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, 2016

OR

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

For the transition period from to
Commission file number 1-35322

WPX Energy, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**45-1836028**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
3500 One Williams Center, Tulsa, Oklahoma	**74172-0172**
(Address of Principal Executive Offices)	(Zip Code)

855-979-2012
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value	New York Stock Exchange
6.25% Series A Mandatory Convertible Preferred Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The number of shares outstanding of the registrant's common stock at August 3, 2016 were 344,335,596 .

WPX Energy, Inc.

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Certain matters contained in this report include forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. These forward-looking statements relate to anticipated financial performance, management's plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions and other matters.

All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, believe or anticipate will exist or may occur in the future, are forward-looking statements. Forward-looking statements can be identified by various forms of words such as "anticipates," "believes," "seeks," "could," "may," "should," "continues," "estimates," "expects," "forecasts," "intends," "might," "goals," "objectives," "targets," "planned," "potential," "projects," "scheduled," "will" or other similar expressions. These forward-looking statements are based on management's beliefs and assumptions and on information currently available to management and include, among others, statements regarding:

- amounts and nature of future capital expenditures;
- crude oil, natural gas and NGL prices and demand;
- expansion and growth of our business and operations;
- financial condition and liquidity;
- business strategy;
- estimates of proved oil and natural gas reserves;
- reserve potential;
- development drilling potential;
- cash flow from operations or results of operations;
- acquisitions or divestitures; and

- seasonality of our business.

Forward-looking statements are based on numerous assumptions, uncertainties and risks that could cause future events or results to be materially different from those stated or implied in this report. Many of the factors that will determine these results are beyond our ability to control or predict. Specific factors that could cause actual results to differ from results contemplated by the forward-looking statements include, among others, the following:

- availability of supplies (including the uncertainties inherent in assessing, estimating, acquiring and developing future oil and natural gas reserves), market demand, volatility of prices and the availability and cost of capital;
- inflation, interest rates, fluctuation in foreign exchange and general economic conditions (including future disruptions and volatility in the global credit markets and the impact of these events on our customers and suppliers);
- the strength and financial resources of our competitors;
- development of alternative energy sources;
- the impact of operational and development hazards;
- costs of, changes in, or the results of laws, government regulations (including climate change regulation and/or potential additional regulation of drilling and completion of wells), environmental liabilities, litigation and rate proceedings;
- changes in maintenance and construction costs;
- changes in the current geopolitical situation;
- our exposure to the credit risk of our customers;
- risks related to strategy and financing, including restrictions stemming from our debt agreements, future changes in our credit ratings and the availability and cost of credit;
- risks associated with future weather conditions;
- acts of terrorism;
- other factors described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”; and
- additional risks described in our filings with the Securities and Exchange Commission (“SEC”).

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Given the uncertainties and risk factors that could cause our actual results to differ materially from those contained in any forward-looking statement, we caution investors not to unduly rely on our forward-looking statements. Forward-looking statements speak only as of the date they are made. We disclaim any obligation to and do not intend to update the above list or to announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

In addition to causing our actual results to differ, the factors listed above and referred to below may cause our intentions to change from those statements of intention set forth in this report. Such changes in our intentions may also cause our results to differ. We may change our intentions, at any time and without notice, based upon changes in such factors, our assumptions or otherwise.

Because forward-looking statements involve risks and uncertainties, we caution that there are important factors, in addition to those listed above, that may cause actual results to differ materially from those contained in the forward-looking statements. For a detailed discussion of those factors, see Part II, Item 1A. Risk Factors in this filing and Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015 .

WPX Energy, Inc.
Consolidated Balance Sheets
(Unaudited)

	June 30, 2016	December 31, 2015
	(Millions)	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,031	$ 38
Accounts receivable, net of allowance of $6 million as of June 30, 2016 and December 31, 2015	192	300
Derivative assets	101	308
Inventories	37	46
Assets classified as held for sale	8	178
Other	26	23
Total current assets	1,395	893
Properties and equipment (successful efforts method of accounting)	8,602	8,415
Less—accumulated depreciation, depletion and amortization	(2,184)	(1,893)
Properties and equipment, net	6,418	6,522
Derivative assets	21	51
Assets classified as held for sale	—	894
Other noncurrent assets	28	33
Total assets	$ 7,862	$ 8,393
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 226	$ 278
Accrued and other current liabilities	264	301
Liabilities associated with assets held for sale	2	140
Current portion of long-term debt, net	160	1
Derivative liabilities	45	13
Total current liabilities	697	733
Deferred income taxes	390	465
Long-term debt, net	2,572	3,189
Derivative liabilities	44	2
Asset retirement obligations	101	99
Liabilities associated with assets held for sale	—	133
Other noncurrent liabilities	200	237
Contingent liabilities and commitments (Note 9)		
Equity:		
Stockholders' equity:		
Preferred stock (100 million shares authorized at $0.01 par value; 7 million shares issued at June 30, 2016 and December 31, 2015)	339	339
Common stock (2 billion shares authorized at $0.01 par value; 334.0 million shares issued at June 30, 2016 and 275.4 million shares issued at December 31, 2015)	3	3
Additional paid-in-capital	6,697	6,164
Accumulated deficit	(3,181)	(2,971)
Total stockholders' equity	3,858	3,535
Total liabilities and equity	$ 7,862	$ 8,393

See accompanying notes.

WPX Energy, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(Millions, except per-share amounts)			
Revenues:				
Product revenues:				
Oil sales	$ 142	$ 138	$ 239	$ 250
Natural gas sales	24	26	49	67
Natural gas liquid sales	10	5	15	8
Total product revenues	176	169	303	325
Gas management	116	56	147	213
Net gain (loss) on derivatives (Note 12)	(154)	(71)	(97)	34
Other	—	—	1	2
Total revenues	138	154	354	574
Costs and expenses:				
Lease and facility operating	41	32	83	67
Gathering, processing and transportation	20	16	36	33
Taxes other than income	16	16	27	31
Gas management, including charges for unutilized pipeline capacity	132	58	171	167
Exploration (Note 5)	12	6	21	13
Depreciation, depletion and amortization	163	123	315	240
Net (gain) loss on sales of assets (Note 5)	(4)	(208)	(202)	(277)
General and administrative	55	53	108	107
Other—net	2	3	4	25
Total costs and expenses	437	99	563	406
Operating income (loss)	(299)	55	(209)	168
Interest expense	(53)	(32)	(110)	(65)
Investment income and other	(1)	1	1	2
Income (loss) from continuing operations before income taxes	(353)	24	(318)	105
Provision (benefit) for income taxes (Note 8)	(130)	1	(95)	30
Income (loss) from continuing operations	(223)	23	(223)	75
Income (loss) from discontinued operations	25	(53)	13	(37)
Net income (loss)	(198)	(30)	(210)	38
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	1
Comprehensive income (loss) attributable to WPX Energy, Inc.	(198)	(30)	(210)	37
Less: Dividends on preferred stock	6	—	11	—
Net income (loss) attributable to WPX Energy, Inc. common stockholders	$ (204)	$ (30)	$ (221)	$ 37
Amounts attributable to WPX Energy, Inc. common stockholders:				
Income (loss) from continuing operations	$ (229)	$ 23	$ (234)	$ 75
Income (loss) from discontinued operations	25	(53)	13	(38)
Net income (loss)	$ (204)	$ (30)	$ (221)	$ 37
Basic earnings (loss) per common share (Note 4):				
Income (loss) from continuing operations	$ (0.76)	$ 0.11	$ (0.81)	$ 0.37
Income (loss) from discontinued operations	0.08	(0.25)	0.04	(0.19)
Net income (loss)	$ (0.68)	$ (0.14)	$ (0.77)	$ 0.18
Basic weighted-average shares	300.7	205.0	288.2	204.6
Diluted earnings (loss) per common share (Note 4):				
Income (loss) from continuing operations	$ (0.76)	$ 0.11	$ (0.81)	$ 0.37
Income (loss) from discontinued operations	0.08	(0.25)	0.04	(0.19)
Net income (loss)	$ (0.68)	$ (0.14)	$ (0.77)	$ 0.18
Diluted weighted-average shares	300.7	206.8	288.2	206.4

See accompanying notes.

