

Q3 2016 OPERATIONS REPORT

November 1, 2016

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KEY TAKEAWAYS

HIGHLIGHTS

- Achieved record-setting well results in U.S. resource plays
- Increased STACK production 38% year over year
- Improved lease operating expenses by 37% from peak rates
- Completed \$3.2 billion asset divestiture program
- Repurchased \$1.2 billion of debt

OPERATING HIGHLIGHTS

- Record-setting well results in the STACK – Pg. 8
- Raising Meramec and Woodford type curves – Pg. 8 - 10
- Accelerating Delaware Basin rig activity – Pg. 13
- Wolfcamp drilling to ramp up in 2017 – Pg. 13
- Eagle Ford resumes completion activity – Pg. 17
- Jackfish complex production exceeds nameplate capacity – Pg. 18

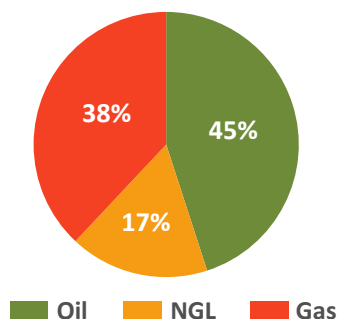


RESULTS OVERVIEW & OUTLOOK

Record-Setting Well Results in U.S. Resource Plays

- Production from retained assets averaged 550,000 Boe per day during the third quarter. With the shift to higher-margin production, oil is now the largest component of Devon's product mix at 45% of total production (chart below).
- Within the company's U.S. resource plays, production averaged 410,000 Boe per day. This performance was highlighted by strong results from the **STACK play, where production increased 38% year over year.**

Q3 Production Mix
Retained Assets
(550 MBOED)



Q3 DEVELOPMENT WELLS (20-Well Average)

2,000 BOED
QUARTERLY RECORD

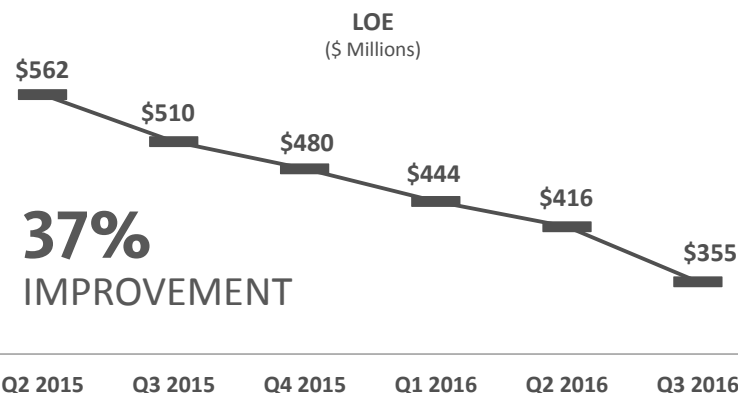
- In aggregate, Devon commenced production on 20 development wells across its U.S. resource plays during the quarter. Initial 30-day rates from these wells averaged **an all-time quarterly high of 2,000 Boe per day.**
- The successful deployment of leading-edge completion designs, improvements in lateral placement and better understanding of the subsurface drove the **per-well productivity gains.**
- In Canada, oil production averaged 137,000 barrels per day, a 13% increase year over year, driven by production at Devon's Jackfish complex.
- To enhance profitability,** the company rejected 6,000 barrels per day of ethane in Q3. NGL production averaged 96,000 barrels per day in the quarter.

RETAINED ASSETS Q3 STATS

	Q3 2016	Q3 2015
Production:		
Oil & Bitumen (MBOD)	245	261
NGL (MBLD)	96	108
Gas (MMCFD)	1,249	1,335
Retained Assets (MBOED)	550	591
E&P Capital (in millions):	\$231	
Operated Rigs (at 9/30/16):	6 (5 in U.S.)	

Lease Operating Expenses Decline 37%

- Devon's successful cost-reduction initiatives resulted in LOE of \$355 million in Q3, which was **7% below the low end of guidance.** This strong cost result represents a decline of 37% from peak costs in 2015 (chart below).

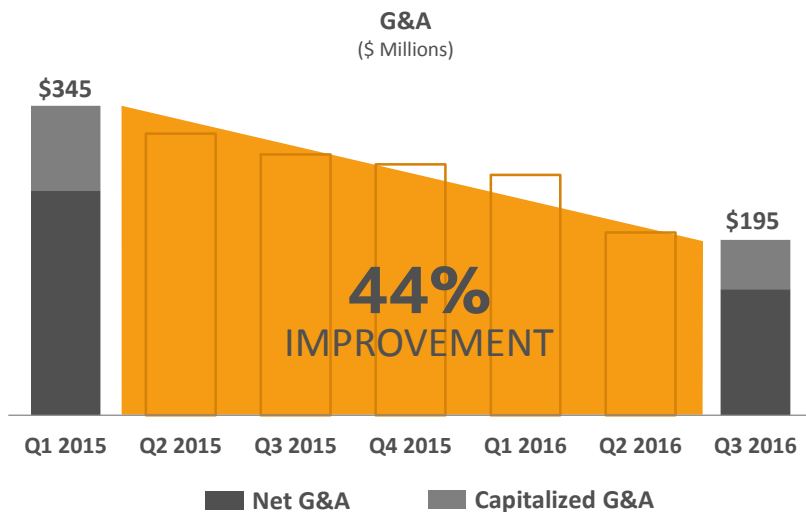


- The decrease in LOE was driven primarily by improved power and water-handling infrastructure, declining labor expense and lower supply chain costs across the company's portfolio.
- With the strong cost performance year to date, **Devon is lowering the midpoint of its 2016 LOE outlook by \$55 million** to \$1.6 billion.

RESULTS OVERVIEW & OUTLOOK

G&A Costs Continue to Decline

- › The company also realized significant G&A cost savings. Including capitalized costs, total G&A declined to \$195 million in Q3, a **44% improvement compared to peak 2015 rates** (chart below).
- › The decrease in G&A expense was driven by reduced personnel costs. However, Devon has maintained the organizational capacity to **efficiently accelerate activity** levels as commodity prices improve.



The EnLink Midstream Advantage

- › Devon's EnLink midstream business generated \$228 million of operating profit in Q3. This steady source of profitability has expanded by 7% compared to the same period in 2015.
- › EnLink Midstream's growing profitability is derived from an asset base that is positioned in some of the most attractive markets in North America, including the STACK, Midland Basin, Delaware Basin and an NGL business that services end-user demand along the Gulf Coast.

- › Devon has a 64% ownership in EnLink's general partner (ENLC) and a 24% interest in the limited partner (ENLK) (table below). In aggregate, the company's ownership in EnLink is **valued at \$3.5 billion** and will **generate cash distributions of \$270 million in 2016**.

Devon's Ownership	
	Market Value (\$B)
ENLC (115 MM Units)	\$1.9
ENLK (95 MM Units)	\$1.6
DVN's Ownership	\$3.5
As of October 2016	

DVN'S ENLINK OWNERSHIP

\$3.5

BILLION

\$3.2 Billion Divestiture Program Complete

- › Overall, Devon's divestiture program is now complete with total proceeds reaching **\$3.2 billion with minimal taxes expected**.
- › Devon closed on the sale of non-core assets in the Midland Basin, East Texas and Granite Wash for \$1.8 billion in the third quarter. With the closing of these assets, the company's **upstream divestiture proceeds have reached \$2.1 billion**.
- › On October 6th, the company closed on the **sale of its 50% interest in the Access Pipeline for USD \$1.1 billion**. Additionally, Devon has the right to receive an incremental USD \$120 million payment with the development of Pike and the potential to reduce future tolls by up to 30%.

Investment-Grade Position Strengthens

- › With investment-grade credit ratings and pro forma liquidity of \$6.5 billion at the end of the third quarter (chart next page), Devon's financial position remains exceptionally strong.

RESULTS OVERVIEW & OUTLOOK

Investment-Grade Position Strengthens (continued)

- In August, the company successfully tendered for \$1.2 billion of debt, which is **expected to reduce interest expense by \$54 million annually**. With the tender focused on near-term maturities, Devon has **no significant long-term debt maturities until mid-2021**.
- At the end of September, Devon's consolidated debt totaled \$11.4 billion. Adjusting for non-recourse EnLink obligations and Access Pipeline proceeds, **adjusted net debt has declined 45%** from peak levels to \$4.7 billion.

Pro Forma Liquidity
(\$ Millions)

\$6,500

Credit
Facility

Cash

Liquidity

9/30 ADJUSTED NET DEBT
(VS. DEC. 2015 ADJ. DEBT)

45%
DECLINE

Note: Adjusted net debt is a non-GAAP measure. See earnings release for a reconciliation.

Devon Increases Hedging Position

- The recent rise in commodity prices has provided Devon the opportunity to increase its hedging position in 2017 (see SEC filings for details).

