DEVON ENERGY CORP/DE

FORM 424B1

(Prospectus filed pursuant to Rule 424(b)(1))

Filed 09/22/99

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

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(Prospectus filed pursuant to Rule 424(b)(1))

Filed 9/22/1999

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

Filed Pursuant to Rule 424(b)(1)
Registration No. 333-86065

PROSPECTUS

9,900,000 Shares

Devon Energy Corporation Logo

COMMON STOCK

Devon Energy Corporation is offering 9,900,000 shares of its common stock.

Our common stock is listed on the American Stock Exchange under the symbol "DVN." On September 21, 1999, the reported last sale price of the common stock on the American Stock Exchange was $40 1/2 per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 14.

PRICE $40 1/2 A SHARE

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Devon
Per Share..............................	$40.50	$1.52	$38.98
Total..................................	$400,950,000	$15,048,000	$385,902,000

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Devon Energy Corporation has granted the underwriters the right to purchase up to an additional 1,485,000 shares of common stock to cover over-allotments. Morgan Stanley & Co. Incorporated expects to deliver the shares of common stock to purchasers on September 27, 1999.

MORGAN STANLEY DEAN WITTER
J.P. MORGAN & CO.

PAINEWEBBER INCORPORATED
BEAR, STEARNS & CO. INC.
SCHRODER & CO. INC.

September 21, 1999

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You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information provided by this prospectus is accurate as of any date other than the date on the front of this prospectus.

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ABOUT THIS PROSPECTUS

This prospectus provides you with a general description of our common stock which we are offering. You should read this prospectus together with the additional information described under the heading "Where You Can Find More Information" on page 40.

In this prospectus, the terms "Devon", "we", "us" and "our" generally mean Devon Energy Corporation, a Delaware corporation, and its consolidated subsidiaries. Some references to Devon in this prospectus are made as of a time or period before the PennzEnergy merger. Those references to Devon mean, unless the context otherwise requires, our predecessor company before the PennzEnergy merger. The predecessor company became a wholly-owned subsidiary of Devon in the PennzEnergy merger.

Unless otherwise indicated, all dollar amounts in this prospectus are expressed in U.S. dollars.

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus. It may not contain all of the information that is important to you. You should read the summary together with the more detailed information about Devon and the common stock being sold in this offering in the rest of this prospectus and the documents to which we have referred you. See "Where You Can Find More Information" on page 40.

Devon

Devon is an independent oil and gas company engaged in the acquisition, exploration, exploitation and development of prospective and proved oil and gas properties, and the production and sale of crude oil, condensate, natural gas and natural gas liquids. On August 17, 1999, we completed our merger with PennzEnergy Company. We believe that Devon now ranks solidly in the top ten of all U.S.-based independent oil and gas producers in terms of market capitalization, total proved reserves and annual production.

The following references to our oil and gas reserves and properties are on a pro forma basis as if the merger was completed on December 31, 1998. As of December 31, 1998, we had proved oil and gas reserves of approximately 660 million barrels of oil equivalent. Approximately 52% of these reserves were natural gas and 48% were oil and natural gas liquids. Approximately 64% of the proved reserves, or 422 million equivalent barrels, were located in the United States. These reserves were concentrated in four primary operating areas: the Permian Basin, the Rocky Mountain Region, the Gulf Coast/East Texas Region and the Offshore Gulf of Mexico. Approximately 22% of the combined reserves, or 144 million equivalent barrels, were located in the Western Canadian Sedimentary Basin. The balance of proved reserves, approximately 94 million equivalent barrels, was located outside North America, primarily in Azerbaijan. In addition to the proved oil and gas properties, we had a substantial inventory of exploration acreage totaling approximately 15 million acres as of the end of 1998.

We have significant expertise with regard to various oilfield technologies, including coal bed methane extraction, enhanced oil recovery, deep onshore natural gas drilling, shallow water offshore drilling and other exploration, production and processing technologies. We also have significant international operations and experience in Canada and outside North America. We believe our property base and expertise give us the ability to acquire, explore for, develop and exploit oil and natural gas reserves domestically both onshore and offshore, as well as internationally.

The "Risk Factors" section of this prospectus, beginning on page 14, discusses potential risks associated with an investment in Devon. You should consider these potential risks before you decide to invest in the common stock offered by this prospectus. The prospectus incorporates by reference detailed information about the merger contained in the merger proxy statement. To request a copy of the merger proxy statement, see "Where You Can Find More Information" on page 40 of this prospectus.

Our principal executive offices are located at 20 North Broadway, Suite 1500, Oklahoma City, Oklahoma 73102-8260. Our telephone number at that location is (405) 235-3611.

Strategy

Our primary objectives are to build reserves, production, cash flow and earnings per share by acquiring oil and gas properties, exploring for new oil and gas reserves and seeking optimal production from existing oil and gas properties. Our management seeks to achieve these objectives by:

. concentrating our properties in core areas to achieve economies of scale,

. acquiring and developing high profit margin properties,

. continually disposing of marginal and non-strategic properties,

. balancing reserves and production between oil and gas, and

. keeping debt levels reasonable.

Through our predecessors, we began operations in 1971 as a privately held company. During 1988, we expanded our capital base by issuing common stock to the public for the first time. This transaction began a substantial expansion program that has continued through the years. We have used a two-pronged strategy of acquiring producing properties and engaging in drilling activities to achieve this expansion. Approximately two-thirds of our total capital spent during this period was for property acquisitions and one-third was for drilling. Total proved reserves increased from 8.1 million barrels of oil equivalent at the end of 1987 to 660 million pro forma barrels of oil equivalent at the end of 1998.

Our objective is to increase value per share, in addition to increasing total assets. Reserves have grown from 1.31 barrels of oil equivalent per diluted share at the end of 1987 to 8.83 pro forma barrels of oil equivalent per diluted share at the end of 1998. At the same time, our net debt, or long-term debt less working capital, has remained relatively low. At the end of 1998, our pro forma net debt was $2.10 per barrel of oil equivalent. This number excludes $742.4 million of debentures which are exchangeable for shares of Chevron Corporation common stock owned by Devon.

Our merger with Northstar

On December 10, 1998, we completed a merger with Canadian-based Northstar Energy Corporation. The merger was accounted for under the "pooling of interests" method of accounting and Northstar became our subsidiary. Northstar's properties are located primarily in the Western Canada Sedimentary Basin in Alberta. Through the merger, we expanded our reserves by approximately 115 million barrels of oil equivalent, or by 62% at the time, and nearly tripled our undeveloped leasehold inventory. In addition, we retained the experienced Northstar management team to continue to direct our Canadian operations.

Our merger with Northstar placed us in a unique position to take advantage of growth opportunities both in the United States and in Canada. With 64% of our pro forma proved reserves in the United States and 22% in Canada, we have considerable exposure to growing North American natural gas markets, while retaining substantial oil reserves, particularly in the Permian Basin of the United States. In addition, we own a large inventory of acreage and have the financial flexibility to pursue the opportunities for drilling on this acreage.

As part of the Northstar merger consideration, we issued, through Northstar, 16.1 million exchangeable shares. These shares are exchangeable at any time, on a one-for-one basis, for shares of our common stock. The exchangeable shares are essentially equivalent to our common stock, but, because they were issued by Northstar, they qualify as a domestic Canadian investment for Canadian institutional stockholders. The exchangeable shares trade on The Toronto Stock Exchange under the symbol "NSX." Our common stock trades on the American Stock Exchange under the symbol "DVN."

The Offering

Common stock offered................	9,900,000 shares (1)
Common stock to be outstanding after the offering.......................	80,375,008 shares (1)(2)
Over-allotment option...............	1,485,000 shares
Use of proceeds.....................	The proceeds will be used to reduce long-term debt.

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(1) Assuming the underwriters do not exercise the over-allotment option granted by us to purchase up to 1,485,000 additional shares in this offering.

(2) Based on the number of shares actually outstanding as of September 21, 1999. This number includes 4,815,224 shares issuable upon the exchange of all of our outstanding Northstar exchangeable shares. This number excludes

(a) 4,901,503 shares issuable upon the conversion of all our outstanding trust convertible preferred securities, (b) shares subject to outstanding options or reserved for issuance under our employee benefit plans, and (c) the exercise of the over-allotment option by the underwriters.

Summary Unaudited Pro Forma Financial and Other Information

The following unaudited pro forma financial information has been prepared to assist in your analysis of the financial effects of this offering of additional Devon common stock and the PennzEnergy merger. This pro forma information is based on the historical financial statements of Devon and PennzEnergy.

The information was prepared based on the following:

. The assumed net proceeds from this offering of 9.9 million common shares are $385.2 million. This is based on an offering price of $40.50 per share, less $15.8 million for the underwriting discount and other estimated offering costs and expenses.

. Devon utilizes the full cost method of accounting for its oil and gas activities.

. The PennzEnergy merger was accounted for as a purchase of PennzEnergy by Devon.

. Targeted annual general and administrative expense and lease operating expense savings from the merger of $50 to $60 million have not been reflected as an adjustment to the historical data. These cost savings are expected to result from the consolidation of the corporate headquarters of Devon and PennzEnergy and the elimination of duplicate staff and expenses.

. As of June 30, 1999, the merger did not cause a pro forma reduction of the carrying value of oil and gas properties under the full cost accounting "ceiling test." The June 30, 1999 ceiling test was calculated based on a posted West Texas Intermediate oil price of $16.50 per barrel and a Texas Gulf Coast index gas price of $2.14 per Mcf. However, the pro forma ceiling "cushion" as of June 30, 1999, in Devon's non-Canadian cost centers was less than $20 million. Therefore, future reductions in oil and gas prices or changes to the preliminary allocation of the purchase price of PennzEnergy's oil and gas properties could cause a reduction of the carrying value to be recorded as of September 30, 1999, or in subsequent periods.

No pro forma adjustments have been made with respect to the following unusual items. These items are reflected in the historical results of Devon or PennzEnergy, as applicable, and should be considered when making period-to- period comparisons:

. In 1998, PennzEnergy realized pretax gains on the sale and exchange of Chevron Corporation common stock of $230.1 million. The summary unaudited pro forma operations data does not include the $207.0 million after-tax extraordinary loss resulting from the early extinguishment of related debentures exchangeable for such common stock.

. In 1998, PennzEnergy incurred $24.3 million of nonrecurring general and administrative expenses in connection with the spin-off of Pennzoil- Quaker State Company on December 30, 1998.

. In 1998, Devon incurred $13.1 million of nonrecurring expenses related to the merger with Northstar.

. In 1998, Devon reduced the carrying value of its oil and gas properties by $126.9 million ($88.0 million after-tax) due to the full cost ceiling limitation.

. In the second quarter of 1999, PennzEnergy recognized a gain of $46.7 million ($29.8 million after-tax) from the sale of land, timber and mineral rights in Pennsylvania and New York.

