

# DEVON ENERGY CORP/DE

## FORM 10-Q (Quarterly Report)

Filed 08/13/02 for the Period Ending 06/30/02

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

# DEVON ENERGY CORP/DE

## FORM 10-Q (Quarterly Report)

Filed 8/13/2002 For Period Ending 6/30/2002

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

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 10-Q

(Mark One)

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

**For the Quarterly Period Ended June 30, 2002**

OR

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

*Commission File No. 000-30176*

## DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE  
(State or Other Jurisdiction of  
Incorporation or Organization)

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

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

73102-8260  
(Zip Code)

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

Not applicable

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

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

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The number of shares outstanding of Registrant's common stock, par value \$.10, as of July 31, 2002, was 160,200,000.

1 of 441 total pages

(Exhibit Index is found at page 54)

# DEVON ENERGY CORPORATION

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### DEFINITIONS

As used in this document:

"Mcf" means thousand cubic feet

"Bcf" means billion cubic feet

"Bbl" means barrel

"MBbls" means thousand barrels

"MMBbls" means million barrels

"Boe" means equivalent barrels of oil

"MMBoe" means million equivalent barrels of oil "Oil" includes crude oil and condensate "NGLs" means natural gas liquids "C\$" means Canadian dollar

**DEVON ENERGY CORPORATION**

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**  
JUNE 30, 2002 AND 2001

(FORMING A PART OF FORM 10-Q QUARTERLY REPORT  
TO THE SECURITIES AND EXCHANGE COMMISSION)

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(IN MILLIONS, EXCEPT SHARE DATA)

	JUNE 30, 2002	DECEMBER 31, 2001
	----- (UNAUDITED)	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$      425	185
Accounts receivable	636	503
Inventories	43	26
Fair value of financial instruments	9	195
Deferred income taxes	7	--
Income taxes receivable	--	68
Investments and other current assets	41	45
	-----	-----
Total current assets	1,161	1,022
	-----	-----
Property and equipment, at cost, based on the full cost method of accounting for oil and gas properties (\$2,563 and \$1,938 excluded from amortization in 2002 and 2001, respectively)	18,805	15,243
Less accumulated depreciation, depletion and amortization	7,718	6,360
	-----	-----
	11,087	8,883
Investment in ChevronTexaco Corporation common stock, at fair value	628	636
Fair value of financial instruments	--	31
Goodwill	3,670	2,206
Assets of discontinued operations	--	212
Other assets	327	194
	-----	-----
Total assets	\$     16,873	13,184
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable:		
Trade	426	440
Revenues and royalties due to others	256	170
Income taxes payable	79	17
Accrued interest payable	51	102
Merger related expenses payable	25	7
Fair value of financial instruments	24	15
Deferred income taxes	--	57
Accrued expenses and other current liabilities	198	72
	-----	-----
Total current liabilities	1,059	880
	-----	-----
Other liabilities	289	172
Debentures exchangeable into shares of ChevronTexaco Corporation common stock	655	649
Other long-term debt	7,377	5,940
Deferred revenue	17	51
Fair value of financial instruments	47	45
Liabilities of discontinued operations	--	77
Deferred income taxes	2,645	2,111
Stockholders' equity:		
Preferred stock of \$1.00 par value (\$100 liquidation value)		
Authorized 4,500,000 shares; issued 1,500,000 in 2002 and 2001	1	1
Common stock of \$.10 par value		
Authorized 400,000,000 shares; issued 160,200,000 in 2002 and 129,886,000 in 2001	16	13
Additional paid-in capital	5,165	3,610
Accumulated deficit	(210)	(147)
Accumulated other comprehensive income (loss)	2	(28)
Treasury stock, at cost: 3,754,000 shares in 2002 and 2001	(190)	(190)
	-----	-----
Total stockholders' equity	4,784	3,259
	-----	-----
Total liabilities and stockholders' equity	\$     16,873	13,184
	=====	=====

See accompanying notes to consolidated financial statements.

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(UNAUDITED)			
<b>REVENUES</b>				
Oil sales	\$ 262	209	495	427
Gas sales	564	443	1,032	1,168
Natural gas liquids sales	72	32	127	64
Marketing and midstream revenue	267	15	427	35
	-----	-----	-----	-----
Total revenues	1,165	699	2,081	1,694
	-----	-----	-----	-----
<b>PRODUCTION AND OPERATING COSTS AND EXPENSES</b>				
Lease operating expenses	166	107	325	218
Transportation costs	38	19	76	36
Production taxes	35	29	57	74
Marketing and midstream costs and expenses	222	12	347	28
Depreciation, depletion and amortization of property and equipment	327	180	643	357
Amortization of goodwill	--	9	--	17
General and administrative expenses	54	26	104	49
Reduction of carrying value of oil and gas properties	651	77	651	77
	-----	-----	-----	-----
Total costs and expenses	1,493	459	2,203	856
	-----	-----	-----	-----
Earnings (loss) from operations	(328)	240	(122)	838
<b>OTHER INCOME (EXPENSES)</b>				
Interest expense	(148)	(35)	(272)	(69)
Effects of changes in foreign currency exchange rates	16	--	12	--
Change in fair value of financial instruments	24	7	7	(7)
Other income	6	12	21	20
	-----	-----	-----	-----
Net other expenses	(102)	(16)	(232)	(56)
	-----	-----	-----	-----
Earnings (loss) from continuing operations before income tax expense and cumulative effect of change in accounting principle	(430)	224	(354)	782
<b>INCOME TAX EXPENSE (BENEFIT)</b>				
Current	77	(3)	87	141
Deferred	(304)	100	(295)	174
	-----	-----	-----	-----
Total income tax expense (benefit)	(227)	97	(208)	315
	-----	-----	-----	-----
Earnings (loss) from continuing operations before cumulative effect of change in accounting principle	(203)	127	(146)	467
<b>DISCONTINUED OPERATIONS</b>				
Results of discontinued operations before income taxes (including gain on disposal of \$97 million in the 2002 periods)	100	16	108	35
Total income tax expense	1	7	4	15
	-----	-----	-----	-----
Net results of discontinued operations	99	9	104	20
	-----	-----	-----	-----
Earnings (loss) before cumulative effect of change in accounting principle	(104)	136	(42)	487
Cumulative effect of change in accounting principle, net of income tax expense of \$32 million	--	--	--	49
	-----	-----	-----	-----
Net earnings (loss)	(104)	136	(42)	536
Preferred stock dividends	3	3	5	5
	-----	-----	-----	-----
Net earnings (loss) applicable to common stockholders	\$ (107)	133	(47)	531
	=====	=====	=====	=====

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

(CONTINUED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(UNAUDITED)			
Basic earnings (loss) per average common share outstanding:				
Earnings (loss) from continuing operations	\$ (1.31)	0.96	(0.99)	3.58
Earnings from discontinued operations	0.63	0.07	0.68	0.15
Cumulative effect of change in accounting principle	--	--	--	0.38
	-----	-----	-----	-----
Net earnings (loss)	\$ (0.68)	1.03	(0.31)	4.11
	-----	-----	-----	-----
Diluted earnings (loss) per average common share outstanding:				
Earnings (loss) from continuing operations	\$ (1.31)	0.94	(0.99)	3.44
Earnings from discontinued operations	0.63	0.07	0.68	0.15
Cumulative effect of change in accounting principle	--	--	--	0.37
	-----	-----	-----	-----
Net earnings (loss)	\$ (0.68)	1.01	(0.31)	3.96
	-----	-----	-----	-----
Weighted average common shares outstanding-basic	157	129	153	129
	-----	-----	-----	-----
Weighted average common shares outstanding-diluted	163	135	159	135
	-----	-----	-----	-----

See accompanying notes to consolidated financial statements.

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE OPERATIONS**  
(IN MILLIONS)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2002	2001	2002	2001
	-----	-----	-----	-----
Net earnings (loss)	\$ (104)	136	(42)	536
		(UNAUDITED)		
Other comprehensive earnings (loss), net of tax:				
Foreign currency translation adjustments	202	16	200	(3)
Cumulative effect of change in accounting principle	--	--	--	(37)
Adjustment to reclassify derivative (gains) losses into oil and gas sales	1	10	(41)	15
Change in fair value of outstanding hedging positions	4	28	(124)	41
Unrealized gains (losses) on marketable securities	(8)	12	(5)	27
	-----	-----	-----	-----
Comprehensive earnings (loss)	\$ 95	202	(12)	579
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(IN MILLIONS)

	SIX MONTHS ENDED JUNE 30,	
	2002	2001
	(UNAUDITED)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net earnings (loss) from continuing operations	\$ (146)	467
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:		
Depreciation, depletion and amortization of property and equipment	643	357
Amortization of goodwill	--	17
Reduction of carrying value of oil and gas properties	651	77
Effects of changes in foreign currency exchange rates	(12)	--
Change in fair value of derivative instruments	(7)	7
Deferred income tax expense (benefit)	(295)	174
Operating cash flows of discontinued operations	20	30
Accretion of discounts on other long-term debt, net	16	11
Gain on sale of assets	(2)	--
Other	(10)	1
Changes in assets and liabilities, net of effects of acquisitions of businesses:		
Decrease (increase) in:		
Accounts receivable	(22)	43
Inventories	14	9
Prepaid expenses	10	18
Other assets	(35)	(15)
(Decrease) increase in:		
Accounts payable	(75)	(17)
Income taxes payable	144	(16)
Accrued expenses and other current liabilities	40	(11)
Deferred revenue	(33)	(32)
Long-term other liabilities	(5)	(20)
Net cash provided by operating activities	896	1,100
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	1,036	26
Capital expenditures, including business acquisitions	(2,572)	(998)
Discontinued operations	(6)	(21)
Net cash used in investing activities	(1,542)	(993)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings of long-term debt, net of issuance costs	4,730	366
Principal payments on long-term debt	(3,840)	(258)
Issuance of common stock, net of issuance costs	18	40
Repurchase of common stock	--	(13)
Dividends paid on common stock	(16)	(13)
Dividends paid on preferred stock	(5)	(5)
Net cash provided by financing activities	887	117
Effect of exchange rate changes on cash	(1)	(1)
Net increase in cash and cash equivalents	240	223
Cash and cash equivalents at beginning of period	185	204
Cash and cash equivalents at end of period	\$ 425	427

See accompanying notes to consolidated financial statements.

## DEVON ENERGY CORPORATION AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements and notes thereto of Devon Energy Corporation ("Devon") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in Devon's 2001 Annual Report on Form 10-K.

In the opinion of Devon's management, all adjustments (all of which are normal and recurring) have been made which are necessary to fairly state the consolidated financial position of Devon and its subsidiaries as of June 30, 2002, and the results of their operations and their cash flows for the three-month and six-month periods ended June 30, 2002 and 2001. Certain of the 2001 amounts in the accompanying consolidated financial statements have been reclassified to conform to the 2002 presentation.

#### 2. BUSINESS COMBINATIONS AND PRO FORMA INFORMATION

##### **Mitchell Energy & Development Corp. Merger**

On January 24, 2002, Devon completed its acquisition of Mitchell Energy & Development Corp. ("Mitchell"). Under the terms of this merger, Devon issued approximately 30 million shares of Devon common stock and paid \$1.6 billion in cash to the Mitchell stockholders. The cash portion of the acquisition was funded from borrowings under a \$3.0 billion senior unsecured term loan credit facility (see Note 3).

Devon acquired Mitchell for the significant development and exploitation projects in each of Mitchell's core areas, increased marketing and midstream operations and increased exposure to the North American natural gas market.

The calculation of the purchase price and the preliminary allocation to assets and liabilities as of January 24, 2002, are shown below. The purchase price allocation is preliminary because certain items such as the determination of the final tax bases and fair value of the assets and liabilities as of the acquisition date are subject to change.

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(IN MILLIONS,  
EXCEPT SHARE PRICE)

Calculation and preliminary allocation of purchase price:

Shares of Devon common stock issued to Mitchell stockholders	30
Average Devon stock price	\$ 50.95
	-----
Fair value of common stock issued	\$ 1,512
Cash paid to Mitchell stockholders, calculated at \$31 per outstanding common share of Mitchell	1,573
	-----
Fair value of Devon common stock and cash to be issued to Mitchell stockholders	3,085
Plus estimated acquisition costs incurred	90
Plus fair value of Mitchell employee stock options assumed by Devon	27
	-----
Total purchase price	3,202
Plus fair value of liabilities assumed by Devon:	
Current liabilities	177
Long-term debt	506
Other long-term liabilities	129
Deferred income taxes	799
	-----
Total purchase price plus liabilities assumed	\$ 4,813
	=====
Fair value of assets acquired by Devon:	
Current assets	169
Proved oil and gas properties	1,535
Unproved oil and gas properties	639
Gas services facilities and equipment	1,000
Other property and equipment	14
Other assets	83
Goodwill (none deductible for income taxes)	1,373
	-----
Total fair value of assets acquired	\$ 4,813
	=====

**Anderson Exploration Ltd. Acquisition**

On October 12, 2001, Devon accepted all of the Anderson common shares tendered by Anderson stockholders in the tender offer, which represented approximately 97% of the outstanding Anderson common shares. On October 17, 2001, Devon completed its acquisition of Anderson by a compulsory acquisition under the Canada Business Corporations Act of the remaining 3% of Anderson common shares. The cost to Devon of acquiring Anderson's outstanding common shares and paying for the intrinsic value of Anderson's outstanding options and appreciation rights was approximately \$3.5 billion, which was funded from the sale of \$3.0 billion of debt securities and borrowings under a \$3.0 billion senior unsecured term loan credit facility (see Note 3).

**Pro Forma Information**

Set forth in the following table is certain unaudited pro forma financial information for the six-month periods ended June 30, 2002 and 2001. The information for the six-month periods ended June 30, 2002 and 2001, has been prepared assuming the Anderson acquisition and the Mitchell merger were consummated on January 1, 2001. All pro forma information is based on estimates and assumptions deemed appropriate by Devon. The pro forma information is presented for illustrative purposes only. If the transactions had occurred in the past, Devon's operating results might have been different from those presented in the following table. The pro forma information should not be relied upon as an indication of the operating results that Devon would have achieved if the transactions had occurred on January 1, 2001. The pro forma information also should not be used as an indication of the future results that Devon will achieve after the transactions.

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following should be considered in connection with the pro forma financial information presented:

- On February 12, 2001, Anderson acquired all of the outstanding shares of Numac Energy Inc. The summary unaudited pro forma combined statements of operations do not include any results from Numac's operations prior to February 12, 2001.

- Devon's historical results of operations for the six-month period ended June 30, 2001 include \$17 million of amortization expense for goodwill related to previous mergers. As of January 1, 2002, in accordance with new accounting pronouncements, such goodwill is no longer amortized, but instead will be tested for impairment at least annually. No goodwill amortization expense has been recognized in the pro forma statements of operations for the goodwill related to the Anderson acquisition and the Mitchell merger.

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	PRO FORMA INFORMATION SIX MONTHS ENDED JUNE 30	
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS AND PRODUCTION VOLUMES)	
	2002	2001
	-----	-----
REVENUES		
Oil sales	\$ 497	\$ 598
Gas sales	1,054	2,086
Natural gas liquids sales	132	174
Marketing and midstream revenue	497	757
	-----	-----
Total revenues	2,180	3,615
	-----	-----
PRODUCTION AND OPERATING COSTS AND EXPENSES		
Lease operating expenses	329	357
Transportation costs	79	75
Production taxes	58	95
Marketing and midstream costs and expenses	412	672
Depreciation, depletion and amortization of property and equipment	662	633
Amortization of goodwill	--	17
General and administrative expenses	109	95
Reduction of carrying value of oil and gas properties	651	77
	-----	-----
Total production and operating costs and expenses	2,300	2,021
	-----	-----
Earnings (loss) from operations	(120)	1,594
OTHER INCOME (EXPENSES)		
Interest expense	(273)	(242)
Effects of changes in foreign currency exchange rates	12	5
Change in fair value of financial instruments	7	(20)
Other income	21	18
	-----	-----
Net other expenses	(233)	(239)
	-----	-----
Earnings (loss) from continuing operations before income tax expense (benefit) and cumulative effect of change in accounting principle	(353)	1,355
INCOME TAX EXPENSE (BENEFIT)		
Current	87	192
Deferred	(294)	326
	-----	-----
Total income tax expense (benefit)	(207)	518
	-----	-----
Earnings (loss) from continuing operations before cumulative effect of change in accounting principle	(146)	837
DISCONTINUED OPERATIONS		
Results of discontinued operations before income taxes (including gain on disposal of \$97 million in 2002)	108	35
Total income tax expense	4	15
	-----	-----
Net results of discontinued operations	104	20
	-----	-----
Earnings (loss) before cumulative effect of change in accounting principle	(42)	857
Cumulative effect of change in accounting principle	--	49
	-----	-----
Net earnings (loss)	(42)	906
Preferred stock dividends	5	5
	-----	-----
Net earnings (loss) applicable to common stockholders	\$ (47)	\$ 901
	=====	=====

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	PRO FORMA INFORMATION	
	SIX MONTHS ENDED JUNE 30	
	(IN MILLIONS, EXCEPT PER SHARE AMOUNTS AND PRODUCTION VOLUMES)	
	2002	2001
	-----	-----
Basic earnings (loss) per average common share outstanding:		
Earnings (loss) from continuing operations	\$ (0.97)	5.26
Earnings from discontinued operations	\$ 0.67	0.12
Cumulative effect of change in accounting principle	--	0.31
	-----	-----
Net earnings (loss)	\$ (0.30)	5.69
	=====	=====
Diluted earnings (loss) per average common share outstanding:		
Earnings (loss) from continuing operations	\$ (0.97)	5.07
Earnings from discontinued operations	\$ 0.67	0.12
Cumulative effect of change in accounting principle	--	0.30
	-----	-----
Net earnings (loss)	\$ (0.30)	5.49
	=====	=====
Weighted average common shares outstanding - basic	156	158
	=====	=====
Weighted average common shares outstanding - diluted	162	165
	=====	=====
Production volumes:		
Oil (MMBbls)	24	28
Gas (Bcf)	404	392
NGLs (MMBbls)	11	8
MMBoe	102	101

### 3. LONG-TERM DEBT

#### **\$3 Billion Term Loan Credit Facility**

Prior to December 31, 2001, Devon used proceeds of \$1 billion of its \$3 billion term loan credit facility to partially fund the Anderson acquisition. The remaining \$2 billion of availability was utilized upon the closing of the Mitchell acquisition on January 24, 2002. As of June 30, 2002, \$1.7 billion of the balance outstanding was retired. The primary sources of the repayments were the issuance of \$1 billion of debt securities discussed below and \$896 million from the sale of certain oil and gas properties. With the proceeds from additional property sales through July 31, 2002, the term loan balance has been further reduced by \$153 million. The term loan's balance as of July 31, 2002, was \$1.1 billion.

#### **Debt Securities**

On March 25, 2002, Devon sold \$1 billion of 7.95% notes due April 15, 2032. The net proceeds received, after discounts and issuance costs, were \$986 million. The debt securities are unsecured and unsubordinated obligations of Devon. The net proceeds were partially used to pay down \$820 million on Devon's \$3 billion term loan credit facility. The remaining \$166 million of net proceeds was used in June 2002 to partially fund the early extinguishment of \$175 million of 8.75% senior notes due June 15, 2007. The notes were redeemed at 104.375% of principal, or approximately \$183 million.

#### **Commercial Paper**

As of June 30, 2002, Devon had \$315 million of borrowings under its commercial paper program at an average rate of 2.3%. Because Devon has the intent and ability to refinance the balance due with borrowings under its credit facilities, the \$315 million outstanding under the commercial paper program was classified as long-term debt on the June 30, 2002 consolidated balance sheet.

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Amendment of Existing Credit Facilities**

Devon has \$1 billion of unsecured long-term credit facilities (the "Credit Facilities"). The Credit Facilities include a U.S. facility of \$725 million (the "U.S. Facility") and a Canadian facility of \$275 million (the "Canadian Facility"). The \$725 million U.S. Facility consists of a Tranche A facility of \$200 million and a Tranche B facility of \$525 million. On June 7, 2002, Devon renewed the \$525 million Tranche B facility and its \$275 million Canadian facility.

The Tranche A facility matures on October 15, 2004. Devon may borrow funds under the Tranche B facility until June 5, 2003 (the "Tranche B Revolving Period"). Devon may request that the Tranche B Revolving Period be extended an additional 364 days by notifying the agent bank of such request between 30 and 60 days prior to the end of the Tranche B Revolving Period. On June 6, 2003, at the end of the Tranche B Revolving Period, Devon may convert the then outstanding balance under the Tranche B facility to a two-year term loan by paying the Agent a fee of 12.5 basis points. The applicable borrowing rate would be at LIBOR plus 125 basis points. On June 30, 2002, there were no borrowings outstanding under the \$725 million U.S. Facility. The available capacity under the U.S. Facility as of June 30, 2002, net of commercial paper borrowings, was \$410 million.

Devon may borrow funds under the \$275 million Canadian Facility until June 5, 2003 (the "Canadian Facility Revolving Period"). Devon may request that the Canadian Facility Revolving Period be extended an additional 364 days by notifying the agent bank of such request between 30 and 60 days prior to the end of the Canadian Facility Revolving Period. Debt outstanding as of the end of the Canadian Facility Revolving Period is payable in semiannual installments of 2.5% each for the following five years, with the final installment due five years and one day following the end of the Canadian Facility Revolving Period. On June 30, 2002, there were no borrowings under the \$275 million Canadian facility.

Under the terms of the Credit Facilities, Devon has the right to reallocate up to \$100 million of the unused Tranche B facility maximum credit amount to the Canadian Facility. Conversely, Devon also has the right to reallocate up to \$100 million of unused Canadian Facility maximum credit amount to the Tranche B Facility.

Amounts borrowed under the Credit Facilities bear interest at various fixed rate options that Devon may elect for periods up to six months. Such rates are generally less than the prime rate. Devon may also elect to borrow at the prime rate. The Credit Facilities provide for an annual facility fee of \$1.4 million that is payable quarterly.

The agreements governing the Credit Facilities contain certain covenants and restrictions, including a maximum allowed debt-to-capitalization ratio as defined in the agreements.

**Letter of Credit Facility**

On July 25, 2002, Devon renewed and increased its letter of credit and revolving bank facility ("LOC Facility") for its Canadian operations. This C\$150 million LOC Facility will be used primarily by Devon's wholly-owned subsidiaries, Devon Canada Corporation and Northstar Energy Corporation, to issue letters of credit. As of July 31, 2002, C\$104 million of letters of credit were issued under the LOC Facility primarily for Canadian drilling commitments.

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES**

Devon has periodically entered into oil and gas financial instruments and foreign exchange rate swaps to manage its exposure to oil and gas price volatility. The foreign exchange rate swaps mitigate the effect of volatility in the Canadian-to-U.S. dollar exchange rate on Canadian oil revenues that are predominantly based on U.S. dollar prices. The hedging instruments are usually placed with counterparties that Devon believes are minimal credit risks. It is Devon's policy to only enter into derivative contracts with investment grade rated counterparties deemed by management to be competent and competitive market makers. The oil and gas reference prices upon which the price hedging instruments are based reflect various market indices that have a high degree of historical correlation with actual prices received by Devon.

As of June 30, 2002, \$15 million of net deferred losses on derivative instruments in "accumulated other comprehensive income (loss)" are expected to be reclassified to earnings from operations during the next 12 months. Transactions and events expected to occur over the next 12 months that will necessitate reclassifying these derivatives' losses to earnings from operations are primarily the production and sale of the hedged oil and gas quantities. The maximum term over which Devon is hedging exposures to the variability of cash flows for commodity price risk is 30 months.

Devon recorded in its statements of operations a gain of \$24 million and \$7 million in the second quarter of 2002 and 2001, respectively, and a gain of \$7 million and a loss of \$7 million in the six-month periods ended June 30, 2002 and 2001, respectively, for the change in fair value of derivative instruments that do not qualify for hedge accounting treatment, as well as the ineffectiveness of derivatives that do qualify as hedges. Included in the three-month and six-month periods ended June 30, 2002 are net gains of approximately \$3 million and \$10 million, respectively, related to such ineffectiveness. These gains are related to both (i) the ineffectiveness of the various cash flow hedges and (ii) the component of the derivative instrument gain or loss excluded from the assessment of hedge effectiveness.

**5. GOODWILL**

Effective January 1, 2002, Devon adopted the remaining provisions of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). Under SFAS No. 142, goodwill and intangible assets with indefinite useful lives are no longer amortized, but are instead tested for impairment at least annually.

As of January 1, 2002, Devon had unamortized goodwill in the amount of \$2.2 billion, which was subject to the transition goodwill impairment assessment provisions of SFAS No. 142. Devon has completed its assessment of the fair value of its reporting units and compared such fair value to each reporting unit's carrying value, including goodwill, as of January 1, 2002. Based on this assessment, no transitional impairment of the carrying value of goodwill was required.

As a result of the January 2002 Mitchell acquisition, goodwill increased \$1.4 billion. All of the Mitchell-related goodwill is recorded in Devon's U.S. segment.

Following is a reconciliation of reported net income and the related earnings per share amounts

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assuming the provisions of SFAS No. 142 had been adopted as of January 1, 2001.

	FOR THE THREE MONTHS ENDED JUNE 30,	
	2002	2001
	----- (IN MILLIONS) -----	
Net earnings (loss) applicable to common shareholders, as reported	\$ (107)	133
Add back amortization of goodwill	--	9
	-----	-----
Net earnings (loss) applicable to common shareholders, as adjusted	\$ (107)	142
	=====	=====
Basic earnings (loss) per share:		
Net earnings (loss) applicable to common shareholders, as reported	\$ (0.68)	1.03
Amortization of goodwill	--	0.07
	-----	-----
Net earnings (loss) applicable to common shareholders, as adjusted	\$ (0.68)	1.10
	=====	=====
Diluted earnings (loss) per share:		
Net earnings (loss) applicable to common shareholders, as reported	\$ (0.68)	1.01
Amortization of goodwill	--	0.07
	-----	-----
Net earnings (loss) applicable to common shareholders, as adjusted	\$ (0.68)	1.08
	=====	=====

	FOR THE SIX MONTHS ENDED JUNE 30,	
	2002	2001
	----- (IN MILLIONS) -----	
Net earnings (loss) applicable to common shareholders, as reported	\$ (47)	531
Add back amortization of goodwill	--	17
	-----	-----
Net earnings (loss) applicable to common shareholders, as adjusted	\$ (47)	548
	=====	=====
Basic earnings (loss) per share:		
Net earnings (loss) applicable to common shareholders, as reported	\$ (0.31)	4.11
Amortization of goodwill	--	0.13
	-----	-----
Net earnings (loss) applicable to common shareholders, as adjusted	\$ (0.31)	4.24
	=====	=====
Diluted earnings (loss) per share:		
Net earnings (loss) applicable to common shareholders, as reported	\$ (0.31)	3.96
Amortization of goodwill	--	0.13
	-----	-----
Net earnings (loss) applicable to common shareholders, as adjusted	\$ (0.31)	4.09
	=====	=====

**6. EARNINGS PER SHARE**

The following table reconciles the net earnings and common shares outstanding used in the calculations of basic and diluted earnings per share for the three-month and six-month periods ended June 30, 2001. The diluted loss per share calculations for the three-month and six-month periods ended June 30, 2002 produce results that are anti-dilutive. (The diluted calculation for the three months ended June 30, 2002 reduced the net loss by \$2 million and increased the common shares outstanding by 6 million shares. The diluted calculation for the six months ended June 30, 2002 reduced the net loss by \$5 million and increased the common shares outstanding by 6 million shares.) Therefore, the diluted loss per share amounts for the three-month and six-month periods

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
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ended June 30, 2002 reported in the accompanying consolidated statements of operations are the same as the basic loss per share amounts.

	NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	COMMON SHARES OUTSTANDING	NET EARNINGS PER SHARE
	-----	-----	-----
	( IN MILLIONS )		
THREE MONTHS ENDED JUNE 30, 2001:			
Basic earnings per share	\$ 133	129	\$ 1.03 =====
Dilutive effect of:			
Potential common shares issuable upon conversion of senior convertible debentures (the increase in net earnings is net of income tax expense of \$1)	3	4	
Potential common shares issuable upon the exercise of outstanding stock options	--	2	
	-----	-----	
Diluted earnings per share	\$ 136 =====	135 =====	\$ 1.01 =====
SIX MONTHS ENDED JUNE 30, 2001:			
Basic earnings per share	\$ 531	129	\$ 4.11 =====
Dilutive effect of:			
Potential common shares issuable upon conversion of senior convertible debentures (the increase in net earnings is net of income tax expense of \$2)	5	4	
Potential common shares issuable upon the exercise of outstanding stock options	--	2	
	-----	-----	
Diluted earnings per share	\$ 536 =====	135 =====	\$ 3.96 =====

All options to purchase Devon common stock were excluded from the diluted earnings per share calculations for the 2002 periods because of the anti-dilutive effect of such options. Options to purchase approximately 1.0 million shares of Devon's common stock with exercise prices ranging from \$56.76 per share to \$89.66 per share (with a weighted average price of \$65.31 per share) were excluded from the diluted earnings per share calculation for the second quarter of 2001.

Options to purchase approximately 1.0 million shares of Devon's common stock, with exercise prices from \$57.72 to \$89.66 per share (with a weighted average price of \$65.34 per share) were excluded from the diluted earnings per share calculation for the first six months of 2001.

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**7. REDUCTION OF CARRYING VALUE OF OIL AND GAS PROPERTIES**

Under the full cost method of accounting, the net book value of oil and gas properties less related deferred income taxes (the "costs to be recovered"), may not exceed a calculated "full cost ceiling." The ceiling limitation is the discounted estimated after-tax future net revenues from oil and gas properties. The ceiling is imposed separately by country. In calculating future net revenues, current prices and costs are generally held constant indefinitely, and Devon does not include the effect of hedges in the calculation of the future net revenues. Therefore, the ceiling limitation is not necessarily indicative of the properties' fair value. The costs to be recovered are compared to the ceiling on a quarterly basis. If the costs to be recovered exceed the ceiling, the excess is written off as an expense.

An expense recorded in one period may not be reversed in a subsequent period even though higher oil and gas prices may have increased the ceiling applicable to the subsequent period.

Based on oil and natural gas cash market prices as of June 30, 2002, Devon's Canadian costs to be recovered exceeded the related ceiling value by \$371 million. This after-tax amount resulted in a pre-tax reduction of the carrying value of Devon's Canadian oil and gas properties of \$651 million in the second quarter of 2002. This reduction was the result of a sharp drop in Canadian gas prices during the last half of June 2002. The June 30, 2002, reference prices used in the Canadian ceiling calculation, expressed in Canadian dollars, were a NYMEX price of C\$40.79 per barrel of oil and an AECO price of C\$2.17 per Mcf of gas. The cash market prices of natural gas increased during the month of July 2002 prior to Devon's release of its second quarter results, but the increase was not sufficient to offset the entire reduction calculated as of June 30.

**8. DISCONTINUED OPERATIONS**

Effective January 1, 2002, Devon was required to adopt SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which supersedes both SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of and the accounting and reporting provisions of APB Opinion No. 30, Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, for the disposal of a segment of a business (as previously defined in that Opinion).

On April 18, 2002, Devon, sold its Indonesian operations to PetroChina Company Limited for total cash consideration of \$262 million. Devon received approximately \$250 million upon closing. An additional \$12 million could be received upon successful completion of certain events. In accordance with SFAS No. 144, Devon has reclassified the assets, liabilities and results

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of its Indonesian operations, which were included in Devon's International segment, as discontinued operations for each of the periods presented. The following tables include the major classes of assets and liabilities and the revenues that were reclassified.

	JUNE 30, 2002	DECEMBER 31, 2001
-----		
( IN MILLIONS )		
MAJOR CLASSES OF ASSETS AND LIABILITIES		
Cash	--	\$ 8
Accounts receivable	--	34
Inventories	--	15
Other current assets	--	2
Property and equipment, net of accumulated depreciation, depletion and amortization	--	145
Other assets	--	8
	-----	-----
Total assets	--	212
	=====	=====
Accounts payable - trade	--	25
Income taxes payable	--	13
Accrued expense	--	1
Other liabilities	--	7
Deferred income taxes	--	31
	-----	-----
Total liabilities	--	77
	=====	=====

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
-----				
( IN MILLIONS )				
REVENUES				
Oil sales	\$ 5	26	\$ 26	62
NGL sales	--	--	1	--
	-----	-----	-----	-----
Total revenues	5	26	\$ 27	62
	=====	=====	=====	=====

**9. SUPPLEMENTAL CASH FLOW INFORMATION**

Cash payments (refunds) for interest and income taxes in the first six months of 2002 and 2001 are presented below:

	FOR THE SIX MONTHS ENDED JUNE 30,	
	2002	2001
-----		
( IN MILLIONS )		
Interest paid	\$ 323	69
Income taxes paid (refunded)	(86)	159

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
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The 2002 Mitchell acquisition involved non-cash consideration as presented below:

	2002
	-----
	(IN MILLIONS)
Value of common stock issued	\$ 1,512
Employee stock options assumed	27
Liabilities assumed	812
Deferred tax liability created	799
	-----
Assets acquired with non-cash consideration	\$ 3,150
	=====

**10. SEGMENT INFORMATION**

Devon manages its business by country. As such, Devon identifies its segments based on geographic areas. Devon has three segments: its operations in the U.S., its operations in Canada and its international operations outside of North America. Substantially all of these segments' operations involve oil and gas producing and marketing and midstream activities. Following is certain financial information regarding Devon's segments. The revenues reported are all from external customers.

	U.S.	CANADA	INTER- NATIONAL	TOTAL
	-----	-----	-----	-----
	(IN MILLIONS)			
AS OF JUNE 30, 2002:				
Current assets	\$ 595	139	427	1,161
Property and equipment, net of accumulated depreciation, depletion and amortization	6,849	3,639	599	11,087
Investment in ChevronTexaco Corporation common stock	628	--	--	628
Goodwill, net of amortization	1,582	2,019	69	3,670
Other assets	282	34	11	327
	-----	-----	-----	-----
Total assets	\$ 9,936	5,831	1,106	16,873
	=====	=====	=====	=====
Current liabilities	391	540	128	1,059
Other liabilities	279	7	3	289
Debentures exchangeable into shares of ChevronTexaco Corporation common stock	655	--	--	655
Other long-term debt	3,236	4,141	--	7,377
Deferred revenue	17	--	--	17
Fair value of derivative instruments	41	6	--	47
Deferred income taxes	1,498	1,125	22	2,645
Stockholders' equity	3,819	12	953	4,784
	-----	-----	-----	-----
Total liabilities and stockholders' equity	\$ 9,936	5,831	1,106	16,873
	=====	=====	=====	=====

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

10. SEGMENT INFORMATION (CONTINUED)

	U. S.	CANADA	INTER- NATIONAL	TOTAL
	-----	-----	-----	-----
	(IN MILLIONS)			
THREE MONTHS ENDED JUNE 30, 2002:				
REVENUES				
Oil sales	\$ 148	90	24	262
Gas sales	377	185	2	564
Natural gas liquids sales	51	21	--	72
Marketing and midstream revenue	262	5	--	267
	-----	-----	-----	-----
Total revenues	838	301	26	1,165
	-----	-----	-----	-----
PRODUCTION AND OPERATING COSTS AND EXPENSES				
Lease operating expenses	96	62	8	166
Transportation costs	26	12	--	38
Production taxes	31	2	2	35
Marketing and midstream costs and expenses	218	4	--	222
Depreciation, depletion and amortization of property and equipment	220	102	5	327
General and administrative expenses	42	9	3	54
Reduction of carrying value of oil and gas properties	--	651	--	651
	-----	-----	-----	-----
Total production and operating costs and expenses	633	842	18	1,493
	-----	-----	-----	-----
Earnings (loss) from operations	205	(541)	8	(328)
OTHER INCOME (EXPENSES)				
Interest expense	(73)	(75)	--	(148)
Effects of changes in foreign currency exchange rates	--	17	(1)	16
Change in fair value of financial instruments	25	(1)	--	24
Other income	6	(1)	1	6
	-----	-----	-----	-----
Net other expenses	(42)	(60)	--	(102)
	-----	-----	-----	-----
Earnings (loss) from continuing operations before income tax expense (benefit)	163	(601)	8	(430)
INCOME TAX EXPENSE (BENEFIT)				
Current	68	8	1	77
Deferred	(47)	(259)	2	(304)
	-----	-----	-----	-----
Total income tax expense (benefit)	21	(251)	3	(227)
	-----	-----	-----	-----
Earnings (loss) from continuing operations	142	(350)	5	(203)
DISCONTINUED OPERATIONS				
Results of discontinued operations before income taxes	--	--	100	100
Income tax expense	--	--	1	1
	-----	-----	-----	-----
Net results of discontinued operations	--	--	99	99
	-----	-----	-----	-----
Net earnings (loss)	142	(350)	104	(104)
Preferred stock dividends	3	--	--	3
	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders	\$ 139	(350)	104	(107)
	=====	=====	=====	=====
Capital expenditures	\$ 302	56	28	386
	=====	=====	=====	=====

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

10. SEGMENT INFORMATION (CONTINUED)

	U. S.	CANADA	INTER- NATIONAL	TOTAL
	-----	-----	-----	-----
	(IN MILLIONS)			
THREE MONTHS ENDED JUNE 30, 2001:				
REVENUES				
Oil sales	\$ 144	29	36	209
Gas sales	388	52	3	443
Natural gas liquids sales	28	4	--	32
Marketing and midstream revenue	12	3	--	15
	-----	-----	-----	-----
Total revenues	572	88	39	699
	-----	-----	-----	-----
PRODUCTION AND OPERATING COSTS AND EXPENSES				
Lease operating expenses	79	17	11	107
Transportation costs	16	3	--	19
Production taxes	29	--	--	29
Marketing and midstream costs and expenses	10	2	--	12
Depreciation, depletion and amortization of property and equipment	147	20	13	180
Amortization of goodwill	9	--	--	9
General and administrative expenses	25	2	(1)	26
Reduction of carrying value of oil and gas properties	--	--	77	77
	-----	-----	-----	-----
Total production and operating costs and expenses	315	44	100	459
	-----	-----	-----	-----
Earnings (loss) from operations	257	44	(61)	240
OTHER INCOME (EXPENSES)				
Interest expense	(33)	(1)	(1)	(35)
Change in fair value of financial instruments	7	--	--	7
Other income (expense)	9	(2)	5	12
	-----	-----	-----	-----
Net other income (expenses)	(17)	(3)	4	(16)
	-----	-----	-----	-----
Earnings (loss) from continuing operations before income tax expense (benefit)	240	41	(57)	224
INCOME TAX EXPENSE (BENEFIT)				
Current	(8)	--	5	(3)
Deferred	97	15	(12)	100
	-----	-----	-----	-----
Total income tax expense (benefit)	89	15	(7)	97
	-----	-----	-----	-----
Earnings (loss) from continuing operations	151	26	(50)	127
DISCONTINUED OPERATIONS				
Results of discontinued operations before income taxes	--	--	16	16
Total income tax expense	--	--	7	7
	-----	-----	-----	-----
Net results of discontinued operations	--	--	9	9
	-----	-----	-----	-----
Net earnings (loss)	151	26	(41)	136
Preferred stock dividends	3	--	--	3
	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders	\$ 148	26	(41)	133
	=====	=====	=====	=====
Capital expenditures, including acquisitions of businesses	\$ 566	49	57	672
	=====	=====	=====	=====

**DEVON ENERGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

10. SEGMENT INFORMATION (CONTINUED)

	U. S.	CANADA	INTER- NATIONAL	TOTAL
	-----	-----	-----	-----
	(IN MILLIONS)			
SIX MONTHS ENDED JUNE 30, 2002:				
REVENUES				
Oil sales	\$ 278	172	45	495
Gas sales	680	348	4	1,032
Natural gas liquids sales	86	41	--	127
Marketing and midstream revenue	420	7	--	427
	-----	-----	-----	-----
Total revenues	1,464	568	49	2,081
	-----	-----	-----	-----
PRODUCTION AND OPERATING COSTS AND EXPENSES				
Lease operating expenses	187	123	15	325
Transportation costs	48	28	--	76
Production taxes	52	3	2	57
Marketing and midstream costs and expenses	343	4	--	347
Depreciation, depletion and amortization of property and equipment	424	208	11	643
General and administrative expenses	77	18	9	104
Reduction of carrying value of oil and gas properties	--	651	--	651
	-----	-----	-----	-----
Total production and operating costs and expenses	1,131	1,035	37	2,203
	-----	-----	-----	-----
Earnings (loss) from operations	333	(467)	12	(122)
OTHER INCOME (EXPENSES)				
Interest expense	(122)	(148)	(2)	(272)
Effects of changes in foreign currency exchange rates	--	16	(4)	12
Change in fair value of financial instruments	5	2	--	7
Other income	15	2	4	21
	-----	-----	-----	-----
Net other expenses	(102)	(128)	(2)	(232)
	-----	-----	-----	-----
Earnings (loss) from continuing operations before income tax expense (benefit)	231	(595)	10	(354)
INCOME TAX EXPENSE (BENEFIT)				
Current	74	9	4	87
Deferred	(42)	(256)	3	(295)
	-----	-----	-----	-----
Total income tax expense (benefit)	32	(247)	7	(208)
	-----	-----	-----	-----
Earnings (loss) from continuing operations	199	(348)	3	(146)
DISCONTINUED OPERATIONS				
Results of discontinued operations before income taxes	--	--	108	108
Total income tax expense	--	--	4	4
	-----	-----	-----	-----
Net results of discontinued operations	--	--	104	104
	-----	-----	-----	-----
Net earnings(loss)	199	(348)	107	(42)
Preferred stock dividends	5	--	--	5
	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders	\$ 194	(348)	107	(47)
	=====	=====	=====	=====
Capital expenditures, including acquisitions of businesses	\$ 2,224	295	53	2,572
	=====	=====	=====	=====

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10. SEGMENT INFORMATION (CONTINUED)

	U.S.	CANADA	INTER- NATIONAL	TOTAL
	-----	-----	-----	-----
	(IN MILLIONS)			
SIX MONTHS ENDED JUNE 30, 2001:				
REVENUES				
Oil sales	\$ 311	57	59	427
Gas sales	1,031	131	6	1,168
Natural gas liquids sales	55	9	--	64
Marketing and midstream revenue	30	5	--	35
	-----	-----	-----	-----
Total revenues	1,427	202	65	1,694
	-----	-----	-----	-----
PRODUCTION AND OPERATING COSTS AND EXPENSES				
Lease operating expenses	168	32	18	218
Transportation costs	30	6	--	36
Production taxes	73	1	--	74
Marketing and midstream costs and expenses	25	3	--	28
Depreciation, depletion and amortization of property and equipment	296	39	22	357
Amortization of goodwill	17	--	--	17
General and administrative expenses	45	4	--	49
Reduction of carrying value of oil and gas properties	--	--	77	77
	-----	-----	-----	-----
Total production and operating costs and expenses	654	85	117	856
	-----	-----	-----	-----
Earnings (loss) from operations	773	117	(52)	838
OTHER INCOME (EXPENSES)				
Interest expense	(65)	(3)	(1)	(69)
Change in fair value of financial instruments	(7)	--	--	(7)
Other income	20	(2)	2	20
	-----	-----	-----	-----
Net other income (expenses)	(52)	(5)	1	(56)
	-----	-----	-----	-----
Earnings (loss) from continuing operations before income tax expense (benefit) and cumulative effect of change in accounting principle	721	112	(51)	782
INCOME TAX EXPENSE (BENEFIT)				
Current	132	1	8	141
Deferred	141	45	(12)	174
	-----	-----	-----	-----
Total income tax expense (benefit)	273	46	(4)	315
	-----	-----	-----	-----
Earnings (loss) from continuing operations before cumulative effect of change in accounting principle	448	66	(47)	467
DISCONTINUED OPERATIONS				
Results of discontinued operations before income taxes	--	--	35	35
Total income tax expense	--	--	15	15
	-----	-----	-----	-----
Net results of discontinued operations	--	--	20	20
	-----	-----	-----	-----
Earnings (loss) before cumulative effect of change in accounting principle	448	66	(27)	487
Cumulative effect of change in accounting principle	49	--	--	49
	-----	-----	-----	-----
Net earnings (loss)	497	66	(27)	536
Preferred stock dividends	5	--	--	5
	-----	-----	-----	-----
Net earnings (loss) applicable to common shareholders	\$ 492	66	(27)	531
	=====	=====	=====	=====
Capital expenditures, including acquisitions of businesses	\$ 797	110	91	998
	=====	=====	=====	=====

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**11. COMMITMENTS AND CONTINGENCIES**

Devon is party to various legal actions arising in the normal course of business. Matters that are probable of unfavorable outcome to Devon and which can be reasonably estimated are accrued. Such accruals are based on information known about the matters, Devon's estimates of the outcomes of such matters and its experience in contesting, litigating and settling similar matters. None of the actions are believed by management to involve future amounts that would be material to Devon's financial position or results of operations in excess of recorded accruals.

**Environmental Matters**

Devon is subject to certain laws and regulations relating to environmental remediation activities associated with past operations, such as the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and similar state statutes. In response to liabilities associated with these activities, accruals have been established when reasonable estimates are possible. Such accruals primarily include estimated costs associated with remediation. Devon has not used discounting in determining its accrued liabilities for environmental remediation, and no material claims for possible recovery from third party insurers or other parties related to environmental costs have been recognized in Devon's consolidated financial statements. Devon adjusts the accruals when new remediation responsibilities are discovered and probable costs become estimable, or when current remediation estimates must be adjusted to reflect new information.

Certain of Devon's subsidiaries acquired in the 1999 merger with PennzEnergy Company are involved in matters in which it has been alleged that such subsidiaries are potentially responsible parties ("PRPs") under CERCLA or similar state legislation with respect to various waste disposal areas owned or operated by third parties. As of June 30, 2002, Devon's consolidated balance sheet included \$9 million of accrued liabilities, reflected in "Other liabilities," related to these and other environmental remediation liabilities. Devon does not currently believe there is a reasonable possibility of incurring additional material costs in excess of the current accruals recognized for such environmental remediation activities. With respect to the sites in which Devon subsidiaries are PRPs, Devon's conclusion is based in large part on (i) the availability of defenses to liability, including the availability of the "petroleum exclusion" under CERCLA and similar state laws, and/or (ii) Devon's current belief that its share of wastes at a particular site is or will be viewed by the Environmental Protection Agency or other PRPs as being de minimis. As a result, Devon's monetary exposure is not expected to be material.

**Royalty Matters**

Numerous gas producers and related parties, including Devon, have been named in various lawsuits filed by private litigants alleging violation of the federal False Claims Act. The suits allege that the producers and related parties used below-market prices, improper deductions, improper measurement techniques and transactions with affiliates which resulted in underpayment of royalties in connection with natural gas and natural gas liquids produced and sold from federal and Indian owned or controlled lands. The various suits have been consolidated by the United States Judicial Panel on Multidistrict Litigation for pre-trial proceedings in the matter of *In re Natural Gas Royalties Qui Tam Litigation*, MDL-1293, United States District Court for the District of Wyoming. Devon believes that it has acted reasonably, has legitimate and strong defenses to all allegations in the suits, and has paid royalties in good faith. Devon does not

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

currently believe that it is subject to material exposure in association with these lawsuits and no liability has been recorded in connection therewith.

Also, pending in federal court in Texas is a similar suit alleging underpaid royalties to the United States in connection with natural gas and natural gas liquids produced and sold from United States owned and/or controlled lands. The claims were filed by private litigants against Devon and numerous other producers, under the federal False Claims Act. The United States served notice of its intent to intervene as to certain defendants, but not Devon. Devon and certain other defendants are challenging the constitutionality of whether a claim under the federal False Claims Act can be maintained absent government intervention. Devon believes that it has acted reasonably and paid royalties in good faith. Devon does not currently believe that it is subject to material exposure in association with this litigation. As a result, Devon's monetary exposure in this suit is not expected to be material.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion addresses material changes in results of operations for the three-month and six-month periods ended June 30, 2002, compared to the three-month and six-month periods ended June 30, 2001, and in financial condition since December 31, 2001. It is presumed that readers have read or have access to Devon's 2001 Annual Report on Form 10-K which includes disclosures regarding critical accounting policies as part of Management's Discussion and Analysis of Financial Condition and Results of Operations.

### OVERVIEW

Devon recorded a net loss for the second quarter of 2002 of \$104 million, or \$0.68 per share. This compares to net earnings of \$136 million, or \$1.03 per share for the second quarter of 2001. Net loss for the first half of 2002 was \$42 million, or \$0.31 per share. This compares to net earnings for the first half of 2001 of \$536 million, or \$4.11 per share. The decrease in second quarter and first half earnings was due to a decline in oil, natural gas and NGL prices, increases in expenses and a \$651 million reduction of carrying value of Canadian oil and gas properties, the effects of which were partially offset by an increase in production.

On January 24, 2002, Devon completed its acquisition of Mitchell. Under the terms of this merger, Devon issued approximately 30 million shares of Devon common stock and paid \$1.6 billion in cash to the Mitchell stockholders. The cash portion of the acquisition was funded from borrowings under a \$3.0 billion senior unsecured term loan credit facility.

On March 25, 2002, Devon sold \$1 billion of 7.95% notes due April 15, 2032. The net proceeds received, after discounts and issuance costs, were \$986 million. The debt securities are unsecured and unsubordinated obligations of Devon. The net proceeds were partially used to pay down \$820 million on Devon's \$3 billion term loan credit facility. The remaining \$166 million of net proceeds was used in June 2002 to partially fund the early extinguishment of \$175 million of 8.75% senior notes due June 15, 2007. The notes were redeemed at 104.375% of principal, or approximately \$183 million.

On June 7, 2002, Devon renewed the \$800 million, 364-day portion of its unsecured long-term credit facilities (the "Credit Facilities"). The Credit Facilities include a U.S. facility of \$725 million (the "U.S. Facility") and a Canadian facility of \$275 million (the "Canadian Facility").

On July 25, 2002, Devon renewed and increased its letter of credit and revolving bank facility ("LOC Facility") for its Canadian operations. This C\$150 million LOC Facility will be used primarily by Devon's wholly-owned subsidiaries, Devon Canada Corporation and Northstar Energy Corporation, to issue letters of credit. As of July 31, 2002, C\$104 million of letters of credit were issued under the LOC Facility primarily for Canadian drilling commitments.

## RESULTS OF OPERATIONS

Total revenues increased \$466 million, or 67%, in the second quarter of 2002, and \$387 million, or 23%, in the first half of 2002. This was the result of increases in oil, gas and NGL production and an increase in marketing and midstream revenue, partially offset by a decline in the average prices of oil, gas and NGLs. The increases in production and marketing and midstream revenue were primarily the result of the Anderson and Mitchell acquisitions.

Oil, gas and NGL revenues were up \$214 million, or 31%, for the second quarter of 2002 compared to the second quarter of 2001, and were down \$5 million for the first half of 2002 compared to the first half of 2001. The three-month and six-month periods comparison of production and price changes are shown in the following tables. (Note: Unless otherwise stated, all dollar amounts are expressed in U.S. dollars.)

	TOTAL					
	THREE MONTHS ENDED JUNE 30,			SIX MONTHS ENDED JUNE 30,		
	2002	2001	CHANGE	2002	2001	CHANGE
<b>PRODUCTION</b>						
Oil (MMBbls)	11	9	+22%	24	18	+33%
Gas (Bcf)	199	108	+84%	394	220	+79%
NGLs (MMBbls)	6	2	+200%	10	3	+233%
Oil, Gas and NGLs (MMBoe)(1)	50	29	+72%	100	58	+72%
<b>AVERAGE PRICES</b>						
Oil (Per Bbl)	\$ 22.41	23.08	-3%	20.41	23.63	-14%
Gas (Per Mcf)	2.83	4.09	-31%	2.62	5.30	-51%
NGLs (Per Bbl)	13.61	19.63	-31%	12.97	21.84	-41%
Oil, Gas and NGLs (Per Boe)(1)	17.87	23.78	-25%	16.58	28.75	-42%
(\$'S IN MILLIONS)						
<b>REVENUES</b>						
Oil	\$ 262	209	+25%	495	427	+16%
Gas	564	443	+27%	1,032	1,168	-12%
NGLs	72	32	+125%	127	64	+98%
Combined	\$ 898	684	+31%	1,654	1,659	--
	=====	=====		=====	=====	





**OIL REVENUES.** Oil revenues increased \$53 million, or 25%, in the second quarter of 2002. An increase in 2002's production of 2 million barrels caused oil revenues to increase by \$61 million. The October 2001 Anderson acquisition and the January 2002 Mitchell acquisition accounted for substantially all of the increased production. The effects of the production increase were partially offset by a \$0.67 per barrel decrease in the average price of oil in 2002.

Oil revenues increased \$68 million, or 16%, in the first half of 2002. An increase in production of 6 million barrels, or 33%, caused oil revenues to increase by \$146 million. The Anderson and Mitchell acquisitions were primarily responsible for the increased production. The effects of the production increase were partially offset by a \$3.22 per barrel decrease in the average price of oil in 2002.

**GAS REVENUES.** Gas revenues increased \$121 million, or 27%, in the second quarter of 2002. An increase in production of 91 Bcf, or 84%, caused gas revenues to increase by \$372 million. The Anderson and Mitchell acquisitions were primarily responsible for the increased production. The effects of the production increase were partially offset by a \$1.26 per Mcf decrease in the average gas price in the second quarter of 2002.

Gas revenues decreased \$136 million, or 12%, in the first half of 2002. A \$2.68 per Mcf decrease in the average gas price in the first half of 2002 caused revenues to decrease \$592 million. The effects of the price decline were partially offset by a production increase of 174 Bcf in the 2002 period. The Anderson and Mitchell acquisitions accounted for substantially all of the increased production.

**NGL REVENUES.** NGL revenues increased \$40 million in the second quarter of 2002. A 4 million barrel increase in 2002 production caused revenues to increase \$72 million. The Anderson and Mitchell acquisitions accounted for substantially all of the increased production. The effects of the production increase were partially offset by a \$6.02 per barrel decrease in the average NGL price in the second quarter of 2002.

NGL revenues increased \$63 million in the first half of 2002. A 7 million barrel increase in 2002 production caused revenues to increase \$149 million. The Anderson and Mitchell acquisitions were primarily responsible for the increased production. The effects of the production increase were partially offset by an \$8.87 per barrel decrease in the average NGL price in the first half of 2002.

**MARKETING AND MIDSTREAM REVENUES.** Marketing and midstream revenues increased \$252 million and \$392 million in the second quarter and first half of 2002, respectively. The Mitchell acquisition included significant marketing and midstream assets which accounted for the increase in revenues.

PRODUCTION AND OPERATING EXPENSES. The components of production and operating expenses are set forth in the following tables.

	TOTAL					
	THREE MONTHS ENDED JUNE 30,			SIX MONTHS ENDED JUNE 30,		
	2002	2001	CHANGE	2002	2001	CHANGE
	( \$'S IN MILLIONS )					
ABSOLUTE						
Lease operating expenses	\$ 166	107	+55%	325	218	+49%
Transportation costs	38	19	+100%	76	36	+111%
Production taxes	35	29	+21%	57	74	-23%
	-----	-----		-----	-----	
Total production and operating expenses	\$ 239	155	+54%	458	328	+40%
	=====	=====		=====	=====	
PER BOE						
Lease operating expenses	3.30	3.74	-12%	3.26	3.78	-14%
Transportation costs	0.75	0.64	+16%	0.75	0.62	+21%
Production taxes	0.70	1.03	-32%	0.58	1.28	-55%
	-----	-----		-----	-----	
Total production and operating expenses	\$ 4.75	5.41	-12%	4.59	5.68	-19%
	=====	=====		=====	=====	

Lease operating expenses increased \$59 million and \$107 million in the second quarter and first half of 2002, respectively. The Anderson and Mitchell acquisitions accounted for \$62 million and \$123 million of the increases, respectively. The historical Devon lease operating expenses decreased \$3 million and \$16 million, respectively, due to lower fuel and electricity costs as well as lower third-party field service costs.

Transportation costs increased \$19 million and \$40 million in the second quarter and first half of 2002, respectively, primarily due to an increase in gas production from the Anderson and Mitchell acquisitions and increases in transportation costs per unit.

Production taxes increased \$6 million in second quarter of 2002 and decreased \$17 million in the first half of 2002. The majority of Devon's production taxes are assessed on its onshore domestic properties. In the U.S., most of the production taxes are based on a fixed percentage of revenues. Therefore, the 3% increase and 25% decrease in domestic oil, gas and NGL revenues in the second quarter and first half of 2002, respectively, were the primary causes of the production tax change.

MARKETING AND MIDSTREAM COSTS AND EXPENSES. Marketing and midstream costs and expenses increased \$210 million and \$319 million in the second quarter and first half of 2002, respectively. The Mitchell acquisition included significant marketing and midstream assets which accounted for the increase in costs and expenses.

DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES ("DD&A"). Oil and gas property related DD&A increased \$131 million, or 78%, from \$169 million in the second quarter of 2001 to \$300 million in the second quarter of 2002. Oil and gas property related DD&A expense increased \$127 million due to the 72% increase in combined oil, gas and NGLs production in 2002. Additionally, an increase in the combined U.S., Canadian and international DD&A rate from \$5.89 per Boe in 2001 to \$5.97 per Boe in 2002 caused oil and gas property related DD&A to increase by \$4 million.

Oil and gas property related DD&A increased \$257 million, or 76%, from \$337 million in the first half of 2001 to \$594 million in the first half of 2002. Oil and gas property related DD&A expense increased \$246 million due to the 72% increase in combined oil, gas and NGLs production in 2002. Additionally, an increase in the combined U.S., Canadian and international DD&A rate from \$5.84 per Boe in 2001 to \$5.95 per Boe in 2002 caused oil and gas property related DD&A to increase by \$11 million.

Non-oil and gas property DD&A expense increased \$16 million from \$11 million in the second quarter of 2001 compared to \$27 million the second quarter of 2002. Non-oil and gas property DD&A expense increased \$29 million from \$20 million in the first half of 2001 compared to \$49 million the first half of 2002. Depreciation of the marketing and midstream assets acquired in the January 2002 Mitchell acquisitions accounted for the increase.

GENERAL AND ADMINISTRATIVE EXPENSES ("G&A"). Devon's net G&A consists of three primary components. The largest of these components is the gross amount of expenses incurred for personnel costs, office expenses, professional fees and other G&A items. The gross amount of these expenses is partially reduced by two offsetting components. One is the amount of G&A capitalized pursuant to the full-cost method of accounting. The other is the amount of G&A reimbursed by working interest owners of properties for which Devon serves as the operator. These reimbursements are received during both the drilling and operational stages of a property's life. The gross amount of G&A incurred, less the amounts capitalized and reimbursed, is recorded as net G&A in the consolidated statements of operations. The following table is a summary of G&A expenses by component for the second quarter and first half of 2002 and 2001.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(IN MILLIONS)			
Gross G&A	\$ 99	61	190	112
Capitalized G&A	(27)	(23)	(49)	(39)
Reimbursed G&A	(18)	(12)	(37)	(24)
Net G&A	\$ 54	26	104	49

Net G&A increased \$28 million and \$55 million, or 108% and 112%, in the second quarter and first half of 2002 compared to the same periods of 2001, respectively. Gross G&A increased \$38 million and \$78 million, or 62% and 70%, in the second quarter and first half of 2002 compared to the same periods of 2001, respectively. The increase in gross expenses in both periods of 2002 was primarily related to the Anderson and Mitchell acquisitions.

Capitalized G&A increased \$4 million and \$10 million in the second quarter and first half of 2002, respectively. Reimbursed G&A increased \$6 million and \$13 million in the second quarter and first half of 2002, respectively. Changes in both of the capitalized and reimbursed amounts were primarily related to the Anderson and Mitchell acquisitions.

REDUCTION OF CARRYING VALUE OF OIL AND GAS PROPERTIES. Under the full cost method of accounting, the net book value of oil and gas properties less related deferred income taxes (the "costs

to be recovered"), may not exceed a calculated "full cost ceiling." The ceiling limitation is the discounted estimated after-tax future net revenues from oil and gas properties. The ceiling is imposed separately by country. In calculating future net revenues, current prices and costs are generally held constant indefinitely, and Devon does not include the effect of hedges in the calculation of the future net revenues. Therefore, the ceiling limitation is not necessarily indicative of the properties' fair value. The costs to be recovered are compared to the ceiling on a quarterly basis. If the costs to be recovered exceed the ceiling, the excess is written off as an expense, except as discussed in the following paragraph.

If, subsequent to the end of the quarter but prior to the applicable financial statements being published, prices increase to levels such that the ceiling would exceed the costs to be recovered, a writedown otherwise indicated at the end of the quarter is not required to be recorded. A writedown indicated at the end of a quarter is also not required if the value of additional reserves proved up on properties after the end of the quarter but prior to the publishing of the financial statements would result in the ceiling exceeding the costs to be recovered, as long as the properties were owned at the end of the quarter.

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.

Based on oil and natural gas cash market prices as of June 30, 2002, Devon's Canadian costs to be recovered exceeded the related ceiling value by \$371 million. This after-tax amount resulted in a pre-tax reduction of the carrying value of Devon's Canadian oil and gas properties of \$651 million in the second quarter of 2002. This reduction was the result of a sharp drop in Canadian gas prices during the last half of June 2002. The June 30, 2002 reference prices used in the Canadian ceiling calculation, expressed in Canadian dollars, were a NYMEX price of C\$40.79 per barrel of oil and an AECO price of C\$2.17 per Mcf. The cash market prices of natural gas increased during the month of July 2002 prior to Devon's release of its second quarter results, but the increase was not sufficient to offset the entire reduction calculated as of June 30, 2002.

Under the purchase method of accounting for business combinations, acquired oil and gas properties are recorded at fair value as of the date of purchase. Devon estimates such fair value using its estimates of future oil and gas prices. In contrast, the ceiling calculation dictates that prices in effect as of the last day of the applicable quarter are held constant indefinitely. Accordingly, the resulting value is not necessarily indicative of the fair value of the reserves. The oil and gas properties added from the Anderson acquisition in 2001 were recorded at fair values that were based on expected future oil and gas prices higher than the June 30, 2002, prices used to calculate the ceiling.

During the second quarter of 2001, Devon elected to discontinue operations in Malaysia, Qatar and on certain properties in Brazil. Accordingly, during the second quarter of 2001, Devon recorded a \$77 million charge associated with the impairment of these properties. The after-tax effect of this reduction was \$62 million.

**INTEREST EXPENSE.** Interest expense increased \$113 million and \$203 million, or 323% and 294%, in the second quarter and first half of 2002, respectively, due to an increase in the average debt balance outstanding. The average debt balance increased from \$1.9 billion in second quarter

of 2001 to \$8.9 billion in the 2002 quarter. The average debt balance increased from \$1.9 billion in the first half of 2001 to \$8.6 billion in the first half of 2002. The increase in the average debt balance in the 2002 periods caused interest expense to increase \$106 million and \$196 million in the second quarter and first half of 2002, respectively. This increase was primarily attributable to the long-term debt issued to complete the Anderson and Mitchell acquisitions.

The average interest rate on outstanding debt decreased from 6.8% in the 2001 quarter to 6.0% in the 2002 quarter and from 6.8% in the first half of 2001 to 5.9% in the first half of 2002 due to the favorable rates on the borrowings under the \$3 billion term loan credit facility. This facility's rates averaged less than 3% during the 2002 periods. The overall rate decrease caused interest expense to decrease \$3 million and \$8 million in the second quarter and first half of 2002, respectively. Other items included in interest expense that are not related to the debt balance outstanding were \$10 million and \$15 million higher in the second quarter and first half of 2002, respectively. Of this increase, \$8 million related to the early extinguishment of 8.75% senior notes. Items not related to the balance of debt outstanding include facility and agency fees, amortization of costs and other miscellaneous items.

The following schedule includes the components of interest expense for the second quarter and first half of 2002 and 2001.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(IN MILLIONS)			
Interest based on debt outstanding	\$ 134	31	252	64
Amortization of discounts	3	2	6	4
Facility and agency fees	--	--	1	--
Amortization of capitalized loan costs	2	1	3	1
Capitalized interest	(1)	--	(2)	(1)
Loss on early debt retirement	8	--	8	--
Other	2	1	4	1
	-----	-----	-----	-----
Total interest expense	\$ 148	35	272	69
	=====	=====	=====	=====

**EFFECTS OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES.** The devaluation of the Argentine peso resulted in a \$3 million and \$6 million loss in the second quarter and first half 2002, respectively. Additionally, as a result of the Anderson acquisition, Devon's Canadian subsidiary has \$400 million of fixed-rate senior notes which are denominated in U.S. dollars. Changes in the exchange rate between the U.S. dollar and the Canadian dollar from the dates the notes were acquired to the dates of repayment increase or decrease the expected amount of Canadian dollars eventually required to repay the notes. Such changes in the Canadian dollar equivalent balance of the debt are required to be included in determining net earnings for the period in which the exchange rate changes. The increase in the Canadian-to-U.S. dollar exchange rate from \$0.6275 at March 31, 2002 to \$0.6585 at June 30, 2002 resulted in a \$19 million gain in the second quarter of 2002. The increase in the Canadian-to-U.S. dollar exchange rate from \$0.6279 at December 31, 2001 to \$0.6585 at June 30, 2002 resulted in an \$18 million gain in the first half of 2002.

**INCOME TAXES.** During interim periods, income tax expense is based on the estimated effective income tax rate that is expected for the entire fiscal year. The estimated effective tax rate in the second quarter of 2002 was a benefit of 53% compared to an expense of 43% in the second quarter of 2001. The estimated effective tax rate was a benefit of 59% in the first half of 2002 compared to an expense of 40% in the first half of 2001. Excluding the effect of the reduction of carrying value of Canadian oil and gas properties, the effective tax rate was 24% and 25% in the second quarter and first half of 2002, respectively.

The 2002 rate, excluding the Canadian writedown, was lower than the statutory federal tax rate primarily due to the tax benefits of certain foreign deductions. The 2001 rate was higher than the statutory federal tax rate due to the effect of state taxes, goodwill amortization that was not deductible for income tax purposes and the effect of foreign income taxes.

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

Included as deferred tax assets at June 30, 2002, were approximately \$157 million of tax related carryforwards. The carryforwards include U.S. federal net operating loss carryforwards, the majority of which do not begin to expire until 2008, U.S. state net operating loss carryforwards which expire primarily between 2002 and 2014, Canadian carryforwards which expire primarily between 2002 and 2008 and minimum tax credits which have no expiration. Devon expects the tax benefits from the net operating loss carryforwards to be utilized between 2002 and 2010. Such expectation is based upon current estimates of taxable income during this period, considering limitations on the annual utilization of these benefits as set forth by federal tax regulations. Significant changes in such estimates caused by variables such as future oil and gas prices or capital expenditures could alter the timing of the eventual utilization of such carryforwards. There can be no assurance that Devon will generate any specific level of continuing taxable earnings. However, Devon's management believes that future taxable income will more likely than not be sufficient to utilize substantially all its tax carryforwards prior to their expirations.

**CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE.** On January 1, 2001, Devon adopted SFAS No. 133, Accounting for Derivative Instruments and Certain Hedging Activities. Upon adoption, Devon recorded a net-of-tax cumulative-effect-type adjustment to net earnings of \$49 million gain related to the fair value of derivatives that do not qualify as hedges. This gain included \$46 million related to the option embedded in the debentures that are exchangeable into shares of ChevronTexaco Corporation common stock.

## **CAPITAL EXPENDITURES, CAPITAL RESOURCES AND LIQUIDITY**

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

**CAPITAL EXPENDITURES.** Approximately \$2.6 billion was spent in the first six months of 2002 for capital expenditures. This total includes \$1.7 billion related to the January 2002 Mitchell acquisition and \$0.8 billion for the acquisition, drilling or development of oil and gas properties. These amounts compare to first half 2001 capital expenditures of \$1.0 billion (\$1.0 billion of which was related to oil and gas properties).

**OTHER CASH USES.** Devon's common stock dividends were \$16 million and \$13 million in the first half of 2002 and 2001, respectively. Devon also paid \$5 million of preferred stock dividends in each of the first six months of 2002 and 2001.

**CAPITAL RESOURCES AND LIQUIDITY.** Devon's primary source of liquidity has historically been net cash provided by operating activities ("operating cash flow"). This source has been supplemented as needed by accessing credit lines and commercial paper markets and issuing equity securities and long-term debt securities. In 2002, another major source of liquidity has been sales of oil and gas properties.

Net cash provided by operating activities ("operating cash flow") continued to be a primary source of capital and liquidity in the first half of 2002. Operating cash flow in the first half of 2002 was \$896 million, compared to \$1.1 billion in the first half of 2001. The decrease in operating cash flow in the first half of 2002 was primarily caused by the decline in commodity prices and increased expenses, as discussed earlier in this section.

Devon's operating cash flow is sensitive to many variables, the most volatile of which is pricing of the oil, natural gas and NGLs produced. Prices for these commodities are determined primarily by prevailing market conditions. Regional and worldwide economic conditions, weather and other substantially variable factors influence market conditions for these products. These factors are beyond Devon's control and are difficult to predict.

To mitigate some of the risk inherent in oil and natural gas prices, Devon has entered into various fixed-price physical delivery contracts and financial price swap contracts to fix the price to be received for a portion of future oil and natural gas production. Additionally, Devon has utilized price collars to set minimum and maximum prices on a portion of its production. The table below provides the volumes associated with these various arrangements as of July 31, 2002.

	Fixed-Price Physical Delivery Contracts	Price Swap Contracts	Price Collars	Total
	-----	-----	-----	-----
Oil production (MMBbls)				
2002	2	10	7	19
2003	--	--	9	9
Natural gas production (Bcf)				
2002	57	118	174	349
2003	16	37	195	248
2004	16	--	18	34

For the years 2005 through 2011, Devon has fixed-price physical delivery contracts covering Canadian natural gas production ranging from 10 Bcf to 14 Bcf per year. Thereafter, Devon also has Canadian gas volumes subject to fixed-price contracts in the years from 2012 through 2016, but the yearly volumes are less than 1 Bcf.

By removing the price volatility from the above volumes of oil and natural gas production, Devon has mitigated, but not eliminated, the potential negative effect of declining prices on its operating cash flow.

Other sources of liquidity are Devon's revolving lines of credit. On June 7, 2002, Devon renewed the \$800 million, 364-day portion of its unsecured long-term credit facilities (the "Credit Facilities"). The Credit Facilities include a U.S. facility of \$725 million (the "U.S. Facility") and a Canadian facility of \$275 million (the "Canadian Facility").

Amounts borrowed under the Credit Facilities bear interest at various fixed rate options that Devon may elect for periods up to six months. Such rates are generally less than the prime rate. Devon may also elect to borrow at the prime rate. The Credit Facilities provide for an annual facility fee of \$1.4 million that is payable quarterly.

The \$725 million U.S. Facility consists of a Tranche A facility of \$200 million and a Tranche B facility of \$525 million. The Tranche A facility matures on October 15, 2004. Devon may borrow funds under the Tranche B facility until June 5, 2003 (the "Tranche B Revolving Period"). Devon may request that the Tranche B Revolving Period be extended an additional 364 days by notifying the agent bank of such request between 30 and 60 days prior to the end of the Tranche B Revolving Period. On June 6, 2003, at the end of the Tranche B Revolving Period, Devon may convert the then outstanding balance under the Tranche B facility to a two-year term loan by paying the Agent a fee of 12.5 basis points. The applicable borrowing rate would be at LIBOR plus 125 basis points. On June 30, 2002, there were no borrowings outstanding under the \$725 million U.S. Facility. The available capacity under the U.S. Facility, net of commercial paper borrowings as of June 30, 2002, was \$410 million.

Devon may borrow funds under the \$275 million Canadian Facility until June 5, 2003 (the "Canadian Facility Revolving Period"). Devon may request that the Canadian Facility Revolving Period be extended an additional 364 days by notifying the agent bank of such request between 30 and 60 days prior to the end of the Canadian Facility Revolving Period. Debt outstanding as of the end of the Canadian Facility Revolving Period is payable in semiannual installments of 2.5% each for the following five years, with the final installment due five years and one day following the end of the Canadian Facility Revolving Period. On June 30, 2002, there were no borrowings under the \$275 million Canadian facility.

Under the terms of the Credit Facilities, Devon has the right to reallocate up to \$100 million of the unused Tranche B facility maximum credit amount to the Canadian Facility. Conversely, Devon also has the right to reallocate up to \$100 million of unused Canadian Facility maximum credit amount to the Tranche B Facility.

On July 25, 2002, Devon renewed and increased its letter of credit and revolving bank facility ("LOC Facility") for its Canadian operations. This C\$150 million LOC Facility will be used primarily by Devon's wholly-owned subsidiaries, Devon Canada Corporation and Northstar Energy Corporation, to issue letters of credit. As of July 31, 2002, C\$104 million of letters of credit were issued under the LOC Facility primarily for Canadian drilling commitments.

Devon also has access to short-term credit under its commercial paper program. Total borrowings under the U.S. Facility and the commercial paper program may not exceed \$725

million. Commercial paper debt generally has a maturity of between seven to 90 days, although it can have a maturity of up to 365 days. Devon had \$315 million of commercial paper debt outstanding at June 30, 2002, at an interest rate of 2.3%.

A portion of cash used in the Anderson and Mitchell acquisitions was provided by a \$3 billion senior unsecured credit facility. This credit facility, which was entered into in October 2001, has a term of five years. The \$3 billion credit facility was fully borrowed upon the closing of the Mitchell acquisition on January 24, 2002. However, as of June 30, 2002, \$1.7 billion of the balance outstanding was retired. The primary sources of the repayments were the issuance of \$1 billion of debt securities discussed below and \$896 million from the sale of certain oil and gas properties. With the proceeds from additional property sales through July 31, 2002, the term loan balance has been further reduced by \$153 million. The term loan's balance as of July 31, 2002, was \$1.1 billion.

The remaining balance outstanding as of July 31, 2002 will mature as follows:

	(In Millions)
April 15, 2006	\$ 335
October 15, 2006	\$ 800
	\$ 1,135

This \$3 billion facility includes various rate options which can be elected by Devon, including a rate based on LIBOR plus a margin. Through June 17, 2002, this margin was fixed at 100 basis points. Thereafter, the margin is based on Devon's debt rating. Based on Devon's current debt rating, the margin after June 17, 2002, is 100 basis points. As of August 1, 2002, the average interest rate on this facility was 2.8%.

Devon's \$1 billion revolving credit facilities and its \$3 billion term loan credit facility each contain only one material financial covenant. This covenant requires Devon to maintain a ratio of total funded debt to total capitalization of no more than 70% through June 30, 2002, and no more than 65% thereafter. The credit agreements contain definitions of total funded debt and total capitalization that include adjustments to the respective amounts reported in Devon's consolidated financial statements. Per the agreements, total funded debt excludes the debentures that are exchangeable into shares of ChevronTexaco Corporation common stock. Also, total capitalization is adjusted to add back noncash financial writedowns such as full cost ceiling property impairments or goodwill impairments. As of June 30, 2002, Devon's ratio of total funded debt to total capitalization, as defined in its credit agreements, was 56.1%.

On March 25, 2002, Devon sold \$1 billion of 7.95% notes due April 15, 2032. The net proceeds received, after discounts and issuance costs, were \$986 million. The debt securities are unsecured and unsubordinated obligations of Devon. The net proceeds were partially used to pay down \$820 million on Devon's \$3 billion term loan credit facility. The remaining \$166 million of net proceeds was used in June 2002 to partially fund the early extinguishment of \$175 million of 8.75% senior notes due June 15, 2007. The notes were redeemed at 104.375% of principal, or approximately \$183 million.

During 2002, Devon estimates that it will sell certain oil and gas properties (the "Disposition Properties") for between \$1.3 billion and \$1.6 billion. The Disposition Properties

are predominantly those that are either outside of Devon's core operating areas or otherwise do not fit Devon's current strategic objectives. The Disposition Properties are located in the U.S., Canada and International areas.

As of July 31, 2002, Devon has closed sales of Disposition Properties totaling \$1.3 billion in proceeds. In addition, Devon has identified another \$200 million to \$300 million of Disposition Properties that could be sold in the second half of the year.

A summary of Devon's contractual obligations as of June 30, 2002, is provided in the following table.

	PAYMENTS DUE BY YEAR						TOTAL
	2002	2003	2004	2005	2006	AFTER 2006	
	( IN MILLIONS )						
Long-term debt	\$ --	--	651	350	1,418	5,718	8,137
Operating leases	32	30	22	15	11	14	124
Drilling obligations	173	17	--	--	--	--	190
Firm transportation agreements	96	90	73	56	48	239	602
<b>Total</b>	<b>\$ 301</b>	<b>137</b>	<b>746</b>	<b>421</b>	<b>1,477</b>	<b>5,971</b>	<b>9,053</b>

Firm transportation agreements represent "ship or pay" arrangements whereby Devon has committed to ship certain volumes of gas for a fixed transportation fee. Devon has entered into these agreements to ensure that Devon can get its gas production to market. Devon expects to have sufficient volumes to ship to satisfy the firm transportation agreements, so that Devon will be receiving equivalent value for the firm transportation payments that it will make.

The above table does not include \$99 million of letters of credit that have been issued by commercial banks on Devon's behalf which, if funded, would become borrowings under Devon's revolving credit facility. Most of these letters of credit have been granted by Devon's financial institutions to support Devon's Canadian drilling commitments. The \$8.1 billion of long-term debt shown in the table excludes \$105 million of discounts included in the June 30, 2002, book balance of the debt.

## REVISIONS TO 2002 ESTIMATES

On May 15, 2002, Devon filed a Form 10-Q that provided forward-looking estimates for the full year 2002. Revisions to certain of those previous estimates are provided herein to reflect actual year-to-date results.

## YEAR 2002 POTENTIAL OPERATING ITEMS

The estimates related to oil, gas and NGL production, operating costs and DD&A set forth in the following paragraphs are based on estimates for Devon's properties other than those that have been designated for possible sale (See "Property Acquisitions and Divestitures"). Therefore, the following estimates exclude the results of the potential sale properties for the entire year. Also, all of the estimates related to price swaps and costless price collars are as of July 31, 2002.

OIL, GAS AND NGL PRODUCTION Set forth in the following paragraphs are individual estimates of Devon's oil, gas and NGL production for 2002. On a combined basis, Devon estimates its 2002 oil, gas and NGL production will total between 173.8 and 182.9 MMBbls. Of this total, approximately 92% is estimated to be produced from reserves classified as proved at December 31, 2001.

OIL PRODUCTION Devon expects its oil production to total between 36.2 and 38.1 MMBbls. Of this total, approximately 95% is estimated to be produced from reserves classified as proved at December 31, 2001. The expected ranges of production by area are as follows:

	(MMBbls)
	-----
United States	19.8 to 20.8
Canada	14.7 to 15.5
International	1.7 to 1.8

OIL PRICES - FIXED Through certain forward oil sales agreements assumed in the 2000 Santa Fe Snyder merger, the price on a portion of Devon's 2002 oil production has been fixed. These agreements fixed the price on 2.5 MMBbls of 2002 oil production at an average price of \$16.84 per Bbl. It should be noted that these forward sales apply only to production in the first eight months of 2002.

Devon has executed price swaps attributable to 8 MMBbls of domestic production at an average price of \$23.85 per Bbl. Additionally, Devon has entered into price swaps attributable to Canadian production of 1.6 MMBbls at an average price of \$20.33 per Bbl.

OIL PRICES - FLOATING For oil production for which prices have not been fixed, Devon's average prices are expected to differ from the NYMEX price as set forth in the following table.

	EXPECTED RANGE OF OIL PRICES LESS THAN NYMEX PRICE
	-----
United States	(\$3.15) to (\$2.15)
Canada	(\$5.50) to (\$3.50)
International	(\$3.90) to (\$2.90)

Devon has also entered into costless price collars that set a floor price and a ceiling price for 7.3 MMBbls of United States oil production that otherwise is subject to floating prices. The collars have weighted average floor and ceiling prices per Bbl of \$23.00 and \$28.19, respectively. The floor and ceiling prices are based on the NYMEX price. The NYMEX price is the monthly average of settled prices on each trading day for West Texas Intermediate Crude oil delivered at Cushing, Oklahoma. If the NYMEX price is outside of the ranges set by the floor and ceiling prices in the various collars, Devon and the counterparty to the collars will settle the difference. Any such settlements will either increase or decrease Devon's oil revenues for the period. Because Devon's oil volumes are often sold at prices that differ from the NYMEX price due to differing quality (i.e., sweet crude versus sour crude) and transportation costs from different geographic areas, the floor and ceiling prices of the various collars do not reflect actual limits of Devon's realized prices for the production volumes related to the collars.

GAS PRODUCTION Devon expects its gas production to total between 720 Bcf and 758 Bcf. Of this total, approximately 90% is estimated to be produced from reserves classified as proved at December 31, 2001. The expected ranges of production are as follows:

	(BCF)
United States	454 to 478
Canada	266 to 280

GAS PRICES - FIXED Through various price swaps and fixed-price physical delivery contracts, Devon has fixed the price it will receive on a portion of its natural gas production. The following tables include information on this fixed-price production. Where necessary, the prices have been adjusted for certain transportation costs that are netted against the prices recorded by Devon, and the prices have also been adjusted for the Btu content of the gas hedged.

	FIRST HALF OF 2002		SECOND HALF OF 2002	
	Mcf/DAY	PRICE/Mcf	Mcf/DAY	PRICE/Mcf
United States	298,841	\$ 2.86	279,091	\$ 2.94
Canada	209,003	\$ 2.15	175,986	\$ 2.11

GAS PRICES - FLOATING For the natural gas production for which prices have not been fixed, Devon's average prices are expected to differ from the NYMEX price as set forth in the following table. The NYMEX price is determined to be the first-of-month South Louisiana Henry Hub price index as published monthly in Inside FERC.

	EXPECTED RANGE OF GAS PRICES GREATER THAN (LESS THAN) NYMEX PRICE
United States	(\$0.65) to (\$0.15)
Canada	(\$0.80) to (\$0.30)

Devon has also entered into costless price collars that set a floor and ceiling price for a portion of its natural gas production that otherwise is subject to floating prices. If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, Devon and the counterparty to the collars will settle the difference. Any such settlements will either increase or decrease Devon's gas revenues for the period. Because Devon's gas volumes are often sold at prices that differ from the related regional indices, and due to differing Btu contents of gas produced, the floor and ceiling prices of the various collars do not reflect actual limits of Devon's realized prices for the production volumes related to the collars.

Devon has entered into costless collars concerning its 2002 gas production. To simplify presentation, these collars have been aggregated in the following table according to similar floor prices. The floor and ceiling prices shown are weighted averages of the various collars in each aggregated group.

The prices shown in the following table have been adjusted to a NYMEX-based price, using Devon's estimates of 2002 differentials between NYMEX and the specific regional indices upon which the collars are based. The floor and ceiling prices related to the domestic collars are based on various regional first-of-the-month price indices as published monthly by Inside FERC. The floor and ceiling prices related to the Canadian collars are based on the AECO index as published by the Canadian Gas Price Reporter.

AREA (RANGE OF FLOOR PRICES)	FIRST HALF OF 2002				SECOND HALF OF 2002			
	MMBtu/DAY	AVERAGE FLOOR	AVERAGE CEILING	MMBtu/DAY	AVERAGE FLOOR	AVERAGE CEILING		
		PRICE PER MMBtu	PRICE PER MMBtu		PRICE PER MMBtu	PRICE PER MMBtu		
United States (\$3.38 - \$3.65)	285,000	\$ 3.51	\$ 7.37	285,000	\$ 3.51	\$ 7.37		
United States (\$3.25 - \$3.25)	--	\$ --	\$ --	40,000	\$ 3.25	\$ 5.07		
United States (\$2.95 - \$3.05)	130,000	\$ 3.00	\$ 4.51	--	\$ --	\$ --		
United States (\$2.75 - \$2.78)	35,000	\$ 2.76	\$ 3.72	35,000	\$ 2.76	\$ 3.72		
Canada (\$3.45 - \$3.63)	23,705	\$ 3.60	\$ 6.80	23,705	\$ 3.60	\$ 6.80		
Canada (\$3.28 - \$3.29)	--	\$ --	\$ --	25,011	\$ 3.28	\$ 5.09		
Canada (\$3.10 - \$3.23)	9,481	\$ 3.21	\$ 4.46	--	\$ --	\$ --		
Canada (\$2.63 - \$2.90)	34,481	\$ 2.73	\$ 3.82	25,000	\$ 2.65	\$ 3.60		

NGL PRODUCTION Devon expects its production of NGLs to total between 17.6 million barrels and 18.5 million barrels. Of this total, 98% is estimated to be produced from reserves classified as proved at December 31, 2001. The expected ranges of production are as follows:

	(MMBbls)
United States	12.9 to 13.6
Canada	4.7 to 4.9

MARKETING AND MIDSTREAM REVENUES AND EXPENSES Devon estimates that 2002 marketing and midstream revenues will be between \$966 million and \$999 million and marketing and midstream expenses will be between \$800 million and \$826 million.

DEPRECIATION, DEPLETION AND AMORTIZATION ("DD&A") Devon expects its DD&A expense related to non-oil and gas property fixed assets to total between \$100 million and \$104 million. This range includes \$64 million to \$68 million related to marketing and midstream assets.

GENERAL AND ADMINISTRATIVE EXPENSES ("G&A") Devon estimates that consolidated G&A will be between \$200 million and \$210 million.

INCOME TAXES Devon estimates that its consolidated financial income tax rate in 2002 will be between 20% and 40%. The current income tax rate is expected to be between 15% and 25%. The deferred income tax rate is expected to be between 5% and 15%. These rates exclude the effects of the Canadian writedown and property sales as discussed in the following paragraph.

The preceding estimated rates exclude the effect of the second quarter 2002 Canadian reduction of carrying value of oil and gas properties. This reduction resulted in a reduction of pretax income \$651 million and a deferred tax benefit of \$267 million. These estimated tax rates also exclude the effects of domestic property sales. These domestic property sales result in gains for tax purposes, but there is no corresponding financial gain or loss because Devon follows the full-cost method of accounting. As a result, 2002 current taxes are expected to be increased from \$105 million to \$115 million for these domestic property sales and deferred taxes are expected to be decreased by the same amount.

REDUCTION OF CARRYING VALUE OF OIL AND GAS PROPERTIES Devon follows the full cost method of accounting for its oil and gas properties. Under the full cost method, Devon's net

book value of oil and gas properties, less related deferred income taxes (the "costs to be recovered"), may not exceed a calculated "full cost ceiling." The ceiling limitation is the discounted estimated after-tax future net revenues from oil and gas properties plus the lower of cost or fair value of unproved properties. The ceiling is imposed separately by country. In calculating future net revenues, current prices and costs are generally held constant indefinitely. The costs to be recovered are compared to the ceiling on a quarterly basis. If the costs to be recovered exceed the ceiling, the excess is written off as an expense. An expense recorded in one period may not be reversed in a subsequent period even though higher oil and gas prices may have increased the ceiling applicable to the subsequent period.

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

Devon recorded writedowns to its Canadian oil and gas properties as of June 30, 2002, after Canadian gas prices dropped sharply during the last half of June 2002. The June 30, 2002, reference prices used in the Canadian ceiling calculation, expressed in Canadian dollars, were a NYMEX price of C\$40.79 per barrel of oil and an AECO price of C\$2.17 per Mcf of gas. Volatility of oil and gas prices prevents an accurate estimate of whether additional writedowns will occur in future periods.

**PROPERTY ACQUISITIONS AND DIVESTITURES** Though Devon has completed several major property acquisitions in recent years, these transactions are opportunity driven. Thus, Devon does not "budget," nor can it reasonably predict, the timing or size of such possible acquisitions, if any, other than the Mitchell acquisition closed on January 24, 2002.

During 2002, Devon estimates that it will sell certain oil and gas properties (the "Disposition Properties") for between \$1.3 billion and \$1.6 billion. The Disposition Properties are predominantly those that are either outside of Devon's core operating areas or otherwise do not fit Devon's current strategic objectives. The Disposition Properties are located in the U.S., Canada and International areas.

As of July 31, 2002, Devon has closed sales of Disposition Properties totaling \$1.3 billion in proceeds. In addition, Devon has identified another \$200 million to \$300 million of Disposition Properties that could be sold in the second half of 2002.

The estimates of Devon's 2002 results previously set forth in this report and previous reports exclude any results from the Disposition Properties. The Disposition Properties' actual contribution to Devon's 2002 operating results will depend upon when the transactions to sell the Disposition Properties are actually closed. The following table presents Devon's estimates of the Disposition Properties' quarterly operating results. The table also includes estimated third quarter operating results of the \$200 to \$300 million of various Disposition Properties that, if sold, are expected to close during the second half of 2002.

The following table includes production and expense estimates from International Disposition Properties. However, if and when these properties are ultimately sold, the financial presentation of the related operating results will differ. Pursuant to Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the International assets to be sold constitute a "component of an entity." As such, in the period in which such International properties are sold, the related operating results are reported as discontinued operations. The prior periods' operating results related to such assets will also be reclassified and reported as discontinued operations. Therefore, upon the sale of these International Disposition Properties, the individual historical amounts for revenues and expenses of these properties are netted and reported as discontinued operations. The results of the domestic and Canadian Disposition Properties will not be presented as discontinued operations due to significant continuing operations in the United States and Canada.

	EXPECTED RANGES		
	1ST QUARTER 2002	2ND QUARTER 2002	3RD QUARTER 2002
OIL (MMBbls)			
United States	1.6	1.6	--
Canada	1.1	0.3	0.0 to 0.1
International	1.7	0.8	0.4 to 0.5
Total	4.4	2.7	0.4 to 0.6
GAS (Bcf)			
United States	12	12	0 to 1
Canada	5	2	1 to 2
International	2	2	1 to 2
Total	19	16	2 to 5
NGLS (MMBbls)			
United States	0.4	0.3	--
Canada	0.1	0.1	--
International	--	--	--
Total	0.5	0.4	--
LEASE OPERATING EXPENSES (IN MILLIONS)			
United States	\$ 22	\$ 17	\$ 0 to 1
Canada	10	5	0 to 1
International	15	6	3 to 4
Total	47	28	3 to 6
TRANSPORTATION COSTS (IN MILLIONS)			
United States	\$ 1	\$ 1	--
Canada	1	1	--
International	--	--	--
Total	2	2	--
DD&A (IN MILLIONS)			
United States	\$ 26	\$ 23	\$ 1 to 2
Canada	8	4	0 to 1
International	8	4	3 to 4
Total	42	31	4 to 7

**IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED.** In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires liability recognition for retirement obligations associated with tangible long-lived assets, such as producing well sites, offshore production platforms, and natural gas processing plants. The obligations included within the scope of SFAS No. 143 are those for which a company faces a legal obligation for settlement. The initial measurement of the asset retirement obligation is to be fair value, defined as "the price that an entity would have to pay a willing third party of comparable credit standing to assume the liability in a current transaction other than in a forced or liquidation sale." Devon expects that it will use a valuation technique such as expected present value to estimate fair value.

The asset retirement cost equal to the fair value of the retirement obligation is to be capitalized as part of the cost of the related long-lived asset and allocated to expense using a systematic and rational method.

Devon will be required to adopt SFAS No. 143 effective January 1, 2003 using a cumulative effect approach to recognize transition amounts for asset retirement obligations, asset retirement costs and accumulated depreciation.

Devon currently includes estimated costs of dismantlement, removal, site reclamation, and other similar activities in the total costs that are subject to depreciation, depletion, and amortization. Devon does not record a separate asset or liability for such amounts. Devon has not completed the assessment of the impact that adoption of SFAS No. 143 will have on its consolidated financial statements.

The FASB issued Statement No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections, on April 30, 2002. SFAS No. 145 will be effective for fiscal years beginning after May 15, 2002. This statement rescinds SFAS No. 4, Reporting Gains and Losses From Extinguishment of Debt, and requires that all gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria in APB No. 30. Applying APB No. 30 will distinguish transactions that are part of an entity's recurring operations from those that are unusual or infrequent or that meet the criteria for classification as an extraordinary item. Any gain or loss on extinguishment of debt that was classified as an extraordinary item in prior periods presented that does not meet the criteria in APB No. 30 for classification as an extraordinary item must be reclassified. Devon will adopt the provisions related to the rescission of SFAS No. 4 as of January 1, 2003.

In 1999, Devon recorded a \$4 million extraordinary loss related to the early extinguishment of long-term debt. Upon adopting SFAS No. 145 in 2003, this extraordinary loss will be reclassified as interest expense in any presentation of Devon's results that includes the year 1999.

The FASB issued Statement No. 146, Accounting for Costs Associated with Exit or Disposal Activities, in June 2002. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs incurred in a Restructuring). SFAS No. 146 applies to costs incurred in an "exit activity", which includes, but is not limited to, a restructuring, or a "disposal activity" covered by SFAS No. 144.

SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Previously, under Issue 94-3, a liability for an exit cost was recognized at the date of an entity's commitment to an exit plan. Statement No. 146 also establishes that fair value is the objective for initial measurement of the liability.

The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002.

Emerging Issues Task Force Topic 2-03, "Recognition and Reporting of Gains and Losses on Energy Trading Contracts under EITF Issues No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities," and No. 00-17, "Measuring the Fair Value of Energy-Related Contracts in Applying Issue No. 98-10" was issued in June 2002. The Task Force reached a consensus that all mark-to-market gains and losses on energy trading contracts should be shown net in the income statement whether or not settled physically. Companies would be required to disclose the gross transaction volumes for those energy trading contracts that are physically settled. The consensus is effective for financial statements issued for periods ending after July 15, 2002. Upon application of the consensus, comparative financial statements for prior periods are required to be reclassified to conform to the consensus. Devon has not engaged in material energy trading and risk management activities. Rather Devon has engaged in the marketing of Devon's and third party oil and gas. Should Devon be required to adopt the provisions of EITF 2-03, the result would have reduced gathering, marketing, and processing revenues and expenses. The adoption of the consensus would not have an effect on Devon's net results from operations.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The information included in "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Devon's 2001 Annual Report on Form 10-K is incorporated herein by reference. Such information includes a description of Devon's potential exposure to market risks, including commodity price risk, interest rate risk and foreign currency risk. The following information updates Devon's commodity price risk exposure as of July 31, 2002, for changes from that disclosed in the 2001 Form 10-K.

**COMMODITY PRICE RISK** Devon's major market risk exposure is in the pricing applicable to its oil and gas production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to its U.S. and Canadian natural gas production. Pricing for oil and gas production has been volatile and unpredictable for several years.

Devon periodically enters into financial hedging activities with respect to a portion of its projected oil and natural gas production through various financial transactions which hedge the future prices received. These transactions include financial price swaps whereby Devon will receive a fixed price for its production and pay a variable market price to the contract counterparty, and costless price collars that set a floor and ceiling price for the hedged production. If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, Devon and the counterparty to the collars will settle the difference. These financial hedging activities are intended to support oil and natural gas prices at targeted levels and to manage Devon's exposure to oil and gas price fluctuations. Devon does not hold or issue derivative instruments for trading purposes.

Devon's total hedged positions as of July 31, 2002 are set forth in the following tables.

**PRICE SWAPS** Through various price swaps, Devon has fixed the price it will receive on a portion of its oil and natural gas production in 2002, 2003 and 2004. The following tables include information on this production. Where necessary, the prices have been adjusted for certain transportation costs that are netted against the price recorded by Devon, and the price has also been adjusted for the Btu content of the gas production that has been hedged.

OIL PRODUCTION				
	FIRST HALF OF 2002		SECOND HALF OF 2002	
	Bbls/DAY	PRICE/Bbl	Bbls/DAY	PRICE/Bbl
United States	22,000	\$ 23.85	22,000	\$ 23.85
Canada	4,350	\$ 20.33	4,350	\$ 20.33

  

GAS PRODUCTION				
	FIRST HALF OF 2002		SECOND HALF OF 2002	
	Mcf/DAY	PRICE/Mcf	Mcf/DAY	PRICE/Mcf
United States	298,841	\$ 2.86	279,091	\$ 2.94
Canada	39,009	\$ 2.17	34,546	\$ 2.29

  

	FIRST HALF OF 2003		SECOND HALF OF 2003	
	Mcf/DAY	PRICE/Mcf	Mcf/DAY	PRICE/Mcf
United States	100,000	\$ 3.42	100,000	\$ 3.42
Canada	--	\$ --	--	\$ --

**COSTLESS PRICE COLLARS** Devon has also entered into costless price collars that set a floor and ceiling price for a portion of its 2002 and 2003 oil and natural gas production. The following tables include information on these collars for each geographic area. The floor and ceiling prices related to domestic oil production are based on NYMEX. The NYMEX price is the monthly average of settled prices on each trading day for West Texas Intermediate Crude oil delivered at Cushing, Oklahoma. The gas prices shown in the following table have been adjusted to a NYMEX-based price, using Devon's estimates of differentials between NYMEX and the specific regional indices upon which the collars are based. The floor and ceiling prices related to the domestic collars are based on various regional first-of-the-month price indices as published monthly by Inside FERC. The floor and ceiling prices related to the Canadian collars are based on the AECO index as published by the Canadian Gas Price Reporter.

If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, Devon and the counterparty to the collars will settle the difference. Any such settlements will either increase or decrease Devon's gas revenues for the period. Because Devon's gas volumes are often sold at prices that differ from the related regional indices, and due to differing Btu content of gas production, the floor and ceiling prices of the various collars do not reflect actual limits of Devon's realized prices for the production volumes related to the collars.

The floor and ceiling prices in the following tables are weighted averages of all the collars.

## OIL PRODUCTION

	FIRST HALF OF 2002			SECOND HALF OF 2002		
	Bbls/DAY	AVERAGE FLOOR PRICE PER Bbl	AVERAGE CEILING PRICE PER Bbl	Bbls/DAY	AVERAGE FLOOR PRICE PER Bbl	AVERAGE CEILING PRICE PER Bbl
United States	20,000	\$ 23.00	\$ 28.19	20,000	\$ 23.00	\$ 28.19

	FIRST HALF OF 2003			SECOND HALF OF 2003		
	Bbls/DAY	AVERAGE FLOOR PRICE PER Bbl	AVERAGE CEILING PRICE PER Bbl	Bbls/DAY	AVERAGE FLOOR PRICE PER Bbl	AVERAGE CEILING PRICE PER Bbl
United States	13,000	\$ 21.23	\$ 27.87	13,000	\$ 21.23	\$ 27.87
Canada	13,000	\$ 21.38	\$ 27.29	13,000	\$ 21.38	\$ 27.29

## GAS PRODUCTION

	FIRST HALF OF 2002			SECOND HALF OF 2002		
	MMBtu/DAY	AVERAGE FLOOR PRICE PER MMBtu	AVERAGE CEILING PRICE PER MMBtu	MMBtu/DAY	AVERAGE FLOOR PRICE PER MMBtu	AVERAGE CEILING PRICE PER MMBtu
United States	450,000	\$ 3.32	\$ 6.27	360,000	\$ 3.43	\$ 6.77
Canada	67,667	\$ 3.10	\$ 4.95	73,716	\$ 3.17	\$ 5.13

	FIRST HALF OF 2003			SECOND HALF OF 2003		
	MMBtu/DAY	AVERAGE FLOOR PRICE PER MMBtu	AVERAGE CEILING PRICE PER MMBtu	MMBtu/DAY	AVERAGE FLOOR PRICE PER MMBtu	AVERAGE CEILING PRICE PER MMBtu
United States	395,000	\$ 3.19	\$ 4.67	395,000	\$ 3.19	\$ 4.67
Canada	140,023	\$ 3.30	\$ 4.67	140,023	\$ 3.30	\$ 4.67

	FIRST HALF OF 2004			SECOND HALF OF 2004		
	MMBtu/DAY	AVERAGE FLOOR PRICE PER MMBtu	AVERAGE CEILING PRICE PER MMBtu	MMBtu/DAY	AVERAGE FLOOR PRICE PER MMBtu	AVERAGE CEILING PRICE PER MMBtu
United States	20,000	\$ 3.25	\$ 5.78	20,000	\$ 3.25	\$ 5.78
Canada	30,011	\$ 3.37	\$ 5.65	30,011	\$ 3.37	\$ 5.65

**FIXED-PRICE PHYSICAL DELIVERY CONTRACTS** In addition to the commodity hedging instruments described above, Devon also manages its exposure to oil and gas price risks by periodically entering into fixed-price contracts.

