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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2017

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)**	**73-1567067** **(I.R.S. Employer identification No.)**
333 West Sheridan Avenue, Oklahoma City, Oklahoma **(Address of principal executive offices)**	**73102-5015** **(Zip code)**

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

Former name, address and former fiscal year, if changed from last report: Not applicable

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐
Emerging growth company	☐	Smaller reporting company	☐		

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

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

On April 19, 2017, 525.7 million shares of common stock were outstanding.

DEVON ENERGY CORPORATION

FORM 10-Q

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DEFINI TIONS

Unless the context otherwise indicates, references to “us,” “we,” “our,” “ours,” “Devon” and the “Company” refer to Devon Energy Corporation and its consolidated subsidiaries. In addition, the following are other abbreviations and definitions of certain terms used within this Quarterly Report on Form 10-Q:

“ASU” means Accounting Standards Update.

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

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

“Canada” means the division of Devon encompassing oil and gas properties located in Canada. All dollar amounts associated with Canada are in U.S. dollars, unless stated otherwise.

“Canadian Plan” means Devon Canada Corporation Incentive Savings Plan.

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

“Devon Plan” means Devon Energy Corporation Incentive Savings Plan.

“E&P” means exploration and production activities.

“EnLink” means EnLink Midstream Partners, LP, a master limited partnership.

“FASB” means Financial Accounting Standards Board.

“G&A” means general and administrative expenses.

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

“General Partner” means EnLink Midstream, LLC, the indirect general partner of EnLink.

“Inside FERC” refers to the publication *Inside FERC’s Gas Market Report* .

“LIBOR” means London Interbank Offered Rate.

“LOE” means lease operating expenses.

“MBbls” means thousand barrels.

“MBoe” means thousand Boe.

“Mcf” means thousand cubic feet.

“MMBtu” means million Btu.

“MMcf” means million cubic feet.

“N/M” means not meaningful.

"NGL" or "NGLs" means natural ga s liquids.

"NYMEX" means New York Mercantile Exchange.

"OPIS" means Oil Price Information Service.

"SEC" means United States Securities and Exchange Commission.

"Senior Credit Facility" means Devon's syndicated unsecured revolving line of credit.

"TSR" means total shareholder return.

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

"WTI" means West Texas Intermediate.

"/d" means per day.

"/Bbl" means per barrel.

"/MMBtu" means per MMBtu.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” as defined by the SEC. Such statements include those concerning strategic plans, our expectations and objectives for future operations, as well as other future events or conditions, and are often identified by use of the words “expects,” “believes,” “will,” “would,” “could,” “forecasts,” “projections,” “estimates,” “plans,” “expectations,” “targets,” “opportunities,” “potential,” “anticipates,” “outlook” and other similar terminology. Such forward-looking statements are based on our examination of historical operating trends, the information used to prepare our December 31, 2016 reserve reports and other data in our possession or available from third parties. 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 from our expectations due to a number of factors, including, but not limited to:

- the volatility of oil, gas and NGL prices;
- uncertainties inherent in estimating oil, gas and NGL reserves;
- the extent to which we are successful in acquiring and discovering additional reserves;
- the uncertainties, costs and risks involved in exploration and development activities;
- risks related to our hedging activities;
- counterparty credit risks;
- regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to environmental matters;
- risks relating to our indebtedness;
- our ability to successfully complete mergers, acquisitions and divestitures;
- the extent to which insurance covers any losses we may experience;
- our limited control over third parties who operate some of our oil and gas properties;
- midstream capacity constraints and potential interruptions in production;
- competition for leases, materials, people and capital;
- cyberattacks targeting our systems and infrastructure; and
- any of the other risks and uncertainties discussed in this report, our 2016 Annual Report on Form 10-K and our other filings 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 assume no duty to update or revise our forward-looking statements based on new information, future events or otherwise.

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Part I. Financial Information

Item 1. Financial Statements

DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED COMPREHENSIVE STATEMENTS OF EARNINGS

	Three Months Ended March 31,	
	2017	2016
	(Unaudited) (Millions, except per share amounts)	
Oil, gas and NGL sales	$ 1,309	$ 825
Oil, gas and NGL derivatives	232	33
Marketing and midstream revenues	2,010	1,268
Asset dispositions and other	(4)	—
Total revenues and other	3,547	2,126
Lease operating expenses	386	444
Marketing and midstream operating expenses	1,803	1,066
General and administrative expenses	181	194
Production and property taxes	85	78
Depreciation, depletion and amortization	381	542
Asset impairments	7	3,035
Restructuring and transaction costs	—	247
Other operating items	(2)	20
Total operating expenses	2,841	5,626
Operating income (loss)	706	(3,500)
Net financing costs	127	164
Other nonoperating items	(19)	21
Earnings (loss) before income taxes	598	(3,685)
Income tax expense (benefit)	19	(217)
Net earnings (loss)	579	(3,468)
Net earnings (loss) attributable to noncontrolling interests	14	(412)
Net earnings (loss) attributable to Devon	$ 565	$ (3,056)
Net earnings (loss) per share attributable to Devon:		
Basic	$ 1.08	$ (6.44)
Diluted	$ 1.07	$ (6.44)
Comprehensive earnings (loss):		
Net earnings (loss)	$ 579	$ (3,468)
Other comprehensive earnings, net of tax:		
Foreign currency translation	(2)	23
Pension and postretirement plans	5	4
Other comprehensive earnings, net of tax	3	27
Comprehensive earnings (loss)	582	(3,441)
Comprehensive earnings (loss) attributable to noncontrolling interests	14	(412)
Comprehensive earnings (loss) attributable to Devon	$ 568	$ (3,029)

See accompanying notes to consolidated financial statements.

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DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(Unaudited) (Millions)	
Cash flows from operating activities:		
Net earnings (loss)	$ 579	$ (3,468)
Adjustments to reconcile net earnings (loss) to net cash from operating activities:		
Depreciation, depletion and amortization	381	542
Asset impairments	7	3,035
Gains and losses on asset sales	4	—
Deferred income tax benefit	(1)	(207)
Commodity derivatives	(232)	(33)
Cash settlements on commodity derivatives	8	19
Other derivatives and financial instruments	(9)	227
Cash settlements on other derivatives and financial instruments	(2)	(123)
Asset retirement obligation accretion	17	19
Amortization of stock-based compensation	46	108
Other	—	(194)
Net change in working capital	15	214
Change in long-term other assets	1	53
Change in long-term other liabilities	20	(27)
Net cash from operating activities	834	165
Cash flows from investing activities:		
Capital expenditures	(747)	(749)
Acquisitions of property, equipment and businesses	(20)	(1,627)
Proceeds from sale of investment	190	—
Divestitures of property and equipment	38	18
Other	(3)	(1)
Net cash from investing activities	(542)	(2,359)
Cash flows from financing activities:		
Borrowings of long-term debt, net of issuance costs	813	396
Repayments of long-term debt	(587)	(259)
Payment of installment payable	(250)	—
Net short-term debt repayments	—	(626)
Issuance of common stock	—	1,469
Issuance of subsidiary units	55	727
Dividends paid on common stock	(32)	(125)
Contributions from noncontrolling interests	21	3
Distributions to noncontrolling interests	(81)	(73)
Taxes for share-based compensation	(61)	(18)
Other	(2)	(1)
Net cash from financing activities	(124)	1,493
Effect of exchange rate changes on cash	(8)	26
Net change in cash and cash equivalents	160	(675)
Cash and cash equivalents at beginning of period	1,959	2,310
Cash and cash equivalents at end of period	$ 2,119	$ 1,635

See accompanying notes to consolidated financial statements.

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DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2017 (Unaudited)	December 31, 2016
	(Millions, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,119	$ 1,959
Accounts receivable	1,320	1,356
Assets held for sale	—	193
Other current assets	336	264
Total current assets	3,775	3,772
Property and equipment, at cost:		
Oil and gas, based on full cost accounting:		
Subject to amortization	76,421	75,648
Not subject to amortization	3,096	3,437
Total oil and gas	79,517	79,085
Midstream and other	10,701	10,455
Total property and equipment, at cost	90,218	89,540
Less accumulated depreciation, depletion and amortization	(73,797)	(73,350)
Property and equipment, net	16,421	16,190
Goodwill	3,964	3,964
Other long-term assets	1,974	1,987
Total assets	$ 26,134	$ 25,913
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 638	$ 642
Revenues and royalties payable	991	908
Other current liabilities	841	1,066
Total current liabilities	2,470	2,616
Long-term debt	10,381	10,154
Asset retirement obligations	1,067	1,226
Other long-term liabilities	643	894
Deferred income taxes	651	648
Stockholders' equity:		
Common stock, $0.10 par value. Authorized 1.0 billion shares; issued 526 million and 523 million shares in 2017 and 2016, respectively	53	52
Additional paid-in capital	7,207	7,237
Accumulated deficit	(1,081)	(1,646)
Accumulated other comprehensive earnings	287	284
Total stockholders' equity attributable to Devon	6,466	5,927
Noncontrolling interests	4,456	4,448
Total stockholders' equity	10,922	10,375
Total liabilities and stockholders' equity	$ 26,134	$ 25,913

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Earnings	Treasury Stock	Noncontrolling Interests	Total Stockholders' Equity
	(Unaudited) (Millions)							
Three Months Ended March 31, 2017								
Balance as of December 31, 2016	523	$ 52	$ 7,237	$ (1,646)	$ 284	$ —	$ 4,448	$ 10,375
Net earnings	—	—	—	565	—	—	14	579
Other comprehensive earnings, net of tax	—	—	—	—	3	—	—	3
Restricted stock grants, net of cancellations	2	1	—	—	—	—	—	1
Common stock repurchased	—	—	—	—	—	(38)	—	(38)
Common stock retired	—	—	(38)	—	—	38	—	—
Common stock dividends	—	—	(32)	—	—	—	—	(32)
Share-based compensation	1	—	30	—	—	—	—	30
Subsidiary equity transactions	—	—	10	—	—	—	75	85
Distributions to noncontrolling interests	—	—	—	—	—	—	(81)	(81)
Balance as of March 31, 2017	526	$ 53	$ 7,207	$ (1,081)	$ 287	$ —	$ 4,456	$ 10,922
Three Months Ended March 31, 2016								
Balance as of December 31, 2015	418	$ 42	$ 4,996	$ 1,781	$ 230	$ —	$ 3,940	$ 10,989
Net loss	—	—	—	(3,056)	—	—	(412)	(3,468)
Other comprehensive earnings, net of tax	—	—	—	—	27	—	—	27
Restricted stock grants, net of cancellations	3	—	—	—	—	—	—	—
Common stock repurchased	—	—	—	—	—	(12)	—	(12)
Common stock retired	—	—	(12)	—	—	12	—	—
Common stock dividends	—	—	—	(125)	—	—	—	(125)
Common stock issued	103	10	2,117	—	—	—	—	2,127
Share-based compensation	—	—	99	—	—	—	—	99
Subsidiary equity transactions	—	—	301	—	—	—	643	944
Distributions to noncontrolling interests	—	—	—	—	—	—	(73)	(73)
Balance as of March 31, 2016	524	$ 52	$ 7,501	$ (1,400)	$ 257	$ —	$ 4,098	$ 10,508

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Summary of Significant Accounting Policies

The accompanying unaudited interim financial statements and notes of Devon have been prepared pursuant to the rules and regulations of the SEC. Pursuant to such rules and regulations, certain disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted. The accompanying unaudited interim financial statements and notes should be read in conjunction with the financial statements and notes included in Devon’s 2016 Annual Report on Form 10-K.

The accompanying unaudited interim financial statements furnished in this report reflect all adjustments that are, in the opinion of management, necessary for a fair statement of Devon’s results of operations and cash flows for the three-month periods ended March 31, 2017 and 2016 and Devon’s financial position as of March 31, 2017.

Recently Adopted Accounting Standards

In January 2017, Devon adopted ASU 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* . Its objective is to simplify several aspects of the accounting for share-based payments, including income taxes when awards vest or are settled, statutory withholding and forfeitures. As the result of adoption, Devon made certain income tax presentation changes, most notably prospectively presenting excess tax benefits and deficiencies in the consolidated comprehensive statements of earnings and as operating cash flows in the consolidated statements of cash flows. Devon also retrospectively applied the new cash flow statement guidance dictating the presentation of shares traded for tax-withholding purposes as a financing activity. The adoption of the new guidance did not materially impact the consolidated financial statements for the three months ended March 31, 2017 or previously reported financial information but could have a more material future impact.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill And Other (Topic 350) — Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). ASU 2017-04 simplifies the accounting for goodwill impairments by eliminating the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test. As a result, under ASU 2017-04, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the impairment loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2019, including any interim impairment tests within those annual periods, with early application for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. In January 2017, Devon elected to early adopt ASU 2017-04, and the adoption had no impact on the consolidated financial statements. Devon will perform future goodwill impairment tests according to ASU 2017-04.

Recently Issued Accounting Standards

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . This ASU will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition* and industry-specific guidance in Subtopic 932-605, *Extractive Activities – Oil and Gas – Revenue Recognition.* This ASU provides guidance concerning the recognition and measurement of revenue from contracts with customers. Its objective is to increase the usefulness of information in the financial statements regarding the nature, timing and uncertainty of revenues. The effective date for ASU 2014-09 was delayed through the issuance of ASU 2015-14, *Revenue from Contracts with Customers – Deferral of the Effective Date,* to annual and interim periods beginning in 2018, with early adoption permitted in 2017. Devon does not plan on early adopting this ASU. The ASU is required to be adopted using either the retrospective transition method, which requires restating previously reported results or the cumulative effect (modified retrospective) transition method, which utilizes a cumulative-effect adjustment to retained earnings in the period of adoption to account for prior period effects rather than restating previously reported results. Devon intends to use the cumulative effect transition method and does not anticipate this ASU will have a material impact on its balance sheet or related consolidated statement of earnings, stockholders’ equity or cash flows. Devon continues to evaluate the impact of the disclosures required by this ASU. Devon does not expect its annual disclosures will materially change upon adopting this ASU. However, Devon's quarterly disclosures will materially expand upo n adoption of this ASU. Devon is implementing a process to gather and provide the quarterly disclosures required by the ASU.

The FASB issued ASU 2016-02, *Leases (Topic 842)* . This ASU will supersede the lease requirements in Topic 840, *Leases* . Its objective is to increase transparency and comparability among organizations. This ASU provides guidance requiring lessees to recognize most leases on their balance sheet. Lessor accounting does not significantly change, except for some changes made to align with new revenue recognition requirements. This ASU is effective for Devon beginning January 1, 2019 and will be applied using a modified retrospective transition method, which requires applying the new guidance to leases that exist or are entered into after the beginning of the earliest period in the financial statements. Early adoption is permitted, but Devon does not plan to early adopt. Devon has begun the process of evaluating contracts and gathering the necessary terms and data elements for purposes of determining the impact this ASU will have on its consolidated financial statements and related disclosures. Based on initial research, Devon estimates more than 7,500 contracts and a large number of data elements must be gathered and reviewed to ensure proper accounting of these contracts once this ASU is effective. Furthermore, Devon anticipates complying with this standard will significantly impact its systems, processes and controls and is evaluating technology requirements and solutions needed to comply with the requirements of this ASU.

The FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715), Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* This ASU will require entities to present the service cost component of net periodic benefit cost in the same line item as other employee compensation costs and present the other components of net periodic benefit cost outside of operating income in the income statement. Only the service cost component of net periodic benefit cost is eligible for capitalization. T his ASU is effective for Devon beginning January 1, 2018, and income statement presentation changes will be applied retrospectively, while service cost component capitalization will be applied prospectively. Upon adoption of this ASU, Devon will reclassify $7 million, $14 million and $16 million of non-service cost components of net periodic benefit costs for 2017, 2016 and 2015, respectively, as other nonoperating items. Such amounts are currently classified in Devon's G&A. No other changes upon adopting this ASU are expected to be material.

2. Acquisitions and Divestitures

Devon Acquisitions

On January 7, 2016, Devon acquired approximately 80,000 net acres (unaudited) and assets in the STACK play for approximately $1.5 billion. Devon funded the acquisition with $849 million of cash, after adjustments, and $659 million of common equity shares. The purchase price allocation was approximately $1.3 billion to unproved properties and approximately $200 million to proved properties.

