

DEVON ENERGY CORP/DE

FORM 8-K (Current report filing)

Filed 06/21/00 for the Period Ending 06/21/00

Address	333 W. SHERIDAN AVENUE OKLAHOMA CITY, OK 73102
Telephone	4055528183
CIK	0001090012
Symbol	DVN
SIC Code	1311 - Crude Petroleum and Natural Gas
Fiscal Year	12/31

DEVON ENERGY CORP/DE

FORM 8-K (Unscheduled Material Events)

Filed 6/21/2000 For Period Ending 6/21/2000

Address	20 N BROADWAY STE 1500 OKLAHOMA CITY, Oklahoma 73102
Telephone	405-235-3611
CIK	0001090012
Industry	Oil & Gas Operations
Sector	Energy
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 report): June 21, 2000

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE	001-30176	73-1567067
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(IRS Employer Identification Number)

20 NORTH BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102

(Address of Principal Executive Offices) (Zip Code)

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

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ITEM 5. OTHER EVENTS

On May 25, 2000, Devon Energy Corporation ("Devon") and Santa Fe Snyder Corporation ("Santa Fe Snyder") announced their intention to enter into a merger. In the merger, stockholders of Santa Fe Snyder will receive 0.22 shares of Devon common stock for each share of Santa Fe Snyder common stock. The merger is subject, among other things, to approval by the stockholders of both companies.

Devon is preparing to file with the Securities and Exchange Commission a Registration Statement on Form S-4 concerning the merger. This registration statement will include a joint proxy statement/prospectus with relevant information concerning the merger. This information will include unaudited pro forma financial information of the combined company.

In connection with the merger, Devon is hereby including in this Form 8-K the preliminary unaudited pro forma combined financial information that will be included in the Registration Statement on Form S-4 expected to be filed no later than June 23, 2000. The preliminary unaudited pro forma combined financial information included in this Form 8-K is subject to changes that could be made to the information prior to the time the final joint proxy statement/prospectus is mailed to the stockholders of Devon and Santa Fe Snyder.

SUMMARY UNAUDITED PRO FORMA COMBINED FINANCIAL AND OTHER INFORMATION

The following unaudited pro forma combined financial information has been prepared to assist in your analysis of the financial effects of the merger. This pro forma information is based on the historical financial statements of Devon and Santa Fe Snyder.

The information was prepared based on the following:

- The merger is expected to be accounted for as a pooling-of-interests of Devon and Santa Fe Snyder. Therefore, the summary unaudited pro forma combined balance sheet has been prepared as if Devon and Santa Fe Snyder were combined on March 31, 2000. The summary unaudited pro forma combined statements of operations have been prepared as if Devon and Santa Fe Snyder were combined as of the beginning of the earliest period presented. If the merger is ultimately accounted for under the purchase method of accounting, historical results for the two companies would not be combined and the impact of the merger would be included in the statements of operations only in periods subsequent to the closing of the merger. Under the purchase method of accounting, the assets acquired and liabilities assumed would be recorded at their estimated fair values rather than at their historical book costs. This increase to fair value generally would result in significantly higher depreciation, depletion and amortization expenses and therefore significantly lower net earnings in future periods.
- The combined company will utilize the full cost method of accounting for its oil and gas activities.
- The historical financial results of Santa Fe Snyder, which were prepared using the successful efforts method of accounting, have been restated to the full cost method to conform to Devon's method of accounting.
- Expected annual cost savings of \$30 to \$35 million have not been reflected as an adjustment to the historical data. These cost savings are expected to result from the consolidation of the corporate headquarters of Devon and Santa Fe Snyder and the elimination of duplicate staff and expenses. Some of the cost savings will relate to items that, under the full cost method of accounting, are capitalized rather than expensed in the consolidated financial statements. Therefore, not all of the \$30 to \$35 million of expected savings will result in reductions to expenses as reported in the accompanying unaudited pro forma combined statements of operations.

There are several unusual items in each company's historical results that should be considered when making period-to-period comparisons. These items include:

- Devon merged with PennzEnergy Company on August 17, 1999. This merger was accounted for as a purchase. Accordingly, Devon's results for the year 1999 include the results of the PennzEnergy merger for only the last 4 1/2 months of the year.
- Santa Fe Snyder was formed on May 5, 1999, as a result of the merger of Santa Fe Energy Resources, Inc. and Snyder Oil Corporation. This merger was accounted for as a purchase by Santa Fe Energy Resources, Inc. of Snyder. Accordingly, Santa Fe Snyder's results for the year 1999 include the results of the Snyder merger for only the last eight months of the year.
- Santa Fe Snyder's results for the year 1999 include \$16.8 million of costs related to the Snyder merger.
- Devon's results for the year 1998 include \$13.1 million of costs related to its December 1998 merger with Northstar Energy Corporation. This merger was accounted for as a pooling-of-interests. Accordingly, Northstar's results are included in Devon's results for all periods presented.
- In 1998 and 1997, Devon reduced the carrying value of its oil and gas properties by \$126.9 million and \$625.5 million (\$88.0 million and \$397.9 million after tax), respectively, due

to the full cost ceiling limitation. The 1998 reduction related to Devon's domestic properties. The 1997 reduction related to the Canadian properties acquired in the Northstar merger.

- In 1999, 1998 and 1997, Santa Fe Snyder reduced the carrying value of its oil and gas properties by \$476.1 million, \$295.6 million and \$16.2 million (\$309.7 million, \$211.2 million and \$22.7 million after-tax, which includes the establishment of an \$11.0 million and a \$9.9 million valuation allowance relating to deferred tax assets in 1998 and 1997), respectively, due to the full cost ceiling limitation.

- On July 25, 1997, Santa Fe Energy Resources, Inc. spun off its subsidiary Monterey Resources, Inc. At the time of the spin off, Santa Fe Energy Resources, Inc. owned approximately 83% of Monterey. The Santa Fe Snyder results for the year 1997 include the results for Monterey for only the first seven months prior to the spin off.

The unaudited pro forma information is presented for illustrative purposes only. If the merger had occurred in the past, the combined company's financial position or operating results might have been different from those presented in the unaudited pro forma information. You should not rely on the unaudited pro forma information as an indication of the financial position or operating results that the combined company would have achieved if the merger had occurred in the past. You also should not rely on the unaudited pro forma information as an indication of the future results that the combined company will achieve after the merger.