The price Devon will receive on a portion of its 2002 oil production has been fixed through certain forward oil sales assumed in the 2000 Santa Fe Snyder merger. From January

2002 through August 2002, 311,000 barrels of oil production per month have been fixed at an average price of \$16.84 per barrel.

For each of the years 2002 through 2011, Devon has fixed-price gas contracts that cover approximately 51 Bcf, 16 Bcf, 16 Bcf, 14 Bcf, 14 Bcf, 14 Bcf, 14 Bcf, 12 Bcf and 10 Bcf, respectively, of Canadian production. Thereafter, Devon also has Canadian gas volumes subject to fixed-price contracts in the years from 2012 through 2016, but the yearly volumes are less than 1 Bcf.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

None

### ITEM 2. CHANGES IN SECURITIES

None

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) Devon's annual meeting of stockholders was held in Oklahoma City, Oklahoma at 10:00 a.m. local time, on Thursday May 16, 2002.

(b) Proxies for the meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934, as amended. There was no solicitation in opposition to the nominees for election as directors as listed in the proxy statement and all nominees were elected.

(c) Out of a total of 156,126,700 shares of Devon's common stock outstanding and entitled to vote, 143,263,196 shares were present at the meeting in person or by proxy, representing approximately 92 percent of the total outstanding. The only matter voted upon at the meeting was the election of four directors to serve on Devon's board of directors until the 2005 annual meeting of stockholders. The vote tabulation with respect to each nominee was as follows:

NOMINEE	FOR	AUTHORITY WITHHELD
-----	-----	-----
John A. Hill	142,276,683	986,512
William J. Johnson	142,272,629	990,566
Michael M. Kanovsky	141,590,490	1,672,705
Robert A. Mosbacher, Jr	142,250,355	1,012,839

### ITEM 5. OTHER INFORMATION

None

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

Exhibit No.	
10.1	Seventh Amendment to U.S. Credit Agreement dated June 7, 2002 by and among Registrant, Bank of America, N.A., individually and as administrative agent, and the U.S. Lenders party to this Amendment
10.2	Amended and Restated Canadian Credit Agreement dated June 7, 2002 among Northstar Energy Corporation and Devon Canada Corporation, as Canadian Borrowers, Bank of America, N.A. acting through its Canadian Branch, as Administrative Agent, and Certain Financial Institutions, as Lenders
10.3	Credit Agreement dated July 25, 2002, by and among Northstar Energy Corporation and Devon Canada Corporation, as Borrowers and RBC Capital Markets, as Arranger and Royal Bank of Canada, as Administrative Agent and Certain Financial Institutions, as Lenders for the Cdn. \$140 million credit facility
10.4	Letter Agreement dated July 25, 2002, by and among Northstar Energy Corporation and Devon Canada Corporation, as Borrowers and Royal Bank of Canada acting through its Canadian Branch, as Lender for the Cdn. \$10 million credit facility
99.1	Certification of J. Larry Nichols, Chief Executive Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification of William T. Vaughn, Chief Financial Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**SIGNATURES**

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

**DEVON ENERGY CORPORATION**

*Date: August 13, 2002*

*/s/ Danny J. Heatly*

-----  
*Danny J. Heatly*  
*Vice President - Accounting*

## INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
10.1	Seventh Amendment to U.S. Credit Agreement dated June 7, 2002 by and among Registrant, Bank of America, N.A., individually and as administrative agent, and the U.S. Lenders party to this Amendment
10.2	Amended and Restated Canadian Credit Agreement dated June 7, 2002 among Northstar Energy Corporation and Devon Canada Corporation, as Canadian Borrowers, Bank of America, N.A. acting through its Canadian Branch, as Administrative Agent, and Certain Financial Institutions, as Lenders
10.3	Credit Agreement dated July 25, 2002, by and among Northstar Energy Corporation and Devon Canada Corporation, as Borrowers and RBC Capital Markets, as Arranger and Royal Bank of Canada, as Administrative Agent and Certain Financial Institutions, as Lenders for the Cdn. \$140 million credit facility
10.4	Letter Agreement dated July 25, 2002, by and among Northstar Energy Corporation and Devon Canada Corporation, as Borrowers and Royal Bank of Canada acting through its Canadian Branch, as Lender for the Cdn. \$10 million credit facility
99.1	Certification of J. Larry Nichols, Chief Executive Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification of William T. Vaughn, Chief Financial Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

## EXHIBIT 10.1

### SEVENTH AMENDMENT TO US CREDIT AGREEMENT

THIS SEVENTH AMENDMENT TO US CREDIT AGREEMENT (herein called this "Amendment") made as of June 7, 2002, by and among Devon Energy Corporation, a Delaware corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and the US Lenders party to this Amendment.

#### WITNESSETH:

WHEREAS, US Borrower, US Agent and US Lenders entered into that certain US Credit Agreement dated as of August 29, 2000 (as amended, supplemented, or restated to the date hereof, the "Original Agreement"), for the purpose and consideration therein expressed, whereby US Lenders became obligated to make loans to US Borrower as therein provided;

WHEREAS, US Borrower, US Agent and US Lenders party to this Amendment desire to amend the Original Agreement as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, in consideration of the loans which may hereafter be made by US Lenders to US Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

#### ARTICLE I.

##### Definitions and References

Section 1.1. Terms Defined in the Restated Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Restated Agreement (defined below) shall have the same meanings whenever used in this Amendment.

Section 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this section.

"Amendment" means this Seventh Amendment to US Credit Agreement.

"Restated Agreement" has the meaning given to such term in Section 2.1.

"US Agreement" means the Original Agreement as amended hereby.

## **ARTICLE II.**

### **Amendment and Restatement of Original Agreement**

Section 2.1. Amendment and Restatement. Effective on (and subject to the occurrence of) the Effective Date, the Original Agreement (including all Schedules and Annexes thereto) shall be and is hereby amended and, as so amended, restated in its entirety such that, after giving effect to such amendment and restatement, it shall read in full as set forth in Exhibit A hereto (as set forth in such Exhibit A, the "Restated Agreement"). The rights and obligations of the parties to the Original Agreement with respect to the period prior to the Effective Date shall not be affected by such amendment and restatement.

## **ARTICLE III.**

### **Conditions of Effectiveness**

Section 3.1. Documents to be Delivered. The amendment and restatement set forth herein shall become effective as of the date first written above on the date (the "Effective Date") when US Agent shall have received all of the following, at US Agent's office in Dallas, Texas, duly executed and delivered and in form, substance and date satisfactory to US Agent:

- (a) This Amendment.
- (b) Each Tranche B Note.
- (c) The Guaranty of US Guarantor.
- (d) The following certificates of US Borrower:
  - (i) An "Omnibus Certificate" of the Secretary of US Borrower, which shall contain the names and signatures of the officers of US Borrower authorized to execute US Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: a copy of resolutions duly adopted by the Board of Directors of US Borrower and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other US Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, a copy of the charter documents of US Borrower and all amendments thereto, certified by the appropriate official of the State of Delaware, and a copy of the bylaws of US Borrower; and
  - (ii) A "Compliance Certificate" of the Senior Vice President - Finance or the Treasurer or the Vice President - Accounting of US Borrower as of the Effective Date, in which such officers certify to the satisfaction of the conditions set out in subsections (a) and (b) of Section 4.1 of the Restated Agreement.

- (e) Certificate (or certificates) of the good standing of US Borrower in the State of Delaware, issued by the appropriate official of such State.
- (f) Documents corresponding to those specified in subsections (d)(i) and (e) above (to the extent available in the applicable jurisdiction) with respect to US Guarantor.
- (g) A favorable opinion of Mayer, Brown, Rowe and Maw, counsel for Restricted Persons, substantially in the form set forth in Exhibit E-1 to the Restated Agreement, and a favorable opinion of Stewart McKelvey Stirling Scales, Nova Scotia counsel for US Guarantor, substantially in the form of Exhibit E-2 to the Restated Agreement.
- (h) A favorable opinion of Thompson & Knight L.L.P. covering the matters requested by US Agent.

Section 3.2. Additional Conditions Precedent. In addition to the documents required to be delivered pursuant to Section 3.1 above, the amendment set forth herein shall become effective as of the date first written above when and only when:

- (a) All commitment, facility, agency, legal and other fees required to be paid or reimbursed to any Lender pursuant to any US Loan Documents or any commitment agreement heretofore entered into shall have been paid.
- (b) No event which would reasonably be expected to have a Material Adverse Effect shall have occurred since the date of the most recent Initial Financial Statements.
- (c) US Borrower shall have certified to US Agent and Lenders that, to the knowledge of the US Borrower, no Restricted Person has any outstanding liabilities (determined in accordance with GAAP) which are, in the aggregate, material to the consolidated financial condition of the US Borrower and its consolidated subsidiaries, taken as a whole, and which are not disclosed in the Initial Financial Statements, the Disclosure Schedule or reports, statements, schedules and other information included in filings made by the US Borrower with the Securities and Exchange Commission on or prior to May 15, 2002 or otherwise to the US Agent and/or the US Lenders.
- (d) The Existing Canadian Agreement shall be amended and restated as provided in the Canadian Agreement.
- (e) All legal matters relating to the US Loan Documents and the consummation of the transactions contemplated thereby shall be satisfactory to Thompson & Knight L.L.P., counsel to US Agent.

## ARTICLE IV.

### Representations and Warranties

Section 4.1. Representations and Warranties of US Borrower. In order to induce the US Lenders to enter into this Amendment, US Borrower represents and warrants to each US Lender that:

- (a) The representations and warranties contained in Article V of the Restated Agreement are true and correct at and as of the time of the effectiveness hereof, except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the US Agreement.
- (b) US Borrower is duly authorized to execute and deliver this Amendment and is and will continue to be duly authorized to borrow monies and to perform its obligations under the US Agreement. US Borrower has duly taken all corporate action necessary to authorize the execution and delivery of this Amendment and to authorize the performance of the obligations of US Borrower hereunder.
- (c) The execution and delivery by US Borrower of this Amendment, the performance by US Borrower of its obligations hereunder and the consummation of the transactions contemplated hereby do not and will not (i) conflict with any provision of (A) any Law, (B) the organizational documents of US Borrower, or (C) any agreement, judgment, license, order or permit applicable to or binding upon US Borrower unless such conflict would not reasonably be expected to have a Material Adverse Effect, or (ii) result in or require the creation of any Lien upon any assets or properties of US Borrower which would reasonably be expected to have a Material Adverse Effect, except as expressly contemplated or permitted in the Loan Documents. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with, any Tribunal or third party is required in connection with the execution, delivery or performance by US Borrower of this Amendment or to consummate any transactions contemplated by this Amendment, unless failure to obtain such consent would not reasonably be expected to have a Material Adverse Effect.
- (d) When duly executed and delivered, each of this Amendment and the US Agreement will be a legal and binding obligation of US Borrower, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights and by equitable principles of general application.
- (e) The audited annual Consolidated financial statements of US Borrower dated as of December 31, 2001 and the unaudited quarterly Consolidated financial statements of US Borrower dated as of March 31, 2002 fairly present the Consolidated financial position at such dates and the Consolidated statement of operations and the changes in Consolidated financial position for the periods ending on such dates for US Borrower. Copies of such financial statements have heretofore been delivered to each US Lender. Since such dates no material

adverse change has occurred in the Consolidated financial condition or businesses of US Borrower.

## **ARTICLE V.**

### **Miscellaneous**

Section 5.1. Ratification of Agreements. The Original Agreement as hereby amended and restated and the Tranche A Notes are hereby ratified and confirmed in all respects. The US Loan Documents, as they may be amended or affected by this Amendment, are hereby ratified and confirmed in all respects. Any reference to the US Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement as hereby amended and restated. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of US Lenders under the US Agreement or any other US Loan Document nor constitute a waiver of any provision of the US Agreement or any other US Loan Document.

Section 5.2. Survival of Agreements. All representations, warranties, covenants and agreements of US Borrower herein shall survive the execution and delivery of this Amendment and the performance hereof, including without limitation the making or granting of the Loans, and shall further survive until all of the Obligations are paid in full. All statements and agreements contained in any certificate or instrument delivered by US Borrower or any Restricted Person hereunder or under the US Agreement to any US Lender shall be deemed to constitute representations and warranties by, and/or agreements and covenants of, US Borrower under this Amendment and under the US Agreement.

Section 5.3. US Loan Documents. This Amendment is a US Loan Document, and all provisions in the US Agreement pertaining to US Loan Documents apply hereto.

Section 5.4. Governing Law. This Amendment shall be governed by and construed in accordance the laws of the State of Texas and any applicable laws of the United States of America in all respects, including construction, validity and performance.

Section 5.5. Counterparts; Fax. This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment. This Amendment may be validly executed by facsimile or other electronic transmission.

**THIS AMENDMENT AND THE OTHER US LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS OF THE PARTIES.**

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

IN WITNESS WHEREOF, this Amendment is executed as of the date first above written.

**DEVON ENERGY CORPORATION**  
**US Borrower**

By: /s/ Dale T. Wilson

-----  
Dale T. Wilson  
Treasurer

**BANK OF AMERICA, N.A.,**  
Administrative Agent, US LC Issuer  
and Lender

By: /s/ Richard L. Stein

-----  
Name: Richard L. Stein  
Title: Principal

**ABN AMRO BANK, N.V.**  
**Lender**

By: /s/ Frank R. Russo, Jr.

-----  
Name: Frank R. Russo, Jr.  
Title: Group Vice President

By: /s/ Jamie A. Conn

-----  
Name: Jamie A. Conn  
Title: Group Vice President

**BANK OF MONTREAL**  
**Lender**

By: /s/ James V. Ducote

-----  
Name: James V. Ducote  
Title: Director

**BANK OF OKLAHOMA, N.A.**  
**Lender**

By: /s/ John N. Huff

-----  
Name: John N. Huff  
Title: Vice President

**BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN  
ISLANDS BRANCH**

**Lender**

By: /s/ Hereward Drummond

-----  
Name: Hereward Drummond  
Title: Senior Vice President

By: /s/ James H. Boyle

-----  
Name: James H. Boyle  
Title: Vice President

**CITIBANK, N.A.**

**Lender**

By: /s/ Todd J. Mogil

-----  
Name: Todd J. Mogil  
Title: Attorney-in-fact

**CREDIT LYONNAIS NEW YORK BRANCH**

**Lender**

By: /s/ Bernard Weymuller

-----  
Name: Bernard Weymuller  
Title: Senior Vice President

**CREDIT SUISSE FIRST BOSTON**

**Lender**

By: /s/ James P. Moran

-----  
Name: James P. Moran  
Title: Director

By: /s/ David M. Koczan

-----  
Name: David M. Koczan  
Title: Associate

**DEN NORSKE BANK ASA**

**Lender**

By: /s/ Nils Fykse

-----  
Name: Nils Fykse  
Title: First Vice President

By: /s/ Hans Jorgen Ormar

-----  
Name: Hans Jorgen Ormar  
Title: Vice President

**DEUTSCHE BANK AG NEW YORK BRANCH**

**Lender**

By: /s/ Michael E. Keating

-----  
Name: Michael E. Keating  
Title: Managing Director

By: /s/ Hans C. Narberhaus

-----  
Name: Hans C. Narberhaus  
Title: Vice President

**JPMORGAN CHASE BANK**

**Lender**

By: /s/ Russell A. Johnson

-----  
Name: Russell A. Johnson  
Title: Vice President

**LOCAL OKLAHOMA BANK, N.A.**

**Lender**

By: /s/ John K. Slay, Jr.

-----  
Name: John K. Slay, Jr.  
Title: Sr. Vice President

**ROYAL BANK OF CANADA**

**Lender**

By: /s/ Lorne Gartner

-----  
Name: Lorne Gartner  
Title: Vice President

**SOUTHWEST BANK OF TEXAS, N.A.**

**Lender**

By: /s/ W. Bryan Chapman

-----  
Name: W. Bryan Chapman  
Title: Vice President

**THE BANK OF NEW YORK**

**Lender**

By: /s/ Raymond J. Palmer

-----  
Name: Raymond J. Palmer  
Title: Vice President

**THE BANK OF NOVA SCOTIA**

**Lender**

By: /s/ N. Bell

-----  
Name: N. Bell  
Title: Senior Manager

**THE BANK OF TOKYO - MITSUBISHI LTD. HOUSTON  
AGENCY**

**Lender**

By: /s/ K. Glasscock

-----  
Name: K. Glasscock  
Title: VP & Manager

**UBS AG, STAMFORD BRANCH**

**Lender**

By: /s/ Patricia O'Kicki

-----  
Name: Patricia O'Kicki  
Title: Director, Banking Products Services

By: /s/ Wilfred V. Saint

-----  
Name: Wilfred V. Saint  
Title: Associate Director  
Banking Products Services, US

**UMB BANK**

**Lender**

By: /s/ Richard J. Lehrter

-----  
Name: Richard J. Lehrter  
Title: Community Bank President

**WACHOVIA BANK, NATIONAL  
ASSOCIATION**

**Lender**

By: /s/ David E. Humphreys

-----  
Name: David E. Humphreys  
Title: Vice President

**EXHIBIT A**  
to  
Seventh Amendment to US Credit Agreement

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**AMENDED AND RESTATED US CREDIT AGREEMENT**

**DEVON ENERGY CORPORATION**

as US Borrower

**BANK OF AMERICA, N.A.**

as Administrative Agent

**BANC OF AMERICA SECURITIES LLC**

as Sole Book Manager & Joint Lead Arranger

**UBS WARBURG, LLC**

as Joint Lead Arranger

**UBS AG, STANFORD BRANCH**

as Syndication Agent

**ROYAL BANK OF CANADA  
WACHOVIA BANK, NATIONAL ASSOCIATION  
JPMORGAN CHASE BANK**

as Co-Documentation Agents

and CERTAIN FINANCIAL INSTITUTIONS

as Lenders

US \$725,000,000

(subject to re-allocation up to US \$825,000,000)

June 7, 2002

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## AMENDED AND RESTATED US CREDIT AGREEMENT

THIS AMENDED AND RESTATED US CREDIT AGREEMENT (this "Agreement") is made as of June 7, 2002, by and among Devon Energy Corporation, a Delaware corporation (herein called "US Borrower"), Bank of America, N.A., individually and as administrative agent (herein called "US Agent"), and the Lenders party to, and as defined under, the Existing US Credit Agreement (as defined below).

US Borrower, US Agent and US Lenders entered into the US Credit Agreement dated as of August 29, 2000 (as amended, supplemented or otherwise modified prior to the Closing Date as defined herein, the "Existing US Credit Agreement"), for the purpose and consideration therein expressed, wherein US Lenders became obligated to make loans to US Borrower as therein provided.

US Borrower has requested that Tranche B Lenders extend the effectiveness of the Tranche B Revolving Period as set forth in the Existing US Credit Agreement and make certain other amendments and modifications thereto, all on the terms and conditions provided herein and in the Seventh Amendment to US Credit Agreement to which this Amended and Restated Credit Agreement is attached (the "Seventh Amendment to US Credit Agreement").

US Agent and Tranche B Required Lenders under the Existing US Credit Agreement have consented to make such extension and the US Required Lenders under the Existing US Credit Agreement have consented to such other amendments effective pursuant to the Seventh Amendment to US Credit Agreement. Accordingly, in consideration of the loans which may hereafter be made by US Lenders to US Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, US Borrower, US Agent and US Lenders hereby agree as follows:

### ARTICLE I - The US Loans

#### Section 1.1. Commitments to Lend; US Notes.

(a) Tranche A. Subject to the terms and conditions hereof, each Tranche A Lender agrees (i) that as of the Closing Date, each Tranche A Loan as defined in and outstanding under the Existing US Credit Agreement will be continued automatically as a Tranche A Loan hereunder and (ii) to make loans to US Borrower (herein called such Tranche A Lender's "Tranche A Loans") upon US Borrower's request from time to time during the Tranche A Commitment Period, provided that (i) subject to Sections 3.3, 3.4 and 3.5, all Tranche A Lenders are requested to make Tranche A Loans of the same Type in accordance with their respective Tranche A Percentage Shares and as part of the same Borrowing, (ii) such Tranche A Lender's Tranche A Percentage Share of the Tranche A Facility Usage shall never exceed such Tranche A Lender's Percentage Share of the Tranche A Maximum Credit Amount, (iii) such Tranche A Lender's

Percentage Share of the US Facility Usage shall never exceed such Tranche A Lender's Percentage Share of the US Maximum Credit Amount, and (iv) the aggregate amount of the Tranche A Facility Usage and the US Swing Loans outstanding shall never exceed the Tranche A Maximum Credit Amount. The aggregate amount of all Tranche A Loans in any Borrowing must be an integral multiple of US \$100,000 which equals or exceeds US \$200,000 or must equal the unadvanced portion of the US Maximum Credit Amount. The obligation of US Borrower to repay to each Tranche A Lender the aggregate amount of all Tranche A Loans made by such Tranche A Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Tranche A Lender's "Tranche A Note") made by US Borrower payable to the order of such Tranche A Lender in the form of Exhibit A-1 with appropriate insertions and issued under the Existing US Agreement. The amount of principal owing on any Tranche A Lender's Tranche A Note at any given time shall be the aggregate amount of all Tranche A Loans theretofore made by such Tranche A Lender minus all payments of principal theretofore received by such Tranche A Lender on such Tranche A Note. Interest on each Tranche A Note shall accrue and be due and payable as provided herein and therein. Each Tranche A Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Tranche A Maturity Date. Subject to the terms and conditions hereof, US Borrower may borrow, repay, and reborrow Tranche A Loans under the US Agreement during the Tranche A Commitment Period. US Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans (including Tranche A Loans and Tranche B Loans) outstanding at any time.

(b) Tranche B. Subject to the terms and conditions hereof, each Tranche B Lender agrees to make loans to US Borrower (herein called such Tranche B Lender's "Tranche B Loans") upon US Borrower's request from time to time during the Tranche B Revolving Period, provided that (i) subject to Sections 3.3, 3.4 and 3.5, all Tranche B Lenders are requested to make Tranche B Loans of the same Type in accordance with their respective Tranche B Percentage Shares and as part of the same Borrowing, (ii) such Tranche B Lender's Tranche B Percentage Share of the Tranche B Facility Usage shall never exceed such Tranche B Lender's Tranche B Percentage Share of the Tranche B Maximum Credit Amount, and (iii) such Tranche B Lender's Percentage Share of the US Facility Usage shall never exceed such Tranche B Lender's Percentage Share of the US Maximum Credit Amount. The aggregate amount of all Tranche B Loans in any Borrowing must be an integral multiple of US \$100,000 which equals or exceeds US \$200,000 or must equal the unadvanced portion of the US Maximum Credit Amount. The obligation of US Borrower to repay to each Tranche B Lender the aggregate amount of all Tranche B Loans made by such Tranche B Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Tranche B Lender's "Tranche B Note") made by US Borrower payable to the order of such Tranche B Lender in the form of Exhibit A-2 with appropriate insertions. The amount of principal owing on any Tranche B Lender's Tranche B Note at any given time shall be the aggregate amount of all Tranche B Loans theretofore made by such Tranche B Lender minus all payments of principal theretofore received by such Tranche B Lender on such Tranche B Note. Interest on each Tranche B Note shall accrue and be due and payable as provided herein and therein. Each Tranche B Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Tranche B Maturity Date. Subject to the terms and conditions hereof, US Borrower may borrow, repay, and reborrow Tranche B Loans under the US Agreement during the Tranche B Revolving Period. US

Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans (including Tranche A Loans and Tranche B Loans) outstanding at any time.

(c) Extension of Conversion Date.

(i) US Borrower may, at its option and from time to time during the Tranche B Revolving Period, request an offer to extend the Tranche B Revolving Period by delivering to US Agent a Request for an Offer of Extension not more than sixty days and not less than thirty days prior to the then current Tranche B Conversion Date. US Agent shall forthwith provide a copy of the Request for an Offer of Extension to each of the Tranche B Lenders. Upon receipt from US Agent of an executed Request for an Offer of Extension, each Tranche B Lender shall, within twenty days after the date of such Tranche B Lender's receipt of such request from US Agent, either:

(1) notify US Agent of its acceptance of the Request for an Offer of Extension, and the terms and conditions, if any, upon which such Tranche B Lender is prepared to extend the Tranche B Conversion Date; or

(2) notify US Agent that the Request for an Offer of Extension has been denied, such notice to forthwith be forwarded by US Agent to US Borrower to allow US Borrower to seek a replacement lender pursuant to Section 1.1(e) (any Tranche B Lender giving notice of such denial is herein called a "Non-Accepting Lender"). The failure of a Tranche B Lender to so notify US Agent within such twenty day period shall be deemed to be notification by such Tranche B Lender to US Agent that such Tranche B Lender has denied US Borrower's Request for an Offer of Extension.

(ii) Provided that all Tranche B Lenders provide notice to US Agent under Section 1.1(c)(i) that they accept the Request for an Offer of Extension, or if there are Non-Accepting Lenders, such Tranche B Lenders shall have been repaid pursuant to Section 1.1(e) or replacement lenders shall have become parties hereto pursuant to Section 1.1(e) and shall have accepted the Request for an Offer of Extension, such acceptance having common terms and conditions, US Agent shall deliver to US Borrower an Offer of Extension incorporating the said terms and conditions. Such offer shall be open for acceptance by US Borrower until the fifth Business Day immediately preceding the then current Tranche B Conversion Date. Upon written notice by US Borrower to US Agent accepting an outstanding Offer of Extension and agreeing to the terms and conditions, if any, specified therein (the date of such notice of acceptance in this Section 1.1 being called the "Extension Date"), the Tranche B Conversion Date shall be extended to the date 364 days from the Extension Date and the terms and conditions specified in such Offer of Extension shall be immediately effective.

(iii) US Borrower understands that the consideration of any Request for an Offer of Extension constitutes an independent credit decision which each Tranche B Lender retains the absolute and unfettered discretion to make and that no commitment in

this regard is hereby given by a Tranche B Lender and that any offer to extend the Tranche B Conversion Date may be on such terms and conditions in addition to those set out herein as the extending Tranche B Lenders stipulate.

(d) Conversion to Tranche B Term Loan. Effective at 11:59 p.m. Dallas, Texas time on the day immediately preceding the Tranche B Conversion Date, (i) each Tranche B Lender's obligation to make new Tranche B Loans shall be canceled automatically, and (ii) each Tranche B Lender's Tranche B Loans shall become term loans maturing on the Tranche B Maturity Date.

(e) Non-Accepting Lender. Provided that Tranche B Required Lenders provide notice to US Agent under Section 1.1(c)(i) that they accept the Request for an Offer of Extension, on notice of US Borrower to US Agent, US Borrower shall be entitled to choose any of the following in respect of each Non-Accepting Lender prior to the expiration of the Tranche B Revolving Period, provided that if US Borrower does not make an election prior to the expiration of the Tranche B Revolving Period, US Borrower shall be deemed to have irrevocably elected to exercise the provisions of Section 1.1(e)(i):

(i) the Non-Accepting Lender's obligations to make Tranche B Loans and Canadian Loans shall be canceled as of the Extension Date, the Tranche B Maximum Credit Amount and the Canadian Maximum Credit Amount shall be reduced by the amount so canceled, and on or prior to the Extension Date US Borrower shall repay in full all Tranche B Loans and all Canadian Obligations then outstanding to the Non-Accepting Lender (as defined in Section 1.1(c)(i)(2)), or

(ii) replace the Non-Accepting Lender by reaching satisfactory arrangements with one or more existing Lenders or new Lenders, for the purchase, assignment and assumption of the Tranche B Loans and the Canadian Obligations of the Non-Accepting Lender, and the related rights and obligations of such Non-Accepting Lender under the Loan Documents, provided that any new Tranche B Lender, with, if necessary, any Affiliate, shall take a pro rata assignment of such Tranche B Loans, Canadian Obligations and related rights and obligations, and such Non-Accepting Lender shall be obligated to sell such Obligations in accordance with such satisfactory arrangements.

In connection with any such replacement of a Tranche B Lender pursuant to this Section 1.1(e), US Borrower shall pay all costs that would have been due to such Tranche B Lender pursuant to Section 3.6 if such Tranche B Lender's US Loans had been prepaid at the time of such replacement.

(f) Swing Loans. Subject to the terms and conditions hereof, US Agent agrees (i) that as of the Closing Date, each US Swing Loan as defined in and outstanding under the Existing US Credit Agreement will be continued automatically as a US Swing Loan hereunder and (ii) to make loans to US Borrower (herein called "US Swing Loans") upon US Borrower's request from time to time during the Tranche A Commitment Period, provided that (i) the aggregate amount of US Swing Loans outstanding shall never exceed the US Swing Sublimit, (ii) the aggregate amount of Tranche A Facility Usage and US Swing Loans outstanding shall never exceed the Tranche A

Maximum Credit Amount, and (iii) the US Facility Usage shall never exceed the US Maximum Credit Amount. The aggregate amount of all US Swing Loans in any Borrowing must be an integral multiple of US \$100,000 which equals or exceeds US \$1,000,000 or must equal the unadvanced portion of the Tranche A Maximum Credit Amount. The obligation of US Borrower to repay to US Agent the aggregate amount of all US Swing Loans made by US Agent, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called the "US Swing Note") made by US Borrower payable to the order of US Agent in the form of Exhibit A-3 and issued under the Existing US Credit Agreement. The amount of principal owing on the US Swing Note at any given time shall be the aggregate amount of all US Swing Loans theretofore made by US Agent minus all payments of principal theretofore received by US Agent on the US Swing Note (including as a result of any refinancing pursuant to Section 1.8). Interest on the US Swing Note shall accrue and be due and payable as provided herein and therein. The US Swing Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Tranche A Maturity Date. Subject to the terms and conditions hereof, US Borrower may borrow, repay, and reborrow US Swing Loans under the US Agreement during the Tranche A Commitment Period.

Section 1.2. Requests for New US Loans. US Borrower must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of any requested Borrowing of new US Loans to be advanced by Lenders. Each such notice constitutes a "Borrowing Notice" hereunder and must:

(a) specify the aggregate amount of any such Borrowing of new US Base Rate Loans and the date on which such US Base Rate Loans are to be advanced, the aggregate amount of any such Borrowing of new US Dollar Eurodollar Loans, the date on which such US Dollar Eurodollar Loans are to be advanced (which shall be the first day of the Eurodollar Interest Period which is to apply thereto), and the length of the applicable Eurodollar Interest Period, or the aggregate amount of any such Borrowing of new US Swing Loans and the date on which such US Swing Loans are to be advanced; and

(b) be received by US Agent (i) in the case of US Loans that are not US Swing Loans, not later than 11:00 a.m., Dallas, Texas time, on the day on which any such US Base Rate Loans are to be made, or the second Business Day preceding the day on which any such US Dollar Eurodollar Loans are to be made, and (ii) in the case of US Loans that are US Swing Loans, not later than 4:00 p.m., Dallas, Texas time on the Business Day on which any such US Swing Loans are to be made.

Each such written request or confirmation must be made in the form and substance of the "Borrowing Notice" attached hereto as Exhibit B, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by US Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, US Agent shall give each Lender notice of the terms thereof (excluding US Swing Loans) not later than 2:00 p.m., Dallas, Texas time on the day it receives such Borrowing Notice from US Borrower if it receives such Borrowing Notice by 11:00 a.m., Dallas, Texas time, otherwise on the next Business Day. If all conditions precedent to such new US

Loans have been met, each Lender will on the date requested promptly remit to US Agent at US Agent's office in Dallas, Texas the amount of such Lender's new US Loan in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such US Loans have been neither met nor waived as provided herein, US Agent shall promptly make such US Loans available to US Borrower. Unless US Agent shall have received prompt notice from a Lender that such Lender will not make available to US Agent such Lender's new US Loan, US Agent may in its discretion assume that such Lender has made such US Loan available to US Agent in accordance with this section and US Agent may if it chooses, in reliance upon such assumption, make such US Loan available to US Borrower. If and to the extent such Lender shall not so make its new US Loan available to US Agent, such Lender and US Borrower severally agree to pay or repay to US Agent within three days after demand the amount of such US Loan together with interest thereon, for each day from the date such amount was made available to US Borrower until the date such amount is paid or repaid to US Agent, with interest at (1) the Federal Funds Rate, if such Lender is making such payment; provided that US Agent gave notice of the terms of the Borrowing Notice to such Lender in accordance with the terms of this Section 1.2, and (2) the interest rate applicable at the time to the other new US Loans made on such date, if US Borrower is making such repayment. If neither such Lender nor US Borrower pays or repays to US Agent such amount within such three-day period, US Agent shall in addition to such amount be entitled to recover from such Lender and from US Borrower, on demand, interest thereon at the Default Rate for US Base Rate Loans, calculated from the date such amount was made available to US Borrower. The failure of any Lender to make any new US Loan to be made by it hereunder shall not relieve any other Lender of its obligation hereunder, if any, to make its new US Loan, but no Lender shall be responsible for the failure of any other Lender to make any new US Loan to be made by such other Lender.

Section 1.3. Continuations and Conversions of Existing US Loans. US Borrower may make the following elections with respect to US Loans already outstanding under this Agreement: to convert US Base Rate Loans to US Dollar Eurodollar Loans, to convert US Dollar Eurodollar Loans to US Base Rate Loans on the last day of the Eurodollar Interest Period applicable thereto, to continue US Dollar Eurodollar Loans beyond the expiration of such Eurodollar Interest Period by designating a new Eurodollar Interest Period to take effect at the time of such expiration, and to convert US Swing Loans to US Dollar Eurodollar Loans simultaneously with the refinancing of such US Swing Loans pursuant to

Section 1.8. In making such elections, US Borrower may combine existing Tranche A Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Tranche A Loans made pursuant to one Borrowing into separate new Borrowings, or combine existing Tranche B Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Tranche B Loans made pursuant to one Borrowing into separate new Borrowings, provided that US Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans outstanding at any time. To make any such election, US Borrower must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing US Loans, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:

(a) to be continued or converted and whether such US Loans are Tranche A Loans or Tranche B Loans;

(b) specify the aggregate amount of any Borrowing of US Base Rate Loans into which such existing US Loans are to be continued or converted and the date on which such Continuation or Conversion is to occur, or the aggregate amount of any Borrowing of US Dollar Eurodollar Loans into which such existing US Dollar Eurodollar Loans are to be continued or converted, the date on which such Continuation or Conversion is to occur (which shall be the first day of the Eurodollar Interest Period which is to apply to such US Dollar Eurodollar Loans), and the length of the applicable Eurodollar Interest Period; and

(c) be received by US Agent not later than 10:00 a.m., Dallas, Texas time, on the day on which any such Continuation or Conversion to US Base Rate Loans is to occur, or the second Business Day preceding the day on which any such Continuation or Conversion to US Dollar Eurodollar Loans is to occur.

Each such written request or confirmation must be made in the form and substance of the "Continuation/Conversion Notice" attached hereto as Exhibit C, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by US Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Continuation/Conversion Notice, US Agent shall give each Lender prompt notice of the terms thereof. Each Continuation/Conversion Notice shall be irrevocable and binding on US Borrower. During the continuance of any Default, US Borrower may not make any election to convert existing US Loans made under this Agreement into US Dollar Eurodollar Loans or continue existing US Loans made under this Agreement as US Dollar Eurodollar Loans. If (due to the existence of a Default or for any other reason) US Borrower fails to timely and properly give any Continuation/Conversion Notice with respect to a Borrowing of existing US Dollar Eurodollar Loans at least two Business Days prior to the end of the Eurodollar Interest Period applicable thereto, such US Dollar Eurodollar Loans shall automatically be converted into US Base Rate Loans at the end of such Eurodollar Interest Period. No new funds shall be repaid by US Borrower or advanced by any Lender in connection with any Continuation or Conversion of existing US Loans pursuant to this section, and no such Continuation or Conversion shall be deemed to be a new advance of funds for any purpose; such Continuations and Conversions merely constitute a change in the interest rate applicable to already outstanding US Loans.

Section 1.4. Use of Proceeds. US Borrower shall use all US Loans made under this Agreement to refinance existing indebtedness (including any commercial paper issued by or for the account of US Borrower), to finance capital expenditures, to refinance Matured US LC Obligations outstanding under this Agreement, and to provide working capital for its operations and for other general business purposes. US Borrower shall use all Letters of Credit issued under the US Agreement for its general corporate purposes. If any US Loan is used for a purpose which is governed by Reg U, US Borrower shall comply with Reg U in all respects. US Borrower represents and warrants that US Borrower is not engaged principally, or as one of US

Borrower's important activities, in the business of extending credit to others for the purpose of purchasing or carrying Margin Stock.

Section 1.5. Interest Rates and Fees.

(a) Tranche A Loans. The following interest and fees shall be payable with respect to Tranche A Loans:

(i) Interest. Each Tranche A Loan that is a US Base Rate Loan shall bear interest on each day outstanding at the US Base Rate in effect on such day. Each Tranche A Loan that is a US Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day.

(ii) Facility Fees. In consideration of each Tranche A Lender's commitment to make Tranche A Loans under this Agreement, US Borrower will pay to US Agent for the account of each Tranche A Lender a facility fee determined on a daily basis by applying the Tranche A Facility Fee Rate to such Tranche A Lender's Tranche A Percentage Share of the Tranche A Maximum Credit Amount on each day during the Tranche A Commitment Period. This facility fee shall be due and payable in arrears on the last day of each Fiscal Quarter and at the end of the Tranche A Commitment Period.

(b) Tranche B Loans. The following interest and fees shall be payable with respect to Tranche B Loans:

(i) Interest. Each Tranche B Loan that is a US Base Rate Loan shall bear interest on each day outstanding at the US Base Rate in effect on such day. Each Tranche B Loan that is a US Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day.

(ii) Facility Fees. In consideration of each Tranche B Lender's commitment to make Tranche B Loans under this Agreement, US Borrower will pay to US Agent for the account of each Tranche B Lender a facility fee determined on a daily basis by applying (i) the Tranche B Facility Fee Rate to such Tranche B Lender's Percentage Share of the Tranche B Maximum Credit Amount on each day during the period from the date hereof until the Tranche B Conversion Date and (ii) the Tranche B Facility Fee Rate to such Tranche B Lender's Percentage Share of the Tranche B Facility Usage on each day from the Tranche B Conversion Date until the Tranche B Maturity Date. This facility fee shall be due and payable in arrears on the last day of each Fiscal Quarter and on the Tranche B Maturity Date.

(c) US Swing Loans. Each US Swing Loan shall bear interest on each day outstanding at the US Swing Rate for such US Swing Loan in effect on such day.

- (d) Tranche A Loan Utilization Fees. In consideration of the commitment of each Tranche A Lender to make Tranche A Loans under this Agreement, US Borrower will pay to US Agent for the account of each Tranche A Lender a utilization fee determined on a daily basis by applying (i) a rate of 7.5 Basis Points per annum to such Tranche A Lender's Tranche A Percentage Share of the Tranche A Facility Usage on each day prior to the Tranche A Maturity Date that the US Facility Usage exceeds thirty-three percent (33%) of the US Maximum Credit Amount, and (ii) a rate of 15 Basis Points per annum to such Tranche A Lender's Percentage Share of the Tranche A Facility Usage on each day prior to the Tranche A Maturity Date that the US Facility Usage exceeds sixty-six percent (66%) of the US Maximum Credit Amount. This utilization fee shall be due and payable in arrears on each Interest Payment Date for US Base Rate Loans and on the date all US Obligations are repaid in full.
- (e) Tranche B Loan Utilization Fees. In consideration of each Tranche B Lender's commitment to make Tranche B Loans under this Agreement, US Borrower will pay to US Agent for the account of each Tranche B Lender a utilization fee determined on a daily basis by applying a rate of 12.5 Basis Points per annum to such Tranche B Lender's Tranche B Percentage Share of the Tranche B Facility Usage on each day prior to the Tranche B Maturity Date that the Tranche B Facility Usage exceeds twenty-five percent (25%) of the Tranche B Maximum Credit Amount. This utilization fee shall be due and payable in arrears on each Interest Payment Date for US Base Rate Loans and on the date all US Obligations are repaid in full.
- (f) Tranche B Conversion Fees. Upon the conversion of Tranche B Loans to term loans on the Tranche B Conversion Date, US Borrower will pay to US Agent for the account of each Tranche B Lender a conversion fee determined by applying a rate of 12.5 Basis Points to such Tranche B Lender's Tranche B Percentage Share of the principal amount of Tranche B Loans converted to term loans on the Tranche B Conversion Date. This conversion fee shall be due and payable on the Tranche B Conversion Date.
- (g) Competitive Bid Loans. Each Competitive Bid Loan shall bear interest on each day outstanding at the Competitive Bid Rate for such Competitive Bid Loan.
- (h) All US Loans. All past due principal of and past due interest on the US Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues.
- (i) US Agent's Fees. In addition to all other amounts due to US Agent under the US Loan Documents, US Borrower will pay fees to US Agent as described in a letter agreement of even date herewith between US Agent and US Borrower.

#### Section 1.6. Prepayments.

- (a) Optional Prepayments. US Borrower may, upon giving notice to US Agent by 11:00 a.m., Dallas, Texas time on the Business Day of prepayment, from time to time and without premium or penalty prepay the US Notes, including Competitive Bid Notes, in whole or in part, so long as all partial prepayments of principal concurrently paid on the US Notes are in

increments of US \$100,000 and in an aggregate amount greater than or equal to US \$200,000, and so long as US Borrower pays all amounts owing in connection with the prepayment of any US Dollar Eurodollar Loan owing under Section 3.6. US Agent shall give each Lender notice thereof by 2:00 p.m. Dallas, Texas time on the date such notice is received from US Borrower. Unless otherwise designated by US Borrower, any prepayment of Competitive Bid Loans shall be applied to the outstanding Competitive Bid Loans in order of shortest maturity.

(b) Mandatory Prepayments of Tranche A Loans. If the aggregate amount of the Tranche A Facility Usage and the Swing Loans outstanding exceed the Tranche A Maximum Credit Amount, US Borrower shall immediately prepay the principal of the Tranche A Loans and/or the US Swing Loans in an amount at least equal to such excess.

(c) Mandatory Prepayments of Tranche B Loans. If the aggregate amount of the Tranche B Facility Usage ever exceeds the Tranche B Maximum Credit Amount, US Borrower shall immediately prepay the principal of the Tranche B Loans in an amount at least equal to such excess.

(d) Procedures. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the US Loan Documents at the time of such prepayment.

#### Section 1.7. Competitive Bid Loans.

(a) US Borrower may request that each Lender submit Competitive Bids (on a several basis) for requested maturities of thirty days or more to US Borrower on any Business Day during the Tranche A Commitment Period and/or the Tranche B Revolving Period, as applicable, provided that all Lenders are requested to make a Competitive Bid on the same basis at the same time. In order to request Competitive Bids, US Borrower shall deliver by hand or facsimile to US Agent a Competitive Bid Request, to be received by US Agent not later than 9:00 a.m., Dallas, Texas time one Business Day before the date specified for a proposed Competitive Bid Loan. A Competitive Bid Request that does not conform substantially to the format of Exhibit H may be rejected in US Agent's sole discretion, and US Agent shall promptly notify US Borrower of such rejection by facsimile. After receiving an acceptable Competitive Bid Request, US Agent shall no later than 12:00 noon, Dallas, Texas time on the date such Competitive Bid Request is received by US Agent, by facsimile deliver to Lenders an Invitation to Bid substantially in the form of Exhibit I with respect thereto.

(b) Each Lender may, in its sole discretion, make one or more Competitive Bids to US Agent responsive to each Competitive Bid Request given by US Borrower. Each Competitive Bid by a Lender must be received by US Agent by facsimile not later than 9:00 a.m., Dallas, Texas time on the date specified for a proposed Competitive Bid Loan. Multiple bids may be accepted by US Agent. Competitive Bids that do not conform substantially to the format of Exhibit J may be rejected by US Agent after conferring with, and upon the instruction of, US Borrower, and US Agent shall notify the bidding Lender of such rejection as soon as practicable.

If any Lender shall elect not to make a Competitive Bid, such Lender shall so notify US Agent by facsimile not later than 9:00 a.m., Dallas, Texas time, on the date specified for a Competitive Bid Loan; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Loan and by such failure such Lender shall be deemed to have rejected such Competitive Bid. A Competitive Bid submitted by a Lender shall be irrevocable.

(c) Promptly, and in no event later than 9:30 a.m., Dallas, Texas time, on the date specified for a proposed Competitive Bid Loan, US Agent shall notify US Borrower by facsimile of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Bid Loan in respect of which a Competitive Bid was made, and the identity of each Lender that made each Competitive Bid. US Agent shall send a copy of all Competitive Bids to US Borrower for its records as soon as practicable after completion of the bidding process.

(d) US Borrower may, subject only to the provisions hereof, accept or reject any Competitive Bid. US Borrower shall notify US Agent by facsimile pursuant to a Competitive Bid Accept/Reject Letter whether and to what extent US Borrower has decided to accept or reject any or all of the Competitive Bids, not later than 10:00 a.m., Dallas, Texas time, on the date specified for a proposed Competitive Bid Loan; provided, however, that:

(i) the failure by US Borrower to accept or reject any Competitive Bid within the time period specified herein shall be deemed to be a rejection of such Competitive Bid,

(ii) the aggregate amount of the Competitive Bids accepted by US Borrower shall not exceed the principal amount specified in the Competitive Bid Request,

(iii) the aggregate amount of all outstanding US Loans and US LC Obligations shall never exceed the US Maximum Credit Amount,

(iv) if US Borrower shall accept a Competitive Bid or Competitive Bids made at a particular Competitive Bid Rate, but the amount of such Competitive Bid or Competitive Bids shall cause the total amount of Competitive Bids to be accepted by US Borrower to exceed the amount specified in the Competitive Bid Request, then US Borrower shall accept a portion of such Competitive Bid or Competitive Bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid at such Competitive Bid Rate, and

(v) no Competitive Bid shall be accepted for a Competitive Bid Loan unless such Competitive Bid Loan is in a minimum principal amount of US \$5,000,000 or a higher integral multiple of US \$1,000,000; provided, however, that if a Competitive Bid Loan must be in an amount less than US \$5,000,000 because of the provisions of clause (iv) above, such Competitive Bid Loan may be for a minimum of US \$1,000,000 or any

higher integral multiple thereof, and in calculating the pro rata allocation of acceptances or portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv), the amounts shall be rounded to integral multiples of US \$1,000,000 in a manner which shall be in the sole and absolute discretion of US Borrower.

(e) Promptly on each date US Borrower accepts a Competitive Bid, US Agent shall notify each Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by facsimile transmission sent by US Agent, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Bid Loan in respect of which its Competitive Bid has been accepted. After completing the notifications referred to in the immediately preceding sentence, US Agent shall notify each Lender of the aggregate principal amount of all Competitive Bids accepted. Each Lender which is to make a Competitive Bid Loan shall, before 11:00 a.m., Dallas, Texas time, on the borrowing date specified in the Competitive Bid Request applicable thereto, make available to US Agent in immediately available funds the amount of each Competitive Bid Loan to be made by such Lender, and US Agent shall promptly deposit such funds to an account designated by US Borrower. As soon as practicable thereafter, US Agent shall notify each Lender of the aggregate amount of Competitive Bid Loans advanced, the respective Competitive Bid Interest Periods thereof and Competitive Bid Rate applicable thereto.

(f) The obligation of US Borrower to repay to each Lender the aggregate amount of all Competitive Bid Loans made by such Lender, together with interest accruing in connection therewith, shall be evidenced by promissory notes (respectively, such Lender's "Competitive Bid Note") made by US Borrower payable to the order of such Lender in the form of Exhibit L, with appropriate insertions. The amount of principal owing on any Lender's Competitive Bid Note at any given time shall be the aggregate amount of all Competitive Bid Loans theretofore made by such Lender thereunder minus all payments of principal theretofore received by such Lender thereon. Interest on each Competitive Bid Note shall accrue and be due and payable as provided herein and therein. US Borrower shall repay on the final day of the Competitive Bid Interest Period of each Competitive Bid Loan (such date being that specified by US Borrower for repayment of such Competitive Bid Loan in the related Competitive Bid Request and such date being no later than six months after the date of the Competitive Bid Loan) the then unpaid principal amount of such Competitive Bid Loan. Subject to Section 1.6 and the payment of amounts described in Section 3.6, US Borrower shall have the right to prepay any principal amount of any Competitive Bid Loan.

(g) No Competitive Bid Loan shall be made within five Business Days after the date of any other Competitive Bid Loan, unless US Borrower and US Agent shall mutually agree otherwise. If US Agent shall at any time elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to US Borrower requesting such Competitive Bid one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to US Agent.

Section 1.8. Refinancings of US Swing Loans. US Agent, at any time in its sole and absolute discretion, may, upon notice given to each Lender by not later than 11:30 a.m., Dallas, Texas time, on any Business Day, request that each Tranche A Lender make a Tranche A Loan that is a US Base Rate Loan (or a Tranche A Loan that is a US Dollar Eurodollar Loan if requested by US Borrower in accordance with Section 1.2) in an aggregate amount equal to its Tranche A Percentage Share of the aggregate unpaid principal amount of any outstanding US Swing Loans for the purpose of refinancing such US Swing Loans (in this section called a "Refinancing Loan"). In any event, not later than 11:30 a.m., Dallas, Texas time, on the first day and the fifteenth day of each calendar month (or if such day is not a Business Day, on the next Business Day), US Agent will notify each Tranche A Lender of the aggregate amount of US Swing Loans which are then outstanding and the amount of the Refinancing Loan required to be made by each Tranche A Lender to refinance such outstanding US Swing Loans (the aggregate amount of such Refinancing Loan to be made by each Tranche A Lender shall equal such Tranche A Lender's Tranche A Percentage Share of such outstanding US Swing Loans). Upon the giving of notices by US Agent described above, each Tranche A Lender shall promptly remit to US Agent such Refinancing Loan in the manner described above in Section 1.2, so long as (a) US Agent believed in good faith that all conditions to making the subject US Swing Loan were satisfied at the time such US Swing Loan was made, or (b) if the conditions to such US Swing Loan were not satisfied, the satisfaction of such conditions have been waived in a writing by Required Tranche A Lenders in accordance with the provisions of this Agreement (collectively, the "Refinancing Conditions"). The proceeds of the Refinancing Loans made pursuant to the preceding sentence shall be paid to US Agent (and not to US Borrower) and applied to the payment of principal of the outstanding US Swing Loans. If and to the extent any Tranche A Lender shall not so make its Refinancing Loan, such Tranche A Lender and US Borrower severally agree to pay to US Agent (for delivery to US Swing Lender) within three days after demand the amount of such Refinancing Loan together with interest thereon, for each day from the date such Refinancing Loan was required to be made until the date such amount is paid to US Agent, with interest at (1) the Federal Funds Rate, if such Tranche A Lender is making such payment; provided that US Agent gave notice of the terms of the Borrowing Notice to such Tranche A Lender in accordance with the terms of this Section 1.2, and (2) the interest rate applicable at the time to the other Refinancing Loans, if US Borrower is making such repayment. If neither such Tranche A Lender nor US Borrower pays to US Agent (for delivery to US Swing Lender) such amount within such three-day period, US Swing Lender shall in addition to such amount be entitled to recover from such Tranche A Lender and from US Borrower, on demand, interest thereon at the Default Rate for US Base Rate Loans, calculated from the date such Refinancing Loan was required to be made. Each Tranche A Lender's obligation to make Refinancing Loans pursuant to this Section shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, (1) any setoff, counterclaim, recoupment, defense or other right which such Tranche A Lender may have against US Agent, US Borrower or anyone else for any reason whatsoever; (2) the occurrence or continuance of an Event of Default or Default; (3) any adverse change in the condition (financial or otherwise) of US Borrower; (4) any breach of this Agreement by US Borrower, US Agent or any Tranche A Lender, except with respect to the Refinancing Conditions; or (5) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided, that in no event shall a Tranche A Lender be obligated to make a Refinancing Loan pursuant to this

Section if, after giving effect thereto, (i) such Tranche A Lender's Tranche A Percentage Share of the Tranche A Facility Usage shall exceed such Tranche A Lender's Percentage Share of the Tranche A Maximum Credit Amount, or (ii) such Tranche A Lender's Percentage Share of the US Facility Usage shall exceed such Tranche A Lender's Percentage Share of the US Maximum Credit Amount. If any Tranche A Lender is prohibited by Law from making a Tranche A Loan to refinance a US Swing Loan, such Tranche A Lender shall purchase from US Swing Lender a participation in such US Swing Loan in the amount of such Tranche A Lender's refinancing obligation hereunder.

Section 1.9. Re-allocation of Tranche B Maximum Credit Amount and Canadian Maximum Credit Amount. Borrowers shall have the right (i) to re-allocate up to US \$100,000,000 of the unused Tranche B Maximum Credit Amount to the Canadian Maximum Credit Amount (a "Tranche B Re-allocation") by reducing the Tranche B Maximum Credit Amount and increasing the Canadian Maximum Credit Amount by the same amount and (ii) to re-allocate up to US \$100,000,000 of the unused Canadian Maximum Credit Amount to the Tranche B Maximum Credit Amount (a "Canadian Re-allocation") by reducing the Canadian Maximum Credit Amount and increasing the Tranche B Maximum Credit Amount by the same amount; provided that the Tranche B Maximum Credit Amount shall never be greater than US \$625,000,000, the Canadian Maximum Credit Amount shall never be greater than US \$375,000,000; the aggregate amount of the Tranche B Maximum Credit Amount and the Canadian Maximum Credit Amount shall never exceed US \$800,000,000. A Re-allocation may be made only on a Business Day which occurs during the Tranche B Revolving Period and the Canadian Revolving Period, each Re-allocation shall remain in effect for at least 90 days and thereafter until a subsequent Re-allocation is made in accordance with the terms set forth in the Loan Documents, and no more than four Re-allocations may be made during any Fiscal Year.

(a) To make any Tranche B Re-allocation, US Borrower must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of such Tranche B Re-allocation. Each such notice must:

(i) specify the amount by which the Tranche B Maximum Credit Amount will be reduced, which amount must be equal to US \$25,000,000 or any higher integral multiple of US \$1,000,000, and must also be equal to or less than the amount by which the Tranche B Maximum Credit Amount then in effect exceeds the Tranche B Facility Usage;

(ii) specify that the Canadian Maximum Credit Amount will be increased by the same amount;

(iii) specify the effective date of such Tranche B Re-allocation which must be at least 90 days after the effective date of the immediately preceding Re-allocation (whether a Tranche B Re-allocation or a Canadian Re-allocation); and

(iv) be received by US Agent not later than 10:00 a.m., Dallas, Texas time, on or before the 10th Business Day preceding the day on which such Tranche B Re-allocation is to occur.

(b) To make any Canadian Re-allocation, Borrowers must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of such Canadian Re-allocation. Each such notice must:

(i) specify the amount by which the Canadian Maximum Credit Amount will be reduced, which amount must be equal to US \$25,000,000 or any higher integral multiple of US \$1,000,000, and must also be equal to or less than the amount by which the Canadian Maximum Credit Amount then in effect exceeds the Canadian Facility Usage;

(ii) specify that the Tranche B Maximum Credit Amount will be increased by the same amount;

(iii) specify the effective date of such Canadian Re-allocation which must be at least 90 days after the effective date of the immediately preceding Re-allocation (whether a Tranche B Re-allocation or a Canadian Re-allocation); and

(iv) be received by US Agent not later than 10:00 a.m., Dallas, Texas time, on or before the 10th Business Day preceding the day on which such Canadian Re-allocation is to occur.

Each written request or confirmation described in this section constitutes a "Re-allocation Notice" and must be made in the form and substance of the "Re-allocation Notice" attached hereto as Exhibit M, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by Borrowers as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Re-allocation Notice, US Agent shall give Canadian Agent, each Tranche B Lender and each Canadian Lender prompt notice of the terms thereof. Each Re-allocation Notice shall be irrevocable and binding on Borrowers.

## **ARTICLE II - Letters of Credit**

Section 2.1. Letters of Credit. Subject to the terms and conditions hereof, US Borrower may during the Tranche A Commitment Period request US LC Issuer to issue one or more Letters of Credit, provided that, after taking such Letter of Credit into account:

(a) the Tranche A Facility Usage does not exceed the Tranche A Maximum Credit Amount at such time;

(b) the aggregate amount of US LC Obligations arising from Letters of Credit issued under this Agreement at such time does not exceed the US LC Sublimit;

(c) the expiration date of such Letter of Credit is prior to the end of the Tranche A Commitment Period;

(d such Letter of Credit is to be used for general corporate purposes of US Borrower or one or more of its Subsidiaries;

(e such Letter of Credit is not directly or indirectly used to assure payment of or otherwise support any Indebtedness of any Person other than Indebtedness of any Restricted Person permitted by this Agreement;

(f the issuance of such Letter of Credit will be in compliance with all applicable governmental restrictions, policies, and guidelines and will not subject US LC Issuer to any cost which is not reimbursable under Article III;

(g the form and terms of such Letter of Credit are acceptable to US LC Issuer in its reasonable discretion;

(h all other conditions in this Agreement to the issuance of such Letter of Credit have been satisfied.

Subject to the terms and conditions set forth herein, US LC Issuer will, in reliance upon the agreements of the other Tranche A Lenders set forth in Section 2.3(b), honor any such request if the foregoing conditions (a) through (h) (in the following Section 2.2 called the "LC Conditions") have been met as of the date of issuance of such Letter of Credit. US LC Issuer may choose to honor any such request for any other Letter of Credit but has no obligation to do so and may refuse to issue any other requested Letter of Credit for any reason which US LC Issuer in its sole discretion deems relevant. Upon the execution and delivery of this Agreement by each of the parties hereto, any letters of credit issued under the Existing Agreement and outstanding as of the date hereof shall be deemed Letters of Credit issued hereunder as of the date hereof and shall be subject to the terms and conditions hereof, including without limitation US Borrower's reimbursement obligations under Section 2.3 and Lenders' participation obligations under Section 2.3.

Section 2.2. Requesting Letters of Credit. US Borrower must make written application for any Letter of Credit at least three Business Days before the date on which US Borrower desires for US LC Issuer to issue such Letter of Credit. By making any such written application US Borrower shall be deemed to have represented and warranted that the LC Conditions described in Section 2.1 will be met as of the date of issuance of such Letter of Credit. Each such written application for a Letter of Credit must be made in writing in the form and substance of Exhibit G, the terms and provisions of which are hereby incorporated herein by reference (or in such other form as may mutually be agreed upon by US LC Issuer and US Borrower). Two Business Days after the LC Conditions for a Letter of Credit have been met as described in Section 2.1 (or if US LC Issuer otherwise desires to issue such Letter of Credit), US LC Issuer will issue such Letter of Credit at US LC Issuer's office in Dallas, Texas. If any provisions of any LC Application conflict with any provisions of this Agreement, the provisions of this Agreement shall govern and control.

### Section 2.3. Reimbursement and Participations.

(a Reimbursement by US Borrower. If the beneficiary of any Letter of Credit issued hereunder makes a draft or other demand for payment thereunder then Tranche A Loans that are US Base Rate Loans shall be made by Tranche A Lenders to US Borrower in the amount of such draft or demand notwithstanding the fact that one or more conditions precedent to the making of such US Base Rate Loans may not have been satisfied. Such US Base Rate Loans shall be made concurrently with US LC Issuer's payment of such draft or demand without any request therefor by US Borrower and shall be immediately used by US LC Issuer to repay the amount of the resulting Matured US LC Obligation.

(b Participation by Lenders. US LC Issuer irrevocably agrees to grant and hereby grants to each Tranche A Lender, and to induce US LC Issuer to issue Letters of Credit hereunder, each Tranche A Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from US LC Issuer, on the terms and conditions hereinafter stated and for such Tranche A Lender's own account and risk, an undivided interest equal to such Tranche A Lender's Tranche A Percentage Share of US LC Issuer's obligations and rights under each Letter of Credit issued hereunder and the amount of each Matured US LC Obligation paid by US LC Issuer thereunder. Each Tranche A Lender unconditionally and irrevocably agrees with US LC Issuer that, if a Matured US LC Obligation is paid under any Letter of Credit issued hereunder for which US LC Issuer is not reimbursed in full, whether pursuant to Section 2.3(a) above or otherwise, such Tranche A Lender shall (in all circumstances and without set-off or counterclaim) pay to US LC Issuer on demand, in immediately available funds at US LC Issuer's address for notices hereunder, such Tranche A Lender's Tranche A Percentage Share of such Matured US LC Obligation (or any portion thereof which has not been reimbursed by US Borrower). Each Tranche A Lender's obligation to pay US LC Issuer pursuant to the terms of this subsection is irrevocable and unconditional. If any amount required to be paid by any Tranche A Lender to US LC Issuer pursuant to this subsection is paid by such Tranche A Lender to US LC Issuer within three Business Days after the date such payment is due, US LC Issuer shall in addition to such amount be entitled to recover from such Tranche A Lender, on demand, interest thereon calculated from such due date at the Federal Funds Rate. If any amount required to be paid by any Tranche A Lender to US LC Issuer pursuant to this subsection is not paid by such Tranche A Lender to US LC Issuer within three Business Days after the date such payment is due, US LC Issuer shall in addition to such amount be entitled to recover from such Tranche A Lender, on demand, interest thereon calculated from such due date at the Default Rate.

(c Distributions to Participants. Whenever US LC Issuer has in accordance with this section received from any Tranche A Lender payment of such Tranche A Lender's Tranche A Percentage Share of any Matured US LC Obligation, if US LC Issuer thereafter receives any payment of such Matured US LC Obligation or any payment of interest thereon (whether directly from US Borrower or by application of LC Collateral or otherwise, and excluding only interest for any period prior to US LC Issuer's demand that such Tranche A Lender make such payment of its Tranche A Percentage Share), US LC Issuer will distribute to such Tranche A Lender its Tranche A Percentage Share of the amounts so received by US LC Issuer; provided, however, that if any such payment received by US LC Issuer must thereafter be

returned by US LC Issuer, such Tranche A Lender shall return to US LC Issuer the portion thereof which US LC Issuer has previously distributed to it.

(d Calculations. A written advice setting forth in reasonable detail the amounts owing under this section, submitted by US LC Issuer to US Borrower or any Tranche A Lender from time to time, shall be conclusive, absent manifest error, as to the amounts thereof."

Section 2.4. Letter of Credit Fees. In consideration of US LC Issuer's issuance of any Letter of Credit, US Borrower agrees to pay to US LC Issuer for its own account, a letter of credit fronting fee at a rate equal to 12.5 Basis Points per annum multiplied by the face amount of such Letter of Credit, payable on the date of issuance, and (b) to US Agent, for the account of all Tranche A Lenders in accordance with their respective Tranche A Percentage Shares, a letter of credit issuance fee calculated by applying the Applicable Margin for Tranche A Loans to the face amount of all Letters of Credit outstanding on each day, payable in arrears on the last day of each Fiscal Quarter.

Section 2.5. No Duty to Inquire.

(a Drafts and Demands. US LC Issuer is authorized and instructed to accept and pay drafts and demands for payment under any Letter of Credit without requiring, and without responsibility for, any determination as to the existence of any event giving rise to said draft, either at the time of acceptance or payment or thereafter. US LC Issuer is under no duty to determine the proper identity of anyone presenting such a draft or making such a demand (whether by tested telex or otherwise) as the officer, representative or agent of any beneficiary under any Letter of Credit, and payment by US LC Issuer to any such beneficiary when requested by any such purported officer, representative or agent is hereby authorized and approved. US Borrower releases each Lender Party from, and agrees to hold each Lender Party harmless and indemnified against, any liability or claim in connection with or arising out of the subject matter of this section, WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY LENDER PARTY, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

(b Extension of Maturity. If the maturity of any Letter of Credit is extended by its terms or by Law or governmental action, if any extension of the maturity or time for presentation of drafts or any other modification of the terms of any Letter of Credit is made at the request of any Restricted Person, or if the amount of any Letter of Credit is increased at the request of any Restricted Person, this Agreement shall be binding upon all Restricted Persons with respect to such Letter of Credit as so extended, increased or otherwise modified, with respect to drafts and property covered thereby, and with respect to any action taken by US LC Issuer, US LC Issuer's correspondents, or any Lender Party in accordance with such extension, increase or other modification.

(c) Transferees of Letters of Credit. If any Letter of Credit provides that it is transferable, US LC Issuer shall have no duty to determine the proper identity of anyone appearing as transferee of such Letter of Credit, nor shall US LC Issuer be charged with responsibility of any nature or character for the validity or correctness of any transfer or successive transfers, and payment by US LC Issuer to any purported transferee or transferees as determined by US LC Issuer is hereby authorized and approved, and US Borrower releases each Lender Party from, and agrees to hold each Lender Party harmless and indemnified against, any liability or claim in connection with or arising out of the foregoing, WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY LENDER PARTY, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

#### Section 2.6. LC Collateral.

(a) US LC Obligations in Excess of US Maximum Credit Amount. If, after the making of all mandatory prepayments required under Section 1.6 (b), the US LC Obligations outstanding under the US Agreement will exceed the Tranche A Maximum Credit Amount, then in addition to prepayment of the entire principal balance of the US Loans US Borrower will immediately pay to US LC Issuer an amount equal to such excess. US LC Issuer will hold such amount as security for the remaining US LC Obligations outstanding under the US Agreement (all such amounts held as security for US LC Obligations being herein collectively called "LC Collateral") and the other US Obligations, and such collateral may be applied from time to time to any Matured US LC Obligations or other US Obligations which are due and payable. Neither this subsection nor the following subsection shall, however, limit or impair any rights which US LC Issuer may have under any other document or agreement relating to any Letter of Credit, LC Collateral or US LC Obligation, including any LC Application, or any rights which any Lender Party may have to otherwise apply any payments by US Borrower and any LC Collateral under Section 3.1.

(b) Acceleration of US LC Obligations. If the US Obligations or any part thereof become immediately due and payable pursuant to Section 8.1 then, unless Tranche A Required Lenders otherwise specifically elect to the contrary (which election may thereafter be retracted by Tranche A Required Lenders at any time), all US LC Obligations shall become immediately due and payable without regard to whether or not actual drawings or payments on the Letters of Credit have occurred, and US Borrower shall be obligated to pay to US LC Issuer immediately an amount equal to the aggregate US LC Obligations which are then outstanding.

(c) Investment of LC Collateral. Pending application thereof, all LC Collateral shall be invested by US LC Issuer in such Investments as US LC Issuer may choose in its sole discretion. All interest on (and other proceeds of) such Investments shall be reinvested or applied to Matured US LC Obligations or other US Obligations which are due and payable. When all US

Obligations have been satisfied in full, including all US LC Obligations, all Letters of Credit have expired or been terminated, and all of US Borrower's reimbursement obligations in connection therewith have been satisfied in full, US LC Issuer shall release any remaining LC Collateral. US Borrower hereby assigns and grants to US LC Issuer a continuing security interest in all LC Collateral paid by it to US LC Issuer, all Investments purchased with such LC Collateral, and all proceeds thereof to secure its Matured US LC Obligations and the other US Obligations hereunder, each US Note, and the other US Loan Documents. US Borrower further agrees that US LC Issuer shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the State of Texas with respect to such security interest and that an Event of Default under this Agreement shall constitute a default for purposes of such security interest. When US Borrower is required to provide LC Collateral for any reason and fails to do so on the day when required, US LC Issuer may without notice to US Borrower or any other Restricted Person provide such LC Collateral (whether by transfers from other accounts maintained with US LC Issuer, or otherwise) using any available funds of US Borrower or any other Person also liable to make such payments.

### **ARTICLE III - Payments to Lenders**

Section 3.1. General Procedures. US Borrower will make each payment which it owes under the US Loan Documents to US Agent for the account of the Lender Party to whom such payment is owed, in lawful money of the United States of America, without set-off, deduction or counterclaim, and in immediately available funds. Each such payment must be received by US Agent not later than 11:00 a.m., Dallas, Texas time, on the date such payment becomes due and payable. Any payment received by US Agent after such time will be deemed to have been made on the next following Business Day. Should any such payment become due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, in the case of a payment of principal or past due interest, interest shall accrue and be payable thereon for the period of such extension as provided in the US Loan Document under which such payment is due. Each payment under a US Loan Document shall be due and payable at the place provided therein and, if no specific place of payment is provided, shall be due and payable at the place of payment of US Agent's US Note. When US Agent collects or receives money on account of the US Obligations, US Agent shall distribute all money so collected or received by 2:00 p.m. Dallas, Texas time on the Business Day received, if received by 11:00 a.m. Dallas, Texas time, otherwise on the day of deemed receipt, and each Lender Party shall apply all such money so distributed, as follows:

(a first, for the payment of all US Obligations which are then due (and if such money is insufficient to pay all such US Obligations, first to any reimbursements due US Agent under Section 6.9 or 10.4, then to any reimbursement due any other Lender Party under Section 10.4, and then to the partial payment of all other US Obligations then due in proportion to the amounts thereof, or as Lender Parties shall otherwise agree);

(b then for the prepayment of amounts owing under the US Loan Documents (other than principal on the US Notes) if so specified by US Borrower;

(c) then for the prepayment of principal on the US Notes, together with accrued and unpaid interest on the principal so prepaid; and

(d) last, for the payment or prepayment of any other US Obligations.

All payments applied to principal or interest on any US Note shall be applied first to any interest then due and payable, then to principal then due and payable, and last to any prepayment of principal and interest in compliance with Sections 1.6 and 2.3. All distributions of amounts described in any of subsections (b), (c) or (d) above shall be made by US Agent pro rata to each Lender Party then owed US Obligations described in such subsection in proportion to all amounts owed to all Lender Parties which are described in such subsection; provided that if any Lender then owes payments to US LC Issuer for the purchase of a participation under Section 2.3(b) or to US Agent under Section 9.8, any amounts otherwise distributable under this section to such Lender shall be deemed to belong to US LC Issuer, or US Agent, respectively, to the extent of such unpaid payments, and US Agent shall apply such amounts to make such unpaid payments rather than distribute such amounts to such Lender.

### Section 3.2. Increased Cost and Reduced Return.

(a) If, after the date hereof, the adoption of any applicable Law, rule, or regulation, or any change in any applicable Law, rule, or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender Party (or its Applicable Lending Office) with any request or directive (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency:

(i) shall subject such Lender Party (or its Applicable Lending Office) to any tax, duty, or other charge with respect to any US Dollar Eurodollar Loans or Competitive Bid Loans, or its obligation to make US Dollar Eurodollar Loans, or change the basis of taxation of any amounts payable to such Lender Party (or its Applicable Lending Office) under this Agreement or its Note in respect of any US Dollar Eurodollar Loans or Competitive Bid Loans (other than taxes (including franchise taxes) imposed on the overall net income of such Lender Party by the jurisdiction in which such Lender Party has its principal office or such Applicable Lending Office);

(ii) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than the Reserve Requirement utilized in the determination of the Adjusted US Dollar Eurodollar Rate) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender Party (or its Applicable Lending Office), including the commitment of such Lender Party hereunder; or

(iii) shall impose on such Lender Party (or its Applicable Lending Office) or the London interbank market any other condition affecting this Agreement or its US Notes or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender Party (or its Applicable Lending Office) of making, converting into, continuing, or maintaining any US Dollar Eurodollar Loans or Competitive Bid Loans or to reduce any sum received or receivable by such Lender Party (or its Applicable Lending Office) under this Agreement or its US Notes with respect to any US Dollar Eurodollar Loans or Competitive Bid Loans, then US Borrower shall pay to such Lender Party on demand such amount or amounts as will compensate such Lender Party for such increased cost or reduction. If any Lender Party requests compensation by US Borrower under this Section 3.2(a), US Borrower may, by notice to such Lender Party (with a copy to US Agent), suspend the obligation of such Lender Party to make or continue US Loans of the Type with respect to which such compensation is requested, or to convert US Loans of any other Type into US Loans of such Type, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 3.5 shall be applicable); provided that such suspension shall not affect the right of such Lender Party to receive the compensation so requested.

(b) If, after the date hereof, any Lender Party shall have determined that the adoption of any applicable Law, rule, or regulation regarding capital adequacy or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender Party or any corporation controlling such Lender Party as a consequence the obligations of such Lender Party hereunder to a level below that which such Lender Party or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy), then from time to time upon demand US Borrower shall pay such Lender Party such additional amount or amounts as will compensate such Lender Party for such reduction, but only to the extent that such Lender Party has not been compensated therefor by any increase in the Adjusted US Dollar Eurodollar Rate; provided that if such Lender Party fails to give notice to US Borrower of any additional costs within ninety (90) days after it has actual knowledge thereof, such Lender Party shall not be entitled to compensation for such additional costs incurred more than ninety (90) days prior to the date on which notice is given by such Lender Party.

(c) US LC Issuer and each Lender Party shall promptly notify US Borrower and US Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle US LC Issuer or such Lender Party to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender Party, be otherwise disadvantageous to it. US LC Issuer or any Lender Party claiming compensation under this Section shall furnish to US Borrower and US Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest

error. In determining such amount, US LC Issuer or such Lender Party shall act in good faith and may use any reasonable averaging and attribution methods.

Section 3.3. Limitation on Types of US Loans. If on or prior to the first day of any Eurodollar Interest Period for any US Dollar Eurodollar Loan:

(a US Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the US Dollar Eurodollar Rate for such Eurodollar Interest Period; or

(b US Required Lenders determine (which determination shall be conclusive) and notify US Agent that the Adjusted US Dollar Eurodollar Rate will not adequately and fairly reflect the cost to the Lenders of funding US Dollar Eurodollar Loans or for such Eurodollar Interest Period;

then US Agent shall give US Borrower prompt notice thereof specifying the relevant amounts or periods, and so long as such condition remains in effect, the Lender Parties shall be under no obligation to make additional US Dollar Eurodollar Loans, continue US Dollar Eurodollar Loans or convert US Base Rate Loans into US Dollar Eurodollar Loans, and US Borrower shall, on the last day(s) of the then current Eurodollar Interest Period(s) for the outstanding US Dollar Eurodollar Loans, either prepay such US Loans or convert such US Loans into US Base Rate Loans in accordance with the terms of this Agreement.

Section 3.4. Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender Party or its Applicable Lending Office to make, maintain, or fund US Dollar Eurodollar Loans hereunder, then such Lender Party shall promptly notify US Borrower thereof and such Lender Party's obligation to make or continue US Dollar Eurodollar Loans and to convert US Base Rate Loans into US Dollar Eurodollar Loans shall be suspended until such time as such Lender Party may again make, maintain, and fund US Dollar Eurodollar Loans (in which case the provisions of Section 3.5 shall be applicable).

Section 3.5. Treatment of Affected US Loans. If the obligation of any Lender Party to make a particular Type of Loan or to continue, or to convert US Loans of any other Type into, US Loans of a particular Type shall be suspended pursuant to Sections 3.2, 3.3 or 3.4 hereof (US Loans of such Type being herein called "Affected Loans" and such Type being herein called the "Affected Type"), such Lender Party's Affected Loans shall be automatically converted into US Base Rate Loans on the last day(s) of the then current Interest Period(s) for Affected Loans (or, in the case of a Conversion required by Section 3.4 hereof, on such earlier date as such Lender Party may specify to US Borrower with a copy to US Agent) and, unless and until such Lender Party gives notice as provided below that the circumstances specified in Sections 3.2, 3.3 or 3.4 hereof that gave rise to such Conversion no longer exist:

(a to the extent that such Lender Party's Affected Loans have been so converted, all payments and prepayments of principal that would otherwise be applied to such Lender Party's Affected Loans shall be applied instead to its US Base Rate Loans; and

(b all US Loans that would otherwise be made or continued by such Lender Party as US Loans of the Affected Type shall be made or continued instead as US Base Rate Loans, and all US Loans of such Lender Party that would otherwise be converted into US Loans of the Affected Type shall be converted instead into (or shall remain as) US Base Rate Loans.

If such Lender Party gives notice to US Borrower (with a copy to US Agent) that the circumstances specified in Section 3.2, 3.3 or 3.4 hereof that gave rise to the Conversion of such Lender Party's Affected Loans pursuant to this Section no longer exist (which such Lender Party agrees to do promptly upon such circumstances ceasing to exist) at a time when US Loans of the Affected Type made by other Lender Parties are outstanding, such Lender Party's US Base Rate Loans shall be automatically converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding US Loans of the Affected Type, to the extent necessary so that, after giving effect thereto, all US Loans held by the Lender Parties holding US Loans of the Affected Type and by such Lender Party are held pro rata (as to principal amounts, Types, and Interest Periods) in accordance with their Percentage Shares of the US Maximum Credit Amount.

Section 3.6. Compensation. Upon the request of any Lender Party, US Borrower shall pay to such Lender Party such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender Party) to compensate it for any loss, cost, or expense (including loss of anticipated profits) incurred by it as a result of:

(a any payment, prepayment, or Conversion of a US Loan (other than a US Base Rate Loan) for any reason, whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise, on a date other than the last day of the Interest Period for such US Loan; or

(b any failure by US Borrower for any reason (including, without limitation, the failure of any condition precedent specified in Article IV to be satisfied) to borrow, convert, continue, or prepay a US Loan (other than a US Base Rate Loan) on the date for such borrowing, Conversion, Continuation, or prepayment specified in the relevant notice of borrowing, prepayment, Continuation, or Conversion under this Agreement.

Section 3.7. Change of Applicable Lending Office. Each Lender Party agrees that, upon the occurrence of any event giving rise to the operation of Sections 3.2 through 3.5 with respect to such Lender Party, it will, if requested by US Borrower, use reasonable efforts (subject to overall policy considerations of such Lender Party) to designate another Applicable Lending Office, provided that such designation is made on such terms that such Lender Party and its Applicable Lending Office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such section. Nothing in this section shall affect or postpone any of the obligations of US Borrower or the rights of any Lender Party provided in Sections 3.2 through 3.5.

Section 3.8. Replacement of Lenders. If any Lender Party seeks reimbursement for increased costs under Sections 3.2 through 3.5, or if a US Borrower is required to increase any such payment under Section 3.9, then within ninety days thereafter -- provided no Event of

Default then exists -- US Borrower shall have the right (unless such Lender Party withdraws its request for additional compensation) to replace such Lender Party by requiring such Lender Party to assign its US Loans, US Notes, US LC Obligations, Canadian Advances, Canadian Notes, Canadian LC Obligations and its commitments hereunder and under the Canadian Agreement to an Eligible Assignee reasonably acceptable to all Borrowers, provided that: (a) all Obligations of Borrowers owing to such Lender Party being replaced (including such increased costs, but excluding principal and accrued interest on the US Notes and the Canadian Notes being assigned) shall be paid in full to such Lender Party concurrently with such assignment, and (b) the replacement Eligible Assignee shall purchase the foregoing by paying to such Lender Party a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment US Borrower, US Agent, such Lender Party and the replacement Eligible Assignee shall otherwise comply with Section 10.5. Notwithstanding the foregoing rights of US Borrower under this section, however, US Borrower may not replace any Lender Party which seeks reimbursement for increased costs under Section 3.2 through 3.5 unless US Borrower is at the same time replacing all Lender Parties which are then seeking such compensation. In connection with any such replacement of a Lender Party, US Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender Party's US Loans had been prepaid at the time of such replacement.

Section 3.9. Taxes. (a) Any and all payments by US Borrower to or for the account of any Lender Party, US Agent or US LC Issuer hereunder or under any other US Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender Party, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the Laws of which such Lender Party (or its Applicable Lending Office) is organized or is a resident for tax purposes or any political subdivision thereof (all such non-excluded taxes, duties, levies, imposts, deductions, charges, withholdings, and liabilities being hereinafter in this section 3.9 referred to as "Taxes"). If US Borrower shall be required by Law to deduct any Taxes from or in respect of any sum payable under this Agreement or any other US Loan Document to any Lender Party, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this section) such Lender Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) US Borrower shall make such deductions, and (iii) US Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Law.

(b) In addition, US Borrower agrees to pay any and all present or future stamp or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under this Agreement or any other US Loan Document or from the execution or delivery of, or otherwise with respect to, this Agreement or any other US Loan Document (hereinafter in this Section 3.9 referred to as "Other Taxes").

(c) US Borrower agrees to indemnify each Lender Party, US Agent and US LC Issuer for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this section) paid by such

Lender Party or US Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto.

(d) Each Lender Party organized under the Laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender Party listed on the signature pages hereof and on or prior to the date on which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter if requested in writing by US Borrower or US Agent (but only so long as such Lender Party remains lawfully able to do so), shall provide US Borrower and US Agent with a properly executed (i) Internal Revenue Service Form W-8 BEN, or W-8 ECI, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender Party is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States, (ii) Internal Revenue Service Form W-8 or any successor form prescribed by the Internal Revenue Service certifying to such Lender Party's foreign status, and (iii) any other form or certificate required by any taxing authority (including any certificate required by Sections 871(h) and 881(c) of the Internal Revenue Code), certifying that such Lender Party is entitled to an exemption from or a reduced rate of tax on payments pursuant to this Agreement or any of the other US Loan Documents.

(e) For any period with respect to which a Lender Party has failed to provide US Borrower and US Agent with the appropriate form pursuant to Section

3.9(d) (unless such failure is due to a change in treaty, Law, or regulation occurring subsequent to the date on which a form originally was required to be provided), such Lender Party shall not be entitled to receive any additional amounts or to indemnification under Sections 3.9(a), 3.9(b) or 3.9(c) with respect to Taxes imposed by the United States; provided, however, that should a Lender Party, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, US Borrower shall take such steps as such Lender Party shall reasonably request to assist such Lender Party to recover such Taxes. Further, US Borrower shall not be required to indemnify such Lender Party for any withholding taxes which US Borrower is required to withhold and remit in respect of any principal, interest or other amount paid or payable by US Borrower to or for account of any Lender Party hereunder or under any other US Loan Document.

(f) If US Borrower is required to pay additional amounts to or for the account of any Lender Party pursuant to this Section, then such Lender Party will agree to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender Party, is not otherwise disadvantageous to such Lender Party and in the event Lender Party is reimbursed for an amount paid by US Borrower pursuant to this Section, it shall promptly return such amount to US Borrower.

(g) Within thirty (30) days after the date of any payment of Taxes, US Borrower shall furnish to US Agent the original or a certified copy of a receipt evidencing such payment.

(h) Without prejudice to the survival of any other agreement of US Borrower hereunder, the agreements and obligations of US Borrower contained in this section shall survive the termination of the Tranche A Commitment Period and the Tranche B Revolving Period and the payment in full of the US Notes.

### Section 3.10. Currency Conversion and Currency Indemnity.

(a) Restricted Persons shall make payment relative to any US Obligation in the currency (the "Agreed Currency") in which the US Obligation was incurred. If any payment is received on account of any US Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of such Restricted Person or otherwise howsoever), such payment shall constitute a discharge of the liability of a Restricted Person hereunder and under the other US Loan Documents in respect of such US Obligation only to the extent of the amount of the Agreed Currency which the relevant Lender Parties are able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event each Restricted Person shall be obligated to pay the Lender Parties any deficiency in accordance with Section 3.10(c). For the foregoing purposes "rate of exchange" means the rate at which the relevant Lender Parties, as applicable, in accordance with their normal banking procedures are able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) If (i) any Lender Party receives any payment or payments on account of the liability of a Restricted Person hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant Lender Party is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such US Obligations immediately prior to such judgment or order, then US Borrower on demand shall, and US Borrower hereby agrees to, indemnify and save such Lender Party harmless from and against any loss, cost or expense arising out of or in connection with such deficiency. The agreement of indemnity provided for in this

Section 3.10(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender Parties or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

## **ARTICLE IV - Conditions Precedent to Lending**

Section 4.1. Conditions Precedent to all US Loan and Letters of Credit. No Lender has any obligation to make any US Loan (including its first), and US LC Issuer has no obligation to issue any Letter of Credit (including its first), unless the following conditions precedent have been satisfied:

(a All representations and warranties made by any Restricted Person in any US Loan Document shall be true on and as of the date of such US Loan or the date of issuance of such Letter of Credit (except to the extent that the facts upon which such representations are based have been changed by the extension of credit hereunder) as if such representations and warranties had been made as of the date of such US Loan or the date of issuance of such Letter of Credit.

(b No Default shall exist at the date of such US Loan or the date of issuance of such Letter of Credit.

## **ARTICLE V - Representations and Warranties**

To confirm each Lender's understanding concerning Restricted Persons and Restricted Persons' businesses, properties and obligations and to induce each Lender to enter into this Agreement and to extend credit hereunder, US Borrower represents and warrants to each Lender that:

Section 5.1. No Default. No event has occurred and is continuing which constitutes a Default.

Section 5.2. Organization and Good Standing. Each of US Borrower and the Material Subsidiaries is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, having all powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each of US Borrower and the Material Subsidiaries is duly qualified, in good standing, and authorized to do business in all other jurisdictions within the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary except where failure to so qualify would not have a Material Adverse Effect. Each of US Borrower and the Material Subsidiaries has taken all actions and procedures customarily taken in order to enter, for the purpose of conducting business or owning property, each jurisdiction outside the United States wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such actions and procedures desirable except where failure to so qualify would not have a Material Adverse Effect.

Section 5.3. Authorization. US Borrower and Canadian Borrowers have duly taken all action necessary to authorize the execution and delivery by it of the Loan Documents to which it

is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. US Borrower is duly authorized to borrow funds hereunder.

Section 5.4. No Conflicts or Consents. The execution and delivery by the various Restricted Persons of the Loan Documents to which each is a party, the performance by each of its obligations under such Loan Documents, and the consummation of the transactions contemplated by the various Loan Documents, do not and will not (i) conflict with any provision of (A) any Law, (B) the organizational documents of any Restricted Person, or (C) any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person unless such conflict would not reasonably be expected to have a Material Adverse Effect, or (ii) result in the acceleration of any Indebtedness owed by any Restricted Person which would reasonably be expected to have a Material Adverse Effect, or (iii) result in or require the creation of any Lien upon any assets or properties of any Restricted Person which would reasonably be expected to have a Material Adverse Effect, except as expressly contemplated or permitted in the Loan Documents. Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with, any Tribunal or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Loan Document or to consummate any transactions contemplated by the Loan Documents, unless failure to obtain such consent would not reasonably be expected to have a Material Adverse Effect.

Section 5.5. Enforceable Obligations. This Agreement is, and the other Loan Documents when duly executed and delivered will be, legal, valid and binding obligations of each Restricted Person which is a party hereto or thereto, enforceable in accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights.

Section 5.6. Full Disclosure. No certificate, statement or other information delivered herewith or heretofore by any Restricted Person to any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact known to any Restricted Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) necessary to make the statements contained herein or therein not misleading as of the date made or deemed made. There is no fact known to any Restricted Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) that has not been disclosed to each Lender in writing which would reasonably be expected to have a Material Adverse Effect.

Section 5.7. Litigation. Except as disclosed in the Initial Financial Statements, in the financial statements delivered to Agent and Lenders pursuant to Section 6.2, in the Disclosure Schedule or in a Disclosure Report, there are no actions, suits or legal, equitable, arbitative or administrative proceedings pending, or to the knowledge of any Restricted Person threatened, against any Restricted Person before any Tribunal which would reasonably be expected to have a Material Adverse Effect, and there are no outstanding judgments, injunctions, writs, rulings or

orders by any such Tribunal against any Restricted Person which would reasonably be expected to have a Material Adverse Effect.

Section 5.8. ERISA Plans and Liabilities. All currently existing ERISA Plans and Multiemployer Plans are listed in the Disclosure Schedule or in a Disclosure Report. Except as disclosed in the Initial Financial Statements, in the Disclosure Schedule or in a Disclosure Report, no Termination Event has occurred with respect to any ERISA Plan or any Multiemployer Plan and all ERISA Affiliates are in compliance with ERISA in all material respects. Except as set forth in the Disclosure Statement or in a Disclosure Report, (i) no "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code) exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, (ii) the total amount of withdrawal liability that would be incurred by all ERISA Affiliates upon their complete withdrawal from all Multiemployer Plans would not reasonably be expected to exceed US \$250,000,000, and (iii) the total present value of all unfunded benefit liabilities within the meaning of Title IV of ERISA of all ERISA Plans (based upon the actuarial assumptions used to fund each such Plan) did not, as of the respective annual valuation dates for the most recently ended plan year of each such Plan, exceed US \$250,000,000.

Section 5.9. Environmental and Other Laws. Except as disclosed in the Disclosure Schedule: (a) Restricted Persons are conducting their businesses in material compliance with all applicable Laws, including Environmental Laws, and have and are in compliance with all licenses and permits required under any such Laws, unless failure to so comply would not reasonably be expected to have a Material Adverse Effect; (b) none of the operations or properties of any Restricted Person is the subject of federal, state or local investigation evaluating whether any material remedial action is needed to respond to a release of any Hazardous Materials into the environment or to the improper storage or disposal (including storage or disposal at offsite locations) of any Hazardous Materials, unless such remedial action would not reasonably be expected to have a Material Adverse Effect; and (c) no Restricted Person (and to the best knowledge of US Borrower, no other Person) has filed any notice under any Law indicating that any Restricted Person is responsible for the improper release into the environment, or the improper storage or disposal, of any material amount of any Hazardous Materials or that any Hazardous Materials have been improperly released, or are improperly stored or disposed of, upon any property of any Restricted Person, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

Section 5.10. US Borrower's Subsidiaries. US Borrower does not presently have any Material Subsidiary except those listed in the Disclosure Schedule or in a Disclosure Report (it being understood that inclusion of a Subsidiary on the Disclosure Schedule does not mean that such Subsidiary is a Material Subsidiary). US Borrower owns, directly or indirectly, the equity interest in each of its Material Subsidiaries which is indicated in the Disclosure Schedule or in a Disclosure Report.

Section 5.11. Title to Properties; Licenses. Each Restricted Person has good and defensible title to all of its material properties and assets, free and clear of all Liens other than Permitted Liens and of all impediments to the use of such properties and assets in such Restricted

Person's business except to the extent failure to have such title would not have a Material Adverse Effect. Each Restricted Person possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possesses the right to use such intellectual property) which are necessary to carry out its business as presently conducted and as presently proposed to be conducted hereafter except to the extent failure to possess such licenses, permits, franchises, and intellectual property would not have a Material Adverse Effect, and no Restricted Person is in violation in any material respect of the terms under which it possesses such intellectual property or the right to use such intellectual property except to the extent any such violation would not have a Material Adverse Effect.

Section 5.12. Government Regulation. Neither US Borrower nor any other Restricted Person owing Obligations is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940 (as any of the preceding acts have been amended) or any other Law which regulates the incurring by such Person of Indebtedness, including Laws relating to common contract carriers or the sale of electricity, gas, steam, water or other public utility services.

Section 5.13. Solvency. Upon giving effect to the issuance of the US Notes, the execution of the US Loan Documents by US Borrower and the consummation of the transactions contemplated hereby, US Borrower will be solvent (as such term is used in applicable bankruptcy, liquidation, receivership, insolvency or similar Laws).

#### **ARTICLE VI - Affirmative Covenants of US Borrower**

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to US Borrower, and to induce each Lender to enter into this Agreement and extend credit hereunder, US Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless US Required Lenders have previously agreed otherwise:

Section 6.1. Payment and Performance. US Borrower will pay all amounts due under the US Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed or implied in the US Loan Documents. US Borrower will cause each other Restricted Person to observe, perform and comply with every such term, covenant and condition in any Loan Document.

Section 6.2. Books, Financial Statements and Reports. Each Restricted Person will at all times maintain full and accurate books of account and records. US Borrower will maintain and will cause its Subsidiaries to maintain a standard system of accounting, will maintain its Fiscal Year, and will furnish the following statements and reports to each Lender Party at US Borrower's expense:

(a) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, complete Consolidated financial statements of US Borrower together with all notes

thereto, prepared in reasonable detail in accordance with US GAAP, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by KPMG Peat Marwick L.L.P., or other independent certified public accountants selected by US Borrower and acceptable to US Agent, stating that such Consolidated financial statements have been so prepared. These financial statements shall contain a Consolidated balance sheet as of the end of such Fiscal Year and Consolidated statements of earnings, of cash flows, and of changes in owners' equity for such Fiscal Year, each setting forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, within ninety (90) days after the end of each Fiscal Year US Borrower will furnish to US Agent and each Lender a certificate in the form of Exhibit D signed by the President, Senior Vice President - Finance, Treasurer or Vice President - Accounting of US Borrower, stating that such financial statements are accurate and complete, stating that such Person has reviewed the US Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of Section 7.8, and further stating that there is no condition or event at the end of such Fiscal Year or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(b) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, US Borrower's Consolidated and consolidating balance sheet and income statement as of the end of such Fiscal Quarter and a Consolidated statement of cash flows for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all in reasonable detail and prepared in accordance with US GAAP, subject to changes resulting from normal year-end adjustments. In addition US Borrower will, together with each such set of financial statements, furnish a certificate in the form of Exhibit D signed by the President, Senior Vice President - Finance, Treasurer or Vice President - Accounting of US Borrower stating that such financial statements are accurate and complete (subject to normal year-end adjustments), stating that such Person has reviewed the US Loan Documents, containing all calculations required to be made by US Borrower to show compliance or non-compliance with the provisions of Section 7.8 and further stating that there is no condition or event at the end of such Fiscal Quarter or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(c) Promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent by any Restricted Person to its stockholders and all registration statements, periodic reports and other statements and schedules filed by any Restricted Person with any securities exchange, the Securities and Exchange Commission or any similar Governmental Authority, including any information or estimates with respect to US Borrower's oil and gas business (including its exploration, development and production activities) which are required to be furnished in US Borrower's annual report pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended.

Section 6.3. Other Information and Inspections. Each Restricted Person will furnish to each Lender any information which US Agent may from time to time reasonably request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with Restricted Persons' businesses and operations. Each Restricted Person will

permit representatives appointed by US Agent (including independent accountants, auditors, agents, attorneys, appraisers and any other Persons) to visit and inspect upon prior written notice during normal business hours any of such Restricted Person's property, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and each Restricted Person shall permit US Agent or its representatives to investigate and verify the accuracy of the information furnished to US Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and representatives.

Section 6.4. Notice of Material Events. US Borrower will promptly notify each Lender in writing, stating that such notice is being given pursuant to this Agreement, of:

- (a) the occurrence of any event which would have a Material Adverse Effect,
- (b) the occurrence of any Default,
- (c) the acceleration of the maturity of any Indebtedness owed by any Restricted Person having a principal balance of more than US \$150,000,000, or of any default by any Restricted Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such default would have a Material Adverse Effect,
- (d) the occurrence of any Termination Event which could reasonably be expected to cause (i) the total amount of withdrawal liability that would be incurred by all ERISA Affiliates upon their complete withdrawal from all Multiemployer Plans to exceed US \$250,000,000, or (ii) the aggregate Liabilities of the ERISA Affiliates to ERISA Plans to exceed \$250,000,000,
- (e) any claim of US \$250,000,000 or more, any notice of potential liability under any Environmental Laws which might exceed such amount, or any other material adverse claim asserted against any Restricted Person or with respect to any Restricted Person's properties, and
- (f) the filing of any suit or proceeding against any Restricted Person in which an adverse decision would reasonably be expected to have a Material Adverse Effect.

Section 6.5. Maintenance of Properties. Each Restricted Person will maintain, preserve, protect, and keep all property used or useful in the conduct of its business in good condition, and will from time to time make all repairs, renewals and replacements needed to enable the business and operations carried on in connection therewith to be promptly and advantageously conducted at all times except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 6.6. Maintenance of Existence and Qualifications. Each Restricted Person will maintain and preserve its existence and its rights and franchises in full force and effect and will qualify to do business in all states or jurisdictions where required by applicable Law, except where the failure so to qualify will not have a Material Adverse Effect.

Section 6.7. Payment of Trade Liabilities, Taxes, etc. Each Restricted Person will (a) timely file all required tax returns; (b) timely pay all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property; and (c) maintain appropriate accruals and reserves for all of the foregoing in accordance with US GAAP. Each Restricted Person may, however, delay paying or discharging any of the foregoing so long as it is in good faith contesting the validity thereof by appropriate proceedings and has set aside on its books adequate reserves therefor.

Section 6.8. Insurance. Each Restricted Person will keep or cause to be kept insured in accordance with industry standards by financially sound and reputable insurers, its surface equipment and other property of a character usually insured by similar Persons engaged in the same or similar businesses.

Section 6.9. Performance on US Borrower's Behalf. If any Restricted Person fails to pay any taxes, insurance premiums, expenses, attorneys' fees or other amounts it is required to pay under any US Loan Document, US Agent may pay the same, and shall use its best efforts to give at least five (5) Business Days notice to US Borrower prior to making any such payment; provided, however, that any failure by US Agent to so notify US Borrower shall not limit or otherwise impair US Agent's ability to make any such payment. US Borrower shall immediately reimburse US Agent for any such payments and each amount paid by US Agent shall constitute an US Obligation owed hereunder which is due and payable on the date such amount is paid by US Agent.

Section 6.10. Interest. US Borrower hereby promises to each Lender Party to pay interest at the Default Rate applicable to Base Rate Loans on all US Obligations (including US Obligations to pay fees or to reimburse or indemnify any Lender) which US Borrower has in this Agreement promised to pay to such Lender Party and which are not paid when due. Such interest shall accrue from the date such US Obligations become due until they are paid.

Section 6.11. Compliance with Law. Each Restricted Person will conduct its business and affairs in compliance with all Laws applicable thereto except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 6.12. Environmental Matters.

(a) Each Restricted Person will comply in all material respects with all Environmental Laws now or hereafter applicable to such Restricted Person, as well as all contractual obligations and agreements with respect to environmental remediation or other environmental matters, and shall obtain, at or prior to the time required by applicable Environmental Laws, all environmental, health and safety permits, licenses and other authorizations necessary for its operations and will maintain such authorizations in full force and effect, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(b) US Borrower will promptly furnish to US Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by US Borrower, or of which it has notice, pending or threatened against any Restricted Person, by any Governmental Authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business which involve a potential liability or claim in excess of US \$250,000,000.

Section 6.13. Bank Accounts; Offset. US Borrower hereby agrees that each US Lender shall have the right to offset (which shall be in addition to all other interests, liens, and rights of any Lender at common Law, under the Loan Documents, or otherwise) (a) any and all moneys, securities or other property (and the proceeds therefrom) of US Borrower now or hereafter held or received by or in transit to any US Lender for the account of US Borrower, (b) any and all deposits (general or special, time or demand, provisional or final) of US Borrower with any US Lender, (c) any other credits and balances of US Borrower at any time existing against any US Lender, including claims under certificates of deposit, and (d) any indebtedness owed or payable by any Lender to US Borrower at any time against US Obligations due to it that have not been paid when due. At any time and from time to time after the occurrence of any Event of Default and during the continuance thereof, each Lender is hereby authorized to offset against the US Obligations then due and payable to it (in either case without notice to US Borrower), any and all items hereinabove referred to. To the extent that US Borrower has accounts designated as royalty or joint interest owner accounts, the foregoing right of offset shall not extend to funds in such accounts which belong to, or otherwise arise from payments to US Borrower for the account of, third party royalty or joint interest owners.

#### **ARTICLE VII - Negative Covenants of US Borrower**

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to US Borrower, and to induce each Lender to enter into this Agreement and make the US Loans, US Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless US Required Lenders have previously agreed otherwise:

Section 7.1. Indebtedness. No Restricted Subsidiary will in any manner owe or be liable for Indebtedness except:

(a) the Canadian Obligations.

(b) capital lease obligations (excluding oil, gas or mineral leases) entered into in the ordinary course of such Restricted Person's business in arm's length transactions at competitive market rates under competitive terms and conditions in all respects, provided that such capital lease obligations required to be paid in any Fiscal Year do not in the aggregate exceed US \$50,000,000 for all Restricted Subsidiaries.

