

DEVON ENERGY CORP/DE

FORM 8-K

(Current report filing)

Filed 02/06/02 for the Period Ending 02/06/02

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

DEVON ENERGY CORP/DE

FORM 8-K (Unscheduled Material Events)

Filed 2/6/2002 For Period Ending 2/6/2002

Address	20 N BROADWAY STE 1500 OKLAHOMA CITY, Oklahoma 73102
Telephone	405-235-3611
CIK	0001090012
Industry	Oil & Gas Operations
Sector	Energy
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): FEBRUARY 6, 2002

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

000-30176
(Commission File Number)

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

20 NORTH BROADWAY, SUITE 1500
OKLAHOMA CITY, OKLAHOMA
(Address of Principal Executive Offices)

73102
(Zip Code)

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

ITEM 5. OTHER EVENTS

On February 6, 2002, Devon Energy Corporation released oil and gas production, revenues and reserves for the fourth quarter and year-end 2001.

The press release is filed as Exhibit 99 to this Current Report on Form 8-K, and the contents of such Exhibit is incorporated by reference.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99 Press Release dated February 6, 2002

SIGNATURES

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

DEVON ENERGY CORPORATION

By: /s/ Danny J. Heatly

Danny J. Heatly
Vice President - Accounting

Date: February 6, 2002

EXHIBIT INDEX

EXHIBIT
NUMBER

99

DESCRIPTION

Press Release dated February 6, 2002

[DEVON ENERGY LETTERHEAD]

NEWS RELEASE

Investor contact: Zack Hager
(405) 552-4526

Media contact: Michael Barrett
(405) 228-4252

**DEVON ENERGY REPORTS RECORD OIL AND GAS PRODUCTION,
REVENUES AND RESERVES FOR 2001; NET EARNINGS DECLINE DUE TO
LOWER PRODUCT PRICES**

OKLAHOMA CITY (Feb. 6, 2002) - Devon Energy Corp. (AMEX: DVN, TSE: NSX) today reported record high oil and gas production, revenues and year-end reserves for 2001. However, declining oil and gas prices drove net earnings sharply lower for the fourth quarter and year ended Dec. 31, 2001. In addition, lower oil and gas prices at Dec. 31, 2001 resulted in a non-cash full cost ceiling adjustment of \$916 million pre-tax (\$556 million after-tax) during the fourth quarter of 2001.

For the year ended Dec. 31, 2001, net earnings, excluding special items, were \$674 million, or \$5.20 per common share (\$5.03 per diluted common share). These results compare to net earnings, excluding special items, of \$768 million or \$5.95 per common share (\$5.79 per diluted common share) in 2000. Net earnings for 2001, including special items, were \$103 million, or 73 cents per common share (72 cents per diluted common share). This compares to net earnings for 2000 of \$730 million, or \$5.66 per common share (\$5.50 per diluted common share).

For the fourth quarter of 2001, Devon reported net earnings, excluding special items, of \$31 million or 23 cents per common share (23 cents per diluted common share). This compares to net earnings, excluding special items, of \$309 million or \$2.38 per common share (\$2.29 per diluted common share) in the fourth quarter of 2000. For the fourth quarter of 2001, including the effects of the special items, Devon recorded a net loss of \$518 million, or \$4.13 per common share (\$4.13 per diluted common share). For the fourth quarter of 2000, including the effects of the special items, the company had net earnings of \$307 million, or \$2.37 per common share (\$2.27 per diluted common share).