	COMBINED COMPANY PRO FORMA AS OF MARCH 31, 2000

	(IN THOUSANDS, EXCEPT PER SHARE DATA)
BALANCE SHEET DATA:	
Investment in common stock of Chevron Corporation.....	\$ 655,606
Total assets.....	6,286,257
Debentures exchangeable into shares of Chevron Corporation common stock.....	760,313
Other long-term debt.....	1,693,004
Stockholders' equity.....	2,557,835
Book value per share.....	20.20

COMBINED COMPANY UNAUDITED PRO FORMA

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	2000	1999(1)	1999(1)	1998	1997
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
OPERATIONS DATA:					
OPERATING RESULTS					
Oil sales.....	\$267,944	\$ 69,313	\$ 553,834	\$ 306,924	\$ 552,525
Gas sales.....	233,032	78,351	603,225	328,444	357,559
NGL sales.....	37,370	5,629	67,944	24,692	35,820
Other revenues.....	12,065	2,573	20,596	24,248	48,255
Total revenues.....	550,411	155,866	1,245,599	684,308	994,159
Lease operating expenses.....	109,393	56,720	303,248	229,884	266,197
Production taxes.....	18,520	4,869	42,355	22,816	31,027
Depreciation, depletion and amortization of property and equipment.....	165,252	59,758	406,375	243,144	285,308
Amortization of goodwill.....	10,332	--	16,111	--	--
General and administrative expenses.....	24,850	11,923	80,645	45,454	53,081
Expenses related to prior mergers.....	--	--	16,800	13,149	--
Interest expense.....	40,076	13,164	109,613	43,532	41,488
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt.....	2,408	(3,161)	(13,154)	16,104	5,860
Distributions on preferred securities of subsidiary trust.....	--	2,429	6,884	9,717	9,717
Reduction of carrying value of oil and gas properties.....	--	--	476,100	422,500	641,714
Total costs and expenses.....	370,831	145,702	1,444,977	1,046,300	1,334,392
Earnings (loss) before income tax expense (benefit) and minority interest.....	179,580	10,164	(199,378)	(361,992)	(340,233)
Income tax expense (benefit):					
Current.....	36,147	2,603	23,056	(3,713)	35,757
Deferred.....	38,246	981	(72,490)	(101,094)	(146,299)
Total income tax expense.....	74,393	3,584	(49,434)	(104,807)	(110,542)
Earnings (loss) before minority interest... Minority interest in Monterey Resources, Inc.....	105,187	6,580	(149,944)	(257,185)	(229,691)
Net earnings (loss).....	105,187	6,580	(149,944)	(257,185)	(234,391)
Preferred stock dividends.....	2,434	--	3,651	--	12,000
Net earnings (loss) applicable to common stockholders.....	\$102,753	\$ 6,580	\$ (153,595)	\$ (257,185)	\$ (246,391)
Net earnings (loss) per share:					
Basic.....	\$ 0.81	\$ 0.09	\$ (1.64)	\$ (3.62)	\$ (3.58)
Diluted.....	0.80	0.09	(1.64)	(3.62)	(3.58)
Cash dividends per share.....	0.03	0.03	0.14	0.10	0.09
Weighted average common shares outstanding--basic.....	126,336	70,954	93,653	70,948	68,732
CASH FLOW DATA:					
Net cash provided by operating activities.....	\$345,970	\$ 92,467	\$ 532,228	\$ 334,471	\$ 530,156
Net cash used in investing activities.....	(432,511)	(144,748)	(768,217)	(607,260)	(545,683)
Net cash provided (used) by financing activities.....	(25,271)	45,984	377,198	256,518	34,859
OTHER DATA:					
Modified EBITDA(2)(4).....	397,648	82,354	802,551	373,005	643,854
Cash margin(3)(4).....	321,425	64,158	662,998	323,469	556,892

(1) The 1999 operating results include the historical results of Devon and Santa Fe Snyder (excluding the \$4.2 million extraordinary loss, net of \$2.3 million of taxes, resulting from Santa Fe Snyder's early

extinguishment of debt). The 1999 operating results do not include the pro forma results of PennzEnergy Company and Snyder Oil Corporation prior to their respective purchase dates of August 17, 1999 and May 5, 1999, respectively. (See Unaudited Pro Forma Combined Statement of Operations for the three months ended March 31, 1999 and the year ended December 31, 1999 included herein).

(2) Modified EBITDA represents earnings before interest (including deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt, and distributions on preferred securities of subsidiary trust), taxes, depreciation, depletion and amortization and reduction of carrying value of oil and gas properties.

(3) "Cash margin" equals total revenues less cash expenses. Cash expenses are all expenses other than the non-cash expenses of depreciation, depletion and amortization, deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt, reduction of carrying value of oil and gas properties and deferred income tax expense. Cash margin measures the net cash which is generated by a company's operations during a given period, without regard to the period such cash is actually physically received or spent by the company. This margin ignores the non-operational effect on a company's "net cash provided by operating activities", as measured by generally accepted accounting principles, from a company's activities as an operator of oil and gas wells. Such activities produce net increases or decreases in temporary cash funds held by the operator which have no effect on net earnings of the company.

(4) Modified EBITDA is presented because it is commonly accepted in the oil and gas industry as a financial indicator of a company's ability to service or incur debt. Cash margin is presented because it is commonly accepted in the oil and gas industry as a financial indicator of a company's ability to fund capital expenditures or service debt. Modified EBITDA and cash margin are also presented because investors routinely request such information. Management interprets the trends of modified EBITDA and cash margin in a similar manner as trends in net earnings.

Modified EBITDA and cash margin should be used as supplements to, and not as substitutes for, net earnings and net cash provided by operating activities determined in accordance with generally accepted accounting principles as measures of Devon's profitability or liquidity. There may be operational or financial demands and requirements that reduce management's discretion over the use of modified EBITDA and cash margin. Modified EBITDA and cash margin may not be comparable to similarly titled measures used by other companies.

