devon

Q4 2016 OPERATIONS REPORT

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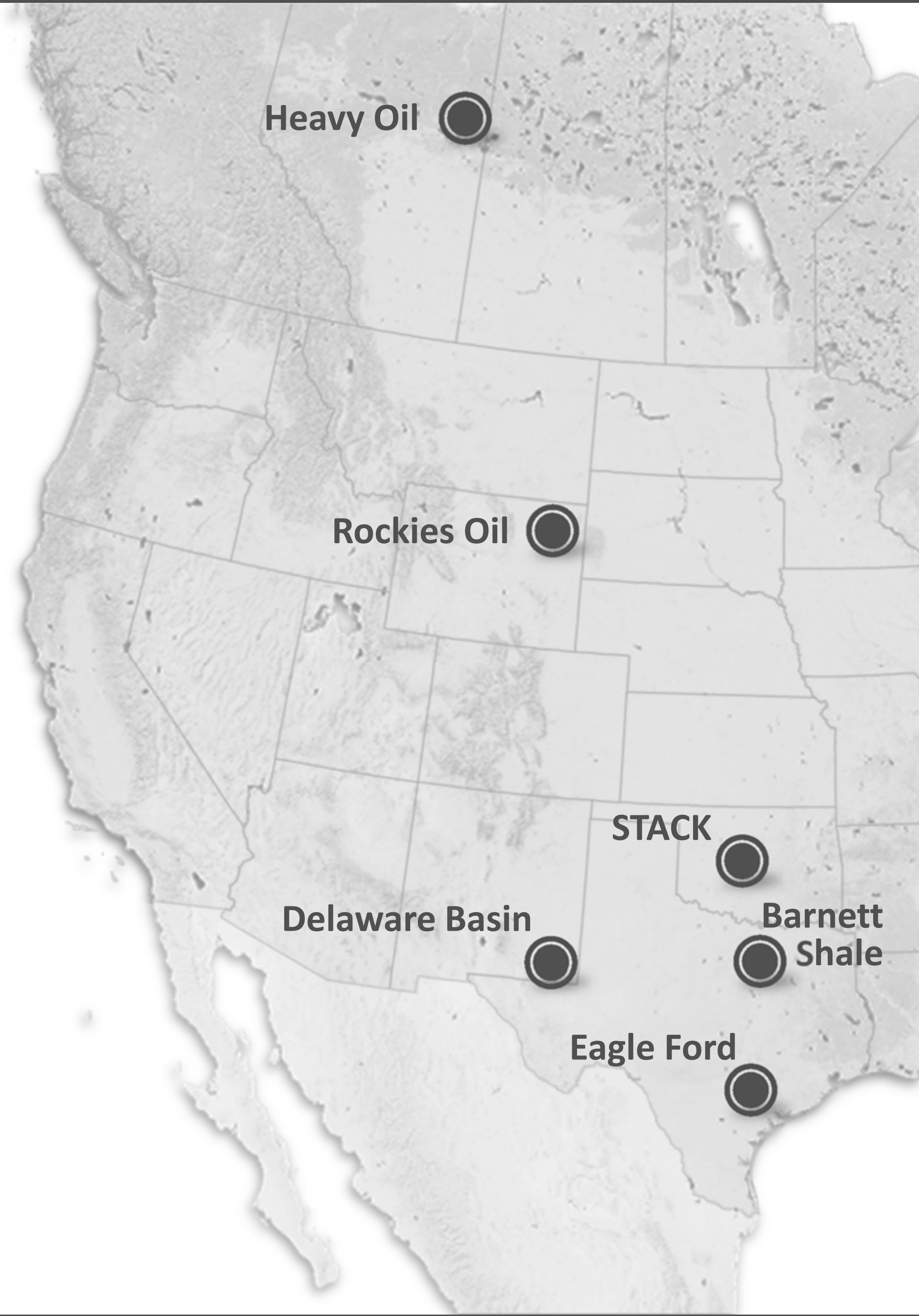
KEY TAKEAWAYS

CORPORATE HIGHLIGHTS

- Exceeded fourth-quarter production expectations
- Achieved record-setting well productivity in 2016
- Reduced operating expenses in U.S. by 42 percent from peak rates
- Attained $1.3 billion in annual cost savings
- Delivered proved reserve growth at attractive finding costs
- Improved growth outlook driven by accelerated capital investment

ASSET-LEVEL HIGHLIGHTS

- Meramec drilling inventory increases by 40 percent
- Leonard Shale and Delaware Sands resource potential expands
- Staggered spacing tests successful in Eagle Ford
- Jackfish complex delivers record production
- Barnett cash flow generation accelerates



RESULTS OVERVIEW & OUTLOOK

Production Exceeds Midpoint Guidance in Q4

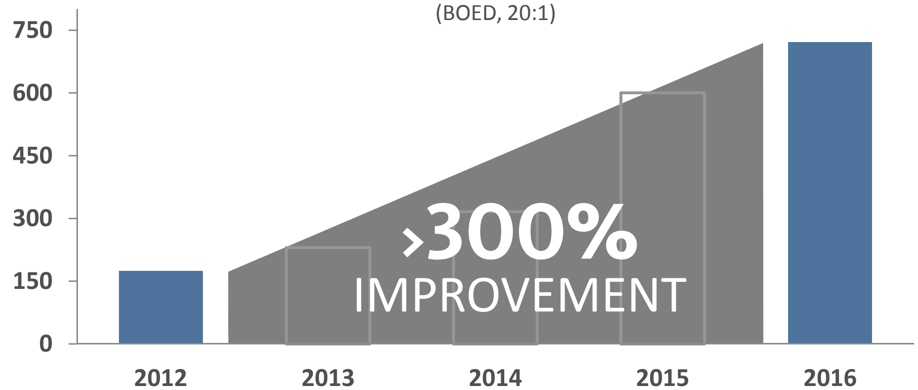
- Oil production from Devon's retained assets totaled 244,000 barrels per day in the fourth quarter. This high-margin product continues to be the largest component of the company's production mix at 45% of total volumes.

- Overall, net production averaged 537,000 Boe per day, ***exceeding the midpoint of guidance by 2,000 Boe per day***. To maximize profitability, Devon rejected 12,000 barrels per day of ethane in Q4.

Best Drilling Results in Devon's 45-Year History

- Led by results from the STACK, Delaware Basin and Eagle Ford, Devon's initial 90-day ***production rates in 2016 increased for the 4th consecutive year, advancing >300% from 2012 levels*** (chart below).

Devon's Avg. 90-Day Wellhead IPs
(BOED, 20:1)



- These are the ***best drilling results in the company's 45-year history***. The productivity improvements in 2016 were driven by activity focused in top resource plays, improved subsurface reservoir characterization, leading-edge completion designs and improvements in lateral placement.

Reserves Report Highlights Operational Excellence

- At year end, Devon's proved reserves totaled 2.1 billion Boe, a 3% increase compared to the company's retained asset portfolio in 2015.

RETAINED ASSETS Q4 STATS

	Q4 2016	Q4 2015
Production:		
Oil & Bitumen (MBOD)	244	260
NGL (MBLD)	90	115
Gas (MMCFD)	1,221	1,351
Retained Assets (MBOED)	537	601
E&P Capital (in millions):	$397	
Operated Rigs (at 12/31/16):	13 (10 in U.S.)	

- The most significant growth came from the company's U.S. operations, where ***reserves on a retained asset basis increased 7%*** to 1.6 billion Boe.

- Devon's U.S. capital programs in 2016 added 275 million Boe of reserves (extensions, discoveries and performance revisions). This represents a replacement rate of approximately 175%. Excluding property acquisition costs, these reserves were added at a ***finding cost of only $5 per Boe***.

2016 U.S. RESERVE ADDITIONS

275 MMBOE | **175%** REPLACEMENT

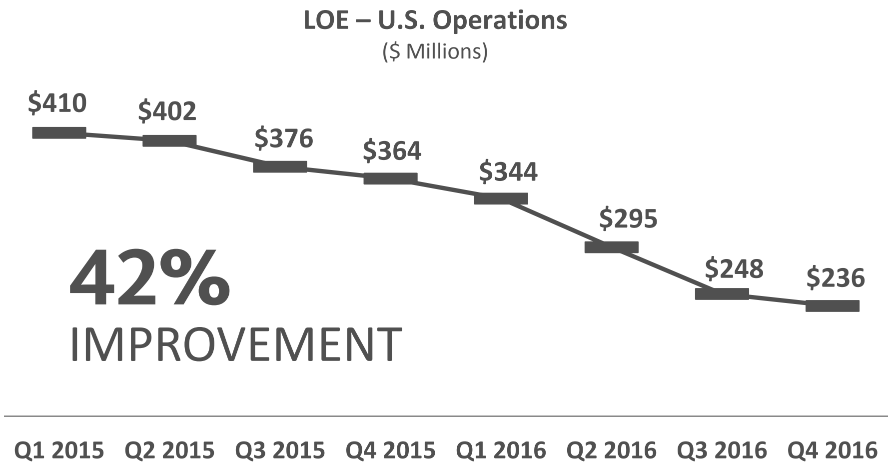
- These attractive reserve results within the U.S. were driven by new well activity that achieved record-setting productivity, a materially improved operating cost structure and successful base production initiatives.

- The company's heavy-oil reserves in Canada amounted to 504 million Boe at year end. Additionally, tremendous upside potential exists with these top-tier Canadian assets, with more than 1.4 billion Boe of risked resource.

