

DEVON ENERGY CORP/DE

FORM 8-K (Current report filing)

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Address	333 W. SHERIDAN AVENUE OKLAHOMA CITY, OK 73102
Telephone	4055528183
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Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): FEBRUARY 6, 2003

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

000-30176
(Commission File Number)

73-1567067
(I.R.S. Employer
Identification Number)

20 NORTH BROADWAY
OKLAHOMA CITY, OKLAHOMA
(Address of Principal Executive Offices)

73102
(Zip Code)

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

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99 Devon Energy Corporation Press Release dated February 6, 2003

ITEM 9. REGULATION FD DISCLOSURE

Devon Energy Corporation hereby furnishes the information set forth in its Press Release, dated February 6, 2003, announcing fourth quarter and year-end 2002 results, a copy of which is attached as Exhibit 99.

SIGNATURES

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

DEVON ENERGY CORPORATION

By: */s/ Danny J. Heatly*

Danny J. Heatly
Vice President - Accounting

Date: February 6, 2003

INDEX TO EXHIBITS

EXHIBIT
NUMBER

DESCRIPTION

99

Devon Energy Corporation Press Release dated February 6, 2003

[DEVON ENERGY LETTERHEAD]

NEWS RELEASE

Investor contact: Zack Hager
(405) 552-4526

Media contact: Brian Engel
(405) 228-7750

**DEVON ENERGY REPORTS RECORD 2002 OIL AND GAS PRODUCTION
AND REVENUES; 278% RESERVE REPLACEMENT AT \$7.18 PER BARREL**

OKLAHOMA CITY (February 6, 2003) - Devon Energy Corporation (AMEX: DVN, TSE: NSX) today reported record high oil and gas production and revenues for 2002. Devon also reported that reserve additions replaced 278 percent of its 2002 production of oil, gas and natural gas liquids at a cost of \$7.18 per equivalent barrel.

For the full year 2002, Devon reported net earnings of \$104 million, or 61 cents per common share (61 cents per diluted common share). This compares to 2001 net earnings of \$103 million, or 73 cents per common share (72 cents per diluted common share).

For the fourth quarter of 2002, Devon reported net earnings of \$84 million, or 52 cents per common share (52 cents per diluted common share). This compares to a net loss for the fourth quarter of 2001 of \$518 million, or \$4.13 per common share (\$4.13 per diluted common share).

NET EARNINGS EXCLUDING SPECIAL ITEMS

For the full year 2002, Devon reported net earnings, excluding special items, of \$549 million, or \$3.49 per common share (\$3.41 per diluted common share). For 2001, net earnings, excluding special items, were \$660 million, or \$5.09 per common share (\$4.92 per diluted common share).

For the fourth quarter of 2002, Devon reported net earnings, excluding special items, of \$232 million, or \$1.47 per common share (\$1.42 per diluted common share). For the fourth quarter of 2001, net earnings, excluding special items, were \$37 million, or 27 cents per common share (27 cents per diluted common share).

OIL AND GAS PRODUCTION UP 50 PERCENT

Combined production of oil, gas and natural gas liquids climbed to 188 million barrels of oil equivalent (MMBoe) in 2002. This is the highest production in Devon's history and 50 percent greater than the 126 MMBoe produced in 2001. The increase was driven by Devon's acquisitions of Anderson Exploration in October 2001 and Mitchell Energy in January 2002.

Sales of oil, gas and natural gas liquids increased 19 percent to \$3.3 billion in the year ended December 31, 2002 compared to 2001. The increase in sales was due to higher oil and gas production, partially offset by lower natural gas prices. The average price received for Devon's 2002 natural gas production decreased 27 percent to \$2.80 per thousand cubic feet in 2002 from \$3.84 per thousand cubic feet in 2001. The average price received for 2002 oil production increased one percent to \$21.71 per barrel from \$21.41 per barrel in 2001. The average price received for natural gas liquids was \$14.05 per barrel in 2002, or 17 percent less than the \$16.99 per barrel received in 2001.