EnLink Acquisitions

On January 7, 2016, EnLink acquired Anadarko Basin gathering and processing midstream assets, along with dedicated acreage service rights and service contracts, for approximately $1.4 billion. The purchase price allocation was $1.0 billion to intangible assets and approximately $400 million to property and equipment. EnLink funded the acquisition with approximately $215 million of General Partner common units and approximately $800 million of cash, primarily funded with the issuance of EnLink preferred units. The remaining $500 million of the purchase price was to be paid within one year with the option to defer $250 million of the final payment 24 months from the close date. The first installment payment of $250 million was paid in January 2017. T he remaining $250 million payment is reported in other current liabilities in the accompanying consolidated balance sheets. The accretion of the discount is reported within net financing costs in the accompanying consolidated comprehensive statement of earnings.

EnLink Asset Divestitures

D uring the first quarter of 2017, EnLink divested its ownership interest in Howard Energy Partners for approximately $190 million.

Devon Upstream Asset Divestitures

In May 2017, Devon announced its intent to divest approximately $1 billion of upstream assets. The non-core assets identified for monetization include select portions of the Barnett Shale focused primarily around Johnson County and other properties located principally within Devon's U.S. resource base. Devon expects the divestiture process will take up to 12 to 18 months to complete. Devon plans to deploy divestiture proceeds toward its U.S. resource plays and to further strengthen its investment-grade financial position. The non-core divestiture plan is also expected to accelerate Devon's transition to higher-margin production.

3. Derivative Financial Instruments

Objectives and Strategies

Devon periodically enters into derivative financial instruments with respect to a portion of its oil, gas and NGL production to hedge future prices received. Additionally, Devon and EnLink periodically enter into derivative financial instruments with respect to a portion of their oil, gas and NGL marketing activities. These commodity derivative financial instruments include financial price swaps, basis swaps and costless price collars. Devon periodically enters into interest rate swaps to manage its exposure to interest rate volatility and foreign exchange forward contracts to manage its exposure to fluctuations in the U.S. and Canadian dollar exchange rates. As of March 31, 2017, Devon did not have any open foreign exchange contracts.

Devon does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Counterparty Credit Risk

By using derivative financial instruments, Devon is exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. To mitigate this risk, the hedging instruments are placed with a number of counterparties whom Devon believes are acceptable credit risks. It is Devon's policy to enter into derivative contracts only with investment-grade rated counterparties deemed by management to be competent and competitive market makers. Additionally, Devon's derivative contracts generally contain provisions that provide for collateral payments, if Devon's or its counterparty's credit rating falls below certain credit rating levels.

As of March 31, 2017, Devon held $13 million of cash collateral, which represented the estimated fair value of certain derivative positions in excess of Devon's credit guidelines and is reported in other current liabilities in the accompanying consolidated balance sheets. As of December 31, 2016, Devon held no collateral from counterparties.

Commodity Derivatives

As of March 31, 2017, Devon had the following open oil derivative positions. The first table presents Devon's oil derivatives that settle against the average of the prompt month NYMEX WTI futures price. The second table presents Devon's oil derivatives that settle against the respective indices noted within the table.

	Price Swaps		Price Collars		
Period	**Volume (Bbls/d)**	**Weighted Average Price ($/Bbl)**	**Volume (Bbls/d)**	**Weighted Average Floor Price ($/Bbl)**	**Weighted Average Ceiling Price ($/Bbl)**
Q2-Q4 2017	73,945	$ 54.34	61,665	$ 45.53	$ 57.96
Q1-Q4 2018	5,592	$ 53.38	12,921	$ 46.69	$ 56.69

Period	Oil Basis Swaps Index	Volume (Bbls/d)	Weighted Average Differential to WTI ($/Bbl)
Q2-Q4 2017	Western Canadian Select	63,244	$ (14.83)
Q2-Q4 2017	Midland Sweet	20,000	$ (0.41)

As of March 31, 2017, 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)
Q2-Q4 2017	193,218	$ 3.17	411,418	$ 2.98	$ 3.38
Q1-Q4 2018	68,890	$ 3.17	36,986	$ 3.29	$ 3.63

Period	Natural Gas Basis Swaps Index	Volume (MMBtu/d)	Weighted Average Differential to Henry Hub ($/MMBtu)
Q2-Q4 2017	Panhandle Eastern Pipe Line	150,000	$ (0.34)
Q2-Q4 2017	El Paso Natural Gas	80,000	$ (0.13)
Q2-Q4 2017	Houston Ship Channel	35,000	$ 0.06
Q2-Q4 2017	Transco Zone 4	205,000	$ 0.03
Q1-Q4 2018	Panhandle Eastern Pipe Line	50,000	$ (0.29)

As of March 31, 2017, Devon had the following open NGL derivative positions. Devon's NGL positions settle against the average of the prompt month OPIS Mont Belvieu, Texas index.

		Price Swaps		Price Collars		
Period	Product	Volume (Bbls/d)	Weighted Average Price ($/Bbl)	Volume (Bbls/d)	Weighted Average Floor Price ($/Bbl)	Weighted Average Ceiling Price ($/Bbl)
Q2-Q4 2017	Propane	1,662	$ 27.24	1,662	$ 26.30	$ 28.40

Interest Rate Derivatives

As of March 31, 2017, Devon had the following open interest rate derivative positions:

Notional (Millions)	Rate Received	Rate Paid	Expiration
$ 750	Three Month LIBOR	2.98%	December 2048 (1)
$ 100	1.76%	Three Month LIBOR	January 2019

(1) Mandatory settlement in December 2018.

Financial Statement Presentation

The following table presents the net gains and losses by derivative financial instrument type followed by the corresponding individual consolidated comprehensive statements of earnings caption.

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(Millions)	
Commodity derivatives:		
Oil, gas and NGL derivatives	$ 232	$ 33
Marketing and midstream revenues	4	—
Interest rate derivatives:		
Other nonoperating items	5	(72)
Foreign currency derivatives:		
Other nonoperating items	—	(155)
Net gains (losses) recognized	$ 241	$ (194)

The following table presents the derivative fair values by derivative financial instrument type followed by the corresponding individual consolidated balance sheet caption.

	March 31, 2017	December 31, 2016
	(Millions)	
Commodity derivative assets:		
Other current assets	$ 79	$ 9
Other long-term assets	5	1
Interest rate derivative assets:		
Other current assets	1	1
Total derivative assets	$ 85	$ 11
Commodity derivative liabilities:		
Other current liabilities	$ 46	$ 187
Other long-term liabilities	—	16
Interest rate derivative liabilities:		
Other long-term liabilities	36	41
Total derivative liabilities	$ 82	$ 244

4. Share-Based Compensation

The following table presents the effects of share-based compensation included in Devon's accompanying consolidated comprehensive statements of earnings. Gross G&A expense for the first three months of 2017 and 2016 includes $14 million and $6 million, respectively, of unit-based compensation related to grants made under EnLink's long-term incentive plans.

The vesting for certain share-based awards was accelerated in 2016 in conjunction with the reduction of workforce described in Note 6. For the three months ended March 31, 2016, approximately $67 million of associated expense for these accelerated awards is included in restructuring and transaction costs in the accompanying consolidated comprehensive statements of earnings.

	Three Months Ended March 31, 2017	2016
	(Millions)	
Gross G&A for share-based compensation	$ 50	$ 45
Share-based compensation expense capitalized pursuant to the full cost method of accounting for oil and gas properties	$ 9	$ 12
Related income tax benefit	$ 1	$ 9

Under its approved long-term incentive plan, Devon granted share-based awards to certain employees in the first three months of 2017. The following table presents a summary of Devon's unvested restricted stock awards and units, performance-based restricted stock awards and performance share units granted under the plan.

	Restricted Stock Awards and Units		Performance-Based Restricted Stock Awards		Performance Share Units	
	Awards and Units	Weighted Average Grant-Date Fair Value	Awards	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value
	(Thousands, except fair value data)					
Unvested at 12/31/16	6,407	$ 34.40	585	$ 37.60	2,604	$ 46.66
Granted	2,571	$ 45.41	205	$ 45.41	1,010	$ 52.58
Vested	(2,001)	$ 38.33	(178)	$ 42.43	(832)	$ 78.19
Forfeited	(59)	$ 36.06	—	$ —	—	$ —
Unvested at 3/31/17	6,918	$ 37.34	612	$ 38.81	2,782 (1)	$ 41.21

(1) A maximum of 5.6 million common shares could be awarded based upon Devon's final TSR ranking relative to Devon's peer group established under applicable award agreements.

The following table presents the assumptions related to the performance share units granted in 2017, as indicated in the previous summary table.

	2017
Grant-date fair value	$ 51.05 — $ 53.12
Risk-free interest rate	1.50%
Volatility factor	45.8%
Contractual term (years)	2.89

The following table presents a summary of the unrecognized compensation cost and the related weighted average recognition period associated with unvested awards and units as of March 31, 2017.

	Restricted Stock Awards and Units	Performance-Based Restricted Stock Awards	Performance Share Units
Unrecognized compensation cost (millions)	$ 209	$ 11	$ 54
Weighted average period for recognition (years)	2.9	2.3	2.3

EnLink Share-Based Awards

In March 2017, the General Partner and EnLink issued restricted incentive units as bonus payments to officers and certain employees. The combined grant fair value was $10 million, and the total cost was recognized in the first quarter of 2017 due to the awards vesting immediately.

The following table presents a summary of the unrecognized compensation cost and the related weighted average recognition period associated with the General Partner's and EnLink's unvested restricted incentive units and performance units as of March 31, 2017.

	General Partner		EnLink	
	Restricted Incentive Units	Performance Units	Restricted Incentive Units	Performance Units
Unrecognized compensation cost (millions)	$ 20	$ 8	$ 21	$ 8
Weighted average period for recognition (years)	2.0	2.3	2.0	2.3

5. Asset Impairments

Oil and Gas Impairments

Under the full cost method of accounting, capitalized costs of oil and gas properties, net of accumulated DD&A and deferred income taxes, may not exceed the full cost "ceiling" at the end of each quarter. The ceiling is calculated separately for each country and is based on the present value of estimated future net cash flows from proved oil and gas reserves, discounted at 10% per annum, net of related tax effects. Estimated future net cash flows are calculated using end-of-period costs and an unweighted arithmetic average of commodity prices in effect on the first day of each of the previous 12 months.

In the first quarter of 2016, Devon recognized $1.6 billion and $554 million in oil and gas asset impairments for its U.S. and Canadian operations, respectively. The oil and gas impairments resulted from declines in the U.S. and Canada full cost ceilings. The lower ceiling values resulted primarily from significant decreases in the 12-month average trailing prices for oil, bitumen, gas and NGLs, which significantly reduced proved reserves values and, to a lesser degree, proved reserves.

EnLink Goodwill Impairments

In the first quarter of 2016, EnLink recognized $873 million in goodwill impairments. See Note 12 for additional details.

DEVON ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

6. Restructuring and Transaction Costs

Reduction in Workforce

In the first quarter of 2016, Devon recognized $234 million in employee-related costs associated with a reduction in workforce. Of these employee-related costs, approximately $67 million resulted from accelerated vesting of share-based grants, which are noncash charges. Additionally, approximately $30 million resulted from estimated defined benefit settlements.

Transaction Costs

In the first quarter of 2016, Devon and EnLink recognized $13 million in transaction costs primarily associated with the closing of the acquisitions discussed in Note 2.

The following table summarizes Devon's restructuring liabilities.

	Other Current Liabilities	Other Long-term Liabilities	Total
		(Millions)	
Balance as of December 31, 2016	$ 48	$ 62	$ 110
Changes due to 2016 workforce reductions	(18)	—	(18)
Changes related to prior years' restructurings	3	(5)	(2)
Balance as of March 31, 2017	$ 33	$ 57	$ 90
Balance as of December 31, 2015	13	63	76
Changes due to 2016 workforce reductions	149	—	149
Changes related to prior years' restructurings	2	(2)	—
Balance as of March 31, 2016	$ 164	$ 61	$ 225

7. Income Taxes

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

	Three Months Ended March 31,	
	2017	2016
	(Millions)	
Current income tax expense (benefit)	$ 20	$ (10)
Deferred income tax benefit	(1)	(207)
Total income tax expense (benefit)	$ 19	$ (217)
U.S. statutory income tax rate	35%	35%
Deferred tax asset valuation allowance	(32%)	(22%)
Non-deductible goodwill impairments	0%	(8%)
Taxation on Canadian operations	0%	(2%)
State income taxes	1%	1%
Other	(1%)	2%
Effective income tax rate	3%	6%

Devon estimates its annual effective income tax rate in recording its quarterly 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 quarter in which they occur.

Throughout 2016 and into the first quarter of 2017, Devon continued to maintain a 100% valuation allowance against its U.S. deferred tax assets resulting from prior year cumulative financial losses largely due to full cost impairments. Furthermore, a partial allowance continues to be held against certain Canadian segment deferred tax assets. Devon provided an additional $808 million and a reduction of $192 million to the U.S. segment valuation allowance in the first quarters of 2016 and 2017, respectively, based on the financial loss and income recorded during those periods.

In the first quarter of 2016, EnLink recorded goodwill impairments totaling $873 million. These impairments are not deductible for purposes of calculating income tax and, therefore, have an impact on the effective tax rate.

Devon is under audit in the U.S. and various foreign jurisdictions as part of its normal course of business. The timing of resolution of income tax examinations is uncertain as are the amounts and timing of tax payments that are part of any audit settlement process. Devon believes that within the next 12 months, it is reasonably possible that certain tax examinations will be resolved by settlement with the taxing authorities.

8. Net Earnings (Loss) Per Share Attributable to Devon

The following table reconciles net earnings (loss) attributable to Devon and weighted-average common shares outstanding used in the calculations of basic and diluted net earnings (loss) per share.

	Three Months Ended March 31,	
	2017	2016
	(Millions, except per share amounts)	
Net earnings (loss):		
Net earnings (loss) attributable to Devon	$ 565	$ (3,056)
Attributable to participating securities	(6)	—
Basic and diluted earnings (loss)	$ 559	$ (3,056)
Common shares:		
Common shares outstanding - total	525	479
Attributable to participating securities	(6)	(5)
Common shares outstanding - basic	519	474
Dilutive effect of potential common shares issuable	3	—
Common shares outstanding - diluted	522	474
Net earnings (loss) per share attributable to Devon:		
Basic	$ 1.08	$ (6.44)
Diluted	$ 1.07	$ (6.44)
Antidilutive options (1)	2	3

(1) Amounts represent options to purchase shares of Devon’s common stock that are excluded from the diluted net earnings (loss) per share calculations because the options are antidilutive.

9. Other Comprehensive Earnings

Components of other comprehensive earnings consist of the following:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(Millions)	
Foreign currency translation:		
Beginning accumulated foreign currency translation	$ 456	$ 424
Change in cumulative translation adjustment	1	51
Income tax expense	(3)	(28)
Ending accumulated foreign currency translation	454	447
Pension and postretirement benefit plans:		
Beginning accumulated pension and postretirement benefits	(172)	(194)
Recognition of net actuarial loss and prior service cost in earnings (1)	5	6
Income tax expense	—	(2)
Ending accumulated pension and postretirement benefits	(167)	(190)
Accumulated other comprehensive earnings, net of tax	$ 287	$ 257

(1) These accumulated other comprehensive earnings components are included in the computation of net periodic benefit cost, which is a component of G&A on the accompanying consolidated comprehensive statements of earnings. See Note 16 for additional details.

10. Supplemental Information to Statements of Cash Flows

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
	(Millions)	
Net change in working capital accounts, net of assets and liabilities assumed:		
Accounts receivable	$ 48	$ 146
Income taxes receivable	1	115
Other current assets	(22)	251
Accounts payable	4	(121)
Revenues and royalties payable	73	(101)
Other current liabilities	(89)	(76)
Net change in working capital	$ 15	$ 214
Interest paid (net of capitalized interest)	$ 92	$ 115
Income taxes paid (received)	$ 3	$ (128)

Devon's acquisition of certain STACK assets during the first three months of 2016 included the noncash issuance of Devon common stock. See Note 2 for additional details.

EnLink's acquisition of Anadarko Basin gathering and processing midstream assets during the first three months of 2016 included noncash issuance of General Partner common units. See Note 2 for additional details.