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

RECONCILIATION OF SPECIAL ITEMS
(\$ in millions, except per share data)

	YEAR ENDED DECEMBER 31,		QUARTER ENDED DECEMBER 31,	
	2001	2000	2001	2000
NET EARNINGS EXCLUDING SPECIAL ITEMS	\$ 674	\$ 768	\$ 31	\$ 309
Net earnings excluding special items per diluted common share	\$ 5.03	\$ 5.79	\$ 0.23	\$ 2.29
AFTER-TAX EFFECT OF SPECIAL ITEMS:				
Gain on foreign exchange contract	17	--	17	--
Expenses related to merger	(1)	(38)	(1)	(2)
Foreign exchange effect	(10)	--	(10)	--
Change in fair value of derivative instruments	(1)	--	1	--
Reduction of carrying value of oil and gas properties	(625)	--	(556)	--
Cumulative effect of change in accounting principle	49	--	--	--
NET EARNINGS (LOSS)	103	730	(518)	307
Net earnings (loss) per diluted common share	\$ 0.72	\$ 5.50	\$ (4.13)	\$ 2.27

Gain on foreign exchange contract -

Other revenues in the fourth quarter of 2001 included a \$30 million pre-tax gain. The gain resulted from settlement of a foreign exchange forward contract related to the Anderson acquisition.

Expenses related to merger -

In 2001, the company incurred pre-tax severance costs of \$1 million for terminated employees following the Anderson acquisition. These costs relate to employees of Devon Canada prior to the Anderson merger and could not be capitalized. In 2000, Devon incurred pre-tax expenses of \$60 million related to its acquisition of Santa Fe Snyder.

Foreign exchange effect -

In the fourth quarter of 2001, Devon incurred a \$2 million pre-tax loss attributable to the devaluation of the Argentine peso. Also in the quarter, the company recorded an \$11 million pre-tax non-cash charge attributable to a change in the Canadian-to-U.S. dollar exchange rate. This non-cash expense reflects the increase in the amount of Canadian dollars that would be required to repay all of the U.S. dollar denominated debt of Devon's Canadian subsidiary, based on the exchange rate in effect at year-end. Devon will recognize either income or expense in future periods related to further fluctuations in the Canadian and Argentine currency exchange rates.

Change in the fair value of derivatives -

Devon adopted Statement of Financial Accounting Standards No. 133 on Jan. 1, 2001. Statement 133 established new accounting procedures for certain derivative instruments. For the full year 2001, the new accounting procedures resulted in a pre-tax charge of \$2 million.

Reduction in carrying value of oil and gas properties -

Devon recorded a non-cash, full cost ceiling adjustment in the fourth quarter of 2001. This \$916 million pre-tax charge resulted from application of the ceiling test as prescribed by the Securities and Exchange Commission for companies that follow the full cost method of accounting. Under the full cost method of accounting, a company's net book value of its oil and gas properties, less related deferred income taxes, may not exceed a calculated "ceiling." The test is performed separately for each country in which the company operates. The ceiling is the estimated after-tax stream of future net revenues from proved oil and gas properties using year-end prices held flat forever, discounted at 10 percent per year. Any excess is written off as a non-cash expense. The expense may not be reversed in future periods, even though higher oil and gas prices may subsequently increase the ceiling. Full cost companies must use the prices in effect at the end of each accounting quarter to calculate the ceiling value of reserves. Future net revenues are calculated assuming continuation of prices and costs in effect at the time of the calculation, except for changes that are fixed and determinable by existing contracts.

Previously in 2001, Devon recorded non-recurring pre-tax charges of \$88 million associated with impairment of the company's properties in Thailand, Malaysia, Qatar and the majority of its operations in Brazil. Due to the volatility in oil and gas prices, it is possible that Devon will incur further reductions to the carrying value of its oil and gas properties in 2002 and subsequent periods.

Cumulative effect of change in accounting principle -

Devon's 2001 results also include the after-tax cumulative effect of adopting the new accounting procedures required by Statement of Financial Accounting Standards No. 133. Statement 133 established new accounting procedures for certain derivative instruments. The cumulative effect was an after-tax gain of \$49 million recorded in the first quarter of 2001.

OIL AND GAS PRODUCTION AT RECORD LEVELS

Sales of oil, gas and natural gas liquids reached a record high \$3 billion in 2001, up 10 percent from \$2.7 billion in 2000. The increase in sales was due to higher oil and gas production and higher average gas prices offset by lower oil and natural gas liquids prices.