- (c) unsecured Liabilities owed among the Restricted Persons; provided that Liabilities owed by any Restricted Subsidiary (other than Canadian Borrower) to US Borrower may be secured by any and all assets of such Restricted Subsidiary.
- (d) guaranties by one Restricted Person of Liabilities owed by another Restricted Person, if such Liabilities either (i) are not Indebtedness, or (ii) are allowed under subsections (a), (b) or (c) of this Section 7.1.
- (e) Indebtedness of the Restricted Persons for plugging and abandonment bonds or for letters of credit issued by any Lender in place thereof which are required by regulatory authorities in the area of operations, and Indebtedness of the Restricted Persons for other bonds or letters of credit issued by any Lender which are required by such regulatory authorities with respect to other normal oil and gas operations.
- (f) non-recourse Indebtedness as to which no Restricted Person (i) provides any guaranty or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (ii) is directly or indirectly liable (as a guarantor or otherwise); provided, that after giving effect to such Indebtedness outstanding from time to time, US Borrower is not in violation of Section 7.8.
- (g) Indebtedness that is subordinated to the US Obligations and the Canadian Obligations on terms acceptable to US Required Lenders.
- (h) Indebtedness in the approximate amount of C \$3,459,000 owed to Indeck Gas Supply Corporation by Northstar Energy pursuant to a Gas Sales and Purchase Agreement dated as of March 9, 1989, as heretofore or hereafter amended from time to time.
- (i) Acquired Debt.
- (j) Indebtedness under Hedging Contracts.
- (k) Indebtedness relating to the surety bond and letter of credit obligations (including replacements thereof) listed on Schedule 2 and Indebtedness relating to the undrawn amount of surety bonds and letters of credit (exclusive of the surety bonds and letter of credit obligations listed on Schedule 2 and replacements thereof) incurred in the ordinary course of business not to exceed 2% of Consolidated Assets at any time.
- (l) Indebtedness arising under the Devon Trust Securities.
- (m) (1) Indebtedness in an aggregate principal amount not to exceed US \$3,600,000,000 owed by Devon Financing ULC, and (2) other Indebtedness of Devon Financing ULC with respect to guaranties of Indebtedness of US Borrower, to the extent US Borrower is in compliance with the terms of Section 7.8 at the time such guaranties are executed and delivered, provided that in each case, the Devon Financing ULC

Guaranties remain valid, binding and enforceable obligations of Devon Financing ULC or, if the Devon Financing ULC Guaranties have been terminated, replacement guaranty agreements on the same terms are executed by Devon Financing ULC and delivered to Canadian Agent and US Agent, respectively, pursuant to the Canadian Agreement and the US Agreement (along with documents similar to those specified in Section 4.1(d)(i), (e) and (g) with respect to Devon Financing ULC).

(n) Indebtedness outstanding on the Closing Date or thereafter incurred pursuant to funding commitments in existence on the Closing Date and listed in Schedule 3 hereto, as the same may be amended, supplemented or modified from time to time or extended, renewed, restructured, refinanced or replaced, so long as no Restricted Subsidiary increases the aggregate principal amount thereof for which such Restricted Subsidiary is then or may thereafter become liable.

(o) miscellaneous items of Indebtedness of all Restricted Persons (other than US Borrower) not otherwise permitted in subsections (a) through (n) which do not in the aggregate exceed US \$400,000,000 in principal amount at any one time outstanding.

Section 7.2. Limitation on Liens. Except for Permitted Liens, no Restricted Person will create, assume or permit to exist any Lien upon any of the properties or assets which it now owns or hereafter acquires. No Restricted Person will allow the filing or continued existence of any financing statement describing as collateral any assets or property of such Restricted Person, other than financing statements which describe only collateral subject to a Lien permitted under this section and which name as secured party or lessor only the holder of such Lien.

Section 7.3. Limitation on Mergers. No Restricted Person will merge or consolidate with or into any other Person except that any Restricted Subsidiary of US Borrower may be merged into or consolidated with (a) another Subsidiary of US Borrower so long as the surviving business entity of such merger or consolidation is a Restricted Subsidiary; provided that if Devon Financing ULC is merged or consolidated with or into another Restricted Subsidiary, the surviving entity (if other than Devon Financing ULC) shall execute and deliver to US Agent and Canadian Agent, respectively, guaranties on the same terms as the Devon Financing ULC Guaranties unless at the time thereof the Devon Financing ULC Guaranties are or have been released or terminated in accordance with their terms, or (b) US Borrower, so long as US Borrower is the surviving business entity.

Section 7.4. Limitation on Issuance of Securities by Subsidiaries of US Borrower; Ownership of certain Restricted Subsidiaries by US Borrower.

(a) No Restricted Subsidiary of US Borrower will issue any additional shares of its capital stock, additional partnership interests or other securities or any options, warrants or other rights to acquire such additional shares, partnership interests or other securities except to US Borrower or another Restricted Person which is a wholly-owned direct or indirect Subsidiary of US Borrower unless (i) such securities are being issued to acquire a business, directly or indirectly through the use of the proceeds of such issuance, and (ii) such securities are convertible into the common or similar securities of US Borrower and/or may be redeemed in cash at the option of the Restricted Person that issued such securities. In addition, (A) Northstar Energy may issue

"Exchangeable Shares" (as defined in the Articles of Amalgamation of Northstar Energy and in this section called "Exchangeable Shares") upon the terms specified in the Articles of Amalgamation of Northstar Energy as in effect on January 1, 2001, (B) Devon Canada may issue exchangeable shares upon substantially the same terms as such Exchangeable Shares, (C) Northstar Energy may issue stock options to its employees from time to time to acquire such Exchangeable Shares, provided that such options are granted under a stock option plan of either Canadian Borrower and/or US Borrower, and (D) Devon Trust may issue common securities to US Borrower and the Devon Trust Securities.

(b) US Borrower will at all times own, directly or indirectly, 100% of the partnership interests in Devon Energy Production Company, L.P., 100% of the outstanding shares of common stock of Devon SFS, Northstar Energy and Devon Canada, and 100% of the outstanding common securities of Devon Trust.

Section 7.5. Reserved.

Section 7.6. Transactions with Affiliates. No Restricted Person will engage in any material transaction with any of its Affiliates on terms which are less favorable in any material respect to it than those which would have been obtainable at the time in arm's-length dealing with Persons other than such Affiliates, provided that such restriction shall not apply to transactions among US Borrower and the other Restricted Persons that are wholly-owned, directly or indirectly, by US Borrower.

Section 7.7. Prohibited Contracts; ERISA. Except as expressly provided for in the US Loan Documents, the Support Agreement dated December 10, 1998 between US Borrower and Northstar Energy, the Santa Fe Snyder Indentures, and documents and instruments evidencing or governing Indebtedness (or commitments with respect thereto) listed on Schedule 7.1 or other Acquired Debt, no Restricted Person will, directly or indirectly, enter into, create, or otherwise allow to exist any contract or other consensual restriction on the ability of any Restricted Person that is a Subsidiary of US Borrower to pay dividends or make other distributions to US Borrower, to redeem equity interests held in it by US Borrower, to repay loans and other indebtedness owing by it to US Borrower, or to transfer any of its assets to US Borrower.

Section 7.8. Funded Debt to Total Capitalization. The ratio of US Borrower's Consolidated Total Funded Debt to US Borrower's Total Capitalization will not exceed (i) seventy percent (70%) at the end of any Fiscal Quarter ending on or before June 30, 2002, or (ii) sixty-five percent (65%) at the end of any Fiscal Quarter thereafter.

Section 7.9. Devon Trust; Devon Trust Securities. Devon Trust is a Restricted Person and shall exist for the exclusive purposes of issuing the Devon Trust Securities, investing the gross proceeds of the Devon Trust Securities in the Subordinated US Borrower Debentures and engaging in only those other activities necessary or incidental thereto. US Borrower shall exercise its option to defer interest payments on the Subordinated US Borrower Debentures rather than default on such interest payments. Devon Trust shall not be dissolved without prior written notice by US Borrower to Lenders. Devon Trust shall not redeem the Devon Trust

Securities prior to their stated maturity, and US Borrower shall not prepay or redeem the Subordinated US Borrower Debentures prior to their stated maturity, unless both immediately before and immediately after any such proposed prepayment or redemption, US Borrower is in compliance with Section 7.8 and no Default under Section 8.1(a), 8.1(f) or 8.1(h) is continuing.

## **ARTICLE VIII - Events of Default and Remedies**

Section 8.1. Events of Default. Each of the following events constitutes an Event of Default under this Agreement:

- (a) Any Restricted Person fails to pay any principal component of any US Obligation when due and payable or fails to pay any other US Obligation within three (3) days after the date when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;
- (b) Any "default" or "event of default" occurs under any US Loan Document which defines either such term, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;
- (c) Any Restricted Person fails (other than as referred to in subsections (a) or (b) above) to (i) duly comply with Section 1.4 or Section 7.4(b) of the US Agreement or (ii) duly observe, perform or comply with any other covenant, agreement, condition or provision of any US Loan Document, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by US Agent to US Borrower;
- (d) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Restricted Person in connection with any US Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made provided that if such falsity or lack of correctness is capable of being remedied or cured within a 30-day period, US Borrower shall (subject to the other provisions of this Section 8.1) have a period of 30 days after written notice thereof has been given to US Borrower by US Agent within which to remedy or cure such lack of correctness; or this Agreement, any US Note, or the Guaranty executed by US Guarantor is asserted to be or at any time ceases to be valid, binding and enforceable in any material respect as warranted in Section 5.5 for any reason other than its release or subordination by US Agent;
- (e) Any Restricted Person fails to duly pay any Indebtedness in excess of US \$150,000,000 constituting principal or interest owed by it with respect to borrowed money or money otherwise owed under any note, bond, or similar instrument, or (ii) breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, other than a breach or default described in clause (i) above, and any such failure, breach or default results in the acceleration of such Indebtedness; provided that notwithstanding any provision of this subsection (e) to the contrary, to the extent that the terms of any such agreement or instrument governing the sale, pledge or disposal of Margin Stock or

utilization of the proceeds of such Indebtedness in connection therewith would result in such acceleration and in a Default or an Event of Default under this Agreement, and would cause this Agreement or any US Loan to be subject to the margin requirements or any other restriction under Reg U, then such acceleration shall not constitute a Default or Event of Default under this subsection (e);

(f) Either of the following occurs: (i) a Termination Event occurs and the total amount of withdrawal liability that would be incurred by all ERISA Affiliates upon their complete withdrawal from all Multiemployer Plans would reasonably be expected to exceed US \$250,000,000, or (ii) a Termination Event occurs and the total present value of all unfunded benefit liabilities within the meaning of Title IV of ERISA of all ERISA Plans (based upon the actuarial assumptions used to fund each such Plan) would reasonably be expected to exceed US \$250,000,000;

(g) Any Change of Control occurs;

(h) US Borrower, US Guarantor or any other Restricted Person having assets with a book value of at least US \$250,000,000:

(i) suffers the entry against it of a judgment, decree or order for relief by a Tribunal of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar Law of any jurisdiction now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended, or has any such proceeding commenced against it which remains undismissed for a period of thirty days; or

(ii) commences a voluntary case under any applicable bankruptcy, insolvency or similar Law now or hereafter in effect, including the federal Bankruptcy Code, as from time to time amended; or applies for or consents to the entry of an order for relief in an involuntary case under any such Law; or makes a general assignment for the benefit of creditors; or fails generally to pay (or admits in writing its inability to pay) its debts as such debts become due; or takes corporate or other action to authorize any of the foregoing; or

(iii) suffers the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its property in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within thirty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) suffers the entry against it of a final judgment for the payment of money in an amount that exceeds (x) the valid and collectible insurance in respect thereof or (y) the amount of an indemnity with respect thereto reasonably acceptable to the US Required Lenders by US \$250,000,000 or more, unless the same is discharged within thirty days

after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers a writ or warrant of attachment or similar process to be issued by any Tribunal against all or any part of its property having a book value of at least US \$250,000,000, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside; and

(i) Any "Event of Default" occurs under the Canadian Agreement.

Upon the occurrence of an Event of Default described in subsection (h)(i), (h)(ii) or (h)(iii) of this section with respect to US Borrower, all of the US Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by US Borrower and each Restricted Person who at any time ratifies or approves this Agreement. Upon any such acceleration, any obligation of any Lender to make any further US Loans, any obligation of US LC Issuer to issue Letters of Credit hereunder, and any obligation of US Swing Lender to make any further US Swing Loans shall be permanently terminated. During the continuance of any other Event of Default, US Agent at any time and from time to time may (and upon written instructions from US Required Lenders, US Agent shall), without notice to US Borrower or any other Restricted Person, do either or both of the following: (1) terminate any obligation of Lenders to make US Loans hereunder, any obligation of US LC Issuer to issue Letters of Credit hereunder, and any obligation of US Swing Lender to make US Swing Loans hereunder, and (2) declare any or all of the US Obligations immediately due and payable, and all such US Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by US Borrower and each Restricted Person who at any time ratifies or approves this Agreement.

Section 8.2. Remedies. If any Event of Default shall occur and be continuing, each Lender Party may protect and enforce its rights under the US Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Loan Document, and each Lender Party may enforce the payment of any US Obligations due it or enforce any other legal or equitable right which it may have. All rights, remedies and powers conferred upon Lender Parties under the US Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the US Loan Documents or at Law or in equity.

## **ARTICLE IX - US Agent**

Section 9.1. Appointment, Powers, and Immunities.

(a) Each Lender hereby irrevocably appoints and authorizes US Agent to act as its agent under this Agreement and the other US Loan Documents with such powers and discretion as are specifically delegated to US Agent by the terms of this Agreement and the other US Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent-Related Persons: (i) shall not have any duties or responsibilities except those expressly set forth in this Agreement and shall not be trustees or fiduciaries for any Lender; (ii) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or in connection with any Loan Document or any certificate or other document referred to or provided for in, or received by any of them under, any Loan Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Loan Document, or any other document referred to or provided for therein or for any failure by any Restricted Person or any other Person to perform any of its obligations thereunder; (iii) shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Restricted Person or the satisfaction of any condition or to inspect the property (including the books and records) of any Restricted Person or any of its Subsidiaries or Affiliates or for the failure of any Restricted Person or Lender Party to perform its obligations under any Loan Document; (iv) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; and (v) shall not be responsible for any action taken or omitted to be taken by it under or in connection with any Loan Document, except for its own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the number of Lenders herein specified with respect to a particular action shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. US Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to US Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) US LC Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as the US Agent may agree at the request of the Required Lenders to act for US LC Issuer with respect thereto; provided, however, that US LC Issuer shall have all of the benefits and immunities (i) provided to the US Agent in this Article IX with respect to any acts taken or omissions suffered by US LC Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "US Agent" as used in this Article IX included US LC Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to US LC Issuer.

Section 9.2. Reliance by US Agent. US Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation,

any thereof by telephone or teletype) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Restricted Person), independent accountants, and other experts selected by US Agent. US Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until US Agent receives and accepts an Assignment and Assumption executed in accordance with Section 10.6 hereof. US Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Tranche A Required Lenders, Tranche B Required Lenders, US Required Lenders, US Majority Lenders or all Lenders, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all Lenders and participants. Where this Agreement expressly permits or prohibits an action unless the Tranche A Required Lenders, Tranche B Required Lenders, US Required Lenders, US Majority Lenders or all Lenders otherwise determine, the US Agent shall, and in all other instances, the US Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by US Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender; provided, however, that US Agent shall not be required to take any action that exposes US Agent to personal liability or that is contrary to any Loan Document or applicable Law or unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking any such action.

Section 9.3. Defaults. US Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless US Agent has received written notice from a Lender or US Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that US Agent receives such a notice of the occurrence of a Default or Event of Default, US Agent shall give prompt notice thereof to the Lenders. US Agent shall (subject to Section 9.1 hereof) take such action with respect to such Default or Event of Default as shall reasonably be directed by the US Required Lenders. Notwithstanding the foregoing, unless and until US Agent shall have received such directions, US Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

Section 9.4. Rights as Lender. With respect to its Percentage Share of the US Maximum Credit Amount and the US Loans made by it, US Agent (and any successor acting as US Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as US Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include US Agent in its individual capacity. US Agent (and any successor acting as US Agent) and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make Investments in, provide services to, and generally engage in any kind of lending, trust, or other

business with any Restricted Person or any of its Subsidiaries or Affiliates as if it were not acting as US Agent, and US Agent (and any successor acting as US Agent) and its Affiliates may accept fees and other consideration from any Restricted Person or any of its Subsidiaries or Affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

Section 9.5. Indemnification. The Lenders agree to indemnify each Agent-Related Person (to the extent not reimbursed under Section 10.4 hereof, but without limiting the obligations of US Borrower under such section) ratably in accordance with their respective Percentage Shares, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees), or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against US Agent (including by any Lender) in any way relating to or arising out of any Loan Document or the transactions contemplated thereby or any action taken or omitted by US Agent under any Loan Document (INCLUDING ANY OF THE FOREGOING ARISING FROM THE NEGLIGENCE OF US AGENT); provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Person to be indemnified, and provided further that no action taken in accordance with the directions of the number of Lenders herein specified with respect to a particular action shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender agrees to reimburse US Agent promptly upon demand for its ratable share of any costs or expenses payable by US Borrower under Section 10.4, to the extent that US Agent is not promptly reimbursed for such costs and expenses by US Borrower. The agreements contained in this section shall survive payment in full of the US Loans and all other amounts payable under this Agreement.

Section 9.6. Non-Reliance on US Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on US Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of US Borrower and its Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon US Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the US Loan Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by US Agent hereunder, US Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Restricted Person or any of its Subsidiaries or Affiliates that may come into the possession of US Agent or any of its Affiliates.

Section 9.7. Administrative Agent in its Individual Capacity. Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Restricted Persons and their respective Affiliates as though Bank of

America were not the US Agent or the US LC Issuer hereunder and without notice to or consent of Lenders. Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Restricted Person or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Restricted Person or such Affiliate) and acknowledge that the US Agent shall be under no obligation to provide such information to them. With respect to its US Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the US Agent or the US LC Issuer, and the terms "Lender" and "Lenders" include Bank of America in its individual capacity.

Section 9.8. Sharing of Set-Offs and Other Payments. Each Lender Party agrees that if it shall, whether through the exercise of rights under US Loan Documents or rights of banker's lien, set off, or counterclaim against US Borrower or otherwise, obtain payment of a portion of the aggregate Obligations owed to it which, taking into account all distributions made by US Agent under Section 3.1, causes such Lender Party to have received more than it would have received had such payment been received by US Agent and distributed pursuant to

Section 3.1, then (a) it shall be deemed to have simultaneously purchased and shall be obligated to purchase interests in the Obligations as necessary to cause all Lender Parties to share all payments as provided for in Section 3.1, and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that US Agent and all Lender Parties share all payments of Obligations as provided in Section 3.1; provided, however, that nothing herein contained shall in any way affect the right of any Lender Party to obtain payment (whether by exercise of rights of banker's lien, set-off or counterclaim or otherwise) of indebtedness other than the Obligations. US Borrower expressly consents to the foregoing arrangements and agrees that any holder of any such interest, may to the fullest extent permitted by Law exercise any and all rights of banker's lien, set-off, or counterclaim as fully as if such holder were a holder of the Obligations in the amount of such interest. If all or any part of any funds transferred pursuant to this section is thereafter recovered from the seller under this section which received the same, the purchase provided for in this section shall be deemed to have been rescinded to the extent of such recovery, together with interest, if any, if interest is required pursuant to the order of a Tribunal order to be paid on account of the possession of such funds prior to such recovery.

Section 9.9. Investments. Whenever US Agent in good faith determines that it is uncertain about how to distribute to Lender Parties any funds which it has received, or whenever US Agent in good faith determines that there is any dispute among Lender Parties about how such funds should be distributed, US Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If US Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if US Agent is otherwise required to invest funds pending distribution to Lender Parties, US Agent shall invest such funds pending distribution; all interest on any such Investment shall be distributed upon the distribution of such Investment and in the same proportion and to the same Persons as such Investment. All moneys received by US Agent for distribution to Lender Parties (other than to the Person who is US Agent in its separate capacity as a Lender Party) shall be held by US Agent pending such distribution solely as US Agent for such Lender Parties, and US Agent shall have no equitable title to any portion thereof.

Section 9.10. Benefit of Article IX. The provisions of this Article (other than the following Section 9.11) are intended solely for the benefit of Lender Parties, and no Restricted

Person shall be entitled to rely on any such provision or assert any such provision in a claim or defense against any Lender. Lender Parties may waive or amend such provisions as they desire without any notice to or consent of US Borrower or any Restricted Person.

Section 9.11. Resignation. US Agent may resign at any time by giving written notice thereof to Lenders and US Borrower. Each such notice shall set forth the date of such resignation. Upon any such resignation, US Required Lenders shall have the right to appoint a successor US Agent and if no Default or Event of Default has occurred and is continuing, US Required Lenders shall obtain the consent of US Borrower. A successor must be appointed for any retiring US Agent, and such US Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring US Agent's resignation, no successor US Agent has been appointed and has accepted such appointment, then the retiring US Agent may appoint a successor US Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of the United States of America or of any state thereof and if no Default or Event of Default has occurred and is continuing, retiring US Agent shall obtain the consent of US Borrower. Upon the acceptance of any appointment as US Agent hereunder by a successor US Agent, the retiring US Agent shall be discharged from its duties and obligations under this Agreement and the other US Loan Documents. After any retiring US Agent's resignation hereunder the provisions of this Article IX shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was US Agent under the US Loan Documents.

Section 9.12. Lenders to Remain Pro Rata. It is the intent of all parties hereto that the pro rata share of each Lender in the Tranche B Loans and in the Canadian Obligations and the related rights and obligations of such Lender under the Loan Documents shall be substantially the same at all times during the term of this Agreement. Accordingly, the initial Tranche B Percentage Share of each Tranche B Lender in the Tranche B Maximum Credit Amount will be the same as the initial Percentage Share of such Lender in the Canadian Maximum Credit Amount. All subsequent assignments and adjustments of the interests of the Tranche B Lenders in the Tranche B Facility and the Canadian Obligations will be made so as to maintain such a pro rata arrangement; provided that for the purposes of determining these pro rata shares, any Percentage Share held by any Lender's Affiliates shall be included in determining the interests of such Lender.

Section 9.13. Other Agents. None of the Lenders identified on the facing page or signature pages of this Agreement as a "syndication agent" or "joint lead arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

#### **ARTICLE X - Miscellaneous**

Section 10.1. Waivers and Amendments; Acknowledgments.

(a) Waivers and Amendments. No failure or delay (whether by course of conduct or otherwise) by any Lender Party in exercising any right, power or remedy which such Lender Party may have under any of the US Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Lender Party of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any US Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed as provided below in this section, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Restricted Person shall in any case of itself entitle any Restricted Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other US Loan Documents set forth the entire understanding between the parties hereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no waiver, consent, release, modification or amendment of or supplement to this Agreement or the other US Loan Documents shall be valid or effective against any party hereto unless the same is in writing and signed by (i) if such party is US Borrower, by US Borrower, (ii) if such party is US Agent or US LC Issuer, by such party, (iii) in any provisions requiring the consent of Tranche A Required Lenders, if such party is a Tranche A Lender, by such Tranche A Lender or by US Agent on behalf of Tranche A Lenders with the written consent of Tranche A Required Lenders, (iv) in any provisions requiring the consent of Tranche B Required Lenders, if such party is a Tranche B Lender, by such Tranche B Lender or by US Agent on behalf of Tranche B Lenders with the written consent of Tranche B Required Lenders and (v) if such party is a Lender, by such Lender or by US Agent on behalf of Lenders with the written consent of US Required Lenders (which consent has already been given as to the termination of the US Loan Documents as provided in Section 10.10). Notwithstanding the foregoing or anything to the contrary herein, US Agent shall not, without the prior consent of US Majority Lenders and Canadian Majority Lenders, execute and deliver on behalf of such Lender any waiver or amendment which would increase the US Maximum Credit Amount hereunder, except in connection with the Re-allocations described in Section 1.9. Notwithstanding the foregoing or anything to the contrary herein, US Agent shall not, without the prior consent of each individual US Lender, execute and deliver on behalf of such Lender any waiver or amendment which would: (1) waive any of the conditions specified in Article IV, (2) increase the maximum amount which such Lender is committed hereunder to lend, (3) reduce any fees payable to such Lender hereunder, or the principal of, or interest on, such Lender's Note, (4) postpone any date fixed for any payment of any such fees, principal or interest, (5) change the aggregate amount of Percentage Shares which is required for US Agent, Lenders or any of them to take any particular action under the US Loan Documents, (6) release US Borrower or US Guarantor (to the extent not otherwise released pursuant to the terms of the US Guaranty) from its obligation to pay such Lender's Loan (it being understood and agreed that neither any assignment by Devon Financing ULC contemplated by Section 13 of the Devon Financing ULC Guaranty executed and delivered to US Agent nor the termination of any Guaranty in accordance with the terms thereof shall constitute a release of US Borrower or the US Guarantor within the meaning of this Section 10.1(a) or shall require the consent of any Lender), or (7) amend this Section 10.1(a), except in connection with the Re-allocations described

in Section 1.9. Notwithstanding the foregoing or anything to the contrary herein, US Agent shall not, (a) without the prior consent of each individual Tranche A Lender, execute and deliver on behalf of such Tranche A Lender any waiver or amendment which would amend the definition herein of "Tranche A Required Lenders" and (b) without the prior consent of each individual Tranche B Lender, execute and deliver on behalf of such Tranche B Lender any waiver or amendment which would amend the definition herein of "Tranche B Required Lenders."

(b) Acknowledgments and Admissions. US Borrower hereby represents, warrants, acknowledges and admits that (i) it has been advised by counsel in the negotiation, execution and delivery of the US Loan Documents to which it is a party, (ii) it has made an independent decision to enter into this Agreement and the other US Loan Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by US Agent or any Lender, whether written, oral or implicit, other than as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iii) there are no representations, warranties, covenants, undertakings or agreements by any Lender as to the US Loan Documents except as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof, (iv) no Lender has any fiduciary obligation toward US Borrower with respect to any Loan Document or the transactions contemplated thereby, (v) the relationship pursuant to the US Loan Documents between US Borrower and the other Restricted Persons, on one hand, and each Lender, on the other hand, is and shall be solely that of debtor and creditor, respectively, (vi) no partnership or joint venture exists with respect to the US Loan Documents between any Restricted Person and any Lender, (vii) US Agent is not US Borrower's US Agent, but US Agent for Lenders, (viii) without limiting any of the foregoing, US Borrower is not relying upon any representation or covenant by any Lender, or any representative thereof, and no such representation or covenant has been made, that any Lender will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the US Loan Documents with respect to any such Event of Default or Default or any other provision of the US Loan Documents, and (ix) all Lender Parties have relied upon the truthfulness of the acknowledgments in this section in deciding to execute and deliver this Agreement and to become obligated hereunder.

(c) Joint Acknowledgment. THIS WRITTEN AGREEMENT AND THE OTHER US LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

Section 10.2. Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements in the US Loan Documents shall survive the execution and delivery of this Agreement and the other US Loan Documents and the performance hereof and thereof, including the making or granting of the US Loans and the

delivery of the US Notes and the other US Loan Documents, and shall further survive until all of the US Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to US Borrower are terminated. All statements and agreements contained in any certificate or other instrument delivered by any Restricted Person to any Lender Party under any Loan Document shall be deemed representations and warranties by US Borrower or agreements and covenants of US Borrower under this Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the US Loan Documents, and the rights, powers, and privileges granted to Lender Parties in the US Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty, indemnity, or covenant herein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various US Loan Documents.

Section 10.3. Notices. All notices, requests, consents, demands and other communications required or permitted under any Loan Document shall be in writing, unless otherwise specifically provided in such Loan Document (provided that US Agent may give telephonic notices to the other Lender Parties), and shall be deemed sufficiently given or furnished if delivered by personal delivery, by facsimile or other electronic transmission, by delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, to US Borrower and Restricted Persons at the address of US Borrower specified on the signature pages hereto and to each Lender Party at its address specified on Annex II hereto (unless changed by similar notice in writing given by the particular Person whose address is to be changed). Any such notice or communication shall be deemed to have been given (a) in the case of personal delivery or delivery service, as of the date of first attempted delivery during normal business hours at the address provided herein, (b) in the case of facsimile or other electronic transmission, upon receipt, or (c) in the case of registered or certified United States mail, three days after deposit in the mail; provided, however, that no Borrowing Notice shall become effective until actually received by US Agent.

#### Section 10.4. Payment of Expenses; Indemnity.

(a) Payment of Expenses. Whether or not the transactions contemplated by this Agreement are consummated, US Borrower will promptly (and in any event, within 30 days after any invoice or other statement or notice) pay: (i) all reasonable costs and expenses incurred by or on behalf of US Agent (including without limitation, attorneys' fees) in connection with (1) the negotiation, preparation, execution and delivery of the US Loan Documents, and any and all consents, waivers or other documents or instruments relating thereto, (2) the borrowings hereunder and other action reasonably required in the course of administration hereof, (3) monitoring or confirming (or preparation or negotiation of any document related to) US Borrower's compliance with any covenants or conditions contained in this Agreement or in any Loan Document, and (ii) all reasonable costs and expenses incurred by or on behalf of any Lender

Party (including without limitation, attorneys' fees, consultants' fees and accounting fees) in connection with the defense or enforcement of any of the US Loan Documents (including this section) or the defense of any Lender Party's exercise of its rights thereunder.

(b) Indemnity. US Borrower agrees to indemnify each Agent-Related Person and each Lender Party, upon demand, from and against any and all liabilities, obligations, claims, losses, damages, penalties, fines, actions, judgments, suits, settlements, costs, expenses or disbursements (including reasonable fees of attorneys, accountants, experts and advisors) of any kind or nature whatsoever (in this section collectively called "liabilities and costs") which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against such Lender Party growing out of, resulting from or in any other way associated with the US Loan Documents and the transactions and events (including the enforcement or defense thereof) at any time associated therewith or contemplated therein (whether arising in contract or in tort or otherwise and including any violation or noncompliance with any Environmental Laws by any Agent-Related Person or Lender Party or any other Person or any liabilities or duties of any Agent-Related Person or Lender Party or any other Person with respect to Hazardous Materials found in or released into the environment).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY OR CAUSED, IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY AGENT-RELATED PERSON OR LENDER PARTY,

provided only that no Agent-Related Person or Lender Party shall be entitled under this section to receive indemnification for that portion, if any, of any liabilities and costs which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment. If any Person (including US Borrower or any of its Affiliates) ever alleges such gross negligence or willful misconduct by any Lender Party, the indemnification provided for in this section shall nonetheless be paid upon demand, subject to later adjustment or reimbursement, until such time as a court of competent jurisdiction enters a final judgment as to the extent and effect of the alleged gross negligence or willful misconduct. As used in this section the term "Lender Party" shall refer not only to each Person designated as such in Section 1.1 but also to each director, officer, agent, attorney, employee, representative, attorney-in-fact and Affiliate of such Person.

Section 10.5. Parties in Interest. All grants, covenants and agreements contained in the US Loan Documents shall bind and inure to the benefit of the parties thereto and their respective successors and assigns; provided, however, that, except as set forth in Section 13 of the Devon Financing ULC Guaranties, no Restricted Person may assign or transfer any of its rights or delegate any of its duties or obligations under any Loan Document without the prior consent of all Lenders (and any attempted assignment or transfer by any Restricted Person without such consent shall be null and void). Neither US Borrower nor any Affiliates of US Borrower shall directly or indirectly purchase or otherwise retire any Obligations owed to any Lender nor will any Lender

accept any offer to do so, unless each Lender shall have received substantially the same offer with respect to the same Percentage Share of the Obligations owed to it. If US Borrower or any Affiliate of US Borrower at any time purchases some but less than all of the Obligations owed to all Lender Parties, such purchaser shall not be entitled to any rights of any Lender under the US Loan Documents unless and until US Borrower or its Affiliates have purchased all of the Obligations.

#### Section 10.6. Assignments and Participations.

(a) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Tranche A Note and its Percentage Share of the Tranche A Facility Usage and the Tranche A Maximum Credit Amount, and related rights and obligations under the US Loan Documents and/or its Tranche B Note and its Percentage Share of the Tranche B Facility Usage and the Tranche B Maximum Credit Amount and related rights and obligations under the US Loan Documents); provided, however, that

(i) each such assignment shall be to an Eligible Assignee;

(ii) together with each such assignment of its rights and obligations relating to Tranche B Loans under this Agreement, such Lender shall assign the same Percentage Share of its rights and obligations under the Canadian Agreement to the same Eligible Assignee or an Affiliate of such Eligible Assignee.

(iii) except in the case of such an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement, any partial assignment of such Lender's rights and obligations under this Agreement and under the Canadian Agreement shall be in a collective amount at least equal to US \$20,000,000 or an integral multiple of US \$5,000,000 in excess thereof (in the case of the US Agreement calculated with respect to the Maximum US Credit Amount during the Tranche B Revolving Period and thereafter calculated with respect to the aggregate amount of the Tranche B Facility Usage and the Tranche A Maximum Credit Amount, and in the case of the Canadian Credit Agreement calculated with respect to the Canadian Maximum Credit Amount during the Canadian Revolving Period and thereafter calculated with respect to the Canadian Facility Usage);

(iv) each such assignment by a Lender with respect to Tranche A Loans shall be of a constant, and not varying, percentage of all of its rights and obligations with respect to Tranche A Loans and Letters of Credit under the US Loan Documents and each such assignment by a Lender with respect to Tranche B Loans shall be of a constant, and not varying, percentage of all of its rights and obligations with respect to Tranche B Loans under the US Loan Documents and Canadian Loans under the Canadian Loan Documents; and

(v) the parties to such assignment shall execute and deliver to US Agent for its acceptance an Assignment and Assumption in the form of Exhibit F hereto, together with any Note subject to such assignment and a processing fee of US \$3,500.

Subject to acceptance and recording thereof by US Agent pursuant to subsection

(b) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the obligations, rights, and benefits of a Lender under this Agreement and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.2, 3.6, 3.9, and 10.4). Upon the consummation of any assignment pursuant to this section, the assignor, US Agent and US Borrower shall make appropriate arrangements so that, if required, new US Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the Laws of the United States of America or a state thereof, it shall deliver to US Borrower and US Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 3.10. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(b) US Agent, acting solely for this purpose as an agent of US Borrower, shall maintain at its address referred to in Section 10.3 a copy of each Assignment and Assumption delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and their Percentage Share of the US Maximum Credit Amount of, and principal amount of the US Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and US Borrower, US Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by US Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) Upon its receipt of an Assignment and Assumption executed by the parties thereto, together with any Note subject to such assignment and payment of the processing fee, US Agent shall, if such Assignment and Assumption has been completed and is in substantially the form of Exhibit F hereto, (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the parties thereto.

(d) Any Lender may at any time, without the consent of, or notice to, US Borrower or US Agent, sell participations to any Person (other than a natural person or US Borrower or any of US Borrower's Affiliates or Subsidiaries) in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its US Maximum Credit Amount and its US Loans); provided, however, that (i) such Lender's obligations under this Agreement

shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article III (provided that a participant shall not be entitled to receive any greater payment under Section 3.1 or 3.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with US Borrower's prior written consent, and (iv) US Borrower, US Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. A participant that would have been subject to Section 3.9 if it were a Lender, shall not be entitled to the benefits of Section 3.1 unless US Borrower has been notified of the participation sold to such participant, and such participant agrees, for the benefit of US Borrower, to comply with such Section as if it were a Lender) and the right of offset contained in Section 6.14 (provided that such participant agrees to be subject to Section 9.8 as if it were a Lender). Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification, or waiver of any provision of this Agreement (provided that such Lender may agree that it will not approve amendments, modifications, or waivers decreasing the amount of principal of or the rate at which interest is payable on such US Loans or Note, extending any scheduled principal payment date or date fixed for the payment of interest on such US Loans or Note, or extending its US Maximum Credit Amount without the consent of the participant).

(e) If the consent of US Borrower to an assignment to an Eligible Assignee is required hereunder, US Borrower shall be deemed to have given its consent ten

(10) Business Days after the date notice thereof has been delivered by the assigning Lender (through US Agent) unless such consent is expressly refused by US Borrower prior to such tenth Business Day.

(f) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Percentage Share in the Obligations and its rights and obligations hereunder pursuant to subsection 10.6(a) above, Bank of America may (i) upon 30 days' notice to US Borrower and the Lenders, resign as US LC Issuer and/or (ii) upon 30 days' notice to US Borrower, resign as US Swing Lender and/or terminate its commitment to make US Swing Loans. In the event of any such resignation by Bank of America as US LC Issuer or US Swing Lender or termination of its commitment to make US Swing Loans, US Borrower shall be entitled to appoint from among the US Lenders a successor US LC Issuer or US Swing Lender hereunder; provided, however, that no failure by US Borrower to appoint any such successor shall affect the resignation of Bank of America as US LC Issuer or US Swing Lender or termination of its commitment to make US Swing Loans, as the case may be. If Bank of America resigns as US LC Issuer, it shall retain all the rights and obligations of US LC Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as US LC Issuer and all US LC Obligations with respect thereto (including the right to require the Tranche A Lenders to make US Base Rate Loans or fund participations in unreimbursed amounts pursuant to Section 2.3(b)). If Bank of America resigns as US Swing Lender or terminates its commitment to make US Swing Loans, it shall retain all the rights of US Swing Lender provided for hereunder with respect to US Swing Loans made by it and outstanding as of the effective date

of such termination, including the right to require the US Lenders to make Tranche A Loans or fund participations in outstanding US Swing Loans pursuant to Section 1.8.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign and pledge all or any portion of its US Loans and its Note to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(h) Any Lender may furnish any information concerning US Borrower or any of its Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of Section 10.7 hereof.

Section 10.7. Confidentiality. US Agent and each Lender (in this Section each is called a "Lending Party") agrees to keep confidential any information furnished or made available to it by US Borrower pursuant to this Agreement that is marked confidential; provided that nothing herein shall prevent any Lending Party from disclosing such information (a) to any other Lending Party or any Affiliate of any Lending Party, or any officer, director, employee, US Agent, or advisor of any Lending Party or Affiliate of any Lending Party, (b) to any other Person if reasonably incidental to the administration of the credit facility provided herein, (c) as required by any Law, rule, or regulation, (d) upon the order of any court or administrative agency, (e) upon the request or demand of any regulatory agency or authority, (f) that is or becomes available to the public or that is or becomes available to any Lending Party other than as a result of a disclosure by any Lending Party prohibited by this Agreement, (g) in connection with any litigation to which such Lending Party or any of its Affiliates may be a party, (h) to the extent necessary in connection with the exercise of any remedy under this Agreement or any other Loan Document, and (i) subject to provisions substantially similar to those contained in this section, to any actual or proposed participant or assignee.

Section 10.8. Governing Law; Submission to Process. Except to the extent that the law of another jurisdiction is expressly elected in a Loan Document, the US Loan Documents shall be deemed contracts and instruments made under the laws of the State of Texas and shall be construed and enforced in accordance with and governed by the laws of the State of Texas and the laws of the United States of America, without regard to principles of conflicts of law. Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving tri-party accounts) does not apply to this Agreement or to the US Notes. US Borrower hereby irrevocably submits itself and each other Restricted Person to the non-exclusive jurisdiction of the state and federal courts sitting in the State of Texas and agrees and consents that service of process may be made upon it or any Restricted Person in any legal proceeding relating to the US Loan Documents or the Obligations by any means allowed under Texas or federal law.

Section 10.9. Limitation on Interest. Lender Parties, Restricted Persons and any other parties to the US Loan Documents intend to contract in strict compliance with applicable usury

Law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the US Loan Documents shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the maximum amount of interest permitted to be charged by applicable Law from time to time in effect. Neither any Restricted Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully charged under applicable Law from time to time in effect, and the provisions of this section shall control over all other provisions of the US Loan Documents which may be in conflict or apparent conflict herewith. Lender Parties expressly disavow any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of any Obligation is accelerated. If

(a) the maturity of any Obligation is accelerated for any reason, (b) any Obligation is prepaid and as a result any amounts held to constitute interest are determined to be in excess of the legal maximum, or (c) any Lender or any other holder of any or all of the Obligations shall otherwise collect moneys which are determined to constitute interest which would otherwise increase the interest on any or all of the Obligations to an amount in excess of that permitted to be charged by applicable Law then in effect, then all sums determined to constitute interest in excess of such legal limit shall, without penalty, be promptly applied to reduce the then outstanding principal of the related Obligations or, at such Lender's or holder's option, promptly returned to US Borrower or the other payor thereof upon such determination. In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the maximum amount permitted under applicable Law, Lender Parties and Restricted Persons (and any other payors thereof) shall to the greatest extent permitted under applicable Law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the instruments evidencing the Obligations in accordance with the amounts outstanding from time to time thereunder and the maximum legal rate of interest from time to time in effect under applicable Law in order to lawfully charge the maximum amount of interest permitted under applicable Law. In the event applicable Law provides for an interest ceiling under Chapter 303 of the Texas Finance Code (the "Texas Finance Code") as amended, for that day, the ceiling shall be the "weekly ceiling" as defined in the Texas Finance Code; provided that if any applicable Law permits greater interest, the Law permitting the greatest interest shall apply. As used in this section the term "applicable Law" means the Laws of the State of Texas or the Laws of the United States of America, whichever Laws allow the greater interest, as such Laws now exist or may be changed or amended or come into effect in the future.

Section 10.10. Termination; Limited Survival. In its sole and absolute discretion US Borrower may at any time that no Obligations are owing elect in a written notice delivered to US Agent to terminate this Agreement. Upon receipt by US Agent of such a notice, if no Obligations are then owing this Agreement and all other US Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any Restricted Person in any Loan Document, any Obligations under Sections 3.2 through 3.6, and any obligations which any Person may have to indemnify or compensate any Lender Party shall

survive any termination of this Agreement or any other Loan Document. At the request and expense of US Borrower, US Agent shall prepare and execute all necessary instruments to reflect and effect such termination of the US Loan Documents. US Agent is hereby authorized to execute all such instruments on behalf of all Lenders, without the joinder of or further action by any Lender.

Section 10.11. Severability. If any term or provision of any Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the US Loan Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

Section 10.12. Counterparts; Fax. This Agreement may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement. This Agreement and the US Loan Documents may be validly executed and delivered by facsimile or other electronic transmission.

Section 10.13. Waiver of Jury Trial, Punitive Damages, etc. US BORROWER AND EACH LENDER PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY (A) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THE US LOAN DOCUMENTS OR ANY TRANSACTION CONTEMPLATED THEREBY OR ASSOCIATED THEREWITH, BEFORE OR AFTER MATURITY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY, (B) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES", AS DEFINED BELOW, (C) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (D) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER US LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENTS OR FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

Section 10.14. Defined Terms. Capitalized terms and phrases used and not otherwise defined herein shall for all purposes of this Agreement have the meaning given to such terms and phrases in Annex I hereto.

Section 10.15. Annex I, Exhibits and Schedules; Additional Definitions. Annex I, Annex II and all Exhibits and Schedules attached to this Agreement are a part hereof for all purposes.

Section 10.16. Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document, provided that nothing contained in this section shall be construed to authorize any such renewal, extension, modification, amendment or restatement. Unless the context otherwise requires or unless otherwise provided herein, the references in this Agreement to a particular statute, rule or regulation also refer to and include all amendments, supplements and other modifications to such statute, rule or regulation.

Section 10.17. References and Titles. All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 10.18. Calculations and Determinations. All calculations under the US Loan Documents of interest chargeable with respect to Eurodollar Loans and of fees shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. All other calculations of interest made under the US Loan Documents shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 or 366 days, as appropriate. Each determination by a Lender Party of amounts to be paid under Article III or any other matters which are to be determined hereunder by a Lender Party (such as any US Dollar Eurodollar Rate, Adjusted US Dollar Eurodollar Rate, Business Day, Interest Period, or Reserve Requirement) shall, in the absence of manifest error, be conclusive and binding. Unless otherwise expressly provided herein or unless US Required Lenders otherwise consent all financial statements and reports furnished to any Lender Party hereunder shall be prepared and all financial computations and determinations pursuant hereto shall be made in accordance with US GAAP.

Section 10.19. Construction of Indemnities and Releases. All indemnification and release provisions of this Agreement shall be construed broadly (and not narrowly) in favor of the Persons receiving indemnification from or being released.

Section 10.20. Amendment and Restatement of Existing US Agreement. This Agreement amends and restates in its entirety the Existing US Credit Agreement. This Agreement shall become effective in the manner and at the time provided in the Seventh Amendment to US Credit Agreement to which this Amended and Restated US Credit Agreement is attached, and upon such effectiveness, this Agreement shall constitute the US Agreement and any future amendments shall be made to this US Agreement. This Agreement need not be separately executed and delivered by US Borrower, any US Lender or US Agent. US Borrower hereby agrees that (i) the Indebtedness outstanding under the Existing US Credit Agreement and all accrued and unpaid interest thereon and (ii) all accrued and unpaid fees under the Existing US Credit Agreement shall be deemed to be outstanding under and governed by this Agreement. US Borrower hereby acknowledges, warrants, represents and agrees that this Agreement is not intended to be, and shall not be deemed or construed to be, a novation or release of the US Loans or the US Loan Documents. The rights and obligations of the parties to this Agreement with respect to periods following the time this Agreement becomes effective in accordance with the provisions of the Seventh Amendment to US Credit Agreement shall be governed exclusively by this Agreement. The rights and obligations of the parties to this Agreement with respect to the period prior to the date this Agreement becomes effective in accordance with the Seventh Amendment to US Credit Agreement shall not be affected by this amendment and restatement.

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## ANNEX I

### DEFINED TERMS

"Acquired Debt" means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, including and together with, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any assets acquired by such specified Person, and any refinancing of the foregoing indebtedness on similar terms, taking into account current market conditions.

"Adjusted Canadian Dollar Eurodollar Rate" means, for any Canadian Dollar Eurodollar Loan for any Eurodollar Interest Period therefor, the per annum rate equal to the sum of (a) the Applicable Margin plus (b) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by Canadian Agent to be equal to the quotient obtained by dividing (i) the Canadian Dollar Eurodollar Rate for such Canadian Dollar Eurodollar Loan for such Eurodollar Interest Period by (ii) 1 minus the Reserve Requirement for such Canadian Dollar Eurodollar Loan for such Interest Period. The Adjusted Canadian Dollar Eurodollar Rate for any Canadian Dollar Eurodollar Loan shall change whenever the Applicable Margin or the Reserve Requirement changes. No Adjusted Canadian Dollar Eurodollar Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Adjusted US Dollar Eurodollar Rate" means, for any US Dollar Eurodollar Loan for any Eurodollar Interest Period therefor, the per annum rate equal to the sum of (a) the Applicable Margin plus (b) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by US Agent to be equal to the quotient obtained by dividing (i) the US Dollar Eurodollar Rate for such US Dollar Eurodollar Loan for such Eurodollar Interest Period by (ii) 1 minus the Reserve Requirement for such US Dollar Eurodollar Loan for such Interest Period. The Adjusted US Dollar Eurodollar Rate for any US Dollar Eurodollar Loan shall change whenever the Applicable Margin or the Reserve Requirement changes. No Adjusted US Dollar Eurodollar Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Affiliate" means, as to any Person, each other Person that directly or indirectly (through one or more intermediaries or otherwise) controls, is controlled by, or is under common control with, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power

(a) to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agent-Related Persons" means the US Agent (including Bank of America in its capacity as US LC Issuer and US Swing Lender) and its Affiliates, the Canadian Agent (including Bank of America in its capacity as Canadian LC Issuer and Canadian Swing Lender) and its Affiliates, the Arranger, any successors to US Agent or Canadian Agent appointed in accordance with the Loan Documents, and the officers, directors, employees, agents and attorneys-in-fact of such Persons.

"Applicable Currency" means (i) when used with respect to any US Loan or US LC Obligations, US Dollars, and (ii) when used with respect to any Canadian Prime Rate Loan, any Canadian Dollar Eurodollar Loan or any Bankers' Acceptance, Canadian Dollars, and (iii) when used with respect to any Canadian Base Rate Loan or an US Dollar Eurodollar Loan made under the Canadian Agreement, US Dollars.

"Applicable Lending Office" means, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or of an Affiliate of such Lender) designated for such Type of Loan on Annex II hereof or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to US Agent, Canadian Agent, and Borrowers by written notice in accordance with the terms hereof as the office by which its Loans of such Type are to be made and maintained.

"Applicable Margin" means

(a) when used with respect to any Tranche A Loan on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

Applicable Rating Level -----	Applicable Margin -----
Level I	24.0
Level II	35.0
Level III	45.0
Level IV	67.5
Level V	75.0

(b) when used with respect to any Tranche B Loan prior to the Tranche B Conversion Date, the number of Basis Points per annum set forth in column A below and on and after the Tranche B Conversion Date, the number of Basis Points per annum set forth in column B below, in each case based on the Applicable Rating Level on such date:

Applicable Rating Level	A	B
	-	-
	Tranche B Loan Applicable Margin Prior to Tranche B Conversion Date	Tranche B Loan Applicable Margin On and After Tranche B Conversion Date
	-----	-----
Level I	53.5	91.0
Level II	65.0	102.5
Level III	75.0	112.5
Level IV	97.5	135.0
Level V	115.0	177.5

(c) when used with respect to any Canadian Loan prior to the Canadian Conversion Date, the number of Basis Points per annum set forth in column A below and on and after the Canadian Conversion Date, the number of Basis Points per annum set forth in column B below, in each case based on the Applicable Rating Level on such date:

Applicable Rating Level	A	B
	-	-
	Canadian Loan Applicable Margin Prior to Canadian Conversion Date	Canadian Loan Applicable Margin On and After Canadian Conversion Date
	-----	-----
Level I	51.5	89.0
Level II	62.5	100.0
Level III	72.5	110.0
Level IV	95.0	132.5
Level V	112.5	175.0

Changes in the Applicable Margin will occur automatically without prior notice as changes in the Applicable Rating Level occur. US Agent will give notice promptly to Borrowers and the Lenders of changes in the Applicable Margin.

"Applicable Rating Level" means for any day, the highest Rating Level (as such term is defined below in this paragraph) issued by S&P or Moody's (collectively, in this definition called the "Designated Rating Agencies"). As used in this definition, (i) the term "Rating Level" means

for any day with respect to any of the Designated Rating Agencies, the rating level described below (or its then equivalent) applicable on such day, issued by such Designated Rating Agency, from time to time, with respect to US Borrower's Long-Term Debt or if such rating is unavailable, equivalents thereof, including counterparty ratings, implied ratings and corporate ratings; (ii) "US Borrower's Long-Term Debt" means senior, unsecured, non-credit enhanced (other than by guaranties of Affiliates of US Borrower) long-term indebtedness for borrowed money of US Borrower, and (iii) ">=" means a rating equal to or more favorable than and "<" means a rating less favorable than.

Rating Level	S&P	Moody's
-----	-----	-----
Level I	Greater Than or Equal To A-	Greater Than or Equal To A3
Level II	BBB+	Baa1
Level III	BBB	Baa2
Level IV	BBB-	Baa3
Level V	Less Than BBB-	Less Than Baa3

If any of the Designated Rating Agencies shall not have in effect a rating for US Borrower's Long-Term Debt or if the rating system of any of the Designated Rating Agencies shall change, or if either of the Designated Rating Agencies shall cease to be in the business of rating corporate debt obligations, US Borrower and Required Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such Designated Rating Agency, but until such an agreement shall be reached, the Applicable Rating Level shall be based only upon the rating by the remaining Designated Rating Agency.

In the event that the ratings of the Designated Rating Agencies shall have a difference of more than one level, "Applicable Rating Level" shall mean the rating which is one level below the highest level issued by a Designated Rating Agency.

"Arranger" means Banc of America Securities LLC, in its capacity as sole book manager.

"BA Discount Rate" means, in respect of a BA being accepted by a Lender on any date, (i) for a Lender that is listed in Schedule I to the Bank Act (Canada), the average bankers' acceptance rate as quoted on Reuters CDOR page (or such other page as may, from time to time, replace such page on that service for the purpose of displaying quotations for bankers' acceptances accepted by leading Canadian financial institutions) at approximately 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA (the "CDOR Rate"); or, if such rate is not available at or about such time, the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Canadian Agent by the Schedule I BA Reference Banks as of 10:00 a.m.

(Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA; and (ii) for a Lender that is listed in Schedule II to the Bank Act (Canada) or a Lender that is listed in Schedule III to the Bank Act (Canada) that is not subject to the restrictions and requirements referred to in subsection 524 (2) of the Bank Act (Canada), the rate established by the Canadian Agent to be the lesser of (A) the CDOR Rate plus 10 Basis Points; and (B) the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Canadian Agent by the Schedule II BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA.

"Bankers' Acceptance" or "BA" means a Canadian Dollar draft of either Canadian Borrower, for a term selected by such Canadian Borrower of either 30, 60, 90 or 180 days (as reduced or extended by the Lender, acting reasonably, to allow the maturity thereof to fall on a Business Day) payable in Canada.

"Bank of America" means Bank of America, N.A.

"Bankruptcy and Insolvency Act (Canada)" means the Bankruptcy and Insolvency Act, S.C. 1992, c. 27, including the regulations made and, from time to time, in force under that Act.

"Basis Point" means one one-hundredth of one percent (0.01%).

"Borrower" means any of US Borrower and Canadian Borrowers.

"Borrowing" means a borrowing of new Loans of a single Type pursuant to Section 1.2 or a Continuation or Conversion of existing Loans into a single Type (and, in the case of Eurodollar Loans, with the same Interest Period) pursuant to Section 1.3 of the US Agreement or the Canadian Agreement or the acceptance or purchase of Bankers' Acceptances issued by Canadian Borrowers under the Canadian Agreement or the Continuation or Conversion of existing Banker's Acceptances into Canadian Loans of a single Type in the case of Eurodollar Loans with the same Interest Period pursuant to Section 1.3 of the Canadian Agreement.

"Borrowing Notice" means a written or telephonic request, or a written confirmation, made by any Borrower which meets the requirements of Section 1.2 of the US Agreement or Section 1.2 of the Canadian Agreement.

"Business Day" means (a) with respect to the Canadian Agreement, a day, other than a Saturday or Sunday, on which commercial banks are open for business with the public in Dallas, Texas and Toronto, Ontario and (b) with respect to the US Agreement, a day, other than a Saturday or Sunday, on which commercial banks are open for business with the public in Dallas, Texas. Any Business Day in any way relating to Eurodollar Loans (such as the day on which an Interest Period begins or ends) must also be a day on which, in the judgment of US Agent or Canadian Agent, as applicable, significant transactions in dollars are carried out in the interbank eurocurrency market.

"Canadian Advances" has the meaning given to such term in Section 1.1(a) of the Canadian Agreement.

"Canadian Agent" means Bank of America, acting through its Canadian Branch, and its successors and assigns as administrative agent under the Canadian Agreement.

"Canadian Agreement" means that certain Amended and Restated Canadian Credit Agreement dated the Closing Date among Canadian Borrowers, Canadian Agent and Canadian Lenders and as it may be further amended, supplemented, restated or otherwise modified and in effect from time to time.

"Canadian Base Rate Loan" means a Canadian Loan which bears interest at the Canadian US Dollar Base Rate.

"Canadian Borrowers" means Northstar Energy and Devon Canada.

"Canadian Conversion Date" means the date which is 364 days after the Closing Date, or such later day to which the Canadian Conversion Date is extended pursuant to Section 1.6 of the Canadian Agreement.

"Canadian Dollar" or "C\$" means the lawful currency of Canada.

"Canadian Dollar Eurodollar Loan" means a Canadian Loan that bears interest at the Adjusted Canadian Dollar Eurodollar Rate.

"Canadian Dollar Eurodollar Rate" means, for any Canadian Dollar Eurodollar Loan within a Borrowing and with respect to the related Interest Period therefor, (a) the interest rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Canadian Agent to be the offered rate that appears on the page of the Telerate Screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3740) for deposits in Canadian Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Canadian Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Canadian Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Canadian Agent as the rate of interest at which deposits in Canadian Dollars (for delivery on the first day of such Interest Period) in same day funds in the approximate amount of the applicable Canadian Dollar Eurodollar Loan and with a term equivalent to such Interest Period would be offered by its London branch to major banks in

the London interbank Canadian Dollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

"Canadian Facility Fee Rate" means, on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

Applicable Rating Level	Applicable Canadian Facility Fee Rate
Level I	11.0
Level II	12.5
Level III	15.0
Level IV	17.5
Level V	25.0

"Canadian Facility Maturity Date" means the date which is five years and one day after the Canadian Conversion Date.

"Canadian Facility Usage" means, at the time in question, the US Dollar Equivalent of the aggregate amount of Canadian Loans, Canadian LC Obligations, and BA's outstanding at such time.

"Canadian Guarantors" means US Borrower and Devon Financing ULC.

"Canadian LC Issuer" means Bank of America in and its successors and assigns in its capacity as the issuer of Letters of Credit under the Canadian Agreement. Canadian Agent may, with the consent of Canadian Borrowers and the Lender in question, appoint any Canadian Resident Lender hereunder as a Canadian LC Issuer in place of or in addition to Canadian Agent.

"Canadian LC Obligations" means, at the time in question, the sum of all Matured Canadian LC Obligations plus the maximum amounts which Canadian LC Issuer might then or thereafter be called upon to advance under all Letters of Credit then outstanding under the Canadian Agreement.

"Canadian LC Sublimit" means US \$125,000,000.

"Canadian Lenders" means each signatory to the Canadian Agreement (other than any Borrower), including Bank of America, acting through its Canadian branch, in the capacity of a Canadian Lender and the Canadian Swing Lender hereunder, rather than as Canadian Agent and Canadian LC Issuer, and the successors of each such party as holder of a Canadian Note.

"Canadian Loan Documents" means the Canadian Agreement, the Canadian Notes, the Letters of Credit issued under the Canadian Agreement, the LC Applications related thereto, the BA's, the Guaranty executed by each Canadian Guarantor, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

"Canadian Loans" means the Canadian Revolving Loans, the Canadian Term Loans into which such Canadian Revolving Loans may be converted, the Competitive Bid Loans made under the Canadian Agreement, the Canadian Swing Loans, and the Overterm Canadian Loans.

"Canadian Majority Lenders" means Canadian Lenders whose aggregate Percentage Shares under the Canadian Agreement exceed sixty-six and two thirds percent (66 2/3%).

"Canadian Maximum Credit Amount" means US \$275,000,000 on the Closing Date, as increased or decreased thereafter pursuant to Section 1.9 of the US Credit Agreement or Section 1.12 of the Canadian Agreement, but in no event greater than \$375,000,000 or less than \$175,000,000, or the Canadian Dollar Exchange Equivalent.

"Canadian Notes" means each Lender's "Canadian Note", as defined in Section 1.1(a) of the Canadian Agreement, the Competitive Bid Notes issued under the Canadian Agreement, and the Canadian Swing Notes.

"Canadian Obligations" means the aggregate Liabilities from time to time owing by each Canadian Borrower to any Lender Party under or pursuant to any of the Canadian Loan Documents, including all Canadian LC Obligations owing thereunder. "Canadian Obligation" means any part of the Canadian Obligations.

"Canadian Overterm Facility Usage" means, at the time in question, the US Dollar Equivalent of the aggregate amount of Overterm Canadian Loans and Canadian LC Obligations in respect of Overterm Canadian LCs at such time.

"Canadian Prime Rate" means on any day a fluctuating rate of interest per annum equal to the higher of (i) the rate of interest per annum most recently announced by Canadian Agent as its reference rate for Canadian Dollar commercial loans made to a Person in Canada; and (ii) Canadian Agent's Discount Rate for Bankers' Acceptances having a maturity of thirty days plus the Applicable Margin. No Canadian Prime Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Canadian Prime Rate Loan" means a Canadian Loan that bears interest at the Canadian Prime Rate.

"Canadian Re-allocation" has the meaning given it in Section 1.9 of the US Agreement.

"Canadian Required Lenders" means Canadian Lenders whose aggregate Percentage Shares under the Canadian Agreement exceed fifty percent (50%).

"Canadian Resident Lender" means each Lender identified as such on Annex II to the Canadian Agreement or any Assignment and Acceptance executed by a new Lender, each being a Person that is (i) not a non-resident of Canada for the purposes of the Income Tax Act (Canada) or (ii) a Person that is an "authorized foreign bank" as defined in section 2 of the Bank Act (Canada) and in subsection 248(1) of the Income Tax Act (Canada) which will receive all amounts paid or credited to it under the Canadian Obligations in respect of its "Canadian banking business" for the purposes of paragraph 212(13.3)(a) of the Income Tax Act (Canada).

"Canadian Revolving Loans" has the meaning given it in Section 1.1(a) of the Canadian Agreement.

"Canadian Revolving Period" means the period from and including the Closing Date until the Canadian Conversion Date (or, if earlier, the day on which the obligations of Lenders to make Canadian Loans or the obligations of Canadian LC Issuer to issue Letters of Credit under the Canadian Agreement have been terminated or the Canadian Notes first become due and payable in full).

"Canadian Swing Lender" means Bank of America and its successors and assigns, in their individual capacities, as Canadian Swing Lenders.

"Canadian Swing Loans" has the meaning given it in Section 1.1(b) of the Canadian Agreement.

"Canadian Swing Notes" has the meaning given it in Section 1.1(b) of the Canadian Agreement.

"Canadian Swing Rate" means on any day a fluctuating rate of interest per annum established from time to time by Canadian Swing Lender as its money market rate, which rate may not be the lowest rate of interest charged by Canadian Swing Lender to its customers, plus the Applicable Margin. The Canadian Swing Rate shall never exceed the Highest Lawful Rate.

"Canadian Swing Sublimit" means US \$25,000,000.

"Canadian Term Loan" has the meaning given it in Section 1.7 of the Canadian Agreement.

"Canadian Term Period" means the period from and including the day immediately following the Canadian Conversion Date until and including the Canadian Facility Maturity Date.

"Canadian US Dollar Base Rate" means for a day, the rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (0.5%) and (b) the rate of interest per annum most recently established by Canadian Agent as its reference rate for US Dollar commercial loans made to a Person in Canada. Any change in the Canadian US Dollar Base Rate due to a change in the Canadian Agent's reference rate shall be effective on the effective date of such change. No Canadian US Dollar Base Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Cash Equivalents" means Investments in:

(a) marketable obligations, maturing within twelve months after acquisition thereof, issued or unconditionally guaranteed by Canada or the United States of America or an instrumentality or agency thereof and entitled to the full faith and credit of Canada or the United States of America, as applicable;

(b) demand deposits, and time deposits (including certificates of deposit) maturing within twelve months from the date of deposit thereof, with a domestic office (1) of US Agent or Canadian Agent or any Lender, or (2) of any bank or trust company organized under the laws of Canada or the United States of America or any Province or State therein, provided that (x) the full amount of each such deposit in such bank or trust company is insured by the Federal Deposit Insurance Corporation if applicable, or (y) such bank or trust company has capital, surplus and undivided profits aggregating at least US \$50,000,000, and

(c) (1) publicly traded debt securities with an original term of 270 days or less or (2) interest bearing securities issued to the public by banks, associated entities or similar institutions, which can be put to the issuer at the investor's unconditional option within one month after acquisition, so long as in each case such securities have a credit rating of at least A-1 from S&P or P-1 from Moody's or A-1 [low] from CBRS or R-1 [low] from DBRS.

"CBRS" means CBRS Inc., or its successor.

"Change of Control" means the occurrence of either of the following events: (i) any Person (or syndicate or group of Persons which is deemed a "person" for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) acquires more than fifty percent (50%) of the outstanding stock of US Borrower having ordinary voting power (disregarding changes in voting power based on the occurrence of contingencies) for the election of directors, or (ii) during any period of twelve successive months a majority of the Persons who were directors of US Borrower at the beginning of such period cease to be directors of US Borrower, unless such cessation relates to a voluntary reduction by US Borrower of the number of directors that comprise the board of directors of US Borrower.

"Closing Date" means June 7, 2002.

"Companies' Creditors Arrangement Act (Canada)" means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, including the regulations made and from time to time in force under that Act.

"Competitive Bid" means (i) with respect to the US Agreement, a response from any Lender to an Invitation to Bid, substantially in the form of Exhibit J to the US Agreement and (ii) with respect to the Canadian Agreement, a response from any Canadian Resident Lender to an Invitation to Bid, substantially in the form of Exhibit K to the Canadian Agreement.

"Competitive Bid Accept/Reject Letter" means (i) with respect to the US Agreement, a notice sent by US Borrower to US Agent, substantially in the form of Exhibit K to the US Agreement, indicating its acceptance or rejection of Competitive Bids from various Lenders and (ii) with respect to the Canadian Agreement, a notice sent by the applicable Canadian Borrower to Canadian Agent, substantially in the form of Exhibit L to the Canadian Agreement, indicating its acceptance or rejection of Competitive Bids from various Lenders.

"Competitive Bid Interest Period" means, with respect to any Competitive Bid Loan, a period from one day to one hundred eighty days as specified in the Competitive Bid applicable thereto.

"Competitive Bid Loan" means (i) with respect to the US Agreement, a loan from a US Lender to US Borrower pursuant to the bidding procedure described in Section 1.7 of the US Agreement and (ii) with respect to the Canadian Agreement, a loan from a Canadian Resident Lender to the applicable Canadian Borrower pursuant to the bidding procedure described in Section 1.9 of the Canadian Agreement.

"Competitive Bid Note" (i) with respect to the US Agreement, a "Competitive Bid Note" as defined in Section 1.7 of the US Agreement and (ii) with respect to the Canadian Agreement, a "Competitive Bid Note" as defined in Section 1.9 of the Canadian Agreement.

"Competitive Bid Rate" means, for any Competitive Bid Loan, the fixed rate at which such Lender is willing to make such Competitive Bid Loan indicated in its Competitive Bid. The Competitive Bid Rate shall in no event, however, exceed the Highest Lawful Rate.

"Competitive Bid Request" means (i) with respect to the US Agreement, a request by US Borrower in the form of Exhibit H to the US Agreement for Lenders to submit Competitive Bids and (ii) with respect to the Canadian Agreement, a request by the applicable Canadian Borrower in the form of Exhibit I to the Canadian Agreement for Canadian Resident Lenders to submit Competitive Bids.

"Consolidated" refers to the consolidation of any Person, in accordance with US GAAP, with its properly consolidated subsidiaries. References herein to a Person's Consolidated financial statements, financial position, financial condition, liabilities, etc. refer to the consolidated financial statements, financial position, financial condition, liabilities, etc. of such Person and its properly consolidated subsidiaries.

"Consolidated Assets" means the total assets of US Borrower and its Restricted Subsidiaries which would be shown as assets on a Consolidated balance sheet of US Borrower and its Restricted Subsidiaries prepared in accordance with US GAAP, after eliminating all amounts properly attributable to minority interest, if any, in the stock and surplus of the Restricted Subsidiaries.

"Continuation" (i) as used in the US Agreement shall refer to the continuation pursuant to Section 1.3 thereof of a Eurodollar Loan as a Eurodollar Loan from one Interest Period to the

next Interest Period and (ii) as used in the Canadian Agreement shall refer to the continuation pursuant to Section 1.3 thereof of a Eurodollar Loan as a Eurodollar Loan from one Interest Period to the next Interest Period or a rollover of a Banker's Acceptance at maturity.

"Continuation/Conversion Notice" means (i) with respect to the US Agreement, a written or telephonic request, or a written confirmation, made by Borrower which meets the requirements of Section 1.3 of the US Agreement, and (ii) with respect to the Canadian Agreement, a written or telephonic request, or a written confirmation, made by the applicable Canadian Borrower which meets the requirements of Section 1.3 of the Canadian Agreement.

"Conversion" (i) as used in the US Agreement shall refer to a conversion pursuant to Section 1.3 or Article III of one Type of US Loan into another Type of US Loan and (ii) as used in the Canadian Agreement shall refer to a conversion pursuant to Section 1.3 or Article III of one Type of Canadian Advance into another Type of Canadian Advance.

"DBRS" means Dominion Bond Rating Service Limited, or its successor.

"Default" means any Event of Default and any default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an Event of Default.

"Default Rate" means at the time in question (i) with respect to any US Base Rate Loan, the rate two percent (2%) per annum above the US Base Rate then in effect, (ii) with respect to any US Dollar Eurodollar Loan, the rate two percent (2%) per annum above the Adjusted US Dollar Eurodollar Rate then in effect for such Loan, (iii) with respect to any Canadian Prime Rate Loan, the rate two percent (2%) per annum above the Canadian Prime Rate then in effect for such Loan, (iv) with respect to any Canadian Base Rate Loan, the rate two percent (2%) per annum above the Canadian US Dollar Base Rate then in effect for such Loan, (v) with respect to any Canadian Dollar Eurodollar Loan, the rate two percent (2%) per annum above the Adjusted Canadian Dollar Eurodollar Rate then in effect for such Loan; (vi) with respect to any Competitive Bid Loan, the rate two percent (2%) per annum above the Competitive Bid Rate then in effect for such Loan; (vii) with respect to any US Swing Loan, the rate two percent (2%) per annum above the US Swing Rate then in effect for such Loan; and (viii) with respect to any Canadian Swing Loan, the rate two percent (2%) per annum above the Canadian Swing Rate then in effect for such Loan. No Default Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Depository Bills and Notes Act (Canada)" means the Depository Bills and Notes Act (Canada), R.S.C. 1998, c. 13, including the regulations made and, from time to time, in force under that Act.

"Devon Canada" means Devon Canada Corporation, an Alberta corporation and successor to Anderson Exploration Ltd.

"Devon Financing ULC" means Devon Financing Corporation, U.L.C., a Nova Scotia unlimited liability company.

"Devon Financing ULC Guaranties" means the Guaranty executed by Devon Financing ULC and delivered to Canadian Agent pursuant to the Canadian Agreement and the Guaranty executed by Devon Financing ULC and delivered to US Agent pursuant to the US Agreement.

"Devon Nevada" means Devon Energy Corporation (Nevada), a Nevada corporation.

"Devon Oklahoma" means Devon Energy Corporation (Oklahoma), an Oklahoma corporation, formerly known as Devon Energy Corporation, an Oklahoma corporation.

"Devon SFS" means Devon SFS Operating, Inc., a Delaware corporation.

"Devon Trust" means Devon Financing Trust II, a statutory business trust formed under the laws of the State of Delaware.

"Devon Trust Registration Statement" means the Registration Statement on Form S-3 filed by US Borrower under the Securities Act of 1933 on November 16, 2000 with respect to the issuance by US Borrower of Common Stock, Preferred Stock, Debt Securities, Stock Purchase Agreements and Stock Purchase Units, and the issuance by Devon Financing Trust II of Trust Preferred Securities guaranteed by US Borrower, as amended and supplemented from time to time.

"Devon Trust Securities" means those certain Trust Preferred Securities, which may be issued by Devon Trust pursuant to the Registration Statement in an aggregate face amount not to exceed \$447,261,200.

"Disclosure Report" means a written notice given by US Borrower to all Lender Parties or a certificate given by the Senior Vice President-Finance or the Treasurer of US Borrower under Sections 6.2(a) and (b).

"Disclosure Schedule" means (i) with respect to the US Agreement, Schedule 1 thereto, and (ii) with respect to the Canadian Agreement, Schedule 1 thereto.

"Discount Proceeds" means, in respect of each Bankers' Acceptance, funds in an amount which is equal to:

**Face Amount**

$1 + (\text{Rate} \times \text{Term})$

365

(where "Face Amount" is the principal amount of the Bankers' Acceptance being purchased, "Rate" is the BA Discount Rate divided by 100 and "Term" is the number of days in the term of the Bankers' Acceptance.)

"Distribution" means (a) any dividend or other distribution made by a Restricted Person on or in respect of any stock, partnership interest, or other equity interest in such Restricted Person (including any option or warrant to buy such an equity interest), or (b) any payment made by a

Restricted Person to purchase, redeem, acquire or retire any stock, partnership interest, or other equity interest in such Restricted Person (including any such option or warrant).

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" below its name on Annex II to the Canadian Agreement or the US Agreement, or such other office as such Lender may from time to time specify to any Borrower and US Agent; with respect to US LC Issuer or Canadian LC Issuer, the office, branch, or agency through which it issues Letters of Credit; and, with respect to US Agent, the office, branch, or agency through which it administers this Agreement.

"Eligible Assignee" means a Person which either (a) is a Lender or an Affiliate of a Lender, (b) an Approved Fund or (c) is consented to as an Eligible Assignee by US Agent or Canadian Agent, as applicable, and, so long as no Default or Event of Default is continuing, by the Borrowers, in each case which consent will not be unreasonably withheld; provided that the Borrowers' consent shall not be required for a Person to be an "Eligible Assignee" for purposes of Section 10.6(d) of the US Agreement and Section 10.6(d) of the Canadian Agreement. As used in this definition, "Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, and "Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Environmental Laws" means any and all Laws relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, together with all rules and regulations promulgated with respect thereto.

"ERISA Affiliate" means US Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with US Borrower, are treated as a single employer under Section 414 of the Internal Revenue Code.

"ERISA Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to Title IV of ERISA maintained by any ERISA Affiliate with respect to which any Restricted Person has a fixed or contingent liability.

"Eurodollar Interest Period" means, with respect to each particular Eurodollar Loan in a Borrowing, the period specified in the Borrowing Notice or Continuation/Conversion Notice applicable thereto, beginning on and including the date specified in such Borrowing Notice or Continuation/Conversion Notice (which must be a Business Day), and ending one, two, three, or six months thereafter, as the applicable Borrower may elect in such notice; provided that:

(a) any

Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; (b) any Interest Period which begins on the last Business Day in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day in a calendar month; and (c) notwithstanding the foregoing, any Interest Period for Tranche A Loans which would otherwise end after the last day of the Tranche A Commitment Period shall end on the last day of the Tranche A Commitment Period, any Interest Period for Tranche B Loans which would otherwise end after the Tranche B Maturity Date shall end on the Tranche B Maturity Date, any Interest Period for Canadian Loans which would otherwise end after the Canadian Facility Maturity Date shall end on the Canadian Facility Maturity Date (or, if the last day of such period is not a Business Day, on the next preceding Business Day).

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" below its name on Annex II to the Canadian Agreement or the US Agreement (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to Borrowers, Canadian Agent, and US Agent.

"Eurodollar Loan" means any Canadian Dollar Eurodollar Loan and any US Dollar Eurodollar Loan.

"Event of Default" means (i) with respect to the US Agreement the meaning given to such term in Section 8.1 thereof and (ii) with respect to the Canadian Agreement the meaning given to such term in Section 8.1 thereof.

"Exchange Equivalent" in respect of one currency (the "Original Currency"), being Canadian Dollars or U.S. Dollars, as the case may be, means, at the date of determination, the amount of currency expressed in the other such currency necessary to purchase, based on the Noon Rate on such date, the specified amount of the Original Currency on such date.

"Existing Canadian Agreement" means that certain Canadian Credit Agreement dated as of August 29, 2000 among Northstar Energy, Canadian Agent, and certain lenders named therein, as amended, supplemented or otherwise modified prior to the Closing Date.

"Existing US Agreement" means that certain US Credit Agreement dated as of August 29, 2000 among US Borrower, US Agent, and certain lenders named therein, as amended, supplemented or otherwise modified prior to the Closing Date.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of one percent) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions

on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate (rounded upwards, if necessary, to the nearest 1/100th of one percent) quoted to US Agent on such day on such transactions as determined by US Agent.

"Fiscal Quarter" means a three-month period ending on March 31, June 30, September 30 or December 31 of any year.

"Fiscal Year" means a twelve-month period ending on December 31 of any year.

"Governmental Authority" means any domestic or foreign, national, federal, provincial, state, municipal or other local government or body and any division, agency, ministry, commission, board or authority or any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign or international judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing.

"Hazardous Materials" means any substances regulated under any Environmental Law, whether as pollutants, contaminants, or chemicals, or as industrial, toxic or hazardous substances or wastes, or otherwise.

"Hedging Contract" means (a) any agreement providing for options, swaps, floors, caps, collars, forward sales or forward purchases involving interest rates, commodities or commodity prices, equities, currencies, bonds, or indexes based on any of the foregoing, (b) any option, futures or forward contract traded on an exchange, and (c) any other derivative agreement or other similar agreement or arrangement.

"Highest Lawful Rate" means, with respect to each Lender Party to whom Obligations are owed, the maximum nonusurious rate of interest that such Lender Party is permitted under applicable Law to contract for, take, charge, or receive with respect to such Obligations. All determinations herein of the Highest Lawful Rate, or of any interest rate determined by reference to the Highest Lawful Rate, shall be made separately for each Lender Party as appropriate to assure that the Loan Documents are not construed to obligate any Person to pay interest to any Lender Party at a rate in excess of the Highest Lawful Rate applicable to such Lender Party.

"Income Tax Act (Canada)" means the Income Tax Act, R.S.C. 1985 c.1 (5th Supp), including the regulations made and, from time to time, in force under that Act.

"Indebtedness" of any Person means Liabilities in any of the following categories:

(a) Liabilities for borrowed money,

(b) Liabilities constituting an obligation to pay the deferred purchase price of property or services, other than customary payment terms taken in the ordinary course of such Person's business,

(c) Liabilities evidenced by a bond, debenture, note or similar instrument;

(d) Liabilities arising under conditional sales or other title retention agreements or under leases capitalized in accordance with US GAAP, but excluding customary oil, gas or mineral leases and operating leases,

(e) Liabilities with respect to payments received in consideration of oil, gas, or other minerals yet to be acquired or produced at the time of payment (including obligations under "take-or-pay" contracts to deliver gas in return for payments already received and the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment);

(f) Liabilities under Hedging Contracts,

(g) Liabilities with respect to letters of credit or applications or reimbursement agreements therefor, or

(h) Liabilities under direct or indirect guaranties of Liabilities of any Person or constituting obligations to purchase or acquire or to otherwise protect or insure a creditor against loss in respect of Indebtedness of the types described in paragraphs (a) through (g) above of any Person (such as obligations under working capital maintenance agreements, agreements to keep-well, or agreements to purchase debt, assets, goods, securities or services, but excluding endorsements in the ordinary course of business of negotiable instruments in the course of collection),

provided, however, that the "Indebtedness" of any Person shall not include Liabilities that were incurred by such Person on ordinary trade terms to vendors, suppliers, or other Persons providing goods and services for use by such Person in the ordinary course of its business, unless and until such Liabilities are outstanding more than 90 days past the original invoice or billing date therefor. Any Indebtedness owed by a partnership shall be deemed Indebtedness of any partner in such partnership to the extent such partner has any liability of any kind therefor.

"Initial Financial Statements" means (i) the audited annual Consolidated financial statements of US Borrower dated as of December 31, 2001, and (ii) the unaudited quarterly Consolidated financial statements of US Borrower dated as of March 31, 2002.

"Interest Act (Canada)" means the Interest Act, R.S.C. 1985, c. I-15, including the regulations made and, from time to time, in force under that Act.

"Interest Payment Date" means (a) with respect to each US Base Rate Loan, Canadian US Dollar Base Rate Loan, Canadian Prime Rate Loan, Canadian Swing Loan, and US Swing Loan the last day of each March, June, September and December beginning September 30, 2000, and (b) with respect to each Eurodollar Loan, the last day of the Eurodollar Interest Period that is applicable thereto and, if such Eurodollar Interest Period is six months in length, the date specified

by US Agent which is approximately three months after such Eurodollar Interest Period begins; provided that the last day of each calendar month shall also be an Interest Payment Date for each such Loan so long as any Event of Default exists under Section 8.1 (a) or (b).

"Interest Period" means (i) with respect to any Eurodollar Loan, the related Eurodollar Interest Period and (ii) with respect to any Competitive Bid Loan, the related Competitive Bid Interest Period.

"Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended from time to time and any successor statute or statutes.

"Investment" means any investment made directly or indirectly, in any Person, whether by acquisition of shares of capital stock, indebtedness or other obligations or securities or by loan, advance, capital contribution or otherwise and whether made in cash, by the transfer of property, or by any other means.

"Invitation to Bid" means (i) with respect to the US Agreement, an invitation by US Agent to each Lender, substantially in the form of Exhibit I thereto, inviting such Lender to submit Competitive Bids in response to a Competitive Bid Request under the US Agreement, and (ii) with respect to the Canadian Agreement, an invitation by Canadian Agent to each Lender, substantially in the form of Exhibit J thereto, inviting such Lender to submit Competitive Bids in response to a Competitive Bid Request under the Canadian Agreement.

"Judgment Interest Act (Alberta)" means the Judgment Interest Act, R.S.A. 2000, c. J-1, including the regulations made and, from time to time, in force under that Act.

"Law" means any statute, law, regulation, ordinance, rule, treaty, judgment, order, decree, permit, concession, franchise, license, agreement or other governmental restriction of the United States or Canada or any state, province or political subdivision thereof or of any foreign country or any department, province or other political subdivision thereof.

"LC Application" means any application for a Letter of Credit hereafter made by any Borrower to US LC Issuer or Canadian LC Issuer.

"LC Collateral" (i) as used in the US Agreement, has the meaning given to such term in Section 2.6 of the US Agreement and (ii) as used in the Canadian Agreement, has the meaning given such term in Section 2.11 of the Canadian Agreement.

"Lender Parties" means US Agent, US LC Issuer, Canadian Agent, Canadian LC Issuer, and all Lenders.

"Lenders" means, collectively, the US Lenders and the Canadian Lenders.

"Lenders Schedule" means Annex II to the US Agreement and Annex II to the Canadian Agreement which are the same.

"Letter of Credit" means any letter of credit issued by US LC Issuer under the US Agreement or the Existing US Agreement or by Canadian LC Issuer under the Canadian Agreement or the Existing Canadian Agreement at the application of any Borrower.

"Liabilities" means, as to any Person, all indebtedness, liabilities and obligations of such Person, whether matured or unmatured, liquidated or unliquidated, primary or secondary, direct or indirect, absolute, fixed or contingent, and whether or not required to be considered pursuant to US GAAP.

"Lien" means, with respect to any property or assets, any lien, mortgage, security interest, pledge, deposit, production payment, rights of a vendor under any title retention or conditional sale agreement or lease substantially equivalent thereto, tax lien, mechanic's or materialman's lien, or any other charge or encumbrance for security purposes, whether arising by Law or agreement or otherwise, but excluding any right of offset. "Lien" also means any filed financing statement, any registration of a pledge (such as with an issuer of uncertificated securities), or any other arrangement or action which would serve to perfect a Lien described in the preceding sentence, regardless of whether such financing statement is filed, such registration is made, or such arrangement or action is undertaken before or after such Lien exists.

"Loan Documents" means, collectively, the Canadian Loan Documents and the US Loan Documents.

"Loans" means, collectively, the Canadian Loans and the US Loans.

"Majority Lenders" means, collectively, US Majority Lenders and Canadian Majority Lenders.

"Margin Stock" means "margin stock" as defined in Reg U.

"Material Adverse Effect" means any event which would reasonably be expected to have a material and adverse effect upon (a) US Borrower's Consolidated financial condition, (b) US Borrower's Consolidated operations, properties or prospects, considered as a whole, (c) US Borrower's ability to timely pay the Obligations, or (d) the enforceability of the material terms of any Loan Documents.

"Material Subsidiary" means a Subsidiary of US Borrower which owns assets having a book value that exceeds ten percent (10%) of the book value of US Borrower's Consolidated assets.

"Matured Canadian LC Obligations" means all amounts paid by Canadian LC Issuer on drafts or demands for payment drawn or made under or purported to be under any Letter of Credit issued under the Canadian Agreement and all other amounts due and owing to Canadian LC Issuer under any LC Application for any such Letter of Credit, to the extent the same have not been repaid to Canadian LC Issuer (with the proceeds of Loans or otherwise).

"Matured US LC Obligations" means all amounts paid by US LC Issuer on drafts or demands for payment drawn or made under or purported to be under any Letter of Credit issued under the US Agreement and all other amounts due and owing to US LC Issuer under any LC Application for any such Letter of Credit, to the extent the same have not been repaid to US LC Issuer (with the proceeds of Loans or otherwise).

"Maximum Canadian Drawing Amount" means at the time in question the sum of the maximum amounts which Canadian LC Issuer might then or thereafter be called upon to advance under all Letters of Credit issued pursuant to the Canadian Agreement which are then outstanding.

"Maximum US Drawing Amount" means at the time in question the sum of the maximum amounts which US LC Issuer might then or thereafter be called upon to advance under all Letters of Credit issued pursuant to the US Agreement which are then outstanding.

"Moody's" means Moody's Investor Service, Inc., or its successor.

"Multiemployer Plan" mean a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any ERISA Affiliate is making or is obligated to make contributions or, during the five preceding plan years, has made or has been obligated to make contributions.

"Net Proceeds" means with respect to any Bankers' Acceptance, the Discount Proceeds less the amount equal to the applicable Stamping Fee Rate multiplied by the face amount of such Bankers' Acceptance.

"Non-resident Lender" means any Lender which is not a Canadian Resident Lender, and shall initially mean each Lender identified as such on Annex II to the Canadian Agreement or thereafter on any Assignment and Acceptance.

"Noon Rate" means, in relation to the conversion of one currency into another currency, the rate of exchange for such conversion as quoted by the Bank of Canada (or, if not so quoted, the spot rate of exchange quoted for wholesale transactions made by Canadian Agent at Toronto, Ontario at approximately noon (Toronto, Ontario local time)).

"Northstar Energy" means Northstar Energy Corporation, an amalgamated Alberta corporation.

"Notes" mean, collectively, the Canadian Notes and the US Notes.

"Obligations" means, collectively, the US Obligations and the Canadian Obligations.

"Offer of Extension" means (a) with respect to the Canadian Agreement, a written offer by Canadian Agent, for and on behalf of Required Lenders, to Canadian Borrowers to extend the Canadian Facility Revolving Period to a date 364 days from acceptance by Canadian Borrowers of such offer, and setting forth, if applicable, the terms and conditions on which such extension is

offered by the Lenders and as may be accepted by Canadian Borrowers, and (b) with respect to the US Agreement, a written offer by US Agent, for and on behalf of Required Lenders, to US Borrower to extend the Tranche B Revolving Period to a date 364 days from acceptance by US Borrower of such offer, and setting forth, if applicable, the terms and conditions on which such extension is offered by the Lenders and as may be accepted by US Borrower.

"Overterm Canadian LC" means any Letter of Credit having an expiration date falling on or after the then current Canadian Conversion Date.

"Overterm Canadian Loan" has the meaning given it in Section 2.8(a)(ii) of the Canadian Agreement.

"PennzEnergy Debentures" means the following Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Borrower:

- (a) 10.125% Debentures due November 15, 2009 in the aggregate principal amount of US \$200,000,000;
- (b) 10.25% Debentures due November 1, 2005 in the aggregate principal amount of US \$250,000,000;
- (c) the PennzEnergy Exchangeable Debentures.

"PennzEnergy Exchangeable Debentures" means the following Exchangeable Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Borrower:

- (a) 4.90% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US \$443,807,000; and
- (b) 4.95% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US \$316,506,000.

"Percentage Share" means

- (a) under the US Agreement with respect to any Lender (i) when used in Article I of the US Agreement, in any Borrowing Notice thereunder or when no US Loans are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's US Loans and such Lender's Percentage Share of the US LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all US Loans at such time plus the aggregate amount of all US LC Obligations outstanding at such time; and

(b) under the Canadian Agreement with respect to any Lender (i) when used in Article I of the Canadian Agreement except when used in Section 1.5(c) thereof with respect to utilization fees, in Article II of the Canadian Agreement prior to the Canadian Conversion Date, in any Borrowing Notice thereunder or when no Canadian Advances are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the Canadian Agreement made by or to such Lender in accordance with the terms of the Canadian Agreement, and  
(ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Canadian Advances and such Lender's Percentage Share of the Canadian LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all Canadian Advances at such time plus the aggregate amount of all Canadian LC Obligations outstanding at such time.

"Permitted Liens" means:

- (a) Liens for taxes, assessments or governmental charges which are not due or delinquent, or the validity of which US Borrower or any Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;
- (b) the Lien of any judgment rendered, or claim filed, against US Borrower or any Restricted Subsidiary which does not constitute an Event of Default and which US Borrower or any such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;
- (c) Liens, privileges or other charges imposed or permitted by law such as statutory liens and deemed trusts, carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent, including any lien or trust arising in connection with workers' compensation, unemployment insurance, pension, employment and similar laws or regulations;
- (d) Liens arising in the ordinary course of and incidental to construction, maintenance or current operations which have not been filed pursuant to law against US Borrower or any Restricted Subsidiary or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, which US Borrower or such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;
- (e) Liens incurred or created in the ordinary course of business and in accordance with sound oil and gas industry practice in respect of the exploration, development or

operation of oil and gas properties or related production or processing facilities or the transmission of petroleum substances as security in favor of any other Person conducting the exploration, development, operation or transmission of the property to which such Liens relate, for US Borrower's or any of its Restricted Subsidiaries' portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, which US Borrower or such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(f) overriding royalty interests, net profit interests, reversionary interests and carried interests or other similar burdens on production in respect of US Borrower's or any of its Restricted Subsidiaries' oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice in the area of operation;

(g) Liens for penalties arising under non-participation provisions of operating agreements in respect of US Borrower's or any of its Restricted Subsidiaries' oil and gas properties if such Liens do not materially detract from the value of any material part of the property of US Borrower and its Subsidiaries taken as a whole;

(h) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by US Borrower or any Restricted Subsidiary (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of US Borrower and its Restricted Subsidiaries taken as a whole;

(i) security given by US Borrower or any Restricted Subsidiary to a public utility or any Governmental Authority when required by such public utility or Governmental Authority in the ordinary course of the business of US Borrower or any Restricted Subsidiary in connection with operations of US Borrower or any Restricted Subsidiary if such security does not, either alone or in the aggregate, materially detract from the value of any material part of the property of US Borrower and its Restricted Subsidiaries taken as a whole;

(j) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, grant or permit or by any statutory or regulatory provision to terminate any such lease, license, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

- (k) all reservations in the original grant of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (l) any Lien from time to time disclosed by US Borrower or any Restricted Subsidiary to the US Agent or the Canadian Agent and which is consented to by the Majority Lenders;
- (m) any right of first refusal in favor of any Person granted in the ordinary course of business with respect to all or any of the oil and gas properties of US Borrower or any Restricted Subsidiary;
- (n) Liens on cash or marketable securities of US Borrower or any Restricted Subsidiary granted in connection with any Hedging Contract permitted under the US Agreement;
- (o) Liens in respect of Indebtedness permitted by Sections 7.1(b), 7.1(f) and 7.1(i) of the US Agreement and Indebtedness permitted to be secured by Section 7.1(c) of the US Agreement;
- (p) Liens in favor of the US Agent or the Canadian Agent for the benefit of the Lender Parties;
- (q) Liens to collateralize moneys held in a cash collateral account by a lender in respect of the prepayment of bankers' acceptances, letters of credit or similar obligations accepted or issued by such lender but only if at the time of such prepayment no default or event of default has occurred and is continuing under the credit facility pursuant to which the bankers' acceptances or letters of credit have been accepted or issued;
- (r) purchase money Liens upon or in any tangible personal property and fixtures (including real property surface rights upon which such fixtures are located and contractual rights and receivables relating to such property) acquired by US Borrower or a Restricted Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property, including any Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of any such acquisition);
- (s) the rights of buyers under production sale contracts related to US Borrower's or a Restricted Subsidiary's share of petroleum substances entered into in the ordinary course of business, provided that the contracts create no rights (including any Lien) in favor of the buyer or any other Person in, to or over any reserves of petroleum substances or other assets of US Borrower or a Restricted Subsidiary, other than a dedication of reserves (not by way of Lien or absolute assignment) on usual industry terms;

(t) Liens arising in respect of operating leases of personal property under which Canadian Borrowers or any of their Subsidiaries are lessees;

(u) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary, is merged into or amalgamated or consolidated with US Borrower or any of its Subsidiaries; provided, such Liens were in existence prior to the contemplation of such stock acquisition, merger, amalgamation or consolidation and do not extend to any assets other than those of the Person so acquired or merged into or amalgamated or consolidated with US Borrower or any of its Subsidiaries;

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (a) to (u) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property), the indebtedness or obligation secured thereby is not increased and such Lien is otherwise permitted by the applicable section above;

(w) Liens on Margin Stock;

(x) in addition to Liens permitted by clauses (a) through (w) above, Liens on property or assets if the aggregate Indebtedness secured thereby does not exceed two percent (2%) of Consolidated Assets;

provided that nothing in this definition shall in and of itself constitute or be deemed to constitute an agreement or acknowledgment by the US Agent or the Canadian Agent or any Lender that the Indebtedness subject to or secured by any such Permitted Lien ranks (apart from the effect of any Lien included in or inherent in any such Permitted Liens) in priority to the Obligations.

"Person" means an individual, corporation, partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, Tribunal, or any other legally recognizable entity.

"Rating Agency" means any of S & P or Moody's, or their respective successors.

"Re-allocations" means, collectively, all Tranche B Re-allocations and all Canadian Re-allocations.

"Reg U" means Regulation U promulgated by the Board of Governors of the Federal Reserve System.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect.

"Request for an Offer of Extension" means (a) with respect to the Canadian Agreement, a written request made by Canadian Borrowers to the Lenders to have Required Lenders issue an offer to Canadian Borrowers extending the Canadian Revolving Period for a further 364 days, and (b) with respect to the US Agreement, a written request made by US Borrower to the Lenders to have Required Lenders issue an offer to US Borrower extending the Tranche B Revolving Period for a further 364 days.

"Required Lenders" means, collectively, US Required Lenders and Canadian Required Lenders.

"Reserve Requirement" means, at any time, the maximum rate at which reserves (including any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System of the United States of America (or any successor) by member banks of such Federal Reserve System against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (a) any category of liabilities which includes deposits by reference to which the Adjusted US Dollar Eurodollar Rate or the Adjusted Canadian Dollar Eurodollar Rate is to be determined, or (b) any category of extensions of credit or other assets which include US Dollar Eurodollar Loans or Canadian Dollar Eurodollar Loans.

"Restricted Person" means any of US Borrower and each Restricted Subsidiary.

"Restricted Subsidiary" means each Canadian Borrower, Devon Oklahoma, Devon SFS, Devon Financing ULC and any other Subsidiary of US Borrower that is not an Unrestricted Subsidiary.

"S & P" means Standard & Poor's Ratings Services (a division of McGraw Hill Companies, Inc.), or its successor.

"Schedule I BA Reference Banks" means the Lenders listed in Schedule I to the Bank Act (Canada) as are, at such time, designated by Canadian Agent, with the prior consent of Canadian Borrowers (acting reasonably), as the Schedule I BA Reference Banks.

"Schedule II BA Reference Banks" means the Lenders listed in Schedule II to the Bank Act (Canada) and the Lenders listed in Schedule III to the Bank Act (Canada) that are not subject to the restrictions and requirements referred to in subsection 524(2) of the Bank Act (Canada) as are, at such time, designated by Canadian Agent, with the prior consent of the Canadian Borrowers (acting reasonably), as the Schedule II BA Reference Banks.

"Stamping Fee Rate" means with respect to any Bankers' Acceptance accepted by any Canadian Resident Lender at any time, the Applicable Margin then in effect.

"Subordinated US Borrower Debentures" means those certain Convertible Junior Subordinated Debentures which may be issued by US Borrower to Devon Trust pursuant to the

Registration Statement in an aggregate amount not to exceed \$447,261,200, which will be subordinate to the Obligations.

"Subsidiary" means, with respect to any Person, any corporation, association, partnership, limited liability company, joint venture, business trust, or other business or corporate entity, enterprise or organization which is directly or indirectly (through one or more intermediaries) controlled by or owned fifty percent or more by such Person, provided that (a) associations, joint ventures or other relationships (i) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (ii) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law, and (iii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person and (b) associations, joint ventures or other relationships (i) which are not corporations or partnerships under applicable provincial Law, and (ii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person.

"Termination Event" means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Sections 4043(c)(5) or (6) of ERISA or (ii) any other reportable event described in Section 4043(c) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA; or (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; or (c) a complete or partial withdrawal by any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; or (d) the filing of a notice of intent to terminate any ERISA Plan or Multiemployer Plan or the treatment of any ERISA Plan amendment or Multiemployer Plan amendment as a termination under Section 4041 or 4041A of ERISA; or (e) the institution of proceedings to terminate any ERISA Plan or Multiemployer Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA; or (f) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan or Multiemployer Plan.

"Total Capitalization" means the sum (without duplication) of (i) US Borrower's Consolidated Total Funded Debt plus (ii) US Borrower's Consolidated shareholder's equity plus (iii) 60% of the outstanding balance of the Devon Trust Securities. Total Capitalization shall be calculated excluding non-cash write-downs and related charges which are required under Rule 4-10 (Financial Accounting and Reporting for Oil and Gas Producing Activities Pursuant to the Federal Securities Laws and the Energy Policy and Conservation Act of 1975) of Regulation S-X promulgated by Securities and Exchange Commission Regulation, or by US GAAP.

"Total Funded Debt" means (i) Liabilities referred to in clauses (a), (b), (c), (d), and (e) of the definition of "Indebtedness", plus (ii) 40% of the outstanding balance of the Devon Trust Securities. Total Funded Debt shall not include the PennzEnergy Exchangeable Debentures.

"Tranche A Commitment Period" means the period from and including the Closing Date until the Tranche A Maturity Date (or, if earlier, the day on which the obligations of Lenders to make Tranche A Loans hereunder or the obligations of US LC Issuer to issue Letters of Credit hereunder have been terminated or the Tranche A Notes first become due and payable in full).

"Tranche A Facility Fee Rate" means, on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

Applicable Rating Level -----	Applicable Tranche A Facility Fee Rate -----
Level I	11.0
Level II	12.5
Level III	15.0
Level IV	17.5
Level V	25.0

"Tranche A Facility Usage" means, at the time in question, the aggregate amount of Tranche A Loans and existing US LC Obligations outstanding at such time under the US Agreement.

"Tranche A Lenders" means Lenders designated as Tranche A Lenders on the Lenders Schedule.

"Tranche A Loan" has the meaning given it in Section 1.1(a) of the US Agreement.

"Tranche A Maturity Date" means October 15, 2004.

"Tranche A Maximum Credit Amount" means \$200,000,000.

"Tranche A Note" has the meaning given it in Section 1.1(a) of the US Agreement.

"Tranche A Percentage Share" means with respect to any Tranche A Lender (i) when used in Article I of the US Agreement or in Article II of the US Agreement, in any Borrowing Notice thereunder or when no Tranche A Loans are outstanding, the Tranche A percentage set forth opposite such Tranche A Lender's name on the Lenders Schedule as modified by assignments of a Tranche A Lender's rights and obligations under the US Agreement made by or to such Lender in

accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Tranche A Loans and such Lender's Percentage Share of the US LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all Tranche A Loans at such time plus the aggregate amount of all US LC Obligations outstanding at such time.

"Tranche A Required Lenders" means Tranche A Lenders whose aggregate Tranche A Percentage Shares equal or exceed fifty percent (50%).

"Tranche B Conversion Date" means the date which is 364 days after the Closing Date, or such later day to which the Tranche B Conversion Date is extended pursuant to Section 1.1 of the US Agreement.

"Tranche B Facility Fee Rate" means, on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

Applicable Rating Level	Applicable Tranche B Facility Fee Rate
Level I	9.0
Level II	10.0
Level III	12.5
Level IV	15.0
Level V	22.5

"Tranche B Facility Usage" means, at the time in question, the aggregate amount of Tranche B Loans outstanding at such time under the US Agreement.

"Tranche B Lenders" means Lenders designated as Tranche B Lenders on the Lenders Schedule.

"Tranche B Loan" has the meaning given it in Section 1.1(b) of the US Agreement.

"Tranche B Maturity Date" means the date which is two years and one day after the Tranche B Conversion Date.

"Tranche B Maximum Credit Amount" means \$525,000,000 on the Closing Date, as increased or decreased thereafter pursuant to Section 1.9 of the US Credit Agreement or Section 1.12 of the Canadian Agreement, but in no event greater than \$625,000,000 or less than \$425,000,000.

"Tranche B Note" has the meaning given it in Section 1.1(b) of the US Agreement.

"Tranche B Percentage Share" means with respect to any Tranche B Lender

(i) when used in Article I of the US Agreement, in any Borrowing Notice thereunder or when no Tranche B Loans are outstanding, the Tranche B percentage set forth opposite such Tranche B Lender's name on the Lenders Schedule as modified by assignments of a Tranche B Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Tranche B Loans, by (y) the sum of the aggregate unpaid principal balance of all Tranche B Loans.

"Tranche B Re-allocation" has the meaning given it in Section 1.9 of the US Agreement.

"Tranche B Required Lenders" means Tranche B Lenders whose aggregate Tranche B Percentage Shares equal or exceed fifty percent (50%).

"Tranche B Revolving Period" means the period from the Closing Date until the Tranche B Conversion Date.

"Tribunal" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States of America or Canada or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted or existing.

"Type" means (i) with respect to any US Loans, the characterization of such US Loans as either US Base Rate Loans or US Dollar Eurodollar Loans and

(ii) with respect to any Canadian Advances, the characterization of such Canadian Advances as Canadian Base Rate Loans, Canadian Prime Rate Loans, US Dollar Eurodollar Loans, Canadian Dollar Eurodollar Loans or Bankers' Acceptances.