MIDSTREAM MARGINS SOAR WITH ACQUISITIONS

With the Mitchell acquisition, Devon significantly expanded its midstream business, primarily gas transportation and processing. Marketing and midstream revenue increased to \$999 million in 2002 from \$71 million in 2001. Related marketing and midstream costs were \$808 million in 2002 compared to \$47 million a year ago. This resulted in a \$191 million contribution to Devon's operating margins in 2002, a 696 percent increase over 2001.

DISCONTINUED OPERATIONS

In 2002, Devon continued to focus its oil and gas operations outside North America by divesting all of its assets in Indonesia and Argentina. In addition, Devon entered into an agreement in December 2002 to sell its operations in Egypt. This transaction was completed during January 2003. In accordance with Statement of Accounting Standards (SFAS) No. 144, Devon was required to reclassify the assets, liabilities and results of its operations in these countries as discontinued operations for all accounting periods presented. Although both revenues and expenses for prior periods were reclassified, there was no impact upon previously reported net earnings. Included with the financial information that follows is a table of revenues, expenses and production categories and the amounts reclassified for each period presented.

EXPENSES TRACK EXPANDED OPERATIONS

Devon expanded its North American operations significantly with its acquisitions of Anderson and Mitchell. Accordingly, expenses in nearly every category increased in 2002.

Lease operating expenses and transportation costs increased 41 percent from \$550 million in 2001 to \$775 million in 2002. However, on a unit of production basis, these expenses decreased from \$4.37 per barrel of oil equivalent (Boe) in 2001 to \$4.12 per Boe during 2002. This is a result of acquiring properties with lower unit operating costs and divesting some higher cost properties.

General and administrative expense increased 92 percent to \$219 million in 2002. The increase includes a \$13 million charge in the fourth quarter of 2002 for abandonment of office space resulting from the merger with Santa Fe Snyder during 2000. Also in the fourth quarter of 2002, Devon recorded a \$3 million charge resulting from changes in actuarial assumptions concerning liabilities for post-employment benefits.

Interest expense increased 142 percent to \$533 million in 2002. The increase results from additional indebtedness undertaken to fund the cash portions of the Anderson and Mitchell acquisitions.

Devon recorded \$23 million of current income tax expense and \$216 million of deferred income tax benefit in 2002 relating to continuing operations. This resulted in a total income tax benefit of \$193 million or 144 percent of pre-tax loss. Excluding the tax effects of special items and property sales, income tax expense for the full year 2002 was \$158 million. This is made up of current tax benefit of \$16 million and deferred tax expense of \$174 million.

In the fourth quarter of 2002, Devon recorded current income tax benefit of \$99 million and deferred tax expense of \$78 million relating to continuing operations. This resulted in a total income tax benefit of \$21 million or 28 percent of pre-tax earnings. Income tax expense for the fourth quarter of 2002, excluding the tax effects of special items and property sales, was \$60 million. This is made up of a current tax benefit of \$45 million and deferred tax expense of \$105 million.

RESERVE REPLACEMENT AND FINDING COSTS

Devon's estimated proved oil and gas reserves at December 31, 2002, were 1,609 MMBoe compared to 1,472 MMBoe at December 31, 2001. Devon acquired 405 MMBoe in 2002, primarily through the Mitchell acquisition. The company added 142 MMboe through drilling (extensions and discoveries) and produced 188 MMboe. Revisions of prior estimates reduced reserves by 23 MMBoe. The majority of the revisions were due to higher oil and gas prices. Under international production sharing agreements, higher prices generally result in an earlier back-in by the government. This reduces the reserves retained by the producer. Price declines in the future could reverse this result.

Total costs incurred in oil and gas property acquisition and exploration and development activities were \$3.8 billion in 2002. This results in finding and development costs of \$7.18 per Boe.

Costs incurred for exploration and development activities included an estimated \$480 million for the development of reserves classified as proved undeveloped at year-end 2001. Accordingly, Devon increased proved developed reserves to 73 percent of total proved reserves at year-end 2002.