2017 HEDGING

Period	Product	Volume/d	% of Q3 2016 Production
FY 2017	Oil (Bbl)	83,000	34%
FY 2017	Gas (MMBtu)	390,000	31%

- Devon will continue to add to its hedging position and is targeting to have approximately 50% of its expected revenues protected in 2017.
- This risk-management program will be a combination of systematic hedges added on a quarterly basis and discretionary hedges that take advantage of favorable market conditions.

Q4 Outlook: Oil Production to Stabilize

- Devon exited the third quarter with 5 operated rigs running across its U.S. resource plays and expects to have as many as **10 operated rigs running by year end** (table below). The company also expects to run as many as 5 operated completion crews during the fourth quarter.

OPERATED U.S. RIG ACTIVITY ⁽¹⁾

	Q3 2016	At 12/31/16e
STACK	4	6
Delaware Basin	1	3
Rockies Oil	0	1
Totals	5	10

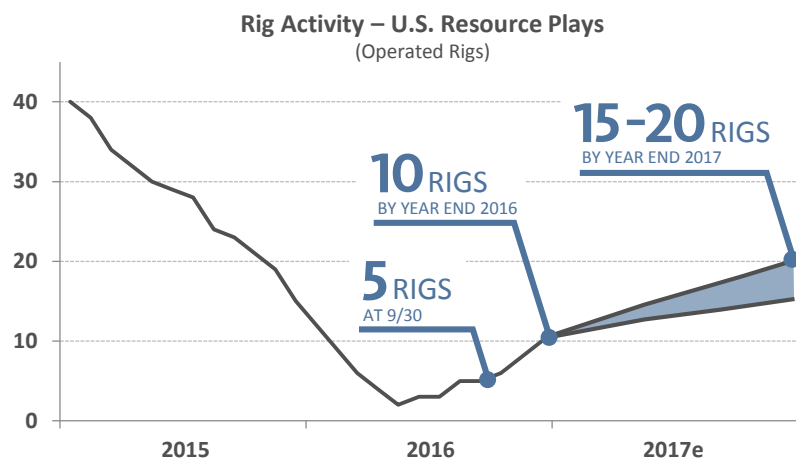
(1) Excludes partner operated rig activity in the Eagle Ford.

- This upstream activity is expected to result in \$400 to \$425 million of E&P capital expenditures in Q4. Capitalized G&A and other corporate capital requirements will add another ~\$80 million to the total.
- In Q4, oil production is expected to be relatively stable compared to Q3, ranging between 238,000 and 248,000 barrels per day. Key drivers of the stabilized oil production are high activity levels in the STACK and accelerated completion activity in the Eagle Ford.
- Top-line production from retained assets is projected to range between 524,000 and 546,000 Boe per day in Q4.

RESULTS OVERVIEW & OUTLOOK

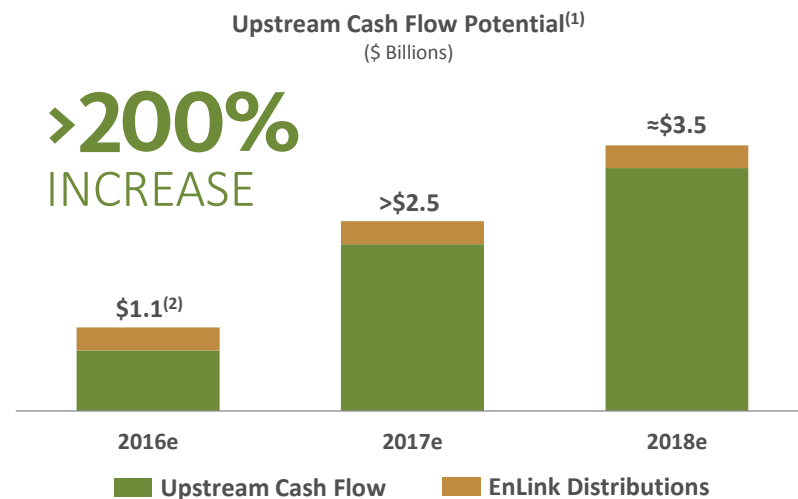
2017 & 2018 Preview: Accelerating Investment in U.S. Resource Plays

- With rising commodity prices, Devon expects to further accelerate drill-bit activity across its U.S. resource plays.
- At \$55 WTI and \$3 Henry Hub pricing, the company's upstream **cash flow is projected to expand by more than 100%** in 2017 to >\$2.5 billion.
- Under this scenario in 2017, Devon would steadily ramp-up activity over the next several quarters to as many as **15 to 20 rigs by year-end 2017** (chart below), while **remaining within cash flow**.



- This activity would drive **double-digit U.S. oil growth in 2017** compared to Q4 2016, which marks the low point of Devon's production profile.
- Top-line production in 2017 will range from low to mid-single digit growth compared to Q4 2016. This range is dependent upon the company's level of ethane rejection during the year.
- Devon will continue to proportionately shift more investment to the STACK and Delaware Basin during 2017 and into 2018. This **plan is designed to generate stronger growth in 2018**.

- In 2018, at \$60 WTI and \$3.25 Henry Hub, cash flow has the potential to reach ≈\$3.5 billion, **>200% increase from today's levels** (chart below).
- Under this scenario in 2018, the company would continue to shift its overall product mix to higher margin production. **This shift is underpinned by >30% production growth in the STACK and Delaware Basin** compared to 2017.



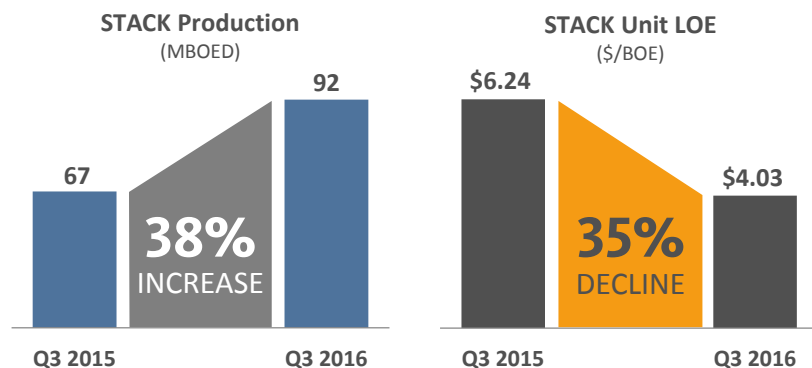
(1) Assumes \$55 WTI and \$3 Henry Hub in 2017 and \$60 and \$3.25 in 2018. Also excludes EnLink operating cash flow.

(2) 2016 excludes \$150 million of cash flow associated with divestiture assets.

- Along with a disciplined hedging program and a workforce sized to handle increasing activity, Devon is proactively securing services at competitive prices. These proactive efforts, combined with internal efficiencies, are expected to **mitigate inflationary pressures in 2017**.
- Importantly, should commodity price volatility continue, the company's **capital programs have significant flexibility** with no long-cycle project commitments and negligible leasehold expiration issues.



- Net production averaged 92,000 Boe per day in Q3, a 38% growth rate year over year (chart below). This growth was driven by **higher-margin oil production, which increased 184%** compared to the year ago quarter.
- To enhance profitability**, the company rejected 6,000 barrels per day of ethane during the third quarter.



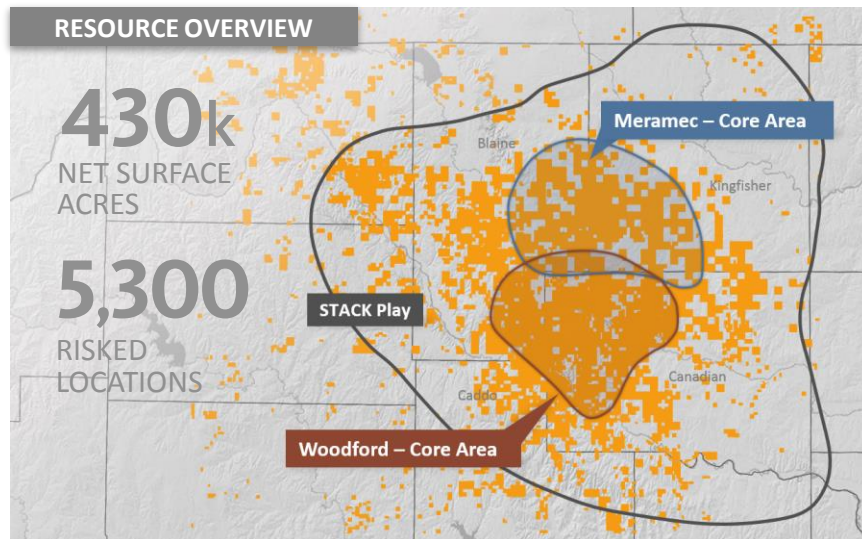
LOE Rates Decline 35%

- While STACK production has increased, costs have remained flat, resulting in **the lowest LOE cost in Devon's portfolio** at \$4.03 per Boe, a 35% decline YOY.
- Key drivers of this low per-unit rate are high well productivity, minimal water handling expense and declining supply chain costs.
- The improved cost structure and growth in oil production expanded cash margins to \$15 per Boe during the quarter, a 76% increase year over year.