"Unrestricted Subsidiary" means any corporation, association, partnership, limited liability company, joint venture, or other business or corporate entity, enterprise or organization (i) which is listed below in this definition, or (ii) in which US Borrower did not own an interest (directly or indirectly) as of the Closing Date, which thereafter became a Subsidiary of US Borrower and which, within 90 days after becoming a Subsidiary of US Borrower, was designated as an Unrestricted Subsidiary by US Borrower to US Agent; provided that in the event any such Subsidiary becomes a Material Subsidiary at any time, such Subsidiary shall cease to be an Unrestricted Subsidiary at such time and shall automatically become a Restricted Subsidiary. The Subsidiaries of US Borrower listed on Attachment 1 to this Annex I shall initially be designated as Unrestricted Subsidiaries.

"US Account" means an account established by Canadian Agent in New York into which funds to be advanced to Canadian Borrowers by Lenders in US Dollars and funds to be paid by Canadian Borrowers to Lenders in US Dollars will be deposited.

"US Agent" means Bank of America, as administrative agent, under the US Agreement and its successors and assigns in such capacity.

"US Agreement" means the Existing US Credit Agreement, as amended and restated on the Closing Date pursuant to the Seventh Amendment to US Credit Agreement and the Amended and Restated Credit Agreement annexed thereto and as it may be further amended, supplemented, restated or otherwise modified and in effect from time to time.

"US Base Rate" means, for any day, the rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (0.5%) and (b) the US Reference Rate for such day. Any change in the US Base Rate due to a change in the US Reference Rate or the Federal Funds Rate shall be effective on the effective date of such change in the US Reference Rate or Federal Funds Rate. No US Base Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"US Base Rate Loan" means a US Loan made in US Dollars which bears interest at the US Base Rate.

"US Borrower" means Devon Energy Corporation, a Delaware corporation.

"US Dollar" or "US \$" means the lawful currency of the United States of America.

"US Dollar Equivalent" means, with respect to an amount denominated in Canadian Dollars, the amount of US Dollars required to purchase the relevant stated amount of Canadian Dollars based on the Noon Rate.

"US Dollar Eurodollar Loan" means a US Loan or a Canadian Loan, in each case, which bears interest at the Adjusted US Dollar Eurodollar Rate.

"US Dollar Eurodollar Rate" means, for any US Dollar Eurodollar Loan within a Borrowing and with respect to the related Interest Period therefor, (a) the interest rate per annum (carried out to the fifth decimal place) equal to the rate determined by the US Agent to be the offered rate that appears on the page of the Telerate Screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3750) for deposits in U.S. dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the US Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in U.S. dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the US Agent as the rate of interest at which deposits in U.S. dollars (for delivery on the first day of

such Interest Period) in same day funds in the approximate amount of the applicable US Dollar Eurodollar Loan and with a term equivalent to such Interest Period would be offered by its London branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

"US Facility Usage" means, at the time in question, the aggregate amount of US Loans and existing US LC Obligations outstanding at such time under the US Agreement.

"US GAAP" means those generally accepted accounting principles and practices which are recognized as such from time to time by the Financial Accounting Standards Board (or any generally recognized successor) and which, in the case of US Borrower and its Consolidated Subsidiaries, are applied for all periods after the Closing Date in a manner consistent with the manner in which such principles and practices were applied to the Initial Financial Statements.

"US Guarantor" means Devon Financing ULC.

"US LC Issuer" means Bank of America in its capacity as the issuer of Letters of Credit under the US Agreement, and its successors in such capacity.

"US LC Obligations" means, at the time in question, with respect to the US Agreement, the sum of all Matured US LC Obligations plus the maximum amounts which US LC Issuer might then or thereafter be called upon to advance under all Letters of Credit issued under the US Agreement then outstanding.

"US LC Sublimit" means US \$125,000,000.

"US Lenders" means each signatory to the US Agreement (other than US Borrower), including Bank of America in its capacity as a US Lender and US Swing Lender hereunder, rather than as US Agent and US LC Issuer, and the successors of each such party as holder of a US Note.

"US Loans" means the Tranche A Loans, the Tranche B Loans, Competitive Bid Loans made under the US Agreement, and the US Swing Loans.

"US Loan Documents" means the US Agreement, the US Notes issued under the US Agreement, the Guaranty executed by US Guarantor, the Letters of Credit issued under the US Agreement, the LC Applications related thereto, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

"US Majority Lenders" means US Lenders whose aggregate Percentage Shares under the US Agreement exceed sixty-six and two thirds percent (66 2/3%).

"US Maximum Credit Amount" means the amount of US \$725,000,000 on the Closing Date, as increased or decreased thereafter by the amount of each increase or decrease in the Tranche B Maximum Credit Amount pursuant to Section 1.9 of the US Credit Agreement or

Section 1.12 of the Canadian Agreement, but in no event greater than \$825,000,000 or less than \$625,000,000.

"US Notes" means the Tranche A Notes, the Tranche B Notes, the Competitive Bid Notes issued under the US Agreement, and the US Swing Note.

"US Obligations" means all Liabilities from time to time owing by any Restricted Person to any Lender Party under or pursuant to any of the US Loan Documents, including all US LC Obligations owing thereunder. "US Obligation" means any part of the US Obligations.

"US Reference Rate" means, for any day, the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." Such rate is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"US Required Lenders" means US Lenders whose aggregate Percentage Shares under the US Agreement equal or exceed fifty percent (50%).

"US Swing Lender" means Bank of America, in its individual capacity.

"US Swing Loans" has the meaning given it in Section 1.1(f) of the US Agreement.

"US Swing Note" has the meaning given it in Section 1.1(f) of the US Agreement.

"US Swing Rate" means on any day a fluctuating rate of interest per annum established from time to time by Bank of America, as its money market rate, which rate may not be the lowest rate of interest charged by Bank of America, to its customers, plus the Applicable Margin. The US Swing Rate shall never exceed the Highest Lawful Rate.

"US Swing Sublimit" means US \$50,000,000.

"Withholding Tax" has the meaning given it in Section 3.2(d) of the Canadian Agreement.

**ATTACHMENT 1  
TO  
ANNEX I**

**UNRESTRICTED SUBSIDIARIES**

STATE OR  
JURISDICTION  
UNRESTRICTED SUBSIDIARY  
OF EXISTENCE

STATE OR  
JURISDICTION  
UNRESTRICTED SUBSIDIARY  
OF EXISTENCE

10	167496 Canada Ltd.	Alberta
20	2861259 Canada Inc.	Canada
30	308819 Alberta Ltd.	Alberta
4.	382817 Alberta Ltd.	Alberta
5.	413486 Alberta Ltd.	Alberta
6.	418263 Alberta Ltd.	Alberta
7.	418264 Alberta Ltd.	Alberta
8.	622089 B.C. Ltd.	British Columbia
9.	622090 B.C. Ltd.	British Columbia
10.	622092 B.C. Ltd.	British Columbia
11.	622093 B.C. Ltd.	British Columbia
12.	622094 B.C. Ltd.	British Columbia
13.	622095 B.C. Ltd.	British Columbia
14.	622096 B.C. Ltd.	British Columbia
15.	746481 Alberta Ltd.	Alberta
16.	892306 Alberta Ltd.	Alberta
17.	918879 Alberta Ltd.	Alberta
18.	918884 Alberta Ltd.	Alberta
19.	918888 Alberta Ltd.	Alberta
20.	Acacia Natural Gas Corporation	Delaware
21.	Adobe Offshore Pipeline Company	Delaware
22.	Amax Petroleum of Canada, Inc.	Texas
23.	Anderson Exploration Inc. (US)	Colorado
24.	Azerbaijan International Operating Company	Cayman Islands
25.	Blackwood & Nichols Co., A Ltd. Partnership	New Mexico
26.	Bonito Pipe Line Company	Delaware
27.	Braemar Shipping Company Limited	Bermuda
28.	Bridger Petroleum Corporation Ltd.	Alberta
29.	Cachuma Gas Processing Company	Delaware
30.	Canoa Ranch Corporation	Delaware
31.	Capitan Oil Pipeline Company	Delaware
32.	Catclaw Pipeline, Inc.	Oklahoma

33. Compagnie Atlantique SARL	France
34. DBC, Inc.	Oklahoma
35. DEC (Holdings), Ltd.	Bahamas
36. DEC (International), Ltd.	Bahamas
37. DEC Capital S.a.r.l.	Luxembourg
38. DEC Gas Systems, Inc.	Delaware
39. DEC International Holdings, Inc.	Delaware
40. DEC Louisiana Leasing, Inc.	Delaware
41. DEC Operating, Inc.	Delaware
42. DEC SOCO International, Inc.	Delaware
43. DEC Technologies, Inc.	Delaware
44. DEC, Inc.	Delaware
45. Devon Algeria Exploration, Ltd.	Bahamas
46. Devon AOG Corporation (fka Anderson Oil & Gas Inc.)	Alberta
47. Devon ARL Corporation (fka Anderson Resources Ltd.)	Alberta
48. Devon AXL (fka Anderson Exploration partnership)	Alberta
49. Devon Canada (fka Northstar Energy partnership)	Alberta
50. Devon Energy (Delaware) Limited	Delaware
51. Devon Energy (Thailand) Ltd.	Thailand
52. Devon Energy Agali, Ltd.	Bahamas
53. Devon Energy Angola, Ltd.	British Virgin Islands
54. Devon Energy Asiatic, Inc.	Delaware
55. Devon Energy Beni Suef, Inc.	British Virgin Islands
56. Devon Energy Brazil Holdings, Ltd.	Bahamas
57. Devon Energy Canada Ltd.	Alberta
58. Devon Energy Caspian Corporation	British Virgin Islands
59. Devon Energy Caspian Development Corporation	British Virgin Islands
60. Devon Energy Charitable Foundation	Oklahoma
61. Devon Energy China, Ltd.	Bahamas
62. Devon Energy Congo, Ltd.	Bahamas
63. Devon Energy Corporation (Oklahoma)	Oklahoma
64. Devon Energy Corporation of Argentina	Delaware
65. Devon Energy do Brasil Ltda.	Brazil
66. Devon Energy Egypt, Inc.	Delaware
67. Devon Energy Eurasia, Ltd.	Cayman Islands
68. Devon Energy Exploration Brazil, Inc.	British Virgin Islands
69. Devon Energy Gabon, Ltd.	Bahamas
70. Devon Energy Gas Marketing Company	Delaware
71. Devon Energy Ghana, Ltd.	Bahamas
72. Devon Energy Global Resources, Ltd.	Bahamas
73. Devon Energy Insurance Company Limited	Bermuda
74. Devon Energy International Company	Delaware
75. Devon Energy Intrastate Pipeline Company	Delaware
76. Devon Energy Malaysia, Ltd.	Bahamas
77. Devon Energy Management Company, L. L. C.	Oklahoma
78. Devon Energy Mondah Bay, Ltd.	Bahamas

79. Devon Energy Morocco, Ltd.	Bahamas
80. Devon Energy Offshore Pipeline Company	Delaware
81. Devon Energy Operating Company, L.P.	Delaware
82. Devon Energy Pagatan, Ltd.	Bahamas
83. Devon Energy Partners A Limited Partnership	Oklahoma
84. Devon Energy Petroleum Pipeline Company	Delaware
85. Devon Energy Petroleum's, Ltd.	Delaware
86. Devon Energy Port Bouet, Ltd.	Bahamas
87. Devon Energy Qatar, Inc.	Delaware
88. Devon Energy Red Sea, Inc.	British Virgin Islands
89. Devon Energy Sinai, Inc.	British Virgin Islands
90. Devon Energy South America, Ltd.	Bahamas
91. Devon Energy South East Asia Limited	Bermuda
92. Devon Energy Suez, Inc.	British Virgin Islands
93. Devon Energy Thai Holding, Ltd.	Bahamas
94. Devon Energy Venezuela Corporation, S.A.	British Virgin Islands
95. Devon Energy West Africa, Ltd.	British Virgin Islands
96. Devon Exploration & Production, Inc.	Delaware
97. Devon Exploration do Brazil, Ltda.	Brazil
98. Devon Financing Trust	Delaware
99. Devon Financing Trust II	Delaware
100. Devon Gas Corporation	Delaware
101. Devon Gas Marketing, Inc.	Delaware
102. Devon Gas Operating, Inc.	Delaware
103. Devon Gas Services, L.P.	Delaware
104. Devon Holding Corporation	Delaware
105. Devon Louisiana Gas Services, Inc.	Delaware
106. Devon Malta One, Inc.	Delaware
107. Devon Malta Two, Inc.	Delaware
108. Devon MND Energy Corporation	Delaware
109. Devon MND Operating, Inc.	Delaware
110. Devon MND Service, Inc.	Delaware
111. Devon Operating Company Ltd.	Alberta
112. Devon Pacific Fuels Company	Delaware
113. Devon Production Corporation	Nevada
114. Devon-Blanco Company	Oklahoma
115. Fanar Petroleum Company	Egypt
116. Foothills Partnership	Alberta
117. Gulf Coast American Corp.	Pennsylvania
118. Home Exploration Limited	Alberta
119. Home Hydrocarbons Inc.	Canada
120. Home Oil Company Limited	Canada
121. Home Oil Resources Ltd. (US)	Delaware
122. Independent Pipe Line Company	Canada
123. Le Bord de la Mer Limited	Malta
124. Mexican Flats Service Company, Inc.	Delaware

125. Mitchell Resorts, Inc.	Delaware
126. MND Exploration & Production, Inc.	Delaware
127. MND Gas Services L.L.C.	Delaware
128. Morrison Gas Gathering, Inc.	Delaware
129. Morrison Nuclear Inc.	Delaware
130. Morrison Operating Company Ltd.	Alberta
131. Mountain Energy Inc.	Alberta
132. Northstar Energy Inc.	Delaware
133. Nueces Intrastate Pipe Line Company	Nevada
134. Numac Energy (Cenako) Inc.	Alberta
135. Numac Energy (US) Inc.	Delaware
136. Numac Energy Inc.	Alberta
137. Pepco Partners, L. P.	Delaware
138. Petrolera Devon (Columbia), Ltd.	Bermuda
139. Petrolera Santa Fe, S.A.	Argentina
140. Petrolera Santa Fe Southern Cone, Inc.	British Virgin Islands
141. Plains Petroleum Limited	Alberta
142. PSF Services, L.L.C.	Delaware
143. Richland Development Corporation	Nevada
144. Richland Properties Company, L.L.C.	Oklahoma
145. Richland Transition Company	Delaware
146. Sage Creek Processors, L.L.C.	Wyoming
147. Santa Fe Energy Resources (Cote d'Ivoire) Ltd.	Bahamas
148. Santa Fe Energy Resources of Canada, Inc.	Alberta
149. Santa Fe Energy Resources of Myanmar, Ltd.	Bahamas
150. Santa Fe Energy Resources of Peru, Ltd.	Bahamas
151. Santa Fe Energy Trust	Texas
152. Scurry-Rainbow Oil (Sask) Ltd. (voluntarily liquidating)	Saskatchewan
153. Security Purchasing, Inc.	Delaware
154. SFER (Barbados) Ltd.	Barbados
155. Sisquoc Gas Pipeline Company	Delaware
156. Smart On Resources Inc.	Alberta
157. Southwestern Gas Pipeline, Inc.	Delaware
158. Strategic Trust Company	Cayman Islands
159. Tall Grass Gas Services, L.L.C.	Oklahoma
160. The Winnipeg Western Land Corporation Limited	Canada
161. The Woodlands Venture Capital Company	Delaware
162. Thunder Creek Gas Services, L.L.C.	Wyoming
163. Torquay Trading Company Limited	Malta
164. Trend Argentina, S.A.	Argentina
165. Trend Exploration (PNG) Party Ltd.	Papua New Guinea
166. Vermejo Minerals Corporation	Delaware
167. Vermejo Park Corporation	Delaware
168. Wyoming Gathering and Production Company, Inc.	Delaware

## Annex II - Lenders Schedule

### BANK OF AMERICA

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Bank of America, N.A.  
Applicable Lending Office for US Loans: 901 Main Street, 64th Floor  
Dallas, Texas 75202  
Address for Notices: Three Allen Center  
333 Clay Street, Suite 4550  
Houston, Texas 77022-4103  
Attention: Richard Stein

#### US TRANCHE A

Tranche A Note Amount (5 year): US\$ 19,333,333.34  
Tranche A Percentage Share: 9.66667%

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 42,578,125.00  
Tranche B Percentage Share: 6.81250%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Bank of America, N.A.  
(CANADIAN RESIDENT LENDER)  
Applicable Lending Office for Canadian Advances: 200 Front Street West,  
Suite 2700  
Toronto, Ontario M5V 3L2  
Address for Notices: 200 Front Street West,  
Suite 2700  
Toronto, Ontario M5V 3L2  
Attention: Medina Sales de Andrade

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 25,546,875.00  
Canadian Percentage Share: 6.81250%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 73,833,333

**Annex II - Lenders Schedule**

**ABN AMRO BANK**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

ABN AMRO Bank, N.V.

Applicable Lending Office for US Loans:

208 South LaSalle, Suite 1500  
Chicago, Illinois 60604-1003  
Attention: Loan Administration

Address for Notices:

208 South LaSalle, Suite 1500  
Chicago, Illinois 60604-1003  
Attention: Loan Administration  
cc: 4400 Post Oak Parkway, Suite 1500  
Houston, Texas 77027  
Attention: Frank R. Russo, Jr.

US TRANCHE A

Not a Tranche A Lender

US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 39,062,500.00  
6.25000%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

ABN AMRO Bank, N.V., Canada Branch  
(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

79 Wellington St. West, 15th Floor  
Toronto, Ontario M5K 1G8

Address for Notices:

79 Wellington St. West, 15th Floor  
Toronto, Ontario M5K 1G8  
Attention: Yasmin Mohideen  
cc: 4400 Post Oak Parkway, Suite 1500  
Houston, Texas 77027  
Attention: Frank R. Russo, Jr.

CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 23,437,500.00  
6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 50,000,000

## Annex II - Lenders Schedule

### BANK OF MONTREAL

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Bank of Montreal

Applicable Lending Office for US Loans:

115 South La Salle  
11th Floor  
Chicago, Illinois 60603  
Attention: Loan Administration

Address for Notices:

700 Louisiana, Suite 4400  
Houston, Texas 77002  
Attention: James Whitmore

#### US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 16,000,000.00  
8.00000%

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 39,062,500.00  
6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Bank of Montreal

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

115 South La Salle  
11th Floor  
Chicago, Illinois 60603  
Attention: Loan Administration

Address for Notices:

700 Louisiana, Suite 4400  
Houston, Texas 77002  
Attention: James Whitmore

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 23,437,500.00  
6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 66,000,000

## Annex II - Lenders Schedule

### BANK OF OKLAHOMA

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Bank of Oklahoma, N.A.

Applicable Lending Office for US Loans:

201 Robert S. Kerr  
Oklahoma City, Oklahoma 73124

Address for Notices:

201 Robert S. Kerr  
Oklahoma City, Oklahoma 73124  
Attention: John N. Huff

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):

US\$ 19,531,250.00

Tranche B Percentage Share:

3.12500%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Bank of Oklahoma, N.A.

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

201 Robert S. Kerr  
Oklahoma City, Oklahoma 73124

Address for Notices:

201 Robert S. Kerr  
Oklahoma City, Oklahoma 73124  
Attention: John N. Huff

#### CANADIAN FACILITY

Canadian Note Amount:

US\$ 11,718,750.00

Canadian Percentage Share:

3.12500%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 25,000,000

**Annex II - Lenders Schedule**

**BANK ONE  
[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Bank One, NA

Applicable Lending Office for US Loans:

1 Bank One Plaza  
Mail Code: IL1-0634  
Chicago, Illinois 60670

Address for Notices:

910 Travis Street, 6th Floor  
Houston, Texas 77002  
Attention: Ronald L. Dierker

US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 19,333,333.33  
9.66667%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian Lender

## Annex II - Lenders Schedule

### BAYERISCHE

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Bayerische Landesbank Girozentrale,  
Cayman Islands Branch

Applicable Lending Office for US Loans:

560 Lexington Avenue  
New York, New York 10022

Address for Notices:

560 Lexington Avenue  
New York, New York 10022  
Attention: Stephen Christenson

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 39,062,500.00  
6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian  
Agreement:

Bayerische Landesbank Girozentrale,  
Toronto Branch

(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

BCE Place - Suite 3210  
181 Bay Street  
Toronto, Ontario M5J 2T3

Address for Notices:

BCE Place - Suite 3210  
181 Bay Street  
Toronto, Ontario M5J 2T3  
Attention: Bernd Erpenbeck

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 23,437,500.00  
6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 50,000,000

**Annex II - Lenders Schedule**

**CIBC  
[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

CIBC Inc.

Applicable Lending Office for US Loans:

2 Paces West  
2727 Paces Ferry Road  
Suite 1200  
Atlanta, Georgia 30339  
Attention: Anita Rounds

Address for Notices:

1600 Smith Street, Suite 3100  
Houston, Texas 77002  
Attention: Mark H. Wolf

US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 12,000,000.00  
6.00000%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian Lender

## Annex II - Lenders Schedule

### CITIBANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Citibank, N.A.

Applicable Lending Office for US Loans: 399 Park Avenue  
New York, New York 10043

Borrowing Notices: Two Penn's Way, 2nd Floor  
New Castle Delaware 19720  
Attention: Sean L. Portrait

Address for Notices: 1200 Smith Street, Suite 2000  
Houston, Texas 77002  
Attention: Todd J. Mogil

#### US TRANCHE A

Tranche A Note Amount (5 year): US\$ 16,000,000.00  
Tranche A Percentage Share: 8.00000%

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Citibank, N.A., Canadian branch  
(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: c/o 400 Third Avenue SW, Suite 4301  
Calgary, Alberta T2P 4H2

Address for Notices: c/o 400 Third Avenue SW, Suite 4301  
Calgary, Alberta T2P 4H2  
Attention: Diane Gould  
cc: 1200 Smith Street, Suite 2000  
Houston, Texas 77002  
Attention: Todd J. Mogil

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 66,000,000

## Annex II - Lenders Schedule

### CREDIT LYONNAIS

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Credit Lyonnais

Applicable Lending Office for US Loans:

1301 Travis Street  
Suite 2100  
Houston, Texas 77002

Address for Notices:

1301 Travis Street  
Suite 2100  
Houston, Texas 77002  
Attention: John Grandstaff

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 32,812,500.00  
5.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Credit Lyonnais

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

1301 Travis Street  
Suite 2100  
Houston, Texas 77002

Address for Notices:

1301 Travis Street  
Suite 2100  
Houston, Texas 77002  
Attention: John Grandstaff

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 19,687,500.00  
5.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 42,000,000

## Annex II - Lenders Schedule

### CREDIT SUISSE

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Credit Suisse First Boston

Applicable Lending Office for US Loans: Eleven Madison Avenue, 10th Floor  
New York, New York 10010-3629

Address for Notices: Eleven Madison Avenue, 10th Floor  
New York, New York 10010-3629  
Attention: James Moran

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Credit Suisse First Boston  
  
(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: 1 First Canadian Place, Suite 3000  
P.O. Box 301  
Toronto, Ontario M5X 1C9

Address for Notices: 1 First Canadian Place, Suite 3000  
P.O. Box 301  
Toronto, Ontario M5X 1C9  
Attention: Alain Daoust

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 50,000,000

## Annex II - Lenders Schedule

### DEN NORSE BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Den norske Bank ASA

Applicable Lending Office for US Loans:

200 Park Avenue, 31st Floor  
New York, New York 10166

Address for Notices:

200 Park Avenue, 31st Floor  
New York, New York 10166  
Attention: Hans J. Ormar

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 19,531,250.00  
3.12500%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Den norske Bank ASA

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

200 Park Avenue, 31st Floor  
New York, New York 10166

Address for Notices:

200 Park Avenue, 31st Floor  
New York, New York 10166  
Attention: Hans J. Ormar

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 11,718,750.00  
3.12500%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 25,000,000

## Annex II - Lenders Schedule

### DEUTSCHE BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Deutsche Bank AG New York Branch

Applicable Lending Office for US Loans:

31 West 52nd Street  
New York, New York 10019

Address for Notices:

31 West 52nd Street  
New York, New York 10019  
Attention: Joel Makowsky

#### US TRANCHE A

Tranche A Note Amount (5 year):

US\$ 9,333,333.33

Tranche A Percentage Share:

4.66667%

#### US TRANCHE B

Tranche B Note Amount (364 day):

US\$ 39,062,500.00

Tranche B Percentage Share:

6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Deutsche Bank AG, Canada Branch

(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

222 Bay Street, Suite 1100  
P.O. Box 196  
Toronto, Ontario M5K 1H6

Address for Notices:

222 Bay Street, Suite 1100  
P.O. Box 196  
Toronto, Ontario M5K 1H6  
Attention: Robert Johnston

#### CANADIAN FACILITY

Canadian Note Amount:

US\$ 23,437,500.00

Canadian Percentage Share:

6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 59,333,333

## Annex II - Lenders Schedule

### JPMORGAN CHASE

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

JPMorgan Chase Bank

Applicable Lending Office for US Loans:

1 Chase Manhattan Plaza - 8th  
New York, New York 10081

Address for Notices:

600 Travis Street, 20th Floor  
Houston, Texas 77002-8086  
Attention: Russell Johnson

#### US TRANCHE A

Tranche A Note Amount (5 year):

US\$ 31,333,333.33

Tranche A Percentage Share:

15.66667%

#### US TRANCHE B

Tranche B Note Amount (364 day):

US\$ 39,062,500.00

Tranche B Percentage Share:

6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

JPMorgan Chase Bank,  
Toronto Branch

(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

South Tower, Suite 1800  
200 Bay Street, Royal Bank Plaza  
Toronto, Ontario M5J 2J2

Address for Notices:

South Tower, Suite 1800  
200 Bay Street, Royal Bank Plaza  
Toronto, Ontario M5J 2J2  
Attention: Drew McDonald

#### CANADIAN FACILITY

Canadian Note Amount:

US\$ 23,437,500.00

Canadian Percentage Share:

6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 81,333,333

## Annex II - Lenders Schedule

### LOCAL OKLAHOMA BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement

Local Oklahoma Bank, N.A.

Applicable Lending Office for US Loans:

3601 N.W. 63rd Street  
Oklahoma City, Oklahoma 73116

Address for Notices:

3601 N.W. 63rd Street  
Oklahoma City, Oklahoma 73116  
Attention: John K. Slay, Jr.

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):

US\$ 11,718,750.00

Tranche B Percentage Share:

1.87500%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Local Oklahoma Bank, N.A.

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

3601 N.W. 63rd Street  
Oklahoma City, Oklahoma 73116

Address for Notices:

3601 N.W. 63rd Street  
Oklahoma City, Oklahoma 73116  
Attention: John K. Slay, Jr.

#### CANADIAN FACILITY

Canadian Note Amount:

US\$ 7,031,250.00

Canadian Percentage Share:

1.87500%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 15,000,000

## Annex II - Lenders Schedule

### ROYAL BANK OF CANADA

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Royal Bank of Canada

Applicable Lending Office for US Loans: One Liberty Plaza, 3rd Floor  
New York, New York 10006-1404  
Claro Albay, Liability Officer

Address for Notices: One Liberty Plaza, 3rd Floor  
New York, New York 10006  
Attention: Claro Albay, Liability Officer  
cc: 2800 Post Oak Blvd., Suite 5700  
Houston, Texas 77056  
Attention: Lorne Gartner

US TRANCHE A

Tranche A Note Amount (5 year):	US\$ 16,000,000.00
Tranche A Percentage Share:	8.00000%

US TRANCHE B

Tranche B Note Amount (364 day):	US\$ 39,062,500.00
Tranche B Percentage Share:	6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Royal Bank of Canada  
  
(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: One Liberty Plaza, 3rd Floor  
New York, New York 10006-1404  
Attention: Claro Albay, Liability Officer

Address for Notices: One Liberty Plaza, 3rd Floor  
New York, New York 10006-1404  
Attention: Claro Albay, Liability Officer  
cc: 2800 Post Oak Blvd., Suite 5700  
Houston, Texas 77056  
Attention: Lorne Gartner

CANADIAN FACILITY

Canadian Note Amount:	US\$ 23,437,500.00
Canadian Percentage Share:	6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT US\$ 66,000,000

**Annex II - Lenders Schedule**

**SOUTHWEST BANK OF TEXAS**

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement	Southwest Bank of Texas, N.A.
Applicable Lending Office for US Loans:	4400 Post Oak Parkway Houston, Texas 77027
Address for Notices:	4400 Post Oak Parkway Houston, Texas 77027 Attention: W. Bryan Chapman
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US\$ 11,718,750.00
Tranche B Percentage Share:	1.87500%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Southwest Bank of Texas, N.A.  (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	4400 Post Oak Parkway Houston, Texas 77027
Address for Notices:	4400 Post Oak Parkway Houston, Texas 77027 Attention: W. Bryan Chapman
CANADIAN FACILITY	
Canadian Note Amount:	US\$ 7,031,250.00
Canadian Percentage Share:	1.87500%
AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT	US\$ 15,000,000

**Annex II - Lenders Schedule  
SUNTRUST BANK  
[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

SunTrust Bank, Atlanta

Applicable Lending Office for US Loans:

303 Peachtree Street, N.E.  
Third Floor, M/C 1929  
Atlanta, Georgia 30308

Address for Notices:

303 Peachtree Street, N.E.  
Third Floor, M/C 1929  
Atlanta, Georgia 30308  
Attention: David Edge

US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$6,666,666.67  
3.33333%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian Lender

## Annex II - Lenders Schedule

### THE BANK OF NEW YORK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

The Bank of New York

Applicable Lending Office for US Loans:

Wall Street, 19th Floor  
New York, New York 10286

Address for Notices:

One Wall Street, 19th Floor  
New York, New York 10286  
Attention: Raymond Palmer

#### US TRANCHE A

Tranche A Note Amount (5 year):

US\$ 12,000,000.00

Tranche A Percentage Share:

6.00000%

#### US TRANCHE B

Tranche B Note Amount (364 day):

US\$ 32,812,500.00

Tranche B Percentage Share:

5.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

The Bank of New York

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

One Wall Street, 19th Floor  
New York, New York 10286

Address for Notices:

One Wall Street, 19th Floor  
New York, New York 10286  
Attention: Raymond Palmer

#### CANADIAN FACILITY

Canadian Note Amount:

US\$ 19,687,500.00

Canadian Percentage Share:

5.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 54,000,000

**Annex II - Lenders Schedule**

**THE BANK OF NOVA SCOTIA**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

The Bank of Nova Scotia

Applicable Lending Office for US Loans:

Suite 2700, 600 Peachtree Street, N.E.  
Atlanta, Georgia 30308

Address for Notices:

Suite 2700, 600 Peachtree Street, N.E.  
Atlanta, Georgia 30308

Attention: Donna Gardner

cc: 1100 Louisiana, Suite 3000

Houston, Texas 77002

Attention: Janice Ver Hoeve

US TRANCHE A

Not a Tranche A Lender

US TRANCHE B

Tranche B Note Amount (364 day):

US\$ 19,531,250.00

Tranche B Percentage Share:

3.12500%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

The Bank of Nova Scotia

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

Suite 2700, 600 Peachtree Street, N.E.  
Atlanta, Georgia 30308

Address for Notices:

Suite 2700, 600 Peachtree Street, N.E.  
Atlanta, Georgia 30308

Attention: Donna Gardner

cc: 1100 Louisiana, Suite 3000

Houston, Texas 77002

Attention: Janice Ver Hoeve

CANADIAN FACILITY

Canadian Note Amount:

US\$ 11,718,750.00

Canadian Percentage Share:

3.12500%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 25,000,000

## Annex II - Lenders Schedule

### THE BANK OF TOKYO - MITSUBISHI

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

The Bank of Tokyo-Mitsubishi Ltd.  
Houston Agency

Applicable Lending Office for US Loans:

1100 Louisiana Street  
Suite 2800  
Houston, Texas 77002-5216

Address for Notices:

1100 Louisiana Street,  
Suite 2800  
Houston, Texas 77002-5216  
Attention: Jay Fort

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 32,812,500.00  
5.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Bank of Tokyo-Mitsubishi (Canada)

(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

Suite 950 Park Place  
666 Burrard Street  
Vancouver, British Columbia V6C 3L1

Address for Notices:

Suite 950 Park Place  
666 Burrard Street  
Vancouver, British Columbia V6C 3L1  
Attention: Davis J. Stewart

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 19,687,500.00  
5.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 42,000,000

**Annex II - Lenders Schedule**  
**TORONTO-DOMINION**  
**[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Toronto-Dominion (Texas), Inc.

Applicable Lending Office for US Loans:

909 Fannin Street  
Suite 1700  
Houston, Texas 77010

Address for Notices:

909 Fannin Street  
Suite 1700  
Houston, Texas 77010  
Attention: Mark Green

US TRANCHE A

Tranche A Note Amount (5 year)  
Tranche A Percentage Share:

US\$ 6,666,666.67  
3.33333%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian Lender

## Annex II - Lenders Schedule

### UBS AG

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

UBS AG, Stamford Branch

Applicable Lending Office for US Loans:

677 Washington Boulevard  
Stamford, Connecticut 06901

Address for Notices:

677 Washington Boulevard  
Stamford, Connecticut 06901  
Attention: Denise Conzo

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 42,578,125.00  
6.81250%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

UBS AG, Stamford Branch

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

677 Washington Boulevard  
Stamford, Connecticut 06901

Address for Notices:

677 Washington Boulevard  
Stamford, Connecticut 06901  
Attention: Denise Conzo

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 25,546,875.00  
6.81250%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 54,500,000

## Annex II - Lenders Schedule

### UMB BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

UMB Bank

Applicable Lending Office for US Loans:

204 N. Robinson  
Oklahoma City, Oklahoma 73102

Address for Notices:

204 N. Robinson  
Oklahoma City, Oklahoma 73102  
Attention: Richard Lehrter

#### US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 4,000,000.00  
2.00000%

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 7,812,500.00  
1.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

UMB Bank

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

204 N. Robinson  
Oklahoma City, Oklahoma 73102

Address for Notices:

204 N. Robinson  
Oklahoma City, Oklahoma 73102  
Attention: Richard Lehrter

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 4,687,500.00  
1.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 14,000,000

**Annex II - Lenders Schedule**

**WACHOVIA BANK**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Wachovia Bank, National Association

Applicable Lending Office for US Loans: 201 S. College Street, CP-17  
Charlotte, North Carolina 28288

Address for Notices: 201 S. College Street, CP-17  
Charlotte, North Carolina 28288  
Attention: Denise Bobbitt  
cc: 1001 Fannin Street, Suite 2255  
Houston, Texas 77002  
Attention: David Humphreys

US TRANCHE A

Tranche A Note Amount (5 year): US\$ 19,333,333.33  
Tranche A Percentage Share: 9.66667%

US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Wachovia Bank, National Association  
(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: 201 S. College Street, CP-17  
Charlotte, North Carolina 28288

Address for Notices: 201 S. College Street, CP-17  
Charlotte, North Carolina 28288  
Attention: Denise Bobbitt  
cc: 1001 Fannin Street, Suite 2255  
Houston, Texas 77002  
Attention: David Humphreys

CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 69,333,333

## Annex II - Lenders Schedule

### WESTDEUTSCHE [TRANCHE A ONLY]

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Westdeutsche Landesbank Girozentrale

Applicable Lending Office for US Loans:

1211 Avenue of the Americas  
New York, New York 10036

Address for Notices:

1211 Avenue of the Americas  
New York, New York 10036  
Attention: Jeff Davidson

#### US TRANCHE A

Tranche A Note Amount (5 year):

US\$ 12,000,000.00

Tranche A Percentage Share:

6.00000%

#### US TRANCHE B

Not a Tranche B Lender

#### CANADIAN AGREEMENT

Not a Canadian lender.

**EXHIBIT 10.2**

**AMENDED AND RESTATED CANADIAN CREDIT AGREEMENT**

**NORTHSTAR ENERGY CORPORATION**

and

**DEVON CANADA CORPORATION**

**as Canadian Borrowers**

BANK OF AMERICA, N.A., acting through its Canadian Branch

**as Administrative Agent**

**and CERTAIN FINANCIAL INSTITUTIONS**

**as Lenders**

US \$275,000,000  
(subject to re-allocation up to US \$375,000,000)

June 7, 2002

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## AMENDED AND RESTATED CANADIAN CREDIT AGREEMENT

THIS AMENDED AND RESTATED CANADIAN CREDIT AGREEMENT (this "Agreement") is made as of June 7, 2002, by and among Northstar Energy Corporation, an Alberta corporation, and Devon Canada Corporation, an Alberta corporation (herein collectively, called "Canadian Borrowers"), Bank of America, N.A., acting through its Canadian Branch, individually and as administrative agent (herein called "Canadian Agent"), and the Lenders party to, and as defined under, the Existing Canadian Agreement (as defined below).

Canadian Borrowers, Canadian Agent and Canadian Lenders entered into the Canadian Credit Agreement dated as of August 29, 2000 (as amended, supplemented or otherwise modified prior to the Closing Date as defined herein, the "Existing Canadian Agreement"), for the purpose and consideration therein expressed, wherein Canadian Lenders became obligated to make loans to Canadian Borrowers as therein provided.

Canadian Borrowers have requested that Canadian Lenders extend the effectiveness of the Canadian Revolving Period as set forth in the Existing Canadian Agreement and make certain other amendments and modifications thereto, all on the terms and conditions provided herein.

Accordingly, in consideration of the loans which may hereafter be made by Canadian Lenders to Canadian Borrowers, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Canadian Borrowers, Canadian Agent and Canadian Lenders hereby agree as follows:

### ARTICLE I - Canadian Advances

Section 1.1. Commitments to Make Advances; Canadian Notes.

(a) Canadian Loans. Subject to the terms and conditions hereof, each Lender agrees to extend credit to each Canadian Borrower by advancing funds to the applicable Canadian Borrower specified in a Borrowing Notice (herein called such Lender's "Canadian Revolving Loans" and, with reference to Canadian Resident Lenders only, accepting or purchasing drafts of Bankers' Acceptances issued under this Agreement by the applicable Canadian Borrower specified in a Borrowing Notice herein called such Lender's "Bankers' Acceptances"; each Lender's Canadian Revolving Loans, Canadian Term Loans, and Bankers' Acceptances are herein collectively called such Lender's "Canadian Advances") upon the applicable Canadian Borrower's request from time to time during the Canadian Revolving Period, provided that (i) subject to Sections 2.1, 2.2., 3.3, 3.4 and 3.5, all Lenders are requested to make Canadian Advances of the same Type in accordance with their respective Percentage Shares and as part of the same Borrowing, (ii) such Lender's Percentage Share of the Canadian Facility Usage shall never exceed such Lender's Percentage Share of the Canadian Maximum Credit Amount, and (iii) the aggregate amount of the Canadian Facility Usage and the Canadian Swing Loans outstanding shall never

exceed the Canadian Maximum Credit Amount. Subject to the terms and conditions hereof, each Lender also agrees to extend credit to each Canadian Borrower by participating in draws under Letters of Credit in accordance with Sections 2.6, 2.7 and 2.8 hereof. The aggregate amount of all Canadian Loans in any Borrowing must be an integral multiple of \$100,000 in the Applicable Currency which equals or exceeds \$1,000,000 in the Applicable Currency or must equal the unadvanced portion of the Canadian Maximum Credit Amount. Each Canadian Borrower may have no more than ten Borrowings of Eurodollar Loans outstanding at any time. The obligation of each Canadian Borrower to repay to each Lender the aggregate amount of all Canadian Loans (excluding Canadian Swing Loans) made by such Lender to such Borrower, together with interest accruing in connection therewith, shall be evidenced by a separate promissory note (herein called such Lender's "Canadian Note") made, by each Canadian Borrower payable to the order of such Lender in the form of Exhibit A-1 with appropriate insertions. The amount of principal owing on any Lender's Canadian Note at any given time shall be the aggregate amount of all Canadian Loans theretofore made by such Lender minus all payments of principal theretofore received by such Lender on such Canadian Note. Interest on each Canadian Note shall accrue and be due and payable as provided herein and therein. Each Lender's Canadian Note shall be due and payable as provided herein and therein and shall be due and payable in full on the Canadian Facility Maturity Date.

(b) Swing Loans. Subject to the terms and conditions hereof, Canadian Swing Lender agrees to make loans to each Canadian Borrower (herein called "Canadian Swing Loans") upon the applicable Canadian Borrower's request from time to time during the Canadian Revolving Period, provided that (i) the Canadian Facility Usage shall never exceed the Canadian Maximum Credit Amount, and (ii) the aggregate amount of Canadian Swing Loans outstanding shall never exceed the Canadian Swing Sublimit. The aggregate amount of all Canadian Swing Loans in any Borrowing must be an integral multiple of C \$100,000 which equals or exceeds C \$1,000,000 or must equal the unadvanced portion of the Canadian Maximum Credit Amount. The obligation of each Canadian Borrower to repay to Canadian Swing Lender the aggregate amount of all Canadian Swing Loans made by Canadian Swing Lender, together with interest accruing in connection therewith, shall be evidenced by a separate promissory note (herein called each Canadian Borrower's "Canadian Swing Note") made by each Canadian Borrower payable to the order of Canadian Swing Lender in the form of Exhibit A-2 with appropriate insertions. The amount of principal owing on each Canadian Swing Note at any given time shall be the aggregate amount of all Canadian Swing Loans theretofore made by Canadian Swing Lender minus all payments of principal theretofore received by Canadian Swing Lender on such Canadian Swing Note (including as a result of any refinancing pursuant to Section 1.11). Interest on each Canadian Swing Note shall accrue and be due and payable as provided herein and therein. Each Canadian Swing Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Canadian Conversion Date. Subject to the terms and conditions hereof, each Canadian Borrower may borrow, repay, and reborrow Canadian Swing Loans under the Canadian Agreement during the Canadian Revolving Period. The Canadian Swing Lender shall be a Canadian Resident Lender.

(c) Overterm Canadian Loans are Separate Loans. Any Overterm Canadian Loans shall be separate and distinct loans with their own independent repayment terms and conditions as

set forth in this Canadian Agreement. Such loans shall be separate and distinct from each other and from any Canadian Revolving Loans and Canadian Term Loans into which such Canadian Revolving Loans may be converted. The parties hereto further acknowledge and agree that any Canadian Term Loans established upon the conversion of the Canadian Revolving Loans shall be a continuation of any such Canadian Revolving Loans and shall not be separate and distinct from any such Canadian Revolving Loans.

Section 1.2. Requests for New Canadian Advances. The applicable Canadian Borrower must give to Canadian Agent written notice (or telephonic notice promptly confirmed in writing) of any requested Borrowing of new Canadian Loans and any requested Borrowing by way of new Bankers' Acceptances. Each such notice constitutes a "Borrowing Notice" hereunder and must:

(a) specify (i) the aggregate amount of any such Borrowing of new Canadian Base Rate Loans and the date on which such Canadian Base Rate Loans are to be advanced, (ii) the aggregate amount of any such Borrowing of Canadian Prime Rate Loans and the date on which such Canadian Prime Rate Loans are to be advanced, (iii) the aggregate amount of any such Borrowing of new US Dollar Eurodollar Loans, the date on which such US Dollar Eurodollar Loans are to be advanced (which shall be the first day of the Eurodollar Interest Period which is to apply thereto), and the length of the applicable Eurodollar Interest Period, (iv) the aggregate amount of any such Borrowing of new Canadian Dollar Eurodollar Loans, the date on which such Canadian Dollar Eurodollar Loans are to be advanced (which shall be the first day of the Eurodollar Interest Period which is to apply thereto), and the length of the applicable Eurodollar Interest Period, (v) the aggregate amount of any such Borrowing by way of Bankers' Acceptances (subject to Section 2.2(f)), and the date on which such Bankers' Acceptances are to be accepted and the maturity of such Bankers' Acceptances, or (vi) the aggregate amount of any such Borrowing of new Canadian Swing Loans and the date on which such Canadian Swing Loans are to be advanced; and

(b) be received by Canadian Agent (i) in the case of Canadian Advances other than Canadian Swing Loans, not later than 11:00 a.m., Toronto, Ontario time, on (1) on the Business Day preceding the day on which any such Canadian Base Rate Loans or Canadian Prime Rate Loans are to be made, (2) the third Business Day preceding the day on which any such Eurodollar Loans are to be made or (3) the third Business Day before such Bankers' Acceptances are to be issued and (ii) in the case of Canadian Advances that are Canadian Swing Loans, not later than 2:00 p.m., Toronto, Ontario time on the Business Day on which any such Canadian Swing Loans are to be made.

Each such written request or confirmation must be made in the form and substance of the "Borrowing Notice" attached hereto as Exhibit B, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by the applicable Canadian Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, Canadian Agent shall give each Lender prompt notice of the terms thereof (excluding Canadian Swing Loans) not later than 5:00 p.m. Toronto, Ontario time on the day it receives such Borrowing Notice from the applicable

Canadian Borrower if it receives such Borrowing Notice by 11:00 a.m., Toronto, Ontario time, otherwise on the next Business Day. Each Borrowing Notice shall be irrevocable and binding on the applicable Canadian Borrower. If all conditions precedent to such new Canadian Advances have been met, (i) each Lender will on the date requested promptly remit to Canadian Agent by 1:00 p.m. Toronto, Ontario time its Canadian Advances made in Canadian Dollars to Canadian Agent's office in Toronto, Canada and its Canadian Advances made in United States Dollars to the US Account in New York, New York) in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such Canadian Advances have been neither met nor waived as provided herein, Canadian Agent shall promptly make such Canadian Advances available to the applicable Canadian Borrower or (ii) each Canadian Resident Lender will accept drafts of Bankers' Acceptances on the date requested in accordance with Sections 2.1 through 2.3. Unless Canadian Agent shall have received prompt notice from a Lender that such Lender will not make available to Canadian Agent such Lender's new Canadian Advance, Canadian Agent may in its discretion assume that such Lender has made such Canadian Advance available to Canadian Agent in accordance with this section and Canadian Agent may if it chooses, in reliance upon such assumption, make such Canadian Advance available to the applicable Canadian Borrower. If and to the extent such Lender shall not so make its new Canadian Advance available to Canadian Agent, such Lender and the applicable Canadian Borrower severally agree to pay or repay to Canadian Agent within three days after demand the amount of such Canadian Advance together with interest thereon, for each day from the date such amount was made available to the applicable Canadian Borrower until the date such amount is paid or repaid to Canadian Agent, with interest at (1) the Canadian Prime Rate, if such Lender is making such payment and (2) the interest rate applicable at the time to the other new Canadian Advances made on such date, if a Canadian Borrower is making such repayment; provided that Canadian Agent gave notice of the terms of the Borrowing Notice to such Lender in accordance with the terms of this Section

1.2. If neither such Lender nor such Canadian Borrower pays or repays to Canadian Agent such amount within such three-day period, Canadian Agent shall in addition to such amount be entitled to recover from such Lender and from the applicable Canadian Borrower, on demand, interest on such Canadian Advance at the Default Rate applicable thereto, calculated from the date such amount was made available to such Canadian Borrower. The failure of any Lender to make any new Canadian Advance to be made by it hereunder shall not relieve any other Lender of its obligation hereunder, if any, to make its new Canadian Advance, but no Lender shall be responsible for the failure of any other Lender to make any new Canadian Advance to be made by such other Lender.

Section 1.3. Continuations and Conversions of Existing Canadian Advances. Subject to the terms of Section 2.3 with respect to Bankers' Acceptances, the applicable Canadian Borrower may make the following elections with respect to Canadian Advances and Canadian Swing Loans already outstanding under this Agreement: (i) to convert any Type of Canadian Advance to any other Type of Canadian Advance, provided that any such Conversion of any Eurodollar Loan must be made on the last day of the Eurodollar Interest Period applicable thereto and any such Conversion of a Bankers' Acceptance must be made on the date of maturity thereof; (ii) to continue Eurodollar Loans beyond the expiration of such Eurodollar Interest Period by designating a new Eurodollar Interest Period to take effect at the time of such expiration, and to rollover any

existing Bankers' Acceptance by designating the new maturity date applicable thereto; (iii) to convert Canadian Swing Loans to any Type of Canadian Advances as a refinancing of such Canadian Swing Loans pursuant to Section 1.11; and (iv) to continue or convert Overterm Canadian Loans to any Type of Canadian Advances. In making such elections, the applicable Canadian Borrower may combine existing Canadian Advances made pursuant to separate Borrowings into one new Borrowing or divide existing Canadian Advances made pursuant to one Borrowing into separate new Borrowings, provided that Canadian Borrowers may have no more than ten Borrowings of US Dollar Eurodollar Loans outstanding at any time and no more than ten Borrowings of Canadian Dollar Eurodollar Loans outstanding at any time, provided further that Canadian Advances that are Overterm Canadian Loans may not be combined with any other Canadian Advances that are Canadian Term Loans. To make any such election, the applicable Canadian Borrower must give to Canadian Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing Canadian Advances, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:

(a) specify the existing Canadian Advances made under this Agreement which are to be continued or converted;

(b) specify (i) the aggregate amount of any Borrowing of Canadian Base Rate Loans or Canadian Prime Rate Loans into which such existing Canadian Advances are to be continued or converted and the date on which such Continuation or Conversion is to occur, or (ii) the aggregate amount of any Borrowing of Eurodollar Loans into which such existing Canadian Advances are to be continued or converted, the date on which such Continuation or Conversion is to occur (which shall be the first day of the Eurodollar Interest Period which is to apply to such Eurodollar Loans), and the length of the applicable Eurodollar Interest Period, or (iii) the amount of any Borrowing of Bankers' Acceptances into which such existing Canadian Advances are to be continued or converted, the date on which such Continuation or Conversion is to occur, and the maturity of such Bankers' Acceptances; and

(c) be received by Canadian Agent not later than 11:00 a.m., Toronto, Ontario time, on (i) the first Business Day preceding the day on which any such Continuation or Conversion to Canadian Base Rate Loans or Canadian Prime Rate Loans is to occur, or (ii) the third Business Day preceding the day on which any such Continuation or Conversion to Eurodollar Loans is to occur, or (iii) on the third Business Day preceding the day on which any such Continuation or Conversion to Bankers' Acceptances is to occur.

Each such written request or confirmation must be made in the form and substance of the "Continuation/Conversion Notice" attached hereto as Exhibit C, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by the applicable Canadian Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Continuation/Conversion Notice, Canadian Agent shall give each Lender prompt notice of the terms thereof. Each Continuation/Conversion Notice shall be irrevocable and binding on the applicable Canadian Borrower. During the continuance of any Default, Canadian Borrowers may not make any election to convert existing Canadian

Advances or Canadian Swing Loans made under this Agreement into Eurodollar Loans or Bankers' Acceptances or continue existing Eurodollar Loans made under this Agreement as Eurodollar Loans or to rollover existing Bankers' Acceptances into new Bankers' Acceptances. If (due to the existence of a Default or for any other reason) the applicable Canadian Borrower fails to timely and properly give or are prevented hereunder from giving any Continuation/Conversion Notice with respect to a Borrowing of existing Eurodollar Loans or Bankers' Acceptances at least three days prior to the end of the Eurodollar Interest Period applicable thereto or maturity of the Bankers' Acceptance, such Eurodollar Loans and Bankers' Acceptances shall automatically be converted into Canadian Base Rate Loans (in the case of US Dollar Eurodollar Loans) or Canadian Prime Rate Loans (in the case of Canadian Dollar Eurodollar Loans and Bankers' Acceptances) at the end of such Eurodollar Interest Period. No new funds shall be repaid by the applicable Canadian Borrower or advanced by any Lender in connection with any Continuation or Conversion of existing Canadian Advances pursuant to this section, and no such Continuation or Conversion shall be deemed to be a new advance of funds for any purpose; such Continuations and Conversions merely constitute a change in terms of already outstanding Advances and the interest rate applicable thereto.

#### Section 1.4. Repayments.

(a) During Canadian Revolving Period. Subject to the terms and conditions hereof, either Canadian Borrower may borrow, repay, and reborrow hereunder during the Canadian Revolving Period, so long as (i) the applicable Canadian Borrower gives notice to Canadian Agent by 2:00 p.m., Toronto, Ontario time on the Business Day immediately preceding the date of prepayment (and Canadian Agent shall give each Lender notice thereof by 4:30 p.m. Toronto, Ontario time on the date such notice is received from the applicable Borrower if it receives such Borrowing Notice by 11:00 a.m., Toronto, Ontario time, otherwise on the next Business Day) all partial prepayments of principal concurrently paid on the Canadian Loans are increments of \$100,000 in the Applicable Currency and in an aggregate amount greater than or equal to \$1,000,000 in the Applicable Currency and (ii) the applicable Canadian Borrower pays all amounts owing in connection with the prepayment of any Eurodollar Loan owing under Section 3.6.

(b) During Canadian Term Period.

(i) Optional Prepayments. Either Canadian Borrower may, upon giving notice to Canadian Agent by 2:00 p.m., Toronto, Ontario time on the Business Day immediately preceding the date of prepayment (and Canadian Agent shall give each Lender notice thereof by 5:00 p.m. Toronto, Ontario time on the date such notice is received from the applicable Canadian Borrower if it receives such notice by 11:00 a.m., Toronto, Ontario time, otherwise on the next Business Day), from time to time during the Term Period and without premium or penalty, prepay the Canadian Loans including Competitive Bid Notes and the Overterm Canadian Loans, in whole or in part, so long as all partial prepayments of principal concurrently paid on the Canadian Loans are in increments of \$100,000 in the Applicable Currency and in an aggregate amount greater than or equal to \$1,000,000 in the Applicable Currency and so long as Canadian Borrowers pay all amounts owing in

connection with the prepayment of any Eurodollar Loan owing under Section 3.6, and provided that no Bankers' Acceptance may be prepaid prior to its stated maturity date except in accordance with Section 2.5. Each prepayment of principal (other than in repayment of Overterm Canadian Loans) under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid, shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Canadian Loan Documents at the time of such prepayment, and shall first reduce the semi-annual scheduled installments (other than the final installment) during the Term Period in respect of Canadian Loans that are not Competitive Bid Loans, then reduce the final installment in respect of Canadian Loans that are not Competitive Bid Loans or Overterm Canadian Loans, and then, unless otherwise designated by Canadian Borrowers, reduce the outstanding Competitive Bid Loans in order of shortest maturity. Each prepayment of principal under this section in respect of Overterm Canadian Loans shall be accompanied by all interest then accrued and unpaid on the principal so prepaid, shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Canadian Loan Documents at the time of such prepayment, and shall first reduce the semi-annual scheduled installments (other than the final installment) during the Term Period in respect of Overterm Canadian Loans, and then reduce the final installment in respect of such Overterm Canadian Loans.

(ii) Scheduled Repayments of Principal. Subject to Section 1.4(b)(iii) during the Term Period, the applicable Canadian Borrower shall repay the principal of the Canadian Loans that are not Competitive Bid Loans or Overterm Canadian Loans in equal semi-annual installments, each in an amount equal to two and one-half percent (2.5%) of the outstanding principal balance of the Canadian Advances on the Canadian Conversion Date. Such installments shall be due and payable on each June 30 and December 31 each year and in a final installment due and payable on the Canadian Facility Maturity Date in an amount equal to the entire unpaid principal balance of such Loans outstanding on the Canadian Facility Maturity Date.

(iii) Scheduled Repayments of Overterm Canadian Loans. From and after the date any Overterm Canadian Loan arises, the applicable Canadian Borrower shall repay the principal of the Overterm Canadian Loans in semi-annual installments, each in an amount equal to two and one-half percent (2.5%) of the outstanding aggregate principal balance of the Overterm Canadian Loans on the date of each such semi-annual installment. Such installments shall be due and payable on each June 30 and December 31 each year and in a final installment due and payable on the Canadian Facility Maturity Date in an amount equal to the entire unpaid principal balance of such Overterm Canadian Loans outstanding on the Canadian Facility Maturity Date.

(iv) Income Tax Act (Canada). Except as otherwise provided in Section 8.1 and except in the case of Overterm Canadian Loans, in no event shall either Canadian Borrower be required to repay more than 25% of the principal amount (for the purposes of subparagraph 212(1)(b)(vii) of the Income Tax Act (Canada)) of the Canadian

Advances made to it prior to five years and a day after the Canadian Conversion Date, including, but not limited to payments under Section 1.4(b)(ii), 1.4(c) and 1.4(d).

(c) Mandatory Prepayments. Except to the extent permitted by Section 1.4(d), and subject to Sections 1.4(b)(iv) and 1.4(e), if the aggregate principal amount of the outstanding Canadian Obligations ever exceeds the Canadian Maximum Credit Amount, Canadian Borrowers shall immediately prepay the principal of the Canadian Loans outstanding under the Canadian Agreement in an amount at least equal to such excess. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid. Any principal or interest prepaid pursuant to this section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Canadian Loan Documents at the time of such prepayment.

(d) Currency Fluctuations. Notwithstanding any other provision of this Agreement, if any Canadian Loan outstanding is denominated in C\$, Canadian Agent shall have the right to calculate the outstanding Canadian Obligations for all purposes including making a determination from time to time of the available undrawn portion of the Canadian Maximum Credit Amount. If following such calculation, Canadian Agent determines that the outstanding Canadian Obligations are greater than 105% of the Canadian Advances permitted hereby to be outstanding at such time, then Canadian Agent shall so advise Canadian Borrowers and, subject to Sections 1.4(b)(iv) and 1.4(e), Canadian Borrowers shall repay, on the later of five Business Days after such advice and the next applicable Interest Payment Date immediately following such date of calculation, an amount sufficient to eliminate the excess over and above the aggregate amount of the Canadian Loans permitted hereby to be outstanding at such time, together with all accrued interest on the amount so paid.

(e) Application of Prepayment. Any mandatory prepayment of any principal amount (for the purposes of this Section, and as used in subparagraph 212(1)(b)(vii) of the Income Tax Act (Canada)) made by a Canadian Borrower pursuant to Sections 1.4(c) and 1.4(d) or otherwise in respect of a particular loan, shall reduce the semi-annual scheduled installments (other than the final installment) during the Term Period in respect of that loan in inverse order of maturity. Such mandatory prepayments shall be applied to the Canadian Loans pro rata based on outstanding principal; provided that if the amount of any mandatory prepayment obligation is in excess of the amount of any remaining semi-annual scheduled installments, the excess amount shall be paid by the applicable Canadian Borrower as part of the final scheduled installment on the Canadian Facility Maturity Date; and provided further that if any mandatory prepayment relates to outstanding Bankers' Acceptances, the amount of such mandatory prepayment shall be paid into the escrow fund maintained in accordance with Section 2.5 until the maturity date of such outstanding Bankers' Acceptances.

#### Section 1.5. Interest Rates and Fees.

(a) Interest Rates. The Canadian Loans shall bear interest payable by the applicable Canadian Borrower as follows and all accrued and unpaid interest on the Canadian Loans shall be

due and payable on the applicable Interest Payment Date at the place set forth in the Canadian Notes:

- (i) Each Canadian Base Rate Loan shall bear interest on each day outstanding at the Canadian US Dollar Base Rate in effect on such day.
- (ii) Each Canadian Prime Rate Loan shall bear interest on each day outstanding at the Canadian Prime Rate in effect on such day.
- (iii) Each US Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day.
- (iv) Each Canadian Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related Adjusted Canadian Dollar Eurodollar Rate in effect on such day.
- (v) Each Canadian Swing Loan shall bear interest on each day outstanding at the Canadian Swing Rate for such Canadian Swing Loan in effect on such day.
- (vi) All past due principal of and past due interest on the Canadian Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues.

(b) Facility Fees. In consideration of each Lender's commitment to make Canadian Advances under this Agreement, Devon Canada will pay to Canadian Agent for the account of each Lender a facility fee determined on a daily basis by applying (i) the Canadian Facility Fee Rate to such Lender's Percentage Share of the Canadian Maximum Credit Amount (calculated excluding the Canadian Overterm Facility Usage) on each day during the Canadian Revolving Period and (ii) the Canadian Facility Fee Rate to such Lender's Percentage Share of the Canadian Facility Usage (calculated excluding the Canadian Overterm Facility Usage) on each day from the Canadian Conversion Date until the Canadian Facility Maturity Date. In addition, in consideration of each Lender's commitment to issue Overterm Canadian LCs and to make Overterm Canadian Loans pursuant to Section 2.8(a)(ii) of this Agreement, Devon Canada will pay to Canadian Agent for the account of each Lender a facility fee determined on a daily basis by applying the Canadian Facility Fee Rate to such Lender's Percentage Share of the Canadian Overterm Facility Usage on each day from the date of this Agreement until the Canadian Facility Maturity Date. These facility fees shall be due and payable in arrears on the last day of each Fiscal Quarter and on the Canadian Facility Maturity Date.

(c) Utilization Fees. In consideration of each Lender's commitment to make Canadian Advances under this Agreement, Devon Canada will pay to Canadian Agent for the account of each Lender a utilization fee determined on a daily basis by applying a rate of 12.5 Basis Points per annum to such Lender's Percentage Share of the Canadian Facility Usage on each day during the term of this Agreement that the Canadian Facility Usage exceeds twenty-five percent (25.0%)

of the Canadian Maximum Credit Amount. This utilization fee shall be due and payable in arrears on each Interest Payment Date for Canadian US Dollar Base Rate Loans and on the date all Canadian Obligations are repaid in full. In the event that Overterm Canadian Loans and/or Canadian LC Obligations in respect of Overterm Canadian LCs are outstanding when a utilization fee is due and payable, the utilization fee shall be allocated proportionately to the amounts thereof relative to the overall Canadian Facility Usage on a daily basis.

(d) Stamping Fees. In consideration of each Canadian Resident Lender's commitment to accept or participate in Bankers' Acceptances under this Agreement, the applicable Canadian Borrower will pay to Canadian Agent for the account of such Lender the Stamping Fee Rate multiplied by the face amount of each Bankers' Acceptance accepted by such Lender under this Agreement calculated for the number of days in the term of such Bankers' Acceptance. Such fee shall be due and payable on the date on which such Bankers' Acceptances are accepted and if such Canadian Resident Lender is purchasing such Bankers' Acceptance, such fee shall be deducted from the Discount Proceeds paid to the applicable Canadian Borrower.

(e) Conversion Fees relating to Canadian Revolving Loans. Upon the conversion of Canadian Revolving Loans to Canadian Term Loans on the Canadian Conversion Date, the applicable Canadian Borrower will pay to Canadian Agent for the account of each Canadian Lender a conversion fee determined by applying a rate of 12.5 Basis Points to such Canadian Lender's Percentage Share of the principal amount of Canadian Revolving Loans owing by such Canadian Borrower converted to Canadian Term Loans on the Canadian Conversion Date. This conversion fee shall be due and payable on the Canadian Conversion Date.

(f) Conversion Fees relating to Overterm Canadian Loans. Upon a Matured Canadian LC Obligation becoming an Overterm Canadian Loan pursuant to Section 2.8(a)(ii), the applicable Canadian Borrower will pay to Canadian Agent for the account of each Canadian Lender a conversion fee determined by applying a rate of 12.5 Basis Points to such Canadian Lender's Percentage Share of the principal amount of the Overterm Canadian Loan arising on such date. This conversion fee shall be due and payable on each such date.

(g) Canadian Agent's Fees. In addition to all other amounts due to Canadian Agent under the Canadian Loan Documents, Devon Canada will pay fees to Canadian Agent as described in a letter agreement of even date herewith between US Agent and US Borrower.

#### Section 1.6. Extension of Canadian Conversion Date.

(a) Canadian Borrowers may, at their option and from time to time during the Canadian Revolving Period, request an offer to extend the Canadian Revolving Period by delivering to Canadian Agent a Request for an Offer of Extension not more than sixty days and not less than thirty days prior to the then current Canadian Conversion Date. Canadian Agent shall forthwith provide a copy of the Request for an Offer of Extension to each of the Lenders. Upon receipt from Canadian Agent of an executed Request for an Offer of Extension, each

Lender shall, within twenty days after the date of such Lender's receipt of such request from Canadian Agent, either:

(i) notify Canadian Agent of its acceptance of the Request for an Offer of Extension, and the terms and conditions, if any, upon which such Lender is prepared to extend the Canadian Conversion Date; or

(ii) notify Canadian Agent that the Request for an Offer of Extension has been denied, such notice to forthwith be forwarded by Canadian Agent to Canadian Borrowers to allow Canadian Borrowers to seek a replacement lender pursuant to Section 1.8 (any Lender giving notice of such denial is herein called a "Non-Accepting Lender"). The failure of a Lender to so notify Canadian Agent within such twenty day period shall be deemed to be notification by such Lender to Canadian Agent that such Lender has denied Canadian Borrowers' Request for an Offer of Extension.

(b) Provided that all Lenders provide notice to Canadian Agent under Section 1.6(a) that they accept the Request for an Offer of Extension, or if there are Non-Accepting Lenders, such Lenders shall have been repaid pursuant to Section 1.8 or replacement lenders shall have become parties hereto pursuant to Section 1.8 and shall have accepted the Request for an Offer of Extension, such acceptance having common terms and conditions, Canadian Agent shall deliver to Canadian Borrowers an Offer of Extension incorporating the said terms and conditions. Such offer shall be open for acceptance by Canadian Borrowers until the fifth Business Day immediately preceding the then current Canadian Conversion Date. Upon written notice by Canadian Borrowers to Canadian Agent accepting an outstanding Offer of Extension and agreeing to the terms and conditions, if any, specified therein (the date of such notice of acceptance in Section 1.6 and 1.8 being called the "Extension Date"), the Canadian Conversion Date shall be extended to the date 364 days from the Extension Date and the terms and conditions specified in such Offer of Extension shall be immediately effective.

(c) Canadian Borrowers understand that the consideration of any Request for an Offer of Extension constitutes an independent credit decision which each Lender retains the absolute and unfettered discretion to make and that no commitment in this regard is hereby given by a Lender and that any offer to extend the Canadian Conversion Date may be on such terms and conditions in addition to those set out herein as the extending Lenders stipulate.

Section 1.7. Conversion to Canadian Term Loan. Unless there is an extension of the Canadian Revolving Period in accordance with Section 1.6, effective at 11:59 p.m. Toronto, Ontario time on the day immediately preceding the Canadian Conversion Date, and provided that no Event of Default shall have occurred and be continuing, (i) each Lender's obligation to make new Canadian Advances, Canadian Swing Lender's obligation to make new Canadian Swing Loans, and Canadian LC Issuer's obligation to issue Letters of Credit hereunder shall be canceled automatically, and (ii) each Lender's Canadian Loans shall become term Canadian Loans ("Canadian Term Loans") maturing on the Canadian Facility Maturity Date.

Section 1.8. Non-Accepting Lender. Provided that Canadian Required Lenders provide notice to Agent under Section 1.6(a) that they accept the Request for an Offer of Extension, on notice of Canadian Borrowers to Agent, Canadian Borrowers shall be entitled to choose any of the following in respect of each Non-Accepting Lender prior to the expiration of the Canadian Revolving Period, provided that if Canadian Borrowers do not make an election prior to the expiration of the Canadian Revolving Period, Canadian Borrowers shall be deemed to have irrevocably elected to exercise the provisions of Section 1.8(b)(ii):

(a) (i) the Non-Accepting Lender's obligations to make Canadian Advances shall be canceled as of the Extension Date, the Canadian Maximum Credit Amount shall be reduced by the amount so canceled, and on or prior to the Extension Date the Canadian Borrowers shall repay in full all Canadian Obligations then outstanding to the Non-Accepting Lender (as defined in Section 1.6(a)(ii)) , or  
(ii) replace the Non-Accepting Lender by reaching satisfactory arrangements with one or more existing Lenders or new Lenders, for the purchase, assignment and assumption of all Canadian Obligations and US Obligations of the Non-Accepting Lender, provided that any new Lender, with, if necessary, any Affiliate, shall take a pro rata assignment of both Canadian Obligations and US Obligations, and such Non-Accepting Lender shall be obligated to sell such Obligations in accordance with such satisfactory arrangements; or

(b) Canadian Borrowers may elect to revoke and cancel the Request for an Offer of Extension by giving notice of such revocation and cancellation to Agent (which shall promptly notify the Lenders thereof), and concurrently therewith, shall have the option to (i) cancel the obligations of Lenders under the Canadian Agreement and, subject to the notice requirements set forth in Section 1.6(a) and to the provisions of Article III, repay in full all Canadian Obligations, or (ii) have the outstanding Canadian Loans that are not Competitive Bid Loans on the Canadian Conversion Date become term loans as provided in Section 1.7.

In connection with any such replacement of a Lender Party pursuant to this Section 1.8, the applicable Canadian Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender Party's Canadian Advances had been prepaid at the time of such replacement.

Section 1.9. Competitive Bid Loans.

(a) Either Canadian Borrower may request that each Canadian Resident Lender submit Competitive Bids (on a several basis) for requested maturities of thirty days or more to the applicable Canadian Borrower on any Business Day during the Canadian Revolving Period, provided that all Canadian Resident Lenders are requested to make a Competitive Bid on the same basis at the same time. In order to request Competitive Bids, the applicable Canadian Borrower shall deliver by hand or facsimile to Canadian Agent a Competitive Bid Request, to be received by Canadian Agent not later than 9:00 a.m., Toronto, Ontario time one Business Day before the date specified for a proposed Competitive Bid Loan. A Competitive Bid Request that does not conform substantially to the format of Exhibit I may be rejected in Canadian Agent's sole discretion, and Canadian Agent shall promptly notify the applicable Canadian Borrower of such

rejection by facsimile. After receiving an acceptable Competitive Bid Request, Canadian Agent shall no later than 12:00 noon, Toronto, Ontario time on the date such Competitive Bid Request is received by Canadian Agent, by facsimile deliver to Canadian Resident Lenders an Invitation to Bid substantially in the form of Exhibit J with respect thereto.

(b) Each Canadian Resident Lender may, in its sole discretion, make one or more Competitive Bids to Canadian Agent responsive to each Competitive Bid Request given by the applicable Canadian Borrower. Each Competitive Bid by a Canadian Resident Lender must be received by Canadian Agent by facsimile not later than 9:00 a.m., Toronto, Ontario time on the date specified for a proposed Competitive Bid Loan. Multiple bids may be accepted by Canadian Agent. Competitive Bids that do not conform substantially to the format of Exhibit K may be rejected by Canadian Agent after conferring with, and upon the instruction of, the applicable Canadian Borrower, and Canadian Agent shall notify the bidding Canadian Resident Lender of such rejection as soon as practicable. If any Canadian Resident Lender shall elect not to make a Competitive Bid, such Canadian Resident Lender shall so notify Canadian Agent by facsimile not later than 9:00 a.m., Toronto, Ontario time, on the date specified for a Competitive Bid Loan; provided, however, that failure by any Canadian Resident Lender to give such notice shall not cause such Canadian Resident Lender to be obligated to make any Competitive Bid Loan and by such failure such Lender shall be deemed to have rejected such Competitive Bid. A Competitive Bid submitted by a Canadian Resident Lender shall be irrevocable.

(c) Promptly, and in no event later than 9:30 a.m., Toronto, Ontario time, on the date specified for a proposed Competitive Bid Loan, Canadian Agent shall notify the applicable Canadian Borrower by facsimile of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Bid Loan in respect of which a Competitive Bid was made, and the identity of each Canadian Resident Lender that made each Competitive Bid. Canadian Agent shall send a copy of all Competitive Bids to the applicable Canadian Borrower for its records as soon as practicable after completion of the bidding process.

(d) The applicable Canadian Borrower may, subject only to the provisions hereof, accept or reject any Competitive Bid. The applicable Canadian Borrower shall notify Canadian Agent by facsimile pursuant to a Competitive Bid Accept/Reject Letter whether and to what extent the applicable Canadian Borrower has decided to accept or reject any or all of the Competitive Bids, not later than 10:00 a.m., Toronto, Ontario time, on the date specified for a proposed Competitive Bid Loan; provided, however, that:

(i) the failure by the applicable Canadian Borrower to accept or reject any Competitive Bid within the time period specified herein shall be deemed to be a rejection of such Competitive Bid,

(ii) the aggregate amount of the Competitive Bids accepted by the applicable Canadian Borrower shall not exceed the principal amount specified in the Competitive Bid Request,

- (iii) the aggregate amount of all outstanding Canadian Loans and Canadian LC Obligations shall never exceed the Canadian Maximum Credit Amount,
- (iv) if the applicable Canadian Borrower shall accept a Competitive Bid or Competitive Bids made at a particular Competitive Bid Rate, but the amount of such Competitive Bid or Competitive Bids shall cause the total amount of Competitive Bids to be accepted by the applicable Canadian Borrower to exceed the amount specified in the Competitive Bid Request, then the applicable Canadian Borrower shall accept a portion of such Competitive Bid or Competitive Bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple Competitive Bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such Competitive Bid at such Competitive Bid Rate, and
- (v) no Competitive Bid shall be accepted for a Competitive Bid Loan unless such Competitive Bid Loan is in a minimum principal amount of C \$ 5,000,000 or a higher integral multiple of C \$1,000,000; provided, however, that if a Competitive Bid Loan must be in an amount less than C \$5,000,000 because of the provisions of clause (iv) above, such Competitive Bid Loan may be for a minimum of C \$1,000,000 or any higher integral multiple thereof, and in calculating the pro rata allocation of acceptances or portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv), the amounts shall be rounded to integral multiples of C \$1,000,000 in a manner which shall be in the sole and absolute discretion of the applicable Canadian Borrower.
- (e) Promptly on each date the applicable Canadian Borrower accepts a Competitive Bid, Canadian Agent shall notify each Canadian Resident Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by facsimile transmission sent by Canadian Agent, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Bid Loan in respect of which its Competitive Bid has been accepted. After completing the notifications referred to in the immediately preceding sentence, Canadian Agent shall notify each Canadian Resident Lender of the aggregate principal amount of all Competitive Bids accepted. Each Canadian Resident Lender which is to make a Competitive Bid Loan shall, before 11:00 a.m., Toronto, Ontario time, on the borrowing date specified in the Competitive Bid Request applicable thereto, make available to Canadian Agent in immediately available funds the amount of each Competitive Bid Loan to be made by such Canadian Resident Lender, and Canadian Agent shall promptly deposit such funds to an account designated by the applicable Canadian Borrower. As soon as practicable thereafter, Canadian Agent shall notify each Canadian Resident Lender of the aggregate amount of Competitive Bid Loans advanced, the respective Competitive Bid Interest Periods thereof and Competitive Bid Rate applicable thereto.
- (f) The obligation of the applicable Canadian Borrower to repay to each Canadian Resident Lender the aggregate amount of all Competitive Bid Loans made by such Canadian Resident Lender, together with interest accruing in connection therewith, shall be evidenced by promissory notes (respectively, such Canadian Resident Lender's "Competitive Bid Note") made

by the applicable Canadian Borrower payable to the order of such Canadian Resident Lender in the form of Exhibit M, with appropriate insertions. The amount of principal owing on any Canadian Resident Lender's Competitive Bid Note at any given time shall be the aggregate amount of all Competitive Bid Loans theretofore made by such Canadian Resident Lender thereunder minus all payments of principal theretofore received by such Canadian Resident Lender thereon. Interest on each Competitive Bid Note shall accrue and be due and payable as provided herein and therein. The applicable Canadian Borrower shall repay on the final day of the Competitive Bid Interest Period of each Competitive Bid Loan (such date being that specified by the applicable Canadian Borrower for repayment of such Competitive Bid Loan in the related Competitive Bid Request and such date being no later than six months after the date of the Competitive Bid Loan) the then unpaid principal amount of such Competitive Bid Loan. Subject to Section 1.4(b) and the payment of amounts described in Section 3.6, the applicable Canadian Borrower shall have the right to prepay any principal amount of any Competitive Bid Loan.

(g) No Competitive Bid Loan shall be made within five Business Days after the date of any other Competitive Bid Loan, unless the applicable Canadian Borrower and Canadian Agent shall mutually agree otherwise. If Canadian Agent shall at any time elect to submit a Competitive Bid in its capacity as a Canadian Resident Lender, it shall submit such bid directly to the applicable Canadian Borrower requesting such Competitive Bid one quarter of an hour earlier than the latest time at which the other Canadian Resident Lenders are required to submit their bids to Canadian Agent.

Section 1.10. Use of Proceeds. Canadian Borrowers shall use all Canadian Advances and Canadian Swing Loans made under this Agreement to refinance existing indebtedness (including any commercial paper issued by or for the account of Canadian Borrowers), to finance capital expenditures, to refinance Matured Canadian LC Obligations outstanding under this Agreement, and to provide working capital for its operations and for other general business purposes. Canadian Borrowers shall use all Letters of Credit issued under the Canadian Agreement for its general corporate purposes. If any Canadian Advance or Canadian Swing Loan is used for a purpose which is governed by Reg U, Canadian Borrowers shall comply with Reg U in all respects. Each Canadian Borrower represents and warrants that such Canadian Borrower is not engaged principally, or as one of such Canadian Borrower's important activities, in the business of extending credit to others for the purpose of purchasing or carrying Margin Stock.

Section 1.11. Refinancings of Canadian Swing Loans. Canadian Agent, at any time in its sole and absolute discretion may (and on the Canadian Conversion Date Canadian Agent shall), upon notice given to each Lender by not later than 11:30 a.m., Toronto, Ontario time, on any Business Day, request that each Lender make a Canadian Prime Rate Loan (or another Type of Canadian Advance if requested by the applicable Canadian Borrower in accordance with Section 1.2) in an aggregate amount equal to its Percentage Share of the aggregate unpaid principal amount of any outstanding Canadian Swing Loans for the purpose of refinancing such Canadian Swing Loans (in this section called a "Refinancing Advance"). In any event, not later than 11:30 a.m., Toronto, Ontario time, on the penultimate Business Day of each calendar month, Canadian Agent will notify each Lender of the

aggregate amount of Canadian Swing Loans which are then outstanding and the amount of the Refinancing Advance required to be made by each Lender to refinance such outstanding Canadian Swing Loans (the aggregate amount of such Refinancing Advance to be made by each Lender shall equal such Lender's Percentage Share of such outstanding Canadian Swing Loans). Upon the giving of notices by Canadian Agent described above, each Lender shall promptly remit to Canadian Agent such Refinancing Advance in the manner described above in Section 1.2, so long as (a) Canadian Agent believed in good faith that all conditions to making the subject Canadian Swing Loan were satisfied at the time such Canadian Swing Loan was made, or (b) if the conditions to such Canadian Swing Loan were not satisfied, the satisfaction of such conditions have been waived in writing by Canadian Required Lenders in accordance with the provisions of this Agreement (collectively, the "Refinancing Conditions"). The proceeds of the Refinancing Advances made pursuant to the preceding sentence shall be paid to Canadian Agent (and not to either Canadian Borrower) and applied to the payment of principal of the outstanding Canadian Swing Loans. If and to the extent any Lender shall not so make its Refinancing Advance, such Lender and the applicable Canadian Borrower severally agree to pay to Canadian Agent (for delivery to Canadian Swing Lender) within three days after demand the amount of such Refinancing Advance together with interest thereon, for each day from the date such Refinancing Advance was required to be made until the date such amount is paid to Canadian Agent, with interest at (1) the Canadian Prime Rate, if such Lender is making such payment and (2) the interest rate applicable at the time to the other new Refinancing Advances, if a Canadian Borrower is making such repayment; provided that Canadian Agent gave notice of the refinancing to such Lender in accordance with the terms of this Section 1.11. If neither such Lender nor such Canadian Borrower pays to Canadian Agent (for delivery to Canadian Swing Lender) such amount within such three-day period, Canadian Swing Lender shall in addition to such amount be entitled to recover from such Lender and from the applicable Canadian Borrower, on demand, interest on such Refinancing Advance at the Default Rate applicable thereto, calculated from the date such Refinancing Advance was required to be made. Each Lender's obligation to make Refinancing Advances pursuant to this Section shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, (1) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against Canadian Agent, Canadian Borrowers or anyone else for any reason whatsoever; (2) the occurrence or continuance of an Event of Default or Default; (3) any adverse change in the condition (financial or otherwise) of either Canadian Borrower; (4) any breach of this Agreement by either Canadian Borrower, Canadian Agent or any Lender, except with respect to the Refinancing Conditions; or (5) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided, that in no event shall a Lender be obligated to make a Refinancing Advance pursuant to this Section if, after giving effect thereto, the outstanding principal balance of such Lender's Canadian Advances would exceed its Percentage Share of the Canadian Maximum Credit Amount.

Section 1.12. Re-allocation of Tranche B Maximum Credit Amount and Canadian Maximum Credit Amount. Borrowers shall have the right (i) to re-allocate up to US \$100,000,000 of the unused Tranche B Maximum Credit Amount to the Canadian Maximum Credit Amount (a "Tranche B Re-allocation") by reducing the Tranche B Maximum

Credit Amount and increasing the Canadian Maximum Credit Amount by the same amount and (ii) to re-allocate up to US \$100,000,000 of the unused Canadian Maximum Credit Amount to the Tranche B Maximum Credit Amount (a "Canadian Re-allocation") by reducing the Canadian Maximum Credit Amount and increasing the Tranche B Maximum Credit Amount by the same amount; provided that the Tranche B Maximum Credit Amount shall never be greater than US \$625,000,000, the Canadian Maximum Credit Amount shall never be greater than US \$375,000,000; the aggregate amount of the Tranche B Maximum Credit Amount and the Canadian Maximum Credit Amount shall never exceed US \$800,000,000. A Re-allocation may be made only on a Business Day which occurs during the Tranche B Revolving Period and the Canadian Revolving Period, each Re-allocation shall remain in effect for at least 90 days and thereafter until a subsequent Re-allocation is made in accordance with the terms set forth in the Loan Documents, and no more than four Re-allocations may be made during any Fiscal Year.

(a) To make any Tranche B Re-allocation, US Borrower must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of such Tranche B Re-allocation. Each such notice must:

(i) specify the amount by which the Tranche B Maximum Credit Amount will be reduced, which amount must be equal to US \$25,000,000 or any higher integral multiple of US \$1,000,000, and must also be equal to or less than the amount by which the Tranche B Maximum Credit Amount then in effect exceeds the Tranche B Facility Usage;

(ii) specify that the Canadian Maximum Credit Amount will be increased by the same amount;

(iii) specify the effective date of such Tranche B Re-allocation which must be at least 90 days after the effective date of the immediately preceding Re-allocation (whether a Tranche B Re-allocation or a Canadian Re-allocation); and

(iv) be received by US Agent not later than 10:00 a.m., Dallas, Texas time, on or before the 10th Business Day preceding the day on which such Tranche B Re-allocation is to occur.

(b) To make any Canadian Re-allocation, Borrowers must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of such Canadian Re-allocation. Each such notice must:

(i) specify the amount by which the Canadian Maximum Credit Amount will be reduced, which amount must be equal to US \$25,000,000 or any higher integral multiple of US \$1,000,000, and must also be equal to or less than the amount by which the Canadian Maximum Credit Amount then in effect exceeds the Canadian Facility Usage;

(ii) specify that the Tranche B Maximum Credit Amount will be increased by the same amount;

(iii) specify the effective date of such Canadian Re-allocation which must be at least 90 days after the effective date of the immediately preceding Re-allocation (whether a Tranche B Re-allocation or a Canadian Re-allocation); and

(iv) be received by US Agent not later than 10:00 a.m., Dallas, Texas time, on or before the 10th Business Day preceding the day on which such Canadian Re-allocation is to occur.

Each written request or confirmation described in this section constitutes a "Re-allocation Notice" and must be made in the form and substance of the "Re-allocation Notice" attached hereto as Exhibit G, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by Borrowers as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Re-allocation Notice, US Agent shall give Canadian Agent, each Tranche B Lender and each Canadian Lender prompt notice of the terms thereof. Each Re-allocation Notice shall be irrevocable and binding on Borrowers.

## **ARTICLE II - Bankers' Acceptances and Letters of Credit**

Section 2.1. Creation of Bankers' Acceptances. Upon receipt of a Borrowing Notice and subject to the provisions of this Agreement, each Canadian Resident Lender shall accept, in accordance with its Percentage Share of the requested Borrowing from time to time such Bankers' Acceptances as Canadian Borrowers shall request provided that:

(a) Bankers' Acceptances shall be issued on a Business Day;

(b) each Bankers' Acceptance shall have a term of 30, 60, 90 or 180 days (excluding days of grace), as selected by Canadian Borrowers in the relevant Borrowing Notice provided that each Bankers' Acceptance shall mature on a Business Day;

(c) the face amount of each Bankers' Acceptance shall be not less than C\$100,000 and in multiples of C\$100,000 for any amounts in excess thereof; and

(d) each Bankers' Acceptance shall be in a form acceptable to the Canadian Resident Lenders.

Section 2.2. Terms of Acceptance by the Canadian Resident Lenders.

(a) Delivery and Payment. Subject to Sections 2.3 and 2.4 and only if a valid appointment pursuant to Section 2.2(e) is not in place, Canadian Borrowers shall pre-sign and deliver to each Canadian Resident Lender bankers' acceptance drafts in sufficient quantity to meet

Canadian Borrowers' requirements for anticipated Borrowings by way of Bankers' Acceptances. The applicable Canadian Borrower shall, at its option, provide for payment to Canadian Agent for the benefit of Canadian Resident Lenders of each Bankers' Acceptance on the date on which a Bankers' Acceptance matures, either by payment of the full face amount thereof or through utilization of a Conversion to another Type of Borrowing in accordance with this Agreement, or through a combination thereof. Each Canadian Borrower waives presentment for payment of Bankers' Acceptances by Canadian Resident Lenders and shall not claim from Canadian Resident Lenders any days of grace for the payment at maturity of Bankers' Acceptances. Any amount owing by Canadian Borrowers in respect of any Bankers' Acceptance which is not paid in accordance with the foregoing, shall, as and from the date on which such Bankers' Acceptance matures, be deemed to be outstanding hereunder as a Canadian Prime Rate Loan.

(b) No Liability. Canadian Agent and Canadian Resident Lenders shall not be liable for any damage, loss or improper use of any bankers' acceptance draft endorsed in blank except for any loss arising by reason of Canadian Agent or a Canadian Resident Lender failing to use the same standard of care in the custody of such bankers' acceptance drafts as Canadian Agent or such Canadian Resident Lender use in the custody of their own property of a similar nature.

(c) Bankers' Acceptances Purchased by Canadian Resident Lenders. Where the applicable Canadian Borrower so elects in the Borrowing Notice or Continuation/Conversion Notice, a Canadian Resident Lender shall purchase Bankers' Acceptances accepted by it for an amount equal to the Discount Proceeds.

(d) Marketing. Where the applicable Canadian Borrower so elects in the Borrowing Notice or Continuation/Conversion Notice, it shall be responsible for, and shall make its own arrangements with respect to, the marketing of Bankers' Acceptances.

(e) Power of Attorney. To facilitate the procedures contemplated in this Agreement, each Canadian Borrower appoints each Canadian Resident Lender from time to time as the attorney-in-fact of such Canadian Borrower to execute, endorse and deliver on behalf of such Canadian Borrower drafts or depository bills in the form or forms prescribed by such Canadian Resident Lender for Bankers' Acceptances denominated in Canadian Dollars. Each Bankers' Acceptance executed and delivered by a Canadian Resident Lender on behalf of a Canadian Borrower shall be as binding upon such Canadian Borrower as if it had been executed and delivered by a duly authorized officer of such Canadian Borrower. The foregoing appointment shall cease to be effective, in respect of any Canadian Resident Lender regarding a Canadian Borrower, three Business Days following receipt by such Canadian Resident Lender of a written notice from such Canadian Borrower revoking such appointment (which notice shall be copied to the Canadian Agent); provided that any such revocation shall not affect Bankers' Acceptances previously executed and delivered by such Canadian Resident Lender pursuant to such appointment.

(f) Non-resident Lenders Participation in Borrowing of Bankers' Acceptances by Making Canadian Dollar Eurodollar Loans. As part of each Borrowing by way of Bankers' Acceptances from Canadian Resident Lenders, each Non-resident Lender shall, with respect to its

obligations to fund such Borrowing, make a Canadian Dollar Eurodollar Loan by advancing Canadian Dollars in the amount of its Percentage Share of such Borrowing having a Eurodollar Interest Period that is substantially the same as the period to maturity of the Bankers' Acceptances that are accepted in such Borrowing by Canadian Resident Lenders in order that all Borrowings other than Competitive Bid Loans shall remain pro rata during the term of this Agreement. Such Canadian Dollar Eurodollar Loan shall otherwise be made on the terms set forth in Article I with respect to such Type of Loan.

(g) Canadian Dollars Unavailable to Non-resident Lenders. In the event that

(i) either Canadian Borrower has requested a Borrowing in Canadian Prime Rate Loans or (ii) the Loans in any Borrowing are automatically converted to Canadian Prime Rate Loans, and a Non-resident Lender is unable to obtain Canadian Dollars with which to fund its Percentage Share of such Borrowing, such Non-resident Lender may, with respect to its obligations to fund such Borrowing, make a Canadian Base Rate Loan in an amount equal to the US Dollar Exchange Equivalent of its Percentage Share of such Borrowing.

(h) Pro-Rata Treatment of Canadian Advances.

(i) Each Canadian Advance shall be made available by each Lender and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Canadian Advances outstanding hereunder to each Lender will, to the extent possible (but in any event, to the extent necessary to comply with Section 1.4(b)(iii)), thereafter be pro rata in accordance with such Lender's Percentage Share. The Canadian Agent is authorized by each Canadian Borrower and each Lender to determine, in its sole and unfettered discretion, the portion of each Canadian Advance and each Type of Canadian Advance to be made available by each Lender and the application of repayments and reductions of Canadian Advances to give effect to the provisions of this Section, provided that no Lender shall, as a result of any such determination, have a Percentage Share of the Canadian Advances which is in excess of its Percentage Share of the Canadian Maximum Credit Amount.

(ii) In the event it is not practicable to allocate Bankers' Acceptances to each Lender such that the aggregate amount of Bankers' Acceptances required to be purchased by such Lender hereunder is in a whole multiple of C \$100,000, the Canadian Agent is authorized by each Canadian Borrower and each Lender to make such allocation as the Canadian Agent determines in its sole and unfettered discretion may be equitable in the circumstances and, if the aggregate amount of such Bankers' Acceptances is not a whole multiple of C \$100,000, then the Canadian Agent may allocate (on a basis considered by it to be equitable) the excess of such Canadian Advance over the next lowest whole multiple of C \$100,000 to one Lender, which shall purchase a Bankers' Acceptance with a face amount equal to the excess and having the same term as the corresponding Bankers' Acceptances. In no event shall the portion of the outstanding Borrowings by way of Bankers' Acceptances of a Lender exceed such Lenders' Percentage Share of the Aggregate Borrowings by way of Bankers' Acceptances by more than C \$100,000 as a result of such exercise of discretion by the Canadian Agent.

(iii) If during the term of any Bankers' Acceptance accepted by a Lender hereunder the Applicable Margin changes or an Event of Default occurs and is continuing, the fee paid to such Lender by the applicable Borrower pursuant to Section 1.5(d) (in this paragraph called the "Initial Fee") with respect to such Bankers' Acceptance shall be recalculated based upon such change in the Applicable Margin or the existence of such Event of Default for the number of days during the term of such Bankers' Acceptance that such change is applicable or such Event of Default exists. If such recalculated amount is in excess of the Initial Fee then such Canadian Borrower shall pay to such Lender the amount of such excess, and if such recalculated amount is less than the Initial Fee, then the amount of such reduction shall be credited to other amounts payable by such Canadian Borrower to such Lender.

### Section 2.3. General Procedures for Bankers' Acceptances.

(a) Notice. Either Canadian Borrower may in the Borrowing Notice or in a Continuation/Conversion Notice request a Borrowing by way of Bankers' Acceptances and, if the applicable Canadian Borrower is responsible for marketing of such Bankers' Acceptances under Section 2.2 (d), by subsequent notice to Canadian Agent provide Canadian Agent, which shall in turn notify each Canadian Resident Lender, with information as to the discount proceeds payable by the purchasers of the Bankers' Acceptances and the party to whom delivery of the Bankers' Acceptances by each Canadian Resident Lender is to be made against delivery to each Canadian Resident Lender of the applicable discount proceeds, but if it does not do so, the applicable Canadian Borrower shall initiate a telephone call to Canadian Agent by 10:00 a.m. Toronto, Ontario time on the date of advance, or the date of the Continuation or Conversion, as applicable, and provide such information to Canadian Agent. Such discount proceeds less the fee calculated in accordance with Section 1.5(d) shall promptly be delivered to the Canadian Agent. Any such telephone advice shall be subject to Section 1.2 and shall be confirmed by a written notice of the applicable Canadian Borrower to Canadian Agent prior to 2:00 p.m. Toronto, Ontario time on the same day.

(b) Continuations. In the case of a Continuation of maturing Bankers' Acceptances, issued by a Canadian Resident Lender, such Canadian Resident Lender, in order to satisfy the continuing liability of the applicable Canadian Borrower to the Canadian Resident Lender for the face amount of the maturing Bankers' Acceptances issued by such Canadian Borrower, shall retain for its own account the Net Proceeds of each new Bankers' Acceptance issued by it in connection with such Continuation; and the applicable Canadian Borrower shall, on the maturity date of the maturing Bankers' Acceptances issued by such Canadian Borrower, pay to Canadian Agent for the benefit of Canadian Resident Lenders an amount equal to the difference between the face amount of the maturing Bankers' Acceptances and the aggregate Net Proceeds of the new Bankers' Acceptances.

(c) Conversion from Canadian Prime Rate Loans and Canadian Dollar Eurodollar Loans. In the case of a Conversion from a Borrowing of Canadian Prime Rate Loans or Canadian

Dollar Eurodollar Loans into a Borrowing by way of Bankers' Acceptances to be accepted by a Canadian Resident Lender pursuant to Sections 2.1, 2.2 and 2.3, such Canadian Resident Lender, in order to satisfy the continuing liability of the applicable Canadian Borrower to it for the principal amount of the Canadian Prime Rate Loans or Canadian Dollar Eurodollar Loans owing by such Canadian Borrower being converted, shall retain for its own account the Discount Proceeds of each new Bankers' Acceptance issued by it in connection with such Conversion; and the applicable Canadian Borrower shall, on the date of issuance of the Bankers' Acceptances, pay to Canadian Agent for the benefit of Canadian Resident Lenders an amount equal to the difference between the aggregate principal amount of the Canadian Prime Rate Loans or Canadian Dollar Eurodollar Loans owing by such Canadian Borrower being converted owing to the Canadian Resident Lenders and the aggregate Discount Proceeds of such Bankers' Acceptances.

(d Conversions to Canadian Loans in Canadian Dollars. In the case of a Conversion of a Borrowing by way of Bankers' Acceptances into Canadian Loans, each Canadian Resident Lender, in order to satisfy the liability of the applicable Canadian Borrower to it for the face amount of the maturing Bankers' Acceptances, shall record the obligation of the applicable Canadian Borrower to it as a Canadian Prime Rate Loan, unless the applicable Canadian Borrower provides for payment to Canadian Agent for the benefit of Canadian Resident Lenders of the face amount of the maturing Bankers' Acceptance in some other manner acceptable to Canadian Resident Lenders, including Conversion to another Type of Canadian Loan pursuant to a Continuation/Conversion Notice.

(e Conversion from or to Canadian Loans in U.S. Dollars. In the case of a conversion of Bankers' Acceptances from or to a Canadian Base Rate Loans or US Dollar Eurodollar Loans, the parties to which this Section applies shall follow the notice procedures set out in Section 1.3 and the funding procedures set out in Section 2.3 (c) and (d) without netting of funds.

(f Authorization. Canadian Borrowers hereby authorize each Canadian Resident Lender to complete, stamp, hold, sell, rediscount or otherwise dispose of all Bankers' Acceptances accepted by it pursuant to this Section in accordance with the instructions provided by Canadian Borrowers pursuant to Section 1.3, as applicable.

(g Depository Notes. The parties agree that in the administering of Bankers' Acceptances, each Lender may avail itself of the debt clearing services offered by a clearing house for depository notes pursuant to the Depository Bills and Notes Act (Canada) and that the procedures set forth in Article II be deemed amended to the extent necessary to comply with the requirements of such debt clearing services.

Section 2.4. Execution of Bankers' Acceptances. The signatures of any authorized signatory on Bankers' Acceptances may, at the option of Canadian Borrowers, be reproduced in facsimile and such Bankers' Acceptances bearing such facsimile signatures shall be binding on Canadian Borrowers as if they had been manually signed by such authorized signatory. Notwithstanding that any person whose signature appears on any Bankers' Acceptance as a signatory may no longer be an authorized signatory of Canadian

Borrowers at the date of issuance of a Bankers' Acceptance, and notwithstanding that the signature affixed may be a reproduction only, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and as if such signature had been manually applied, and any such Bankers' Acceptance so signed shall be binding on Canadian Borrowers.

Section 2.5. Escrowed Funds. Upon the occurrence of an Event of Default and an acceleration of the Canadian Obligations under Section 8.1 or upon a prepayment permitted under Section 1.4, the applicable Canadian Borrower shall forthwith pay to Canadian Agent for deposit into an escrow account maintained by and in the name of Canadian Agent for the benefit of Canadian Resident Lenders in accordance with their Percentage Shares an amount equal to the Canadian Resident Lenders' maximum potential liability (as determined by Canadian Agent) under then outstanding Bankers' Acceptances for the applicable Canadian Borrower (the "Escrow Funds"). The Escrow Funds shall be held by Canadian Agent for set-off against future Canadian Obligations of the applicable Canadian Borrower and pending such application shall bear interest at the rate declared by Canadian Agent from time to time as that payable by it in respect of deposits for such amount and for such period relative to the maturity date of the Bankers' Acceptances, as applicable. If such Event of Default is either waived or cured in compliance with the terms of this Agreement, then the Escrow Funds, together with any accrued interest to the date of release, shall be forthwith released to the applicable Canadian Borrower.

Section 2.6. Letters of Credit. Subject to the terms and conditions hereof, either Canadian Borrower may during the Canadian Revolving Period request Canadian LC Issuer to issue one or more Letters of Credit denominated in either Canadian Dollars or US Dollars, provided that, after taking such Letter of Credit into account:

(a) the Canadian Facility Usage does not exceed the Canadian Maximum Credit Amount at such time;

(b) the aggregate amount of Canadian LC Obligations arising from Letters of Credit issued under this Agreement at such time does not exceed the Canadian LC Sublimit;

(c) the expiration date of such Letter of Credit is no more than one year after the date of issuance thereof;

(d) such Letter of Credit is to be used for general corporate purposes of such Canadian Borrower or one or more of its Subsidiaries;

(e) such Letter of Credit is not directly or indirectly used to assure payment of or otherwise support any Indebtedness of any Person other than Indebtedness of any Restricted Person permitted by this Agreement;

(f) the issuance of such Letter of Credit will be in compliance with all applicable governmental restrictions, policies, and guidelines and will not subject Canadian LC Issuer to any cost which is not reimbursable under Article III;

(g) the form and terms of such Letter of Credit are acceptable to Canadian LC Issuer in its reasonable discretion; and

(h) all other conditions in this Agreement to the issuance of such Letter of Credit have been satisfied.

Subject to the terms and conditions set forth herein, Canadian LC Issuer will, in reliance upon the agreements of the other Lenders set forth in Section 2.8(a), honor any such request if the foregoing conditions (a) through (h) (in this Section 2.6 called the "LC Conditions") have been met as of the date of issuance of such Letter of Credit. Canadian LC Issuer may choose to honor any such request for any other Letter of Credit but has no obligation to do so and may refuse to issue any other requested Letter of Credit for any reason which Canadian LC Issuer in its sole discretion deems relevant.

Section 2.7. Requesting Letters of Credit. The applicable Canadian Borrower must make written application for any Letter of Credit at least three Business Days before the date on which the applicable Canadian Borrower desires for Canadian LC Issuer to issue such Letter of Credit. By making any such written application the applicable Canadian Borrower shall be deemed to have represented and warranted that the LC Conditions described in Section 2.6 will be met as of the date of issuance of such Letter of Credit. Each such written application for a Letter of Credit must be made in writing on Canadian LC Issuer's standard form of Letter of Credit Application, the terms and provisions of which are hereby incorporated herein by reference (or in such other form as may mutually be agreed upon by Canadian LC Issuer and the applicable Canadian Borrower). Three Business Days after the LC Conditions for a Letter of Credit have been met as described in Section 2.6 (or if Canadian LC Issuer otherwise desires to issue such Letter of Credit), Canadian LC Issuer will issue such Letter of Credit at Canadian LC Issuer's office in Toronto, Ontario. If any provisions of any LC Application conflict with any provisions of this Agreement, the provisions of this Agreement shall govern and control.

