DEVON ENERGY CORP /OK/

FORM 10-Q
(Quarterly Report)

Filed 05/07/99 for the Period Ending 03/31/99

Address	20 N BROADWAY STE 1500 OKLAHOMA CITY, OK 73102-8260
Telephone	4052353611
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SIC Code	1311 - Crude Petroleum and Natural Gas
Fiscal Year	12/31

DEVON ENERGY CORP /OK/

FORM 10-Q
(Quarterly Report)

Filed 5/7/1999 For Period Ending 3/31/1999

Address	20 N BROADWAY STE 1500
	OKLAHOMA CITY, Oklahoma 73102-8260
Telephone	405-235-3611
CIK	0000837330
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1999

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 1-10067

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Oklahoma	73-1474008
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
20 N. Broadway, Suite 1500 Oklahoma City, Oklahoma	73102
(Address of Principal Executive Offices)	(Zip Code)

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

Not applicable

Former name, former address and former fiscal year, if changed from last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

The number of shares outstanding of Registrant's common stock, par value $.10, as of April 23, 1999, was 48,521,337.

1 of 36 total pages

(Exhibit Index is found at page 32)

DEVON ENERGY CORPORATION

Index to Form 10-Q Quarterly Report
to the Securities and Exchange Commission

DEFINITIONS

As used in this document:

"Mcf" means thousand cubic feet

"MMcf" means million cubic feet "Bcf" means billion cubic feet "Bbl" means barrel "MBbls" means thousand barrels "MMBbls" means million barrels "Boe" means equivalent barrels of oil "Mboe" means thousand equivalent barrels of oil "Oil" includes crude oil and condensate "NGLs" means natural gas liquids

DEVON ENERGY CORPORATION

Part I. Financial Information

Item 1. Consolidated Financial Statements March 31, 1999 and 1998

(Forming a part of Form 10-Q Quarterly Report to the Securities and Exchange Commission)

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In Thousands, Except Share Data)

	March 31, 1999 (Unaudited)	December 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 13,440	19,154
Accounts receivable	78,860	83,858
Inventories	2,787	2,750
Prepaid expenses	3,483	2,351
Deferred income taxes	605	605
Investments and other assets	1,892	1,930
Total current assets	101,067	110,648
Property and equipment, at cost, based on the full cost method of accounting for oil and gas properties	2,708,424	2,610,511
Less accumulated depreciation, depletion and amortizatio	1,556,362	1,509,583
	1,152,062	1,100,928
Other assets	14,376	14,780
Total assets	$1,267,505	1,226,356
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable:		
Trade	64,491	40,177
Revenues and royalties due to others	9,441	12,508
Accrued expenses	21,220	27,971
Total current liabilities	95,152	80,656
Other liabilities	34,590	34,747
Long-term debt	422,293	405,271
Deferred income taxes	36,172	33,219
Company-obligated mandatorily redeemable convertible preferred securities of subsidiary trust holding solely 6.5% convertible junior subordinated debentures of Devon Energy Corporation	149,500	149,500
Stockholders' equity:		
Preferred stock of $1.00 par value. Authorized 3,000,000 shares; none issued	-	-
Common stock of $.10 par value. Authorized 400,000,000 shares; issued 48,492,000 in 1999 and 48,425,000 in 1998	4,849	4,842
Additional paid-in capital	798,640	796,992
Accumulated deficit	(239,353)	(242,909)
Accumulated other comprehensive loss	(34,338)	(35,962)
Total stockholders' equity	529,798	522,963
Total liabilities and stockholders' equity	$1,267,505	1,226,356

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)

	Three Months Ended March 31, 1999	1998
	(Unaudited)	
Revenues		
Oil sales	$27,913	41,589
Gas sales	53,551	51,905
Natural gas liquids sales	3,929	4,814
Other	1,873	2,129
Total revenues	87,266	100,437
Costs and expenses		
Lease operating expenses	27,420	29,376
Production taxes	2,969	3,415
Depreciation, depletion and amortization	33,558	29,993
General and administrative expenses	6,223	5,643
Interest expense	6,664	5,410
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	(3,161)	-
Distributions on preferred securities of subsidiary trust	2,429	2,429
Total costs and expenses	76,102	76,266
Earnings before income tax expense	11,164	24,171
Income tax expense		
Current	1,903	3,160
Deferred	3,281	6,786
Total income tax expense	5,184	9,946
Net earnings	$ 5,980	14,225
Net earnings per average common share outstanding (Note 1) - basic and diluted	$0.12	0.29
Weighted average common shares outstanding - basic (Note 1)	48,470	48,310

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Operations
(In Thousands)

	Three Months Ended March 31, 1999	1998
	(Unaudited)	
Net earnings	$5,980	14,225
Other comprehensive earnings - foreign currency translation adjustments (Note 1)	1,624	856
Comprehensive earnings	$7,604	15,081

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In Thousands)

	Three Months Ended March 31, 1999	1998
	(Unaudited)	
Cash flows from operating activities		
Net earnings	$ 5,980	14,225
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion and amortization	33,558	29,993
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	(3,161)	-
Gain on sale of assets	(18)	(41)
Deferred income taxes	3,281	6,786
Other	-	1,362
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	5,562	12,663
Inventories	(32)	826
Prepaid expenses	(1,121)	(782)
Other assets	76	835
Increase (decrease) in:		
Accounts payable	20,287	16,512
Income taxes payable	-	(2,233)
Accrued expenses	(6,608)	(9,573)
Long-term other liabilities	(737)	1,215
Net cash provided by operating activities	57,067	71,788
Cash flows from investing activities		
Proceeds from sale of property and equipment	4,702	32,587
Proceeds from sale of investments	-	43,687
Capital expenditures	(82,798)	(102,165)
Increase in equity investment	-	(3,136)
Decrease (increase) in other assets	448	(578)
Net cash used in investing activities	(77,648)	(29,605)
Cash flows from financing activities		
Proceeds from borrowings on revolving lines of credit	297,063	443,019
Principal payments on revolving lines of credit	(281,934)	(485,839)
Issuance of common stock, net of issuance costs	1,654	412
Dividends paid on common stock	(2,424)	(1,616)
Increase in long-term other liabilities	525	5,192
Net cash provided (used) by financing activities	14,884	(38,832)
Effect of exchange rate changes on cash	(17)	241
Net increase (decrease) in cash and cash equivalents	(5,714)	3,592
Cash and cash equivalents at beginning of period	19,154	42,064
Cash and cash equivalents at end of period	$ 13,440	45,656

