Q2 2016 OPERATIONS REPORT

August 2, 2016

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Table of Contents

Key Takeaways 2
Results Overview & Outlook 3
Operating Areas:
- STACK 7
- Delaware Basin 12
- Eagle Ford 14
- Heavy Oil 16
- Barnett Shale 18
- Rockies Oil 20

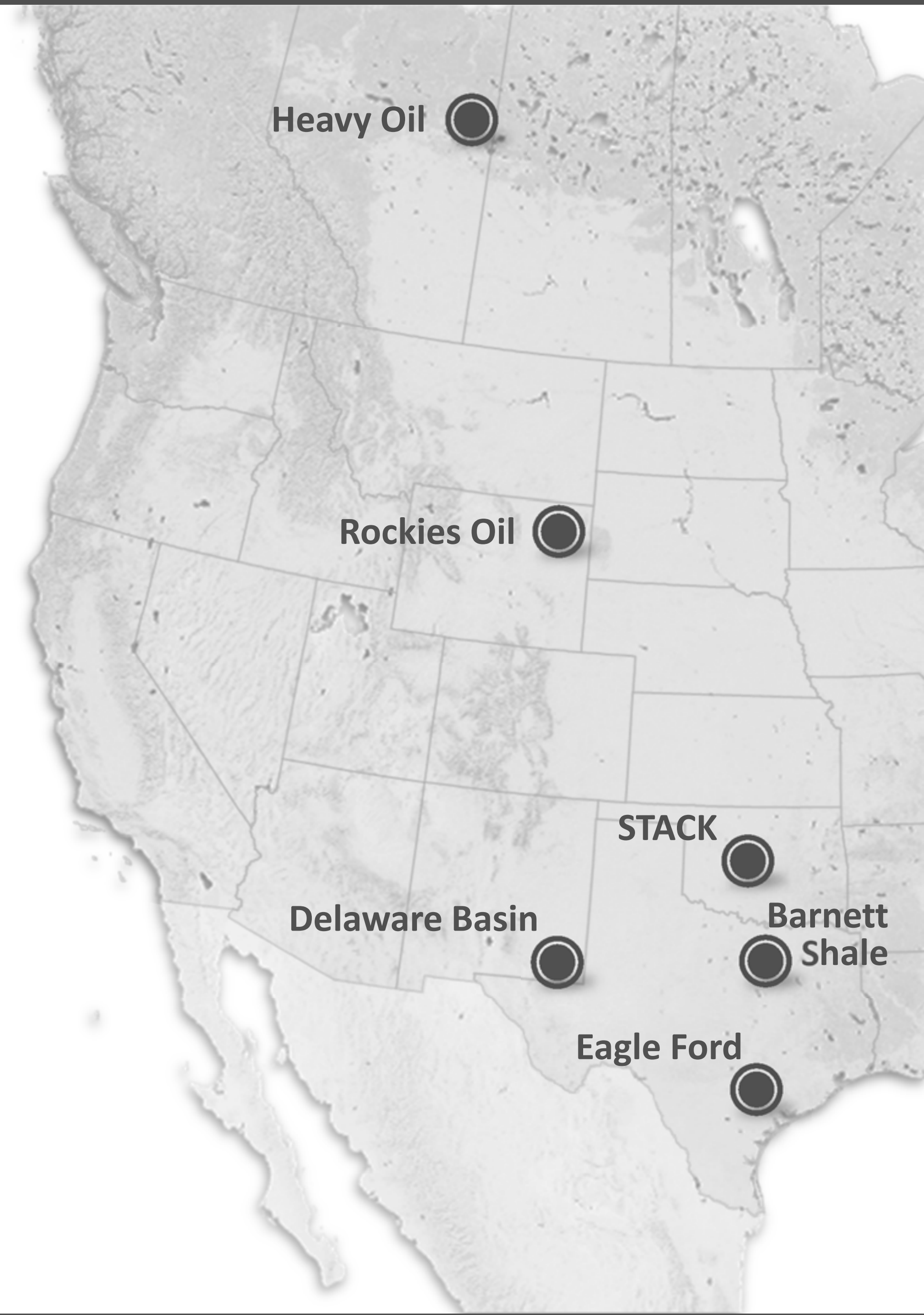
KEY TAKEAWAYS

HIGHLIGHTS

- Exceeded production expectations in U.S. resource plays
- Raised 2016 production guidance for retained assets by 3%
- Reduced lease operating expenses 26% year over year
- Improved operating and G&A expense outlook
- Completed asset divestiture program with proceeds totaling $3.2 billion
- Increased E&P capital investment by $200 million in 2016

OPERATING HIGHLIGHTS

- Record-setting Meramec oil well brought online – Pg. 8
- Successful spacing tests in STACK – Pg. 9
- Bone Spring development wells outperform type curve – Pg. 12
- Another high-rate well in the Leonard Shale – Pg. 13
- Significant free cash flow generation in Eagle Ford – Pg. 14
- Jackfish complex production exceeds nameplate capacity by 9% – Pg. 16



RESULTS OVERVIEW & OUTLOOK

Production Exceeds Expectations in U.S. Resource Plays

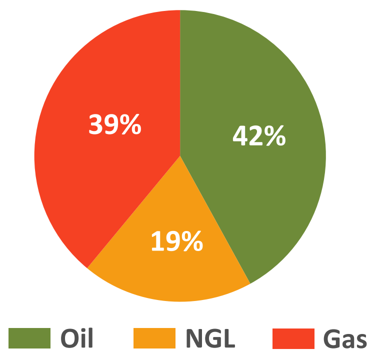
- Devon's reported net production averaged 644,000 Boe per day during the second quarter. Of this amount, 545,000 Boe per day was attributable to the company's core assets, where investment will be directed going forward.
- Production from core assets ***surpassed the mid-point of guidance by 6,000 Boe per day***, driven by strong results from Devon's U.S. resource plays.
- Within Devon's core U.S. resource plays, production averaged 419,000 Boe per day. This performance was highlighted by strong results from the ***STACK and Delaware Basin where aggregate production increased 27% year over year***.

Q2 CORE PRODUCTION

6,000 BOED

ABOVE MIDPOINT GUIDANCE

Q2 Production Mix
Core Assets
(545 MBOED)



- Light-oil production in the U.S., which is Devon's highest margin product, averaged 110,000 barrels per day. This result ***exceeded the top end of guidance by 2,000 barrels per day***.
- In Canada, oil production averaged 121,000 barrels per day, a 24% increase year over year. Scheduled maintenance at Devon's Jackfish 2 oil sands project curtailed production by 11,000 barrels per day during the quarter.
- In total, liquids production accounted for 61% of Devon's core asset production mix (chart above).

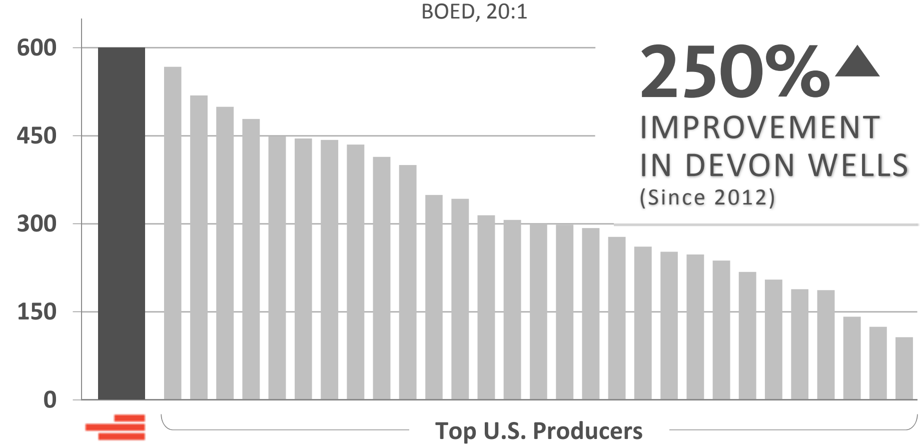
CORE ASSETS Q2 STATS

	Q2 2016	Q2 2015
Production:		
Oil & Bitumen (MBOD)	231	229
NGL (MBLD)	103	100
Gas (MMCFD)	1,267	1,308
Core Assets (MBOED)	545	547
E&P Capital (in millions):	$221	
Operated Rigs (at 6/30/16):	2	

Delivering Industry-Leading Well Productivity

- In addition to maximizing base production performance, the company is ***delivering industry leading productivity from new wells brought online*** (chart below).
- Devon's detailed subsurface reservoir characterization, leading-edge completion designs and improvements in lateral placement have driven ***per-well productivity improvements of 250%*** since 2012.

