devon

Q1 2017 OPERATIONS REPORT

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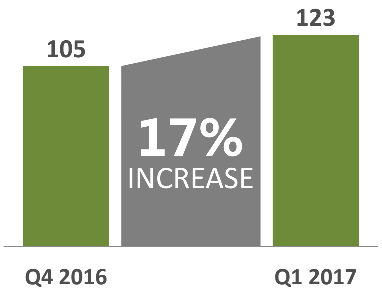
RESULTS OVERVIEW & OUTLOOK

U.S. Resource Plays Drive Oil and Top-Line Production Beat

- Net oil production averaged 261,000 barrels per day in Q1, ***exceeding the top end of Devon's guidance by 5,000 barrels per day.***

Q1 U.S. Oil Production
(MBOD)



Q1 Total Oil Production
(261 MBOD)

5,000 BOD

ABOVE TOP-END GUIDANCE

- The ***outperformance was driven by the company's U.S. operations***, where oil production increased 17% from the fourth quarter of 2016 (chart above). This growth was driven by higher completion activity from the Eagle Ford and STACK operations.

- Devon also achieved excellent results from its Jackfish complex in Canada, which increased heavy-oil volumes by 9% year over year to 138,000 barrels per day.

- Overall, with the company's strong growth in oil, top-line production advanced 5% compared to Q4 2016 to average 563,000 BOE per day for the quarter (***8,000 Boe per day above top-end of guidance***).

Shifting to Higher-Margin Production

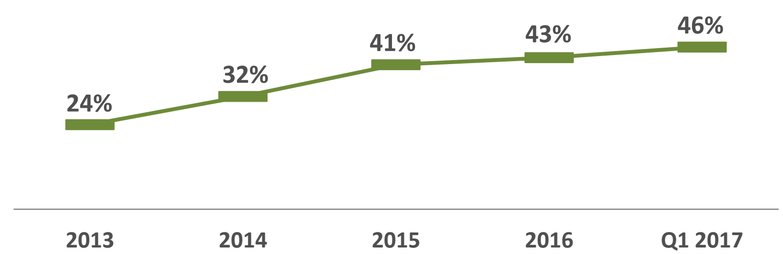
- With the company's shift to higher-margin production, oil is the largest component of Devon's product mix at 46% of total production (chart right).

- With a higher-value production mix, the company's operating cash flow reached $834 million in Q1, a 54% increase from the previous quarter.

RETAINED ASSETS Q1 STATS

	Q1 2017	Q1 2016
Production:		
Oil & Bitumen (MBOD)	261	268
NGL (MBLD)	98	115
Gas (MMCFD)	1,228	1,366
Retained Assets (MBOED)	563	611
E&P Capital (in millions):	$443	
Operated Rigs (at 3/31/17):	15 (including Eagle Ford partner activity)	

Oil Production
(Percent of Total Product Mix)



Operational Momentum Builds with Q1 Results

- Devon tied-in >70 wells across its portfolio in Q1 that ***achieved average 30-day rates of 1,800 Boe per day.*** Activity in Q1 was highlighted by:
  1. Wolfcamp program achieves record well result (pg. 10)
  2. Woodford Hobson Row delivers strong well productivity (pg. 8)
  3. STACK appraisal activity confirms fourth landing zone (pg. 7)
  4. Eagle Ford "diamond stack" pilot successful (pg. 15)
  5. Jackfish 3 exceeds nameplate capacity by >30% (pg. 17)
  6. Powder River Basin produces prolific well results (pg. 20)

RESULTS OVERVIEW & OUTLOOK

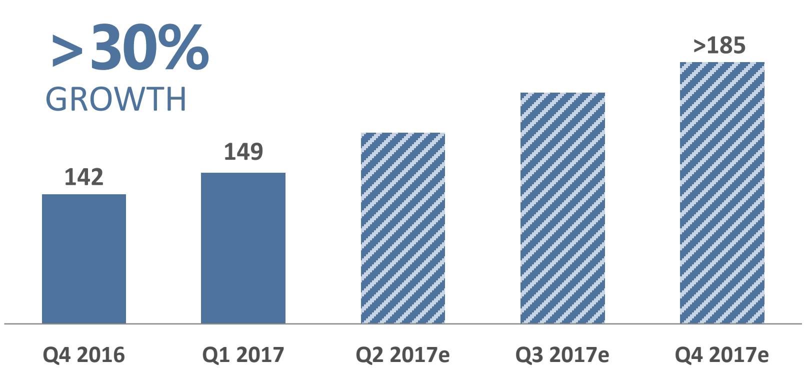
Accelerating Investment in U.S. Resource Plays

- Devon exited Q1 with 14 rigs in the U.S. and plans to increase drilling activity throughout the year to as many as 20 rigs by the end of 2017. With this activity, Devon expects to invest $2.0 to $2.3 billion of E&P capital in 2017.
- Providing stability to Devon's capital program is a ***strong hedge position***. The company has >50% of its oil and gas production protected for the remainder of 2017 and is beginning to accumulate a larger hedge position for 2018.
- This disciplined, risk-management program consists of systematic hedges added on a quarterly basis at market prices and discretionary hedges that take advantage of favorable market conditions.

Multi-Year Production Growth Targets Firmly On Track

- Based on the strong production performance in Q1, Devon is firmly on track to achieve ***U.S. oil growth of 13% to 17% in 2017*** compared to Q4 2016.
- This growth will be driven by Devon's STACK and Delaware Basin assets. Combined, these two franchise assets are ***expected to increase production by >30% by the end of 2017*** compared to Q4 2016 (chart below).

STACK & Delaware Basin Production Forecast
(MBOED)

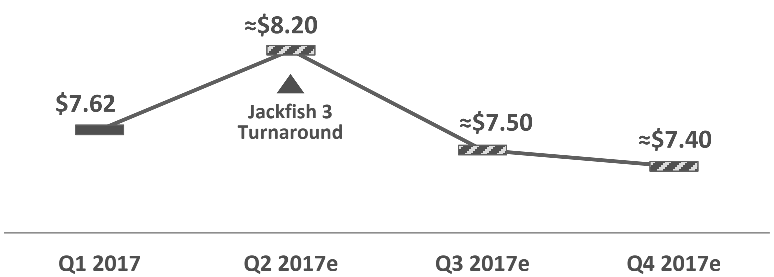


- Looking ahead, the operational momentum created by accelerated drilling activity in the STACK and Delaware Basin is expected to ***advance light-oil production in the U.S. by ≈20% in 2018 compared to 2017.***
- In Q2, Devon expects oil volumes to range between 230,000 and 240,000 barrels per day. This forecast is driven by a planned turnaround at the company's Jackfish 3 facility as well as timing of completions in the U.S.
- The completion timing in Q2 is driven by the Eagle Ford. Due to efficiency gains, Devon tied in more wells than planned in Q1. ***Overall, capital and production plans are on track for both 1H 2017 and the full year.***

Low Cost Structure to Further Improve in 2H 2017

- Devon maintained its low cost structure in Q1 with LOE totaling $386 million or $7.62 per Boe. Importantly, per-unit ***LOE is expected to further improve by 2H 2017*** due to higher production and relatively flat costs.

LOE
($/BOE)



- G&A costs were $181 million in Q1. Excluding EnLink, Devon's overhead expense for the quarter was $145 million. G&A included non-cash employee stock compensation of $27 million in Q1.
- Additionally, due to $2.5 billion of debt repayments over the past year, interest declined by 22% year over year and Devon ***expects its recurring, go-forward financing costs to decline by roughly $120 million annually.***

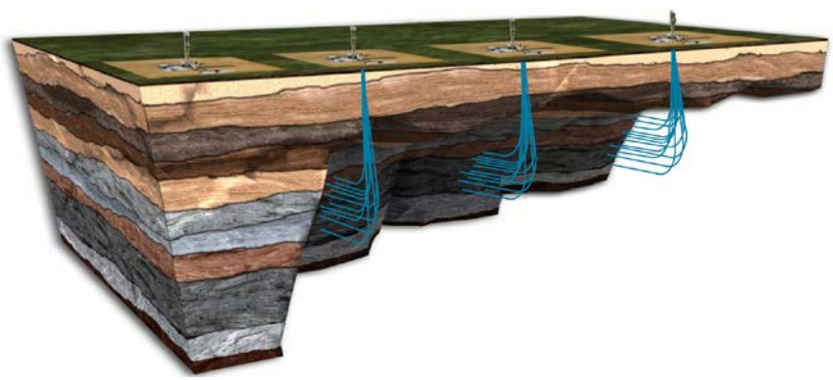
RESULTS OVERVIEW & OUTLOOK

Innovative Development Plan to Deliver Differentiated Results

- As the company's STACK and Delaware Basin assets advance towards full-field development, an increasing amount of go-forward capital activity in the U.S. will be deployed toward larger, multi-zone developments.