Estimated proved reserves at December 31, 2002, include 444 million barrels of oil, 5.8 trillion cubic feet of natural gas and 192 million barrels of natural gas liquids. These proved reserves had an estimated pre-tax present value discounted at 10 percent of \$15 billion. This compares to an estimated pre-tax present value of \$7 billion as of December 31, 2001. The increase reflects larger reserve volumes and higher oil and gas prices at December 31, 2002.

RECONCILIATION OF SPECIAL ITEMS

The following reconciliation lists special items for each of the periods reported. The reconciliation also includes the after-tax effects of each special item and the aggregate effect per diluted common share.

DESCRIPTION OF SPECIAL ITEMS (\$ in millions, except per share data)	YEAR ENDED DECEMBER 31,		QUARTER ENDED DECEMBER 31,	
	2002	2001	2002	2001
NET EARNINGS EXCLUDING SPECIAL ITEMS	\$ 549	\$ 660	\$ 232	\$ 37
Net earnings excluding special items per diluted common share	\$ 3.41	\$ 4.92	\$ 1.42	\$ 0.27
AFTER-TAX EFFECT OF SPECIAL ITEMS:				
Amortization of goodwill	--	(34)	--	(9)
Abandonment of office space	(8)	--	(8)	--
Expenses related to merger	--	(1)	--	(1)
Reduction of carrying value of oil and gas properties	(371)	(611)	--	(542)
Foreign exchange effect	--	(8)	--	(6)
Change in fair value of derivative instruments	17	(1)	(1)	2
Gain on foreign exchange contract	--	17	--	17
Impairment of ChevronTexaco stock	(128)	--	(128)	--
Results of discontinued operations	45	32	(11)	(16)
Cumulative effect of change in accounting principle	--	49	--	--
NET EARNINGS	104	103	84	(518)
Net earnings per diluted common share	\$ 0.61	\$ 0.72	\$ 0.52	\$ (4.13)

Amortization of goodwill -

Effective January 1, 2002, Devon adopted SFAS No. 142, under which goodwill is no longer amortized. In 2001, prior to adoption of SFAS No. 142, the company recorded a \$34 million pre-tax expense (\$34 million after tax) for amortization of goodwill.

Abandonment of office space -

In the fourth quarter of 2002, Devon recorded a \$13 million pre-tax (\$8 million after tax) charge for office rent expense. The charge relates to Devon's exit from office space previously occupied under a lease obligation assumed in the merger with Santa Fe Snyder in 2000.

Expenses related to merger -

In 2001, the company incurred severance costs of \$1 million pre-tax (\$1 million after tax). These costs relate to employees of Devon that were terminated in conjunction with the Anderson merger.

Reduction in carrying value of oil and gas properties -

Devon recorded non-cash, full cost ceiling adjustments in the second quarter of 2002 and the fourth quarter of 2001 of \$651 million pre-tax (\$371 million after tax) and \$892 million pre-tax (\$542 million after tax), respectively. These charges resulted from application of the ceiling test as prescribed by the Securities and Exchange Commission for companies that follow the full cost method of accounting. Due to the volatility in oil and gas prices, it is possible that Devon will incur further reductions to the carrying value of its oil and gas properties in future periods.

In the second and third quarters of 2001, Devon recorded pre-tax charges of \$87 million (\$69 million after tax) associated with Devon's decision to discontinue operations in Thailand, Malaysia, Qatar and Brazil.

Foreign exchange effect -

In 2002, the company recorded a \$1 million pre-tax (zero after tax) gain attributable to changes in foreign currency-to-U.S. dollar exchange rates. In 2001, the company recorded an \$11 million pre-tax (\$8 million after tax) charge attributable to currency fluctuations. Devon will recognize either income or expense in future periods related to further fluctuations in foreign currency rates.

Change in fair value of derivatives -

Devon adopted SFAS No. 133 in 2001. SFAS No. 133 established new accounting procedures for derivative instruments. This resulted in pre-tax income in 2002 of \$28 million (\$17 million after tax). In 2001, the company recorded pre-tax expense of \$2 million (\$1 million after tax) attributable to derivative values.