11. Accounts Receivable

Components of accounts receivable include the following:

	March 31, 2017	December 31, 2016
	(Millions)	
Oil, gas and NGL sales	$ 495	$ 487
Joint interest billings	104	110
Marketing and midstream revenues	672	708
Other	67	69
Gross accounts receivable	1,338	1,374
Allowance for doubtful accounts	(18)	(18)
Net accounts receivable	$ 1,320	$ 1,356

12. Goodwill and Other Intangible Assets

Goodwill

Devon performs an annual impairment test of goodwill at October 31, or more frequently if events or changes in circumstances indicate that the carrying value of a reporting unit may not be recoverable. Sustained weakness in the overall energy sector driven by low commodity prices, together with a decline in EnLink's unit price, caused a noncash goodwill impairment of $873 million in the first quarter of 2016. This consisted of a full impairment charge of $93 million related to EnLink's Crude and Condensate reporting unit and partial impairment to EnLink's Texas and General Partner reporting units of $473 million and $307 million, respectively.

Other Intangible Assets

The following table presents other intangible assets reported in other long-term assets in the accompanying consolidated balance sheets.

	March 31, 2017	December 31, 2016
	(Millions)	
Customer relationships	$ 1,796	$ 1,796
Accumulated amortization	(201)	(172)
Net intangibles	$ 1,595	$ 1,624

The weighted-average amortization period for other intangible assets is 14 years. Amortization expense for intangibles was approximately $29 million and $28 million for the three months ended March 31, 2017 and 2016, respectively. The remaining amortization expense is estimated to be $118 million for each of the next five years.

13. Other Current Liabilities

Components of other current liabilities include the following:

	March 31, 2017	December 31, 2016
	(Millions)	
Installment payment - see Note 2	$ 230	$ 249
Derivative liabilities	46	187
Accrued interest payable	156	130
Restructuring liabilities	33	48
Other	376	452
Other current liabilities	$ 841	$ 1,066

14. Debt and Related Expenses

A summary of debt is as follows:

	March 31, 2017	December 31, 2016
	(Millions)	
Devon debt:		
Debentures and notes	$ 6,933	$ 6,933
Net discount on debentures and notes	(30)	(30)
Debt issuance costs	(43)	(44)
Total Devon debt	6,860	6,859
EnLink debt:		
Credit facilities	373	148
Debentures and notes	3,163	3,163
Net premium on debentures and notes	9	9
Debt issuance costs	(24)	(25)
Total EnLink debt	3,521	3,295
Total long-term debt	$ 10,381	$ 10,154

Credit Lines

Devon has a $3.0 billion Senior Credit Facility. As of March 31, 2017, Devon had $149 million in outstanding letters of credit, including $57 million in outstanding letters of credit under the Senior Credit Facility. There were no outstanding borrowings under the Senior Credit Facility at March 31, 2017. 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 noncash financial write-downs such as full cost ceiling impairments or goodwill impairments. As of March 31, 2017, Devon was in compliance with this covenant with a debt-to-capitalization ratio of 19.2%.

EnLink Debt

All of EnLink's and the General Partner's debt is non-recourse to Devon.

EnLink has a $1.5 billion unsecured revolving credit facility. As of March 31, 2017, there were $9 million in outstanding letters of credit and $330 million in outstanding borrowings at an average rate of 3.00% under the $1.5 billion credit facility. The General Partner has a $250 million secured revolving credit facility. As of March 31, 2017, the General Partner had $43 million in outstanding borrowings at an average rate of 3.06%. EnLink and the General Partner were in compliance with all financial covenants in their respective credit facilities as of March 31, 2017.

In April 2017, EnLink issued notice to redeem its 7.125% senior unsecured notes due 2022 on June 1, 2017.

15. Asset Retirement Obligations

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

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Asset retirement obligations as of beginning of period	$ 1,272	$ 1,414
Liabilities incurred and assumed through acquisitions	10	12
Liabilities settled and divested	(13)	(17)
Revision of estimated obligation	(184)	77
Accretion expense on discounted obligation	17	19
Foreign currency translation adjustment	4	29
Asset retirement obligations as of end of period	1,106	1,534
Less current portion	39	43
Asset retirement obligations, long-term	$ 1,067	$ 1,491

During the first quarter of 2017, Devon reduced its estimated asset retirement obligations by $184 million primarily due to changes in the assumed inflation rate and retirement dates for its oil and gas assets.

16. Retirement Plans

The following table presents the components of net periodic benefit cost for Devon's pension benefit plans. There was no net periodic benefit cost for postretirement benefit plans for all periods presented below.

	Pension Benefits, Three Months Ended March 31, 2017	Pension Benefits, Three Months Ended March 31, 2016
Service cost	$ 4	$ 6
Interest cost	11	12
Expected return on plan assets	(14)	(13)
Amortization of prior service cost (1)	1	1
Net actuarial loss (1)	4	5
Net periodic benefit cost (2)	$ 6	$ 11

(1) These net periodic benefit costs were reclassified out of other comprehensive earnings in the current period.
(2) Net periodic benefit cost is a component of G&A in the accompanying consolidated comprehensive statements of earnings.

17. Stockholders' Equity

Common Stock Issued

In January 2016, Devon issued approximately 23 million shares of common stock in conjunction with the STACK asset acquisition discussed in Note 2.

In February 2016, Devon issued 79 million shares of common stock to the public, inclusive of 10 million shares sold as part of the underwriters' option. Net proceeds from the offering were $1.5 billion.

Dividends

Devon paid common stock dividends of $32 million and $125 million in the first three months of 2017 and 2016, respectively. Devon decreased its quarterly cash dividend rate from $0.24 per share to $0.06 per share beginning in the second quarter of 2016.

18. Noncontrolling Interests

Subsidiary Equity Transactions

EnLink has the ability to sell common units through an “at the market” equity offering program. During the first quarter of 2017, EnLink issued and sold 3 million common units though its “at the market” program and generated $55 million in net proceeds. During the first quarter of 2016, EnLink issued preferred units in conjunction with its acquisition of Anadarko Basin gathering and processing midstream assets as discussed in Note 2. As of March 31, 2017, Devon’s ownership interest in EnLink was 24%, excluding the interest held by the General Partner. Devon’s ownership interest in the General Partner as of March 31, 2017 was 64%. The net gains and losses and related income taxes resulting from these transactions have been recorded as an adjustment to equity, with the change in ownership reflected as an adjustment to noncontrolling interests.

Distributions to Noncontrolling Interests

EnLink and the General Partner distributed $81 million and $73 million to non-Devon unitholders during the first three months of 2017 and 2016, respectively.

19. Commitments and Contingencies

Devon is party to various legal actions arising in the normal course of 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 involve future amounts that would be material to Devon’s financial position or results of operations after consideration of recorded accruals. Actual amounts could differ materially from management’s estimates.

Royalty Matters

Numerous oil and natural gas producers and related parties, including Devon, have been named in various lawsuits alleging royalty underpayments. The suits allege that the producers and related parties used below-market prices, made improper deductions, 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 is subject to related contracts and regulatory controls in the ordinary course of business, some that may lead to additional royalty claims. Devon does not currently believe that it is subject to material exposure with respect to such royalty matters.

Environmental Matters

Devon is subject to certain environmental, health and safety laws and regulations, including with respect to environmental remediation activities associated with past operations, such as the Comprehensive Environmental Response, Compensation, and Liability Act and similar state statutes. In response to liabilities associated with these activities, loss accruals primarily consist of estimated uninsured remediation costs. Devon’s monetary exposure for environmental matters is not expected to be material.

Other Matters

Devon is involved in other various legal proceedings incidental to its business. However, to Devon’s knowledge, there were no other material pending legal proceedings to which Devon is a party or to which any of its property is subject.

20. Fair Value Measurements

The following table provides carrying value and fair value measurement information for certain of Devon's financial assets and liabilities. None of the items below are measured using Level 3 inputs. The carrying values of cash, accounts receivable, other current receivables, accounts payable, other current payables and accrued expenses included in the accompanying consolidated balance sheets approximated fair value at March 31, 2017 and December 31, 2016. Therefore, such financial assets and liabilities are not presented in the following table. Additionally, the fair values of oil and gas assets, goodwill and other intangible assets and related impairments are measured as of the impairment date using Level 3 inputs. More information on these items is provided in Note 5 and Note 12, respectively.

			Fair Value Measurements Using:	
	Carrying Amount	Total Fair Value	Level 1 Inputs	Level 2 Inputs
	(Millions)			
March 31, 2017 assets (liabilities):				
Cash equivalents	$ 1,734	$ 1,734	$ 1,558	$ 176
Commodity derivatives	$ 84	$ 84	$ —	$ 84
Commodity derivatives	$ (46)	$ (46)	$ —	$ (46)
Interest rate derivatives	$ 1	$ 1	$ —	$ 1
Interest rate derivatives	$ (36)	$ (36)	$ —	$ (36)
Debt	$ (10,381)	$ (11,184)	$ —	$ (11,184)
Installment payment	$ (230)	$ (233)	$ —	$ (233)
Capital lease obligations	$ (5)	$ (4)	$ —	$ (4)
December 31, 2016 assets (liabilities):				
Cash equivalents	$ 1,542	$ 1,542	$ 1,298	$ 244
Commodity derivatives	$ 10	$ 10	$ —	$ 10
Commodity derivatives	$ (203)	$ (203)	$ —	$ (203)
Interest rate derivatives	$ 1	$ 1	$ —	$ 1
Interest rate derivatives	$ (41)	$ (41)	$ —	$ (41)
Debt	$ (10,154)	$ (10,760)	$ —	$ (10,760)
Installment payment	$ (473)	$ (477)	$ —	$ (477)
Capital lease obligations	$ (7)	$ (6)	$ —	$ (6)

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 U.S. and Canadian treasury securities. The fair value approximates the carrying value.

Level 2 Fair Value Measurements

Cash equivalents – Amounts consist primarily of commercial paper and Canadian agency and provincial securities investments. The fair value approximates the carrying value.

Commodity, interest rate and foreign currency derivatives – The fair values of commodity, interest rate and foreign currency derivatives are 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 actively trade in an established market. The fair values of its debt are estimated based on rates available for debt with similar terms and maturity. The fair values of commercial paper and credit facility balances are the carrying values.

Installment payment – The fair value of the EnLink installment payment was based on Level 2 inputs from third-party market quotations.

Capital lease obligations – The fair value was calculated using inputs from third-party banks.

21. Segment Information

Devon manages its operations through distinct operating segments, which are defined primarily by geographic areas. For financial reporting purposes, Devon aggregates its U.S. operating segments into one reporting segment due to the similar nature of the businesses. However, Devon's Canadian E&P operating segment is reported as a separate reporting segment primarily due to the significant differences between the U.S. and Canadian regulatory environments. Devon's U.S. and Canadian segments are both primarily engaged in oil and gas E&P activities.

Devon considers EnLink, combined with the General Partner, to be an operating segment that is distinct from the U.S. and Canadian operating segments. EnLink's operations consist of midstream assets and operations located across the U.S. Additionally, EnLink has a management team that is primarily responsible for capital and resource allocation decisions. Therefore, EnLink is presented as a separate reporting segment.

DEVON ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

	U.S.	Canada	EnLink	Eliminations	Total
			(Millions)		
Three Months Ended March 31, 2017:					
Revenues from external customers	$ 2,081	$ 319	$ 1,151	$ —	$ 3,551
Intersegment revenues	$ —	$ —	$ 171	$ (171)	$ —
Depreciation, depletion and amortization	$ 181	$ 72	$ 128	$ —	$ 381
Interest expense	$ 80	$ 20	$ 45	$ (15)	$ 130
Asset impairments	$ —	$ —	$ 7	$ —	$ 7
Earnings before income taxes	$ 557	$ 29	$ 12	$ —	$ 598
Income tax expense	$ 3	$ 13	$ 3	$ —	$ 19
Net earnings	$ 554	$ 16	$ 9	$ —	$ 579
Net earnings attributable to noncontrolling interests	$ —	$ —	$ 14	$ —	$ 14
Net earnings (loss) attributable to Devon	$ 554	$ 16	$ (5)	$ —	$ 565
Property and equipment, net	$ 7,452	$ 2,573	$ 6,396	$ —	$ 16,421
Total assets	$ 12,648	$ 3,364	$ 10,177	$ (55)	$ 26,134
Capital expenditures, including acquisitions	$ 437	$ 96	$ 248	$ —	$ 781
Three Months Ended March 31, 2016:					
Revenues from external customers	$ 1,302	$ 117	$ 707	$ —	$ 2,126
Intersegment revenues	$ —	$ —	$ 183	$ (183)	$ —
Depreciation, depletion and amortization	$ 311	$ 109	$ 122	$ —	$ 542
Interest expense	$ 107	$ 34	$ 44	$ (20)	$ 165
Asset impairments	$ 1,608	$ 554	$ 873	$ —	$ 3,035
Restructuring and transaction costs	$ 236	$ 6	$ 5	$ —	$ 247
Loss before income taxes	$ (2,065)	$ (749)	$ (871)	$ —	$ (3,685)
Income tax benefit	$ (5)	$ (208)	$ (4)	$ —	$ (217)
Net loss	$ (2,060)	$ (541)	$ (867)	$ —	$ (3,468)
Net loss attributable to noncontrolling interests	$ —	$ —	$ (412)	$ —	$ (412)
Net loss attributable to Devon	$ (2,060)	$ (541)	$ (455)	$ —	$ (3,056)
Property and equipment, net	$ 8,901	$ 4,246	$ 6,117	$ —	$ 19,264
Total assets	$ 13,717	$ 4,933	$ 10,066	$ (79)	$ 28,637
Capital expenditures, including acquisitions	$ 1,893	$ 81	$ 545	$ —	$ 2,519

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

The following discussion and analysis addresses material changes in our results of operations and capital resources and uses for the three-month period ended March 31, 2017 compared to the three-month period ended March 31, 2016 and in our financial condition and liquidity since December 31, 2016. For information regarding our critical accounting policies and estimates, see our 2016 Annual Report on Form 10-K under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Overview of 2017 Results

Key components of our financial performance are summarized below.

	Three Months Ended March 31, (3)		
	2017	2016	Change
	(Millions, except per share and production amounts)		
Net earnings (loss) attributable to Devon	$ 565	$ (3,056)	+118%
Net earnings (loss) per share attributable to Devon	$ 1.07	$ (6.44)	+117%
Core earnings (loss) attributable to Devon (1)	$ 217	$ (249)	+187%
Core earnings (loss) per share attributable to Devon (1)	$ 0.41	$ (0.53)	+177%
Retained production (MBoe/d)	563	611	- 8%
Total production (MBoe/d)	563	685	- 18%
Realized price per Boe (2)	$ 25.82	$ 13.23	+95%
Operating cash flow	$ 834	$ 165	+405%
Capitalized costs, including acquisitions	$ 781	$ 2,519	- 69%
Shareholder and noncontrolling interests distributions	$ 113	$ 198	- 43%
Cash and cash equivalents	$ 2,119	$ 1,635	+30%
Total debt	$ 10,381	$ 12,545	- 17%

(1) Core earnings (loss) and core earnings (loss) per share attributable to Devon are financial measures not prepared in accordance with GAAP. For a description of core earnings (loss) and core earnings (loss) per share attributable to Devon, as well as reconciliations to the comparable GAAP measures, see "Non-GAAP Measures" in this Item 2.

(2) Excludes any impact of oil, gas and NGL derivatives.

(3) Except for balance sheet amounts, which are presented as of March 31.

During the first three months of 2017, Devon continued its performance transformation through improved capital efficiency and well productivity. These efforts were coupled with a catalyst-rich drilling schedule in our high-growth and key asset positions, leading to U.S. oil production sequential quarter growth of 17%. Commodity prices were also improved on a sequential quarter basis, with oil, NGL and gas index prices up 6%, 15%, and 11%, respectively. Throughout the first quarter, we also maintained significant focus on controlling service costs across the value chain, especially as it relates to managing the cost of water and sand.

With our price outlook not significantly changed since last quarter, we continue to execute on a commodity hedging strategy that targets hedging approximately 50% of our future oil and natural gas production, with hedges being placed systematically several quarters in advance. As of March 31, 2017, we have hedging contracts on approximately 50% of our forecasted oil production for 2017 at an average price of $50/Bbl and approximately 50% of our forecasted gas production for 2017 at an average price of $3/MMBtu.