- The majority of Devon's initial multi-zone development work will have 10-15 wells per drilling unit compared to traditional pad drilling of 2-4 wells per pad.

Multi-Zone Development – Full Section



- This innovative development plan is expected to have ***advantages that will drive higher returns*** compared to traditional pad development work, including:
  1. Improving rig and frac crew mobilization times.
  2. Leveraging surface facilities across multiple drilling units.
  3. Reducing LOE (improved power and water infrastructure).
  4. Increasing per-section recovery potential with improved planning.
  5. Maximizing NPV with flexibility to add or defer development zones.
  6. More efficient permitting and less surface disturbance.

- Additionally, Devon is planning concentrated D&C activity across larger multi-zone projects to ***maintain similar cycle times to traditional pad drilling.***

Supply Chain Optimization and Efficiency Gains Offsetting Industry Inflation

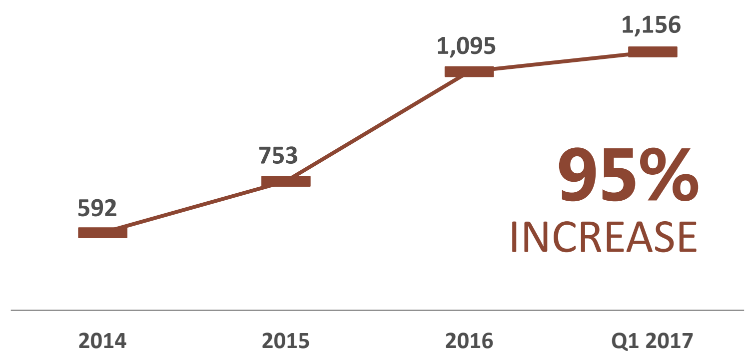
- Another key objective for Devon in 2017 is to proactively secure equipment, crews, materials and takeaway capacity at competitive prices to ***ensure the resources and capabilities to execute on growth plans.***

- Furthermore, the company expects to obtain cost savings by decoupling historically bundled services and is utilizing a more diversified vendor universe to achieve the best value for LOE and capital dollars.

- These decoupling efforts resulted in ***10% completion savings at the Woodford Hobson Row in Q1.*** Additionally, Devon has locked in below market rates for rigs and sand across its U.S. resource plays in 2017 .

- Devon also achieved efficiency gains across its U.S. development plays. A key example was in the Delaware Basin, where rig productivity reached nearly 1,200 feet drilled per day in Q1 (chart below).

Delaware Basin Drilling Efficiency
(Feet Per Day)



- As a result of these supply chain initiatives and operational efficiencies, Devon has ***completely offset inflationary pressures in Q1.***

- Additionally, the company's upstream capital expenditures were $443 million in the quarter, ***7% below the midpoint*** of guidance.

Devon Announces $1 Billion Non-Core Divestiture Plan

- In a separate news release today, Devon announced its ***intent to divest ≈$1 billion of upstream assets*** across its portfolio.

- The non-core assets identified for monetization includes select leasehold within the Barnett Shale focused primarily in Johnson County and other properties located principally within the company's U.S. resource base.

TARGETED DIVESTITURES

$1.0

BILLION

- Devon expects to commence the divestiture program in Q2, with the expectation to ***complete this non-core asset sale process over the next 12 to 18 months***.

- The company plans to deploy divestiture proceeds toward its U.S. resource plays and further strengthen its investment-grade financial position.

Growing U.S. Resource Base Provides Opportunity for Additional Asset Sales

- Given the depth of Devon's resource base in North America's best basins, the company possesses highly-visible and sustainable growth opportunities within its portfolio.

- This growth inventory is concentrated in the STACK and Delaware Basin, where Devon has ***exposure to >1 million net acres more than 30,000 potential drilling locations,*** of which roughly a third have been successfully de-risked.

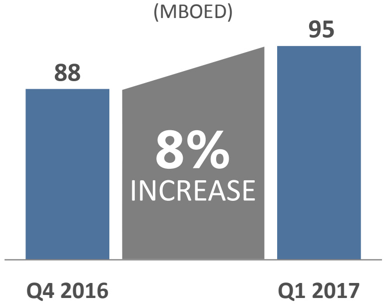
- Due to ongoing STACK appraisal work and further testing of the Leonard and Wolfcamp zones in the Delaware in 2017, the company's risked resource base in the U.S. has the potential to further expand.

- With successful delineation work and further resource expansion in the future, ***the company will continue to evaluate strategic options for additional non-core asset sales***.

STACK

- Net production averaged 95,000 Boe per day in the first quarter, an 8% increase compared to Q4 2016.
- Driven by a 38% increase in oil production year over year, higher-value liquids production increased to 50% of total volumes.

STACK Production
(MBOED)



Q1 OIL PRODUCTION
(VS. Q1 2016)

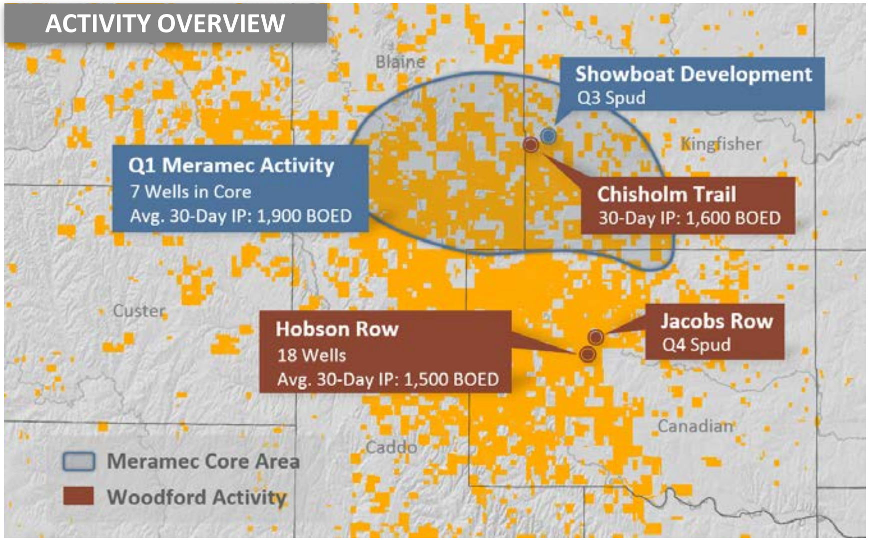
38% ▲
INCREASE

- This growth was driven by >25 new operated wells brought online in Q1 across the Meramec and Woodford formations. Initial 30-day rates from these ***high-rate wells averaged 1,600 Boe per day***.
- In addition to the strong drilling results, the company effectively controlled operating costs in Q1 2017. LOE improved to $4.79 per Boe, a reduction of 23% from peak rates in 2015.
- The improved cost structure and growth in oil production expanded cash margin in the STACK play to more than $18 per Boe in the first quarter, an increase of 147% compared to the year-ago quarter.

STACK Q1 STATS

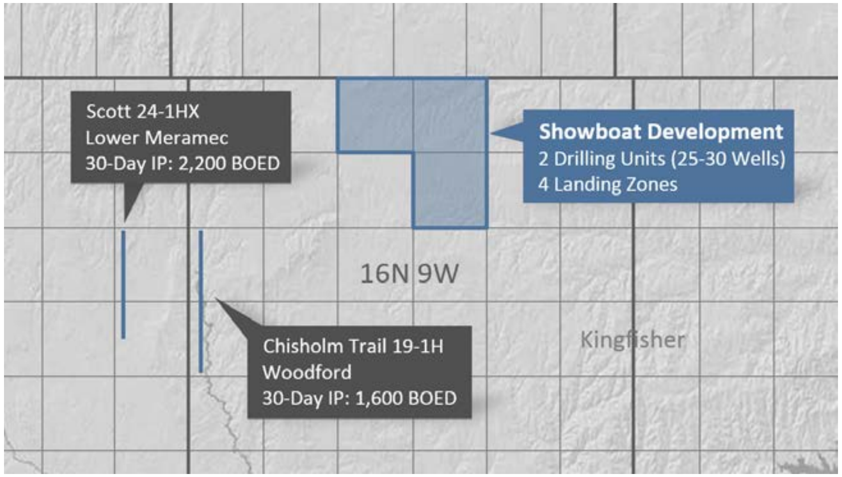
	Q1 2017	Q1 2016
Production:		
Oil (MBOD)	21	15
NGL (MBLD)	26	30
Gas (MMCFD)	287	306
MBOED	95	96
E&P Capital (in millions):	$153	
Operated Rigs (at 3/31/17):	7	