COMBINED COMPANY PRO FORMA

	THREE MONTHS ENDED				
	MARCH 31,		YEAR ENDED DECEMBER 31,		
	2000	1999	1999	1998	1997
PRODUCTION, PRICE AND OTHER DATA:					
Production:					
Oil (MMBbls).....	10,915	6,355	31,756	25,628	32,565
Gas (MMcf).....	103,767	51,412	304,203	198,051	186,239
NGL (MBbls).....	1,934	748	5,111	3,054	2,842
MBoe.....	30,144	15,672	87,568	61,691	66,447
Average prices:					
Oil (per Bbl).....	\$ 24.55	\$ 10.91	\$ 17.44	\$ 11.98	\$ 16.97
Gas (per Mcf).....	2.25	1.52	1.98	1.66	1.92
NGL (per Bbl).....	19.32	7.53	13.29	8.09	12.60
Per Boe.....	17.86	9.78	13.99	10.70	14.24
Costs per Boe:					
Operating costs.....	4.24	3.93	3.95	4.10	4.47
Depreciation depletion and amortization of oil and gas properties.....	5.27	3.64	4.46	3.74	4.16
General and administrative expenses....	0.82	0.76	0.92	0.74	0.80

COMBINED COMPANY
PRO FORMA AS OF
DECEMBER 31, 1999

PROPERTY DATA:

Proved reserves:

Oil (MMBbls).....	496.7
Gas (Bcf).....	2,949.6
NGL (MMBbls).....	67.8
Total (MMBoe).....	1,056.1
SEC 10% present value (millions).....	\$ 5,812
Standardized measure of discounted future net cash flows (millions).....	\$ 4,768

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

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- In 1999, 1998 and 1997, Santa Fe Snyder reduced the carrying value of its oil and gas properties by \$476.1 million, \$295.6 million and \$16.2 million (\$309.7 million, \$211.2 million and \$22.7 million after-tax, which includes the establishment of an \$11.0 million and \$9.9 million valuation allowance relating to deferred tax assets in 1998 and 1997), respectively, due to the full cost ceiling limitation.

- On July 25, 1997, Santa Fe Energy Resources, Inc. spun off its subsidiary Monterey Resources, Inc. At the time of the spin off, Santa Fe Energy Resources, Inc. owned approximately 83% of Monterey. The Santa Fe Snyder results for the year 1997 include the results for Monterey for only the first seven months prior to the spin off.

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UNAUDITED PRO FORMA COMBINED BALANCE SHEET

MARCH 31, 2000

(IN THOUSANDS)

	DEVON	SANTA FE SNYDER HISTORICAL RESTATE (NOTE 4)	PRO FORMA ADJUSTMENTS	COMBINED COMPANY PRO FORMA
	-----	-----	-----	-----
ASSETS:				
Current assets.....	\$ 313,563	\$ 203,800		\$ 517,363
Oil and gas properties, net.....	3,110,031	1,480,900		4,590,931
Other properties, net.....	51,913	16,700		68,613
Investment in common stock of Chevron Corporation.....	655,606	--		655,606
Goodwill, net.....	314,955	--		314,955
Other assets.....	115,089	23,700		138,789
	-----	-----		-----
Total assets.....	\$4,561,157	\$1,725,100	\$ --	\$6,286,257
	=====	=====	=====	=====
LIABILITIES:				
Current liabilities.....	\$ 245,141	\$ 214,000		\$ 459,141
Debentures exchangeable into shares of Chevron Corporation common stock.....	760,313	--		760,313
Other long-term debt.....	842,004	794,000	\$ 57,000 (a)	1,693,004
Deferred revenue.....	--	158,200		158,200
Other long-term liabilities.....	173,680	75,400		249,080
Deferred income taxes.....	424,184	500	(16,000) (a)	408,684
STOCKHOLDERS' EQUITY:				
Preferred stock.....	1,500	--		1,500
Common stock.....	8,652	1,800	2,208 (b)	12,660
Additional paid-in capital.....	2,257,795	1,247,300	(2,208) (b)	3,486,287
			(16,600) (c)	
Accumulated deficit.....	(110,362)	(750,100)	(41,000) (a)	(901,462)
Accumulated other comprehensive earnings (loss).....	(41,750)	1,700	--	(40,050)
Treasury stock.....	--	(16,600)	16,600 (c)	--
Unamortized restricted stock awards.....	--	(1,100)	--	(1,100)
	-----	-----	-----	-----
Total stockholders' equity.....	2,115,835	483,000	(41,000)	2,557,835
	-----	-----	-----	-----
Total liabilities and stockholders' equity.....	\$4,561,157	\$1,725,100	\$ --	\$6,286,257
	=====	=====	=====	=====

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2000

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	DEVON	SANTA FE SNYDER HISTORICAL RESTATE (NOTE 4)	COMBINED COMPANY PRO FORMA
	-----	-----	-----
REVENUES:			
Oil sales.....	\$145,544	\$122,400	\$267,944
Gas sales.....	155,532	77,500	233,032
NGL sales.....	35,270	2,100	37,370
Other.....	11,365	700	12,065
	-----	-----	-----
Total revenues.....	347,711	202,700	550,411
	-----	-----	-----
COSTS AND EXPENSES:			
Lease operating expenses.....	65,893	43,500	109,393
Production taxes.....	10,420	8,100	18,520
Depreciation, depletion and amortization of property and equipment.....	108,552	56,700	165,252
Amortization of goodwill.....	10,332	--	10,332
General and administrative expenses.....	16,650	8,200	24,850
Interest expense.....	25,276	14,800	40,076
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt.....	2,408	--	2,408
	-----	-----	-----
Total costs and expenses.....	239,531	131,300	370,831
	-----	-----	-----
Earnings (loss) before income tax expense (benefit).....	108,180	71,400	179,580
INCOME TAX EXPENSE (BENEFIT):			
Current.....	29,847	6,300	36,147
Deferred.....	17,246	21,000	38,246
	-----	-----	-----
Total income tax expense (benefit).....	47,093	27,300	74,393
	-----	-----	-----
Net earnings (loss).....	61,087	44,100	105,187
Preferred stock dividends.....	2,434	--	2,434
	-----	-----	-----
Net earnings (loss) applicable to common shareholders.....	\$ 58,653	\$ 44,100	\$102,753
	=====	=====	=====
Net earnings (loss) per average common share outstanding:			
Basic.....	\$ 0.68	\$ 0.24	\$ 0.81
	=====	=====	=====
Diluted.....	\$ 0.67	\$ 0.24	\$ 0.80
	=====	=====	=====
Weighted average common shares outstanding--basic.....	86,208	182,400	126,336
	=====	=====	=====

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1999

(IN THOUSANDS, EXCEPT PER SHARE DATA)