WPX Energy, Inc.
Consolidated Statements of Changes in Equity
(Unaudited)

	WPX Energy, Inc., Stockholders				
	Preferred Stock	Common Stock	Additional Paid-In-Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2015	$ 339	$ 3	$ 6,164	$ (2,971)	$ 3,535
Comprehensive income (loss) attributable to WPX Energy, Inc.	—	—	—	(210)	(210)
Stock based compensation	—	—	6	—	6
Issuance of common stock to public, net of offering costs	—	—	538	—	538
Dividends on preferred stock	—	—	(11)	—	(11)
Balance at June 30, 2016	$ 339	$ 3	$ 6,697	$ (3,181)	$ 3,858

See accompanying notes.

WPX Energy, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30,	
	2016	2015
Operating Activities(a)	(Millions)	
Net income (loss)	$ (210)	$ 38
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	324	443
Deferred income tax provision (benefit)	(82)	(17)
Provision for impairment of properties and equipment (including certain exploration expenses)	19	26
Net (gain) loss on derivatives in continuing operations	97	(34)
Net settlements related to derivatives in continuing operations	202	267
Amortization of stock-based awards	17	20
Net gain on sales of domestic assets and international interests	(254)	(318)
Unrealized loss on derivatives included in discontinued operations	46	—
Cash provided (used) by operating assets and liabilities:		
Accounts receivable	102	176
Inventories	9	(2)
Margin deposits and customer margin deposits payable	—	21
Other current assets	3	(4)
Accounts payable	(28)	(145)
Income taxes payable	(33)	—
Accrued and other current liabilities	(103)	(33)
Accrued liabilities established in 2015 for retained transportation and gathering contracts related to discontinued operations	(30)	—
Other, including changes in other noncurrent assets and liabilities	6	(8)
Net cash provided by operating activities(a)	85	430
Investing Activities(a)		
Capital expenditures(b)	(291)	(679)
Proceeds from sales of domestic assets and international interests	1,139	772
Other	(4)	2
Net cash provided by (used in) investing activities(a)	844	95
Financing Activities		
Proceeds from common stock	540	2
Dividends paid on preferred stock	(11)	—
Borrowings on credit facility	380	181
Payments on credit facility	(645)	(461)
Payments for retirement of debt	(196)	—
Payments for credit facility amendment fees	(3)	—
Other	(1)	—
Net cash provided by (used in) financing activities	64	(278)
Net increase (decrease) in cash and cash equivalents	993	247
Cash and cash equivalents at beginning of period	38	70
Cash and cash equivalents at end of period	$ 1,031	$ 317

(a) Amounts reflect activity related to discontinued operations unless otherwise noted. See Note 3 of Notes to Consolidated Financial Statements for discussion of discontinued operations.

(b) Increase to properties and equipment	$ (264)	$ (435)
Changes in related accounts payable and accounts receivable	(27)	(244)
Capital expenditures	$ (291)	$ (679)

See accompanying notes.

Note 1 . Basis of Presentation and Description of Business

Description of Business

Operations of our company include oil, natural gas and NGL development, production, and gas management activities primarily located in Texas, North Dakota, New Mexico and Colorado. We specialize in development and production from tight-sands and shale formations in the Delaware, Williston and San Juan Basins. We also have operations and interests in the Appalachian and Green River Basins located in Pennsylvania and Wyoming. Associated with our commodity production are sales and marketing activities, referred to as gas management activities, that include the management of various commodity contracts, such as transportation and related derivatives, and the marketing of Piceance Basin volumes during a transition period (see Note 3).

In addition, we had operations in the Piceance Basin in Colorado, which were sold April 8, 2016. We also had operations for a portion of 2015 in the Powder River Basin in Wyoming, which were sold on September 1, 2015 and, until January 29, 2015, we had a 69 percent controlling interest in Apco Oil and Gas International Inc. (“Apco”), an oil and gas exploration and production company with activities in Argentina and Colombia. For all periods presented, the results of the Piceance Basin, Powder River Basin and Apco are reported as discontinued operations.

The consolidated businesses represented herein as WPX Energy, Inc. is also referred to as “WPX,” the “Company,” “we,” “us” or “our.”

Basis of Presentation

The accompanying interim consolidated financial statements do not include all the notes included in our annual financial statements and, therefore, should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2015 in Exhibit 99.1 of our Form 8-K filed on May 25, 2016. The accompanying interim consolidated financial statements include all normal recurring adjustments that, in the opinion of management, are necessary to present fairly our financial position at June 30, 2016 , results of operations for the three and six months ended June 30, 2016 and 2015 , changes in equity for the six months ended June 30, 2016 and cash flows for the six months ended June 30, 2016 and 2015 .

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Our continuing operations comprise a single business segment, which includes the development, production and gas management activities of oil, natural gas and NGLs in the United States.

Discontinued Operations

On February 8, 2016, we signed an agreement to sell our Piceance Basin operations to Terra Energy Partners LLC (“Terra”) for $910 million . This transaction closed on April 8, 2016 and we received net proceeds of $862 million . The results of operations of the Piceance Basin have been reported as discontinued operations on the Consolidated Statements of Operations (see Note 3).

In addition, our discontinued operations include the results of the Powder River Basin sold in September 2015 and the results of our international interests sold in January 2015.

See Note 3 for a further discussion of discontinued operations. Unless indicated otherwise, the information in the Notes to Consolidated Financial Statements relates to continuing operations. Additionally, see Note 9 for a discussion of contingencies related to the former power business of The Williams Companies, Inc. (“Williams”) (most of which was disposed of in 2007).

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers,* and has updated with additional ASUs. The core principles of the guidance in ASU 2014-09 are that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09, as amended, is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The Company is currently evaluating the impact, if any, of ASU 2014-09 to the Company's Consolidated Financial Statements or related disclosures.

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern,* to provide guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. ASU 2014-15 is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. The Company does not expect the adoption of ASU 2014-15 to have a significant impact on the Company's Consolidated Financial Statements or related disclosures.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities,* enhancing the reporting model for financial instruments. The amendments in ASU 2016-01 address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is only permitted under specific circumstances. The Company is currently evaluating the impact, if any, of ASU 2016-01 to the Company's Consolidated Financial Statements or related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases,* to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted for any entity in any interim or annual period. The Company is currently evaluating the impact, if any, of ASU 2016-02 to the Company's Consolidated Financial Statements or related disclosures.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting,* as part of the Simplification Initiative. The areas for simplification in ASU 2016-09 involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any entity in any interim or annual period. The Company is currently evaluating the impact, if any, of ASU 2016-09 to the Company's Consolidated Financial Statements or related disclosures.