RESULTS OVERVIEW & OUTLOOK

Lease Operating Costs Improve 42% in U.S. Resource Plays

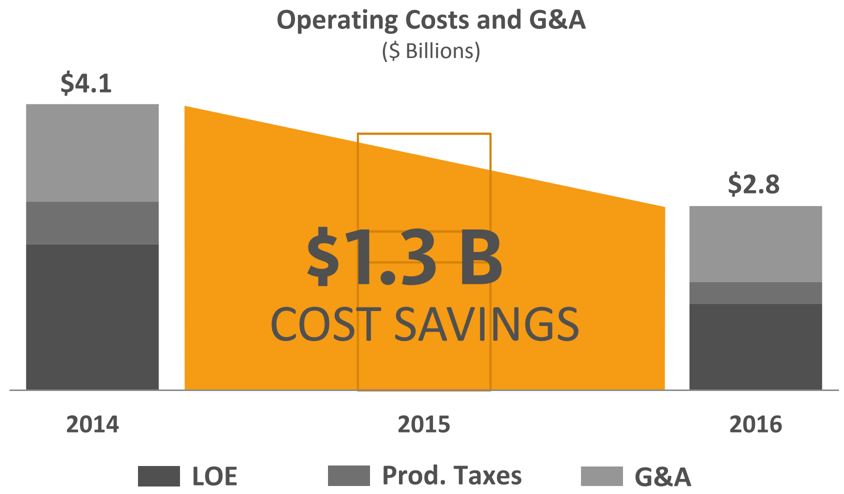
- Devon continued to make progress lowering operating costs in Q4. LOE costs totaled $367 million for the quarter and were 4% below the midpoint of guidance. The $1.1 billion sale of Access Pipeline added $28 million of incremental LOE expense during Q4.
- This strong result was driven by the company's U.S. asset portfolio where LOE costs improved 42% from peak rates in 2015 (chart below).



- The company also maintained its significantly improved G&A cost structure in the fourth quarter. Including capitalized costs, G&A totaled $224 million, a nearly ***40% improvement compared to peak costs in Q4 2014***.

Cost Savings Reach $1.3 Billion in 2016

- Overall, Devon's cost-reduction initiatives have now achieved $1.3 billion of operating and G&A savings in 2016 compared to peak costs in 2014 (chart above right).
- The company ***expects these cost savings to be sustainable in 2017*** due to structural improvements and efficiency gains within its field operations and corporate support groups.



Debt Reduction Efforts to Improve Cost Structure

- Devon completed its $3.2 billion non-core divestiture program in the fourth quarter, with the sale of its 50% interest in the Access Pipeline for USD $1.1 billion.
- The majority of divestiture proceeds were utilized to retire $2.5 billion of debt through tender offerings and repayments in 2H 2016.
- As a result of these debt-reduction efforts, Devon ***expects its recurring, go-forward financing costs to decline by roughly $120 million annually.*** The company has no significant debt maturities until mid-2021.
- Overall, the company possesses ***investment-grade credit ratings*** and exited the quarter with $2 billion of cash on hand and has an undrawn credit facility of $3 billion.

Advantaged Capital Structure

- In addition to an investment-grade balance sheet, Devon's financial position is bolstered by its investment in EnLink Midstream and a significantly increased hedging position in 2017.

RESULTS OVERVIEW & OUTLOOK

Advantaged Capital Structure (continued)

- In aggregate, Devon's ownership in EnLink is ***valued at $4 billion*** (table below) and will ***generate cash distributions of around $270 million annually***.

Devon's Ownership

ENLINK MIDSTREAM	Market Value ($B)
ENLC (115 MM Units)	$2.2
ENLK (95 MM Units)	$1.8
DVN's Ownership	**$4.0**

As of February 2017

DVN'S ENLINK OWNERSHIP

$4.0 BILLION

- The recent rise in commodity prices provided Devon the opportunity to increase its hedging position in 2017 and 2018.
- Devon currently has ***≈50% of its estimated 2017 oil and gas production hedged*** and will continue to further build out its hedging position in the future.
- The company's disciplined hedging program is a combination of systematic hedges added on a quarterly basis and discretionary hedges that take advantage of favorable market conditions.

Accelerating Investment in U.S. Resource Plays

- Devon exited Q4 with 10 operated rigs running across its U.S. resource plays and expects to further accelerate drill-bit activity to ***as many as 20 rigs in 2017***.
- With this planned activity, Devon expects to invest $2.0 to $2.3 billion of E&P capital in 2017, of which 20% is related to non-operated activity (table right).
- Nearly 90% of the capital expenditures are devoted to U.S. resource plays, with the majority of this investment ***concentrated in the STACK and Delaware Basin***.

2017 CAPITAL & RIG ACTIVITY

	E&P CAPITAL ($MM)	OPERATED RIGS (2017 Avg.)	OPERATED RIGS (2017 Exit Rate)
STACK	$750	7	8 - 10
Delaware Basin	$700	7	8 - 10
Heavy Oil	$300	-	-
Eagle Ford	$175	-	-
Rockies Oil	$175	1	1 - 2
Barnett Shale	$50	-	-
2017 Totals	$2,000 - $2,300	15	Up to 20

- To ***mitigate industry inflation***, Devon is using its scale to proactively secure equipment and crews at competitive prices. The company also is taking steps to ***decouple historically bundled services*** to attain further cost savings.
- Additionally, Devon has maintained its organizational capacity to efficiently accelerate activity and expects to execute this program with existing personnel.

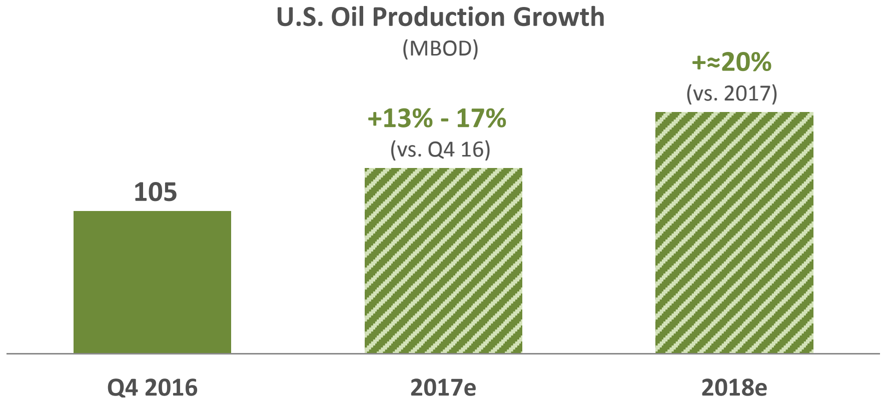
Shift to Higher-Margin Production Rapidly Expands Cash Flow

- Devon's capital plans are expected to drive ***U.S. oil growth of 13% to 17% in 2017*** compared to Q4 2016 (chart next page), which marks the low point of Devon's production profile. This ***resumption of growth in high-margin production will begin in Q1 2017***.
- The company expects to deliver this oil growth with substantially lower operating costs. In 2017, LOE across the company's U.S. resource plays is ***expected to improve >$100 million*** compared to 2016.

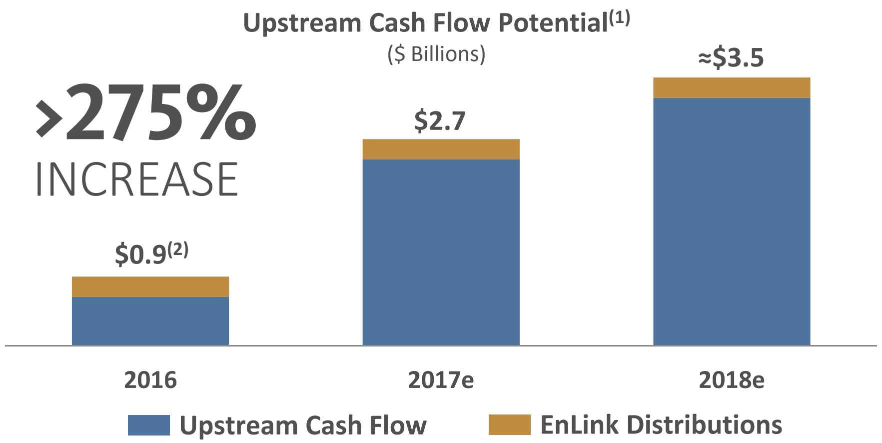
RESULTS OVERVIEW & OUTLOOK

Shift to Higher-Margin Production Rapidly Expands Cash Flow (continued)

- Looking ahead to 2018, the operational momentum created by accelerated drilling activity in the STACK and Delaware Basin is expected to ***advance light-oil production in the U.S. by ≈20% compared to 2017*** (chart below).



- This rapid growth in high-margin production, combined with a low-cost structure, positions ***Devon to deliver peer-leading cash flow expansion*** through 2018 (chart below).



(1) Assumes $55 WTI and $3 Henry Hub in 2017 and $60 and $3.25 in 2018; excludes EnLink operating cash flow.
(2) 2016 excludes $150 million of cash flow associated with divestiture assets and includes $265 million of cash associated with debt repayments.

STACK and Delaware: Sustainable Growth Platform with >30,000 Locations

- Devon's franchise assets in the STACK and Delaware Basin have exposure to >1 million net acres, providing the company with ***high-return, sustainable growth for the foreseeable future***.
- Across these positions, the company has ***identified >30,000 potential drilling locations***, of which roughly 1/3 have been successfully de-risked.
- With ongoing STACK appraisal work and further testing of the Leonard and Wolfcamp zones in the Delaware, Devon's ***resource base could further expand in 2017***.

Catalyst-Rich Year for Resource Expansion

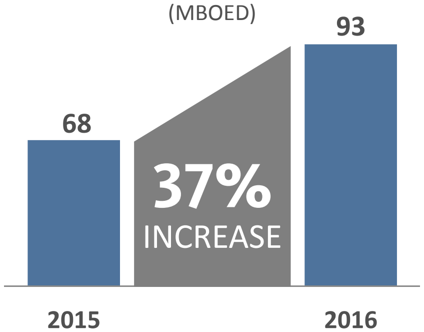
- Devon's catalyst-rich drilling program in 2017 includes:
  1. Initial multi-zone Meramec development program
  2. Ongoing Meramec infill tests to define future developments
  3. Substantial productivity gains with Woodford row development
  4. Significant Leonard Shale and Wolfcamp drilling programs
  5. Infill spacing tests to define Eagle Ford upside
  6. Advances in Barnett horizontal refrac design

STACK

- Net production averaged 88,000 Boe per day in the fourth quarter. ***To enhance profitability***, the company rejected 6,000 barrels per day of ethane during Q4.

- For the full year, production in the STACK play increased 37% compared to 2015 (chart below). This growth was driven by ***higher-margin liquids production, which increased 56%*** year over year.