STACK Q3 STATS

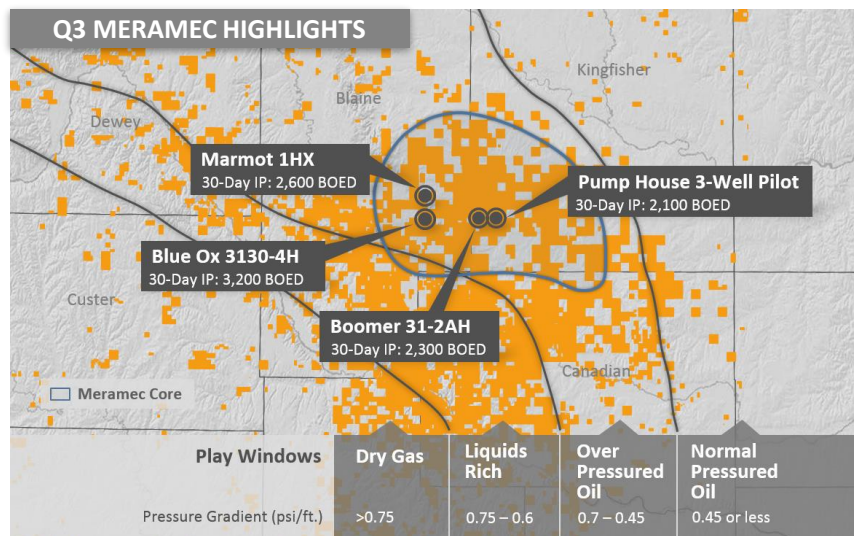
	Q3 2016	Q3 2015
Production:		
Oil (MBOD)	21	7
NGL (MBLD)	23	22
Gas (MMCFD)	292	229
MBOED	92	67
E&P Capital (in millions):	\$101	
Operated Rigs (at 9/30/16):	4	

RESOURCE OVERVIEW



Record-Setting Meramec Wells Results

- The company operated or participated in 18 new Meramec wells in the over-pressured oil window during Q3 that achieved 30-day rates.
- Production from these wells reached a new quarterly high averaging 1,900 Boe per day, of which 60% was light oil.
- This record well productivity was **highlighted by 6 operated wells in the core of the play that achieved 30-day rates of 2,400 Boe per day** (map below).

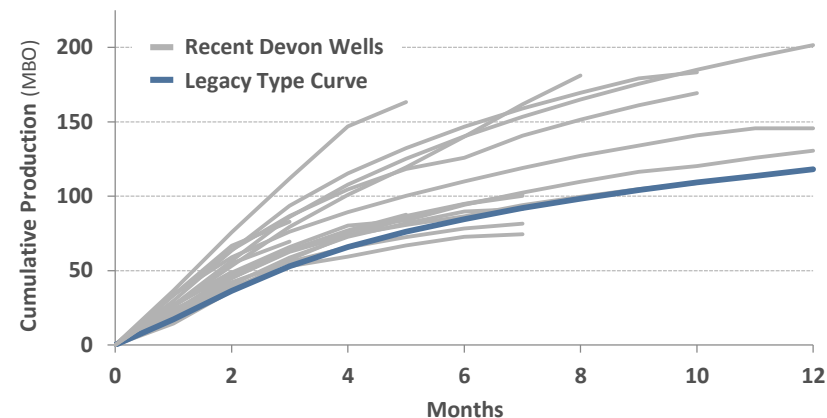


- Devon has an industry-leading position within the over-pressured oil window where well productivity and returns are the highest in the STACK play.

Raising Over-Pressured Oil Window Type Curve

- Devon's Meramec wells in the core of the play have **consistently outperformed type curve expectations** for both IP rates and EURs across the entire over-pressured oil window (chart above right).

Oil Productivity – Recent 5,000' Laterals

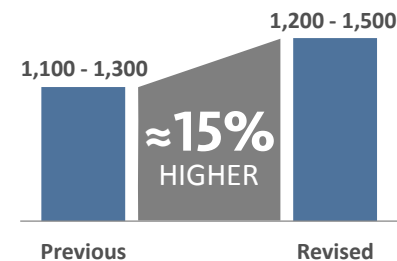


- These productivity gains are due to advancements in subsurface reservoir characterization, enhanced completions and improved lateral placement.
- Based on these strong well results, Devon is **raising its over-pressured oil type curve**. IP rates and EURs for a 5,000' lateral well are expected to be ≈15% higher than the previous estimates (table/chart below).

Meramec Over-Pressured Oil 5,000' Lateral

30-Day IP BOED	1,200 - 1,500	▲
EUR MBOE	1,000 - 1,200 (40% - 50% oil)	▲
D&C Cost \$MM	\$5.5 - 6.5	

30-Day IP Rates (BOED)



- This **type curve represents the average expected well result across the over-pressured oil window**. In the volatile oil portion of this window, EURs for a standard length lateral are 1,200 MBoe.

10,000' Laterals to Further Boost Meramec Economics

- With the recent success of extended-reach laterals in the play, the company expects **≈60% of its operated Meramec activity in 2017 to utilize 10,000' laterals** (table below).

Meramec Over-Pressured Oil 10,000' Lateral	
30-Day IP BOED	1,900 - 2,300
EUR MBOE	1,600 - 2,000 (40% - 50% oil)
D&C Cost \$MM	\$7.5 - 9.0

10,000' LATERALS

≈60%

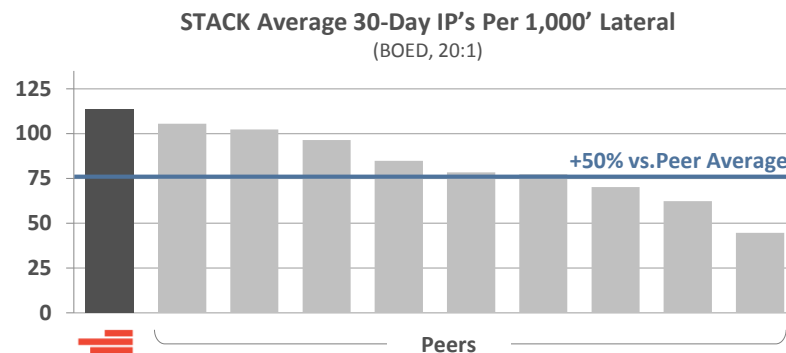
OF 2017e
ACTIVITY

- In the volatile oil portion of the over-pressured oil window, EURs for an extended-reach lateral can exceed 2,000 MBoe.

Volatile Oil Window Drives Devon's Best-In-Class Results

- A key operated well brought online in Q3 was the **Blue Ox 3130-4AH** in the volatile oil window (map previous page). The Blue Ox, drilled with a 10,000' lateral, **achieved a peak 24-hour rate of 4,000 Boe per day** (70% oil) and averaged a 30-day rate of 3,200 Boe per day.
- Offsetting the Blue Ox well on an adjacent lease was the **Marmot 19-1HX** that averaged a 30-day rate of nearly 2,600 Boe per day (70% oil).
- The Blue Ox and Marmot wells were **landed in different intervals within the Upper Meramec**, further supporting the concept of multi-zone development across the field.
- Oil productivity from the Blue Ox and Marmot wells are among the highest of any Meramec wells drilled-to-date.** This is another example of Devon's best-in-class well productivity in the STACK play.

- Since 2015, Devon's well productivity in Blaine, Kingfisher and Canadian counties has been **≈50% higher than the industry average** (chart below).



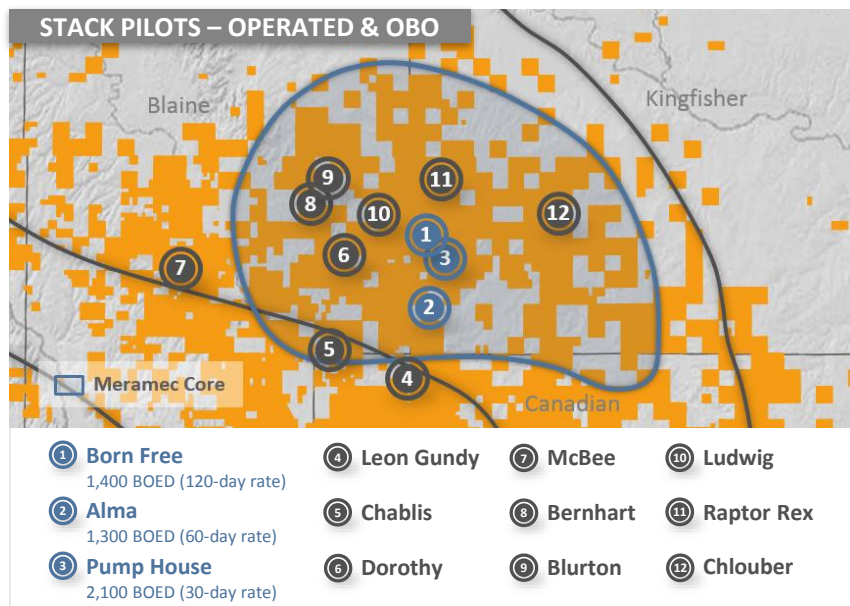
Source: IHS/Devon. Results represent wells online since 2015.

