DEVON ENERGY CORP/DE

FORM 8-K
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UNITED STATES
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): November 7, 2007

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE	**001-32318**	**73-1567067**
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(IRS Employer Identification Number)

20 NORTH BROADWAY, OKLAHOMA CITY, OK	**73102**
(Address of Principal Executive Offices)	(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

We reported our original 2007 forward-looking estimates in a Current Report on Form 8-K dated February 7, 2007, and also in our 2006 Annual Report on Form 10-K. In our Current Report on Form 8-K dated August 1, 2007, we updated certain of our 2007 forward-looking estimates. In this document, we again are updating certain of these 2007 forward-looking estimates. The updated estimates and the reasons therefore, along with the estimates that have not changed, are presented in the following pages.

Definitions

The following discussion includes references to various abbreviations relating to volumetric production terms and other defined terms. These definitions are as follows:

"Bbl" or "Bbls" means barrel or barrels.

"Bcf" means billion cubic feet.

"Boe" means barrel of oil equivalent, determined by using the ratio of one Bbl of oil or NGLs to six Mcf of gas.

"Btu" means British thermal units, a measure of heating value.

"Inside FERC" refers to the publication *Inside F.E.R.C.'s Gas Market Report* .

"LIBOR" means London Interbank Offered Rate.

"MMBbls" means million Bbls.

"MMBoe" means million Boe.

"Mcf" means thousand cubic feet.

"MMcf" means million cubic feet.

"NGL" or "NGLs" means natural gas liquids.

"NYMEX" means New York Mercantile Exchange.

"Oil" includes crude oil and condensate.

Forward-Looking Estimates

The forward-looking statements provided in this discussion are based on our examination of historical operating trends, the information which was used to prepare the December 31, 2006 Devon reserve reports and other data in our possession or available from third parties. We caution that future oil, natural gas and NGL production, revenues and expenses are subject to all of the risks and uncertainties normally incident to the exploration for and development, production and sale of oil, gas and NGLs. 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.

Additionally, we would caution that future marketing and midstream revenues and expenses are subject to all of the risks and uncertainties normally incident to the marketing and midstream business. These risks include, but are not limited to, price volatility, environmental risks, regulatory changes, the uncertainty inherent in estimating future processing volumes and pipeline throughput, cost of goods and services and other risks as outlined below.

On November 14, 2006, we announced our intent to divest our Egyptian oil and gas assets and terminate our operations in Egypt. On October 4, 2007, we closed the sale of our Egyptian operations and received net proceeds of $341 million.

On January 23, 2007, we announced our intent to divest our West African oil and gas assets and terminate our operations in West Africa. We are finalizing purchase and sales agreements and obtaining the necessary partner and government approvals for the properties in the West African divestiture package. We expect to complete these sales during the first half of 2008.

All Egyptian and West African related revenues, expenses and capital are reported as discontinued operations in our 2007 financial statements. Accordingly, all forward-looking estimates in this document exclude amounts related to our operations in Egypt and West Africa, unless otherwise noted. The assets held for sale represented less than five percent of our 2006 production and December 31, 2006 proved reserves.

Though we have completed several major property acquisitions and dispositions in recent years, these transactions are opportunity driven. Thus, the following forward-looking estimates do not include any financial and operating effects of potential property acquisitions or divestitures which may occur during 2007, except for Egypt and West Africa as previously discussed.

Also, the financial results of our foreign operations are subject to currency exchange rate risks. Unless otherwise noted, all of the following dollar amounts are expressed in U.S. dollars. Amounts related to Canadian operations have been converted to U.S. dollars using a projected average 2007 exchange rate of $0.93 dollar to $1.00 Canadian dollar. The actual 2007 exchange rate may vary materially from this estimate. Such variations could have a material effect on these forward-looking estimates.

Additional risks are discussed below in the context of line items most affected by such risks. A summary of these forward-looking estimates is included at the end of this document.

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 worldwide economic conditions, weather and other local market conditions. These factors are beyond our control and are difficult to predict. In addition, volatility in general oil, gas and NGL prices may vary considerably due to differences between regional markets, differing quality of oil produced (i.e., sweet crude versus heavy or sour crude), differing Btu contents of gas produced, transportation availability and costs and demand for the various products derived from oil, natural gas and NGLs. Substantially all of our revenues are attributable to sales, processing and transportation of these three commodities. Consequently, our financial results and resources are highly influenced by price volatility.