STACK Production
(MBOED)



Q4 CASH MARGIN
(VS. Q4 2015)

93% INCREASE

High-Margin Growth Expands Profitability by >90%

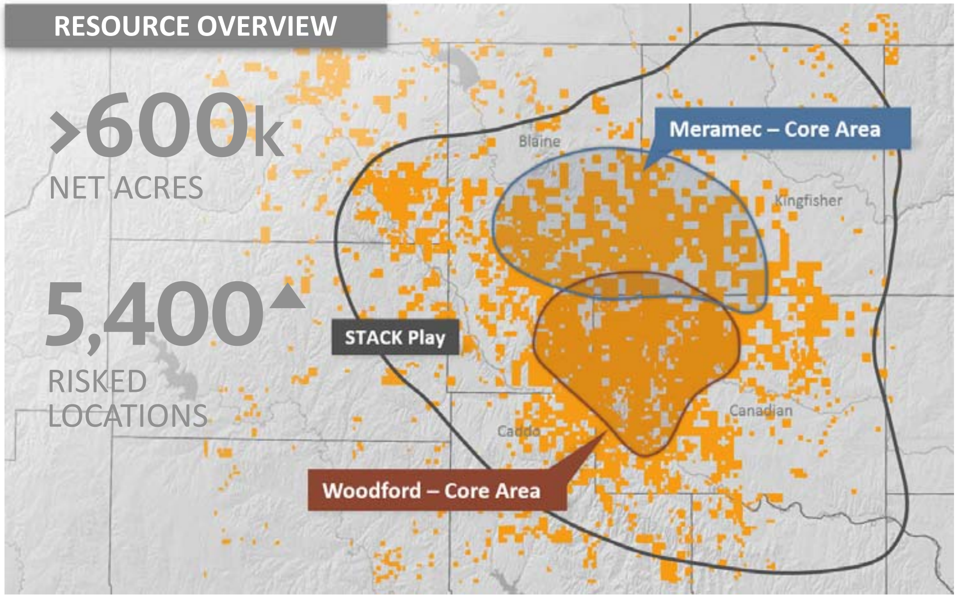
- The company effectively controlled operating costs in the STACK in 2016, with LOE improving to $4.33 per Boe. This represents a reduction of nearly 20% compared to 2015.

- Key drivers of this improved LOE rate were high well productivity, low water handling expense, lower compression costs and reduced chemical expense.

- The improved cost structure and growth in oil production ***expanded cash margin by 93%*** year over year to $16.48 per Boe in Q4.

STACK Q4 STATS

	Q4 2016	Q4 2015
Production:		
Oil (MBOD)	19	9
NGL (MBLD)	21	24
Gas (MMCFD)	284	253
MBOED	88	75
E&P Capital (in millions):	$146	
Operated Rigs (at 12/31/16):	6	

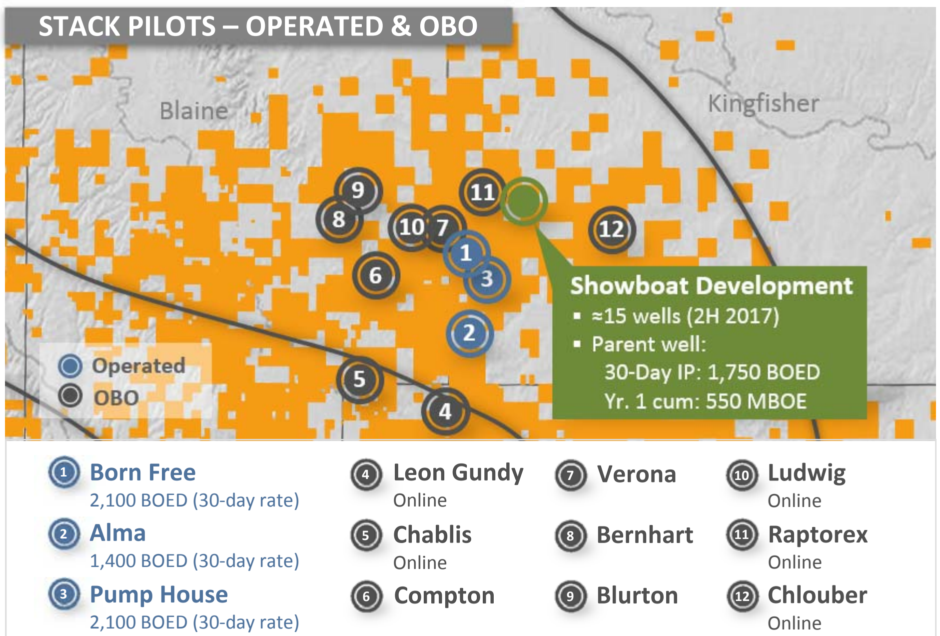


Meramec Drilling Program Accelerates in Q4

- The company added 2 operated rigs in Q4, bringing its total rig count to 6 in the STACK at year end.
- This rig acceleration led to the drilling of 16 Meramec wells in Q4. IP rates from these wells are expected in 1H 2017. Due to timing of completions in Q4, only 2 operated wells achieved 30-day rates, averaging 1,600 Boe per day (70% oil).

Successful Spacing Tests Advance Initial Meramec Development

- With 3 successful operated spacing tests online and several others flowing back, ***Devon is incorporating this data into its initial Meramec development, the Showboat project, which is expected to spud in 2H 2017*** (map below).



- The parent well on the Showboat lease was drilled in 2015, achieving a 30-day rate of 1,750 Boe per day (75% oil). Cumulative first-year production reached an impressive 550,000 Boe.
- With the initial Showboat development, the company is ***evaluating ≈15 wells in a single drilling unit***, co-developing up to 3 different Meramec intervals.
- Additional appraisal and infill testing that is currently ongoing ***could lead to spacing as high as 20 to 30 wells per drilling unit*** in the future with the co-development of the Meramec and Woodford formations.

Meramec Inventory Increases 40%; Significant Upside Remaining

- Due to the strong and repeatable economic results delivered to date across all fluid windows, coupled with initial infill spacing success, Devon is raising its resource potential in the Meramec.
- After adjusting inventory estimates to account for the shift to 10,000' laterals and tighter spacing assumptions, Devon ***is increasing its risked inventory in the Meramec to 1,700 undrilled locations*** (equivalent to 2,800 standard-length locations).
- When normalized to previous disclosures of 1,600 risked locations, which were predominately standard length, this revision ***represents an increase of roughly 40% in risked inventory***.

Meramec Gross Risked Locations

	Previous	Revised	% Change
Gross Risked Locations	1,600	1,700 ▲	
Extended-Reach	*≈25%*	*≈65%* ▲	
Standard-Reach	*≈75%*	*≈35%* ▼	
Normalized to 5,000' Laterals	**2,000**	**2,800** ▲	**40%** ▲

- The majority of risked inventory is concentrated in the core of the over-pressured oil window. ***The company anticipates its resource to further expand in the future*** with continued appraisal and infill drilling success.

STACK

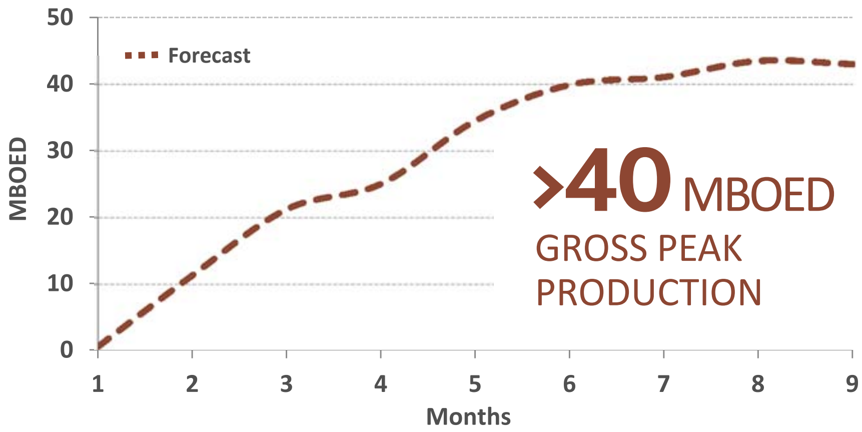
Meramec Inventory Increases 40%; Significant Upside Remaining (continued)

- Across the Meramec oil window, Devon has ***identified 4,300 unrisked locations or >7,000 locations normalized to 5,000' laterals.*** This assigns no locations to the highly prospective liquids-rich window (>120,000 net acres).

Woodford Shale: Hobson Row Completion Activity Underway

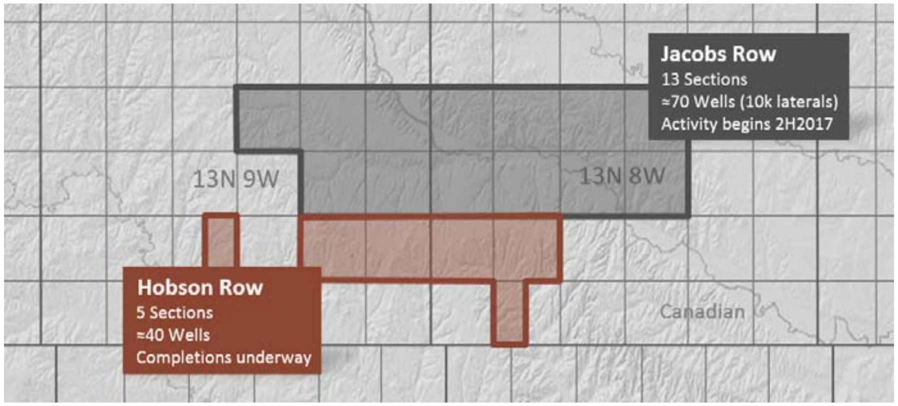
- Devon is now developing the 5-section Hobson Row (≈40 wells, primarily 5,000' laterals, targeting the Woodford formation) in Canadian County (map right).
- Currently, 40% of the Devon's operated wells have now been brought online in the Hobson row and are in the initial stages of flowing back. ***Early results are positive, with the average well result tracking at or above Devon's EUR type curve of 1.6 million Boe per well.***
- Peak rates from the Hobson Row are expected to be reached during Q2 2017, with ***gross production (55% WI) projected to exceed 40,000 Boe per day*** (>25% oil). Gross reserves from this project are estimated at >60 million Boe.

Hobson Row Gross Production Uplift



Jacobs Row to Leverage 10,000' Laterals

- The ***next Woodford project for Devon and its partner is the 13-section Jacobs Row that is expected to be developed with 10,000' laterals*** (map above right).