2015 Avg. 90-Day Wellhead IPs
BOED, 20:1

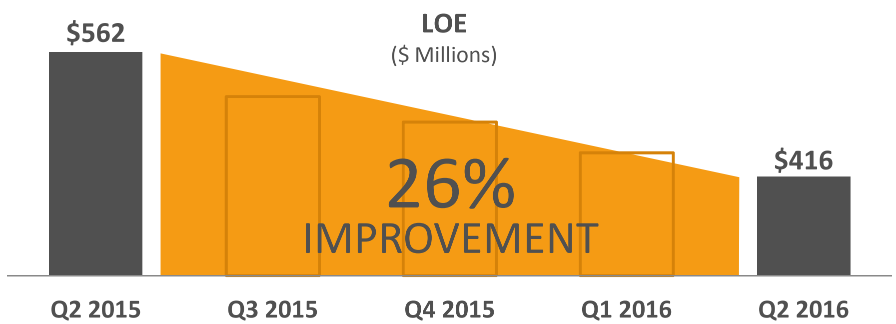


Source: IHS/Devon. Operators with more than 100 wells.

RESULTS OVERVIEW & OUTLOOK

Lease Operating Expenses Continue to Decline

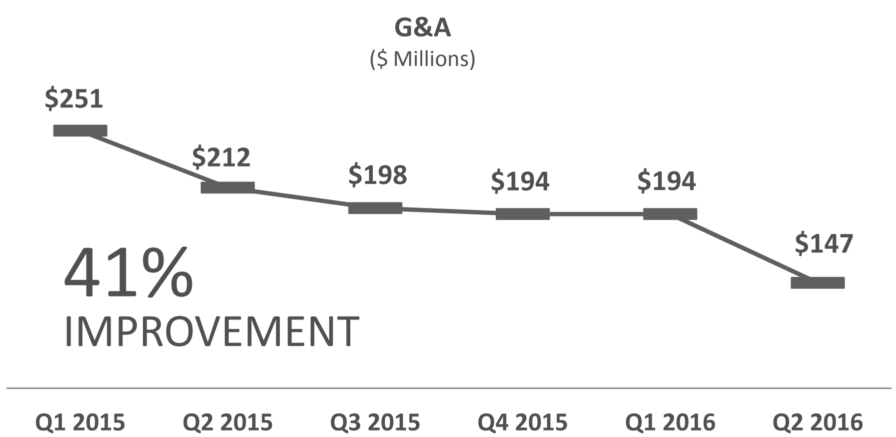
- Devon's successful cost-reduction initiatives resulted in LOE of $416 million in Q2, which was ***5% below the low end of guidance***. This strong cost result represents a decline of $146 million or 26% year over year (chart below).



- The decrease in LOE was driven by improved power and water infrastructure, declining labor expense and lower supply chain costs. As a result, ***Devon is lowering its full-year LOE outlook by $150 million*** to a range of $1.6 to $1.7 billion.

G&A Costs Continue to Decline

- Devon also realized significant G&A cost savings. G&A totaled $147 million in Q2, a 41% improvement compared to peak 2015 rates (chart below).



- The decrease in G&A expense was driven by reduced personnel costs. Combined with reductions in capitalized G&A, the company is ***on pace to save ≈$400 million in overhead costs compared to 2015***.

Divestiture Program Complete and Exceeds Expectations

- In the second quarter of 2016, Devon announced multiple agreements to monetize $2 billion of non-core upstream assets in the U.S.

- The majority of these upstream transactions have now closed and the company ***expects to incur minimal cash taxes associated with these divestitures***.

- Subsequent to quarter end, Devon announced an agreement to sell its 50% interest in the Access Pipeline for USD $1.1 billion, and the potential future payment of USD $120 million with the development of Pike.

- With this announced sale, Devon's divestiture program is now complete with total proceeds reaching $3.2 billion (table below), exceeding the top end of the company's $2 billion to $3 billion guidance range.

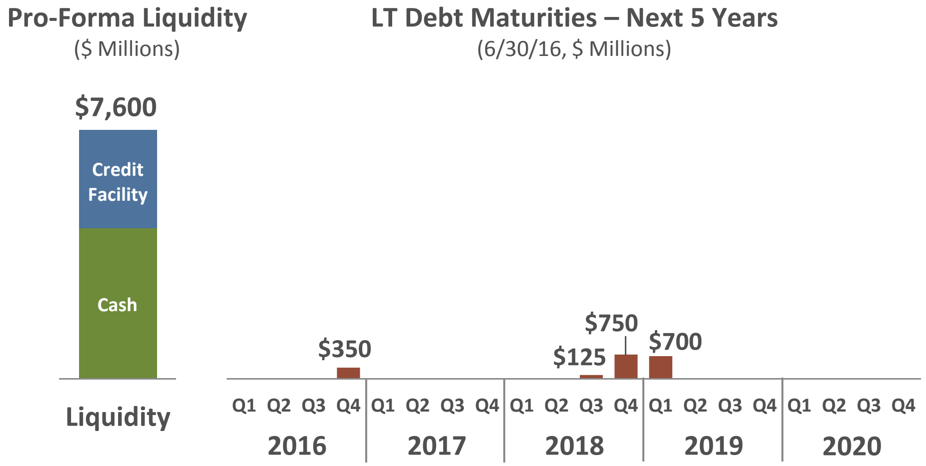
Divested Assets	Proceeds ($ Billions)	Expected Closing
San Juan Basin	Undisclosed Value	Closed - Q4 2015
Mississippian	$0.2	Closed - Q2 2016
East Texas	$0.5	Closed - Q3 2016
Granite Wash	$0.3	Closed - Q3 2016
Midland Basin	$1.0	Q3 2016
Access Pipeline	$1.1	Q3 2016
Total	**$3.2**	

- At least two-thirds of the sales proceeds are expected to be ***utilized for debt reduction***, while the remaining amount will be reinvested in the company's U.S. resource plays.

RESULTS OVERVIEW & OUTLOOK

Advantaged Capital Structure

- Adjusted for asset sales, Devon's cash balance will increase to $4.6 billion, and the company has no borrowings on its $3 billion credit facility (chart below).
- Upon receipt of divestiture proceeds, the company will begin repurchasing outstanding debt.



Note: Cash balance adjusted for recent asset sales.

Accelerating Upstream Investment

- As announced in June, Devon expects its full-year 2016 upstream capital program to range between $1.1 billion and $1.3 billion, an increase of $200 million from previous guidance.
- The incremental capital investment will be deployed in the STACK and Delaware Basin beginning in the third quarter of 2016, ***with the potential to add as many as 7 operated rigs by year end*** (table above right). Two-thirds of this activity is expected to be allocated to the STACK.
- The company's ***capital programs have significant flexibility*** with minimal exposure to long-term service contracts, no long-cycle project commitments and negligible leasehold expiration issues.

2016 CAPITAL & ACTIVITY

	E&P CAPITAL ($MM)	OPERATED RIGS (By Year-End)
STACK	$450	6(1)
Delaware Basin	$250	3
Eagle Ford	$200	0(1)
Heavy Oil	$175	0
Rockies Oil	$75	0
Barnett Shale	$25	0
Other/Midland(2)	$25	0
2016 Totals	$1,100 - $1,300	9

(1) Excludes high-WI partner operated rigs.
(2) Represents capital associated with retained Midland assets (further discussion pg. 6).

Actively Managing the Supply Chain

- Devon has been able to dramatically lower costs across its portfolio over the past several quarters. The company is ***on pace to reduce LOE, production taxes and G&A by ≈$1 billion in 2016*** compared to 2015.
- Additionally, Devon has been able to ***lower drilling and completion costs by as much as 40%*** compared to peak 2014 rates.
- Approximately half of these cost savings are attributable to sustainable efficiencies, with the remainder associated with lower market rates for services and supplies.
- To ***secure advantaged pricing going forward***, Devon is proactively securing equipment and crews at competitive prices, pursuing contracted price protection, and utilizing contract structures to drive supplier safety and performance.

RESULTS OVERVIEW & OUTLOOK

Retained Midland Assets Enhance 2016 Production Outlook

- With the earlier than expected completion of Devon's asset divestiture program, the company is updating Q3 and 2016 production expectations for its retained, go-forward asset base.

- The most significant change to previous guidance is Devon's ***decision to retain select assets in the Midland Basin*** that were previously categorized as "non-core." These legacy Midland Basin assets have extremely low declines and are expected to produce ≈15,000 Boe per day (65% oil) in the second half of 2016.

- Due to the retention of Midland assets and other minor operating interests, Devon is raising the midpoint of 2016 production guidance from its retained, go-forward asset base by 18,000 Boe per day, or 3% (table below).

- ***The largest portion of this production raise is attributable to oil, where 2016 midpoint guidance increased by 4% or 10,000 barrels per day***.

