities that increases the percentage of outstanding Company Securities beneficially owned by such person, a Change in Control Event shall then occur. In addition, if a Change in Control Event occurs pursuant to paragraph 2.9(b) above, no additional Change in Control Event shall be deemed to occur pursuant to paragraph 2.9(b) by reason of subsequent changes in holdings by such person (except if the holdings by such person are reduced below 30% and thereafter increase to 30% or above).

Solely with respect to any Award that the Committee determines to be subject to Section 409A of the Code (and not excepted therefrom) and a Change in Control Event is a distribution event for purposes of an Award, the foregoing definition of Change of Control Event shall be interpreted, administered, limited and construed in a manner necessary to ensure that the occurrence of any such event shall result in a Change in Control Event only if such event qualifies as a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation, as applicable, within the meaning of Treasury Regulation Section 1.409A-3(i)(5).

Notwithstanding anything herein to the contrary, for the avoidance of doubt, when two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, voting or disposing of Company securities, such partnership, syndicate or group shall be deemed a "person" for purposes of this definition.

SECTION 2.7 "Code" means the Internal Revenue Code of 1986, as amended. References in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

SECTION 2.8 "Committee" shall have the meaning set forth in Section 3.1.

SECTION 2.9 "Common Stock" means the common stock, par value \$0.10 per share, of the Company, and after substitution, such other stock as shall be substituted therefore as provided in Article X.

SECTION 2.10 "Compensation Committee" means the Compensation Committee of the Board.

SECTION 2.11 "Date of Grant" means the date on which the grant of an Award is authorized by the Committee or such later date as may be specified by the Committee in such authorization.

SECTION 2.12 “Effective Date” shall have the meaning set forth in Section 1.2.

SECTION 2.13 “Eligible Employee” means any employee of the Company, a Subsidiary, or an Affiliated Entity as approved by the Committee.

SECTION 2.14 “Eligible Director” means any member of the Board who is not an employee of the Company, an Affiliated Entity or any Subsidiary.

SECTION 2.15 “Exchange Act” means the Securities Exchange Act of 1934, as amended.

SECTION 2.16 “Executive Officer Participants” means Participants who are (1) employees of the Company, a Subsidiary, or an Affiliated Entity as approved by the Committee and (2) subject to Section 16(a) of the Exchange Act and the rules promulgated thereunder.

SECTION 2.17 “Fair Market Value” means (a) during such time as the Common Stock is listed upon the New York Stock Exchange or any other national stock exchange on which the Common Stock is listed, the closing market price per share of the Common Stock as reported by such stock exchange on the day for which such value is to be determined, or, if no sale of the Common Stock shall have been made on any such stock exchange that day, on the following day on which there was a sale of such Common Stock; (b) during any such time as the Common Stock is not listed on a national stock exchange, the mean between the last reported “bid” and “ask” prices of the Common Stock in the over-the-counter market on the day for which such value is to be determined; or (c) during any such time as the Common Stock cannot be valued pursuant to (a) or (b) above, the fair market value shall be as determined by the Board considering all relevant information including, by example and not by limitation, the services of an independent appraiser.

SECTION 2.18 “Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

SECTION 2.19 “Incumbent Directors” means the members of the Board on the Effective Date; provided, however, that (a) any person becoming a director and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be deemed an Incumbent Director, and (b) no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest (“Election Contest”), pursuant to any proxy access procedures for stockholders included in the Company’s organizational documents, or other actual or threatened solicitation of proxies or consents by or on behalf of any “person” (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) (“Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; provided further, however, that when two or more persons act as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, voting or disposing of Company securities, such partnership, syndicate or group shall be deemed a “person” for purposes of this definition.

SECTION 2.20 “Non-Executive Officer Participants” means Participants who are not subject to Section 16(a) of the Exchange Act and the rules promulgated thereunder.

SECTION 2.21 “Nonqualified Stock Option” means an Option which is not intended to qualify as an Incentive Stock Option.

SECTION 2.22 “Option” means an Award granted under Article V of the Plan and includes both Nonqualified Stock Options and Incentive Stock Options to purchase shares of Common Stock.

SECTION 2.23 “Participant” means an Eligible Employee of the Company, a Subsidiary, or an Affiliated Entity to whom an Award has been granted by the Committee, or an Eligible Director to whom an Award has been granted by the Board under the Plan.

SECTION 2.24 “Performance-Based Award” means a performance-based Restricted Stock Award or performance-based Restricted Stock Unit granted under the Plan to an Eligible Employee in accordance with Article IX.

SECTION 2.25 “Plan” means this Devon Energy Corporation 2022 Long-Term Incentive Plan, as amended from time to time.

SECTION 2.26 “Predecessor Plan” means the Devon Energy Corporation 2017 Long-Term Incentive Plan, as originally adopted by the Board via Written Consent on April 7, 2017, and subsequently approved by the stockholders of the Company on June 7, 2017.

SECTION 2.27 “Regular Award Committee” means a committee comprised of the individual who is the Company’s chief executive officer and such additional members, if any, as shall be appointed by the Compensation Committee.

SECTION 2.28 “Restricted Stock Award” means an Award granted to an Eligible Employee or Eligible Director under Article VI of the Plan.

SECTION 2.29 “Restricted Stock Unit” means an Award granted to an Eligible Employee or Eligible Director under Article VII of the Plan.

SECTION 2.30 “Restriction Period” means the period when a Restricted Stock Award or Restricted Stock Unit is subject to forfeiture based upon continued employment over a period of time, the achievement of performance criteria, the occurrence of other events and/or the satisfaction of nondisclosure and protection of business provisions as determined by the Committee, in its discretion. Subject to the limitations included in Section 4.1(i), the Committee may determine that the Restriction Period is satisfied on the Date of Grant.

SECTION 2.31 “SAR” means a stock appreciation right granted to an Eligible Employee or Eligible Director under Article VIII of the Plan.

SECTION 2.32 “Secretary” means the corporate secretary of the Company duly elected by the Board.

SECTION 2.33 “Subsidiary” shall have the same meaning set forth in Section 424 of the Code.

SECTION 2.34 “10% Stockholder” means an employee of the Company or its Subsidiary who, as of the date on which an Incentive Stock Option is granted to such employee, owns more than ten percent (10%) of the total combined voting power of all classes of shares of Common Stock then issued by the Company or any of its Subsidiaries.

ARTICLE III ADMINISTRATION

SECTION 3.1 Administration of the Plan by the Committee. For purposes of administration, the Plan shall be deemed to consist of three separate stock incentive plans, a “Non-Executive Officer Participant Plan,” which is limited to Non-Executive Officer Participants, an “Executive Officer Participant Plan,”

which is limited to Executive Officer Participants and a “Non-Employee Director Participant Plan,” which is limited to Eligible Directors. Except for administration and the category of Eligible Employees eligible to receive Awards, the terms of the Non-Executive Officer Participant Plan and the Executive Officer Participant Plan are identical. The Non-Employee Director Plan has other variations in terms and only permits the grant of Nonqualified Stock Options, SARs, Restricted Stock Awards and Restricted Stock Units.

The Non-Executive Officer Participant Plan shall be administered by the Compensation Committee. The Compensation Committee may, at its discretion, delegate authority to the Regular Award Committee to administer the Non-Executive Officer Participant Plan to the extent permitted by applicable law, rule or regulation. The Regular Award Committee may only act within guidelines established by the Compensation Committee.

The Executive Officer Participant Plan shall be administered by the Compensation Committee.

With respect to the Non-Employee Director Plan, the Board shall have the exclusive power to select Eligible Directors to participate in the Plan and to determine the number of Nonqualified Stock Options, SARs, Restricted Stock Units or Restricted Stock Awards to Eligible Directors selected for participation. The Compensation Committee shall administer all other aspects of the Awards made to Eligible Directors.

With respect to the Non-Executive Officer Participant Plan and to decisions relating to Non-Executive Officer Participants, including the grant of Awards, the term “Committee” shall mean the Compensation Committee, and the Regular Award Committee, as authorized by the Compensation Committee, and with respect to the Executive Officer Participant Plan and to decisions relating to the Executive Officer Participants, including the grant of Awards, the term “Committee” shall mean only the Compensation Committee.

The Compensation Committee shall consist solely of two or more members of the Board who shall be (i) “non-employee directors” within the meaning of Rule 16b-3(b)(3) (or any successor rule) of the Exchange Act and (ii) “independent directors” as determined in accordance with the independence standards established by the New York Stock Exchange or any other national stock exchange on which the Common Stock is at the time primarily traded.

Subject to the provisions of the Plan, the Committee shall have exclusive power to:

- (a) Select Eligible Employees to participate in the Plan.
- (b) Determine the time or times when Awards will be made.
- (c) Determine the form of an Award, whether an Option, Restricted Stock Award, Restricted Stock Unit or SAR, the number of shares of Common Stock or Restricted Stock Units subject to the Award, the amount and all the terms, conditions (including performance requirements), restrictions and/or limitations, if any, of an Award, including the time and conditions of exercise or vesting, and the terms of any Award Agreement.
- (d) Determine whether Awards will be granted singly or in combination.
- (e) Accelerate the vesting, exercise or payment of an Award or the performance period of an Award.

- (f) Take any and all other action it deems necessary or advisable for the proper operation or administration of the Plan.

SECTION 3.2 Compensation Committee to Make Rules and Interpret Plan. The Committee, in its sole discretion, shall have the authority, subject to the provisions of the Plan, to establish, adopt, or revise such rules and regulations and to make all such determinations relating to the Plan, as it may deem necessary or advisable for the administration of the Plan. The Committee's interpretation of the Plan or any Awards and all decisions and determinations by the Committee with respect to the Plan shall be final, binding, and conclusive on all parties.

ARTICLE IV GRANT OF AWARDS

SECTION 4.1 Grant of Awards. Awards granted under the Plan shall be subject to the following conditions:

(a) Subject to Article X, the aggregate number of shares of Common Stock made subject to the grant of Options and SARs to any Eligible Employee in any calendar year may not exceed 3,000,000.

(b) Subject to Article X, (i) the aggregate number of shares of Common Stock made subject to the grant of Performance-Based Awards (payable in shares of Common Stock) in any calendar year may not exceed 1,500,000 shares of Common Stock (based on a maximum Award level on the Date of Grant) and (ii) the aggregate amount of cash made subject to the grant of Performance-Based Awards (payable in cash) in any calendar year may not exceed \$15,000,000 (based on a maximum Award level on the Date of Grant).

(c) If any shares of Common Stock covered by an Award granted under the Plan, the Predecessor Plan or any other Devon Energy Corporation long-term incentive plans, or to which such an Award relates, are forfeited, or an Award (or any portion thereof) otherwise terminates or is canceled without the delivery of shares of Common Stock, then the shares of Common Stock covered by such Award, or to which such Award relates, or the number of shares of Common Stock otherwise counted against the aggregate number of shares of Common Stock with respect to which Awards may be granted, to the extent of any such forfeiture, termination or cancellation, shall again become shares of Common Stock with respect to which Awards may be granted under the Plan and shall not reduce the shares authorized under Section 1.3. Shares of Common Stock which are (i) tendered in payment of the exercise price or grant price of an Option or SAR, as applicable, (ii) not issued upon the settlement of SARs, (iii) tendered or withheld by the Company in payment of federal, state or local withholding taxes, (iv) repurchased by the Company using Option exercise proceeds, or (v) not issued or delivered as a result of the net settlement of an outstanding SAR or Option, shall not become available again for issuance under the Plan or be added back to the shares authorized under Section 1.3. Any Award (or any portion thereof) settled in cash will not be counted against, or have any effect upon, the number of shares of Common Stock available for issuance under the Plan.