Note 2 . Acquisition

On August 17, 2015, we completed the acquisition of privately held RKI Exploration & Production, LLC ("RKI") (the "Acquisition"). The Acquisition qualified as a business combination and, as a result, we estimated the fair value of the underlying shares distributed, the assets acquired and the liabilities assumed as of the August 17, 2015 acquisition date as disclosed in Exhibit 99.1 of our Form 8-K filed on May 25, 2016.

The following table presents the unaudited pro forma financial results for the three and six months ended June 30, 2015 as if the Acquisition and related financings had been completed January 1, 2015. The unaudited pro forma financial information does not purport to be indicative of results of operations that would have occurred had the Acquisition occurred on the date assumed or for the period presented, nor is such information indicative of the Company's expected future results of operations.

	Three months ended June 30,	Six months ended June 30,
	2015	2015
	(Millions)	
Revenues	$ 198	$ 689
Net income from continuing operations attributable to WPX Energy, Inc.	$ 6	$ 50

Note 3 . Discontinued Operations

On February 8, 2016, we signed an agreement with Terra to sell WPX Energy Rocky Mountain, LLC that holds our Piceance Basin operations for $910 million . The agreement also required Terra to become financially responsible for approximately $104 million in transportation obligations held by our marketing company. Additionally, WPX Energy Rocky Mountain, LLC had natural gas derivatives with a fair value of $48 million as of the closing date. The parties closed this sale in April of 2016 and we received net proceeds of $862 million resulting in a gain of $52 million , subject to post-closing adjustments. We are performing certain transition services for the buyer which end during third-quarter 2016. In addition, we had an agreement with the buyer to purchase production through June 30, 2016 which is reported in gas management revenue and expenses. The Piceance Basin operations are included in our domestic results presented below. Also included in the domestic results for 2015 are the operations in the Powder River Basin sold in October 2015.

On May 25, 2016, we signed an agreement to buy out the remaining transportation obligations related to our Piceance Basin operations for $239 million which eliminated certain pipeline capacity obligations held by our marketing company, which were not included in the Piceance Basin divestment. The total commitments related to these obligations for the remainder of 2016 and thereafter were approximately $400 million as of June 30, 2016. The transaction closed July 19, 2016 and will result in a loss of $239 million to be recorded in third-quarter 2016 and will be reported in continuing operations. We currently expect the impact of the buyout of these transportation obligations to be reported in cash flow from operating activities in third-quarter 2016.

On January 29, 2015, we completed the divestiture of our international interests and received net proceeds of $291 million after expenses but before $17 million of cash on hand at Apco as of the closing date. These non-operated international holdings comprised our international segment. We recorded a pretax gain of $41 million related to this transaction during first quarter 2015.

Summarized Results of Discontinued Operations

	Three months ended June 30, 2016	Three months ended June 30, 2015
	Domestic and Total	Domestic and Total
	(Millions)	
Total revenues(a)	$ (4)	$ 147
Costs and expenses:		
Lease and facility operating	$ 1	$ 26
Gathering, processing and transportation	5	67
Taxes other than income	(1)	4
Gas management	—	1
Depreciation, depletion and amortization	—	104
Impairment of assets held for sale	—	6
Gain on sales of assets	—	(1)
General and administrative	1	11
Other—net	2	2
Total costs and expenses	8	220
Operating income (loss)	(12)	(73)
Investment income and other	—	1
Gain on sale of domestic assets	52	—
Income (loss) from discontinued operations before income taxes	40	(72)
Provision (benefit) for income taxes	15	(19)
Income (loss) from discontinued operations	$ 25	$ (53)

(a) The three months ended June 30, 2016 includes $13 million net loss on derivatives.

	Six months ended June 30, 2016	Six months ended June 30, 2015		
	Domestic and Total	Domestic	International	Total
	(Millions)			
Total revenues(a)	$ 64	$ 324	$ 15	$ 339
Costs and expenses:				
Lease and facility operating	$ 18	$ 58	$ 4	$ 62
Gathering, processing and transportation	48	137	—	137
Taxes other than income	1	14	3	17
Gas management	—	1	—	1
Depreciation, depletion and amortization	9	203	—	203
Impairment of assets held for sale	—	16	—	16
Gain on sale of assets	—	(1)	—	(1)
General and administrative	8	21	1	22
Other—net	6	6	—	6
Total costs and expenses	90	455	8	463
Operating income (loss)	(26)	(131)	7	(124)
Investment income and other	—	3	1	4
Gain on sale of international interests	—	—	41	41
Gain on sale of domestic assets	52	—	—	—
Income (loss) from discontinued operations before income taxes	26	(128)	49	(79)
Provision (benefit) for income taxes(b)	13	(39)	(3)	(42)
Income (loss) from discontinued operations	$ 13	$ (89)	$ 52	$ (37)

(a) The six months ended June 30, 2016 includes $33 million net loss on derivatives.
(b) The six months ended June 30, 2016 includes a valuation allowance on certain state tax carryovers. International for the six months ended June 30, 2015 includes the reversal of certain U.S. deferred tax liabilities associated with Apco.

Assets and Liabilities in the Consolidated Balance Sheets attributable to Discontinued Operations

The assets held for sale and liabilities associated with assets held for sale on the Consolidated Balance Sheet as of June 30, 2016 relate to certain assets and liabilities in the Appalachia Basin. The operations of the Appalachia Basin are reported in continuing operations. As of December 31, 2015, the following table presents domestic assets classified as held for sale and liabilities associated with assets held for sale related to our Piceance Basin operations.

	December 31, 2015
	Total
Assets classified as held for sale	
Current assets:	
Accounts receivable (including an affiliate receivable)	$ 55
Derivative assets	68
Inventories	13
Other	2
Total current assets	138
Properties and equipment, net(a)	880
Derivative assets	14
Total assets classified as held for sale—discontinued operations	$ 1,032
Total assets classified as held for sale—continuing operations (Note 5)	40
Total assets classified as held for sale on the Consolidated Balance Sheets	$ 1,072
Liabilities associated with assets held for sale	
Current liabilities:	
Accounts payable	$ 93
Accrued and other current liabilities	47
Total current liabilities	140
Asset retirement obligations	133
Total liabilities associated with assets held for sale on the Consolidated Balance Sheets	$ 273

(a) Includes $2,308 million impairment in Piceance Basin of the net assets.

Cash Flows Attributable to Discontinued Operations

Excluding income taxes and changes to working capital, total cash provided by domestic operating activities was $29 million and $90 million for the six months ended June 30, 2016 and 2015 , respectively. In addition, cash outflows related to previous accruals for the Powder River Basin gathering and transportation contracts retained by WPX were $30 million for the six months ended June 30, 2016 . Cash provided by operating activities related to our international operations was $3 million for the six months ended June 30, 2015 . Total cash used in investing activities related to domestic discontinued operations was $31 million and $170 million for the six months ended June 30, 2016 and 2015 , respectively. Total cash used in investing activities related to our international operations was $15 million for the six months ended June 30, 2015 .

Note 4 . Earnings (Loss) Per Common Share from Continuing Operations

The following table summarizes the calculation of earnings per share.