Estimates for future production of oil, natural gas and NGLs are based on the assumption that market demand and prices for oil, gas and NGLs will continue at levels that allow for profitable production of these products. There can be no assurance of such stability. Most of our Canadian production of oil, natural gas and NGLs is subject to government royalties that fluctuate with prices. Thus, price fluctuations can affect reported production. Also, our international production of oil and natural gas is governed by payout agreements with the governments of the countries in which we operate. If the payout under these agreements is attained earlier than projected, our net production and proved reserves in such areas could be reduced.

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

The production, transportation, processing 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 including, but not limited to, hurricanes, and numerous other factors. The following forward-looking statements were prepared assuming demand, curtailment, producibility and general market conditions for our oil, natural gas and NGLs during 2007 will be substantially similar to those of 2006, unless otherwise noted.

Geographic Reporting Areas

The following estimates of production, average price differentials compared to industry benchmarks and capital expenditures are provided separately for each of the following geographic areas:

- the United States Onshore;
- the United States Offshore, which encompasses all oil and gas properties in the Gulf of Mexico;
- Canada; and
- International, which encompasses all oil and gas properties that lie outside of the United States and Canada. As previously discussed, all Egyptian and West African related revenues, expenses and capital will be reported as discontinued operations in our 2007 financial statements. Accordingly, all forward-looking estimates in this document exclude amounts related to our operations in Egypt and West Africa, unless otherwise noted.

Year 2007 Potential Operating Items

Oil, Gas and NGL Production

Set forth in the following paragraphs are individual estimates of oil, gas and NGL production for 2007. Our most recent estimate was that, on a combined basis, our 2007 oil, gas, and NGL production would be toward the high end of our original estimated range of approximately 219 to 221 MMBoe. Based on better than anticipated performance in certain of our core areas during the first nine months of 2007, we now estimate total production for the year will be approximately 223 MMBoe.

Oil Production

Oil production in 2007 is expected to total approximately 56 MMBbls. The expected production by area is as follows:

	(MMBbls)
United States Onshore	11
United States Offshore	8
Canada	16
International	21

Oil Prices

We have not fixed the price we will receive on any of our 2007 oil production. Our 2007 average prices for each of our areas are expected to differ from the NYMEX price as set forth in the following table. The NYMEX price is the monthly average of settled prices on each trading day for benchmark West Texas Intermediate crude oil delivered at Cushing, Oklahoma.

	Expected Range of Oil Prices as a % of NYMEX Price
United States Onshore	86% to 96%
United States Offshore	95% to 105%
Canada	65% to 75%
International	88% to 98%

Gas Production

Gas production in 2007 is expected to total approximately 855 Bcf. The expected production by area is as follows:

	(Bcf)
United States Onshore	553
United States Offshore	78
Canada	222
International	2

Gas Prices

Our 2007 average prices for each of our areas are expected to differ from the NYMEX price as set forth in the following table. The NYMEX price is determined to be the first-of-month South Louisiana Henry Hub price index as published monthly in *Inside FERC* .

Based on contracts currently in place, we will have approximately 116 MMcf per day of gas production in 2007 that is subject to either fixed-price contracts, swaps, floors or collars. These amounts represent approximately 5% of our estimated gas production for 2007. Therefore, these various pricing arrangements are not expected to have a material impact on the ranges of estimated gas price realizations set forth in the following table.

	Expected Range of Gas Prices as a % of NYMEX Price
United States Onshore	75% to 85%
United States Offshore	96% to 106%
Canada	85% to 95%
International	80% to 100%

NGL Production

We expect our 2007 production of NGLs to total approximately 25 MMBbls. The expected production by area is as follows:

	(MMBbls)
United States Onshore	20
United States Offshore	1
Canada	4

Marketing and Midstream Revenues and Expenses

Marketing and midstream revenues and expenses are derived primarily from our natural gas processing plants and natural gas pipeline systems. These revenues and expenses vary in response to several factors. The factors include, but are not limited to, changes in production from wells connected to the pipelines and related processing plants, changes in the absolute and relative prices of natural gas and NGLs, provisions of contractual agreements and the amount of repair and maintenance activity required to maintain anticipated processing levels and pipeline throughput volumes. These factors increase the uncertainty inherent in estimating future marketing and midstream revenues and expenses.