Impairment of ChevronTexaco common stock -

In the fourth quarter of 2002, the company recorded a \$205 million non-cash pre-tax charge (\$128 million after tax) attributable to a decline in the value of 7.1 million ChevronTexaco common shares owned by Devon. Devon acquired these shares in its August 1999 acquisition of PennzEnergy Company. The shares are held for possible exchange for \$760 million of exchangeable debentures also assumed by Devon in the PennzEnergy acquisition. The company initially recorded the shares at their market value at the closing date of the acquisition, which was \$95.38 per share. Since then, the value of the shares on Devon's balance sheet has been adjusted to the applicable market value. Through September 30, 2002, any decreases in the value of the ChevronTexaco common shares were determined by Devon to be temporary, as defined by accounting rules. Therefore, the change in value was recorded directly to stockholders' equity and was not recorded in Devon's results of operations. Beginning in July 2002, the market value of ChevronTexaco common stock began what has ultimately become a significant decline. As a result of the continuation of the decline during the fourth quarter of 2002, Devon determined that the decline is other than temporary, as defined by accounting rules. The determination that a decline in value of the ChevronTexaco shares is temporary or other than temporary is subjective and influenced by many factors. Depending on the future performance of ChevronTexaco's common stock, Devon may be required to record additional non-cash charges in future periods.

Results of discontinued operations -

In January 2003, Devon sold its Egyptian operations. The company recognized a \$10 million pre-tax loss (\$11 million after tax) in the fourth quarter of 2002 on the transaction including the effects of operations during the quarter.

During 2002, Devon discontinued its Indonesian, Argentine and Egyptian operations. The company recognized a \$31 million pre-tax gain (\$31 million after tax) during 2002 on these discontinued operations. Additionally, the company recognized \$23 million of pre-tax income (\$14 million after tax) from operations prior to discontinuing these operations.

During 2001, Devon recognized an \$18 million pre-tax loss (\$18 million after tax) and \$56 million of pre-tax income (\$31 million after tax) from operations in the fourth quarter and for the year, respectively, for these discontinued operations.

Cumulative effect of change in accounting principle -

Devon adopted SFAS No. 133 concerning accounting for derivative instruments on January 1, 2001. This resulted in a one-time \$49 million after-tax gain from the cumulative effect of the change.

CONFERENCE CALL TO BE WEBCAST TODAY

Devon will discuss its 2002 financial and operating results in a conference call webcast today. The webcast will begin at 10 a.m. Central Time (11 a.m. Eastern Time). The webcast may be accessed from Devon's internet home page at www.devonenergy.com

This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. Such statements are those concerning the strategic plans, expectations and objectives for future operations. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the company expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions made by the company based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the company. Statements regarding future production are subject to all of the risks and uncertainties normally incident to the exploration for and development and production of oil and gas. These risks include, but are not limited to, inflation or lack of availability of goods and services, environmental risks, drilling risks and regulatory changes. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Devon Energy Corporation is an Oklahoma City-based independent energy company engaged in oil and gas exploration, production and property acquisitions. Devon ranks among the top five U.S.-based independent oil and gas producers and is included in the S&P 500 Index. For additional information visit www.devonenergy.com.

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

PRODUCTION DATA

(net of royalties)