The unaudited pro forma information is presented for illustrative purposes only. If this offering of additional Devon common stock and the PennzEnergy merger had occurred in the past, Devon's financial position or operating results might have been different from those presented in the unaudited pro forma information. You should not rely on the unaudited pro forma information as an indication of the financial position or operating results that Devon would have achieved if this offering and the merger had occurred on June 30, 1999, or January 1, 1998. You also should not rely on the unaudited pro forma information as an indication of the future results that Devon will achieve after this offering and the merger.

	As of June 30, 1999		
		Devon Pro Forma With the PennzEnergy Merger	
	Devon Historical	Without the Offering	With the Offering
	(In Thousands, Except Per Share Data)		
Balance Sheet Data:			
Investment in common stock of Chevron Corporation (see note 4 on page 27).....	$ --	$ 674,224	$ 674,224
Total assets............................	1,305,163	4,733,482	4,733,482
Debentures exchangeable into shares of Chevron Corporation common stock (see note 4 on page 27)......................	--	775,519	775,519
Other long-term debt.....................	448,013	1,390,242	1,005,078
Convertible preferred securities of subsidiary trust........................	149,500	149,500	149,500
Stockholders' equity.....................	555,240	1,431,539	1,816,703
Book value per share.....................	11.37	20.36	22.65

	Year Ended December 31, 1998		
		Devon Pro Forma With the PennzEnergy Merger	
	Devon Historical	Without the Offering	With the Offering
	(In Thousands, Except Per Share Data)		
Operations Data:			
Operating Results			
Oil sales................................	$ 143,624	$ 302,918	$ 302,918
Gas sales................................	209,344	553,938	553,938
NGL sales................................	16,692	63,703	63,703
Other revenue............................	17,848	295,803	295,803
Total revenue........................	387,508	1,216,362	1,216,362
Lease operating expenses................	113,484	294,739	294,739
Production taxes........................	13,916	28,148	28,148
Depreciation, depletion and amortization...........................	123,844	510,064	510,064
General and administrative expenses.....	23,544	139,378	139,378
Northstar combination expenses..........	13,149	13,149	13,149
Interest expense........................	22,632	176,659	139,449
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt.........................	16,104	16,104	16,104
Distributions on preferred securities of subsidiary trust.......................	9,717	9,717	9,717
Reduction of carrying value of oil and gas properties.........................	126,900	126,900	126,900
Total costs and expenses.............	463,300	1,314,858	1,277,648
Loss before income taxes................	(75,792)	(98,496)	(61,286)
Income tax expense (benefit):			
Current..............................	7,687	10,324	10,324
Deferred.............................	(23,194)	(28,198)	(14,058)
Total income tax expense............	(15,507)	(17,874)	(3,734)
Net loss................................	(60,285)	(80,622)	(57,552)
Preferred stock dividends..............	--	5,625	5,625
Net loss applicable to common shareholders..........................	$ (60,285)	$ (86,247)	$ (63,177)
Net loss per share--basic and diluted...	(1.25)	(1.24)	(0.79)
Cash dividends per share................	0.15	0.17	0.17
Weighted average common shares outstanding...........................	48,376	69,729	79,629
Cash Flow Data			
Net cash provided by operating			

activities.............................	$ 191,571	$ 388,992	$ 426,202
Net cash used in investing activities...	(271,960)	(222,959)	(222,959)
Net cash provided (used) by financing activities.............................	57,618	(143,300)	(145,280)
Modified EBITDA.........................	223,405	740,948	740,948
Cash margin.............................	183,369	544,248	581,458

	Year Ended December 31, 1998		
		Devon Pro Forma With the PennzEnergy Merger	
	Devon Historical	Without the Offering	With the Offering
Production, Price and Other Data			
Production:			
Oil (MBbls)	11,903	26,128	26,128
Gas (MMcf)	133,065	303,693	303,693
NGL (MBbls)	1,939	7,128	7,128
MBoe	36,020	83,872	83,872
Average prices:			
Oil (per Bbl)	$ 12.07	$ 11.59	$ 11.59
Gas (per Mcf)	1.57	1.82	1.82
NGL (per Bbl)	8.61	8.94	8.94
Per Boe	10.26	10.98	10.98
Costs per Boe:			
Operating costs	3.54	3.85	3.85
Depreciation, depletion and amortization of oil and gas properties	3.32	6.02	6.02
General and administrative expenses	0.65	1.66	1.66

	As of December 31, 1998		
		Devon Pro Forma With the PennzEnergy Merger	
	Devon Historical	Without the Offering	With the Offering
Property Data			
Proved reserves:			
Oil (MBbls)	83,457	272,688	272,688
Gas (MMcf)	1,198,894	2,050,528	2,050,528
NGL (MBbls)	16,079	45,654	45,654
Total (MBoe)	299,351	660,096	660,096
SEC 10% present value (thousands)	$1,009,039	$2,087,666	$2,087,666
Standardized measure of discounted future net cash flows (thousands)	931,588	1,816,542	1,816,542

	Six Months Ended June 30, 1999		
		Devon Pro Forma With the PennzEnergy Merger	
	Devon Historical	Without the Offering	With the Offering
	(In Thousands, Except Per Share Data)		
Operations Data:			
Operating Results			
Oil sales	$ 64,784	$ 149,898	$ 149,898
Gas sales	112,938	263,822	263,822
NGL sales	9,764	28,496	28,496
Other revenue	4,092	65,654	65,654
Total revenue	191,578	507,870	507,870
Lease operating expenses	54,520	130,996	130,996
Production taxes	6,415	13,179	13,179
Depreciation, depletion and amortization	69,321	247,368	247,368
General and administrative expenses	13,175	57,895	57,895
Interest expense	13,779	74,232	55,627
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	(8,746)	(8,746)	(8,746)
Distributions on preferred securities of subsidiary trust	4,859	4,859	4,859
Total costs and expenses	153,323	519,783	501,178
Earnings (loss) before income taxes	38,255	(11,913)	6,692
Income tax expense (benefit):			
Current	4,302	4,268	4,268
Deferred	11,764	(8,057)	(988)
Total income tax expense (benefit)	16,066	(3,789)	3,280
Net earnings (loss)	22,189	(8,124)	3,412
Preferred stock dividends	--	4,868	4,868
Net earnings (loss) applicable to common shareholders	$ 22,189	$ (12,992)	$ (1,456)
Net earnings (loss) per share--basic and diluted	0.46	(0.19)	(0.02)
Cash dividends per share	0.10	0.10	0.10
Weighted average common shares outstanding	48,575	70,021	79,921
Cash Flow Data			
Net cash provided by operating activities	$ 85,911	$ 107,508	$ 126,113
Net cash used in investing activities	(134,419)	(172,599)	(172,599)
Net cash provided by financing activities	43,281	53,188	52,198
Modified EBITDA	117,468	305,800	305,800
Cash margin	94,528	223,441	241,046

	Six Months Ended June 30, 1999		
		Devon Pro Forma With the PennzEnergy Merger	
	Devon Historical	Without the Offering	With the Offering
Production, Price and Other Data			
Production:			
Oil (MBbls)	5,071	11,962	11,962
Gas (MMcf)	71,402	153,452	153,452
NGL (MBbls)	991	3,271	3,271
MBoe	17,962	40,808	40,808
Average prices:			
Oil (per Bbl)	$12.78	$ 12.53	$ 12.53
Gas (per Mcf)	1.58	1.72	1.72
NGL (per Bbl)	9.85	8.71	8.71
Per Boe	10.44	10.84	10.84
Costs per Boe:			
Operating costs	3.39	3.53	3.53
Depreciation, depletion and amortization of oil and gas properties	3.75	6.00	6.00
General and administrative expenses	0.73	1.42	1.42

Summary Historical Selected Financial and Production Data

The following selected financial information (not covered by the independent auditors' reports) for the fiscal years has been derived from Devon's audited consolidated financial statements. The following information for the interim periods has been derived from Devon's unaudited financial statements.

	Year Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
	(In Thousands, Except Per Share Data)				
Balance Sheet Data:					
Total assets	$1,183,290	$1,248,986	$1,226,356	$1,295,766	$1,305,163
Long-term debt	83,000	305,337	405,271	302,315	448,013
Convertible preferred securities of subsidiary trust	149,500	149,500	149,500	149,500	149,500
Stockholders' equity	678,772	596,546	522,963	617,847	555,240
Statement of Operations Data:					
Oil sales	136,023	207,725	143,624	75,573	64,784
Gas sales	101,443	219,459	209,344	106,555	112,938
NGL sales	19,299	24,920	16,692	9,687	9,764
Other revenue	34,570	47,555	17,848	13,397	4,092
Total revenues	291,335	499,659	387,508	205,212	191,578
Lease operating expenses	58,734	100,897	113,484	57,679	54,520
Production taxes	10,880	19,227	13,916	7,266	6,415
Depreciation, depletion and amortization	70,307	169,108	123,844	61,158	69,321
General and administrative expenses	15,111	24,381	23,554	11,784	13,175
Northstar Combination expenses	--	--	13,149	--	--
Interest expense	12,662	18,788	22,632	10,837	13,779
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	199	5,860	16,104	6,921	(8,746)
Distributions on preferred securities of subsidiary trust	4,753	9,717	9,717	4,859	4,859
Reduction of carrying value of oil and gas properties	--	625,514	126,900	--	--
Total costs and expenses	172,646	973,492	463,300	160,504	153,323
Earnings (loss) before income taxes	118,689	(473,833)	(75,792)	44,708	38,255
Income tax expense (benefit):					
Current	7,834	26,857	7,687	5,331	4,302
Deferred	43,252	(200,699)	(23,194)	12,979	11,764
Total	51,086	(173,842)	(15,507)	18,310	16,066
Net earnings (loss)	$ 67,603	$ (299,991)	$ (60,285)	$ 26,398	$ 22,189
Net earnings (loss) per share:					
Basic	$ 2.06	$ (6.38)	$ (1.25)	$ 0.55	$ 0.46
Diluted	1.99	(6.38)	(1.25)	0.55	0.46
Cash dividends per common share	0.15	0.14	0.15	0.07	0.10
Weighted average common shares outstanding--basic	32,812	47,040	48,376	48,338	48,575

	Year Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
	(In Thousands, Except Per Share and Per Unit Data)				
Cash Flow Data:					
Net cash provided by operating activities...........	$ 144,248	$ 253,056	$ 191,571	$102,832	$ 85,911
Net cash used by investing activities...........	(243,451)	(147,583)	(271,960)	(74,988)	(134,419)
Net cash provided (used) by financing activities...........	96,420	(77,141)	57,618	(47,111)	43,281
Modified EBITDA.......	206,610	355,154	223,405	128,483	117,468
Cash margin...........	181,361	299,792	183,369	107,456	94,528
Production, Price and Other Data:					
Production:					
Oil (MBbls).........	6,780	11,783	11,903	6,105	5,071
Gas (MMcf)..........	62,186	121,810	133,065	66,662	71,402
NGL (MBbls).........	1,255	1,891	1,939	1,043	991
MBoe................	18,399	33,976	36,020	18,258	17,962
Average prices:					
Oil (Per Bbl).......	$ 20.06	$ 17.63	$ 12.07	$ 12.38	$ 12.78
Gas (Per Mcf).......	1.63	1.80	1.57	1.60	1.58
NGL (Per Bbl).......	15.38	13.18	8.61	9.29	9.85
Per Boe.............	13.96	13.31	10.26	10.51	10.44
Costs per Boe:					
Operating costs.....	3.78	3.54	3.54	3.56	3.39
Depreciation, depletion and amortization of oil and gas properties.........	3.69	4.86	3.32	3.24	3.75
General and administrative expenses...........	0.82	0.72	0.65	0.65	0.73

	As of December 31,		
	1996	1997	1998
Property Data:			
Proved reserves:			
Oil (MBbls).........	80,155	97,041	83,457
Gas (MMcf)..........	898,319	1,150,604	1,198,894
NGL (MBbls).........	14,190	17,178	16,079
Total (MBoe)........	244,065	305,986	299,351
SEC 10% present value (thousands)..	$1,999,748	$1,340,644	$1,009,039
Standardized measure of discounted future net cash flows (thousands)..	1,454,974	1,100,676	931,588

RISK FACTORS

You should carefully consider the following factors, in addition to the other information contained or incorporated by reference in this prospectus, before deciding to invest in our common stock.