Devon increased total production of oil, gas and natural gas liquids 12 percent in 2001 to a record 135 million barrels of oil equivalent (MMboe). Total production increased in both the U.S. and Canada. The 81 percent increase in Canadian production was primarily attributable to the Oct. 15, 2001 acquisition of Anderson Exploration.

The average price the company received for its oil production decreased 15 percent in 2001 to \$21.57 per barrel. This compares to an average realized oil price of \$25.35 per barrel in 2000. The average price Devon received for its natural gas increased nine percent, from \$3.49 per thousand cubic feet in 2000 to \$3.80 per thousand cubic feet in 2001. The average price Devon received for natural gas liquids decreased 19 percent from \$20.87 per barrel in 2000 to \$16.98 per barrel in 2001.

HIGHER EXPENSES REFLECT SCOPE OF OPERATIONS

On Oct. 15, 2001, Devon closed the purchase of Anderson Exploration. The transaction added over 500 million barrels of proved reserves and eight million net undeveloped acres in Canada. This dramatic increase in the scope of Devon's operations resulted in increases in most recurring expense categories.

Lease operating expenses increased \$90 million or 20 percent to \$531 million in 2001. The addition of Anderson's operations accounted for about half of the increase. The cost of operating new wells and higher third-party service costs also contributed to the increase in 2001 lease operating expenses. Transportation expense increased \$30 million or 55 percent in 2001 to \$83 million. The Anderson acquisition plus increasing gas volumes and unit transportation cost in the western U.S. accounted for most of the increase. Production taxes increased \$14 million or 13 percent to \$117 million in 2001, due to higher natural gas sales.

Depreciation, depletion and amortization of property and equipment (DD&A) increased \$183 million or 26 percent in 2001 to \$876 million. Approximately \$77 million of the increase is due to higher oil and gas production in 2001. Devon's DD&A rate also increased, from \$5.73 per boe in 2000 to \$6.48 per boe in 2001. Amortization of goodwill decreased \$7 million or 18 percent in 2001 to \$34 million.

General and administrative expense increased by \$18 million or 19 percent to \$111 million during 2001. The increase included \$7 million attributable to the Anderson acquisition. Also included was \$3 million of bad debt expense recorded during the fourth quarter of 2001 related primarily to the bankruptcy of Enron Corp. The company believes it has no further direct exposure to the Enron bankruptcy.

Interest expense increased by \$66 million to \$220 million in 2001. The increase is mostly due to the interest on borrowings used to finance the Anderson acquisition.

INCOME TAX EXPENSE WAS \$30 MILLION, OR 36 PERCENT OF PRE-TAX EARNINGS, IN 2001. THE 2001 INCOME TAX EXPENSE CONSISTS OF \$71 MILLION IN CURRENT TAX EXPENSE PARTIALLY OFFSET BY A \$41 MILLION DEFERRED TAX BENEFIT. THIS COMPARES TO INCOME TAX EXPENSE OF \$412 MILLION, OR 36 PERCENT OF PRE-TAX EARNINGS IN 2000.

ACQUISITIONS AND DRILLING RESULT IN 487 PERCENT REPLACEMENT OF PRODUCTION

Estimated proved oil and gas reserves at Dec. 31, 2001 were 1,620 MMboe, or 523 MMboe greater than at Dec. 31, 2000. Total reserve additions were 658 MMboe, reduced by production of 135 MMboe. This resulted in production replacement of 487 percent. Acquisitions of 596 MMboe were partially offset by dispositions of 14 MMboe. Downward revisions of prior estimates totaled 60 MMboe. Drilling (extensions and discoveries) yielded 136 MMboe.

Year-end 2001 estimated reserves included 586 million barrels of oil, 5.5 trillion cubic feet of natural gas and 121 million barrels of natural gas liquids. Approximately 1,070 MMboe of Devon's year-end reserves, or 66 percent, were classified as proved developed. Year-end proved reserves were approximately 56 percent gas and 44 percent oil and liquids.