PRODUCTION GUIDANCE

	2016 GUIDANCE	
	Q3	**FULL YEAR**
Oil & Bitumen (MBOD)	237 - 247	243 - 253 ⬆
NGL (MBLD)	101 - 105	105 - 109 ⬆
Gas (MMCFD)	1,214 - 1,248	1,260 - 1,295 ⬆
Retained Assets (MBOED)	**540 - 560**	**558 - 578** ⬆
Divested Assets (MBOED)	20 - 30	40 - 45
Total (MBOED	560 - 590	598 - 623

2017 Preview – Positioned to Resume Growth

- With the success of the non-core divestiture program, Devon's strong financial position allows the company to accelerate investment into its high-rate-of-return U.S. resource plays.

- While Devon is not providing any formal 2017 guidance at this point in time, the ***annualized capital expenditures based on planned E&P activity levels at year-end 2016 is ≈$1.6 billion.***

- Approximately 85% of the capital expenditures are devoted to the company's U.S. resource plays, with the majority of this investment ***concentrated in the STACK and Delaware Basin***.

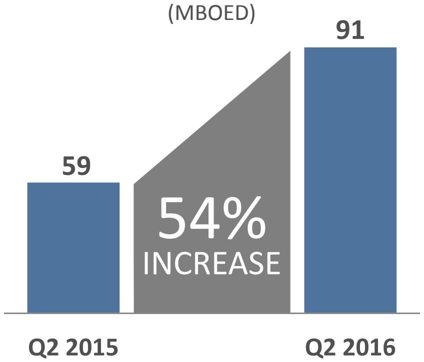
- This level of E&P capital investment is ***sufficient to generate growth in oil production and stabilize the company's top-line production by mid-year 2017.***

- Devon is currently working through its 2017 budgeting process. Formal guidance for production, capital and operating costs in 2017 will be provided later this year or early next year.

STACK

- Net production averaged 91,000 Boe per day in the second quarter. This strong result represents a 54% increase in production compared to the second quarter of 2015 (chart below).

STACK Production Growth
(MBOED)



- ***Liquids production in the STACK increased 110%*** year over year and now accounts for 51% of production in the area.

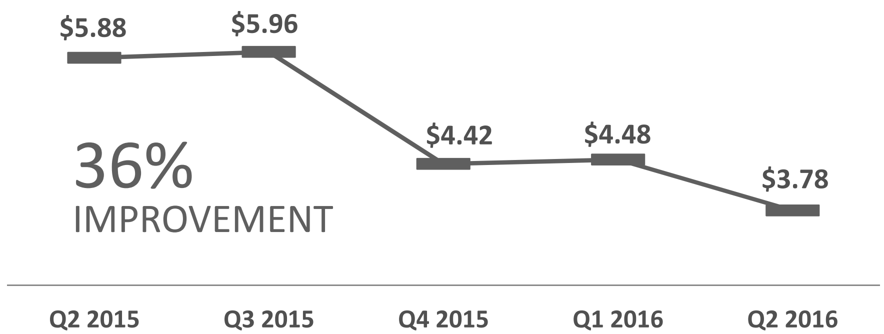
Advantaged Cost Structure Drives Margin Growth

- This growing asset is also ***achieving the lowest field-level operating costs of any property in the company's portfolio*** at $3.78 per Boe, a decline of 36% compared to the second quarter of 2015 (chart right).
- Key drivers of this low per-unit rate are high well productivity, low water handling expense and declining supply chain costs.
- This advantaged cost structure helped improve cash margin in Q2 to nearly $12 per Boe, an increase of 59% from the first quarter of 2016.

STACK Q2 STATS

	Q2 2016	Q2 2015
Production:		
Oil (MBOD)	17	6
NGL (MBLD)	29	16
Gas (MMCFD)	267	221
MBOED	91	59
E&P Capital (in millions):	$95	
Operated Rigs (at 6/30/16):	2	

STACK Field-Level Operating Costs
($/BOE)



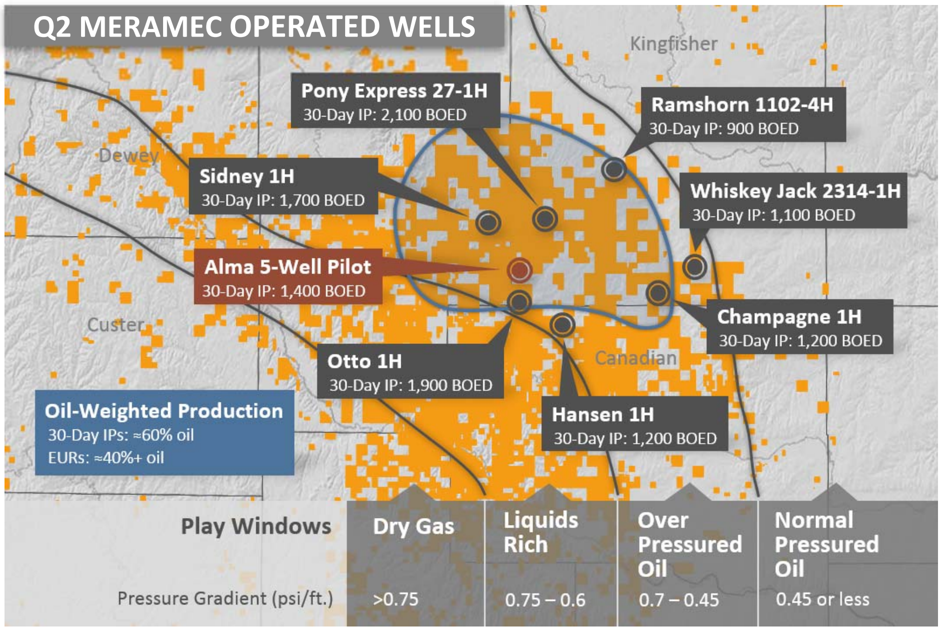
Over-Pressured Oil Window Continues to Deliver Best-in-Class Results

- In the second quarter of 2016, Devon continued to achieve excellent results from its Meramec drilling programs.

Over-Pressured Oil Window Continues to Deliver Best-in-Class Results (continued)

- The company commenced production on 12 ***operated*** Meramec wells in the over-pressured oil window that achieved 30-day rates in Q2. These wells averaged 1,400 Boe per day, of which ≈60% was light oil (map below).

- When evaluating returns in the Meramec, ***IP rates and well costs can vary significantly across the play***. Well costs and flow rates are typically lowest in the southeast and increase as you move to the northwest (type curve pg. 9).



- Devon also participated in 16 ***non-operated*** wells that achieved 30-day rates during the quarter. The wells were primarily focused in the oil windows of the STACK and attained average flow rates of 1,300 Boe per day (60% oil).

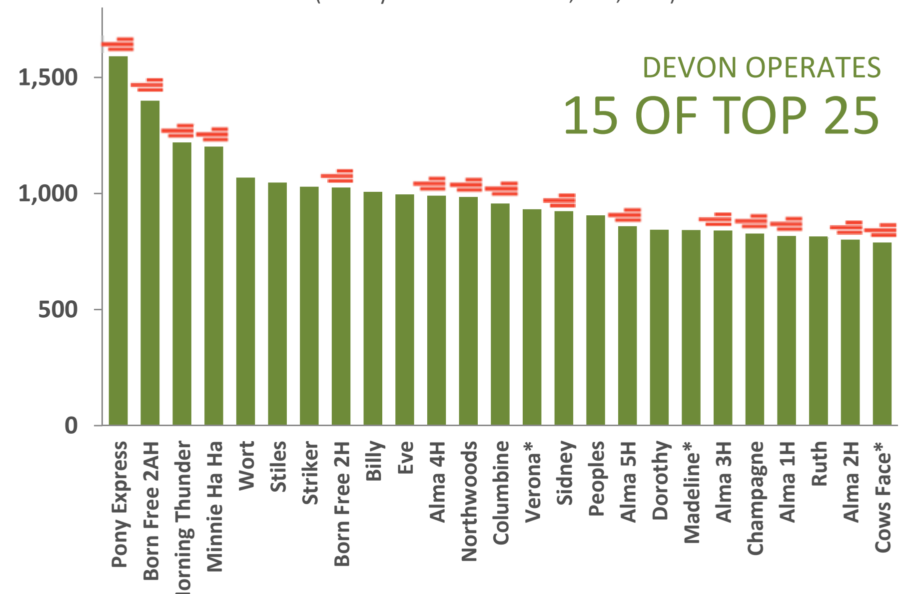
Record-Setting STACK Oil Well

- Operated activity in Q2 was highlighted by the Pony Express 27-1H in Kingfisher County. The Pony Express was drilled with a 5,000' lateral and achieved a 30-day rate of 2,100 Boe per day, consisting of >1,500 barrels of oil per day.

- ***Oil productivity from the Pony Express is the highest of any Meramec well*** in the STACK on a per lateral foot basis.

- With this record well, Devon now ***operates 15 of the top 25*** oil wells in this play (chart below).

Top Meramec Wells Based on Oil Productivity
(30-Day IP Normalized to 5,000', BOD)



* Drilled with 10,000' laterals.