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(Millions, except per-share amounts)			
Income (loss) from continuing operations attributable to WPX Energy, Inc.	$ (223)	$ 23	$ (223)	$ 75
Less: Dividends on preferred stock	6	—	11	—
Income (loss) from continuing operations attributable to WPX Energy, Inc. available to common stockholders for basic and diluted earnings (loss) per common share	$ (229)	$ 23	$ (234)	$ 75
Basic weighted-average shares	300.7	205.0	288.2	204.6
Effect of dilutive securities(a):				
Nonvested restricted stock units and awards	—	1.7	—	1.7
Stock options	—	0.1	—	0.1
Diluted weighted-average shares	300.7	206.8	288.2	206.4
Earnings (loss) per common share from continuing operations:				
Basic	$ (0.76)	$ 0.11	$ (0.81)	$ 0.37
Diluted	$ (0.76)	$ 0.11	$ (0.81)	$ 0.37

(a) For the three and six months ended June 30, 2016, 1.1 million and 1.6 million , respectively, weighted-average nonvested restricted stock units and awards and 34.7 million common shares issuable upon assumed conversion of 6.25% Series A mandatory convertible preferred stock have been excluded from the computation of diluted earnings per common share as their inclusion would be antidilutive due to our loss from continuing operations attributable to WPX Energy, Inc.

The table below includes information related to stock options that were outstanding at June 30, 2016 and 2015 but have been excluded from the computation of weighted-average stock options due to the option exercise price exceeding the second quarter weighted-average market price of our common shares.

	June 30,	
	2016	2015
Options excluded (millions)	2.4	2.0
Weighted-average exercise price of options excluded	$ 16.46	$ 17.42
Exercise price range of options excluded	$11.75 - $21.81	$13.46 - $21.81
Second quarter weighted-average market price	$ 9.02	$ 13.18

For the six months ended June 30, 2016 and 2015, approximately 3.5 million and 1.0 million , respectively, nonvested restricted stock units were antidilutive and were excluded from the computation of diluted weighted-average shares.

Note 5 . Asset Sales, Other Expenses and Exploration Expenses

Asset Sales

On March 9, 2016, we completed the sale of our San Juan Basin gathering system for consideration of approximately $309 million to a portfolio company of ISQ Global Infrastructure Fund, a fund managed by I Squared Capital. The consideration reflects $285 million in cash, subject to closing adjustments, and a commitment estimated at $24 million in capital designated by the purchaser to expand the system to support WPX's development in the Gallup oil play. We are obligated to complete certain in-progress construction as of the closing which resulted in the deferral of a portion of the gain. Under the terms of the agreement, WPX will continue to operate, at the direction of the owner, the gathering system for an initial term of two years with the opportunity to continue in ensuing years. The gathering system consists of more than 220 miles of oil, gas and water gathering lines that WPX installed in conjunction with drilling in the Gallup oil play where it made a discovery in 2013. As a result of this transaction, we recorded a gain of $199 million in first-quarter 2016 and an additional gain of $5 million in second-quarter 2016 as certain in-progress construction was completed. As of June 30, 2016, the deferred gain is $26 million related to an estimated $4 million of remaining recorded obligation for in-progress construction.

During May 2015, WPX completed the sale of a package of marketing contracts and release of certain related firm transportation capacity in the Northeast for approximately $209 million in cash. The transaction released WPX from various long-term natural gas purchase and sales obligations and future demand payment obligations associated with the transport position. As a result of this transaction, we recorded a net gain of $209 million in second-quarter 2015 on these executory contracts.

During the first quarter of 2015, we sold a portion of our Appalachian Basin operations and released certain firm transportation capacity to Southwestern Energy Company (NYSE: SWN) for approximately $288 million , before post-closing adjustments. Including an estimate of post-closing adjustments of $17 million , we recorded a net gain of $69 million in first-quarter 2015.

Other Expenses

During the first quarter of 2015, we executed a termination and settlement agreement to release us from a crude oil transportation and sales agreement in anticipation of entering into a different agreement with another third party with more favorable terms. As a result of this contract termination and settlement, we recorded an expense of approximately $22 million which is included in Other—net on the Consolidated Statements of Operations.

Exploration Expenses

The following table presents a summary of exploration expenses.

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(Millions)			
Geologic and geophysical costs	$ 1	$ 1	$ 1	$ 2
Dry hole costs and impairments of exploratory area well costs	1	—	1	—
Unproved leasehold property impairment, amortization and expiration	10	5	19	11
Total exploration expenses	$ 12	$ 6	$ 21	$ 13

Note 6 . Inventories

The following table presents a summary of our inventories as of the dates indicated below.

	June 30, 2016	December 31, 2015
	(Millions)	
Material, supplies and other	$ 36	$ 44
Crude oil production in transit	1	2
Total inventories	$ 37	$ 46

Note 7 . Debt and Banking Arrangements

The following table presents a summary of our debt as of the dates indicated below.

	June 30, 2016	December 31, 2015
	(Millions)	
5.250% Senior Notes due 2017	$ 160	$ 355
7.500% Senior Notes due 2020	500	500
6.000% Senior Notes due 2022	1,100	1,100
8.250% Senior Notes due 2023	500	500
5.250% Senior Notes due 2024	500	500
Credit facility agreement	—	265
Other	—	1
Total debt	$ 2,760	$ 3,221
Less: Current portion of long-term debt, net(a)	160	1
Total long-term debt	$ 2,600	$ 3,220
Less: Debt issuance costs on long-term debt(b)	28	31
Total long-term debt, net(b)	$ 2,572	$ 3,189

(a) Includes debt issuance costs.
(b) Debt issuance costs related to our Credit Facility are recorded in other noncurrent assets on the Consolidated Balance Sheets.

Senior Notes

During the first half of 2016, we repurchased approximately $195 million of our 5.250% Senior Notes due 2017, including $87 million we redeemed through a tender offer. Subsequent to June 30, 2016 , we repurchased $35 million of our Senior Notes due 2017.

See Exhibit 99.1 of our Form 8-K filed on May 25, 2016 which includes the financial statements and footnotes for the year ended December 31, 2015 for a discussion of our previously issued senior notes.

Credit Facility

On March 18, 2016, the Company entered into a Second Amended and Restated Credit Agreement with Wells Fargo Bank, National Association, as Administrative Agent, Lender and Swingline Lender and the other lenders party thereto (the “Credit Facility”). The Credit Facility, as amended, is now a $1.2 billion senior secured revolving credit facility with a maturity date of October 28, 2019 . The Credit Facility may be used for working capital, acquisitions, capital expenditures and other general corporate purposes. The financial covenants in the Credit Facility may limit our ability to borrow money, depending on the applicable financial metrics at any given time. As of June 30, 2016 , we were in compliance with our financial covenants and had full access to the Credit Facility subject to the Borrowing Base discussed below.

During any Collateral Trigger Period, loans under the Credit Facility will be subject to a Borrowing Base as calculated in accordance with the provisions of the Credit Facility. As of March 18, 2016, the Borrowing Base was set at $1.025 billion . This Borrowing Base will remain in effect until the next Borrowing Base is re-determined pursuant to the Credit Facility. The next scheduled Re-determination date is October 1, 2016 and biannually thereafter.

Subject to the satisfaction of certain conditions set forth in the Credit Facility, during any Collateral Trigger Period (as described below), the Company may designate Loans under the Credit Facility as either General Loans, the proceeds of which may be used for the general purposes described above, or as Development Loans, the proceeds of which shall be used solely for the development of oil and gas property owned or leased by the Company and certain of its subsidiaries. Additionally, during any Collateral Trigger Period, the Loans shall be secured and the obligations outstanding under the Credit Facility shall be guaranteed, in each case, as more particularly described below.