Proved reserves at Dec. 31, 2001 had an estimated pre-tax present value discounted at 10 percent of \$7 billion. This is 59 percent less than estimated pre-tax 10 percent present value of \$18 billion in the previous year. The reduction is attributable to dramatically lower oil and gas prices reflected in the most recent report.

HEDGING PROVIDES FINANCIAL FLEXIBILITY

The company's 2002 capital budget for drilling and facilities expenditures is approximately \$1.3 billion. In addition, Devon has budgeted approximately \$150 million for midstream facilities. The company expects to fund its 2002 capital budget entirely from cash flow from operations. In order to limit the impact of declining oil and gas prices on cash flow, Devon has hedged significant portions of its expected 2002 oil and gas production. Natural gas hedges provide downside price protection for approximately 35 to 40 percent of forecast production at approximately \$3 per thousand cubic feet. Oil hedges provide downside price protection for 50 to 55 percent of forecast production at approximately \$22.35 per barrel.

This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. Such statements are those concerning the company's plans, expectations and objectives for future operations. All statements other than statements of historical facts that address activities, events or developments that the company expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond Devon's control. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially.

ACCOUNTING BASIS

The August 2000 merger of Devon and Santa Fe Snyder Corporation was accounted for as a pooling-of-interests. The pooling-of-interests method of accounting requires that financial statements for all periods presented be restated as if the companies had always been merged. As a result, financial statements for the full year and fourth quarter of 2000 represent the combined financial results of the two companies.

CONFERENCE CALL TO BE WEBCAST TODAY

Devon will discuss its 2001 financial and operating results in a conference call webcast today. The webcast will begin at 10 a.m. Central Time (11 a.m. Eastern Time). The webcast may be accessed from Devon's internet home page at www.devonenergy.com.

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

FINANCIAL INFORMATION FOLLOWS

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

PRODUCTION DATA	YEAR ENDED DECEMBER 31,			QUARTER ENDED DECEMBER 31,		
	2001	2000	% CHANGE	2001	2000	% CHANGE
(net of royalties)						
TOTAL PERIOD PRODUCTION						
Gas (Bcf)						
U.S.- Rocky Mountains	112.4	91.7	23%	28.2	27.9	1%
U.S.- Permian/Mid-Continent	122.1	114.4	7%	33.3	27.3	22%
U.S.- Gulf	141.9	149.0	(5)%	34.1	37.7	(10)%
Canada	112.5	62.3	(81)%	66.4	15.0	342%
Other International	8.6	8.7	(2)%	1.7	2.2	(23)%
Total Gas	497.5	426.1	17%	163.7	110.1	49%
Oil (MMBbls)						
U.S.- Rocky Mountains	2.3	2.9	(21)%	0.6	0.7	(18)%
U.S.- Permian/Mid-Continent	12.9	14.0	(8)%	3.3	3.1	7%
U.S.- Gulf	11.0	11.7	(6)%	2.7	2.9	(7)%
Canada	8.2	4.8	72%	4.3	1.2	268%
Other International	10.0	9.2	8%	2.7	2.4	12%
Total Oil	44.4	42.6	4%	13.6	10.3	32%
Natural Gas Liquids (MMBbls)						
U.S.- Rocky Mountains	0.6	0.7	(13)%	0.2	0.2	10%
U.S.- Permian/Mid-Continent	3.8	4.1	(8)%	1.0	1.0	(1)%
U.S.- Gulf	1.6	1.9	(16)%	0.4	0.6	(38)%
Canada	1.7	0.7	146%	1.2	0.2	579%
Other International	0.1	--	NM	0.1	--	NM
Total Natural Gas Liquids	7.8	7.4	6%	2.9	2.0	45%
AVERAGE DAILY PRODUCTION						
Gas (MMcf)						
U.S.- Rocky Mountains	307.9	250.5	23%	306.6	302.8	1%
U.S.- Permian/Mid-Continent	334.6	312.6	7%	361.4	296.3	22%
U.S.- Gulf	388.7	407.0	(5)%	371.3	410.1	(9)%
Canada	308.4	170.2	81%	721.3	163.3	342%
Other International	23.5	24.0	(2)%	18.5	23.8	(22)%
Total Gas	1,363.1	1,164.3	17%	1,779.1	1,196.2	49%
Oil (MBbls)						
U.S.- Rocky Mountains	6.4	8.0	(21)%	6.5	8.1	(19)%
U.S.- Permian/Mid-Continent	35.3	38.1	(7)%	36.1	33.7	7%
U.S.- Gulf	30.1	31.9	(6)%	29.3	31.6	(7)%
Canada	22.4	13.0	72%	46.5	12.6	268%
Other International	27.4	25.3	8%	28.9	26.2	11%
Total Oil	121.6	116.3	5%	147.3	112.2	31%
Natural Gas Liquids (MBbls)						
U.S.- Rocky Mountains	1.8	1.9	(5)%	2.1	1.9	13%
U.S.- Permian/Mid-Continent	10.4	11.3	(8)%	11.0	11.1	(1)%
U.S.- Gulf	4.3	5.1	(16)%	5.0	7.0	(28)%
Canada	4.6	1.9	147%	13.1	1.9	579%
Other International	0.3	--	NM	0.6	--	NM
Total Natural Gas Liquids	21.4	20.2	6%	31.8	21.9	45%