- Another noteworthy well in the second quarter that ***delivered excellent returns was the Champagne 28-1H*** in southcentral Kingfisher County. The well achieved an initial 30-day production rate of 1,200 Boe per day (67% oil) and ***cost approximately $5.5 million***.

Improved Completion Design Enhances Well Productivity

- A key contributor to the consistently strong Meramec results in the STACK play is a ***larger hybrid completion design*** that employs ≈2,600 pounds of proppant per lateral foot, up to 70 frac stages and perf clusters spaced at 20 feet.

STACK

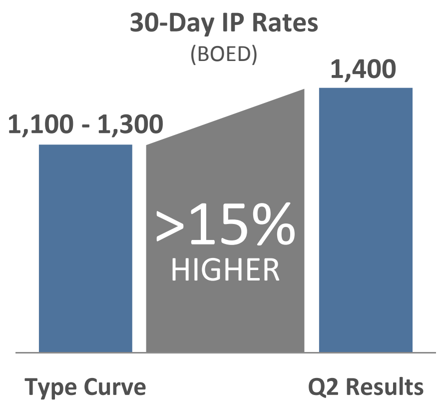
Improved Completion Design Enhances Well Productivity (continued)

- Due to completion design and better technical understanding of the subsurface, ***new well performance has generally outperformed type curve expectations***.

Meramec Over-Pressured Oil Window Type Well

Key Modeling Stats

30-Day IP BOED	1,100 - 1,300
EUR MBOE	≈1,000
D&C Cost $MM	$5.5 - $6.5
Oil % of EUR	40% - 50%



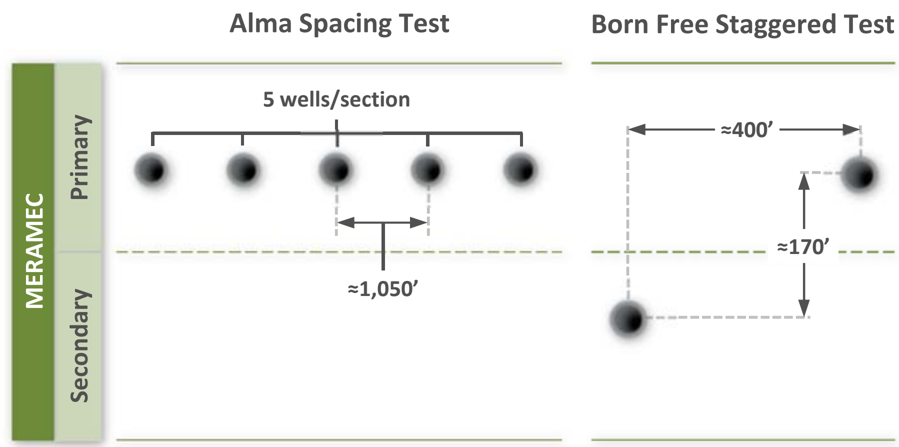
- Looking ahead, Devon plans to develop the majority of its Meramec position with 10,000-foot laterals, which ***will lead to significant type curve improvements***.

Another Successful Meramec Spacing Test

- In April, Devon ***brought online its Alma spacing pilot in the over-pressured oil window,*** which successfully tested 5 wells per section across a single interval in the upper Meramec (graphic above right).

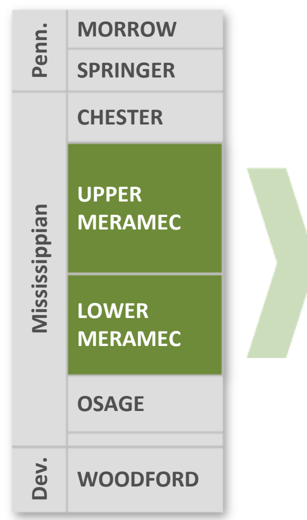
- The 5-well Alma pilot delivered initial 30-day rates of 1,400 Boe per day (60% oil) per well. Early results also ***indicate minimal interference between wells, suggesting potential for tighter spacing and increased inventory in this area***.

- With the Alma test, Devon now has two successful spacing pilots in the Meramec. Production from the staggered 2-well Born Free pilot announced in Q1 2016 (graphic above right) continues to perform exceptionally well, ***averaging a 90-day rate of 1,500 Boe per day per well (60% oil)***.



Additional Spacing Tests Underway to Optimize 2017 Development Plan

- The company is ***participating in more than 10 additional spacing pilots*** testing up to 8-well spacing in the primary Meramec interval. Devon is also testing the joint development of primary and secondary intervals in the Meramec through staggered well pilots (graphic below).



Meramec Inventory[1]

	Risked	Upside
Primary	3 wells/section	Up to 8 wells/section
Secondary	1 well/section	Up to 6 wells/section
Tertiary	Appraising	

(1) Does not include upside potential from other formations.

STACK

Additional Spacing Tests Underway to Optimize 2017 Development Plan (continued)

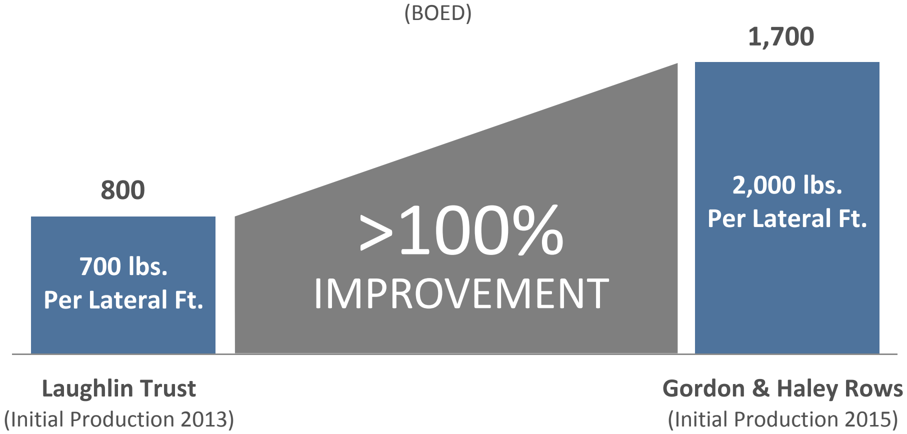
- The next pilot Devon expects results from is the Pump House test in southwest Kingfisher County. The Pump House is testing 7 wells per section in a single interval in the Upper Meramec, and initial flow rates are expected in Q3.

- Results from these pilots will help Devon ***optimize its master development plan*** in the over-pressured oil window, where the company expects to ***focus its development work in 2017***.

Woodford Shale: A Top-Tier Liquids-Rich Development

- In addition to the company's emerging Meramec development, Devon has a world-class liquids-rich development in the Woodford Shale. Over the past few years, improvements in completion design have resulted in ***the most productive wells ever drilled in the Woodford***.

Woodford 30-Day IP Results
(BOED)

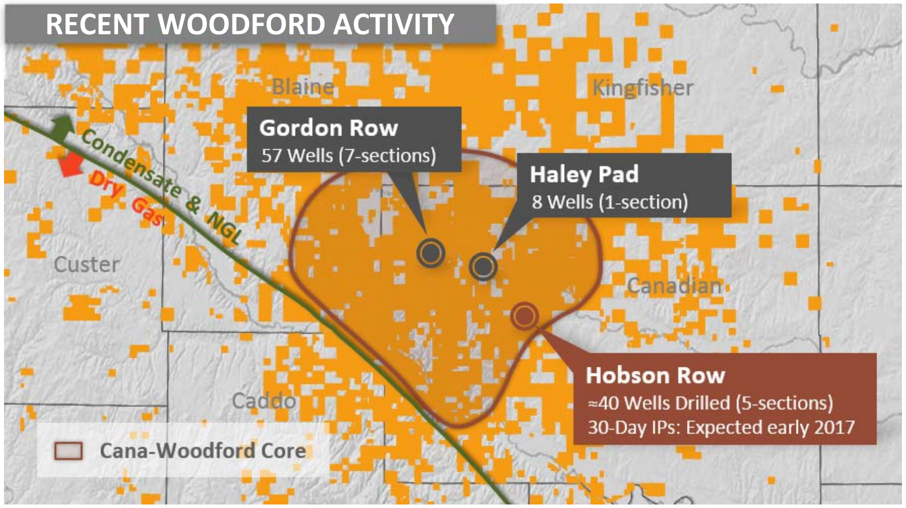


Completion Activity for Next Woodford Row Begins in Q3

- Devon and its partner are now developing the 5-section Hobson Row (≈40 wells) to the southeast of the Gordon Row in Canadian County (map right). This development resides in the eastern portion of the Woodford core, where ***initial oil rates are expected to exceed 25% of production***.

- All the Hobson Row wells have been drilled and the company expects to commence completion operations with an initial frac crew in September and a second crew in October. ***Initial 30-day flow rates are expected by early 2017***.

- The ***Hobson row will deploy the largest completion design to date in the Woodford***, averaging 2,600 pounds of proppant per lateral foot.