Risks Relating to the Oil and Gas Industry

Our results depend on oil and gas prices, which are volatile and beyond our control

Our revenues, results of operations and financial condition depend largely on the prices we receive for our oil and gas production. Extended periods of low prices could adversely affect the ultimate return on past investments. Our ability or willingness to continue or complete our current and planned drilling programs and acquisitions may also be affected.

Our calculations of proved reserves are only estimates

Many uncertainties exist when estimating quantities of oil and gas reserves. The estimates of future net cash flows from our proved reserves and their present value are based on assumptions about future production levels, prices and costs that may prove to be inaccurate. Our estimated reserves may be subject to upward or downward revision based upon our production, results of future exploration and development, prevailing oil and gas prices, operating and development costs and other factors.

Our exploration, development and acquisition activities might not result in significant additional reserves

The rate of production from oil and gas properties generally declines as reserves are depleted. Our proved reserves will decline materially as oil and gas are produced unless we acquire additional properties with proved reserves, conduct successful exploration and development activities or our reserve estimates increase. Our future oil and gas production depends on our success in acquiring or finding additional reserves.

Potential hazards could damage or destroy our oil and gas wells or production facilities or damage or injure property, persons and the environment

The exploration for and production of oil and gas can be hazardous, involving natural disasters, blowouts, cratering, fires and losses of well control. These hazards can damage or destroy oil and gas wells and production facilities, injure or kill people and cause damage to property and the environment. We maintain insurance against many potential losses and liabilities in accordance with customary industry practices, however our insurance does not protect us against all operational risks.

Government regulations, including environmental regulations, may adversely affect our results

Our exploration and production operations are regulated at the federal, state and local levels in the United States as well as by governments in other countries. We make large expenditures to comply with the requirements of these regulations. Future changes in the regulation of the oil and gas industry could significantly increase these costs.

We are subject to various federal, state, local and foreign regulations relating to the protection of the environment. We may be liable for the cost to clean-up pollution resulting from our operations and for the cost of pollution damages. We also may be required to suspend or cease operations in affected areas. Additional future regulations for the protection of the environment could adversely affect our operations and results.

Risks Relating to an Investment in Devon

Devon has charter and other provisions that may make it difficult to cause a change of control

Some provisions of Devon's certificate of incorporation and by-laws and of the Delaware General Corporation Law, as well as Devon's stockholder rights plan, may make it difficult for stockholders to cause a change in control of Devon and replace incumbent management. These provisions include:

. a classified board, the members of which serve staggered three-year terms and may be removed by stockholders only for cause;

. a prohibition on stockholders calling special meetings and acting by written consent; and

. rights issued under its rights plan, which would "flip in" if a hostile bidder acquired 15% of Devon's common stock.

The interest of Devon's largest stockholder may conflict with the interests of Devon's other stockholders

Kerr-McGee Corporation currently owns 9,954,000 shares, or 14.1%, of our outstanding Devon common stock. After completion of this offering, assuming the underwriters do not exercise the over-allotment option, Kerr-McGee would own approximately 12.4% of our common stock. On August 2, 1999, Kerr-McGee completed an offering of exchangeable notes which are due on August 2, 2004. These notes are exchangeable into the Devon common shares owned by Kerr-McGee or, at Kerr-McGee's option, the cash equivalent of the value of such Devon common shares.

As a substantial stockholder, Kerr-McGee may have the power to influence the outcome of matters submitted to a vote of the Devon stockholders. Kerr-McGee's interests may not reflect the interests of other stockholders. Devon and Kerr- McGee have not implemented any specific procedures to deal with conflicts that may arise in the future between Kerr-McGee's interests and those of other Devon stockholders. In the event a conflict arises, we will implement procedures we deem appropriate to deal with the specific situation.

Risks Relating to the Recent Merger with PennzEnergy

We may not successfully integrate the operations of Devon and PennzEnergy or achieve the benefits we are seeking

The success of the merger will partially depend upon the integration of the management and operations of Devon and PennzEnergy. Our management team does not have experience with the combined businesses of Devon and PennzEnergy. Devon may not be able to integrate the operations of PennzEnergy without losing key employees, customers or suppliers; loss of revenues; increases in operating or other costs; or other difficulties. In addition, we may not be able to realize the operating efficiencies and other benefits sought from the merger.

Significant charges and expenses will be incurred as a result of the merger

We expect to incur approximately $71.5 million of costs related to the merger. These costs, which will be included as part of the cost of the oil and gas properties acquired, will include investment banking expenses, severance, legal and accounting fees, financial printing expenses and other related charges. In addition, we expect to incur an estimated $20 to $30 million in costs to combine the two companies. We may incur additional unanticipated expenses in connection with the merger.

We also may incur a noncash after-tax charge to earnings related to a full cost ceiling limitation. Under the full cost method of accounting followed by Devon, the net book value of oil and gas properties, less related deferred income taxes, may not exceed a calculated "ceiling." The ceiling is the estimated after-tax future net revenues from proved oil and gas properties, discounted at 10% per year. The ceiling limitation is applied separately by country. In calculating future net revenues, prices and costs in effect at the time of the calculation are held constant indefinitely, except for changes that are fixed and determinable by existing contracts. The net book value, less deferred tax liabilities, is compared to the ceiling on a quarterly basis. Any excess of the net book value, less deferred taxes, 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.

On a pro forma basis as of June 30, 1999, the merger would not have caused a charge to earnings due to the ceiling limitation. This pro forma calculation was based on a posted West Texas Intermediate oil price of $16.50 per barrel and a Texas Gulf Coast index gas price of $2.14 per Mcf. However, the pro forma ceiling "cushion" as of June 30, 1999, in our non-Canadian cost centers was less than $20 million. Therefore, future reductions in oil and gas prices or changes to the preliminary allocation of the purchase price of PennzEnergy's oil and gas properties could cause a charge to earnings as of September 30, 1999, or in subsequent periods.

Devon may incur a tax liability for a prior PennzEnergy transaction as a result of the merger

If PennzEnergy's distribution to its stockholders of the stock of Pennzoil- Quaker State Company in December 1998 were to be considered part of a plan or series of related transactions that includes the merger, Devon would recognize gain under Section 355(e) of the Internal Revenue Code. We believe the distribution and the merger should not be considered part of such a plan or series of related transactions because, among other things, neither Devon nor PennzEnergy contemplated a business combination with the other and until April 1999 the parties had no discussions regarding a business combination. However, any transaction within a four-year period beginning two years before the distribution is presumed to be part of such a plan. We cannot assure you that we will be able to overcome this presumption. We currently estimate our potential tax liability upon such a transaction at $16 million in additional tax for 1998 and the elimination of approximately $183 million in net operating loss carryovers through 1998.

Devon stockholders are exposed to risks of offshore operations

As a result of the merger some of our production and reserves are now located offshore in the Gulf of Mexico. Operations in this area are subject to tropical weather disturbances. Some of these disturbances can be severe enough to cause substantial damage to facilities and possibly interrupt production. In accordance with customary industry practices, Devon will maintain insurance against some, but not all, of these risks. Losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. We cannot assure you that Devon will be able to maintain adequate insurance in the future at rates it considers reasonable or that any particular types of coverage will be available. An event that is not fully covered by insurance could have a material adverse effect on Devon's financial position and results of operations.

We are subject to uncertainties of foreign operations

As a result of the merger, we now have international operations in Australia, Azerbaijan, Brazil, Canada, Egypt, Qatar and Venezuela. Local political, economic and other uncertainties may adversely affect these operations. These uncertainties include:

. the risk of war, general strikes, civil unrest, expropriation, forced renegotiation or modification of existing contracts, and import, export and transportation regulations and tariffs;

. taxation policies, including royalty and tax increases and retroactive tax claims;

. exchange controls, currency fluctuations, devaluation or other activities that limit or disrupt markets and restrict payments or the movement of funds, and other uncertainties arising out of foreign government sovereignty over international operations;

. laws and policies of the United States affecting foreign trade, taxation and investment;

. the possibility of being subject to the exclusive jurisdiction of foreign courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of courts in the United States; and

. difficulties in enforcing our rights against a governmental agency because of the doctrine of sovereign immunity.

The merger has increased our debt level, which may result in a lower debt rating and require a substantial portion of operating cash flow to pay interest and principal

The merger has resulted in higher levels of debt and interest expense than we had on a stand-alone basis prior to the merger. Our total indebtedness after the merger may have a negative impact on our ability to realize the expected benefits of the merger, including a possible downgrade in our credit rating. Standard & Poor's has announced that, because of our higher leverage, it may assign a debt rating that is lower than our current senior debt rating of "BBB+." The increased debt level will also require us to use a substantial portion of our operating cash flow to pay interest and principal on our debt instead of for other corporate purposes.

USE OF PROCEEDS

We estimate that the net proceeds to us after deducting the underwriting discount and other estimated offering expenses payable by us from the sale of the 9.9 million shares of common stock in this offering will be approximately $385.2 million ($443.1 million if the underwriters' over-allotment is exercised in full), at a public offering price of $40.50 per share. We intend to use the net proceeds from this offering to retire $350 million of long-term debt that bears interest at approximately 10% per year, and to retire $35.2 million of debt outstanding under our U.S. credit facility that bears interest at floating rates. The additional credit available as a result of the reduction in debt will be used primarily for capital expenditures and acquisitions as they occur.