	YEAR ENDED DECEMBER 31,			QUARTER ENDED DECEMBER 31,		
	2002	2001	CHANGE	2002	2001	CHANGE
TOTAL PERIOD PRODUCTION						
Gas (Bcf)						
U.S	482.2	376.4	28%	117.1	95.6	22%
Canada	278.9	112.6	148%	67.9	66.4	2%
Other International	--	--	NM	--	--	NM
Total Gas	761.1	489.0	56%	185.0	162.0	14%
Oil (MMBbls)						
U.S	23.8	26.2	(9)%	5.4	6.6	(19)%
Canada	15.8	8.2	93%	3.6	4.3	(16)%
Other International	2.3	2.2	2%	0.8	0.4	88%
Total Oil	41.9	36.6	14%	9.8	11.3	(14)%
Natural Gas Liquids (MMBbls)						
U.S	14.4	6.0	139%	3.8	1.7	129%
Canada	5.2	1.7	211%	1.1	1.2	(7)%
Other International	--	--	NM	--	--	NM
Total Natural Gas Liquids	19.6	7.7	155%	4.9	2.9	72%
AVERAGE DAILY PRODUCTION						
Gas (MMcf)						
U.S	1,321.0	1,031.2	28%	1,272.4	1,039.3	22%
Canada	764.1	308.4	148%	738.2	721.3	2%
Other International	--	--	NM	--	--	NM
Total Gas	2,085.1	1,339.6	56%	2,010.6	1,760.6	14%
Oil (MBbls)						
U.S	65.3	71.8	(9)%	58.5	71.9	(19)%
Canada	43.2	22.4	93%	39.2	46.4	(16)%
Other International	6.2	6.1	2%	8.4	4.5	88%
Total Oil	114.7	100.3	14%	106.1	122.8	(14)%
Natural Gas Liquids (MBbls)						
U.S	39.4	16.5	139%	41.3	18.1	129%
Canada	14.3	4.6	211%	12.2	13.1	(7)%
Other International	--	--	NM	--	--	NM
Total Natural Gas Liquids	53.7	21.1	155%	53.5	31.2	72%

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

PRICE DATA AVERAGE REALIZED PRICES (US\$)	YEAR ENDED DECEMBER 31,			QUARTER ENDED DECEMBER 31,		
	2002	2001	CHANGE	2002	2001	CHANGE
Gas (\$/Mcf)						
U.S.	\$ 2.91	\$ 4.17	(30)%	\$ 3.38	\$ 2.83	20%
Canada	\$ 2.62	\$ 2.73	(4)%	\$ 3.38	\$ 2.14	58%
Other International	--	--	NM	--	--	NM
All Gas	\$ 2.80	\$ 3.84	(27)%	\$ 3.38	\$ 2.55	33%
Oil (\$/Bbl)						
U.S.	\$ 21.99	\$ 22.36	(2)%	\$ 23.50	\$ 19.25	22%
Canada	\$ 21.00	\$ 17.84	18%	\$ 21.05	\$ 14.26	48%
Other International	\$ 23.70	\$ 23.42	1%	\$ 25.92	\$ 17.48	48%
All Oil	\$ 21.71	\$ 21.41	1%	\$ 22.79	\$ 17.30	32%
Natural Gas Liquids (\$/Bbl)						
U.S.	\$ 13.37	\$ 17.15	(22)%	\$ 15.27	\$ 13.10	17%
Canada	\$ 15.93	\$ 16.43	(3)%	\$ 19.09	\$ 12.54	52%
Other International	--	--	NM	--	--	NM
All Natural Gas Liquids	\$ 14.05	\$ 16.99	(17)%	\$ 16.14	\$ 12.86	26%