Section 2.8. Reimbursement and Participations.

(a) Reimbursement by Canadian Borrowers.

(i) Prior to Canadian Conversion Date. Each Matured Canadian LC Obligation arising prior to the Canadian Conversion Date from a Letter of Credit issued under the Canadian Agreement shall constitute Canadian Prime Rate Loans made by Canadian LC Issuer to the applicable Canadian Borrower even if any condition precedent to the making of such a Loan shall not have been satisfied. Each Lender shall (in all circumstances and without set-off or counterclaim) purchase from Canadian LC Issuer its Percentage Share of such Canadian Prime Rate Loans and pay to Canadian LC Issuer on demand on the date on which such Matured LC Obligation arises, in immediately available funds at Canadian LC Issuer's address for notices hereunder, such Lender's Percentage Share of such Matured Canadian LC Obligation. Each Lender's obligation to pay

Canadian LC Issuer pursuant to the terms of this subsection is irrevocable and unconditional. If any amount required to be paid by any Lender to Canadian LC Issuer pursuant to this subsection is paid by such Lender to Canadian LC Issuer within three Business Days after the date such payment is due, Canadian LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the Canadian Prime Rate. If any amount required to be paid by any Lender to Canadian LC Issuer pursuant to this subsection is not paid by such Lender to Canadian LC Issuer within three Business Days after the date such payment is due, Canadian LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the applicable Default Rate.

(ii) From and After Canadian Conversion Date. Each Matured Canadian LC Obligation arising from and after the Canadian Conversion Date from an Overterm Canadian LC issued under the Canadian Agreement shall constitute Canadian Prime Rate Loans made by Canadian LC Issuer to the applicable Canadian Borrower and no conditions precedent to the making of such a Loan shall be required (herein called "Overterm Canadian Loans"). Each Lender shall (in all circumstances and without set-off or counterclaim) purchase from Canadian LC Issuer its Percentage Share of such Canadian Prime Rate Loans and pay to Canadian LC Issuer on demand on the date on which such Matured LC Obligation arises, in immediately available funds at Canadian LC Issuer's address for notices hereunder, such Lender's Percentage Share of such Matured Canadian LC Obligation. Each Lender's obligation to pay Canadian LC Issuer pursuant to the terms of this subsection is irrevocable and unconditional. If any amount required to be paid by any Lender to Canadian LC Issuer pursuant to this subsection is paid by such Lender to Canadian LC Issuer within three Business Days after the date such payment is due, Canadian LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the Canadian Prime Rate. If any amount required to be paid by any Lender to Canadian LC Issuer pursuant to this subsection is not paid by such Lender to Canadian LC Issuer within three Business Days after the date such payment is due, Canadian LC Issuer shall in addition to such amount be entitled to recover from such Lender and from the applicable Canadian Borrower, on demand, interest thereon calculated from such due date at the applicable Default Rate.

(b) Calculations. A written advice setting forth in reasonable detail the amounts owing under this section, submitted by Canadian LC Issuer to Canadian Borrowers or any Lender from time to time, shall be conclusive, absent manifest error, as to the amounts thereof.

Section 2.9. Letter of Credit Fees. In consideration of Canadian LC Issuer's issuance of any Letter of Credit, the applicable Canadian Borrower agrees to pay (a) to Canadian LC Issuer for its own account, a letter of credit fronting fee at a rate equal to 12.5 Basis Points per annum multiplied by the face amount of such Letter of Credit, payable on the date of issuance, and (b) to Canadian Agent, for the account of all Lenders in accordance with their respective Percentage Shares, a letter of credit issuance fee calculated by

applying the Applicable Margin to the face amount of all Letters of Credit outstanding on each day, payable in arrears on the last day of each Fiscal Quarter. In addition, the applicable Canadian Borrower will pay to LC Issuer its standard drawing and other processing fees upon any drawing under a Letter of Credit.

Section 2.10. No Duty to Inquire.

(a Drafts and Demands. Canadian LC Issuer is authorized and instructed to accept and pay drafts and demands for payment under any Letter of Credit without requiring, and without responsibility for, any determination as to the existence of any event giving rise to said draft, either at the time of acceptance or payment or thereafter. Canadian LC Issuer is under no duty to determine the proper identity of anyone presenting such a draft or making such a demand (whether by tested telex or otherwise) as the officer, representative or agent of any beneficiary under any Letter of Credit, and payment by Canadian LC Issuer to any such beneficiary when requested by any such purported officer, representative or agent is hereby authorized and approved. Canadian Borrowers release each Lender Party from, and agree to hold each Lender Party harmless and indemnified against, any liability or claim in connection with or arising out of the subject matter of this section, **WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY LENDER PARTY**, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

(b Extension of Maturity. If the maturity of any Letter of Credit is extended by its terms or by Law or governmental action, if any extension of the maturity or time for presentation of drafts or any other modification of the terms of any Letter of Credit is made at the request of any Restricted Person, or if the amount of any Letter of Credit is increased at the request of any Restricted Person, this Agreement shall be binding upon all Restricted Persons with respect to such Letter of Credit as so extended, increased or otherwise modified, with respect to drafts and property covered thereby, and with respect to any action taken by Canadian LC Issuer, Canadian LC Issuer's correspondents, or any Lender Party in accordance with such extension, increase or other modification.

(c Transferees of Letters of Credit. If any Letter of Credit provides that it is transferable, Canadian LC Issuer shall have no duty to determine the proper identity of anyone appearing as transferee of such Letter of Credit, nor shall Canadian LC Issuer be charged with responsibility of any nature or character for the validity or correctness of any transfer or successive transfers, and payment by Canadian LC Issuer to any purported transferee or transferees as determined by Canadian LC Issuer is hereby authorized and approved, and Canadian Borrowers release each Lender Party from, and agree to hold each Lender Party harmless and indemnified against, any liability or claim in connection with or arising out of the foregoing, **WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY**

ANY LENDER PARTY, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

#### Section 2.11. LC Collateral.

(a Canadian LC Obligations in Excess of Canadian Maximum Credit Amount. If, after the making of all mandatory prepayments required under Section 1.4(c), the outstanding Canadian LC Obligations will exceed Canadian Maximum Credit Amount, then in addition to prepayment of the entire principal balance of the Canadian Loans, the applicable Canadian Borrower will immediately pay to Canadian LC Issuer an amount equal to such excess. Canadian LC Issuer will hold such amount to apply against the remaining Canadian LC Obligations outstanding under the Canadian Agreement (all such amounts held for Canadian LC Obligations under this Section 2.11(a) or Section 2.11(b) being herein collectively called "LC Collateral") and the other Canadian Obligations, and such collateral may be applied from time to time to any Matured Canadian LC Obligations or other Canadian Obligations which are due and payable. Neither this subsection nor the following subsection shall, however, limit or impair any rights which Canadian LC Issuer may have under any other document or agreement relating to any Letter of Credit, LC Collateral or Canadian LC Obligation, including any LC Application, or any rights which any Lender Party may have to otherwise apply any payments by Canadian Borrowers and any LC Collateral under Section 3.1.

(b Acceleration of Canadian LC Obligations. If the Canadian Obligations or any part thereof become immediately due and payable pursuant to Section 8.1 then, unless Canadian Required Lenders otherwise specifically elect to the contrary (which election may thereafter be retracted by Canadian Required Lenders at any time), all Canadian LC Obligations shall become immediately due and payable without regard to whether or not actual drawings or payments on the Letters of Credit have occurred, and the applicable Canadian Borrower in respect of such Canadian LC Obligations shall be obligated to pay to Canadian LC Issuer immediately an amount equal to the aggregate Canadian LC Obligations which are then outstanding.

(c Investment of LC Collateral. Pending application thereof, all LC Collateral shall be invested by Canadian LC Issuer in such Investments as Canadian LC Issuer may choose in its sole discretion. All interest on (and other proceeds of) such Investments shall be reinvested or applied to Matured Canadian LC Obligations or other Canadian Obligations of the applicable Canadian Borrower which are due and payable. When all Canadian Obligations have been satisfied in full, including all Canadian LC Obligations, all Letters of Credit have expired or been terminated, and all of the applicable Canadian Borrower's reimbursement obligations in connection therewith have been satisfied in full, Canadian LC Issuer shall release any remaining LC Collateral. Each Canadian Borrower hereby assigns and grants to Canadian LC Issuer a continuing security interest in all LC Collateral paid by it to Canadian LC Issuer, all Investments purchased with such LC Collateral, and all proceeds thereof to secure its Matured Canadian LC Obligations and the other Canadian Obligations owing by it under the Canadian Loan Documents. Each Canadian Borrower further agrees that Canadian LC Issuer shall have all of the rights and

remedies of a secured party under the Personal Property Security Act (Alberta) with respect to such security interest and that an Event of Default under this Agreement shall constitute a default for purposes of such security interest. When either Canadian Borrower is required to provide LC Collateral for any reason and fails to do so on the day when required, Canadian LC Issuer may without notice to Canadian Borrowers or any other Restricted Person provide such LC Collateral (whether by transfers from other accounts maintained with Canadian LC Issuer, or otherwise) using any available funds of the applicable Canadian Borrower or any other Person also liable to make such payments.

### **ARTICLE III - Payments to Lenders**

Section 3.1. General Procedures. Each Canadian Borrower will make each payment which it owes under the Canadian Loan Documents to Canadian Agent in Toronto, Canada, if such payment is being made in Canadian Dollars, or to the US Account, if such payment is being made in US Dollars, in each case for the account of the Lender Party to whom such payment is owed, without set-off, deduction or counterclaim, and in immediately available funds, provided that any such payment may be made net of any deduction or withholding for or on account of any withholding tax which such Canadian Borrower is required at Law to withhold or deduct except as otherwise provided in Sections 3.2(d) and 3.2(e). Each such payment must be received by Canadian Agent not later than 11:00 a.m., Toronto, Ontario time, on the date such payment becomes due and payable. Any payment received by Canadian Agent after such time will be deemed to have been made on the next following Business Day. Should any such payment become due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, in the case of a payment of principal or past due interest, interest shall accrue and be payable thereon for the period of such extension as provided in the Canadian Loan Document under which such payment is due. Each payment under a Canadian Loan Document shall be due and payable at the place provided therein and, if no specific place of payment is provided, shall be due and payable at the place of payment of Canadian Agent's Canadian Note. When Canadian Agent collects or receives money on account of the Canadian Obligations of a Canadian Borrower, Canadian Agent shall distribute all money so collected or received by 2:00 p.m. Toronto, Ontario time on the Business Day received, if received by 11:00 a.m. Toronto, Ontario time, otherwise on the day of deemed receipt, and each Lender Party shall apply all such money so distributed, as follows:

(a first, for the payment of all Canadian Obligations of such Canadian Borrower which are then due (and if such money is insufficient to pay all such Canadian Obligations, first to any reimbursements due Canadian Agent under Section 6.9 or 10.4, then to any reimbursement due any other Lender Party under Section 10.4, and then to the partial payment of all other Canadian Obligations of such Canadian Borrower then due in proportion to the amounts thereof, or as Lender Parties shall otherwise agree);

(b then for the prepayment of amounts owing by such Canadian Borrower under the Canadian Loan Documents (other than principal on the Canadian Notes) if so specified by such Canadian Borrower;

(c) then for the prepayment of principal on the Canadian Notes of such Canadian Borrower that are not Competitive Bid Notes, together with accrued and unpaid interest on the principal so prepaid; and

(d) last, for the payment or prepayment of any other Canadian Obligations of such Canadian Borrower.

All payments applied to principal or interest on any Canadian Note shall be applied first to any interest then due and payable, then to principal then due and payable, and last to any prepayment of principal and interest in compliance with Sections 1.4 and 2.8. All distributions of amounts described in any of subsections (b), (c) or (d) above shall be made by Canadian Agent pro rata to each Lender Party then owed Canadian Obligations described in such subsection in proportion to all amounts owed to all Lender Parties which are described in such subsection; provided that if any Lender then owes payments to Canadian LC Issuer for the purchase of a participation under Section 2.8(a) or to Canadian Agent under Section 9.8, any amounts otherwise distributable under this section to such Lender shall be deemed to belong to Canadian LC Issuer, or Canadian Agent, respectively, to the extent of such unpaid payments, and Canadian Agent shall apply such amounts to make such unpaid payments rather than distribute such amounts to such Lender.

### Section 3.2. Change in Law; Gross Up; Increased Cost and Reduced Return.

(a) If, after the date hereof, the adoption of any applicable Law, rule, or regulation, or any change in any applicable Law, rule, or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender Party (or its Applicable Lending Office) with any request or directive (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency (the occurrence of any of the foregoing events being herein referred to as a "Change in Law"):

(i) shall subject such Lender Party (or its Applicable Lending Office) to any tax, duty, deduction or any other charge (other than with respect to Withholding Tax as defined in Section 3.2(d)) with respect to any Eurodollar Loans, Bankers' Acceptances or Competitive Bid Loans, or its obligation to make Eurodollar Loans, accept Bankers' Acceptances or issue Letters of Credit, or change the basis of taxation of any amounts payable to such Lender Party (or its Applicable Lending Office) under this Agreement or its Canadian Note in respect of any Eurodollar Loans, Bankers' Acceptances or Competitive Bid Loans other than taxes (including franchise taxes) imposed on the overall net income or capital of such Lender Party by the jurisdiction under the Laws of which such Lender Party (or its Applicable Lending Office) is organized or is a resident for tax purposes or any political subdivision thereof;

(ii) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than the Reserve Requirement utilized in the

determination of the Adjusted US Dollar Eurodollar Rate and Adjusted Canadian Dollar Eurodollar Rate) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender Party (or its Applicable Lending Office), including the commitment of such Lender Party hereunder; or

(iii) shall impose on such Lender Party (or its Applicable Lending Office) or the London interbank market any other condition affecting this Agreement or its Canadian Notes or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender Party (or its Applicable Lending Office) of making, converting into, continuing, or maintaining any Eurodollar Loans, Bankers' Acceptances or Competitive Bid Loans or to reduce any sum received or receivable by such Lender Party (or its Applicable Lending Office) under this Agreement or its Canadian Notes with respect to any Eurodollar Loans, Bankers' Acceptances or Competitive Bid Loans, then the applicable Canadian Borrower shall pay to such Lender Party on demand such amount or amounts as will compensate such Lender Party for such increased cost or reduction. If any Lender Party requests compensation by Canadian Borrowers under this Section 3.2(a), Canadian Borrowers may, by notice to such Lender Party (with a copy to Canadian Agent), suspend the obligation of such Lender Party to make or continue Canadian Advances of the Type with respect to which such compensation is requested, or to convert Canadian Advances of any other Type into Canadian Advances of such Type, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 3.5 shall be applicable); provided that such suspension shall not affect the right of such Lender Party to receive the compensation so requested.

(b If, after the date hereof, Canadian LC Issuer or any Lender Party shall have determined that the adoption of any applicable Law, rule, or regulation regarding capital adequacy or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender Party or any corporation controlling such Lender Party as a consequence of the obligations of such Lender Party hereunder to a level below that which such Lender Party or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy), then from time to time upon demand the applicable Canadian Borrower shall pay to such Lender Party such additional amount or amounts as will compensate such Lender Party for such reduction, but only to the extent that such Lender Party has not been compensated therefor by any increase in the Adjusted US Dollar Eurodollar Rate or the Adjusted Canadian Dollar Eurodollar Rate; provided that if such Lender Party fails to give notice to Canadian Borrowers of any additional costs within ninety (90) days after it has actual knowledge thereof, such Lender Party shall not be entitled to compensation for such additional costs incurred more than ninety (90) days prior to the date on which notice is given by such Lender Party.

(c) Each Lender Party shall promptly notify Canadian Borrowers and Canadian Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender Party to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender Party, be otherwise disadvantageous to it. Any Lender Party claiming compensation under this Section shall furnish to Canadian Borrowers and Canadian Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, such Lender Party shall act in good faith and may use any reasonable averaging and attribution methods.

(d) If by reason of a Change in Law, either Canadian Borrower shall be required to withhold and remit withholding taxes in respect of any principal, interest, or other amount paid or payable by it to or for the account of any Lender Party hereunder or under any other Canadian Loan Document (a "Withholding Tax"), (i) the sum payable by the applicable Canadian Borrower shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.2) such Lender Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable Canadian Borrower shall make such deductions, and (iii) the applicable Canadian Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Law.

(e) If any Overterm Canadian LC is issued for the account of either Canadian Borrower and such Canadian Borrower is required by applicable Law to withhold and remit Withholding Taxes in respect of:

(i) such Overterm Canadian LC,

(ii) any Matured Canadian LC Obligation and any Canadian Loan, the proceeds of which (including indirectly by way of Conversion or Continuation) were applied to any such Matured Canadian LC Obligation, arising from such Overterm Canadian LC, or

(iii) any other Canadian Loan where such Withholding Taxes would not have arisen if the terms of this Agreement did not permit the issuance of Overterm Canadian LCs and Overterm Canadian Loans,

then:

(x) the sum payable by the applicable Canadian Borrower shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.2) each Lender Party receives an amount equal to the sum it would have received had no such deductions been made,

(y) the applicable Canadian Borrower shall make such deductions, and

(z) the applicable Canadian Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Law.

(f) Except as provided in paragraphs (d) and (e) of this Section 3.2, no Canadian Borrower shall be required to compensate any Lender Party for any Withholding Taxes which such Canadian Borrower is required to withhold and remit in respect of any principal, interest, or other amount paid or payable by it to or for the account of any Lender Party hereunder or under any other Canadian Loan Document.

Section 3.3. Limitation on Types of Canadian Loans. If on or prior to the first day of any Eurodollar Interest Period for any Eurodollar Loan:

(a) Canadian Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the US Dollar Eurodollar Rate or the Canadian Dollar Eurodollar Rate, as applicable, for such Eurodollar Interest Period; or

(b) the Canadian Required Lenders determine (which determination shall be conclusive) and notify Canadian Agent that the Adjusted US Dollar Eurodollar Rate or the Adjusted Canadian Dollar Eurodollar Rate, as applicable, will not adequately and fairly reflect the cost to the Lenders of funding Eurodollar Loans or for such Eurodollar Interest Period;

then Canadian Agent shall give Canadian Borrowers prompt notice thereof specifying the relevant amounts or periods, and so long as such condition remains in effect, the Lender Parties shall be under no obligation to make additional Canadian Loans, continue Eurodollar Loans or convert Canadian Base Rate Loans or Canadian Dollar Prime Rate Loans into Eurodollar Loans, and the applicable Canadian Borrower shall, on the last day(s) of the then current Eurodollar Interest Period(s) for the outstanding Eurodollar Loans, either prepay such Canadian Loans or convert such Canadian Loans into Canadian Base Rate Loans, Canadian Prime Rate Loans, or Bankers' Acceptances in accordance with the terms of this Agreement.

Section 3.4. Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender Party or its Applicable Lending Office to make, maintain, or fund Eurodollar Loans hereunder, then such Lender Party shall promptly notify Canadian Borrowers thereof and such Lender Party's obligation to make or continue Eurodollar Loans and to convert BA's, Canadian Base Rate Loans, Canadian Prime Rate Loans, or Bankers' Acceptances into Eurodollar Loans shall be suspended until such time as such Lender Party may again make, maintain, and fund Eurodollar Loans (in which case the provisions of Section 3.5 shall be applicable).

Section 3.5. Treatment of Affected Loans. If the obligation of any Lender Party to make a particular Type of Loan or to continue, or to convert Canadian Loans of any other Type into, Canadian Loans of a particular Type shall be

suspended pursuant to Sections 3.2 and 3.4 hereof (Canadian Loans of such Type being herein called "Affected Loans" and such Type being herein called the "Affected Type"), such Lender Party's Affected Loans shall be automatically converted into Canadian Base Rate Loans with respect to US \$ Loans or to Canadian Prime Rate Loans with respect to C \$ Loans on the last day(s) of the then current Interest Period(s) for Affected Loans (or, in the case of a Conversion required by Section 3.4 hereof, on such earlier date as such Lender Party may specify to Canadian Borrowers with a copy to Canadian Agent) and, unless and until such Lender Party gives notice as provided below that the circumstances specified in Sections 3.2 or 3.4 hereof that gave rise to such Conversion no longer exist:

(a to the extent that such Lender Party's Affected Loans have been so converted, all payments and prepayments of principal that would otherwise be applied to such Lender Party's Affected Loans shall be applied instead to its Canadian Base Rate Loans or Canadian Prime Rate Loans, as applicable; and

(b all Canadian Loans that would otherwise be made or continued by such Lender Party as Canadian Loans of the Affected Type shall be made or continued instead as Canadian Base Rate Loans or Canadian Prime Rate Loans, as applicable, and all Canadian Loans of such Lender Party that would otherwise be converted into Canadian Loans of the Affected Type shall be converted instead into (or shall remain as) Canadian Base Rate Loans or Canadian Prime Rate Loans, as applicable.

If such Lender Party gives notice to Canadian Borrowers (with a copy to Canadian Agent) that the circumstances specified in Section 3.2 or 3.4 hereof that gave rise to the Conversion of such Lender Party's Affected Loans pursuant to this Section no longer exist (which such Lender Party agrees to do promptly upon such circumstances ceasing to exist) at a time when Canadian Loans of the Affected Type made by other Lender Parties are outstanding, such Lender Party's Canadian Base Rate Loans or Canadian Prime Rate Loans, as applicable, shall be automatically converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Canadian Loans of the Affected Type, to the extent necessary so that, after giving effect thereto, all Canadian Loans held by the Lender Parties holding Canadian Loans of the Affected Type and by such Lender Party are held pro rata (as to principal amounts, Types, and Interest Periods) in accordance with their Percentage Shares of the Canadian Maximum Credit Amount.

Section 3.6. Compensation. Upon the request of any Lender Party, the applicable Canadian Borrower shall pay to such Lender Party such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender Party) to compensate it for any loss, cost, or expense (including loss of anticipated profits) incurred by it as a result of:

(i) any payment, prepayment, or Conversion of a Canadian Loan by such Canadian Borrower (other than a Canadian Base Rate Loan or a Canadian Prime Rate Loan) for any reason, whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise, on a date other than the last day of the Interest Period for such Loan; or

(ii) any failure by such Canadian Borrower for any reason (including, without limitation, the failure of any condition precedent specified in Article IV to be satisfied) to borrow, convert, continue, or prepay a Canadian Loan by such Canadian Borrower (other than a Canadian Base Rate Loan or a Canadian Prime Rate Loan) on the date for such borrowing, Conversion, Continuation, or prepayment specified in the relevant notice of borrowing, prepayment, Continuation, or Conversion under this Agreement.

Section 3.7. Change of Applicable Lending Office. Each Lender Party agrees that, upon the occurrence of any event giving rise to the operation of Sections 3.2 through 3.5 with respect to such Lender Party, it will, if requested by Canadian Borrowers, use reasonable efforts (subject to overall policy considerations of such Lender Party) to designate another Applicable Lending Office, provided that such designation is made on such terms that such Lender Party and its Applicable Lending Office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such section. Nothing in this section shall affect or postpone any of the obligations of Canadian Borrowers or the rights of any Lender Party provided in Sections 3.2 through 3.5.

Section 3.8. Replacement of Lenders. If any Lender Party seeks reimbursement for increased costs under Sections 3.2 through 3.5, or if a Canadian Borrower is required to increase any sum payable under Section 3.2(d), then within ninety (90) days thereafter -- provided no Event of Default then exists -- Canadian Borrowers shall have the right (unless such Lender Party withdraws its request for additional compensation) to replace such Lender Party by requiring such Lender Party to assign its Canadian Advances, Canadian Notes, Canadian LC Obligations, US Loans, US Notes, US LC Obligations and its commitments hereunder and under the US Agreement to an Eligible Assignee reasonably acceptable to all Borrowers, provided that: all Obligations of Borrowers owing to such Lender Party being replaced (including such increased costs, but excluding principal and accrued interest on the Canadian Notes and the US Notes being assigned) shall be paid in full to such Lender Party concurrently with such assignment, and the replacement Eligible Assignee shall purchase the foregoing by paying to such Lender Party a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment Canadian Borrowers, Canadian Agent, US Borrower, US Agent, such Lender Party and the replacement Eligible Assignee shall otherwise comply with Section 10.6. Notwithstanding the foregoing rights of Canadian Borrowers under this section, however, Canadian Borrowers may not replace any Lender Party which seeks reimbursement for increased costs under Section 3.2 through 3.5, or to which Canadian Borrowers are required to increase any sums payable under Section 3.2(d), unless Canadian Borrowers are at the same time replacing all Lender Parties which are then seeking such compensation or to which such sums payable must be increased. In connection with any such replacement of a Lender Party, the applicable Canadian Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender Party's Canadian Advances had been prepaid at the time of such replacement.

Section 3.9. Other Taxes.

(a) Each Canadian Borrower agrees to pay any and all present or future stamp or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made by such Canadian Borrower under this Agreement or any other Canadian Loan Document or from the execution or delivery of, or otherwise with respect to, this Agreement or any other Canadian Loan Document (hereinafter referred to as "Other Taxes").

(b) Each Canadian Borrower hereby agrees to indemnify each Lender Party for the full amount of Other Taxes (including, without limitation, any Other Taxes imposed or asserted by any jurisdiction on amounts payable by such Canadian Borrower under this section) paid by such Lender Party or Canadian Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto.

(c) If either Canadian Borrower is required to pay additional amounts to or for the account of any Lender Party pursuant to this Section 3.9, then such Lender Party will agree to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender Party, is not otherwise disadvantageous to such Lender Party.

(d) If a Lender Party is reimbursed for an amount paid by either Canadian Borrower pursuant to this Section 3.9, it shall promptly return such amount to such Canadian Borrower.

(e) Within thirty (30) days after the date of any payment of Other Taxes, the applicable Canadian Borrower shall furnish to Canadian Agent the original or a certified copy of a receipt evidencing such payment.

(f) Without prejudice to the survival of any other agreement of Canadian Borrowers hereunder, the agreements and obligations of Canadian Borrowers contained in this section shall survive the termination of this Agreement and the payment in full of the Canadian Notes.

#### Section 3.10. Currency Conversion and Currency Indemnity.

(a) Canadian Borrowers shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was incurred. If any payment is received on account of any Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily, pursuant to any Conversion of a Canadian Advance or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of such Canadian Borrower or otherwise howsoever), such payment shall constitute a discharge of the liability of a Canadian Borrower hereunder and under the other Canadian Loan Documents in respect of such Obligation only to the extent of the amount of the Agreed Currency which the relevant Lender Parties are able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event the applicable Canadian Borrower shall be obligated to pay the Lender Parties any deficiency in accordance with Section 3.10(c). For the foregoing purposes "rate of exchange" means the rate at which the relevant Lender Parties, as applicable, in accordance with their normal banking procedures are able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) If any Lender Party receives any payment or payments on account of the liability of either Canadian Borrower hereunder pursuant to any judgment or order in any Other Currency, and the amount of the Agreed Currency which the relevant Lender Party is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such Obligations immediately prior to such judgment or order, then such Canadian Borrower on demand shall, and such Canadian Borrower hereby agrees to, indemnify and save such Lender Party harmless from and against any loss, cost or expense arising out of or in connection with such deficiency. The agreement of indemnity provided for in this Section 3.10(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender Parties or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

#### **ARTICLE IV - Conditions Precedent to Advances**

Section 4.1. Documents to be Delivered. No Lender has any obligation to make its first Canadian Advance, and Canadian LC Issuer has no obligation to issue the first Letter of Credit, unless Canadian Agent shall have received all of the following, duly executed and delivered and in form, substance and date satisfactory to Canadian Agent:

- (a) This Agreement and any other documents that Lenders are to execute in connection herewith.
- (b) Each Canadian Note.
- (c) Guaranty of each Canadian Guarantor.
- (d) Certain certificates of Canadian Borrowers including:

(i) An "Omnibus Certificate" of the Secretary or Assistant Secretary and of the Chairman of the Board, President, or Vice President - Finance of each Canadian Borrower, which shall contain the names and signatures of the officers of such Canadian Borrower authorized to execute Canadian Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: a copy of resolutions duly adopted by the Board of Directors of such Canadian Borrower and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other Canadian Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, a copy of the charter documents of such Canadian Borrower and all amendments thereto, certified by the appropriate official of its jurisdiction of organization, and a copy of any bylaws of such Canadian Borrower; and

(ii) A "Compliance Certificate" of the Chairman of the Board or President and of the Vice President - Finance of each Canadian Borrower, of even date with such Canadian Loan or such Letter of Credit, in which such officers certify to the satisfaction of the conditions set out in subsections (a) and (b) of Section 4.3.

(e) Certificate (or certificates) of the due formation, valid existence and good standing of each Canadian Borrower in its jurisdiction of organization, issued by the appropriate official of such jurisdiction.

(f) Documents similar to those specified in subsections (d)(i) and (ii) above with respect to each Canadian Guarantor.

(g) Favorable opinions of Bennett Jones LLP, counsel for Restricted Persons, substantially in the form set forth in Exhibit E-1 and Stewart McKelvey Stirling Scales, counsel for Devon Financing ULC, substantially in the form set forth in Exhibit E-2, and a favorable opinion of Blake, Cassels & Graydon LLP covering the matters requested by Canadian Agent.

(h) The Initial Financial Statements.

Section 4.2. Additional Conditions Precedent to First Canadian Loan or First Letter of Credit. No Lender has any obligation to make its first Canadian Loan, and Canadian LC Issuer has no obligation to issue the first Letter of Credit, unless on the date thereof:

(a) All commitment, facility, agency, legal and other fees required to be paid or reimbursed to any Lender pursuant to any Canadian Loan Documents or any commitment agreement heretofore entered into shall have been paid.

(b) No event which would reasonably be expected to have a Material Adverse Effect shall have occurred since the date of the most recent Initial Financial Statements.

(c) US Borrower shall have certified that, to the knowledge of the US Borrower, no Restricted Person has any outstanding liabilities (determined in accordance with GAAP) which

are, in the aggregate, material to the consolidated financial condition of the US Borrower and its consolidated subsidiaries, taken as a whole, and which are not disclosed in the Initial Financial Statements, the Disclosure Schedule or reports, statements, schedules and other information included in filings made by the US Borrower with the Securities and Exchange Commission on or prior to May 15, 2002 or otherwise to the US Agent and/or the US Lenders.

(d) Contemporaneously with the making of the first Canadian Loan or the issuance of the first Letter of Credit, the Indebtedness outstanding under the Existing US Agreement shall be refinanced under the US Agreement.

(e) All legal matters relating to the Canadian Loan Documents and the consummation of the transactions contemplated thereby shall be satisfactory to Thompson & Knight L.L.P., US counsel to Canadian Agent, and Blake, Cassels & Graydon LLP, Canadian counsel to Canadian Agent.

Section 4.3. Additional Conditions Precedent to all Canadian Advances and Letters of Credit. No Lender has any obligation to make any Canadian Loan (including its first), and Canadian LC Issuer has no obligation to issue any Letter of Credit (including its first), unless the following conditions precedent have been satisfied:

(a) All representations and warranties made by any Restricted Person in any Canadian Loan Document shall be true on and as of the date of such Canadian Loan or the date of issuance of such Letter of Credit (except to the extent that the facts upon which such representations are based have been changed by the extension of credit hereunder) as if such representations and warranties had been made as of the date of such Canadian Loan or the date of issuance of such Letter of Credit.

(b) No Default shall exist at the date of such Canadian Loan or the date of issuance of such Letter of Credit.

#### **ARTICLE V - Representations and Warranties**

To confirm each Lender's understanding concerning Restricted Persons and Restricted Persons' businesses, properties and obligations and to induce each Lender to enter into this Agreement and to extend credit hereunder, each Canadian Borrower represents and warrants to each Lender that:

Section 5.1. No Default. No event has occurred and is continuing which constitutes a Default.

Section 5.2. Organization and Good Standing. Each Canadian Borrower and each of the Material Subsidiaries of Canadian Borrowers is duly organized, validly existing and in good standing under the Laws of its jurisdiction of

organization, having all powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each Canadian Borrower and each of the Material Subsidiaries of Canadian Borrowers is duly qualified, in good standing, and authorized to do business in all other jurisdictions within Canada wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary except where failure to so qualify would not have a Material Adverse Effect. Each Canadian Borrower and each of the Material Subsidiaries of Canadian Borrowers has taken all actions and procedures customarily taken in order to enter, for the purpose of conducting business or owning property, each jurisdiction outside Canada wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such actions and procedures desirable except where failure to so qualify would not have a Material Adverse Effect.

Section 5.3. Authorization. Each Canadian Borrower has duly taken all action necessary to authorize the execution and delivery by it of the Canadian Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. Each Canadian Borrower is duly authorized to borrow funds hereunder.

Section 5.4. No Conflicts or Consents. The execution and delivery by each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person of the Canadian Loan Documents to which each is a party, the performance by each of its obligations under such Canadian Loan Documents, and the consummation of the transactions contemplated by the various Canadian Loan Documents, do not and will not (i) conflict with any provision of (A) any Law, (B) the organizational documents or any unanimous shareholders agreement of any Restricted Person, or (C) any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person unless such conflict would not reasonably be expected to have a Material Adverse Effect, or (ii) result in the acceleration of any Indebtedness owed by any Restricted Person which would reasonably be expected to have a Material Adverse Effect, or (iii) result in or require the creation of any Lien upon any assets or properties of any Restricted Person which would reasonably be expected to have a Material Adverse Effect, except as expressly contemplated or permitted in the Canadian Loan Documents. Except as expressly contemplated in the Canadian Loan Documents no consent, approval, authorization or order of, and no notice to or filing with, any Tribunal or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Canadian Loan Document or to consummate any transactions contemplated by the Canadian Loan Documents, unless failure to obtain such consent would not reasonably be expected to have a Material Adverse Effect.

Section 5.5. Enforceable Obligations. This Agreement is, and the other Canadian Loan Documents when duly executed and delivered will be, legal, valid and binding obligations of each Restricted Person which is a party hereto or thereto, enforceable in accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights.

Section 5.6. Full Disclosure. No certificate, statement or other information delivered herewith or heretofore by any Canadian Borrower or any Subsidiary of a Canadian Borrower that is a Restricted Person to any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact known to any such Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) necessary to make the statements contained herein or therein not misleading as of the date made or deemed made. There is no fact known to any such Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) that has not been disclosed to each Lender in writing which would reasonably be expected to have a Material Adverse Effect.

Section 5.7. Litigation. Except as disclosed in the Initial Financial Statements, in the financial statements delivered to each Lender Party pursuant to Section 6.2, in the Disclosure Schedule or in a Disclosure Report, there are no actions, suits or legal, equitable, arbitral or administrative proceedings pending, or to the knowledge of any Canadian Borrower threatened, against any Canadian Borrower or any Subsidiary of a Canadian Borrower that is a Restricted Person before any Tribunal which would reasonably be expected to have a Material Adverse Effect, and there are no outstanding judgments, injunctions, writs, rulings or orders by any such Tribunal against any such Person which would reasonably be expected to have a Material Adverse Effect.

Section 5.8. Environmental and Other Laws. Except as disclosed in the Disclosure Schedule: (a) Canadian Borrowers and each Subsidiary of a Canadian Borrower that is a Restricted Person are conducting their businesses in material compliance with all applicable Laws, including Environmental Laws, and have and are in compliance with all licenses and permits required under any such Laws, unless failure to so comply would not reasonably be expected to have a Material Adverse Effect; (b) none of the operations or properties of any Canadian Borrowers and each Subsidiary of a Canadian Borrower that is a Restricted Person is the subject of federal, provincial or local investigation evaluating whether any material remedial action is needed to respond to a release of any Hazardous Materials into the environment or to the improper storage or disposal (including storage or disposal at offsite locations) of any Hazardous Materials, unless such remedial action would not reasonably be expected to have a Material Adverse Effect; and (c) neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person (and to the best knowledge of Canadian Borrowers, no other Person) has filed any notice under any Law indicating that any such Person is responsible for the improper release into the environment, or the improper storage or disposal, of any material amount of any Hazardous Materials or that any Hazardous Materials have been improperly released, or are improperly stored or disposed of, upon any property of any such Person, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

Section 5.9. Canadian Borrowers' Subsidiaries. Neither Canadian Borrower presently has any Material Subsidiary except those listed in the Disclosure Schedule or in a Disclosure Report (it being understood that inclusion of a

Subsidiary on the Disclosure Schedule does not mean that such Subsidiary is a Material Subsidiary). Each Canadian Borrower owns, directly or indirectly, the equity interest in each of its Material Subsidiaries which is indicated in the Disclosure Schedule or in a Disclosure Report.

Section 5.10. Title to Properties; Licenses. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person has good and defensible title to all of its material properties and assets, free and clear of all Liens other than Permitted Liens and of all impediments to the use of such properties and assets in such Restricted Person's business except to the extent failure to have such title would not have a Material Adverse Effect. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possesses the right to use such intellectual property) which are necessary to carry out its business as presently conducted and as presently proposed to be conducted hereafter except to the extent failure to possess such licenses, permits, franchises, and intellectual property would not have a Material Adverse Effect, and no such Restricted Person is in violation in any material respect of the terms under which it possesses such intellectual property or the right to use such intellectual property except to the extent any such violation would not have a Material Adverse Effect.

Section 5.11. Solvency. Upon giving effect to the issuance of the Canadian Notes, the execution of the Canadian Loan Documents by Canadian Borrowers and the consummation of the transactions contemplated hereby, each Canadian Borrower will be solvent (as such term is used in applicable bankruptcy, liquidation, receivership, insolvency or similar Laws).

#### **ARTICLE VI - Affirmative Covenants of Canadian Borrowers**

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to each Canadian Borrower, and to induce each Lender to enter into this Agreement and extend credit hereunder, each Canadian Borrower warrants, covenants and agrees that until the full and final payment of the Canadian Obligations and the termination of this Agreement, unless Canadian Required Lenders have previously agreed otherwise:

Section 6.1. Payment and Performance. Each Canadian Borrower will pay all amounts due by it under the Canadian Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed or implied in the Canadian Loan Documents to be binding upon it. Each Canadian Borrower will cause each of its Subsidiaries which is a Restricted Person to observe, perform and comply with every such term, covenant and condition in any Loan Document.

Section 6.2. Books, Financial Statements and Reports. Each Canadian Borrower will at all times maintain full and

accurate books of account and records. Each Canadian Borrower will maintain and will cause its Subsidiaries to maintain a standard system of accounting, will maintain its Fiscal Year, and will furnish (or will cause to be furnished) the following statements and reports to each Lender Party at Canadian Borrowers' expense:

(a) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, complete Consolidated financial statements of US Borrower together with all notes thereto, prepared in reasonable detail in accordance with US GAAP, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by KPMG Peat Marwick L.L.P., or other independent certified public accountants selected by US Borrower and acceptable to US Agent, stating that such Consolidated financial statements have been so prepared. These financial statements shall contain a Consolidated balance sheet as of the end of such Fiscal Year and Consolidated statements of earnings, of cash flows, and of changes in owners' equity for such Fiscal Year, each setting forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, within ninety (90) days after the end of each Fiscal Year each Canadian Borrower will furnish to Canadian Agent and each Lender a certificate in the form of Exhibit D signed by the President, Senior Vice President - Finance, Treasurer or Vice President - Accounting of US Borrower and Canadian Borrowers, stating that such financial statements are accurate and complete, stating that such Person has reviewed the Canadian Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of Section 7.7, and further stating that there is no condition or event at the end of such Fiscal Year or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(b) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, US Borrower's Consolidated and consolidating balance sheet and income statement as of the end of such Fiscal Quarter and a Consolidated statement of cash flows for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all in reasonable detail and prepared in accordance with US GAAP, subject to changes resulting from normal year-end adjustments. In addition each Canadian Borrower will, together with each such set of financial statements, furnish a certificate in the form of Exhibit D signed by the President, Senior Vice President - Finance, Treasurer or Vice President - Accounting of such US Borrower stating that such financial statements are accurate and complete (subject to normal year-end adjustments), stating that such Person has reviewed the Canadian Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of Section 7.7 and further stating that there is no condition or event at the end of such Fiscal Quarter or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(c) Promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent by US Borrower or any of its Subsidiaries that is a Restricted Person to its shareholders and all registration statements, prospectuses, periodic reports and other statements and schedules filed by any such Person with any exchange, any securities commission or any similar Governmental Authority, including any information or estimates with respect to US Borrower's oil and gas business (including its exploration, development and production activities)

which are required to be furnished in such Canadian Borrower's annual report pursuant to securities legislation or the rules, policies and requirements of any Governmental Authority.

Section 6.3. Other Information and Inspections. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will furnish to each Lender any information which Canadian Agent may from time to time reasonably request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with such Persons' businesses and operations. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will permit representatives appointed by Canadian Agent (including independent accountants, auditors, agents, lawyers, appraisers and any other Persons) to visit and inspect upon prior written notice during normal business hours any of such Restricted Person's property, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person shall permit Canadian Agent or its representatives to investigate and verify the accuracy of the information furnished to Canadian Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and representatives.

Section 6.4. Notice of Material Events. Canadian Borrowers will promptly notify each Lender in writing, stating that such notice is being given pursuant to this Agreement, of:

(a) the occurrence of any event which would have a Material Adverse Effect,

(b) the occurrence of any Default,

(c) the acceleration of the maturity of any Indebtedness owed by any of Canadian Borrowers or any of their Subsidiaries that are Restricted Persons having a principal balance of more than US \$150,000,000, or of any default by any such Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such default would have a Material Adverse Effect,

(d) the occurrence of any Termination Event which could reasonably be expected to cause (i) the total amount of withdrawal liability that would be incurred by all ERISA Affiliates upon their complete withdrawal from all Multiemployer Plans to exceed US \$250,000,000, or (ii) the aggregate Liabilities of the ERISA Affiliates to ERISA Plans to exceed \$250,000,000,

(e) any claim of US \$250,000,000 or more, any notice of potential liability under any Environmental Laws which might exceed such amount, or any other material adverse claim asserted against any of Canadian Borrowers or any of their Subsidiaries that are Restricted Persons or with respect to any such Person's properties, and

(f) the filing of any suit or proceeding against any Canadian Borrowers or any of their Subsidiaries that are Restricted Person in which an adverse decision would reasonably be expected to have a Material Adverse Effect.

Section 6.5. Maintenance of Properties. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will maintain, preserve, protect, and keep all property used or useful in the conduct of its business in good condition, and will from time to time make all repairs, renewals and replacements needed to enable the business and operations carried on in connection therewith to be promptly and advantageously conducted at all times except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 6.6. Maintenance of Existence and Qualifications. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will maintain and preserve its existence and its rights and franchises in full force and effect and will qualify to do business in all states or jurisdictions where required by applicable Law, except where the failure so to qualify will not have a Material Adverse Effect.

Section 6.7. Payment of Trade Liabilities, Taxes, etc. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will (a) timely file all required tax returns; (b) timely pay all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property; and (c) maintain appropriate accruals and reserves for all of the foregoing in accordance with US GAAP. Such Restricted Person may, however, delay paying or discharging any of the foregoing so long as it is in good faith contesting the validity thereof by appropriate proceedings and has set aside on its books adequate reserves therefor.

Section 6.8. Insurance. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will keep or cause to be kept insured in accordance with industry standards by financially sound and reputable insurers, its surface equipment and other property of a character usually insured by similar Persons engaged in the same or similar businesses.

Section 6.9. Performance on Canadian Borrowers' Behalf. If either Canadian Borrower or any Subsidiary of a Canadian Borrower that is a Restricted Person fails to pay any taxes, insurance premiums, expenses, lawyers' fees or other amounts it is required to pay under any Canadian Loan Document, Canadian Agent may pay the same, and shall use its best efforts to give at least five (5) Business Days notice to Canadian Borrowers prior to making any such payment; provided, however, that any failure by Canadian Agent to so notify Canadian Borrowers shall not limit or otherwise impair Canadian Agent's ability to make any such payment. Northstar Energy shall immediately reimburse Canadian Agent for any such payments and each amount paid by Canadian Agent shall constitute a Canadian Obligation owed hereunder which is due and payable on the date such amount is paid by Canadian Agent.

Section 6.10. Interest. Each Canadian Borrower hereby promises to each Lender Party to pay interest at the Default Rate applicable to Canadian Base Rate Loans on all Canadian Obligations (including Canadian Obligations to pay fees or to reimburse or indemnify any Lender) which such Canadian Borrower has in this Agreement promised to pay to such Lender Party and which are not paid when due. Such interest shall accrue from the date such Canadian Obligations become due until they are paid.

Section 6.11. Compliance with Law. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will conduct its business and affairs in compliance with all Laws applicable thereto except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 6.12. Environmental Matters.

(a) Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will comply in all material respects with all Environmental Laws now or hereafter applicable to such Restricted Person, as well as all contractual obligations and agreements with respect to environmental remediation or other environmental matters, and shall obtain, at or prior to the time required by applicable Environmental Laws, all environmental, health and safety permits, licenses and other authorizations necessary for its operations and will maintain such authorizations in full force and effect, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(b) Each Canadian Borrower will promptly furnish to Canadian Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by such Canadian Borrower, or of which it has notice, pending or threatened against such Canadian Borrower, by any Governmental Authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business which involve a potential liability or claim in excess of US \$250,000,000.

Section 6.13. Bank Accounts; Offset. Each Canadian Borrower hereby agrees that each Canadian Lender shall have the right to offset (which shall be in addition to all other interests, liens, and rights of any Lender at common Law, under the Loan Documents, or otherwise) (a) any and all moneys, securities or other property (and the proceeds therefrom) of such Canadian Borrower now or hereafter held or received by or in transit to any Canadian Lender for the account of such Canadian Borrower, (b) any and all deposits (general or special, time or demand, provisional or final) of such Canadian Borrower with any Canadian Lender, (c) any other credits and balances of such Canadian Borrower at any time existing against any Canadian Lender, including claims under certificates of deposit, and (d) any indebtedness owed or payable by any Lender to such Canadian Borrower at any time against Canadian Obligations owing by such Canadian Borrower due to it that have not been paid when due. At any time and from time to time after the occurrence of any Event of Default and during the continuance thereof, each Lender is hereby authorized to offset against the Canadian

Obligations then due and payable to it by such Canadian Borrower (in either case without notice to such Canadian Borrower), any and all items hereinabove referred to. To the extent that any Canadian Borrower has accounts designated as royalty or joint interest owner accounts, the foregoing right of offset shall not extend to funds in such accounts which belong to, or otherwise arise from payments to such Canadian Borrower for the account of, third party royalty or joint interest owners.

#### **ARTICLE VII - Negative Covenants of Canadian Borrowers**

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to each Canadian Borrower, and to induce each Lender to enter into this Agreement and make the Canadian Loans, each Canadian Borrower warrants, covenants and agrees that until the full and final payment of the Canadian Obligations and the termination of this Agreement, unless Canadian Required Lenders have previously agreed otherwise:

Section 7.1. Indebtedness. Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Subsidiary will in any manner owe or be liable for Indebtedness except:

(a) the Canadian Obligations.

(b) capital lease obligations (excluding oil, gas or mineral leases) entered into in the ordinary course of such Restricted Person's business in arm's length transactions at competitive market rates under competitive terms and conditions in all respects, provided that such capital lease obligations required to be paid in any Fiscal Year do not in the aggregate exceed US \$50,000,000 for all Restricted Subsidiaries, whether or not Subsidiaries of any Canadian Borrower.

(c) unsecured Liabilities owed among the Restricted Persons; provided that Liabilities owed by any Restricted Subsidiary (other than Canadian Borrowers) to US Borrower may be secured by any and all assets of such Restricted Subsidiary.

(d) guaranties by one Restricted Person of Liabilities owed by another Restricted Person, if such Liabilities either (i) are not Indebtedness, or (ii) are allowed under subsections (a), (b) or (c) of this Section 7.1.

(e) Indebtedness of the Restricted Persons for plugging and abandonment bonds or for letters of credit issued by any Lender in place thereof which are required by regulatory authorities in the area of operations, and Indebtedness of the Restricted Persons for other bonds or letters of credit issued by any Lender which are required by such regulatory authorities with respect to other normal oil and gas operations.

(f) non-recourse Indebtedness as to which no Restricted Person (i) provides any guaranty or credit support of any kind (including any undertaking, guarantee, indemnity,

agreement or instrument that would constitute Indebtedness) or (ii) is directly or indirectly liable (as a guarantor or otherwise); provided, that after giving effect to such Indebtedness outstanding from time to time, US Borrower is not in violation of Section 7.7.

(g) Indebtedness that is subordinated to the US Obligations and the Canadian Obligations on terms acceptable to Canadian Required Lenders.

(h) Indebtedness in the approximate amount of C \$3,459,000 owed to Indeck Gas Supply Corporation by Northstar Energy pursuant to a Gas Sales and Purchase Agreement dated as of March 9, 1989, as heretofore or hereafter amended from time to time.

(i) Acquired Debt.

(j) Indebtedness under Hedging Contracts.

(k) Indebtedness relating to the surety bond and letter of credit obligations (including replacements thereof) listed on Schedule 2 and Indebtedness relating to the UNDRAWN amount of surety bonds and letters of credit (exclusive of the surety bonds and letter of credit obligations listed on Schedule 2 and replacements thereof) incurred in the ordinary course of business not to exceed 2% of Consolidated Assets at any time.

(l) Indebtedness outstanding on the Closing Date or thereafter incurred pursuant to funding commitments in existence on the Closing Date and listed in Schedule 3 hereto, as the same may be amended, supplemented or modified from time to time or extended, renewed, restructured, refinanced or replaced, so long as no Restricted Subsidiary increases the aggregate principal amount thereof for which such Restricted Subsidiary is then or may thereafter become liable.

(m) miscellaneous items of Indebtedness of all Restricted Persons (other than US Borrower) not described in subsections (a) through (l) which do not in the aggregate exceed US \$400,000,000 in principal amount at any one time outstanding.

**Section 7.2. Limitation on Liens.** Except for Permitted Liens, neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will create, assume or permit to exist any Lien upon any of the properties or assets which it now owns or hereafter acquires. Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will allow the filing or continued existence of any financing statement describing as collateral any assets or property of such Restricted Person, other than financing statements which describe only collateral subject to a Lien permitted under this section and which name as secured party or lessor only the holder of such Lien.

**Section 7.3. Limitation on Mergers.** Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will merge, amalgamate or consolidate with or into any other Person except that either Canadian

Borrower or any Subsidiary of either Canadian Borrower which is a Restricted Person may be merged, amalgamated or consolidated with or into (i) either Canadian Borrower, (ii) any other Subsidiary of US Borrower, so long as the surviving business entity arising from such merger, amalgamation or consolidation is a Restricted Person; provided that if Devon Financing ULC is merged, amalgamated or consolidated with or into any such Subsidiary of either Canadian Borrower which is a Restricted Person, the surviving entity (if other than Devon Financing ULC) shall execute and deliver to Canadian Agent a guarantee on the same terms as the Devon Financing ULC Guaranties if unlesS at the same time thereof the Devon Financing ULC Guaranties are or have not been released or terminated in accordance with their terms, or (b) US Borrower, so long as US Borrower is the continuing business entity.

Section 7.4. Limitation on Issuance of Securities by Subsidiaries of US Borrower; Ownership of certain Restricted Subsidiaries by US Borrower.

(a) Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will issue any additional shares of its capital stock, additional partnership interests or other securities or any options, warrants or other rights to acquire such additional shares, partnership interests or other securities except to US Borrower or another Restricted Person which is a wholly-owned direct or indirect Subsidiary of US Borrower unless (i) such securities are being issued to acquire a business, directly or indirectly through the use of the proceeds of such issuance, and (ii) such securities are convertible into the common shares or similar securities of US Borrower and/or can be redeemed in cash at the option of the Restricted Person that issued such securities. In addition, (A) Northstar Energy may issue "Exchangeable Shares" (as defined in the Articles of Amalgamation of Northstar Energy and in this section called "Exchangeable Shares") upon the terms specified in the Articles of Amalgamation of Northstar Energy as in effect on January 1, 2001, (B) Devon Canada may issue exchangeable shares upon substantially the same terms as such Exchangeable Shares, and (C) either Canadian Borrower may issue stock options to its employees from time to time to acquire such Exchangeable Shares, provided that such options are granted under a stock option plan of either Canadian Borrower and/or US Borrower.

(b) US Borrower will at all times own, directly or indirectly, 100% of the outstanding shares of common stock of Northstar Energy and Devon Canada.

Section 7.5. Transactions with Affiliates. Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will engage in any material transaction with any of its Affiliates on terms which are less favorable in any material respect to it than those which would have been obtainable at the time in arm's-length dealing with Persons other than such Affiliates, provided that such restriction shall not apply to transactions among such Restricted Persons that are wholly-owned, directly or indirectly, by US Borrower.

Section 7.6. Funded Debt to Total Capitalization. The ratio of US Borrower's Consolidated Total Funded Debt to US Borrower's Total Capitalization will not exceed (i) seventy percent (70%) at the end of any Fiscal Quarter ending on or before June 30, 2002, or (ii) sixty-five percent (65%) at the end of any Fiscal Quarter thereafter.

### **ARTICLE VIII - Events of Default and Remedies**

Section 8.1. Events of Default. Each of the following events constitutes an Event of Default under this Agreement:

(a) Any Restricted Person fails to pay any principal component of any Canadian Obligation when due and payable or fails to pay any other Canadian Obligation or LC Collateral within three (3) days after the date when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) Any "default" or "event of default" occurs under any Canadian Loan Document which defines either such term, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(c) Any Restricted Person fails (other than as referred to in subsections (a) or (b) above) to (i) duly comply with Section 1.10 or Section 7.4(b) of the Canadian Agreement or (ii) duly observe, perform or comply with any other covenant, agreement, condition or provision of any Canadian Loan Document, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by Canadian Agent to Canadian Borrowers;

(d) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Restricted Person in connection with any Canadian Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made; provided, that if such falsity or lack of correctness is capable of being remedied or cured within a 30-day period, Canadian Borrowers shall (subject to the other provisions of this

Section 8.1) have a period of 30 days after written notice thereof has been given to Canadian Borrowers by Canadian Agent within which to remedy or cure such lack of correctness, or this Agreement, any Canadian Note, or the Guaranty executed by any Canadian Guarantor is asserted to be or at any time ceases to be valid, binding and enforceable in any material respect as warranted in Section 5.5 for any reason other than its release or subordination by Canadian Agent;

(e) Any Restricted Person fails to duly pay any Indebtedness in excess of US \$150,000,000 constituting principal or interest owed by it with respect to borrowed money or money otherwise owed under any note, bond, or similar instrument, or (ii) breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, other than a breach or default described in clause (i) above, and any such failure, breach or default results in the acceleration of such Indebtedness; provided that

notwithstanding any provision of this subsection (e) to the contrary, to the extent that the terms of any such agreement or instrument governing the sale, pledge or disposal of Margin Stock or utilization of the proceeds of such Indebtedness in connection therewith would result in such acceleration and in a Default or an Event of Default under this Agreement, and would cause this Agreement or any Canadian Loan to be subject to the margin requirements or any other restriction under Reg U, then such acceleration shall not constitute a Default or Event of Default under this subsection (e);

(f) Any Change of Control occurs;

(g) Any "Event of Default" occurs under the US Agreement; and

(h) Any Canadian Borrower, any Canadian Guarantor or any other Restricted Person having assets with a book value of at least US \$250,000,000:

(i) suffers the entry against it of a judgment, decree or order for relief by a Tribunal of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar Law of any jurisdiction now or hereafter in effect, including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada), as each are from time to time amended, or has any such proceeding commenced against it which remains undismissed for a period of thirty days; or

(ii) commences a voluntary case under any applicable bankruptcy, insolvency or similar Law now or hereafter in effect, including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada), as each are from time to time amended; or applies for or consents to the entry of an order for relief in an involuntary case under any such Law; or makes a general assignment for the benefit of creditors; or fails generally to pay (or admits in writing its inability to pay) its debts as such debts become due; or takes corporate or other action to authorize any of the foregoing; or

(iii) suffers the appointment of or taking possession by a receiver, receiver-manager, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its property in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within thirty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) suffers the entry against it of a final judgment for the payment of money in an amount that exceeds (x) the valid and collectible insurance in respect thereof or (y) the amount of an indemnity with respect thereto reasonably acceptable to the Required Lenders by US \$250,000,000 or more, unless the same is discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers a levy of distress or execution or possession, or a writ or warrant of attachment or any similar process to be issued by any Tribunal against all or any part of its property having a book value of at least US \$250,000,000, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside.

Upon the occurrence of an Event of Default described in subsection (h)(i), (h)(ii) or (h)(iii) of this section with respect to Canadian Borrowers, all of the Canadian Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Canadian Borrowers and each Restricted Person who at any time ratifies or approves this Agreement. Upon any such acceleration, any obligation of any Lender to make any further Canadian Advances, any obligation of Canadian LC Issuer to issue Letters of Credit hereunder, and any obligation of Canadian Swing Lender to make any further Canadian Swing Loans shall be permanently terminated. During the continuance of any other Event of Default, Canadian Agent at any time and from time to time may (and upon written instructions from Canadian Required Lenders, Canadian Agent shall), without notice to Canadian Borrowers or any other Restricted Person, do either or both of the following: (1) terminate any obligation of Lenders to make Canadian Advances hereunder, any obligation of Canadian LC Issuer to issue Letters of Credit hereunder, and any obligation of Canadian Swing Lender to make Canadian Swing Loans hereunder, and (2) declare any or all of the Canadian Obligations immediately due and payable, and all such Canadian Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Canadian Borrowers and each Restricted Person who at any time ratifies or approves this Agreement.

Section 8.2. Remedies. If any Event of Default shall occur and be continuing, each Lender Party may protect and enforce its rights under the Canadian Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Canadian Loan Document, and each Lender Party may enforce the payment of any Canadian Obligations due it or enforce any other legal or equitable right which it may have. All rights, remedies and powers conferred upon Lender Parties under the Canadian Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the Canadian Loan Documents or at Law or in equity.

## **ARTICLE IX - Canadian Agent**

Section 9.1. Appointment, Powers, and Immunities.

(a) Each Lender hereby irrevocably appoints and authorizes Canadian Agent to act as its agent under this Agreement and the other Canadian Loan Documents with such powers and

discretion as are specifically delegated to Canadian Agent by the terms of this Agreement and the other Canadian Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent-Related Persons: (i) shall not have any duties or responsibilities except those expressly set forth in this Agreement and shall not be trustees or fiduciaries for any Lender; (ii) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or in connection with any Canadian Loan Document or any certificate or other document referred to or provided for in, or received by any of them under, any Canadian Loan Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Canadian Loan Document, or any other document referred to or provided for therein or for any failure by any Restricted Person or any other Person to perform any of its obligations thereunder; (iii) shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Restricted Person or the satisfaction of any condition or to inspect the property (including the books and records) of any Restricted Person or any of its Subsidiaries or Affiliates or for the failure of any Restricted Person or Lender Party to perform its obligations under any Loan Document; (iv) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; and (v) shall not be responsible for any action taken or omitted to be taken by it under or in connection with any Loan Document, except for its own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the number of Lenders herein specified with respect to a particular action shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Canadian Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to US Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) US LC Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as the US Agent may agree at the request of the Required Lenders to act for US LC Issuer with respect thereto; provided, however, that US LC Issuer shall have all of the benefits and immunities (i) provided to the US Agent in this Article IX with respect to any acts taken or omissions suffered by US LC Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "US Agent" as used in this Article IX included US LC Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to US LC Issuer.

#### Section 9.2. Reliance by Canadian Agent.

(a) Canadian Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telecopy) believed by it to be genuine and correct and to have been signed, sent or made by or on

behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Restricted Person), independent accountants, and other experts selected by Canadian Agent. Canadian Agent may deem and treat the payee of any Canadian Note as the holder thereof for all purposes hereof unless and until Canadian Agent receives and accepts an Assignment and Assumption executed in accordance with Section 10.6 hereof. Canadian Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Canadian Required Lenders, Canadian Majority Lenders or all Lenders, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all Lenders and participants. Where this Agreement expressly permits or prohibits an action unless the Canadian Required Lenders, Canadian Majority Lenders or all Lenders otherwise determine, the Canadian Agent shall, and in all other instances, the Canadian Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by Canadian Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender; provided, however, that Canadian Agent shall not be required to take any action that exposes Canadian Agent to personal liability or that is contrary to any Loan Document or applicable Law or unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking any such action.

Section 9.3. Defaults. Canadian Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless Canadian Agent has received written notice from a Lender or Canadian Borrowers specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that Canadian Agent receives such a notice of the occurrence of a Default or Event of Default, Canadian Agent shall give prompt notice thereof to the Lenders. Canadian Agent shall (subject to Section 9.1 hereof) take such action with respect to such Default or Event of Default as shall reasonably be directed by the Canadian Required Lenders. Notwithstanding the foregoing, unless and until Canadian Agent shall have received such directions, Canadian Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

Section 9.4. Rights as Lender. With respect to its Percentage Share of the Canadian Maximum Credit Amount and the Canadian Loans made by it, Canadian Agent (and any successor acting as Canadian Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as Canadian Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include Canadian Agent in its individual capacity. Canadian Agent (and any successor acting as Canadian Agent) and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make Investments in, provide services to, and generally engage in any kind of lending, trust, or other business with

any Restricted Person or any of its Subsidiaries or Affiliates as if it were not acting as Canadian Agent, and Canadian Agent (and any successor acting as Canadian Agent) and its Affiliates may accept fees and other consideration from any Restricted Person or any of its Subsidiaries or Affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

Section 9.5. Indemnification. The Lenders agree to indemnify each Agent-Related Person (to the extent not reimbursed under Section 10.4 hereof, but without limiting the obligations of Canadian Borrowers under such section) ratably in accordance with their respective Percentage Shares, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including legal fees), or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against Canadian Agent (including by any Lender) in any way relating to or arising out of any Canadian Loan Document or the transactions contemplated thereby or any action taken or omitted by Canadian Agent under any Canadian Loan Document (INCLUDING ANY OF THE FOREGOING ARISING FROM THE NEGLIGENCE OF CANADIAN AGENT); provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Person to be indemnified, and provided further that no action taken in accordance with the directions of the number of Lenders herein specified with respect to a particular action shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender agrees to reimburse Canadian Agent promptly upon demand for its ratable share of any costs or expenses payable by Canadian Borrowers under Section 10.4, to the extent that Canadian Agent is not promptly reimbursed for such costs and expenses by Canadian Borrowers. The agreements contained in this section shall survive payment in full of the Canadian Loans and all other amounts payable under this Agreement.

Section 9.6. Non-Reliance on Canadian Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on Canadian Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Canadian Borrowers and their Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon Canadian Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the Canadian Loan Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by Canadian Agent hereunder, Canadian Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Restricted Person or any of its Subsidiaries or Affiliates that may come into the possession of Canadian Agent or any of its Affiliates.

Section 9.7. Administrative Agent in its Individual Capacity. Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each

of the Restricted Persons and their respective Affiliates as though Bank of America were not the Canadian Agent or the Canadian LC Issuer hereunder and without notice to or consent of Lenders. Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Restricted Person or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Restricted Person or such Affiliate) and acknowledge that the Canadian Agent shall be under no obligation to provide such information to them. With respect to its Canadian Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Canadian Agent or the Canadian LC Issuer, and the terms "Canadian Lender", "Canadian Lenders", "Lender" and "Lenders" include Bank of America in its individual capacity.

Section 9.8. Sharing of Set-Offs and Other Payments. Each Lender Party agrees that if it shall, whether through the exercise of rights under Canadian Loan Documents or rights of banker's lien, set off, or counterclaim against Canadian Borrowers or otherwise, obtain payment of a portion of the aggregate Canadian Obligations owed to it which, taking into account all distributions made by Canadian Agent under Section 3.1, causes such Lender Party to have received more than it would have received had such payment been received by Canadian Agent and distributed pursuant to Section 3.1, then (a) it shall be deemed to have simultaneously purchased and shall be obligated to purchase interests in the Canadian Obligations as necessary to cause all Lender Parties to share all payments as provided for in Section 3.1, and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that Canadian Agent and all Lender Parties share all payments of Canadian Obligations as provided in Section 3.1; provided, however, that nothing herein contained shall in any way affect the right of any Lender Party to obtain payment (whether by exercise of rights of banker's lien, set-off or counterclaim or otherwise) of indebtedness other than the Canadian Obligations. Canadian Borrowers expressly consent to the foregoing arrangements and agree that any holder of any such interest may to the fullest extent permitted by Law exercise any and all rights of banker's lien, set-off, or counterclaim as fully as if such holder were a holder of the Canadian Obligations in the amount of such interest. If all or any part of any funds transferred pursuant to this section is thereafter recovered from the seller under this section which received the same, the purchase provided for in this section shall be deemed to have been rescinded to the extent of such recovery, together with interest, if any, if interest is required pursuant to the order of a Tribunal order to be paid on account of the possession of such funds prior to such recovery.

Section 9.9. Investments. Whenever Canadian Agent in good faith determines that it is uncertain about how to distribute to Lender Parties any funds which it has received, or whenever Canadian Agent in good faith determines that there is any dispute among Lender Parties about how such funds should be distributed, Canadian Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If Canadian Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if Canadian Agent is otherwise required to invest funds pending distribution to Lender Parties, Canadian Agent shall invest such funds pending distribution; all interest on any such Investment shall be distributed upon the distribution of such Investment and in the same

proportion and to the same Persons as such Investment. All moneys received by Canadian Agent for distribution to Lender Parties (other than to the Person who is Canadian Agent in its separate capacity as a Lender Party) shall be held by Canadian Agent pending such distribution solely as Canadian Agent for such Lender Parties, and Canadian Agent shall have no equitable title to any portion thereof.

Section 9.10. Benefit of Article IX. The provisions of this Article (other than the following Section 9.11) are intended solely for the benefit of Lender Parties, and no Restricted Person shall be entitled to rely on any such provision or assert any such provision in a claim or defense against any Lender. Lender Parties may waive or amend such provisions as they desire without any notice to or consent of Canadian Borrowers or any Restricted Person.

Section 9.11. Resignation. Canadian Agent may resign at any time by giving written notice thereof to Lenders and Canadian Borrowers. Each such notice shall set forth the date of such resignation. Upon any such resignation, Canadian Required Lenders shall have the right to appoint a successor Canadian Agent and if no Default or Event of Default has occurred and is continuing, Canadian Required Lenders shall obtain the consent of Canadian Borrowers. A successor must be appointed for any retiring Canadian Agent, and such Canadian Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring Canadian Agent's resignation, no successor Canadian Agent has been appointed and has accepted such appointment, then the retiring Canadian Agent may appoint a successor Canadian Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of Canada or of any province thereof and if no Default or Event of Default has occurred and is continuing, retiring Canadian Agent shall obtain the consent of Canadian Borrowers. Upon the acceptance of any appointment as Canadian Agent hereunder by a successor Canadian Agent, the retiring Canadian Agent shall be discharged from its duties and obligations under this Agreement and the other Canadian Loan Documents. After any retiring Canadian Agent's resignation hereunder the provisions of this Article IX shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Canadian Agent under the Canadian Loan Documents.

Section 9.12. Lenders to Remain Pro Rata. It is the intent of all parties hereto that the pro rata share of each Lender in the Tranche B Loans and in the Canadian Obligations and the related rights and obligations of such Lender under the Loan Documents shall be substantially the same at all times during the term of this Agreement. Accordingly, the initial Tranche B Percentage Share of each Tranche B Lender in the Tranche B Maximum Credit Amount will be the same as the initial Percentage Share of such Lender in the Canadian Maximum Credit Amount. All subsequent assignments and adjustments of the interests of the Tranche B Lenders in the Tranche B Facility and the Canadian Obligations will be made so as to maintain such a pro rata arrangement; provided that for the purposes of determining these pro rata shares, any Percentage Share held by any Lender's Affiliates shall be included in determining the interests of such Lender.

Section 9.13. Other Agents. None of the Lenders identified on the facing page or signature pages of this Agreement as a "syndication agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

## **ARTICLE X - Miscellaneous**

### **Section 10.1. Waivers and Amendments; Acknowledgments.**

(a) Waivers and Amendments. No failure or delay (whether by course of conduct or otherwise) by any Lender Party in exercising any right, power or remedy which such Lender Party may have under any of the Canadian Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Lender Party of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any Canadian Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed as provided below in this section, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Restricted Person shall in any case of itself entitle any Restricted Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other Canadian Loan Documents set forth the entire understanding between the parties hereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no waiver, consent, release, modification or amendment of or supplement to this Agreement or the other Canadian Loan Documents shall be valid or effective against any party hereto unless the same is in writing and signed by (i) if such party is Canadian Borrowers, by Canadian Borrowers, (ii) if such party is Canadian Agent or Canadian LC Issuer, by such party, and (iii) if such party is a Lender, by such Lender or by Canadian Agent on behalf of Lenders with the written consent of Canadian Required Lenders (which consent has already been given as to the termination of the Canadian Loan Documents as provided in Section 10.10). Notwithstanding the foregoing or anything to the contrary herein, Canadian Agent shall not, without the prior consent of US Majority Lenders and Canadian Majority Lenders, execute and deliver on behalf of such Lender any waiver or amendment which would increase the Canadian Maximum Credit Amount hereunder, except in connection with the Re-allocations described in Section 1.12. Notwithstanding the foregoing or anything to the contrary herein, Canadian Agent shall not, without the prior consent of each individual Canadian Lender, execute and deliver on behalf of such Lender any waiver or amendment which would: (1) waive any of the conditions specified in Article IV, (2) increase the maximum amount which such Lender is committed hereunder to lend, (3) reduce any fees payable to such Lender hereunder, or the principal of, or interest on, such Lender's Note, (4) postpone any date fixed for any payment of any such fees, principal or interest,

(5) change the aggregate amount of Percentage Shares which is required for Canadian Agent, Lenders or any of them to take any particular action under the Canadian Loan Documents, (6) release either Canadian Borrower, Canadian Guarantor or Devon Financing ULC (to the extent not otherwise released pursuant to the terms of the Devon Financing ULC Guaranty executed and delivered to Canadian Agent) from its obligation to pay such Lender's Advances (it being understood and agreed that neither any assignment by Devon Financing ULC contemplated by Section 13 of such Devon Financing ULC Guaranty nor the termination thereof in accordance with its terms thereof shall constitute a release of Canadian Borrower or the Canadian Guarantor within the meaning of this Section 10.1(a) or shall require the consent of any Lender), or (7) amend this Section 10.1(a), except in connection with the Re-allocations described in Section 1.12.

(b) Acknowledgments and Admissions. Each Canadian Borrower hereby represents, warrants, acknowledges and admits that (i) it has been advised by counsel in the negotiation, execution and delivery of the Canadian Loan Documents to which it is a party, (ii) it has made an independent decision to enter into this Agreement and the other Canadian Loan Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by Canadian Agent or any Lender, whether written, oral or implicit, other than as expressly set out in this Agreement or in another Canadian Loan Document delivered on or after the date hereof, (iii) there are no representations, warranties, covenants, undertakings or agreements by any Lender as to the Canadian Loan Documents except as expressly set out in this Agreement or in another Canadian Loan Document delivered on or after the date hereof, (iv) no Lender has any fiduciary obligation toward such Canadian Borrower with respect to any Canadian Loan Document or the transactions contemplated thereby, (v) the relationship pursuant to the Canadian Loan Documents between such Canadian Borrower and the other Restricted Persons, on one hand, and each Lender, on the other hand, is and shall be solely that of debtor and creditor, respectively, (vi) no partnership or joint venture exists with respect to the Canadian Loan Documents between any Restricted Person and any Lender, (vii) Canadian Agent is not such Canadian Borrower's Canadian Agent, but Canadian Agent for Lenders, (viii) without limiting any of the foregoing, no Canadian Borrower is relying upon any representation or covenant by any Lender, or any representative thereof, and no such representation or covenant has been made, that any Lender will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the Canadian Loan Documents with respect to any such Event of Default or Default or any other provision of the Canadian Loan Documents, and (ix) all Lender Parties have relied upon the truthfulness of the acknowledgments in this section in deciding to execute and deliver this Agreement and to become obligated hereunder.

(c) Joint Acknowledgment. THIS WRITTEN AGREEMENT AND THE OTHER CANADIAN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

(d) Annual Rates of Interest. For the purposes of the Interest Act (Canada), whenever interest payable pursuant to this Agreement is calculated on the basis of a period other than a calendar year (the "Interest Period"), each rate of interest determined pursuant to such calculation expressed as an annual rate is equivalent to such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the Interest Period.

Section 10.2. Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements in the Canadian Loan Documents shall survive the execution and delivery of this Agreement and the other Canadian Loan Documents and the performance hereof and thereof, including the making or granting of the Canadian Loans and the delivery of the Canadian Notes and the other Canadian Loan Documents, and shall further survive until all of the Canadian Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to Canadian Borrowers are terminated. All statements and agreements contained in any certificate or other instrument delivered by any Restricted Person to any Lender Party under any Canadian Loan Document shall be deemed representations and warranties by each Canadian Borrower or agreements and covenants of each Canadian Borrower under this Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the Canadian Loan Documents, and the rights, powers, and privileges granted to Lender Parties in the Canadian Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Canadian Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty, indemnity, or covenant herein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Canadian Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various Canadian Loan Documents.

Section 10.3. Notices. All notices, requests, consents, demands and other communications required or permitted under any Canadian Loan Document shall be in writing, unless otherwise specifically provided in such Canadian Loan Document (provided that Canadian Agent may give telephonic notices to the other Lender Parties), and shall be deemed sufficiently given or furnished if delivered by personal delivery, by facsimile or other electronic transmission, by delivery service with proof of delivery, or by registered Canadian mail, postage prepaid, to each Canadian Borrower and Restricted Persons at the address of each Canadian Borrower specified on the signature pages hereto and to Canadian Agent at its address specified on the signature pages hereto and to each Lender Party at the address specified on Annex II (unless changed by similar notice in writing given by the particular Person whose address is to be changed). Any such notice or communication shall be deemed to have been given

(a) in the case of personal delivery or delivery service, as of the date of first attempted delivery during normal business hours at the address provided herein, (b) in the case of facsimile or other electronic

transmission, upon receipt, or (c) in the case of registered Canadian mail, five Business Days after deposit in the mail; provided, however, that no Borrowing Notice shall become effective until actually received by Canadian Agent.

#### Section 10.4. Payment of Expenses; Indemnity.

(a) Payment of Expenses. Whether or not the transactions contemplated by this Agreement are consummated, Devon Canada will promptly (and in any event, within 30 days after any invoice or other statement or notice) pay: (i) all reasonable costs and expenses incurred by or on behalf of Canadian Agent (including without limitation, legal fees) in connection with (1) the negotiation, preparation, execution and delivery of the Canadian Loan Documents, and any and all consents, waivers or other documents or instruments relating thereto, (2) the borrowings hereunder and other action reasonably required in the course of administration hereof, (3) monitoring or confirming (or preparation or negotiation of any document related to) Canadian Borrowers' compliance with any covenants or conditions contained in this Agreement or in any Canadian Loan Document, and (ii) all reasonable costs and expenses incurred by or on behalf of any Lender Party (including without limitation, legal fees, consultants' fees and accounting fees) in connection with the defense or enforcement of any of the Canadian Loan Documents (including this section) or the defense of any Lender Party's exercise of its rights thereunder.

(b) INDEMNITY. DEVON CANADA AGREES TO INDEMNIFY EACH AGENT-RELATED PERSON AND EACH LENDER PARTY, UPON DEMAND, FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, CLAIMS, LOSSES, DAMAGES, PENALTIES, FINES, ACTIONS, JUDGMENTS, SUITS, SETTLEMENTS, COSTS, EXPENSES OR DISBURSEMENTS, EXCLUDING PRINCIPAL AND INTEREST OWING BY NORTHSTAR ENERGY WITH RESPECT TO CANADIAN ADVANCES MADE TO NORTHSTAR ENERGY, BUT INCLUDING REASONABLE FEES OF LEGAL COUNSEL, ACCOUNTANTS, EXPERTS AND ADVISORS) OF ANY KIND OR NATURE WHATSOEVER (IN THIS SECTION COLLECTIVELY CALLED "LIABILITIES AND COSTS") WHICH TO ANY EXTENT (IN WHOLE OR IN PART) MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST SUCH LENDER PARTY GROWING OUT OF, RESULTING FROM OR IN ANY OTHER WAY ASSOCIATED WITH THE CANADIAN LOAN DOCUMENTS AND THE TRANSACTIONS AND EVENTS (INCLUDING THE ENFORCEMENT OR DEFENSE THEREOF) AT ANY TIME ASSOCIATED THEREWITH OR CONTEMPLATED THEREIN (WHETHER ARISING IN CONTRACT OR IN TORT OR OTHERWISE AND INCLUDING ANY VIOLATION OR NONCOMPLIANCE WITH ANY ENVIRONMENTAL LAWS BY ANY AGENT-RELATED PERSON OR ANY LENDER PARTY OR ANY OTHER PERSON OR ANY LIABILITIES OR DUTIES OF ANY AGENT-RELATED PERSON OR ANY LENDER PARTY OR ANY OTHER PERSON WITH RESPECT TO HAZARDOUS MATERIALS FOUND IN OR RELEASED INTO THE ENVIRONMENT).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY OR CAUSED, IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY AGENT-RELATED PERSON OR LENDER PARTY,

provided only that no Agent-Related Person or Lender Party shall be entitled under this section to receive indemnification for that portion, if any, of any liabilities and costs which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment. If any Person (including Canadian Borrowers or any of their Affiliates) ever alleges such gross negligence or willful misconduct by any Lender Party, the indemnification provided for in this section shall nonetheless be paid upon demand, subject to later adjustment or reimbursement, until such time as a court of competent jurisdiction enters a final judgment as to the extent and effect of the alleged gross negligence or willful misconduct. As used in this section the term "Lender Party" shall refer not only to each Person designated as such in Section 1.1 but also to each director, officer, agent, attorney, employee, representative, attorney-in-fact and Affiliate of such Person.

Section 10.5. Parties in Interest. All grants, covenants and agreements contained in the Canadian Loan Documents shall bind and inure to the benefit of the parties thereto and their respective successors and assigns; provided, however, that, except as set forth in Section 13 of the Devon Financing ULC Guaranties, no Restricted Person may assign or transfer any of its rights or delegate any of its duties or obligations under any Canadian Loan Document without the prior consent of all Lenders (and any attempted assignment or transfer by any Restricted Person without such consent shall be null and void). Neither Canadian Borrowers nor any Affiliates of Canadian Borrowers shall directly or indirectly purchase or otherwise retire any Obligations owed to any Lender nor will any Lender accept any offer to do so, unless each Lender shall have received substantially the same offer with respect to the same Percentage Share of the Obligations owed to it. If Canadian Borrowers or any Affiliate of Canadian Borrowers at any time purchases some but less than all of the Obligations owed to all Lender Parties, such purchaser shall not be entitled to any rights of any Lender under the Canadian Loan Documents unless and until Canadian Borrowers or their Affiliates have purchased all of the Obligations.

Section 10.6. Assignments and Participations.

(a) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Canadian Loans, Canadian Note, and its Percentage Share of the Canadian LC Obligations and the Canadian Maximum Credit Amount); provided, however, that

(i) each such assignment shall be to an Eligible Assignee;

(ii) together with each such assignment of its rights and obligations under this Agreement, such Lender shall assign the same Percentage Share of its rights and obligations with respect to the Tranche B Loans under the US Agreement to the same Eligible Assignee or an Affiliate of such Eligible Assignee, unless such assignment is being made to an Eligible Assignee which is an Affiliate of the assignor;

(iii) except in the case of such an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement, any partial assignment of such Lender's rights and obligations under this Agreement and under the US Agreement shall be in a collective amount at least equal to US \$20,000,000 or an integral multiple of US \$5,000,000 in excess thereof (in the case of the US Agreement calculated with respect to the Maximum US Credit Amount during the Tranche B Revolving Period and thereafter calculated with respect to the aggregate amount of the Tranche B Facility Usage and the Tranche A Maximum Credit Amount, and in the case of the Canadian Credit Agreement calculated with respect to the Canadian Maximum Credit Amount during the Canadian Revolving Period and thereafter calculated with respect to the Canadian Facility Usage);

(iv) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its rights and obligations under the Canadian Loan Documents, excluding, in the case of Bank of America, Canadian Swing Loans; and

(v) the parties to such assignment shall execute and deliver to Canadian Agent for its acceptance an Assignment and Assumption in the form of Exhibit F hereto, together with any Canadian Note subject to such assignment and a processing fee of US\$3,500.

Subject to acceptance and recording thereof by Canadian Agent pursuant to subsection (b) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the obligations, rights, and benefits of a Lender under this Agreement and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, and be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.2, 3.6, 3.9, 3.10 and 10.4). Upon the consummation of any assignment pursuant to this section, the assignor, Canadian Agent and Canadian Borrowers shall make appropriate arrangements so that, if required, new Canadian Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the Laws of Canada or a province thereof, it shall deliver to Canadian Borrowers and Canadian Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 3.9 of the US Agreement. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(b) Canadian Agent, acting solely for this purpose as an agent of Canadian Borrowers, shall maintain at its address referred to in Section 10.3 a copy of each Assignment and Assumption delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and their Percentage Share of the Canadian Maximum Credit Amount of, and principal amount of the Canadian Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent

manifest error, and Canadian Borrowers, Canadian Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Canadian Borrowers or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) Upon its receipt of an Assignment and Assumption executed by the parties thereto, together with any Canadian Note subject to such assignment and payment of the processing fee, Canadian Agent shall, if such Assignment and Assumption has been completed and is in substantially the form of Exhibit F hereto, (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the parties thereto.

(d) Any Lender may at any time, without the consent of, or notice to, Canadian Borrowers or Canadian Agent, sell participations to any Person (other than a natural person or Canadian Borrowers or any of Canadian Borrowers' Affiliates or Subsidiaries) in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Canadian Maximum Credit Amount and its Canadian Loans); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article III (provided that a participant shall not be entitled to receive any greater payment under Section 3.1 or 3.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with the Canadian Borrowers' prior written consent, and (iv) Canadian Borrowers, Canadian Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. A participant that would have been subject to Section 3.9 if it were a Lender, shall not be entitled to the benefits of Section 3.1 unless Canadian Borrowers have been notified of the participation sold to such participant, and such participant agrees, for the benefit of Canadian Borrowers, to comply with such Section as if it were a Lender) and the right of offset contained in Section 6.13 (provided that such participant agrees to be subject to Section 9.8 as if it were a Lender). Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification, or waiver of any provision of this Agreement (provided that such Lender may agree that it will not approve amendments, modifications, or waivers decreasing the amount of principal or the rate at which interest is payable on such Canadian Loans or Canadian Note, extending any scheduled principal payment date or date fixed for the payment of interest on such Canadian Loans or Canadian Note, or extending its Canadian Maximum Credit Amount without the prior consent of the participant).

(e) If the consent of Canadian Borrowers to an assignment or to an Eligible Assignee is required hereunder, Canadian Borrowers shall be deemed to have given their consent ten (10) Business Days after the date notice thereof has been delivered by the assigning Lender (through

Canadian Agent) unless such consent is expressly refused by Canadian Borrowers prior to such tenth Business Day.

(f) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Percentage Share in the Canadian Obligations and its rights and obligations hereunder pursuant to subsection 10.6(a) above, Bank of America may (i) upon 30 days' notice to Canadian Borrowers and Canadian Lenders, resign as Canadian LC Issuer and/or (ii) upon 30 days' notice to Canadian Borrowers, resign as Canadian Swing Lender and/or terminate its commitment to make Canadian Swing Loans. In the event of any such resignation by Bank of America as Canadian LC Issuer or Canadian Swing Lender or termination of its commitment to make Canadian Swing Loans, Canadian Borrowers shall be entitled to appoint from among the Canadian Lenders a successor Canadian LC Issuer or Canadian Swing Lender hereunder; provided, however, that no failure by Canadian Borrowers to appoint any such successor shall affect the resignation of Bank of America as Canadian LC Issuer or Canadian Swing Lender or termination of its commitment to make Canadian Swing Loans, as the case may be. If Bank of America resigns as Canadian LC Issuer, it shall retain all the rights and obligations of Canadian LC Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Canadian LC Issuer and all Canadian LC Obligations with respect thereto (including the right to require Canadian Lenders to make Canadian Prime Rate Loans or fund participations in unreimbursed amounts pursuant to Section 2.8. If Bank of America resigns as Canadian Swing Lender or terminates its commitment to make Canadian Swing Loans, it shall retain all the rights of Canadian Swing Lender provided for hereunder with respect to Canadian Swing Loans made by it and outstanding as of the effective date of such termination, including the right to require the Canadian Lenders to make Canadian Prime Rate Loans (or other Advances if requested by a Canadian Borrower) or fund participations in outstanding Canadian Swing Loans pursuant to Section 1.11.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender residing in the United States may at any time assign and pledge all or any portion of its Canadian Advances and its Canadian Note to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(h) Any Lender may furnish any information concerning Canadian Borrowers or any of its Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of Section 10.7 hereof.

Section 10.7. Confidentiality. Canadian Agent and each Lender (in this Section each is called a "Lending Party") agrees to keep confidential any information furnished or made available to it by Canadian Borrowers pursuant to this Agreement that is marked confidential; provided that nothing herein shall prevent any Lending Party from disclosing such information (a) to any other Lending Party or any Affiliate of any Lending Party, or any officer, director, employee, agent, or advisor of any Lending Party or Affiliate of any Lending Party, (b) to any other Person if reasonably incidental to the administration of the credit facility provided herein, (c) as required by any Law, rule, or regulation, (d) upon the order of any

Tribunal, (e) upon the request or demand of any regulatory agency or authority, (f) that is or becomes available to the public or that is or becomes available to any Lending Party other than as a result of a disclosure by any Lending Party prohibited by this Agreement, (g) in connection with any litigation to which such Lending Party or any of its Affiliates may be a party, (h) to the extent necessary in connection with the exercise of any remedy under this Agreement or any other Canadian Loan Document, and (i) subject to provisions substantially similar to those contained in this section, to any actual or proposed participant or assignee.

Section 10.8. Governing Law; Submission to Process. EXCEPT TO THE EXTENT THAT THE LAW OF ANOTHER JURISDICTION IS EXPRESSLY ELECTED IN A CANADIAN LOAN DOCUMENT, THE CANADIAN LOAN DOCUMENTS SHALL BE DEEMED CONTRACTS AND INSTRUMENTS MADE UNDER THE LAWS OF THE PROVINCE OF ALBERTA AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ALBERTA AND THE LAWS OF CANADA APPLICABLE THERETO, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HEREBY AGREES THAT ANY LEGAL ACTION OR PROCEEDING AGAINST SUCH CANADIAN BORROWER WITH RESPECT TO THIS AGREEMENT, THE CANADIAN NOTES OR ANY OF THE CANADIAN LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE PROVINCE OF ALBERTA AND EACH PARTY SUBMITS AND ATTORNS TO, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. EACH PARTY WAIVES ANY RIGHT TO STAY OR TO DISMISS ANY ACTION OR PROCEEDING BROUGHT BEFORE SAID COURTS ON THE BASIS OF FORUM NON CONVENIENS. NOTHING HEREIN SHALL AFFECT THE RIGHT OF LENDER PARTIES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF LENDER PARTIES TO BRING PROCEEDINGS AGAINST CANADIAN BORROWERS IN THE COURTS OF ANY OTHER JURISDICTION.

Section 10.9. Waiver of Judgment Interest Act (Alberta). To the extent permitted by Law, the provisions of the Judgment Interest Act (Alberta) shall not apply to the Canadian Loan Documents and are hereby expressly waived by Canadian Borrowers.

Section 10.10. Deemed Reinvestment Not Applicable. For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest shall not apply to any interest calculation under the Canadian Loan Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

Section 10.11. Limitation on Interest. Lender Parties, Restricted Persons and any other parties to the Canadian Loan Documents intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the Canadian Loan Documents shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the maximum amount of interest permitted to be charged by applicable Law from time to time in effect. Neither any Restricted Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully charged

under applicable Law from time to time in effect, and the provisions of this section shall control over all other provisions of the Canadian Loan Documents which may be in conflict or apparent conflict herewith. Lender Parties expressly disavow any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of any Obligation is accelerated. If (a) the maturity of any Obligation is accelerated for any reason, (b) any Obligation is prepaid and as a result any amounts held to constitute interest are determined to be in excess of the legal maximum, or (c) any Lender or any other holder of any or all of the Obligations shall otherwise collect moneys which are determined to constitute interest which would otherwise increase the interest on any or all of the Obligations to an amount in excess of that permitted to be charged by applicable Law then in effect, then all sums determined to constitute interest in excess of such legal limit shall, without penalty, be promptly applied to reduce the then outstanding principal of the related Obligations or, at such Lender's or holder's option, promptly returned to Canadian Borrowers or the other payor thereof upon such determination. In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the maximum amount permitted under applicable Law, Lender Parties and Restricted Persons (and any other payors thereof) shall to the greatest extent permitted under applicable Law, and in accordance with generally accepted actuarial practices and principles, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the instruments evidencing the Obligations in accordance with the amounts outstanding from time to time thereunder and the maximum legal rate of interest from time to time in effect under applicable Law in order to lawfully charge the maximum amount of interest permitted under applicable Law. In no event shall the aggregate "interest" (as defined in section 347 of the Criminal Code (Canada)) payable under the Canadian Loan Documents exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section) permitted under that section and, if any payment, collection or demand pursuant to this Agreement in respect of "interest" (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand shall be deemed to have been made by mutual mistake of Canadian Borrowers, Canadian Agent and Lenders and the amount of such excess payment or collection shall be refunded to Canadian Borrowers. For purposes of the Canadian Loan Documents, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term applicable to the Canadian Obligations on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Canadian Agent shall be prima facie evidence, for the purposes of such determination.

Section 10.12. Termination; Limited Survival. In their sole and absolute discretion, Canadian Borrowers may at any time that no Canadian Obligations are owing elect in a written notice delivered to Canadian Agent to terminate this Agreement. Upon receipt by Canadian Agent of such a notice, if no Canadian Obligations are then owing this Agreement and all other Canadian Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any Restricted Person in any Canadian Loan Document, any Obligations under Sections 3.2 through 3.6, and any

obligations which any Person may have to indemnify or compensate any Lender Party shall survive any termination of this Agreement or any other Canadian Loan Document. At the request and expense of Canadian Borrowers, Canadian Agent shall prepare and execute all necessary instruments to reflect and effect such termination of the Canadian Loan Documents. Canadian Agent is hereby authorized to execute all such instruments on behalf of all Lenders, without the joinder of or further action by any Lender.

Section 10.13. Severability. If any term or provision of any Canadian Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the Canadian Loan Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

Section 10.14. Counterparts; Fax. This Agreement may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement. This Agreement and the Canadian Loan Documents may be validly executed and delivered by facsimile or other electronic transmission.

Section 10.15. Waiver of Jury Trial, Punitive Damages, etc. EACH CANADIAN BORROWER AND EACH LENDER PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY (a) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THE CANADIAN LOAN DOCUMENTS OR ANY TRANSACTION CONTEMPLATED THEREBY OR ASSOCIATED THEREWITH, BEFORE OR AFTER MATURITY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY, (b) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES", AS DEFINED BELOW, (c) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (d) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER CANADIAN LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENTS OR FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

Section 10.16. Defined Terms. Capitalized terms and phrases used and not otherwise defined herein shall for all purposes of this Agreement have the meaning given to such terms and phrases in Annex I hereto.

Section 10.17. Annex I, Exhibits and Schedules; Additional Definitions. Annex I, Annex II, and all Exhibits and Schedules attached to this Agreement are a part hereof for all purposes.

Section 10.18. Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document, provided that nothing contained in this section shall be construed to authorize any such renewal, extension, modification, amendment or restatement. Unless the context otherwise requires or unless otherwise provided herein, the references in this Agreement to a particular statute, rule or regulation also refer to and include all amendments, supplements and other modifications to such statute, rule or regulation.

Section 10.19. References and Titles. All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 10.20. Calculations and Determinations. All calculations under the Canadian Loan Documents of interest chargeable with respect to Eurodollar Loans and of fees (excluding stamping fees on Bankers' Acceptances) shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. All calculations with respect to Bankers' Acceptances shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 days. All other calculations of interest made under the Canadian Loan Documents shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 or 366 days, as appropriate. Each determination by a Lender Party of amounts to be paid under Article III or any other matters which are to be determined hereunder by a Lender Party (such as any US Dollar Eurodollar Rate, Canadian Dollar Eurodollar Rate, Adjusted US Dollar Eurodollar Rate, Adjusted Canadian Dollar Eurodollar Rate, Business Day, Interest Period, or Reserve

Requirement) shall, in the absence of manifest error, be conclusive and binding. Unless otherwise expressly provided herein or unless Required Lenders otherwise consent all financial statements and reports furnished to any Lender Party hereunder shall be prepared and all financial computations and determinations pursuant hereto shall be made in accordance with US GAAP.

Section 10.21. Construction of Indemnities and Releases. All indemnification and release provisions of this Agreement shall be construed broadly (and not narrowly) in favor of the Persons receiving indemnification from or being released.

Section 10.22. Separate Obligations. Except as expressly set forth in Sections 1.5 and 10.4, (i) all obligations of Northstar Energy and Devon Canada under this Agreement and the other Canadian Loan Documents are separate and individual obligations of Northstar Energy and Devon Canada, respectively, and

(ii) Northstar Energy shall not have any liabilities in respect of Canadian Advances made by the Lenders to Devon Canada nor shall Devon Canada have any liabilities in respect of Canadian Advances made to Northstar Energy. Notwithstanding anything contained herein, Northstar Energy shall not have any liability to pay any assessments, fees or costs, or otherwise provide financial assistance, relating to Canadian Advances made to Devon Canada or any other obligations of Devon Canada.

Section 10.23 Amendment and Restatement of Existing Canadian Agreement. This Agreement amends and restates in its entirety the Existing Canadian Agreement. Canadian Borrowers hereby agree that (i) the Indebtedness owing by Northstar Energy and outstanding under the Existing Canadian Agreement and all accrued and unpaid interest thereon and (ii) all accrued and unpaid fees under the Existing Canadian Agreement shall be deemed to be owing by Northstar Energy and outstanding under and governed by this Agreement. Canadian Borrowers hereby acknowledge, warrant, represent and agree that this Agreement is not intended to be, and shall not be deemed or construed to be, a novation or release of the Canadian Loans or the Canadian Loan Documents. BAs outstanding on the effective date of this Agreement shall settle on the expiration date thereof in accordance with the interests therein held by the Canadian Lenders on such effective date.

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IN WITNESS WHEREOF, this Agreement is executed as of the date first written above.

**NORTHSTAR ENERGY CORPORATION**  
**Canadian Borrower**

By: /s/ Paul Brereton

-----  
Paul Brereton  
Vice President - Finance

Address:

3000, 400-3 Avenue SW  
Calgary, AB T2P 4H2  
Attention: Vice President - Finance  
Telephone: (403) 213-8151  
Fax: (403) 213-8190

**DEVON CANADA CORPORATION**  
**Canadian Borrower**

By: /s/ Paul Brereton

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Paul Brereton  
Vice President - Finance

Address:

3000, 400-3 Avenue SW  
Calgary, AB T2P 4H2  
Attention: Vice President - Finance  
Telephone: (403) 213-8151  
Fax: (403) 213-8190

**BANK OF AMERICA, N.A.**  
Administrative Agent, Canadian LC Issuer and  
Lender

By: /s/ Nelson Lam

-----  
Name: Nelson Lam  
Title: Vice President

Address:

200 Front Street West, Suite 2700  
Toronto, Canada M5V 3L2

Telephone: (416)349-4008  
Fax: (416) 349-4283

**ABN AMRO BANK, N.V., CANADA BRANCH**  
Lender

By: /s Teresa Wu

Name: Teresa Wu Title: Vice President

By: /s/ Chris Duggan

-----  
Name: Chris Duggan  
Title: Vice President

**BANK OF MONTREAL**  
Lender

By: /s/ James V. Ducote

-----  
Name: James V. Ducote  
Title: Director

**BANK OF OKLAHOMA, N.A.**  
Lender

By: /s/ John N. Huff

-----  
Name: John N. Huff  
Title: Vice President

**BANK OF TOKYO-MITSUBISHI (CANADA)**

**Lender**

By: /s/ Davis J. Stewart

-----  
Name: Davis J. Stewart  
Title: Vice President

**BAYERISCHE LANDESBANK  
GIROZENTRALE, TORONTO BRANCH**

**Lender**

By: /s/ Thomas Miller

-----  
Name: Thomas Miller  
Title: Vice President

By: /s/ Bernd Erpenbeck

-----  
Name: Bernd Erpenbeck  
Title: Second Vice President

Citibank, N.A., Canadian branch Lender

By: /s/ Jim Campbell

-----  
Name: Jim Campbell  
Title: Vice President

**CREDIT LYONNAIS NEW YORK BRANCH**

**Lender**

By: /s/ Bernard Weymuller

-----  
Name: Bernard Weymuller  
Title: Senior Vice President

**CREDIT SUISSE FIRST BOSTON**

**Lender**

By: /s/ Peter Chauvin

-----  
Name: Peter Chauvin  
Title: Vice President

By: /s/ Alain Daoust

-----  
Name: Alain Daoust  
Title: Director

**DEN NORSKE BANK ASA**

**Lender**

By: /s/ Nils Fykse

-----  
Name: Nils Fykse  
Title: First Vice President

**DEUTSCHE BANK AG, CANADA BRANCH**

**Lender**

By: /s/ Robert A. Johnston

-----  
Name: Robert A. Johnston  
Title: Vice President

By: /s/ Maria Gorzen

-----  
Name: Maria Gorzen  
Title: Vice President

**JPMORGAN CHASE BANK, TORONTO BRANCH**

**Lender**

By: /s/ Drew McDonald

-----  
Name: Drew McDonald  
Title: Vice President

By: /s/ Christine Chan

-----  
Name: Christine Chan  
Title: Vice President

**LOCAL OKLAHOMA BANK, N.A.**

**Lender**

By: /s/ John K. Slay, Jr.

-----  
Name: John K. Slay, Jr.  
Title: Sr. Vice President

**ROYAL BANK OF CANADA**

**Lender**

By: /s/ Lorne Gartner

-----  
Name: Lorne Gartner  
Title: Vice President

**SOUTHWEST BANK OF TEXAS, N.A.**

**Lender**

By: /s/ W. Bryan Chapman

-----  
Name: W. Bryan Chapman  
Title: Vice President

**THE BANK OF NEW YORK**

**Lender**

By: /s/ Raymond J. Palmer

-----  
Name: Raymond J. Palmer  
Title: Vice President

**THE BANK OF NOVA SCOTIA**

**Lender**

By: /s/ Jeff T. Cebryk

-----  
Name: Jeff T. Cebryk  
Title: Director

**UBS AG, STAMFORD BRANCH**

**Lender**

By: /s/ Patricia O'Kicki

-----  
Name: Patricia O'Kicki  
Title: Director, Banking Products Services

By: /s/ Wilfred V Saint

-----  
Name: Wilfred V. Saint  
Title: Associate Director  
Banking Products Services, U.S.

**UMB BANK**

**Lender**

By: /s/ Richard J. Lehrter

-----  
Name: Richard J. Lehrter  
Title: Community Bank President

**WACHOVIA BANK, NATIONAL  
ASSOCIATION**

**Lender**

By: /s/ David E. Humphreys

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Name: David E. Humphreys  
Title: Vice President

## ANNEX I

### DEFINED TERMS

"Acquired Debt" means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, including and together with, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any assets acquired by such specified Person, and any refinancing of the foregoing indebtedness on similar terms, taking into account current market conditions.