(d) Any shares of Common Stock under any Award that are granted in assumption of, or in substitution for, outstanding awards previously granted by a company or business acquired by the Company, a Subsidiary or an Affiliated Entity or with which the Company, a Subsidiary or an Affiliated Entity combines ("Substitute Awards") shall not be applied to reduce the number of shares of Common Stock reserved under Section 1.3 of the Plan, but will be available under the Plan by virtue of the Company's assumption of the plan or arrangement of the acquired company or business.

(e) Common Stock delivered by the Company in payment of an Award authorized under the Plan may be authorized and unissued Common Stock or Common Stock held in the treasury of the Company.

(f) The Compensation Committee shall, in its sole discretion, determine the manner in which fractional shares arising under the Plan shall be treated.

(g) The Compensation Committee shall from time to time establish guidelines for the Regular Award Committee regarding the grant of Awards to Eligible Employees.

(h) Separate certificates or a book-entry registration representing Common Stock shall be delivered to a Participant upon the exercise of any Option.

(i) Restricted Stock Awards and Restricted Stock Units which vest based upon the Participant's continued employment shall be limited in such a way that, (i) no portion of the Award will vest prior to the first anniversary of the Date of Grant; (ii) up to one-third of the shares subject to the Award is eligible to vest on or after the first anniversary of the Date of Grant; (iii) up to an additional one-third of the shares subject to the Award is eligible to vest on or after the second anniversary of the Date of Grant; and (iv) up to an additional one-third of the shares subject to the Award is eligible to vest on or after the third anniversary of the Date of Grant; provided, however, that this limitation shall not: (a) apply to Substitute Awards or any other Awards granted in exchange for the surrender of, or substitution of, another company's awards to its employees and directors, (b) apply to grants of Restricted Stock Awards and Restricted Stock Units of up to 5% of the shares of Common Stock authorized for issuance under the Plan pursuant to Section 1.3(a) or (c) apply in the case of a termination due to death, disability, retirement, or involuntary termination of employment or service without cause or on account of good reason or the occurrence of a Change in Control Event.

(j) Restricted Stock Awards and Restricted Stock Units which vest based upon performance standards shall require that the performance period must be a period of at least twelve months, except in the case of termination due to death, disability, retirement, or involuntary termination of employment or service without cause or on account of good reason or the occurrence of a Change in Control Event.

(k) Notwithstanding the foregoing and any other provision of the Plan, except for adjustments as provided in Article X or in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, distribution (whether in the form of cash, other Company securities, or other property), stock split, extraordinary cash dividend, recapitalization, Change in Control Event, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of shares of Common Stock or other Company securities, or similar transaction(s)), the terms of outstanding Options or SARs may not be (i) amended to reduce the exercise price or grant price of such outstanding Options or SARs, as applicable, or (ii) cancelled in exchange for cash, other Awards or Options or SARs with an exercise price or grant price that is less than the exercise price or grant price of the original Options or SARs, as applicable, without obtaining stockholder approval.

(l) Eligible Directors may only be granted Nonqualified Stock Options, SARs, Restricted Stock Awards and/or Restricted Stock Units under the Plan.

(m) Subject to Article XI, no Eligible Director may be granted, in any one calendar year, Awards with an aggregate maximum value, calculated as of their respective Dates of Grant, of more than \$750,000.

(n) The maximum term of any Award shall be eight years; provided, however, that such limitation shall not apply to any Restricted Stock Units granted to any Eligible Director pursuant to an election by such Eligible Director to have settlement of the Restricted Stock Units made upon termination of the Eligible Director's service on the Board.

(o) Awards under the Plan shall be made conditional upon the Participant's acknowledgement, in writing or by acceptance of the Award, that all decisions and determinations of the Committee shall be final and binding on the Participant, his or her successors and any other person having or claiming an interest under such Award.

ARTICLE V STOCK OPTIONS

SECTION 5.1 Grant of Options. The Committee may grant Options to Eligible Employees, subject to the provisions of the Plan and such other terms and conditions as it may determine. These Options may be Incentive Stock Options or Nonqualified Stock Options, or a combination of both. Each Option shall be designated in the Award Agreement as either an Incentive Stock Option or a Nonqualified Stock Option. Notwithstanding such designations, to the extent that an Option does not qualify as an Incentive Stock Option, it shall be treated as a Nonqualified Stock Option. The Board may, subject to the provisions of the Plan and such other terms and conditions as it may determine, grant Nonqualified Stock Options to Eligible Directors. Each grant of an Option shall be evidenced by an Award Agreement executed by the Company and the Participant, and shall contain such terms and conditions and be in such form as the Committee may from time to time approve, subject to the requirements of Section 5.2.

SECTION 5.2 Conditions of Options. Each Option so granted shall be subject to the following conditions:

(a) *Exercise Price.* As limited by Section 5.2(e) below, each Option shall state the exercise price which shall be set by the Committee at the Date of Grant; provided, however, no Option shall be granted at an exercise price which is less than the Fair Market Value of the Common Stock on the Date of Grant. In the case of an Incentive Stock Option granted to a 10% Stockholder, the per share exercise price shall be no less than 110% of the Fair Market Value per share of the Common Stock on the Date of Grant.

(b) *Form of Payment.* The exercise price of an Option may be paid (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) by delivering shares of Common Stock having a Fair Market Value on the date of payment equal to the amount of the exercise price, but only to the extent such exercise of an Option would not result in an adverse accounting charge to the Company for financial accounting purposes with respect to the shares used to pay the exercise price unless otherwise determined by the Committee; (iii) by the withholding of shares of Common Stock subject to the exercisable Option, which have a Fair Market Value on the date of exercise equal to the exercise price; (iv) pursuant to procedures approved by the Committee, through the sale of the shares acquired on exercise of the Option through a broker-dealer acting on behalf of the Participant; (v) a combination of the foregoing; or (vi) by such other method as the Committee may approve.

(c) *Exercise of Options.* Options granted under the Plan shall be exercisable, in whole or in such installments and at such times, and shall expire at such time, as shall be provided by the Committee in the Award Agreement. Exercise of an Option shall be by notice to the Company or its designee of such exercise stating the election to exercise in the form and manner determined by the Committee. Every share of Common Stock acquired through the exercise of an Option shall be deemed to be fully paid at the time of exercise and payment of the exercise price.

(d) *Other Terms and Conditions.* No portion of the Option will vest prior to the first anniversary of the Date of Grant; provided, however, that this limitation shall not: (i) apply to Substitute Awards or any other Awards granted in exchange for the surrender of, or substitution of, another company's awards to its employees and directors, (ii) apply to Options to purchase up to 5% of the shares of Common Stock authorized for issuance under the Plan pursuant to Section 1.3(a) shares of Common Stock or (iii) apply in the case of termination due to death, disability, retirement, or involuntary termination of employment or service without cause or on account of good reason or the occurrence of a Change in Control Event. In addition, other conditions that may be imposed by the Committee, if deemed appropriate, include those relating to (i) the period or periods and the conditions of exercisability of any Option; (ii) the minimum periods during which Participants must be employed, or must hold Options before they may be exercised; (iii) the minimum periods during which shares acquired upon exercise must be held before sale or transfer shall be permitted; (iv) conditions under which such Options or shares may be subject to forfeiture; (v) the frequency of exercise or the minimum or maximum number of shares that may be acquired at any one time; (vi) the achievement by the Company of specified performance criteria; and (vii) non-compete and protection of business provisions.

(e) *Special Restrictions Relating to Incentive Stock Options.* Options issued in the form of Incentive Stock Options shall only be granted to Eligible Employees of the Company or a Subsidiary. No Incentive Stock Option will be exercisable more than five years from the Date of Grant in the case of an Incentive Stock Option granted to a 10% Stockholder. The terms of any Incentive Stock Option shall be subject in all respects to the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. To the extent that an Option initially designated as an Incentive Stock Option does not qualify as an Incentive Stock Option, it shall thereafter be treated as a Nonqualified Stock Option.

(f) *Application of Funds.* The proceeds received by the Company from the sale of Common Stock pursuant to Options will be used for general corporate purposes.

(g) *Stockholder Rights.* Participants shall not have any rights as a stockholder with respect to any share of Common Stock subject to an Option prior to purchase of such shares of Common Stock by exercise of the Option. In no event shall dividends or dividend equivalents be granted with respect to Options.

SECTION 5.3 Cash Out Rights. With respect to any Options granted to Eligible Employees pursuant to Section 5.1, the Committee may include in the Eligible Employee's Award Agreement the right to surrender the Option once vested. In the event that an Option surrender right is authorized, the Award Agreement shall provide that, upon the vesting of an Option, the holder thereof shall be entitled to, at his or her option:

(a) Exercise such Option, in whole or in part, in accordance with the procedures specified in Section 5.2; or

(b) Surrender such Option, in whole or in part, by notice to the Company or its designee of such surrender stating the election to surrender in the form and manner determined by the Committee and a request for payment of the Cash-Out Amount where:

"Cash-Out Amount" means an amount of cash equal to the amount by which the aggregate Fair Market Value of the Common Stock subject to the Option exceeds the aggregate Exercise Price under the Option.

Payment of the Cash-Out Amount shall be made in shares of Common Stock or cash as established by the Committee in the Award Agreement.

ARTICLE VI RESTRICTED STOCK AWARDS

SECTION 6.1 Grant of Restricted Stock Awards. The Committee may grant a Restricted Stock Award to any Eligible Employee, subject to the provisions of the Plan and such other terms and conditions as it may determine. Restricted Stock Awards may constitute Performance-Based Awards, as described in Article IX hereof. Restricted Stock Awards shall be awarded in such number and at such times during the term of the Plan as the Committee shall determine. The Board may grant a Restricted Stock Award to an Eligible Director, subject to the provisions of the Plan and such other terms and conditions as it may determine. Each Restricted Stock Award may be evidenced in such manner as the Committee deems appropriate, including, without limitation, a book-entry registration or issuance of a stock certificate or certificates, and by an Award Agreement setting forth the terms of such Restricted Stock Award.

SECTION 6.2 Conditions of Restricted Stock Awards. The grant of a Restricted Stock Award shall be subject to the following:

SECTION 6.3 Restriction Period. Subject to Section 4.1(i) and Section 4.1(j), the Committee shall determine the Restriction Period(s) that apply to the shares of Common Stock covered by each Restricted Stock Award or portion thereof. At the end of the Restriction Period, the restrictions imposed by the Committee shall lapse with respect to the shares of Common Stock covered by the Restricted Stock Award or portion thereof.

SECTION 6.4 Restriction on Transfer. The holder of a Restricted Stock Award may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of the shares of Common Stock represented by the Restricted Stock Award during the applicable Restriction Period. The Committee shall impose such other restrictions and conditions on any shares of Common Stock covered by a Restricted Stock Award as it may deem advisable, including, without limitation, restrictions under applicable Federal or state securities laws, and may legend the certificates representing shares of Common Stock covered by a Restricted Stock Award to give appropriate notice of such restrictions.