Pending these uses, the net proceeds will be used to reduce outstanding debt under our revolving credit facilities or invested in short-term investment- grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

CAPITALIZATION

The following table compares our actual capitalization as of June 30, 1999, to our capitalization after we sell the 9.9 million shares we are offering. The table includes our pro forma capitalization after the PennzEnergy merger, both with and without the offering. In preparing the following table, we have assumed that we will receive net proceeds of $385.2 million from the sale of 9.9 million Devon common shares at $40.50 per share, less $15.8 million for the underwriting discount and other estimated offering costs and expenses. We have assumed that the $385.2 million of net proceeds would be used to retire $350 million of existing notes payable that bear interest at approximately 10% per year, and to retire $35.2 million of debt outstanding under our U.S. credit facility that bears interest at floating rates. The additional credit available as a result of the reduction in debt will be used primarily for capital expenditures and acquisitions as they occur.

The capitalization as adjusted for the offering assumes that the underwriter's over-allotment option is not exercised. You should read the following table in conjunction with the historical consolidated financial statements of Devon which are filed with the SEC and incorporated by reference in this document and the unaudited pro forma financial information included in this document.

	As of June 30, 1999		
		Devon Pro Forma With the PennzEnergy Merger	
	Devon Historical	Without the Offering	With the Offering
	(In Thousands)		
Long-term debt:			
Borrowings under credit facilities with banks	$ 223,013	$ 319,077	$ 283,913
Notes:			
6.76% due July 19, 2005	75,000	75,000	75,000
6.79% due March 2, 2009	150,000	150,000	150,000
Debentures:			
9.625% due November 15, 1999, principal amount of $200 million	--	200,000	--
10.625% due June 1, 2001, principal amount of $150 million	--	150,000	--
10.25% due November 1, 2005, principal amount of $250 million	--	275,825	275,825
10.125% due November 15, 2009, principal amount of $200 million	--	220,340	220,340
Debentures exchangeable into shares of Chevron Corporation common stock (see note 4 on page 27)			
4.90% due August 15, 2008, principal amount of $443.8 million	--	452,683	452,683
4.95% due August 15, 2008, principal amount of $316.5 million	--	322,836	322,836
Total long-term debt	448,013	2,165,761	1,780,597
Devon-obligated mandatorily redeemable trust convertible preferred securities	149,500	149,500	149,500
Stockholders' equity:			
Preferred stock, $1.00 par value	--	1,500	1,500
Common stock, $0.10 par value	4,882	7,030	8,020
Additional paid-in capital	807,270	1,679,921	2,064,095
Accumulated deficit	(225,582)	(225,582)	(225,582)
Accumulated other comprehensive loss	(31,330)	(31,330)	(31,330)
Total stockholders' equity	555,240	1,431,539	1,816,703
Total capitalization	$1,305,163	$3,746,800	$3,746,800
Shares authorized:			
Preferred stock	3,000	4,500	4,500
Common stock	400,000	400,000	400,000
Shares outstanding:			
Preferred stock	--	1,500	1,500
Common stock	48,820	70,296	80,196
Common shares reserved for issuance of options under Devon's stock option plans	1,800	4,800	4,800
Employee stock options outstanding	2,974	5,059	5,059

The above pro forma capitalization with the PennzEnergy merger includes six debentures issued by PennzEnergy which were assumed by Devon. Of these six debentures, four will be outstanding after the proceeds from this offering are used to retire two debentures totaling $350 million. The aggregate pro forma amount recorded for the four remaining debentures is $61.4 million higher than their aggregate principal amount. The excess amount is the amount by which the debentures' estimated fair value at June 30, 1999 exceeded the principal amounts.

Because the PennzEnergy merger was accounted for using the purchase method of accounting for business combinations, Devon recorded these debentures at their fair values at the date the merger was closed. The difference will be amortized over the debentures' lives as adjustments to interest expense.

MARKET PRICE DATA

Devon common stock is listed on the AMEX under the symbol "DVN." We began paying regular quarterly cash dividends on our common stock on June 30, 1993, in the amount of $0.03 per share. Effective December 31, 1996, we increased our quarterly dividend payment to $0.05 per share. We anticipate that we will continue to pay regular quarterly dividends in the foreseeable future. Dividends are also paid on our exchangeable shares at the same rate and on the same dates as dividends paid on our common stock.

The following table sets forth the quarterly high and low sales prices for the Devon common stock as reported by the AMEX for the fiscal periods indicated.

	High	Low	Volume (In Thousands)
1996:			
Quarter Ended March 31, 1996	$25 3/4	$19 7/8	2,825
Quarter Ended June 30, 1996	26 1/8	22	2,474
Quarter Ended September 30, 1996	27 1/2	22 3/4	4,715
Quarter Ended December 31, 1996	35 1/2	25 1/4	6,011
1997:			
Quarter Ended March 31, 1997	$38 7/8	$29 1/2	4,458
Quarter Ended June 30, 1997	38 1/2	27 3/8	5,619
Quarter Ended September 30, 1997	45 1/4	36 1/8	3,851
Quarter Ended December 31, 1997	49 1/8	35	4,460
1998:			
Quarter Ended March 31, 1998	$41 1/8	$32 7/8	5,542
Quarter Ended June 30, 1998	40 1/2	32 5/8	6,144
Quarter Ended September 30, 1998	36 5/8	26 1/8	10,170
Quarter Ended December 31, 1998	36	27 3/4	9,017
1999:			
Quarter Ended March 31, 1999	$31 3/4	$20 1/8	14,271
Quarter Ended June 30, 1999	37 7/16	25 15/16	14,221
Quarter Ended September 30, 1999 (through September 21, 1999)	44 15/16	33	27,394

On September 21, 1999, the last full trading day prior to the date of this prospectus, the last reported sales price on the American Stock Exchange of shares of Devon common stock was $40 1/2.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information has been prepared to assist in the analysis of the financial effects of this offering of additional Devon common stock and the PennzEnergy merger. This pro forma information is based on the historical financial statements of Devon and PennzEnergy.

The information was prepared based on the following:

. The assumed net proceeds from this offering of 9.9 million common shares are $385.2 million. This is based on an offering price of $40.50 per share, less $15.8 million for the underwriting discount and other estimated offering costs and expenses.

. Devon utilizes the full cost method of accounting for its oil and gas activities.

. The merger was accounted for as a purchase of PennzEnergy by Devon.

. The unaudited pro forma balance sheet has been prepared as if the public offering and the merger occurred on June 30, 1999. The unaudited pro forma statements of operations have been prepared as if the public offering and the merger occurred on January 1, 1998.

. Targeted annual general and administrative expense and lease operating expense savings from the merger of $50 to $60 million have not been reflected as an adjustment to the historical data. These cost savings are expected to result from the consolidation of the corporate headquarters of Devon and PennzEnergy and the elimination of duplicate staff and expenses.

. As of June 30, 1999, the merger did not cause a pro forma reduction of the carrying value of oil and gas properties under the full cost accounting "ceiling test." The June 30, 1999, ceiling test was calculated based on a posted West Texas Intermediate oil price of $16.50 per barrel and a Texas Gulf Coast index gas price of $2.14 per Mcf. However, the pro forma ceiling "cushion" as of June 30, 1999, in Devon's non-Canadian cost centers was less than $20 million. Therefore, future reductions in oil and gas prices or changes to the preliminary allocation of the purchase price of PennzEnergy's oil and gas properties could cause a reduction of the carrying value to be recorded as of September 30, 1999, or in subsequent periods.

No pro forma adjustments have been made with respect to the following unusual items. These items are reflected in the historical results of Devon or PennzEnergy, as applicable, and should be considered when making period-to- period comparisons:

. In 1998, PennzEnergy realized pretax gains on the sale and exchange of Chevron Corporation common stock of $230.1 million. The unaudited pro forma statement of operations does not include the $207.0 million after- tax extraordinary loss resulting from the early extinguishment of related debentures exchangeable for such common stock.

. In 1998, PennzEnergy incurred $24.3 million of nonrecurring general and administrative expenses in connection with the spin-off of Pennzoil- Quaker State Company on December 30, 1998.

. In 1998, Devon incurred $13.1 million of nonrecurring expenses related to the merger with Northstar.

. In 1998, Devon reduced the carrying value of its oil and gas properties by $126.9 million ($88.0 million after-tax) due to the full cost ceiling limitation.

. In the second quarter of 1999, PennzEnergy recognized a gain of $46.7 million ($29.8 million after-tax) from the sale of land, timber and mineral rights in Pennsylvania and New York.

The unaudited pro forma financial statements and related notes are presented for illustrative purposes only. If this offering of additional Devon common stock and the PennzEnergy merger had occurred in the past, Devon's financial position or operating results might have been different from those presented in the unaudited pro forma information. The unaudited pro forma information should not be relied upon as an indication of the financial position or operating results that Devon would have achieved if this offering and the merger had occurred as of June 30, 1999 or January 1, 1998. You also should not rely on the unaudited pro forma information as an indication of the future results that Devon will achieve after this offering and the merger.

Unaudited Pro Forma Balance Sheet

June 30, 1999
(In Thousands)

	Devon Historical	PennzEnergy Historical Reclassified (Note 6)	Pro Forma Adjustments (Note 2)	Devon Pro Forma With the PennzEnergy Merger: Without the Offering	Devon Pro Forma With the PennzEnergy Merger: With the Offering (Note 3)
Assets:					
Current assets........	$ 104,760	$ 128,912	$(10,300)(a) 10,300 (c)	$ 233,672	$ 233,672
Oil and gas properties, net......	1,162,164	1,616,916	385,545 (a) 553,489 (c)	3,718,114	3,718,114
Other properties, net..................	23,465	--	5,000 (a)	28,465	28,465
Investment in common stock of Chevron Corporation (Note 4)...................	--	674,224	--	674,224	674,224
Other assets..........	14,774	34,054	30,179 (a)	79,007	79,007
Total assets........	$1,305,163	$2,454,106	$974,213	$4,733,482	$4,733,482
Liabilities:					
Current liabilities...	$ 73,677	$ 145,167	$ (5,374)(a)	$ 213,470	$ 213,470
Debentures exchangeable into shares of Chevron Corporation common stock (Note 4).......	--	740,361	35,158 (a)	775,519	775,519
Other long-term debt..	448,013	822,652	48,032 (a) 71,545 (a)	1,390,242	1,005,078
Other long-term liabilities..........	34,584	133,280	(2,590)(a)	165,274	165,274
Deferred income taxes...............	44,149	187,257	(187,257)(a) 563,789 (c)	607,938	607,938
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	149,500
Stockholders' equity:					
Preferred stock.......	--	1,500		1,500	1,500
Common stock..........	4,882	43,507	2,148 (a) (43,507)(b)	7,030	8,020
Additional paid-in capital.............	807,270	354,504	710,151 (a) 14,000 (a) 148,500 (a) (354,504)(b)	1,679,921	2,064,095
Accumulated deficit...	(225,582)	(23,743)	23,743 (b)	(225,582)	(225,582)
Accumulated other comprehensive earnings (loss)......	(31,330)	275,743	(275,743)(b)	(31,330)	(31,330)
Treasury stock........	--	(226,122)	226,122 (b)	--	--
Total stockholders' equity............	555,240	425,389	450,910	1,431,539	1,816,703
Total liabilities and stockholders' equity............	$1,305,163	$2,454,106	$974,213	$4,733,482	$4,733,482