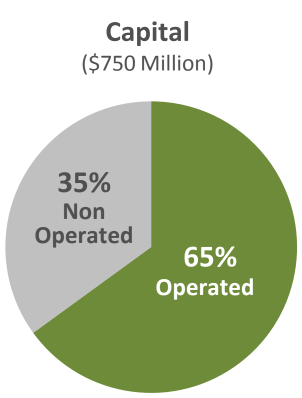


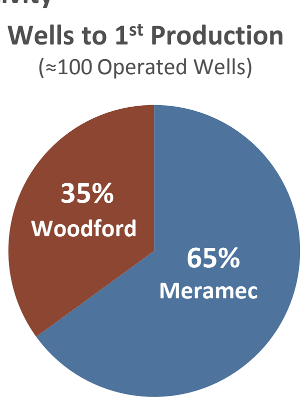
- Initial activity in the Jacobs Row (≈70 extended-reach wells) is expected to commence in the second half of 2017.

Accelerating Capital Investment in the STACK

- Devon expects to continue increasing STACK drilling activity throughout 2017 and run ***as many as 10 operated rigs*** by the end of the year.
- This increase in activity will result in ***≈100 gross operated wells tied into production*** during the year, with roughly two-thirds of this activity targeting the Meramec formation.

2017 STACK Activity





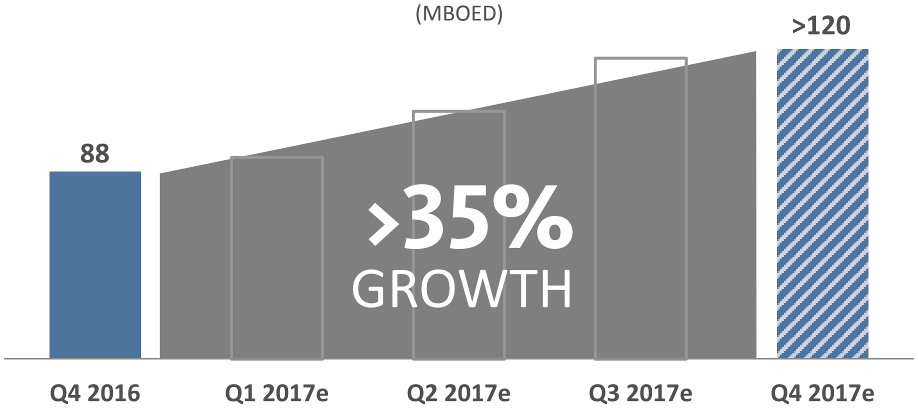
Accelerating Capital Investment in the STACK (continued)

- In 2017, Devon expects to invest around $750 million of capital in the STACK, of which 35% is attributable to non-operated activity (chart previous page).

STACK to Deliver Prolific High-Margin Production Growth

- The STACK capital plan is projected to ***deliver >35% production growth by year-end 2017*** compared to Q4 2016, which marks the low point of Devon's production profile in the play (chart below). This strong growth ***is underpinned by >70% increase in oil production***.

STACK Production Growth
(MBOED)



- Importantly, the accelerated capital investment in the STACK during 2017 ***positions Devon for aggressive full-field development*** in 2018 and low-risk production growth for many years to come.

STACK Resource Potential: A Multi-Decade Growth Opportunity

- Devon has the premier STACK position in the industry with more than 600,000 net acres by formation.

- Across this massive position, the company has identified 5,400 risked, undrilled locations concentrated within the most economic portions of the Meramec and Woodford plays (table right).

	Window	Net Acres	Gross Risked Locations
Meramec	Oil	10,000	100
	Over-Pressured Oil	120,000	1,600[(1)] ▲ 40%
	Liquids-Rich	>120,000	TBD
Woodford	Oil	25,000	200
	Liquids-Rich	180,000	2,200
	Dry Gas	100,000	1,300
Exploration		70,000	TBD
Total		**>600,000**	**5,400** ▲

(1) Normalizing lateral lengths compared to previous estimates.
Note: Over-pressured oil window now includes 30,000 net acres from the condensate window, which was previously categorized in the liquids-rich window.

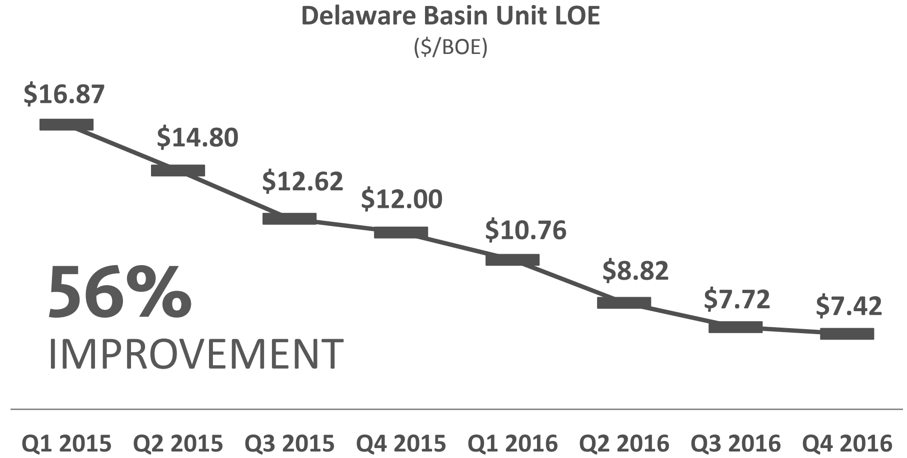
- This premier asset provides a highly visible source of growth for Devon for many years to come. Additionally, this activity will drive ***significant growth and value for the company's investment in EnLink Midstream***.

DELAWARE BASIN

- Net production averaged 54,000 Boe per day in the fourth quarter (72% liquids). To enhance cash margin, Devon rejected 2,000 barrels per day of ethane in Q4.
- The more profitable production mix ***expanded cash margin*** in the Delaware Basin to $21 per Boe in Q4, a 54% increase compared to the year-ago quarter.

Record-Low LOE Rates Achieved

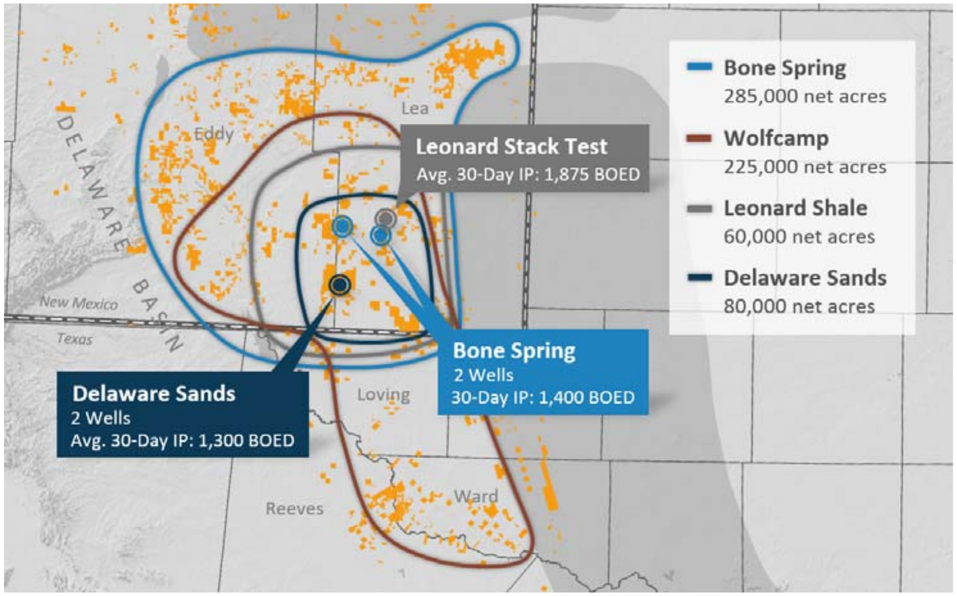
- Devon continued to make progress lowering operating costs in Q4. LOE declined to a record low of $7.42 per Boe, ***an improvement of 56% from peak rates in early 2015*** (chart below).



- The ***majority of these cost savings are expected to be sustainable*** due to significant enhancements in the power and water-handling infrastructure over the past few years.

DELAWARE BASIN Q4 STATS

	Q4 2016	Q4 2015
Production:		
Oil (MBOD)	29	42
NGL (MBLD)	10	11
Gas (MMCFD)	89	82
MBOED	54	66
E&P Capital (in millions):	$53	
Operated Rigs (at 12/31/16):	3	



DELAWARE BASIN

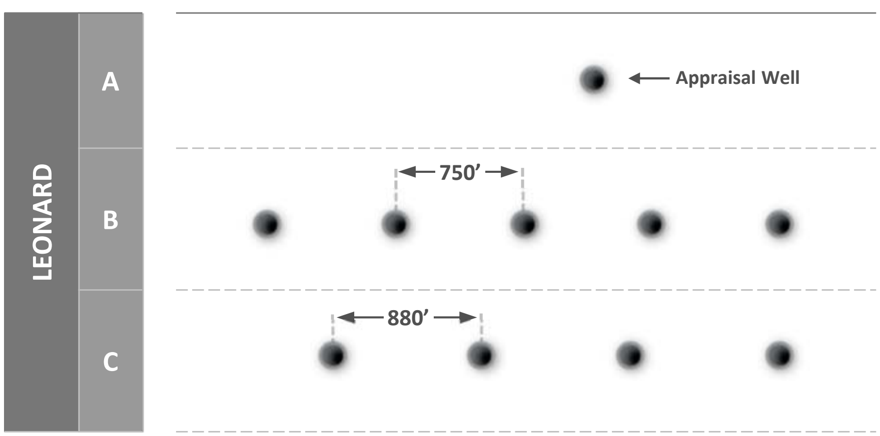
Record-Low LOE Rates Achieved (continued)

- Due to the improved infrastructure, Devon was able to reduce operating costs in the Delaware Basin by $132 million in 2016 compared to 2015.