SECTION 6.5 Stockholder Rights. During any Restriction Period, the Committee may, in its discretion, grant to the holder of a Restricted Stock Award all or any of the rights of a stockholder with respect to the shares, including, but not by way of limitation, the right to vote such shares. At the discretion of the Committee, dividends or other distributions with respect to an unvested Restricted Stock Award may be withheld by the Company and credited to the Participant's Account; provided that any such dividends or other distributions shall vest only if and to the extent that the underlying Restricted Stock Award vests, as determined by the Committee. Any dividends or distributions so withheld by the Committee and attributable to any particular share of a Restricted Stock Award shall be subject to the same restrictions on transferability as the shares of the Restricted Stock Award with respect to which they were paid, and, if such shares are forfeited, the Participant shall have no right to such dividends or distributions. For the avoidance of doubt, in no event shall dividends or other distributions with respect to a Restricted Stock Award be paid to a Participant unless and until the underlying Award vests.

SECTION 6.6 Section 83(b) Election. If a Participant makes an election pursuant to Section 83(b) of the Code with respect to the Restricted Stock Award, such Participant shall file, within 30 days following the Date of Grant, a copy of such election with the Company and with the Internal Revenue Service in accordance with the regulations under Section 83(b) of the Code. The Committee may, in its discretion,

provide in an Award Agreement that the Restricted Stock Award is conditioned upon the Participant's making or refraining from making an election with respect to such Award under Section 83(b) of the Code.

ARTICLE VII RESTRICTED STOCK UNITS

SECTION 7.1 Grant of Restricted Stock Units. The Committee may grant Restricted Stock Units to any Eligible Employee, subject to the provisions of the Plan and such other terms and conditions as it may determine. Restricted Stock Units may constitute Performance-Based Awards, as described in Article IX hereof. The Board may grant Restricted Stock Units to an Eligible Director, subject to the provisions of the Plan and such other terms and conditions as it may determine. Restricted Stock Units are generally similar to Restricted Stock Awards except that no shares of Common Stock are actually awarded to the Participant on the Date of Grant. Restricted Stock Units shall be awarded in such number and at such times during the term of the Plan as the Committee shall determine.

SECTION 7.2 Conditions of Restricted Stock Units. The grant of a Restricted Stock Unit shall be subject to the following:

(a) *Restriction Period.* Subject to Section 4.1(i) and Section 4.1(j), the Committee shall determine the Restriction Period(s) that apply to the shares of Common Stock covered by each Award of Restricted Stock Units or portion thereof. At the end of the Restriction Period, the restrictions imposed by the Committee shall lapse and the Award shall be paid as specified in Section 7.2(c) below

(b) *Restriction on Transfer.* Restricted Stock Units granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Restriction Period established by the Committee, or upon earlier satisfaction of any other conditions, as specified by the Committee, in its sole discretion, and set forth in the Award Agreement or otherwise.

(c) *Form of Payment.* Restricted Stock Units shall be paid in cash, shares of Common Stock, or a combination of cash and shares as established by the Committee in the Award Agreement, no later than March 15 of the year following the year in which the lapse of the Restriction Period occurs, unless otherwise required by applicable law or unless and to the extent subject to a deferral election pursuant to Section 11.19 below.

(d) *Stockholder Rights.* During the Restriction Period, Participants shall not have any rights as a stockholder of the Company with respect to an Award of Restricted Stock Units and shall have no right to vote such Restricted Stock Units, but the Committee may at the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units, either in cash or in additional shares of Common Stock; provided, however, that dividend equivalents on Restricted Stock Units subject to a Restriction Period that lapses as a result of the achievement of a performance condition shall be deferred until and paid contingent upon the achievement of the applicable performance condition. Any such dividend equivalent on Restricted Stock Units shall be subject to the same restrictions on transferability as the shares underlying the Restricted Stock Units, and, if such shares are forfeited, the Participant shall have no right to such dividend equivalents. For the avoidance of doubt, in no event shall dividend equivalents with respect to a Restricted Stock Unit Award be paid to a Participant unless and until the underlying Restricted Stock Unit Award vests.

ARTICLE VIII STOCK APPRECIATION RIGHTS

SECTION 8.1 Grant of SARs. The Committee may grant a SAR to any Eligible Employee, subject to the provisions of the Plan and subject to other terms and conditions as the Committee may determine. The Board may grant a SAR to any Eligible Director, subject to the provisions of the Plan and subject to other terms and conditions as the Board may determine. SARs may be granted as an independent Award separate from an Option or granted in tandem with an Option, subject to the limitations of Section 8.3. Each grant of a SAR shall be evidenced by an Award Agreement executed by the Company and the Participant and shall contain such terms and conditions and be in such form as the Committee may from time to time approve, subject to the requirements of the Plan. The exercise price of the SAR shall not be less than the Fair Market Value of a share of Common Stock on the Date of Grant of the SAR. In no event shall dividends or dividend equivalents be granted with respect to a SAR.

SECTION 8.2 Exercise and Payment. SARs granted under the Plan shall be exercisable in whole or in installments and at such times as shall be provided by the Committee in the Award Agreement, provided that no portion of the SARs shall vest prior to the first anniversary of the Date of Grant, except in the case of death, disability, retirement, or involuntary termination of employment or service without cause or on account of good reason or the occurrence of a Change in Control Event. The amount payable with respect to each SAR shall be equal in value to the excess, if any, of the Fair Market Value of a share of Common Stock on the exercise date over the exercise price of the SAR. Payment of amounts attributable to a SAR shall be made in shares of Common Stock or cash as established by the Committee in the Award Agreement.

SECTION 8.3 Tandem Awards. SARs may be granted in tandem with an Option, in which event, the Participant has the right to elect to exercise either the SAR or the Option. Upon the Participant's election to exercise one of these Awards, the other tandem award is automatically terminated. In the event a SAR is granted in tandem with an Incentive Stock Option, the Committee shall subject the SAR to restrictions necessary to ensure satisfaction of the requirements under Section 422 of the Code.

ARTICLE IX PERFORMANCE-BASED AWARDS

SECTION 9.1 Generally. Performance-Based Awards may be based on the achievement of one or more of the business criteria, as determined by the Committee, including, without limitation, those criteria described in Section 9.2 below.

SECTION 9.2 Business Criteria. The Committee may use objectively determinable performance goals based on one or more of the following business criteria, individually or in combination: earnings; earnings per share (actual or targeted growth); earnings before interest and taxes; pretax earnings before interest, depreciation, amortization, exploration and abandonment costs; pretax operating earnings after interest expense and before incentives, service fees, and extraordinary or special items or operating income; revenues; sales; debt level; cost reduction targets; interest-sensitivity gap levels; cash flow (including, but not limited to, cash flow before balance sheet changes, free cash flow, net cash flow, net cash flow before financing activities, cash flow from operations, increase in cash flow return); capital expenditures; weighted average cost of capital; debt/proved reserves; net income or gross income (including, but not limited to, income after capital costs and income before or after taxes); operating income; expense; working capital; operating or profit margin; pre-tax margin; contribution margin; return factors (including, but not limited to, return on equity, capital employed, or investment; risk adjusted return on capital; return on investors' capital; return on average equity; return on assets; cash return on capital employed; and return on net assets); book value; operating expenses (including, but not limited to, lease operating expenses, severance taxes and other production taxes, gathering and transportation and general and administrative costs); unit costs; net borrowing, debt leverage levels, credit quality, or debt ratings; accomplishment of mergers, acquisitions, dispositions, or similar business transactions (including, but not limited to, acquisition goals based on value

of assets acquired or similar objectives); debt to debt plus stockholder equity; debt to EBIT, EBITDA or EBITDAX; interest coverage; total stockholder return; comparative stockholder return; market price per share; book value per share; net asset value per share; growth measures; debt to total capitalization ratio; asset quality levels; investments; economic value added; stock price appreciation; market capitalization; accounts receivables day sales outstanding; accounts receivables to sales; achievement of balance sheet or income statement objectives; market share; assets; asset sale targets; non-performing assets; satisfactory internal or external audits; improvement of financial ratings; charge-offs; regulatory compliance; employee retention/attrition rates; individual business objectives; risk management activities, corporate value measures which may be objectively determined (including ethics, compliance, environmental, diversity commitment, and safety); amount of oil, gas and/or other similar energy commodity reserves; costs of finding oil, gas and/or other similar energy commodity reserves; reserve replacement ratio, reserve additions, or other reserve level measures; drilling results; natural gas, oil and/or other energy commodity production, production and reserve growth; implementation or completion of critical projects or processes; production volume; sales volume; production efficiency; inventory to sales; inventory turns; and other financial, operational, strategic or individual performance criteria. Such business criteria may be measured not only in terms of the Company's performance but also in terms of its performance relative to the performance of other entities or may be measured on the basis of the performance of any of the Company's business units or divisions or any parent, Subsidiary or Affiliated Entity. Performance may also be measured on an absolute basis, relative to internal business plans, or based on growth. As may be applicable, they may also be measured in aggregate or on a per-share basis. Business criteria need not be uniform as among Participants.

In setting the business criteria with respect to Performance-Based Awards, the Committee may provide for appropriate adjustment as it deems appropriate, including, but not limited to, one or more of the following items: asset write-downs; litigation or claim judgments or settlements (including, without limitation, any tax settlement with a tax authority); the effect of changes in tax law, changes in accounting principles or other laws or principles affecting reported results; changes in commodity prices; currency fluctuations and/or foreign exchange gains or losses; severance, contract termination, and other costs related to exiting, modifying or reducing any business activities; costs of, and gains and losses from, the acquisition, disposition, or abandonment of businesses or assets; gains and losses from the early extinguishment of debt; gains and losses in connection with the termination or withdrawal from a pension plan; expenses for productivity initiatives; items attributable to any stock dividend, stock split, combination or exchange or stock occurring during the performance period; stock compensation costs and other non-cash expenses; items related to amortization of acquired intangible assets; items that are outside the scope of the Company's core, on-going business activities; financing activities; impairment charges related to goodwill or other intangible assets; unrealized gains or losses on investments in debt and equity securities; any gain or loss recognized as a result of derivative instrument transactions or other hedging activities; pension curtailment or settlement charges; any infrequent and/or non-recurring items as described in applicable Accounting Principles Board opinions or Financial Accounting Standards Board statements, in management's discussion and analysis of financial condition and results of operation appearing in the Company's periodic reports filed under the Exchange Act, including but not limited to acquisition or merger and integration costs, and/or in a press release or conference call, publicly announced by the Company, relating to the Company's results of operations or financial condition for a completed quarterly or annual fiscal period; and any other specified non-operating items as determined by the Committee in establishing the business criteria.

SECTION 9.3 Establishment of Performance Goals. With respect to Performance-Based Awards, the Committee shall establish in writing: (i) the business criteria applicable to a given period, (ii) the method for computing the amount of compensation payable to the Participant if such business criteria is achieved and (iii) the individual employees or class of employees to which such performance goals apply.

SECTION 9.4 Certification of Performance. As soon as administratively practicable following the completion of the performance period, and on or prior to March 15 of the year following the year in which the performance period ends, the Committee shall certify in writing the actual levels at which the objective business criteria applicable to Performance-Based Award for that period (and other material terms) have been attained and determine, on the basis of such certified levels, the actual amount to be paid to each Participant for that performance period.