Furthermore, in 2017 and beyond, we have the financial capacity and an advantaged capital structure to further accelerate investment across our best-in-class resource plays. We continue to maintain investment-grade credit ratings, have strong liquidity with approximately $5.1 billion in cash and Senior Credit Facility capacity and have no significant debt maturities until 2021. Moreover, our significant investment in EnLink continues to be a strategic advantage for us, allowing for improved midstream growth potential, and providing for a regular, visible cash flow stream of approximately $270 million annually to be further invested in our upstream capital programs.

Results of Operations

Oil, Gas and NGL Production

	Three Months Ended March 31,		
	2017	2016	Change
Oil (MBbls/d)			
Barnett Shale	1	1	- 14%
Delaware Basin	30	38	- 21%
Eagle Ford	48	59	- 19%
Heavy Oil	19	25	- 21%
Rockies Oil	13	17	- 21%
STACK	21	15	+38%
Other	10	12	- 13%
Retained assets	142	167	- 15%
Divested assets	—	17	N/M
Total	142	184	- 23%
Bitumen (MBbls/d)			
Heavy Oil	119	101	+18%
Gas (MMcf/d)			
Barnett Shale	683	768	- 11%
Delaware Basin	88	84	+5%
Eagle Ford	119	144	- 18%
Heavy Oil	23	15	+53%
Rockies Oil	15	32	- 54%
STACK	287	306	- 6%
Other	13	17	- 22%
Retained assets	1,228	1,366	- 10%
Divested assets	—	215	N/M
Total	1,228	1,581	- 22%
NGLs (MBbls/d)			
Barnett Shale	43	46	- 5%
Delaware Basin	10	12	- 18%
Eagle Ford	15	24	- 36%
Rockies Oil	1	1	- 23%
STACK	26	30	- 13%
Other	3	2	+90%
Retained assets	98	115	- 15%
Divested assets	—	22	N/M
Total	98	137	- 29%
Combined (MBoe/d)			
Barnett Shale	158	175	- 10%
Delaware Basin	54	63	- 14%
Eagle Ford	83	107	- 23%
Heavy Oil	141	129	+10%
Rockies Oil	17	23	- 29%
STACK	95	96	- 1%
Other	15	18	- 15%
Retained assets	563	611	- 8%
Divested assets	—	74	N/M
Total	563	685	- 18%

Oil, Gas and NGL Pricing

	Three Months Ended March 31,		
	2017 (1)	2016 (1)	Change
Oil (per Bbl)			
U.S.	$ 49.65	$ 28.74	+73%
Canada	$ 30.77	$ 13.23	+133%
Total	$ 47.19	$ 26.58	+78%
Bitumen (per Bbl)			
Canada	$ 25.60	$ 8.16	+214%
Gas (per Mcf)			
U.S.	$ 2.68	$ 1.53	+76%
NGLs (per Bbl)			
U.S.	$ 15.46	$ 6.84	+126%
Combined (per Boe)			
U.S.	$ 25.86	$ 14.22	+82%
Canada	$ 25.73	$ 8.95	+188%
Total	$ 25.82	$ 13.23	+95%

(1) Prices presented exclude any effects of oil, gas and NGL derivatives.

Commodity Sales

The volume and price changes in the tables above caused the following changes to our commodity sales between the three months ended March 31, 2017 and 2016.

	Three Months Ended March 31,				
	Oil	Bitumen	Gas	NGLs	Total
	(Millions)				
2016 sales	$ 445	$ 75	$ 220	$ 85	$ 825
Change due to volumes	(106)	13	(51)	(25)	(169)
Change due to prices	263	186	128	76	653
2017 sales	$ 602	$ 274	$ 297	$ 136	$ 1,309

Commodity sales increased in the first quarter of 2017 due to significant price increases for all commodities. The increase in oil and bitumen sales resulted from a higher average WTI crude oil index price. The increases in gas and NGL sales were due to higher North American regional index prices upon which our gas sales are based and higher NGL prices at the Mont Belvieu, Texas hub.

The increase in sales due to the favorable movement in commodity prices was partially offset by a decline in production volumes. In 2016, we significantly reduced our drilling and completion capital programs in response to depressed commodity prices. Consequently, our production volumes steadily declined throughout 2016. Asset divestitures also caused our volumes to decline significantly in the third and fourth quarters of 2016. However, with higher capital investment in our 2017 drilling and completion programs, we anticipate our production volumes will grow from the fourth quarter 2016 level.

Oil, Gas and NGL Derivatives

A summary of our open commodity derivative positions is included in Note 3 to the financial statements included in "Part I. Financial Information – Item 1. Financial Statements" of this report. The following tables provide financial information associated with our oil, gas and NGL hedges. The first table presents the cash settlements and fair value gains and losses recognized as components of our revenues. The subsequent tables present our oil, gas and NGL prices with, and without, the effects of the cash settlements. The prices do not include the effects of fair value gains and losses.

	Three Months Ended March 31, 2017	2016
	(Millions)	
Cash settlements:		
Oil derivatives	$ 12	$ —
Gas derivatives	(4)	19
Total cash settlements	8	19
Gains (losses) on fair value changes:		
Oil derivatives	144	(2)
Gas derivatives	78	16
NGL derivatives	2	—
Total gains on fair value changes	224	14
Oil, gas and NGL derivatives	$ 232	$ 33

	Three Months Ended March 31, 2017				
	Oil (Per Bbl)	Bitumen (Per Bbl)	Gas (Per Mcf)	NGLs (Per Bbl)	Boe (Per Boe)
Realized price without hedges	$ 47.19	$ 25.60	$ 2.68	$ 15.46	$ 25.82
Cash settlements of hedges	0.91	—	(0.03)	—	0.15
Realized price, including cash settlements	$ 48.10	$ 25.60	$ 2.65	$ 15.46	$ 25.97

	Three Months Ended March 31, 2016				
	Oil (Per Bbl)	Bitumen (Per Bbl)	Gas (Per Mcf)	NGLs (Per Bbl)	Boe (Per Boe)
Realized price without hedges	$ 26.58	$ 8.16	$ 1.53	$ 6.84	$ 13.23
Cash settlements of hedges	—	—	0.13	—	0.30
Realized price, including cash settlements	$ 26.58	$ 8.16	$ 1.66	$ 6.84	$ 13.53

Cash settlements as presented in the tables above represent realized gains or losses related to various commodity derivatives. In addition to cash settlements, we also 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 relationships between contract prices and the associated forward curves. Including the cash settlements discussed above, our oil, gas and NGL derivatives generated net gains in the first quarters of 2017 and 2016.

Marketing and Midstream Revenues and Operating Expenses

	Three Months Ended March 31,		
	2017	2016	Change
	(Millions)		
Operating revenues	$ 2,010	$ 1,268	+59%
Product purchases	(1,711)	(979)	+75%
Operations and maintenance expenses	(92)	(87)	+6%
Operating profit	$ 207	$ 202	+3%
Devon loss	$ (20)	$ (15)	- 33%
EnLink profit	227	217	+5%
Total profit	$ 207	$ 202	+3%

The overall increase in marketing and midstream margin during the first quarter of 2017 was primarily due to an increase in EnLink's throughput volumes related to gas processing and transmission activities, offset by a decline in margins on Devon's downstream marketing commitments. We are actively engaged in optimization activities to improve margins to help offset the costs of downstream commitments, however, we expect those commitments to negatively impact our margins throughout 2017.

Lease Operating Expenses

	Three Months Ended March 31,		
	2017	2016	Change
	(Millions, except per Boe amounts)		
LOE:			
U.S.	$ 252	$ 343	- 26%
Canada	134	101	+33%
Total	$ 386	$ 444	- 13%
LOE per Boe:			
U.S.	$ 6.66	$ 6.78	- 2%
Canada	$ 10.51	$ 8.60	+22%
Total	$ 7.62	$ 7.13	+7%

Our absolute LOE decreased during the first quarter of 2017 primarily due to our non-core U.S. oil and gas property divestitures during 2016 and continued well optimization and cost reduction initiatives. These initiatives have been primarily focused on reducing costs associated with water disposal, power and fuel, compression and workovers and include a strategy to decouple certain of our vendors' higher margin services to capture lower costs. These cost savings were partially offset by $31 million of Access Pipeline transportation tolls, which commenced in the fourth quarter of 2016 subsequent to the sale of our interest in the pipeline. The Access Pipeline transportation tolls were the primary driver in the increase in LOE per BOE compared to the first quarter of 2016.

General and Administrative Expenses

	Three Months Ended March 31,		
	2017	2016	Change
	(Millions)		
Gross G&A	$ 220	$ 262	- 16%
Capitalized G&A	(59)	(73)	- 19%
Reimbursed G&A	(16)	(25)	- 35%
Devon Net G&A	145	164	- 12%
EnLink Net G&A	36	30	+20%
Net G&A	$ 181	$ 194	- 7%

Gross G&A and capitalized G&A decreased during the first quarter of 2017 largely due to lower Devon employee costs resulting from the 2016 workforce reductions and other cost reduction initiatives. Reimbursed G&A decreased primarily due to the divestitures of operated properties in 2016. EnLink net G&A increased primarily due to higher employee compensation expense.

Production and Property Taxes

	Three Months Ended March 31,		
	2017	2016	Change
	(Millions)		
Production taxes	$ 53	$ 33	+58%
Property and other taxes	21	34	- 37%
Devon production and property taxes	74	67	+10%
EnLink property taxes	11	11	+0%
Production and property taxes	$ 85	$ 78	+10%
Percentage of oil, gas and NGL sales:			
Production taxes	4.0%	4.0%	0%
Property and other taxes	2.5%	5.4%	- 53%
Total	6.5%	9.4%	- 31%

Production taxes increased during the first quarter of 2017 on an absolute dollar basis primarily due to an increase in our U.S. revenues, on which the majority of our production taxes are assessed. Property and other taxes decreased in the first quarter of 2017 primarily as a result of lower property value assessments from the local taxing authorities across our key operating areas and as a result of our non-core oil and gas property divestitures during 2016. Property taxes do not always change in direct correlation with the change in oil, gas and NGL sales and are generally determined based on the valuation of the underlying assets.

Depreciation, Depletion and Amortization

	Three Months Ended March 31,		
	2017	2016	Change
	(Millions, except per Boe amounts)		
DD&A:			
Oil and gas properties	$ 225	$ 378	- 40%
Other assets	28	42	- 34%
Devon DD&A	253	420	- 40%
EnLink DD&A	128	122	+5%
Total DD&A	$ 381	$ 542	- 30%
DD&A per Boe:			
Oil and gas properties	$ 4.45	$ 6.07	- 27%

DD&A from our oil and gas properties decreased in the first quarter of 2017 largely due to lower DD&A rates, resulting from the oil and gas asset impairments and non-core U.S. divestures in 2016. EnLink's DD&A increased primarily due to acquisitions made during 2016.

Asset Impairments

During the first quarter of 2016, we recognized asset impairments totaling $3.0 billion. For further discussion, see Note 5 in "Part I. Financial Information – Item 1. Financial Statements" of this report.

Restructuring and Transaction Costs

During the first quarter of 2016, we recognized restructuring costs of $234 million as a result of a reduction in workforce driven by our cost reduction initiatives and divestiture of non-core properties.

During the first quarter of 2016, we recognized transaction costs of $13 million, primarily associated with the closing of the acquisitions discussed in Note 2 in "Part I. Financial Information – Item 1. Financial Statements" of this report.

Net Financing Costs

	Three Months Ended March 31,		
	2017	2016	Change
	(Millions)		
Devon net financing costs:			
Interest based on debt outstanding	$ 97	$ 128	- 24%
Capitalized interest	(17)	(14)	+18%
Other	2	6	- 65%
Total Devon net financing costs	82	120	- 32%
EnLink net financing costs:			
Interest based on debt outstanding	40	33	+21%
Interest accretion on deferred installment payment	7	12	- 42%
Other	(2)	(1)	+100%
Total EnLink net financing costs	45	44	+2%
Total net financing costs	$ 127	$ 164	- 22%

Net financing costs decreased during the first quarter of 2017 primarily due to Devon's repayment of $2.5 billion of borrowings, including early retirements funded with asset divestiture proceeds and scheduled maturities. EnLink's net financing costs remained flat compared to the prior year quarter as the increase in interest on fixed-rate borrowings was offset by a decline in accretion on installment payments due in January 2017 and 2018 further discussed in Note 2 in "Part I. Financial Information – Item 1. Financial Statements" of this report.

Income Taxes

	Three Months Ended March 31,	
	2017	2016
	(Millions)	
Current income tax expense (benefit)	$ 20	$ (10)
Deferred income tax benefit	(1)	(207)
Total income tax expense (benefit)	$ 19	$ (217)
Effective income tax rate	3%	6%

For further discussion on income taxes, see Note 7 in "Part I. Financial Information – Item 1. Financial Statements" 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 three months ended March 31, 2017 and 2016.

	Devon		EnLink		Consolidated	
	2017	2016	2017	2016	2017	2016
			(Millions)			
Operating cash flow	$ 657	$ (29)	$ 177	$ 194	$ 834	$ 165
Issuance of common stock	—	1,469	—	—	—	1,469
Proceeds from sale of investment	—	—	190	—	190	—
Capital expenditures	(491)	(614)	(256)	(135)	(747)	(749)
Acquisitions of property, equipment and businesses	(20)	(830)	—	(797)	(20)	(1,627)
Debt activity, net	—	(627)	226	138	226	(489)
Payment of installment payable	—	—	(250)	—	(250)	—
Shareholder and noncontrolling interests distributions	(32)	(125)	(81)	(73)	(113)	(198)
EnLink and General Partner distributions	66	66	(66)	(66)	—	—
Issuance of subsidiary units	—	—	55	727	55	727
Effect of exchange rate and other	(23)	27	8	—	(15)	27
Net change in cash and cash equivalents	$ 157	$ (663)	$ 3	$ (12)	$ 160	$ (675)
Cash and cash equivalents at end of period	$ 2,104	$ 1,629	$ 15	$ 6	$ 2,119	$ 1,635

Operating Cash Flow

Net cash provided by operating activities increased approximately 400% primarily due to significantly higher commodity prices and lower field operating costs as compared to the first quarter of 2016.

Our consolidated operating cash flow funded 100% of our capital expenditures during the first three months of 2017. In 2016, leveraging our liquidity, we also used cash balances and proceeds from our common stock offering to fund our acquisitions and capital expenditures.

Issuance of Common Stock

In February 2016, we issued 79 million shares of our common stock to the public, inclusive of 10 million shares sold as part of the underwriters' option. Net proceeds from the offering were approximately $1.5 billion.

Proceeds from Sale of Investment

During the first quarter of 2017, EnLink divested its ownership interest in Howard Energy Partners for approximately $190 million. Proceeds were primarily used to repay a portion of the $250 million installment payment related to EnLink's 2016 acquisitions further discussed in Note 2 in "Part I. Financial Information – Item 1. Financial Statements" in this report.

Capital Expenditures and Acquisitions of Property, Equipment and Businesses

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

	Three Months Ended March 31,	
	2017	2016
	(Millions)	
Oil and gas	$ 477	$ 604
Corporate and other	14	10
Devon capital expenditures	491	614
EnLink capital expenditures	256	135
Total capital expenditures	$ 747	$ 749
Devon acquisitions	20	830
EnLink acquisitions	—	797
Total acquisitions	$ 20	$ 1,627

Capital expenditures consist of amounts related to our oil and gas exploration and development operations, midstream operations, other corporate activities and EnLink growth and maintenance activities. The vast majority of Devon's capital expenditures are for the acquisition, drilling and development of oil and gas properties. Devon's 2017 objectives are to concentrate capital spend in the STACK and Delaware Basin, while investing directionally within cash flow and maintaining significant flexibility. Our capital investment program is driven by a disciplined allocation process focused on returns.

Capital expenditures for Devon's and EnLink's midstream operations are primarily for the construction and expansion of oil and gas gathering facilities and pipelines. Midstream capital expenditures are largely impacted by oil and gas drilling and development activities.

Acquisition capital for the first three months of 2016 primarily consisted of Devon's acquisition of assets in the STACK play for approximately $1.5 billion and EnLink's acquisition of Anadarko Basin gathering and processing midstream assets for $1.4 billion. Approximately $830 million and $800 million, respectively, was paid in cash at the closings with the remainder funded with equity consideration and debt. For additional information, see Note 2 in "Part I. Financial Information – Item 1. Financial Statements" in this report.