ACTIVITY OVERVIEW



Q1 Activity in Over-Pressured Oil Window Confirms Additional Landing Zones

- With the increase in rig activity, Devon's DUC backlog in the STACK reached ≈40 wells at 3/31/17. Due to timing of new well tie-ins, only 7 Meramec wells in the core of the play achieved 30-day rates in Q1, ***averaging 1,900 Boe per day***.
- A key operated well brought online in Q1 was the Scott 24-1HX in Blaine County, ***targeting a lower Meramec interval*** in the over-pressured oil window (map below).
- The Scott 24-1HX (7,200' lateral) achieved a 30-day rate of 2,200 Boe per day (60% oil), ***confirming the commerciality of a third Meramec landing zone in the core of the play.***

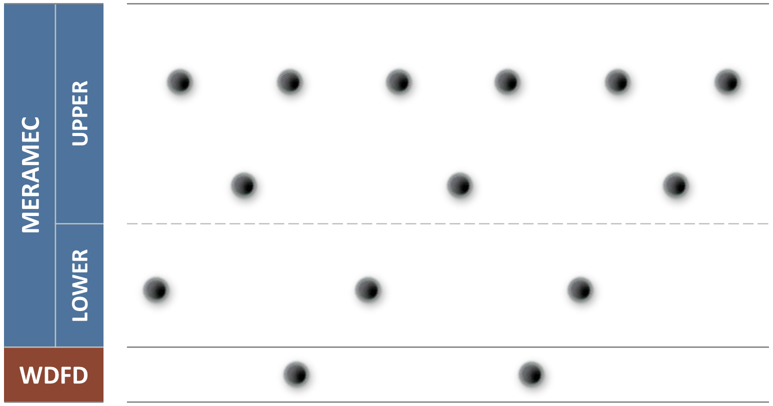


- In the drilling unit adjacent to the Scott well, Devon also brought online an important Woodford appraisal test. The Chisholm Trail 19-1H attained a 30-day rate of 1,600 Boe per day (56% oil).
- The positive results from the Chisholm Trail well further support the concept of co-developing the Woodford formation with multiple Meramec intervals, ***advancing the potential for a fourth landing zone in the core of the play***.

Multi-Zone Showboat Development to Spud in Q3

- Devon is scheduled to begin drilling ***its first multi-zone STACK development, the Showboat project,*** in the third quarter of 2017.
- The Showboat project will consist of 25 to 30 wells across two drilling units in Kingfisher County within the core of the over-pressured oil window.
- With this initial development project, the company is planning to co-develop the Meramec and Woodford across 4 landing zones (illustration below).

Showboat Development
(First multi-zone STACK development)



- To minimize cycle time, the company expects to deploy up to 6 operated rigs at the Showboat development with initial production rates expected in the first half of 2018.

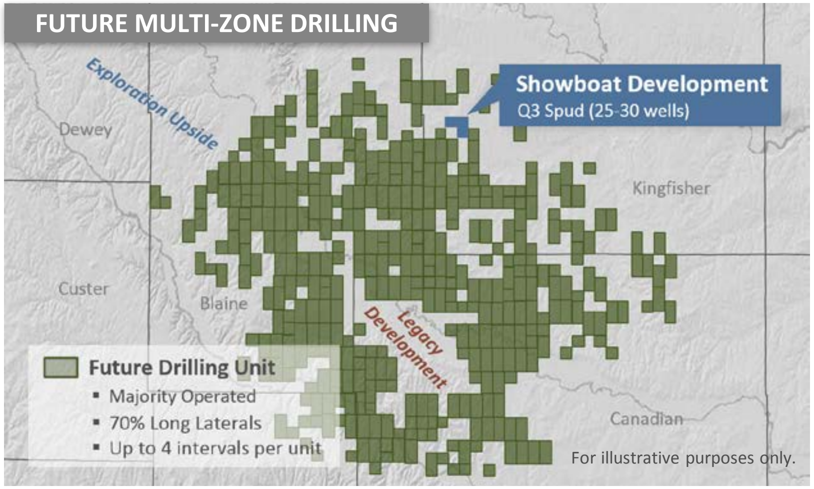
Beyond Showboat: 400 Future Development Units Identified

- While the Showboat project is Devon's first multi-zone development in the STACK, the company has ***identified ≈400 drilling units with multi-zone potential*** across the core of the play (map next page).

Beyond Showboat: 400 Development Units Identified (continued)

- With future development plans, the company expects to co-develop as many as 4 different intervals in a given section, with potential for spacing density to reach >20 wells per drilling unit.

- Approximately 70% of these drilling units are expected to be developed with extended-reach laterals.



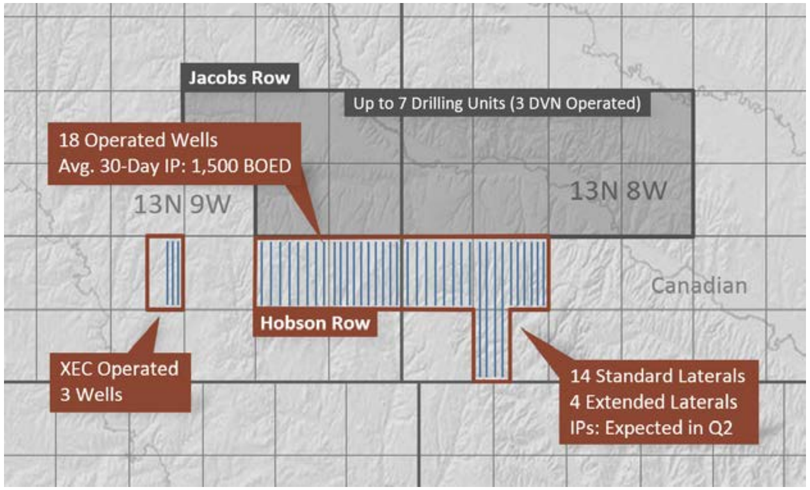
Woodford Shale: Hobson Row Delivers Outstanding Results

- Activity for the quarter was highlighted by Devon's Hobson Row project in Canadian County within the eastern core of the Woodford play, where 90% of the 39 wells have been completed (map right).

- In Q1, 18 of these wells achieved 30-day rates, averaging 1,500 Boe per day (25% oil). Per-well recoveries in the Hobson Row are currently trending above Devon's EUR type curve of 1.6 million Boe per well.

- The 4 wells testing 10,000' laterals are expected to begin flowing back in the second quarter.

- Overall, peak rates from the Hobson Row are on track to reach gross production (55% WI) of >40,000 Boe per day.



Extended-Reach Laterals to Boost Woodford Economics

- The next Woodford project for Devon and its partner is the Jacobs Row, which resides directly to the north of the Hobson Row in Canadian County (map above).

- The Jacobs Row will be the ***first Woodford development to leverage 10,000' laterals***, significantly improving returns and capital efficiency.

- Devon has 3 operated drilling units within Jacobs and plans to develop up to 4 non-operated drilling units with its partner (up to 70 potential wells).

- Initial drilling operations are expected to commence in Q4 2017, with the potential for peak activity of more than 10 gross rigs by early 2018.

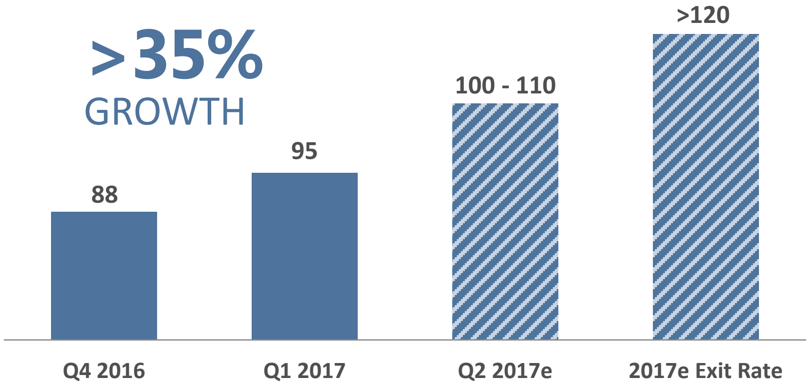
- First production for the Jacobs Row is expected by Q4 2018 and the ***gross recoverable resource is estimated at >150 million Boe.***

STACK

Outlook: Rig Acceleration & Growth Targets on Track

- Devon exited the first quarter with 7 rigs and plans to run as many as 10 operated rigs by year-end. The company expects to invest $750 million of capital in the STACK during 2017.
- With this planned activity, Devon remains on track to deliver on its previously announced STACK production guidance of >120,000 Boe per day by the end of 2017, a growth rate of more than 35% compared to Q4 2016 (chart below).
- STACK production is expected to accelerate to 100,000 to 110,000 Boe per day in Q2 due to the full impact of peak rates from the Woodford Hobson Row and Meramec completion activity.