Our most recent estimate for marketing and midstream's 2007 operating profit was between $420 million and $460 million. Due primarily to higher volumes and higher natural gas liquids prices, we now expect our operating profit for 2007 to total between $460 million and $490 million. We estimate that marketing and midstream revenues will be between $1.58 billion and $1.75 billion, and marketing and midstream expenses will be between $1.12 billion and $1.26 billion.

Production and Operating Expenses

Our production and operating expenses include lease operating expenses, transportation costs and production taxes. These expenses vary in response to several factors. Among the most significant of these factors are additions to or deletions from the property base, changes in the general price level of services and materials that are used in the operation of the properties, the amount of repair and workover activity required and changes in production tax rates. Oil, natural gas and NGL prices also have an effect on lease operating expenses and impact the economic feasibility of planned workover projects.

Our most recent estimate for 2007 lease operating expenses (including transportation costs) was between $1.77 billion and $1.83 billion. Based on the updated production estimates, higher Canadian-to-U.S. dollar foreign exchange rates, and generally higher industry prices for oilfield services and supplies, we expect that our 2007 lease operating expenses will be near the high end of that range. Additionally, we continue to estimate that our production taxes for 2007 will be between 3.6% and 4.1% of consolidated oil, natural gas and NGL revenues.

Depreciation, Depletion and Amortization ("DD&A")

The 2007 oil and gas property DD&A rate will depend on various factors. Most notable among such factors are the amount of proved reserves that will be added from drilling or acquisition efforts in 2007 compared to the costs incurred for such efforts, and the revisions to our year-end 2006 reserve estimates that, based on prior experience, are likely to be made during 2007.

Our most recent estimate for our oil and gas property related DD&A rate was between $11.40 per Boe and $11.80 per Boe. Based on these DD&A rates, oil and gas property related DD&A expense for 2007 was estimated to be between $2.52 billion and $2.61 billion. Based on the updated production estimates, higher Canadian-to-U.S. dollar foreign exchange rates, and continuing inflationary pressures on both costs incurred and estimated development costs to be spent in future periods on proved undeveloped reserves, we expect that our 2007 DD&A rate and expense will be near the high end of this range.

Additionally, we continue to expect that our depreciation and amortization expense related to non-oil and gas property fixed assets will total between $210 million and $220 million.

Accretion of Asset Retirement Obligation

We continue to expect that our accretion of asset retirement obligation in 2007 will be between $68 million and $73 million.

General and Administrative Expenses ("G&A")

Our G&A includes employee compensation and benefits costs and the costs of many different goods and services used in support of our business. G&A varies with the level of our operating activities and the related staffing and professional services requirements. In addition, employee compensation and benefits costs vary due to various market factors that affect the level and type of compensation and benefits offered to employees. Also, goods and services are subject to general price level increases or decreases. Therefore, significant variances in any of these factors from current expectations could cause actual G&A to vary materially from the estimate.

Our most recent estimate of 2007 G&A was between $460 million and $480 million. Due to increases in employee compensation costs and higher Canadian-to-U.S. dollar foreign exchange rates, we now estimate our consolidated G&A for 2007 to be between $490 million and $510 million. This estimate includes approximately $80 million of non-cash, share-based compensation, net of related capitalization in accordance with the full cost method of accounting for oil and gas properties.

Reduction of Carrying Value of Oil and Gas Properties

We follow the full cost method of accounting for our oil and gas properties. Under the full cost method, our net book value of oil and gas properties, less related deferred income taxes (the "costs to be recovered"), may not exceed a calculated "full cost ceiling." The ceiling limitation is the discounted estimated after-tax future net revenues from oil and gas properties plus the cost of properties not subject to amortization. The ceiling is imposed separately by country. In calculating future net revenues, current prices and costs used are those as of the end of the appropriate quarterly period. These prices are not changed except where different prices are fixed and determinable from applicable contracts for the remaining term of those contracts. Such contracts include derivatives accounted for as cash flow hedges. The costs to be recovered are compared to the ceiling on a quarterly basis. If the costs to be recovered exceed the ceiling, the excess is written off as an expense. An expense recorded in one period may not be reversed in a subsequent period even though higher oil and gas prices may have increased the ceiling applicable to the subsequent period.

Because the ceiling calculation dictates that prices in effect as of the last day of the applicable quarter are held constant indefinitely, and requires a 10% discount factor, the resulting value is not indicative of the true fair value of the reserves. Oil and natural gas prices have historically been cyclical and, on any particular day at the end of a quarter, can be either substantially higher or lower than our long-term price forecast that is a barometer for true fair value. Therefore, oil and gas property writedowns that result from applying the full cost ceiling limitation, and that are caused by fluctuations in price as opposed to reductions to the underlying quantities of reserves, should not be viewed as absolute indicators of a reduction of the ultimate value of the related reserves.