On the date of the closing of the Credit Facility a Collateral Trigger Period shall be in effect and all Loans outstanding shall be deemed to be General Loans. The General Loans and the other General Secured Obligations outstanding under the Credit Facility will initially be guaranteed by certain subsidiaries of the Company (excluding subsidiaries holding Midstream Assets and subsidiaries meeting other customary exclusion criteria), as Guarantors, and secured by substantially all of the Company’s and the Guarantors’ assets (including oil and gas properties), subject to customary exceptions and carve outs (which shall also exclude Midstream Assets and the equity interests of subsidiaries holding Midstream Assets). Any Development

Loans and any Development Secured Obligations shall be secured by certain oil, gas or other mineral properties developed with the proceeds thereof and not otherwise securing the General Secured Obligations. Such obligations will continue to be secured during any Collateral Trigger Period and such security interest shall terminate on the earlier of any applicable Collateral Trigger Termination Date (as described below) or the date on which all liens held by the Administrative Agent for the benefit of the secured parties are released pursuant to the terms of the Credit Facility.

The Collateral Trigger Period means, as applicable, (1) the period beginning on the date of the closing of the Credit Facility, as amended, and ending on the initial Collateral Trigger Termination Date and (2) each period beginning on a Collateral Trigger Date (as described below) and ending on the first Collateral Trigger Termination Date occurring after such Collateral Trigger Date.

The Collateral Trigger Date is the first date after any Collateral Trigger Termination Date on which either (1) the Company's Corporate Rating is Ba3 or lower (or unrated) by Moody's or BB- or lower (or unrated) by S&P or (2) the Company elects to have the Borrowing Base apply. The Collateral Trigger Termination Date is the first date following the date of the closing of the Credit Facility and the first date following any Collateral Trigger Date, as applicable, on which (1)(i) the Company's Corporate Rating is BBB- or better by S&P (without negative outlook or negative watch) or (ii) Baa3 or better by Moody's (without negative outlook or negative watch), provided that the other of the two Corporate Ratings is at least BB+ by S&P or Ba1 by Moody's or (2) both (i) the ratio of Consolidated Net Indebtedness to Consolidated EBITDAX (for the most recently ended four consecutive fiscal quarters) is less than or equal to 3.00 to 1.00 and (ii) the Corporate Rating is (A) at least Ba1 by Moody's and at least BB by S&P or (B) at least Ba2 by Moody's and at least BB+ by S&P. If the Company elects to have the Borrowing Base apply, the Collateral Trigger Termination Date is the date the Company elects under the terms of the Credit Facility to no longer have the Borrowing Base apply.

Interest on borrowings under the Credit Facility is payable at rates per annum equal to, at the Company's option: (1) a fluctuating base rate equal to the alternate base rate plus the applicable margin, or (2) a periodic fixed rate equal to LIBOR plus the applicable margin. The alternate base rate will be the highest of (i) the federal funds rate plus 0.5 percent, (ii) the Prime Rate, and (iii) one-month LIBOR plus 1.0 percent. The Company is required to pay a commitment fee based on the unused portion of the commitments under the Credit Facility. The applicable margin and the commitment fees during a Collateral Trigger Period are determined by reference to a utilization percentage as set forth in the Credit Facility. The applicable margin and the commitment fee other than during a Collateral Trigger Period are determined by reference to a pricing schedule based on the Company's senior unsecured non-credit enhanced debt ratings.

During any Collateral Trigger Period, the Company is required to maintain a ratio of Consolidated Secured Indebtedness to Consolidated EBITDAX (for the most recently ended four consecutive fiscal quarters) of not greater than 3.25 to 1.00 as of the last day of any fiscal quarter ending on or before December 31, 2017 and 3.00 to 1.00 thereafter. During any Collateral Trigger Period, the Company may also not permit the ratio of consolidated current assets (including the unused amount of the Borrowing Base) of the Company and its consolidated subsidiaries to the consolidated current liabilities of the Company and its consolidated subsidiaries as of the last day of any fiscal quarter to be less than 1.0 to 1.0.

Other than during a Collateral Trigger Period, the Company is required to maintain a ratio of Consolidated Net Indebtedness to Consolidated EBITDAX (for the most recently ended four consecutive fiscal quarters) of not greater than 4.50 to 1.00 as of the last day of any fiscal quarter ending on or before December 31, 2016 and 4.00 to 1.00 thereafter, unless at such time the Company's Corporate Ratings are equal to, or better than, Baa3 or BBB- by at least one of S&P and Moody's and not less than BB+ or Ba1 by the other such agency. In addition, other than during a Collateral Trigger Period, the ratio of Consolidated Indebtedness to Consolidated Total Capitalization is not permitted to be greater than 60 percent and is applicable for the life of the agreement. Furthermore, other than during a Collateral Trigger Period, the Company may not permit the ratio of Consolidated EBITDAX (for the most recently ended four consecutive fiscal quarters) to Consolidated Interest Charges to be less than 2.5 to 1.00.

The Credit Facility contains customary representations and warranties and affirmative, negative and financial covenants (as described above) which were made only for the purposes of the Credit Facility and as of the specific date (or dates) set forth therein, and may be subject to certain limitations as agreed upon by the contracting parties. The covenants limit, among other things, the ability of the Company's subsidiaries to incur indebtedness; the ability of the Company and its subsidiaries to grant certain liens, make restricted payments, materially change the nature of its or their business, make investments, guarantees, loans or advances in non-subsidiaries or enter into certain hedging agreements; the ability of the Company's material subsidiaries to enter into certain restrictive agreements; the ability of the Company and its material subsidiaries to enter into certain affiliate transactions; the ability of the Company and its subsidiaries to redeem any senior notes; and the Company's ability to merge or consolidate with any person or sell all or substantially all of its assets to any person. The Company and its subsidiaries are also prohibited from using the proceeds under the Credit Facility in violation of Sanctions (as defined in the Credit Facility). In addition, the representations, warranties and covenants contained in the Credit Facility are subject to certain exceptions and/or standards of materiality applicable to the contracting parties.

The Credit Facility includes customary events of default, including events of default relating to non-payment of principal, interest or fees, inaccuracy of representations and warranties in any material respect when made or when deemed made, violation of covenants, cross payment-defaults, cross acceleration, bankruptcy and insolvency events, certain unsatisfied judgments, a change of control and, during any secured period, the failure of the collateral documents to be in effect or a lien to be valid and perfected. If an event of default with respect to a borrower occurs under the Credit Facility, the lenders will be able to terminate the commitments and accelerate the maturity of the loans of the defaulting borrower under the Credit Facility and exercise other rights and remedies.

Letters of Credit

WPX has also entered into three bilateral, uncommitted letter of credit ("LC") agreements most of which expire throughout 2016. These LC agreements provide WPX the ability to meet various contractual requirements and incorporate terms similar to those found in the Credit Facility. At June 30, 2016 , a total of $228 million in letters of credit have been issued, a majority of which support interstate pipeline contracts. If these letter of credit agreements are not renewed, we may issue letters of credit under our Credit Facility. As a result of the buyout of our Piceance Basin transportation obligations (see Note 13), we expect to eliminate approximately $162 million in letters of credit and their associated annual interest expense.

Note 8 . Provision (Benefit) for Income Taxes

The following table presents the provision (benefit) for income taxes from continuing operations.

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(Millions)			
Current:				
Federal	$ —	$ —	$ —	$ —
State	—	1	—	—
	—	1	—	—
Deferred:				
Federal	(119)	6	(119)	33
State	(11)	(6)	24	(3)
	(130)	—	(95)	30
Total provision (benefit)	$ (130)	$ 1	$ (95)	$ 30

The effective income tax rate for the three months ended June 30, 2016, differs from the federal statutory rate due to the effects of state income taxes.