"Adjusted Canadian Dollar Eurodollar Rate" means, for any Canadian Dollar Eurodollar Loan for any Eurodollar Interest Period therefor, the per annum rate equal to the sum of (a) the Applicable Margin plus (b) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by Canadian Agent to be equal to the quotient obtained by dividing (i) the Canadian Dollar Eurodollar Rate for such Canadian Dollar Eurodollar Loan for such Eurodollar Interest Period by (ii) 1 minus the Reserve Requirement for such Canadian Dollar Eurodollar Loan for such Interest Period. The Adjusted Canadian Dollar Eurodollar Rate for any Canadian Dollar Eurodollar Loan shall change whenever the Applicable Margin or the Reserve Requirement changes. No Adjusted Canadian Dollar Eurodollar Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Adjusted US Dollar Eurodollar Rate" means, for any US Dollar Eurodollar Loan for any Eurodollar Interest Period therefor, the per annum rate equal to the sum of (a) the Applicable Margin plus (b) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by US Agent to be equal to the quotient obtained by dividing (i) the US Dollar Eurodollar Rate for such US Dollar Eurodollar Loan for such Eurodollar Interest Period by (ii) 1 minus the Reserve Requirement for such US Dollar Eurodollar Loan for such Interest Period. The Adjusted US Dollar Eurodollar Rate for any US Dollar Eurodollar Loan shall change whenever the Applicable Margin or the Reserve Requirement changes. No Adjusted US Dollar Eurodollar Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Affiliate" means, as to any Person, each other Person that directly or indirectly (through one or more intermediaries or otherwise) controls, is controlled by, or is under common control with, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power

(a) to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agent-Related Persons" means the US Agent (including Bank of America in its capacity as US LC Issuer and US Swing Lender) and its Affiliates, the Canadian Agent (including Bank of America in its capacity as Canadian LC Issuer and Canadian Swing Lender) and its Affiliates, the Arranger, any successors to US Agent or Canadian Agent appointed in accordance with the Loan Documents, and the officers, directors, employees, agents and attorneys-in-fact of such Persons.

"Applicable Currency" means (i) when used with respect to any US Loan or US LC Obligations, US Dollars, and (ii) when used with respect to any Canadian Prime Rate Loan, any Canadian Dollar Eurodollar Loan or any Bankers' Acceptance, Canadian Dollars, and (iii) when used with respect to any Canadian Base Rate Loan or an US Dollar Eurodollar Loan made under the Canadian Agreement, US Dollars.

"Applicable Lending Office" means, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or of an Affiliate of such Lender) designated for such Type of Loan on Annex II hereof or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to US Agent, Canadian Agent, and Borrowers by written notice in accordance with the terms hereof as the office by which its Loans of such Type are to be made and maintained.

"Applicable Margin" means

(a) when used with respect to any Tranche A Loan on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

Applicable Rating Level	Applicable Margin
Level I	24.0
Level II	35.0
Level III	45.0
Level IV	67.5
Level V	75.0

(b) when used with respect to any Tranche B Loan prior to the Tranche B Conversion Date, the number of Basis Points per annum set forth in column A below and on and after the Tranche B Conversion Date, the number of Basis Points per annum

set forth in column B below, in each case based on the Applicable Rating Level on such date:

Applicable Rating Level	A Tranche B Loan Applicable Margin Prior to Tranche B Conversion Date	B Tranche B Loan Applicable Margin On and After Tranche B Conversion Date
-----	-----	-----
Level I	53.5	91.0
Level II	65.0	102.5
Level III	75.0	112.5
Level IV	97.5	135.0
Level V	115.0	177.5

(c) when used with respect to any Canadian Loan prior to the Canadian Conversion Date, the number of Basis Points per annum set forth in column A below and on and after the Canadian Conversion Date, the number of Basis Points per annum set forth in column B below, in each case based on the Applicable Rating Level on such date:

Applicable Rating Level	A Canadian Loan Applicable Margin Prior to Canadian Conversion Date	B Canadian Loan Applicable Margin On and After Canadian Conversion Date
-----	-----	-----
Level I	51.5	89.0
Level II	62.5	100.0
Level III	72.5	110.0
Level IV	95.0	132.5
Level V	112.5	175.0

Changes in the Applicable Margin will occur automatically without prior notice as changes in the Applicable Rating Level occur. US Agent will give notice promptly to Borrowers and the Lenders of changes in the Applicable Margin.

"Applicable Rating Level" means for any day, the highest Rating Level (as such term is defined below in this paragraph) issued by S&P or Moody's (collectively, in this definition called the "Designated Rating Agencies"). As used in this definition, (i) the term "Rating Level" means

for any day with respect to any of the Designated Rating Agencies, the rating level described below (or its then equivalent) applicable on such day, issued by such Designated Rating Agency, from time to time, with respect to US Borrower's Long-Term Debt or if such rating is unavailable, equivalents thereof, including counterparty ratings, implied ratings and corporate ratings; (ii) "US Borrower's Long-Term Debt" means senior, unsecured, non-credit enhanced (other than by guaranties of Affiliates of US Borrower) long-term indebtedness for borrowed money of US Borrower, and (iii) "\$" means a rating equal to or more favorable than and "<" means a rating less favorable than.

Rating Level	S&P	Moody's
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Level I	\$A-	\$A3
Level II	BBB+	Baa1
Level III	BBB	Baa2
Level IV	BBB-	Baa3
Level V	Less Than BBB-	Less Than Baa3

If any of the Designated Rating Agencies shall not have in effect a rating for US Borrower's Long-Term Debt or if the rating system of any of the Designated Rating Agencies shall change, or if either of the Designated Rating Agencies shall cease to be in the business of rating corporate debt obligations, US Borrower and Required Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such Designated Rating Agency, but until such an agreement shall be reached, the Applicable Rating Level shall be based only upon the rating by the remaining Designated Rating Agency.

In the event that the ratings of the Designated Rating Agencies shall have a difference of more than one level, "Applicable Rating Level" shall mean the rating which is one level below the highest level issued by a Designated Rating Agency.

"Arranger" means Banc of America Securities LLC, in its capacity as sole book manager.

"BA Discount Rate" means, in respect of a BA being accepted by a Lender on any date, (i) for a Lender that is listed in Schedule I to the Bank Act (Canada), the average bankers' acceptance rate as quoted on Reuters CDOR page (or such other page as may, from time to time, replace such page on that service for the purpose of displaying quotations for bankers' acceptances accepted by leading Canadian financial institutions) at approximately 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA (the "CDOR Rate"); or, if such rate is not available at or about such time, the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Canadian Agent by the Schedule I BA Reference Banks as of 10:00 a.m.

(Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA; and (ii) for a Lender that is listed in Schedule II to the Bank Act (Canada) or a Lender that is listed in Schedule III to the Bank Act (Canada) that is not subject to the restrictions and requirements referred to in subsection 524 (2) of the Bank Act (Canada), the rate established by the Canadian Agent to be the lesser of (A) the CDOR Rate plus 10 Basis Points; and (B) the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Canadian Agent by the Schedule II BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA.

"Bankers' Acceptance" or "BA" means a Canadian Dollar draft of either Canadian Borrower, for a term selected by such Canadian Borrower of either 30, 60, 90 or 180 days (as reduced or extended by the Lender, acting reasonably, to allow the maturity thereof to fall on a Business Day) payable in Canada.

"Bank of America" means Bank of America, N.A.

"Bankruptcy and Insolvency Act (Canada)" means the Bankruptcy and Insolvency Act, S.C. 1992, c. 27, including the regulations made and, from time to time, in force under that Act.

"Basis Point" means one one-hundredth of one percent (0.01%).

"Borrower" means any of US Borrower and Canadian Borrowers.

"Borrowing" means a borrowing of new Loans of a single Type pursuant to Section 1.2 or a Continuation or Conversion of existing Loans into a single Type (and, in the case of Eurodollar Loans, with the same Interest Period) pursuant to Section 1.3 of the US Agreement or the Canadian Agreement or the acceptance or purchase of Bankers' Acceptances issued by Canadian Borrowers under the Canadian Agreement or the Continuation or Conversion of existing Banker's Acceptances into Canadian Loans of a single Type in the case of Eurodollar Loans with the same Interest Period pursuant to Section 1.3 of the Canadian Agreement.

"Borrowing Notice" means a written or telephonic request, or a written confirmation, made by any Borrower which meets the requirements of Section 1.2 of the US Agreement or Section 1.2 of the Canadian Agreement.

"Business Day" means (a) with respect to the Canadian Agreement, a day, other than a Saturday or Sunday, on which commercial banks are open for business with the public in Dallas, Texas and Toronto, Ontario and (b) with respect to the US Agreement, a day, other than a Saturday or Sunday, on which commercial banks are open for business with the public in Dallas, Texas. Any Business Day in any way relating to Eurodollar Loans (such as the day on which an

Interest Period begins or ends) must also be a day on which, in the judgment of US Agent or Canadian Agent, as applicable, significant transactions in dollars are carried out in the interbank eurocurrency market.

"Canadian Advances" has the meaning given to such term in Section 1.1(a) of the Canadian Agreement.

"Canadian Agent" means Bank of America, acting through its Canadian Branch, and its successors and assigns as administrative agent under the Canadian Agreement.

"Canadian Agreement" means that certain Amended and Restated Canadian Credit Agreement dated the Closing Date among Canadian Borrowers, Canadian Agent and Canadian Lenders and as it may be further amended, supplemented, restated or otherwise modified and in effect from time to time.

"Canadian Base Rate Loan" means a Canadian Loan which bears interest at the Canadian US Dollar Base Rate.

"Canadian Borrowers" means Northstar Energy and Devon Canada.

"Canadian Conversion Date" means the date which is 364 days after the Closing Date, or such later day to which the Canadian Conversion Date is extended pursuant to Section 1.6 of the Canadian Agreement.

"Canadian Dollar" or "C\$" means the lawful currency of Canada.

"Canadian Dollar Eurodollar Loan" means a Canadian Loan that bears interest at the Adjusted Canadian Dollar Eurodollar Rate.

"Canadian Dollar Eurodollar Rate" means, for any Canadian Dollar Eurodollar Loan within a Borrowing and with respect to the related Interest Period therefor, (a) the interest rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Canadian Agent to be the offered rate that appears on the page of the Telerate Screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3740) for deposits in Canadian Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Canadian Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Canadian Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Canadian Agent as the rate of interest at which deposits in Canadian Dollars (for delivery on the first day of such Interest Period) in same day funds in the approximate amount of the applicable Canadian Dollar Eurodollar Loan and with a term equivalent to such Interest Period would be offered by its London branch to major banks in

the London interbank Canadian Dollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

"Canadian Facility Fee Rate" means, on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

Applicable Rating Level	Applicable Canadian Facility Fee Rate
Level I	11.0
Level II	12.5
Level III	15.0
Level IV	17.5
Level V	25.0

"Canadian Facility Maturity Date" means the date which is five years and one day after the Canadian Conversion Date.

"Canadian Facility Usage" means, at the time in question, the US Dollar Equivalent of the aggregate amount of Canadian Loans, Canadian LC Obligations, and BA's outstanding at such time.

"Canadian Guarantors" means US Borrower and Devon Financing ULC.

"Canadian LC Issuer" means Bank of America in and its successors and assigns in its capacity as the issuer of Letters of Credit under the Canadian Agreement. Canadian Agent may, with the consent of Canadian Borrowers and the Lender in question, appoint any Canadian Resident Lender hereunder as a Canadian LC Issuer in place of or in addition to Canadian Agent.

"Canadian LC Obligations" means, at the time in question, the sum of all Matured Canadian LC Obligations plus the maximum amounts which Canadian LC Issuer might then or thereafter be called upon to advance under all Letters of Credit then outstanding under the Canadian Agreement.

"Canadian LC Sublimit" means US \$125,000,000.

"Canadian Lenders" means each signatory to the Canadian Agreement (other than any Borrower), including Bank of America, acting through its Canadian branch, in the capacity of a Canadian Lender and the Canadian Swing Lender hereunder, rather than as Canadian Agent and Canadian LC Issuer, and the successors of each such party as holder of a Canadian Note.

"Canadian Loan Documents" means the Canadian Agreement, the Canadian Notes, the Letters of Credit issued under the Canadian Agreement, the LC Applications related thereto, the BA's, the Guaranty executed by each Canadian Guarantor, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

"Canadian Loans" means the Canadian Revolving Loans, the Canadian Term Loans into which such Canadian Revolving Loans may be converted, the Competitive Bid Loans made under the Canadian Agreement, the Canadian Swing Loans, and the Overterm Canadian Loans.

"Canadian Majority Lenders" means Canadian Lenders whose aggregate Percentage Shares under the Canadian Agreement exceed sixty-six and two thirds percent (66 2/3%).

"Canadian Maximum Credit Amount" means US \$275,000,000 on the Closing Date, as increased or decreased thereafter pursuant to Section 1.9 of the US Credit Agreement or Section 1.12 of the Canadian Agreement, but in no event greater than \$375,000,000 or less than \$175,000,000, or the Canadian Dollar Exchange Equivalent.

"Canadian Notes" means each Lender's "Canadian Note", as defined in Section 1.1(a) of the Canadian Agreement, the Competitive Bid Notes issued under the Canadian Agreement, and the Canadian Swing Notes.

"Canadian Obligations" means the aggregate Liabilities from time to time owing by each Canadian Borrower to any Lender Party under or pursuant to any of the Canadian Loan Documents, including all Canadian LC Obligations owing thereunder. "Canadian Obligation" means any part of the Canadian Obligations.

"Canadian Overterm Facility Usage" means, at the time in question, the US Dollar Equivalent of the aggregate amount of Overterm Canadian Loans and Canadian LC Obligations in respect of Overterm Canadian LCs at such time.

"Canadian Prime Rate" means on any day a fluctuating rate of interest per annum equal to the higher of (i) the rate of interest per annum most recently announced by Canadian Agent as its reference rate for Canadian Dollar commercial loans made to a Person in Canada; and (ii) Canadian Agent's Discount Rate for Bankers' Acceptances having a maturity of thirty days plus the Applicable Margin. No Canadian Prime Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Canadian Prime Rate Loan" means a Canadian Loan that bears interest at the Canadian Prime Rate.

"Canadian Re-allocation" has the meaning given it in Section 1.9 of the US Agreement.

"Canadian Required Lenders" means Canadian Lenders whose aggregate Percentage Shares under the Canadian Agreement exceed fifty percent (50%).

"Canadian Resident Lender" means each Lender identified as such on Annex II to the Canadian Agreement or any Assignment and Acceptance executed by a new Lender, each being a Person that is (i) not a non-resident of Canada for the purposes of the Income Tax Act (Canada) or (ii) a Person that is an "authorized foreign bank" as defined in section 2 of the Bank Act (Canada) and in subsection 248(1) of the Income Tax Act (Canada) which will receive all amounts paid or credited to it under the Canadian Obligations in respect of its "Canadian banking business" for the purposes of paragraph 212(13.3)(a) of the Income Tax Act (Canada).

"Canadian Revolving Loans" has the meaning given it in Section 1.1(a) of the Canadian Agreement.

"Canadian Revolving Period" means the period from and including the Closing Date until the Canadian Conversion Date (or, if earlier, the day on which the obligations of Lenders to make Canadian Loans or the obligations of Canadian LC Issuer to issue Letters of Credit under the Canadian Agreement have been terminated or the Canadian Notes first become due and payable in full).

"Canadian Swing Lender" means Bank of America and its successors and assigns, in their individual capacities, as Canadian Swing Lenders.

"Canadian Swing Loans" has the meaning given it in Section 1.1(b) of the Canadian Agreement.

"Canadian Swing Notes" has the meaning given it in Section 1.1(b) of the Canadian Agreement.

"Canadian Swing Rate" means on any day a fluctuating rate of interest per annum established from time to time by Canadian Swing Lender as its money market rate, which rate may not be the lowest rate of interest charged by Canadian Swing Lender to its customers, plus the Applicable Margin. The Canadian Swing Rate shall never exceed the Highest Lawful Rate.

"Canadian Swing Sublimit" means US \$25,000,000.

"Canadian Term Loan" has the meaning given it in Section 1.7 of the Canadian Agreement.

"Canadian Term Period" means the period from and including the day immediately following the Canadian Conversion Date until and including the Canadian Facility Maturity Date.

"Canadian US Dollar Base Rate" means for a day, the rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (0.5%) and (b) the rate of interest per annum most recently established by Canadian Agent as its reference rate for US Dollar commercial loans made to a Person in Canada. Any change in the Canadian US Dollar Base Rate due to a change in the Canadian Agent's reference rate shall be effective on the effective date of such change. No Canadian US Dollar Base Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Cash Equivalents" means Investments in:

(a) marketable obligations, maturing within twelve months after acquisition thereof, issued or unconditionally guaranteed by Canada or the United States of America or an instrumentality or agency thereof and entitled to the full faith and credit of Canada or the United States of America, as applicable;

(b) demand deposits, and time deposits (including certificates of deposit) maturing within twelve months from the date of deposit thereof, with a domestic office (1) of US Agent or Canadian Agent or any Lender, or (2) of any bank or trust company organized under the laws of Canada or the United States of America or any Province or State therein, provided that (x) the full amount of each such deposit in such bank or trust company is insured by the Federal Deposit Insurance Corporation if applicable, or (y) such bank or trust company has capital, surplus and undivided profits aggregating at least US \$50,000,000, and

(c) (1) publicly traded debt securities with an original term of 270 days or less or (2) interest bearing securities issued to the public by banks, associated entities or similar institutions, which can be put to the issuer at the investor's unconditional option within one month after acquisition, so long as in each case such securities have a credit rating of at least A-1 from S&P or P-1 from Moody's or A-1 [low] from CBRS or R-1 [low] from DBRS.

"CBRS" means CBRS Inc., or its successor.

"Change of Control" means the occurrence of either of the following events: (i) any Person (or syndicate or group of Persons which is deemed a "person" for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) acquires more than fifty percent (50%) of the outstanding stock of US Borrower having ordinary voting power (disregarding changes in voting power based on the occurrence of contingencies) for the election of directors, or (ii) during any period of twelve successive months a majority of the Persons who were directors of US Borrower at the beginning of such period cease to be directors of US Borrower, unless such cessation relates to a voluntary reduction by US Borrower of the number of directors that comprise the board of directors of US Borrower.

"Closing Date" means June 7, 2002.

"Companies' Creditors Arrangement Act (Canada)" means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, including the regulations made and from time to time in force under that Act.

"Competitive Bid" means (i) with respect to the US Agreement, a response from any Lender to an Invitation to Bid, substantially in the form of Exhibit J to the US Agreement and (ii) with respect to the Canadian Agreement, a response from any Canadian Resident Lender to an Invitation to Bid, substantially in the form of Exhibit K to the Canadian Agreement.

"Competitive Bid Accept/Reject Letter" means (i) with respect to the US Agreement, a notice sent by US Borrower to US Agent, substantially in the form of Exhibit K to the US Agreement, indicating its acceptance or rejection of Competitive Bids from various Lenders and (ii) with respect to the Canadian Agreement, a notice sent by the applicable Canadian Borrower to Canadian Agent, substantially in the form of Exhibit L to the Canadian Agreement, indicating its acceptance or rejection of Competitive Bids from various Lenders.

"Competitive Bid Interest Period" means, with respect to any Competitive Bid Loan, a period from one day to one hundred eighty days as specified in the Competitive Bid applicable thereto.

"Competitive Bid Loan" means (i) with respect to the US Agreement, a loan from a US Lender to US Borrower pursuant to the bidding procedure described in Section 1.7 of the US Agreement and (ii) with respect to the Canadian Agreement, a loan from a Canadian Resident Lender to the applicable Canadian Borrower pursuant to the bidding procedure described in Section 1.9 of the Canadian Agreement.

"Competitive Bid Note" (i) with respect to the US Agreement, a "Competitive Bid Note" as defined in Section 1.7 of the US Agreement and (ii) with respect to the Canadian Agreement, a "Competitive Bid Note" as defined in Section 1.9 of the Canadian Agreement.

"Competitive Bid Rate" means, for any Competitive Bid Loan, the fixed rate at which such Lender is willing to make such Competitive Bid Loan indicated in its Competitive Bid. The Competitive Bid Rate shall in no event, however, exceed the Highest Lawful Rate.

"Competitive Bid Request" means (i) with respect to the US Agreement, a request by US Borrower in the form of Exhibit H to the US Agreement for Lenders to submit Competitive Bids and (ii) with respect to the Canadian Agreement, a request by the applicable Canadian Borrower in the form of Exhibit I to the Canadian Agreement for Canadian Resident Lenders to submit Competitive Bids.

"Consolidated" refers to the consolidation of any Person, in accordance with US GAAP, with its properly consolidated subsidiaries. References herein to a Person's Consolidated financial statements, financial position, financial condition, liabilities, etc. refer to the consolidated financial statements, financial position, financial condition, liabilities, etc. of such Person and its properly consolidated subsidiaries.

"Consolidated Assets" means the total assets of US Borrower and its Restricted Subsidiaries which would be shown as assets on a Consolidated balance sheet of US Borrower and its Restricted Subsidiaries prepared in accordance with US GAAP, after eliminating all amounts properly attributable to minority interest, if any, in the stock and surplus of the Restricted Subsidiaries.

"Continuation" (i) as used in the US Agreement shall refer to the continuation pursuant to Section 1.3 thereof of a Eurodollar Loan as a Eurodollar Loan from one Interest Period to the

next Interest Period and (ii) as used in the Canadian Agreement shall refer to the continuation pursuant to Section 1.3 thereof of a Eurodollar Loan as a Eurodollar Loan from one Interest Period to the next Interest Period or a rollover of a Banker's Acceptance at maturity.

"Continuation/Conversion Notice" means (i) with respect to the US Agreement, a written or telephonic request, or a written confirmation, made by Borrower which meets the requirements of Section 1.3 of the US Agreement, and (ii) with respect to the Canadian Agreement, a written or telephonic request, or a written confirmation, made by the applicable Canadian Borrower which meets the requirements of Section 1.3 of the Canadian Agreement.

"Conversion" (i) as used in the US Agreement shall refer to a conversion pursuant to Section 1.3 or Article III of one Type of US Loan into another Type of US Loan and (ii) as used in the Canadian Agreement shall refer to a conversion pursuant to Section 1.3 or Article III of one Type of Canadian Advance into another Type of Canadian Advance.

"DBRS" means Dominion Bond Rating Service Limited, or its successor.

"Default" means any Event of Default and any default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an Event of Default.

"Default Rate" means at the time in question (i) with respect to any US Base Rate Loan, the rate two percent (2%) per annum above the US Base Rate then in effect, (ii) with respect to any US Dollar Eurodollar Loan, the rate two percent (2%) per annum above the Adjusted US Dollar Eurodollar Rate then in effect for such Loan, (iii) with respect to any Canadian Prime Rate Loan, the rate two percent (2%) per annum above the Canadian Prime Rate then in effect for such Loan, (iv) with respect to any Canadian Base Rate Loan, the rate two percent (2%) per annum above the Canadian US Dollar Base Rate then in effect for such Loan, (v) with respect to any Canadian Dollar Eurodollar Loan, the rate two percent (2%) per annum above the Adjusted Canadian Dollar Eurodollar Rate then in effect for such Loan; (vi) with respect to any Competitive Bid Loan, the rate two percent (2%) per annum above the Competitive Bid Rate then in effect for such Loan; (vii) with respect to any US Swing Loan, the rate two percent (2%) per annum above the US Swing Rate then in effect for such Loan; and (viii) with respect to any Canadian Swing Loan, the rate two percent (2%) per annum above the Canadian Swing Rate then in effect for such Loan. No Default Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"Depository Bills and Notes Act (Canada)" means the Depository Bills and Notes Act (Canada), R.S.C. 1998, c. 13, including the regulations made and, from time to time, in force under that Act.

"Devon Canada" means Devon Canada Corporation, an Alberta corporation and successor to Anderson Exploration Ltd.

"Devon Financing ULC" means Devon Financing Corporation, U.L.C., a Nova Scotia unlimited liability company.

"Devon Financing ULC Guaranties" means the Guaranty executed by Devon Financing ULC and delivered to Canadian Agent pursuant to the Canadian Agreement and the Guaranty executed by Devon Financing ULC and delivered to US Agent pursuant to the US Agreement.

"Devon Nevada" means Devon Energy Corporation (Nevada), a Nevada corporation.

"Devon Oklahoma" means Devon Energy Corporation (Oklahoma), an Oklahoma corporation, formerly known as Devon Energy Corporation, an Oklahoma corporation.

"Devon SFS" means Devon SFS Operating, Inc., a Delaware corporation.

"Devon Trust" means Devon Financing Trust II, a statutory business trust formed under the laws of the State of Delaware.

"Devon Trust Registration Statement" means the Registration Statement on Form S-3 filed by US Borrower under the Securities Act of 1933 on November 16, 2000 with respect to the issuance by US Borrower of Common Stock, Preferred Stock, Debt Securities, Stock Purchase Agreements and Stock Purchase Units, and the issuance by Devon Financing Trust II of Trust Preferred Securities guaranteed by US Borrower, as amended and supplemented from time to time.

"Devon Trust Securities" means those certain Trust Preferred Securities, which may be issued by Devon Trust pursuant to the Registration Statement in an aggregate face amount not to exceed \$447,261,200.

"Disclosure Report" means a written notice given by US Borrower to all Lender Parties or a certificate given by the Senior Vice President-Finance or the Treasurer of US Borrower under Sections 6.2(a) and (b).

"Disclosure Schedule" means (i) with respect to the US Agreement, Schedule 1 thereto, and (ii) with respect to the Canadian Agreement, Schedule 1 thereto.

"Discount Proceeds" means, in respect of each Bankers' Acceptance, funds in an amount which is equal to:

**Face Amount**

$1 + (\text{Rate} \times \text{Term})$

365

(where "Face Amount" is the principal amount of the Bankers' Acceptance being purchased, "Rate" is the BA Discount Rate divided by 100 and "Term" is the number of days in the term of the Bankers' Acceptance.)

"Distribution" means (a) any dividend or other distribution made by a Restricted Person on or in respect of any stock, partnership interest, or other equity interest in such Restricted Person (including any option or warrant to buy such an equity interest), or (b) any payment made by a

Restricted Person to purchase, redeem, acquire or retire any stock, partnership interest, or other equity interest in such Restricted Person (including any such option or warrant).

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" below its name on Annex II to the Canadian Agreement or the US Agreement, or such other office as such Lender may from time to time specify to any Borrower and US Agent; with respect to US LC Issuer or Canadian LC Issuer, the office, branch, or agency through which it issues Letters of Credit; and, with respect to US Agent, the office, branch, or agency through which it administers this Agreement.

"Eligible Assignee" means a Person which either (a) is a Lender or an Affiliate of a Lender, (b) an Approved Fund or (c) is consented to as an Eligible Assignee by US Agent or Canadian Agent, as applicable, and, so long as no Default or Event of Default is continuing, by the Borrowers, in each case which consent will not be unreasonably withheld; provided that the Borrowers' consent shall not be required for a Person to be an "Eligible Assignee" for purposes of Section 10.6(d) of the US Agreement and Section 10.6(d) of the Canadian Agreement. As used in this definition, "Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, and "Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Environmental Laws" means any and all Laws relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, together with all rules and regulations promulgated with respect thereto.

"ERISA Affiliate" means US Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control

that, together with US Borrower, are treated as a single employer under Section 414 of the Internal Revenue Code.

"ERISA Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to Title IV of ERISA maintained by any ERISA Affiliate with respect to which any Restricted Person has a fixed or contingent liability.

"Eurodollar Interest Period" means, with respect to each particular Eurodollar Loan in a Borrowing, the period specified in the Borrowing Notice or Continuation/Conversion Notice applicable thereto, beginning on and including the date specified in such Borrowing Notice or Continuation/Conversion Notice (which must be a Business Day), and ending one, two, three, or six months thereafter, as the applicable Borrower may elect in such notice; provided that:

(a) any

Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; (b) any Interest Period which begins on the last Business Day in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day in a calendar month; and (c) notwithstanding the foregoing, any Interest Period for Tranche A Loans which would otherwise end after the last day of the Tranche A Commitment Period shall end on the last day of the Tranche A Commitment Period, any Interest Period for Tranche B Loans which would otherwise end after the Tranche B Maturity Date shall end on the Tranche B Maturity Date, any Interest Period for Canadian Loans which would otherwise end after the Canadian Facility Maturity Date shall end on the Canadian Facility Maturity Date (or, if the last day of such period is not a Business Day, on the next preceding Business Day).

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" below its name on Annex II to the Canadian Agreement or the US Agreement (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to Borrowers, Canadian Agent, and US Agent.

"Eurodollar Loan" means any Canadian Dollar Eurodollar Loan and any US Dollar Eurodollar Loan.

"Event of Default" means (i) with respect to the US Agreement the meaning given to such term in Section 8.1 thereof and (ii) with respect to the Canadian Agreement the meaning given to such term in Section 8.1 thereof.

"Exchange Equivalent" in respect of one currency (the "Original Currency"), being Canadian Dollars or U.S. Dollars, as the case may be, means, at the date of determination, the amount of currency expressed in the other such currency necessary to purchase, based on the Noon Rate on such date, the specified amount of the Original Currency on such date.

"Existing Canadian Agreement" means that certain Canadian Credit Agreement dated as of August 29, 2000 among Northstar Energy, Canadian Agent, and certain lenders named therein, as amended, supplemented or otherwise modified prior to the Closing Date.

"Existing US Agreement" means that certain US Credit Agreement dated as of August 29, 2000 among US Borrower, US Agent, and certain lenders named therein, as amended, supplemented or otherwise modified prior to the Closing Date.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of one percent) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions

on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate (rounded upwards, if necessary, to the nearest 1/100th of one percent) quoted to US Agent on such day on such transactions as determined by US Agent.

"Fiscal Quarter" means a three-month period ending on March 31, June 30, September 30 or December 31 of any year.

"Fiscal Year" means a twelve-month period ending on December 31 of any year.

"Governmental Authority" means any domestic or foreign, national, federal, provincial, state, municipal or other local government or body and any division, agency, ministry, commission, board or authority or any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign or international judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing.

"Hazardous Materials" means any substances regulated under any Environmental Law, whether as pollutants, contaminants, or chemicals, or as industrial, toxic or hazardous substances or wastes, or otherwise.

"Hedging Contract" means (a) any agreement providing for options, swaps, floors, caps, collars, forward sales or forward purchases involving interest rates, commodities or commodity prices, equities, currencies, bonds, or indexes based on any of the foregoing, (b) any option, futures or forward contract traded on an exchange, and (c) any other derivative agreement or other similar agreement or arrangement.

"Highest Lawful Rate" means, with respect to each Lender Party to whom Obligations are owed, the maximum nonusurious rate of interest that such Lender Party is permitted under applicable Law to contract for, take, charge, or receive with respect to such Obligations. All

determinations herein of the Highest Lawful Rate, or of any interest rate determined by reference to the Highest Lawful Rate, shall be made separately for each Lender Party as appropriate to assure that the Loan Documents are not construed to obligate any Person to pay interest to any Lender Party at a rate in excess of the Highest Lawful Rate applicable to such Lender Party.

"Income Tax Act (Canada)" means the Income Tax Act, R.S.C. 1985 c.1 (5th Supp), including the regulations made and, from time to time, in force under that Act.

"Indebtedness" of any Person means Liabilities in any of the following categories:

(a) Liabilities for borrowed money,

(b) Liabilities constituting an obligation to pay the deferred purchase price of property or services, other than customary payment terms taken in the ordinary course of such Person's business,

(c) Liabilities evidenced by a bond, debenture, note or similar instrument;

(d) Liabilities arising under conditional sales or other title retention agreements or under leases capitalized in accordance with US GAAP, but excluding customary oil, gas or mineral leases and operating leases,

(e) Liabilities with respect to payments received in consideration of oil, gas, or other minerals yet to be acquired or produced at the time of payment (including obligations under "take-or-pay" contracts to deliver gas in return for payments already received and the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment);

(f) Liabilities under Hedging Contracts,

(g) Liabilities with respect to letters of credit or applications or reimbursement agreements therefor, or

(h) Liabilities under direct or indirect guaranties of Liabilities of any Person or constituting obligations to purchase or acquire or to otherwise protect or insure a creditor against loss in respect of Indebtedness of the types described in paragraphs (a) through (g) above of any Person (such as obligations under working capital maintenance agreements, agreements to keep-well, or agreements to purchase debt, assets, goods, securities or services, but excluding endorsements in the ordinary course of business of negotiable instruments in the course of collection),

provided, however, that the "Indebtedness" of any Person shall not include Liabilities that were incurred by such Person on ordinary trade terms to vendors, suppliers, or other Persons providing goods and services for use by such Person in the ordinary course of its business, unless and until such Liabilities are outstanding more than 90 days past the original invoice or billing date therefor. Any Indebtedness owed by a partnership shall be deemed Indebtedness of any partner in such partnership to the extent such partner has any liability of any kind therefor.

"Initial Financial Statements" means (i) the audited annual Consolidated financial statements of US Borrower dated as of December 31, 2001, and (ii) the unaudited quarterly Consolidated financial statements of US Borrower dated as of March 31, 2002.

"Interest Act (Canada)" means the Interest Act, R.S.C. 1985, c. I-15, including the regulations made and, from time to time, in force under that Act.

"Interest Payment Date" means (a) with respect to each US Base Rate Loan, Canadian US Dollar Base Rate Loan, Canadian Prime Rate Loan, Canadian Swing Loan, and US Swing Loan the last day of each March, June, September and December beginning September 30, 2000, and (b) with respect to each Eurodollar Loan, the last day of the Eurodollar Interest Period that is applicable thereto and, if such Eurodollar Interest Period is six months in length, the date specified

by US Agent which is approximately three months after such Eurodollar Interest Period begins; provided that the last day of each calendar month shall also be an Interest Payment Date for each such Loan so long as any Event of Default exists under Section 8.1 (a) or (b).

"Interest Period" means (i) with respect to any Eurodollar Loan, the related Eurodollar Interest Period and (ii) with respect to any Competitive Bid Loan, the related Competitive Bid Interest Period.

"Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended from time to time and any successor statute or statutes.

"Investment" means any investment made directly or indirectly, in any Person, whether by acquisition of shares of capital stock, indebtedness or other obligations or securities or by loan, advance, capital contribution or otherwise and whether made in cash, by the transfer of property, or by any other means.

"Invitation to Bid" means (i) with respect to the US Agreement, an invitation by US Agent to each Lender, substantially in the form of Exhibit I thereto, inviting such Lender to submit Competitive Bids in response to a Competitive Bid Request under the US Agreement, and (ii) with respect to the Canadian Agreement, an invitation by Canadian Agent to each Lender, substantially in the form of Exhibit J thereto, inviting such Lender to submit Competitive Bids in response to a Competitive Bid Request under the Canadian Agreement.

"Judgment Interest Act (Alberta)" means the Judgment Interest Act, R.S.A. 2000, c. J-1, including the regulations made and, from time to time, in force under that Act.

"Law" means any statute, law, regulation, ordinance, rule, treaty, judgment, order, decree, permit, concession, franchise, license, agreement or other governmental restriction of the United

States or Canada or any state, province or political subdivision thereof or of any foreign country or any department, province or other political subdivision thereof.

"LC Application" means any application for a Letter of Credit hereafter made by any Borrower to US LC Issuer or Canadian LC Issuer.

"LC Collateral" (i) as used in the US Agreement, has the meaning given to such term in Section 2.6 of the US Agreement and (ii) as used in the Canadian Agreement, has the meaning given such term in Section 2.11 of the Canadian Agreement.

"Lender Parties" means US Agent, US LC Issuer, Canadian Agent, Canadian LC Issuer, and all Lenders.

"Lenders" means, collectively, the US Lenders and the Canadian Lenders.

"Lenders Schedule" means Annex II to the US Agreement and Annex II to the Canadian Agreement which are the same.

"Letter of Credit" means any letter of credit issued by US LC Issuer under the US Agreement or the Existing US Agreement or by Canadian LC Issuer under the Canadian Agreement or the Existing Canadian Agreement at the application of any Borrower.

"Liabilities" means, as to any Person, all indebtedness, liabilities and obligations of such Person, whether matured or unmatured, liquidated or unliquidated, primary or secondary, direct or indirect, absolute, fixed or contingent, and whether or not required to be considered pursuant to US GAAP.

"Lien" means, with respect to any property or assets, any lien, mortgage, security interest, pledge, deposit, production payment, rights of a vendor under any title retention or conditional sale agreement or lease substantially equivalent thereto, tax lien, mechanic's or materialman's lien, or any other charge or encumbrance for security purposes, whether arising by Law or agreement or otherwise, but excluding any right of offset. "Lien" also means any filed financing statement, any registration of a pledge (such as with an issuer of uncertificated securities), or any other arrangement or action which would serve to perfect a Lien described in the preceding sentence, regardless of whether such financing statement is filed, such registration is made, or such arrangement or action is undertaken before or after such Lien exists.

"Loan Documents" means, collectively, the Canadian Loan Documents and the US Loan Documents.

"Loans" means, collectively, the Canadian Loans and the US Loans.

"Majority Lenders" means, collectively, US Majority Lenders and Canadian Majority Lenders.

"Margin Stock" means "margin stock" as defined in Reg U.

"Material Adverse Effect" means any event which would reasonably be expected to have a material and adverse effect upon (a) US Borrower's Consolidated financial condition, (b) US Borrower's Consolidated operations, properties or prospects, considered as a whole, (c) US Borrower's ability to timely pay the Obligations, or (d) the enforceability of the material terms of any Loan Documents.

"Material Subsidiary" means a Subsidiary of US Borrower which owns assets having a book value that exceeds ten percent (10%) of the book value of US Borrower's Consolidated assets.

"Matured Canadian LC Obligations" means all amounts paid by Canadian LC Issuer on drafts or demands for payment drawn or made under or purported to be under any Letter of Credit issued under the Canadian Agreement and all other amounts due and owing to Canadian LC Issuer under any LC Application for any such Letter of Credit, to the extent the same have not been repaid to Canadian LC Issuer (with the proceeds of Loans or otherwise).

"Matured US LC Obligations" means all amounts paid by US LC Issuer on drafts or demands for payment drawn or made under or purported to be under any Letter of Credit issued under the US Agreement and all other amounts due and owing to US LC Issuer under any LC Application for any such Letter of Credit, to the extent the same have not been repaid to US LC Issuer (with the proceeds of Loans or otherwise).

"Maximum Canadian Drawing Amount" means at the time in question the sum of the maximum amounts which Canadian LC Issuer might then or thereafter be called upon to advance under all Letters of Credit issued pursuant to the Canadian Agreement which are then outstanding.

"Maximum US Drawing Amount" means at the time in question the sum of the maximum amounts which US LC Issuer might then or thereafter be called upon to advance under all Letters of Credit issued pursuant to the US Agreement which are then outstanding.

"Moody's" means Moody's Investor Service, Inc., or its successor.

"Multiemployer Plan" mean a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any ERISA Affiliate is making or is obligated to make contributions or, during the five preceding plan years, has made or has been obligated to make contributions.

"Net Proceeds" means with respect to any Bankers' Acceptance, the Discount Proceeds less the amount equal to the applicable Stamping Fee Rate multiplied by the face amount of such Bankers' Acceptance.

"Non-resident Lender" means any Lender which is not a Canadian Resident Lender, and shall initially mean each Lender identified as such on Annex II to the Canadian Agreement or thereafter on any Assignment and Acceptance.

"Noon Rate" means, in relation to the conversion of one currency into another currency, the rate of exchange for such conversion as quoted by the Bank of Canada (or, if not so quoted, the spot rate of exchange quoted for wholesale transactions made by Canadian Agent at Toronto, Ontario at approximately noon (Toronto, Ontario local time)).

"Northstar Energy" means Northstar Energy Corporation, an amalgamated Alberta corporation.

"Notes" mean, collectively, the Canadian Notes and the US Notes.

"Obligations" means, collectively, the US Obligations and the Canadian Obligations.

"Offer of Extension" means (a) with respect to the Canadian Agreement, a written offer by Canadian Agent, for and on behalf of Required Lenders, to Canadian Borrowers to extend the Canadian Facility Revolving Period to a date 364 days from acceptance by Canadian Borrowers of such offer, and setting forth, if applicable, the terms and conditions on which such extension is

offered by the Lenders and as may be accepted by Canadian Borrowers, and (b) with respect to the US Agreement, a written offer by US Agent, for and on behalf of Required Lenders, to US Borrower to extend the Tranche B Revolving Period to a date 364 days from acceptance by US Borrower of such offer, and setting forth, if applicable, the terms and conditions on which such extension is offered by the Lenders and as may be accepted by US Borrower.

"Overterm Canadian LC" means any Letter of Credit having an expiration date falling on or after the then current Canadian Conversion Date.

"Overterm Canadian Loan" has the meaning given it in Section 2.8(a)(ii) of the Canadian Agreement.

"PennzEnergy Debentures" means the following Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Borrower:

- (a) 10.125% Debentures due November 15, 2009 in the aggregate principal amount of US \$200,000,000;
- (b) 10.25% Debentures due November 1, 2005 in the aggregate principal amount of US \$250,000,000;
- (c) the PennzEnergy Exchangeable Debentures.

"PennzEnergy Exchangeable Debentures" means the following Exchangeable Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Borrower:

- (a) 4.90% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US \$443,807,000; and
- (b) 4.95% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US \$316,506,000.

"Percentage Share" means

- (a) under the US Agreement with respect to any Lender (i) when used in Article I of the US Agreement, in any Borrowing Notice thereunder or when no US Loans are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's US Loans and such Lender's Percentage Share of the US LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all US Loans at such time plus the aggregate amount of all US LC Obligations outstanding at such time; and

(b) under the Canadian Agreement with respect to any Lender (i) when used in Article I of the Canadian Agreement except when used in Section 1.5(c) thereof with respect to utilization fees, in Article II of the Canadian Agreement prior to the Canadian Conversion Date, in any Borrowing Notice thereunder or when no Canadian Advances are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the Canadian Agreement made by or to such Lender in accordance with the terms of the Canadian Agreement, and  
(ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Canadian Advances and such Lender's Percentage Share of the Canadian LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all Canadian Advances at such time plus the aggregate amount of all Canadian LC Obligations outstanding at such time.

"Permitted Liens" means:

- (a) Liens for taxes, assessments or governmental charges which are not due or delinquent, or the validity of which US Borrower or any Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;
- (b) the Lien of any judgment rendered, or claim filed, against US Borrower or any Restricted Subsidiary which does not constitute an Event of Default and which US Borrower or any such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;
- (c) Liens, privileges or other charges imposed or permitted by law such as statutory liens and deemed trusts, carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent, including any lien or trust arising in connection with workers' compensation, unemployment insurance, pension, employment and similar laws or regulations;
- (d) Liens arising in the ordinary course of and incidental to construction, maintenance or current operations which have not been filed pursuant to law against US Borrower or any Restricted Subsidiary or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, which US Borrower or such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;
- (e) Liens incurred or created in the ordinary course of business and in accordance with sound oil and gas industry practice in respect of the exploration, development or

operation of oil and gas properties or related production or processing facilities or the transmission of petroleum substances as security in favor of any other Person conducting the exploration, development, operation or transmission of the property to which such Liens relate, for US Borrower's or any of its Restricted Subsidiaries' portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, which US Borrower or such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(f) overriding royalty interests, net profit interests, reversionary interests and carried interests or other similar burdens on production in respect of US Borrower's or any of its Restricted Subsidiaries' oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice in the area of operation;

(g) Liens for penalties arising under non-participation provisions of operating agreements in respect of US Borrower's or any of its Restricted Subsidiaries' oil and gas properties if such Liens do not materially detract from the value of any material part of the property of US Borrower and its Subsidiaries taken as a whole;

(h) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by US Borrower or any Restricted Subsidiary (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of US Borrower and its Restricted Subsidiaries taken as a whole;

(i) security given by US Borrower or any Restricted Subsidiary to a public utility or any Governmental Authority when required by such public utility or Governmental Authority in the ordinary course of the business of US Borrower or any Restricted Subsidiary in connection with operations of US Borrower or any Restricted Subsidiary if such security does not, either alone or in the aggregate, materially detract from the value of any material part of the property of US Borrower and its Restricted Subsidiaries taken as a whole;

(j) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, grant or permit or by any statutory or regulatory provision to terminate any such lease, license, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

- (k) all reservations in the original grant of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (l) any Lien from time to time disclosed by US Borrower or any Restricted Subsidiary to the US Agent or the Canadian Agent and which is consented to by the Majority Lenders;
- (m) any right of first refusal in favor of any Person granted in the ordinary course of business with respect to all or any of the oil and gas properties of US Borrower or any Restricted Subsidiary;
- (n) Liens on cash or marketable securities of US Borrower or any Restricted Subsidiary granted in connection with any Hedging Contract permitted under the US Agreement;
- (o) Liens in respect of Indebtedness permitted by Sections 7.1(b), 7.1(f) and 7.1(i) of the US Agreement and Indebtedness permitted to be secured by Section 7.1(c) of the US Agreement;
- (p) Liens in favor of the US Agent or the Canadian Agent for the benefit of the Lender Parties;
- (q) Liens to collateralize moneys held in a cash collateral account by a lender in respect of the prepayment of bankers' acceptances, letters of credit or similar obligations accepted or issued by such lender but only if at the time of such prepayment no default or event of default has occurred and is continuing under the credit facility pursuant to which the bankers' acceptances or letters of credit have been accepted or issued;
- (r) purchase money Liens upon or in any tangible personal property and fixtures (including real property surface rights upon which such fixtures are located and contractual rights and receivables relating to such property) acquired by US Borrower or a Restricted Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property, including any Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of any such acquisition);
- (s) the rights of buyers under production sale contracts related to US Borrower's or a Restricted Subsidiary's share of petroleum substances entered into in the ordinary course of business, provided that the contracts create no rights (including any Lien) in favor of the buyer or any other Person in, to or over any reserves of petroleum substances or other assets of US Borrower or a Restricted Subsidiary, other than a dedication of reserves (not by way of Lien or absolute assignment) on usual industry terms;

(t) Liens arising in respect of operating leases of personal property under which Canadian Borrowers or any of their Subsidiaries are lessees;

(u) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary, is merged into or amalgamated or consolidated with US Borrower or any of its Subsidiaries; provided, such Liens were in existence prior to the contemplation of such stock acquisition, merger, amalgamation or consolidation and do not extend to any assets other than those of the Person so acquired or merged into or amalgamated or consolidated with US Borrower or any of its Subsidiaries;

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (a) to (u) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property), the indebtedness or obligation secured thereby is not increased and such Lien is otherwise permitted by the applicable section above;

(w) Liens on Margin Stock;

(x) in addition to Liens permitted by clauses (a) through (w) above, Liens on property or assets if the aggregate Indebtedness secured thereby does not exceed two percent (2%) of Consolidated Assets;

provided that nothing in this definition shall in and of itself constitute or be deemed to constitute an agreement or acknowledgment by the US Agent or the Canadian Agent or any Lender that the Indebtedness subject to or secured by any such Permitted Lien ranks (apart from the effect of any Lien included in or inherent in any such Permitted Liens) in priority to the Obligations.

"Person" means an individual, corporation, partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, Tribunal, or any other legally recognizable entity.

"Rating Agency" means any of S & P or Moody's, or their respective successors.

"Re-allocations" means, collectively, all Tranche B Re-allocations and all Canadian Re-allocations.

"Reg U" means Regulation U promulgated by the Board of Governors of the Federal Reserve System.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect.

"Request for an Offer of Extension" means (a) with respect to the Canadian Agreement, a written request made by Canadian Borrowers to the Lenders to have Required Lenders issue an offer to Canadian Borrowers extending the Canadian Revolving Period for a further 364 days, and (b) with respect to the US Agreement, a written request made by US Borrower to the Lenders to have Required Lenders issue an offer to US Borrower extending the Tranche B Revolving Period for a further 364 days.

"Required Lenders" means, collectively, US Required Lenders and Canadian Required Lenders.

"Reserve Requirement" means, at any time, the maximum rate at which reserves (including any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System of the United States of America (or any successor) by member banks of such Federal Reserve System against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to

(a) any category of liabilities which includes deposits by reference to which the Adjusted US Dollar Eurodollar Rate

or the Adjusted Canadian Dollar Eurodollar Rate is to be determined, or

(b) any category of extensions of credit or other assets which include US Dollar Eurodollar Loans or Canadian Dollar Eurodollar Loans.

"Restricted Person" means any of US Borrower and each Restricted Subsidiary.

"Restricted Subsidiary" means each Canadian Borrower, Devon Oklahoma, Devon SFS, Devon Financing ULC and any other Subsidiary of US Borrower that is not an Unrestricted Subsidiary.

"S & P" means Standard & Poor's Ratings Services (a division of McGraw Hill Companies, Inc.), or its successor.

"Schedule I BA Reference Banks" means the Lenders listed in Schedule I to the Bank Act (Canada) as are, at such time, designated by Canadian Agent, with the prior consent of Canadian Borrowers (acting reasonably), as the Schedule I BA Reference Banks.

"Schedule II BA Reference Banks" means the Lenders listed in Schedule II to the Bank Act (Canada) and the Lenders listed in Schedule III to the Bank Act (Canada) that are not subject to the restrictions and requirements referred to in subsection 524(2) of the Bank Act (Canada) as are, at such time, designated by Canadian Agent, with the prior consent of the Canadian Borrowers (acting reasonably), as the Schedule II BA Reference Banks.

"Stamping Fee Rate" means with respect to any Bankers' Acceptance accepted by any Canadian Resident Lender at any time, the Applicable Margin then in effect.

"Subordinated US Borrower Debentures" means those certain Convertible Junior Subordinated Debentures which may be issued by US Borrower to Devon Trust pursuant to the

Registration Statement in an aggregate amount not to exceed \$447,261,200, which will be subordinate to the Obligations.

"Subsidiary" means, with respect to any Person, any corporation, association, partnership, limited liability company, joint venture, business trust, or other business or corporate entity, enterprise or organization which is directly or indirectly (through one or more intermediaries) controlled by or owned fifty percent or more by such Person, provided that (a) associations, joint ventures or other relationships (i) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (ii) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law, and (iii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person and (b) associations, joint ventures or other relationships (i) which are not corporations or partnerships under applicable provincial Law, and (ii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the

parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person.

"Termination Event" means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Sections 4043(c)(5) or (6) of ERISA or (ii) any other reportable event described in Section 4043(c) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA; or (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; or (c) a complete or partial withdrawal by any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; or (d) the filing of a notice of intent to terminate any ERISA Plan or Multiemployer Plan or the treatment of any ERISA Plan amendment or Multiemployer Plan amendment as a termination under Section 4041 or 4041A of ERISA; or (e) the institution of proceedings to terminate any ERISA Plan or Multiemployer Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA; or (f) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan or Multiemployer Plan.

"Total Capitalization" means the sum (without duplication) of (i) US Borrower's Consolidated Total Funded Debt plus (ii) US Borrower's Consolidated shareholder's equity plus (iii) 60% of the outstanding balance of the Devon Trust Securities. Total Capitalization shall be calculated excluding non-cash write-downs and related charges which are required under Rule 4-10 (Financial Accounting and Reporting for Oil and Gas Producing Activities Pursuant to the Federal Securities Laws and the Energy Policy and Conservation Act of 1975) of Regulation S-X promulgated by Securities and Exchange Commission Regulation, or by US GAAP.

"Total Funded Debt" means (i) Liabilities referred to in clauses (a), (b), (c), (d), and (e) of the definition of "Indebtedness", plus (ii) 40% of the outstanding balance of the Devon Trust Securities. Total Funded Debt shall not include the PennzEnergy Exchangeable Debentures.

"Tranche A Commitment Period" means the period from and including the Closing Date until the Tranche A Maturity Date (or, if earlier, the day on which the obligations of Lenders to make Tranche A Loans hereunder or the obligations of US LC Issuer to issue Letters of Credit hereunder have been terminated or the Tranche A Notes first become due and payable in full).

"Tranche A Facility Fee Rate" means, on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

Applicable Rating Level	Applicable Tranche A Facility Fee Rate
Level I	11.0
Level II	12.5
Level III	15.0
Level IV	17.5
Level V	25.0

"Tranche A Facility Usage" means, at the time in question, the aggregate amount of Tranche A Loans and existing US LC Obligations outstanding at such time under the US Agreement.

"Tranche A Lenders" means Lenders designated as Tranche A Lenders on the Lenders Schedule.

"Tranche A Loan" has the meaning given it in Section 1.1(a) of the US Agreement.

"Tranche A Maturity Date" means October 15, 2004.

"Tranche A Maximum Credit Amount" means \$200,000,000.

"Tranche A Note" has the meaning given it in Section 1.1(a) of the US Agreement.

"Tranche A Percentage Share" means with respect to any Tranche A Lender (i) when used in Article I of the US Agreement or in Article II of the US Agreement, in any Borrowing Notice thereunder or when no Tranche A Loans are outstanding, the Tranche A percentage set forth opposite such Tranche A Lender's name on the Lenders Schedule as modified by assignments of a Tranche A Lender's rights and obligations under the US Agreement made by or to such Lender in

accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Tranche A Loans and such Lender's Percentage Share of the US LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all Tranche A Loans at such time plus the aggregate amount of all US LC Obligations outstanding at such time.

"Tranche A Required Lenders" means Tranche A Lenders whose aggregate Tranche A Percentage Shares equal or exceed fifty percent (50%).

"Tranche B Conversion Date" means the date which is 364 days after the Closing Date, or such later day to which the Tranche B Conversion Date is extended pursuant to Section 1.1 of the US Agreement.

"Tranche B Facility Fee Rate" means, on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

Applicable Rating Level	Applicable Tranche B Facility Fee Rate
Level I	9.0
Level II	10.0
Level III	12.5
Level IV	15.0
Level V	22.5

"Tranche B Facility Usage" means, at the time in question, the aggregate amount of Tranche B Loans outstanding at such time under the US Agreement.

"Tranche B Lenders" means Lenders designated as Tranche B Lenders on the Lenders Schedule.

"Tranche B Loan" has the meaning given it in Section 1.1(b) of the US Agreement.

"Tranche B Maturity Date" means the date which is two years and one day after the Tranche B Conversion Date.

"Tranche B Maximum Credit Amount" means \$525,000,000 on the Closing Date, as increased or decreased thereafter pursuant to Section 1.9 of the US Credit Agreement or Section 1.12 of the Canadian Agreement, but in no event greater than \$625,000,000 or less than \$425,000,000.

"Tranche B Note" has the meaning given it in Section 1.1(b) of the US Agreement.

"Tranche B Percentage Share" means with respect to any Tranche B Lender

(i) when used in Article I of the US Agreement, in any Borrowing Notice thereunder or when no Tranche B Loans are outstanding, the Tranche B percentage set forth opposite such Tranche B Lender's name on the Lenders Schedule as modified by assignments of a Tranche B Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Tranche B Loans, by (y) the sum of the aggregate unpaid principal balance of all Tranche B Loans.

"Tranche B Re-allocation" has the meaning given it in Section 1.9 of the US Agreement.

"Tranche B Required Lenders" means Tranche B Lenders whose aggregate Tranche B Percentage Shares equal or exceed fifty percent (50%).

"Tranche B Revolving Period" means the period from the Closing Date until the Tranche B Conversion Date.

"Tribunal" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States of America or Canada or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted or existing.

"Type" means (i) with respect to any US Loans, the characterization of such US Loans as either US Base Rate Loans or US Dollar Eurodollar Loans and

(ii) with respect to any Canadian Advances, the characterization of such Canadian Advances as Canadian Base Rate Loans, Canadian Prime Rate Loans, US Dollar Eurodollar Loans, Canadian Dollar Eurodollar Loans or Bankers' Acceptances.

"Unrestricted Subsidiary" means any corporation, association, partnership, limited liability company, joint venture, or other business or corporate entity, enterprise or organization (i) which is listed below in this definition, or (ii) in which US Borrower did not own an interest (directly or indirectly) as of the Closing Date, which thereafter became a Subsidiary of US Borrower and which, within 90 days after becoming a Subsidiary of US Borrower, was designated as an Unrestricted Subsidiary by US Borrower to US Agent; provided that in the event any such Subsidiary becomes a Material Subsidiary at any time, such Subsidiary shall cease to be an Unrestricted Subsidiary at such time and shall automatically become a Restricted Subsidiary. The Subsidiaries of US Borrower listed on Attachment 1 to this Annex I shall initially be designated as Unrestricted Subsidiaries.

"US Account" means an account established by Canadian Agent in New York into which funds to be advanced to Canadian Borrowers by Lenders in US Dollars and funds to be paid by Canadian Borrowers to Lenders in US Dollars will be deposited.

"US Agent" means Bank of America, as administrative agent, under the US Agreement and its successors and assigns in such capacity.

"US Agreement" means the Existing US Credit Agreement, as amended and restated on the Closing Date pursuant to the Seventh Amendment to US Credit Agreement and the Amended and Restated Credit Agreement annexed thereto and as it may be further amended, supplemented, restated or otherwise modified and in effect from time to time.

"US Base Rate" means, for any day, the rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (0.5%) and (b) the US Reference Rate for such day. Any change in the US Base Rate due to a change in the US Reference Rate or the Federal Funds Rate shall be effective on the effective date of such change in the US

Reference Rate or Federal Funds Rate. No US Base Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"US Base Rate Loan" means a US Loan made in US Dollars which bears interest at the US Base Rate.

"US Borrower" means Devon Energy Corporation, a Delaware corporation.

"US Dollar" or "US \$" means the lawful currency of the United States of America.

"US Dollar Equivalent" means, with respect to an amount denominated in Canadian Dollars, the amount of US Dollars required to purchase the relevant stated amount of Canadian Dollars based on the Noon Rate.

"US Dollar Eurodollar Loan" means a US Loan or a Canadian Loan, in each case, which bears interest at the Adjusted US Dollar Eurodollar Rate.

"US Dollar Eurodollar Rate" means, for any US Dollar Eurodollar Loan within a Borrowing and with respect to the related Interest Period therefor, (a) the interest rate per annum (carried out to the fifth decimal place) equal to the rate determined by the US Agent to be the offered rate that appears on the page of the Telerate Screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3750) for deposits in U.S. dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the US Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in U.S. dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the US Agent as the rate of interest at which deposits in U.S. dollars (for delivery on the first day of

such Interest Period) in same day funds in the approximate amount of the applicable US Dollar Eurodollar Loan and with a term equivalent to such Interest Period would be offered by its London branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

"US Facility Usage" means, at the time in question, the aggregate amount of US Loans and existing US LC Obligations outstanding at such time under the US Agreement.

"US GAAP" means those generally accepted accounting principles and practices which are recognized as such from time to time by the Financial Accounting Standards Board (or any

generally recognized successor) and which, in the case of US Borrower and its Consolidated Subsidiaries, are applied for all periods after the Closing Date in a manner consistent with the manner in which such principles and practices were applied to the Initial Financial Statements.

"US Guarantor" means Devon Financing ULC.

"US LC Issuer" means Bank of America in its capacity as the issuer of Letters of Credit under the US Agreement, and its successors in such capacity.

"US LC Obligations" means, at the time in question, with respect to the US Agreement, the sum of all Matured US LC Obligations plus the maximum amounts which US LC Issuer might then or thereafter be called upon to advance under all Letters of Credit issued under the US Agreement then outstanding.

"US LC Sublimit" means US \$125,000,000.

"US Lenders" means each signatory to the US Agreement (other than US Borrower), including Bank of America in its capacity as a US Lender and US Swing Lender hereunder, rather than as US Agent and US LC Issuer, and the successors of each such party as holder of a US Note.

"US Loans" means the Tranche A Loans, the Tranche B Loans, Competitive Bid Loans made under the US Agreement, and the US Swing Loans.

"US Loan Documents" means the US Agreement, the US Notes issued under the US Agreement, the Guaranty executed by US Guarantor, the Letters of Credit issued under the US Agreement, the LC Applications related thereto, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

"US Majority Lenders" means US Lenders whose aggregate Percentage Shares under the US Agreement exceed sixty-six and two thirds percent (66 2/3%).

"US Maximum Credit Amount" means the amount of US \$725,000,000 on the Closing Date, as increased or decreased thereafter by the amount of each increase or decrease in the Tranche B Maximum Credit Amount pursuant to Section 1.9 of the US Credit Agreement or

Section 1.12 of the Canadian Agreement, but in no event greater than \$825,000,000 or less than \$625,000,000.

"US Notes" means the Tranche A Notes, the Tranche B Notes, the Competitive Bid Notes issued under the US Agreement, and the US Swing Note.

"US Obligations" means all Liabilities from time to time owing by any Restricted Person to any Lender Party under or pursuant to any of the US Loan Documents, including all US LC Obligations owing thereunder. "US Obligation" means any part of the US Obligations.

"US Reference Rate" means, for any day, the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." Such rate is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"US Required Lenders" means US Lenders whose aggregate Percentage Shares under the US Agreement equal or exceed fifty percent (50%).

"US Swing Lender" means Bank of America, in its individual capacity.

"US Swing Loans" has the meaning given it in Section 1.1(f) of the US Agreement.

"US Swing Note" has the meaning given it in Section 1.1(f) of the US Agreement.

"US Swing Rate" means on any day a fluctuating rate of interest per annum established from time to time by Bank of America, as its money market rate, which rate may not be the lowest rate of interest charged by Bank of America, to its customers, plus the Applicable Margin. The US Swing Rate shall never exceed the Highest Lawful Rate.

"US Swing Sublimit" means US \$50,000,000.

"Withholding Tax" has the meaning given it in Section 3.2(d) of the Canadian Agreement.

**ATTACHMENT 1  
TO  
ANNEX I**

**UNRESTRICTED SUBSIDIARIES**

	UNRESTRICTED SUBSIDIARY	STATE OR JURISDICTION OF EXISTENCE
10.	167496 Canada Ltd.	Alberta
20.	2861259 Canada Inc.	Canada
30.	308819 Alberta Ltd.	Alberta
4.	382817 Alberta Ltd.	Alberta
5.	413486 Alberta Ltd.	Alberta
6.	418263 Alberta Ltd.	Alberta
7.	418264 Alberta Ltd.	Alberta
8.	622089 B.C. Ltd.	British Columbia
9.	622090 B.C. Ltd.	British Columbia
10.	622092 B.C. Ltd.	British Columbia
11.	622093 B.C. Ltd.	British Columbia
12.	622094 B.C. Ltd.	British Columbia
13.	622095 B.C. Ltd.	British Columbia
14.	622096 B.C. Ltd.	British Columbia
15.	746481 Alberta Ltd.	Alberta
16.	892306 Alberta Ltd.	Alberta
17.	918879 Alberta Ltd.	Alberta
18.	918884 Alberta Ltd.	Alberta
19.	918888 Alberta Ltd.	Alberta
20.	Acacia Natural Gas Corporation	Delaware
21.	Adobe Offshore Pipeline Company	Delaware
22.	Amax Petroleum of Canada, Inc.	Texas
23.	Anderson Exploration Inc. (US)	Colorado
24.	Azerbaijan International Operating Company	Cayman Islands
25.	Blackwood & Nichols Co., A Ltd. Partnership	New Mexico
26.	Bonito Pipe Line Company	Delaware
27.	Braemar Shipping Company Limited	Bermuda
28.	Bridger Petroleum Corporation Ltd.	Alberta
29.	Cachuma Gas Processing Company	Delaware
30.	Canoa Ranch Corporation	Delaware
31.	Capitan Oil Pipeline Company	Delaware
32.	Catclaw Pipeline, Inc.	Oklahoma

33.	Compagnie Atlantique SARL	France
34.	DBC, Inc.	Oklahoma
35.	DEC (Holdings), Ltd.	Bahamas
36.	DEC (International), Ltd.	Bahamas
37.	DEC Capital S.a.r.l.	Luxembourg
38.	DEC Gas Systems, Inc.	Delaware
39.	DEC International Holdings, Inc.	Delaware
40.	DEC Louisiana Leasing, Inc.	Delaware
41.	DEC Operating, Inc.	Delaware
42.	DEC SOCO International, Inc.	Delaware
43.	DEC Technologies, Inc.	Delaware
44.	DEC, Inc.	Delaware
45.	Devon Algeria Exploration, Ltd.	Bahamas
46.	Devon AOG Corporation (fka Anderson Oil & Gas Inc.)	Alberta
47.	Devon ARL Corporation (fka Anderson Resources Ltd.)	Alberta
48.	Devon AXL (fka Anderson Exploration partnership)	Alberta
49.	Devon Canada (fka Northstar Energy partnership)	Alberta
50.	Devon Energy (Delaware) Limited	Delaware
51.	Devon Energy (Thailand) Ltd.	Thailand
52.	Devon Energy Agali, Ltd.	Bahamas
53.	Devon Energy Angola, Ltd.	British Virgin Islands
54.	Devon Energy Asiatic, Inc.	Delaware
55.	Devon Energy Beni Suef, Inc.	British Virgin Islands
56.	Devon Energy Brazil Holdings, Ltd.	Bahamas
57.	Devon Energy Canada Ltd.	Alberta
58.	Devon Energy Caspian Corporation	British Virgin Islands
59.	Devon Energy Caspian Development Corporation	British Virgin Islands
60.	Devon Energy Charitable Foundation	Oklahoma
61.	Devon Energy China, Ltd.	Bahamas
62.	Devon Energy Congo, Ltd.	Bahamas
63.	Devon Energy Corporation (Oklahoma)	Oklahoma
64.	Devon Energy Corporation of Argentina	Delaware
65.	Devon Energy do Brasil Ltda.	Brazil
66.	Devon Energy Egypt, Inc.	Delaware
67.	Devon Energy Eurasia, Ltd.	Cayman Islands
68.	Devon Energy Exploration Brazil, Inc.	British Virgin Islands
69.	Devon Energy Gabon, Ltd.	Bahamas
70.	Devon Energy Gas Marketing Company	Delaware
71.	Devon Energy Ghana, Ltd.	Bahamas
72.	Devon Energy Global Resources, Ltd.	Bahamas
73.	Devon Energy Insurance Company Limited	Bermuda
74.	Devon Energy International Company	Delaware
75.	Devon Energy Intrastate Pipeline Company	Delaware
76.	Devon Energy Malaysia, Ltd.	Bahamas
77.	Devon Energy Management Company, L. L. C.	Oklahoma
78.	Devon Energy Mondah Bay, Ltd.	Bahamas

79.	Devon Energy Morocco, Ltd.	Bahamas
80.	Devon Energy Offshore Pipeline Company	Delaware
81.	Devon Energy Operating Company, L.P.	Delaware
82.	Devon Energy Pagatan, Ltd.	Bahamas
83.	Devon Energy Partners A Limited Partnership	Oklahoma
84.	Devon Energy Petroleum Pipeline Company	Delaware
85.	Devon Energy Petroleum's, Ltd.	Delaware
86.	Devon Energy Port Bouet, Ltd.	Bahamas
87.	Devon Energy Qatar, Inc.	Delaware
88.	Devon Energy Red Sea, Inc.	British Virgin Islands
89.	Devon Energy Sinai, Inc.	British Virgin Islands
90.	Devon Energy South America, Ltd.	Bahamas
91.	Devon Energy South East Asia Limited	Bermuda
92.	Devon Energy Suez, Inc.	British Virgin Islands
93.	Devon Energy Thai Holding, Ltd.	Bahamas
94.	Devon Energy Venezuela Corporation, S.A.	British Virgin Islands
95.	Devon Energy West Africa, Ltd.	British Virgin Islands
96.	Devon Exploration & Production, Inc.	Delaware
97.	Devon Exploration do Brazil, Ltda.	Brazil
98.	Devon Financing Trust	Delaware
99.	Devon Financing Trust II	Delaware
100.	Devon Gas Corporation	Delaware
101.	Devon Gas Marketing, Inc.	Delaware
102.	Devon Gas Operating, Inc.	Delaware
103.	Devon Gas Services, L.P.	Delaware
104.	Devon Holding Corporation	Delaware
105.	Devon Louisiana Gas Services, Inc.	Delaware
106.	Devon Malta One, Inc.	Delaware
107.	Devon Malta Two, Inc.	Delaware
108.	Devon MND Energy Corporation	Delaware
109.	Devon MND Operating, Inc.	Delaware
110.	Devon MND Service, Inc.	Delaware
111.	Devon Operating Company Ltd.	Alberta
112.	Devon Pacific Fuels Company	Delaware
113.	Devon Production Corporation	Nevada
114.	Devon-Blanco Company	Oklahoma
115.	Fanar Petroleum Company	Egypt
116.	Foothills Partnership	Alberta
117.	Gulf Coast American Corp.	Pennsylvania
118.	Home Exploration Limited	Alberta
119.	Home Hydrocarbons Inc.	Canada
120.	Home Oil Company Limited	Canada
121.	Home Oil Resources Ltd. (US)	Delaware
122.	Independent Pipe Line Company	Canada
123.	Le Bord de la Mer Limited	Malta
124.	Mexican Flats Service Company, Inc.	Delaware

125.	Mitchell Resorts, Inc.	Delaware
126.	MND Exploration & Production, Inc.	Delaware
127.	MND Gas Services L.L.C.	Delaware
128.	Morrison Gas Gathering, Inc.	Delaware
129.	Morrison Nuclear Inc.	Delaware
130.	Morrison Operating Company Ltd.	Alberta
131.	Mountain Energy Inc.	Alberta
132.	Northstar Energy Inc.	Delaware
133.	Nueces Intrastate Pipe Line Company	Nevada
134.	Numac Energy (Cenako) Inc.	Alberta
135.	Numac Energy (US) Inc.	Delaware
136.	Numac Energy Inc.	Alberta
137.	Pepco Partners, L. P.	Delaware
138.	Petrolera Devon (Columbia), Ltd.	Bermuda
139.	Petrolera Santa Fe, S.A.	Argentina
140.	Petrolera Santa Fe Southern Cone, Inc.	British Virgin Islands
141.	Plains Petroleum Limited	Alberta
142.	PSF Services, L.L.C.	Delaware
143.	Richland Development Corporation	Nevada
144.	Richland Properties Company, L.L.C.	Oklahoma
145.	Richland Transition Company	Delaware
146.	Sage Creek Processors, L.L.C.	Wyoming
147.	Santa Fe Energy Resources (Cote d'Ivoire) Ltd.	Bahamas
148.	Santa Fe Energy Resources of Canada, Inc.	Alberta
149.	Santa Fe Energy Resources of Myanmar, Ltd.	Bahamas
150.	Santa Fe Energy Resources of Peru, Ltd.	Bahamas
151.	Santa Fe Energy Trust	Texas
152.	Scurry-Rainbow Oil (Sask) Ltd. (voluntarily liquidating)	Saskatchewan
153.	Security Purchasing, Inc.	Delaware
154.	SFER (Barbados) Ltd.	Barbados
155.	Sisquoc Gas Pipeline Company	Delaware
156.	Smart On Resources Inc.	Alberta
157.	Southwestern Gas Pipeline, Inc.	Delaware
158.	Strategic Trust Company	Cayman Islands
159.	Tall Grass Gas Services, L.L.C.	Oklahoma
160.	The Winnipeg Western Land Corporation Limited	Canada
161.	The Woodlands Venture Capital Company	Delaware
162.	Thunder Creek Gas Services, L.L.C.	Wyoming
163.	Torquay Trading Company Limited	Malta
164.	Trend Argentina, S.A.	Argentina
165.	Trend Exploration (PNG) Party Ltd.	Papua New Guinea
166.	Vermejo Minerals Corporation	Delaware
167.	Vermejo Park Corporation	Delaware
168.	Wyoming Gathering and Production Company, Inc.	Delaware

## Annex II - Lenders Schedule

### BANK OF AMERICA

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement

Bank of America, N.A.

Applicable Lending Office for US Loans:

901 Main Street, 64th Floor  
Dallas, Texas 75202

Address for Notices:

Three Allen Center  
333 Clay Street, Suite 4550  
Houston, Texas 77022-4103  
Attention: Richard Stein

#### US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 19,333,333.34  
9.66667%

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 42,578,125.00  
6.81250%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Bank of America, N.A.

(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

200 Front Street West,  
Suite 2700  
Toronto, Ontario M5V 3L2

Address for Notices:

200 Front Street West,  
Suite 2700  
Toronto, Ontario M5V 3L2  
Attention: Medina Sales de Andrade

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 25,546,875.00  
6.81250%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 73,833,333

## Annex II - Lenders Schedule

### ABN AMRO BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

ABN AMRO Bank, N.V.

Applicable Lending Office for US Loans:

208 South LaSalle, Suite 1500  
Chicago, Illinois 60604-1003  
Attention: Loan Administration

Address for Notices:

208 South LaSalle, Suite 1500  
Chicago, Illinois 60604-1003  
Attention: Loan Administration

cc: 4400 Post Oak Parkway, Suite 1500  
Houston, Texas 77027  
Attention: Frank R. Russo, Jr.

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 39,062,500.00  
6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

ABN AMRO Bank, N.V., Canada Branch

(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

79 Wellington St. West, 15th Floor  
Toronto, Ontario M5K 1G8

Address for Notices:

79 Wellington St. West, 15th Floor  
Toronto, Ontario M5K 1G8  
Attention: Yasmin Mohideen

cc: 4400 Post Oak Parkway, Suite 1500  
Houston, Texas 77027  
Attention: Frank R. Russo, Jr.

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 23,437,500.00  
6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 50,000,000

## Annex II - Lenders Schedule

### BANK OF MONTREAL

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Bank of Montreal

Applicable Lending Office for US Loans:

115 South La Salle  
11th Floor  
Chicago, Illinois 60603  
Attention: Loan Administration

Address for Notices:

700 Louisiana, Suite 4400  
Houston, Texas 77002  
Attention: James Whitmore

#### US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 16,000,000.00  
8.00000%

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 39,062,500.00  
6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Bank of Montreal

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

115 South La Salle  
11th Floor  
Chicago, Illinois 60603  
Attention: Loan Administration

Address for Notices:

700 Louisiana, Suite 4400  
Houston, Texas 77002  
Attention: James Whitmore

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 23,437,500.00  
6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 66,000,000

## Annex II - Lenders Schedule

### BANK OF OKLAHOMA

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Bank of Oklahoma, N.A.

Applicable Lending Office for US Loans: 201 Robert S. Kerr  
Oklahoma City, Oklahoma 73124

Address for Notices: 201 Robert S. Kerr  
Oklahoma City, Oklahoma 73124  
Attention: John N. Huff

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 19,531,250.00  
Tranche B Percentage Share: 3.12500%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Bank of Oklahoma, N.A.  
  
(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: 201 Robert S. Kerr  
Oklahoma City, Oklahoma 73124

Address for Notices: 201 Robert S. Kerr  
Oklahoma City, Oklahoma 73124  
Attention: John N. Huff

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 11,718,750.00  
Canadian Percentage Share: 3.12500%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 25,000,000

**Annex II - Lenders Schedule**

**BANK ONE  
[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Bank One, NA

Applicable Lending Office for US Loans:

1 Bank One Plaza  
Mail Code: IL1-0634  
Chicago, Illinois 60670

Address for Notices:

910 Travis Street, 6th Floor  
Houston, Texas 77002  
Attention: Ronald L. Dierker

US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 19,333,333.33  
9.66667%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian Lender

## Annex II - Lenders Schedule

### BAYERISCHE

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Bayerische Landesbank Girozentrale,  
Cayman Islands Branch

Applicable Lending Office for US Loans: 560 Lexington Avenue  
New York, New York 10022

Address for Notices: 560 Lexington Avenue  
New York, New York 10022  
Attention: Stephen Christenson

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Bayerische Landesbank Girozentrale,  
Toronto Branch

(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: BCE Place - Suite 3210  
181 Bay Street  
Toronto, Ontario M5J 2T3

Address for Notices: BCE Place - Suite 3210  
181 Bay Street  
Toronto, Ontario M5J 2T3  
Attention: Bernd Erpenbeck

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 50,000,000

**Annex II - Lenders Schedule**

**CIBC  
[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

CIBC Inc.

Applicable Lending Office for US Loans:

2 Paces West  
2727 Paces Ferry Road  
Suite 1200  
Atlanta, Georgia 30339  
Attention: Anita Rounds

Address for Notices:

1600 Smith Street, Suite 3100  
Houston, Texas 77002  
Attention: Mark H. Wolf

US TRANCHE A

Tranche A Note Amount (5 year):

US\$ 12,000,000.00

Tranche A Percentage Share:

6.00000%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian Lender

**Annex II - Lenders Schedule**

**CITIBANK**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Citibank, N.A.  
Applicable Lending Office for US Loans: 399 Park Avenue  
New York, New York 10043  
Borrowing Notices: Two Penn's Way, 2nd Floor  
New Castle Delaware 19720  
Attention: Sean L. Portrait  
Address for Notices: 1200 Smith Street, Suite 2000  
Houston, Texas 77002  
Attention: Todd J. Mogil

US TRANCHE A

Tranche A Note Amount (5 year): US\$ 16,000,000.00  
Tranche A Percentage Share: 8.00000%

US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Citibank, N.A., Canadian branch  
(CANADIAN RESIDENT LENDER)  
Applicable Lending Office for Canadian Advances: c/o 400 Third Avenue SW, Suite 4301  
Calgary, Alberta T2P 4H2  
Address for Notices: c/o 400 Third Avenue SW, Suite 4301  
Calgary, Alberta T2P 4H2  
Attention: Diane Gould  
cc: 1200 Smith Street, Suite 2000  
Houston, Texas 77002  
Attention: Todd J. Mogil

CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 66,000,000

## Annex II - Lenders Schedule

### CREDIT LYONNAIS

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Credit Lyonnais

Applicable Lending Office for US Loans:

1301 Travis Street  
Suite 2100  
Houston, Texas 77002

Address for Notices:

1301 Travis Street  
Suite 2100  
Houston, Texas 77002  
Attention: John Grandstaff

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 32,812,500.00  
5.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Credit Lyonnais

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

1301 Travis Street  
Suite 2100  
Houston, Texas 77002

Address for Notices:

1301 Travis Street  
Suite 2100  
Houston, Texas 77002  
Attention: John Grandstaff

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 19,687,500.00  
5.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
and Canadian Agreement

US\$ 42,000,000

## Annex II - Lenders Schedule

### CREDIT SUISSE

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Credit Suisse First Boston  
Applicable Lending Office for US Loans: Eleven Madison Avenue, 10th Floor  
New York, New York 10010-3629  
Address for Notices: Eleven Madison Avenue, 10th Floor  
New York, New York 10010-3629  
Attention: James Moran

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Credit Suisse First Boston  
(CANADIAN RESIDENT LENDER)  
Applicable Lending Office for Canadian Advances: 1 First Canadian Place, Suite 3000  
P.O. Box 301  
Toronto, Ontario M5X 1C9  
Address for Notices: 1 First Canadian Place, Suite 3000  
P.O. Box 301  
Toronto, Ontario M5X 1C9  
Attention: Alain Daoust

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
and Canadian Agreement

US\$ 50,000,000

## Annex II - Lenders Schedule

### DEN NORSKE BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:	Den norske Bank ASA
Applicable Lending Office for US Loans:	200 Park Avenue, 31st Floor New York, New York 10166
Address for Notices:	200 Park Avenue, 31st Floor New York, New York 10166 Attention: Hans J. Ormar

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):	US\$ 19,531,250.00
Tranche B Percentage Share:	3.12500%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:	Den norske Bank ASA  (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	200 Park Avenue, 31st Floor New York, New York 10166
Address for Notices:	200 Park Avenue, 31st Floor New York, New York 10166 Attention: Hans J. Ormar

#### CANADIAN FACILITY

Canadian Note Amount:	US\$ 11,718,750.00
Canadian Percentage Share:	3.12500%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 25,000,000

## Annex II - Lenders Schedule

### DEUTSCHE BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Deutsche Bank AG New York Branch

Applicable Lending Office for US Loans: 31 West 52nd Street  
New York, New York 10019

Address for Notices: 31 West 52nd Street  
New York, New York 10019  
Attention: Joel Makowsky

#### US TRANCHE A

Tranche A Note Amount (5 year): US\$ 9,333,333.33  
Tranche A Percentage Share: 4.66667%

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Deutsche Bank AG, Canada Branch  
  
(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: 222 Bay Street, Suite 1100  
P.O. Box 196  
Toronto, Ontario M5K 1H6

Address for Notices: 222 Bay Street, Suite 1100  
P.O. Box 196  
Toronto, Ontario M5K 1H6  
Attention: Robert Johnston

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 59,333,333

## Annex II - Lenders Schedule

### JPMORGAN CHASE

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: JPMorgan Chase Bank  
Applicable Lending Office for US Loans: 1 Chase Manhattan Plaza - 8th  
New York, New York 10081  
Address for Notices: 600 Travis Street, 20th Floor  
Houston, Texas 77002-8086  
Attention: Russell Johnson

#### US TRANCHE A

Tranche A Note Amount (5 year): US\$ 31,333,333.33  
Tranche A Percentage Share: 15.66667%

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: JPMorgan Chase Bank,  
Toronto Branch  
(CANADIAN RESIDENT LENDER)  
Applicable Lending Office for Canadian Advances: South Tower, Suite 1800  
200 Bay Street, Royal Bank Plaza  
Toronto, Ontario M5J 2J2  
Address for Notices: South Tower, Suite 1800  
200 Bay Street, Royal Bank Plaza  
Toronto, Ontario M5J 2J2  
Attention: Drew McDonald

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 81,333,333

## Annex II - Lenders Schedule

### LOCAL OKLAHOMA BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement

Local Oklahoma Bank, N.A.

Applicable Lending Office for US Loans:

3601 N.W. 63rd Street  
Oklahoma City, Oklahoma 73116

Address for Notices:

3601 N.W. 63rd Street  
Oklahoma City, Oklahoma 73116  
Attention: John K. Slay, Jr.

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 11,718,750.00  
1.87500%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Local Oklahoma Bank, N.A.

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

3601 N.W. 63rd Street  
Oklahoma City, Oklahoma 73116

Address for Notices:

3601 N.W. 63rd Street  
Oklahoma City, Oklahoma 73116  
Attention: John K. Slay, Jr.

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 7,031,250.00  
1.87500%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 15,000,000

**Annex II - Lenders Schedule**

**ROYAL BANK OF CANADA**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Royal Bank of Canada

Applicable Lending Office for US Loans:

One Liberty Plaza, 3rd Floor  
New York, New York 10006-1404  
Claro Albay, Liability Officer

Address for Notices:

One Liberty Plaza, 3rd Floor  
New York, New York 10006  
Attention: Claro Albay, Liability Officer  
cc: 2800 Post Oak Blvd., Suite 5700  
Houston, Texas 77056  
Attention: Lorne Gartner

US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 16,000,000.00  
8.00000%

US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 39,062,500.00  
6.25000%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

Royal Bank of Canada

(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

One Liberty Plaza, 3rd Floor  
New York, New York 10006-1404  
Attention: Claro Albay, Liability Officer

Address for Notices:

One Liberty Plaza, 3rd Floor  
New York, New York 10006-1404  
Attention: Claro Albay, Liability Officer  
cc: 2800 Post Oak Blvd., Suite 5700  
Houston, Texas 77056  
Attention: Lorne Gartner

CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 23,437,500.00  
6.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 66,000,000

**Annex II - Lenders Schedule**

**SOUTHWEST BANK OF TEXAS**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement Southwest Bank of Texas, N.A.  
Applicable Lending Office for US Loans: 4400 Post Oak Parkway  
Houston, Texas 77027  
Address for Notices: 4400 Post Oak Parkway  
Houston, Texas 77027  
Attention: W. Bryan Chapman

US TRANCHE A  
Not a Tranche A Lender

US TRANCHE B  
Tranche B Note Amount (364 day): US\$ 11,718,750.00  
Tranche B Percentage Share: 1.87500%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Southwest Bank of Texas, N.A.  
(NON-RESIDENT LENDER)  
Applicable Lending Office for Canadian Advances: 4400 Post Oak Parkway  
Houston, Texas 77027  
Address for Notices: 4400 Post Oak Parkway  
Houston, Texas 77027  
Attention: W. Bryan Chapman

CANADIAN FACILITY  
Canadian Note Amount: US\$ 7,031,250.00  
Canadian Percentage Share: 1.87500%

AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT US\$ 15,000,000

**Annex II - Lenders Schedule**

**SUNTRUST BANK  
[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

SunTrust Bank, Atlanta

Applicable Lending Office for US Loans:

303 Peachtree Street, N.E.  
Third Floor, M/C 1929  
Atlanta, Georgia 30308

Address for Notices:

303 Peachtree Street, N.E.  
Third Floor, M/C 1929  
Atlanta, Georgia 30308  
Attention: David Edge

US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$6,666,666.67  
3.33333%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian Lender

## Annex II - Lenders Schedule

### THE BANK OF NEW YORK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: The Bank of New York

Applicable Lending Office for US Loans: One Wall Street, 19th Floor  
New York, New York 10286

Address for Notices: One Wall Street, 19th Floor  
New York, New York 10286  
Attention: Raymond Palmer

#### US TRANCHE A

Tranche A Note Amount (5 year): US\$ 12,000,000.00  
Tranche A Percentage Share: 6.00000%

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 32,812,500.00  
Tranche B Percentage Share: 5.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: The Bank of New York  
(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: One Wall Street, 19th Floor  
New York, New York 10286

Address for Notices: One Wall Street, 19th Floor  
New York, New York 10286  
Attention: Raymond Palmer

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 19,687,500.00  
Canadian Percentage Share: 5.25000%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 54,000,000

**Annex II - Lenders Schedule**

**THE BANK OF NOVA SCOTIA**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement: The Bank of Nova Scotia

Applicable Lending Office for US Loans: Suite 2700, 600 Peachtree Street, N.E.  
Atlanta, Georgia 30308

Address for Notices: Suite 2700, 600 Peachtree Street, N.E.  
Atlanta, Georgia 30308  
Attention: Donna Gardner  
cc: 1100 Louisiana, Suite 3000  
Houston, Texas 77002  
Attention: Janice Ver Hoeve

US TRANCHE A

Not a Tranche A Lender

US TRANCHE B

Tranche B Note Amount (364 day): US\$19,531,250.00  
Tranche B Percentage Share: 3.12500%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: The Bank of Nova Scotia  
(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: Suite 2700, 600 Peachtree Street, N.E.  
Atlanta, Georgia 30308

Address for Notices: Suite 2700, 600 Peachtree Street, N.E.  
Atlanta, Georgia 30308  
Attention: Donna Gardner  
cc: 1100 Louisiana, Suite 3000  
Houston, Texas 77002  
Attention: Janice Ver Hoeve

CANADIAN FACILITY

Canadian Note Amount: US\$ 11,718,750.00  
Canadian Percentage Share: 3.12500%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 25,000,000

## Annex II - Lenders Schedule

### THE BANK OF TOKYO - MITSUBISHI

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: The Bank of Tokyo-Mitsubishi Ltd.  
Houston Agency

Applicable Lending Office for US Loans: 1100 Louisiana Street  
Suite 2800  
Houston, Texas 77002-5216

Address for Notices: 1100 Louisiana Street,  
Suite 2800  
Houston, Texas 77002-5216  
Attention: Jay Fort

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day):  
Tranche B Percentage Share:

US\$ 32,812,500.00  
5.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Bank of Tokyo-Mitsubishi (Canada)  
  
(CANADIAN RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: Suite 950 Park Place  
666 Burrard Street  
Vancouver, British Columbia V6C 3L1

Address for Notices: Suite 950 Park Place  
666 Burrard Street  
Vancouver, British Columbia V6C 3L1  
Attention: Davis J. Stewart

#### CANADIAN FACILITY

Canadian Note Amount:  
Canadian Percentage Share:

US\$ 19,687,500.00  
5.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 42,000,000

**Annex II - Lenders Schedule**

**TORONTO-DOMINION  
[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Toronto-Dominion (Texas), Inc.

Applicable Lending Office for US Loans:

909 Fannin Street  
Suite 1700  
Houston, Texas 77010

Address for Notices:

909 Fannin Street  
Suite 1700  
Houston, Texas 77010  
Attention: Mark Green

US TRANCHE A

Tranche A Note Amount (5 year)  
Tranche A Percentage Share:

US\$ 6,666,666.67  
3.33333%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian Lender

## Annex II - Lenders Schedule

### UBS AG

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: UBS AG, Stamford Branch

Applicable Lending Office for US Loans: 677 Washington Boulevard  
Stamford, Connecticut 06901

Address for Notices: 677 Washington Boulevard  
Stamford, Connecticut 06901  
Attention: Denise Conzo

#### US TRANCHE A

Not a Tranche A Lender

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 42,578,125.00  
Tranche B Percentage Share: 6.81250%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: UBS AG, Stamford Branch  
(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: 677 Washington Boulevard  
Stamford, Connecticut 06901

Address for Notices: 677 Washington Boulevard  
Stamford, Connecticut 06901  
Attention: Denise Conzo

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 25,546,875.00  
Canadian Percentage Share: 6.81250%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 54,500,000

## Annex II - Lenders Schedule

### UMB BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

UMB Bank

Applicable Lending Office for US Loans:

204 N. Robinson  
Oklahoma City, Oklahoma 73102

Address for Notices:

204 N. Robinson  
Oklahoma City, Oklahoma 73102  
Attention: Richard Lehrter

#### US TRANCHE A

Tranche A Note Amount (5 year):

US\$ 4,000,000.00

Tranche A Percentage Share:

2.00000%

#### US TRANCHE B

Tranche B Note Amount (364 day):

US\$ 7,812,500.00

Tranche B Percentage Share:

1.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:

UMB Bank

(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances:

204 N. Robinson  
Oklahoma City, Oklahoma 73102

Address for Notices:

204 N. Robinson  
Oklahoma City, Oklahoma 73102  
Attention: Richard Lehrter

#### CANADIAN FACILITY

Canadian Note Amount:

US\$ 4,687,500.00

Canadian Percentage Share:

1.25000%

AGGREGATE COMMITMENT UNDER US AGREEMENT  
AND CANADIAN AGREEMENT

US\$ 14,000,000

## Annex II - Lenders Schedule

### WACHOVIA BANK

#### US AGREEMENT

Name of Affiliate that is Lender under US Agreement: Wachovia Bank, National Association

Applicable Lending Office for US Loans: 201 S. College Street, CP-17  
Charlotte, North Carolina 28288

Address for Notices: 201 S. College Street, CP-17  
Charlotte, North Carolina 28288  
Attention: Denise Bobbitt  
cc: 1001 Fannin Street, Suite 2255  
Houston, Texas 77002  
Attention: David Humphreys

#### US TRANCHE A

Tranche A Note Amount (5 year): US\$ 19,333,333.33  
Tranche A Percentage Share: 9.66667%

#### US TRANCHE B

Tranche B Note Amount (364 day): US\$ 39,062,500.00  
Tranche B Percentage Share: 6.25000%

#### CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement: Wachovia Bank, National Association  
(NON-RESIDENT LENDER)

Applicable Lending Office for Canadian Advances: 201 S. College Street, CP-17  
Charlotte, North Carolina 28288

Address for Notices: 201 S. College Street, CP-17  
Charlotte, North Carolina 28288  
Attention: Denise Bobbitt  
cc: 1001 Fannin Street, Suite 2255  
Houston, Texas 77002  
Attention: David Humphreys

#### CANADIAN FACILITY

Canadian Note Amount: US\$ 23,437,500.00  
Canadian Percentage Share: 6.25000%

#### AGGREGATE COMMITMENT UNDER US AGREEMENT AND CANADIAN AGREEMENT

US\$ 69,333,333

**Annex II - Lenders Schedule**

**WESTDEUTSCHE  
[TRANCHE A ONLY]**

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:

Westdeutsche Landesbank Girozentrale

Applicable Lending Office for US Loans:

1211 Avenue of the Americas  
New York, New York 10036

Address for Notices:

1211 Avenue of the Americas  
New York, New York 10036  
Attention: Jeff Davidson

US TRANCHE A

Tranche A Note Amount (5 year):  
Tranche A Percentage Share:

US\$ 12,000,000.00  
6.00000%

US TRANCHE B

Not a Tranche B Lender

CANADIAN AGREEMENT

Not a Canadian lender.

**EXHIBIT 10.3**

**CREDIT AGREEMENT**

**NORTHSTAR ENERGY CORPORATION**

**AND**

**DEVON CANADA CORPORATION**

**AS BORROWERS**

**AND**

**RBC CAPITAL MARKETS**

**AS ARRANGER**

**AND**

**ROYAL BANK OF CANADA**

**AS ADMINISTRATIVE AGENT**

**AND**

**CERTAIN FINANCIAL INSTITUTIONS**

**AS LENDERS**

CDN. \$140,000,000

JULY 25, 2002

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## CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "AGREEMENT") is made as of July 25, 2002, by and among Northstar Energy Corporation, an Alberta corporation, and Devon Canada Corporation, an Alberta corporation (herein collectively called "BORROWERS" and individually a "BORROWER"), Royal Bank of Canada, acting through its Agent's Branch of Account, individually and as administrative agent (herein called "AGENT"), and the Lenders party to, and as defined under, this Credit Agreement.

The Borrowers have requested the Lenders to make certain credit facilities available to the Borrower and the Lenders, subject to the terms and conditions of this Credit Agreement, have agreed to make such credit facilities available. Accordingly, in consideration of the credit facilities which may hereafter be made by Lenders to Borrowers, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrowers, Agent and Lenders hereby agree as follows:

### ARTICLE 1 ADVANCES

#### 1.1 COMMITMENTS TO MAKE ADVANCES

(a) ADVANCES: Subject to the terms and conditions hereof, each Lender agrees to extend credit to each Borrower by:

(i) advancing funds to the applicable Borrower specified in a Borrowing Notice (herein called such Lender's "LOANS";

(ii) by accepting or purchasing drafts of Bankers' Acceptances issued under this Agreement by the applicable Borrower specified in a Borrowing Notice (herein called such Lender's "BANKERS' ACCEPTANCES"); and

(iii) issuing Letters of Credit executed by the Agent as attorney for and on behalf of the Lender (the "DIRECT LETTERS OF CREDIT") or, in the circumstances set out in the second sentence of Section 2.5(a), issued by the Fronting Lender for the account of the Lender (the "FRONTED LETTERS OF CREDIT"), in each case requested by the applicable Borrower specified in a Borrowing Notice (the Direct Letters of Credit and Fronted Letters of Credit are herein collectively called such Lender's "LETTERS OF CREDIT");

(each Lender's Loans, Bankers' Acceptances and Letters of Credit are herein collectively called such Lender's "ADVANCES") upon the applicable Borrower's request from time to time prior to the Maturity Date, provided that:

(iv) subject to Sections 1.1(b), 2.2, 3.3, 3.4 and 3.5, all Lenders are requested to make Advances of the same Type in accordance with their respective Percentage Shares and as part of the same Borrowing;

(v) subject to Section 2.2(f)(i), such Lender's Percentage Share of the Facility Usage shall never exceed such Lender's Percentage Share of the Maximum Credit Amount; and

(vi) the aggregate amount of the Facility Usage outstanding shall never exceed the Maximum Credit Amount.

The aggregate amount of all Advances in any Borrowing must be an integral multiple of \$1,000,000 in the Applicable Currency (other than in the case of Letters of Credit) which equals or exceeds \$5,000,000 in the Applicable Currency (other than in the case of Letters of Credit) or must equal the unadvanced portion of the Maximum Credit Amount. Each Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans and Bankers' Acceptances outstanding at any time. Advances by way of Letters of Credit shall be in a minimum aggregate amount of \$100,000 in the Applicable Currency.

(b) PRO-RATA TREATMENT OF ADVANCES: Each Advance shall be made available by each Lender and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Advances outstanding hereunder to each Lender will, to the extent possible, thereafter be pro rata in accordance with such Lender's Percentage Share. The Agent is authorized by each Borrower and each Lender to determine, in its sole and unfettered discretion, the portion of each Advance and each Type of Advance to be made available by each Lender and the application of repayments and reductions of Advances to give effect to the provisions of this Agreement, provided that no Lender shall, as a result of any such determination, have a Percentage Share of the Advances which is in excess of its Percentage Share of the Maximum Credit Amount.

(c) EXISTING LETTERS OF CREDIT: The Borrowers, the Lenders and the Agent, as Fronting Lender, agree that the letters of credit described in Schedule 4 hereto shall, on the date this Agreement becomes effective, be deemed to be outstanding hereunder as Fronted Letters of Credit issued by the Agent, as Fronting Lender, on the date this Agreement becomes effective at the request and for the account of the applicable Borrower described in Schedule 4 hereto with respect to each such letter of credit (such letters of credit being the "CONTINUED LETTERS OF CREDIT"). The Borrowers agree that they shall use their reasonable commercial efforts to replace the Continued Letters of Credit with Direct Letters of Credit as soon as reasonably possible after this Agreement becomes effective.

## 1.2 REQUESTS FOR NEW ADVANCES

The applicable Borrower must give to Agent written notice (or telephonic notice promptly confirmed in writing) of any requested Borrowing of new Loans, Bankers' Acceptances or Letters of Credit. Each such notice constitutes a "BORROWING Notice" hereunder and must:

(a) specify:

(i) the aggregate amount of any such Borrowing of new US Base Rate Loans and the date on which such US Base Rate Loans are to be advanced;

(ii) the aggregate amount of any such Borrowing of Prime Rate Loans and the date on which such Prime Rate Loans are to be advanced;

(iii) the aggregate amount of any such Borrowing of new US Dollar Eurodollar Loans, the date on which such US Dollar Eurodollar Loans are to be advanced (which shall be the first day of the Eurodollar Interest Period which is to apply thereto), and the length of the applicable Eurodollar Interest Period;

(iv) the aggregate amount of any such Borrowing by way of Bankers' Acceptances (subject to Section 2.2(f)), and the date on which such Bankers' Acceptances are to be accepted and the maturity of such Bankers' Acceptances; or

(v) with respect to Letters of Credit, comply with the provisions of Section 2.5; and

(b) be received by Agent not later than 12:00 noon, Toronto, Ontario time, on:

(i) the Business Day preceding the day on which any such US Base Rate Loans or Prime Rate Loans are to be made;

(ii) the third Business Day preceding the day on which any such US Dollar Eurodollar Loans are to be made; or

(iii) the Business Day preceding the day on which any such Bankers' Acceptances are to be issued, or

(iv) the second Business Day before such Letters of Credit are to be issued.

Each such written request or confirmation must be made in the form and substance of the "BORROWING NOTICE" attached hereto as Exhibit A, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by the applicable Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, Agent shall give each Lender prompt notice of the terms thereof not later than 5:00 p.m. Toronto, Ontario time on the day it receives such Borrowing Notice from the applicable Borrower if it receives such Borrowing Notice by 12:00 noon, Toronto, Ontario time, otherwise on the next Business Day. Each Borrowing Notice shall be irrevocable and binding on the applicable Borrower. If all conditions precedent to such new Advances have been met:

(c) each Lender will on the date requested promptly remit to Agent by 1:00 p.m. Toronto, Ontario time its Loans to Agent's Branch of Account in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such Loans have been neither met nor waived as provided herein, Agent shall promptly make such Loans available to the applicable Borrower; or

(d) each Lender will accept drafts of Bankers' Acceptances on the date requested in accordance with Sections 2.1, 2.2 and 2.3; or

(e) the Agent, on behalf of the Lenders or, if applicable, the Fronting Lender, shall execute and issue Letters of Credit on the date requested in accordance with Section 2.5.

Unless Agent shall have received prompt notice from a Lender that such Lender will not make available to Agent such Lender's new Advance, Agent may in its discretion assume that such Lender has made such Advance available to Agent in accordance with this section and Agent may if it chooses, in reliance upon such assumption, make such Advance available to the applicable Borrower. If and to the extent such Lender shall not so make its new Advance available to Agent, such Lender and the applicable Borrower severally agree to pay or repay to Agent within three days after demand the amount of such Advance together with interest thereon, for each day from the date such amount was made available to the applicable Borrower until the date such amount is paid or repaid to Agent, with interest at either the Prime Rate, if such Lender is making such payment and the interest rate applicable at the time to the other new Advances made on such date, if a Borrower is making such repayment, provided that Agent gave notice of the terms of the Borrowing Notice to such Lender in accordance with the terms of this Section 1.2. If neither such Lender nor such Borrower pays or repays to Agent such amount within such three-day period, Agent shall in addition to such amount be entitled to recover from such Lender and from the applicable Borrower, on demand, interest on such Advance at the Default Rate applicable thereto,

calculated from the date such amount was made available to such Borrower. The failure of any Lender to make any new Advance to be made by it hereunder shall not relieve any other Lender of its obligation hereunder, if any, to make its new Advance, but no Lender shall be responsible for the failure of any other Lender to make any new Advance to be made by such other Lender.

### 1.3 CONTINUATIONS AND CONVERSIONS OF EXISTING ADVANCES

Subject to the terms of Section 2.3 with respect to Bankers' Acceptances, the applicable Borrower may make the following elections with respect to Advances already outstanding under this Agreement:

(a) to convert any Type of Advance to any other Type of Advance, provided that any such Conversion of any US Dollar Eurodollar Loan must be made on the last day of the Eurodollar Interest Period applicable thereto and any such Conversion of a Bankers' Acceptance must be made on the date of maturity thereof;

(b) to continue US Dollar Eurodollar Loans beyond the expiration of such Eurodollar Interest Period by designating a new Eurodollar Interest Period to take effect at the time of such expiration, and to rollover any existing Bankers' Acceptance by designating the new maturity date applicable thereto; and

(c) a Letter of Credit may not be converted to another Type of Advance except as a result of a presentation of a Letter of Credit for payment in whole or in part.