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

PRICE DATA	YEAR ENDED DECEMBER 31,			QUARTER ENDED DECEMBER 31,		
	2001	2000	% CHANGE	2001	2000	% CHANGE
AVERAGE REALIZED PRICES (US\$)						
Gas (\$/Mcf)						
U.S.- Rocky Mountains	\$ 3.72	\$ 3.38	10%	\$ 2.62	\$ 4.48	(42)%
U.S.- Permian/Mid-Continent	\$ 4.02	\$ 3.66	10%	\$ 2.55	\$ 5.01	(49)%
U.S.- Gulf	\$ 4.67	\$ 3.87	21%	\$ 3.27	\$ 5.23	(37)%
Canada	\$ 2.73	\$ 2.71	1%	\$ 2.14	\$ 4.19	(49)%
Other International	\$ 1.41	\$ 1.32	7%	\$ 1.40	\$ 1.29	9%
All Gas	\$ 3.80	\$ 3.49	9%	\$ 2.53	\$ 4.76	(47)%
Oil (\$/Bbl)						
U.S.- Rocky Mountains	\$ 24.64	\$ 27.96	(12)%	\$ 20.42	\$ 29.30	(30)%
U.S.- Permian/Mid-Continent	\$ 21.34	\$ 23.82	(10)%	\$ 20.77	\$ 23.93	(13)%
U.S.- Gulf	\$ 23.06	\$ 26.76	(14)%	\$ 17.10	\$ 27.56	(38)%
Canada	\$ 17.84	\$ 24.46	(27)%	\$ 14.26	\$ 23.58	(40)%
Other International	\$ 22.57	\$ 25.48	(11)%	\$ 17.57	\$ 26.13	(33)%
All Oil	\$ 21.57	\$ 25.35	(15)%	\$ 17.34	\$ 25.81	(33)%
Natural Gas Liquids (\$/Bbl)						
U.S.- Rocky Mountains	\$ 17.32	\$ 20.70	(16)%	\$ 12.36	\$ 25.17	(51)%
U.S.- Permian/Mid-Continent	\$ 17.24	\$ 19.61	(12)%	\$ 12.39	\$ 23.21	(47)%
U.S.- Gulf	\$ 16.86	\$ 21.66	(22)%	\$ 14.98	\$ 23.08	(35)%
Canada	\$ 16.43	\$ 26.51	(38)%	\$ 12.53	\$ 29.08	(57)%
Other International	\$ 16.15	\$ 21.19	(24)%	\$ 15.93	\$ 24.60	(35)%
All Natural Gas Liquids	\$ 16.98	\$ 20.87	(19)%	\$ 12.93	\$ 23.86	(46)%
AVERAGE BENCHMARK PRICES (US\$)						
Gas (\$/Mcf) - Henry Hub	\$ 4.26	\$ 3.88	10%	\$ 2.43	\$ 5.42	(55)%
Oil (\$/Bbl) - West Texas Intermediate (Cushing)	\$ 25.96	\$ 30.25	(14)%	\$ 20.45	\$ 31.67	(35)%