ARTICLE X STOCK ADJUSTMENTS; CHANGE IN CONTROL EVENT

SECTION 10.1 Stock Adjustments. In the event that the shares of Common Stock shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another entity (whether by reason of merger, consolidation, recapitalization, reclassification, stock split, combination of shares or otherwise), or if the number of such shares of Common Stock shall be increased through the payment of a stock dividend, or if rights or warrants to purchase securities of the Company shall be issued to holders of all outstanding Common Stock, then there shall be substituted for or added to each share available under and subject to the Plan, and each share theretofore appropriated under the Plan, the number and kind of shares of stock or other securities into which each outstanding share of Common Stock shall be so changed or for which each such share shall be exchanged or to which each such share shall be entitled, as the case may be, on a fair and equivalent basis in accordance with the applicable provisions of Section 424 of the Code; provided, however, with respect to Options, in no such event will such adjustment result in a modification of any Option as defined in Section 424(h) of the Code. Any adjustments to Options or SARs shall be made in accordance with the requirements of Section 422 and Section 409A of the Code, to the extent applicable. Notwithstanding, for each Option or SAR with an exercise price or grant price, as the case may be, greater than the consideration offered in connection with any transaction or event described herein, the Committee may, in its sole discretion, elect to cancel such Option or SAR without any payment to the person holding such Option or SAR. In the event there shall be any other change in the number or kind of the outstanding shares of Common Stock, or any stock or other securities into which the Common Stock shall have been changed or for which it shall have been exchanged, then if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the shares available under and subject to the Plan, the Award limits set forth in Section 4.1, or in any Award, theretofore granted, such adjustments shall be made in accordance with such determination, except that no adjustment of the number of shares of Common Stock available under the Plan or to which any Award relates that would otherwise be required shall be made unless and until such adjustment either by itself or with other adjustments not previously made would require an increase or decrease of at least 1% in the number of shares of Common Stock available under the Plan or to which any Award relates immediately prior to the making of such adjustment (the "Minimum Adjustment"). Any adjustment representing a change of less than such minimum amount shall be carried forward and made as soon as such adjustment together with other adjustments required by this Article X and not previously made would result in a Minimum Adjustment. Notwithstanding the foregoing, any adjustment required by this Article X which otherwise would not result in a Minimum Adjustment shall be made with respect to shares of Common Stock relating to any Award immediately prior to exercise, payment or settlement of such Award. No fractional shares of Common Stock or units of other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share.

SECTION 10.2 Change in Control Event.

Notwithstanding anything to the contrary in this Plan, the following provisions shall apply in connection with a Change in Control Event:

- (a) *Awards Assumed by Successor:*
 - (i) Upon the occurrence of a Change in Control Event, any Awards that are Assumed (as defined in Section 10.2(a)(v)) by the entity effecting the Change in Control Event shall continue to vest and become exercisable in accordance with the terms of the original grant unless, during the two-year period commencing on the date of the Change in Control Event ("Post-CIC Period"):
 - (A) the Participant is involuntarily terminated for reasons other than for Cause (as defined in Section 10.2(a)(iii)); or
 - (B) the Participant terminates his or her employment for Good Reason (as defined in Section 10.2(a)(iv)).
 - (ii) If a Participant's employment is terminated as described in Section 10.2(a)(i)(A) or (B), on the date of termination of employment any outstanding Options and SARs shall become fully vested and exercisable and any time-based vesting restrictions that apply to Awards shall lapse and become fully vested.
 - (iii) Solely for purposes of this Section 10.2(a), "Cause" shall mean the definition of "Cause" provided in any individual written employment or severance agreement between the Participant and the Company or, if none, that the Participant shall have:
 - (A) committed a willful or grossly negligent violation of a policy of the Company or any Subsidiary or Affiliated Entity;
 - (B) engaged in a willful and continued failure to substantially perform the Participant's duties with the Company or any Subsidiary or Affiliated Entity (other than any such failure resulting from incapacity due to physical or mental illness); or
 - (C) engaged in willful or grossly negligent misconduct that is injurious to the Company or any Subsidiary or Affiliated Entity, monetarily or otherwise.
 - (iv) Solely for purposes of this Section 10.2(a), "Good Reason" shall mean the definition of "Good Reason" provided in any written individual employment or severance agreement between the Participant and the Company or, if none, the occurrence, during the Post-CIC Period, of any of the following events without the Participant's written consent:
 - (A) the assignment to, or reduction of, duties that are adversely inconsistent with the Participant's job title, position and/or status with the Company immediately prior to the Change in Control Event;
 - (B) an aggregate reduction by 15% or more of the sum of the Participant's base salary plus actual or potential target cash bonus;

- (C) the Company fails to obtain a satisfactory agreement from the acquiring company or any successor to the Company to assume or expressly and agree perform the Company's severance plan and/or any individual employment or severance agreement between the Company and the Participant;
- (D) the relocation of the Participant's principal location of work to any location that is in excess of 50 miles from the location thereof immediately prior to the Change in Control Event; or
- (E) the failure to pay the Participant any compensation within 14 days of the date such compensation is first due and payable;

provided, however, that, Good Reason exists only if (1) the Participant provides the Company or the acquiring company, as the case may be, with written notice, within 90 days of the date the event or condition first arises, that sets forth in reasonable detail the event or condition giving rise to Good Reason; (2) the Company or the acquiring company, as the case may be, fails to cure such event or condition within 30 days of the date it receives the written notice set forth in clause (1); and (3) the Participant terminates employment within 30 days after the expiration of the cure period described in clause (2); and further provided, however, that the Participant's failure to provide notice of, or to resign following, the occurrence of the event or condition will not waive the Participant's right to provide notice of and resign following a separate and distinct event or condition that independently gives rise to Good Reason.

- (v) For purposes of this Section 10.2(a), an Award shall be considered assumed ("Assumed") if each of the following conditions are met:
 - (A) Options, SARs and other Awards (to the extent such other Awards are payable in cash and not subject to performance goals) are converted into replacement awards in a manner that complies with Section 409A;
 - (B) Restricted Stock Unit and Restricted Stock Awards that are not subject to performance goals are converted into replacement awards covering a number of shares of the entity effecting the Change in Control Event (or a successor or parent corporation), as determined in a manner substantially similar to the treatment of an equal number of shares of Common Stock covered by the Awards; provided, that to the extent that any portion of the consideration received by holders of shares of Common Stock in the Change in Control Event transaction is not in the form of the common stock of such entity (or a successor or parent corporation), the number of shares covered by the replacement awards shall be based on the average of the high and low selling prices of the common stock of such entity (or a successor or parent corporation) on the established stock exchange on the trading day immediately preceding the date of the Change in Control Event;
 - (C) All Awards subject to Performance Goals are converted into replacement time-based vesting awards that preserve the value of such Awards based on the greater of (1) the target level of the Award, and (2) the level of actual

performance achieved, as measured and calculated by the Committee as of the date of the Change in Control Event pursuant to a shortened performance period ending on the date of the Change in Control Event;

- (D) The replacement awards contain provisions for scheduled vesting (including, with respect to Awards in 10.2(a)(v)(C), such replacement awards have a time-based vesting date that does not extend beyond the later of the last day of the performance period or the end of such additional time-based vesting period as set forth in such Award prior to the Change in Control Event) and treatment on termination of employment (including the definition of Cause and Good Reason) that are no less favorable to the Participant than the underlying awards being replaced, and all other terms of the replacement awards (other than the security and number of shares represented by the replacement awards) are substantially similar to, or more favorable to the Participant than, the terms of the underlying awards; and
- (E) The security represented by the replacement awards, if any, is of a class that is publicly held and widely traded on an established stock exchange.

(b) *Awards Not Assumed by Successor:*

(i) Upon the occurrence of a Change in Control Event, if any Awards are not Assumed by the entity effecting the Change in Control Event, then, on the date of the Change in Control Event, Options and SARs shall become fully vested and exercisable, any time-based vesting restrictions that apply to Awards shall lapse, and any Awards that are subject to performance goals shall immediately be determined and deemed to have been earned on a pro rata basis, with such pro ration determined based upon an assumed achievement of all relevant performance goals at the greater of (1) “target” level of the Award, and (2) the level of actual performance achieved, as measured and calculated by the Committee as of the date of the Change in Control Event pursuant to a shortened performance period ending on the date of the Change in Control Event, and the amount payable based upon the length of time within the performance period that has elapsed prior to the Change in Control Event.

(ii) For each Option and SAR, the Participant shall receive a payment equal to the difference between the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) received by holders of Common Stock in the Change in Control Event transaction and the exercise price of the applicable Option or SAR, if such difference is positive. Such payment shall be made in the same form as the consideration received by holders of Common Stock. Any Option or SAR with an exercise price that is higher than the per share consideration received by holders of Common Stock in connection with the Change in Control Event shall be cancelled for no additional consideration.

(iii) The Participant shall receive the consideration (consisting of cash or other property (including securities of a successor or parent corporation)) that such Participant would have received in the Change in Control Event transaction had he or she been, immediately prior to such transaction, a holder of the number of shares of Common Stock equal to the number of Restricted Stock Units and other Awards, and/or shares subject to the Restricted Stock Award and the number of shares of Common Stock payable under Section 10.2(b)(i) for Awards subject to performance goals.

(iv) The payments contemplated by Sections 10.2(b)(ii) and 10.2(b)(iii) shall be made at the same time as consideration is paid to the holders of the Common Stock in connection with the Change in Control Event.

ARTICLE XI GENERAL

SECTION 11.1 Amendment or Termination of Plan. The Board may alter, suspend or terminate the Plan at any time. In addition, the Board may, from time to time, amend the Plan in any manner, but may not, without stockholder approval, adopt any amendment which would (i) increase the aggregate number of shares of Common Stock available under the Plan (except by operation of Article IX), (ii) materially modify the requirements as to eligibility for participation in the Plan, or (iii) materially increase the benefits to Participants provided by the Plan. The termination of the Plan shall not impair the power and authority of the Committee with respect to outstanding Awards. Notwithstanding anything in the Plan to the contrary, the Board may amend the Plan in such manner as it deems appropriate in the event of a change in applicable law or regulations.

SECTION 11.2 Non-transferability of Awards. Awards may be exercised during the lifetime of the Participant only by the Participant. More particularly (but without limiting the generality of the foregoing), an Award shall not be assigned, transferred (except as provided above), pledged or hypothecated in any way whatsoever, shall not be assigned by operation of law, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation, or other disposition of the Award contrary to the provisions hereof, shall be null and void and without effect. However, in the event of a Participant's death, an Award may be transferred in accordance with the provisions of a Participant's will, the applicable laws of descent and distribution or, with respect to Awards other than Incentive Stock Options, a beneficiary designation that is in a form approved by the Committee and in compliance with the provisions of the Plan and the applicable Award Agreement.

SECTION 11.3 Withholding Taxes. Unless otherwise paid by the Participant, the Company, its Subsidiaries or any of its Affiliated Entities shall be entitled to deduct from any payment under the Plan, regardless of the form of such payment, the amount of all applicable income and employment taxes required by law to be withheld with respect to such payment or may require the Participant to pay to it such tax prior to and as a condition of the making of such payment. In accordance with any applicable administrative guidelines it establishes, the Committee may, in its discretion, allow a Participant to pay the amount of taxes required by law to be withheld from an Award by (i) directing the Company to withhold from any payment of the Award a number of shares of Common Stock having a Fair Market Value on the date of payment equal to the amount of the required withholding taxes or (ii) delivering to the Company previously owned shares of Common Stock having a Fair Market Value on the date of payment equal to the amount of the required withholding taxes. However, any payment made by the Participant pursuant to either of the foregoing clauses (i) or (ii) shall not be permitted if it would result in an adverse accounting charge to the Company with respect to such shares used to pay such taxes unless otherwise approved by the Committee.