		SANTA FE SNYDER HISTORICAL RESTATED (NOTE 4)	COMBINED COMPANY PRO FORMA	(NOTE 5) ADJUSTMENTS FOR MERGERS		COMBINED COMPANY PRO FORMA AS ADJUSTED
	DEVON			PENNZENERGY MERGER	SNYDER MERGER	
REVENUES:						
Oil sales.....	\$27,913	\$41,400	\$ 69,313	\$ 37,001	\$ 25,000	\$ 131,314
Gas sales.....	53,551	24,800	78,351	69,428	5,000	152,779
NGL sales.....	3,929	1,700	5,629	8,884	--	14,513
Other.....	1,873	700	2,573	7,517	600	10,690
	-----	-----	-----	-----	-----	-----
Total revenues.....	87,266	68,600	155,866	122,830	30,600	309,296
	-----	-----	-----	-----	-----	-----
COSTS AND EXPENSES:						
Lease operating expenses.....	27,420	29,300	56,720	38,916	7,500	103,136
Production taxes.....	2,969	1,900	4,869	2,968	1,500	9,337
Depreciation, depletion and amortization of property and equipment.....	33,558	26,200	59,758	84,485	24,900	169,143
Amortization of goodwill.....	--	--	--	11,767	--	11,767
General and administrative expenses.....	6,223	5,700	11,923	22,068	4,500	38,491
Expenses related to prior merger.....	--	--	--	--	16,800	16,800
Interest expense.....	6,664	6,500	13,164	20,337	4,200	37,701
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt.....	(3,161)	--	(3,161)	--	--	(3,161)
Distributions on preferred securities of subsidiary trust.....	2,429	--	2,429	--	--	2,429
Reduction of carrying value of oil and gas properties.....	--	--	--	--	240,500	240,500
	-----	-----	-----	-----	-----	-----
Total costs and expenses.....	76,102	69,600	145,702	180,541	299,900	626,143
	-----	-----	-----	-----	-----	-----
Earnings (loss) before income tax expense (benefit).....	11,164	(1,000)	10,164	(57,711)	(269,300)	(316,847)
INCOME TAX EXPENSE (BENEFIT):						
Current.....	1,903	700	2,603	(11,957)	(100)	(9,454)
Deferred.....	3,281	(2,300)	981	(16,128)	(94,200)	(109,347)
	-----	-----	-----	-----	-----	-----
Total income tax expense (benefit).....	5,184	(1,600)	3,584	(28,085)	(94,300)	(118,801)
	-----	-----	-----	-----	-----	-----
Net earnings (loss).....	\$ 5,980	\$ 600	\$ 6,580	(29,626)	(175,000)	(198,046)
Preferred stock dividends.....	--	--	--	2,434	--	2,434
	-----	-----	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders.....	\$ 5,980	\$ 600	\$ 6,580	\$(32,060)	\$(175,000)	\$(200,480)
	=====	=====	=====	=====	=====	=====
Net earnings (loss) per average common share outstanding:						
Basic.....	\$ 0.12	\$ 0.01	\$ 0.09			\$ (1.70)
	=====	=====	=====			=====
Diluted.....	\$ 0.12	\$ 0.01	\$ 0.09			\$ (1.70)
	=====	=====	=====			=====
Weighted average common shares outstanding--basic.....						
	48,470	102,200	70,954	47,888	68,800	117,852
	=====	=====	=====	=====	=====	=====

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1999

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	DEVON	SANTA FE SNYDER HISTORICAL RESTATED (NOTE 4)	COMBINED COMPANY PRO FORMA	(NOTE 5)		COMBINED COMPANY PRO FORMA AS ADJUSTED
				PENNZENERGY MERGER	SNYDER MERGER	
REVENUES:						
Oil sales.....	\$273,234	\$ 280,600	\$ 553,834	\$116,743	\$ 31,900	\$ 702,477
Gas sales.....	385,925	217,300	603,225	196,012	7,100	806,337
NGL sales.....	56,344	11,600	67,944	25,885	--	93,829
Other.....	18,996	1,600	20,596	66,157	700	87,453
Total revenues.....	734,499	511,100	1,245,599	404,797	39,700	1,690,096
COSTS AND EXPENSES:						
Lease operating expenses.....	166,848	136,400	303,248	96,107	10,200	409,555
Production taxes.....	23,055	19,300	42,355	8,951	2,200	53,506
Depreciation, depletion and amortization of property and equipment.....	254,275	152,100	406,375	215,990	43,500	665,865
Amortization of goodwill.....	16,111	--	16,111	30,210	--	46,321
General and administrative expenses.....	53,845	26,800	80,645	55,483	10,900	147,028
Expenses related to prior mergers.....	--	16,800	16,800	--	--	16,800
Interest expense.....	66,913	42,700	109,613	43,500	5,700	158,813
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt.....	(13,154)	--	(13,154)	--	--	(13,154)
Distributions on preferred securities of subsidiary trust.....	6,884	--	6,884	--	--	6,884
Reduction of carrying value of oil and gas properties.....	--	476,100	476,100	--	--	476,100
Total costs and expenses.....	574,777	870,200	1,444,977	450,241	72,500	1,967,718
Earnings (loss) before income tax expense (benefit).....	159,722	(359,100)	(199,378)	(45,444)	(32,800)	(277,622)
INCOME TAX EXPENSE (BENEFIT):						
Current.....	24,656	(1,600)	23,056	5	200	23,261
Deferred.....	40,510	(113,000)	(72,490)	(8,983)	(11,700)	(93,173)
Total income tax expense (benefit).....	65,166	(114,600)	(49,434)	(8,978)	(11,500)	(69,912)
Earnings (loss) before extraordinary item.....	94,556	(244,500)	(149,944)	(36,466)	(21,300)	(207,710)
Preferred stock dividends.....	3,651	--	3,651	6,085	--	9,736
Earnings (loss) before extraordinary item applicable to common shareholders (Note 6)....	\$ 90,905	\$(244,500)	\$ (153,595)	\$(42,551)	\$(21,300)	\$ (217,446)
Earnings (loss) before extraordinary item per average common share outstanding:						
Basic.....	\$ 1.51	\$ (1.60)	\$ (1.64)			\$ (1.81)
Diluted.....	\$ 1.46	\$ (1.60)	\$ (1.64)			\$ (1.81)
Weighted average common shares outstanding--basic.....	60,015	152,900	93,653	30,029	23,400	119,988