- Additionally, Devon and its partner will test >3,000 pounds per foot on select wells in the row.

- Also of note, 4 wells in the Hobson Row will be completed with 10,000' laterals. The company expects future Woodford development activity to shift to extended-reach horizontals, significantly ***increasing rates of return in this play***.

STACK Resource Potential: A Multi-Decade Growth Opportunity

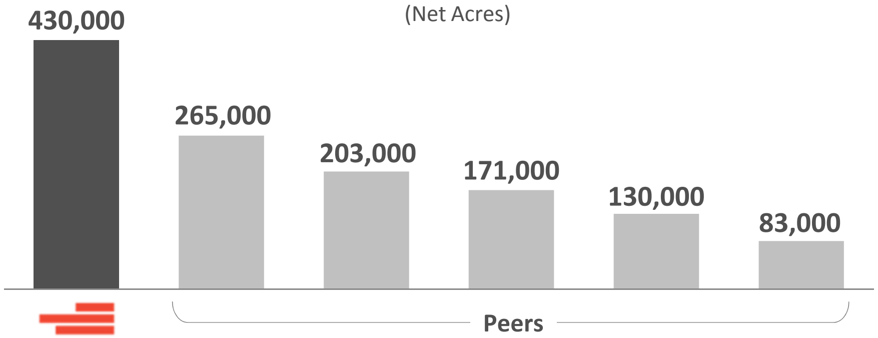
- Devon has the ***premier STACK position in the industry with 430,000 net surface acres*** concentrated within the most economic portions of the Meramec and Woodford plays.

STACK

STACK Resource Potential: A Multi-Decade Growth Opportunity (continued)

- The company's acreage in the STACK is the ***largest leasehold position*** of any operator by a wide margin (chart below).

STACK Acreage Position
(Net Acres)



Source: Company reports.

- The company's industry-leading STACK position has tremendous resource potential with exposure to 5,300 risked undrilled locations across the Meramec and Woodford formations (table below) and >2 billion Boe of risked resource.

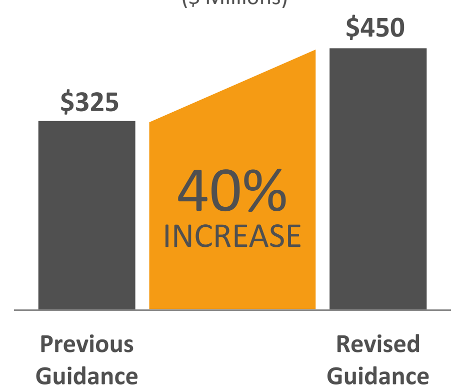
	Window	Prospective Surface Acres[1]	Gross Risked Locations
Meramec	Oil	10,000	100
	Over-Pressured Oil	90,000	1,500
	Liquids-Rich	>150,000	TBD
Woodford	Oil	25,000	200
	Liquids-Rich	180,000	2,200
	Dry Gas	100,000	1,300
Exploration		70,000	TBD
Total			**5,300**

(1) Meramec and Woodford formation overlap in portions of the STACK.

Updated 2016 Outlook: Accelerating Meramec and Woodford Activity

- As previously announced, ***Devon expects to accelerate activity in the STACK*** by adding 2 operated rigs in Q3 and 2 additional rigs during Q4. This will bring the company's operated rig count to 6 in the STACK by year-end 2016.
- Devon expects to have as many as 3 frac crews running in the second half of 2016, reducing the uncompleted well count in the STACK to around 40 wells by year-end.
- Due to the increased activity, Devon expects to invest approximately $450 million in the STACK during 2016, a $125 million increase from previous guidance (chart below).
- This additional capital investment will begin to deliver incremental production in early 2017.

STACK 2016 Capital Outlook
($ Millions)



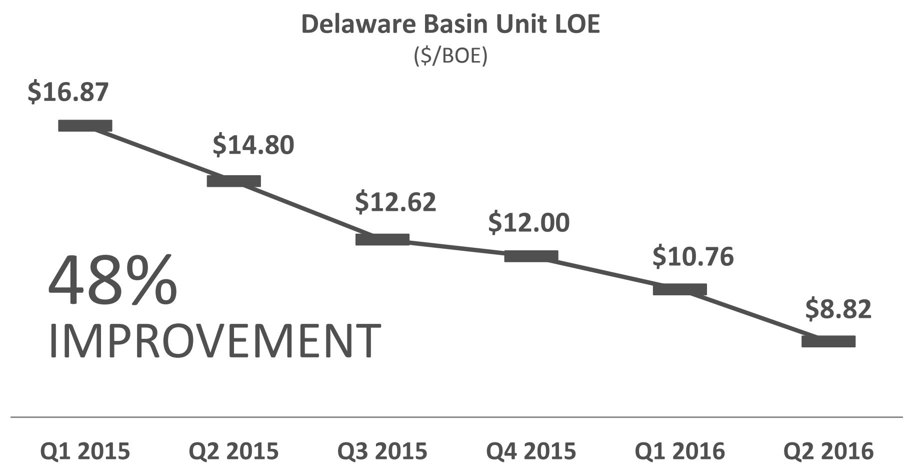
- With the higher Meramec activity levels by year-end and the completion of the Woodford Hobson row, ***production from the STACK is positioned to deliver strong growth in the first half of 2017***.

DELAWARE BASIN

- Net production averaged 65,000 Boe per day, an increase of 3% compared to the first quarter of 2016.

Record-Low LOE Costs Achieved

- Devon continued to make significant progress lowering operating costs in the second quarter. LOE declined to a ***record low $52 million or $8.82 per Boe, a decline of 48% from peak rates in early 2015*** (chart below).



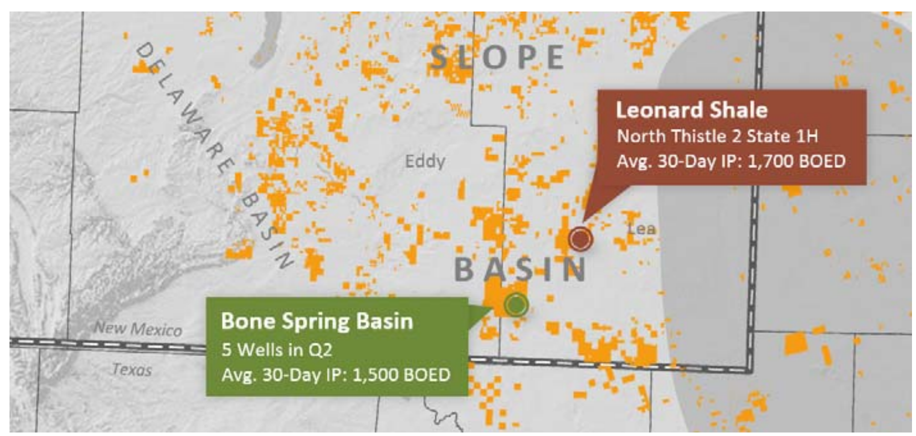
- The key drivers of the decrease in LOE are lower power costs and improved water-handling infrastructure. Devon now has >95% of its wells utilizing power from the grid which has minimized the use of higher-cost rental generators.
- Devon has also reduced disposal costs by investing in water-handling infrastructure that now services ≈75% of its produced water in the basin.

DELAWARE BASIN Q2 STATS

	Q2 2016	Q2 2015
Production:		
Oil (MBOD)	36	41
NGL (MBLD)	13	10
Gas (MMCFD)	99	75
MBOED	65	64
E&P Capital (in millions):	$32	
Operated Rigs (at 6/30/16):	0	

High-Rate Development Wells Outperform Expectations in Q2

- Devon commenced production on 8 wells in the 2nd Bone Spring interval during the second quarter. Of these wells, 5 attained peak 30-day rates averaging 1,500 Boe per day per well (65% oil) (map below).

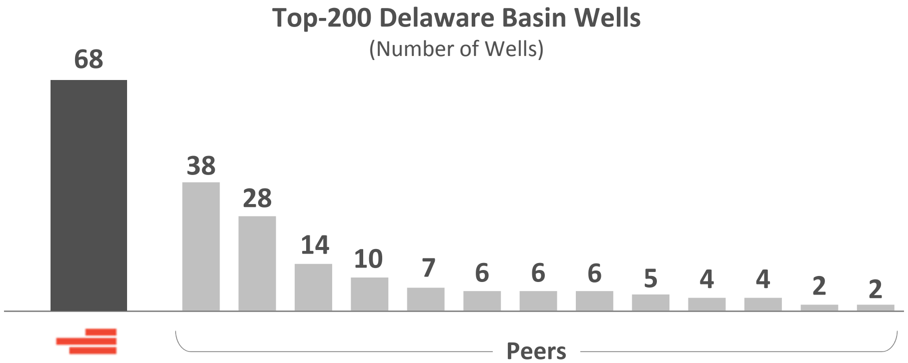


High-Rate Development Wells Outperform Expectations in Q2 (continued)

- These 5 high-rate Bone Spring development wells ***exceeded the company's type curve expectations by 50%***.
- Devon also brought online another outstanding Leonard Shale well in Lea County, New Mexico in Q2. The North Thistle 2 State 1H, a 5,000' lateral targeting the Leonard "B" interval, reached a 30-day IP of 1,700 Boe per day.
- The North Thistle 2 State 1H ***exceeded type curve expectations by 70%*** and is one of the ***most productive Leonard Shale wells to date in the play***.