SECTION 11.4 Amendments to Awards. Subject to the limitations of Article IV, such as the prohibition on repricing of Options, the Committee may at any time unilaterally amend the terms of any Award Agreement, whether or not presently exercisable or vested, to the extent it deems appropriate. However, amendments which are materially adverse to the Participant shall require the Participant's consent.

SECTION 11.5Regulatory Approval and Listings. The Company shall use its reasonable efforts to file with the Securities and Exchange Commission as soon as practicable following approval by the stockholders of the Company of the Plan as provided in Section 1.2 of the Plan, and keep continuously effectively, a Registration Statement on Form S-8 with respect to shares of Common Stock subject to Awards hereunder. Notwithstanding anything contained in the Plan to the contrary, the Company shall have no obligation to issue shares of Common Stock under the Plan prior to:

- (a) the obtaining of any approval from, or satisfaction of any waiting period or other condition imposed by, any governmental agency which the Committee shall, in its sole discretion, determine to be necessary or advisable;
- (b) the admission of such shares to listing on the stock exchange on which the Common Stock may be listed; and
- (c) the completion of any registration or other qualification of such shares under any state or Federal law or ruling of any governmental body which the Committee shall, in its sole discretion, determine to be necessary or advisable.

SECTION 11.6Foreign Laws. In order to facilitate the making of any grant or combination of grants under the Plan, the Committee may grant Awards to individual participants who are foreign nationals, who are employed by the Company, any Subsidiary or any Affiliated Entity outside of the United States, who provide services to the Company under an agreement with a foreign nation or agency or who are otherwise subject to the tax laws of nations other than the United States, which Awards may have terms and conditions as determined by the Committee as necessary or appropriate to accommodate differences in local law, tax policy or custom, to comply with applicable foreign laws or facilitate the offering and administration of the Plan in view of such foreign laws and to allow for tax-preferred treatment of Awards. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of the Plan (including, without limitation, sub-plans) and modify exercise procedures, and other terms and procedures, as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Plan. No such special terms, supplements, amendments, restatements, sub-plans or modifications, however, will include any provisions that are inconsistent with the terms of the Plan as then in effect unless the Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company. The Committee may take any action which it deems advisable to obtain approval of such Awards by the appropriate foreign governmental entity; provided, however, that no such Awards may be granted pursuant to this Section 11.6 and no action may be taken which would result in a violation of the Exchange Act, the Code or any other applicable law.

SECTION 11.7Company Policies. All Awards granted under the Plan shall be subject to Section 11.18, share trading policies and other policies that may be implemented by the Board or the Company from time to time.

SECTION 11.8Right to Continued Employment. Participation in the Plan shall not give any Eligible Employee any right to remain in the employ of the Company, any Subsidiary, or any Affiliated Entity. The Company or, in the case of employment with a Subsidiary or an Affiliated Entity, the Subsidiary or Affiliated Entity reserves the right to terminate any Eligible Employee at any time. Further, the adoption of the Plan shall not be deemed to give any Eligible Employee or any other individual any right to be selected as a Participant or to be granted an Award.

SECTION 11.9 Beneficiary Designation. In the event of the death of a Participant, the portion of the Participant's Award with respect to which vesting dates have occurred shall be paid to the then surviving beneficiary designated by the Participant, and if there is no beneficiary then surviving or designated, then such benefits will automatically be paid to the estate of the Participant.

SECTION 11.10 Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in relying or acting in good faith upon any report made by the independent public accountants of the Company, its Subsidiaries or its Affiliated Entities and upon any other information furnished in connection with the Plan by any person or persons other than himself or herself. In no event shall any person who is or shall have been a member of the Committee or of the Board be liable for any determination made or other action taken or any omission to act in reliance upon any such report or information or for any action taken, including the furnishing of information, or failure to act, if in good faith.

SECTION 11.11 Construction. Masculine pronouns and other words of masculine gender shall refer to both men and women. The titles and headings of the sections in the Plan are for the convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

SECTION 11.12 Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware except as superseded by applicable federal law.

SECTION 11.13 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Participant or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Participant or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

SECTION 11.14 Other Laws. The Committee may refuse to issue or transfer any shares of Common Stock or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such shares or such other consideration might violate any applicable law or regulation or entitle the Company to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary.

SECTION 11.15 Section 409A Considerations. The Plan is intended to comply with the requirements of Section 409A of the Code, to the extent applicable. All Awards shall be construed and administered such that the Award either (i) qualifies for an exemption from the requirements of Section 409A of the Code or (ii) satisfies the requirements of Section 409A of the Code. If an Award is subject to Section 409A of the Code, (A) distributions shall only be made in a manner and upon an event permitted under Section 409A of the Code, (B) payments to be made upon a termination of employment shall only be made upon a "separation from service" under Section 409A of the Code, (C) unless the Award specifies otherwise, each installment payment shall be treated as a separate payment for purposes of Section 409A of the Code, and (D) in no event shall a participant, directly or indirectly, designate the calendar year in which a distribution is made except in accordance with Section 409A of the Code. Any Award granted under the Plan that is subject to Section 409A of the Code and that is to be distributed to a key employee (as defined below) upon separation from service shall be administered so that any distribution with respect to such Award shall be postponed for six months following the date of the Participant's separation from service, if required by Section 409A of the Code. If a distribution is delayed pursuant to Section 409A of

the Code, the distribution shall be paid within 30 days after the end of the six-month period. If the Participant dies during such six-month period, any postponed amounts shall be paid within 90 days of the Participant's death. The determination of key employees, including the number and identity of persons considered key employees and the identification date, shall be made by the Committee or its delegate each year in accordance with Section 416(i) of the Code and the "specified employee" requirements of Section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, if any benefit provided under the Plan is subject to the provisions of Section 409A of the Code and the regulations issued thereunder (and not excepted therefrom), the provisions of the Plan shall be administered, interpreted and construed in a manner necessary to comply with Section 409A of the Code and the regulations issued thereunder (or disregarded to the extent such provision cannot be so administered, interpreted, or construed.)

SECTION 11.16Disclaimer. Notwithstanding any provision of the Plan to the contrary, (a) none of the Company, the Board or the Committee warrants that any Award under the Plan will qualify for favorable tax treatment under any provision of the federal, state, local or non-United States law; and (b) in no event shall any member of the Committee or the Board, or the Company, its Subsidiaries or its Affiliated Entities (or any of their respective employees, officers, directors or affiliates) have any liability to any Participant (or any other person) due to the failure of the Plan to satisfy the requirements of 409A of the Code or any other applicable law for any tax, interest, or penalties the Participant might owe as a result of the grant, holding, vesting, exercise, or payment of any Award under the Plan.

SECTION 11.17No Trust or Fund Created. Neither the Plan nor an Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Participant or any other person. To the extent that a Participant acquires the right to receive payments from the Company pursuant to an Award, such right shall be no greater than the right of any general unsecured creditor of the Company.

SECTION 11.18Clawback. All Awards under the Plan shall be subject to the Company's clawback policy and any applicable clawback or recoupment policy of the Company that is required by applicable law or any applicable securities exchange listing standards and/or that is otherwise adopted from time to time by the Board (or a committee designated by the Board). The Board (or a committee designated by the Board) shall have discretion with respect to any such clawback or recoupment policy to determine whether the Company shall effect any such recovery (i) by seeking repayment from the Participant, (ii) by reducing (subject to applicable law and the terms and conditions of the applicable plan, policy, program or arrangement) the amount that would otherwise be payable to the Participant under any compensatory plan, program or arrangement maintained by the Company, a parent or a subsidiary of the Company, (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the Company's otherwise applicable compensation practices, or (iv) by any combination of the foregoing or otherwise. By accepting Awards under the Plan, Participants agree and acknowledge that they are obligated to cooperate with, and provide any and all assistance necessary to, the Company to recover or recoup any such Award or amounts paid under the Plan subject to clawback pursuant to such law, securities exchange listing standard or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to recover or recoup any such award or amounts paid from a Participant's accounts, or pending or future compensation or Awards under the Plan.

SECTION 11.19Deferrals. The Compensation Committee, in its discretion, may specify the conditions under which the payment of all or any portion of any Award may be deferred until a later date. Deferrals shall be for such periods or until the occurrence of such events, and upon such terms and conditions, as the Compensation Committee shall determine in its discretion, in accordance with the provisions of Section 409A of the Code, the regulations and other binding guidance promulgated

thereunder; provided, however, that no deferral shall be permitted with respect to Options, SARs and other stock rights subject to Section 409A of the Code. An election shall be made by submitting an election with the Company (on a form provided by the Company) on or prior to December 31st of the calendar year immediately preceding the beginning of the calendar year (or other applicable service period) to which such election relates (or at such other date as may be specified by the Compensation Committee to the extent consistent with Section 409A of the Code) and shall be irrevocable for such applicable calendar year (or other applicable service period). To the extent authorized, a Participant who first becomes eligible to participate in the Plan may submit an election ("Initial Election") at any time prior to the end of the 30-day period following the date on which the Participant initially becomes eligible to participate in the Plan (or at such other date as may be specified by the Compensation Committee to the extent consistent with Section 409A). Any such Initial Election shall only apply to compensation earned and payable for services rendered after the effective date of the Initial Election.

Insider Trading Policy

1 Purpose

In order to take an active role in the prevention of insider trading violations, Devon Energy Corporation ("Devon") has adopted this Insider Trading Policy ("Policy"). This Policy provides guidance to employees, officers, and members of Devon's Board of Directors ("Directors") and Devon's wholly-owned subsidiaries (Devon and such wholly-owned subsidiaries, collectively, the "Company") with respect to transacting in Company Securities (as defined below) and, in some cases, the securities of other companies.

2 Applicability

2.1 Employees, Officers, and Directors

All employees, officers, and Directors of the Company (each of the foregoing, an "Insider") are covered by Part I of this Policy regarding transacting while in possession of Inside Information (as defined below) and Tipping (as defined below). As an Insider, you may become aware of nonpublic information regarding the Company that a reasonable investor would find material in deciding whether to buy, sell, hold, or otherwise transact in Company Securities. Transacting in Company Securities while in the possession of such "inside information," or passing on the information to others so that others may do so, is a violation of federal law and may also be harmful to the Company.

2.2 Designated Insiders

Directors, Executive Officers (as defined below), and Access Employees (as defined below) have additional obligations and restrictions under Part II of this Policy.

"Executive Officers" refers to officers of Devon that are required to file reports pursuant to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

As used in this Policy, "Access Employees" include employees of the Company who are not Executive Officers of Devon but who, by the nature of their employment duties, routinely have access to Inside Information. Individuals designated as Access Employees will be notified of such designation in writing by the Corporate Secretary or his or her designee. However, the failure to be formally notified of such designation as an Access Employee will not protect an employee from a violation of the law for insider trading and Tipping.

Directors, Executive Officers, and Access Employees are referred to collectively in this Policy as "Designated Insiders."