In making such elections, the applicable Borrower may combine existing Advances made pursuant to separate Borrowings into one new Borrowing or divide existing Advances made pursuant to one Borrowing into separate new Borrowings, provided that each Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans and Bankers' Acceptances outstanding at any time. To make any such election, the applicable Borrower must give to Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing Advances, with a separate notice given for each new Borrowing. Each such notice constitutes a "CONTINUATION/CONVERSION NOTICE" hereunder and must:

(d) specify the existing Advances made under this Agreement which are to be continued or converted;

(e) specify:

(i) the aggregate amount of any Borrowing of US Base Rate Loans or Prime Rate Loans into which such existing Advances are to be continued or converted and the date on which such Continuation or Conversion is to occur; or

(ii) the aggregate amount of any Borrowing of US Dollar Eurodollar Loans into which such existing Advances are to be continued or converted, the date on which such Continuation or Conversion is to occur (which shall be the first day of the Eurodollar Interest Period which is to apply to such US Dollar Eurodollar Loans), and the length of the applicable Eurodollar Interest Period; or

(iii) the amount of any Borrowing of Bankers' Acceptances into which such existing Advances are to be continued or converted, the date on which such Continuation or Conversion is to occur, and the maturity of such Bankers' Acceptances; and

(f) be received by Agent not later than 12:00 noon, Toronto, Ontario time, on:

(i) the Business Day preceding the day on which any such Continuation or Conversion to US Base Rate Loans or Prime Rate Loans is to occur;  
or

(ii) the third Business Day preceding the day on which any such Continuation or Conversion to US Dollar Eurodollar Loans is to occur; or

(iii) the Business Day preceding the day on which any such Continuation or Conversion to Bankers' Acceptances is to occur.

Each such written request or confirmation must be made in the form and substance of the "CONTINUATION/CONVERSION NOTICE" attached hereto as Exhibit B, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by the applicable Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Continuation/Conversion Notice, Agent shall give each Lender prompt notice of the terms thereof. Each Continuation/Conversion Notice shall be irrevocable and binding on the applicable Borrower. During the continuance of any Default, Borrowers may not make any election to convert existing Advances made under this Agreement into US Dollar Eurodollar Loans or Bankers' Acceptances or continue existing US Dollar Eurodollar Loans made under this Agreement as US Dollar Eurodollar Loans or to rollover existing Bankers' Acceptances into new Bankers' Acceptances. If (due to the existence of a Default or for any other reason) the applicable Borrower fails to timely and properly give or is prevented hereunder from giving any Continuation/Conversion Notice with respect to a Borrowing of existing US Dollar Eurodollar Loans at least three Business Days prior to the end of the Eurodollar Interest Period applicable thereto or the Business Day preceding the maturity date of the Bankers' Acceptance, such US Dollar Eurodollar Loans and Bankers' Acceptances shall automatically be converted into US Base Rate Loans (in the case of US Dollar Eurodollar Loans) or Prime Rate Loans (in the case of Bankers' Acceptances) at the end of such Eurodollar Interest Period or the maturity of such Bankers' Acceptances. No new funds shall be repaid by the applicable Borrower or advanced by any Lender in connection with any Continuation or Conversion of existing Advances pursuant to this Section 1.3, and no such Continuation or Conversion shall be deemed to be a new advance of funds for any purpose; such Continuations and Conversions merely constitute a change in terms of already outstanding Advances and the interest rate applicable thereto.

#### 1.4 REPAYMENTS

(a) PRIOR TO MATURITY DATE: Subject to the terms and conditions hereof, either Borrower may borrow, repay, and reborrow Advances hereunder prior to the Maturity Date, so long as:

(i) the applicable Borrower gives notice to Agent by 2:00 p.m., Toronto, Ontario time on the Business Day immediately preceding the date of prepayment (and Agent shall give each Lender notice thereof by 4:30 p.m. Toronto, Ontario time on the date such notice is received from the applicable Borrower if it receives such Borrowing Notice by 11:00 a.m., Toronto, Ontario time, otherwise on the next Business Day) and all partial prepayments of principal concurrently paid on the Loans are increments of \$1,000,000 in the Applicable Currency and in an aggregate amount greater than or equal to \$5,000,000 in the Applicable Currency; and

(ii) the applicable Borrower pays all amounts owing in connection with the prepayment of any US Dollar Eurodollar Loan owing under Section 3.6.

(b) **FINAL PAYMENT:** Subject to extension of the Maturity Date as herein provided and subject to Section 2.9, the Maximum Credit Amount shall be reduced to zero on the Maturity Date and all Obligations of the Borrowers to the Lender Parties shall be paid in full on the Maturity Date.

(c) **CURRENCY FLUCTUATIONS:** Notwithstanding any other provision of this Agreement, if any Advance outstanding is denominated in US Dollars, Agent shall have the right to calculate the outstanding Obligations in Canadian Dollars for all purposes including making a determination from time to time of the available undrawn portion of the Maximum Credit Amount. If following such calculation, Agent determines that the outstanding Obligations determined in Canadian Dollars are greater than 105% of the Maximum Credit Amount at such time, then Agent shall so advise Borrowers and Borrowers shall repay, on the later of five Business Days after such advice and the next applicable Interest Payment Date immediately following such date of calculation, an amount sufficient to eliminate the excess over and above the aggregate amount of the Advances permitted hereby to be outstanding at such time, together with all accrued interest on the amount so paid.

### 1.5 INTEREST RATES AND FEES

(a) **INTEREST RATES:** The Loans shall bear interest payable by the applicable Borrower as follows and all accrued and unpaid interest on the Loans shall be due and payable on the applicable Interest Payment Date:

(i) Each US Base Rate Loan shall bear interest on each day outstanding at the US Dollar Base Rate in effect on such day.

(ii) Each Prime Rate Loan shall bear interest on each day outstanding at the Prime Rate in effect on such day.

(iii) Each US Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related US Dollar Eurodollar Rate in effect on the first of such Eurodollar Interest Period plus seventy-five (75) Basis Points.

(iv) All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues.

(b) **STAMPING FEES:** In consideration of each Lender's commitment to accept or participate in Bankers' Acceptances under this Agreement, the applicable Borrower will pay to Agent for the account of such Lender a stamping fee computed at the Stamping Fee Rate multiplied by the face amount of each Bankers' Acceptance accepted by such Lender under this Agreement for the number of days in the term of such Bankers' Acceptance. Such fee shall be due and payable on the date on which such Bankers' Acceptances are accepted and if such Lender is purchasing such Bankers' Acceptance, such fee shall be deducted from the Discount Proceeds paid to the applicable Borrower.

(c) **LETTER OF CREDIT FEES:**

(i) In consideration of each Lender's commitment to issue Direct Letters of Credit under this Agreement or be liable for its Percentage Share of Fronted Letters of Credit under this Agreement, including, without limitation, the Continued Letters of Credit, the applicable Borrower hereby agrees to pay to the Agent, for the ratable account of each Lender (in proportion to such Lender's share of the undrawn and unexpired amounts of all

outstanding Letters of Credit), a letter of credit fee (the "LC Fee") computed at the LC Fee Rate multiplied by the average daily aggregate then undrawn and unexpired amount of the Letters of Credit outstanding during the period (or any portion thereof) for which payment is being made issued at the request of such Borrower, payable quarterly in arrears on the last day of each of September, December, March and June in each year commencing September 30, 2002 and on the Maturity Date.

(ii) In consideration of the Fronting Lender agreeing to issue Fronted Letters of Credit under this Agreement, including, without limitation, the Continued Letters of Credit, the applicable Borrower hereby agrees to pay to the Agent, for the account of the Fronting Lender, a fronting fee (the "LC Fronting Fee") computed at the Fronting Fee Rate multiplied by the average daily aggregate then undrawn and unexpired amount of the Fronted Letters of Credit issued by the Fronting Lender outstanding during the period (or any portion thereof) for which payment is being made issued at the request of such Borrower, payable quarterly in arrears on the last day of each of September, December, March and June in each year commencing September 30, 2002 and on the Maturity Date.

(iii) If all or any portion of the LC Obligations are required to be collateralized in accordance with Section 2.9, 50% of such LC Fee and LC Fronting Fee to the extent of such collateralized portion shall continue to be paid to the applicable Lenders and the Fronting Lender until such time as the Letter of Credit is presented for payment, replaced or expires undrawn; provided that upon the occurrence of any Event of Default and so long as such Event of Default shall be continuing and shall not have been waived, the LC Fee Rate and LC Fronting Fee shall be increased to 2.75% per annum and the LC Fee and LC Fronting Fee shall be payable on demand. The LC Fee and LC Fronting Fee in respect of each Letter of Credit shall accrue from the Issuance Date thereof until the expiration or termination thereof.

(d) **COMMITMENT FEES:** In consideration of each Lender's commitment to make Advances under this Agreement, Devon Canada will pay to Agent for the account of each Lender a commitment fee determined on a daily basis by applying a rate of twelve and one-half (12.5) Basis Points per annum to such Lender's Percentage Share of the Maximum Credit Amount less the Facility Usage on each day during the term of this Agreement. These commitment fees shall be due and payable in arrears on the last day of each Fiscal Quarter and on the Maturity Date.

(e) **UTILIZATION FEES:** In consideration of each Lender's commitment to make Advances under this Agreement, Devon Canada will pay to Agent for the account of each Lender a utilization fee determined on a daily basis by applying a rate of twelve and one-half (12.5) Basis Points per annum to such Lender's Percentage Share of the Facility Usage (but excluding therefrom Facility Usage attributable to Prime Rate Loans and US Base Rate Loans) on each day during the term of this Agreement that the Facility Usage exceeds twenty-five percent (25.0%) of the Maximum Credit Amount. This utilization fee shall be due and payable quarterly in arrears on the last day of each March, June, September and December beginning September 30, 2002 and on the date all Obligations are repaid in full.

(f) **AGENT'S FEES:** In addition to all other amounts due to Agent under the Loan Documents, Devon Canada will pay fees to Agent as described in a letter agreement of even date herewith between Devon Canada and the Agent.

## 1.6 EXTENSION OF MATURITY DATE

(a) Borrowers may, at their option and from time to time prior to the Maturity Date, request an offer to extend the Maturity Date by delivering to Agent a Request for an Offer of Extension not more than sixty days and not less than thirty days prior to the then current Maturity Date. Agent shall forthwith provide a copy of the Request for an Offer of Extension to each of the Lenders. Upon receipt from Agent of an executed Request for an Offer of Extension, each Lender shall, within twenty days after the date of such Lender's receipt of such request from Agent, either:

(i) notify Agent of its acceptance of the Request for an Offer of Extension, and the terms and conditions, if any, upon which such Lender is prepared to extend the Maturity Date; or

(ii) notify Agent that the Request for an Offer of Extension has been denied, such notice to forthwith be forwarded by Agent to Borrowers to allow Borrowers to seek a replacement lender pursuant to Section 1.7 (any Lender giving notice of such denial is herein called a "NON-ACCEPTING LENDER"). The failure of a Lender to so notify Agent within such twenty day period shall be deemed to be notification by such Lender to Agent that such Lender has denied Borrowers' Request for an Offer of Extension.

(b) Provided that all Lenders provide notice to Agent under Section 1.6(a) that they accept the Request for an Offer of Extension, or if there are Non-Accepting Lenders, such Lenders shall have been repaid pursuant to Section 1.7 or replacement lenders shall have become parties hereto pursuant to Section 1.7 and shall have accepted the Request for an Offer of Extension, such acceptance having common terms and conditions, Agent shall deliver to Borrowers an Offer of Extension incorporating the said terms and conditions. Such offer shall be open for acceptance by Borrowers until the second Business Day immediately preceding the then current Maturity Date. Upon written notice by Borrowers to Agent accepting an outstanding Offer of Extension and agreeing to the terms and conditions, if any, specified therein (the date of such notice of acceptance in Section 1.6 and 1.7 being called the "EXTENSION DATE"), the Maturity Date shall be extended to the date 364 days from the Extension Date and the terms and conditions specified in such Offer of Extension shall be immediately effective.

(c) Borrowers understand that the consideration of any Request for an Offer of Extension constitutes an independent credit decision which each Lender retains the absolute and unfettered discretion to make and that no commitment in this regard is hereby given by a Lender and that any offer to extend the Maturity Date may be on such terms and conditions in addition to those set out herein as the extending Lenders stipulate.

## 1.7 NON-ACCEPTING LENDER

Provided that Majority Lenders provide notice to Agent under Section 1.6(a) that they accept the Request for an Offer of Extension, on notice of Borrowers to Agent, Borrowers shall be entitled to choose any of the following in respect of each Non-Accepting Lender prior to the then current Maturity Date:

(a) the Non-Accepting Lender's obligations to make Advances shall be canceled as of the Extension Date, the Maximum Credit Amount shall be reduced by the amount so canceled, and on or prior to the Extension Date, subject to Section 2.9, the Borrowers shall repay in full all Obligations then outstanding to the Non-Accepting Lender; or

(b) replace the Non-Accepting Lender by reaching satisfactory arrangements with one or more existing Lenders or new Lenders, for the purchase, assignment and assumption of all Obligations of the Non-Accepting Lender, and such Non-Accepting Lender shall be obligated to sell such Obligations in accordance with such satisfactory arrangements.

In connection with any such replacement of a Lender Party pursuant to this Section 1.7, the applicable Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender Party's Advances had been prepaid at the time of such replacement.

#### 1.8 USE OF PROCEEDS

Borrowers shall use all Advances made under this Agreement to finance capital expenditures and to provide working capital for their operations and for other general business purposes of the Borrowers and Canadian Subsidiaries of either Borrower or the US Parent.

#### 1.9 RESIDENCY OF LENDERS

Prior to an Event of Default, a Lender must be a Canadian Resident Lender.

### **ARTICLE 2 BANKERS' ACCEPTANCES AND LETTERS OF CREDIT**

#### 2.1 CREATION OF BANKERS' ACCEPTANCES

Upon receipt of a Borrowing Notice and subject to the provisions of this Agreement, each Lender shall accept, in accordance with its Percentage Share of the requested Borrowing from time to time, such Bankers' Acceptances as Borrowers shall request provided that:

- (a) Bankers' Acceptances shall be issued on a Business Day;
- (b) each Bankers' Acceptance shall have a term of 30, 60, 90 days or 180 days (excluding days of grace), as selected by Borrowers in the relevant Borrowing Notice or such term shorter than 30 days as may be available in the market; provided that each Bankers' Acceptance shall mature on a Business Day and that a Bankers' Acceptances may not be requested with a maturity date which is more than 60 days after the then current Maturity Date;
- (c) the face amount of each Bankers' Acceptance shall be not less than Cdn. \$100,000 and in multiples of Cdn. \$100,000 for any amounts in excess thereof; and
- (d) each Bankers' Acceptance shall be in the applicable Lender's standard form.

#### 2.2 TERMS OF ACCEPTANCE BY THE LENDERS

(a) **DELIVERY AND PAYMENT:** Subject to Sections 2.3 and 2.4 and only if a valid appointment pursuant to Section 2.2(e) is not in place, Borrowers shall pre-sign and deliver to each Lender bankers' acceptance drafts in sufficient quantity to meet Borrowers' requirements for anticipated Borrowings by way of Bankers' Acceptances. The applicable Borrower shall, at its option, provide for payment to Agent for the benefit of Lenders of each Bankers' Acceptance on the date on which a Bankers' Acceptance matures, either by payment of the full face amount thereof or through utilization of a Conversion to another Type of Borrowing in accordance with this Agreement, or through a combination thereof. Each Borrower waives presentment for payment

of Bankers' Acceptances by Lenders and shall not claim from Lenders any days of grace for the payment at maturity of Bankers' Acceptances. Any amount owing by Borrowers in respect of any Bankers' Acceptance which is not paid in accordance with the foregoing, shall, as and from the date on which such Bankers' Acceptance matures, be deemed to be outstanding hereunder as a Prime Rate Loan.

(b) **NO LIABILITY:** Agent and Lenders shall not be liable for any damage, loss or improper use of any bankers' acceptance draft endorsed in blank except for any loss arising by reason of Agent or a Lender failing to use the same standard of care in the custody of such bankers' acceptance drafts as Agent or such Lender use in the custody of their own property of a similar nature.

(c) **BANKERS' ACCEPTANCES PURCHASED BY LENDERS:** Where the applicable Borrower so elects in the Borrowing Notice or Continuation/Conversion Notice, a Lender shall purchase Bankers' Acceptances accepted by it for an amount equal to the Discount Proceeds.

(d) **MARKETING:** Where the applicable Borrower so elects in the Borrowing Notice or Continuation/Conversion Notice or fails to elect to have a Lender purchase Bankers' Acceptances accepted by it pursuant to Section 2.2(c), the applicable Borrower shall be responsible for, and shall make its own arrangements with respect to, the marketing of Bankers' Acceptances.

(e) **POWER OF ATTORNEY:** To facilitate the procedures contemplated in this Agreement, each Borrower appoints each Lender from time to time as the attorney-in-fact of such Borrower to execute, endorse and deliver on behalf of such Borrower drafts or depository bills in the form or forms prescribed by such Lender for Bankers' Acceptances denominated in Canadian Dollars. Each Bankers' Acceptance executed and delivered by a Lender on behalf of a Borrower shall be as binding upon such Borrower as if it had been executed and delivered by a duly authorized officer of such Borrower. The foregoing appointment shall cease to be effective, in respect of any Lender regarding a Borrower, three Business Days following receipt by such Lender of a written notice from such Borrower revoking such appointment (which notice shall be copied to the Agent); provided that any such revocation shall not affect Bankers' Acceptances previously executed and delivered by such Lender pursuant to such appointment.

(f) **ALLOCATION AND INCREASED FEES:**

(i) In the event it is not practicable to allocate Bankers' Acceptances to each Lender such that the aggregate amount of Bankers' Acceptances required to be purchased by such Lender hereunder is in a whole multiple of Cdn. \$100,000, the Agent is authorized by each Borrower and each Lender to make such allocation as the Agent determines in its sole and unfettered discretion may be equitable in the circumstances and, if the aggregate amount of such Bankers' Acceptances is not a whole multiple of Cdn. \$100,000, then the Agent may allocate (on a basis considered by it to be equitable) the excess of such Advance over the next lowest whole multiple of Cdn. \$100,000 to one Lender, which shall purchase a Bankers' Acceptance with a face amount equal to the excess and having the same term as the corresponding Bankers' Acceptances. In no event shall the portion of the outstanding Borrowings by way of Bankers' Acceptances of a Lender exceed such Lenders' Percentage Share of the aggregate Borrowings by way of Bankers' Acceptances by more than Cdn. \$100,000 as a result of such exercise of discretion by the Agent.

(ii) If during the term of any Bankers' Acceptance accepted by a Lender hereunder an Event of Default occurs and is continuing, the fee paid to such Lender by the applicable Borrower pursuant to Section 1.5(d) with respect to such Bankers' Acceptance shall be

recalculated based upon the existence of such Event of Default to be 2.75% for the number of days during the term of such Bankers' Acceptance that such Event of Default exists and the applicable Borrower shall pay such additional amount to the Agent within two (2) days of a notice from the Agent to do so.

### 2.3 GENERAL PROCEDURES FOR BANKERS' ACCEPTANCES

(a) NOTICE: Either Borrower may in the Borrowing Notice or in a Continuation/Conversion Notice request a Borrowing by way of Bankers' Acceptances. If the applicable Borrower is responsible for marketing of such Bankers' Acceptances under Section 2.2(d), it may by subsequent notice to Agent provide Agent, which shall in turn notify each Lender, with information as to the discount proceeds payable by the purchasers of the Bankers' Acceptances and the party to whom delivery of the Bankers' Acceptances by each Lender is to be made against delivery to each Lender of the applicable discount proceeds, but if it does not do so, the applicable Borrower shall initiate a telephone call to Agent by 10:00 a.m. Toronto, Ontario time on the date of advance, or the date of the Continuation or Conversion, as applicable, and provide such information to Agent. Such discount proceeds less the fee calculated in accordance with Section 1.5(d) shall promptly be delivered to the Agent. Any such telephone advice shall be subject to Section 1.2 and shall be confirmed by a written notice of the applicable Borrower to Agent prior to 2:00 p.m. Toronto, Ontario time on the same day.

(b) CONTINUATIONS: In the case of a Continuation of maturing Bankers' Acceptances issued by a Lender, such Lender, in order to satisfy the continuing liability of the applicable Borrower to the Lender for the face amount of the maturing Bankers' Acceptances issued by such Borrower, shall retain for its own account the Net Proceeds of each new Bankers' Acceptance issued by it in connection with such Continuation; and the applicable Borrower shall, on the maturity date of the maturing Bankers' Acceptances issued by such Borrower, pay to Agent for the benefit of Lenders an amount equal to the difference between the face amount of the maturing Bankers' Acceptances and the aggregate Net Proceeds of the new Bankers' Acceptances.

(c) CONVERSION FROM PRIME RATE LOANS: In the case of a Conversion from a Borrowing of Prime Rate Loans into a Borrowing by way of Bankers' Acceptances to be accepted by a Lender pursuant to Sections 2.1, 2.2 and 2.3, such Lender, in order to satisfy the continuing liability of the applicable Borrower to it for the principal amount of the Prime Rate Loans owing by such Borrower being converted, shall retain for its own account the Discount Proceeds of each new Bankers' Acceptance issued by it in connection with such Conversion; and the applicable Borrower shall, on the date of issuance of the Bankers' Acceptances, pay to Agent for the benefit of Lenders an amount equal to the difference between the aggregate principal amount of the Prime Rate Loans owing by such Borrower being converted owing to the Lenders and the aggregate Discount Proceeds of such Bankers' Acceptances.

(d) CONVERSIONS TO PRIME RATE LOANS: In the case of a Conversion of a Borrowing by way of Bankers' Acceptances into a Prime Rate Loan, each Lender, in order to satisfy the liability of the applicable Borrower to it for the face amount of the maturing Bankers' Acceptances, shall record the obligation of the applicable Borrower to it as a Prime Rate Loan unless the applicable Borrower provides for payment to Agent for the benefit of Lenders of the face amount of the maturing Bankers' Acceptance in some other manner acceptable to Lenders, including Conversion to another Type of Revolving Loan pursuant to a Continuation/Conversion Notice.

(e) CONVERSION FROM OR TO LOANS IN US DOLLARS: In the case of a conversion of Bankers' Acceptances from or to a US Base Rate Loan or US Dollar Eurodollar Loan, the Borrower and

the Lender shall follow the notice procedures set out in Section 1.3 and the funding procedures set out in Section 2.3(c) and 2.3(d) without netting of funds.

(f) **AUTHORIZATION:** Borrowers hereby authorize each Lender to complete, stamp, hold, sell, rediscount or otherwise dispose of all Bankers' Acceptances accepted by it pursuant to this Section 2.3 in accordance with the instructions provided by Borrowers pursuant to Section 1.3, as applicable.

(g) **DEPOSITORY NOTES:** The parties agree that in the administering of Bankers' Acceptances, each Lender may avail itself of the debt clearing services offered by a clearing house for depository notes pursuant to the Depository Bills and Notes Act (Canada) and that the procedures set forth in Article 2 be deemed amended to the extent necessary to comply with the requirements of such debt clearing services.

## 2.4 EXECUTION OF BANKERS' ACCEPTANCES

The signatures of any authorized signatory on Bankers' Acceptances may, at the option of Borrowers, be reproduced in facsimile and such Bankers' Acceptances bearing such facsimile signatures shall be binding on Borrowers as if they had been manually signed by such authorized signatory. Notwithstanding that any person whose signature appears on any Bankers' Acceptance as a signatory may no longer be an authorized signatory of Borrowers at the date of issuance of a Bankers' Acceptance, and notwithstanding that the signature affixed may be a reproduction only, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and as if such signature had been manually applied, and any such Bankers' Acceptance so signed shall be binding on Borrowers.

## 2.5 LETTERS OF CREDIT

(a) **ISSUANCE:** Subject to the terms and conditions set forth herein, the Agent shall issue, on behalf of the Lenders, each as to their Percentage Share, Direct Letters of Credit for the account of a Borrower at the request of the applicable Borrower submitting an LC Application for the issuance thereof on any day on or after the Closing Date and before the Maturity Date. If a Borrower advises the Agent that a proposed beneficiary of a Direct Letter of Credit is not prepared to accept a Direct Letter of Credit and has requested a Fronted Letter of Credit, the Agent shall use its reasonable commercial efforts to act as the Fronting Lender in respect of such requested Fronted Letter of Credit. If the Agent advises the Borrowers that it is unable to act a Fronting Lender, the Borrowers may request that any of the other Lenders act as Fronting Lender, provided that there shall be no more than one Fronting Lender at any time. If the Agent or, if applicable another Lender, agrees to issue such Fronted Letter of Credit, the Fronting Lender shall issue the Fronted Letter of Credit for the account of such Borrower at the request of such Borrower on any day before or after the Closing Date and before the Maturity Date. No Letter of Credit shall be issued on behalf of any Lender or by the Fronting Lender:

(i) after the Maturity Date; or

(ii) if after giving effect thereto the amount of the Facility Usage exceeds the Maximum Credit Amount at such time.

Each Direct Letter of Credit shall be substantially in the form of Exhibit F and each Fronted Letter of Credit shall be substantially in the Fronting Lender's standard form with modifications thereto consistent with the applicable provisions of Exhibit F or, in the case of Letters of Credit

issued in favour of the Government of Canada or any province or territory thereof or any agency thereof, in such form as is requested by them and agreed to by the Agent or the Fronting Lender, as applicable, acting reasonably, in each case with any such change to such form as (x) the Agent or, if applicable, the Fronting Lender shall determine in good faith and on a commercially reasonable basis does not materially increase the obligations, or diminish the rights, of any Lender relative to such form or (y) the Required Lenders, acting reasonably, shall approve; provided that, without the prior consent of each Lender, no Direct Letter of Credit may be issued that would vary the several and not joint nature of the obligations of the Lenders thereunder as provided in the next succeeding sentence. Each Direct Letter of Credit shall be issued by all Lenders as a single multi-Lender letter of credit, but the obligation of each such Lender thereunder shall be several and not joint, based upon its Percentage Share of the Maximum Credit Amount in effect on the Issuance Date of such Direct Letter of Credit.

(b) The Agent and the Lenders and, if applicable, the Fronting Lender, shall not be required to issue any Letter of Credit if on the Issuance Date for such Letter of Credit the Agent determines that any of the following conditions has not been satisfied:

(i) the Agent shall have received the Borrowing Notice of a Borrower requesting that a Letter of Credit be issued, such Borrowing Notice to be accompanied by an originally executed LC Application, satisfactory to the Agent and, in the case of Fronted Letters of Credit, the Fronting Lender, specifying:

(A) the proposed Issuance Date (which shall be a Business Day at least two (2) Business Days following the date of such request);

(B) the expiry date (which shall not be more than 364 days after the date of issuance); provided that if a Request for an Offer of Extension has been provided to the Agent pursuant to Section 1.6 and the Required Lenders have advised or been deemed to advise the Agent of a decision not to provide the Borrowers with an offer to extend the Maturity Date, then the expiry date may not be later than the Maturity Date;

(C) the name and address of the beneficiary;

(D) the face amount and currency of such Letter of Credit; and

(E) the terms and conditions of the requested Letter of Credit and other relevant details (provided that no Letter of Credit that provides for the automatic extension thereof unless notice is given to the beneficiary thereof shall be issued which requires that notice of the non-extension of the expiry date thereof be given more than 30 days or, in the case of Letters of Credit where the beneficiary is the Government of Canada or any province or territory thereof or any agency thereof 120 days, prior, in either case, to the scheduled expiry thereof; and

(ii) the Agent shall have received such other customary administrative documents as it, any Lender or, if applicable, the Fronting Lender, through the Agent, shall have reasonably requested as a condition to the issuance of such Letter of Credit; provided that in the event of any conflict between the terms of such other documents and this Agreement, the terms of this Agreement shall prevail.

(c) Promptly upon its receipt of an LC Application for a Letter of Credit, the Agent shall notify each Lender and, if applicable, the Fronting Lender, thereof, which notice shall also specify each Lender's share of the amount of such Letter of Credit based upon such Lender's Percentage Share. If the Letter of Credit is issued as a Direct Letter of Credit (or if it is determined not to issue such Letter of Credit by reason of the failure of the conditions specified in Section 2.5(b) to be satisfied), the Agent shall give prompt notice thereof to the applicable Borrower and each Lender and, if applicable, the Fronting Lender. The Agent may assume that each of the conditions specified in Section 2.5(b) has been satisfied unless it is otherwise notified by the applicable Borrower or a Lender or, if applicable, the Fronting Lender.

(d) Each Direct Letter of Credit shall be executed and delivered by the Agent in the name and on behalf of, and as attorney-in-fact for, each Lender party to such Letter of Credit. The Agent shall act under each Direct Letter of Credit as the agent of each Lender to:

(i) receive drafts, other demands for payment and other documents presented by the beneficiary under such Direct Letter of Credit;

(ii) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Direct Letter of Credit; and

(iii) notify such Lender and the applicable Borrower that a valid drawing has been made and the date that the related LC Disbursement is to be made; provided that the Agent (in such capacity) shall have no obligation or liability for any LC Disbursement under any Direct Letter of Credit, and each Direct Letter of Credit shall expressly so provide.

Each Lender hereby irrevocably appoints and designates the Agent as its attorney-in-fact, acting through any duly authorized officer of the Agent, to execute and deliver in the name and on behalf of such Lender each Direct Letter of Credit to be issued by such Lender hereunder. Promptly upon the request of the Agent, each Lender will furnish to the Agent such powers of attorney or other evidence as any beneficiary of any Direct Letter of Credit may reasonably request in order to demonstrate that the Agent has the power to act as attorney-in-fact for such Lender to execute and deliver such Direct Letter of Credit. The applicable Borrower and the Lender agree that each Direct Letter of Credit shall provide that all drafts and other documents presented thereunder shall be delivered to the Agent and that all payments thereunder shall be made by the Lenders obligated thereon through the Agent at its Agent's Branch of Account. Each Lender shall be severally liable under each Direct Letter of Credit in proportion to its Percentage Share on the Issuance Date of such Direct Letter of Credit and each Direct Letter of Credit shall specify each Lender's share of the amount payable thereunder.

(e) The Fronting Lender will exercise and give the same care and attention to each Fronted Letter of Credit issued by it hereunder as it gives to its other letters of credit and similar obligations, and the Fronting Lender's sole liability to each Lender shall be to promptly return to the Agent for the account of the Lenders, each Lender's Percentage Share of any payments made to the Fronting Lender by the Borrower hereunder where the Borrower has made a payment to the Fronting Lender hereunder. Each Lender agrees that, in paying any drawing under a Fronted Letter of Credit, the Fronting Lender shall not have any responsibility to obtain any document (other than as expressly required by such Fronted Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of any person delivering any such document. Neither the Fronting Lender nor any of its representatives, officers, employees or agents shall be liable to any Lender for:

- (i) any action taken or omitted to be taken in connection herewith at the request or with the approval of the Majority Lenders;
- (ii) any action taken or omitted to be taken in connection with any Fronted Letter of Credit in the absence of gross negligence or willful misconduct; or
- (iii) the execution, effectiveness, genuineness, validity, or enforceability of any Fronted Letter of Credit, or any other document contemplated thereby.

The Fronting Lender shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement or other writing (which may be a bank wire, telex or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

(f) The Agent and, if applicable, the Fronting Lender in the case of Fronted Letters of Credit, shall maintain records showing the undrawn and unexpired amount of each Letter of Credit outstanding hereunder and each Lender's share of such amount and showing for each Letter of Credit issued hereunder:

- (i) the Issuance Date and expiration date thereof;
- (ii) the amount thereof; and
- (iii) the date and amount of all payments made thereunder.

The Agent and, if applicable, the Fronting Lender, shall make copies of such records available to the Borrowers or any Lender upon its request.

## 2.6 REIMBURSEMENT OBLIGATIONS

(a) The Borrowers and each Lender agree that each LC Disbursement made by a Lender under any Direct Letter of Credit requested by a Borrower shall constitute a Prime Rate Loan in the case of Direct Letters of Credit in Canadian Dollars and a US Base Rate Loan in the case of Direct Letters of Credit in US Dollars to the applicable Borrower that requested such Direct Letter of Credit, even if any condition precedent to the making of such a Loan shall not have been satisfied, in each case on the date each LC Disbursement is made by a Lender.

(b) In the event that any LC Disbursement shall be made under any Fronted Letter of Credit (the date any such LC Disbursement is made being the "PARTICIPATION DATE"):

- (i) the Fronting Lender shall promptly notify the Agent who shall promptly notify the applicable Borrower of such payment and of the amount thereof;
- (ii) each LC Disbursement shall constitute the making of a Prime Rate Loan or US Base Rate Loan, as applicable, to the applicable Borrower by the Fronting Lender on the Participation Date (without limiting each Lender's obligations hereunder to the Fronting Lender in respect of any such Loan and notwithstanding the otherwise pro rata nature of Advances hereunder), even if any condition precedent to the making of such a Loan shall not have been satisfied;
- (iii) the Agent shall notify each Lender by facsimile or by telephone (confirmed by facsimile) of such disbursement; and

(iv) immediately upon receipt of such notice, each Lender shall make its Percentage Share of such Loan in Cdn. Dollars or US Dollars, as applicable, available to the Agent for the account of the Fronting Lender by wire transfer of immediately available funds to the Agent's Branch of Account for the account of the Fronting Lender.

The Fronting Lender irrevocably grants, and, in order to induce the Fronting Lender to issue its Fronted Letters of Credit hereunder, each Lender irrevocably accepts and hereby purchases from the Fronting Lender on the terms and conditions hereinafter stated, for its own account and risk, an undivided interest (equal to the Percentage Share of such Lender) in the Fronting Lender's obligations and rights under each Fronted Letter of Credit issued by the Fronting Lender pursuant to Section 2.5 and the amount of each draft paid by the Fronting Lender thereunder and the deemed Prime Rate Loan or US Base Rate Loan made hereunder to the applicable Borrower on the Participation Date. Each Lender unconditionally and irrevocably agrees with the Fronting Lender that, on or before the close of business of the Fronting Lender on each Participation Date such Lender will pay to the Agent for the account of the Fronting Lender at the Agent's Branch of Account the Lender's Percentage Share of any Prime Rate Loan or US Base Rate Loan deemed to be made to the applicable Borrower by the Fronting Lender on the Participation Date. The Fronting Lender shall notify the Agent who shall notify each Lender of the occurrence of a Participation Date and the amount payable by such Lender to the Agent for the account of the Fronting Lender based on the Percentage Share of such Lender. Any such notice may be oral if promptly confirmed in writing (including facsimile or electronic mail). If any Lender fails to make any such payment on or prior to the first Business Day after such Lender receives notice as provided above, then interest shall accrue on such Lender's obligation to make such payment during the period from such Business Day to the day such Lender makes such payment at the Default Rate.

Each Lender acknowledges that its obligations to the Fronting Lender in respect of any Fronted Letter of Credit, including the obligation to purchase and fund a participation in the obligations and rights of the Fronting Lender under each Fronted Letter of Credit and any drafts paid by it and the deemed Prime Rate Loan or US Base Rate Loan made hereunder by the Fronting Lender on the Participation Date, are absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation:

- (i) the occurrence and continuance of any Default;
- (ii) any failure or inability of any other Lender to purchase or fund such a participation hereunder; or
- (iii) any other failure by any other Lender to fulfill its obligations hereunder.

Each payment by a Lender to the Fronting Lender shall be made, without any offset, compensation, abatement, withholding or reduction whatsoever.

(c) The Borrower shall also pay and reimburse each Lender and, if applicable, the Fronting Lender, for all taxes and reasonable and customary fees, charges and other costs and expenses incurred by such Lender or the Fronting Lender in connection with any LC Disbursement ("LC EXPENSES"), as notified by such Lender or the Fronting Lender to the Borrower through the Agent. Each payment in respect of LC Expenses shall be due and payable on the date on which the Agent notifies the Borrower of the amount of such LC Expenses and shall accrue interest if not paid on such date at the Default Rate.

## 2.7 OBLIGATIONS ABSOLUTE RE LETTERS OF CREDIT

(a) The obligations of the Borrowers under this Agreement in respect of Letters of Credit shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which any Person may have or have had against the Agent, any Lender, the Fronting Lender or any beneficiary of a Letter of Credit.

(b) The Borrowers also agree with the Agent, each Lender and the Fronting Lender that the obligations of the Borrowers in respect of Letters of Credit shall not be affected by, among other things:

(i) any lack of validity or enforceability of any Letter of Credit;

(ii) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged;

(iii) any dispute between or among any Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred;

(iv) any claims whatsoever of any Borrower against any beneficiary of such Letter of Credit or any such transferee;

(v) payment under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit;

(vi) any lien or security interest granted to, or in favor of, the Agent, any of the Lenders or the Fronting Lender as security for any of such Reimbursement Obligations failing to be perfected;

(vii) the existence of any proceedings of the type described in Section 8.1(g) with respect to any Borrower; or

(viii) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.7, constitute a legal or equitable discharge of the obligations of the Borrowers hereunder or in respect of any Letter of Credit.

(c) Neither the Agent nor any Lender nor the Fronting Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except, as to any such Person, for errors or omissions caused by such Person's gross negligence or willful misconduct.

(d) The Borrowers agree that any action taken or omitted by the Agent or any Lender or, if applicable, the Fronting Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Customs, shall be binding on the Borrowers and shall not result in any liability of the Agent or any Lender or, if applicable, the Fronting Lender to the Borrowers.

(e) Without limiting the generality of the foregoing, the parties hereto agree

that:

(i) the Agent and each Lender and, if applicable, the Fronting Lender may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit;

(ii) the Agent and, if applicable, the Fronting Lender shall have the right, in its sole discretion, to decline to accept such documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit; and

(iii) this sentence, together with Section 2.8, shall establish the standard of care to be exercised by the Agent and each Lender and, if applicable, the Fronting Lender when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable law, any standard of care inconsistent with the foregoing).

(f) Notwithstanding anything to the contrary contained herein, neither the Agent nor any Lender nor the Fronting Lender shall be liable to any Borrower for any consequential, indirect, punitive or exemplary damages with respect to action taken or omitted to be taken by it under any Letter of Credit.

## 2.8 DIRECT LETTER OF CREDIT PAYMENTS

The Borrower and each Lender hereby authorize the Agent to review on behalf of each Lender each draft and other document presented under each Direct Letter of Credit. The determination of the Agent as to the conformity of any documents presented under a Direct Letter of Credit to the requirements of such Direct Letter of Credit shall, in the absence of the Agent's gross negligence or willful misconduct, be conclusive and binding on the Borrowers and each Lender. The Agent shall, within a reasonable time following its receipt thereof, examine all documents purporting to represent a demand for payment under any Direct Letter of Credit. The Agent shall promptly after such examination:

(a) notify each of the Lenders obligated under such Direct Letter of Credit and the applicable Borrower by telephone (confirmed in writing) of such demand for payment and of each Lender's share of such payment;

(b) deliver to each such Lender a copy of each document purporting to represent a demand for payment under such Direct Letter of Credit; and

(c) notify each Lender and the applicable Borrower whether said demand for payment was properly made under such Direct Letter of Credit.

With respect to any drawing determined by the Agent to have been properly made under a Direct Letter of Credit, each Lender will make an LC Disbursement in respect of such Direct Letter of Credit in accordance with its liability under such Direct Letter of Credit and this Agreement, such LC Disbursement to be made to the Agent's Branch of Account or such other account of the Agent as shall have been most recently designated by it for such purpose by notice to such Lenders. The Agent will make any such LC Disbursement available to the beneficiary of such Direct Letter of Credit by promptly crediting the amounts so received, in like funds, to the account identified by such beneficiary in connection with such demand for payment. Promptly following any LC Disbursement by any Lender in respect of any Direct Letter of Credit, the Agent will notify the applicable Borrower of such LC

Disbursement; provided that any failure to give or delay in giving such notice shall not relieve such Borrower of its obligation to reimburse the Lenders with respect to any such LC Disbursement. The responsibility of the Agent and the Lenders in connection with any draft presented for payment under any Direct Letter of Credit shall, in addition to any payment obligation expressly provided for in such Direct Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Direct Letter of Credit. The Agent shall not be required to make any payment under a Direct Letter of Credit in excess of the amount received by it from the Lenders for such payment.

## 2.9 COLLATERAL

(a) If:

(i) the Maturity Date occurs;

(ii) an Event of Default occurs; or

(iii) where in connection with a Request for an Offer of Extension the Maturity Date is being extended but there are Non-Agreeing Lenders who are not being replaced and the Maximum Credit Amount is being reduced,

the applicable Borrower shall at such time either deposit cash in a collateral account opened by the Agent or provide the Agent with a letter of credit on terms and conditions and from a financial institution acceptable to the Agent, in each case, acting reasonably, in either case in an amount equal to the aggregate of the face amount of all Bankers' Acceptance issued by such Borrower which are then outstanding and the then undrawn and unexpired amount of all outstanding Letters of Credit requested by such Borrower except in the case of (iii) above where the amount shall be equal to the aggregate of the Bankers' Acceptance issued by such Borrower and accepted by such Non-Agreeing Lender which are outstanding and the Non-Agreeing Lender's Percentage Share of the then undrawn and unexpired amount of all outstanding Letters of Credit (collectively, such cash and Letters of Credit being the "BA/LC Collateral"). The Borrower hereby grants to the Agent, for the benefit of the applicable Lenders and the Fronting Lender, a security interest in such BA/LC Collateral to secure all Obligations in respect of any such Bankers' Acceptances and Letters of Credit. The BA/LC Collateral shall be applied by the Agent to the payment of such Bankers' Acceptances when presented for payment at maturity and of drafts drawn under such Letters of Credit. After all such Bankers' Acceptances have matured and been presented for payment and all such Letters of Credit shall have expired, been replaced or been fully drawn and all Obligations with respect thereto shall have been satisfied, all other balances, if any, in such cash collateral account and any letters of credit shall be returned to the applicable Borrower. The Borrowers shall execute and deliver to the Agent from time to time such further documents and instruments as the Agent may reasonably request with respect to such security interest in such BA/LC Collateral. Each Borrower further agrees that the Agent shall have all of the rights and remedies of a secured party under the Personal Property Security Act (Alberta) with respect to such security interest and that an Event of Default under this Agreement shall constitute a default for purposes of such security interest. When either Borrower is required to provide BA/LC Collateral for any reason and fails to do so on the day when required, the Agent may without notice to Borrowers or any other Restricted Person provide such BA/LC Collateral (whether by transfers from other accounts maintained with the Agent, or otherwise) using any available funds of the applicable Borrower.

(b) The BA/LC Collateral shall, until application as herein provided, bear interest at the rate declared by the Agent from time to time as that payable in respect of deposits for similar amounts and for similar periods of time relative to the maturity date of the Bankers' Acceptances and expiry date of the Letters of Credit and, prior to an Event of Default, such interest shall accrue for the benefit of and be paid to the applicable Borrower from time to time.

### **ARTICLE 3 PAYMENTS TO LENDERS**

#### **3.1 GENERAL PROCEDURES**

Each Borrower will make each payment which it owes under the Loan Documents to Agent at the Agent's Branch of Account for the account of the Lender Party to whom such payment is owed, without set-off, deduction or counterclaim, and in immediately available funds, provided that any such payment may be made net of any deduction or withholding for or on account of any withholding tax which such Borrower is required at Law to withhold or deduct except as otherwise provided in Sections 3.2(d). Each such payment must be received by Agent not later than 11:00 a.m., Toronto, Ontario time, on the date such payment becomes due and payable. Any payment received by Agent after such time will be deemed to have been made on the next following Business Day. Should any such payment become due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, in the case of a payment of principal or past due interest, interest shall accrue and be payable thereon for the period of such extension as provided in the Loan Document under which such payment is due. Each payment under a Loan Document shall be due and payable at the place provided therein and, if no specific place of payment is provided, shall be due and payable at the Agent's Branch of Account. When Agent collects or receives money on account of the Obligations of a Borrower, Agent shall distribute all money so collected or received by 2:00 p.m. Toronto, Ontario time on the Business Day received, if received by 11:00 a.m. Toronto, Ontario time, otherwise on the day of deemed receipt, and each Lender Party shall apply all such money so distributed, as follows:

(a) first, for the payment of all Obligations of such Borrower which are then due (and if such money is insufficient to pay all such Obligations, first to any reimbursements due Agent under Section 6.9 or 10.4, then to any reimbursement due any other Lender Party under Section 10.4, and then to the partial payment of all other Obligations of such Borrower then due in proportion to the amounts thereof, or as Lender Parties shall otherwise agree);

(b) then for the prepayment of amounts owing by such Borrower under the Loan Documents (other than principal) if so specified by such Borrower;

(c) then for the prepayment of principal, together with accrued and unpaid interest on the principal so prepaid; and

(d) last, for the payment or prepayment of any other Obligations of such Borrower.

All payments applied to principal or interest shall be applied first to any interest then due and payable, then to principal then due and payable, and last to any prepayment of principal and interest in compliance with Section 1.4. All distributions of amounts described in any of Sections 3.1(b), 3.1(c) or 3.1(d) shall be made by Agent pro rata to each Lender Party then owed Obligations described in such sections in proportion to all amounts owed to all Lender Parties which are described in such sections; provided that if any Lender then owes payments to Agent under Section 9.8, any amounts otherwise distributable under this section to such Lender shall be deemed to belong to Agent to the extent of such unpaid payments, and

Agent shall apply such amounts to make such unpaid payments rather than distribute such amounts to such Lender.

### 3.2 CHANGE IN LAW; GROSS UP; INCREASED COST AND REDUCED RETURN.

(a) If, after the date hereof, the adoption of any applicable Law, rule, or regulation, or any change in any applicable Law, rule, or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender Party (or its Applicable Lending Office) with any request or directive (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency (the occurrence of any of the foregoing events being herein referred to as a "Change in Law"):

(i) shall subject such Lender Party (or its Applicable Lending Office) to any tax, duty, deduction or any other charge (other than with respect to Withholding Tax) with respect to any US Dollar Eurodollar Loans or Bankers' Acceptances, or its obligation to make US Dollar Eurodollar Loans, accept Bankers' Acceptances or issue Letters of Credit, or change the basis of taxation of any amounts payable to such Lender Party (or its Applicable Lending Office) under this Agreement in respect of any US Dollar Eurodollar Loans or Bankers' Acceptances other than taxes (including franchise taxes) imposed on the overall net income or capital of such Lender Party by the jurisdiction under the Laws of which such Lender Party (or its Applicable Lending Office) is organized or is a resident for tax purposes or any political subdivision thereof;

(ii) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender Party (or its Applicable Lending Office), including the commitment of such Lender Party hereunder; or

(iii) shall impose on such Lender Party (or its Applicable Lending Office) or the London interbank market any other condition affecting this Agreement or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender Party (or its Applicable Lending Office) of making, converting into, continuing, or maintaining any US Dollar Eurodollar Loans or Bankers' Acceptances or to reduce any sum received or receivable by such Lender Party (or its Applicable Lending Office) under this Agreement with respect to any US Dollar Eurodollar Loans or Bankers' Acceptances, then the applicable Borrower shall pay to such Lender Party on demand such amount or amounts as will compensate such Lender Party for such increased cost or reduction. If any Lender Party requests compensation by Borrowers under this Section 3.2(a), Borrowers may, by notice to such Lender Party (with a copy to Agent), suspend the obligation of such Lender Party to make or continue Advances of the Type with respect to which such compensation is requested, or to convert Advances of any other Type into Advances of such Type, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 3.5 shall be applicable); provided that such suspension shall not affect the right of such Lender Party to receive the compensation so requested.

(b) If, after the date hereof, any Lender Party shall have determined that the adoption of any applicable Law, rule, or regulation regarding capital adequacy or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or any request

or

directive regarding capital adequacy (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender Party or any corporation controlling such Lender Party as a consequence of the obligations of such Lender Party hereunder to a level below that which such Lender Party or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy), then from time to time upon demand the applicable Borrower shall pay to such Lender Party such additional amount or amounts as will compensate such Lender Party for such reduction; provided that if such Lender Party fails to give notice to Borrowers of any additional costs within ninety (90) days after it has actual knowledge thereof, such Lender Party shall not be entitled to compensation for such additional costs incurred more than ninety (90) days prior to the date on which notice is given by such Lender Party.

(c) Each Lender Party shall promptly notify Borrowers and Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender Party to compensation pursuant to this Section 3.2 and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender Party, be otherwise disadvantageous to it. Any Lender Party claiming compensation under this Section 3.2 shall furnish to Borrowers and Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, such Lender Party shall act in good faith and may use any reasonable averaging and attribution methods.

(d) If by reason of a Change of Law either Borrower shall be required to withhold and remit withholding taxes in respect of any principal, interest, or other amount paid or payable by it to or for the account of any Lender Party hereunder or under any other Loan Document (a "Withholding Tax"):

(i) the sum payable by the applicable Borrower shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.2) such Lender Party receives an amount equal to the sum it would have received had no such deductions been made;

(ii) the applicable Borrower shall make such deductions; and

(iii) the applicable Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Law.

(e) Except as provided in paragraph (d) of this Section 3.2, no Borrower shall be required to compensate any Lender Party for any Withholding Taxes which such Borrower is required to withhold and remit in respect of any principal, interest, or other amount paid or payable by it to or for the account of any Lender Party hereunder or under any other Loan Document. To the extent that there are any Withholding Taxes in respect of any such amounts payable to a particular Lender Party because such Lender Party is not a Canadian Resident Lender or otherwise (except as provided in paragraph (d) of this Section 3.2), the applicable Borrower shall be permitted to deduct such sums from any such amounts payable by it to or for the account of such particular Lender Party as required by applicable law and shall remit such Withholding Tax amounts to the applicable governmental agency as and when required by applicable law.

### 3.3 LIMITATION ON TYPES OF LOANS

If on or prior to the first day of any Eurodollar Interest Period for any US Dollar Eurodollar Loan:

- (a) Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the US Dollar Eurodollar Rate for such Eurodollar Interest Period; or
- (b) the Required Lenders determine (which determination shall be conclusive) and notify Agent that the US Dollar Eurodollar Rate will not adequately and fairly reflect the cost to the Lenders of funding US Dollar Eurodollar Loans or for such Eurodollar Interest Period;

then Agent shall give Borrowers prompt notice thereof specifying the relevant amounts or periods, and so long as such condition remains in effect, the Lenders shall be under no obligation to make additional US Dollar Eurodollar Loans, continue US Dollar Eurodollar Loans or convert US Base Rate Loans into US Dollar Eurodollar Loans, and the applicable Borrower shall, on the last day(s) of the then current Eurodollar Interest Period(s) for the outstanding US Dollar Eurodollar Loans, either prepay such Loans or convert such Loans into US Base Rate Loans, Prime Rate Loans or Bankers' Acceptances in accordance with the terms of this Agreement.

### 3.4 ILLEGALITY

Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to make, maintain, or fund US Dollar Eurodollar Loans hereunder, then such Lender shall promptly notify Borrowers thereof and such Lender's obligation to make or continue US Dollar Eurodollar Loans and to convert US Base Rate Loans, Prime Rate Loans or Bankers' Acceptances into US Dollar Eurodollar Loans shall be suspended until such time as such Lender may again make, maintain, and fund US Dollar Eurodollar Loans (in which case the provisions of Section 3.5 shall be applicable).

### 3.5 TREATMENT OF AFFECTED LOANS

If the obligation of any Lender to make a US Dollar Eurodollar Loan or to continue, or to convert US Dollar Eurodollar Loans into, Loans of a particular Type shall be suspended pursuant to Sections 3.2 and 3.4 hereof (Loans of such Type being herein called "AFFECTED LOANS" and such Type being herein called the "AFFECTED TYPE"), such Lender's Affected Loans shall be automatically converted into US Base Rate Loans on the last day(s) of the then current Eurodollar Interest Period(s) for Affected Loans (or, in the case of a Conversion required by Section 3.4 hereof, on such earlier date as such Lender may specify to Borrowers with a copy to Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Sections 3.2 or 3.4 hereof that gave rise to such Conversion no longer exist:

- (a) to the extent that such Lender's Affected Loans have been so converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Affected Loans shall be applied instead to its US Base Rate Loans; and
- (b) all Loans that would otherwise be made or continued by such Lender as Loans of the Affected Type shall be made or continued instead as US Base Rate Loans applicable, and all Loans of such Lender that would otherwise be converted into Loans of the Affected Type shall be converted instead into (or shall remain as) US Base Rate Loans.

If such Lender gives notice to Borrowers (with a copy to Agent) that the circumstances specified in Section 3.2 or 3.4 hereof that gave rise to the Conversion of such Lender's Affected Loans pursuant to this Section 3.5 no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Loans of the Affected Type made by other Lenders are outstanding, such Lender's US Base Rate Loans shall be automatically converted, on the first day(s) of the next succeeding Eurodollar Interest Period(s) for such outstanding Loans of the Affected Type, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding Loans of the Affected Type and by such Lender are held pro rata (as to principal amounts, Types, and Eurodollar Interest Periods) in accordance with their Percentage Shares of the Maximum Credit Amount.

### 3.6 COMPENSATION

Upon the request of any Lender, the applicable Borrower shall pay to such Lender such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any loss, cost, or expense (including loss of anticipated profits) incurred by it as a result of:

(a) any payment, prepayment, or Conversion of a Loan by such Borrower (other than a US Base Rate Loan or a Prime Rate Loan) for any reason, whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise, on a date other than the last day of the Eurodollar Interest Period for such Loan; or

(b) any failure by such Borrower for any reason (including, without limitation, the failure of any condition precedent specified in Article 4 to be satisfied) to borrow, convert, continue, or prepay a Loan by such Borrower (other than a US Base Rate Loan or a Prime Rate Loan) on the date for such borrowing, Conversion, Continuation, or prepayment specified in the relevant notice of borrowing, prepayment, Continuation, or Conversion under this Agreement.

### 3.7 CHANGE OF APPLICABLE LENDING OFFICE

Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Sections 3.2 through 3.5 with respect to such Lender, it will, if requested by Borrowers, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another Applicable Lending Office, provided that such designation is made on such terms that such Lender and its Applicable Lending Office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such section. Nothing in this Section 3.4 shall affect or postpone any of the obligations of Borrowers or the rights of any Lender provided in Sections 3.2 through 3.5.

### 3.8 REPLACEMENT OF LENDERS

If any Lender seeks reimbursement for increased costs under Sections 3.2 through 3.5 or if a Borrower is required to increase any sum payable under

Section 3.2(d), then within ninety (90) days thereafter and so long as no Event of Default then exists, Borrowers shall have the right (unless such Lender withdraws its request for additional compensation) to replace such Lender by requiring such Lender to assign its Advances and its commitments hereunder to an Eligible Assignee reasonably acceptable to the Borrowers, provided that: all Obligations of Borrowers owing to such Lender being replaced (including such increased costs, but excluding principal and accrued interest on the Obligations being assigned) shall be paid in full to such Lender concurrently with such assignment, and the replacement Eligible Assignee shall purchase the foregoing by paying to such Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon and, in the case of Direct Letters of Credit, making arrangements satisfactory to the Lender with the Eligible Assignee to deal with the

Lender's Obligations in respect of such Direct Letters of Credit. In connection with any such assignment, Borrowers, Agent, such Lender and the replacement Eligible Assignee shall otherwise comply with Section 10.6. Notwithstanding the foregoing rights of Borrowers under this Section 3.8, however, Borrowers may not replace any Lender which seeks reimbursement for increased costs under Section 3.2, 3.3, 3.4 and 3.5 or to which Borrowers are required to increase any sums payable under Section 3.2(d), unless Borrowers are at the same time replacing all Lenders which are then seeking such compensation or to which such sums payable must be increased. In connection with any such replacement of a Lender, the applicable Borrower shall pay all costs that would have been due to such Lender pursuant to Section 3.6 if such Lender's Advances had been prepaid at the time of such replacement.

### 3.9 OTHER TAXES

(a) Each Borrower agrees to pay any and all present or future stamp or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made by such Borrower under this Agreement or any other Loan Document or from the execution or delivery of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(b) Each Borrower hereby agrees to indemnify each Lender for the full amount of Other Taxes (including, without limitation, any Other Taxes imposed or asserted by any jurisdiction on amounts payable by such Borrower under this Section 3.9) paid by such Lender or Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto.

(c) If either Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 3.9, then such Lender will agree to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender, is not otherwise disadvantageous to such Lender.

(d) If a Lender is reimbursed for an amount paid by either Borrower pursuant to this Section 3.9, it shall promptly return such amount to such Borrower.

(e) Within thirty (30) days after the date of any payment of Other Taxes, the applicable Borrower shall furnish to Agent the original or a certified copy of a receipt evidencing such payment.

(f) Without prejudice to the survival of any other agreement of Borrowers hereunder, the agreements and obligations of Borrowers contained in this Section 3.9 shall survive the termination of this Agreement and the payment in full of the Obligations.

### 3.10 CURRENCY CONVERSION AND CURRENCY INDEMNITY

(a) Borrowers shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was incurred. If any payment is received on account of any Obligation in any currency (the "OTHER CURRENCY") other than the Agreed Currency (whether voluntarily, pursuant to any Conversion of an Advance or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of such Borrower or otherwise howsoever), such payment shall constitute a discharge of the liability of a Borrower hereunder and under the other Loan Documents in respect of such Obligation only to the extent of the amount of the Agreed Currency which the relevant Lender is able to purchase with the

amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

(b) If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event the applicable Borrower shall be obligated to pay the Lenders any deficiency in accordance with Section 3.10(c). For the foregoing purposes "RATE OF EXCHANGE" means the rate at which the relevant Lenders, as applicable, in accordance with their normal banking procedures are able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) If any Lender receives any payment or payments on account of the liability of either Borrower hereunder pursuant to any judgment or order in any Other Currency, and the amount of the Agreed Currency which the relevant Lender is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such Obligations immediately prior to such judgment or order, then such Borrower on demand shall, and such Borrower hereby agrees to, indemnify and save such Lender harmless from and against any loss, cost or expense arising out of or in connection with such deficiency. The agreement of indemnity provided for in this Section 3.10(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lenders or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

### 3.11 EVIDENCE OF INDEBTEDNESS

The Agent shall open and maintain on the books of the Agent's Branch of Account, accounts and records evidencing the Borrowings and other amounts owing by the Borrowers to the Agent and each Lender under this Agreement. The Agent shall debit therein the amount of such Borrowings and shall enter therein each payment of the Borrowings and interest thereon and fees and other amounts payable pursuant to this Agreement and shall record the Bankers' Acceptances accepted by each Lender and the Letters of Credit issued by the Fronting Lender or by the Agent on behalf of each Lender and all other amounts becoming due to the Agent, each Lender and the Fronting Lender under this Agreement. The Accounts constitute, in the absence of manifest error, prima facie evidence of the indebtedness of each Borrower to the Agent, each Lender and the Fronting Lender pursuant to this Agreement, the date the Agent, each Lender and the Fronting Lender made each Borrowing available to the applicable Borrower and the amounts the applicable Borrower has paid from time to time on account of the Borrowings and interest thereon and fees payable pursuant to this Agreement and other amounts owing hereunder.

## **ARTICLE 4 CONDITIONS PRECEDENT TO ADVANCES**

### 4.1 DOCUMENTS TO BE DELIVERED

No Lender has any obligation to make its first Advance, unless Agent shall have received all of the following, duly executed and delivered and in form, substance and date satisfactory to Agent:

- (a) This Agreement and any other documents that Lenders are to execute in connection herewith.
- (b) Guarantee of the US Parent.
- (c) Certain certificates of Borrowers including:
  - (i) An "Omnibus Certificate" of the Secretary or Assistant Secretary and of the Chairman of the Board, President, or Vice President - Finance of each Borrower, which shall contain the names and signatures of the officers of such Borrower authorized to execute Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: a copy of resolutions duly adopted by the Board of Directors of such Borrower and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, a copy of the charter documents of such Borrower and all amendments thereto, certified by the appropriate official of its jurisdiction of organization, and a copy of any bylaws of such Borrower; and
  - (ii) A "Compliance Certificate" of the Chairman of the Board or President and of the Vice President - Finance of each Borrower, of even date with such Loan or such Letter of Credit, in which such officers certify to the satisfaction of the conditions set out in subsections (a) and (b) of Section 4.3.
- (d) Certificate (or certificates) of the due formation, valid existence and good standing of each Borrower in its jurisdiction of organization and, if different, the Province of Alberta, issued by the appropriate official of such jurisdiction.
- (e) Documents similar to those specified in subsections (c)(i) and (ii) above with respect to the US Parent.
- (f) Favorable opinions of Bennett Jones LLP, counsel for Restricted Persons other than the US Parent and Mayer, Brown, Rowe and Maw, counsel for the US Parent, in each case, substantially in the form set forth in Exhibit D1 and D2, respectively and a favorable opinion of Burnet, Duckworth & Palmer LLP covering the matters requested by Agent.
- (g) The Initial Financial Statements.

#### 4.2 ADDITIONAL CONDITIONS PRECEDENT TO FIRST ADVANCE

No Lender has any obligation to make its first Advance, unless on the date thereof:

- (a) All commitment, facility, agency, legal and other fees required to be paid or reimbursed to any Lender pursuant to any Loan Documents or any commitment agreement heretofore entered into shall have been paid.
- (b) No event which would reasonably be expected to have a Material Adverse Effect shall have occurred since the date of the most recent Initial Financial Statements.
- (c) All legal matters relating to the Loan Documents and the consummation of the transactions contemplated thereby shall be satisfactory to Burnet, Duckworth & Palmer LLP, counsel to Agent.

#### 4.3 ADDITIONAL CONDITIONS PRECEDENT TO ALL ADVANCES

No Lender has any obligation to make any Advance (including its first), unless the following conditions precedent have been satisfied:

(a) All representations and warranties made by any Restricted Person in any Loan Document shall be true on and as of the date of such Advance in all respects in the case of the First Advance and in all material respects in the case of all Advances thereafter (except to the extent that the facts upon which such representations are based have been changed by the extension of credit hereunder) as if such representations and warranties had been made as of the date of such Advance.

(b) No Default shall exist at the date of such Advance.

### **ARTICLE 5 REPRESENTATIONS AND WARRANTIES**

To confirm each Lender's understanding concerning Restricted Persons and Restricted Persons' businesses, properties and obligations and to induce each Lender Party to enter into this Agreement and to extend credit hereunder, each Borrower represents and warrants to each Lender Party that:

#### 5.1 NO DEFAULT

No event has occurred and is continuing which constitutes a Default.

#### 5.2 ORGANIZATION AND GOOD STANDING

Each Borrower and each of the Material Subsidiaries of Borrowers is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, having all powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each Borrower and each of the Material Subsidiaries of the Borrowers is duly qualified, in good standing, and authorized to do business in all other jurisdictions within Canada wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such qualification necessary except where failure to so qualify would not have a Material Adverse Effect. Each Borrower and each of the Material Subsidiaries of the Borrowers has taken all actions and procedures customarily taken in order to enter, for the purpose of conducting business or owning property, each jurisdiction outside Canada wherein the character of the properties owned or held by it or the nature of the business transacted by it makes such actions and procedures desirable except where failure to so qualify would not have a Material Adverse Effect.

#### 5.3 AUTHORIZATION

Each Borrower has duly taken all action necessary to authorize the execution and delivery by it of the Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. Each Borrower is duly authorized to borrow funds hereunder.

#### 5.4 NO CONFLICTS OR CONSENTS

The execution and delivery by each Borrower and each Subsidiary of a Borrower that is a Restricted Person of the Loan Documents to which each is a party, the performance by each of its

obligations under such Loan Documents, and the consummation of the transactions contemplated by the various Loan Documents, do not and will not:

(a) conflict with any provision of:

(i) any Law;

(ii) the organizational documents or any unanimous shareholders agreement of any Restricted Person; or

(iii) any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person unless such conflict would not reasonably be expected to have a Material Adverse Effect; or

(b) result in the acceleration of any Indebtedness owed by any Restricted Person which would reasonably be expected to have a Material Adverse Effect; or

(c) result in or require the creation of any Lien upon any assets or properties of any Restricted Person which would reasonably be expected to have a Material Adverse Effect, except as expressly contemplated or permitted in the Loan Documents.

Except as expressly contemplated in the Loan Documents no consent, approval, authorization or order of, and no notice to or filing with, any Tribunal or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Loan Document or to consummate any transactions contemplated by the Loan Documents, unless failure to obtain such consent would not reasonably be expected to have a Material Adverse Effect.

## 5.5 ENFORCEABLE OBLIGATIONS

This Agreement is, and the other Loan Documents when duly executed and delivered will be, legal, valid and binding obligations of each Restricted Person which is a party hereto or thereto, enforceable in accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights.

## 5.6 FULL DISCLOSURE

No certificate, statement or other information delivered herewith or heretofore by any Borrower or any Subsidiary of a Borrower that is a Restricted Person to any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact known to any such Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) necessary to make the statements contained herein or therein not misleading as of the date made or deemed made, provided that all such certificates, statements and other information is to be viewed in conjunction with the reports, statements, schedules and other information included in filings (collectively, "Securities Filings") made by the US Parent, the Borrowers, Mitchell Energy & Development Corp. or Anderson Exploration Ltd. with the Securities and Exchange Commission or, to the extent publicly available, analogous Canadian regulatory authorities. There is no fact known to any such Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) that has not been disclosed to each Lender in writing or in one or more Securities Filings which would reasonably be expected to have a Material Adverse Effect.

## 5.7 LITIGATION

Except as disclosed in the Initial Financial Statements, in the financial statements delivered to each Lender pursuant to Section 6.2, in the Disclosure Schedule or in a Disclosure Report, there are no actions, suits or legal, equitable, arbitral or administrative proceedings pending, or to the knowledge of any Borrower threatened, against any Borrower or any Subsidiary of a Borrower that is a Restricted Person before any Tribunal which would reasonably be expected to have a Material Adverse Effect, and there are no outstanding judgments, injunctions, writs, rulings or orders by any such Tribunal against any such Person which would reasonably be expected to have a Material Adverse Effect.

## 5.8 ENVIRONMENTAL AND OTHER LAWS

Except as disclosed in the Disclosure Schedule:

- (a) Borrowers and each Subsidiary of a Borrower that is a Restricted Person are conducting their businesses in material compliance with all applicable Laws, including Environmental Laws, and have and are in compliance with all licenses and permits required under any such Laws, unless failure to so comply would not reasonably be expected to have a Material Adverse Effect;
- (b) none of the operations or properties of any Borrowers and each Subsidiary of a Borrower that is a Restricted Person is the subject of federal, provincial or local investigation evaluating whether any material remedial action is needed to respond to a release of any Hazardous Materials into the environment or to the improper storage or disposal (including storage or disposal at offsite locations) of any Hazardous Materials, unless such remedial action would not reasonably be expected to have a Material Adverse Effect; and
- (c) neither any Borrower nor any Subsidiary of a Borrower that is a Restricted Person (and to the best knowledge of Borrowers, no other Person) has filed any notice under any Law indicating that any such Person is responsible for the improper release into the environment, or the improper storage or disposal, of any material amount of any Hazardous Materials or that any Hazardous Materials have been improperly released, or are improperly stored or disposed of, upon any property of any such Person, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

## 5.9 BORROWERS' SUBSIDIARIES

Neither Borrower presently has any Material Subsidiary except those listed in the Disclosure Schedule or in a Disclosure Report (it being understood that inclusion of a Subsidiary on the Disclosure Schedule does not mean that such Subsidiary is a Material Subsidiary). Each Borrower owns, directly or indirectly, the equity interest in each of its Material Subsidiaries which is indicated in the Disclosure Schedule or in a Disclosure Report.

## 5.10 TITLE TO PROPERTIES; LICENSES

Each Borrower and each Subsidiary of a Borrower that is a Restricted Person has good and defensible title to all of its material properties and assets, free and clear of all Liens other than Permitted Liens and of all impediments to the use of such properties and assets in such Restricted Person's business except to the extent failure to have such title would not have a Material Adverse Effect. Each Borrower and each Subsidiary of a Borrower that is a Restricted Person possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possesses the right to use such intellectual property) which are necessary to carry out its business as

presently conducted and as presently proposed to be conducted hereafter except to the extent failure to possess such licenses, permits, franchises, and intellectual property would not have a Material Adverse Effect, and no such Restricted Person is in violation in any material respect of the terms under which it possesses such intellectual property or the right to use such intellectual property except to the extent any such violation would not have a Material Adverse Effect.

#### 5.11 SOLVENCY

Upon giving effect to the execution of the Loan Documents by Borrowers and the consummation of the transactions contemplated hereby, each Borrower will be solvent (as such term is used in applicable bankruptcy, liquidation, receivership, insolvency or similar Laws).

### **ARTICLE 6 AFFIRMATIVE COVENANTS OF BORROWERS**

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to each Borrower, and to induce each Lender Party to enter into this Agreement and extend credit hereunder, each Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Required Lenders have previously agreed otherwise:

#### 6.1 PAYMENT AND PERFORMANCE

Each Borrower will pay all amounts due by it under the Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed or implied in the Loan Documents to be binding upon it. Each Borrower will cause each of its Subsidiaries which is a Restricted Person to observe, perform and comply with every such term, covenant and condition in any Loan Document.

#### 6.2 BOOKS, FINANCIAL STATEMENTS AND REPORTS

Each Borrower will at all times maintain full and accurate books of account and records. Each Borrower will maintain and will cause its Subsidiaries to maintain a standard system of accounting, will maintain its Fiscal Year, and will furnish (or will cause to be furnished) the following statements and reports to each Lender at Borrowers' expense:

(a) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year,:

(i) complete Consolidated financial statements of US Parent together with all notes thereto, prepared in reasonable detail in accordance with US GAAP, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by KPMG Peat Marwick L.L.P., or other independent certified public accountants selected by US Parent and acceptable to Agent, stating that such Consolidated financial statements have been so prepared; and

(ii) to the extent such information is not available in the financial statements referred to in Section 6.2(a)(i) or in the Securities Filings, segmented financial information in respect of the US Parent's Canadian operations similar to that currently provided in the US Parent's consolidated financial statements.

These financial statements shall contain a Consolidated balance sheet as of the end of such Fiscal Year and Consolidated statements of earnings, of cash flows, and of changes in owners' equity for such Fiscal Year, each setting forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, within ninety (90) days after the end of each Fiscal Year each Borrower will furnish to Agent and each Lender a certificate in the form of Exhibit C signed by the President, Senior Vice President - Finance, Treasurer or Vice President - Accounting of US Parent and Borrowers, stating that such financial statements are accurate and complete, stating that such Person has reviewed the Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of Section 7.6, and further stating that there is no condition or event at the end of such Fiscal Year or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(b) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, US Parent's Consolidated and consolidating balance sheet and income statement as of the end of such Fiscal Quarter and a Consolidated statement of cash flows for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all in reasonable detail and prepared in accordance with US GAAP, subject to changes resulting from normal year-end adjustments together with segmented financial information in respect of the US Parent's Canadian operations similar to that currently provided in the US Parent's consolidated financial statements to the extent such information is not available in the financial statements referred to in this Section 6.2(b) or in the Securities Filings. In addition each Borrower will, together with each such set of financial statements, furnish a certificate in the form of Exhibit C signed by the President, Senior Vice President - Finance, Treasurer or Vice President - Accounting of such US Parent stating that such financial statements are accurate and complete (subject to normal year-end adjustments), stating that such Person has reviewed the Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of Section 7.6 and further stating that there is no condition or event at the end of such Fiscal Quarter or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(c) Concurrently with providing the annual and quarterly financial statements to each Lender pursuant to Section 6.2(a) and (b), the Borrowers will provide to each Lender a copy of US Parent's Form 10-K and 10-Q, as applicable, filed with the Securities and Exchange Commission and a list of all other Securities Filings and, without duplication, all other financial statements, reports, notices and proxy statements sent by US Parent or any of its Subsidiaries that is a Restricted Person to its shareholders and all registration statements, prospectuses, periodic reports and other statements and schedules filed by any such Person with any exchange, any securities commission or any similar Governmental Authority, including any information or estimates with respect to US Parent's oil and gas business (including its exploration, development and production activities) which are required to be furnished in such Borrower's annual report pursuant to securities legislation or the rules, policies and requirements of any Governmental Authority, in each case covering all such matters since the most recent list provided to such Lender. Upon request by a Lender acting reasonably, the Borrowers will provide a copy of any such materials to such Lender.

### 6.3 OTHER INFORMATION AND INSPECTIONS

Each Borrower and each Subsidiary of a Borrower that is a Restricted Person will furnish to each Lender any information which Agent may from time to time reasonably request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with such Persons'

businesses and operations. Each Borrower and each Subsidiary of a Borrower that is a Restricted Person will permit representatives appointed by Agent (including independent accountants, auditors, agents, lawyers, appraisers and any other Persons) to visit and inspect upon prior written notice during normal business hours any of such Restricted Person's property, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and each Borrower and each Subsidiary of a Borrower that is a Restricted Person shall permit Agent or its representatives to investigate and verify the accuracy of the information furnished to Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and representatives.

6.4 NOTICE OF MATERIAL EVENTS Borrowers will promptly notify each Lender in writing, stating that such notice is being given pursuant to this Agreement, of:

- (a) the occurrence of any event which would have a Material Adverse Effect,
- (b) the occurrence of any Default,
- (c) the acceleration of the maturity of any Indebtedness owed by any of Borrowers or any of their Subsidiaries that are Restricted Persons having a principal balance of more than US \$150,000,000, or of any default by any such Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such default would have a Material Adverse Effect,
- (d) the occurrence of any Termination Event which could reasonably be expected to cause:
  - (i) the total amount of withdrawal liability that would be incurred by all ERISA Affiliates upon their complete withdrawal from all Multiemployer Plans to exceed US \$250,000,000; or
  - (ii) the aggregate Liabilities of the ERISA Affiliates to ERISA Plans to exceed US \$250,000,000,
- (e) any claim of US \$250,000,000 or more, any notice of potential liability under any Environmental Laws which might exceed such amount, or any other material adverse claim asserted against any of Borrowers or any of their Subsidiaries that are Restricted Persons or with respect to any such Person's properties, and
- (f) the filing of any suit or proceeding against any Borrowers or any of their Subsidiaries that are Restricted Person in which an adverse decision would reasonably be expected to have a Material Adverse Effect.

#### 6.5 MAINTENANCE OF PROPERTIES

Each Borrower and each Subsidiary of a Borrower that is a Restricted Person will maintain, preserve, protect, and keep all property used or useful in the conduct of its business in good condition, and will from time to time make all repairs, renewals and replacements needed to enable the business and operations carried on in connection therewith to be promptly and advantageously conducted

at all times except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

#### 6.6 MAINTENANCE OF EXISTENCE AND QUALIFICATIONS

Each Borrower and each Subsidiary of a Borrower that is a Restricted Person will maintain and preserve its existence and its rights and franchises in full force and effect and will qualify to do business in all states or jurisdictions where required by applicable Law, except where the failure so to qualify will not have a Material Adverse Effect.

#### 6.7 PAYMENT OF TRADE LIABILITIES, TAXES, ETC.

Each Borrower and each Subsidiary of a Borrower that is a Restricted Person will:

- (a) timely file all required tax returns;
- (b) timely pay all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property; and
- (c) maintain appropriate accruals and reserves for all of the foregoing in accordance with US GAAP.

Such Restricted Person may, however, delay paying or discharging any of the foregoing so long as it is in good faith contesting the validity thereof by appropriate proceedings and has set aside on its books adequate reserves therefor.

#### 6.8 INSURANCE

Each Borrower and each Subsidiary of a Borrower that is a Restricted Person will keep or cause to be kept insured in accordance with industry standards by financially sound and reputable insurers, its surface equipment and other property of a character usually insured by similar Persons engaged in the same or similar businesses.

#### 6.9 PERFORMANCE ON BORROWERS' BEHALF

If either Borrower or any Subsidiary of a Borrower that is a Restricted Person fails to pay any taxes, insurance premiums, expenses, lawyers' fees or other amounts it is required to pay under any Loan Document, Agent may pay the same, and shall use its best efforts to give at least five (5) Business Days notice to Borrowers prior to making any such payment; provided, however, that any failure by Agent to so notify Borrowers shall not limit or otherwise impair Agent's ability to make any such payment. Devon Canada shall immediately reimburse Agent for any such payments and each amount paid by Agent shall constitute an Obligation owed hereunder which is due and payable on the date such amount is paid by Agent.

#### 6.10 INTEREST

Each Borrower hereby promises to each Lender to pay interest at the Default Rate applicable to Prime Rate Loans on all Obligations (including Obligations to pay fees or to reimburse or indemnify any Lender) which such Borrower has in this Agreement promised to pay to such Lender and which are not paid when due. Such interest shall accrue from the date such Obligations become due until they are paid.

## 6.11 COMPLIANCE WITH LAW

Each Borrower and each Subsidiary of a Borrower that is a Restricted Person will conduct its business and affairs in compliance with all Laws applicable thereto except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

## 6.12 ENVIRONMENTAL MATTERS

(a) Each Borrower and each Subsidiary of a Borrower that is a Restricted Person will comply in all material respects with all Environmental Laws now or hereafter applicable to such Restricted Person, as well as all contractual obligations and agreements with respect to environmental remediation or other environmental matters, and shall obtain, at or prior to the time required by applicable Environmental Laws, all environmental, health and safety permits, licenses and other authorizations necessary for its operations and will maintain such authorizations in full force and effect, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(b) Each Borrower will promptly furnish to Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by such Borrower, or of which it has notice, pending or threatened against such Borrower, by any Governmental Authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business which involve a potential liability or claim in excess of US \$250,000,000.

## 6.13 BANK ACCOUNTS; OFFSET

Each Borrower hereby agrees that each Lender (including in its capacity as the Fronting Lender) shall have the right to offset (which shall be in addition to all other interests, liens, and rights of any Lender at common Law, under the Loan Documents, or otherwise):

- (a) any and all moneys, securities or other property (and the proceeds therefrom) of such Borrower now or hereafter held or received by or in transit to any Lender for the account of such Borrower;
- (b) any and all deposits (general or special, time or demand, provisional or final) of such Borrower with any Lender;
- (c) any other credits and balances of such Borrower at any time existing against any Lender, including claims under certificates of deposit; and
- (d) any indebtedness owed or payable by any Lender to such Borrower at any time against Obligations owing by such Borrower due to it that have not been paid when due. At any time and from time to time after the occurrence of any Event of Default and during the continuance thereof, each Lender is hereby authorized to offset against the Obligations then due and payable to it by such Borrower (in either case without notice to such Borrower), any and all items hereinabove referred to.

To the extent that any Borrower has accounts designated as royalty or joint interest owner accounts, the foregoing right of offset shall not extend to funds in such accounts which belong to, or otherwise arise from payments to such Borrower for the account of, third party royalty or joint interest owners.

**ARTICLE 7**  
**NEGATIVE COVENANTS OF BORROWERS**

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to each Borrower, and to induce each Lender Party to enter into this Agreement and make the Loans or issue Letters of Credit, each Borrower warrants, covenants and agrees that until the full and final payment of the Obligations and the termination of this Agreement, unless Required Lenders have previously agreed otherwise:

**7.1 INDEBTEDNESS**

Neither any Borrower nor any Subsidiary of a Borrower that is a Restricted Subsidiary will in any manner owe or be liable for Indebtedness except:

(a) the Obligations.

(b) capital lease obligations (excluding oil, gas or mineral leases) entered into in the ordinary course of such Restricted Person's business in arm's length transactions at competitive market rates under competitive terms and conditions in all respects, provided that such capital lease obligations required to be paid in any Fiscal Year do not in the aggregate exceed US \$50,000,000 for all Restricted Subsidiaries, whether or not Subsidiaries of any Borrower.

(c) unsecured Liabilities owed among the Restricted Persons; provided that Liabilities owed by any Restricted Subsidiary (other than Borrowers) to US Parent may be secured by any and all assets of such Restricted Subsidiary.

(d) guarantees by one Restricted Person of Liabilities owed by another Restricted Person, if such Liabilities either:

(i) are not Indebtedness; or

(ii) are allowed under subsections (a), (b) or (c) of this Section 7.1.

(e) Indebtedness of the Restricted Persons for plugging and abandonment bonds or for letters of credit issued by any Lender in place thereof which are required by regulatory authorities in the area of operations, and Indebtedness of the Restricted Persons for other bonds or letters of credit issued by any Lender which are required by such regulatory authorities with respect to other normal oil and gas operations.

(f) non-recourse Indebtedness as to which no Restricted Person:

(i) provides any guarantee or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness); or

(ii) is directly or indirectly liable (as a guarantor or otherwise);

provided, that after giving effect to such Indebtedness outstanding from time to time, US Parent is not in violation of Section 7.6.

(g) Indebtedness that is subordinated to the Obligations on terms acceptable to Required Lenders.

(h) Indebtedness in the approximate amount of Cdn. \$1,448,000 owed to Indeck Gas Supply Corporation by Northstar Energy pursuant to a Gas Sales and Purchase Agreement dated as of March 9, 1989, as heretofore or hereafter amended from time to time.

(i) Acquired Debt.

(j) Indebtedness under Hedging Contracts.

(k) Indebtedness relating to the surety bond and letter of credit obligations (including replacements thereof) listed on Schedule 2 and Indebtedness relating to the undrawn amount of surety bonds and letters of credit (exclusive of the surety bonds and letter of credit obligations listed on Schedule 2 and replacements thereof) incurred in the ordinary course of business not to exceed 2% of Consolidated Assets at any time.

(l) Indebtedness outstanding on the Closing Date or thereafter incurred pursuant to funding commitments in existence on the Closing Date and listed in Schedule 3 hereto, as the same may be amended, supplemented or modified from time to time or extended, renewed, restructured, refinanced or replaced, so long as no Restricted Subsidiary increases the aggregate principal amount thereof for which such Restricted Subsidiary is then or may thereafter become liable (other than as provided in the Amended and Restated Credit Agreement referred to in Schedule 3.

(m) miscellaneous items of Indebtedness of all Restricted Persons (other than US Parent) not described in subsections (a) through (l) which do not in the aggregate exceed US \$400,000,000 in principal amount at any one time outstanding.

## 7.2 LIMITATION ON LIENS

Except for Permitted Liens, neither any Borrower nor any Subsidiary of a Borrower that is a Restricted Person will create, assume or permit to exist any Lien upon any of the properties or assets which it now owns or hereafter acquires. Neither any Borrower nor any Subsidiary of a Borrower that is a Restricted Person will allow the filing or continued existence of any financing statement describing as collateral any assets or property of such Restricted Person, other than financing statements which describe only collateral subject to a Lien permitted under this Section 7.2 and which name as secured party or lessor only the holder of such Lien.

## 7.3 LIMITATION ON MERGERS

Neither any Borrower nor any Subsidiary of a Borrower that is a Restricted Person will merge, amalgamate or consolidate with or into any other Person except that either Borrower or any Subsidiary of either Borrower which is a Restricted Person may be merged, amalgamated or consolidated with or into:

(a) either Borrower;

(b) any other Subsidiary of US Parent, so long as the surviving business entity arising from such merger, amalgamation or consolidation is a Restricted Person; or

(c) US Parent, so long as US Parent is the continuing business entity.

#### 7.4 LIMITATION ON ISSUANCE OF SECURITIES BY SUBSIDIARIES OF US PARENT; OWNERSHIP OF CERTAIN RESTRICTED SUBSIDIARIES BY US PARENT.

(a) Neither any Borrower nor any Subsidiary of a Borrower that is a Restricted Person will issue any additional shares of its capital stock, additional partnership interests or other securities or any options, warrants or other rights to acquire such additional shares, partnership interests or other securities except to US Parent or another Restricted Person which is a wholly-owned direct or indirect Subsidiary of US Parent unless:

- (i) such securities are being issued to acquire a business, directly or indirectly through the use of the proceeds of such issuance; and
- (ii) such securities are convertible into the common shares or similar securities of US Parent and/or can be redeemed in cash at the option of the Restricted Person that issued such securities.

In addition:

(A) Northstar Energy may issue "Exchangeable Shares" (as defined in the Articles of Amalgamation of Northstar Energy and in this Section 7.4 called "Exchangeable Shares") upon the terms specified in the Articles of Amalgamation of Northstar Energy as in effect on January 1, 2001;

(B) Devon Canada may issue exchangeable shares upon substantially the same terms as such Exchangeable Shares; and

(C) either Borrower may issue stock options to its employees from time to time to acquire such Exchangeable Shares, provided that such options are granted under a stock option plan of either Borrower and/or US Parent.

(b) US Parent will at all times own, directly or indirectly, 100% of the outstanding shares of common stock of Northstar Energy and Devon Canada.

#### 7.5 TRANSACTIONS WITH AFFILIATES

Neither any Borrower nor any Subsidiary of a Borrower that is a Restricted Person will engage in any material transaction with any of its Affiliates on terms which are less favorable in any material respect to it than those which would have been obtainable at the time in arm's-length dealing with Persons other than such Affiliates, provided that such restriction shall not apply to transactions among such Restricted Persons that are wholly-owned, directly or indirectly, by US Parent.

#### 7.6 FUNDED DEBT TO TOTAL CAPITALIZATION

The ratio of US Parent's Consolidated Total Funded Debt to US Parent's Total Capitalization will not exceed:

- (a) seventy percent (70%) at the end of the Fiscal Quarter ending June 30, 2002; and
- (b) sixty-five percent (65%) at the end of any Fiscal Quarter thereafter.

**ARTICLE 8**  
**EVENTS OF DEFAULT AND REMEDIES**

**8.1 EVENTS OF DEFAULT**

Each of the following events constitutes an Event of Default under this Agreement:

(a) Any Restricted Person fails to pay any principal component of any Obligation when due and payable or fails to pay any other Obligation including, without limitation, depositing BA/LC Collateral within three (3) days after the date when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) Any "default" or "event of default" occurs under any Loan Document which defines either such term, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(c) Any Restricted Person fails (other than as referred to in subsections (a) or (b) above) to:

(i) duly comply with Section 1.8 or Section 7.4(b) of this Agreement; or

(ii) duly observe, perform or comply with any other covenant, agreement, condition or provision of any Loan Document;

and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by Agent to Borrowers;

(d) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Restricted Person in connection with any Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made; provided, that if such falsity or lack of correctness is capable of being remedied or cured within a 30-day period, Borrowers shall (subject to the other provisions of this

Section 8.1) have a period of 30 days after written notice thereof has been given to Borrowers by Agent within which to remedy or cure such lack of correctness, or this Agreement or the Guarantee executed by the US Parent is asserted to be or at any time ceases to be valid, binding and enforceable in any material respect as warranted in Section 5.5 for any reason other than its release or subordination by Agent;

(e) Any Restricted Person:

(i) fails to duly pay any Indebtedness (including Indebtedness under the US Agreement) in excess of US \$150,000,000 constituting principal or interest owed by it with respect to borrowed money or money otherwise owed under any note, bond, or similar instrument; or

(ii) breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, other than a breach or default described in clause (i) above,

and any such failure, breach or default results in the acceleration of such Indebtedness; provided that notwithstanding any provision of this Section 8.1(e) to the contrary, to the extent that the terms of any such agreement or instrument governing the sale, pledge or disposal of Margin

Stock

or utilization of the proceeds of such Indebtedness in connection therewith would result in such acceleration and in a Default or an Event of Default under this Agreement, and would cause this Agreement or any Loan to be subject to the margin requirements or any other restriction under Reg U, then such acceleration shall not constitute a Default or Event of Default under this Section 8.1(e);

(f) Any Change of Control occurs;

(g) Any Borrower, US Parent or any other Restricted Person having assets with a book value of at least US \$250,000,000:

(i) suffers the entry against it of a judgment, decree or order for relief by a Tribunal of competent jurisdiction in an involuntary proceeding commenced under any applicable bankruptcy, insolvency or other similar Law of any jurisdiction now or hereafter in effect, including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada), as each are from time to time amended, or has any such proceeding commenced against it which remains undismissed for a period of thirty days; or

(ii) commences a voluntary case under any applicable bankruptcy, insolvency or similar Law now or hereafter in effect, including the Bankruptcy and Insolvency Act (Canada) and the Companies' Creditors Arrangement Act (Canada), as each are from time to time amended; or applies for or consents to the entry of an order for relief in an involuntary case under any such Law; or makes a general assignment for the benefit of creditors; or fails generally to pay (or admits in writing its inability to pay) its debts as such debts become due; or takes corporate or other action to authorize any of the foregoing; or

(iii) suffers the appointment of or taking possession by a receiver, receiver-manager, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its property in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within thirty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) suffers the entry against it of a final judgment for the payment of money in an amount that exceeds (x) the valid and collectible insurance in respect thereof or (y) the amount of an indemnity with respect thereto reasonably acceptable to the Required Lenders by US \$250,000,000 or more, unless the same is discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers a levy of distress or execution or possession, or a writ or warrant of attachment or any similar process to be issued by any Tribunal against all or any part of its property having a book value of at least US \$250,000,000, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside.

Upon the occurrence of an Event of Default described in Section 8.1(g)(i), (ii) or (iii) with respect to Borrowers, all of the Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any

kind, all of which are hereby expressly waived by Borrowers and each Restricted Person who at any time ratifies or approves this Agreement. Upon any such acceleration, any obligation of any Lender to make any further Advances shall be permanently terminated. During the continuance of any other Event of Default, Agent at any time and from time to time may (and upon written instructions from Required Lenders, Agent shall), without notice to Borrowers or any other Restricted Person, do either or both of the following:

(A) terminate any obligation of Lenders and the Fronting Lender to make Advances hereunder; and

(B) declare any or all of the Obligations immediately due and payable, and all such Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrowers and each Restricted Person who at any time ratifies or approves this Agreement.

## 8.2 REMEDIES

If any Event of Default shall occur and be continuing, each Lender Party, and the Agent for and on behalf of the Lenders, may protect and enforce its rights under the Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Loan Document, and each Lender Party, and the Agent for and on behalf of the Lenders, may enforce the payment of any Obligations due it or enforce any other legal or equitable right which it may have. All rights, remedies and powers conferred upon Lender Parties under the Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the Loan Documents or at Law or in equity.

## ARTICLE 9 AGENT

### 9.1 APPOINTMENT, POWERS, AND IMMUNITIES.

(a) Each Lender hereby irrevocably appoints and authorizes Agent to act as its agent under this Agreement and the other Loan Documents with such powers and discretion as are specifically delegated to Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent-Related Persons:

(i) shall not have any duties or responsibilities except those expressly set forth in this Agreement and shall not be trustees or fiduciaries for any Lender;

(ii) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or in connection with any Loan Document or any certificate or other document referred to or provided for in, or received by any of them under, any Loan Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Loan Document, or any other document referred to or provided for therein or for any failure by any Restricted Person or any other Person to perform any of its obligations thereunder;

(iii) shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Restricted Person or the satisfaction of any condition or to inspect the property (including the books and records) of any Restricted Person or any of its Subsidiaries or Affiliates or for the failure of any Restricted Person or Lender to perform its obligations under any Loan Document;

(iv) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; and

(v) shall not be responsible to the other Lenders for any action taken or omitted to be taken by it under or in connection with any Loan Document, except for its own gross negligence or willful misconduct; provided, however, that no action taken in accordance with the directions of the number of Lenders herein specified with respect to a particular action shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section 9.1.

Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

## 9.2 RELIANCE BY AGENT

(a) Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telecopy) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Restricted Person), independent accountants, and other experts selected by Agent. Agent may deem and treat the applicable Lender as the party entitled to payment hereunder for all purposes hereof unless and until Agent receives and accepts an Assignment and Assumption executed in accordance with Section 10.6 hereof. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders, Majority Lenders or all Lenders, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all Lenders and participants. Where this Agreement expressly permits or prohibits an action unless the Required Lenders, Majority Lenders or all Lenders otherwise determine, the Agent shall, and in all other instances, the Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender; provided, however, that Agent shall not be required to take any action that exposes Agent to personal liability or that is contrary to any Loan Document or applicable Law or unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking any such action.

### 9.3 DEFAULTS

Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless Agent has received written notice from a Lender or Borrowers specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that Agent receives such a notice of the occurrence of a Default or Event of Default, Agent shall give prompt notice thereof to the Lenders. Agent shall (subject to Section 9.1 hereof) take such action with respect to such Default or Event of Default as shall reasonably be directed by the Required Lenders. Notwithstanding the foregoing, unless and until Agent shall have received such directions, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

### 9.4 RIGHTS AS LENDER

With respect to its Percentage Share of the Maximum Credit Amount and the Loans made by it, Agent (and any successor acting as Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include Agent in its individual capacity. Agent (and any successor acting as Agent) and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make Investments in, provide services to, and generally engage in any kind of lending, trust, or other business with any Restricted Person or any of its Subsidiaries or Affiliates as if it were not acting as Agent, and Agent (and any successor acting as Agent) and its Affiliates may accept fees and other consideration from any Restricted Person or any of its Subsidiaries or Affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

### 9.5 INDEMNIFICATION

The Lenders agree to indemnify each Agent-Related Person (to the extent not reimbursed under Section 10.4 hereof, but without limiting the obligations of Borrowers under such section) ratably in accordance with their respective Percentage Shares, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including legal fees), or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against Agent (including by any Lender) in any way relating to or arising out of any Loan Document or the transactions contemplated thereby or any action taken or omitted by Agent under any Loan Document (including any of the foregoing arising from the negligence of agent); provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Person to be indemnified, and provided further that no action taken in accordance with the directions of the number of Lenders herein specified with respect to a particular action shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section 9.5. Without limitation of the foregoing, each Lender agrees to reimburse Agent promptly upon demand for its ratable share of any costs or expenses payable by Borrowers under Section 10.4, to the extent that Agent is not promptly reimbursed for such costs and expenses by Borrowers. The agreements contained in this Section 9.5 shall survive payment in full of the Loans and all other amounts payable under this Agreement.

### 9.6 NON-RELIANCE ON AGENT AND OTHER LENDERS

Each Lender agrees that it has, independently and without reliance on Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrowers and their Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and

information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the Loan Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by Agent hereunder, Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Restricted Person or any of its Subsidiaries or Affiliates that may come into the possession of Agent or any of its Affiliates.

#### 9.7 ADMINISTRATIVE AGENT IN ITS INDIVIDUAL CAPACITY

Royal Bank of Canada and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Restricted Persons and their respective Affiliates as though Royal Bank of Canada were not the Agent hereunder and without notice to or consent of Lenders. Lenders acknowledge that, pursuant to such activities, Royal Bank of Canada or its Affiliates may receive information regarding any Restricted Person or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Restricted Person or such Affiliate) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, Royal Bank of Canada shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Agent and the terms "Lender" and "Lenders" include Royal Bank of Canada in its individual capacity.

#### 9.8 SHARING OF SET-OFFS AND OTHER PAYMENTS

Each Lender agrees that if it shall, whether through the exercise of rights under Loan Documents or rights of banker's lien, set off, or counterclaim against Borrowers or otherwise, obtain payment of a portion of the aggregate Obligations owed to it which, taking into account all distributions made by Agent under Section 3.1, causes such Lender to have received more than it would have received had such payment been received by Agent and distributed pursuant to Section 3.1, then:

(a) it shall be deemed to have simultaneously purchased and shall be obligated to purchase interests in the Obligations as necessary to cause all Lenders to share all payments as provided for in Section 3.1; and

(b) such other adjustments shall be made from time to time as shall be equitable to ensure that Agent and all Lenders share all payments of Obligations as provided in Section 3.1;

provided, however, that nothing herein contained shall in any way affect the right of any Lender to obtain payment (whether by exercise of rights of banker's lien, set-off or counterclaim or otherwise) of indebtedness other than the Obligations. Borrowers expressly consent to the foregoing arrangements and agree that any holder of any such interest may to the fullest extent permitted by Law exercise any and all rights of banker's lien, set-off, or counterclaim as fully as if such holder were a holder of the Obligations in the amount of such interest. If all or any part of any funds transferred pursuant to this Section 9.8 is thereafter recovered from the seller under this Section 9.8 which received the same, the purchase provided for in this Section 9.8 shall be deemed to have been rescinded to the extent of such recovery, together with interest, if any, if interest is required pursuant to the order of a Tribunal order to be paid on account of the possession of such funds prior to such recovery.

#### 9.9 INVESTMENTS

Whenever Agent in good faith determines that it is uncertain about how to distribute to Lenders any funds which it has received, or whenever Agent in good faith determines that there is any

dispute among Lenders about how such funds should be distributed, Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If Agent in good faith believes that the uncertainty or dispute will not be promptly resolved, or if Agent is otherwise required to invest funds pending distribution to Lenders, Agent shall invest such funds pending distribution; all interest on any such Investment shall be distributed upon the distribution of such Investment and in the same proportion and to the same Persons as such Investment. All moneys received by Agent for distribution to Lenders (other than to the Person who is Agent in its separate capacity as a Lender) shall be held by Agent pending such distribution solely as Agent for such Lenders, and Agent shall have no equitable title to any portion thereof.

#### 9.10 BENEFIT OF ARTICLE 9

The provisions of this Article 9 (other than Section 9.11) are intended solely for the benefit of Lenders, and no Restricted Person shall be entitled to rely on any such provision or assert any such provision in a claim or defense against any Lender. Lenders may waive or amend such provisions as they desire without any notice to or consent of Borrowers or any Restricted Person.

#### 9.11 RESIGNATION

Agent may resign at any time by giving written notice thereof to Lenders and Borrowers. Each such notice shall set forth the date of such resignation. Upon any such resignation, Required Lenders shall have the right to appoint a successor Agent and if no Default or Event of Default has occurred and is continuing, Required Lenders shall obtain the consent of Borrowers. A successor must be appointed for any retiring Agent, and such Agent's resignation shall become effective when such successor accepts such appointment. If, within thirty days after the date of the retiring Agent's resignation, no successor Agent has been appointed and has accepted such appointment, then the retiring Agent may appoint a successor Agent, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of Canada or of any province thereof and if no Default or Event of Default has occurred and is continuing, retiring Agent shall obtain the consent of Borrowers. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, the retiring Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After any retiring Agent's resignation hereunder the provisions of this Article 9 shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under the Loan Documents.

### **ARTICLE 10 MISCELLANEOUS**

#### 10.1 WAIVERS AND AMENDMENTS; ACKNOWLEDGMENTS.

(a) **WAIVERS AND AMENDMENTS:** No failure or delay (whether by course of conduct or otherwise) by any Lender Party in exercising any right, power or remedy which such Lender Party may have under any of the Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Lender Party of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed as provided below in this Section 10.1, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Restricted Person shall in any case of itself entitle any Restricted Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other Loan

Documents set forth the entire understanding between the parties hereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no waiver, consent, release, modification or amendment of or supplement to this Agreement or the other Loan Documents shall be valid or effective against any party hereto unless the same is in writing and signed by:

- (i) if such party is the Borrowers, by Borrowers;
- (ii) if such party is the Agent, by such party;
- (iii) if such party is the Fronting Lender, by such party; and
- (iv) if such party is a Lender, by such Lender or by the Agent on behalf of the Lenders with the written consent of Required Lenders (which consent has already been given as to the termination of the Loan Documents as provided in Section 10.10).

Notwithstanding the foregoing or anything to the contrary herein, Agent shall not, without the prior consent of Majority Lenders, execute and deliver on behalf of such Lender any waiver or amendment which would increase the Maximum Credit Amount hereunder. Notwithstanding the foregoing or anything to the contrary herein, Agent shall not, without the prior consent of each individual Lender, execute and deliver on behalf of such Lender any waiver or amendment which would:

- (A) waive any of the conditions specified in Article 4;
- (B) increase the maximum amount which such Lender is committed hereunder to lend;
- (C) reduce any fees payable to such Lender hereunder, or the principal or interest owing to such Lender;
- (D) postpone any date fixed for any payment of any such fees, principal or interest,
- (E) change the aggregate amount of Percentage Shares which is required for Agent, Lenders or any of them to take any particular action under the Loan Documents,
- (F) release either Borrower or US Parent pursuant to its Guarantee from its obligation to pay such Lender's Advances; or
- (G) amend this Section 10.1(a).