Successful Leonard Test Sets Up Initial TRAC Development

- In Q4, Devon brought online a stacked pilot testing 400’ vertical spacing in the Thistle area between the Leonard “B” and “C” intervals in Lea County.
- The Thistle wells were drilled with 7,000’ laterals and achieved peak 30-day rates that averaged 1,875 Boe per day (>70% oil) at a cost of $6 million per well.
- These learnings will be applied in ***Devon’s initial TRAC development in 2017.*** The company plans to drill a 10-well pattern across 3 Leonard intervals, which will ***test spacing of up to 19 wells per section*** (graphic below).

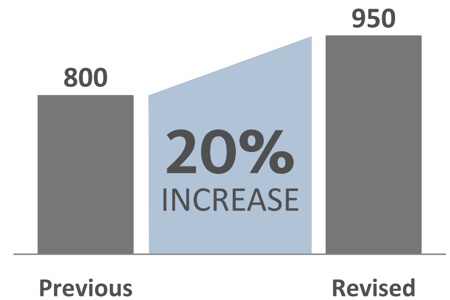
Initial TRAC Development
(10-well pattern testing 3 Leonard zones)



Leonard Shale Resource Potential Expands

- With the positive spacing test result in the Leonard, Devon has ***raised its risked inventory*** in the Leonard Shale to 950 gross locations, an increase of nearly 20%.

Leonard Shale Risked Inventory
(Locations)



LEONARD UNRISKED POTENTIAL

>1 BBOE

- Devon has 60,000 net surface acres in the Leonard, prospective for 3 landing intervals. Adding up the leasehold by interval, the company ***has exposure to 160,000 net effective acres***.
- The company has identified 3,100 unrisked locations across its Leonard Shale position and estimates the ***upside potential in the play to exceed 1 billion Boe*** of net recoverable resource.

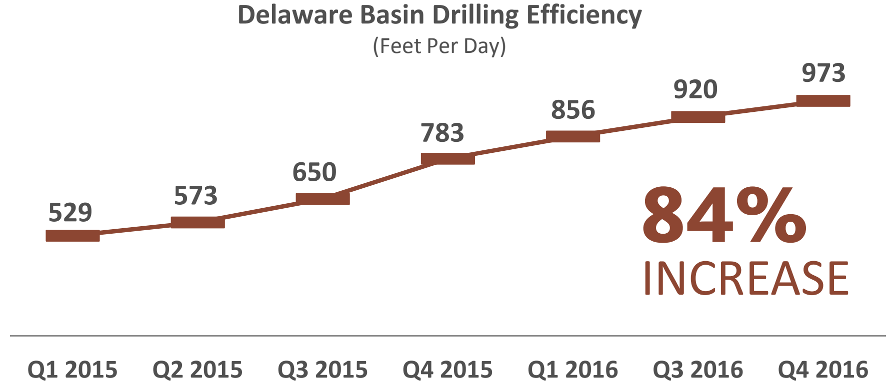
Delaware and Bone Spring Results Showcase Upside Potential

- Other noteworthy activity in Q4 included 2 Delaware Sands wells, which averaged 1,300 Boe per day (75% oil), at a cost of only $4.7 million per well. These wells ***exceeded the IP type curve by 60%, and well costs were 25% below expectations***.
- Devon has 80,000 net acres within the Delaware Sands play and, due to ongoing characterization work, is ***raising its unrisked inventory by 25%*** to 2,000 locations (700 risked locations).
- Also in Q4, the company brought online 2 Bone Spring wells in the basin, achieving an average 30-day rate of 1,400 Boe per day (80% oil).
- This activity includes a Bone Spring well in the Thistle area, which affirms additional stacked-pay opportunities that can be co-developed with the Leonard Shale and Wolfcamp.

DELAWARE BASIN

Drilling Efficiencies Continue in Q4

- Devon resumed drilling operations in the Delaware Basin during the second half of 2016, and rig productivity reached a record-high of 973 feet drilled per day, an increase of 84% from early 2015.



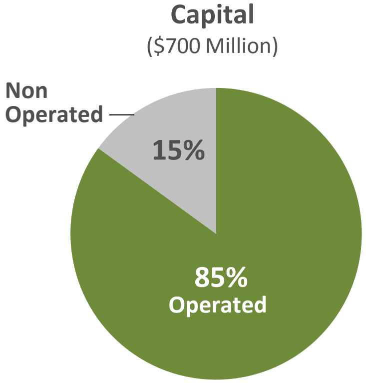
Note: no drilling activity occurred in Q2 2016.

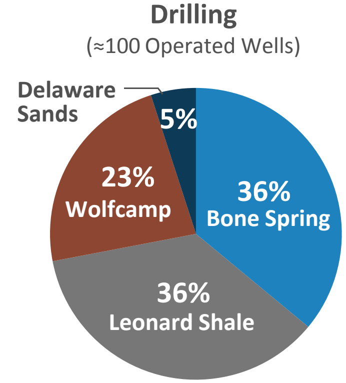
- A record drill time was set in Q4 with the Cotton Draw 179H, achieving ***a spud-to-target-depth time of only 9 days***.

Rig Acceleration Plan Remains on Track

- Devon's acceleration plan in the Delaware Basin remains on track as the company exited 2016 with 3 operated rigs running.
- With improving cash flow, Devon expects to steadily ramp-up activity throughout 2017 and exit the year with ***as many as 10 operated rigs running***.
- For 2017, Devon expects to invest around $700 million of capital in the Delaware Basin, with 15% attributable to non-operated activity (chart above right).
- This increase in activity will result in ***≈100 operated wells spud*** during the year, with drilling focused on Bone Spring, Leonard Shale and Wolfcamp targets (chart above right).

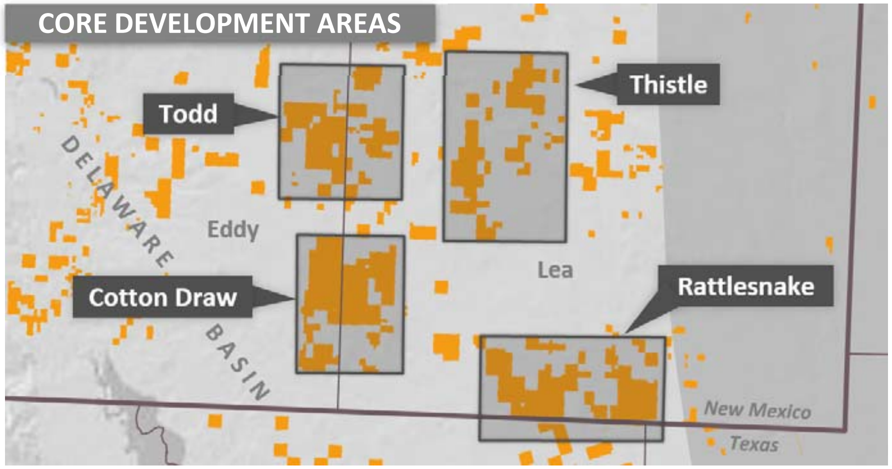
2017 Delaware Basin Activity





Shift to Multi-Zone Pad Developments Underway in 2017

- To maximize efficiencies and returns, Devon's 2017 capital program is focused on development drilling in the basin of SE New Mexico across the company's 4 core operating areas (see map below).



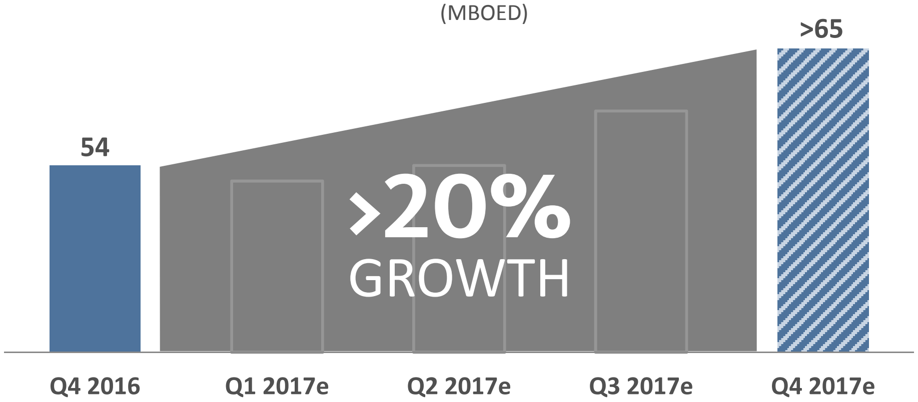
- Nearly 70% of Devon's capital activity is focused on pad development drilling. Devon's ***shift to larger, multi-zone pad development drilling that utilizes the TRAC concept will begin in 2017 and accelerate into 2018.***

DELAWARE BASIN

Production Growth to Exceed 20% by Year-End 2017

- The Delaware Basin capital plan is projected to ***stabilize production by the end of Q1 2017*** and positions these assets to ***deliver >20% top-line growth by the end of 2017*** (chart below).

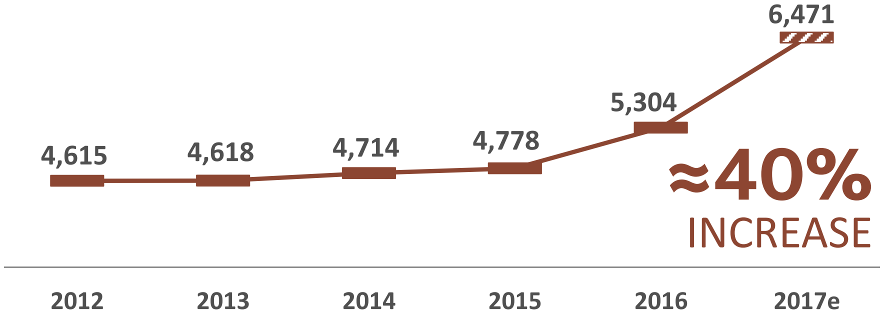
Delaware Basin Production Growth
(MBOED)



- In 2017, well productivity and capital efficiency are expected to drive returns higher as Devon ***increases the use of extended-reach laterals***.

- The shift to longer laterals will increase the weighted-average lateral length in the Delaware Basin to around 6,500' during 2017, a ***40% increase in lateral length compared to Devon's historical well design*** (chart below).

Delaware Basin Laterals
(Avg. Lateral Length by Year)



A World-Class Growth Platform with Massive Resource Upside

- Adding up leasehold by formation, Devon has a top-tier position in the Delaware Basin with 670,000 risked net acres and 5,850 risked undrilled locations (table below).