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

On December 10, 1998, Devon Energy Corporation ("Devon") and Northstar Energy Corporation ("Northstar") closed a merger of the two companies (the "Northstar Combination"). At that date, Northstar became a wholly-owned subsidiary of Devon. Pursuant to the Northstar Combination, Northstar's common shareholders received approximately 16.1 million exchangeable shares (the "Exchangeable Shares") based on an exchange ratio of 0.235 Exchangeable Shares for each Northstar common share outstanding. The Exchangeable Shares were issued by Northstar, but are exchangeable at any time into Devon's common shares on a one-for- one basis. Prior to such exchange, the Exchangeable Shares have rights identical to those of Devon's common shares, including dividend, voting and liquidation rights. Between December 10, 1998 and March 31, 1999, approximately 10.4 million of the originally issued 16.1 million Exchangeable Shares had been exchanged for shares of Devon common stock.

The Northstar Combination was accounted for under the pooling-of-interests method of accounting for business combinations. All operational and financial information contained herein includes the combined amounts of Devon and Northstar for all periods presented.

The accompanying consolidated financial statements and notes thereto have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in Devon's 1998 annual report on Form 10-K.

In the opinion of Devon's management, all adjustments (all of which are normal and recurring) have been made which are necessary to fairly state the consolidated financial position of Devon and its subsidiaries as of March 31, 1999, and the results of their operations and their cash flows for the three month periods ended March 31, 1999 and 1998.

2. Earnings Per Share

The following table reconciles the net earnings and common shares outstanding used in the calculations of basic and diluted earnings per share for the three month period ended March 31, 1998. The diluted earnings per share calculation for the three months ended March 31, 1999, produced results that are anti- dilutive. The diluted calculation for the 1999 quarter increased net earnings by $1.5 million and increased the common shares outstanding by 5.1 million shares.

	Net Earnings	Common Shares Outstanding	Net Earnings Per Share
	(In Thousands)		
Three Months Ended March 31, 1998:			
Basic earnings per share	$14,225	48,310	$0.29
Dilutive effect of:			
Potential common shares issuable upon the conversion of Trust Convertible Preferred securities (the increase in net earnings is net of income tax expense of $963,000)	1,506	4,902	
Potential common shares issuable upon the exercise of outstanding stock options	-	574	
Diluted earnings per share	$15,731	53,786	$0.29

3. Segment Information

Devon manages its business by country. As such, Devon identifies its segments based on geographic areas. Devon has two reportable segments: its operations in the U.S. and its operations in Canada. Substantially all of both segments' operations involve oil and gas producing activities.

Following is certain financial information regarding Devon's segments for the first quarters of 1999 and 1998. The revenues reported are all from external customers.

	U.S.	Canada	Total
		(In Thousands)	
As of March 31, 1999:			
Current assets	$ 48,213	52,854	101,067
Property and equipment, net of accumulated depreciation, depletion and amortization	659,810	492,252	1,152,062
Other assets	13,362	1,014	14,376
Total assets	$721,385	546,120	1,267,505
Current liabilities	21,991	73,161	95,152
Long-term debt	50,000	372,293	422,293
Deferred tax liabilities (assets)	57,488	(21,316)	36,172
Other liabilities	29,516	5,074	34,590
TCP Securities	149,500	-	149,500
Stockholders' equity	412,890	116,908	529,798
Total liabilities and stockholders' equity	$721,385	546,120	1,267,505
Three Months ended March 31, 1999:			
Revenues			
Oil sales	$ 14,467	13,446	27,913
Gas sales	28,161	25,390	53,551
Natural gas liquids sales	2,518	1,411	3,929
Other	700	1,173	1,873
Total revenues	45,846	41,420	87,266
Costs and expenses			
Lease operating expenses	14,923	12,497	27,420
Production taxes	2,592	377	2,969
Depreciation, depletion and amortization	18,009	15,549	33,558
General and administrative expenses	2,914	3,309	6,223
Interest expense	642	6,022	6,664
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	-	(3,161)	(3,161)
Distributions on preferred securities of subsidiary trust	2,429	-	2,429
Total costs and expenses	41,509	34,593	76,102
Earnings before income tax expense	4,337	6,827	11,164
Income tax expense			
Current	820	1,083	1,903
Deferred	95	3,186	3,281
Total income tax expense	915	4,269	5,184
Net earnings	$ 3,422	2,558	5,980
Capital expenditures	$ 42,466	40,332	82,798
Three months ended March 31, 1998:			
Revenues			
Oil sales	$ 21,108	20,481	41,589
Gas sales	31,981	19,924	51,905
Natural gas liquids sales	3,545	1,269	4,814
Other	1,182	947	2,129
Total revenues	57,816	42,621	100,437
Costs and expenses			
Lease operating expenses	16,672	12,704	29,376
Production taxes	2,956	459	3,415
Depreciation, depletion and amortization	19,398	10,595	29,993
General and administrative expenses	2,684	2,959	5,643
Interest expense	10	5,400	5,410
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	-	-	-
Distributions on preferred securities of subsidiary trust	2,429	-	2,429
Total costs and expenses	44,149	32,117	76,266
Earnings before income tax expense	13,667	10,504	24,171
Income tax expense			

Current	2,041	1,119	3,160
Deferred	2,725	4,061	6,786
Total income tax expense	4,766	5,180	9,946
Net earnings	$ 8,901	5,324	14,225
Capital expenditures	$ 37,186	64,979	102,165

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion addresses material changes in results of operations for the three months ended March 31, 1999, compared to the three months ended March 31, 1998, and in financial condition since December 31, 1998. It is presumed that readers have read or have access to Devon's 1998 annual report on Form 10-K.

Overview

On December 10, 1998, Devon merged with Canadian-based Northstar. As a result of the accounting for this combination as a "pooling-of-interests," the financial data for all periods presented herein represent the combined results of the two companies. The pooling-of-interests method of accounting requires historical information to be restated as if the combining companies had always been merged. The restated data varies significantly from the historical data Devon has previously presented on a stand-alone basis.