Unaudited Pro Forma Statement of Operations

Year Ended December 31, 1998

(In Thousands, Except Per Share Data)

	Devon Historical	PennzEnergy Historical Reclassified (Note 6)	Pro Forma Adjustments (Note 2)	Devon Pro Forma With the PennzEnergy Merger: Without the Offering	Devon Pro Forma With the PennzEnergy Merger: With the Offering (Note 3)
Revenues:					
Oil sales	$143,624	$159,294		$ 302,918	$ 302,918
Gas sales	209,344	344,594		553,938	553,938
NGL sales	16,692	47,011		63,703	63,703
Other	17,848	286,468	(8,513)(g)	295,803	295,803
Total revenues	387,508	837,367	(8,513)	1,216,362	1,216,362
Costs and expenses:					
Lease operating expenses	113,484	181,255		294,739	294,739
Production taxes	13,916	14,232		28,148	28,148
Depreciation, depletion and amortization	123,844	208,009	178,211 (d)	510,064	510,064
General and administrative expenses	23,554	126,124	(10,300)(g)	139,378	139,378
Northstar combination expenses	13,149	--		13,149	13,149
Interest expense	22,632	156,272	4,114 (e) (6,359)(f)	176,659	139,449
Exploration expenses	--	139,970	(139,970)(g)	--	--
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	16,104	--		16,104	16,104
Distributions on preferred securities of subsidiary trust	9,717	--		9,717	9,717
Reduction of carrying value of oil and gas properties	126,900	74,739	(74,739)(g)	126,900	126,900
Total costs and expenses	463,300	900,601	(49,043)	1,314,858	1,277,648
Earnings (loss) before income tax expense (benefit)	(75,792)	(63,234)	40,530	(98,496)	(61,286)
Income tax expense (benefit):					
Current	7,687	2,637	--	10,324	10,324
Deferred	(23,194)	(20,405)	15,401 (h)	(28,198)	(14,058)
Total income tax expense (benefit)	(15,507)	(17,768)	15,401	(17,874)	(3,734)
Net earnings (loss)	(60,285)	(45,466)	26,029	(80,622)	(57,552)
Preferred stock dividends	--	5,625	--	5,625	5,625
Net earnings (loss) applicable to common shareholders	$(60,285)	$(51,091)	$ 26,029	$ (86,247)	$ (63,177)
Net loss per average common share outstanding--basic and diluted	$ (1.25)	$ (1.07)		$ (1.24)	$ (0.79)
Weighted average common shares outstanding--					

basic (Note 5).........	48,376	47,716	69,729	79,629
	========	========	==========	==========

Unaudited Pro Forma Statement of Operations

Six Months Ended June 30, 1999

(In Thousands, Except Per Share Data)

	Devon Historical	PennzEnergy Historical Reclassified (Note 6)	Pro Forma Adjustments (Note 2)	Devon Pro Forma With the PennzEnergy Merger: Without the Offering	Devon Pro Forma With the PennzEnergy Merger: With the Offering (Note 3)
Revenues:					
Oil sales	$64,784	$ 85,114		$149,898	$149,898
Gas sales	112,938	150,884		263,822	263,822
NGL sales	9,764	18,732		28,496	28,496
Other	4,092	67,119	(5,557)(g)	65,654	65,654
Total revenues	191,578	321,849	(5,557)	507,870	507,870
Costs and expenses:					
Lease operating expenses	54,520	76,476		130,996	130,996
Production taxes	6,415	6,764		13,179	13,179
Depreciation, depletion and amortization	69,321	131,450	46,597 (d)	247,368	247,368
General and administrative expenses	13,175	49,870	(5,150)(g)	57,895	57,895
Interest expense	13,779	61,811	2,057 (e) (3,415)(f)	74,232	55,627
Exploration expenses	--	17,537	(17,537)(g)	--	--
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	(8,746)	--		(8,746)	(8,746)
Distributions on preferred securities of subsidiary trust	4,859	--		4,859	4,859
Total costs and expenses	153,323	343,908	22,552	519,783	501,178
Earnings (loss) before income tax expense (benefit)	38,255	(22,059)	(28,109)	(11,913)	6,692
Income tax expense (benefit):					
Current	4,302	(34)	--	4,268	4,268
Deferred	11,764	(9,140)	(10,681)(k)	(8,057)	(988)
Total income tax expense (benefit)	16,066	(9,174)	10,681	(3,789)	3,280
Net earnings (loss)	22,189	(12,885)	(17,428)	(8,124)	3,412
Preferred stock dividends	--	4,868	--	4,868	4,868
Net earnings (loss) applicable to common shareholders	$22,189	$(17,753)	$(17,428)	$(12,992)	$ (1,456)
Net earnings (loss) per average common share outstanding--basic and diluted	$ 0.46	$ (0.37)		$ (0.19)	$ (0.02)
Weighted average common shares outstanding--basic (Note 5)	48,575	47,923		70,021	79,921

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

December 31, 1998 and June 30, 1999

1. Method of Accounting for the Merger

Devon accounted for the merger using the purchase method of accounting for business combinations. Accordingly, PennzEnergy's assets acquired and liabilities assumed by Devon were revalued and recorded at their estimated "fair values." In the merger, Devon issued 0.4475 shares of Devon common stock for each outstanding share of PennzEnergy common stock. This resulted in Devon issuing approximately 21.4 million shares of its common stock to PennzEnergy stockholders.

The purchase price of PennzEnergy's net assets acquired was based on the value of the Devon common stock issued to the PennzEnergy stockholders. The value of the Devon common stock issued was based on the average trading price of Devon's common stock for a period of three days before and after the public announcement of the merger. This average trading price equaled $33.40 per share.

2. Pro Forma Adjustments Related to the Merger

The unaudited pro forma balance sheet includes the following adjustments:

(a) This entry adjusts the historical book values of PennzEnergy's assets and liabilities to their estimated fair values as of June 30, 1999. The calculation of the total purchase price and the preliminary allocation to assets and liabilities are shown below.

	(In Thousands, Except Share Price)
Calculation and preliminary allocation of purchase price:	
Shares of Devon common stock issued to PennzEnergy stockholders	21,476
Average Devon stock price	$ 33.40
Fair value of common stock issued	717,298
Plus preferred stock assumed by Devon	150,000
Plus estimated merger costs to be incurred	71,545
Plus fair value of PennzEnergy employee stock options assumed by Devon	14,000
Less estimated stock registration and issuance costs to be incurred	(4,999)
Total purchase price	947,844
Plus fair value of liabilities assumed by Devon:	
Current liabilities	139,793
Debentures exchangeable into Chevron Corporation common stock	775,519
Other long-term debt	870,684
Other long-term liabilities	130,690
	2,864,530
Less fair value of non oil and gas assets acquired by Devon:	
Current assets	118,612
Non oil and gas properties	5,000
Investment in common stock of Chevron Corporation	674,224
Other assets	64,233
	862,069
Fair value allocated to oil and gas properties, including $111 million of undeveloped leasehold	$2,002,461

The total purchase price includes the value of the Devon common stock issued, net of $5.0 million of estimated registration and issuance costs. The purchase price also includes:

. $150 million of Devon preferred stock issued in exchange for the same amount of PennzEnergy preferred stock. The unaudited pro forma balance sheet includes $1.5 million of PennzEnergy's historical aggregate par value of the preferred stock, plus $148.5 million of additional paid-in capital.

. $71.5 million of estimated merger costs. These costs include advisory fees, severance and other merger-related costs. These costs are added to long-term debt in the unaudited pro forma balance sheet.

. $14 million of Devon employee stock options issued in exchange for existing vested PennzEnergy employee stock options. The value of these options is added to additional paid-in capital in the unaudited pro forma balance sheet.

(b) This adjustment includes a $43.5 million reduction to par value, a $354.5 million reduction of additional paid-in capital, a $23.7 million reduction of accumulated deficit, a $275.7 million reduction of accumulated other comprehensive earnings and a $226.1 million reduction of treasury stock. These adjustments eliminate PennzEnergy's historical book values of those accounts.

(c) This adjustment increases the value of PennzEnergy's oil and gas properties acquired by $553.5 million, and increases current assets by $10.3 million, both for related deferred income taxes. This adjustment equals the deferred income tax effect of the difference between the fair values assigned to PennzEnergy's assets and liabilities and their bases for income tax purposes. Due to the tax-free nature of the merger, Devon's tax basis in those assets and liabilities is the same as PennzEnergy's tax basis.

The unaudited pro forma statements of operations include the following adjustments:

(d) This adjustment reflects the pro forma depreciation, depletion and amortization expense using the full cost method of accounting based on the preliminary allocation of the purchase price.

(e) This adjustment increases interest expense due to the $71.5 million of merger costs assumed to be funded with borrowings from credit facilities.

(f) This adjustment reduces interest expense for the year 1998 and the first quarter of 1999 by $6.4 million and $1.7 million, respectively. These amounts represent the amortization of the pro forma premium recorded in long-term debt as of January 1, 1998 as part of pro forma adjustment (a) to record PennzEnergy's assets and liabilities at their estimated fair values.

(g) This adjustment eliminates historical amounts recorded by PennzEnergy under the successful efforts accounting method for gains on property sales, general and administrative expenses, exploration expenses and asset impairments to conform to the full cost method of accounting followed by Devon. Under the full cost method, proceeds from the sale of oil and gas properties are generally recorded as an adjustment of the carrying value of the properties, with no gain or loss recognized. Also, general and administrative expenses incurred for property acquisition, exploration and development activities are capitalized under the full cost method. In addition, exploration expenses, which include items such as dry hole costs and lease expirations or impairment expenses, are capitalized under the full cost method. The $74.7 million reduction of oil and gas properties recorded by PennzEnergy in the year 1998 was calculated under the successful efforts method and therefore has been eliminated in the pro forma statement of operations for 1998.

(h) This adjustment records the net tax effect of all pro forma adjustments at an effective income tax rate of 38%.

3. Pro Forma Effects of this Offering of Additional Shares of Devon Common Stock

The accompanying pro forma financial statements include a column titled "Devon Pro Forma With the PennzEnergy Merger--With the Offering." The amounts included in this column on the pro forma balance sheet include the effects of issuing 9.9 million additional shares of Devon common stock and applying the estimated net proceeds of $385.2 million against long-term debt. The pro forma balance sheet assumes that the offering occurred on June 30, 1999.