Because of the volatile nature of oil and gas prices, it is not possible to predict whether we will incur full cost writedowns on our continuing operations in 2007.

Interest Expense

Future interest rates and debt outstanding have a significant effect on our interest expense. We can only marginally influence the prices we will receive in 2007 from sales of oil, natural gas and NGLs and the resulting cash flow. These factors increase the margin of error inherent in estimating future outstanding debt balances and related interest expense. Other factors which affect outstanding debt balances and related interest expense, such as the amount and timing of capital expenditures and proceeds from the sale of our assets in Egypt and West Africa, are generally within our control.

Our most recent estimate for interest expense in 2007 remains unchanged at $430 million to $440 million.

The interest expense in 2007 related to our fixed-rate debt, including net accretion of related discounts, will be approximately $410 million. This fixed-rate debt removes the uncertainty of future interest rates from some, but not all, of our long-term debt.

Our floating rate debt is comprised of variable-rate commercial paper and one debt instrument which has been converted to floating rate debt through the use of an interest rate swap. Our floating rate debt is summarized in the following table:

Debt Instrument	Notional Amount (In millions)	Floating Rate
Commercial paper	$1,679[1]	Various [2]
Senior credit facility	$ 400[1]	Various [3]
4.375% senior notes due in Oct 2007	$ 400	LIBOR plus 40 basis points

1 Represents outstanding balance as of September 30, 2007.

2 The interest rate is based on a standard index such as the Federal Funds Rate, LIBOR, or the money market rate as found on the commercial paper market. As of September 30, 2007, the average rate on the outstanding balance was 5.66%.

3 The borrowings under the senior credit facility bear interest at various fixed rate options for periods of up to twelve months and are generally less than the prime rate. However, we may elect to borrow at the prime rate. As of September 30, 2007, the average rate on the outstanding balance was 5.85%.

Based on estimates of future LIBOR rates as of September 30, 2007, interest expense on floating rate debt, including net amortization of premiums, is expected to total between $105 million and $115 million in 2007.

Our interest expense totals include payments of facility and agency fees, amortization of debt issuance costs and other miscellaneous items not related to the debt balances outstanding. We expect between $5 million and $15 million of such items to be included in our 2007 interest expense. Also, we expect to capitalize between $90 million and $100 million of interest during 2007, including amounts related to our discontinued operations.

Other Income

Our most recent estimate of other income was between $65 million and $85 million. We now estimate that our other income in 2007 will be between $90 million and $110 million.

Historically, we maintained a comprehensive insurance program that included coverage for physical damage to our offshore facilities caused by hurricanes. Our historical insurance program also included substantial business interruption coverage which we are utilizing to recover costs associated with the suspended production related to hurricanes that struck the Gulf of Mexico in the third quarter of 2005.

Based on current estimates of physical damage and the anticipated length of time we will have production suspended, we expect our policy recoveries will exceed repair costs and deductible amounts. This expectation is based upon several variables, including the $480 million of claim settlements we have received to date. We received $467 million in the third quarter of 2006 as a full settlement of the amount due from our primary insurers. During the first nine months of 2007, we received an additional $13 million related to claims filed with certain of our secondary insurers. However, we continue to have claims that have been filed with other secondary insurers that have yet to be settled.

As of September 30, 2007, $281 million of the total $480 million of proceeds had been utilized as reimbursement of past repair costs and deductible amounts. The remaining proceeds of $199 million will be utilized as reimbursement of our anticipated future repair costs. Should our total policy recoveries exceed all repair costs and deductible amounts, such excess will be recognized as other income in the statement of operations in the period in which such determination can be made. Based on the most recent estimates of our costs for repairs, we believe that some amount will ultimately be recorded as other income. However, the timing and amount that would be recorded as other income are uncertain. Therefore, the 2007 estimate for other income above does not include any amount related to hurricane proceeds.

Income Taxes

Our financial income tax rate in 2007 will vary materially depending on the actual amount of financial pre-tax earnings. The tax rate for 2007 will be significantly affected by the proportional share of consolidated pre-tax earnings generated by U.S., Canadian and International operations due to the different tax rates of each country. There are certain tax deductions and credits that will have a fixed impact on 2007 income tax expense regardless of the level of pre-tax earnings that are produced.