Net earnings for the quarter ended March 31, 1999 were $6.0 million, or 12 cents per share. This compares to first quarter 1998 net earnings of $14.2 million or 29 cents per share. The decrease in first quarter earnings was due primarily to lower oil and natural gas prices. The prices Devon received for its first quarter 1999 production were significantly lower than those received in the first quarter of 1998. The merged company's first quarter 1999 production of oil, natural gas and natural gas liquids increased significantly over Devon's stand-alone first quarter 1998 production. However, total first quarter production for Devon and Northstar combined declined slightly in 1999. The decrease in total production resulted from the sale of certain Canadian oil-producing properties during 1998 and from deferring many oil-oriented drilling projects pending stronger oil prices. The majority of the resulting decrease in first quarter oil production was offset by a significant increase in first quarter 1999 natural gas production.

Results of Operations

Total revenues decreased $13.2 million, or 13%, in the first quarter of 1999. This decrease was caused by reductions in the average prices of oil, gas and NGLs, along with decreased production on a combined Boe basis. Oil, gas and NGLs revenues were down $12.9 million, or 13%, for the first quarter of 1999. The quarterly comparisons of production and price changes are shown in the following tables. (Note: Unless otherwise stated, all references in this report to dollar amounts regarding Devon's Canadian operations are expressed in U.S. dollars.)

	Total Three Months Ended March 31,		
	1999	1998	Change
Production			
Oil (MBbls)	2,565	3,197	-20%
Gas (MMcf)	35,122	32,523	+8%
NGL (MBbls)	476	509	-6%
Oil, Gas and NGLs (MBoe)1	8,895	9,127	-3%
Average Prices			
Oil (Per Bbl)	$10.88	13.01	-16%
Gas (Per Mcf)	1.52	1.60	-5%
NGL (Per Bbl)	8.25	9.46	-13%
Oil, Gas and NGLs (Per Boe)1	9.60	10.77	-11%
	(In Thousands)		
Revenues			
Oil	$27,913	41,589	-33%
Gas	53,551	51,905	+3%
NGLs	3,929	4,814	-18%
Combined	$85,393	98,308	-13%

	Domestic Three Months Ended March 31,		
	1999	1998	Change
Production			
Oil (MBbls)	1,299	1,485	-13%
Gas (MMcf)	16,361	15,935	+3%
NGL (MBbls)	314	354	-11%
Oil, Gas and NGLs (MBoe)1	4,340	4,495	-3%

Average Prices			
Oil (Per Bbl)	$11.14	14.21	-22%
Gas (Per Mcf)	1.72	2.01	-14%
NGL (Per Bbl)	8.02	10.02	-20%
Oil, Gas and NGLs (Per Boe)1	10.40	12.60	-17%
		(In Thousands)	
Revenues			
Oil	$14,467	21,108	-31%
Gas	28,161	31,981	-12%
NGLs	2,518	3,545	-29%
Combined	$45,146	56,634	-20%

	Canada Three Months Ended March 31, 1999	1998	Change
Production			
Oil (MBbls)	1,266	1,712	-26%
Gas (MMcf)	18,761	16,588	+13%
NGL (MBbls)	162	155	+5%
Oil, Gas and NGLs (MBoe)1	4,555	4,632	-2%
Average Prices			
Oil (Per Bbl)	$10.62	11.96	-11%
Gas (Per Mcf)	1.35	1.20	+13%
NGL (Per Bbl)	8.71	8.19	+6%
Oil, Gas and NGLs (Per Boe)1	8.84	9.00	-2%
		(In Thousands)	
Revenues			
Oil	$13,446	20,481	-34%
Gas	25,390	19,924	+27%
NGLs	1,411	1,269	+11%
Combined	$40,247	41,674	-3%

1 Gas volumes are converted to Boe or MBoe at the rate of six Mcf of gas per barrel of oil, based upon the approximate relative energy content of natural gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices. The respective prices of oil, gas and NGLs are affected by market and other factors in addition to relative energy content.

Oil Revenues. Oil revenues decreased $13.7 million, or 33%, in the first quarter of 1999. A decrease in the average price of $2.13 per barrel, or 16%, reduced oil revenues by $5.5 million. The remaining $8.2 million reduction in oil revenues was caused by a 632,000 barrel, or 20%, decrease in production. Of this drop in oil production, 446,000 barrels were attributable to Devon's Canadian production. Approximately 264,000 barrels of the Canadian reduction was attributable to the disposition of producing properties at the end of 1998's first and fourth quarters. Low oil prices led to the shut-in of some oil producing wells and the decision to defer many oil-oriented drilling projects. These factors, along with normal decline, accounted for the majority of the remaining decline in U.S. and Canadian oil production.

Gas Revenues. Gas revenues increased $1.6 million, or 3%, in 1999's first quarter. Production rose 2.6 Bcf in the 1999 period, which added $4.1 million of gas revenues. However, this increase was partially offset by the effect of lower gas prices in the 1999 quarter. Average gas prices dropped $0.08 per Mcf, or 5%, in 1999. The lower prices reduced gas revenues by $2.5 million in the 1999 period.

Devon's San Juan Basin coal seam gas properties produced 5.5 Bcf in the 1999 quarter compared to 5.0 Bcf in the 1998 quarter. Devon's other domestic properties produced 10.9 Bcf in 1999 and 1998. The coal seam gas properties averaged $1.67 per Mcf in 1999 compared to $1.83 in 1998. The other domestic gas properties averaged $1.75 per Mcf in 1999 and $2.09 per Mcf in 1998.

Canadian gas production increased 2.2 Bcf, or 13% in the 1999 quarter. Production added from two acquisitions in 1998 (one in July and the other in December) was the primary cause of the increased production in 1999's first quarter.

NGLs Revenues. NGLs revenues decreased $0.9 million, or 18%, in the first quarter of 1999. A decrease in the average prices in 1999 of $1.21 per barrel, or 13%, caused NGLs revenues to drop $0.6 million in the 1999 period. The remaining $0.3 million decrease in NGLs revenues was caused by a decrease in production of 33,000 barrels, or 6%.

Other Revenues. Other revenues declined $0.3 million, or 12%, in the 1999 quarter primarily due to a reduction in third party gas processing revenues.

Production and Operating Expenses. The components of production and operating expenses for the first quarter of 1999 and 1998 are set forth in the following tables.