Consistently Delivering Best Wells in Delaware Basin

- The majority of the company's acreage position in the Delaware Basin resides in the ***basin of southeast New Mexico***, which has consistently delivered the best results in this world-class resource play.
- Devon has brought online more than 150 wells in the ***basin*** since 2014. 90-day rates from these wells have averaged ≈700 Boe per day, ***exceeding the industry average by approximately 20%***.
- On a value basis, utilizing a gas-to-oil conversion ratio of 20-to-1, Devon's 90-day rates are even more differentiated. The company ***operates 68 of the top 200 wells from this world-class field, the highest of any operator*** (chart below).



Source: IHS/Devon. Data limited to wells with 90-day rates in southeast New Mexico.

Updated 2016 Outlook: Increasing Bone Spring and Leonard Shale Activity

- As previously announced, ***Devon will resume drilling operations in the Delaware Basin*** in September with 1 operated rig and could add up to 2 additional rigs during the fourth quarter. The company also expects to run 1 frac crew in the 2H 2016.
- Drilling and completion operations will be focused on developing 2nd Bone Spring and Leonard Shale targets in the basin of southeast New Mexico.
- Due to the increased activity, Devon expects to invest ≈$250 million in the Delaware Basin during 2016, a $50 million increase from previous guidance. This additional capital investment will begin to deliver incremental production in early 2017.

Master Development Plan to Drive Returns and Inventory Higher

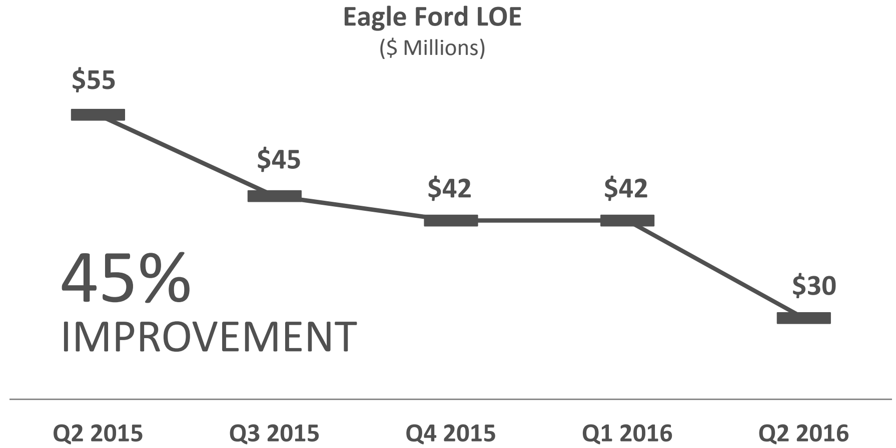
- The company's industry-leading Delaware Basin position has tremendous resource potential with exposure to >5,000 risked locations.
- To further derisk additional resource, Devon is evaluating increased spacing density in the Bone Spring and Leonard Shale plays and is also appraising the resource potential of the massive Wolfcamp opportunity.
- Information from the spacing and appraisal tests will help the company ***optimize its master development plan*** in the Delaware Basin.
- Devon's future development plan in the Delaware Basin, known as the "Total Reservoir Access Concept" (TRAC), ***has the potential to develop up to 9 intervals of stacked-pay in a given area from "super pads."***
- The TRAC plan utilizes integrated surface facilities and allows for simultaneous operations while developing multiple targets. This progressive development concept will greatly increase the efficiency and economic returns delivered from this top-tier asset.

EAGLE FORD

- Net production averaged 75,000 Boe per day in the second quarter of 2016, with liquids accounting for 77% of Eagle Ford volumes.

Eagle Ford on Pace to Generate ≈$300 Million of Free Cash Flow in 2016

- In an effort to maximize the value of production, the company has several cost-reduction programs underway in the Eagle Ford. These initiatives helped ***drive LOE down 45% year over year*** to $30 million in the second quarter (chart below).

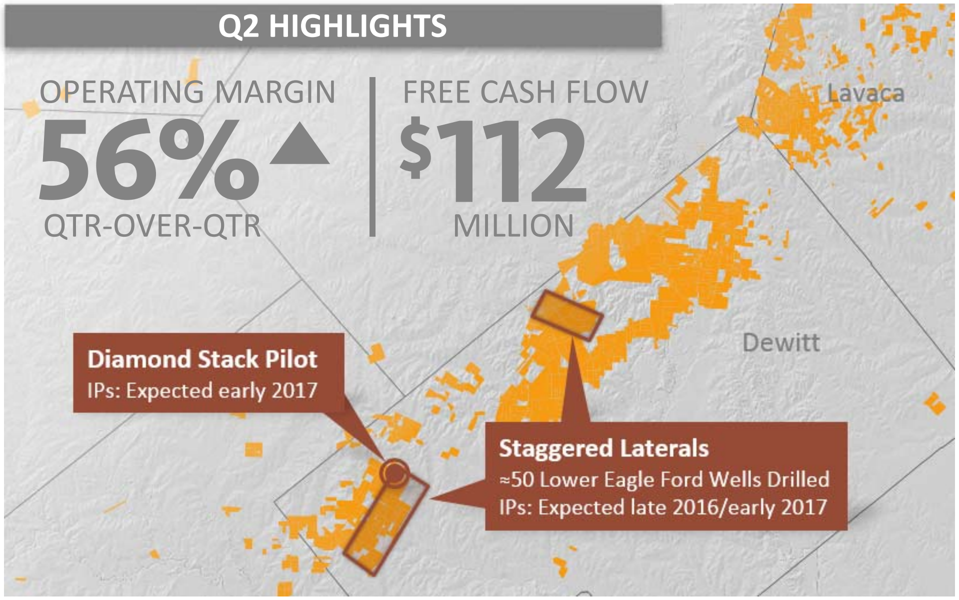


- The strong cost performance helped the Eagle Ford achieve a cash operating margin of $21 per Boe for the quarter, an increase of 56% from Q1.
- The improved per-unit margin helped the Eagle Ford assets generate $112 million of free cash flow in the second quarter. ***These assets are now on pace to generate ≈$300 million of free cash flow in 2016***.

EAGLE FORD Q2 STATS

	Q2 2016	Q2 2015
Production:		
Oil (MBOD)	41	67
NGL (MBLD)	17	24
Gas (MMCFD)	103	146
MBOED	75	114
E&P Capital (in millions):	$29	
Operated Rigs (at 6/30/16):	0	

Q2 HIGHLIGHTS



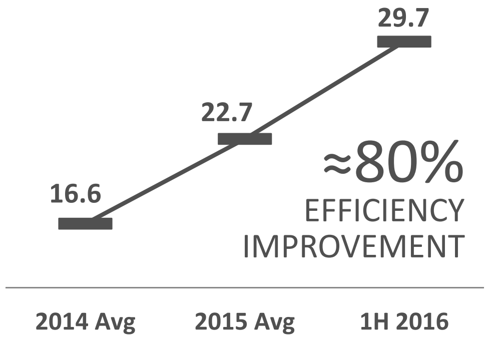
EAGLE FORD

Efficiencies Drive D&C Costs Lower

- The Eagle Ford drilling program in DeWitt County continues to achieve significant efficiencies with its drilling and completion operations.

- Since 2014, drilling times have improved by ≈80%, with a ***record rate of ≈30 wells*** per rig line per year achieved in the first half of 2016 (chart below).

Wells Per Rig Per Year – DeWitt



D&C Well Cost – DeWitt
From Peak to Q2 2016

- As a result of these efficiency gains and cost reductions across the supply chain, ***Devon is reducing well cost expectations in the Eagle Ford to a range of $6 to $6.5 million per well,*** a decline of 35% from peak rates in 2014.

Staggered Lateral Development Update

- The company and its partner ran 2 rigs during the second quarter. Activity associated with these rig lines was focused on a staggered lateral infill program in ***undeveloped*** portions of DeWitt County (map previous page).