Third Successful STACK Spacing Test

- In August, Devon **brought online its Pump House spacing pilot in the over-pressured oil window** that tested a 7-well pattern across a single interval in the upper Meramec (map next page).
- The Pump House wells were drilled with 4,700' laterals and achieved 30-day rates that averaged 2,100 Boe per day at a cost of \$6 million per well.
- These wells utilized a completion design that deployed 2,200 pounds of proppant per lateral foot across 35 frac stages, with perf clusters spaced 25 feet apart.
- Devon now has completed 3 spacing pilots in the Meramec. Production from the staggered 2-well Born Free pilot in the upper Meramec indicate minimal communication and continue to perform exceptionally well, averaging a 120-day rate of 1,400 Boe per day.
- The Alma spacing pilot tested 5-wells per section across a single interval in the upper Meramec and has achieved a 60-day rate of 1,300 Boe per day.

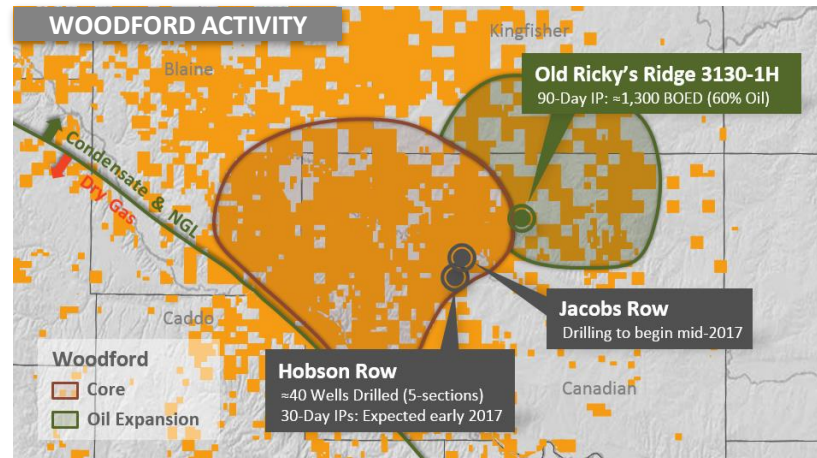
Third Successful STACK Spacing Test (continued)

- Devon is participating in several additional spacing pilots that will help *shape its initial development scheme in the core of the play by mid-2017* (map below).
- The spacing pilots are testing for optimal well density in a single Meramec interval and the joint development of multiple stacked-pay intervals.



Woodford Activity: Hobson Row Progressing

- In addition to the Meramec program, Devon and its partner are now developing the 5-section Hobson Row (~40 wells targeting the Woodford formation) in Canadian County (map above right).
- Completion operations commenced on the Hobson row in September with 2 frac crews currently running. *Initial flow rates are expected in Q4 with 30-day peak rates expected in early 2017.*



- The Hobson Row resides in the eastern portion of the Woodford core, where *oil rates are expected to exceed 25% of production* (table below).
- The Hobson row *completion design is the largest to date in the Woodford*, averaging 2,600 pounds of proppant per lateral foot.
- To help derisk extended-reach laterals in the Woodford, 4 Hobson row wells are testing 10,000' laterals. Devon's *next Woodford development is the nearby Jacobs row* (map above), which is planning to utilize 10,000' laterals, with drilling to begin in mid-2017.

Woodford Eastern Core Type Well

30-Day IP BOED	1,500 (>25% oil) ▲
EUR MBOE	1,600
D&C Cost \$MM	\$6.0 - 6.5 ▼

30-DAY IP RATES

>25%
OIL

Woodford Oil Appraisal Work Identifies 500 Locations

- › Devon recently brought online a noteworthy Woodford appraisal well in the STACK oil window. The Old Ricky's Ridge 3130-1H (map previous page) attained a 90-day IP rate of 1,300 Boe per day, of which **60% was light oil**.
- › This result, along with other successful Woodford wells in the area, further affirms the potential for **another landing zone in addition to the Meramec potential in this area**.
- › In this oil prone area of the Woodford (map previous page), Devon has identified approximately **500 unrisks locations**. The company expects its Woodford oil inventory to expand as additional appraisal activity is underway in Blaine and Kingfisher counties.

Acceleration Plans to Drive Strong STACK Growth in 2017

- › **Devon began to accelerate drilling operations in the STACK** during Q3, exiting the quarter with 4 operated rigs. The company plans to add 2 additional operated rigs in Q4, bringing its total rig count to 6 in the STACK by year end.
- › Further rig additions are expected in 2017 when Devon shifts to development mode.

STACK Position Provides World-Class Inventory

- › Devon has the premier STACK position in the industry with 430,000 net acres and >5,000 undrilled locations to develop (table above right). This is the largest and highest-quality position among peers.
- › The company anticipates a material increase to its risked inventory and recoverable resource estimates once additional spacing test and appraisal data is acquired.
- › This premier stacked-pay asset provides a highly visible source of growth for Devon for many years to come and is also a **significant growth opportunity for EnLink Midstream**.

	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.

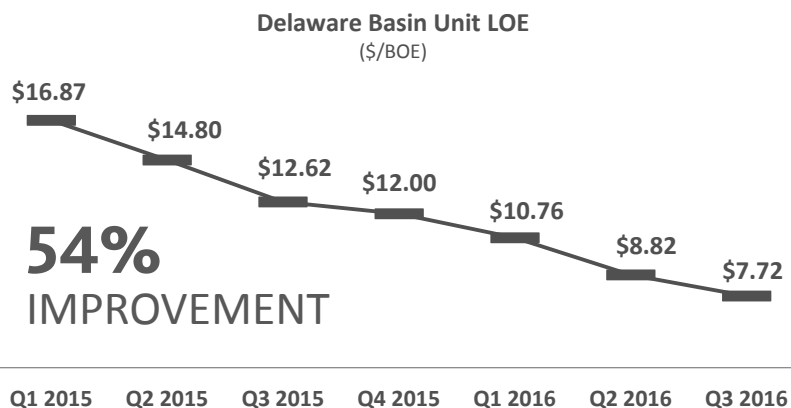
DELAWARE BASIN



- Net production averaged 59,000 Boe per day in the third quarter. Oil and liquids production accounted for 74% of total production in the Delaware Basin.
- Activity in the quarter was highlighted by 4 Bone Spring wells in the basin of southeast New Mexico, where 30-day rates averaged 1,000 Boe per day per well (70% oil).
- The company also brought online a strong Delaware Sands appraisal well around the state line area in Lea County. The Arena Roja Fed Unit 16H attained a 30-day IP of 1,100 Boe per day (84% light oil).

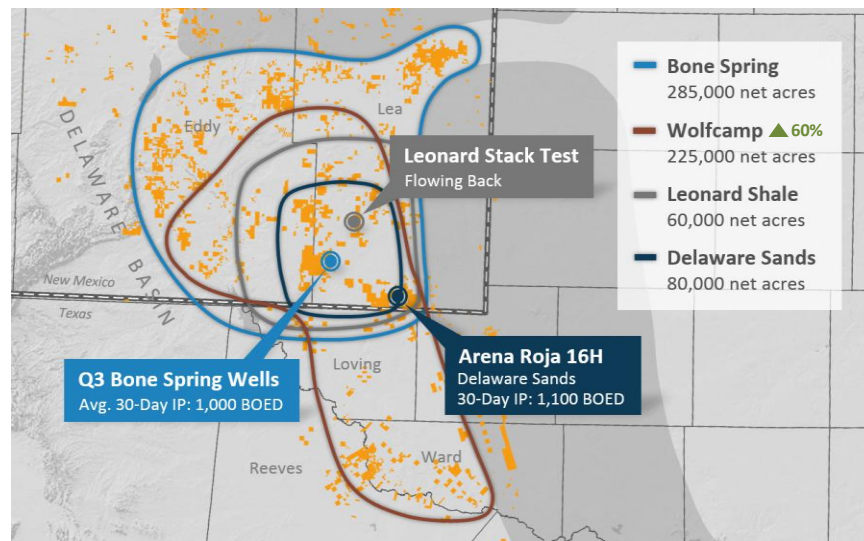
LOE Costs Declined 54% from Peak Rates

- Devon continued to make progress lowering operating costs in Q3. LOE declined to **\$7.72 per Boe, an improvement of 54% from peak rates in early 2015** (chart below).