	Total Three Months Ended March 31, 1999	1998	Change
Absolute (Thousands)			
Recurring operations and maintenance expenses	$26,032	27,875	-7%
Well workover expenses	1,388	1,501	-8%
Production taxes	2,969	3,415	-13%
Total production and operating expenses	$30,389	32,791	-7%
Per Boe			
Recurring operations and maintenance expenses	2.93	3.05	-4%
Well workover expenses	0.16	0.17	-6%
Production taxes	0.33	0.37	-11%
Total production and operating expenses	$3.42	3.59	-5%

	Domestic Three Months Ended March 31, 1999	1998	Change
Absolute (Thousands)			
Recurring operations and maintenance expenses	$13,808	15,484	-11%
Well workover expenses	1,115	1,188	-6%
Production taxes	2,592	2,956	-12%
Total production and operating expenses	$17,515	19,628	-11%
Per Boe			
Recurring operations and maintenance expenses	3.18	3.45	-8%
Well workover expenses	0.26	0.26	-
Production taxes	0.60	0.66	-9%
Total production and operating expenses	$4.04	4.37	-8%

	Canada Three Months Ended March 31, 1999	1998	Change
Absolute (Thousands)			
Recurring operations and maintenance expenses	$12,224	12,391	-1%
Well workover expenses	273	313	-13%
Production taxes	377	459	-18%
Total production and operating expenses	$12,874	13,163	-2%
Per Boe			
Recurring operations and maintenance expenses	2.69	2.67	+1%
Well workover expenses	0.06	0.07	-14%
Production taxes	0.08	0.10	-20%
Total production and operating expenses	$2.83	2.84	-

Recurring operations and maintenance expenses decreased $1.8 million, or 7%, in the first quarter of 1999. Of this decrease, $1.7 million was related to Devon's domestic properties. The reduction in the domestic expenses was centered in the primary oil producing properties, where various efficiencies were achieved since the 1998 quarter and certain non-essential services were delayed due to the low oil prices in effect during the 1999 quarter.

Production taxes decreased $0.4 million, or 13%, in the 1999 quarter. The majority of Devon's production taxes are assessed on its domestic properties. In the U.S., most of the production taxes are based on a fixed percentage of revenues. Therefore, the 20% decline in domestic oil, gas and NGLs revenues in the first quarter of 1999 was the primary cause of the production tax decrease.

Depreciation, Depletion and Amortization Expenses ("DD&A"). Oil and gas property related DD&A increased $3.6 million, or 12%, from

$29.0 million in the first quarter of 1998 to $32.6 million in the first quarter of 1999. An increase in the combined U.S. and Canadian DD&A rate from $3.17 per Boe in 1998 to $3.66 per Boe in 1999 caused oil and gas property related DD&A to increase by $4.3 million. This increase was partially offset by a decrease of $0.7 million caused by the 3% drop in combined oil, gas and NGLs production in 1999.

General and Administrative Expenses ("G&A"). G&A increased $0.6 million, or 10%, in the first quarter of 1999 compared to the first quarter of 1998. Gross G&A (before amounts capitalized and before overhead reimbursements) increased $0.1 million, or 1%. This increase was offset by the fact that the amount of G&A capitalized pursuant to the full cost method of accounting increased $0.2 million in the 1999 quarter. G&A capitalized in 1999's first quarter was $2.5 million compared to $2.3 million in 1998's first quarter.

However, the $0.1 million net decrease in G&A after capitalization was more than offset by lower overhead reimbursements in the 1999 quarter. As the operator of a property, Devon receives these reimbursements from the property's working interest owners during both the drilling and operational stages of the property's life. Devon records the reimbursements as reductions to G&A. These reimbursements were $0.7 million lower in the first quarter of 1999 compared to the same quarter of 1998. All of the reduction in the reimbursements was related to the Canadian operations, where a less extensive capital program in 1999 led to the reduction in drilling overhead reimbursements.

Interest Expense. Interest expense increased $1.3 million, or 23%, in 1999's first quarter. An increase in the average debt balance outstanding from $359.6 million in 1998 to $418.0 million in 1999 caused interest expense to increase by $1.0 million. The average rate on the debt outstanding was 6.2% in both quarters and had no effect on the interest expense variance. The remaining increase of $0.3 million was caused by an increase in other components of interest expense such as facility and agency fees and the amortization of capitalized loan costs.

The following schedule includes the components of interest expense for the first quarter of 1999 and 1998.

	Three Months Ended March 31, 1999	1998
	(In Thousands)	
Interest based on debt outstanding	$6,419	5,463
Facility and agency fees	147	117
Amortization of capitalized loan costs	69	18
Hedging gains	-	(102)
Other	29	(86)
Total interest expense	$6,664	5,410

Deferred Effect of Changes in Foreign Currency Exchange Rate on Subsidiary's Long-term Debt. Devon's Canadian subsidiary Northstar has certain fixed rate senior notes which are denominated in U.S. dollars. The outstanding principal amount of these notes is $225 million. Changes in the exchange rate between the U.S. dollar and the Canadian dollar from the dates the notes were issued to the dates of repayment will increase or decrease the expected amount of Canadian dollars eventually required to repay the notes. Such changes in the Canadian dollar equivalent balance of the debt are required to be included in determining net earnings for the period in which the exchange rate changes.

The rate of converting Canadian dollars to U.S. dollars increased from $0.6535 at the end of 1998 to $0.6626 at the end of 1999's first quarter. This decreased the Canadian dollar equivalent balance of the debt recorded by Northstar, and resulted in $3.2 million of reduced expenses in 1999's first quarter.

The rate of converting Canadian dollars to U.S. dollars remained virtually constant from the end of 1997 to the end of 1998's first quarter. The rate was $0.6997 at the end of 1997 and $0.7045 at the end of March 1998. Also, the principal balance of the U.S. dollar denominated notes increased from $135 million to $225 million in March 1998. As a result of the minimal changes in the exchange rate and the smaller balance of U.S. dollar denominated debt outstanding during the 1998 quarter, the deferred effect of the change in the foreign currency exchange rate was less than a thousand dollars.

Distributions on Preferred Securities of Subsidiary Trust. Devon has $149.5 million of 6.5% Trust Convertible Preferred Securities outstanding. Distributions on these securities accrue and are paid at the rate of 1.625% per quarter.