The amounts included in this column on the pro forma statements of operations include the effects of lower interest expense and the related change in income tax expense due to the assumed reduction of long-term debt with the proceeds from this offering. The pro forma statements of operations assume that the offering occurred on January 1, 1998.

4. Investment in Chevron Common Stock and Related Exchangeable Debentures

As of June 30, 1999 and December 31, 1998, PennzEnergy beneficially owned approximately 7.1 million shares of Chevron Corporation common stock. These shares have been deposited with an exchange agent for possible exchange for $761.2 million principal amount of exchangeable debentures of PennzEnergy. Each $1,000 principal amount of the exchangeable debentures is exchangeable into 9.3283 shares of Chevron common stock, an exchange rate equivalent to $107 7/32 per share of Chevron common stock.

The exchangeable debentures consist of $443.8 million of 4.90% debentures and $316.5 million of 4.95% debentures. The exchangeable debentures were issued on August 3, 1998 and mature August 15, 2008. The exchangeable debentures are callable beginning on August 15, 2000. The exchangeable debentures are exchangeable at the option of the holders at any time prior to maturity for shares of Chevron common stock. In lieu of delivering Chevron common stock, PennzEnergy may, at its option, pay to any holder an amount in cash equal to the market value of the Chevron common stock to satisfy the exchange request.

5. Common Shares Outstanding

Net earnings (loss) per average share outstanding have been calculated based upon the pro forma weighted average number of shares outstanding as follows:

	Year Ended December 31, 1998	Six Months Ended June 30, 1999
	(In Thousands)	
Devon's weighted average common shares outstanding	48,376	48,575
Devon shares issued in exchange for all outstanding shares of PennzEnergy	21,353	21,446
Pro forma weighted average Devon shares outstanding with the PennzEnergy merger	69,729	70,021
Additional Devon common shares to be issued in this offering	9,900	9,900
Pro forma weighted average Devon common shares with the PennzEnergy merger and the shares to be issued in this offering	79,629	79,921

Pro forma common shares outstanding at June 30, 1999, are as follows:

	(In Thousands)
Devon's common shares outstanding	48,820
Devon shares issued in exchange for all outstanding shares of PennzEnergy	21,476
Pro forma Devon common shares outstanding with the PennzEnergy merger	70,296
Additional Devon common shares to be issued in this offering	9,900
Pro forma Devon common shares outstanding with the PennzEnergy merger and the shares to be issued in this offering	80,196

6. PennzEnergy Historical and Reclassified Balances

Devon and PennzEnergy record certain revenues and expenses differently in their respective consolidated financial statements. To make the unaudited pro forma financial information consistent, we have reclassified certain of PennzEnergy's balances to conform to Devon's financial presentation. The following tables present PennzEnergy's balances as presented in its historical financial statements and the reclassified balances which are included in the accompanying unaudited pro forma statements of operations.

Securities and Exchange Commission rules regarding pro forma presentation require that the pro forma statements of operations disclose income or loss from continuing operations. As shown in the tables below, PennzEnergy's historical results for the year 1998 included a loss from discontinued operations and extraordinary items that are not included in the reclassified balances presented in the accompanying unaudited pro forma statement of operations for 1998.

In addition to the reclassifications shown below for the unaudited pro forma statements of operations, a reclassification has been made to PennzEnergy's historical balance sheet for the accompanying unaudited pro forma balance sheet as of June 30, 1999. PennzEnergy had $38.4 million classified as minority interest in its June 30, 1999 historical consolidated balance sheet. To conform to Devon's presentation, this amount is included as other long-term liabilities in the accompanying unaudited pro forma balance sheet.

	Year Ended December 31, 1998			Six Months Ended June 30, 1999		
	PennzEnergy Historical	Reclassifications	PennzEnergy Historical Reclassified	PennzEnergy Historical	Reclassifications	PennzEnergy Historical Reclassified
			(Unaudited) (In Thousands)			
Revenues:						
Net sales	$ 550,899	$(550,899)	$ --	$254,730	$(254,730)	$ --
Oil sales	--	159,294	159,294	--	85,114	85,114
Gas sales	--	344,594	344,594	--	150,884	150,884
NGL sales	--	47,011	47,011	--	18,732	18,732
Investment and other income	286,468	--	286,468	67,119	--	67,119
Total revenues	837,367	--	837,367	321,849	--	321,849
Costs and expenses:						
Lease operating expenses	217,194	(35,939)	181,255	90,782	(14,306)	76,476
Production taxes	--	14,232	14,232	--	6,764	6,764
General and administrative expenses	52,228	73,896	126,124	19,676	30,194	49,870
Depreciation, depletion and amortization	208,009	--	208,009	131,450	--	131,450
Impairment of long-lived assets	74,739	--	74,739	--	--	--
Exploration expenses	161,615	(21,645)	139,970	25,921	(8,384)	17,537
Taxes, other than income	30,544	(30,544)	--	14,268	(14,268)	--
Interest charges, net	156,272	--	156,272	61,811	--	61,811
Total costs and expenses	900,601	--	900,601	343,908	--	343,908
Loss from continuing operations before income tax	(63,234)	--	(63,234)	(22,059)	--	(22,059)
Income tax benefit	(17,768)	--	(17,768)	(9,174)	--	(9,174)
Loss from continuing operations	$ (45,466)	$ --	$(45,466)	$(12,885)	$ --	$(12,885)
Loss from discontinued operations	(3,246)			--		
Loss before extraordinary items	(48,712)			(12,885)		
Extraordinary items	(206,963)			--		
Net loss	(255,675)			(12,885)		
Preferred stock dividends	5,625			4,868		
Net loss available to common shareholders	$(261,300)			$(17,753)		

PROPERTIES OF DEVON

The following table shows the total proved reserves of Devon on a pro forma basis as of December 31, 1998:

Primary Operating Areas	Devon Historical	PennzEnergy Historical	Devon Pro Forma	MBoe%	10% Present Value	10% Present Value %
	Proved Reserves as of December 31, 1998					
					(In Thousands)	
North America--MBoe						
Western Canadian Sedimentary Basin.....	143,908	--	143,908	22%	$ 462,921	22%
Permian Basin..........	53,375	61,351	114,726	17%	292,951	14%
Rocky Mountain Region................	78,973	23,677	102,650	16%	355,902	17%
Gulf Coast/East Texas Region................	1,800	86,927	88,727	13%	390,560	19%
Offshore Gulf of Mexico................	--	78,674	78,674	12%	339,995	16%
Other U.S.............	21,295	16,477	37,772	6%	107,583	5%
Total--North America....	299,351	267,106	566,457	86%	1,949,912	93%
International--MBoe						
Azerbaijan............	--	76,082	76,082	11%	135,867	7%
Other International....	--	17,557	17,557	3%	1,887	0%
Total International.....	--	93,639	93,639	14%	137,754	7%
Total North America and International.........	299,351	360,745	660,096	100%	$2,087,666	100%
Oil--MBbls						
U.S....................	44,451	95,969	140,420	21%		
Western Canadian Sedimentary Basin.....	39,006	--	39,006	6%		
Azerbaijan............	--	76,082	76,082	11%		
Other International....	--	17,180	17,180	3%		
Total...............	83,457	189,231	272,688	41%		
Gas--MMcf						
U.S....................	596,987	849,368	1,446,355	37%		
Western Canadian Sedimentary Basin.....	601,907	--	601,907	15%		
Other International....	--	2,266	2,266	0%		
Total...............	1,198,894	851,634	2,050,528	52%		
NGLs--MBbls						
U.S....................	11,494	29,575	41,069	6%		
Western Canadian Sedimentary Basin.....	4,585	--	4,585	1%		
Total...............	16,079	29,575	45,654	7%		
Total--MBoe............	299,351	360,745	660,096	100%		

Primary Operating Areas--North America

Our North American property base is concentrated in five primary operating areas: the Western Canadian Sedimentary Basin, which encompasses portions of British Columbia, Alberta, Saskatchewan and Manitoba; the Permian Basin of southeastern New Mexico and west Texas; the Rocky Mountain Region, which spans from northeast Wyoming to northwest New Mexico; the offshore Gulf of Mexico; and the Gulf Coast/East Texas Region in portions of Texas and Louisiana.

Western Canadian Sedimentary Basin

Our single largest reserve position is in the Western Canadian Sedimentary Basin with proved reserves of 143.9 million barrels of oil equivalent, or 22% of the total company on a pro forma basis as of December 31, 1998. This basin is a large geologic feature encompassing portions of British Columbia, Alberta, Saskatchewan and Manitoba. This basin feature forms a wedge-shaped depression that tapers from a maximum thickness of 17,000 feet on the western and southern margins to a zero edge along the northeast. Devon's properties in this

basin range from shallow oil and natural gas production in Northern Alberta to deep, long-lived gas reservoirs in the Foothills area near the Alberta/British Columbia border. In addition, approximately 2.2 million net acres of undeveloped leasehold in the Western Canadian Sedimentary Basin should continue to provide Devon with numerous exploration and development opportunities.

Permian Basin

This region encompasses approximately 66,000 square miles in southeastern New Mexico and west Texas and contains more than 500 major oil and gas fields. Since 1987, we have made several significant acquisitions of properties in the Permian Basin that have established prospective acreage in areas in which leasehold positions could not otherwise be obtained. The Permian Basin represents one of our largest reserve positions with total reserves of 114.7 million barrels of oil equivalent, or 17% of our total reserves on a pro forma basis as of December 31, 1998. In addition, several hundred thousand acres of undeveloped leasehold should continue to provide us with numerous exploration and development opportunities in the Permian Basin.

Rocky Mountain Region

The Rocky Mountain Region includes oil and gas producing basins that are grouped together because of their geographic location rather than their geological characteristics. The region generally encompasses all or portions of the states of Colorado, Montana, New Mexico, North Dakota, Utah and Wyoming. Our properties are primarily located in the San Juan Basin in northwest New Mexico, the Raton Basin in northeast New Mexico and southeast Colorado, and the Big Horn and Powder River basins in northeast Wyoming. The Rocky Mountain Region represents one of our largest reserve areas with 102.7 million barrels of oil equivalent, or 16% of the total company on a pro forma basis as of December 31, 1998. We will also have over one million acres of net undeveloped leasehold in the Rocky Mountain Region.

Our single largest natural gas reserve position in the Rocky Mountain Region relates to its interests in two federal units in the San Juan Basin. The San Juan Basin is a densely drilled area covering 3,700 square miles. It has been historically considered the second largest gas producing basin in the United States. Prior to 1990, the basin's gas production primarily came from conventional sandstone formations at a depth of about 5,500 feet. However, in the early 1980's, development of the shallower Fruitland coal formation began. Coal seam gas production has increased total production so significantly that the San Juan Basin could be considered the largest gas producing basin in the United States.