STACK Production Forecast
(MBOED)

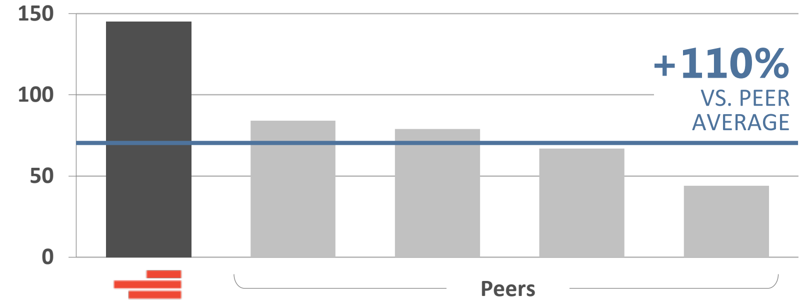


- With the operational momentum created by the company's accelerated drilling program in the STACK in 2017, ***Devon expects even higher production growth rates in 2018.***
- Looking beyond 2018, Devon's STACK asset has the ***depth of inventory to deliver multi-decade growth***. The company has the premier position in the industry with >600,000 net acres by formation and has identified 5,400 risked locations.

Benchmarking: Devon Well Productivity 110% Higher Than Leading Peers

- Importantly, Devon's industry-leading STACK position has consistently generated both best-in-class economics and leading well productivity results across this world-class play.
- Over the past year, Devon's initial 90-day rates from STACK wells have been ***110% higher than leading competitors in the play*** (chart below).

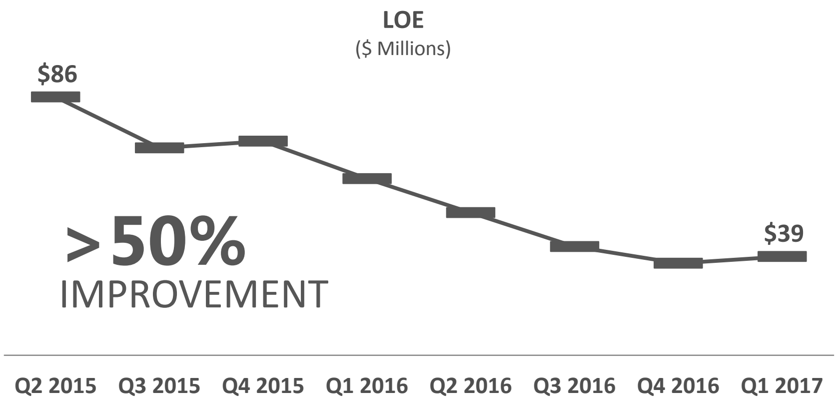
STACK Average 90-Day IP's Per 1,000' Lateral
(BOED, 20:1)



Note: 2016 state data. Peers include CLR, MRO, NFX and XEC.

DELAWARE BASIN

- Net production averaged 54,000 Boe per day in the first quarter (73% liquids).
- Devon maintained its low cost structure in the Delaware Basin during Q1 with LOE totaling $39 million or $7.97 per Boe. This represents an ***improvement of >50% from peak costs in early 2015*** (chart below).



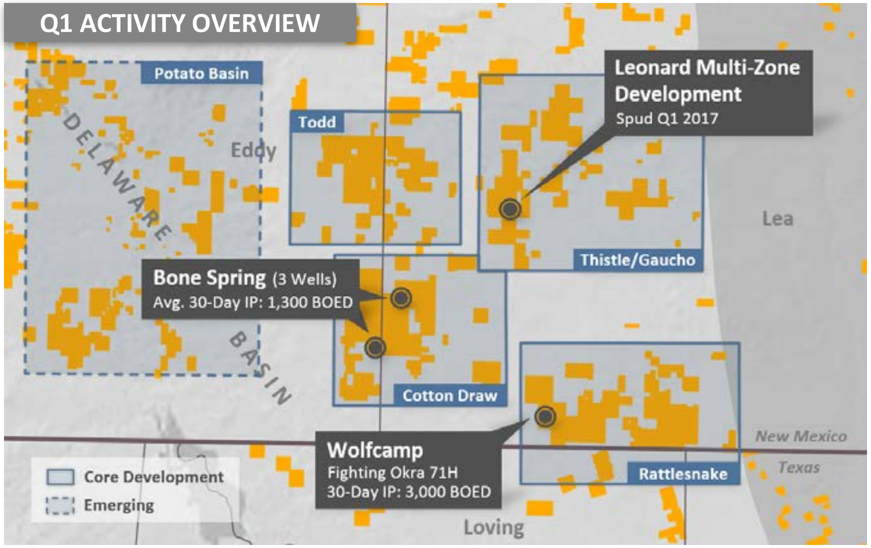
Record-Setting Wolfcamp Well Highlights Q1 Activity

- Activity in the Delaware Basin was highlighted by a company record Wolfcamp well in the Rattlesnake area within Lea County, New Mexico (map right).
- The Fighting Okra 71H was a 9,000' lateral landed in the upper Wolfcamp "A" interval, ***achieving a 30-day production rate of 3,000 Boe per day*** (80% oil).
- The Fighting Okra well was brought online with an 8/64-inch choke and gradually increased to a 35/64-inch to evaluate and optimize reservoir performance.

DELAWARE BASIN Q1 STATS

	Q1 2017	Q1 2016
Production:		
Oil (MBOD)	30	38
NGL (MBLD)	10	12
Gas (MMCFD)	88	84
MBOED	54	63
E&P Capital (in millions):	$87	
Operated Rigs (at 3/31/17):	4	

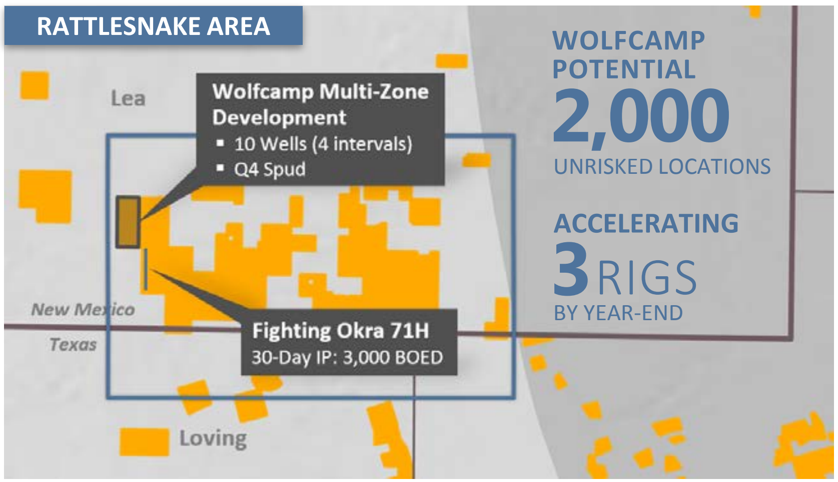
Q1 ACTIVITY OVERVIEW



DELAWARE BASIN

Rattlesnake Area Possesses Massive Wolfcamp Potential

- In the Rattlesnake area in Lea and Loving counties, ***Devon has 2,000 potential locations across 5 different Wolfcamp landing zones.***
- Adding up acreage at Rattlesnake by target interval (including Delaware Sands, Leonard Shale and Bone Spring opportunities), ***Devon has exposure to >120,000 net effective acres*** in this prolific area (≈1 BBOE of unrisked resource potential).



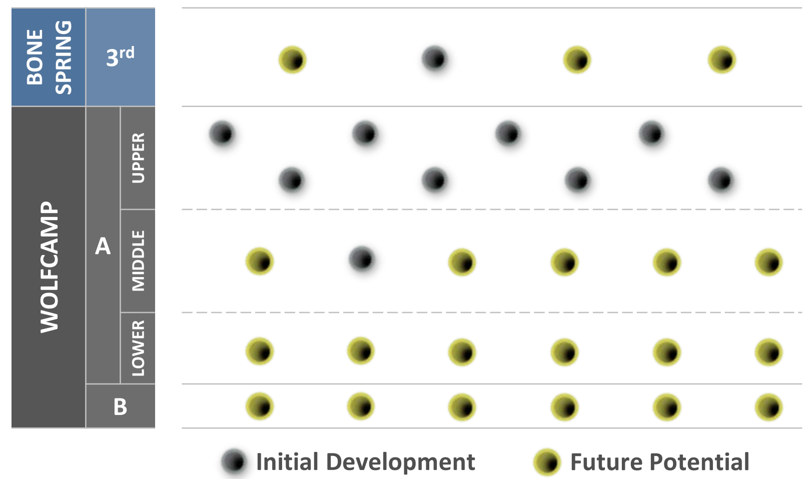
- Of the ≈20 remaining Wolfcamp wells expected to spud in 2017, roughly half will reside in the Rattlesnake area. The average lateral for this Wolfcamp program in 2017 is 8,000 feet, with recoveries projected to be >1 million Boe per well.

Wolfcamp Success Advances Multi-Zone Development Pilot

- With the success of the Fighting Okra well and industry results in the area, Devon is advancing its initial multi-zone Wolfcamp development at Rattlesnake, which is expected to spud by late 2017 (map above).
- With this Wolfcamp development, the company plans to drill a 10-well pattern across 4 intervals, ***testing up to 18 wells per section*** (graphic above right).