The effective income tax rate for the six months ended June 30, 2016, differs from the federal statutory rate due to state tax adjustments resulting from the sale of our Piceance Basin operations in Colorado. In the first quarter of 2016, we recorded $8 million of valuation allowances against Colorado loss and credit carryovers generated in prior years. We also increased our state effective tax rate by less than a half percent in the first quarter of 2016 to reflect changes in our expected future apportionment among the states where we continue to operate which resulted in a $14 million increase of our deferred tax liability as of the beginning of the year.

The effective income tax rate for the three months and six months ended June 30, 2015, differs from the federal statutory rate due to the effects of state income taxes.

We have recorded valuation allowances against deferred tax assets attributable primarily to certain state net operating loss ("NOL") carryovers as well as our federal capital loss carryover. Valuation allowances that we have recorded are due to our expectation that we will not have sufficient income, or income of a sufficient character, in those jurisdictions to which the associated deferred tax asset applies. We have not recorded a valuation allowance against our federal NOL carryover, but a valuation allowance could be required in future periods if the federal NOL carryover continues to increase or circumstances change. When assessing the need for a valuation allowance for the federal NOL carryover we primarily consider future reversals of existing taxable temporary differences.

The ability of WPX to utilize loss carryovers or minimum tax credits to reduce future federal taxable income and income tax could be subject to limitations under the Internal Revenue Code. The utilization of such carryovers may be limited upon the occurrence of certain ownership changes during any three -year period resulting in an aggregate change of more than 50 percent in beneficial ownership (an "Ownership Change"). As of June 30, 2016, we do not believe that an Ownership Change has

occurred for WPX, but a change could occur in the future due to shareholders with new positions in our stock greater than 5 percent . An Ownership Change did occur for RKI effective with the Acquisition which resulted in an annual limitation on the benefit that WPX can claim from RKI carryovers that arose prior to the Acquisition.

As of June 30, 2016 , the amount of unrecognized tax benefits is not material. During the next 12 months we do not expect ultimate resolution of any uncertain tax position will result in a significant increase or decrease of our unrecognized tax benefit.

Pursuant to our tax sharing agreement with Williams, we remain responsible for the tax from audit adjustments related to our business for periods prior to our spin-off from Williams on December 31, 2011. The 2011 consolidated tax filing by Williams is currently being audited by the IRS and is the only pre spin-off period for which we continue to have exposure to audit adjustments as part of Williams. We are aware of an issue the IRS has questioned related to our business for which a payment to Williams could be required. We are currently evaluating the issue and the actions we might take should the IRS propose an adjustment. In addition, the alternative minimum tax credit deferred tax asset that was allocated to us by Williams at the time of the spin-off could change due to audit adjustments unrelated to our business. Any such adjustment to this deferred tax asset will not be known until the IRS examination is completed but is not expected to result in a cash settlement.

Note 9 . Contingent Liabilities and Commitments

Royalty litigation

In October 2011, a potential class of royalty interest owners in New Mexico and Colorado filed a complaint against us in the County of Rio Arriba, New Mexico. The complaint presently alleges failure to pay royalty on hydrocarbons including drip condensate, breach of the duty of good faith and fair dealing, fraudulent concealment, conversion, misstatement of the value of gas and affiliated sales, breach of duty to market hydrocarbons in Colorado, breach of implied duty to market, violation of the New Mexico Oil and Gas Proceeds Payment Act, and bad faith breach of contract. Plaintiffs sought monetary damages and a declaratory judgment enjoining activities relating to production, payments and future reporting. This matter was removed to the United States District Court for New Mexico where the court denied plaintiffs' motion for class certification. In August 2012, a second potential class action was filed against us in the United States District Court for the District of New Mexico by mineral interest owners in New Mexico and Colorado. Plaintiffs claim breach of contract, breach of the covenant of good faith and fair dealing, breach of implied duty to market both in Colorado and New Mexico and violation of the New Mexico Oil and Gas Proceeds Payment Act, and seek declaratory judgment, accounting and injunctive relief. At this time, we believe that our royalty calculations have been properly determined in accordance with the appropriate contractual arrangements and applicable laws. We do not have sufficient information to calculate an estimated range of exposure related to these claims.

Other producers have been pursuing administrative appeals with a federal regulatory agency and have been in discussions with a state agency in New Mexico regarding certain deductions, comprised primarily of processing, treating and transportation costs, used in the calculation of royalties. Although we are not a party to those matters, we are monitoring them to evaluate whether their resolution might have the potential for unfavorable impact on our results of operations. Certain outstanding issues in those matters could be material to us. We received notice from the U.S. Department of Interior Office of Natural Resources Revenue (“ONRR”) in the fourth quarter of 2010, intending to clarify the guidelines for calculating federal royalties on conventional gas production applicable to our federal leases in New Mexico. The guidelines for New Mexico properties were revised slightly in September 2013 as a result of additional work performed by the ONRR. The revisions did not change the basic function of the original guidance. The ONRR’s guidance provides its view as to how much of a producer’s bundled fees for transportation and processing can be deducted from the royalty payment. We believe using these guidelines would not result in a material difference in determining our historical federal royalty payments for our leases in New Mexico. No similar specific guidance has been issued by ONRR for leases in Colorado though such guidelines are expected in the future. However, the timing of any such guidance is uncertain and, independent of the issuance of additional guidance, ONRR asked producers to attempt to evaluate the deductibility of these fees directly with the midstream companies that transport and process gas.

Environmental matters

The Environmental Protection Agency (“EPA”), other federal agencies, and various state and local regulatory agencies and jurisdictions routinely promulgate and propose new rules, and issue updated guidance to existing rules. These new rules and rulemakings include, but are not limited to, new air quality standards for ground level ozone, methane, green completions, and hydraulic fracturing and water standards. We are unable to estimate the costs of asset additions or modifications necessary to comply with these new regulations due to uncertainty created by the various legal challenges to these regulations and the need for further specific regulatory guidance.

Matter related to Williams' former power business

In connection with a Separation and Distribution Agreement between WPX and Williams, Williams is obligated to indemnify and hold us harmless from any losses arising out of liabilities assumed by us for the pending litigation described below relating to the reporting of certain natural gas-related information to trade publications.

Civil suits based on allegations of manipulating published gas price indices have been brought against us and others, seeking unspecified amounts of damages. We are currently a defendant in class action litigation and other litigation originally filed in state court in Colorado, Kansas, Missouri and Wisconsin and brought on behalf of direct and indirect purchasers of natural gas in those states. These cases were transferred to the federal court in Nevada. In 2008, the court granted summary judgment in the Colorado case in favor of us and most of the other defendants based on plaintiffs' lack of standing. On January 8, 2009, the court denied the plaintiffs' request for reconsideration of the Colorado dismissal and entered judgment in our favor.

In the other cases, on July 18, 2011, the Nevada district court granted our joint motions for summary judgment to preclude the plaintiffs' state law claims because the federal Natural Gas Act gives the Federal Energy Regulatory Commission exclusive jurisdiction to resolve those issues. The court also denied the plaintiffs' class certification motion as moot. The plaintiffs appealed to the United States Court of Appeals for the Ninth Circuit. On April 10, 2013, the United States Court of Appeals for the Ninth Circuit issued its opinion in the *In re: Western States Wholesale Antitrust Litigation* , holding that the Natural Gas Act does not preempt the plaintiffs' state antitrust claims and reversing the summary judgment previously entered in favor of the defendants. The U.S. Supreme Court granted Defendants' writ of certiorari. On April 21, 2015, the U.S. Supreme Court determined that the state antitrust claims are not preempted by the federal Natural Gas Act. On March 7, 2016, the putative class plaintiffs in several of the cases filed their motions for class certification. On May 24, 2016, in Reorganized FLI Inc. v. Williams Companies, Inc., the Court granted Defendants' Motion for Summary Judgment in its entirety. Because of the uncertainty around pending unresolved issues, including an insufficient description of the purported classes and other related matters, we cannot reasonably estimate a range of potential exposure at this time.