DELAWARE BASIN Q3 STATS

	Q3 2016	Q3 2015
Production:		
Oil (MBOD)	31	41
NGL (MBLD)	12	8
Gas (MMCFD)	92	70
MBOED	59	61
E&P Capital (in millions):	\$28	
Operated Rigs (at 9/30/16):	1	

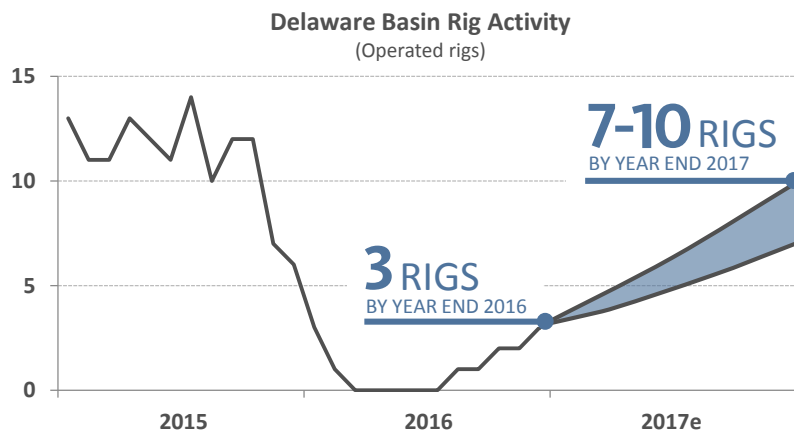


Record-Low LOE Costs Achieved (continued)

- The majority of these LOE savings are sustainable due to investment in infrastructure. The company now has nearly all of its wells connected to electrical power, eliminating >300 higher-cost generators in the field.
- Additionally, Devon has significantly reduced water-disposal costs by investing in infrastructure that now services >75% of its produced water in the basin.

Delaware Basin Acceleration Plan on Track

- Devon **resumed drilling operations in the Delaware Basin** during Q3 and remains on track to operate 3 rigs by year end. This 3 rig program and 1 dedicated completion crew are **projected to stabilize production by early 2017**.
- With improving cash flow, the company expects to further ramp-up activity throughout the upcoming year, with activity reaching **as many as 10 rigs** by the end of 2017 (chart below). This increase in drilling activity will focus on the Bone Spring, Leonard Shale and Wolfcamp targets.

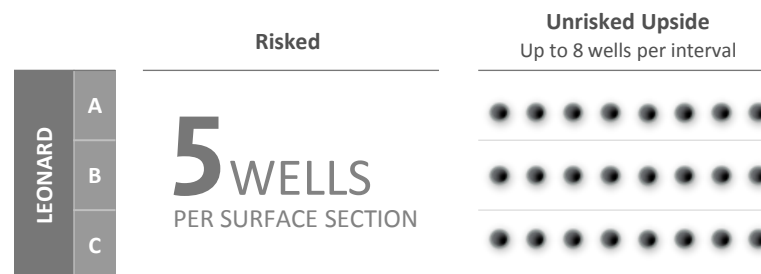


- Importantly, this preliminary capital plan is designed to create operational momentum in the Delaware Basin and **deliver strong production growth in 2018**.

Leonard Spacing Tests to Drive Inventory Upside

- A key objective of the increased drilling activity in the Delaware Basin is the further delineation and development of the Leonard Shale play.
- 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**.

Leonard Shale Inventory Potential



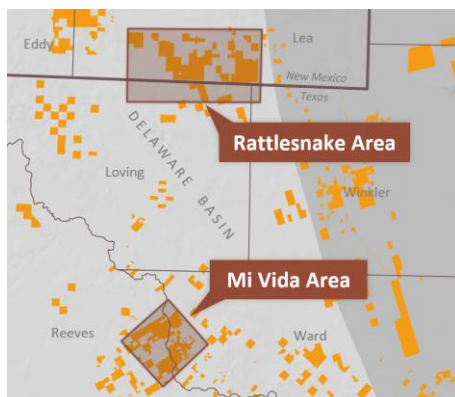
- Recent Leonard results have been outstanding, with wells attaining average 30-day rates of 1,900 Boe per day and D&C costs trending as low as \$5 million.
- To optimize future development plans, Devon is **evaluating spacing of up to 8 wells in a single Leonard interval** and is currently flowing back its **first stacked pilot** testing 400' vertical spacing between the "B" and "C" intervals.
- With successful infill tests, Devon's **Leonard inventory could substantially expand** (currently risked at 5 wells per surface section).

Wolfcamp Drilling to Ramp Up in 2017

- Another emerging opportunity that will compete for capital in 2017 is the Wolfcamp oil play, where **returns have significantly improved due to recent infrastructure improvements and successful appraisal work**.

Wolfcamp Drilling to Ramp Up in 2017 (continued)

- Initial Wolfcamp activity will be focused on Devon's Rattlesnake and Mi Vida acreage (map below), where several high-rate Wolfcamp wells targeting multiple landing zones have been brought online.



RATTLESNAKE & MI VIDA

500▲
RISKED LOCATIONS

WOLFCAMP POTENTIAL

>9,000▲
UNRISKED LOCATIONS

- Across the Rattlesnake and Mi Vida areas, **Devon has identified 500 high-quality, risked locations in the Wolfcamp "A."** Returns associated with the "A" interval are expected to be very competitive in Devon's portfolio.
- As a result of ongoing characterization work, Devon is **raising its exposure to the Wolfcamp by 60% to 225,000 net prospective surface acres.**
- This position provides **exposure to >9,000 unrisked locations** across multiple landing zones.

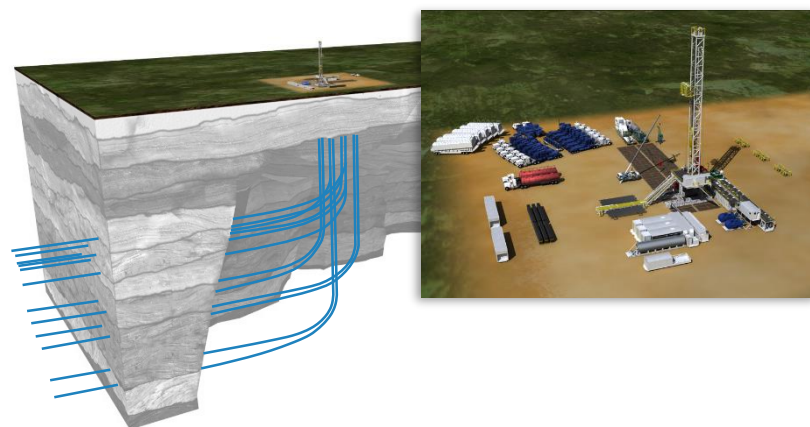
TRAC Development Plan to Drive Efficiencies and Returns Higher

- Converting the massive and growing opportunity in the Delaware Basin into production and free cash flow is a top priority for the company.
- To maximize efficiencies and returns, Devon's future development plan in the Delaware Basin is its "Total Reservoir Access Concept" (TRAC).

- TRAC offers distinct advantages over the traditional pad drilling such as:

1. More efficient permitting process on federal lands.
2. Minimizes surface disturbance on infrastructure, surface locations and facilities.
3. Optimizes infrastructure and facility design, increasing the capacity to support a larger number of wells.
4. Provides flexibility to add or defer development zones depending upon project returns.
5. Allows for simultaneous operations to reduce cycle times and improve efficiencies driving returns higher.

Total Reservoir Access Concept (TRAC)



Delaware Basin – A Multi-Decade Growth Platform

- Devon has one of the best Delaware Basin positions in the industry. Its stacked-pay potential in the Delaware Sands, Leonard Shale, Bone Spring and Wolfcamp formations is **well positioned on the industry cost curve.**

Delaware Basin – A Multi-Decade Growth Platform (continued)

- Adding up leasehold by formation, the company has exposure to 670,000 risked net acres, with **5,700 risked undrilled locations** in this world-class basin (table below).
- With the company's ongoing Wolfcamp reservoir characterization work, Devon is now **raising its total unrisked inventory across the Delaware Basin to >20,000 locations**, an increase of nearly 25% from previous estimates (table below).

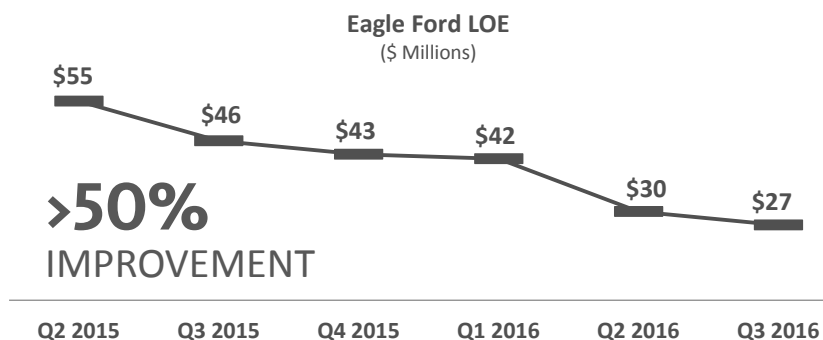
Formation	Risked Net Acres	Risked Gross Locations	Unrisked Gross Locations
Delaware Sands	80,000	700	1,500
Leonard Shale	60,000	800	3,100
Bone Spring	285,000	3,500	5,700
Wolfcamp	225,000 ▲	500 ▲	>9,000 ▲
Other (Yeso & Strawn)	20,000	200	200
Total	670,000 ▲	5,700 ▲	>20,000 ▲



- Net production averaged 61,000 Boe per day in the third quarter, with liquids accounting for 77% of Eagle Ford volumes.
- As previously disclosed, production in Q3 was impacted by the timing of completions related to mechanical issues on ~35 uncompleted wells. These issues were resolved during the quarter at minimal cost.
- Completion activity resumed in Q3 and 7 new wells were tied-in, with **30-day rates averaging a quarterly record of 2,700 Boe per day** per well.