- To further ***accelerate activity at the Rattlesnake area*** and across the basin, the company has now submitted 4 master development plan (MDP) to regulatory agencies designed to accommodate up to 600 permits.
- Devon received approval for its 1st MDP in April (160 wells) at Cotton Draw.

Initial Wolfcamp Multi-Zone Development
(10-well pattern across 4 landing zones)



Bone Spring Well Productivity Outperforms by 30%

- Other noteworthy activity in Q1 included three Bone Spring wells brought online in the Cotton Draw area (5,000' laterals), which averaged 30-day rates of 1,300 Boe per day (70% oil) at a cost of $5.5 million per well.
- These 3 wells exceeded IP type curve expectations by 30%. After taxes and overhead, returns are expected to be approximately 40%.
- Future Bone Spring well productivity and capital efficiency are expected to improve throughout 2017. For the remaining ≈40 wells spud in 2017 the average ***lateral length is increasing 60% compared to legacy wells.***

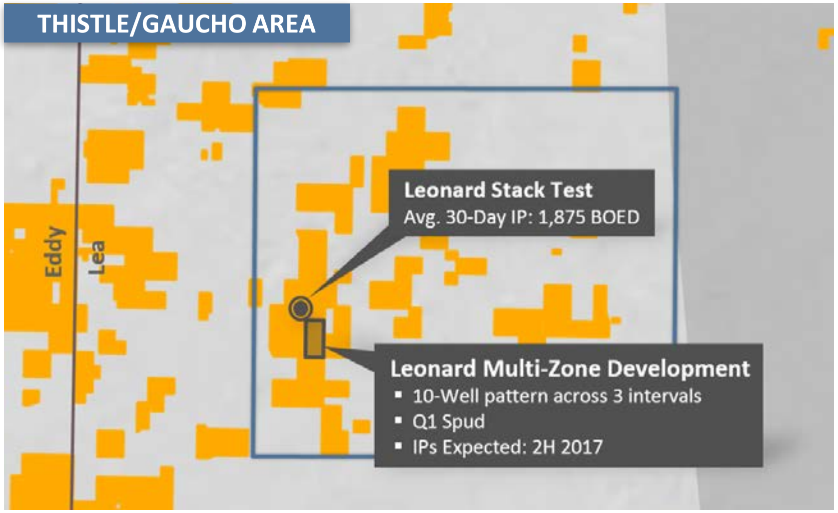
DELAWARE BASIN

Bone Spring Well Productivity Outperforms by 30% (continued)

- Overall, Devon has a tremendous depth of resource with ***up to 6 different landing zones*** across the 1st, 2nd and 3rd Bone Spring formations with 3,500 risked locations.

Initial Multi-Zone Leonard Development Spud in Q1

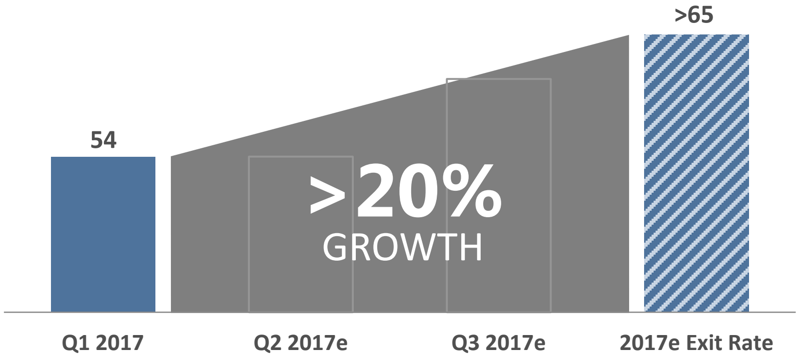
- The company ***commenced drilling at its initial multi-zone development*** in the Thistle Area during the first quarter (map below).
- The 10-well pattern (7,000' laterals) across 3 Leonard intervals will ***test up to 19 wells per section.***
- The 3-rig drilling program concluded in April with rig productivity reaching a record average of >1,200 feet drilled per day. Completion activity is scheduled to occur around mid-year with first production rates expected in 2H 2017.
- Devon plans to spud its next multi-zone development in the Thistle area in early 2018, with ≈20 wells across 4 landing zones.



2017 Outlook: Rig Acceleration and Growth Targets on Track

- Overall, the company remains on track to deliver on its previously announced production guidance of >65,000 Boe per day by Q4 2017, ***a growth rate of more than 20% over the next 3 quarters*** (chart below).

Delaware Basin Production Forecast
(MBOED)

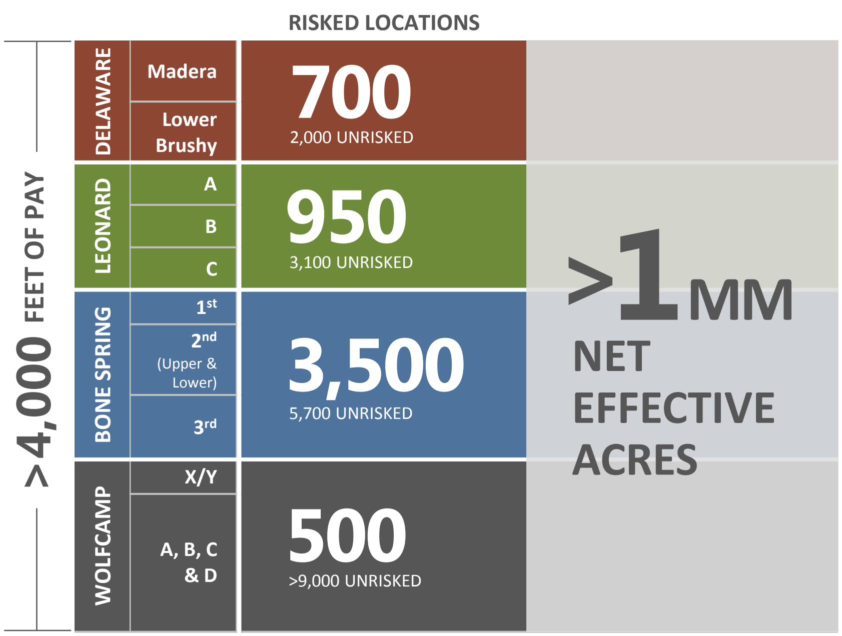


- Devon is currently running 6 operated rigs in the Delaware Basin with activity ***focused on development drilling in the basin of SE NM across its core operating areas***.
- The company expects to increase drilling activity throughout 2017 and ***run as many as 10 operated rigs*** by the end of the year in the basin.
- This rig acceleration plan puts Devon on pace to spud around 100 wells in the Delaware Basin during 2017. This development-focused activity is concentrated in the economic heart of the basin around the state line area.
- With this development-focused capital plan, ***the company expects its 2017 program to deliver the highest rates of returns and most consistent well results to date in this basin.***

DELAWARE BASIN

A World-Class Growth Platform

- Devon has a top-tier position in the Delaware Basin with >5,800 risked locations, with the majority of this inventory in the basin of SE New Mexico.
- With >4,000 feet of vertical pay in the best portions of the basin, the company ***possesses massive resource upside*** in this world-class opportunity where Devon has identified up to 15 different producible intervals.
- Adding up this prospective leasehold by target interval, Devon ***has more than 1 million net effective acres in the Delaware Basin***.

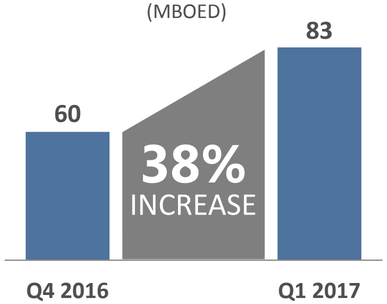


- Converting the massive and growing opportunity in the Delaware Basin into production and cash flow is a top priority for Devon.
- With future capital programs, the company is evaluating plans to further accelerate rig activity to as many as 20 operated rigs, with the potential to triple capital spending in the Delaware Basin from current levels.

EAGLE FORD

- Net production averaged 83,000 Boe per day in the first quarter. The 38% increase in production compared to Q4 2016 was driven by accelerated completion activity (chart below).