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

	YEAR ENDED DECEMBER 31,			QUARTER ENDED DECEMBER 31,		
	2002	2001	CHANGE	2002	2001	CHANGE
STATEMENT OF OPERATIONS DATA (US\$)						
(IN MILLIONS, EXCEPT PER SHARE DATA)						
REVENUES:						
Oil sales	\$ 909	\$ 784	16%	\$ 222	\$ 196	14%
Gas sales	2,133	1,878	14%	625	413	52%
NGL sales	275	131	111%	79	37	114%
Marketing & midstream revenues	999	71	1,332%	307	24	1,179%
	-----	-----		-----	-----	
TOTAL REVENUES	4,316	2,864	51%	1,233	670	85%
PRODUCTION AND OPERATING COSTS AND EXPENSES:						
Lease operating expenses	621	467	33%	153	147	3%
Transportation costs	154	83	86%	39	31	29%
Production taxes	111	116	(5)%	31	22	44%
Marketing & midstream costs and expenses	808	47	1,635%	249	16	1,463%
Depreciation, depletion and amortization of property & equipment	1,211	831	46%	295	292	1%
Amortization of goodwill	--	34	NM	--	9	NM
General and administrative expenses	219	114	92%	68	36	89%
Expenses related to merger	--	1	NM	--	1	NM
Reduction of carrying value of oil and gas properties	651	979	(34)%	--	892	NM
	-----	-----		-----	-----	
TOTAL EXPENSES	3,775	2,672	41%	835	1,446	(42)%
EARNINGS (LOSS) FROM OPERATIONS	541	192	184%	398	(776)	(151)%
OTHER INCOME (EXPENSE):						
Interest expense	(533)	(220)	142%	(131)	(115)	13%
Effects of changes in foreign currency rates	1	(11)	(110)%	1	(11)	(110)%
Change in fair value of financial instruments	28	(2)	(1,537)%	--	3	NM
Other income	34	69	(51)%	11	44	(76)%
Impairment of ChevronTexaco common stock	(205)	--	NM	(205)	--	NM
	-----	-----		-----	-----	
NET OTHER EXPENSE	(675)	(164)	315%	(324)	(79)	310%
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(134)	28	(587)%	74	(855)	(109)%
INCOME TAX EXPENSE (BENEFIT):						
Current	23	48	(51)%	(99)	(52)	90%
Deferred	(216)	(43)	417%	78	(303)	(125)%
	-----	-----		-----	-----	
TOTAL INCOME TAX EXPENSE (BENEFIT)	(193)	5	(3,247)%	(21)	(355)	(94)%
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE						
DISCONTINUED OPERATIONS	59	23	176%	95	(500)	(119)%
Results of operations	23	56	(52)%	2	(18)	(111)%
Gain (Loss) on sale	31	--	NM	(12)	--	NM
Income tax expense (benefit)	9	25	(58)%	1	--	NM
	-----	-----		-----	-----	
RESULTS OF DISCONTINUED OPERATIONS	45	31	41%	(11)	(18)	(39)%
EARNINGS (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	104	54	95%	84	(518)	(116)%
Cumulative effect of change in accounting principle	--	49	NM	--	--	NM
	-----	-----		-----	-----	
NET EARNINGS (LOSS)	104	103	1%	84	(518)	(116)%
Preferred stock dividends	10	10	-%	3	3	-%
	-----	-----		-----	-----	
NET EARNINGS (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	\$ 94	\$ 93	1%	\$ 81	\$ (521)	(116)%
	=====	=====		=====	=====	
NET EARNINGS (LOSS) PER AVERAGE COMMON SHARE OUTSTANDING						
BASIC	\$ 0.61	\$ 0.73	(16)%	\$ 0.52	\$ (4.13)	(113)%
	=====	=====		=====	=====	
DILUTED	\$ 0.61	\$ 0.72	(16)%	\$ 0.52	\$ (4.13)	(113)%
	=====	=====		=====	=====	
Weighted average shares outstanding						
Basic	155	128	21%	157	126	24%
Diluted	161	134	20%	163	131	25%

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

BALANCE SHEET DATA (US\$) (IN MILLIONS)	DECEMBER 31, 2002	DECEMBER 31, 2001	CHANGE
	-----	-----	-----
TOTAL ASSETS	\$ 16,225	\$ 13,184	23%
Cash and cash equivalents	292	183	60%
Other current assets	772	1,171	(34)%
	-----	-----	
Total current assets	1,064	1,354	(21)%
Property and equipment (net)	10,852	8,762	24%
Investment in ChevronTexaco Corporation common stock	472	636	(26)%
Goodwill, net of amortization	3,555	2,206	61%
Fair value of derivative instruments	1	31	(97)%
Other assets	281	195	44%
TOTAL LIABILITIES	\$ 11,572	\$ 9,925	17%
Current liabilities	1,042	919	13%
Other liabilities	323	172	88%
Debentures exchangeable into shares of ChevronTexaco Corporation common stock	662	649	2%
Senior convertible debentures	389	374	4%
Other long-term debt	6,511	5,566	17%
Deferred revenue	--	51	NM
Deferred income taxes	2,627	2,149	22%
Fair value of derivatives	18	45	(60)%
STOCKHOLDERS' EQUITY	\$ 4,653	\$ 3,259	43%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 16,225	\$ 13,184	23%
COMMON SHARES OUTSTANDING	157	126	25%