Lease Operating Costs Declined >50% from Peak Rates

- Devon's Eagle Ford operations continued to achieve significant cost savings during the quarter. LOE totaled \$27 million in Q3, **an improvement of >50% compared to peak costs in 2015** (chart below).



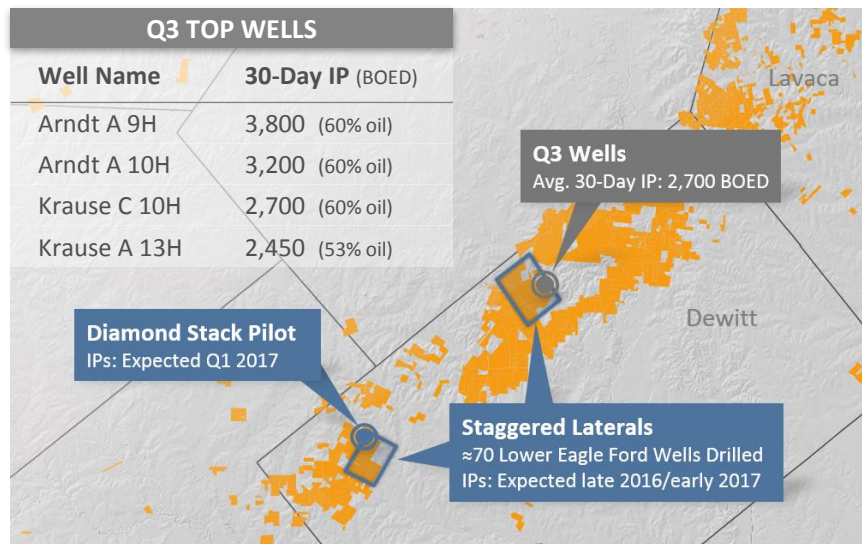
- Contributing factors to this strong cost performance were lower labor and supply chain expenses.

EAGLE FORD Q3 STATS

	Q3 2016	Q3 2015
Production:		
Oil (MBOD)	33	62
NGL (MBLD)	13	26
Gas (MMCFD)	85	155
MBOED	61	113
E&P Capital (in millions):	\$51	
Operated Rigs (at 9/30/16):	0	

Q3 TOP WELLS

Well Name	30-Day IP (BOED)
Arndt A 9H	3,800 (60% oil)
Arndt A 10H	3,200 (60% oil)
Krause C 10H	2,700 (60% oil)
Krause A 13H	2,450 (53% oil)

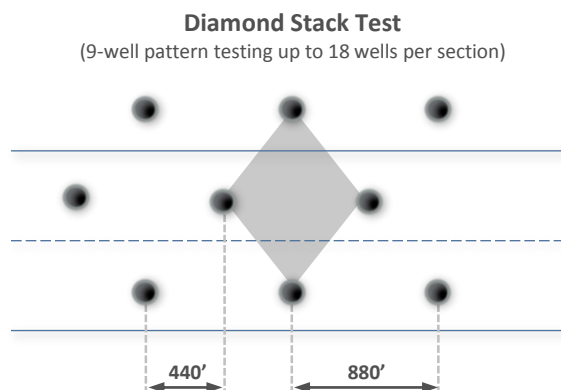
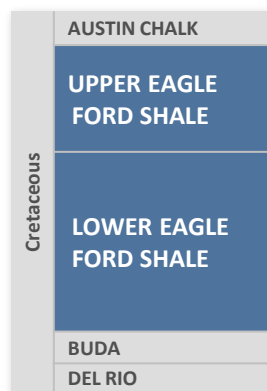


Significant Free Cash Flow Generation

- The improved costs and higher prices helped Eagle Ford margins expand to \$22.39 per Boe in Q3, a 38% increase compared to the first half of 2016.
- The improved margin helped generate \$74 million of free cash flow in Q3. The Eagle Ford is expected to **generate ~\$350 million of free cash flow in 2016**.

“Diamond Stack” & Staggered Spacing Tests Progressing

- To optimize future development plans and expand inventory, Devon 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** (graphic below).

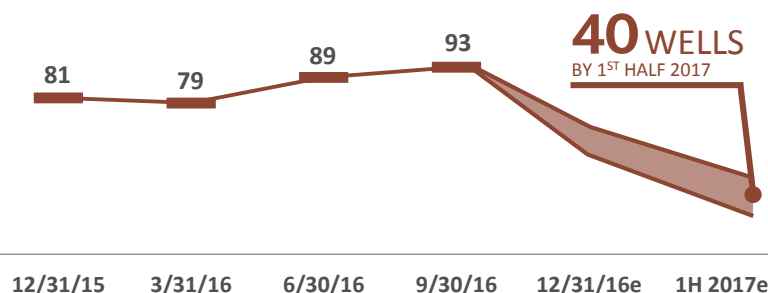


- The 9-well diamond stack test was drilled in the southwest portion of DeWitt County and is scheduled to be completed in Q4. **Initial 30-day rates from this pilot are expected in Q1 2017.**
- Production results from Devon’s staggered lateral infill program in the Lower Eagle Ford (~70 wells spaced at 440’) are expected in Q4 and into early 2017 (map previous page).

Eagle Ford Outlook Benefits from Accelerated Completion Activity

- The company’s inventory of Eagle Ford wells waiting to be placed online increased to 93 wells at the end of Q3.
- To accelerate the drawdown of this DUC inventory, **the partnership is running as many as 4 completion crews** in Q4.
- This activity will also leverage a larger hybrid completion design of up to 2,800 pounds of proppant per lateral foot (a 40% increase) across 35 stages and perf clusters spaced at 50 feet.
- This increase in completion activity is expected to reduce the company’s DUC inventory to around 40 wells by 1H 2017 (chart below).

Eagle Ford DUC Inventory
(Number of Wells)



- This accelerated completion plan is projected to **stabilize Devon’s Eagle Ford production in the fourth quarter of 2016 and grow volumes in the first half of 2017.**
- The company and its partner expect to run as many as 3 rigs during 2017.

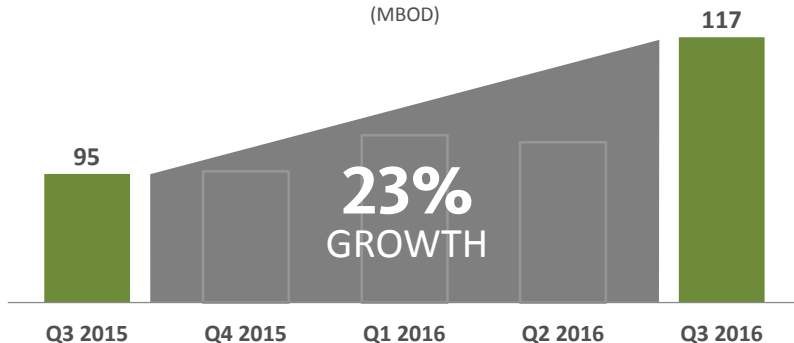


- Net oil production averaged 137,000 barrels per day in the third quarter, a 13% increase year over year.

Production at Jackfish Complex Exceeds Nameplate Capacity

- Production growth during the quarter was driven by Devon's Jackfish complex where gross production averaged 117,000 barrels per day. This **exceeded nameplate capacity for the complex by 11% or 12,000 barrels per day**.

Jackfish Complex Gross Production
(MBOD)



- Importantly, **the capital investment required to sustain production at Jackfish is minimal at only \$5 per barrel**, or ~\$200 million per year.

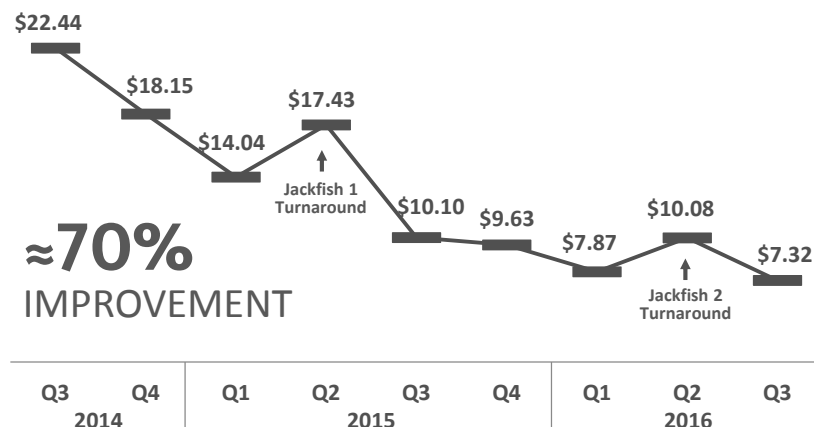
Record Low Costs Achieved at Jackfish

- At the Jackfish complex, **LOE has now declined ~70% since 2014**. Key drivers of this strong result were higher volumes at Jackfish 2 and 3, declining fuel costs, lower labor expense and exchange rates (chart right).