Eagle Ford Production
(MBOED)



Q1 CASH FLOW

$226
MILLION

EAGLE FORD Q1 STATS

	Q1 2017	Q1 2016
Production:		
Oil (MBOD)	48	59
NGL (MBLD)	15	24
Gas (MMCFD)	119	144
MBOED	83	107
E&P Capital (in millions):	$28	
Operated Rigs (at 3/31/17):	2 (including partner rig)	

- LOE costs in the Eagle Ford declined by 10% from the Q4 2016 to $4.87 per Boe. The lower cost structure combined with growth in production expanded ***operating cash flow in the Eagle Ford to $226 million in Q1.***

DeWitt County Continues to Deliver Industry-Leading Results

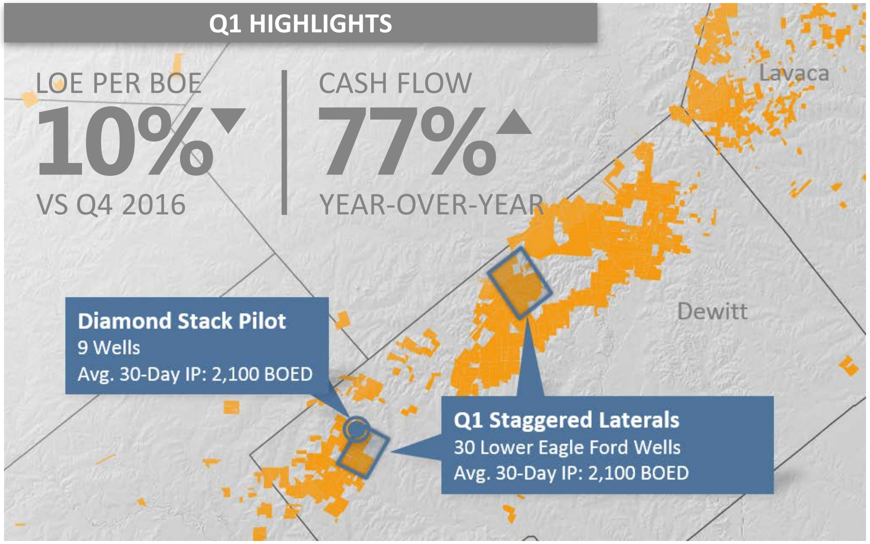
- Devon added 39 Eagle Ford wells to production in the quarter, with initial 30-day rates averaging 2,100 Boe per day (63% oil). These outstanding wells were in DeWitt County, which has consistently delivered best-in-class results.
- Over the past year, Devon's new well activity in DeWitt County has ***delivered industry-leading 90-day production rates, exceeding the Eagle Ford peer average by 50%.***[1]

(1) Utilized an oil-to-natural gas ratio of 20-to-1 per 1,000' of lateral (state data).

Q1 HIGHLIGHTS

LOE PER BOE
10% ▼
VS Q4 2016

CASH FLOW
77% ▲
YEAR-OVER-YEAR

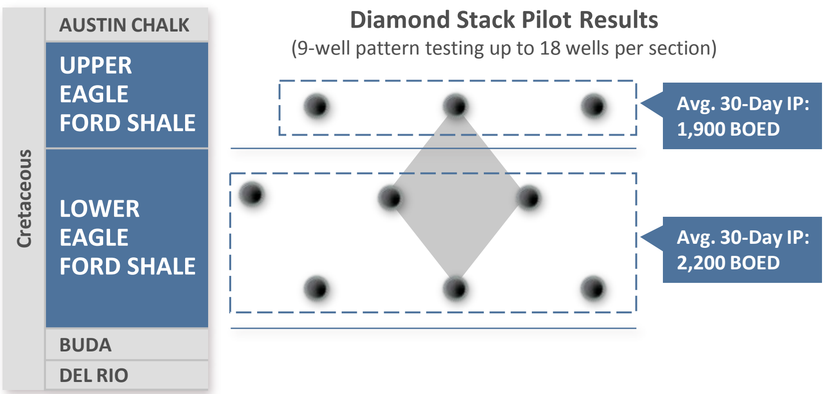


EAGLE FORD

"Diamond Stack" Test Delivers High-Rate Wells

- Of the 39 wells brought online during the first quarter, 9 wells were associated with Devon's ***"diamond stack" pilot,*** testing the co-development of the Lower and Upper Eagle Ford intervals across 3 different landing zones.

- Production from this 9-well multi-zone pilot averaged ***initial 30-day production rates of 2,100 Boe per day.***



- Importantly, the 3 Upper Eagle Ford wells in this test averaged 30-day rates of 1,900 Boe per day (graphic above), ***confirming the Upper Eagle Ford as another commercially viable landing zone***.

- The company and its partner expect to leverage this multi-zone development scheme with future drilling activity, increasing recoveries per section.

Productivity and Efficiency Gains Enhance Well Results

- Drilling efficiencies in the Eagle Ford have continued to steadily increase. Since mid-2014 ***drilling times have improved by >90%***, with the Steen A 7H well achieving a record spud-to-rig release time of only 8 days.

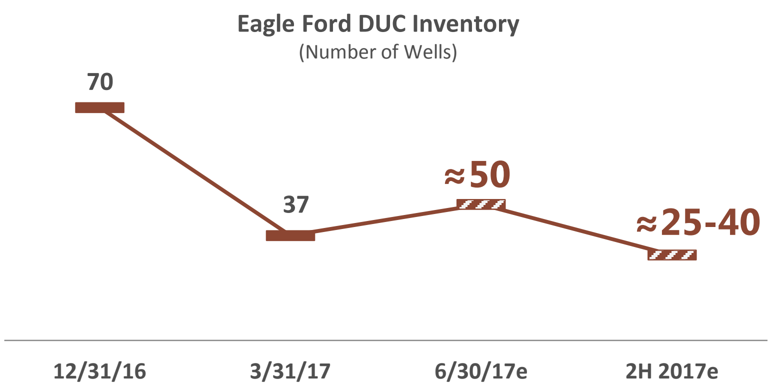
- The company and its partner have also seen frac stages per day increase 60% since early 2015 to nearly 6 stages per day in Q1 2017.

- Additionally, future drilling results are expected to benefit from a new completion design that will utilize up to 15 million pounds of proppant across 30 stages, with perf clusters spaced at 25 feet.

Higher Activity Levels to Stabilize Production

- ***With the addition of a rig in March***, Devon and its partner exited Q1 with 2 rig lines. Due to timing of completions, the partnership expects to have minimal new wells brought online in Q2.

- As a result, Devon's DUC count is expected to increase to around 50 wells in Q2, but the company expects to work down this inventory to as low as 25 wells during 2H 2017 (chart below).



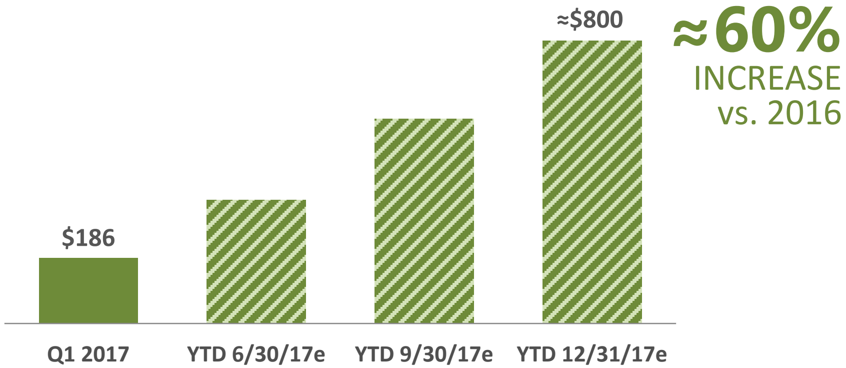
- The near-term impact of minimal new well activity coupled with minor infrastructure downtime is expected to limit Eagle Ford production in Q2 to around 60,000 to 65,000 Boe per day.

- Looking toward the second half of 2017, the partnership is evaluating running as many as 3 rigs and a completion crew. ***This level of activity is projected to stabilize production in 2H 2017 and 2018.***

HEAVY OIL

- Net oil production in Canada ***averaged 138,000 barrels per day,*** and the company maintained relatively flat LOE costs of $134 million in Q1.
- Based on strong first quarter results, operating cash flow in Canada has the potential to ***approach $800 million in 2017, an increase of ≈60% year over year*** (chart below).

2017e Heavy Oil Cumulative Cash Flow
($ Millions)



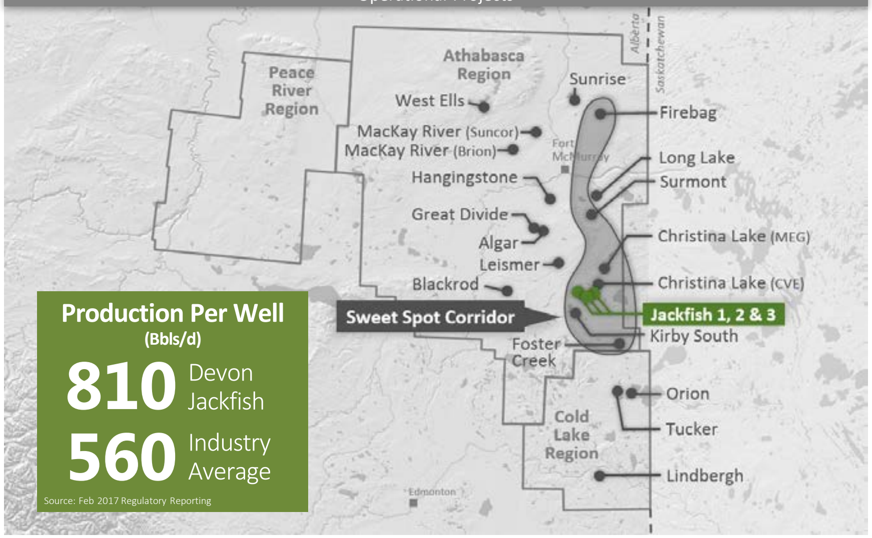
Jackfish Complex Drives Record-Setting Q1 Performance

- Q1 results were driven by record production from the Jackfish SAGD complex, which resides in the best portion of the Alberta oil sands (map right).
- Gross production from the Jackfish complex averaged 125,100 barrels per day, a ***23% increase compared to Q1 2016***. This record result exceeded nameplate capacity at the complex by nearly 20%.