Our coal seam expertise will also play an important role in both the Powder River and Raton basins. These basins, which are less developed than the San Juan Basin, have become two of the more active domestic onshore exploration areas in the United States. During the next five years, we plan to drill several thousand coalbed methane wells in the Powder River and Raton basins which could, in the aggregate, add proved natural gas reserves in excess of two trillion cubic feet. Peak production for the Powder River Basin is anticipated for 2003, while peak production in the Raton Basin is estimated for 2004 to 2006. Additionally, we anticipate initial operation of a 126-mile gas gathering system servicing the Powder River Basin in the fourth quarter of 1999. When it is fully developed in 2001, this system will have an estimated capacity of 450 million cubic feet of gas per day and will have access to multiple interstate pipelines.

Gulf Coast/East Texas Region

Our interest in the Gulf Coast/East Texas Region consists of over 465,000 net acres in portions of the states of Texas and Louisiana and includes both oil and gas producing zones. On a pro forma basis as of December 31, 1998, our Gulf Coast/East Texas reserves were 88.7 million barrels of oil equivalent, or 13% of our total reserves. In south Texas, where exploration by the oil and gas industry is accelerating, 3-D seismic data covers our major acreage positions underlain by Charco Lobo, the Middle Wilcox and the Frio-Vicksburg formations.

Offshore Gulf of Mexico

We are one of the ten largest producers on the shelf in the Offshore Gulf of Mexico with operations on 75 blocks. On a pro forma basis as of December 31, 1998, proved reserves in the Gulf totaled 78.7 million barrels of oil equivalent, or 12% of our total reserves. We operate more than 40 fields and 80 platforms on the central and western shelf. We also hold interests in another 98 exploratory blocks, 39 of which are deepwater. Of the 39 deepwater blocks, two blocks are in production and two blocks are undergoing development. We conduct both shallow and deepwater exploration and development drilling in the Gulf of Mexico.

Primary Operating Areas--International

Our property base outside North America includes approximately 94 million barrels of oil equivalent reserves, or 14% of our total reserves on a pro forma basis as of December 31, 1998. We also have 10.5 million net undeveloped acres outside of North America. While our international operations are focused primarily in Azerbaijan, we also have interests in Venezuela, Brazil, Egypt, Qatar and Australia.

Azerbaijan

Most of our proved reserves that lie outside North America are in Azerbaijan. On a pro forma basis as of December 31, 1998, proved reserves in Azerbaijan totaled 76.1 million barrels of oil equivalent, or 11% of our total reserves. Our properties in Azerbaijan are located in the Caspian Basin, which is considered home to some of the world's last known major undeveloped hydrocarbon reserves. We hold a 4.8% carried interest in the Azeri-Chirag-Gunashli joint development area, which is estimated to contain five billion barrels of crude oil. Peak production for Azerbaijan is estimated sometime between 2005 and 2008.

Developed and Undeveloped Acreage

The following table sets forth our developed and undeveloped oil and gas lease and mineral acreage on a pro forma basis as of December 31, 1998. Gross acres are the total number of acres in which we own a working interest. Net refers to gross acres multiplied by our fractional working interests.

	Developed		Undeveloped	
	Gross	Net	Gross	Net
	(In Thousands of Acres)			
United States--Onshore	2,815	1,583	3,049	1,789
United States--Offshore	328	204	532	384
Canada	1,120	584	2,995	2,175
Australia	--	--	679	271
Azerbaijan	10	--	202	39
Egypt	--	--	9,111	8,842
Qatar	--	--	519	389
Venezuela	23	12	1,434	1,004
Total	4,296	2,383	18,521	14,893

DIRECTORS AND EXECUTIVE OFFICERS OF DEVON

Directors

Our certificate of incorporation classifies the Devon board into three classes with staggered terms of three years each. The number of directors will be fixed from time to time by resolution of the Devon board. The Devon board is currently set at fourteen members consisting of the following:

Name	Age	Previous Board Membership	Expiration of First Term
Thomas F. Ferguson(1)	63	Devon	2001
David M. Gavrin(2)	64	Devon	2001
Michael E. Gellert(3)	68	Devon	2002
John A. Hagg	51	Devon	2000
Henry R. Hamman	61	PennzEnergy	2000
William J. Johnson(4)	64	--	2002
Michael M. Kanovsky	50	Devon	2002
Robert A. Mosbacher, Jr	48	PennzEnergy	2002
J. Larry Nichols	57	Devon	2000
James L. Pate(5)	63	PennzEnergy	2002
H.R. Sanders, Jr	67	Devon	2002
Terry L. Savage	54	PennzEnergy	2001
Brent Scowcroft	74	PennzEnergy	2001
Robert B. Weaver	60	PennzEnergy	2000

(1) Chairman of the Audit Committee. The Audit Committee also consists of one additional former Devon board member and one former PennzEnergy board member.
(2) Chairman of the Compensation and Stock Option Committee. The Compensation and Stock Option Committee also consists of one additional former Devon board member and two former PennzEnergy board members.
(3) Chairman of the Nominating Committee. The Nominating Committee also consists of one additional former Devon board member and two former PennzEnergy board members.
(4) Designated by PennzEnergy and mutually approved by PennzEnergy's chairman of the board and Devon's president prior to the merger. Mr. Johnson is a private consultant for the oil and gas industry and is President and a director of JonLoc Inc., an oil and gas company of which he and his family are the sole shareholders. He also serves as a director of Tesoro Petroleum and J. Ray McDermott, S.A. From 1991 to 1994, Mr. Johnson was President, Chief Operating Officer and a director of Apache Corporation.
(5) Chairman of the Board and Chairman of the Executive Committee. The Executive Committee consists of Mr. Pate and Mr. Nichols.

Our certificate of incorporation provides, that until our annual stockholder meeting in 2000, (1) the initial directors of Devon designated by pre-merger Devon and their designated successors will nominate successors to, and fill any vacancies in, that group of directors and (2) the initial directors of Devon designated by PennzEnergy and their designated successors will nominate successors to, and fill any vacancies in, that group of directors. One member of the PennzEnergy group of directors must be a person mutually agreed to by Devon's chairman and president. Our certificate provides that at and after the annual stockholder meeting in 2000, a majority of the whole board, will nominate successors and fill vacancies.

Executive Officers

Our board will elect executive officers annually to serve in their respective capacities until their successors are duly elected and qualified or until their earlier resignation or removal. The following currently serve as executive officers of Devon:

Name	Age	Office	Pre-merger Company Affiliation
J. Larry Nichols...	57	President and Chief Executive Officer	Devon
J. Michael Lacey...	53	Vice President--Operations and Exploration	Devon
Duke R. Ligon......	58	Vice President--General Counsel	Devon
Darryl G. Smette...	52	Vice President--Marketing and Administrative Planning	Devon
H. Allen Turner....	46	Vice President--Corporate Development	Devon
William T. Vaughn..	52	Vice President--Finance	Devon
Danny J. Heatly....	43	Controller	Devon
Gary L. McGee......	50	Treasurer	Devon
Marian J. Moon.....	49	Secretary	Devon

CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS TO NON-UNITED STATES HOLDERS

General

This is a summary of certain U.S. federal tax considerations of the ownership and disposition of our common stock by a non-U.S. holder as we define that term below. We assume in this summary that our common stock will be held as a capital asset (generally, property held for investment). We do not discuss all aspects of U.S. federal taxation that may be important to particular non-U.S. holders in light of their individual investment circumstances, such as special tax rules that would apply if, for example, a non-U.S. holder is a dealer in securities, financial institution, bank, insurance company, tax-exempt organization, partnership or owner of more than 5% of our common stock.

For purposes of this summary, a "non-U.S. holder" means a holder of our common stock who, for U.S. federal income tax purposes, is not a U.S. person. The term "U.S. person" means any one of the following:

. a citizen or resident of the U.S.;

. a corporation, partnership, or other entity created or organized in the U.S. or under the laws of the U.S. or of any political subdivision of the U.S.;

. an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or

. a trust, if (A) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (B) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This summary is based upon the Internal Revenue Code of 1986, as amended, U.S. Treasury Regulations, judicial precedent, administrative rulings and pronouncements, and other applicable authorities, all as in effect on the date of this prospectus. These authorities are subject to differing interpretations or change, possibly with retroactive effect. We have not sought, and will not seek, any ruling from the U.S. Internal Revenue Service, which we refer to in this summary as the IRS, with respect to the tax considerations discussed below. There can be no assurance that the IRS will not take a position contrary to the tax considerations discussed below or that any position taken by the IRS would not be sustained.

We strongly urge you to consult your tax advisor about the U.S. federal tax consequences of holding and disposing of our common stock, as well as any tax consequences that may arise under the laws of any foreign, state, local, or other taxing jurisdiction.

Dividends

Dividends paid to a non-U.S. holder will generally be subject to withholding of U.S. federal income tax at a rate of 30% of the gross amount paid. If, however, the dividend is effectively connected with the conduct of a trade or business in the U.S. by the non-U.S. holder, the dividend will be subject to U.S. federal income tax imposed on net income on the same basis that applies to U.S. persons generally, and, for corporate holders under certain circumstances, the branch profits tax.

Non-U.S. holders should consult any applicable income tax treaties that may provide for a reduction of, or exemption from, withholding taxes. Under recently finalized U.S. Treasury Regulations, which in general will apply to dividends that we pay after December 31, 2000, to obtain a reduced rate of withholding under an income tax treaty, a non-U.S. holder generally will be required to provide certification as to that non-U.S. holder's entitlement to treaty benefits. These U.S. Treasury Regulations also provide special rules to determine whether, for purposes of applying an income tax treaty, dividends that we pay to a non-U.S. holder that is an entity should be treated as paid to holders of interests in that entity.

Gain on Disposition

A non-U.S. holder will generally not be subject to U.S. federal income tax, including by way of withholding, on gain recognized on a sale or other disposition of our common stock unless any one of the following is true:

. the gain is effectively connected with the conduct of a trade or business in the U.S. by the non-U.S. holder;

. the non-U.S. holder is a nonresident alien individual present in the U.S. for 183 or more days in the taxable year of the disposition and certain other requirements are met;

. the non-U.S. holder is subject to tax pursuant to provisions of the U.S. federal income tax law applicable to certain U.S. expatriates; or

. we are or have been during certain periods a "U.S. real property holding corporation" for U.S. federal income tax purposes.

If we are or have been a U.S. real property holding corporation, a non-U.S. holder will generally not be subject to U.S. federal income tax on gain recognized on a sale or other disposition of our common stock provided that:

. the non-U.S. holder does not hold, and has not held during certain periods, directly or indirectly, more than 5% of our outstanding common stock; and

. our common stock is and continues to be traded on an established securities market for U.S. federal income tax purposes.

We believe that our common stock will be traded on an established securities market for this purpose in any quarter during which it is listed on the American Stock Exchange.