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1998

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	DEVON	SANTA FE SNYDER HISTORICAL RESTATE (NOTE 4)	COMBINED COMPANY PRO FORMA
	-----	-----	-----
REVENUES:			
Oil sales.....	\$143,624	\$ 163,300	\$ 306,924
Gas sales.....	209,344	119,100	328,444
NGL sales.....	16,692	8,000	24,692
Other.....	17,848	6,400	24,248
	-----	-----	-----
Total revenues.....	387,508	296,800	684,308
	-----	-----	-----
COSTS AND EXPENSES:			
Lease operating expenses.....	113,484	116,400	229,884
Production taxes.....	13,916	8,900	22,816
Depreciation, depletion and amortization of property and equipment.....	123,844	119,300	243,144
General and administrative expenses.....	23,554	21,900	45,454
Expenses related to prior merger.....	13,149	--	13,149
Interest expense.....	22,632	20,900	43,532
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt.....	16,104	--	16,104
Distributions on preferred securities of subsidiary trust.....	9,717	--	9,717
Reduction of carrying value of oil and gas properties.....	126,900	295,600	422,500
	-----	-----	-----
Total costs and expenses.....	463,300	583,000	1,046,300
	-----	-----	-----
Earnings (loss) before income tax expense (benefit).....	(75,792)	(286,200)	(361,992)
INCOME TAX EXPENSE (BENEFIT):			
Current.....	7,687	(11,400)	(3,713)
Deferred.....	(23,194)	(77,900)	(101,094)
	-----	-----	-----
Total income tax expense (benefit).....	(15,507)	(89,300)	(104,807)
	-----	-----	-----
Net earnings (loss) applicable to common shareholders.....	\$(60,285)	\$(196,900)	\$(257,185)
	=====	=====	=====
Net earnings (loss) per average common share outstanding:			
Basic.....	\$ (1.25)	\$ (1.92)	\$ (3.62)
	=====	=====	=====
Diluted.....	\$ (1.25)	\$ (1.92)	\$ (3.62)
	=====	=====	=====
Weighted average common shares outstanding--basic.....	48,376	102,600	70,948
	=====	=====	=====

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1997

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	DEVON	SANTA FE SNYDER HISTORICAL RESTATE (NOTE 4)	COMBINED COMPANY PRO FORMA
	-----	-----	-----
REVENUES:			
Oil sales.....	\$ 207,725	\$344,800	\$ 552,525
Gas sales.....	219,459	138,100	357,559
NGL sales.....	24,920	10,900	35,820
Other.....	47,555	700	48,255
	-----	-----	-----
Total revenues.....	499,659	494,500	994,159
	-----	-----	-----
COSTS AND EXPENSES:			
Lease operating expenses.....	100,897	165,300	266,197
Production taxes.....	19,227	11,800	31,027
Depreciation, depletion and amortization of property and equipment.....	169,108	116,200	285,308
General and administrative expenses.....	24,381	28,700	53,081
Interest expense.....	18,788	22,700	41,488
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt.....	5,860	--	5,860
Distributions on preferred securities of subsidiary trust.....	9,717	--	9,717
Reduction of carrying value of oil and gas properties.....	625,514	16,200	641,714
	-----	-----	-----
Total costs and expenses.....	973,492	360,900	1,334,392
	-----	-----	-----
Earnings (loss) before income tax expense (benefit) and minority interest.....	(473,833)	133,600	(340,233)
INCOME TAX EXPENSE (BENEFIT):			
Current.....	26,857	8,900	35,757
Deferred.....	(200,699)	54,400	(146,299)
	-----	-----	-----
Total income tax expense (benefit).....	(173,842)	63,300	(110,542)
	-----	-----	-----
Earnings (loss) before minority interest.....	(299,991)	70,300	(229,691)
Minority interest in Monterey Resources, Inc.....	--	(4,700)	(4,700)
	-----	-----	-----
Net earnings (loss).....	(299,991)	65,600	(234,391)
Preferred stock dividends.....	--	12,000	12,000
	-----	-----	-----
Net earnings (loss) applicable to common shareholders.....	\$(299,991)	\$ 53,600	\$(246,391)
	=====	=====	=====
Net earnings (loss) per average common share outstanding:			
Basic.....	\$ (6.38)	\$ 0.54	\$ (3.58)
	=====	=====	=====
Diluted.....	\$ (6.38)	\$ 0.53	\$ (3.58)
	=====	=====	=====
Weighted average common shares outstanding--basic.....	47,040	98,600	68,732
	=====	=====	=====

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 2000 AND 1999, AND DECEMBER 31, 1999, 1998 AND 1997

1. METHOD OF ACCOUNTING FOR THE MERGER

Devon expects to account for the merger using the pooling-of-interests method of accounting for business combinations. Accordingly, Devon's and Santa Fe Snyder's historical balance sheets and statements of operations will be combined as if the two companies had always been combined. Santa Fe Snyder's historical financial data will be restated to conform to Devon's accounting policies. The estimated effect of this restatement of Santa Fe Snyder's historical results is included in note 4.

In the merger, Devon will issue 0.22 shares of Devon common stock for each outstanding share of Santa Fe Snyder common stock. This will result in Devon issuing approximately 40.1 million shares of its common stock to Santa Fe Snyder stockholders.

2. PRO FORMA ADJUSTMENTS

The accompanying unaudited pro forma combined balance sheet includes the following adjustments:

(a) To record the payment of \$57.0 million (\$41.0 million net of tax) of estimated business combination costs. These costs include investment banking expenses, severance, legal and accounting fees, printing expenses and other costs directly related to the merger. These one-time merger costs are not reflected in the unaudited pro forma combined statements of operations since they are non-recurring in nature. The combined company will expense these costs in the quarter in which the merger is consummated.

(b) To record the issuance of 40.1 million shares, par value \$0.10 per share, of Devon common stock in exchange for all 182.2 million shares of Santa Fe Snyder common stock, par value \$0.01 per share, outstanding on March 31, 2000. This is based on the exchange ratio of 0.22 shares of Devon common stock for each share of Santa Fe Snyder common stock.

(c) To retire all 2.3 million shares of Santa Fe Snyder treasury stock outstanding on March 31, 2000.

The unaudited pro forma combined statements of operations include no adjustments to the historical statements of Devon or the restated historical statements of Santa Fe Snyder. The adjustments necessary to restate Santa Fe Snyder's historical statements to conform to Devon's accounting policies are explained in note 4.

3. COMMON SHARES OUTSTANDING

Net earnings (loss) per average common share outstanding have been calculated based upon the pro forma weighted average number of shares outstanding for each period presented. To compute the combined company pro forma basic and diluted net earnings (loss) per share, Devon's historical weighted average number of basic and diluted shares outstanding were increased in each period by the historical weighted average number of Santa Fe Snyder basic and diluted common shares outstanding, multiplied by the exchange ratio of 0.22.