HEAVY OIL Q3 STATS

	Q3 2016	Q3 2015
Production:		
Oil & Bitumen (MBOD)	137	121
Gas (MMCFD)	18	16
MBOED	140	124
E&P Capital (in millions):	\$26	
Operated Rigs (at 9/30/16):	1	

Jackfish Complex Unit LOE
(\$/BOE)



- This strong performance helped **cash margins expand to \$15 per barrel** during the quarter.

Heavy Oil Business Generating Significant Free Cash Flow

- Devon's heavy oil business is also generating cash flow. In Q3, these assets **produced \$159 million of free cash flow**.

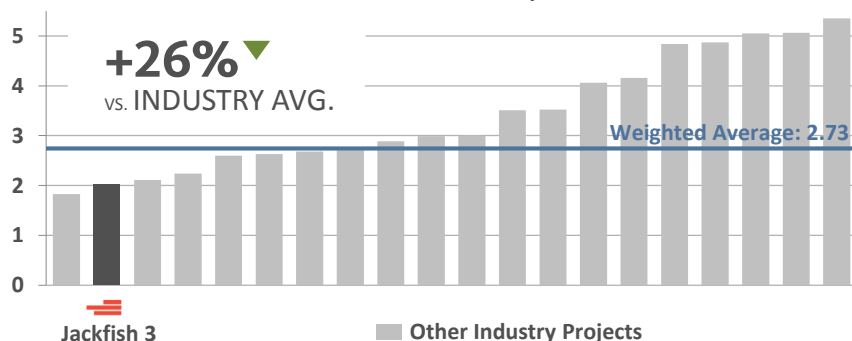
(At \$45 WTI)	Q3 2016 (\$ Millions)
Revenue	299
LOE & Taxes	(114)
Cash Margin	185
CapEx	(26)
Free Cash Flow	159

Q3 FREE CASH FLOW
\$159
MILLION

Jackfish 3 Achieving Industry Leading Results

- Production at Jackfish 3 **exceeded nameplate capacity by 20%** in Q3, averaging 42,000 gross barrels per day, or 41,300 barrels per day after royalties.
- This performance was driven by strong well productivity and facility uptime of nearly 100%. These factors make **Jackfish 3 one of the most efficient thermal oil projects in the industry** (chart below).

Steam-to-Oil Ratio Comparison

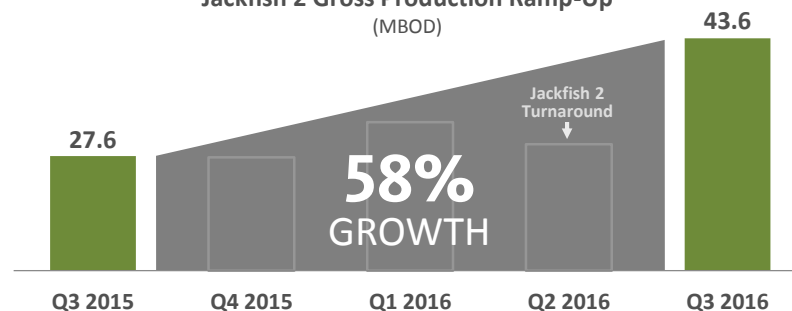


Source: Industry Regulatory Reporting, July 2016.

Jackfish 2 Accelerates to >43,000 Barrels Per Day

- Production at **Jackfish 2 reached a new facility record in Q3**, averaging 43,600 gross barrels per day (net production 42,900 BOD).
- The record production at Jackfish 2 was driven by the successful ramp-up of two new well pads, **boosting production by 58% since late last year** (chart below).

Jackfish 2 Gross Production Ramp-Up
(MBOD)



New Pad At Jackfish 1 to Drive Growth in Q4

- At Jackfish 1, gross production averaged 31,200 barrels per day in the third quarter (net production 31,000 BOD). A new well pad is ramping up and is expected to push production near nameplate capacity by year end.

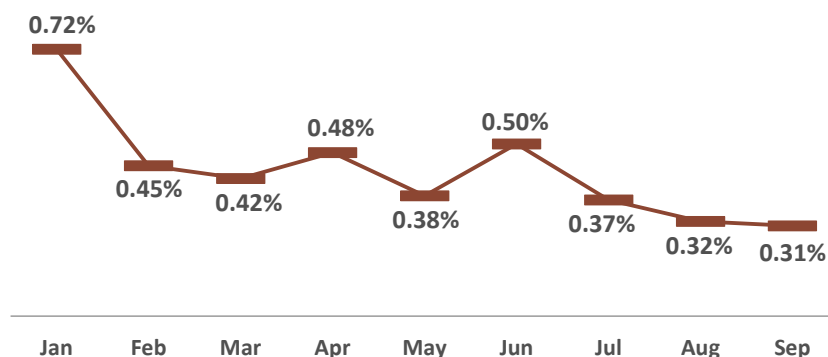
Q4 Outlook: Jackfish Production Growth Continues

- In the upcoming fourth quarter, Devon expects net oil production from its heavy oil operations to range between 135,000 and 140,000 barrels per day.
- This forecast represents **~15% growth rate** from the fourth quarter of 2015.



- Net production averaged 166,000 Boe per day or 1.0 Bcfe per day in the third quarter. Liquids accounted for 27% of the production mix.
- The strong base production performance was aided by line pressure reduction projects and improvements in **controllable downtime which was limited to a record low of 0.31%** during September (chart below).

2016 Barnett Controllable Downtime



Improving Cost Structure Drives Cash Flow Higher

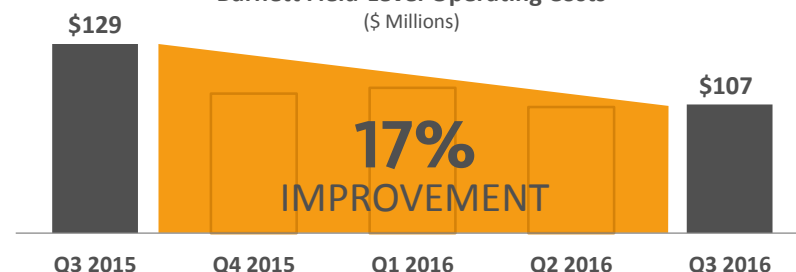
- Devon delivered another strong cost performance by limiting operating expenses in the Barnett to \$107 million in Q3. **This represents a 17% improvement year over year** (chart right).
- These LOE savings were achieved through renegotiated compression rates, water disposal savings and declining chemical expenses.

BARNETT SHALE Q3 STATS

	Q3 2016	Q3 2015
Production:		
Oil (MBOD)	1	1
NGL (MBLD)	44	47
Gas (MMCFD)	730	807
MBOED	166	183
E&P Capital (in millions):	\$5	
Operated Rigs (at 9/30/16):	0	

- With low operating costs and improved gas prices, Devon's Barnett properties **generated \$74 million of free cash flow** during the third quarter.

Barnett Field-Level Operating Costs
(\$ Millions)



Future Development Activity to Unlock Significant Value

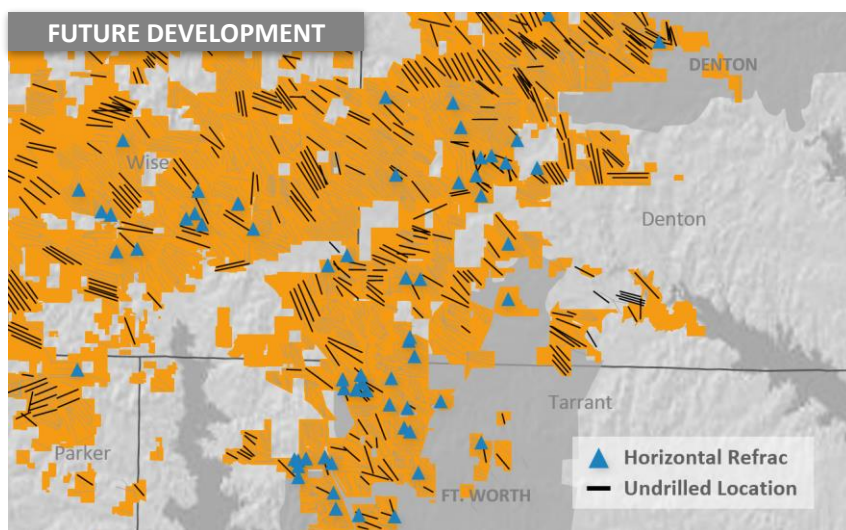
- When conditions incentivize higher activity levels, Devon is prepared to resume its development programs in the Barnett, where the company has **identified thousands of low-risk opportunities**.