We continue to expect that our consolidated financial income tax rate in 2007 will be between 20% and 40%. We previously estimated that our current income tax rate would be between 15% and 25%. The current income tax rate is now expected to be between 10% and 20%. We previously estimated that our deferred income tax rate would be between 5% and 15%. The deferred income tax rate is now expected to be between 10% and 20%. Significant changes in estimated capital expenditures, production levels of oil, natural gas and NGLs, the prices of such products, marketing and midstream revenues, or any of the various expense items could materially alter the effect of the aforementioned tax deductions and credits on 2007 financial income tax rates.

Discontinued Operations

As previously discussed, we closed the sale of our Egyptian operations on October 4, 2007 and received net proceeds of $341 million. As a result of this sale, we will record an after-tax gain of approximately $130 million in the fourth quarter of 2007.

We are finalizing purchase and sales agreements and obtaining the necessary partner and government approvals for the properties in the West African divestiture package. We expect to complete these sales during the first half of 2008.

The following table shows the estimates for 2007 oil, gas and NGL production as well as the anticipated production and operating expenses associated with these discontinued operations for 2007. Pursuant to accounting rules for discontinued operations, the Egyptian assets are not subject to DD&A during 2007 and the West African assets were only subject to DD&A for the first month of 2007.

	Egypt	West Africa
Oil production (MMBbls)	1	9
Gas production (Bcf)	—	5
Total Boe (MMBoe)	1	11
Production and operating expenses (In millions)	$16	$ 68
Capital expenditures (In millions)	$13	$170

Based on recent drilling activities in Nigeria, we reduced the carrying value of our Nigerian assets held for sale in the second quarter of 2007. As a result, our 2007 earnings from discontinued operations include a $13 million after-tax loss ($64 million pre-tax). We do not anticipate recognizing any other significant losses associated with our assets held for sale in Africa.

Year 2007 Potential Capital Resources, Uses and Liquidity

Capital Expenditures

Though we have completed several major property acquisitions in recent years, these transactions are opportunity driven. Thus, we do not “budget,” nor can we reasonably predict, the timing or size of such possible acquisitions.

Our capital expenditures budget is based on an expected range of future oil, natural gas and NGL prices as well as the expected costs of the capital additions. Should actual prices received differ materially from our price expectations for our future production, some projects may be accelerated or deferred and, consequently, may increase or decrease total 2007 capital expenditures. In addition, if the actual material or labor costs of the budgeted items vary significantly from the anticipated amounts, actual capital expenditures could vary materially from our estimates.

The following table shows expected drilling, development and facilities expenditures by geographic area. Production capital related to proved reserves relates to reserves classified as proved as of year-end 2006. Other production capital includes drilling that does not offset currently productive units and for which there is not a certainty of continued production from a known productive formation. Exploration capital includes exploratory drilling to find and produce oil or gas in previously untested fault blocks or new reservoirs.

	United States Onshore	United States Offshore	Canada	Inter-national	Total
			(In millions)		
Production capital related to proved reserves	$1,170-$1,270	$ 80-$90	$ 410-$450	$260-$280	$1,920-$2,090
Other production capital	$1,250-$1,340	$220-$230	$ 590-$640	$ 15-$20	$2,075-$2,230
Exploration capital	$ 350-$380	$290-$310	$ 160-$170	$ 75-$85	$ 875-$945
Total	$2,770-$2,990	$590-$630	$1,160-$1,260	$350-$385	$4,870-$5,265

In addition to the above expenditures for drilling, development and facilities, we expect to spend between $380 million to $420 million on our marketing and midstream assets, which primarily include our oil pipelines, natural gas processing plants, and natural gas pipeline systems. We also expect to capitalize between $295 million and $305 million of G&A expenses in accordance with the full cost method of accounting and to capitalize between $70 million and $80 million of interest. We also expect to pay between $40 million and $50 million for plugging and abandonment charges, and to spend between $135 million and $145 million for other non-oil and gas property fixed assets.

Other Cash Uses

Our management expects the policy of paying a quarterly common stock dividend to continue. With the current $0.14 per share quarterly dividend rate and 445 million shares of common stock outstanding as of September 30, 2007, dividends are expected to approximate $249 million. Also, we have $150 million of 6.49% cumulative preferred stock upon which we will pay $10 million of dividends in 2007.