4. SANTA FE SNYDER HISTORICAL AND RESTATED BALANCES

Devon and Santa Fe Snyder have certain different accounting policies upon which their respective historical results are based. The primary difference is that Devon follows the full cost method of accounting for its oil and gas activities, while Santa Fe Snyder follows the successful efforts method of

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 2000 AND 1999, AND DECEMBER 31, 1999, 1998 AND 1997 (CONTINUED)

4. SANTA FE SNYDER HISTORICAL AND RESTATED BALANCES (CONTINUED) accounting. To present the accompanying unaudited pro forma combined financial statements, Santa Fe Snyder's historical results have been restated to conform its accounting policies to those which Devon follows. The following tables present Santa Fe Snyder's balances as presented in its historical financial statements, and the restated balances which are included in the accompanying unaudited pro forma combined financial statements. The tables also include a separate column for various reclassifications to conform Santa Fe Snyder's presentation of certain revenues and expenses to Devon's presentation.

UNAUDITED RESTATED SANTA FE SNYDER BALANCE SHEET
MARCH 31, 2000
(IN THOUSANDS)

	SANTA FE SNYDER HISTORICAL	RESTATEMENT ADJUSTMENTS	SANTA FE SNYDER HISTORICAL RESTATED
	-----	-----	-----
ASSETS:			
Current assets.....	\$ 203,800		\$ 203,800
Oil and gas properties, net.....	1,828,900	\$(348,000) (a)	1,480,900
Other properties, net.....	40,900	(24,200) (a)	16,700
Other assets, net.....	32,000	(8,300) (b)	23,700
	-----	-----	-----
Total assets.....	\$2,105,600	\$(380,500)	\$1,725,100
	=====	=====	=====
LIABILITIES:			
Current liabilities.....	\$ 214,000		\$ 214,000
Deferred revenue.....	166,500	(8,300) (b)	158,200
Other liabilities.....	75,400		75,400
Long-term debt.....	794,000		794,000
Deferred income taxes.....	90,500	(90,000) (a)	500
STOCKHOLDERS' EQUITY:			
Common stock.....	1,800		1,800
Additional paid-in capital.....	1,247,300		1,247,300
Accumulated deficit.....	(467,900)	(282,200) (a)	(750,100)
Accumulated other comprehensive earnings (loss).....	1,700		1,700
Treasury stock.....	(16,600)		(16,600)
Unamortized restricted stock awards.....	(1,100)		(1,100)
	-----	-----	-----
Total stockholders' equity.....	765,200	(282,200)	483,000
	-----	-----	-----
Total liabilities and stockholders' equity.....	\$2,105,600	\$(380,500)	\$1,725,100
	=====	=====	=====

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 2000 AND 1999, AND DECEMBER 31, 1999, 1998 AND 1997 (CONTINUED)

4. SANTA FE SNYDER HISTORICAL AND RESTATED BALANCES (CONTINUED) UNAUDITED RESTATED SANTA FE SNYDER STATEMENT OF OPERATIONS THREE MONTHS ENDED MARCH 31, 2000 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	SANTA FE SNYDER HISTORICAL	RESTATEMENT ADJUSTMENTS	RECLASSIFICATIONS	SANTA FE SNYDER HISTORICAL RESTATED
	-----	-----	-----	-----
REVENUES:				
Oil sales.....	\$122,400			\$122,400
Gas sales.....	77,500			77,500
NGL sales.....	2,100			2,100
Other.....	--		\$ 700	700
	-----	-----	-----	-----
Total revenues.....	202,000	--	700	202,700
	-----	-----	-----	-----
COSTS AND EXPENSES:				
Lease operating expenses.....	41,900		1,600	43,500
Production and other taxes.....	11,400		(3,300)	8,100
Exploration.....	10,100	\$(10,100) (c)		--
Depreciation, depletion and amortization of property and equipment.....	68,900	(12,200) (e)		56,700
General and administrative expenses.....	7,100	(600) (c)	1,700	8,200
Interest expense.....	--		14,800	14,800
Loss (gain) on disposition of assets.....	(200)	200 (d)		--
	-----	-----	-----	-----
Total costs and expenses.....	139,200	(22,700)	14,800	131,300
	-----	-----	-----	-----
Income (loss) from operations.....	62,800	22,700	(14,100)	71,400
Interest income.....	700		(700)	--
Interest expense.....	(15,000)		15,000	--
Interest capitalized.....	1,500	(1,300) (c)	(200)	--
	-----	-----	-----	-----
Income (loss) before income taxes.....	50,000	21,400	--	71,400
INCOME TAX EXPENSE (BENEFIT):				
Current.....	6,300			6,300
Deferred.....	13,000	8,000 (g)		21,000
	-----	-----	-----	-----
Total income tax expense (benefit).....	19,300	8,000	--	27,300
	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders.....	\$ 30,700	\$ 13,400	\$ --	\$ 44,100
	=====	=====	=====	=====
Net earnings (loss) per average common share outstanding:				
Basic.....	\$ 0.17			\$ 0.24
	=====			=====
Diluted.....	\$ 0.17			\$ 0.24
	=====			=====
Weighted average common shares outstanding-- basic.....	182,400			182,400
	=====			=====

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 2000 AND 1999, AND DECEMBER 31, 1999, 1998 AND 1997 (CONTINUED)