Income Taxes. During interim periods, income tax expense is based on the estimated effective income tax rate that is expected for the entire fiscal year. The estimated effective tax rate in the first quarter of 1998 was 46%, compared to 41% estimated in the first quarter of 1998.

The higher expected 1999 rate is primarily due to the effect of certain components of 1999's income tax expense that will not fluctuate in relation to pre-tax earnings. Examples are the amounts of Canadian DD&A recorded for financial statement purposes that are not deductible for income purposes, and the Canadian large corporation tax that is based on capitalization levels instead of pre-tax earnings. At lower levels of pre-tax earnings, these "fixed" components of income tax expense result in higher effective tax rates. As pre-tax earnings increase, the fixed components have less impact on the effective tax rate.

Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), requires that the tax benefit of available tax carryforwards be recorded as an asset to the extent that management assesses the utilization of such carryforwards to be "more likely than not". When the future utilization of some portion of the carryforwards is determined not to be "more likely than not", SFAS 109 requires that a valuation allowance be provided to reduce the recorded tax benefits from such assets.

Included as deferred tax assets at March 31, 1999, were approximately $21.8 million of net operating loss carryforwards. The carryforwards include U.S. federal net operating loss carryforwards, the majority of which do not begin to expire until 2008, U.S. state net operating loss carryforwards which expire primarily between 1999 and 2011, and Canadian carryforwards which expire primarily between 2000 and 2005. Devon expects the tax benefits from the net operating loss carryforwards to be utilized between 1999 and 2002. Such expectation is based upon current estimates of taxable income during this period, considering limitations on the annual utilization of these benefits as set forth by federal tax regulations. Significant changes in such estimates caused by variables such as future oil and gas prices or capital expenditures could alter the timing of the eventual utilization of such carryforwards. There can be no assurance that Devon will generate any specific level of continuing taxable earnings. However, Devon's management believes that future taxable income will more likely than not be sufficient to utilize substantially all its tax carryforwards prior to their expirations.

Capital Expenditures, Capital Resources and Liquidity

The following discussion of capital expenditures, capital resources and liquidity should be read in conjunction with the consolidated statements of cash flows included in Part 1, Item 1 elsewhere herein.

Capital Expenditures. Approximately $82.8 million was spent in the first three months of 1999 for capital expenditures. This total includes $69.9 million for the acquisition, drilling or development of oil and gas properties, $12.1 million related to the construction of an extensive gas gathering system, related CO_2 removal facilities and gas processing project all located in the Powder River Basin of Wyoming, and $0.8 million for other fixed assets.

Approximately $102.2 million was spent for capital expenditures in the first quarter of 1998. This total includes $100.4 million for the acquisition, drilling or development of oil and gas properties and $1.8 million for other fixed assets.

Capital Resources and Liquidity. Net cash provided by operating activities ("operating cash flow") continued to be the primary source of capital and liquidity in the first quarter of 1999. Operating cash flow in the first quarter of 1999 was $57.1 million, compared to $71.8 million in the first quarter of 1998. The decrease in operating cash flow in the 1999 quarter was primarily caused by the drop in revenues discussed earlier in this section.

In addition to operating cash flow, Devon also utilized a portion of its credit facilities during the first quarter of 1999 to fund its capital expenditures. Net borrowings against the credit facilities in the first three months of 1999 were $15.1 million. As of March 31, 1998, Devon had $202.7 million available under its $400 million credit facilities.

Year 2000 Status. Devon's company-wide Year 2000 Project ("the Project") is proceeding on schedule. The Project is addressing the Year 2000 issue caused by computer programs being written utilizing two digits rather than four to define an applicable year. As a result, Devon's computer equipment, software (all of which is externally developed), and devices with embedded technology that are time sensitive may misinterpret the actual date beginning on January 1, 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, but not limited to, a temporary inability to process transactions.

Devon has undertaken various initiatives intended to ensure that its computer equipment and software will function properly with respect to dates in the Year 2000 and thereafter. In planning and developing the Project, Devon has considered both its information technology ("IT") and its non-IT systems. The term "computer equipment and software" includes systems that are commonly thought of as IT systems, including accounting, data processing, telephone systems, scanning equipment, and other miscellaneous systems. Those items not to be considered as IT technology include alarm systems, fax machines, monitors for field operations, or other miscellaneous systems. Both IT and non-IT systems may contain embedded technology, which complicates Devon's Year 2000 identification, assessment, remediation, and testing efforts. Based upon its identification and assessment efforts to date, Devon is in the process of replacing the computer equipment and software it currently uses to become Year 2000 compliant. In addition, in the ordinary course of replacing computer equipment and software, Devon plans to obtain replacements that are in compliance with year 2000.

Devon has also mailed letters to its significant vendors and service providers and has verbally communicated with many strategic customers to determine the extent to which interfaces with such entities are vulnerable to Year 2000 issues and whether the products and services purchased from or by such entities are year 2000 compliant. Devon has received an overall favorable response from such third parties and it is anticipated that their significant Year 2000 issues will be addressed on a timely basis.

With regard to IT and non-IT systems and communications with third parties, Devon anticipates that the Project will be completed by September 30, 1999.

As noted above, Devon is in the process of replacing certain computer equipment and software because of the Year 2000 issue. Devon estimates that the total cost of such replacements will approximate $0.5 million. Substantially all of the personnel being used on the Project are existing Devon employees. Devon does not separately track the time that its own employees spend on the Project. Therefore, the internal costs incurred on the Project are not known. Such costs would consist almost entirely of the payroll costs associated with the time spent on the Project. Third party consulting costs of Devon's Year 2000 identification, assessment, remediation and testing efforts, as well as currently anticipated costs to be incurred with respect to Year 2000 issues of third parties, are expected to be approximately $0.2 million.

Devon has not yet begun a comprehensive analysis of the operational problems and costs that would be reasonably likely to result from the failure by Devon and significant third parties to complete efforts necessary to achieve Year 2000 compliance on a timely basis. A contingency plan has not been developed for dealing with the most reasonably likely worst case scenario, and such scenario has not yet been clearly identified. Devon plans to complete such analysis and contingency planning by December 31, 1999.

Devon presently does not expect to incur significant operational problems due to the Year 2000 issue. However, if all Year 2000 issues are not properly and timely identified, assessed, remediated and tested, there can be no assurances that the Year 2000 issue will not materially impact Devon's results of operations or adversely affect its relationships with customers, vendors, or others. Additionally, there can be no assurance that the Year 2000 issues of other entities will not have a material impact on Devon's systems or results of operations.