Formation	Net Acres	Risked Gross Locations	Unrisked Gross Locations
Delaware Sands	80,000	700	2,000 ▲
Leonard Shale	60,000	950 ▲	3,100 ▲
Bone Spring	285,000	3,500	5,700
Wolfcamp	225,000	500	>9,000
Other (Yeso & Strawn)	20,000	200	200
Total	**670,000**	**5,850** ▲	**>20,000** ▲

- The company also possesses massive resource upside with >20,000 unrisked locations. The most significant potential resides in the emerging Wolfcamp and Leonard plays.

- The characterization of this upside will take a major step forward in 2017 as nearly ***60% of capital will be deployed toward Wolfcamp and Leonard Shale projects in the upcoming year***.

EAGLE FORD

- Net production in the Eagle Ford averaged 60,000 Boe per day in the fourth quarter. To maximize margins, the company rejected 4,000 barrels per day of ethane during Q4.

World-Class Development Results in DeWitt County

- Devon achieved excellent results from its Eagle Ford development program in DeWitt County during the fourth quarter.

- The company brought online 35 wells during Q4, with the ***majority tied in during December***. Initial 30-day rates from these wells averaged 2,300 Boe per day (60% oil).

Eagle Ford Generates >$350 Million of Free Cash Flow in 2016

- Devon delivered another strong cost performance in Q4 by limiting LOE in the Eagle Ford to $30 million, ***a decline of 45% compared to peak costs in 2015***.

- Efficiency gains, lower labor and service cost reductions led to the improved LOE rates. The strong cost performance and higher prices increased the cash margin to $27 per Boe in the quarter, up 22% from Q3.

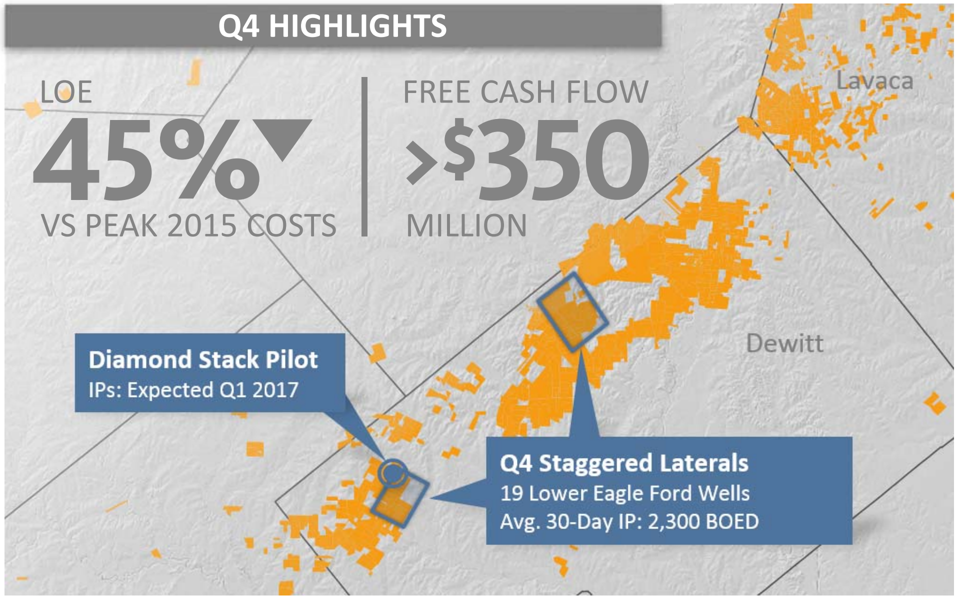
- The steady improvement in per-unit margin in 2016 helped the Eagle Ford ***generate >$350 million of free cash flow for the full year***.

Staggered Lower Eagle Ford Spacing Test Successful

- Of the 35 wells brought online during the fourth quarter, ***19 wells were associated with Devon's staggered lateral infill program*** in the Lower Eagle Ford. 30-day rates from these wells averaged 2,300 Boe per day (map right).

EAGLE FORD Q4 STATS

	Q4 2016	Q4 2015
Production:		
Oil (MBOD)	34	60
NGL (MBLD)	11	27
Gas (MMCFD)	90	152
MBOED	60	113
E&P Capital (in millions):	$62	
Operated Rigs (at 12/31/16):	0	



EAGLE FORD

SOUTH TEXAS
EAGLE FORD

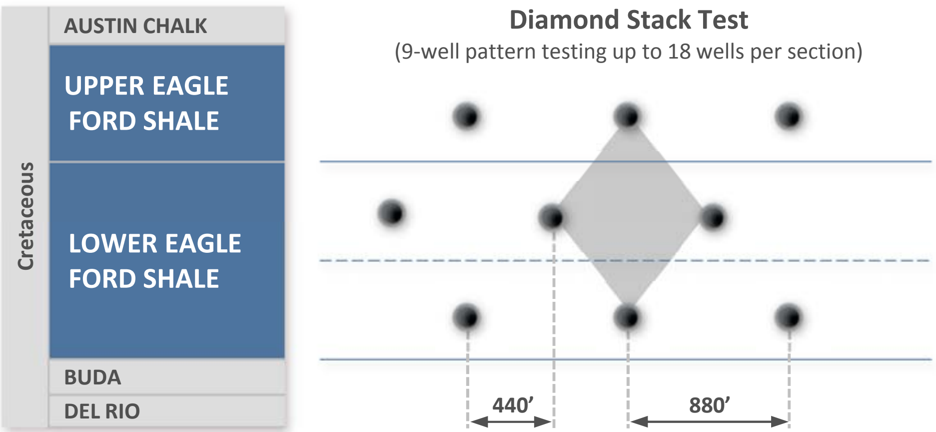
Staggered Lower Eagle Ford Spacing Test Successful (continued)

- Early flow-back results from these staggered lateral wells, which were spaced at 440 feet, are encouraging and in line with expectations.
- As a result, Devon expects recoveries per section to significantly increase compared to historical results in the play.

"Diamond Stack" Spacing Test Flowing Back

- The company also is evaluating up-hole, stacked-pay potential across the majority of its acreage in the Eagle Ford and currently is testing the co-development of the Lower and Upper Eagle Ford intervals.
- The initial 9-well pilot will utilize a ***"diamond stack"*** pattern, which will ***test the concept of up to 18 wells per section across 3 different landing zones***.

Diamond Stack Test
(9-well pattern testing up to 18 wells per section)



- This 9-well pilot is currently flowing back and ***initial 30-day rates are expected in Q1 2017***.

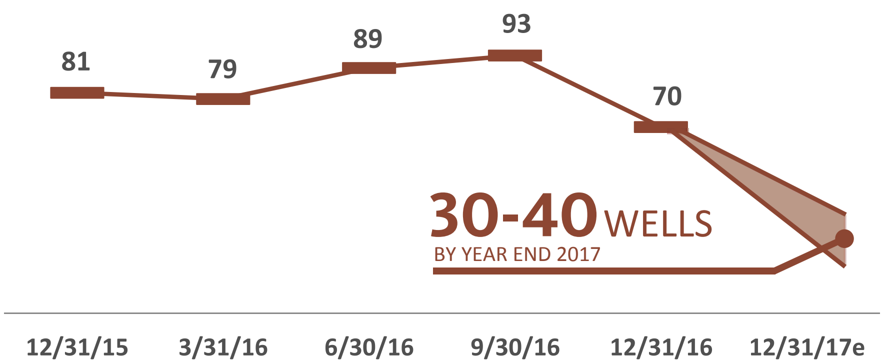
Efficiencies Drive 45% Improvement in Well Costs

- Eagle Ford ***drilling times improved by 80%*** over the past two years, with a record rate of 30 wells per rig line per year in 2016.
- Due to these efficiencies and completion cost reductions, ***Devon is reducing its Eagle Ford D&C costs to $5.5 million per well***, an improvement of 45% from peak rates.

2017 Outlook: Eagle Ford Production Growth Resumes

- In 2017, Devon and its partner ***plan to run as many as 3 rigs*** and invest $175 million of capital. This activity includes the company's ***initial Austin Chalk development pad*** (online by YE 2017).
- The company ***exited 2016 with a DUC inventory of 70 wells*** and expects to work down its DUC count to ***30 to 40 wells by the end of 2017***.

Eagle Ford DUC Inventory
(Number of Wells)



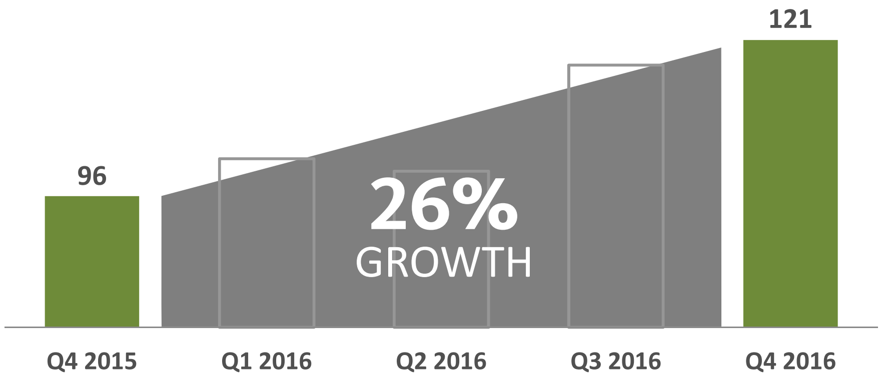
- Due to the more active completion program, Devon expects its Eagle Ford production profile for the full-year 2017 to achieve single-digit production growth compared to Q4 2016.
- Importantly, this capital program is expected to deliver some of the best returns in the company's portfolio and, at $55 WTI, the Eagle Ford assets are expected to ***generate operating cash flow in excess of $600 million in 2017***.

HEAVY OIL

- Net oil production in Canada ***averaged a record 139,000 barrels per day*** in the fourth quarter.

- This strong result was driven by the Jackfish complex, where ***gross production exceeded nameplate capacity by 15%***, averaging 121,000 barrels per day. This represents a growth rate of 26% year over year (chart below).