4. SANTA FE SNYDER HISTORICAL AND RESTATED BALANCES (CONTINUED) UNAUDITED RESTATED SANTA FE SNYDER STATEMENT OF OPERATIONS THREE MONTHS ENDED MARCH 31, 1999 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	SANTA FE SNYDER HISTORICAL	RESTATEMENT ADJUSTMENTS	RECLASSIFICATIONS	SANTA FE SNYDER HISTORICAL RESTATED
	-----	-----	-----	-----
REVENUES:				
Oil sales.....	\$ 41,400			\$41,400
Gas sales.....	24,800			24,800
NGL sales.....	1,700			1,700
Other.....	300		\$ 400	700
	-----	-----	-----	-----
Total revenues.....	68,200	--	400	68,600
	-----	-----	-----	-----
COSTS AND EXPENSES:				
Lease operating expenses.....	28,300		1,000	29,300
Production and other taxes.....	3,500		(1,600)	1,900
Exploration.....	11,200	\$(11,200)(c)		--
Depreciation, depletion and amortization of property and equipment.....	31,900	(5,700)(e)		26,200
General and administrative expenses.....	5,400	(300)(c)	600	5,700
Interest expense.....	--		6,500	6,500
Loss (gain) on disposition of assets.....	100	(100)(d)		--
	-----	-----	-----	-----
Total costs and expenses.....	80,400	(17,300)	6,500	69,600
	-----	-----	-----	-----
Income (loss) from operations.....	(12,200)	17,300	(6,100)	(1,000)
Interest income.....	400		(400)	--
Interest expense.....	(6,800)		6,800	--
Interest capitalized.....	1,300	(1,000)(c)	(300)	--
	-----	-----	-----	-----
Income (loss) before income taxes.....	(17,300)	16,300	--	(1,000)
INCOME TAX EXPENSE (BENEFIT):				
Current.....	700			700
Deferred.....	(5,900)	3,600 (g)		(2,300)
	-----	-----	-----	-----
Total income tax expense (benefit).....	(5,200)	3,600	--	(1,600)
	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders.....	\$ (12,100)	\$ 12,700	\$ --	\$ 600
	=====	=====	=====	=====
Net earnings (loss) per average common share outstanding:				
Basic.....	\$ (0.12)			\$ 0.01
	=====			=====
Diluted.....	\$ (0.12)			\$ 0.01
	=====			=====
Weighted average common shares outstanding--				
basic.....	102,200			102,200
	=====			=====

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 2000 AND 1999, AND DECEMBER 31, 1999, 1998 AND 1997 (CONTINUED)

4. SANTA FE SNYDER HISTORICAL AND RESTATED BALANCES (CONTINUED)

UNAUDITED RESTATED SANTA FE SNYDER STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1999
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	SANTA FE SNYDER HISTORICAL	RESTATEMENT ADJUSTMENTS	RECLASSIFICATIONS	SANTA FE SNYDER HISTORICAL RESTATED
REVENUES:				
Oil sales.....	\$ 280,600			\$ 280,600
Gas sales.....	217,300			217,300
NGL sales.....	11,600			11,600
Other.....	800	\$ (300) (c)	\$ 1,100	1,600
Total revenues.....	510,300	(300)	1,100	511,100
COSTS AND EXPENSES:				
Lease operating expenses.....	132,100		4,300	136,400
Production and other taxes.....	26,600		(7,300)	19,300
Exploration.....	54,200	(54,200) (c)		--
Depreciation, depletion and amortization of property and equipment.....	185,800	(33,700) (e)		152,100
Impairment of oil and gas properties.....	196,400	(196,400) (f)		--
General and administrative expenses.....	26,200	(2,400) (c)	3,000	26,800
Expenses related to prior merger.....	16,800			16,800
Interest expense.....	--		42,700	42,700
Reduction of carrying value of oil and gas properties.....	--	476,100 (f)		476,100
Loss (gain) on disposition of assets.....	1,000	(1,000) (d)		--
Total costs and expenses.....	639,100	188,400	42,700	870,200
Income (loss) from operations.....	(128,800)	(188,700)	(41,600)	(359,100)
Interest income.....	1,100		(1,100)	--
Interest expense.....	(43,600)		43,600	--
Interest capitalized.....	6,000	(5,100) (c)	(900)	--
Income (loss) before income tax expense (benefit) and extraordinary item.....	(165,300)	(193,800)	--	(359,100)
INCOME TAX EXPENSE (BENEFIT):				
Current.....	(1,600)			(1,600)
Deferred.....	(43,000)	(70,000) (g)		(113,000)
Total income tax expense (benefit).....	(44,600)	(70,000)	--	(114,600)
Income (loss) before extraordinary item.....	(120,700)	(123,800)	--	(244,500)
Extraordinary item--debt extinguishment costs....	(4,200)			(4,200)
Net earnings (loss) applicable to common shareholders.....	\$(124,900)	\$(123,800)	\$ --	\$(248,700)
Net earnings (loss) per average common share outstanding:				
Basic and diluted:				
Before extraordinary item.....	\$ (0.79)			\$ (1.60)
Extraordinary item.....	(0.03)			(0.03)
Per common share.....	\$ (0.82)			\$ (1.63)
Weighted average common shares outstanding--basic.....				
	152,900			152,900

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 2000 AND 1999, AND DECEMBER 31, 1999, 1998 AND 1997 (CONTINUED)

4. SANTA FE SNYDER HISTORICAL AND RESTATED BALANCES (CONTINUED) UNAUDITED RESTATED SANTA FE SNYDER STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 1998 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	SANTA FE SNYDER HISTORICAL	RESTATEMENT ADJUSTMENTS	RECLASSIFICATIONS	SANTA FE SNYDER HISTORICAL RESTATED
	-----	-----	-----	-----
REVENUES:				
Oil sales.....	\$163,300			\$ 163,300
Gas sales.....	119,100			119,100
NGL sales.....	8,000			8,000
Other.....	300	\$ (100)(c)	\$ 6,200	6,400
	-----	-----	-----	-----
Total revenues.....	290,700	(100)	6,200	296,800
	-----	-----	-----	-----
COSTS AND EXPENSES:				
Lease operating expenses.....	112,500		3,900	116,400
Production and other taxes.....	16,300		(7,400)	8,900
Exploration.....	71,100	(71,100)(c)		--
Depreciation, depletion and amortization of property and equipment.....	136,100	(16,800)(e)		119,300
Impairment of oil and gas properties.....	87,800	(87,800)(f)		--
General and administrative expenses.....	19,700	(1,300)(c)	3,500	21,900
Interest expense.....	--	--	20,900	20,900
Reduction of carrying value of oil and gas properties.....	--	295,600 (f)		295,600
Loss (gain) on disposition of assets.....	1,500	(1,500)(d)		--
	-----	-----	-----	-----
Total costs and expenses.....	445,000	117,100	20,900	583,000
	-----	-----	-----	-----
Income (loss) from operations.....	(154,300)	(117,200)	(14,700)	(286,200)
Interest income.....	6,200		(6,200)	--
Interest expense.....	(22,000)		22,000	--
Interest capitalized.....	7,200	(6,100)(c)	(1,100)	--
	-----	-----	-----	-----
Income (loss) before income taxes.....	(162,900)	(123,300)	--	(286,200)
INCOME TAX EXPENSE (BENEFIT):				
Current.....	(11,400)			(11,400)
Deferred.....	(52,800)	(25,100)(g)		(77,900)
	-----	-----	-----	-----
Total income tax expense (benefit).....	(64,200)	(25,100)	--	(89,300)
	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders.....	\$(98,700)	\$ (98,200)	\$ --	\$(196,900)
	=====	=====	=====	=====
Net earnings (loss) per average common share outstanding:				
Basic.....	\$ (0.96)			\$ (1.92)
	=====			=====
Diluted.....	\$ (0.96)			\$ (1.92)
	=====			=====
Weighted average common shares outstanding--basic.....	102,600			102,600
	=====			=====