Debt Activity, Net

During the first three months of 2017, our consolidated net debt borrowings increased $226 million. The increase was partially due to EnLink's increased credit facility borrowing to fund growth capital expenditures and a portion of the deferred installment payment discussed in Note 2 in "Part I. Financial Information – Item 1. Financial Statements" in this report.

During the first three months of 2016, we reduced our debt by $489 million. The decrease was primarily due to reducing our commercial paper balances by $626 million partially offset by EnLink's increased credit facility borrowings to fund acquisitions and growth capital expenditures.

Payment of Installment Payable

During the first three months of 2017, EnLink made the first installment payment related to its 2016 acquisition further discussed in Note 2 in "Part I. Financial Information – Item 1. Financial Statements" in this report.

Shareholder and Noncontrolling Interests Distributions

We paid common stock dividends of $32 million and $125 million in the first three months of 2017 and 2016, respectively. We decreased our quarterly cash dividend rate from $0.24 per share to $0.06 per share beginning in the second quarter of 2016.

EnLink and the General Partner distributed $81 million and $73 million to non-Devon unitholders during the first three months of 2017 and 2016, respectively.

EnLink and General Partner Distributions

Devon received $66 million in distributions from EnLink and the General Partner during the first quarters of 2017 and 2016.

Issuance of Subsidiary Units

During the first quarter of 2017, EnLink issued and sold 3 million common units through its “at the market” program and generated $55 million in net proceeds.

In January 2016, as part of its acquisition of Anadarko Basin gathering and processing midstream assets, EnLink issued 50 million preferred units in a private placement generating cash proceeds of approximately $725 million. General Partner common units were also issued as consideration in the transaction.

Liquidity

Our primary sources of capital and liquidity are our operating cash flow, asset divestiture proceeds 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. Available sources of capital and liquidity include, among other things, debt and equity securities that can be issued pursuant to our shelf registration statement filed with the SEC, as well as the sale of a portion of our common units representing interests in our investment in EnLink and the General Partner. We estimate the combination of these sources of capital will continue to be adequate to fund our planned capital expenditures, future debt repayments and other contractual commitments as discussed in this section.

Operating Cash Flow

Our operating cash flow is sensitive to many variables, the most volatile of which are the prices of the oil, bitumen, gas and NGLs we produce and sell. Our consolidated operating cash flow increased approximately $700 million in the first three months of 2017 compared to the first three months of 2016 largely due to increases in commodity prices. We expect operating cash flow to continue to be a key source of liquidity as we adjust our capital program to invest directionally within our operating cash flow. Additionally, we anticipate utilizing our credit availability to provide additional liquidity as needed.

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. We target hedging approximately 50% of our production in a manner that systematically places hedges for several quarters in advance, allowing us to maintain a disciplined risk management program as it relates to commodity price volatility. We supplement the systematic hedging program with discretionary hedges that take advantage of favorable market conditions. For additional information on our derivative positions in place at March 31, 2017, see Note 3 in “Part I. Financial Information – Item 1. Financial Statements” in this report.

Capital Expenditures

Excluding EnLink, our 2017 capital expenditures are expected to range from $2.3 billion to $2.7 billion, including $2.0 billion to $2.3 billion for our exploration and development capital program. O ur capital expenditures excluding EnLink were $533 million in the first quarter of 2017, are forecasted to range from $600 million to $675 million in the second quarter of 2017 and are forecasted to range from $1.2 billion to $1.5 billion in the second half of 2017.

Divestiture of Property and Equipment

In May 2017, we announced our intent to divest approximately $1 billion of upstream assets. The non-core assets identified for monetization include select portions of the Barnett Shale focused primarily around Johnson County and other properties located principally within our U.S. resource base. We expect the divestiture process will take up to 12 to 18 months to complete. We plan to deploy divesture proceeds toward our U.S. resource plays and to further strengthen our investment-grade financial position. The non-core divestiture plan is also expected to accelerate our transition to higher-margin production.

Credit Availability

We have a $3.0 billion Senior Credit Facility. As of March 31, 2017, we had approximately $2.9 billion available under this facility, net of $57 million in outstanding letters of credit. This credit facility supports our $3.0 billion of short-term credit under our commercial paper program. At March 31, 2017, there were no borrowings under our commercial paper program.

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, to be no greater than 65%. As of March 31, 2017, we were in compliance with this covenant with a debt-to-capitalization ratio of 19.2%.

EnLink Liquidity

EnLink has a $1.5 billion unsecured revolving credit facility. The General Partner has a $250 million secured revolving credit facility. As of March 31, 2017, there were $9 million in outstanding letters of credit and $330 million borrowed under the $1.5 billion credit facility and $43 million in outstanding borrowings under the $250 million credit facility. All of EnLink's and the General Partner's debt is non-recourse to Devon.

In January 2017, EnLink paid the first $250 million installment payment related to the 2016 Anadarko Basin asset acquisition. The remaining $250 million installment payment is payable by January 2018.

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 near-term and long-term production growth opportunities. Our credit rating from Standard and Poor's Financial Services is BBB with a stable outlook. In March 2017, Fitch Ratings affirmed our BBB+ rating and revised our outlook to stable from negative. In April 2017, Moody's Investor Service upgraded our credit rating from Ba2 to Ba1 with a stable outlook. As a result of the upgraded credit rating, we eliminated $92 million in letters of credit that were outstanding as of March 31, 2017. 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 or EnLink's contractual debt obligations that would accelerate scheduled maturities should our debt rating fall below a specified level. However, these downgrades could adversely impact our and EnLink's interest rate on any credit facility borrowings and the ability to economically access debt markets in the future.

Critical Accounting Estimates

Goodwill

We test goodwill for impairment annually at October 31, or more frequently if events or changes in circumstances dictate that the carrying value of goodwill may not be recoverable.

The goodwill assessment is performed at the reporting unit level and primarily utilizes a discounted cash flow analysis, supplemented by a market approach analysis in the assessment. Key assumptions in the analysis include the use of an appropriate discount rate, terminal year multiples and estimated future cash flows, including volume forecasts and estimated operating and G&A costs. In estimating cash flows, current and historical market information, among other factors, are incorporated.

As a result of the October 31, 2016 impairment test, the fair value of EnLink's Texas and General Partner reporting units was not substantially in excess of their carrying value. The fair value of the Texas and General Partner reporting units approximates their carrying values, and, as of March 31, 2017, $230 million and $1.1 billion of goodwill remains allocated to the reporting units, respectively. Significant decreases to EnLink's unit price, decreases in commodity prices or negative deviations from EnLink's projected reporting unit earnings could result in a goodwill impairment charge. A goodwill impairment charge would have no effect on liquidity or capital resources. However, it adversely affects net earnings in the period recognized.

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. At March 31, 2017, we continued to have a 100% valuation allowance against the U.S. deferred tax assets that largely resulted from prior year cumulative financial losses primarily due to full cost impairments. Further, we continue to record a partial valuation allowance against certain Canadian deferred tax assets.

The accruals for deferred tax assets and liabilities are often based on assumptions that are subject to a significant amount of judgment by management. These assumptions and judgments are reviewed and adjusted as facts and circumstances change. Material changes to our income tax accruals may occur in the future based on the progress of ongoing audits, changes in legislation or resolution of other pending matters.

Non-GAAP Measures

We make reference to “core earnings (loss) attributable to Devon” and “core earnings (loss) per share attributable to Devon” in “Overview of 2017 Results” in this Item 2. 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 (loss) 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 financial results. Our non-GAAP measures are typically used as a quarterly performance measure. Amounts excluded for the first quarter of 2017 relate to changes in derivatives and financial instrument fair values and foreign currency, deferred tax asset valuation allowance, gains and losses on asset sales and noncash asset impairments. Amounts excluded for the first quarter of 2016 relate to changes in derivatives and financial instrument fair values and foreign currency, noncash asset impairments (including an impairment of goodwill), deferred tax asset valuation allowance and restructuring and transaction costs. 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 a re reconciliations of our core earnings (loss) and core earnings (loss) per share attributable to Devon to their comparable GAAP measures.

	Three Months Ended March 31,			
	Before tax	After tax	After Noncontrolling Interests	Per Share
	(Millions, except per share amounts)			
2017				
Earnings attributable to Devon (GAAP)	$ 598	$ 579	$ 565	$ 1.07
Adjustments:				
Fair value changes in financial instruments and foreign currency	(250)	(164)	(161)	(0.32)
Deferred tax asset valuation allowance	—	(192)	(192)	(0.36)
Gains and losses on asset sales	4	4	2	0.01
Asset impairments	7	6	3	0.01
Core earnings attributable to Devon (Non-GAAP)	$ 359	$ 233	$ 217	$ 0.41
2016				
Loss attributable to Devon (GAAP)	$ (3,685)	$ (3,468)	$ (3,056)	$ (6.44)
Adjustments:				
Fair value changes in financial instruments and foreign currency	12	(39)	(41)	(0.10)
Asset impairments	3,035	2,299	1,884	3.98
Deferred tax asset valuation allowance	—	808	808	1.70
Restructuring and transaction costs	247	159	156	0.33
Core loss attributable to Devon (Non-GAAP)	$ (391)	$ (241)	$ (249)	$ (0.53)

Item 3. ***Quantitative and Qualitati ve Disclosures About Market Risk***

Commodity Price Risk

As of March 31, 2017, we have commodity derivatives that pertain to a portion of our production for the last nine months of 2017, as well as 2018. The key terms to our open oil, gas and NGL derivative financial instruments are presented in Note 3 in "Part I. Financial Information – Item 1. Financial Statements" in this report.

The fair values of our commodity derivatives are largely determined by the forward curves of the relevant price indices. At March 31, 2017, a 10% change in the forward curves associated with our commodity derivative instruments would have changed our net asset positions by the following amounts:

	10% Increase	10% Decrease
Gain (loss):	(Millions)	
Gas derivatives	$ (54)	$ 52
Oil derivatives	$ (155)	$ 153
NGL derivatives	$ (2)	$ 2
Processing and fractionation derivatives	$ (3)	$ 3

Interest Rate Risk

At March 31, 2017, we had total debt of $10.4 billion. Of this amount, $10.0 billion bears fixed interest rates averaging 5.3%, and approximately $380 million is comprised of floating rate debt with interest rates averaging 3.0%.

As of March 31, 2017, we had open interest rate swap positions that are presented in Note 3 in "Part I. Financial Information – Item 1. Financial Statements" in this report. The fair values of our interest rate swaps are largely determined by estimates of the forward curves of the 3-month LIBOR rate. A 10% change in these forward curves would not have materially impacted our balance sheet at March 31, 2017.

Foreign Currency Risk

Our net assets, net earnings and cash flows from our Canadian subsidiaries are based on the U.S. dollar equivalent of such amounts measured in the Canadian dollar functional currency. Assets and liabilities of the Canadian subsidiaries are translated to U.S. dollars using the applicable exchange rate as of the end of a reporting period. Revenues, expenses and cash flow are translated using an average exchange rate during the reporting period. A 10% unfavorable change in the Canadian-to-U.S. dollar exchange rate would not have materially impacted our March 31, 2017 balance sheet.

Our non-Canadian foreign subsidiaries have a U.S. dollar functional currency. However, certain of our subsidiaries hold Canadian-dollar cash and engage in intercompany loans with Canadian subsidiaries that are based in Canadian dollars. The value of the Canadian-dollar cash and intercompany loans increases or decreases from the remeasurement of the cash and loans into the U.S. dollar functional currency.

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

Disclosure Controls and Procedures

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

Based on their evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective as of March 31, 2017 to ensure that the information required to be disclosed by Devon in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. *Legal Proceedings*

We are involved in various legal proceedings incidental to our business. However, to our knowledge as of the date of this report, there were no material pending legal proceedings to which we are a party or to which any of our property is subject.

Please see our 2016 Annual Report on Form 10-K for additional information regarding certain environmental matters involving the Company.

Item 1A. *Risk Factors*

There have been no material changes to the information included in Item 1A. "Risk Factors" in our 2016 Annual Report on Form 10-K.

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

The following table provides information regarding purchases of our common stock that were made by us during the first quarter of 2017.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share
January 1 - January 31	9,919	$ 46.84
February 1 - February 28	517,190	$ 45.40
March 1 - March 31	327,549	$ 44.56
Total	854,658	$ 45.09

(1) Share repurchases represent shares received by us from employees for the payment of personal income tax withholding on vesting transactions.

Under the Devon Plan, eligible employees may purchase shares of our common stock through an investment in the Devon Stock Fund, which is administered by an independent trustee. Eligible employees purchased approximately 14,100 shares of our common stock in the first quarter of 2017, at then-prevailing stock prices, that they held through their ownership in the Stock Fund. We acquired the shares of our common stock sold under the Devon Plan through open-market purchases.

Similarly, eligible Canadian employees may purchase shares of our common stock through an investment in the Canadian Plan, which is administered by an independent trustee, Sun Life Assurance Company of Canada. Shares sold under the Canadian Plan were acquired through open-market purchases. These shares and any interest in the Canadian Plan were offered and sold in reliance on the exemptions for offers and sales of securities made outside of the U.S., including under Regulation S for offers and sales of securities to employees pursuant to an employee benefit plan established and administered in accordance with the law of a country other than the U.S. In the first quarter of 2017, there were approximately 2,400 shares purchased by Canadian employees.

Item 3. *Defaults Upon Senior Securities*

Not applicable.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

Not applicable.

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Item 6. ***E x hibits***

Exhibit Number	Description
10.1	2017 Form of Notice of Grant of Performance Restricted Stock Award and Award Agreement under the 2015 Long-Term Incentive Plan between Devon Energy Corporation and executive officers for performance based restricted stock awarded.*
10.2	2017 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2015 Long-Term Incentive Plan between Devon Energy Corporation and executive officers for performance based restricted share units awarded.*
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Indicates management contract or compensatory plan or arrangement.

SIGNAT URES

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

	DEVON ENERGY CORPORATION
Date: May 3, 2017	*/s/ Jeremy D. Humphers*
	Jeremy D. Humphers
	Senior Vice President and Chief Accounting Officer

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INDEX TO EXHIBITS

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* Indicates management contract or compensatory plan or arrangement.

Exhibit 10.1

NOTICE OF GRANT OF PERFORMANCE RESTRICED STOCK AWARD AND AWARD AGREEMENT

Participant Name	Grant Date:	**Grant Date**
	Grant Type:	PSA

Effective **Grant Date** , you have been granted a Performance Restricted Stock Award of **Number of Shares Granted** shares of Devon Energy Corporation (the "Company") Common Stock (the "Award") under the Company's 2015 Long-Term Incentive Plan. None of the shares subject to this Award shall vest, and this Award shall terminate in its entirety, should the Company fail to attain the Performance Goal specified in attached Schedule A for the Performance Period, except as specifically provided otherwise in the Award Agreement. Except as otherwise provided in the Award Agreement, if such Performance Goal is attained and certified, then the Award will vest in four (4) separate installments as follows: (a) twenty-five percent (25%) of the Award will vest upon the completion of the Performance Period and the Committee's certification of the attainment of the Performance Goal, and Vested Stock will be released as soon as practicable following the Committee's certification of the Company's attainment of the Performance Goal, and (b) the balance of the Award will vest, and Vested Stock will be released, in a series of three (3) successive equal annual installments on the second, third and fourth anniversaries of the Date of Grant.

By accepting this agreement online, you and the Company agree that this award is granted under and governed by the terms and conditions of the Company's 2015 Long-Term Incentive Plan, and the Award Agreement, both of which are attached and made a part of this document.

DEVON ENERGY CORPORATION
2015 LONG-TERM INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK AWARD AGREEMENT

THIS PERFORMANCE RESTRICTED STOCK AWARD AGREEMENT (the "Award Agreement") is entered into as of **Grant Date** (the "Date of Grant"), by and between Devon Energy Corporation, a Delaware corporation (the "Company") and **Participant Name** (the "Participant").

W I T N E S S E T H:

WHEREAS, the Devon Energy Corporation 2015 Long-Term Incentive Plan (the "Plan") permits the grant of Restricted Stock that vests based upon performance standards (referred to herein as a "Performance Restricted Stock") to employees, officers and non-employee directors of the Company and its Subsidiaries and Affiliated Entities, in accordance with the terms and provisions of the Plan; and

WHEREAS, in connection with the Participant's employment with the Company, the Company desires to award to the Participant **Number of Shares Granted** shares of the Company's Common Stock under the Plan subject to the terms and conditions of this Award Agreement and the Plan; and

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the Participant and the Company agree as follows:

1. The Plan. The Plan, a copy of which is attached hereto, is hereby incorporated by reference herein and made a part hereof for all purposes, and when taken with this Award Agreement shall govern the rights of the Participant and the Company with respect to the Award.