Other Indemnifications

Pursuant to various purchase and sale agreements relating to divested businesses and assets, including the agreement pursuant to which we divested our Piceance Basin operations, we have indemnified certain purchasers against liabilities that they may incur with respect to the businesses and assets acquired from us. The indemnities provided to the purchasers are customary in sale transactions and are contingent upon the purchasers incurring liabilities that are not otherwise recoverable from third parties. The indemnities generally relate to breaches of representations and warranties, tax liabilities, historic litigation, personal injury, environmental matters and rights-of-way. The indemnity provided to the purchaser of the entity that held our Piceance Basin operations relates in substantial part to liabilities arising in connection with litigation over the appropriate calculation of royalty payments. Plaintiffs in that litigation have asserted claims regarding, among other things, the method by which we took transportation costs into account when calculating royalty payments.

At June 30, 2016 , we have not received a claim against any of these indemnities and thus have no basis from which to estimate any reasonably possible loss beyond any amount already accrued. Further, we do not expect any of the indemnities provided pursuant to the sales agreements to have a material impact on our future financial position. However, if a claim for indemnity is brought against us in the future, it may have a material adverse effect on our results of operations in the period in which the claim is made.

In connection with the separation from Williams, we agreed to indemnify and hold Williams harmless from any losses resulting from the operation of our business or arising out of liabilities assumed by us. Similarly, Williams has agreed to indemnify and hold us harmless from any losses resulting from the operation of its business or arising out of liabilities assumed by it.

Summary

As of June 30, 2016 and December 31, 2015 , the Company had accrued approximately $21 million and $17 million , respectively, for loss contingencies associated with royalty litigation and other contingencies. In certain circumstances, we may be eligible for insurance recoveries, or reimbursement from others. Any such recoveries or reimbursements will be recognized only when realizable.

Management, including internal counsel, currently believes that the ultimate resolution of the foregoing matters, taken as a whole and after consideration of amounts accrued, insurance coverage, recovery from customers or other indemnification arrangements, is not expected to have a materially adverse effect upon our future liquidity or financial position; however, it could be material to our results of operations in any given year.

Commitments

In conjunction with the sale of our San Juan Basin gathering system, our contractual obligations increased for gathering services to be provided by the purchaser over a ten year period. These obligations totaled approximately $366 million as of June 30, 2016.

On May 25, 2016, we signed an agreement to buy out the remaining transportation obligations related to our Piceance Basin operations for $239 million which eliminated certain pipeline capacity obligations held by our marketing company with total commitments for the remainder of 2016 and thereafter of approximately $400 million . As of December 31, 2015, our total commitments for pipeline capacity were approximately $686 million . Our total remaining commitments for pipeline capacity after this transaction would be approximately $137 million as of June 30, 2016 for which we previously accrued a liability in third-quarter 2015 in conjunction with the closing of the Powder River Basin sale and exiting the basin. The balance of the liability totaled $105 million as of June 30, 2016.

Note 10 . Stockholders' Equity

On June 6, 2016, we completed an underwritten public offering of 56.925 million shares of our common stock, which included 7.425 million shares of common stock issued pursuant to an option granted to the underwriters to purchase additional shares. The stock was sold to the underwriters at $9.47 per share and we received proceeds of approximately $538 million from the sale of these shares of common stock, net of offering expenses and underwriting discounts and commissions.

See Note 13 for information regarding the conversion of a portion of the 7 million shares of our 6.25% Series A Mandatory Convertible Preferred Stock to our common stock subsequent to June 30, 2016 .

Note 11 . Fair Value Measurements

The following table presents, by level within the fair value hierarchy, our assets and liabilities that are measured at fair value on a recurring basis. The carrying amounts reported in the Consolidated Balance Sheets for cash and cash equivalents, restricted cash, and margin deposits and customer margin deposits payable approximate fair value due to the nature of the instrument and/or the short-term maturity of these instruments.

	June 30, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(Millions)				(Millions)			
Energy derivative assets	$ —	$ 122	$ —	$ 122	$ —	$ 359	$ —	$ 359
Energy derivative liabilities	$ —	$ 89	$ —	$ 89	$ —	$ 15	$ —	$ 15
Total debt(a)	$ —	$ 2,619	$ —	$ 2,619	$ —	$ 2,495	$ —	$ 2,495

(a)The carrying value of total debt, excluding capital leases and debt issuance costs, was $2,760 million and $3,220 million as of June 30, 2016 and December 31, 2015 , respectively.

Energy derivatives include commodity based exchange-traded contracts and over-the-counter ("OTC") contracts. Exchange-traded contracts include futures, swaps and options. OTC contracts include forwards, swaps, options and swaptions. These are carried at fair value on the Consolidated Balance Sheets.

Many contracts have bid and ask prices that can be observed in the market. Our policy is to use a mid-market pricing (the mid-point price between bid and ask prices) convention to value individual positions and then adjust on a portfolio level to a point within the bid and ask range that represents our best estimate of fair value. For offsetting positions by location, the mid-market price is used to measure both the long and short positions.

The determination of fair value for our assets and liabilities also incorporates the time value of money and various credit risk factors which can include the credit standing of the counterparties involved, master netting arrangements, the impact of credit enhancements (such as cash collateral posted and letters of credit) and our nonperformance risk on our liabilities. The determination of the fair value of our liabilities does not consider noncash collateral credit enhancements.

Exchange-traded contracts include New York Mercantile Exchange and Intercontinental Exchange contracts and are valued based on quoted prices in these active markets and are classified within Level 1.

Forward, swap, option and swaption contracts included in Level 2 are valued using an income approach including present value techniques and option pricing models. Option contracts, which hedge future sales of our production, are structured as costless collars, calls or swaptions and are financially settled. All of our financial options are valued using an

industry standard Black-Scholes option pricing model. In connection with several natural gas and crude oil swaps entered into, we granted swaptions to the swap counterparties in exchange for receiving premium hedged prices on the natural gas and crude oil swaps. These swaptions grant the counterparty the option to enter into future swaps with us. Significant inputs into our Level 2 valuations include commodity prices, implied volatility and interest rates, as well as considering executed transactions or broker quotes corroborated by other market data. These broker quotes are based on observable market prices at which transactions could currently be executed. In certain instances where these inputs are not observable for all periods, relationships of observable market data and historical observations are used as a means to estimate fair value. Also categorized as Level 2 is the fair value of our debt, which is determined on market rates and the prices of similar securities with similar terms and credit ratings. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2.

Our energy derivatives portfolio is largely comprised of over-the-counter products or like products and the tenure of our derivatives portfolio extends through the end of 2018. Due to the nature of the products and tenure, we are consistently able to obtain market pricing. All pricing is reviewed on a daily basis and is formally validated with broker quotes or market indications and documented on a monthly basis.