Capital Resources and Liquidity

Our estimated 2007 cash uses, including our drilling and development activities, retirement of debt and repurchase of common stock, are expected to be funded primarily through a combination of operating cash flow and proceeds from the sale of our assets in Egypt and West Africa. Any remaining cash uses could be funded by increasing our borrowings under our commercial paper program or with borrowings from the available capacity under our credit facilities, which was $1.6 billion at September 30, 2007. The amount of operating cash flow to be generated during 2007 is uncertain due to the factors affecting revenues and expenses as previously cited. However, we expect our combined capital resources to be more than adequate to fund our anticipated capital expenditures and other cash uses for 2007.

If significant other acquisitions or other unplanned capital requirements arise during the year, we could utilize our existing credit facilities and/or seek to establish and utilize other sources of financing.

Summary of 2007 Forward-Looking Estimates

The tables below summarize our 2007 forward-looking estimates related to our continuing operations. As previously discussed, all Egyptian and West African related revenues, expenses and capital will be reported as discontinued operations in our 2007 financial statements. Accordingly, all forward-looking estimates in this document exclude amounts related to our operations in Egypt and West Africa, unless otherwise noted.

Oil production (MMBbls)	
U.S. Onshore	11
U.S. Offshore	8
Canada	16
International	21
Total	56
Gas production (Bcf)	
U.S. Onshore	553
U.S. Offshore	78
Canada	222
International	2
Total	855
NGL production (MMBbls)	
U.S. Onshore	20
U.S. Offshore	1
Canada	4
Total	25
Total production (MMBoe)	
U.S. Onshore	123
U.S. Offshore	22
Canada	57
International	21
Total	223

	As % of NYMEX Range	
	Low	**High**
Oil floating price differentials		
U.S. Onshore	86%	96%
U.S. Offshore	95%	105%
Canada	65%	75%
International	88%	98%
Gas floating price differentials		
U.S. Onshore	75%	85%
U.S. Offshore	96%	106%
Canada	85%	95%
International	80%	100%

	Range	
	Low	High
Marketing and midstream (In millions)		
Revenues	$ 1,580	$ 1,750
Expenses	$ 1,120	$ 1,260
Operating profit	$ 460	$ 490
Production and operating expenses ($ in millions)		
LOE	$ 1,770	$ 1,830
Production taxes	3.6%	4.1%
DD&A (In millions, except per Boe)		
Oil and gas DD&A	$ 2,520	$ 2,610
Non-oil and gas DD&A	$ 210	$ 220
Total DD&A	$ 2,730	$ 2,830
Oil and gas DD&A per Boe	$ 11.40	$ 11.80
Other (In millions)		
Accretion of ARO	$ 68	$ 73
G&A	$ 490	$ 510
Interest expense	$ 430	$ 440
Other income	$ 90	$ 110
Income tax rates		
Current	10%	20%
Deferred	10%	20%
Total tax rate	20%	40%

	Range Low	Range High
Production capital related to proved reserves (In millions)		
U.S. Onshore	$ 1,170	$ 1,270
U.S. Offshore	$ 80	$ 90
Canada	$ 410	$ 450
International	$ 260	$ 280
Total	$ 1,920	$ 2,090
Other production capital (In millions)		
U.S. Onshore	$ 1,250	$ 1,340
U.S. Offshore	$ 220	$ 230
Canada	$ 590	$ 640
International	$ 15	$ 20
Total	$ 2,075	$ 2,230
Exploration capital (In millions)		
U.S. Onshore	$ 350	$ 380
U.S. Offshore	$ 290	$ 310
Canada	$ 160	$ 170
International	$ 75	$ 85
Total	$ 875	$ 945
Total drilling and facility capital (In millions)		
U.S. Onshore	$ 2,770	$ 2,990
U.S. Offshore	$ 590	$ 630
Canada	$ 1,160	$ 1,260
International	$ 350	$ 385
Total	$ 4,870	$ 5,265
Other capital (In millions)		
Marketing & midstream	$ 380	$ 420
Capitalized G&A	$ 295	$ 305
Capitalized interest	$ 70	$ 80
Plugging and abandonment	$ 40	$ 50
Non-oil and gas	$ 135	$ 145
Total	$ 920	$ 1,000

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 hereto duly authorized.

DEVON ENERGY CORPORATION

By: /s/ Danny J. Heatly
Vice President – Accounting and
Chief Accounting Officer

Date: November 7, 2007