STATEMENT OF CASH FLOWS DATA (US\$) (IN MILLIONS, EXCEPT % CHANGE DATA)	YEAR ENDED DECEMBER 31,		
	2002	2001	CHANGE
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings from continuing operations	\$ 59	\$ 23	157%
Depreciation, depletion and amortization of property and equipment	1,211	831	46%
Amortization of goodwill	--	34	NM
Reduction of carrying value of oil and gas properties	651	979	(34)%
Non-cash charge on ChevronTexaco common stock	205	--	NM
Deferred income taxes	(216)	(43)	(402)%
Other	(8)	38	(121)%
Changes in assets and liabilities net of effects of acquisitions of businesses	(176)	(86)	(105)%
	-----	-----	
NET CASH PROVIDED BY CONTINUING OPERATIONS	\$ 1,726	\$ 1,776	(3)%
Net cash provided by discontinued operations	28	134	(79)%
	-----	-----	
NET CASH USED IN OPERATING ACTIVITIES	\$ 1,754	\$ 1,910	(8)%
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of property and equipment	1,067	41	2,502%
Capital expenditures	(3,426)	(5,235)	35%
Discontinued operations	316	(91)	447%
Other	(3)	--	NM
	-----	-----	
NET CASH USED IN INVESTING ACTIVITIES	\$ (2,046)	\$ (5,285)	61%
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH PROVIDED BY FINANCING ACTIVITIES	\$ 401	\$ 3,370	(88)%

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

DETAIL OF RECLASSIFICATION FOR DISCONTINUED OPERATIONS IN INDONESIA, ARGENTINA AND EGYPT

OPERATING DATA (US\$ IN MILLIONS)	YEAR ENDED DECEMBER 31,		QUARTER ENDED DECEMBER 31,	
	2002	2001	2002	2001
PRODUCTION:				
Oil (MMBbls)	3	8	--	3
Natural gas (Bcf)	5	9	1	2
Natural gas liquids (MMBbls)	--	--	--	--
	-----	-----	-----	-----
BARREL OF OIL EQUIVALENT (MMBOE)	4	9	--	3
REVENUES:				
Oil sales	\$ 72	\$ 174	\$ 6	\$ 39
Gas sales	7	12	1	2
NGL sales	1	1	--	1
	-----	-----	-----	-----
TOTAL REVENUES	80	187	7	42
PRODUCTION AND OPERATING COSTS AND EXPENSES:				
Lease operating expenses	26	64	1	21
Production taxes	4	1	--	--
Depreciation, depletion and amortization of property & equipment	20	45	1	12
General and administrative expenses	(1)	(3)	--	1
Reduction of carrying value of oil and gas properties	--	24	--	24
	-----	-----	-----	-----
TOTAL EXPENSES	49	131	2	58
EARNINGS (LOSS) FROM OPERATIONS	31	56	5	(16)
OTHER INCOME (EXPENSE):				
Effects of changes in foreign currency rates	(5)	(2)	--	(2)
Other income	(3)	2	(3)	--
	-----	-----	-----	-----
NET OTHER EXPENSE	(8)	--	(3)	(2)
EARNINGS (LOSS) BEFORE INCOME TAXES	23	56	2	(18)
INCOME TAX EXPENSE (BENEFIT):				
Current	(8)	23	--	6
Deferred	17	2	1	(6)
	-----	-----	-----	-----
TOTAL INCOME TAX EXPENSE (BENEFIT)	9	25	1	--
EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS	14	31	1	(18)
(LOSS) GAIN ON SALE OF DISCONTINUED OPERATIONS	31	--	(12)	--
DISCONTINUED OPERATIONS	\$ 45	\$ 31	\$ (11)	\$ (18)

RESERVE DATA FOR INDONESIA, ARGENTINA AND EGYPT

	OIL (MMBBLs)	NATURAL GAS (Bcf)	NGLS (MMBBLs)	TOTAL (MMBOE)
	-----	-----	-----	-----
AS OF DECEMBER 31, 2001:				
Proved developed	26	37	--	32
Proved undeveloped	33	416	13	115
	-----	-----	-----	-----
TOTAL PROVED	59	453	13	147
AS OF DECEMBER 31, 2002:				
Proved developed	--	--	--	--
Proved undeveloped	1	--	--	1
	-----	-----	-----	-----
TOTAL PROVED	1	--	--	1