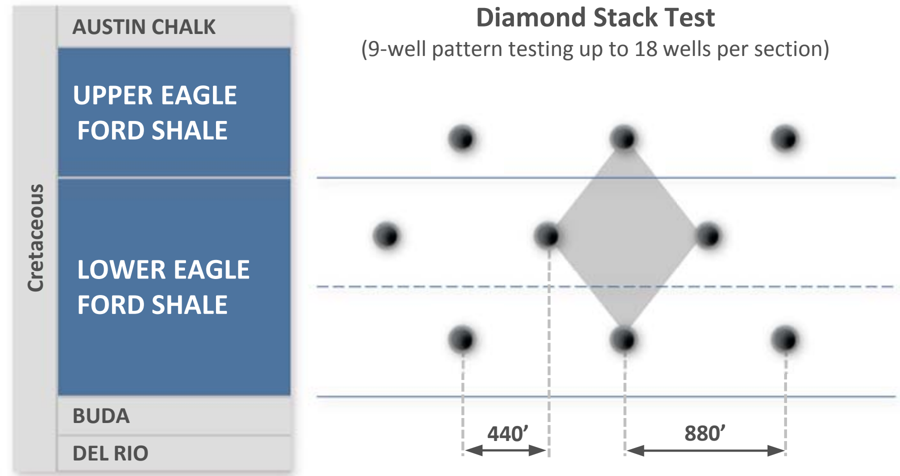
- Devon has now drilled ≈50 staggered lateral infill wells through the second quarter of 2016, with initial flow rates expected around year-end.

"Diamond Stack" Spacing Test Underway

- The company has identified up-hole, stacked-pay potential across the majority of its acreage in the Eagle Ford.

- To determine the optimal approach for developing this stacked-pay opportunity, Devon is participating in a pilot that will ***test the co-development of the Lower Eagle Ford along with the Upper Eagle Ford***.

- This 9-well pilot will utilize a ***"diamond stack"*** pattern, which will ***test the concept of up to 18 wells per section*** (graphic below).



- The wells for this initial diamond stack test were spud in Q2 with initial production rates expected in early 2017. If commercially successful, this concept could ***expand Devon's inventory*** in the Eagle Ford.

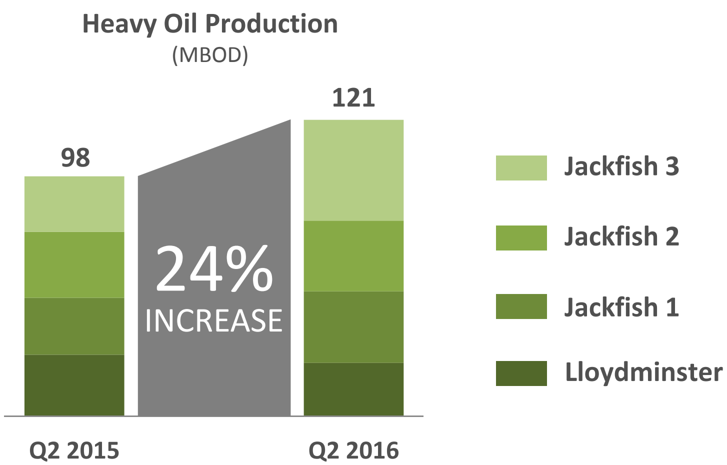
Updated Outlook: Completion Activity to Resume in 2H 2016

- Devon and its partner ***expect to resume completion activity in Q3***. The timing of completion activity is dependent upon resolving wellhead mechanical issues with casing hangers in ≈35 uncompleted wells.

- In spite of the initial delays in completion activity related to these wellhead issues, ***Devon expects to reduce its DUC count from a peak of ≈100 wells in Q3 to ≈50 wells around year-end***. To accelerate the drawdown of this DUC inventory the partnership plans to have 3 completion crews running by the end of August.

HEAVY OIL

- Net oil production in Canada averaged 121,000 barrels per day, a 24% increase compared to the second quarter of 2015 (chart below).



- This growth was achieved even with a scheduled plant turnaround at Jackfish 2, which curtailed production by 11,000 barrels per day in Q2. Wildfires had no impact on Devon's operations during the quarter.

Jackfish Complex Drives Q2 Production Growth & LOE Savings

- Production growth was driven by Devon's Jackfish complex, where net production increased 36% compared to Q2 2015.
- In April (before the Jackfish 2 turnaround), gross production from the ***Jackfish facilities reached a record 114,000 barrels per day, exceeding nameplate capacity for the complex by 9%***.

HEAVY OIL Q2 STATS

	Q2 2016	Q2 2015
Production:		
Oil & Bitumen (MBOD)	121	98
Gas (MMCFD)	28	20
MBOED	126	101
E&P Capital (in millions):	$7	
Operated Rigs (at 6/30/16):	0	

- Before the Jackfish 2 turnaround, LOE was $7.83 per barrel in April, ***a 65% decline from 2014 rates***.

Heavy Oil Business Generates Significant Free Cash Flow in Q2

- With low operating costs and improved oil prices, Devon's heavy oil operations delivered an operating cash margin of $10.47 per Boe in Q2 and ***generated $113 million of free cash flow***.

Q2 JACKFISH LOE
(VS. 2014 RATES)

65% ▼
DECLINE

Q2 FREE CASH FLOW
(HEAVY OIL BUSINESS)

$113
MILLION

HEAVY OIL

Significant Leverage to Higher Oil Prices

- Since inception, the company's heavy-oil business has ***delivered positive cash margins in 34 of 35 quarters*** and has significant upside to higher oil prices.

- In the current environment, ***every $1 increase in WTI oil price translates into an additional $40 million of annualized cash flow***.

Heavy Oil Cash Flow Sensitivity

FOR EVERY $1 PER BBL WTI INCREASE ≈ INCREMENTAL $40 MM ANNUALIZED CASH FLOW

- For every $5 increase in oil price, coupled with the impact of an improved cost structure, the PV-10 cash flow ***value of proved reserves in Canada increases by ≈$1 billion***. This equates to ≈$2 per share for Devon, without attributing any value to a billion barrels of risked, undeveloped resource.

Record Production at Jackfish 3 Exceeds Nameplate Capacity by ≈20%

- Gross production at Jackfish 3 reached record production levels in Q2, ***exceeding nameplate capacity by ≈20%***, averaging 41,700 barrels per day. After adjusting for royalties, net production averaged 41,200 barrels per day.

- Jackfish 3 ***is one of the most efficient thermal oil projects in the industry*** and production has exceeded name-plate capacity for ***4 consecutive quarters***.

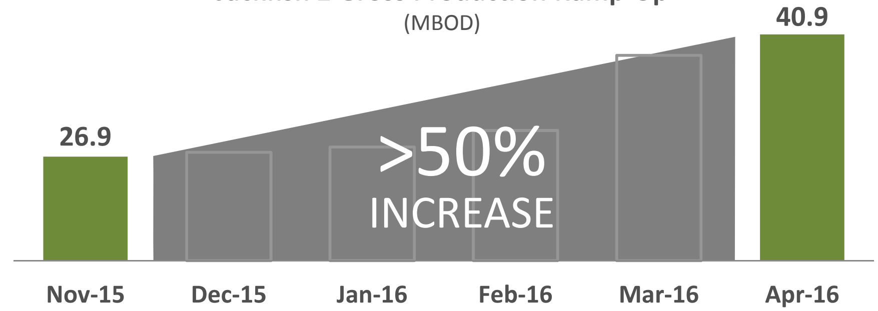
Jackfish 2 Production Surpasses 40,000 Barrels Per Day

- In May and June, Devon performed a scheduled 20-day maintenance program on its Jackfish 2 facility. As a result, gross production in Q2 was limited to an average of 29,200 barrels per day, or 28,900 barrels per day after royalties.

- Prior to the facility maintenance, production at Jackfish 2 ***exceeded nameplate capacity,*** averaging 40,900 gross barrels per day in April.

Jackfish 2 Gross Production Ramp-Up

(MBOD)



- This strong performance was driven by two new well pads recently brought online. In April, ***production at Jackfish 2 increased by >50% compared to late 2015*** (chart above).

New Pads At Jackfish 1 Ramping Up

- At Jackfish 1, gross production averaged 29,600 barrels per day in the second quarter, or 29,200 barrels per day after royalties.

- A new well pad at Jackfish 1 is ramping up and expected to offset declines from older pads and boost production throughout the remainder of 2016.

Q3 Outlook: Oil Production Growth Resumes

- In the third quarter, Devon expects net oil production from its heavy-oil operations to range between 131,000 and 136,000 barrels per day.

- This guidance assumes minimal royalties and represents a ***growth rate of 5% to 10% compared to the third quarter of 2015***.

- As a result of the USD $1.1 billion sale of Access Pipeline, heavy-oil transportation costs are expected to increase $35 million to $40 million in 2016.

BARNETT SHALE

- Net production in the second quarter remained essentially flat compared to Q1, averaging 167,000 Boe per day or 1.0 Bcfe per day. Liquids accounted for 26% of the production mix.

- Over the past 12 months, Devon has successfully limited production declines in the Barnett Shale to an average of 1% per quarter with a minimal capital investment of only ≈$70 million.