2.3 Other Persons for Whom You are Responsible for Compliance with this Policy

References to Insider and Designated Insider in this Policy also apply to that individual's spouse, minor children, other family members who reside with the individual, anyone else who lives in the same household as the individual, any family members who do not live in the same household but whose transactions in Company Securities are directed by or are subject to the individual's influence or control (such as parents or children who consult with the individual before they transact in Company Securities),

and entities that are directed by or are subject to the individual's influence or control, including family, estate, and charitable trusts. Insiders and Designated Insiders are responsible for the transactions of these other persons and, therefore, should make them aware of the restrictions set forth in this Policy.

3 Company Assistance

Contact the Vice President, Corporate Governance and Secretary ("Corporate Secretary") if you have questions about this Policy or its application to any situation in which you or a related Insider wish to transact in Company Securities. If there is any question under this Policy as to whether it is appropriate for an individual to buy or sell securities, it is better to seek advice and to avoid even the appearance of impropriety.

4 Policy Statement

4.1 Part I

4.1.1 General Prohibitions on Insider Trading and Tipping

This policy prohibits: (a) transacting in securities while in possession of Inside Information (as defined below); or (b) the selective disclosure or "Tipping" of Inside Information to others who may misuse such information by transacting in Company Securities or passing such information to others who may transact in Company Securities.

Except as otherwise specified in this Policy, no Insider shall:

- Buy, sell, or otherwise transact in (a) Company Securities or (b) the securities of other companies with respect to which such Insider has obtained Inside Information in the course of his or her employment or service with the Company, including competitors, customers, vendors, and suppliers of the Company (a "Business Partner"), in each case during any period commencing with the date on which he or she becomes aware of Inside Information and ending at least one full Trading Day following either the date of public disclosure of that Inside Information or the time that the Inside Information ceases to be material. As used in this Policy, the term "Trading Day" means a day on which the New York Stock Exchange is open for business.
- Pass on or "Tip" Inside Information to any other person, including, without limitation, family members and other Insiders, who may transact in Company Securities, or the securities of a Business Partner, on the basis of that Inside Information. No Insider shall make recommendations, either directly or indirectly, or express opinions on the basis of Inside Information about the Company as to transacting in Company Securities.

Before engaging in any transaction, you should carefully consider how the transaction may be construed in the bright light of hindsight. If you have any questions or uncertainties about this Policy or a proposed transaction, please contact the Corporate Secretary.

4.1.2 Covered Transactions

Transactions covered by this Policy include all buying, selling, gifting (including estate planning and other tax-related or charitable transactions), pledging, and other transactions in the securities of the Company, including without limitation, common stock, common units, debt, options for common stock or units, and any other securities (derivative or non-derivative) that Devon or any of its subsidiaries may

issue from time to time, such as preferred stock, preferred units, warrants, and convertible debentures, as well as derivative securities relating to the stock or units of Devon or any of its subsidiaries that are not issued by Devon or such subsidiary, such as exchange-traded put or call options or swaps. All of the securities described above are referred to herein as "Company Securities."

If you wish to make a gift of Company Securities, special rules and considerations may apply. Please contact the Corporate Secretary to discuss the treatment of a proposed gift under this Policy.

4.1.3 Individual Responsibility

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and not to engage in transactions in Company Securities while in possession of Inside Information. Each individual is responsible for making sure that he or she complies with this Policy and that any Insiders whose transactions are subject to this Policy, as described herein, also comply with this Policy. In all cases, the responsibility for determining whether an individual is in possession of Inside Information rests with that individual.

4.1.4 What is Inside Information?

"Inside Information" is material, non-public information. Under federal and state securities laws, "material" information is: (a) any information where there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, sell, or hold securities; or (b) any information that might affect the market for a company's securities. Either positive or negative information regarding the Company or other companies may be material.

"Non-public" information is any information that has not been adequately disclosed to the marketplace, which means that the information has yet to be publicly disseminated, and sufficient time has not passed for the securities markets to absorb the information. Effective disclosure of such information may come through public filings with the Securities and Exchange Commission (the "SEC"), formal press releases, and during pre-announced meetings or conference calls with analysts or the press that are publicly accessible by webcast or broadcast. You may not attempt to "beat the market" by transacting simultaneously with, or shortly after, the official release of material information. Although there is no fixed period for how long it takes the market to absorb information, out of prudence, a person in possession of Inside Information should refrain from any transactions in Company Securities for one full Trading Day following its official release. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of Inside Information.

All information that is learned about the Company or its business plans is potentially Inside Information until the Company publicly discloses it. Rumor and speculation in the public or media about material information—absent an official statement by the Company in a manner as noted in the preceding paragraph—is not a sufficient basis to treat Inside Information as being public and thereby allowing Insiders to transact.

The following are some examples of information that could be considered Inside Information:

- Earnings announcements or estimates or other unpublished financial results;
 - Projections or changes in projections of earnings or losses or other material financial information;
 - New discoveries, asset write downs, or other material developments concerning reserves;
-

- News of a pending or proposed merger, acquisition, divestiture, or joint venture;
- A pending or proposed public offering, private placement, repurchase, or redemption of Company Securities or other important financing transactions, developments, or events;
- Changes in dividend policies or the declaration of a stock split;
- Major litigation developments or government action;
- Changes in executive leadership;
- Impending bankruptcy or financial liquidity problems;
- Changes in Devon's outside auditors or a notification from the outside auditors that Devon may no longer rely on its audit opinion;
- Internal financial information that departs from what the market would expect; and
- The gain or loss of (or other significant event relating to) a major contract.

Other information may also constitute Inside Information and the above sample list is not intended to be exhaustive. In the case of a Business Partner, Inside Information consists of any material, non-public information regarding such Business Partner that you obtained in the course of your employment or service with the Company.

4.1.5 What is Tipping?

Insiders are also prohibited from "Tipping" Inside Information to any other person (the "Tippee"), who then transacts on that information. A Tippee can be another Company employee, officer, or Director, as well as a friend, business associate, spouse, family member, or any other person. Under federal and state securities laws, both the person who discloses (the "Tipper") and the Tippee can be held liable for violations of the laws against insider trading. Insiders may also be held accountable for any Tipping by their family members, household members, or entities whose transactions are subject to this Policy by reason of a relationship with the Insiders.

Inside Information must be protected and efforts should be taken to avoid inadvertent communication.

It is immaterial for purposes of this Policy, and for purposes of determining liability under the insider trading laws, whether an individual personally derives any monetary benefit from illegal trading or Tipping or whether the Tipper intended or knew that the information would be used improperly. The SEC has imposed substantial monetary penalties on a Tipper even though he or she did not personally benefit monetarily from the Tippee's transactions.

4.1.6 Additional Limitations on Certain Transactions

Because we believe it is improper and inappropriate for any Company personnel to engage in short-term, speculative, or other higher-risk transactions involving Company Securities, it is also Devon's policy that Insiders may not engage in any of the following activities with respect to Company Securities, or should otherwise consider Devon's preferences as described below:

4.1.6.1 Transacting in Company Securities on a short-term basis

Any Company Securities purchased in the open market should be purchased with the intention to hold such securities for a minimum of six months, and preferably longer.

4.1.6.2 Short sales

A short sale is the sale of a security that you do not own or a sale which is consummated by the delivery of a security borrowed by you, or for your account. Short sales of Company Securities are prohibited by this Policy.

4.1.6.3 Buying or selling puts, calls, or similar instruments

A put is an option or right to sell a security at a specific price before a set date, and a call is an option or right to purchase a security at a specific price before a set date. Transactions in put options, call options, or other derivative securities relating to Company Securities are prohibited by this Policy.

4.1.6.4 Standing and limit orders

Standing and limit orders create heightened risks for insider trading violations because there is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when an Insider is in possession of material non-public information. Accordingly, Devon discourages placing standing or limit orders on Company Securities. If an Insider determines to use a standing or limit order, the order should not remain effective beyond the day on which it is placed.

In addition, Executive Officers and Directors may not engage in any of the following activities with respect to Company Securities:

4.1.6.5 Pledging, buying on margin, or holding in a margin account

You are prohibited from pledging Company Securities as collateral, purchasing Company Securities on margin (i.e., purchase transactions in which your broker or another third party extends you credit to make the purchases), or holding Company Securities in a margin account.

4.1.6.6 Hedging Company Securities

You are prohibited from engaging in transactions that are designed to hedge or offset any decrease in the market value of Company Securities. Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forward contracts, equity swaps, collars, and exchange funds. If you are unsure whether a particular proposed transaction constitutes a hedging transaction prohibited by this Policy, please consult the Corporate Secretary for guidance prior to engaging in such transaction.

4.1.7 Certain Excepted Transactions

This Policy does not apply in the case of the following transactions, except as specifically noted:

4.1.7.1 Restricted Stock Awards and Units

The transaction restrictions of this Policy do not apply to the award or vesting of restricted stock or restricted stock units, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of such awards. The transaction restrictions do apply, however, to (i) a decision to change the elections for withholding (or not withholding) shares of stock to satisfy tax withholding requirements and (ii) any market sale of stock upon or subsequent to vesting (including sales of common stock upon vesting in which the proceeds are used to fund related taxes).

4.1.7.2 Certain Stock Option Exercises and Other Equity Award Transactions

This Policy does not apply to the exercise of a stock option acquired pursuant to Devon's equity incentive plans where no Devon common stock is sold in the market to fund the option exercise price or related taxes (i.e., a net exercise or where cash is paid to exercise the option) or to the exercise of a tax withholding right pursuant to which a person has elected to have Devon withhold shares subject to an option to satisfy tax withholding requirements. The transaction restrictions do apply, however, to sales of Devon common stock received upon the exercise of options in which the proceeds are used to fund the option exercise price (i.e., a cashless exercise of options) or related taxes.

4.1.7.3 Diversified Mutual Funds and ETFs

The transaction restrictions of this Policy do not apply to transactions in diversified mutual funds and exchange-traded funds (ETFs) that are invested in Company Securities.

4.1.7.4 Automatic Reinvestment in Dividends

The transaction restrictions of this Policy do not apply to the automatic reinvestment of dividends paid on Company Securities. This transaction restrictions do apply, however, to (i) voluntary, additional purchases of Company Securities resulting from reinvestment of dividends, (ii) the Insider's election to participate in automatic reinvestment of dividends, and (iii) the Insider's election to increase or decrease the Insider's level of automatic reinvestment of dividends.

4.1.7.5 Other Approved Transactions

The transaction restrictions of this Policy do not apply to any transaction specifically approved in advance by the Executive Vice President and General Counsel. To request such an exception, contact the Corporate Secretary in writing using the same written pre-clearance procedures described in Section 4.2.1 below.

4.1.8 Post-Termination Transactions

This Policy continues to apply to your transactions in Company Securities even after you have terminated employment or your service relationship with the Company. If you are in possession of Inside Information when your employment or service relationship terminates, you may not transact in Company Securities until that information has become public or is no longer material. In addition, a Director or Executive Officer can have certain obligations under Section 16 of the Exchange Act for up to six months after his or her termination.