HEAVY OIL Q1 STATS

	Q1 2017	Q1 2016
Production:		
Oil & Bitumen (MBOD)	138	126
Gas (MMCFD)	23	15
MBOED	141	129
E&P Capital (in millions):	$74	
Operated Rigs (at 3/31/17):	1	

THERMAL HEAVY OIL PROJECTS
Operational Projects



Jackfish Complex Drives Q1 Performance (continued)

- Strong execution coupled with excellent reservoir quality makes the Jackfish complex a top-tier project, with ***productivity per well averaging 45% above the industry average*** (see graphic page 16).

Jackfish Capital Program Delivering Top-Tier Returns

- The ***capital requirements to sustain the Jackfish complex production is minimal*** at only $5 per barrel, or ≈$200 million on an annual basis.

- The company's capital program in 2017 is focused on developing several new well pads at its Jackfish facilities that will begin contributing production in 2018.

- Rates of return associated with this maintenance capital at Jackfish are excellent. After taxes and overhead, ***average returns for new well pads are expected approach 50%*** (table below).

Thermal Heavy Oil New Well Pad

Wells Per Pad	7 - 10 Well Pairs
EUR MMBO	Up to 2.0 Per Well Pair
Capital $MM	$5 - $6 Per Well Pair

NEW WELL PAD ECONOMICS

50%

RATE OF RETURN

Jackfish 1: Cumulative Cash Flow Reaches $2.3 Billion

- Gross production at Jackfish 1 exceeded nameplate capacity in Q1, averaging 35,300 barrels per day (net 31,500 barrels per day).

- This production result represents a 20% year-over-year growth rate, driven by the ramp-up of a new well pad. Since first production in late 2007, this top-tier project has ***generated $2.3 billion of cumulative operating cash flow***.

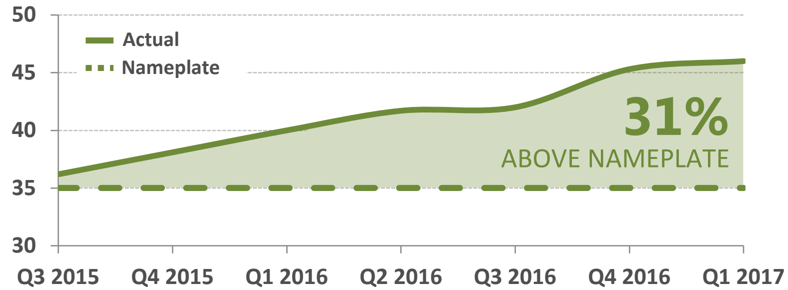
Jackfish 2: Production Advances Nearly 36%

- Gross production at Jackfish 2 averaged 43,800 barrels per day (net 42,700 barrels per day). This represents a ***36% increase in production year over year*** due to the successful ramp-up of two new well pads.

Jackfish 3: Production Reaches 46,000 Barrels Per Day

- Gross production at Jackfish 3 averaged 46,000 barrels per day (net 44,800 barrels per day). Production has now ***averaged above facility design for 7 consecutive quarters*** (chart below).

Jackfish 3 Gross Production
(MBOD)



- This impressive result was driven by excellent well performance and facility uptime of nearly 100%. These factors make Jackfish 3 one of the most efficient projects in the industry with a current steam-oil ratio of 2.0.

Q2 Production Outlook: Jackfish 3 Turnaround Scheduled for June

- In June, the company will bring its Jackfish 3 facility down for a scheduled 21-day maintenance period that is expected to curtail heavy-oil production by approximately 15,000 barrels per day in Q2.

- As a result, Devon expects net oil production from its heavy-oil operations to range between 120,000 and 125,000 barrels per day in the second quarter. ***The full-year production outlook remains unchanged.***

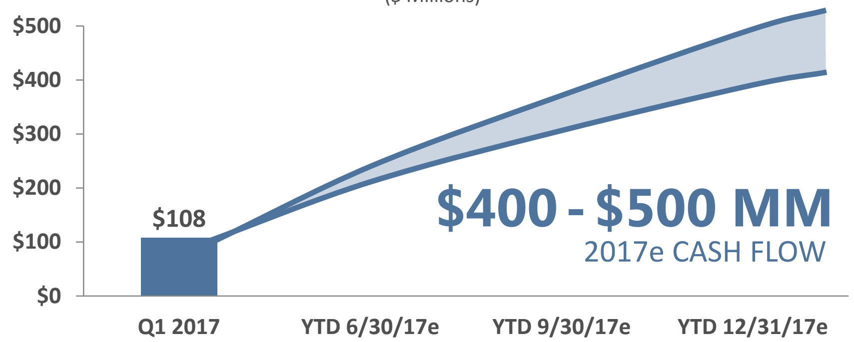
BARNETT SHALE

- Net production averaged 158,000 Boe per day in the first quarter, with liquids accounting for 28% of production.
- Devon delivered a solid operating cost performance in Q1 by limiting LOE in the Barnett to $97 million. This represents a ***15% improvement*** compared to peak rates.

Cash-Flow Generation Accelerates

- With the benefits of improved pricing and lower costs, the Barnett ***generated $108 million of cash flow*** in Q1. Capital requirements to deliver this cash-flow stream were minimal at only $5 million for the quarter.

2017e Barnett Cumulative Cash Flow
($ Millions)



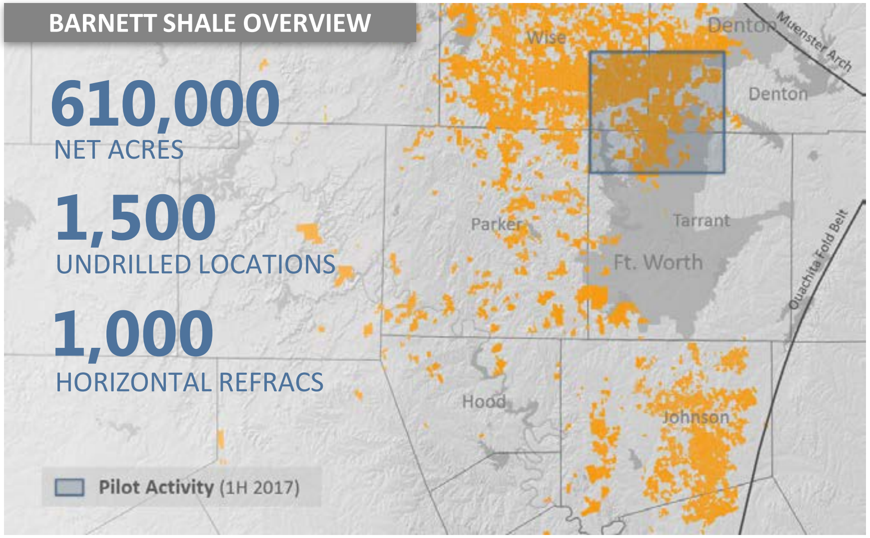
(1) Assumes realized price range of $2.50 to $3.00 for 2017.

- Based on strong Q1 results, ***cash flow in the Barnett has the potential to range from $400 million to $500 million*** for the full-year (chart above).