Operating Costs Continue to Decline

- Devon's Barnett Shale properties delivered another strong cost performance during the second quarter. LOE and production taxes totaled $100 million in Q2. ***This represents a decline of $22 million or 18% compared to peak costs in 2015.***

- A significant component of these LOE savings were achieved through renegotiated compression rates, additional water disposal savings and declining chemical expenses.

Significant Free Cash Flow Generation

- Devon's Barnett Shale assets generate significant free cash flow due to its resilient base production and low cost structure. Since the beginning of the decade, these properties have ***generated approximately $2.5 billion of free cash flow***.

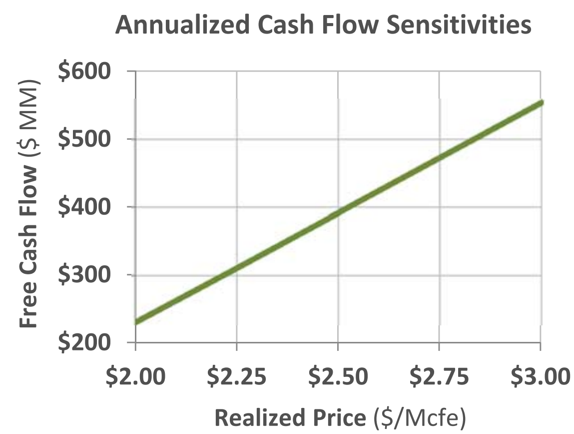
- The quality of the Barnett Shale is further demonstrated by its cash flow generating capabilities at higher commodity prices. Based on the current year capital program, ***free cash flow in the Barnett can approach $600 million annually at a realized price of $3 per Mcfe*** (chart right).

BARNETT SHALE Q2 STATS

	Q2 2016	Q2 2015
Production:		
Oil (MBOD)	1	1
NGL (MBLD)	43	49
Gas (MMCFD)	739	805
MBOED	167	185
E&P Capital (in millions):	$4	
Operated Rigs (at 6/30/16):	0	

CUMULATIVE FREE CASH FLOW
(SINCE 2010)

$2.5 BILLION



Appraisal Program Identifies 1,000 Horizontal Refrac Locations

- In early 2016, Devon concluded its initial horizontal refrac appraisal program in the Barnett Shale, compiling valuable data across its 610,000 net acre position.

BARNETT SHALE

Appraisal Program Identifies 1,000 Horizontal Refrac Locations (continued)

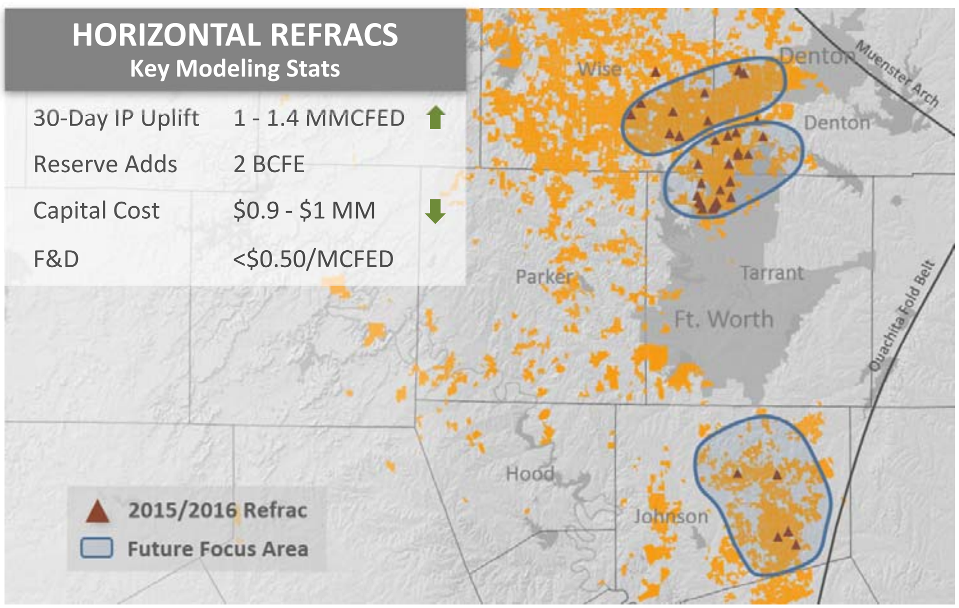
- The average per-well uplift from this appraisal program was ≈1 MMcfe per day, with leading wells delivering peak rates well above this average.
- As a result of this successful horizontal refrac appraisal program, ***Devon has identified an inventory of 1,000 high-quality locations in the Barnett***.

Raising Type Curve for Horizontal Refrac Development Program

- When conditions incentivize higher activity levels, the company is prepared to resume its horizontal refrac program into full-field development.
- This future activity will be focused in Denton, Wise, Tarrant and Johnson counties where Devon has achieved consistent results and attractive returns.
- With this program, Devon is targeting horizontal refrac costs of $900,000 to $1 million per well, a 30-day production uplift of 1.0 to 1.4 MMcfe per day, and ***finding costs of less than 50 cents per Mcfe*** (table below).

HORIZONTAL REFRACS
Key Modeling Stats

30-Day IP Uplift	1 - 1.4 MMCFED	⬆
Reserve Adds	2 BCFE	
Capital Cost	$0.9 - $1 MM	⬇
F&D	<$0.50/MCFED	



Narrowing Gas Differentials Provide Additional Upside

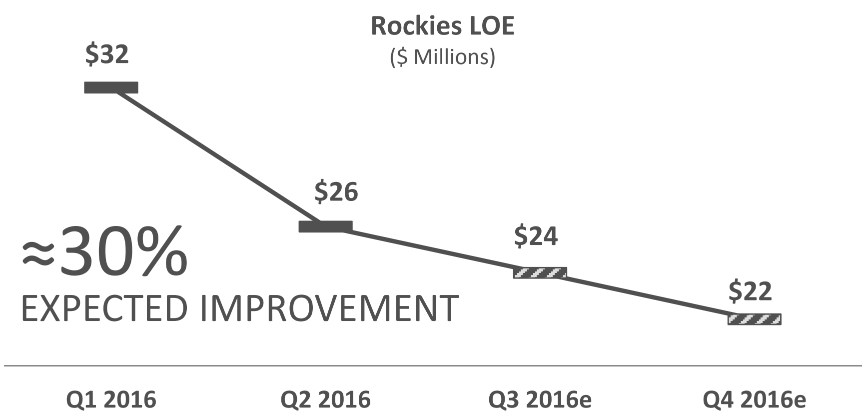
- Another factor that has potential to significantly increase the net present value of Devon's Barnett Shale assets is significantly improved gas price differentials in the near future.
- The Barnett Shale is strategically positioned to achieve improved price differentials with ***advantaged access to high-growth markets*** in the North Texas and the Gulf Coast through existing pipeline infrastructure.
- Devon's realized gas price is also expected to further improve in 2019 with the ***expiration of legacy transportation contracts***. These agreements, which were entered into last decade under much different market conditions than exist today, impact Barnett realizations by ≈$0.45 per Mcf.
- Importantly, these expiring transportation contracts are ***<u>not associated with EnLink</u>*** and ***renegotiated rates could decline by as much as 50%***.

ROCKIES OIL

- Net production averaged 21,000 Boe per day in the second quarter. Light-oil production (≈40 degree API) now accounts for 91% of revenues in the Rockies.

LOE Expected To Decline ≈30% By Year-End

- Devon made progress lowering costs in the Rockies during Q2. LOE declined to $26 million, ***a reduction of 19% compared to the first quarter of 2016***.
- By year-end 2016, the company ***expects to reduce total LOE costs by nearly 30%*** from peak rates due to improved water-handling infrastructure, lower power costs and other efficiency gains across its operations.



Updated Outlook: Preparing for Higher Activity

- While Devon has achieved strong operating results from its Rockies development program, the company has elected to limit its capital spending to ≈$75 million in 2016 to conserve cash flow.

ROCKIES OIL Q2 STATS

	Q2 2016	Q2 2015
Production:		
Oil (MBOD)	15	16
NGL (MBLD)	1	1
Gas (MMCFD)	31	41
MBOED	21	24
E&P Capital (in millions):	$16	
Operated Rigs (at 6/30/16):	0	

- For the remainder of 2016, the company will be focused on re-permitting future development locations from standard to extended-reach laterals. Additional geologic and reservoir modeling is also underway to help high-grade the opportunity set.
- This work positions Devon to resume ***drilling activity in the Powder River Basin as early as Q1 2017***.

Powder River Basin: A Significant Resource Opportunity

- The Powder River oil fairway is ***one of the best emerging resource opportunities*** in Devon's portfolio with 470,000 net surface acres with stacked-pay potential.
- Devon's development programs to date have consistently delivered best-in-class results through targeting the Parkman, Teapot and Turner formations. Adding up the prospective leasehold by these top development targets, the company ***has exposure to ≈400,000 net effective acres***.

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