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

STATEMENT OF OPERATIONS DATA (US\$)	YEAR ENDED DECEMBER 31,			QUARTER ENDED DECEMBER 31,		
	2001	2000	% Change	2001	2000	% CHANGE
(IN MILLIONS, EXCEPT PER SHARE DATA)						
TOTAL REVENUES (NET OF ROYALTIES)	\$ 3,075	\$ 2,784	10%	\$ 740	\$ 850	(13)%
Oil sales	958	1,079	(11)%	235	267	(12)%
Gas sales	1,890	1,485	27%	415	524	(21)%
Natural gas liquids sales	132	154	(15)%	38	48	(21)%
Other	95	66	45%	52	11	365%
TOTAL PRE-TAX EXPENSES	\$ 2,991	\$ 1,642	82%	\$ 1,613	\$ 413	291%
Lease operating expenses	531	441	20%	168	114	47%
Transportation costs	83	53	55%	31	15	111%
Production taxes	117	103	13%	22	33	(34)%
Total production and operating expenses	731	597	22%	221	162	37%
Depreciation, depletion and amortization of						
property & equipment	876	693	26%	303	186	63%
Amortization of goodwill	34	41	(18)%	9	10	(12)%
General and administrative expenses	111	93	19%	37	19	98%
Expenses related to prior merger	1	60	(98)%	1	3	(58)%
Interest expense	220	155	42%	115	33	250%
Foreign exchange effect	13	3	320%	13	--	NM
Change in fair value of derivatives	2	--	NM	(2)	--	NM
Reduction of carrying value of oil and gas properties	1,003	--	NM	916	--	NM
EARNINGS BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	84	1,142	(93)%	(873)	437	(300)%
Total Income Tax Expense	30	412	(93)%	(355)	130	(373)%
Current	71	131	(46)%	(46)	8	(688)%
Deferred	(41)	281	(114)%	(309)	122	(353)%
EARNINGS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	54	730	(93)%	(518)	307	(268)%
Cumulative effect of change in accounting principle	49	--	NM	--	--	NM
NET EARNINGS	\$ 103	\$ 730	(86)%	\$ (518)	\$ 307	(268)%
Preferred stock dividends	10	10	0%	3	3	0%
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	\$ 93	\$ 720	(87)%	\$ (521)	\$ 304	(271)%
Net earnings per average common share outstanding						
BASIC	\$ 0.73	\$ 5.66	(87)%	\$ (4.13)	\$ 2.37	(274)%
DILUTED	\$ 0.72	\$ 5.50	(87)%	\$ (4.13)	\$ 2.27	(282)%
Weighted average shares outstanding						
Basic	128	127	0%	126	128	(2)%
Diluted	134	132	2%	131	135	(3)%

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

BALANCE SHEET DATA (US\$) (IN MILLIONS, EXCEPT % CHANGE DATA)	DECEMBER 31, 2001	DECEMBER 31, 2000	% CHANGE
	-----	-----	-----
TOTAL ASSETS	\$ 13,193	\$ 6,860	92%
Cash and cash equivalents	193	228	(15)%
Other current assets	897	706	27%
	-----	-----	
Total current assets	1,090	934	17%
Property and equipment (net)	9,028	4,910	84%
Investment in Chevron Corporation common stock	636	599	6%
Goodwill, net of amortization	2,206	289	662%
Fair value of derivative instruments	31	--	NM
Other assets	202	128	57%
TOTAL LIABILITIES	\$ 9,934	\$ 3,583	177%
Current liabilities	928	629	48%
Other liabilities	179	164	9%
Debentures exchangeable into shares of Chevron Corporation common stock	649	760	(15)%
Senior Convertible Debentures	374	360	4%
Other long-term debt	5,566	929	499%
Deferred revenue	51	114	(55)%
Deferred income taxes	2,142	627	242%
Fair value of derivatives	45	--	NM
STOCKHOLDERS' EQUITY	\$ 3,259	\$ 3,277	(1)%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 13,193	\$ 6,860	92%
COMMON SHARES OUTSTANDING	126	129	(2)%