2. Grant of Award. The Company hereby grants to the Participant an award (the "Award") of **Number of Shares Granted** shares of the Company's Common Stock subject to the restrictions placed thereon pursuant to the terms of this Award Agreement ("Performance Restricted Stock"), on the terms and conditions set forth herein and in the Plan.

3. Terms of Award.

(a) Escrow of Shares. A certificate or book-entry registration representing the Performance Restricted Stock shall be issued in the name of the Participant and shall be escrowed with the Secretary subject to removal of the restrictions placed thereon or forfeiture pursuant to the terms of this Award Agreement.

(b) Vesting. 25% of the shares of the Performance Restricted Stock are scheduled to vest on each of the first four anniversary dates of the Date of Grant (each, a "Vesting Date"), provided that the Performance Goals described in subsection (ii) below are satisfied, unless provided otherwise in this Section 3. If the Participant's Date of Termination has not occurred as of a Vesting Date, then the Participant shall be entitled, subject to the applicable provisions of the Plan and this Award Agreement having been satisfied, to receive on or within a reasonable time after the applicable Vesting Date the shares scheduled to vest as of the applicable Vesting Date. The portion of the Performance Restricted Stock that has vested pursuant to the terms of this Award Agreement shall be deemed "Vested Stock."

Vesting Schedule

If the Performance Goal (specified in attached Schedule A) for the Performance Period (specified in attached Schedule A) is attained and certified, then the Award will vest in four (4) separate installments as follows:

(i) 25% of the Award will vest upon the completion of the Performance Period and the Vested Stock will be released within a reasonable time following the Committee's certification of the Company's attainment of the Performance Goal, and the Vested Stock will be expected to be released;

(ii) 25% of the Award will vest, and the Vested Stock will be released, on the second anniversary of the Date of Grant;

(iii) 25% of the Award will vest, and the Vested Stock will be released, on the third anniversary of the Date of Grant; and

(iv) the remaining 25% of the Award will vest, and the Vested Stock will be released, on the fourth anniversary of the Date of Grant.

Notwithstanding the foregoing, no fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Award Agreement shall be aggregated, and any such aggregated shares will vest, and the Vested Stock will be released, at the time provided in (3)(b)(iv) above.

Except as otherwise provided in Section 3(c) below, none of the shares subject to this Award shall vest should the Company fail to attain the Performance Goal for the Performance Period. Except to the extent that an Award has previously vested pursuant to Section 3(c) below, this Award shall terminate in its entirety and shall not vest should the Company fail to attain the Performance Goal for the Performance Period.

(c) Change in Control Event or Death or Disability.

(i) Notwithstanding any provision to the contrary in this Award Agreement, a Participant shall become fully and immediately vested in the Award in the event of the Participant's death, without regard to attainment or certification of the Performance Goal. In the event of the Participant's death the Vested Stock will be released within a reasonable time thereafter.

(ii) Notwithstanding any provision to the contrary in this Award Agreement, upon a Change in Control Event, the Performance Goal shall be deemed to have been satisfied, without regard to attainment or certification of the Performance Goal, and the Award will continue to vest in accordance with this Section 3 based on the Participant's continued employment with the Company.

(iii) If the Participant's Date of Termination occurs by reason of disability, the Committee may, in its sole and absolute discretion, elect to vest all or a portion of the unvested Performance Restricted Stock upon the Participant's Date of Termination and the Vested Stock will be released within a reasonable time thereafter.

(d) Termination of Employment. The Participant shall forfeit the unvested portion of the Award (including the underlying Performance Restricted Stock and Accrued Dividends) upon the occurrence of the Participant's Date of Termination unless the Performance Goal is attained and certified and the Award becomes vested under the circumstances described below.

(i) If the Participant's Date of Termination occurs under circumstances in which the Participant is entitled to a severance payment from the Company, a Subsidiary, or an Affiliated Entity under (1) the Participant's employment agreement or severance agreement with the Company due to a termination of the Participant's employment by the Company without "cause" or by the Participant for "good reason" in accordance with the Participant's employment agreement or severance agreement or (2) the Devon Energy Corporation Severance Plan, and if the Participant signs and returns to the Company a release of claims against the Company in a form prepared by the Company (the "Release") and such Release becomes effective, the Performance Restricted Stock shall be treated as vested as of the Participant's Date of Termination, provided the Date of Termination occurs after the Performance Goal is attained and certified, and the Performance Restricted Stock shall be released within a reasonable time thereafter. If the Participant's Date of Termination occurs before the Performance Goal is attained and certified, the Performance Restricted Stock shall be treated as vested as of the certification of attainment of the Performance Goal, and the Performance Restricted Stock, if vested, shall be released within a reasonable time thereafter. Notwithstanding the foregoing, if the Performance Goal is not attained and certified, or if Participant fails to sign and return the Release to the Company or revokes the Release prior to the date the Release becomes effective, then the unvested shares of Performance Restricted Stock subject to this Award Agreement shall not vest pursuant to this Section 3(d)(i) and shall be forfeited.

(ii) If a Participant's Date of Termination occurs on or after the Participant becomes Post-Retirement Vesting Eligible, or by reason of other special circumstances (as determined by the Committee), and the Committee determines, in its sole and absolute discretion, that the Performance Restricted Stock shall continue to vest following the Participant's Date of Termination, the Performance Restricted Stock shall continue to vest after the Participant's Date of Termination in accordance with the Vesting Schedule in Section 3(b) above and the Performance Restricted Stock shall be released within a reasonable time after the applicable Vesting Date; provided that, if the Participant is Post-Retirement Vesting Eligible, the Participant shall, subject to the satisfaction of the conditions in Section 16, be eligible to vest in accordance with the Vesting Schedule above in Section 3(b), in the installments of Performance Restricted Stock that remain unvested on the Date of Termination as follows:

Age at Retirement	Percentage of each Unvested Installment of Performance Restricted Stock Eligible to be Earned by the Participant
54 and earlier	0%
55	60%
56	65%
57	70%
58	75%
59	80%
60 and beyond	100%

(e) <u>Voting Rights and Dividends</u>. The Participant shall not have voting rights attributable to the shares of Performance Restricted Stock prior to the completion of the Performance Period and the Committee's certification of the Company's attainment of the Performance Goal. Any dividends declared and paid by the Company with respect to shares of Performance Restricted Stock prior to the Committee's certification of the attainment of the Performance Goal (the "Accrued Dividends") shall not be paid to the Participant until and unless the Committee certifies the attainment of the Performance Goal. Any such Accrued Dividends shall be forfeited if the Award is terminated because the Performance Goal is not attained. If the Performance Goal is attained and certified, the Accrued Dividends shall be paid to the Participant within a reasonable time thereafter and any dividends or other distributions (in cash or other property, but excluding extraordinary dividends) that are declared and/or paid with respect to the shares of Performance Restricted Stock shall be paid to the Participant on a current basis. Any extraordinary dividends (*i.e.,* special or nonrecurring dividends in excess of the regular dividends paid by the Company), in cash or property, on Performance Restricted Stock shall not be paid until and unless the Performance Restricted Stock becomes Vested Stock.

(f) Certification of Performance Goal. The Committee shall, as soon as practicable following the last day of the Performance Period, determine and certify, based on the Company's financial statements for the fiscal year coincident with the Performance Period, whether the Performance Goal for the Performance Period has been attained. Such certification shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law.

(g) Vested Stock - Removal of Restrictions. Upon Performance Restricted Stock becoming Vested Stock, all restrictions shall be removed from the certificates or book-entry registrations and the Stock Plan Administrator will provide each participant a Confirmation of Release, representing such Vested Stock free and clear of all restrictions, except for any applicable securities laws restrictions, together with a check in the amount of all Accrued Dividends attributed to such Vested Stock without interest thereon.

4. Legends. The shares of Performance Restricted Stock which are the subject of this Award Agreement shall be subject to the following legend:

> "THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION ARE SUBJECT TO AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THAT CERTAIN AWARD AGREEMENT DATED **Grant Date** FOR THE DEVON ENERGY CORPORATION 2015 LONG-TERM INCENTIVE PLAN. ANY ATTEMPTED TRANSFER OF THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION IN VIOLATION OF SUCH AWARD AGREEMENT SHALL BE NULL AND VOID AND WITHOUT EFFECT. A COPY OF THE AWARD AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF DEVON ENERGY CORPORATION."

5. Delivery of Forfeited Shares. The Participant authorizes the Secretary to deliver to the Company any and all shares of Performance Restricted Stock that are forfeited under the provisions of this Award Agreement. The Participant further authorizes the Company to hold as a general obligation of the Company any Accrued Dividends and to pay the Accrued Dividends to the Participant at the time the underlying Performance Restricted Stock becomes Vested Stock.

6. Certain Corporate Changes. If any change is made to the Common Stock (whether by reason of merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination of shares, or exchange of shares or any other change in capital structure made without receipt of consideration), then unless such event or change results in the termination of all the Performance Restricted Stock granted under this Award Agreement, the Committee shall adjust, in an equitable manner and as provided in the Plan, the number and class of shares underlying the Performance Restricted Stock, the maximum number of shares for which the Award may vest, and the share price or class of Common Stock as appropriate, to reflect the effect of such event or change in the Company's capital structure in such a way as to preserve the value of the Award.

7. Employment. Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or any of its Subsidiaries or Affiliated Entities, or interfere in any way with the right to terminate the Participant's employment at any time.

8. Nontransferability of Award. The Participant shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber or charge any Performance Restricted Stock or any interest therein in any manner whatsoever.

9. Notices. All notices or other communications relating to the Plan and this Award Agreement as it relates to the Participant shall be in writing and shall be delivered electronically, personally or mailed (U.S. mail) by the Company to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing.

10. Binding Effect and Governing Law. This Award Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns except as may be limited by the Plan, and (ii) governed and construed under the laws of the State of Delaware.

11. Company Policies. The Participant agrees that the Award will be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented from time to time by the Company's Board of Directors, a duly authorized committee thereof or the Company.

12. Withholding. The Company and the Participant shall comply with all federal and state laws and regulations respecting the required withholding, deposit and payment of any income, employment or other taxes relating to the Award (including Accrued Dividends). The Company shall withhold the employer's minimum statutory withholding based upon minimum statutory withholding rates for federal and state purposes, including payroll taxes that are applicable to such supplemental taxable income. Any payment of required withholding taxes by the Participant in the form of Common Stock shall not be permitted if it would result in an accounting charge with respect to such shares used to pay such taxes unless otherwise approved by the Committee.

13. Award Subject to Claims of Creditors. The Participant shall not have any interest in any particular assets of the Company, its parent, if applicable, or any Subsidiary or Affiliated Entity by reason of the right to earn an Award (including Accrued Dividends) under the Plan and this Award Agreement, and the Participant or any other person shall have only the rights of a general unsecured creditor of the Company, its parent, if applicable, or a Subsidiary or Affiliated Entity with respect to any rights under the Plan or this Award Agreement.

14. Captions. The captions of specific provisions of this Award Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope of this Award Agreement or the intent of any provision hereof.

15. Counterparts. This Award Agreement may be executed in any number of identical counterparts, each of which shall be deemed an original for all purposes, but all of which taken together shall form one agreement.

16. Conditions to Post-Retirement Vesting.

(a) Notice of and Conditions to Post-Retirement Vesting. If the Participant is Post-Retirement Vesting Eligible, the Company shall, within a reasonable period of time prior to the Participant's Date of Termination, notify the Participant that the Participant has the right, pursuant to this Section 16(a), to continue to vest following the Date of Termination in any unvested installments of Performance Restricted Stock (each such unvested installment, an "Installment"). The Participant shall have the right to vest in such Installments of Performance Restricted Stock, provided that the Participant executes and delivers to the Company, with respect to each such Installment, the following documentation: (i) a non-disclosure letter agreement, in the form attached as Exhibit A (a "Non –Disclosure Agreement") on or before January 1 of the year in which such Installment vests pursuant to the Vesting Schedule (or, with respect to the calendar year in which the Date of Termination occurs, on or before the Date of Termination), and (ii) a compliance certificate, in the form attached as Exhibit B (a "Compliance Certificate") indicating the Participant's full compliance with the Non-Disclosure

Agreement on or before November 1 of the year in which such Installment vests pursuant to the Vesting Schedule.

(b) Consequences of Failure to Satisfy Vesting Conditions . In the event that, with respect to any given Installment, the Participant fails to deliver either the respective Non-Disclosure Agreement or Compliance Certificate for such Installment on or before the date required for the delivery of such document (such failure, a "Non-Compliance Event"), the Participant shall not be entitled to vest in any unvested Installments that would vest from and after the date of the Non–Compliance Event and the Company shall be authorized to take any and all such actions as are necessary to cause such unvested Performance Restricted Stock to not vest and to terminate. The only remedy of the Company for failure to deliver a Non-Disclosure Agreement or a Compliance Certificate shall be the failure to vest in, and cancellation of, any unvested Installments then held by the Participant.

17. Definitions . Words, terms or phrases used in this Award Agreement shall have the meaning set forth in this Section 17. Capitalized terms used in this Award Agreement but not defined herein shall have the meaning designated in the Plan.

(a) " Accrued Dividends " has the meaning set forth in Section 3(e).

(b) " Award " has the meaning set forth in Section 2.

(c) " Award Agreement " has the meaning set forth in the preamble.

(d) " Company " has the meaning set forth in the preamble.

(e) " Compliance Certificate " has the meaning set forth in Section 16(a).

(f) " Date of Grant " has the meaning set forth in the preamble.

(g) " Date of Termination " means the first day occurring on or after the Date of Grant on which the Participant is not employed by the Company, a Subsidiary, or an Affiliated Entity, regardless of the reason for the termination of employment; provided, however, that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company, a Subsidiary, and an Affiliated Entity or between two Subsidiaries or two Affiliated Entities. The Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company, a Subsidiary, or an Affiliated Entity approved by the Participant's employer pursuant to Company policies. If, as a result of a sale or other transaction, the Participant's employer ceases to be either a Subsidiary or an Affiliated Entity, and the Participant is not, at the end of the 30-day period following the transaction, employed by the Company or an entity that is then a Subsidiary or Affiliated Entity, then the date of occurrence of such transaction shall be treated as the Participant's Date of Termination.

(h) " Early Retirement Date " means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant (i) attains age 55 and (ii) earns at least 10 Years of Service.

(i) " Escrow Agent " has the meaning set forth in Section 3(a).

(j) " Installment " has the meaning set forth in Section 16(a).

(k) " Non-Compliance Event" has the meaning set forth in Section 16(b).

(l) " Non-Disclosure Agreement " has the meaning set forth in Section 16(a).

(m) " Normal Retirement Date " means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant attains age 65.

(n) " Participant " has the meaning set forth in the preamble.

(o) " Plan " has the meaning set forth in the preamble.

(p) " Performance Restricted Stock " has the meaning set forth in the preamble and Section 2.

(q) " Post-Retirement Vesting Eligible " means the Participant has attained the Early Retirement Date or Normal Retirement Date.

(r) " Vested Stock " has the meaning set forth in Section 3(b).

(s) " Vesting Date " has the meaning set forth in Section 3(b).

(t) " Year of Service " means a calendar year in which the Participant is employed with the Company, a Subsidiary or Affiliated Entity for at least nine months of a calendar year. When calculating Years of Service hereunder, the Participant's first hire date with the Company, a Subsidiary or Affiliated Entity shall be used.

"COMPANY"	DEVON ENERGY CORPORATION a Delaware corporation
"PARTICIPANT"	**Participant Name**

Schedule A

PERFORMANCE PERIOD AND PERFORMANCE GOAL

1. Performance Period. The measurement period for the Performance Goal shall be the period beginning January 1, 2017 and ending December 31, 2017 (the "Performance Period").

2. Performance Goal. The Performance Goal is based on the Company's cash flow before balance sheet changes. Vesting will be based on the Company's achievement of $700 million in cash flow before balance sheet changes during the Performance Period and the Committee's certification of the attainment of the Performance Goal.