4.1.9 Rule 10b5-1 Plans

The Corporate Secretary may permit Insiders to conduct transactions pursuant to a pre-arranged trading plan intended to satisfy the conditions of Rule 10b5-1(c) under the Exchange Act (a "Rule 10b5-1 Plan") that is pre-approved by Devon's Executive Vice President and General Counsel or his or her designee. Proper transactions under a pre-approved Rule 10b5-1 Plan will be deemed to be in accordance with the requirements of this Policy. Any Insiders interested in implementing a Rule 10b5-1 Plan or similar arrangement should contact the Corporate Secretary to discuss such plans and obtain the necessary

approval. Modifications and terminations of an existing Rule 10b5-1 Plan are strongly discouraged, and Insiders should contact the Corporate Secretary before modifying or terminating an existing Rule 10b5-1 Plan or similar arrangement.

4.1.10 Certification

Insiders may be required to certify their understanding of this Policy and their intent to comply with it. Designated Insiders may be required to certify compliance on an annual basis.

4.2 Part II

4.2.1 Pre-Clearance and Application of Blackout Periods for All Transactions by Designated Insiders

4.2.1.1 Pre-Clearance of All Transactions

To prevent inadvertent violations of federal and state securities laws and this Policy, to avoid even the appearance of an improper transaction (e.g., when a senior officer transacts while unaware of a pending major development), and to ensure the proper filing of required SEC reports, the following procedure must be followed:

4.2.1.2 Pre-Clearance Procedure

All transactions (acquisitions, dispositions, transfers, gifts, donations, etc.) in Company Securities by Designated Insiders must be pre-cleared by the Corporate Secretary or his or her designee. If you are a Designated Insider, you should contact the Corporate Secretary in advance of any transactions in Company Securities. **This pre-clearance requirement is applicable to all transactions, except as otherwise expressly provided in this Policy.**

If a Designated Insider contemplates transacting in Company Securities, he or she should contact the Corporate Secretary by written notice preferably at least three (3) business days in advance. A written response will be provided as soon as reasonably practicable. Clearance of a transaction will only be valid for a two Trading Day period unless the response states otherwise. If the transaction is not completed within that period, clearance must be requested again. If clearance is denied, the fact of such denial must be kept confidential. All Designated Insiders are also encouraged to contact their own legal counsel with respect to any transaction in Company Securities and as to any personal exposure they may have under the federal or state securities laws at any time.

Please note that clearance of a proposed transaction by the Corporate Secretary does not constitute legal advice or otherwise acknowledge that a Designated Insider does not possess Inside Information. Insiders must ultimately make their own judgments regarding, and are personally responsible for determining, whether they are in possession of Inside Information.

4.2.1.3 Pre-Clearance Inquiries

Unless otherwise notified, personnel other than Designated Insiders are not required to pre-clear transactions in Company Securities. However, if you are contemplating a transaction and are unsure about whether you possess Inside Information, you should contact the Corporate Secretary for guidance.

It is important to understand that "Designated Insiders" includes certain family members and other persons as described in Part I.

4.2.2 Restrictions on Transaction Timing

Designated Insiders are subject to the following restrictions (in addition to the general prohibitions described in this Policy) on transacting in Company Securities:

4.2.2.1 Quarterly Blackout

Because the announcement of Devon's quarterly financial results will almost always have the potential to have a material effect on the market for Company Securities, you may not transact in Company Securities during the period (i) beginning on the fifteenth day of the last month of the quarter and ending after the second full Trading Day following the release of Devon's earnings for that quarter or (ii) as circulated separately by the Corporate Secretary.

4.2.2.2 Interim Earnings Guidance Blackout

Devon may on occasion issue interim earnings guidance or other potentially material information by means of a press release, SEC filing on Form 8-K, or other means designed to achieve widespread dissemination of the information. You should anticipate that transacting will be blacked out while the Company is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market.

4.2.2.3 Event-Specific Blackout

From time to time, an event may occur that is material to the Company or a Business Partner and is known by only a few Directors, officers, and employees. The Company may prohibit such individuals from transacting in Company Securities or the securities of a Business Partner until such information ceases to be Inside Information. The existence of an event-specific blackout may or may not be announced and may apply to certain or all Designated Insiders. An applicable Designated Insider who requests permission to transact in Company Securities or the securities of a Business Partner during an event-specific blackout may be informed by the Corporate Secretary of the existence of the blackout period, without disclosing the reason for the blackout. Any person made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person.

The safest period for transacting in Company Securities, assuming the absence of Inside Information, is outside of a blackout period. Blackout periods are highly sensitive for transactions in Company Securities from the perspective of compliance with applicable securities laws. However, transacting in Company Securities outside a blackout period should not be considered a "safe harbor." **Even outside of blackout periods, no one should transact in Company Securities if he or she possesses Inside Information, and any person possessing Inside Information may not engage in any transactions in Company Securities until one full Trading Day following the date the Inside Information is publicly disclosed or ceases to be material.**

The Company reserves the right to shorten, suspend, terminate, or extend any blackout period at its discretion.

4.2.3 Additional Obligations for Directors and Executive Officers under Section 16

Directors and Executive Officers of Devon must also comply with the reporting obligations under Section 16 of the Exchange Act and are prohibited from engaging in "short-swing" transactions covered by that statute. A practical effect of these provisions is that Executive Officers and Directors who purchase and

sell, or sell and purchase, certain Company Securities within a six-month period must disgorge all profits to Devon, whether or not they had knowledge of any Inside Information.

5 Consequences of Violation of Policy

Violations of this Policy are serious offenses that may subject you to disciplinary action, up to and including termination of employment. In addition, violations of the law may subject Devon or you to fines, penalties, or other legal remedies, including imprisonment.

6 Transactions by the Company

From time to time, the Company may engage in transactions in its own securities. It is the Company's policy to comply with all applicable securities laws (including appropriate approvals by the Directors or appropriate committee, if required) when engaging in transactions in the Company's securities.

7 Other Considerations

This Policy will be reviewed annually under the direction of the Policy Owner.

8 Definitions

All terms are defined in the Policy.

DEVON ENERGY CORPORATION

List of Subsidiaries⁽¹⁾ as of December 31, 2025

1. Devon Energy Corporation (Oklahoma), an Oklahoma corporation
2. Devon OEI Holdings, L.L.C., a Delaware limited liability company
3. Devon OEI Operating, L.L.C., a Delaware limited liability company
4. Devon Energy Production Company, L.P., an Oklahoma limited partnership
5. Devon Financing Company, L.L.C., a Delaware limited liability company
6. Devon Gas Co., L.L.C., a Delaware limited liability company
7. WPX Energy, Inc., a Delaware corporation
8. Devon Energy Williston, L.L.C., a Delaware limited liability company
9. WPX Energy Permian, LLC, a Delaware limited liability company
10. WPX Energy Holdings, LLC, a Delaware limited liability company
11. Devon Gas Services, L.P., a Texas limited partnership
12. Bleu Falcon Holdings, Inc., a Delaware corporation

⁽¹⁾ The names of certain subsidiaries have been omitted since, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary as of the end of the year covered by this report, as defined under Securities and Exchange Commission Regulation S-X, Rule 1-02(w).

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (File Nos. 333-68694, 333-47672, 333-44702, 333-104922, 333-104933, 333-103679, 333-127630, 333-159796, 333-182198, 333-204666, 333-218561, 333-249859, 333-260962 and 333-265472) on Form S-8 and in registration statement (File No. 333-270269) on Form S-3 of our report dated February 18, 2026, with respect to the consolidated financial statements of Devon Energy Corporation and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Oklahoma City, Oklahoma
February 18, 2026

DeGolyer and MacNaughton
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

Telephone
(214) 368-6391
Fax
(214) 369-4061
WWW.DEMAC.COM

February 18, 2026

Devon Energy Corporation
333 W. Sheridan Ave.
Oklahoma City, OK 73102

Ladies and Gentlemen:

We consent to the incorporation by reference in the registration statements (File Nos. 333-68694, 333-47672, 333-44702, 333-104922, 333-104933, 333-103679, 333-127630, 333-159796, 333-182198, 333-204666, 333-218561, 333-249859, 333-260962, and 333-265472) on Form S-8 and the registration statement (File No. 333-270269) on Form S-3 of Devon Energy Corporation (the “Company”) of our report for the Company and the references to our firm and said report, in the context in which they appear, in the Annual Report on Form 10-K of the Company for the year ended December 31, 2025 (the “Form 10-K”), which report is included as an exhibit to the Form 10-K.

Very truly yours,

/s/ DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Clay M. Gaspar, certify that:

1. I have reviewed this annual report on Form 10-K of Devon Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2026

/s/ Clay M. Gaspar

Clay M. Gaspar

President and Chief Executive Officer

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey L. Ritenour, certify that:

1. I have reviewed this annual report on Form 10-K of Devon Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2026

/s/ Jeffrey L. Ritenour

Jeffrey L. Ritenour

Executive Vice President and Chief Financial Officer

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

In connection with the Report of Devon Energy Corporation (“Devon”) on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Clay M. Gaspar, President and Chief Executive Officer of Devon, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Devon.

/s/ Clay M. Gaspar

Clay M. Gaspar

President and Chief Executive Officer

February 18, 2026

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

In connection with the Report of Devon Energy Corporation (“Devon”) on Form 10-K for the period ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey L. Ritenour, Executive Vice President and Chief Financial Officer of Devon, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Devon.

/s/ Jeffrey L. Ritenour

Jeffrey L. Ritenour

Executive Vice President and Chief Financial Officer

February 18, 2026

DeGolyer and MacNaughton

5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

January 27, 2026

Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102

Ladies and Gentlemen:

Pursuant to your request, this report of third party presents an independent evaluation, as of December 31, 2025, of the estimated net proved oil, condensate, natural gas liquids (NGL), and gas reserves of certain properties in which Devon Energy Corporation (Devon) has represented it holds an interest. This evaluation was completed on January 27, 2026. The properties evaluated consist of working and royalty interests located in Arkansas, Colorado, Montana, New Mexico, North Dakota, Oklahoma, Texas, and Wyoming. Devon has represented that these properties account for 91 percent on a net equivalent barrel basis of Devon's net proved reserves as of December 31, 2025, and that the net proved reserves estimates have been prepared in accordance with the reserves definitions of Rules 4-10(a) (1)-(32) of Regulation S-X of the United States Securities and Exchange Commission (SEC). It is our opinion that the procedures and methodologies employed by Devon for the preparation of its proved reserves estimates as of December 31, 2025, comply with the current requirements of the SEC. We have reviewed information provided by Devon that it represents to be Devon's estimates of the net reserves, as of December 31, 2025, for the same properties as those which we evaluated. This report was prepared in accordance with guidelines specified in Item 1202 (a)(8) of Regulation S-K and is to be used for inclusion in certain SEC filings by Devon.

Reserves estimates included herein are expressed as net reserves as represented by Devon. Gross reserves are defined as the total estimated petroleum remaining to be produced from these properties after December 31, 2025. Net reserves are defined as that portion of the gross reserves attributable to the interests held by Devon after deducting all interests held by others.

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Estimates of reserves should be regarded only as estimates that may change as further production history and additional information become available. Not only are such estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

Information used in the preparation of this report was obtained from Devon and from public sources. In the preparation of this report we have relied, without independent verification, upon information furnished by Devon with respect to the property interests being evaluated, production from such properties, current costs of operation and development, current prices for production, agreements relating to current and future operations and sale of production, and various other information and data that were accepted as represented. A field examination was not considered necessary for the purposes of this report.