Impact of Recently Issued Accounting Standards Not Yet Adopted. In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain recognition of all derivatives as either assets or liabilities in the balance sheet and measurement of those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge. The accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and whether it qualifies as a hedge. SFAS 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. Devon plans to adopt the provisions of SFAS 133 in the first quarter of the year ending December 31, 2000, and is currently evaluating the effects of this pronouncement.

Revisions to 1999 Estimates

The 1998 annual report on Form 10-K, and a Form 8-K filed on February 8, 1999, contained forward-looking information for the year 1999. Where necessary, that information has been revised as set forth in the following discussion. The revised forward- looking statements provided in this discussion are based on management's examination of historical operating trends, the December 31, 1998 reserve reports of independent petroleum engineers, other data in Devon's possession or available from third parties and actual results for the first quarter of 1999. Devon cautions that its future oil, gas and NGLs production, revenues and expenses are subject to all of the risks and uncertainties normally incident to the exploration for and development and production and sale of oil and gas. These risks include, but are not limited to, price volatility, inflation or lack of availability of goods and services, environmental risks, drilling risks, regulatory changes, the uncertainty inherent in estimating future oil and gas production or reserves, and other risks as outlined below. Also, the financial results of Devon's Canadian operations are subject to currency exchange rate risks. Additional risks are discussed below in the context of line items most affected by such risks.

Specific Assumptions and Risks Related to Price and Production Estimates. Prices for oil, natural gas and NGLs are determined primarily by prevailing market conditions. Market conditions for these products are influenced by regional and world-wide economic growth, weather and other substantially variable factors. These factors are beyond Devon's control and are difficult to predict. In addition to volatility in general, Devon's oil, gas and NGLs prices may vary considerably due to differences between regional markets, transportation availability and demand for different grades of oil, gas and NGLs. Over 90% of Devon's revenues are attributable to sales of these three commodities. Consequently, Devon's financial results and resources are highly influenced by this price volatility.

Estimates for Devon's future production of oil, natural gas and NGLs are based on the assumption that market demand and prices for oil and gas will continue at levels that allow for profitable production of these products. There can be no assurance of such stability.

Certain of Devon's individual oil and gas properties are sufficiently significant as to have a material impact on the overall financial results. With respect to oil production, these properties include the West Red Lake Field and the Grayburg- Jackson Unit, both in southeast New Mexico, and the Gilby and Halkirk areas in Alberta. Devon's interest in NEBU and the 32-9 Unit, both in the San Juan Basin, and the Coleman and Hamburg areas in Alberta can have a significant effect on overall gas production.

The production, transportation and marketing of oil, natural gas and NGLs are complex processes which are subject to disruption due to transportation and processing availability, mechanical failure, human error, meteorological events and numerous other factors. The following forward-looking statements were prepared assuming demand, curtailment, producibility and general market conditions for Devon's oil, natural gas and NGLs for 1999 will be substantially similar to those of 1998, unless otherwise noted. Given the general limitations expressed herein, Devon's forward-looking statements for 1999 are set forth below. Unless otherwise noted, all of the following dollar amounts are expressed in U.S. dollars. Those amounts related to Canadian operations have been converted to U.S. dollars using an exchange rate of $0.6626 U.S. dollar to one Canadian dollar. This exchange rate approximates both the average rate for the first quarter of 1999 and the rate as of March 31, 1999. The actual 1999 exchange rate may vary materially from the year-end 1998 rate used. Such variations could have a material effect on the following Canadian estimates.

Discussed below are those areas where revisions have been made to the 1999 estimates originally included in the aforementioned Form 10-K and Form 8-K.

Oil Prices. The original estimate for Devon's average 1999 realized price for domestic oil production was between $0.25 to $0.55 above West Texas Intermediate ("WTI") posted prices. For the first quarter of 1999, Devon's domestic production averaged $11.14 per barrel, which was $0.75 above the average WTI posted price of $10.39 per barrel. The primary cause for the higher differential in the first quarter of 1999 was the renegotiation of certain contracts during the quarter at higher premiums above WTI posted prices. As a result, Devon has revised upward its estimate of realized domestic oil prices for the year 1999 to between $0.50 to $0.80 above the average WTI posted price for the year.

The original estimate for Devon's average 1999 realized price for its Canadian oil production not subject to hedges was between $1.75 and $2.25 below WTI posted prices. For the first quarter of 1999, Devon's Canadian production not subject to hedges averaged $9.40 per barrel, which was $0.99 less than the average WTI posted prices for the quarter. This better differential was the result of several factors. The original estimate included a negative effect of $1.25 per barrel from certain foreign exchange hedges. The actual effect of the hedges on the first quarter oil price was approximately $1.05 per barrel. Also, the original estimate included a negative effect of approximately $0.90 per barrel for quality adjustments. The actual effect of such quality adjustments in the first quarter was only $0.30 per barrel. As a result of these and other factors, Devon has revised upward its estimate of realized Canadian oil prices related to non-hedged production for the year 1999 to between $1.25 and $1.75 below WTI posted prices.

Gas Prices - Floating. The original estimate of Devon's average 1999 realized price for Canadian production not subject to fixed prices was between $0.80 to $0.95 less than the New York Mercantile Exchange price ("NYMEX"). For the first quarter of 1999, the Canadian production not subject to fixed prices averaged $1.28, which was only $0.47 less than the NYMEX average for the quarter. This differential was substantially better than that originally estimated for the year.

Devon's Canadian production that is not fixed as to price is primarily sold at prices based on either the NYMEX price or the market price at the Alberta Energy Company ("AECO") trading center. Production sold based on AECO prices at times generates a higher net price per Mcf than that sold based on NYMEX prices. For the first quarter of 1999, approximately 55% of the Canadian floating-price production was tied to AECO. However, this percentage is expected to drop to 30% for the last three quarters of the year, and average 40% for the year. Also, the AECO base price was only $0.11 less than the NYMEX price for the first quarter. This difference is expected to be approximately $0.45 for the last three quarters and to average $0.40 for the year. The combination of the higher first quarter percentage of floating-price production tied to AECO and the lower differential between AECO and NYMEX yielded a Canadian gas price differential compared to NYMEX that is expected to be lower than the remainder of the year.