(b) **ACKNOWLEDGMENTS AND ADMISSIONS:** Each Borrower hereby represents, warrants, acknowledges and admits that:

- (i) it has been advised by counsel in the negotiation, execution and delivery of the Loan Documents to which it is a party;
- (ii) it has made an independent decision to enter into this Agreement and the other Loan Documents to which it is a party, without reliance on any representation, warranty, covenant or undertaking by Agent or any Lender, whether written, oral or implicit, other

than as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof;

(iii) there are no representations, warranties, covenants, undertakings or agreements by any Lender as to the Loan Documents except as expressly set out in this Agreement or in another Loan Document delivered on or after the date hereof;

(iv) no Lender has any fiduciary obligation toward such Borrower with respect to any Loan Document or the transactions contemplated thereby;

(v) the relationship pursuant to the Loan Documents between such Borrower and the other Restricted Persons, on one hand, and each Lender, on the other hand, is and shall be solely that of debtor and creditor, respectively;

(vi) no partnership or joint venture exists with respect to the Loan Documents between any Restricted Person and any Lender;

(vii) Agent is not such Borrower's Agent, but Agent for Lenders;

(viii) without limiting any of the foregoing, no Borrower is relying upon any representation or covenant by any Lender, or any representative thereof, and no such representation or covenant has been made, that any Lender will, at the time of an Event of Default or Default, or at any other time, waive, negotiate, discuss, or take or refrain from taking any action permitted under the Loan Documents with respect to any such Event of Default or Default or any other provision of the Loan Documents; and

(ix) all Lender Parties have relied upon the truthfulness of the acknowledgments in this Section 10.1 in deciding to execute and deliver this Agreement and to become obligated hereunder.

(c) **JOINT ACKNOWLEDGMENT:** This written agreement and the other loan documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

(d) **ANNUAL RATES OF INTEREST:** For the purposes of the Interest Act (Canada), whenever interest payable pursuant to this Agreement is calculated on the basis of a period other than a calendar year (the "Interest Period"), each rate of interest determined pursuant to such calculation expressed as an annual rate is equivalent to such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the Interest Period.

## 10.2 SURVIVAL OF AGREEMENTS; CUMULATIVE NATURE

All of Restricted Persons' various representations, warranties, covenants and agreements in the Loan Documents shall survive the execution and delivery of this Agreement and the other Loan Documents and the performance hereof and thereof, including the making or granting of the Loans and the Loan Documents, and shall further survive until all of the Obligations are paid in full to each Lender and the Fronting Lender and all of Lenders' and Fronting Lender's obligations to Borrowers are terminated. All statements and agreements contained in any certificate or other instrument delivered by any Restricted Person to any Lender under any Loan Document shall be deemed representations and

warranties by each Borrower or agreements and covenants of each Borrower under this Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the Loan Documents, and the rights, powers, and privileges granted to Lenders in the Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty, indemnity, or covenant herein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various Loan Documents.

### 10.3 NOTICES

All notices, requests, consents, demands and other communications required or permitted under any Loan Document shall be in writing, unless otherwise specifically provided in such Loan Document (provided that Agent or, if applicable, the Fronting Lender, may give telephonic notices to the other Lenders), and shall be deemed sufficiently given or furnished if delivered by personal delivery, by facsimile or other electronic transmission, by delivery service with proof of delivery, or by registered Canadian mail, postage prepaid, to each Borrower and Restricted Persons at the address of each Borrower specified on the signature pages hereto and to Agent at its address specified on the signature pages hereto and to each Lender at the address specified on Annex II (unless changed by similar notice in writing given by the particular Person whose address is to be changed). Any such notice or communication shall be deemed to have been given:

- (a) in the case of personal delivery or delivery service, as of the date of first attempted delivery during normal business hours at the address provided herein;
- (b) in the case of facsimile or other electronic transmission, upon receipt; or
- (c) in the case of registered Canadian mail, five Business Days after deposit in the mail;

provided, however, that no Borrowing Notice shall become effective until actually received by Agent.

### 10.4 PAYMENT OF EXPENSES; INDEMNITY

(a) **PAYMENT OF EXPENSES:** Whether or not the transactions contemplated by this Agreement are consummated, Devon Canada will promptly (and in any event, within 30 days after any invoice or other statement or notice) pay:

(i) all reasonable costs and expenses incurred by or on behalf of Agent (including without limitation, legal fees) in connection with:

(A) the negotiation, preparation, execution and delivery of the Loan Documents, and any and all consents, waivers or other documents or instruments relating thereto;

(B) the borrowings hereunder and other action reasonably required in the course of administration hereof;

(C) monitoring or confirming (or preparation or negotiation of any document related to) Borrowers' compliance with any covenants or conditions contained in this Agreement or in any Loan Document, and

(ii) all reasonable costs and expenses incurred by or on behalf of any Lender Party (including without limitation, legal fees, consultants' fees and accounting fees) in connection with the defense or enforcement of any of the Loan Documents (including this Section 10.4) or the defense of any Lender Party's exercise of its rights thereunder.

(b) INDEMNITY: Devon Canada agrees to indemnify each Agent-Related Person and each Lender Party, upon demand, from and against any and all liabilities, obligations, claims, losses, damages, penalties, fines, actions, judgments, suits, settlements, costs, expenses or disbursements, excluding principal and interest owing by Northstar Energy with respect to Advances made to Northstar Energy, but including reasonable fees of legal counsel, accountants, experts and advisors) of any kind or nature whatsoever (in this Section 10.4(b) collectively called "liabilities and costs") which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against such Lender Party growing out of, resulting from or in any other way associated with the Loan Documents and the transactions and events (including the enforcement or defense thereof) at any time associated therewith or contemplated therein (whether arising in contract or in tort or otherwise and including any violation or noncompliance with any Environmental Laws by any Agent-Related Person or any Lender Party or any other Person or any liabilities or duties of any Agent-Related Person or any Lender Party or any other Person with respect to Hazardous Materials found in or released into the environment).

The foregoing indemnification shall apply whether or not such liabilities and costs are in any way or to any extent owed, in whole or in part, under any claim or theory of strict liability or caused, in whole or in part by any negligent act or omission of any kind by any Agent-Related Person or Lender Party, provided only that no Agent-Related Person or Lender Party shall be entitled under this Section 10.4(b) to receive indemnification for that portion, if any, of any liabilities and costs which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment. If any Person (including Borrowers or any of their Affiliates) ever alleges such gross negligence or willful misconduct by any Lender Party, the indemnification provided for in this Section 10.4(b) shall nonetheless be paid upon demand, subject to later adjustment or reimbursement, until such time as a court of competent jurisdiction enters a final judgment as to the extent and effect of the alleged gross negligence or willful misconduct. As used in this Section 10.4(b) the term "Lender Party" shall refer not only to each Person designated as such in Section 1.1 but also to each director, officer, agent, attorney, employee, representative, attorney-in-fact and Affiliate of such Person.

## 10.5 PARTIES IN INTEREST

All grants, covenants and agreements contained in the Loan Documents shall bind and inure to the benefit of the parties thereto and their respective successors and assigns; provided, however, that, no Restricted Person may assign or transfer any of its rights or delegate any of its duties or obligations under any Loan Document without the prior consent of all Lenders (and any attempted assignment or transfer by any Restricted Person without such consent shall be null and void). Neither Borrowers nor any Affiliates of Borrowers shall directly or indirectly purchase or otherwise retire any Obligations owed to any Lender nor will any Lender accept any offer to do so, unless each Lender shall have received substantially the same offer with respect to the same Percentage Share of the Obligations owed to it. If Borrowers or any Affiliate of Borrowers at any time purchases some but less than all of the Obligations owed to all Lenders, such purchaser shall not be entitled to any rights of any Lender under the Loan Documents unless and until Borrowers or their Affiliates have purchased all of the Obligations.

## 10.6 ASSIGNMENTS AND PARTICIPATIONS

- (a) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Loans Maximum Credit Amount); provided, however, that
- (i) each such assignment shall be to an Eligible Assignee;
  - (ii) except in the case of such an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement, any partial assignment of such Lender's rights and obligations under this Agreement shall be in a collective amount at least equal to Cdn. \$10,000,000 or an integral multiple of Cdn. \$1,000,000 in excess thereof calculated with respect to the Maximum Credit Amount;
  - (iii) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its rights and obligations under the Loan Documents;
  - (iv) if applicable, the Eligible Assignee shall be acceptable to any beneficiary under a Direct Letter of Credit; and
  - (v) the parties to such assignment shall execute and deliver to Agent for its acceptance an Assignment and Assumption in the form of Exhibit F hereto, together with a processing fee of Cdn. \$3,500.

Subject to acceptance and recording thereof by Agent pursuant to Section, 10.6(b) from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the obligations, rights, and benefits of a Lender under this Agreement and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, and be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.2, 3.6, 3.9, 3.10 and 10.4). If, prior to an Event of Default, the assignee is not incorporated under the Laws of Canada or a province thereof, it shall deliver to Borrowers and Agent certification as to exemption from deduction or withholding of Taxes acceptable to the Agent and the Borrowers, acting reasonably. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection (a) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section 10.6.

(b) Agent, acting solely for this purpose as an agent of Borrowers, shall maintain at its address referred to in Section 10.3 a copy of each Assignment and Assumption delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and their Percentage Share of the Maximum Credit Amount of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrowers, Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrowers or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) Upon its receipt of an Assignment and Assumption executed by the parties thereto, together with payment of the processing fee, Agent shall, if such Assignment and Assumption has been completed and is in substantially the form of Exhibit F hereto:

(i) accept such Assignment and Assumption;

(ii) record the information contained therein in the Register; and

(iii) give prompt notice thereof to the parties thereto.

(d) Any Lender may at any time, without the consent of, or notice to, Borrowers or Agent, sell participations to any Person (other than a natural person or Borrowers or any of Borrowers' Affiliates or Subsidiaries) in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Maximum Credit Amount and its Loans); provided, however, that:

(i) such Lender's obligations under this Agreement shall remain unchanged;

(ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations;

(iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article 3 (provided that a participant shall not be entitled to receive any greater payment under Section 3.1 or 3.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with the Borrowers' prior written consent; and

(iv) Borrowers, Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

A participant that would have been subject to Section 3.9 if it were a Lender, shall not be entitled to the benefits of Section 3.1 unless Borrowers have been notified of the participation sold to such participant, and such participant agrees, for the benefit of Borrowers, to comply with such section as if it were a Lender) and the right of offset contained in Section 6.13 (provided that such participant agrees to be subject to Section 9.8 as if it were a Lender). Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification, or waiver of any provision of this Agreement (provided that such Lender may agree that it will not approve amendments, modifications, or waivers decreasing the amount of principal of or the rate at which interest is payable on such Loans, extending any scheduled principal payment date or date fixed for the payment of interest on such Loans, or extending its Maximum Credit Amount without the prior consent of the participant).

(e) If the consent of Borrowers to an assignment or to an Eligible Assignee is required hereunder, Borrowers shall be deemed to have given their consent ten (10) Business Days after the date notice thereof has been delivered by the assigning Lender (through Agent) unless such consent is expressly refused by Borrowers prior to such tenth Business Day.

(f) Notwithstanding anything to the contrary contained herein, if at any time the Fronting Lender assigns all of its Percentage Share in the Obligations and its rights and obligations hereunder

pursuant to Section 10.6(a) above, such Fronting Lender may upon 30 days' notice to Borrowers and Lenders, resign as Fronting Lender. In the event of any such resignation by the Fronting Lender, Borrowers shall be entitled to appoint from among the Lenders a successor Fronting Lender hereunder; provided, however, that no failure by Borrowers to appoint any such successor shall affect the resignation of the Fronting Lender. If the Fronting Lender resigns, it shall retain all the rights and obligations of the Fronting Lender hereunder with respect to all Fronted Letters of Credit outstanding as of the effective date of its resignation as the Fronting Lender and all LC Obligations with respect thereto, including the right to require Lenders to make Prime Rate Loans or fund participations in unreimbursed amounts pursuant to Section 2.6(b).

(g) Any Lender may furnish any information concerning Borrowers or any of its Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of Section 10.7 hereof.

#### 10.7 CONFIDENTIALITY

Agent and each Lender (in this Section 10.7 each is called a "LENDING PARTY") agrees to keep confidential any information furnished or made available to it by Borrowers pursuant to this Agreement that is marked confidential; provided that nothing herein shall prevent any Lending Party from disclosing such information:

(a) to any other Lending Party or any Affiliate of any Lending Party, or any officer, director, employee, agent, or advisor of any Lending Party or Affiliate of any Lending Party;

(b) to any other Person if reasonably incidental to the administration of the credit facility provided herein;

(c) as required by any Law, rule, or regulation;

(d) upon the order of any Tribunal;

(e) upon the request or demand of any regulatory agency or authority;

(f) that is or becomes available to the public or that is or becomes available to any Lending Party other than as a result of a disclosure by any Lending Party prohibited by this Agreement;

(g) in connection with any litigation to which such Lending Party or any of its Affiliates may be a party;

(h) to the extent necessary in connection with the exercise of any remedy under this Agreement or any other Loan Document; and

(i) subject to provisions substantially similar to those contained in this Section 10.7, to any actual or proposed participant or assignee.

#### 10.8 GOVERNING LAW; SUBMISSION TO PROCESS

Except to the extent that the law of another jurisdiction is expressly elected in a Loan Document, the Loan Documents shall be deemed contracts and instruments made under the laws of the Province of Alberta and shall be construed and enforced in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable thereto, without regard to principles of

conflicts of law. Each of the parties hereby agrees that any legal action or proceeding against such Borrower with respect to this Agreement or any of the Loan Documents may be brought in the courts of the Province of Alberta and each party submits and attorns to, the non-exclusive jurisdiction of the aforesaid courts. Each party waives any right to stay or to dismiss any action or proceeding brought before said courts on the basis of forum non conveniens. Nothing herein shall affect the right of Lenders to serve process in any other manner permitted by law or shall limit the right of Lenders to bring proceedings against Borrowers in the courts of any other jurisdiction.

#### 10.9 WAIVER OF JUDGMENT INTEREST ACT (ALBERTA)

To the extent permitted by Law, the provisions of the Judgment Interest Act (Alberta) shall not apply to the Loan Documents and are hereby expressly waived by Borrowers.

#### 10.10 DEEMED REINVESTMENT NOT APPLICABLE

For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest shall not apply to any interest calculation under the Loan Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

#### 10.11 LIMITATION ON INTEREST

Lender Parties, Restricted Persons and any other parties to the Loan Documents intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the Loan Documents shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the maximum amount of interest permitted to be charged by applicable Law from time to time in effect. Neither any Restricted Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully charged under applicable Law from time to time in effect, and the provisions of this Section 10.11 shall control over all other provisions of the Loan Documents which may be in conflict or apparent conflict herewith. Lender Parties expressly disavow any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of any Obligation is accelerated. If:

- (a) the maturity of any Obligation is accelerated for any reason;
- (b) any Obligation is prepaid and as a result any amounts held to constitute interest are determined to be in excess of the legal maximum; or
- (c) any Lender or any other holder of any or all of the Obligations shall otherwise collect moneys which are determined to constitute interest which would otherwise increase the interest on any or all of the Obligations to an amount in excess of that permitted to be charged by applicable Law then in effect, then all sums determined to constitute interest in excess of such legal limit shall, without penalty, be promptly applied to reduce the then outstanding principal of the related Obligations or, at such Lender's or holder's option, promptly returned to Borrowers or the other payor thereof upon such determination.

In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the maximum amount permitted under applicable Law, Lenders and Restricted Persons (and any other payors thereof) shall to the greatest extent permitted under applicable Law, and in accordance with generally accepted actuarial practices and principles:

- (i) characterize any non-principal payment as an expense, fee or premium rather than as interest;
- (ii) exclude voluntary prepayments and the effects thereof; and
- (iii) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the instruments evidencing the Obligations in accordance with the amounts outstanding from time to time thereunder and the maximum legal rate of interest from time to time in effect under applicable Law in order to lawfully charge the maximum amount of interest permitted under applicable Law.

In no event shall the aggregate "interest" (as defined in section 347 of the Criminal Code (Canada)) payable under the Loan Documents exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section) permitted under that section and, if any payment, collection or demand pursuant to this Agreement in respect of "interest" (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand shall be deemed to have been made by mutual mistake of Borrowers, Agent and Lenders and the amount of such excess payment or collection shall be refunded to Borrowers. For purposes of the Loan Documents, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term applicable to the Obligations on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent shall be prima facie evidence, for the purposes of such determination.

#### 10.12 TERMINATION; LIMITED SURVIVAL

In their sole and absolute discretion, Borrowers may at any time that no Obligations are owing elect in a written notice delivered to Agent to terminate this Agreement. Upon receipt by Agent of such a notice, if no Obligations are then owing this Agreement and all other Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any Restricted Person in any Loan Document, any Obligations under Sections 3.2, 3.3, 3.4, 3.5 and 3.6, and any obligations which any Person may have to indemnify or compensate any Lender shall survive any termination of this Agreement or any other Loan Document. At the request and expense of Borrowers, Agent shall prepare and execute all necessary instruments to reflect and effect such termination of the Loan Documents. Agent is hereby authorized to execute all such instruments on behalf of all Lenders, without the joinder of or further action by any Lender.

#### 10.13 SEVERABILITY

If any term or provision of any Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the Loan Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

#### 10.14 COUNTERPARTS; FAX

This Agreement may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement. This Agreement and the Loan Documents may be validly executed and delivered by facsimile or other electronic transmission.

#### 10.15 WAIVER OF JURY TRIAL, PUNITIVE DAMAGES, ETC.

Each Borrower and each Lender hereby knowingly, voluntarily, intentionally, and irrevocably:

(a) waives, to the maximum extent not prohibited by law, any right it may have to a trial by jury in respect of any litigation based hereon, or directly or indirectly at any time arising out of, under or in connection with the loan documents or any transaction contemplated thereby or associated therewith, before or after maturity, in each case whether now existing or hereafter arising, and whether founded in contract or tort or otherwise; and each party hereby agrees and consents that any such claim, demand, action or cause of action shall be decided by court trial without a jury, and that any party to this agreement may file an original counterpart or a copy of this Section 10.15 with any court as written evidence of the consent of the signatories hereto to the waiver of their right to trial by jury;

(b) waives, to the maximum extent not prohibited by Law, any right it may have to claim or recover in any such litigation any "Special Damages", as defined below;

(c) certifies that no party hereto nor any representative or agent or counsel for any party hereto has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers; and

(d) acknowledges that it has been induced to enter into this Agreement, the other Loan Documents and the transactions contemplated hereby and thereby by, among other things, the mutual waivers and certifications contained in this Section 10.15.

As used in this Section 10.15, "SPECIAL DAMAGES" includes all special, consequential, exemplary, or punitive damages (regardless of how named), but does not include any payments or funds which any party hereto has expressly promised to pay or deliver to any other party hereto.

#### 10.16 DEFINED TERMS

Capitalized terms and phrases used and not otherwise defined herein shall for all purposes of this Agreement have the meaning given to such terms and phrases in Annex I hereto.

#### 10.17 ANNEX I, EXHIBITS AND SCHEDULES; ADDITIONAL DEFINITIONS

Annex I, Annex II, and all Exhibits and Schedules attached to this Agreement are a part hereof for all purposes.

#### 10.18 AMENDMENT OF DEFINED INSTRUMENTS

Unless the context otherwise requires or unless otherwise provided herein, the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document, provided that nothing contained in this Section 10.18 shall be construed to authorize any such renewal, extension, modification, amendment or restatement. Unless the context otherwise requires or unless otherwise provided herein, the references in this Agreement to a particular statute, rule or regulation also refer to and include all amendments, supplements and other modifications to such statute, rule or regulation.

#### 10.19 REFERENCES AND TITLES

All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

#### 10.20 CALCULATIONS AND DETERMINATIONS

All calculations under the Loan Documents of interest chargeable with respect to US Dollar Eurodollar Loans shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. All calculations with respect to Bankers' Acceptances shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 days. All other calculations of interest and fees made under the Loan Documents shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 or 366 days, as appropriate. Each determination by a Lender of amounts to be paid under Article 3 or any other matters which are to be determined hereunder by a Lender (such as any US Dollar Eurodollar Rate, Business Day or Eurodollar Interest Period) shall, in the absence of manifest error, be conclusive and binding. Unless otherwise expressly provided herein or unless Required Lenders otherwise consent all financial statements and reports furnished to any Lender hereunder shall be prepared and all financial computations and determinations pursuant hereto shall be made in accordance with US GAAP.

#### 10.21 CONSTRUCTION OF INDEMNITIES AND RELEASES

All indemnification and release provisions of this Agreement shall be construed broadly (and not narrowly) in favor of the Persons receiving indemnification from or being released.

#### 10.22 SEPARATE OBLIGATIONS

Except as expressly set forth in Sections 1.5 and 10.4:

(a) all obligations of Northstar Energy and Devon Canada under this Agreement and the other Loan Documents are separate and individual obligations of Northstar Energy and Devon Canada, respectively, and

(b) Northstar Energy shall not have any liabilities in respect of Advances made by the Lenders to Devon Canada nor shall Devon Canada have any liabilities in respect of Advances made to Northstar Energy.

Notwithstanding anything contained herein, Northstar Energy shall not have any liability to pay any assessments, fees or costs, or otherwise provide financial assistance, relating to Advances made to Devon Canada or any other obligations of Devon Canada.

IN WITNESS WHEREOF, this Agreement is executed as of the date first written above.

**ADDRESS FOR NOTICE:**

**ADDRESS:**

3000, 400 - 3rd Avenue S.W.  
Calgary, Alberta T2P 4H2

NORTHSTAR ENERGY CORPORATION  
CANADIAN BORROWER

Attention: Vice President - Finance

Telephone: (403) 213-8151

By: /s/ Paul Brereton

Fax: (403) 213-8190

-----  
Paul Brereton  
Vice President - Finance

**ADDRESS:**

3000, 400 - 3rd Avenue S.W.  
Calgary, Alberta T2P 4H2

DEVON CANADA CORPORATION  
CANADIAN BORROWER

Attention: Vice President - Finance

Telephone: (403) 213-8151

By: /s/ Paul Brereton

Fax: (403) 213-8190

-----  
Paul Brereton  
Vice President - Finance

**ADDRESS:**

1100, 888 - 3rd Street S.W.

Calgary, Alberta T2P 5C5  
 Attention: Director, Corporate Credit  
 Telephone: (403) 292-3890  
 Fax: (403) 292-3234

**WITH A COPY TO:**

Credit Transaction Management  
 One Liberty Plaza, 4th Floor

New York, New York 10006 - 1404 ROYAL BANK OF CANADA, AS LENDER  
 Attention: Manager, Credit Transaction Management  
 Telephone: (212) 428-6415 By: /s/ Sonia G. Tibbatts  
 Fax: (212) 428-2319 Sonia G. Tibbatts  
 Senior Manager

**ADDRESS:**

2000, 700 - 2nd Street S.W.

Calgary, Alberta T2P 2N7 THE BANK OF NOVA SCOTIA  
 Attention: Director  
 Telephone: (403) 221-6421 Per: /s/ Richard D. Lee  
 Fax: (403) 221-6497 Name: Richard D. Lee  
 Title: Managing Director

**ADDRESS:**

Suite 4240, 161 Bay Street  
 BCE Place, P. O. Box 613

Toronto, Ontario M5J 2S1 BANK ONE, NA (CANADA BRANCH)  
 Attention: Vice President  
 Telephone: (416) 365-5260 Per: /s/ Daniel A. Davis  
 Fax: (416) 363-7574 Name: Daniel A. Davis  
 Title: Director

**ADDRESS:**

3210, 181 Bay Street

Toronto, Ontario M5J 2T3

Attention: Vice President and  
Manager, Lending

Telephone: (416) 815-4394

Fax: (416) 862-2381

BAYERISCHE LANDESBANK  
GIROZENTRALE, TORONTO BRANCH

Per: /s/ Thomas A. Miller  
-----  
Name: Thomas A. Miller  
Title: Vice President

Per: /s/ Bernd Erpenbeck  
-----  
Name: Bern Erpenbeck  
Title: Vice President

**ADDRESS:**

Agency Services Group  
12th Floor, South Tower

Royal Bank Plaza, 200 Bay Street  
Toronto, Ontario M5J 2W7

Attention: Manager, Agency

Telephone: (416) 842-3901

Fax: (416) 842-4023

ROYAL BANK OF CANADA  
ADMINISTRATIVE AGENT

By: /s/ Gail Watkin  
-----  
Gail Watkin  
Manager, Agency

## DEFINED TERMS

"ACCOUNTS" means the accounts and records established by the Agent pursuant to Section 3.11 to record each Borrower's liability to each of the Lenders, the Fronting Lender and the Agent in respect of Borrowings and other amounts outstanding by each Borrower to each of the Lenders, the Fronting Lender and the Agent hereunder.

"ACQUIRED DEBT" means, with respect to any specified Person:

(a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, including and together with, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person; and

(b) Indebtedness secured by a Lien encumbering any assets acquired by such specified Person, and any refinancing of the foregoing indebtedness on similar terms, taking into account current market conditions.

"ADVANCES" has the meaning given to such term in Section 1.1(a) of the Agreement.

"AFFILIATE" means, as to any Person, each other Person that directly or

indirectly (through one or more intermediaries or otherwise) controls, is controlled by, or is under common control with, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power:

(a) to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"AGENT" means Royal Bank of Canada, acting through its Agent's Branch of Account, and its successors and assigns as administrative agent under the Agreement.

"AGENT'S BRANCH OF ACCOUNT" means with respect to Advances and Borrowings, the principal office of the Agent in Toronto, Ontario or such other office or branch of the Agent in Canada as the Agent and the Borrowers, each acting reasonably, may agree upon from time to time and as advised to the Lenders in writing.

"AGENT-RELATED PERSONS" means the Agent and its Affiliates, the Arranger, any successor to Agent appointed in accordance with the Loan Documents, and the officers, directors, employees, agents and attorneys-in-fact of such Persons.

"AGREEMENT" means the Credit Agreement dated the Closing Date among Borrowers, Agent and Lenders to which these defined terms form Annex 1 thereto and as it may be further amended, supplemented, restated or otherwise modified and in effect from time to time.

**"APPLICABLE CURRENCY" means:**

- (a) when used with respect to any Prime Rate Loan or any Bankers' Acceptance, Canadian Dollars; and
- (b) when used with respect to any US Base Rate Loan or any US Dollar Eurodollar Loan, US Dollars.

"APPLICABLE LENDING OFFICE" means, for each Lender and for each Type of Loan, the office of the Lender set out on the execution page hereof or such other office of such Lender as such Lender may from time to time specify to Agent and Borrowers by written notice in accordance with the terms hereof as the office by which its Loans of such Type are to be made and maintained.

"APPLICATION DATE" means with respect to any Letter of Credit, the date on which an LC Application for such Letter of Credit is submitted to the Agent or, in the case of the Continued Letters of Credit, the date the Agreement becomes effective.

"ARRANGER" means RBC Capital Markets.

"BA/LC COLLATERAL" has the meaning given such term in Section 2.9 of the Agreement.

"BA DISCOUNT RATE" means, in respect of a BA being accepted by a Lender on any date:

(a) for a Lender that is listed in Schedule I to the Bank Act (Canada), the average bankers' acceptance rate as quoted on Reuters CDOR page (or such other page as may, from time to time, replace such page on that service for the purpose of displaying quotations for bankers' acceptances accepted by leading Canadian financial institutions) at approximately 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA (the "CDOR Rate"); or, if such rate is not available at or about such time, the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Agent by the Schedule I BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA; and

(b) for a Lender that is listed in Schedule II to the Bank Act (Canada) or a Lender that is listed in Schedule III to the Bank Act (Canada) that is not subject to the restrictions and requirements referred to in subsection 524 (2) of the Bank Act (Canada), the rate established by the Agent to be the lesser of:

(i) the CDOR Rate plus 10 Basis Points; and

(ii) the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Agent by the Schedule II BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA.

"BANKERS' ACCEPTANCE" or "BA" means a Canadian Dollar draft of either Borrower, for a term selected by such Borrower in accordance with the Agreement payable in Canada.

"BANKRUPTCY AND INSOLVENCY ACT (CANADA)" means the Bankruptcy and Insolvency Act, S.C. 1992, c. 27, including the regulations made and, from time to time, in force under that Act.

"BASIS POINT" means one one-hundredth of one percent (0.01%).

"BORROWERS" means Northstar Energy and Devon Canada.

"BORROWING" means a borrowing of new Loans of a single Type pursuant to Section 1.2 or a Continuation or Conversion of existing Loans into a single Type (and, in the case of US Dollar Eurodollar Loans, with the same Eurodollar Interest Period) pursuant to Section 1.3 or the acceptance or purchase of Bankers' Acceptances issued by Borrowers or the issuance of Direct Letters of Credit by the Agent for and on behalf of the Lenders or the issuance of Fronted Letters of Credit by the Fronting Lender for the account of the Lenders or the Continuation or Conversion of existing Bankers' Acceptances into Loans of a single Type in the case of US Dollar Eurodollar Loans with the same Interest Period pursuant to Section 1.3 of the Agreement.

"BORROWING NOTICE" means a written or telephonic request, or a written confirmation, made by any Borrower which meets the requirements of Section 1.2 of the Agreement.

"BUSINESS DAY" means a day, other than a Saturday or Sunday, on which commercial banks are open for business with the public in Calgary, Alberta and Toronto, Ontario. Any Business Day in any way relating to US Dollar Eurodollar Loans (such as the day on which a Eurodollar Interest Period begins or ends) must also be a day on which, in the judgment of Agent, significant transactions in US Dollars are carried out in the interbank eurocurrency market.

"CANADIAN DOLLAR" or "CDN. \$" means the lawful currency of Canada.

"CANADIAN RESIDENT LENDER" means each Lender identified as such on Annex II to the Agreement or any Assignment and Acceptance executed by a new Lender, each being a Person that is:

- (a) not a non-resident of Canada for the purposes of the Income Tax Act (Canada); or
- (b) a Person that is an "AUTHORIZED FOREIGN BANK" as defined in section 2 of the Bank Act (Canada) and in subsection 248(1) of the Income Tax Act (Canada) which will receive all amounts paid or credited to it under the obligations in respect of its "CANADIAN BANKING BUSINESS" for the purposes of paragraph 212(13.3)(a) of the Income Tax Act (Canada).

"CHANGE OF CONTROL" means the occurrence of either of the following events:

- (a) any Person (or syndicate or group of Persons which is deemed a "person" for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) acquires more than fifty percent (50%) of the outstanding stock of US Parent having ordinary voting power (disregarding changes in voting power based on the occurrence of contingencies) for the election of directors; or
- (b) during any period of twelve successive months a majority of the Persons who were directors of US Parent at the beginning of such period cease to be directors of US Parent, unless such cessation relates to a voluntary reduction by US Parent of the number of directors that comprise the board of directors of US Parent.

"CHANGE OF LAW" has the meaning given to it in Section 3.2(a) of the Agreement.

"CLOSING DATE" means July 25, 2002.

"COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)" means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, including the regulations made and from time to time in force under that Act.

"CONSOLIDATED" refers to the consolidation of any Person, in accordance with US GAAP, with its properly consolidated subsidiaries. References herein to a Person's Consolidated financial statements, financial position, financial condition, liabilities, etc. refer to the consolidated financial statements, financial position, financial condition, liabilities, etc. of such Person and its properly consolidated subsidiaries.

"CONSOLIDATED ASSETS" means the total assets of US Parent and its Restricted Subsidiaries which would be shown as assets on a Consolidated balance sheet of US Parent and its Restricted Subsidiaries prepared in accordance with US GAAP, after eliminating all amounts properly attributable to minority interest, if any, in the stock and surplus of the Restricted Subsidiaries.

"CONTINUATION" shall refer to the continuation pursuant to Section 1.3 of the Agreement of a US Dollar Eurodollar Loan as a US Dollar Eurodollar Loan from one Interest Period to the next Eurodollar Interest Period or a rollover of a Bankers' Acceptance at maturity.

"CONTINUATION/CONVERSION NOTICE" means a written confirmation, made by the applicable Borrower which meets the requirements of Section 1.3.

"CONTINUED LETTERS OF CREDIT" has the meaning given to it in Section 1.1(c)

"CONVERSION" shall refer to a conversion pursuant to Section 1.3 or Article 3 of one Type of Advance into another Type of Advance.

"DBRS" means Dominion Bond Rating Service Limited, or its successor.

"DEFAULT" means any Event of Default and any default, event or condition which would, with the giving of any requisite notices and the passage of any requisite periods of time, constitute an Event of Default.

"DEFAULT RATE" means at the time in question:

- (a) with respect to any US Dollar Eurodollar Loan, the rate two percent (2%) per annum above the US Dollar Eurodollar Rate then in effect for such Loan;
- (b) with respect to any Prime Rate Loan, the rate two percent (2%) per annum above the Prime Rate then in effect for such Loan; and
- (c) with respect to any US Base Rate Loan, the rate two percent (2%) per annum above the US Dollar Base Rate then in effect for such Loan;

No Default Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"DEPOSITORY BILLS AND NOTES ACT (CANADA)" means the Depository Bills and Notes Act (Canada), R.S.C. 1998, c. 13, including the regulations made and, from time to time, in force under that Act.

"DEVON CANADA" means Devon Canada Corporation, an Alberta corporation and successor to Anderson Exploration Ltd.

"DEVON NEVADA" means Devon Energy Corporation (Nevada), a Nevada corporation.

"DEVON OKLAHOMA" means Devon Energy Corporation (Oklahoma), an Oklahoma corporation, formerly known as Devon Energy Corporation, an Oklahoma corporation.

"DEVON SFS" means Devon SFS Operating, Inc., a Delaware corporation.

"DEVON TRUST" means Devon Financing Trust II, a statutory business trust formed under the laws of the State of Delaware.

"DEVON TRUST REGISTRATION STATEMENT" means the Registration Statement on Form S-3 filed by US Parent under the Securities Act of 1933 on November 16, 2000 with respect to the issuance by US Parent of Common Stock, Preferred Stock, Debt Securities, Stock Purchase Agreements and Stock Purchase Units, and the issuance by Devon Financing Trust II of Trust Preferred Securities guaranteed by US Parent, as amended and supplemented from time to time.

"DEVON TRUST SECURITIES" means those certain Trust Preferred Securities, which may be issued by Devon Trust pursuant to the Registration Statement in an aggregate face amount not to exceed US \$447,261,200.

"DIRECT LETTERS OF CREDIT" has the meaning given to it in Section 1.1(a)(iii).

"DISCLOSURE REPORT" means a written notice given by US Parent to all Lender Parties or a certificate given by the Senior Vice President-Finance or the Treasurer of US Parent under Sections 6.2(a) and (b).

"DISCLOSURE SCHEDULE" means Schedule 1 to the Agreement.

"DISCOUNT PROCEEDS" means, in respect of each Bankers' Acceptance, funds in an amount which is equal to:

**FACE AMOUNT**

1 + (Rate x Term)  
(-----)

( 365 )

(where "FACE AMOUNT" is the principal amount of the Bankers' Acceptance being purchased, "RATE" is the BA Discount Rate divided by 100 and "TERM" is the number of days in the term of the Bankers' Acceptance.)

"ELIGIBLE ASSIGNEE" means a Person which either:

- (a) is a Lender or an Affiliate of a Lender;
- (b) an Approved Fund; or
- (c) is consented to as an Eligible Assignee by Agent;

and, so long as no Event of Default is continuing, by the Borrowers, in each case which consent will not be unreasonably withheld and which, prior to an Event of Default, is a Canadian Resident Lender, provided that the Borrowers' consent shall not be required for a Person to be an "ELIGIBLE ASSIGNEE" for purposes of Section 10.6(d) of the Agreement. As used in this definition, "FUND" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, and "APPROVED FUND" means any Fund that is administered or managed by:

- (d) a Lender;
- (e) an Affiliate of a Lender; or
- (f) an entity or an Affiliate of an entity that administers or manages a Lender.

"ENVIRONMENTAL LAWS" means any and all Laws relating to the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, together with all rules and regulations promulgated with respect thereto.

"ERISA AFFILIATE" means US Parent and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with US Parent, are treated as a single employer under Section 414 of the Internal Revenue Code.

"ERISA PLAN" means any employee pension benefit plan (other than a Multiemployer Plan) subject to Title IV of ERISA maintained by any ERISA Affiliate with respect to which any Restricted Person has a fixed or contingent liability.

"EURODOLLAR INTEREST PERIOD" means, with respect to each particular US Dollar Eurodollar Loan in a Borrowing, the period specified in the Borrowing Notice or Continuation/Conversion Notice applicable thereto, beginning on and including the date specified in such Borrowing Notice or Continuation/Conversion Notice (which must be a Business Day), and ending one, two, three or six months thereafter, as the applicable Borrower may elect in such notice; provided that:

- (a) any Eurodollar Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Eurodollar Interest Period shall end on the next preceding Business Day;
- (b) any Eurodollar Interest Period which begins on the last Business Day in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Eurodollar Interest Period) shall end on the last Business Day in a calendar month; and
- (c) notwithstanding the foregoing, any Eurodollar Interest Period for Loans which would otherwise end after the Maturity Date shall end on the Maturity Date (or, if the last day of such period is not a Business Day, on the next preceding Business Day).

"EVENT OF DEFAULT" has the meaning given to such term in Section 8.1 thereof.

"EXCHANGE EQUIVALENT" in respect of one currency (the "ORIGINAL CURRENCY"), being Canadian Dollars or US Dollars, as the case may be, means, at the date of determination, the amount of currency expressed in the other such currency necessary to purchase, based on the Noon Rate on such date, the specified amount of the Original Currency on such date.

"EXTENSION DATE" has the meaning given to it in Section 1.6(b).

"FACILITY USAGE" means, at the time in question, the Canadian Dollar Equivalent of the aggregate amount of Loans, LC Obligations, and BA's outstanding at such time.

"FEDERAL FUNDS RATE" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of one percent) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day, provided that:

(a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and

(b) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate (rounded upwards, if necessary, to the nearest 1/100th of one percent) quoted to Agent on such day on such transactions as determined by Agent.

"FISCAL QUARTER" means a three-month period ending on March 31, June 30, September 30 or December 31 of any year.

"FISCAL YEAR" means a twelve-month period ending on December 31 of any year.

"FRONTED LETTER OF CREDIT" has the meaning given to it in Section 1.1(a)(iii).

"FRONTING FEE RATE" means with respect to any Fronted Letter of Credit, the per annum fee, not to exceed fifteen (15) Basis Points, agreed to by the Fronting Lender and the Borrowers at the time of the issuance of the first Fronted Letter of Credit issued by such Fronting Lender.

"FRONTING LENDER" means the Lender from time to time appointed under the Agreement to issue Fronted Letters of Credit;

"GOVERNMENTAL AUTHORITY" means any domestic or foreign, national, federal, provincial, state, municipal or other local government or body and any division, agency, ministry, commission, board or authority or any quasi-governmental or private body exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing, and any domestic, foreign or international judicial, quasi-judicial, arbitration or administrative court, tribunal, commission, board or panel acting under the authority of any of the foregoing.

"HAZARDOUS MATERIALS" means any substances regulated under any Environmental Law, whether as pollutants, contaminants, or chemicals, or as industrial, toxic or hazardous substances or wastes, or otherwise.

**"HEDGING CONTRACT" means:**

(a) any agreement providing for options, swaps, floors, caps, collars, forward sales or forward purchases involving interest rates, commodities or commodity prices, equities, currencies, bonds, or indexes based on any of the foregoing;

(b) any option, futures or forward contract traded on an exchange; and

(c) any other derivative agreement or other similar agreement or arrangement.

"HIGHEST LAWFUL RATE" means, with respect to each Lender Party to whom Obligations are owed, the maximum nonusurious rate of interest that such Lender Party is permitted under applicable Law to contract for, take, charge, or receive with respect to such Obligations. All determinations herein of the Highest Lawful Rate, or of any interest rate determined by reference to the Highest Lawful Rate, shall be made separately for each Lender Party as appropriate to assure that the Loan Documents are not construed to obligate any Person to pay interest to any Lender Party at a rate in excess of the Highest Lawful Rate applicable to such Lender Party.

"INCOME TAX ACT (CANADA)" means the Income Tax Act, R.S.C. 1985 c.1 (5th Supp), including the regulations made and, from time to time, in force under that Act.

"INDEBTEDNESS" of any Person means Liabilities in any of the following categories:

- (a) Liabilities for borrowed money;
- (b) Liabilities constituting an obligation to pay the deferred purchase price of property or services, other than customary payment terms taken in the ordinary course of such Person's business;
- (c) Liabilities evidenced by a bond, debenture, note or similar instrument;
- (d) Liabilities arising under conditional sales or other title retention agreements or under leases capitalized in accordance with US GAAP, but excluding customary oil, gas or mineral leases and operating leases;
- (e) Liabilities with respect to payments received in consideration of oil, gas, or other minerals yet to be acquired or produced at the time of payment (including obligations under "take-or-pay" contracts to deliver gas in return for payments already received and the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment);
- (f) Liabilities under Hedging Contracts;
- (g) Liabilities with respect to letters of credit or applications or reimbursement agreements therefor; or
- (h) Liabilities under direct or indirect guaranties of Liabilities of any Person or constituting obligations to purchase or acquire or to otherwise protect or insure a creditor against loss in respect of Indebtedness of the types described in paragraphs (a) through (g) above of any Person (such as obligations under working capital maintenance agreements, agreements to keep-well, or agreements to purchase debt, assets, goods, securities or services, but excluding endorsements in the ordinary course of business of negotiable instruments in the course of collection);

provided, however, that the "INDEBTEDNESS" of any Person shall not include Liabilities that were incurred by such Person on ordinary trade terms to vendors, suppliers, or other Persons providing goods and services for use by such Person in the ordinary course of its business, unless and until such Liabilities are outstanding more than 90 days past the original invoice or billing date therefor. Any Indebtedness owed by a partnership shall be deemed Indebtedness of any partner in such partnership to the extent such partner has any liability of any kind therefor.

**"INITIAL FINANCIAL STATEMENTS" means:**

(a) the audited annual Consolidated financial statements of US Parent dated as of December 31, 2001; and

(b) the unaudited quarterly Consolidated financial statements of US Parent dated as of March 31, 2002.

"INTEREST ACT (CANADA)" means the Interest Act, R.S.C. 1985, c. I-15, including the regulations made and, from time to time, in force under that Act.

**"INTEREST PAYMENT DATE" means:**

(a) with respect to each US Base Rate Loan and Prime Rate Loan, the last Business Day of each March, June, September and December beginning September 30, 2002; and

(b) with respect to each US Dollar Eurodollar Loan, the last day of the Eurodollar Interest Period that is applicable thereto; provided that the last day of each calendar month shall also be an Interest Payment Date for each such US Dollar Eurodollar Loan so long as any Event of Default exists under Section 8.1(a) or (b).

"INTERNAL REVENUE CODE" means the United States Internal Revenue Code of 1986, as amended from time to time and any successor statute or statutes.

"INVESTMENT" means any investment made directly or indirectly, in any Person, whether by acquisition of shares of capital stock, indebtedness or other obligations or securities or by loan, advance, capital contribution or otherwise and whether made in cash, by the transfer of property, or by any other means.

"ISSUANCE DATE" means as to any Letter of Credit, the date on which such Letter of Credit is issued.

"JUDGMENT INTEREST ACT (ALBERTA)" means the Judgment Interest Act, R.S.A. 2000, c. J-1, including the regulations made and, from time to time, in force under that Act.

"LAW" means any statute, law, regulation, ordinance, rule, treaty, judgment, order, decree, permit, concession, franchise, license, agreement or other governmental restriction of the United States or Canada or any state, province or political subdivision thereof or of any foreign country or any department, province or other political subdivision thereof.

"LC APPLICATION" means an application on the Agent's or Fronting Lender's, as applicable, standard form of letter of credit application submitted to the Agent or the Fronting Lender by a Borrower requesting the Lenders or the Fronting Lender to open a Letter of Credit hereunder subject to such reasonable changes thereto as are requested by a Borrower and agreed to by the Agent or Fronting Lender, acting reasonably, in order to make the LC Application not inconsistent with the provisions of the Agreement and the Borrowers' and US Parent's other credit facilities, including, without limitation, the US Agreement.

"LC DISBURSEMENT" means any payment by a Lender or, if applicable, the Fronting Lender under a Letter of Credit plus all taxes and reasonable and customary, fees, charges and other costs and expenses incurred by such Lender or, if applicable, the Fronting Lender in connection with such payment.

"LC EXPENSES" has the meaning given to it in Section 2.6(a) of the Agreement.

"LC OBLIGATIONS" means the obligation of the applicable Borrower at any time for the amount equal to the sum of the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit issued at the request of such Borrower.

"LC FEE RATE" means with respect to any Letter of Credit issued by any Lender or, if applicable, the Fronting Lender, at any time, seventy-five (75) Basis Points per annum.

"LENDER PARTIES" means Agent, all Lenders and the Fronting Lender.

"LENDERS" means each signatory to the Agreement (other than any Borrower), including Royal Bank of Canada, acting through its Agent's Branch of Account, in the capacity of a Lender hereunder, rather than as Agent and the successors of each such party.

"LENDERS SCHEDULE" means Annex II to the Agreement.

"LETTER OF CREDIT" means any letter of credit issued by the Agent for and on behalf of the Lenders or by the Fronting Lender for the account of the Lenders on or after the Closing Date but prior to the Maturity Date upon the submission of an LC Application as herein provided, in accordance with Section 2.5, in each case as the same may be amended, supplemented, extended or otherwise modified from time to time in accordance with the terms hereof and thereof. "LETTERS OF CREDIT" shall refer collectively to all Letters of Credit outstanding at any time.

"LIABILITIES" means, as to any Person, all indebtedness, liabilities and obligations of such Person, whether matured or unmatured, liquidated or unliquidated, primary or secondary, direct or indirect, absolute, fixed or contingent, and whether or not required to be considered pursuant to US GAAP.

"LIEN" means, with respect to any property or assets, any lien, mortgage, security interest, pledge, deposit, production payment, rights of a vendor under any title retention or conditional sale agreement or lease substantially equivalent thereto, tax lien, mechanic's or materialman's lien, or any other charge or encumbrance for security purposes, whether arising by Law or agreement or otherwise, but excluding any right of offset. "LIEN" also means any filed financing statement, any registration of a pledge (such as with an issuer of uncertificated securities), or any other arrangement or action which would serve to perfect a Lien described in the preceding sentence, regardless of whether such financing statement is filed, such registration is made, or such arrangement or action is undertaken before or after such Lien exists.

"LOANS" has the meaning given it in Section 1.1(a) of the Agreement.

"LOAN DOCUMENTS" means the Agreement, the Letters of Credit, the LC Applications related thereto, the BA's, the guarantee executed by the US Parent, and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

"MAJORITY LENDERS" means Lenders whose aggregate Percentage Shares exceed sixty-six and two thirds percent (66 2/3%).

"MARGIN STOCK" means "MARGIN STOCK" as defined in Reg U.

"MATERIAL ADVERSE EFFECT" means, when used in connection with a specified Person, any change or effect (or any development that, insofar as can reasonably be foreseen, is likely to result in any change or effect) that is materially adverse to the business, properties, assets and liabilities (taken together),

financial condition or results of operations of such Person and its subsidiaries taken as a whole; provided however, that:

(a) any adverse change, effect or development that is caused by or results from conditions affecting the United States economy generally or the economy of any nation or region in which such Person or its subsidiaries conduct business that is material to the business of such Person and its subsidiaries, taken as whole, shall not be taken into account in determining whether there has been (or whether there could reasonably be foreseen) a "Material Adverse Effect" with respect to such Person; and

(b) any adverse change, effect or development that is caused by or results from conditions generally affecting the industries (including the oil and gas industry) in which such Person conducts its business shall not be taken into account in determining whether there has been (or whether there could reasonably be foreseen) a "Material Adverse Effect" with respect to such Person.

Unless the context otherwise requires, the term Material Adverse Effect shall be deemed to be used in connection with the US Parent and its subsidiaries taken as a whole.

"MATERIAL SUBSIDIARY" means a Subsidiary of US Parent which owns assets having a book value that exceeds ten percent (10%) of the book value of US Parent's Consolidated assets.

"MATURITY DATE" means July 23, 2003, subject to extension as provided for in Section 1.6 of the Agreement.

"MAXIMUM CREDIT AMOUNT" means Cdn. \$140,000,000 or the US Dollar Exchange Equivalent thereof.

"MOODY'S" means Moody's Investor Service, Inc., or its successor.

"MULTIEMPLOYER PLAN" mean a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any ERISA Affiliate is making or is obligated to make contributions or, during the five preceding plan years, has made or has been obligated to make contributions.

"NET PROCEEDS" means with respect to any Bankers' Acceptance, the Discount Proceeds less the amount equal to the applicable Stamping Fee Rate multiplied by the face amount of such Bankers' Acceptance.

"NON-ACCEPTING LENDER" has the meaning given to it in Section 1.6(a)(ii) of the Agreement.

"NOON RATE" means, in relation to the conversion of one currency into another currency, the rate of exchange for such conversion as quoted by the Bank of Canada (or, if not so quoted, the spot rate of exchange quoted for wholesale transactions made by Agent at Toronto, Ontario at approximately noon (Toronto, Ontario local time)).

"NORTHSTAR ENERGY" means Northstar Energy Corporation, an amalgamated Alberta corporation.

"OBLIGATIONS" means the aggregate Liabilities from time to time owing by each Borrower to any Lender Party under or pursuant to any of the Loan Documents, including, without limitation, all LC Obligations owing thereunder. "OBLIGATION" means any part of the Obligations.

"OFFER OF EXTENSION" means a written offer by Agent, for and on behalf of Required Lenders, to Borrowers to extend the Maturity Date to a date 364 days from acceptance by Borrowers of such offer,

and setting forth, if applicable, the terms and conditions on which such extension is offered by the Lenders and as may be accepted by Borrowers.

"PENNZENERGY DEBENTURES" means the following Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Parent:

- (a) 10.125% Debentures due November 15, 2009 in the aggregate principal amount of US \$200,000,000;
- (b) 10.25% Debentures due November 1, 2005 in the aggregate principal amount of US \$250,000,000;
- (c) the PennzEnergy Exchangeable Debentures.

"PENNZENERGY EXCHANGEABLE DEBENTURES" means the following Exchangeable Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Parent:

- (a) 4.90% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US \$443,807,000; and
- (b) 4.95% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US \$316,506,000.

"PERCENTAGE SHARE" means with respect to any Lender:

- (a) when used in Article 1, in Article 2 prior to the Maturity Date, in any Borrowing Notice under the Agreement or when no Advances are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the Agreement made by or to such Lender in accordance with the terms of the Agreement; and
- (b) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Advances, by (y) the sum of the aggregate unpaid principal balance of all Advances at such time.

**"PERMITTED LIENS" means:**

- (a) Liens for taxes, assessments or governmental charges which are not due or delinquent, or the validity of which US Parent or any Restricted Subsidiary shall be contesting in good faith; provided US Parent or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;
- (b) the Lien of any judgment rendered, or claim filed, against US Parent or any Restricted Subsidiary which does not constitute an Event of Default and which US Parent or any such Restricted Subsidiary shall be contesting in good faith; provided US Parent or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;
- (c) Liens, privileges or other charges imposed or permitted by law such as statutory liens and deemed trusts, carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent, including any lien or

trust arising in connection with workers' compensation, unemployment insurance, pension, employment and similar laws or regulations;

(d) Liens arising in the ordinary course of and incidental to construction, maintenance or current operations which have not been filed pursuant to law against US Parent or any Restricted Subsidiary or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, which US Parent or such Restricted Subsidiary shall be contesting in good faith; provided US Parent or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(e) Liens incurred or created in the ordinary course of business and in accordance with sound oil and gas industry practice in respect of the exploration, development or operation of oil and gas properties or related production or processing facilities or the transmission of petroleum substances as security in favor of any other Person conducting the exploration, development, operation or transmission of the property to which such Liens relate, for US Parent's or any of its Restricted Subsidiaries' portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, which US Parent or such Restricted Subsidiary shall be contesting in good faith; provided US Parent or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(f) overriding royalty interests, net profit interests, reversionary interests and carried interests or other similar burdens on production in respect of US Parent's or any of its Restricted Subsidiaries' oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice in the area of operation;

(g) Liens for penalties arising under non-participation provisions of operating agreements in respect of US Parent's or any of its Restricted Subsidiaries' oil and gas properties if such Liens do not materially detract from the value of any material part of the property of US Parent and its Subsidiaries taken as a whole;

(h) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by US Parent or any Restricted Subsidiary (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of US Parent and its Restricted Subsidiaries taken as a whole;

(i) security given by US Parent or any Restricted Subsidiary to a public utility or any Governmental Authority when required by such public utility or Governmental Authority in the ordinary course of the business of US Parent or any Restricted Subsidiary in connection with operations of US Parent or any Restricted Subsidiary if such security does not, either alone or in the aggregate, materially detract from the value of any material part of the property of US Parent and its Restricted Subsidiaries taken as a whole;

(j) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, grant or permit or by any statutory or regulatory provision to terminate any such lease, license, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

- (k) all reservations in the original grant of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (l) any Lien from time to time disclosed by either Borrower or US Parent or any Restricted Subsidiary to the Agent and which is consented to by the Majority Lenders;
- (m) any right of first refusal in favor of any Person granted in the ordinary course of business with respect to all or any of the oil and gas properties of US Parent or any Restricted Subsidiary;
- (n) Liens on cash or marketable securities of US Parent or any Restricted Subsidiary granted in connection with any Hedging Contract permitted under the US Agreement;
- (o) Liens in respect of Indebtedness permitted by Sections 7.1(b), 7.1(f) and 7.1(i) of this Agreement and Indebtedness permitted to be secured by Section 7.1(c) of this Agreement;
- (p) Liens in favor of the Agent for the benefit of the Lender Parties and Liens in favour of the US Agent and the Canadian Agent (as those terms are defined in the US Agreement) permitted by Section 2.5 or other similar provisions of the US Agreement as at the date hereof;
- (q) Liens to collateralize moneys held in a cash collateral account by a lender in respect of the prepayment of bankers' acceptances, letters of credit or similar obligations accepted or issued by such lender but only if at the time of such prepayment no default or event of default has occurred and is continuing under the credit facility pursuant to which the bankers' acceptances or letters of credit have been accepted or issued;
- (r) purchase money Liens upon or in any tangible personal property and fixtures (including real property surface rights upon which such fixtures are located and contractual rights and receivables relating to such property) acquired by US Parent or a Restricted Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property, including any Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of any such acquisition);
- (s) the rights of buyers under production sale contracts related to US Parent's or a Restricted Subsidiary's share of petroleum substances entered into in the ordinary course of business, provided that the contracts create no rights (including any Lien) in favor of the buyer or any other Person in, to or over any reserves of petroleum substances or other assets of US Parent or a Restricted Subsidiary, other than a dedication of reserves (not by way of Lien or absolute assignment) on usual industry terms;
- (t) Liens arising in respect of operating leases of personal property under which Borrowers or any of their Subsidiaries are lessees;
- (u) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary, is merged into or amalgamated or consolidated with US Parent or any of its Subsidiaries; provided, such Liens were in existence prior to the contemplation of such stock acquisition, merger, amalgamation or consolidation and do not extend to any assets other than those of the Person so acquired or merged into or amalgamated or consolidated with US Parent or any of its Subsidiaries;

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (a) to (u) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property), the indebtedness or obligation secured thereby is not increased and such Lien is otherwise permitted by the applicable section above;

(w) Liens on Margin Stock;

(x) in addition to Liens permitted by clauses (a) through (w) above, Liens on property or assets if the aggregate Indebtedness secured thereby does not exceed two percent (2%) of Consolidated Assets;

provided that nothing in this definition shall in and of itself constitute or be deemed to constitute an agreement or acknowledgment by the Agent or any Lender that the Indebtedness subject to or secured by any such Permitted Lien ranks (apart from the effect of any Lien included in or inherent in any such Permitted Liens) in priority to the Obligations.

"PERSON" means an individual, corporation, partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, Tribunal, or any other legally recognizable entity.

"PRIME RATE" means on any day a fluctuating rate of interest per annum equal to the higher of:

(a) the rate of interest per annum most recently announced by Agent as its reference rate for Canadian Dollar commercial loans made to a Person in Canada; and

(b) Agent's Discount Rate for Bankers' Acceptances having a maturity of thirty days plus seventy-five (75) Basis Points.

No Prime Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"PRIME RATE LOAN" means a Loan that bears interest at the Prime Rate.

"RATING AGENCY" means any of S & P or Moody's, or their respective successors.

"REG U" means Regulation U promulgated by the Board of Governors of the Federal Reserve System.

"REQUEST FOR AN OFFER OF EXTENSION" means a written request made by Borrowers to the Lenders to have Required Lenders issue an offer to Borrowers extending the Maturity Date for a further 364 days.

"REQUIRED LENDERS" means Lenders whose aggregate Percentage Shares exceed fifty percent (50%).

"RESTRICTED PERSON" means any of US Parent and each Restricted Subsidiary.

"RESTRICTED SUBSIDIARY" means each Borrower, Devon Oklahoma, Devon SFS, Devon Financing ULC, Devon Operating Company Ltd., Devon Canada and any other Subsidiary of US Parent that is not an Unrestricted Subsidiary.

"S & P" means Standard & Poor's Ratings Services (a division of McGraw Hill Companies, Inc.), or its successor.

"SCHEDULE I BA REFERENCE BANKS" means the Lenders listed in Schedule I to the Bank Act (Canada) as are, at such time, designated by Agent, with the prior consent of Borrowers (acting reasonably), as the Schedule I BA Reference Banks; provided there shall be no more than 2 Schedule I BA Reference Banks at any time.

"SCHEDULE II BA REFERENCE BANKS" means the Lenders listed in Schedule II to the Bank Act (Canada) and the Lenders listed in Schedule III to the Bank Act (Canada) that are not subject to the restrictions and requirements referred to in subsection 524(2) of the Bank Act (Canada) as are, at such time, designated by Agent, with the prior consent of the Borrowers (acting reasonably), as the Schedule II BA Reference Banks; provided that there shall be no more than 2 Schedule II BA Reference Banks at any time.

"SECURITIES FILINGS" has the meaning given to it in Section 5.6.

"STAMPING FEE RATE" means with respect to any Bankers' Acceptance accepted by any Lender at any time, seventy-five (75) Basis Points per annum.

"SUBORDINATED US PARENT DEBENTURES" means those certain Convertible Junior Subordinated Debentures which may be issued by US Parent to Devon Trust pursuant to the Registration Statement in an aggregate amount not to exceed US \$447,261,200, which will be subordinate to the Obligations.

"SUBSIDIARY" means, with respect to any Person, any corporation, association, partnership, limited liability company, joint venture, business trust, or other business or corporate entity, enterprise or organization which is directly or indirectly (through one or more intermediaries) controlled by or owned fifty percent or more by such Person, provided that:

(a) associations, joint ventures or other relationships:

(i) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only;

(ii) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law; and

(iii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships,

shall not be deemed to be "SUBSIDIARIES" of such Person; and

(b) associations, joint ventures or other relationships:

(i) which are not corporations or partnerships under applicable provincial Law; and

(ii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships,

shall not be deemed to be "SUBSIDIARIES" of such Person.

**"TERMINATION EVENT" means:**

(a) the occurrence with respect to any ERISA Plan of:

- (i) a reportable event described in Sections 4043(c)(5) or (6) of ERISA; or
- (ii) any other reportable event described in Section 4043(c) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA; or
- (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; or
- (c) a complete or partial withdrawal by any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; or
- (d) the filing of a notice of intent to terminate any ERISA Plan or Multiemployer Plan or the treatment of any ERISA Plan amendment or Multiemployer Plan amendment as a termination under Section 4041 or 4041A of ERISA; or
- (e) the institution of proceedings to terminate any ERISA Plan or Multiemployer Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA; or
- (f) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan or Multiemployer Plan.

"TOTAL CAPITALIZATION" means the sum (without duplication) of:

- (a) US Parent's Consolidated Total Funded Debt plus
- (b) US Parent's Consolidated shareholder's equity plus
- (c) 60% of the outstanding balance of the Devon Trust Securities.

Total Capitalization shall be calculated excluding non-cash write-downs and related charges which are required under Rule 4-10 (Financial Accounting and Reporting for Oil and Gas Producing Activities Pursuant to the Federal Securities Laws and the Energy Policy and Conservation Act of 1975) of Regulation S-X promulgated by Securities and Exchange Commission Regulation, or by US GAAP.

**"TOTAL FUNDED DEBT" means:**

- (a) Liabilities referred to in clauses (a), (b), (c), (d), and (e) of the definition of "Indebtedness", plus
- (b) 40% of the outstanding balance of the Devon Trust Securities.

Total Funded Debt shall not include the PennzEnergy Exchangeable Debentures.

"TRIBUNAL" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States of America or Canada or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted or existing.

"TYPE" means with respect to any Advances, the characterization of such Advances as US Base Rate Loans, Prime Rate Loans, US Dollar Eurodollar Loans Bankers' Acceptances or Letters of Credit.

"UNIFORM CUSTOMS" means the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be amended from time to time.

"UNRESTRICTED SUBSIDIARY" means any corporation, association, partnership, limited liability company, joint venture, or other business or corporate entity, enterprise or organization:

(a) which is listed below in this definition, or

(b) in which US Parent did not own an interest (directly or indirectly) as of June 7, 2002, which thereafter became a Subsidiary of US Parent and which, within 90 days after becoming a Subsidiary of US Parent, was designated as an Unrestricted Subsidiary by US Parent under the US Agreement;

provided that in the event any such Subsidiary becomes a Material Subsidiary at any time, such Subsidiary shall cease to be an Unrestricted Subsidiary at such time and shall automatically become a Restricted Subsidiary. The Subsidiaries of US Parent listed on Attachment 1 to this Annex I shall initially be designated as Unrestricted Subsidiaries.

"US AGENT" means Bank of America, N.A., as administrative agent, under the US Agreement and its successors and assigns in such capacity.

"US AGREEMENT" means the Amended and Restated US Credit Agreement dated as of June 7, 2002 and as it may be further amended, supplemented, restated or otherwise modified and in effect from time to time.

"US BASE RATE LOAN" means a Loan which bears interest at the US Dollar Base Rate.

"US DOLLAR" or "US \$" means the lawful currency of the United States of America.

"US DOLLAR BASE RATE" means for a day, the rate per annum equal to the higher of:

(a) the Federal Funds Rate for such day plus one-half of one percent (0.5%); and

(b) the rate of interest per annum most recently established by Agent as its reference rate for US Dollar commercial loans made to a Person in Canada.

Any change in the US Dollar Base Rate due to a change in the Agent's reference rate shall be effective on the effective date of such change. No US Dollar Base Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"US DOLLAR EURODOLLAR LOAN" means a Loan which bears interest at the Adjusted US Dollar Eurodollar Rate.

"US DOLLAR EURODOLLAR RATE" means, for any US Dollar Eurodollar Loan within a Borrowing and with respect to the related Eurodollar Interest Period therefor:

(a) the interest rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Agent to be the offered rate that appears on the page of the Telerate Screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3750) for deposits in US dollars (for delivery on the first day of

such Eurodollar Interest Period) with a term equivalent to such Eurodollar Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period; or

(b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in US dollars (for delivery on the first day of such Eurodollar Interest Period) with a term equivalent to such Eurodollar Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period; or

(c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the Agent as the rate of interest at which deposits in US dollars (for delivery on the first day of such Eurodollar Interest Period) in same day funds in the approximate amount of the applicable US Dollar Eurodollar Loan and with a term equivalent to such Eurodollar Interest Period would be offered by its London branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Eurodollar Interest Period.

"US PARENT" means Devon Energy Corporation, a Delaware corporation.

"US GAAP" means those generally accepted accounting principles and practices which are recognized as such from time to time by the Financial Accounting Standards Board (or any generally recognized successor) and which, in the case of US Parent and its Consolidated Subsidiaries, are applied for all periods after the Closing Date in a manner consistent with the manner in which such principles and practices were applied to the Initial Financial Statements.

"WITHHOLDING TAX" has the meaning given it in Section 3.2(d) of the Agreement.

**ATTACHMENT 1  
TO  
ANNEX I**

**UNRESTRICTED SUBSIDIARIES**

	UNRESTRICTED SUBSIDIARY	STATE OR JURISDICTION OF EXISTENCE
1.	167496 Canada Ltd.	Alberta
2.	2861259 Canada Inc.	Canada
3.	308819 Alberta Ltd.	Alberta
4.	382817 Alberta Ltd.	Alberta
5.	413486 Alberta Ltd.	Alberta
6.	418263 Alberta Ltd.	Alberta
7.	418264 Alberta Ltd.	Alberta
8.	622089 B.C. Ltd.	British Columbia
9.	622090 B.C. Ltd.	British Columbia
10.	622092 B.C. Ltd.	British Columbia
11.	622093 B.C. Ltd.	British Columbia
12.	622094 B.C. Ltd.	British Columbia
13.	622095 B.C. Ltd.	British Columbia
14.	622096 B.C. Ltd.	British Columbia
15.	746481 Alberta Ltd.	Alberta
16.	892306 Alberta Ltd.	Alberta
17.	918879 Alberta Ltd.	Alberta
18.	918884 Alberta Ltd.	Alberta
19.	918888 Alberta Ltd.	Alberta
20.	Acacia Natural Gas Corporation	Delaware
21.	Adobe Offshore Pipeline Company	Delaware

22.	Amax Petroleum of Canada, Inc.	Texas
23.	Anderson Exploration Inc. (US)	Colorado
24.	Azerbaijan International Operating Company	Cayman Islands
25.	Blackwood & Nichols Co., A Ltd. Partnership	New Mexico
26.	Bonito Pipe Line Company	Delaware
27.	Braemar Shipping Company Limited	Bermuda
28.	Bridger Petroleum Corporation Ltd.	Alberta
29.	Cachuma Gas Processing Company	Delaware
30.	Canoa Ranch Corporation	Delaware
31.	Capitan Oil Pipeline Company	Delaware
32.	Catclaw Pipeline, Inc.	Oklahoma
33.	Compagnie Atlantique SARL	France
34.	DBC, Inc.	Oklahoma
35.	DEC (Holdings), Ltd.	Bahamas
36.	DEC (International), Ltd.	Bahamas
37.	DEC Capital S.a r.l.	Luxembourg
38.	DEC Gas Systems, Inc.	Delaware
39.	DEC International Holdings, Inc.	Delaware
40.	DEC Louisiana Leasing, Inc.	Delaware
41.	DEC Operating, Inc.	Delaware
42.	DEC SOCO International, Inc.	Delaware
43.	DEC Technologies, Inc.	Delaware
44.	DEC, Inc.	Delaware
45.	Devon Algeria Exploration, Ltd.	Bahamas
46.	Devon AOG Corporation (fka Anderson Oil & Gas Inc.)	Alberta
47.	Devon ARL Corporation (fka Anderson Resources Ltd.)	Alberta

48.	Devon AXL (fka Anderson Exploration partnership)	Alberta
49.	Intentionally deleted.	
50.	Devon Energy (Delaware) Limited	Delaware
51.	Devon Energy (Thailand) Ltd.	Thailand
52.	Devon Energy Agali, Ltd.	Bahamas
53.	Devon Energy Angola, Ltd.	British Virgin Islands
54.	Devon Energy Asiatic, Inc.	Delaware
55.	Devon Energy Beni Suef, Inc.	British Virgin Islands
56.	Devon Energy Brazil Holdings, Ltd.	Bahamas
57.	Devon Energy Canada Ltd.	Alberta
58.	Devon Energy Caspian Corporation	British Virgin Islands
59.	Devon Energy Caspian Development Corporation	British Virgin Islands
60.	Devon Energy Charitable Foundation	Oklahoma
61.	Devon Energy China, Ltd.	Bahamas
62.	Devon Energy Congo, Ltd.	Bahamas
63.	Devon Energy Corporation (Oklahoma)	Oklahoma
64.	Devon Energy Corporation of Argentina	Delaware
65.	Devon Energy do Brasil Ltda.	Brazil
66.	Devon Energy Egypt, Inc.	Delaware
67.	Devon Energy Eurasia, Ltd.	Cayman Islands
68.	Devon Energy Exploration Brazil, Inc.	British Virgin Islands
69.	Devon Energy Gabon, Ltd.	Bahamas
70.	Devon Energy Gas Marketing Company	Delaware
71.	Devon Energy Ghana, Ltd.	Bahamas
72.	Devon Energy Global Resources, Ltd.	Bahamas
73.	Devon Energy Insurance Company Limited	Bermuda

74.	Devon Energy International Company	Delaware
75.	Devon Energy Intrastate Pipeline Company	Delaware
76.	Devon Energy Malaysia, Ltd.	Bahamas
77.	Devon Energy Management Company, L. L. C.	Oklahoma
78.	Devon Energy Mondah Bay, Ltd.	Bahamas
79.	Devon Energy Morocco, Ltd.	Bahamas
80.	Devon Energy Offshore Pipeline Company	Delaware
81.	Devon Energy Operating Company, L.P.	Delaware
82.	Devon Energy Pagatan, Ltd.	Bahamas
83.	Devon Energy Partners A Limited Partnership	Oklahoma
84.	Devon Energy Petroleum Pipeline Company	Delaware
85.	Devon Energy Petroleum=s, Ltd.	Delaware
86.	Devon Energy Port Bouet, Ltd.	Bahamas
87.	Devon Energy Qatar, Inc.	Delaware
88.	Devon Energy Red Sea, Inc.	British Virgin Islands
89.	Devon Energy Sinai, Inc.	British Virgin Islands
90.	Devon Energy South America, Ltd.	Bahamas
91.	Devon Energy South East Asia Limited	Bermuda
92.	Devon Energy Suez, Inc.	British Virgin Islands
93.	Devon Energy Thai Holding, Ltd.	Bahamas
94.	Devon Energy Venezuela Corporation, S.A.	British Virgin Islands
95.	Devon Energy West Africa, Ltd.	British Virgin Islands
96.	Devon Exploration & Production, Inc.	Delaware
97.	Devon Exploration do Brazil, Ltda.	Brazil
98.	Devon Financing Trust	Delaware
99.	Devon Financing Trust II	Delaware

100.	Devon Gas Corporation	Delaware
101.	Devon Gas Marketing, Inc.	Delaware
102.	Devon Gas Operating, Inc.	Delaware
103.	Devon Gas Services, L.P.	Delaware
104.	Devon Holding Corporation	Delaware
105.	Devon Louisiana Gas Services, Inc.	Delaware
106.	Devon Malta One, Inc.	Delaware
107.	Devon Malta Two, Inc.	Delaware
108.	Devon MND Energy Corporation	Delaware
109.	Devon MND Operating, Inc.	Delaware
110.	Devon MND Service, Inc.	Delaware
111.	Intentionally deleted.	
112.	Devon Pacific Fuels Company	Delaware
113.	Devon Production Corporation	Nevada
114.	Devon-Blanco Company	Oklahoma
115.	Fanar Petroleum Company	Egypt
116.	Foothills Partnership	Alberta
117.	Gulf Coast American Corp.	Pennsylvania
118.	Home Exploration Limited	Alberta
119.	Home Hydrocarbons Inc.	Canada
120.	Home Oil Company Limited	Canada
121.	Home Oil Resources Ltd. (US)	Delaware
122.	Independent Pipe Line Company	Canada
123.	Le Bord de la Mer Limited	Malta
124.	Mexican Flats Service Company, Inc.	Delaware
125.	Mitchell Resorts, Inc.	Delaware

126.	MND Exploration & Production, Inc.	Delaware
127.	MND Gas Services L.L.C.	Delaware
128.	Morrison Gas Gathering, Inc.	Delaware
129.	Morrison Nuclear Inc.	Delaware
130.	Morrison Operating Company Ltd.	Alberta
131.	Mountain Energy Inc.	Alberta
132.	Northstar Energy Inc.	Delaware
133.	Nueces Intrastate Pipe Line Company	Nevada
134.	Numac Energy (Cenako) Inc.	Alberta
135.	Numac Energy (US) Inc.	Delaware
136.	Numac Energy Inc.	Alberta
137.	Pepco Partners, L. P.	Delaware
138.	Petrolera Devon (Columbia), Ltd.	Bermuda
139.	Petrolera Santa Fe, S.A.	Argentina
140.	Petrolera Santa Fe Southern Cone, Inc.	British Virgin Islands
141.	Plains Petroleum Limited	Alberta
142.	PSF Services, L.L.C.	Delaware
143.	Richland Development Corporation	Nevada
144.	Richland Properties Company, L.L.C.	Oklahoma
145.	Richland Transition Company	Delaware
146.	Sage Creek Processors, L.L.C.	Wyoming
147.	Santa Fe Energy Resources (Cote d'Ivoire) Ltd.	Bahamas
148.	Santa Fe Energy Resources of Canada, Inc.	Alberta
149.	Santa Fe Energy Resources of Myanmar, Ltd.	Bahamas
150.	Santa Fe Energy Resources of Peru, Ltd.	Bahamas
151.	Santa Fe Energy Trust	Texas

152.	Scurry-Rainbow Oil (Sask) Ltd. (voluntarily liquidating)	Saskatchewan
153.	Security Purchasing, Inc.	Delaware
154.	SFER (Barbados) Ltd.	Barbados
155.	Sisquoc Gas Pipeline Company	Delaware
156.	Smart On Resources Inc.	Alberta
157.	Southwestern Gas Pipeline, Inc.	Delaware
158.	Strategic Trust Company	Cayman Islands
159.	Tall Grass Gas Services, L.L.C.	Oklahoma
160.	The Winnipeg Western Land Corporation Limited	Canada
161.	The Woodlands Venture Capital Company	Delaware
162.	Thunder Creek Gas Services, L.L.C.	Wyoming
163.	Torquay Trading Company Limited	Malta
164.	Trend Argentina, S.A.	Argentina
165.	Trend Exploration (PNG) Party Ltd.	Papua New Guinea
166.	Vermejo Minerals Corporation	Delaware
167.	Vermejo Park Corporation	Delaware
168.	Wyoming Gathering and Production Company, Inc.	Delaware

**ANNEX II**

**LENDER SCHEDULE**

LENDER -----	PERCENTAGE SHARE -----
Royal Bank of Canada	22.5% (Cdn.\$31,500,000)
The Bank of Nova Scotia	21% (Cdn.\$29,400,000)
Bank One, NA (Canada Branch)	35.5% (Cdn.\$49,700,000)
Bayerische Landesbank Girozentrale (Toronto Branch)	21% (Cdn.\$29,400,000)
-----	100% (Cdn.\$140,000,000)

**Each Lender is a Canadian Resident Lender.**

**SCHEDULE 1**

**DISCLOSURE SCHEDULE**

None.

### SCHEDULE 3

#### EXISTING INDEBTEDNESS AND FUNDING COMMITMENTS

##### 7.1(l): Debt Schedule

Devon Canada (Anderson Notes)	
6.55% Medium Term Note Face Value C\$ 200,000	08/02/06
7.25% Medium Term Note Face Value C\$175,000	07/18/05
6.75% Senior Notes Face Value \$400,000	03/15/11
US \$275,000,000 (increasable to US \$375,000,000) credit facility provided by Bank of America, N.A., acting through the Canadian Branch and certain other financing institutions pursuant to an Amended and Restated Canadian Credit Agreement dated June 7, 2002	6 years following the closing thereof, subject to extensions
Cdn. \$10,000,000 operating credit facility provided by Royal Bank of Canada pursuant to a Letter Loan Agreement dated July 25, 2002	364 days, subject to extensions

**EXHIBIT 10.4**

July 25, 2002

Devon Canada Corporation  
3000, 400 - 3rd Avenue S.W.  
Calgary, Alberta T2P 4H2

Northstar Energy Corporation  
3000, 400 - 3rd Avenue S.W.  
Calgary, Alberta T2P 4H2

Dear Sirs:

Royal Bank of Canada (the "Bank") is pleased to offer to Devon Canada Corporation and Northstar Energy Corporation a revolving committed operating facility (the "Credit Facility") partly in replacement of the Cdn \$125,000,000 credit facility presently made available to Anderson Exploration Ltd. and its subsidiaries (the "Existing AXL Agreement") and the Cdn \$10,000,000 credit facility (the "Existing Northstar Agreement") made available to Northstar Energy Corporation and subject to the terms and conditions below:

BORROWERS:	Devon Canada Corporation ("Devon") and Northstar Energy Corporation ("Northstar") (collectively the "Borrowers").
SCHEDULES:	The attached Schedules are incorporated in this agreement by reference as if set out in full herein (collectively this agreement and all schedules are referred to as the "Agreement").
DEFINITIONS:	Terms used herein and not otherwise deferred herein or in Schedule A or Schedule B shall have the same meaning as is given to such terms in the Revolving Credit Agreement.
LENDER:	Royal Bank of Canada (the "Bank") through its branch of account ("Branch of Account") at 339 - 8th Avenue S.W., Calgary, Alberta T2P 1C4.
AMOUNT:	The amount available under the Credit Facility shall not exceed Cdn \$10,000,000 or the Equivalent Amount in US Dollars (the "Amount").
PURPOSE:	The Borrowers shall use the Credit Facility to finance their general operating requirements of the Borrowers and Canadian Subsidiaries of either Borrower or the US Parent. The Borrowers shall not use the Credit Facility to finance a Hostile Take-Over Bid without the prior written consent of the Bank.
GUARANTEE:	Devon Energy Corporation (the "US Parent") shall irrevocably guarantee to the Bank, and its successors and assigns, the prompt and complete payment when due of all amounts payable hereunder by the Borrowers from time to time.

## CREDIT FACILITY:

The Credit Facility is available to either Borrower (as designated in a Notice of Borrowing) by way of:

- (a) Royal Bank Prime based loans in Canadian Dollars ("RBP Loans")
- (b) US Base Rate based loans in US Dollars ("RBUSBR Loans"); and
- (c) LC's in Canadian Dollars or US Dollars.

Each use of the Credit Facility by way of any of the foregoing methods is referred to as a "Borrowing". The face amount of each Borrowing outstanding shall be used to determine the amount of Borrowings outstanding under the Credit Facility at any time. Notices of a Borrowing shall be in a form acceptable to the Bank, acting reasonably, and shall be received by the Bank by 12:00 noon Calgary time on the day of any Borrowing by way of RBP Loans and RBUSBR Loans and by 12 noon Calgary time two (2) Business Days prior to any Borrowing by way of LC.

The letters of credit issued under the Existing AXL Agreement and under the Existing Northstar Agreement and which are described in Schedule C hereto shall be continued as LC's hereunder on the date this Agreement becomes effective and be deemed to be outstanding as LC's under this Agreement. For those LC's originally issued under the Existing AXL Agreement, such LC's shall be deemed to be issued at the request and for the account of Devon and Devon shall be the obligor and indemnitor in respect thereof and for those LC's originally issued under the Existing Northstar Agreement, such LC's shall be deemed to be issued at the request and for the account of Northstar and Northstar shall be the obligor and indemnitor in respect thereof. Each Borrower shall pay all LC fees hereunder with respect to the continuance of the LC's hereunder for such Borrower's account as if such LC's were issued hereunder on the date this Agreement becomes effective provided the applicable Borrower shall receive a credit for fees payable in respect of such LC's under the Existing AXL Agreement and Existing Northstar Agreement, as applicable.

## INTEREST RATES AND FEES:

The following rates of interest and fees shall apply to the Credit Facility:

RBP Loans - RBP + 0% per annum  
 RBUSBR Loans - RBUSBR + 0% per annum  
 Letters of Credit - 75 basis points

An additional 12.5 basis points fee per annum, calculated daily based on Borrowings outstanding, including therein the undrawn amount of all outstanding LC's, with Borrowings outstanding in US Dollars being notionally converted to Canadian Dollars at the rate of exchange in effect for the purpose of determining an Equivalent Amount on each day during such month, will be payable by Devon when more than 25% of the Credit Facility is used on any day in any month. Such fee shall be payable monthly in arrears on the third Business Day following the end of each month.

The applicable Borrower shall pay a minimum fee of Cdn. \$250 or US \$250, as applicable, with respect to each LC issued and a minimum fee of Cdn. \$100 or US \$100, as applicable, for any amendment to an LC.

Devon shall pay to the Bank a standby fee in Canadian dollars on the undrawn and available portion of the Credit Facility at the rate of 12.5 basis points per annum, such standby fee to be paid by Devon monthly in arrears on the third Business Day following the end of each month, with Borrowings outstanding in US Dollars being notionally converted to Canadian Dollars at the rate of exchange in effect for the purpose of determining an Equivalent Amount on each day during each such month. Such standby fee will be calculated on a daily basis and on the basis of the actual number of days elapsed in a year of 365 days.

INTEREST PAYMENTS:

Each Borrower shall pay to the Bank interest on Borrowings obtained by it and outstanding by way of RBP Loans in Canadian Dollars at Royal Bank Prime and interest on Borrowings obtained by it and outstanding by way of RBUSBR Loans in US dollars at the US Base Rate. Each Borrower shall pay such interest monthly in arrears at the applicable rates per annum calculated on a daily basis on the Borrowings obtained by it and outstanding by way of RBP Loans and Base Rate Loans, as applicable, based on the actual number of days elapsed divided by 365. Interest payments on the RBP Loans and Base Rate Loans shall be paid for value on the last Business Day of each month.

Each Borrower shall pay interest on all its overdue payments at a rate per annum equal to Royal Bank Prime plus 200 basis points, provided however, that if the overdue payment is denominated in US Dollars, the applicable Borrower shall instead pay interest thereon at a rate per annum equal to the US Base Rate plus 200 basis points. Interest on all overdue payments shall be payable monthly in arrears. All interest payable under this Agreement or any document executed pursuant to this Agreement shall be payable both before and after default, demand, maturity and judgement. If the foregoing rate of interest on overdue payments under this Agreement is not recoverable under applicable law, the applicable rate of interest shall be reduced to the highest rate permitted under applicable law.

INTEREST ACT:

For the purposes of the Interest Act (Canada), the annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated, multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

MATURITY AND REPAYMENTS:

All amounts outstanding under this Credit Facility are payable on the earlier of a demand for payment following the occurrence of an Event of Default (subject to automatic acceleration in case of certain Events of Default) and the Maturity Date.

CURRENCY FLUCTUATIONS:

Notwithstanding any other provision of this Agreement, if any Borrowing outstanding is denominated in US Dollars, the Bank shall have the right to calculate the outstanding Borrowings in Canadian Dollars for all purposes including making a determination from time to time of the available undrawn portion of the Amount. If following such calculation, the Bank determines that the outstanding Borrowings determined in Canadian Dollars are greater than 105% of the Amount at such time, then the Bank shall so advise the Borrowers and the Borrowers shall repay, on the later of five Business Days after such advice and the last Business Day of the month following such date of calculation, an amount sufficient to eliminate the excess over and above the aggregate amount of the Borrowings permitted hereby to be outstanding at such time, together with all accrued interest on the amount so paid.

EXTENSION OF MATURITY DATE: The Maturity Date may be extended for 364 days on the request of the Borrowers and with the agreement of the Bank in its absolute discretion. A request for an offer of extension may be made by the Borrowers not more than 60 days and not less than 30 days prior to the Maturity Date. Within 20 days of a request for an offer of extension, the Bank shall either provide the Borrowers with an offer to extend the Maturity Date and the terms and conditions on which such offer is made or advise the Borrowers that it is not willing to extend the Maturity Date. Failure by the Bank to provide a response to the request within such 20 days shall be deemed to be a denial of such request. If the Bank provides an offer of extension, it may be accepted by the Borrowers until the second Business Day before the Maturity Date in which case the Maturity Date shall be extended for 364 days from the day such offer is accepted.

TIME AND PLACE OF PAYMENT: All amounts due by the Borrowers pursuant to this Agreement shall be paid at the Branch of Account in immediately available funds for value on the day such amount is due in Canadian Dollars, or US Dollars in the case of Borrowings denominated in US Dollars, or as otherwise provided herein. If a day on which an amount is due is not a Business Day such amount shall be deemed for all purposes of this Agreement to be due on the Business Day next following such day and all interest and other fees shall continue to accrue until payment. Interest and fees payable under this Agreement are payable both before and after any or all event of default, demand and judgement.

EVIDENCE OF INDEBTEDNESS: The Bank shall open and maintain at the Branch of Account accounts and records evidencing the principal amount of each Borrowing, the payment of principal and interest and all other amounts owing to the Bank by each Borrower under this Agreement. The Bank's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrowers to the Bank.

The Borrowers authorize and direct the Bank to automatically debit, by mechanical, electronic or manual means, the bank accounts of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges agreed for the keeping of such bank accounts; provided that to the extent that any Borrower has accounts designated as royalty or joint interest owner accounts, the foregoing right of debit shall not extend to funds in such accounts which belong to, or otherwise arise from payments to such Borrower for the account of, third party royalty or joint interest owners.

## CONDITIONS PRECEDENT:

This Agreement shall not become effective until, and is subject to and conditional upon, the receipt in form and substance satisfactory to the Bank, acting reasonably, of the following:

- (a) a duly executed copy of this Agreement;
- (b) a duly executed copy of the US Parent's guarantee;
- (c) certified copies of resolutions of the directors of each Borrower and the US Parent authorizing the execution, delivery and performance by each Borrower of this Agreement and by the US Parent of its guarantee;
- (d) certified copies of the constitutional documents of each Borrower and the US Parent;
- (e) satisfactory legal opinions from counsel to the Borrowers, the US Parent and the Bank; and
- (f) such other documents as the Bank may reasonably request.

The obligation of the Bank to make its first Borrowings available under the Credit Facility is subject to the Bank being satisfied, at the time of the proposed utilization of the Credit Facility, that no event shall have occurred since the date of the most recent Initial Financial Statements which would reasonably be expected to have a Material Adverse Effect in respect of the US Parent.

The obligation of the Bank to make any Borrowings available to the Borrowers is subject to the representations and warranties herein and in the Revolving Credit Agreement being true and correct on the date such Borrowing is made in all respects for the first Borrowing and in all material respects thereafter and that, in each case, no Default shall exist at the date of such Borrowing.

## COVENANTS:

Each Borrower, by accepting this Agreement, covenants with the Bank that:

- (a) it will pay duly and punctually all amounts due by it hereunder;

(b) if not otherwise provided to the Bank in its capacity as a lender under any other credit facility, including the Revolving Credit Facility, it will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the financial information required pursuant to Section 6.2 of the Revolving Credit Agreement; and

(c) it will comply with all of its covenants contained in the Revolving Credit Agreement.

All covenants contained herein shall remain in force for the benefit of the Bank at all times before, on and after the making of advances hereunder.

**REPRESENTATIONS AND WARRANTIES:** The Borrower represents and warrants to the Bank those matters set out in Article 5 of the Revolving Credit Facility, with references therein to the Loan Documents being interpreted as references to the Loan Documents hereunder and references therein to Lenders being interpreted as references to the Bank; provided that to the extent the representations and warranties set forth in Article 5 of the Revolving Credit Agreement refer to a specific

date, such representations and warranties shall be interpreted as being made hereunder as of such date and such representations and warranties shall be deemed to be modified to the extent the facts upon which such representations or warranties are based have been changed by extensions of credit hereunder or thereunder.

**EVENTS OF DEFAULT:**

Each of the following constitutes an Event of Default under this Agreement:

- (a) any Borrower fails to pay any principal amount due hereunder when due and payable or fails to pay any other amount when due hereunder within 3 days after the date when due and payable;
- (b) any Borrower fails to duly observe, perform or comply with any covenant, agreement, condition or provision of this Agreement or any other Loan Document and such failure remains unremedied for a period of 30 days after notice of such failure is given by the Bank to the Borrowers; or
- (c) an "Event of Default" occurs under the Revolving Loan Agreement.

Upon the occurrence of an "Event of Default" described in Section 8.1(g)(i), (ii) or (iii) of the Revolving Credit Agreement with respect to Borrowers, all of the indebtedness and liabilities of the Borrowers hereunder, including the undrawn amount of all Letters of Credit (collectively, the "Obligations"), shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrowers and each Restricted Person who at any time ratifies or approves this Agreement. Upon any such acceleration, any obligation of the Bank to make any further Borrowings shall be permanently terminated. During the continuance of any other Event of Default, the Bank at any time and from time to time may, without notice to Borrowers or any other Restricted Person, do either or both of the following:

- (a) terminate any obligation of the Bank to make Borrowings available hereunder; and
- (b) declare any or all of the Obligations immediately due and payable, and all such Obligations shall thereupon be immediately due and payable, without demand, presentment, notice of demand or of dishonor and nonpayment, protest, notice of protest, notice of intention to accelerate, declaration or notice of acceleration, or any other notice or declaration of any kind, all of which are hereby expressly waived by Borrowers and each Restricted Person who at any time ratifies or approves this Agreement.

If any Event of Default shall occur and be continuing, the Bank may protect and enforce its rights under the Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Loan Document, and the Bank may enforce the payment of any Obligations due it or enforce any other legal or equitable right which it may have. All rights, remedies and powers conferred upon the Bank under the Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the Loan Documents or at law or in equity.

If the Maturity Date or an Event of Default occurs, the applicable Borrower shall at such time either deposit cash in a collateral account opened by the Bank or provide the Bank with a letter of credit on terms and conditions and from a financial institution acceptable to the Bank, in each case, acting reasonably, in either case in an amount equal to the then undrawn and unexpired amount of all outstanding Letters of Credit requested by such Borrower (such cash and Letters of

Credit being the "LC Collateral"). The Borrower hereby grants to the Bank a security interest in such LC Collateral to secure all Obligations in respect of any such LC's. The LC Collateral shall be applied by the Bank to the payment of drafts drawn under such LC's. After all such Letters of Credit shall have expired, been replaced or been fully drawn and all Obligations shall have been satisfied, all other balances, if any, in such cash collateral account and any letters of credit shall be returned to the applicable Borrower. The Borrowers shall execute and deliver to the Bank from time to time such further documents and instruments as the Bank may reasonably request with respect to such security interest in such LC Collateral. Each Borrower further agrees that the Bank shall have all of the rights and remedies of a secured party under the Personal Property Security Act (Alberta) with respect to such security interest and that an Event of Default under this Agreement shall constitute a default for purposes of such security interest. When either Borrower is required to provide LC Collateral for any reason and fails to do so on the day when required, the Bank may without notice to Borrowers or any other Restricted Person provide such LC Collateral (whether by transfers from other accounts maintained with the Bank, or otherwise) using any available funds of the applicable Borrower.

The LC Collateral shall, until application as herein provided, bear interest at the rate declared by the Bank from time to time as that payable in respect of deposits for similar amounts and for similar periods of time relative to the expiry date of the LC's and, prior to an Event of Default, such interest shall accrue for the benefit of and be paid to the applicable Borrower from time to time.

EXPENSES:

The Borrowers shall pay the reasonable costs and expenses including, without limitation, reasonable legal fees, incurred by the Bank in connection with the preparation, negotiation, documentation and operation of the Credit Facility including the enforcement of the Bank's rights hereunder and under any other document delivered pursuant to this Agreement, whether or not any amounts are advanced hereunder.

NOTICES:

Any notice or demand hereunder shall be given by telecopier or personal delivery. A telecopier communication shall be deemed received on the Business Day following its transmission. Any communication by personal delivery shall be deemed received when hand delivered to the receiving party, at the address shown herein. Each party shall be bound by any notice given hereunder and entitled to act in accordance therewith.

AMENDMENTS AND WAIVERS: No amendment, modification or waiver of any provision of this Agreement or consent to any departure by the Borrowers from any provision of this Agreement will in any event be effective unless it is in writing and then the amendment, modification, waiver or consent will be effective only in the specific instance, and for the specific purpose and length of time for which it is given by the Bank. No failure to exercise and no delay in exercising on the part of the Bank, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other right, power or privilege.

GENERAL INDEMNITY: Devon shall indemnify the Bank from and against all losses, damages, expenses and liabilities which the Bank may sustain or incur as a consequence of any default (excluding principal, interest and fees owing by Northstar with respect to Borrowings made available to Northstar) under any provision of this Agreement or any other Loan Document provided hereunder.

JUDGMENT CURRENCY: If, for the purpose of obtaining judgment in any court, it is necessary to convert an amount due hereunder from the currency in which it is due into another currency and the rate of exchange applied in respect of such conversion is different from the rate of exchange applicable on the date payment is made in respect of such judgment, each Borrower agrees as a separate obligation (and notwithstanding any such payment or judgement) to indemnify the Bank against losses incurred by the Bank as a result thereof in respect of amounts owed by such Borrower.

SEVERABILITY: If any provision of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor invalidate, affect or impair any of the remaining provisions hereof.

REVOLVING CREDIT AGREEMENT: All references herein to the Revolving Credit Agreement shall be references to the Revolving Credit Agreement in effect at the date hereof subject to such changes thereto as are made to such agreement while the Bank is a lender thereunder. In the event the Bank ceases to be a lender under the Revolving Credit Agreement or the Revolving Credit Agreement is terminated and this Agreement continues in full force and effect, the provisions of the Revolving Credit Agreement referred to herein shall be deemed, as between the Bank and the Borrowers and as in effect at the date of such event, to remain in full force and effect for the purposes of this Agreement but only to the extent necessary to give effect to the provisions of this Agreement which are dependent on the provisions of the Revolving Credit Agreement.

SEPARATE OBLIGATIONS: Except as expressly set forth in this Agreement with respect to the payment of certain fees and the provision of certain indemnities by Devon alone:

(a) all obligations of Northstar and Devon under this Agreement and the other Loan Documents are separate and individual obligations of Northstar and Devon, respectively, and

(b) Northstar shall not have any liabilities in respect of Borrowings made available by the Bank to Devon nor shall Devon have any liabilities in respect of Borrowings made available by the Bank to Northstar.

Notwithstanding anything contained herein, Northstar shall not have any liability to pay any assessments, fees or costs, or otherwise provide financial assistance, relating to Borrowings made available to Devon or any other obligations of Devon.

GOVERNING LAW: This Agreement shall be construed in accordance with and governed by the laws of the Province of Alberta and of Canada applicable therein.

WHOLE AGREEMENT: This Agreement and any agreements delivered pursuant to or referred to in this Agreement constitute the whole and entire agreement between the parties in respect of the Credit Facility.

SUCCESSORS AND ASSIGNS: This Agreement shall be binding upon and enure to the benefit of the Bank and the Borrowers and their respective successors and permitted assigns.

EXPIRY DATE: This offer is open for acceptance until close of business at the Branch of Account on July 25, 2002 unless extended in writing by the Bank.

Please acknowledge your acceptance of the above terms and conditions by signing the attached copy of this letter in the space provided below.

Yours truly,

**ROYAL BANK OF CANADA**

*/s/ S. G. Tibbatts*

*S.G. Tibbatts  
Senior Manager*

We acknowledge and accept the terms and conditions of this Agreement on the 25th day of July, 2002 which acceptance is effective as provided above.

**DEVON CANADA CORPORATION**

*Per: /s/ Paul Brereton*  
-----  
*Name: Paul Brereton*  
*Title: Vice President - Finance*

*Per: /s/ John Richels*  
-----  
*Name: John Richels*  
*Title: Senior VP Devon, President*

**NORTHSTAR ENERGY CORPORATION**

*Per: /s/ Paul Brereton*  
-----  
*Name: Paul Brereton*  
*Title: Vice President - Finance*

*Per: /s/ John Richels*  
-----  
*Name: John Richels*  
*Title: Senior VP Devon, President*

SCHEDULE "A" TO THE LETTER AGREEMENT DATED AS OF JULY 25, 2002 BETWEEN DEVON CANADA CORPORATION AND NORTHSTAR ENERGY CORPORATION AS BORROWERS AND ROYAL BANK OF CANADA AS THE BANK.

### DEFINITIONS

For purposes of this Agreement, the following terms and phrases shall have the following meanings:

"BASIS POINT" means one one-hundredth of one percent.

"BUSINESS DAY" means a day, excluding Saturday, Sunday and any other day which is a legal holiday in the City of Calgary, on which banking institutions are open for business in the City of Calgary.

"CANADIAN DOLLARS" and "CDN \$" means lawful money of Canada.

"DEFAULT" means the occurrence of an Event of Default or the occurrence of any event or circumstance which with the giving of notice or passage of time or otherwise would constitute an Event of Default.

"EQUIVALENT AMOUNT" means, with respect to any given amount of any currency, the amount of any other currency required to purchase that amount of the first currency through the Bank in Toronto at the Bank's noon spot rate, in accordance with normal banking procedures.

"HOSTILE TAKE-OVER BID" means a take-over bid, as defined by applicable law, by a Borrower or in which a Borrower is involved, in respect of which the board of directors of the target company has not recommended acceptance of such take-over bid to the target company's shareholders.

"LOAN DOCUMENTS" means this Agreement, the guarantee by the US Parent and all other agreements, certificates, documents, instruments and writings at any time delivered in connection herewith or therewith.

"MATURITY DATE" means July 23, 2003 subject to extension from time to time as provided for in the agreement.

"RBP" and "ROYAL BANK PRIME" means the annual rate of interest announced from time to time by the Bank as being a reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by in Canada.

"REVOLVING CREDIT AGREEMENT" means the Credit Agreement dated July 25, 2002 between the Borrowers, a syndicate of lenders and Royal Bank of Canada as agent providing for a credit facility in the amount of Cdn. \$140,000,000.

"REVOLVING CREDIT FACILITY" means the credit facility provided to the Borrowers pursuant to the Revolving Credit Agreement.

"US BASE RATE" means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on US Dollar commercial loans made in Canada.

"US DOLLARS" and "US \$" each means lawful money of the United States of America in same day immediately available funds.

SCHEDULE "B" TO THE LETTER AGREEMENT DATED AS OF JULY 25 2002 BETWEEN DEVON CANADA CORPORATION AND NORTHSTAR ENERGY CORPORATION AS BORROWERS AND ROYAL BANK OF CANADA AS THE BANK.

1. LC DEFINITIONS:

"LC" means: (a) a documentary credit issued by the Bank on behalf of a Borrower for the purpose of paying suppliers of goods pursuant to the terms and conditions of Uniform Customs and Practice for Documentary Credits, 1993 revision, International Chamber of Commerce Publication No. 500 or successor publication; and (b) a letter of guarantee and/or standby letter of credit issued by the Bank on behalf of a Borrower for the purpose of providing security to a third party that the Borrower or an affiliate thereof will perform a contractual or financial obligation owed to such third party.

2. LC CONDITIONS:

Each Borrower may borrow by way of LC subject to the following conditions:

(a) each LC shall expire on a Business Day and the expiry date shall not be more than 364 days after the date of issuance unless the Bank has advised the Borrowers it is not extending the Credit Facility in which case such expiry date shall not be later than the Maturity Date.

(b) prior to the issue of an LC, the Borrower shall execute a duly authorized application and/or indemnity with respect to such LC in form and substance satisfactory to the Bank, acting reasonably.

(c) the Borrower shall pay a fee with respect to LC's on the date of issuance of such LC's in Canadian Dollars or US Dollars, as applicable. The fee shall be calculated on the face amount of any such LC issued and based on the number of days in the term thereof and a year of 365 days. If an LC is presented for payment or terminated prior to its maturity, the Bank shall provide the applicable Borrower with a credit for fees paid against future interest and fees payable by such Borrower hereunder based upon the remaining term to maturity and the amount of such payment or the amount so terminated.

(d) in the event a drawing is made under an LC, the face amount of such drawing shall constitute an RBP Loan if the drawing is in Canadian Dollars and an RBUSBR Loan if the drawing is in US dollars.

(e) in the event that there is any inconsistency at any time between the terms of this Agreement and the terms of the application and/or indemnity for LC, the terms of this Agreement shall govern.

SCHEDULE "C" TO THE LETTER AGREEMENT DATED AS OF JULY 25 2002 BETWEEN DEVON CANADA CORPORATION AND NORTHSTAR ENERGY CORPORATION AS BORROWERS AND ROYAL BANK OF CANADA AS THE BANK.

**Exhibit 99.1**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Devon Energy Corporation ("Devon") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Larry Nichols, Chief Executive Officer of Devon, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Devon.

*/s/ J. Larry Nichols*

*J. Larry Nichols  
Chief Executive Officer  
August 13, 2002*

**Exhibit 99.2**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Devon Energy Corporation ("Devon") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William T. Vaughn, Chief Financial Officer of Devon, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Devon.

*/s/ William T. Vaughn*

*William T. Vaughn  
Chief Financial Officer  
August 13, 2002*

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**End of Filing**

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