Definition of Reserves

Petroleum reserves included in this report are classified as proved. Only proved reserves have been evaluated for this report. Reserves classifications used in this report are in accordance with the reserves definitions of Rules 4–10(a) (1)–(32) of Regulation S–X of the SEC. Reserves are judged to be economically producible in future years from known reservoirs under existing economic and operating conditions and assuming continuation of current regulatory practices using established production methods and equipment. In the analyses of production-decline curves, reserves were estimated only to the limit of economic rates of production under existing economic and operating conditions using prices and costs consistent with the effective date of this report, including consideration of changes in existing prices provided only by contractual arrangements but not including escalations based upon future conditions. The petroleum reserves are classified as follows:

Proved oil and gas reserves – Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- (i) The area of the reservoir considered as proved includes:
-

(A) The area identified by drilling and limited by fluid contacts, if any, and (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

Developed oil and gas reserves – Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Undeveloped oil and gas reserves – Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

- (i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.
- (ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time.
- (iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in [section 210.4–10 (a) Definitions], or by other evidence using reliable technology establishing reasonable certainty.

Methodology and Procedures

Estimates of reserves were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with the reserves definitions of Rules 4–10(a) (1)–(32) of Regulation S–X of the SEC and with practices generally recognized by the petroleum industry as presented in the publication of the Society of Petroleum Engineers entitled “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves

DeGolyer and MacNaughton

Information (revised June 2019) Approved by the SPE Board on 25 June 2019” and in Monograph 3 and Monograph 4 published by the Society of Petroleum Evaluation Engineers. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Based on the current stage of field development, production performance, the development plan provided by Devon, and analyses of areas offsetting existing wells with test or production data, reserves were classified as proved. The proved undeveloped reserves were based on opportunities identified in the plan of development provided by Devon.

Devon has represented that its senior management is committed to the development plan provided by Devon and that Devon has the financial capability to execute the development plan, including the drilling and completion of wells and the installation of equipment and facilities.

For the evaluation of unconventional reservoirs, a performance-based methodology integrating the appropriate geology and petroleum engineering data was utilized for this report. Performance-based methodology primarily includes (1) production diagnostics, (2) decline-curve analysis, and (3) model-based analysis (if necessary, based on availability of data). Production diagnostics include data quality control, identification of flow regimes, and characteristic well performance behavior. These analyses were performed for all well groupings (or type-curve areas).

Characteristic rate-decline profiles from diagnostic interpretation were translated to modified hyperbolic rate profiles, including one or multiple b-exponent values followed by an exponential decline. Based on the availability of data, model-based analysis may be integrated to evaluate long-term decline behavior, the effect of dynamic reservoir and fracture parameters on well performance, and complex situations sourced by the nature of unconventional reservoirs.

In the evaluation of undeveloped reserves, type-well analysis was performed using well data from analogous reservoirs for which more complete historical performance data were available.

Data provided by Devon from wells drilled through December 31, 2025, and made available for this evaluation were used to prepare the reserves estimates herein. These reserves estimates were based on consideration of daily and monthly production data available through December 2025. Cumulative production, as of December 31, 2025, was deducted from the estimated gross ultimate recovery to estimate gross reserves.

DeGolyer and MacNaughton

Oil and condensate reserves estimated herein are to be recovered by normal field separation. NGL reserves estimated herein include pentanes and heavier fractions (C_{5+}) and liquefied petroleum gas (LPG), which consists primarily of propane and butane fractions, and are the result of low-temperature plant processing. Oil, condensate, and NGL reserves included in this report are expressed in thousands of barrels (Mbbbl). In these estimates, 1 barrel equals 42 United States gallons. For reporting purposes, oil and condensate reserves have been estimated separately and are presented herein as a summed quantity.

Gas quantities estimated herein are expressed as sales gas. Sales gas is defined as the total gas to be produced from the reservoirs, measured at the point of delivery, after reduction for fuel usage, flare, and shrinkage resulting from field separation and processing. Gas reserves estimated herein are reported as sales gas. Gas quantities are expressed at a temperature base of 60 degrees Fahrenheit ($^{\circ}F$) and at the pressure base of the state in which the quantities are located. Gas quantities included in this report are expressed in millions of cubic feet (MMcf).

Gas quantities are identified by the type of reservoir from which the gas will be produced. Nonassociated gas is gas at initial reservoir conditions with no oil present in the reservoir. Associated gas is both gas-cap gas and solution gas. Gas-cap gas is gas at initial reservoir conditions and is in communication with an underlying oil zone. Solution gas is gas dissolved in oil at initial reservoir conditions. Gas quantities estimated herein include both associated and nonassociated gas.

At the request of Devon, sales gas reserves estimated herein were converted to oil equivalent using an energy equivalent factor of 6,000 cubic feet of gas per 1 barrel of oil equivalent.

Primary Economic Assumptions

This report has been prepared using initial prices, expenses, and costs provided by Devon. Future prices were estimated using guidelines established by the SEC and the Financial Accounting Standards Board (FASB). The following economic assumptions were used for estimating the reserves reported herein:

Oil, Condensate, and NGL Prices

Devon has represented that the oil, condensate, and NGL prices were based on a reference price, calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period, unless prices are defined by contractual agreements. Devon supplied differentials to a West

Texas Intermediate (WTI) reference price of \$65.34 per barrel and the prices were held constant thereafter. The volume-weighted average prices attributable to the estimated proved reserves over the lives of the properties were \$62.40 per barrel of oil and condensate and \$20.65 per barrel of NGL.

Gas Prices

Devon has represented that the gas prices were based on a reference price, calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period, unless prices are defined by contractual agreements. Devon supplied differentials to a Henry Hub reference price of \$3.39 per million Btu (\$/MMBtu) and the prices were held constant thereafter. Btu factors provided by Devon were used to convert prices from dollars per million Btu to dollars per thousand cubic feet. The volume-weighted average price attributable to the estimated proved reserves over the lives of the properties was \$1.365 per thousand cubic feet of gas.

Production and Ad Valorem Taxes

Production taxes were calculated using the tax rates for each state in which the reserves are located, including, where appropriate, abatements for enhanced recovery programs. Ad valorem taxes were calculated using rates provided by Devon based on recent payments.

Operating Expenses, Capital Costs, and Abandonment Costs

Estimates of operating expenses, provided by Devon and based on existing economic conditions, were held constant for the lives of the properties. Future capital expenditures were estimated using 2025 values, provided by Devon, and were not adjusted for inflation. In certain cases, future expenditures, either higher or lower than current expenditures, may have been used because of anticipated changes in operating conditions, but no general escalation that might result from inflation was applied. Abandonment costs, which are those costs associated with the removal of equipment, plugging of wells, and reclamation and restoration associated with the abandonment, were provided by Devon for all properties and were not adjusted for inflation. Operating expenses, capital costs, and abandonment costs were considered, as appropriate, in determining the economic viability of the undeveloped reserves estimated herein.

DeGolyer and MacNaughton

In our opinion, the information relating to estimated proved reserves of oil, condensate, NGL, and gas contained in this report has been prepared in accordance with Paragraphs 932-235-50-4, 932-235-50-6, 932-235-50-7, and 932-235-50-9 of the Accounting Standards Update 932-235-50, *Extractive Industries – Oil and Gas (Topic 932): Oil and Gas Reserve Estimation and Disclosures* (January 2010) of the FASB and Rules 4–10(a) (1)–(32) of Regulation S–X and Rules 302(b), 1201, 1202(a) (1), (2), (3), (4), (8), and 1203(a) of Regulation S–K of the SEC; provided, however, that estimates of the proved developed and proved undeveloped reserves are not presented at the beginning of the year.

To the extent the above-enumerated rules, regulations, and statements require determinations of an accounting or legal nature, we, as engineers, are necessarily unable to express an opinion as to whether the above-described information is in accordance therewith or sufficient therefor.

Summary of Conclusions

DeGolyer and MacNaughton has performed an independent evaluation of the extent of the estimated net proved oil, condensate, NGL, and gas reserves of certain properties in which Devon has represented it holds an interest. Devon has represented that its estimated net proved reserves attributable to the evaluated properties were based on the definition of proved reserves of the SEC. Devon's estimates of the net proved reserves, as of December 31, 2025, attributable to these properties, which represent 91 percent of Devon's total proved reserves on a net equivalent basis, are summarized as follows, expressed in thousands of barrels (Mbbbl), millions of cubic feet (MMcf), and thousands of barrels of oil equivalent (Mboe):

Properties Evaluated by DeGolyer and MacNaughton	Estimated by Devon Net Proved Reserves as of December 31, 2025			
	Oil and Condensate (Mbbbl)	NGL (Mbbbl)	Sales Gas (MMcf)	Oil Equivalent (Mboe)
Proved Developed	649,215	507,755	3,244,003	1,697,637
Proved Undeveloped	220,731	144,003	854,636	507,174
Total Proved	869,946	651,758	4,098,639	2,204,811

Note: Sales gas reserves estimated herein were converted to oil equivalent using an energy equivalent factor of 6,000 cubic feet of gas per 1 barrel of oil equivalent.

DeGolyer and MacNaughton

In comparing the detailed net proved reserves estimates prepared by DeGolyer and MacNaughton and by Devon of the properties evaluated, differences have been found, both positive and negative, resulting in an aggregate difference of less than 10 percent for the evaluated properties when compared on the basis of net oil equivalent. It is DeGolyer and MacNaughton's opinion, based on the differences in aggregate, that Devon's estimates of proved reserves are reasonable. It is DeGolyer and MacNaughton's opinion that Devon's estimates of proved reserves for the properties reviewed were prepared with practices generally recognized by the petroleum industry as presented in the publication of the Society of Petroleum Engineers entitled "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information (revised June 2019) Approved by the SPE Board on 25 June 2019." The method or combination of methods used in the analysis of each reservoir was tempered by Devon's experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

While the oil and gas industry may be subject to regulatory changes from time to time that could affect an industry participant's ability to recover its reserves, we are not aware of any such governmental actions which would restrict the recovery of the December 31, 2025, estimated reserves.

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. DeGolyer and MacNaughton does not have any financial interest, including stock ownership, in Devon. Our fees were not contingent on the results of our evaluation. This report has been prepared at the request of Devon. DeGolyer and MacNaughton has used all data, assumptions, procedures, and methods that it considers necessary to prepare this report.

Submitted,

DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

/s/ Dilhan Ilk

[SEAL]

Dilhan Ilk, P.E.
Executive Vice President
DeGolyer and MacNaughton

CERTIFICATE of QUALIFICATION

I, Dilhan Ilk, Petroleum Engineer with DeGolyer and MacNaughton, 5001 Spring Valley Road, Suite 800 East, Dallas, Texas, 75244 U.S.A., hereby certify:

1. That I am an Executive Vice President with DeGolyer and MacNaughton, which firm did prepare the report of third party addressed to Devon dated January 27, 2026, and that I, as Executive Vice President, was responsible for the preparation of this report of third party.
2. That I attended Istanbul Technical University, and that I graduated with a Bachelor of Science degree in Petroleum Engineering in the year 2003, a Master of Science degree in Petroleum Engineering from Texas A&M University in 2005, and a Doctor of Philosophy degree in Petroleum Engineering from Texas A&M University in 2010; that I am a Registered Professional Engineer in the State of Texas; that I am a member of the Society of Petroleum Engineers; and that I have in excess of 15 years of experience in oil and gas reservoir studies and reserves evaluations.

/s/ Dilhan Ilk

[SEAL]

Dilhan Ilk, P.E.
Executive Vice President
DeGolyer and MacNaughton