However, based on the actual first quarter results and other factors that should increase the Canadian gas price realization for the remainder of the year, Devon has revised its expected Canadian floating-price differential for the year. For the last three quarters of 1999, Devon expects its Canadian floating-price production to average between $0.65 to $0.80 less than NYMEX. For the full year 1999, Devon expects such production to average between $0.60 and $0.75 less than NYMEX.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information included in "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Devon's 1998 Annual Report on Form 10-K is incorporated herein by reference. Such information includes a description of Devon's potential exposure to market risks, including commodity price risk, interest rate risk and foreign currency risk. As of March 31, 1999, there have been no material changes in Devon's market risk exposure from that disclosed in the 1998 Form 10-K.

Part II. Other Information

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits required by Item 601 of Regulation S-K are as follows:

Exhibit

No.

2.1 Amended and Restated Combination Agreement between the Registrant and Northstar Energy Corporation dated as of June 29, 1998 (incorporated by reference to Annex B to Registrant's definitive proxy statement for a special meeting of shareholders, filed November 6, 1998).

3.1 Registrant's Amended and Restated Certificate of incorporation (incorporated by reference to Exhibit 3 to Registrant's Form 8-K dated as of December 11, 1998).

3.2 Registrant's Bylaws (incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).

4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).

4.2 Rights Agreement between Registrant and The First National Bank of Boston (incorporated by reference to Exhibit 4.2 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).

4.3 First Amendment to Rights Agreement between Registrant and The First National Bank of Boston, dated October 16, 1996 (incorporated by reference to Exhibit H-1 to Addendum A to Registrant's definitive proxy statement for a special meeting of shareholders, filed on November 6, 1996).

4.4 Second Amendment to Rights Agreement between Registrant and the First National Bank of Boston, dated December 31, 1996 (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K dated December 31, 1996).

4.5 Third Amendment to Rights Agreement between Registrant and The First National Bank of Boston, dated December 10, 1998 (incorporated by reference to Exhibit 4.5 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

4.6 Certificate of Designations of Series A Junior Participating Preferred Stock of Registrant (incorporated by reference to Exhibit 3.3 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).

4.7 Certificate of Trust of Devon Financing Trust [incorporated by reference to Exhibit 4.5 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.8 Amended and Restated Declaration of Trust of Devon Financing Trust, dated as of July 3, 1996, by J. Larry Nichols, H. Allen Turner, William T. Vaughn, The Bank of New York (Delaware) and The Bank of New York as Trustees and the Registrant as Sponsor [incorporated by reference to Exhibit 4.6 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333- 00815)].

4.9 Indenture, dated as of July 3, 1996, between the Registrant and The Bank of New York [incorporated by reference to Exhibit 4.7 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.10 First Supplemental Indenture, dated as of July 3, 1996, between the Registrant and The Bank of New York [incorporated by reference to Exhibit 4.8 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.11 Form of 6 1/2% Preferred Convertible Securities (included as Exhibit A-1 to Exhibit 4.7 above).

4.12 Form of 6 1/2% Convertible Junior Subordinated Debentures (included as Exhibit B to Exhibit 4.7 above).

4.13 Preferred Securities Guarantee Agreement, dated July 3, 1996, between Registrant, as Guarantor, and The Bank of New York, as Preferred Guarantee Trustee [incorporated by reference to Exhibit 4.11 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.14 Stock Rights and Restrictions Agreement, dated as of December 31, 1996, between Registrant and Kerr-McGee Corporation (incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K dated December 31, 1996).

4.15 Registration Rights Agreement, dated December 31, 1996, by and between Registrant and Kerr-McGee Corporation (incorporated by reference to Exhibit 4.4 to Registrant's Current Report on Form 8-K, dated December 31, 1996).

4.16 Support Agreement, dated December 10, 1998, between the Registrant and Northstar Energy Corporation (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K dated as of December 11, 1998).

4.17 Exchangeable Share Provisions (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K dated as of December 11, 1998).

10.1 U.S. Credit Agreement, dated December 11, 1998, among the Registrant, as U.S. Borrower, NationsBank, N.A., as Administrative Agent, NationsBanc Montgomery Securities, L.L.C., as Arranger, Bank One, Texas, N.A., as Syndication Agent, Bank of Montreal, as Documentation Agent, First Union, as Co-Documentation Agent, and Certain Financial Institutions, as Lenders (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K dated as of December 11, 1998).

10.2 Canadian Credit Agreement, dated December 11, 1998, among Northstar Energy Corporation and Devon Energy Canada Corporation, as Canadian Borrowers, Bank of America Canada, as Administrative Agent, NationsBanc Montgomery Securities, L.L.C., as Arranger, First Chicago Capital Markets, Inc., as Syndication Agent, Bank of Montreal, as Documentation Agent, First Union, as Co- Documentation Agent, and Certain Financial Institutions, as Lenders (incorporated by reference to Exhibit 10.2 to Registrant's Form 8-K dated as of December 11, 1998).

10.3 Morrison Petroleums Ltd. U.S. $75,000,000 6.76% Senior Notes Due July 19, 2005 Note Agreement Dated as of July 19, 1995 (incorporated by reference to Exhibit 10.3 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

10.4 Northstar Energy Corporation U.S.
$150,000,000 6.79% Senior Notes Due 2009 Note Agreement Dated as of March 2, 1998 (incorporated by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

10.5 Devon Energy Corporation 1988 Stock Option Plan [incorporated by reference to Exhibit 10.4 to Registrant's Registration Statement on Form S-4 (No. 33-23564)].*

10.6 Devon Energy Corporation 1993 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement for the 1993 Annual Meeting of Shareholders filed on May 6, 1993).*

10.7 Devon Energy Corporation 1997 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement for the 1997 Annual Meeting of the Shareholders filed on April 3, 1997).*

10.8 Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation (Delaware) and Mr. J. Larry Nichols, dated December 3, 1992 (incorporated by reference to Exhibit 10.10 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.9 Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation (Delaware) and Mr. J. Michael Lacey, dated December 3, 1992 (incorporated by reference to Exhibit 10.12 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.10 Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation (Delaware) and Mr. H. Allen Turner, dated December 3, 1992 (incorporated by reference to Exhibit 10.13 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.11 Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation (Delaware) and Mr. Darryl G. Smette, dated December 3, 1992 (incorporated by reference to Exhibit 10.14 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.12 Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Duke R. Ligon, dated March 26, 1997 (incorporated by reference to Exhibit 10.11 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).*