3. Certification of Performance Goal. The Committee shall, as soon as practicable following the last day of the Performance Period, determine and certify, based on the Company's financial statements for the fiscal year coincident with the Performance Period, whether the Performance Goal for the Performance Period has been attained. Such certification shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law.

4. Maximum Award. The maximum number of shares of Performance Restricted Stock that may become earned and vested pursuant to this Award is **Number of Shares Granted**.

EXHIBIT A

Form of Non-Disclosure Agreement

[Insert Date]

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

Re: Non-Disclosure Agreement

Ladies and Gentlemen:

This letter agreement is entered between Devon Energy Corporation (together with its subsidiaries and affiliates, the "Company") and the undersigned (the "Participant") in connection with that certain Performance Restricted Stock Award Agreement (the "Agreement") dated _______________, 20___ between the Company and the Participant. All capitalized terms used in this letter agreement shall have the same meaning ascribed to them in the Agreement unless specifically denoted otherwise.

The Participant acknowledges that, during the course of and in connection with the employment relationship between the Participant and the Company, the Company provided and the Participant accepted access to the Company's trade secrets and confidential and proprietary information, which included , without limitation, information pertaining to the Company's finances, oil and gas properties and prospects, compensation structures, business and litigation strategies and future business plans and other information or material that is of special and unique value to the Company and that the Company maintains as confidential and does not disclose to the general public , whether through its annual report and/or filings with the Securities and Exchange Commission or otherwise (the "Confidential Information").

The Participant acknowledges that his position with the Company was one of trust and confidence because of the access to the Confidential Information, requiring the Participant's best efforts and utmost diligence to protect and maintain the confidentiality of the Confidential Information. Unless required by the Company or with the Company's express written consent, the Participant will not, during the term of this letter agreement , directly or indirectly, disclose to others or use for his own benefit or the benefit of another any of the Confidential Information, whether or not the Confidential Information is acquired, learned, attained or developed by the Participant alone or in conjunction with others.

The Participant agrees that, due to his access to the Confidential Information, the Participant would inevitably use and/or disclose that Confidential Information in breach of his confidentiality and non-disclosure obligations if the Participant worked in certain capacities or engaged in certain activities for a period of time following his employment with the Company, specifically in a position that involves (i) responsibility and decision-making authority or input at the executive level regarding any subject or responsibility, (ii) decision-making responsibility or input at any management level in the Participant's individual area of assignment with the Company, or (iii) responsibility and decision-making authority or input that otherwise allows the use of the Confidential Information (collectively referred to as the "Restricted Occupation"). Therefore, except with the prior written consent of the Company, during the term of this letter agreement, the Participant agrees not to be employed by, consult for or otherwise act on behalf of any person or entity in any capacity in which he would be involved, directly or indirectly, in a Restricted Occupation. The Participant acknowledges that this commitment is intended to protect the Confidential Information and is not intended to be applied or interpreted as a covenant against competition.

The Participant further agrees that during the term of this letter agreement, the Participant will not, directly or indirectly on behalf of a person or entity or otherwise, (i) solicit any of the established customers of the Company or attempt to induce any of the established customers of the Company to cease doing business with the Company, or (ii) solicit any of the employees of the Company to cease employment with the Company.

This letter agreement shall become effective upon execution by the Participant and the Company and shall terminate on December 31, 20___. **[Note: Insert date that is the end of the calendar year of the letter agreement.]**

If you agree to the above terms and conditions, please execute a copy of this letter agreement below and return a copy to me.

"PARTICIPANT"

____

Participant Name

THE UNDERSIGNED HEREBY ACCEPTS AND AGREES TO THE TERMS SET FORTH ABOVE AS OF THIS ____ DAY OF ____________, ____.

" COMPANY "

DEVON ENERGY CORPORATION

By: __________________________

Name: __________________________

Title: __________________________

EXHIBIT B

Form of Compliance Certificate

I hereby certify that I am in full compliance with the covenants contained in that certain letter agreement (the “Agreement”) dated as of _____________, _____ between Devon Energy Corporation and me and have been in full compliance with such covenants at all times during the period ending October 31, ______.

____

Participant Name

Dated:_____________________________

NOTICE OF GRANT OF PERFORMANCE SHARE UNIT AWARD AND AWARD AGREEMENT

Participant's Name	Grant Date:	**Grant Date**
	Grant Type:	**PSU**

Effective **Grant Date** , you have been granted a target award of **Number of Shares Granted** Performance Share Units ("Award") under the Devon Energy Corporation 2015 Long-Term Incentive Plan. Each Performance Share Unit that vests entitles you to one share of Devon Energy Corporation (the "Company") Common Stock. The vesting of these Performance Share Units is determined pursuant to the following two-step process: (i) first, the maximum number of Performance Share Units in which you can vest shall be calculated based upon the Company's TSR (as defined in Schedule A of the Award Agreement) over the Performance Period (as defined in the Award Agreement), (ii) then, if the value (based on the fair market value of a share of Common Stock on the last day of the Performance Period) of the aggregate number of Performance Share Units calculated under clause (i) exceeds the Payout Value Limit described on Schedule A, the number of Performance Share Units calculated under clause (i) shall be reduced so that the value (based on the fair market value of a share of Common Stock on the last day of the Performance Period) of the total number of vested Performance Share Units is equal to the Payout Value Limit. The maximum number of Performance Share Units that you can earn based on clause (i) during the Performance Period will be calculated as follows: **Number of Shares Granted** x 200%, with actual payout based on the performance level achieved by the Company with respect to the Performance Goal set forth on Schedule A.

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

By accepting this agreement online, you and the Company agree that this award is granted under and governed by the terms and conditions of the Company's 2015 Long-Term Incentive Plan, and the Award Agreement, both of which are attached and made a part of this document.

DEVON ENERGY CORPORATION
2015 LONG-TERM INCENTIVE PLAN
PERFORMANCE SHARE UNIT AGREEMENT

THIS PERFORMANCE SHARE UNIT AWARD AGREEMENT (the "Award Agreement") is entered into as of **Grant Date** (the "Date of Grant"), by and between Devon Energy Corporation, a Delaware corporation (the "Company") and **Participant Name** (the "Participant");

W I T N E S S E T H:

WHEREAS, the Devon Energy Corporation 2015 Long-Term Incentive Plan (the "Plan") permits the grant of Performance Units (hereinafter referred to as "Performance Share Units") to employees, officers and non-employee directors of the Company and its Subsidiaries and Affiliated Entities, in accordance with the terms and provisions of the Plan; and

WHEREAS, in connection with the Participant's employment with the Company, the Company desires to award to the Participant **Number of Shares Granted** Performance Share Units subject to the terms and conditions of this Award Agreement and the Plan; and

WHEREAS, the Performance Share Units granted pursuant to this Award Agreement shall vest based on the following two-step process: (i) first, the maximum number of Performance Share Units in which Participant can vest shall be calculated based on the attainment and certification of the Performance Goal described on Schedule A as of the end of the Performance Period, (ii) then, if the value (based on the fair market value of a share of Common Stock on the last day of the Performance Period) of the aggregate number of Performance Share Units calculated under clause (i) exceeds the Payout Value Limit described on Schedule A, the number of Performance Share Units calculated under clause (i) shall be reduced so that the value (based on the fair market value of a share of Common Stock on the last day of the Performance Period) of the total number of vested Performance Share Units is equal to the Payout Value Limit; and

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the Participant and the Company agree as follows:

1. The Plan. The Plan, a copy of which is attached hereto, is hereby incorporated by reference herein and made a part hereof for all purposes, and when taken with this Award Agreement shall govern the rights of the Participant and the Company with respect to the Award.

2. Grant of Award. The Company hereby grants to the Participant a target award (the "Award") of **Number of Shares Granted** Performance Share Units, on the terms and conditions set forth herein and in the Plan. Each Performance Share Unit that vests entitles the Participant to one share of Common Stock.

3. Terms of Award.

(a) Performance Share Unit Account . The Company shall establish a bookkeeping account on its records for the Participant and shall credit the Participant's Performance Share Units to the bookkeeping account.

(b) General Vesting Terms . Except as provided in this Section 3, the number of Performance Share Units which actually vest under this Agreement shall be determined pursuant to the following two-step process: (i) first, the maximum number of Performance Share Units in which the Participant can vest shall be calculated based on the attainment and certification of the Performance Goal described on Schedule A as of the end of the Performance Period, (ii) then, if the value (based on the fair market value of a share of Common Stock on the last day of the Performance Period) of the aggregate number of Performance Share Units calculated under clause (i) exceeds the Payout Value Limit described on Schedule A, the number of Units calculated under clause (i) shall be reduced so that the value (based on the fair market value of a share of Common Stock on the last day of the Performance Period) of the total number of vested Performance Share Units is equal to the Payout Value Limit. Any Performance Share Units that do not vest under the foregoing two-step process as of the end of the Performance Period shall be forfeited as of the end of the Performance Period. Except as specifically provided below in this Section 3, in the event of a termination of the Participant's employment prior to the end of the Performance Period, all unvested Performance Share Units will be immediately forfeited.

(c) If a Participant's Date of Termination occurs by reason of disability or other special circumstances (as determined by the Committee), and the Committee determines, in its sole and absolute discretion, that the Performance Share Units shall continue to vest following the Participant's Date of Termination, the Participant shall vest in the maximum number of Performance Share Units in which the Participant could vest, based on the two-step process described in Section 3(b), as if the Participant remained in the employ of the Company through the end of the Performance Period.

(d) Except as specifically provided otherwise in Section 3(g), if a Participant's Date of Termination occurs on or after the Participant becomes Post-Retirement Vesting Eligible, the Participant shall vest in the maximum number of Performance Share Units in which the Participant could vest, based on the two-step process described in Section 3(b), as if the Participant remained in the employ of the Company through the end of the Performance Period, provided that, such continued vesting shall be subject to the satisfaction of the conditions in Section 15, and the Participant shall only be eligible to vest in accordance with the two-step process described in Section 3(b) with respect to the percentage of unvested Performance Share Units set forth in the table below.

Age at Retirement	Percentage of the Unvested Performance Share Unit Award Eligible to be Earned by the Participant
54 and earlier	0%
55	60%
56	65%
57	70%
58	75%
59	80%
60 and beyond	100%

(e) Except as specifically provided otherwise in Section 3(g), Performance Share Units shall continue to vest and the Participant shall vest in the maximum number of Performance Share Units in which the Participant could vest, based on the two-step process described in Section 3(b), as if the Participant remained in the employ of the Company through the end of the Performance Period following the Participant's Date of Termination that occurs under circumstances in which the Participant is entitled to a severance payment from the Company, a Subsidiary, or an Affiliated Entity under (A) the Participant's employment agreement or severance agreement with the Company due to a termination of the Participant's employment by the Company without "cause" or by the Participant for "good reason" in accordance with the Participant's employment agreement or severance agreement or (B) the Devon Energy Corporation Severance Plan, provided that for a severance related termination, the Participant signs and returns to the Company a release of claims against the Company in a form prepared by the Company (the "Release") and such Release becomes effective. If the Participant fails to sign and return the Release to the Company or revokes the Release prior to the date the Release becomes effective, the Performance Share Units (and Dividend Equivalents) subject to this Award Agreement shall be forfeited.

(f) A Participant shall become fully and immediately vested in the Award at the target level of performance for the Performance Period in the event of the Participant's death.

(g) If there is a Change in Control Event (as defined in the Plan), the Performance Share Units shall vest as set forth in subsections (i)-(ii) below.

(i) If there is a Change in Control Event and the Company or the surviving company is listed on a national securities exchange after the closing of the Change in Control Event (a "Qualifying Change in Control Event"), the Performance Share Units shall be converted into restricted stock units at the greater of (1) the target level of performance for the Performance Period or (2) the level of performance for the Performance Period until the Qualifying Change in Control Event calculated as of the closing date of the Qualifying Change in Control Event based on the per share transaction price received by Company shareholders for a share of Common Stock in connection with the Qualifying Change in Control Event. Such restricted stock units shall continue to vest during the originally scheduled Performance Period subject to the Participant's continued employment with the Company, except as otherwise specifically provided in this Section 3.

(ii) If there is a Change in Control Event and the Company, or its successor, is not listed on a national securities exchange after the closing of the Change in Control Event (a "Nonpublic Change in Control Event"), the Performance Share Units shall become fully and immediately vested at the greater of (1) the target level of performance for the Performance Period or (2) the level of performance for the Performance Period until the Nonpublic Change in Control Event calculated as of the closing date of the Nonpublic Change in Control Event based on the per share transaction price received by Company shareholders for a share of Common Stock in connection with the Nonpublic Change in Control Event.

(h) Voting Rights and Dividend Equivalents. The Participant shall not have any voting rights with respect to the Performance Share Units. The Participant shall be credited with dividend equivalents ("Dividend Equivalents") with respect to each outstanding Performance Share Unit to the extent that any dividends or other distributions (in cash or other property) are declared and/or paid with respect to the shares of Common Stock after the commencement of the Performance Period (other than distributions pursuant to a share split, for which an adjustment shall be made as described in Section 4 below). Dividend Equivalents shall be credited to the bookkeeping account established on the records of the Company for the Participant and will vest and be paid in cash to the Participant at the same time, and subject to the same conditions, as are applicable to the underlying Performance Share Units. Accordingly, Dividend Equivalents shall be forfeited to the extent that the Performance Share Units do not vest and are forfeited or cancelled. No interest shall be credited on Dividend Equivalents.

(i) Conversion of Performance Share Units; Delivery of Performance Share Units .

(i) Except in the event of the Participant's death or the occurrence of a Qualifying Change in Control Event or Nonpublic Change in Control Event, the Committee shall, within a reasonably practicable time following the last day of the Performance Period, certify the extent, if any, to which the Performance Goal has been achieved with respect to the Performance Period and the number of Performance Share Units, if any, earned upon attainment of the Performance Goal, as reduced by the Payout Value Limit, if applicable. Such certification shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law. Payment in respect of vested Performance Share Units and Dividend Equivalents shall be made promptly following the Committee's certification of the attainment of the Performance Goal and the determination of the number of vested Performance Share Units, but in any event, no later than March 15 of the year following the year in which the Performance Period ends.

(ii) In the event of the Participant's death or the occurrence of a Nonpublic Change in Control Event, payment in respect of earned and vested Performance Share Units shall be made as soon as reasonably practicable thereafter.

(iii) In the event that restricted stock units established pursuant to Section 3(e)(i) become vested following a Qualifying Change in Control Event, payment in respect of such vested restricted stock units shall be made as soon as reasonably practicable thereafter.

(iv) Notwithstanding any provision of this Award Agreement to the contrary, in no event shall the timing of the Participant's execution of the Compliance Certificate, directly or indirectly, result in the Participant designating the calendar year of payment, and if a payment that is subject to execution of the Compliance Certificate could be made in more than one taxable year, payment shall be made in the later taxable year.

(v) All payments in respect of earned and vested Performance Share Units shall be made in freely transferable shares of Common Stock. No fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Award Agreement shall be rounded down to the next whole share.

4. Certain Corporate Changes. If any change is made to the Common Stock (whether by reason of merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination of shares, or exchange of shares or any other change in capital structure made without receipt of consideration), then unless such event or change results in the termination of all the Performance Share Units granted under this Award Agreement, the Committee shall adjust, in an equitable manner and as provided in the Plan, the number and class of shares underlying the Performance Share Units, the maximum number of shares for which the Performance Share Units may vest, and the share price or class of Common Stock for purposes of the Performance Goal, as appropriate, to reflect the effect of such event or change in the Company's capital structure in such a way as to preserve the value of the Performance Share Units. Any adjustment that occurs under the terms of this Section 4 or the Plan will not change the timing or form of payment with respect to any Performance Share Units except as permitted in accordance with section 409A of the Code.

5. Employment. Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or any of its Subsidiaries or Affiliated Entities, or interfere in any way with the right to terminate the Participant's employment at any time.

6. Nontransferability of Award. The Participant shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber or charge any Performance Share Unit or any interest therein in any manner whatsoever.

7. Notices. All notices or other communications relating to the Plan and this Agreement as it relates to the Participant shall be in writing and shall be delivered personally or mailed (U.S. mail) by the Company to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing.

8. Binding Effect and Governing Law. This Award Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns except as may be limited by the Plan, and (ii) governed and construed under the laws of the State of Delaware.