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 2000 AND 1999, AND DECEMBER 31, 1999, 1998 AND 1997 (CONTINUED)

4. SANTA FE SNYDER HISTORICAL AND RESTATED BALANCES (CONTINUED) UNAUDITED RESTATED SANTA FE SNYDER STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1997 (IN THOUSANDS, EXCEPT PER SHARE DATA)

	SANTA FE SNYDER HISTORICAL	RESTATEMENT ADJUSTMENTS	RECLASS- IFICATIONS	SANTA FE SNYDER HISTORICAL RESTATED
	-----	-----	-----	-----
REVENUES:				
Oil sales.....	\$344,800			\$344,800
Gas sales.....	138,100			138,100
NGL sales.....	10,900			10,900
Crude oil purchased.....	20,500		\$ (20,500)	--
Other.....	(200)	\$ (100) (c)	1,000	700
	-----	-----	-----	-----
Total revenues.....	514,100	(100)	(19,500)	494,500
	-----	-----	-----	-----
COSTS AND EXPENSES:				
Lease operating expenses.....	158,900		6,400	165,300
Production and other taxes.....	21,600		(9,800)	11,800
Cost of crude oil purchased.....	22,000		(22,000)	--
Exploration.....	49,100	(49,100) (c)		--
Depreciation, depletion and amortization of property and equipment.....	127,800	(11,600) (c)		116,200
General and administrative expenses.....	28,100	(2,800) (c)	3,400	28,700
Merger related costs.....	--			--
Interest expense.....	--		22,700	22,700
Reduction of carrying value of oil and gas properties....	--	16,200 (f)		16,200
Loss (gain) on disposition of assets.....	(3,600)	3,600 (d)		--
	-----	-----	-----	-----
Total costs and expenses.....	403,900	(43,700)	700	360,900
	-----	-----	-----	-----
Income (loss) from operations.....	110,200	43,600	(20,200)	133,600
Interest income.....	2,500		(2,500)	--
Interest expense.....	(23,800)		23,800	--
Interest capitalized.....	6,700	(5,600) (c)	(1,100)	--
	-----	-----	-----	-----
Income (loss) before income tax expense (benefit) and minority interest.....	95,600	38,000	--	133,600
	-----	-----	-----	-----
INCOME TAX EXPENSE (BENEFIT):				
Current.....	8,900			8,900
Deferred.....	27,300	27,100 (g)		54,400
	-----	-----	-----	-----
Total income tax expense (benefit).....	36,200	27,100	--	63,300
	-----	-----	-----	-----
Income (loss) before minority interest.....	59,400	10,900	--	70,300
Minority interest in Monterey Resources, Inc.....	(4,700)	--	--	(4,700)
	-----	-----	-----	-----
Net earnings (loss).....	54,700	10,900	--	65,600
Preferred stock dividends.....	3,600	--		3,600
Convertible preferred repurchase premium.....	8,400			8,400
	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders.....	\$ 42,700	\$ 10,900	\$ --	\$ 53,600
	=====	=====	=====	=====
Net earnings (loss) per average common share outstanding:				
Basic.....	\$ 0.43			\$ 0.54
	=====			=====
Diluted.....	\$ 0.43			\$ 0.53
	=====			=====
Weighted average common shares outstanding--basic.....	98,600			98,600
	=====			=====

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

MARCH 31, 2000 AND 1999, AND DECEMBER 31, 1999, 1998 AND 1997 (CONTINUED)

4. SANTA FE SNYDER HISTORICAL AND RESTATED BALANCES (CONTINUED) Following are explanations of the conforming adjustments to restate Santa Fe Snyder's historical balances:

- (a) To record the cumulative effect of adjusting the historical property and equipment, deferred taxes and accumulated deficit balances, prepared using the successful efforts method, to the restated balances using the full cost method followed by Devon.
- (b) To record the cumulative effect of adjusting the historical accounts receivable and deferred revenue prepared using the "entitlements method" of accounting for natural gas imbalances, to the restated balances using the "sales method" followed by Devon. Adjustments to natural gas sales for the periods presented as a result of conforming to the sales method are immaterial and are not included in the unaudited pro forma combined statements of operations.
- (c) To capitalize under the full cost method certain costs that are expensed under the successful efforts method of accounting.
- (d) To capitalize under the full cost method gains or losses from property sales that are recognized under the successful efforts method.
- (e) To adjust the depreciation, depletion and amortization expense recognized under the successful efforts method to the restated expense recognized under the full cost method.
- (f) To adjust oil and gas property impairment expense recognized under the successful efforts method to the restated expense recognized under the full cost method.
- (g) To adjust the historical deferred income tax expense for the effects of adjustments (c) through (f).

5. 1999 ACQUISITIONS

On May 5, 1999, Santa Fe Energy Resources, Inc. closed its merger with Snyder Oil Corporation thus forming Santa Fe Snyder. On August 17, 1999, Devon closed its merger with PennzEnergy Company. Both of these transactions were accounted for using the purchase method of accounting. Therefore, the historical statements of operations for Devon and Santa Fe Snyder for the year 1999 do not include any effects from the PennzEnergy and Snyder mergers, respectively, prior to the closing dates noted above. Devon's and Santa Fe Snyder's historical statements for the first quarter of 1999 do not include any effects of the PennzEnergy or Snyder mergers since both transactions closed subsequent to March 31, 1999. The Adjustments for Mergers columns include the effects of these two purchases as if the combined company closed the mergers as of January 1, 1999. The information is provided for illustrative purposes only.

6. EXTRAORDINARY LOSS

In connection with the retirement of certain debt in 1999, Santa Fe Snyder recorded a \$4.2 million extraordinary loss, net of \$2.3 million of taxes. The extraordinary loss represents the write-off of certain debt issue costs and prepayment penalties pertaining to the retirement of 11% Senior Subordinated Debentures, net of related tax benefits.

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/ William T. Vaughn
Senior Vice President - Finance

Date: June 21, 2000

End of Filing

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