Future Development Activity to Unlock Significant Value (continued)

- Through successful appraisal work over the past few years, Devon has **identified an inventory of $\approx 1,000$ high-quality horizontal refracs in the Barnett** that can generate attractive returns (table below).

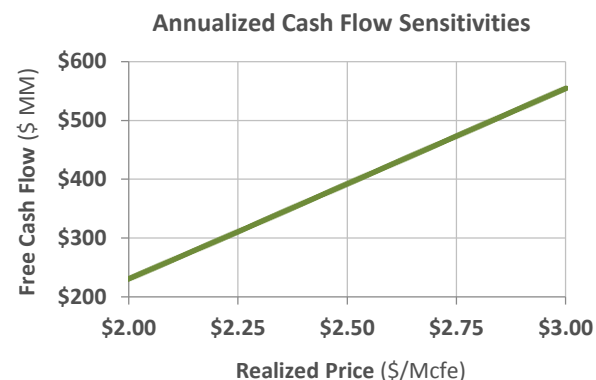
	Initial Development Opportunities	
	H _z . Refrac	Undrilled Location
30-Day IP (MMCFED)	1.0 - 1.4	3.0 - 3.5
EUR (BCFE)	≈ 2.0	≈ 3.5
D&C Cost (\$MM)	\$0.9 - 1.0	\$2.1

- The company has also **improved rig-line economics for its 1,500 undrilled locations in the Barnett**. Devon now expects D&C costs to be \$2.1 million per well with recoveries of 3.5 Bcfe (table above).
- Future activity will focus in Denton, Tarrant and Wise counties where Devon has achieved consistent results and attractive returns (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.
- Free cash flow in the Barnett can approach \$600 million annually** at a realized price of \$3 per Mcfe (chart below).

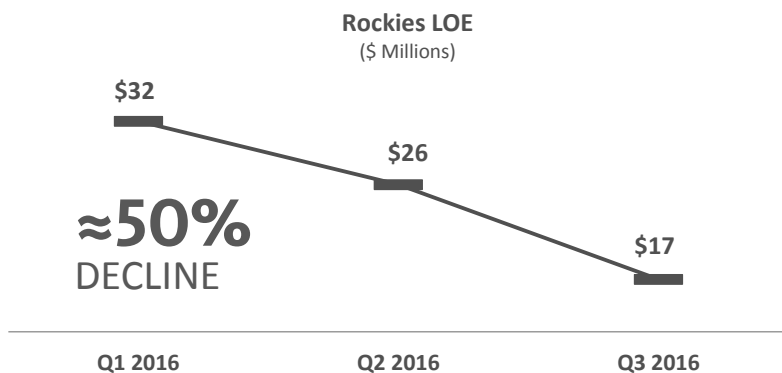




- Net production averaged 16,000 Boe per day in the third quarter. High-quality, light oil accounts for 73% of Rockies production or roughly 90% of revenue.

LOE Declines ≈50% Over Past 6 Months

- Devon made significant progress lowering operating costs in the Rockies during the third quarter. LOE declined to \$17 million in Q3, **an improvement of ≈50% from peak costs in early 2016.**



- Contributing factors to the decrease in LOE are lower power costs, improved water-handling infrastructure and declining chemical expenses.

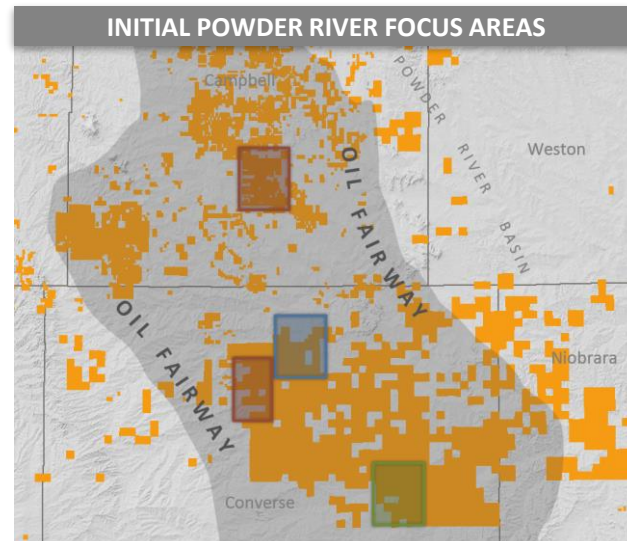
Drilling Activity to Resume in the Powder River Basin

- Year to date, the Rockies asset team has been focused on lowering operating costs, performing detailed subsurface reservoir characterization and permitting future development locations.

ROCKIES OIL Q3 STATS

	Q3 2016	Q3 2015
Production:		
Oil (MBOD)	11	16
NGL (MBLD)	1	2
Gas (MMCFD)	19	41
MBOED	16	25
E&P Capital (in millions):	\$8	
Operated Rigs (at 9/30/16):	0	

Upper Cretaceous	TECKLA
	TEAPOT
	PARKMAN
	SHANNON/SUSSEX
	NIOBRARA SHALE
	TURNER
Lower Cretac.	FRONTIER
	MOWRY SHALE
	MUDDY

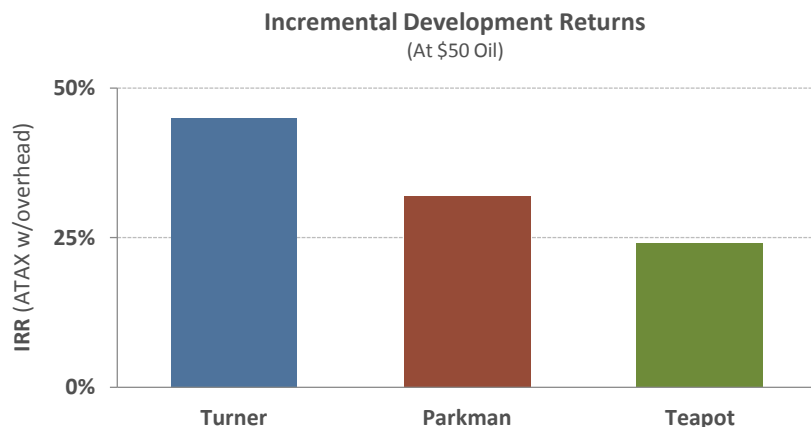


Drilling Activity to Resume in the Powder River Basin (continued)

- This work has **prepared Devon to resume drilling operations in the Powder River during Q4 with an operated rig**. This drilling activity will target the Parkman, Teapot and Turner formations (map previous page).

Rockies Development Activity to Deliver Attractive Returns

- Incremental rig-line economics in the Powder River oil fairway are attractive at today's prices and are very competitive with the company's other U.S. resource plays. Given the high oil content, project economics have tremendous upside with the improvement in oil prices (chart below).

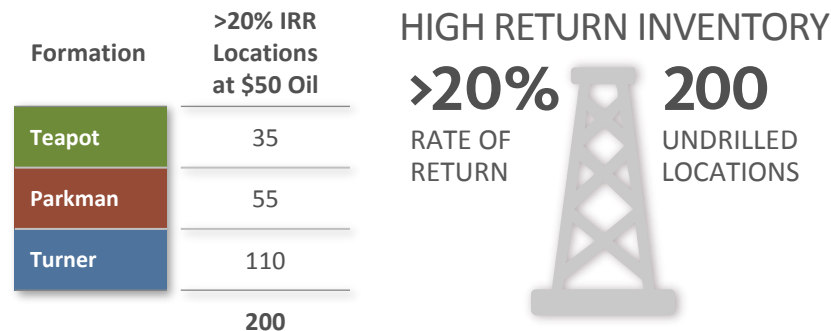


- Depending upon target formation and lateral length, D&C costs are expected to range from \$6 million to \$7.5 million per well, with average EURs trending 500 to 900 MBOE per well.

Powder River Basin – A Significant Resource Opportunity

- The Powder River oil fairway is a **significant resource opportunity** in Devon's portfolio with **several billion barrels of resource in place** across the basin. Adding up the prospective leasehold by the Teapot, Parkman and Turner formations, the company **has exposure to ~400,000 net effective acres**.

- While appraisal activity is required to delineate the full extent of the oil fairway, Devon has identified 200 development locations that are capable of delivering competitive returns in Devon's portfolio at a \$50 oil price.



Note: assumes \$50/Bbl oil price. Returns burdened for taxes and overhead.

- This top-tier inventory in the Powder River Basin is expected to increase over time as the company deploys additional activity to de-risk the oil fairway.
- Devon will also leverage its proprietary seismic data, which covers more than 4,000 square miles, to further advance the understanding of the conventional stacked-pay potential in this region.

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