9. Company Policies. The Participant agrees that the Award will be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented from time to time by the Company's Board of Directors, a duly authorized committee thereof or the Company.

10. Withholding. The Company and the Participant shall comply with all federal and state laws and regulations respecting the required withholding, deposit and payment of any income, employment or other taxes relating to the Award (including Dividend Equivalents). The Company shall withhold the employer's minimum statutory withholding based upon minimum statutory withholding rates for federal and state purposes, including payroll taxes that are applicable to such supplemental taxable income. Any payment of required withholding taxes by the Participant in the form of Common Stock shall not be permitted if it would result in an accounting charge with respect to such shares used to pay such taxes unless otherwise approved by the Committee.

11. Award Subject to Claims of Creditors. The Participant shall not have any interest in any particular assets of the Company, its parent, if applicable, or any Subsidiary or Affiliated Entity by reason of the right to earn an Award (including Dividend Equivalents) under the Plan and this Award Agreement, and the Participant or any other person shall have only the rights

of a general unsecured creditor of the Company, its parent, if applicable, or a Subsidiary or Affiliated Entity with respect to any rights under the Plan or this Award Agreement.

12. Compliance with Section 409A . This Award is intended to comply with the applicable requirements of section 409A of the Code and shall be administered in accordance with section 409A of the Code. Notwithstanding anything in this Award Agreement to the contrary, if the Performance Share Units constitute "deferred compensation" under section 409A of the Code and any Performance Share Units become payable pursuant to the Participant's termination of employment, settlement of the Performance Share Units shall be delayed for a period of six months after the Participant's termination of employment if the Participant is a "specified employee" as defined under section 409A of the Code and if required pursuant to section 409A of the Code. If settlement of the Performance Share Units is delayed, the Performance Share Units shall be settled within 30 days of the date that is the six-month anniversary of the Participant's termination of employment. If the Participant dies during the six-month delay, the Performance Share Units shall be settled in accordance with the Participant's will or under the applicable laws of descent and distribution. Notwithstanding any provision to the contrary herein, distributions made with respect to this Award may only be made in a manner and upon an event permitted by section 409A of the Code, and all payments to be made upon a termination of employment hereunder may only be made upon a "separation from service" as defined under section 409A of the Code. To the extent that any provision of the Award Agreement would cause a conflict with the requirements of section 409A of the Code, or would cause the administration of the Performance Share Units to fail to satisfy the requirements of section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. In no event shall a Participant, directly or indirectly, designate the calendar year of payment. This Award Agreement may be amended without the consent of the Participant in any respect deemed by the Board of Directors or its delegate to be necessary in order to preserve compliance with section 409A of the Code.

13. Captions . The captions of specific provisions of this Award Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope of this Award Agreement or the intent of any provision hereof.

14. Counterparts . This Award Agreement may be executed in any number of identical counterparts, each of which shall be deemed an original for all purposes, but all of which taken together shall form one agreement.

15. Conditions to Post-Retirement Vesting .

(a) Notice of and Conditions to Post-Retirement Vesting . If the Participant is Post-Retirement Vesting Eligible, the Company shall, within a reasonable period of time prior to the Participant's Date of Termination, notify the Participant that the Participant has the right, pursuant to this Section 15(a), to continue to vest following the Date of Termination in any unvested Performance Share Units provided that the Participant executes and delivers to the Company the following documentation: (i) a non-disclosure letter agreement, in the form attached as Exhibit A (a "Non –Disclosure Agreement"), on or before the Date of Termination, and (ii) a compliance certificate , in the form attached as Exhibit B (a "Compliance Certificate"), indicating the Participant's full compliance with the Non-Disclosure Agreement, no later than the time(s) required by the Committee.

(b) Consequences of Failure to Satisfy Vesting Conditions . In the event that, the Participant fails to deliver either the respective Non-Disclosure Agreement or

Compliance Certificate on or before the date required for the delivery of such document (such failure, a "Non-Compliance Event"), the Participant shall not be entitled to vest in any unvested Performance Share Units and the unvested Performance Share Units subject to this Award Agreement shall be forfeited. The only remedy of the Company for failure to deliver a Non –Disclosure Agreement or a Compliance Certificate shall be the Participant's failure to vest in, and forfeiture of, any unvested Performance Share Units.

16. Definitions . Words, terms or phrases used in this Award Agreement shall have the meaning set forth in this Section 16. Capitalized terms used in this Award Agreement but not defined herein shall have the meaning designated in the Plan.

(a) " Award " has the meaning set forth in Section 2.

(b) " Award Agreement " has the meaning set forth in the preamble.

(c) " Company " has the meaning set forth in the preamble.

(d) " Compliance Certificate " has the meaning set forth in Section 15(a).

(e) " Date of Grant " has the meaning set forth in the preamble.

(f) " Date of Termination " means the first day occurring on or after the Date of Grant on which the Participant is not employed by the Company, a Subsidiary, or an Affiliated Entity, regardless of the reason for the termination of employment; provided, however, that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company, a Subsidiary, and an Affiliated Entity or between two Subsidiaries or two Affiliated Entities. The Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company, a Subsidiary, or an Affiliated Entity approved by the Participant's employer pursuant to Company policies. If, as a result of a sale or other transaction, the Participant's employer ceases to be either a Subsidiary or an Affiliated Entity, and the Participant is not, at the end of the 30-day period following the transaction, employed by the Company or an entity that is then a Subsidiary or Affiliated Entity, then the date of occurrence of such transaction shall be treated as the Participant's Date of Termination.

(g) " Dividend Equivalent " has the meaning set forth in Section 3(h).

(h) " Early Retirement Date " means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant (i) attains age 55 and (ii) earns at least 10 Years of Service.

(i) " Non-Compliance Event " has the meaning set forth in Section 15(b).

(j) " Non-Disclosure Agreement " has the meaning set forth in Section 15(a).

(k) " Nonpublic Change in Control Event " has the meaning set forth in Section 3(e)(ii).

(l) " Normal Retirement Date " means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant attains age 65.

(m) " Participant " has the meaning set forth in the preamble.

(n) " Payout Value Limit " has the meaning set forth in Section 4 of Schedule A.

(o) " Performance Goal " shall mean the performance goal specified on Schedule A which must be attained and certified in order to satisfy the first step of the 2-step process for vesting in the shares of Common Stock subject to this Award.

(p) " Performance Period " has the meaning set forth on Schedule A over which the attainment of the Performance Goal is to be measured.

(q) " Performance Share Unit " the meaning set forth in the preamble.

(r) " Plan " has the meaning set forth in the preamble.

(s) " Post-Retirement Vesting Eligible " means the Participant has attained the Early Retirement Date or Normal Retirement Date.

(t) " Qualifying Change in Control Event " has the meaning set forth in Section 3(e)(i).

(u) " Year of Service " means a calendar year in which the Participant is employed with the Company, a Subsidiary or Affiliated Entity for at least nine months of a calendar year. When calculating Years of Service hereunder, the Participant's first hire date with the Company, a Subsidiary or Affiliated Entity shall be used.

"COMPANY"	DEVON ENERGY CORPORATION a Delaware corporation
"PARTICIPANT"	**Participant Name**

SCHEDULE A

PERFORMANCE GOAL, PERFORMANCE PERIOD AND PAYOUT VALUE LIMIT

1. Performance Period . The maximum number of Performance Share Units in which Participant can vest pursuant to the Award shall be calculated based on the Performance Goal over a three-year Performance Period that begins January 1, 2017 and ends December 31, 2019 (the "Performance Period").

2. Performance Goal . The Performance Goal is based on total shareholder return (“TSR”). TSR shall mean the rate of return stockholders receive through stock price changes and the assumed reinvestment of dividends over the Performance Period. Vesting will be based on the Company’s TSR ranking relative to the TSR ranking of the Peer Companies (identified in Section 3(c) below). At the end of the Performance Period, the TSR for the Company, and for each Peer Company, shall be determined pursuant to the following formula:

$$TSR = \frac{(\text{Closing Average Share Value} - \text{Opening Average Share Value}) + \text{Reinvested Dividends}}{\text{Opening Average Share Value}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(a) The term “Closing Average Share Value” means the average value of the common stock for the 30 trading days ending on the last day of the Performance Period, which shall be calculated as follows: (i) determine the closing price of the common stock on each trading date during 30-day period and (ii) average the amounts so determined for the 30-day period.

(b) The term “Opening Average Share Value” means the average value of the common stock for the 30 trading days preceding the start of the Performance Period, which shall be calculated as follows: (i) determine the closing price of the common stock on each trading date during the 30-day period and (ii) average the amounts so determined for the 30-day period.

(c) “Reinvested Dividends” shall be calculated by multiplying (i) the aggregate number of shares (including fractional shares) that could have been purchased during the Performance Period had each cash dividend paid on a single share during that period been immediately reinvested in additional shares (or fractional shares) at the closing selling price per share on the applicable ex-dividend date by (ii) the Closing Average Share Value.

(d) Each of the foregoing amounts shall be equitably adjusted for stock splits, stock dividends, recapitalizations and other similar events affecting the shares in question without the issuer’s receipt of consideration.

3. Vesting Schedule . The Performance Share Units will vest pursuant to the Award, subject to application of the Payout Value Limit described in Section 4 below, based on the Company’s relative TSR ranking in respect of the Performance Period as compared to the TSR ranking of the Peer Companies, in accordance with the following schedule:

Devon Energy Corporation Relative TSR Ranking	Vesting (Percentage of Target Award)
1-3	200%
4	175%
5	150%
6	125%
7	100%
Median	90%
9	80%
10	70%
11	60%
12	50%
13-15	0%

(a) The maximum number of Performance Share Units that can vest for the Performance Period may range from 0% to 200% of the target Award, with the actual percentage to be determined on the basis of the percentile level at which the Committee certifies that the Performance Goal has been attained in relation to the corresponding Performance Goal for Peer Companies for the Performance Period; provided however, that the maximum number of Performance Share Units that may become earned and vested during such Performance Period will be calculated as follows: **Number of Shares Granted** x 200%. The Committee retains sole discretion to reduce the vesting percentage (and thus the maximum number of Performance Share Units that may vest), including reduction to zero, without regard to the performance of the Company's TSR relative to the TSR of the Peer Companies. In addition, vesting of Performance Share Units shall be subject to the Payout Value Limit described in Section 4 below.

(b) If the Company's final TSR value is equal to the TSR value of a Peer Company, the Committee shall assign the Company the higher ranking.

(c) In addition to the Company, the Peer Companies are Anadarko Petroleum Corporation, Apache Corporation, Chesapeake Energy Corporation, Concho Resources, Inc., ConocoPhillips, Continental Resources, Inc., EnCana Corporation, EOG Resources, Inc., Hess Corporation, Marathon Oil Corporation, Murphy Oil Corporation, Noble Energy, Inc., Occidental Petroleum Corporation, and Pioneer Natural Resources Company.

(d) The Peer Companies will be subject to change as follows:

(i) In the event of a merger, acquisition or business combination transaction of a Peer Company, in which the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company. Any entity involved in the transaction that is not the surviving company shall no longer be a Peer Company.

(ii) If a Peer Company ceases to be a publicly traded company at any time during the Performance Period, for any reason, such company shall remain a Peer Company but shall be deemed to have a TSR of negative 100% (-100%).

4. Reduction . If the value (based on the fair market value of a share of Common Stock on the last day of the Performance Period) of the aggregate number of Performance Share Units that vest pursuant to the Award based on Sections 1-3 of this Schedule A exceeds the Payout Value Limit, then the maximum number of vested Performance Share Units calculated under Sections 1-3 of this Schedule A shall be reduced so that the value (based on the fair market value of a share of Common Stock on the last day of the Performance Period) of the total number of Performance Share Units that vest pursuant to the Award is equal to the Payout Value Limit. The "Payout Value Limit" shall be equal to the product of (a) the fair market value of a share of Common Stock on the first day of the Performance Period, times (b) the target number of Units subject to the Award, times (c) four.

5. General Vesting Terms . Any fractional Performance Share Unit resulting from the vesting of the Performance Share Units in accordance with the Award Agreement shall be rounded down to the nearest whole number. Any portion of the Performance Share Units that does not vest as of the end of the Performance Period shall be forfeited as of the end of the Performance Period.

EXHIBIT A

Form of Non-Disclosure Agreement

[Insert Date]

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

Re: Non-Disclosure Agreement

Ladies and Gentlemen:

This letter agreement is entered between Devon Energy Corporation (together with its subsidiaries and affiliates, the “Company”) and the undersigned (the “Participant”) in connection with that certain Performance Share Unit Award Agreement (the “Agreement”) dated _______________, _____ between the Company and the Participant. All capitalized terms used in this letter agreement shall have the same meaning ascribed to them in the Agreement unless specifically denoted otherwise.

The Participant acknowledges that, during the course of and in connection with the employment relationship between the Participant and the Company, the Company provided and the Participant accepted access to the Company’s trade secrets and confidential and proprietary information, which included , without limitation, information pertaining to the Company’s finances, oil and gas properties and prospects, compensation structures, business and litigation strategies and future business plans and other information or material that is of special and unique value to the Company and that the Company maintains as confidential and does not disclose to the general public , whether through its annual report and/or filings with the Securities and Exchange Commission or otherwise (the “Confidential Information”).

The Participant acknowledges that his position with the Company was one of trust and confidence because of the access to the Confidential Information, requiring the Participant’s best efforts and utmost diligence to protect and maintain the confidentiality of the Confidential Information. Unless required by the Company or with the Company’s express written consent, the Participant will not, during the term of this letter agreement , directly or indirectly, disclose to others or use for his own benefit or the benefit of another any of the Confidential Information, whether or not the Confidential Information is acquired, learned, attained or developed by the Participant alone or in conjunction with others.

The Participant agrees that, due to his access to the Confidential Information, the Participant would inevitably use and/or disclose that Confidential Information in breach of his confidentiality and non-disclosure obligations if the Participant worked in certain capacities or engaged in certain activities for a period of time following his employment with the Company, specifically in a position that involves (i) responsibility and decision-making authority or input at the executive level regarding any subject or responsibility, (ii) decision-making responsibility or input at any management level in the Participant’s individual area of assignment with the Company, or (iii) responsibility and decision-making authority or input that otherwise allows the use of the Confidential Information (collectively referred to as the “Restricted Occupation”). Therefore, except with the prior written consent of the Company, during the term of this letter agreement, the Participant agrees not to be employed by, consult for or otherwise act on behalf of any person or entity in any capacity in which he would be involved, directly or indirectly, in a Restricted Occupation. The Participant acknowledges that this commitment is intended to protect the Confidential Information and is not intended to be applied or interpreted as a covenant against competition.

The Participant further agrees that during the term of this letter agreement, the Participant will not, directly or indirectly on behalf of a person or entity or otherwise, (i) solicit any of the established customers of the Company or attempt to induce any of the established customers of the Company to cease doing business with the Company, or (ii) solicit any of the employees of the Company to cease employment with the Company.

This letter agreement shall become effective upon execution by the Participant and the Company and shall terminate on December 31, 20__. **[Note: Insert date that is the end of the 2017-2019 Performance Period.]**

If you agree to the above terms and conditions, please execute a copy of this letter agreement below and return a copy to me.

"PARTICIPANT"

____

Participant Name

THE UNDERSIGNED HEREBY ACCEPTS AND AGREES TO THE TERMS SET FORTH ABOVE AS OF THIS ____ DAY OF ____________, ____.

" COMPANY "

DEVON ENERGY CORPORATION

By: _________________________

Name: _________________________

Title: _________________________

EXHIBIT B

Form of Compliance Certificate

I hereby certify that I am in full compliance with the covenants contained in that certain letter agreement (the "Agreement") dated as of _____________, ____ between Devon Energy Corporation and me and have been in full compliance with such covenants at all times during the period ending _____________, ____ .

____

Participant Name

Dated:__________________________

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David A. Hager, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Devon Energy Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2017

/s/ David A. Hager
David A. Hager
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey L. Ritenour, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Devon Energy Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2017

/s/ Jeffrey L. Ritenour
Jeffrey L. Ritenour
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Report of Devon Energy Corporation (“Devon”) on Form 10-Q for the period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David A. Hager, 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/ David A. Hager

David A. Hager
President and Chief Executive Officer
May 3, 2017

Exhibit 32.2

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

In connection with the Report of Devon Energy Corporation ("Devon") on Form 10-Q for the period ended March 31, 2017 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
May 3, 2017