Jackfish Complex Gross Production
(MBOD)



Massive Cash Flow Generating Capabilities

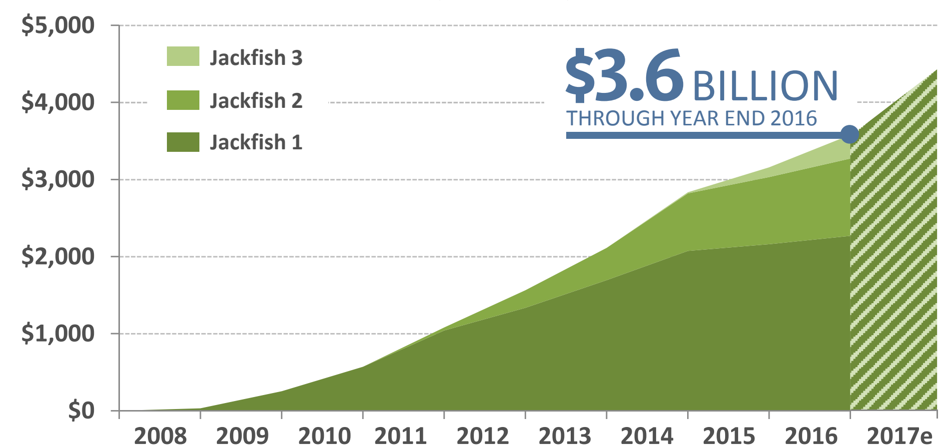
- Devon's Jackfish projects are also significant cash flow generators. In the fourth quarter, ***these assets produced $167 million of operating cash flow***, bringing the full-year total to $420 million.

- Since first production occurred at the Jackfish complex in late 2007, these industry-leading projects have ***generated $3.6 billion of cumulative cash flow*** from operations (chart right).

HEAVY OIL Q4 STATS

	Q4 2016	Q4 2015
Production:		
Oil & Bitumen (MBOD)	139	121
Gas (MMCFD)	18	24
MBOED	141	126
E&P Capital (in millions):	$47	
Operated Rigs (at 12/31/16):	3	

Jackfish Complex – Cumulative Operating Cash Flow
($ US Millions)



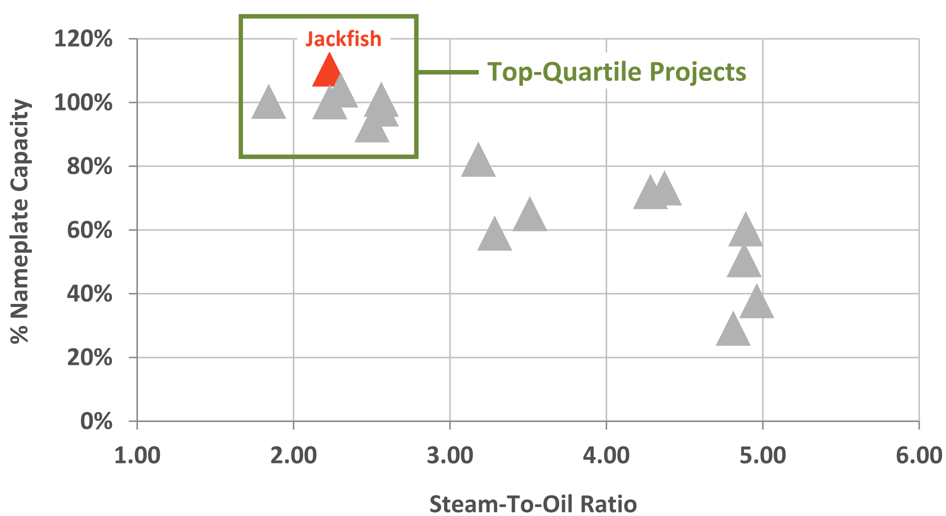
- The company expects ***cash flow generation to accelerate*** at Jackfish in 2017. At $55 WTI oil, operating cash flow in Canada has the potential to ***approach $800 million for the year***.

HEAVY OIL

Industry-Leading Operating Performance

- The company's excellent operating performance at Jackfish in 2016 was driven by ***best-in-class plant utilization along with one of the best steam-to-oil ratios in the industry*** (chart below).

Performance of Industry SAGD Projects
(Plant Utilization & SOR)



Source: Industry regulatory reporting. August 2016 data.

- The Jackfish complex is delivering some of the lowest operating costs in the SAGD industry. LOE averaged $9.59 per barrel in Q4, ***a 57% decline compared to peak rates*** driven by higher plant utilization rates and lower service costs.

Jackfish 1 Growth Driven by Successful New Well Pad

- Gross production at Jackfish 1 increased to 33,900 barrels per day during the fourth quarter (33,600 barrels after royalties) and ***exited the year at nameplate capacity of 35,000 barrels per day***.

- This result was driven by the successful ramp-up of a new well pad, which increased net production at Jackfish 1 by 17% compared to Q4 2015.

Jackfish 2 Production Advances 51%

- Gross production at Jackfish 2 averaged 41,300 barrels per day (net 40,500 barrels per day), a 51% increase compared to Q4 2015.

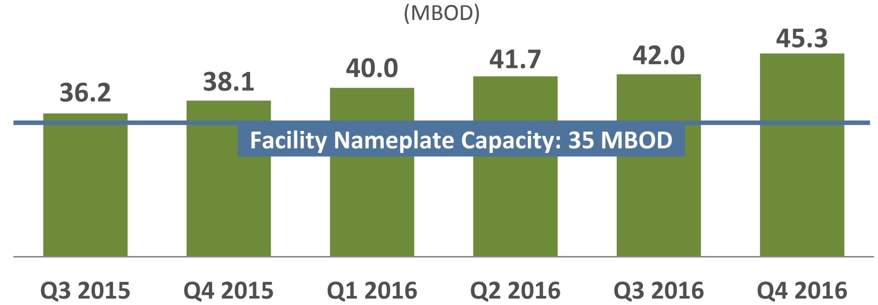
- The strong production growth at Jackfish 2 was driven by the successful ramp-up of two new well pads over the past year.

Jackfish 3 Production Exceeds 45,000 Barrels per Day

- Gross production at J3 reached a record-setting 45,300 barrels per day in Q4 (net 44,600 barrels per day), exceeding nameplate capacity by 30%.

- Since start-up, production has increased every quarter with volumes ***exceeding facility design for 6 consecutive quarters*** (chart below).

Jackfish 3 Gross Production
(MBOD)



2017 Outlook

- In 2017, Devon expects net oil production from its heavy-oil operations to range between 130,000 and 135,000 barrels per day. This ***assumes a 6% royalty rate in 2017 compared to a 3% rate in 2016 due to higher prices***.

- The capital to deliver this production profile is $300 million in 2017, of which ***two-thirds is maintenance capital at the Jackfish complex***.

- Investment in the Bonnyville (Lloydminster) cold-flow heavy oil program and technology projects is the other third of Canadian capital in 2017.

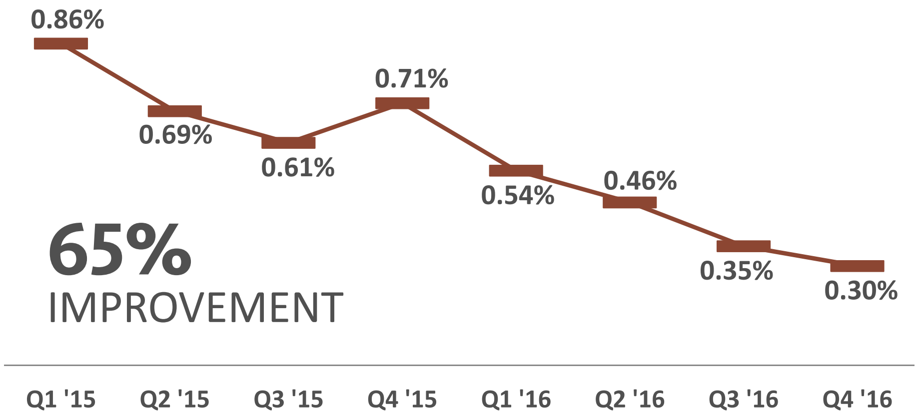
BARNETT SHALE

- Net production averaged 163,000 Boe per day in Q4. With improving prices, ***cash flow generation in the Barnett increased to $107 million*** in the quarter.

Base Production Initiatives Yielding Excellent Results

- In 2016, the company's Barnett operations were focused on optimizing existing well performance across its 5,000 operated wells in the play.
- These base production initiatives included line pressure reduction projects, artificial lift programs and efforts to further reduce controllable downtime which has improved 65% since 2015 (chart below).

Barnett Controllable Downtime



- Over the past year, these efforts have improved the Barnett's unaided PDP decline by ≈5 percentage points, translating into ***incremental production of >3 million equivalent barrels*** over this time period.

BARNETT SHALE Q4 STATS

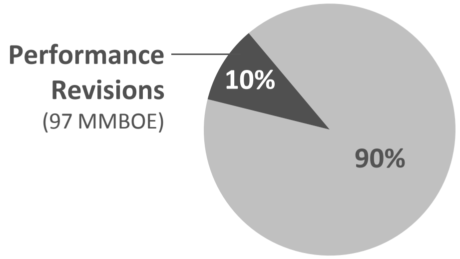
	Q4 2016	Q4 2015
Production:		
Oil (MBOD)	1	1
NGL (MBLD)	43	49
Gas (MMCFD)	710	786
MBOED	163	181
E&P Capital (in millions):	$9	
Operated Rigs (at 12/31/16):	0	

Reserve Additions Showcase Operational Excellence

- With the successful base production initiatives and an improved cost structure, the company ***added 97 million equivalent barrels of proved reserves*** through performance revisions during 2016.
- With limited capital investment of only $31 million in 2016, these reserve additions were added at record-low finding costs.