10.13 Employment Agreement between Devon Energy Corporation (Nevada), Registrant and Duke R. Ligon, dated February 7, 1997 (incorporated by reference to Exhibit 10.12 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).*

10.14 Supplemental Retirement Income Agreement among Devon Energy Corporation (Nevada), Registrant and John W. Nichols, dated March 26, 1997 (incorporated by reference to Exhibit 10.13 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).*

10.15 Supplemental Benefit Agreement between Northstar Energy Corporation and John A. Hagg dated February 17, 1999 (incorporated by reference to Exhibit 10.15 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).*

10.16 Consulting Agreement between Registrant and Thomas F. Ferguson dated June 1, 1989 (incorporated by reference to Exhibit 10.16 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).*

10.17 Sale and Purchase Agreement relating to Registrant's San Juan Basin gas properties (incorporated by reference to Exhibit 10.15 to Registrant's Quarterly Report on Form 10- Q for the quarter ended September 30, 1995).

10.18 Second Restatement of and Amendment to Sale and Purchase Agreement relating to Registrant's San Juan Basin gas properties (incorporated by reference to Exhibit 10.16 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).

10.19 Registration Rights Agreement, dated July 3, 1996, by and among the Registrant, Devon Financing Trust and Morgan Stanley & Co. Incorporated [incorporated by reference to Exhibit 10.1 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

* Compensatory plans or arrangements.

(b) Reports on Form 8-K - A Current Report on Form 8-K dated January 28, 1999, was filed by the Registrant regarding year-end 1998 financial results and year-end oil and gas reserves. A Current Report on Form 8-K dated February 8, 1999, was filed by the Registrant regarding 1999 forward-looking information. A Current Report on Form 8-K dated February 22, 1999 was filed regarding January, 1999 financial results. A Current Report on Form 8-K dated April 22, 1999 was filed regarding certain revisions to the Registrant's forward-looking information initially included in the February 8, 1999 Form 8-K.

SIGNATURES

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

DEVON ENERGY CORPORATION

Date: May 7, 1999 *\/s/Danny J. Heatly*
Danny J. Heatly
Controller

INDEX TO EXHIBITS

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10.4	Northstar Energy Corporation U.S. $150,000,000 6.79% Senior Notes Due 2009 Note Agreement Dated as of March 2, 1998 (incorporated by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).	#
10.5	Devon Energy Corporation 1988 Stock Option Plan [incorporated by reference to Exhibit 10.4 to Registrant's Registration Statement on Form S-4 (No. 33-23564)].*	#
10.6	Devon Energy Corporation 1993 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement for the 1993 Annual Meeting of Shareholders filed on May 6, 1993).*	#
10.7	Devon Energy Corporation 1997 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement for the 1997 Annual Meeting of the Shareholders filed on April 3, 1997).*	#
10.8	Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation (Delaware) and Mr. J. Larry Nichols, dated December 3, 1992 (incorporated by reference to Exhibit 10.10 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*	#
10.9	Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation (Delaware) and Mr. J. Michael Lacey, dated December 3, 1992 (incorporated by reference to Exhibit 10.12 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*	#
10.10	Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation (Delaware) and Mr.	#

H. Allen Turner, dated December 3, 1992 (incorporated by reference to Exhibit 10.13 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.11	Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation (Delaware) and Mr. Darryl G. Smette, dated December 3, 1992 (incorporated by reference to Exhibit 10.14 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*	#
10.12	Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Duke R. Ligon, dated March 26, 1997 (incorporated by reference to Exhibit 10.11 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).*	#
10.13	Employment Agreement between Devon Energy Corporation (Nevada), Registrant and Duke R. Ligon, dated February 7, 1997 (incorporated by reference to Exhibit 10.12 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June30,1997).*	#
10.14	Supplemental Retirement Income Agreement among Devon Energy Corporation (Nevada), Registrant and John W. Nichols, dated March 26, 1997 (incorporated by reference to Exhibit 10.13 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).*	#
10.15	Supplemental Benefit Agreement between Northstar Energy Corporation and John A. Hagg dated February 17, 1999 (incorporated by reference to Exhibit 10.15 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).*	#
10.16	Consulting Agreement between Registrant and Thomas F. Ferguson dated June 1, 1989 incorporated by reference to Exhibit 10.16 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).*	#
10.17	Sale and Purchase Agreement relating to Registrant's San Juan Basin gas properties (incorporated by reference to Exhibit 10.15 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).	#
10.18	Second Restatement of and Amendment to Sale and Purchase Agreement relating to Registrant's San Juan Basin gas properties (incorporated by reference to Exhibit 10.16 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).	#
10.19	Registration Rights Agreement, dated July 3, 1996, by and among the Registrant, Devon Financing Trust and Morgan Stanley & Co. Incorporated [incorporated by reference to Exhibit 10.1 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].	#

Incorporated by reference.

ARTICLE 5

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS	3 MOS
FISCAL YEAR END	DEC 31 1999	DEC 31 1998
PERIOD END	MAR 31 1999	MAR 31 1998
CASH	13440	45656
SECURITIES	0	0
RECEIVABLES	78860	84500
ALLOWANCES	0	0
INVENTORY	2787	3193
CURRENT ASSETS	101067	185664
PP&E	2708424	2400387
DEPRECIATION	1556362	1361833
TOTAL ASSETS	1267505	1329626
CURRENT LIABILITIES	95152	117019
BONDS	422293	312420
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	4849	4832
OTHER SE	524949	605591
TOTAL LIABILITY AND EQUITY	1267505	1329626
SALES	85393	98308
TOTAL REVENUES	87266	100437
CGS	0	0
TOTAL COSTS	0	0
OTHER EXPENSES	30389	32791
LOSS PROVISION	0	0
INTEREST EXPENSE	6664	5410
INCOME PRETAX	11164	24171
INCOME TAX	5184	9946
INCOME CONTINUING	5980	14225
DISCONTINUED	0	0
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	5980	14225
EPS PRIMARY	0.12	0.29
EPS DILUTED	0.12	0.29

End of Filing