If we are or have been during certain periods a U.S. real property holding corporation and the above exception does not apply, a non-U.S. holder will be subject to U.S. federal income tax with respect to gain realized on any sale or other disposition of our common stock as well as to a withholding tax, generally at a rate of 10% of the proceeds. Any amount withheld pursuant to a withholding tax will be creditable against a non-U.S. holder's U.S. federal income tax liability.

Gain that is effectively connected with the conduct of a trade or business in the U.S. by the non-U.S. holder will be subject to the U.S. federal income tax imposed on net income on the same basis that applies to U.S. persons generally, and, for corporate holders under certain circumstances, the branch profits tax, but will generally not be subject to withholding. Non-U.S. holders should consult any applicable income tax treaties that may provide for different rules.

United States Federal Estate Taxes

Our common stock that is owned or treated as owned by an individual who is not a citizen or resident of the U.S., as specifically defined for U.S. federal estate tax purposes, on the date of that person's death will be included in his or her estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

We must report annually to the IRS and to each non-U.S. holder the amount of dividends that we paid to a holder, and the amount of tax that we withheld on those dividends. This information may also be made available to the tax authorities of a country in which the non-U.S. holder resides. Backup withholding tax will generally not apply to dividends that we pay on our common stock to a non-U.S. holder at an address outside the U.S.

Payments of the proceeds of a sale or other taxable disposition of our common stock by a U.S. office of a broker are subject to both backup withholding at a rate of 31% and information reporting, unless the holder certifies as to its non-U.S. holder status under penalties of perjury or otherwise establishes an exemption. Information reporting requirements, but not backup withholding tax, will also apply to payments of the proceeds of a sale or other taxable disposition of our common stock by a foreign office of a U.S. broker or a foreign broker with certain types of relationships to the U.S., unless the broker has documentary evidence in its records that the holder is a non-U.S. holder and certain other conditions are met or the holder otherwise establishes an exemption.

The U.S. Treasury Department has promulgated final regulations regarding the withholding and information reporting rules discussed above. In general, those regulations do not significantly alter the substantive withholding and information reporting requirements, but unify current certification procedures and forms and clarify reliance standards. The final U.S. Treasury Regulations are generally effective for payments made after December 31, 2000, subject to transition rules.

Backup withholding is not an additional tax. Any amounts that we withhold under the backup withholding rules will be refunded or credited against the non-U.S. holder's U.S. federal income tax liability if certain required information is furnished to the IRS.

UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, J.P. Morgan Securities Inc., PaineWebber Incorporated, Bear, Stearns & Co. Inc. and Schroder & Co. Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. Incorporated	2,100,000
J.P. Morgan Securities Inc	2,100,000
PaineWebber Incorporated	2,100,000
Bear, Stearns & Co. Inc	1,350,000
Schroder & Co. Inc	1,350,000
Credit Suisse First Boston Corporation	120,000
Dain Rauscher Incorporated	60,000
Deutsche Bank Securities Inc	120,000
Goldman, Sachs & Co.	120,000
Johnson Rice & Co. L.L.C	60,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	120,000
Petrie Parkman & Co	60,000
Salomon Smith Barney Inc	120,000
Sanders Morris Mundy	60,000
Stephens Inc	60,000
Total	9,900,000

The underwriters are offering the shares of common stock subject to their acceptance of the shares from Devon and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $1.52 a share under the public offering price. Any underwriter may allow, and such dealers may reallow, a concession not in excess of $.10 a share to other underwriters or to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of 1,485,000 additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over- allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock, listed next to the names of all underwriters in the preceding table. If the underwriters' option is exercised in full, the total price to the public would be $461,092,500, the total underwriters' discounts and commissions would be $17,305,200 and total proceeds to Devon, before expenses, would be $443,787,300.

The common stock has been approved for listing, subject to official notice of issuance, on the American Stock Exchange under the symbol "DVN."

Each of Devon and J. Larry Nichols and John W. Nichols and their respective spouses have agreed, for a period of 90 days following the date of this prospectus, and each of Devon's other directors and executive officers have agreed, for a period of 30 days following the date of this prospectus, that they will not, without the prior written consent of Morgan Stanley & Co. Incorporated on behalf of the underwriters:

. offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or

. enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any transaction described above is to be settled by delivery of common stock or such other securities in cash or otherwise.

The restrictions described in this paragraph do not apply to:

. the sale of shares to the underwriters;

. the issuance by Devon of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing; or

. transactions by any person other than Devon relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in the common stock for their own account. In addition, to cover over-allotments or to stabilize the price of the common stock, the underwriters may bid for, and purchase, shares of common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in the offering, if the syndicate repurchases previously distributed common stock in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the common stock above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

From time to time, Morgan Stanley & Co. Incorporated and PaineWebber Incorporated have provided, and continue to provide, investment banking services to Devon, including acting as financial advisor to Devon in connection with the merger with PennzEnergy.

Devon and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

Certain legal matters in connection with the shares of common stock being offered by this prospectus will be passed upon for us by McAfee & Taft A Professional Corporation. Certain legal matters in connection with this offering will be passed upon for the underwriters by Andrews & Kurth L.L.P.

EXPERTS

The consolidated financial statements of Devon as of and for each of the years ended December 31, 1998, 1997 and 1996 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent certified public accountants, and Deloitte & Touche LLP and PricewaterhouseCoopers LLP, chartered accountants, incorporated by reference in this document, and upon the authority of said firms as experts in accounting and auditing.

The audited consolidated financial statements of PennzEnergy and its subsidiaries incorporated by reference in this registration statement/prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

Certain information with respect to our oil and gas reserves derived from the reports of LaRoche Petroleum Consultants, Ltd., AMH Group Ltd., Paddock Lindstrom & Associates Ltd. and John P. Hunter & Associates, Ltd., independent consulting petroleum engineers, has been included and incorporated by reference herein upon the authority of said firms as experts with respect to matters covered by such reports and in giving such reports.

Certain information with respect to PennzEnergy's oil and gas reserves derived from the report of Ryder Scott Company, L.P., independent consulting petroleum engineers, has been included and incorporated by reference herein upon the authority of said firm as experts with respect to matters covered by such report and in giving such report.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information we file at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at "http://www.sec.gov".

We filed with the SEC a registration statement on Form S-3 with respect to the common stock offered by this prospectus. This prospectus is a part of that registration statement. As allowed by SEC rules, this prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

The SEC allows us to "incorporate by reference" information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in, or incorporated by reference in, this prospectus. This prospectus incorporates by reference the documents set forth below that we or PennzEnergy have previously filed with the SEC. These documents contain important information about our companies and their finances.

Devon SEC Filings

(File No. 001-30176)	Period
Current Report on Form 8-K	Filed on August 18, 1999
Current Report on Form 8-K	Filed on August 31, 1999
(File No. 001-10067)	
Annual Report on Form 10-K	Year ended December 31, 1998
Quarterly Report on Form 10-Q	Quarter ended March 31, 1999
Current Report on Form 8-K/A	Filed on February 2, 1999
Current Report on Form 8-K	Filed on February 8, 1999
Current Report on Form 8-K	Filed on February 22, 1999
Proxy Statement on Schedule 14A	Filed on April 9, 1999
Current Report on Form 8-K	Filed on April 28, 1999
Current Report on Form 8-K	Filed on May 21, 1999
Current Report on Form 8-K	Filed on June 1, 1999
Proxy Statement on Schedule 14A	Filed on July 16, 1999
Current Report on Form 8-K	Filed on July 22, 1999
Quarterly Report on Form 10-Q	Quarter ended June 30, 1999
Current Report on Form 8-K	Filed on August 13, 1999

PennzEnergy SEC Filings

(File No. 001-05591)	
Part II, Item 8. "Financial Statements and Supplementary Data" of the Annual Report on Form 10-K	Fiscal year ended December 31, 1998
Part I, Item 1. "Financial Statements" of the Quarterly Report on Form 10-Q.	Quarter ended March 31, 1999
Proxy Statement on Schedule 14A	Filed on March 25, 1999
Part I, Item 1. "Financial Statements" of the Quarterly Report on Form 10-Q	Quarter ended June 30, 1999
Current Report on Form 8-K	Filed on August 17, 1999

We are also incorporating by reference additional documents that we file with the SEC between the date of this prospectus and the termination of the offering.

Documents incorporated by reference are available from us without charge, excluding all exhibits unless we have specifically incorporated by reference an exhibit in this prospectus. You may obtain documents incorporated by reference in this prospectus by requesting them in writing, by e-mail or by telephone from us at the following address:

Devon Energy Corporation
20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102-8260
Attention: Corporate Secretary
Tel: (405) 235-3611
moonm@dvn.com

You can also get more information by visiting our web site at "http://www.devonenergy.com". Web site materials are not part of this prospectus.

CAUTIONARY STATEMENT CONCERNING

FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this document and in the documents referred to in this document which are subject to risks and uncertainties, including those discussed under the caption "Risk Factors." These statements are based on the beliefs and assumptions of our management and on the information currently available to them.

Statements and calculations concerning oil and gas reserves and their present value also may be deemed to be forward-looking statements in that they reflect the determination, based on estimates and assumptions, that oil and gas reserves may be profitably exploited in the future. When used or referred to in this document, these forward-looking statements may be preceded by, followed by, or otherwise include the words "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects" or similar expressions, or statements that certain events or conditions "will" or "may" occur.

Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any intention or obligation to update forward-looking statements after we distribute this document.

COMMONLY USED OIL AND GAS TERMS

"Bbl" means barrel.

"Bbl/d" means Bbl per day.

"Bcf" means billion cubic feet.

"Boe" means equivalent barrels of oil, calculated by converting gas to equivalent Bbls. The U.S. convention for this conversion is six Mcf equals one Boe.

"Boe/d" means Boe per day.

"Cash margin" means total revenues less cash expenses. Cash expenses are all expenses other than the non-cash expenses of depreciation, depletion and amortization, deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt, reduction of carrying value of oil and gas properties and deferred income tax expense.

"MBbls" means thousand barrels.

"MBoe" means thousand Boe.

"Mcf" means thousand cubic feet.

"Mcfe" means thousand equivalent cubic feet of gas, calculated by converting

oil and NGLs to equivalent Mcf. The U.S. convention for this conversion is one- sixth Bbl equals one Mcfe.

"MMBbls" means million barrels.

"MMBoe" means million Boe.

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

"MMcf" means million cubic feet.

"MMcf/d" means MMcf per day.

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

"NGL" means natural gas liquids.

"Oil" includes crude oil and condensate.

"SEC 10% present value" is the pre-tax present value of future net cash flows from proved reserves, discounted at 10% per year. Oil, gas and NGL prices used to calculate future revenues are based on year-end prices held constant, except where fixed and determinable price changes are provided by contractual arrangements. Future development and production costs are also based on year- end costs and assume the continuation of existing economic conditions.

"Standardized measure of discounted future net cash flows" is the SEC 10% present value defined above, less applicable income taxes.

"Tcf" means trillion cubic feet.

Devon Energy Corporation Logo

End of Filing