PERFORMANCE REVISIONS
97 MMBOE
INCREASE

Barnett Proved Reserves
(At 12/31/16)



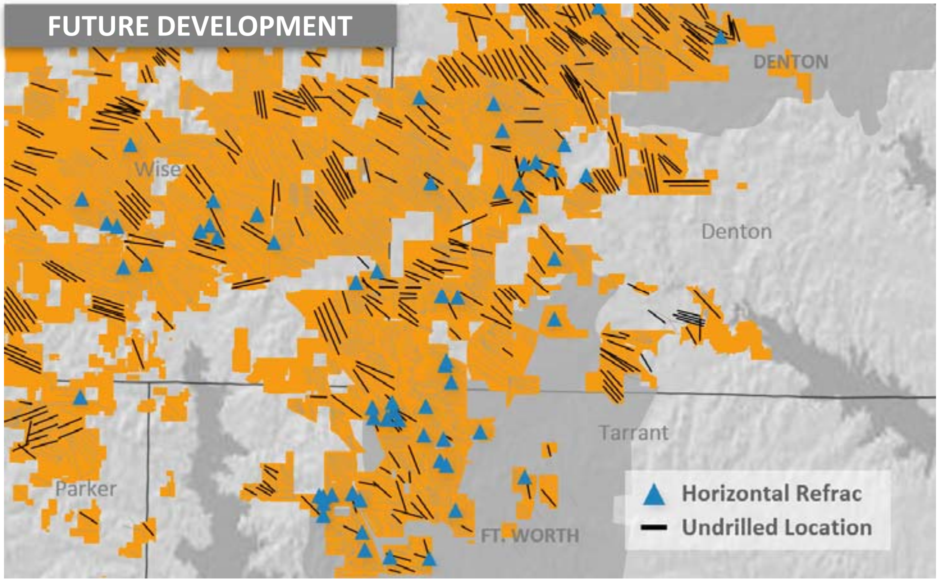
BARNETT SHALE

Future Development Activity to Unlock Massive Upside Potential

- Devon has tremendous upside beyond proved reserves in the Barnett where the company has 1.9 billion Boe of risked resource (table below).

Barnett Risked Resource	BBOE
Proved reserves (at 12/31/16)	1.0
Undrilled locations and refracs	0.9
Total Risked Resource	**1.9**

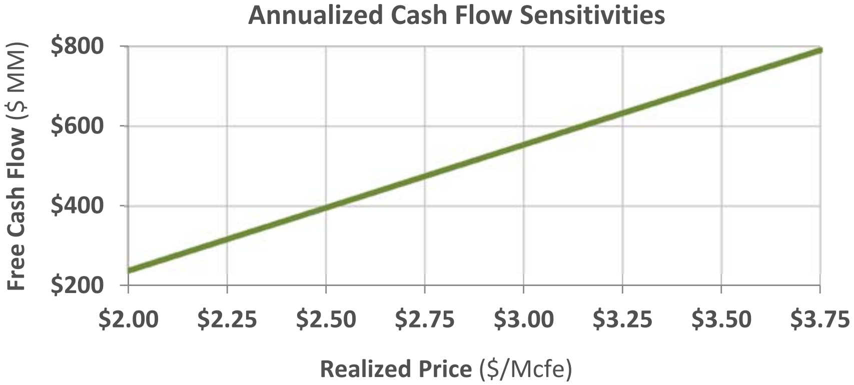
- Development opportunities that can convert this resource upside into reserves resides primarily with ***2,500 risked locations associated with horizontal refracs and new rig line activity*** (map below).



Significant Leverage to Higher Commodity Prices

- In addition to the meaningful upside to higher recoveries, the Barnett Shale also has significant leverage to an improving commodity price environment.

- ***Cash flow in the Barnett can approach $600 million annually*** at a realized price of $3 per Mcfe (chart below).



2017 Outlook: Capital Investment Increases

- In 2017, Devon plans to invest $50 million of capital in the Barnett to optimize base production and further de-risk future development activity.

- As part of this activity, the company is testing completion technologies that have the potential to ***reduce horizontal refrac costs to $700,000 per well, a 25% improvement from previous estimates***.

- The company is also initiating a drilling pilot of 5 to 10 wells in the Barnett during 2017 to leverage modern drilling and completion technology in this legacy field.

- These appraisal projects have the potential to deliver returns that are highly competitive in Devon's portfolio. This could lead to ***additional capital being allocated to the Barnett during 2017***.

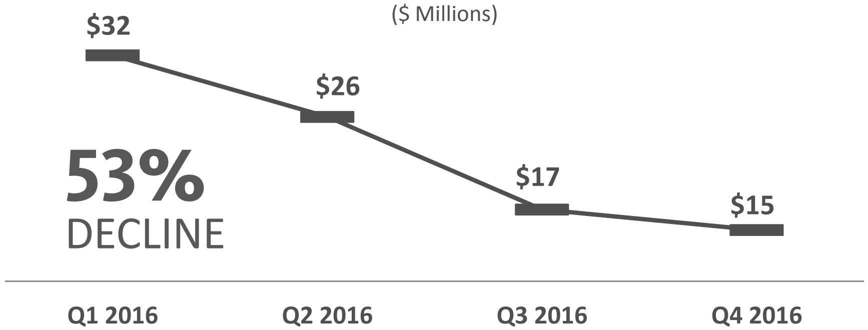
ROCKIES OIL

- Net production was 15,000 Boe per day in the fourth quarter. Light-oil production accounted for 74% of the product mix and roughly 90% of revenue in the Rockies.

LOE Declines 53% from Peak Rates

- Devon continued to make progress lowering operating costs in the Rockies during the fourth quarter. Total LOE declined to $15 million in Q4, ***an improvement of 53% from peak costs in early 2016***.

Rockies LOE
($ Millions)



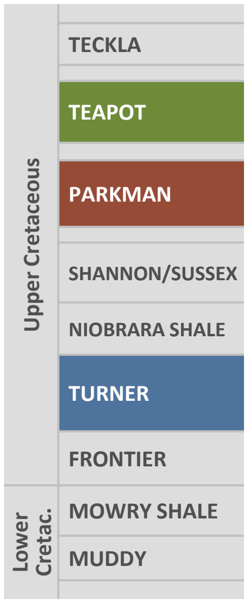
- The key drivers of the decrease in LOE are lower power costs, declining chemical expenses and improved water-handling infrastructure.

Drilling Activity Resumes in the Powder River Basin

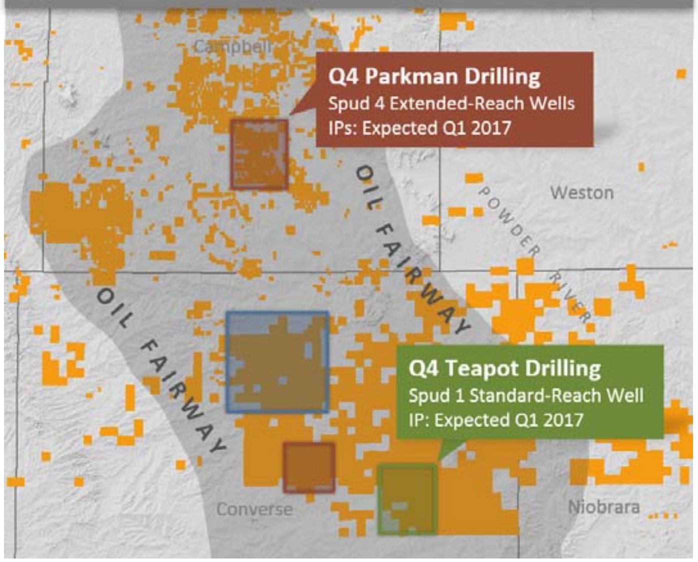
- The company resumed drilling operations in the Rockies with one operated rig during the fourth quarter and spud 5 wells in the Powder River Basin oil fairway (map right).

ROCKIES OIL Q4 STATS

	Q4 2016	Q4 2015
Production:		
Oil (MBOD)	11	15
NGL (MBLD)	1	1
Gas (MMCFD)	17	38
MBOED	15	23
E&P Capital (in millions):	$27	
Operated Rigs (at 12/31/16):	1	



INITIAL POWDER RIVER FOCUS AREAS



Drilling Activity Resumes in the Powder River Basin (continued)

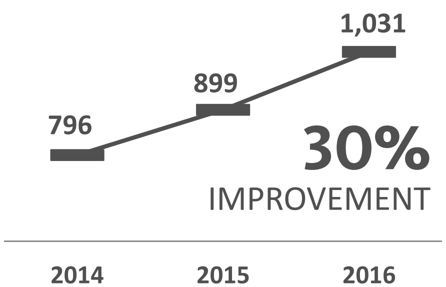
- Initial drilling activity was focused primarily on the Parkman formation, and 30-day ***production rates from these wells are expected in Q1 2017***.

- The Parkman is an Upper Cretaceous oil formation that sits at a vertical depth of around 7,000 feet (geologic column previous page). Devon expects D&C costs for a 10,000' lateral well to range from $5.5 to $6 million with average EURs of approximately 500,000 Boe (table below).

Parkman Type Well
10,000' Lateral

30-Day IP BOED	>1,000
EUR MBOE	≈500 (90% light oil)
D&C Cost $MM	$5.5 - 6.0

Rig Productivity
(Feet Drilled Per Day)



- ***Rig productivity for this activity in Q4 improved to a record high*** of >1,000 feet drilled per day in the fourth quarter. This represents a productivity increase of 30% over the past two years (chart above).

2017 Outlook

- Devon plans to drill around 20 operated wells in the Powder River Basin during 2017. This drilling activity will target the Parkman, Teapot and Turner formations.

- This capital activity is projected to ***stabilize Devon's Rockies production in 2017 compared to Q4 2016 exit rates***.

- The capital investment associated with this 2017 activity is approximately $175 million, of which $50 million is related to maintenance capital at its CO_2 facilities in Wyoming.

Development Inventory Increases 20%

- The Powder River oil fairway is an ***emerging stacked-pay resource*** opportunity in Devon's portfolio with ***exposure to ≈400,000 net effective acres*** across the Teapot, Parkman and Turner formations.

- Given the high oil content, project economics have significant leverage to WTI prices. With the recent rise in prices, Devon has now identified 240 locations that are capable of delivering competitive returns in its portfolio, ***a 20% increase from previous disclosures*** (table below).

Formation	High-Return Inventory at $55 Oil
Teapot	40 ▲
Parkman	75 ▲
Turner	125 ▲
	240 ▲

HIGH-RETURN INVENTORY

240 UNDRILLED LOCATIONS

20%▲ INCREASE

- The Powder River has ***several billion barrels of resource in place*** across the basin and the company's high-return inventory will increase over time as the company deploys additional activity to de-risk the oil fairway.

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