BARNETT SHALE Q1 STATS

	Q1 2017	Q1 2016
Production:		
Oil (MBOD)	1	1
NGL (MBLD)	43	46
Gas (MMCFD)	683	768
MBOED	158	175
E&P Capital (in millions):	$5	
Operated Rigs (at 3/31/17):	0	

BARNETT SHALE OVERVIEW



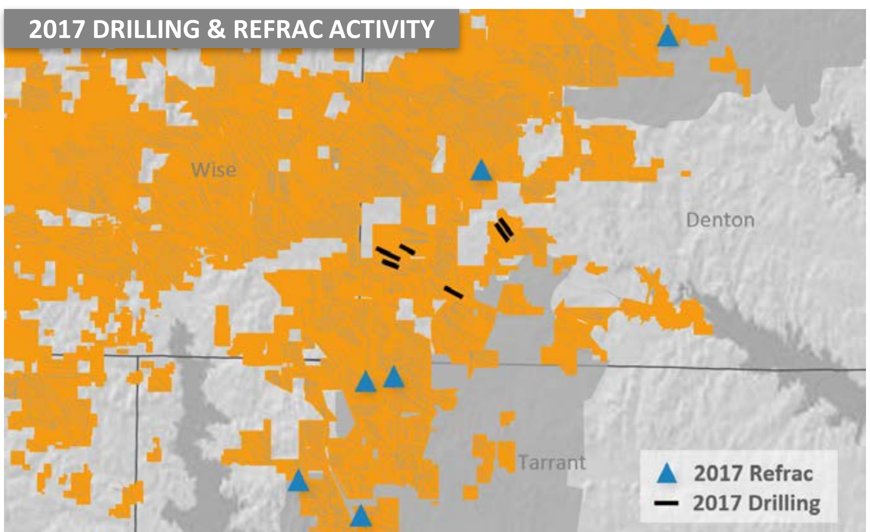
BARNETT SHALE

Horizontal Refrac Test Results Expected in Q2

- Devon has identified a risked inventory of ≈1,000 high-quality horizontal refrac opportunities across its Barnett leasehold that can generate attractive returns with today's market conditions.
- To further bolster project economics, Devon is testing a new horizontal refrac design on a 6-well pilot. With success, this design change has the potential to ***reduce horizontal refrac costs by as much as 25% per well.***
- ***Production rates from this 6-well pilot program are expected in Q2 2017*** (map below). Overall, the capital investment associated with this program is expected to be less than $5 million.

Drilling Pilot to Commence by Mid-Year

- The company is also ***initiating a new rig-line drilling pilot of 6 wells*** in the Barnett to leverage improved drilling and completion technology in this legacy field (map below).



- This new rig-line will commence drilling operations around mid-year within Denton County, which resides in the core of the liquids-rich window.
- Overall, Devon has identified 1,500 undrilled locations in the Barnett Shale.

Strategic Evaluation Underway for Non-Core Barnett Leasehold

- Devon has 610,000 net acres in the Barnett Shale play, with the majority of its risked inventory (2,500 risked locations) residing across Denton, Wise and Tarrant County.
- In an effort to begin narrowing the company's operational focus in the U.S., ***Devon is in the process of evaluating strategic options for select non-core leasehold within the Barnett Shale*** focused primarily around Johnson County.
- For additional commentary on this topic, please refer to page 5 of this report.

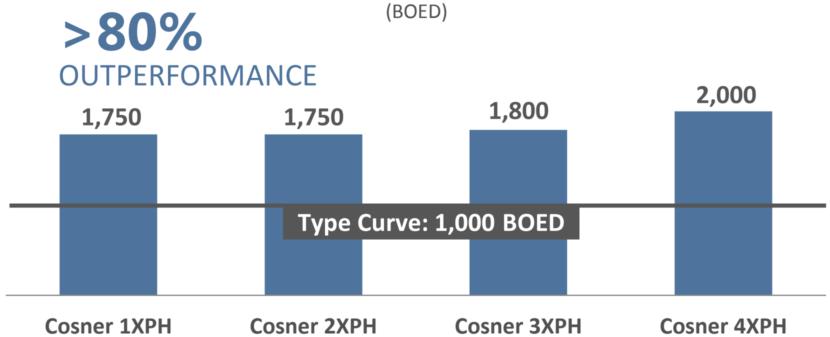
ROCKIES OIL

- Net production was 17,000 Boe per day in the first quarter. Oil production in the Rockies increased to 79% of total volumes or roughly 90% of revenue in Q1.
- Devon maintained its improved cost structure during Q1. LOE costs in the quarter declined to $20 million, ***an improvement of 37% year over year.***

Prolific Parkman Wells Highlight Q1 Activity

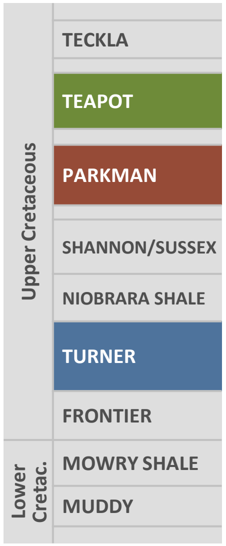
- First-quarter activity was highlighted by 4 outstanding Parkman development wells brought online in the northern portion of the Powder River Basin oil fairway in Campbell County, Wyoming (map right).
- Initial 30-day rates from these 4 Parkman wells (8,000' laterals) averaged >1,800 Boe per day, of which 93% was light oil (chart below).

30-Day IPs – Q1 Parkman Wells
(BOED)

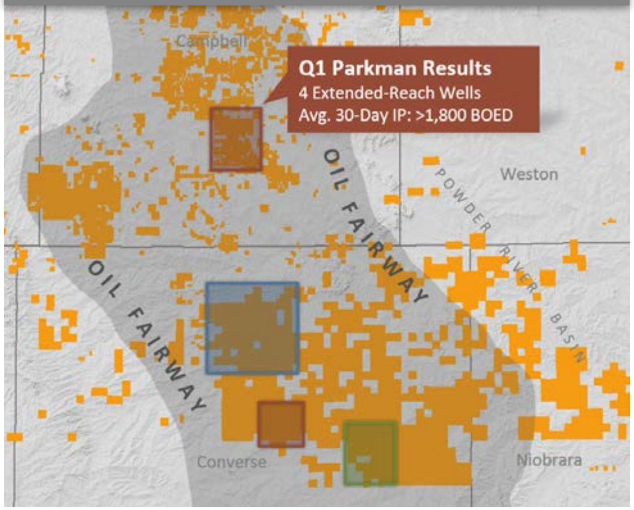


- On average, flow rates from these wells ***exceeded the company's type curve by >80%.*** These are some of the most productive Parkman wells to date in the play.

ROCKIES OIL Q1 STATS	Q1 2017	Q1 2016
Production:		
Oil (MBOD)	13	17
NGL (MBLD)	1	1
Gas (MMCFD)	15	32
MBOED	17	23
E&P Capital (in millions):	$33	
Operated Rigs (at 3/31/17):	1	



POWDER RIVER FOCUS AREAS

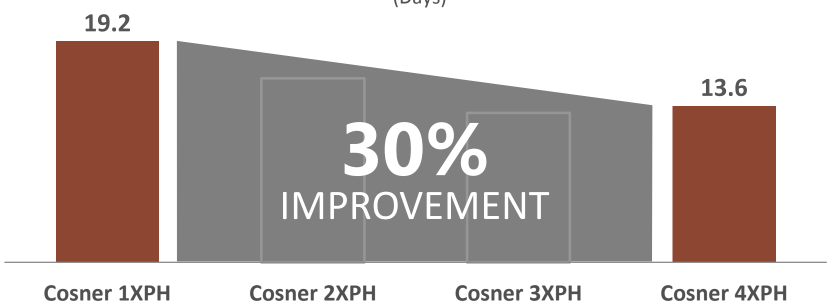


ROCKIES OIL

Prolific Parkman Wells Highlight Q1 Activity (continued)

- Also adding to the returns of these Parkman wells was improved rig productivity. ***Drilling times improved by 30% over the course of the 4-well program***, where a record of 1,200 feet drilled per day was achieved by the Cosner 3XPH well.

Spud to Rig Release – Q1 Parkman Wells
(Days)



- The strong production rates from these Parkman wells, combined with D&C costs of just over $5 million per well, are ***delivering returns that rival that of the STACK and Delaware Basin***.

Lease Sale Valuations Reach $16,500 Per Acre

- The Powder River Basin is one of the ***best emerging resource opportunities*** in North America.
- Devon has a leading position in this basin with 470,000 net acres, which provides Devon with ***>10 prospective oil-prone intervals*** (4,000' gross pay).
- The value of the company's stacked-pay position was recently affirmed with recent federal lease sale auctions in Campbell and Converse counties.
- The average winning bid for leases in the core of the Powder River oil fairway was consistently above $10,000 per acre, with ***leases directly offsetting Devon's position reaching up to $16,500 per acre***.
- For comparison, Devon acquired its southern Powder River Basin acreage position in 2015 (253,000 net acres) at a ***value of ≈$1,100 an acre.***

2017 Outlook: Turner & Teapot Results Up Next

- Overall, Devon's Powder River Basin drilling program remains on track to spud 20 wells during 2017 across Parkman, Teapot and Turner formations.
- This activity will help further characterize the oil fairway and positions the Rockies assets for higher activity in the future. In preparation for higher activity, Devon has submitted ≈100 drilling permits to regulatory agencies.
- In the upcoming quarter, the company expects initial flow rates from its recent drilling activity that targeted the Teapot formation in Converse County.
- Drilling activity for the Turner formation will commence around mid-year.

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