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

RESERVE RECONCILIATION

	TOTAL				DOMESTIC			
	OIL (MMBLS)	NATURAL GAS (Bcf)	NGLS (MMBLS)	TOTAL (MMBOE)	OIL (MMBLS)	NATURAL GAS (Bcf)	NGLS (MMBLS)	TOTAL (MMBOE)
AS OF DECEMBER 31, 2001:								
Proved developed	298	3,911	88	1,038	167	1,988	48	546
Proved undeveloped	229	1,113	20	434	24	411	4	96
TOTAL PROVED	527	5,024	108	1,472	191	2,399	52	642
Production	(42)	(761)	(19)	(188)	(24)	(482)	(14)	(118)
Discoveries and extensions	36	570	11	142	10	344	6	73
Divestitures	(80)	(639)	(13)	(199)	(50)	(457)	(5)	(131)
Acquisitions	13	1,723	105	405	12	1,722	105	404
Revisions	(10)	(81)	--	(23)	8	26	2	15
AS OF DECEMBER 31, 2002:								
Proved developed	260	4,618	150	1,180	135	2,802	117	719
Proved undeveloped	184	1,218	42	429	12	750	29	166
TOTAL PROVED	444	5,836	192	1,609	147	3,552	146	885
AS OF DECEMBER 31, 2001:								
Proved developed	124	1,923	40	485	7	--	--	7
Proved undeveloped	42	702	16	175	163	--	--	163
TOTAL PROVED	166	2,625	56	660	170	--	--	170
Production	(16)	(279)	(5)	(68)	(2)	--	--	(2)
Discoveries and extensions	26	226	5	69	--	--	--	--
Divestitures	(30)	(182)	(8)	(68)	--	--	--	--
Acquisitions	1	1	--	1	--	--	--	--
Revisions	2	(107)	(2)	(18)	(20)	--	--	(20)
AS OF DECEMBER 31, 2002:								
Proved developed	119	1,816	33	455	6	--	--	6
Proved undeveloped	30	468	13	121	142	--	--	142
TOTAL PROVED	149	2,284	46	576	148	--	--	148

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

	TOTAL			DOMESTIC		
	YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	2002	2001	2000	2002	2001	2000
COST INCURRED						
Property acquisition costs:						
Proved, excluding deferred income taxes	1,538	2,971	247	1,536	292	177
Deferred income taxes	--	84	--	--	79	--
TOTAL PROVED, INCLUDING DEFERRED INCOME TAXES	1,538	3,055	247	1,536	371	177
Unproved, excluding deferred income taxes:						
Business combinations	639	1,433	--	639	--	--
Other acquisitions	64	183	54	27	158	35
Deferred income taxes	--	27	--	--	27	--
TOTAL UNPROVED, INCLUDING DEFERRED INCOME TAXES	703	1,643	54	666	185	35
Exploration costs	383	337	197	161	166	117
Development costs	1,140	916	562	808	726	466
	CANADA			INTERNATIONAL		
	YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	2002	2001	2000	2002	2001	2000
COST INCURRED						
Property acquisition costs:						
Proved, excluding deferred income taxes	2	2,621	70	--	58	--
Deferred income taxes	--	5	--	--	--	--
TOTAL PROVED, INCLUDING DEFERRED INCOME TAXES	2	2,626	70	--	58	--
Unproved, excluding deferred income taxes:						
Business combinations	--	1,433	--	--	--	--
Other acquisitions	28	24	17	9	1	2
Deferred income taxes	--	--	--	--	--	--
TOTAL UNPROVED, INCLUDING DEFERRED INCOME TAXES	28	1,457	17	9	1	2
Exploration costs	207	126	55	15	45	25
Development costs	299	168	57	33	22	39

The preceding Total and International cost incurred tables exclude \$16 million, \$85 million and \$135 million in 2002, 2001 and 2000, respectively, related to discontinued operations.