YEAR ENDED DECEMBER 31,

STATEMENT of CASH FLOWS DATA (US\$) (IN MILLIONS, EXCEPT % CHANGE DATA)	2001	2000	% CHANGE
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	\$ 103	\$ 730	(86)%
Depreciation, depletion and amortization of property and equipment	876	693	26%
Amortization of goodwill	34	41	(17)%
Reduction of carrying value of oil and gas properties	1,003	--	NM
Cumulative effect of change in accounting principle	(49)	--	NM
Deferred income taxes	(41)	281	NM
Other	41	9	356%
Changes in assets and liabilities net of effects of acquisitions of businesses	(81)	(135)	(40)%
	-----	-----	
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,886	\$ 1,619	16%
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(5,326)	(1,280)	316%
Other	41	107	(62)%
	-----	-----	
NET CASH USED IN INVESTING ACTIVITIES	\$ (5,285)	\$ (1,173)	351%
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH USED IN FINANCING ACTIVITIES	\$ 3,370	\$ (390)	NM

DEVON ENERGY CORPORATION
FINANCIAL INFORMATION

CONSOLIDATED

U.S.

RESERVE RECONCILIATION

AS OF DECEMBER 31, 2000:

	OIL (MMBLS)	NATURAL GAS (BCF)	NGLS (MMBLS)	TOTAL (MMBOE)	OIL (MMBLS)	NATURAL GAS (BCF)	NGLS (MMBLS)	TOTAL (MMBOE)
Proved developed	261	2,631	46	745	192	2,087	42	582
Proved undeveloped	198	827	16	352	34	434	4	110
TOTAL PROVED	459	3,458	62	1,097	226	2,521	46	692
Production	(44)	(498)	(8)	(135)	(26)	(376)	(6)	(95)
Discoveries and extensions	31	579	9	136	12	360	5	77
Divestitures	(12)	(14)	--	(14)	(11)	(14)	--	(13)
Acquisitions	166	2,267	52	596	15	170	--	44
Revisions	(14)	(315)	6	(60)	(25)	(262)	7	(62)
Net increase (decrease)	127	2,019	59	523	(35)	(122)	6	(49)

AS OF DECEMBER 31, 2001:

Proved developed	324	3,948	88	1,070	167	1,988	48	546
Proved undeveloped	262	1,529	33	550	24	411	4	97
TOTAL PROVED	586	5,477	121	1,620	191	2,399	52	643

CANADA

INTERNATIONAL

AS OF DECEMBER 31, 2000:

	OIL (MMBLS)	NATURAL GAS (BCF)	NGLS (MMBLS)	TOTAL (MMBOE)	OIL (MMBLS)	NATURAL GAS (BCF)	NGLS (MMBLS)	TOTAL (MMBOE)
Proved developed	30	508	4	118	39	36	--	45
Proved undeveloped	6	16	--	9	158	377	12	233
TOTAL PROVED	36	524	4	127	197	413	12	278
Production	(8)	(113)	(2)	(29)	(10)	(9)	--	(11)
Discoveries and extensions	5	139	2	30	14	80	2	29
Divestitures	--	--	--	--	(1)	--	--	(1)
Acquisitions	133	2,097	52	534	18	--	--	18
Revisions	--	(22)	--	(3)	11	(31)	(1)	5
Net increase (decrease)	130	2,101	52	532	32	40	1	40

AS OF DECEMBER 31, 2001:

Proved developed	124	1,923	40	484	33	37	--	40
Proved undeveloped	42	702	16	175	196	416	13	278
TOTAL PROVED	166	2,625	56	659	229	453	13	318