Certain instruments trade with lower availability of pricing information. These instruments are valued with a present value technique using inputs that may not be readily observable or corroborated by other market data. These instruments are classified within Level 3 when these inputs have a significant impact on the measurement of fair value. The instruments included in Level 3 were a net liability of less than $1 million at June 30, 2016 , and consist primarily of natural gas index transactions that are used to manage our physical requirements.

Reclassifications of fair value between Level 1, Level 2 and Level 3 of the fair value hierarchy, if applicable, are made at the end of each quarter. No significant transfers occurred during the periods ended June 30, 2016 and 2015 .

There have been no material changes in the fair value of our net energy derivatives and other assets classified as Level 3 in the fair value hierarchy.

Note 12 . Derivatives and Concentration of Credit Risk

Energy Commodity Derivatives

Risk Management Activities

We are exposed to market risk from changes in energy commodity prices within our operations. We utilize derivatives to manage exposure to the variability in expected future cash flows from forecasted sales of crude oil, natural gas and natural gas liquids attributable to commodity price risk.

We produce, buy and sell crude oil, natural gas and natural gas liquids at different locations throughout the United States. To reduce exposure to a decrease in revenues from fluctuations in commodity market prices, we enter into futures contracts, swap agreements and financial option contracts to mitigate the price risk on forecasted sales of crude oil, natural gas and natural gas liquids. We have also entered into basis swap agreements to reduce the locational price risk associated with our producing basins. Our financial option contracts are either purchased or sold options, or a combination of options that comprise a net purchased option, zero-cost collar or swaptions.

Derivatives related to production

The following table sets forth the derivative notional volumes of the net long (short) positions that are economic hedges of production volumes, which are included in our commodity derivatives portfolio as of June 30, 2016 .

Commodity	Period	Contract Type (a)	Location	Notional Volume (b)		Weighted Average Price (c)
Crude Oil						
Crude Oil	Jul -Dec 2016	Fixed Price Swaps	WTI	(30,712)	$	60.16
Crude Oil	Jul -Dec 2016	Basis Swaps	Midland-Cushing	(5,000)	$	(0.45)
Crude Oil	Jul -Dec 2016	Fixed Price Calls	WTI	(1,900)	$	50.70
Crude Oil	2017	Fixed Price Swaps	WTI	(22,804)	$	50.71
Crude Oil	2017	Swaptions	WTI	(3,264)	$	51.22
Crude Oil	2017	Fixed Price Calls	WTI	(2,000)	$	57.10
Crude Oil	2018	Fixed Price Swaps	WTI	(3,000)	$	60.08
Crude Oil	2018	Fixed Price Calls	WTI	(5,000)	$	58.89
Natural Gas						
Natural Gas	Jul -Dec 2016	Fixed Price Swaps	Henry Hub	(146)	$	3.93
Natural Gas	Jul -Dec 2016	Basis Swaps	Permian	(38)	$	(0.17)
Natural Gas	Jul -Dec 2016	Basis Swaps	San Juan	(100)	$	(0.18)
Natural Gas	2017	Fixed Price Swaps	Henry Hub	(90)	$	2.82
Natural Gas	2017	Basis Swaps	Permian	(10)	$	(0.15)
Natural Gas	2017	Basis Swaps	San Juan	(33)	$	(0.16)
Natural Gas	2017	Fixed Price Calls	Henry Hub	(16)	$	4.50
Natural Gas	2017	Swaptions	Henry Hub	(65)	$	4.19
Natural Gas	2018	Fixed Price Calls	Henry Hub	(16)	$	4.75

Commodity	Period	Contract Type	Location(d)	Notional Volume (b)	Weighted Average Price (e)
Physical Derivatives					
Natural Gas	Jul -Dec 2016	Index	Multiple	(65)	N/A
Natural Gas	2017	Index	Multiple	(16)	N/A

(a) Derivatives related to crude oil production are fixed price swaps, basis swaps, calls and swaptions. The derivatives related to natural gas production are fixed price swaps, basis swaps, calls and swaptions. In connection with several natural gas and crude oil swaps entered into, we granted swaptions to the swap counterparties in exchange for receiving premium hedged prices on the natural gas and crude oil swaps. These swaptions grant the counterparty the option to enter into future swaps with us.
(b) Crude oil volumes are reported in Bbl/day and natural gas volumes are reported in BBtu/day.
(c) The weighted average price for crude oil price is reported in $/Bbl and natural gas is reported in $/MMBtu.
(d) We transact at multiple locations primarily around our core assets to maximize the economic value of our transportation and asset management agreements.
(e) Weighted average price is not reported since the notional volumes represent a net position comprised of buys and sells with positive and negative transaction prices.

Fair values and gains (losses)

The following table presents the fair value of energy commodity derivatives. Our derivatives are presented as separate line items in our Consolidated Balance Sheets as current and noncurrent derivative assets and liabilities. Derivatives are classified as current or noncurrent based on the contractual timing of expected future net cash flows of individual contracts. The expected future net cash flows for derivatives classified as current are expected to occur within the next 12 months. The fair value amounts are presented on a gross basis and do not reflect the netting of asset and liability positions permitted under the terms of our master netting arrangements. Further, the amounts below do not include cash held on deposit in margin accounts that we have received or remitted to collateralize certain derivative positions.

	June 30, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
	(Millions)			
Total derivatives	$ 122	$ 89	$ 359	$ 15

We enter into commodity derivative contracts that serve as economic hedges but are not designated as cash flow hedges for accounting purposes as we do not utilize this method of accounting on derivative instruments. The following table presents the net gain (loss) related to our energy commodity derivatives.

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(Millions)			
Gain (loss) from derivatives related to production(a)	$ (154)	$ (68)	$ (97)	$ 54
Gain (loss) from derivatives related to physical marketing agreements(b)	—	(3)	—	(20)
Net gain (loss) on derivatives not designated as hedges	$ (154)	$ (71)	$ (97)	$ 34

(a) Includes settlements totaling $69 million and $137 million for the three months ended June 30, 2016 and 2015 , respectively; and settlements totaling $201 million and $295 million for the six months ended June 30, 2016 and 2015 , respectively.
(b) Includes settlements totaling less than $1 million and payments totaling $5 million for the three months ended June 30, 2016 and 2015 , respectively; and settlements totaling $1 million and payments totaling $28 million for the six months ended June 30, 2016 and 2015 , respectively.

The cash flow impact of our derivative activities is presented as seperate line items within the operating activities on the Consolidated Statements of Cash Flows.

Offsetting of derivative assets and liabilities

The following table presents our gross and net derivative assets and liabilities.

	Gross Amount Presented on Balance Sheet	Netting Adjustments (a)	Cash Collateral Posted (Received)	Net Amount
June 30, 2016		(Millions)		
Derivative assets with right of offset or master netting agreements	$ 122	$ (61)	$ —	$ 61
Derivative liabilities with right of offset or master netting agreements	$ (89)	$ 61	$ —	$ (28)
December 31, 2015				
Derivative assets with right of offset or master netting agreements	$ 359	$ (14)	$ —	$ 345
Derivative liabilities with right of offset or master netting agreements	$ (15)	$ 14	$ —	$ (1)

(a) With all of our financial trading counterparties, we have agreements in place that allow for the financial right of offset for derivative assets and derivative liabilities at settlement or in the event of a default under the agreements. Additionally, we have negotiated master netting agreements with some of our counterparties. These master netting agreements allow multiple entities that have multiple underlying agreements the ability to net derivative assets and derivative liabilities at settlement or in the event of a default or a termination under one or more of the underlying contracts.

Credit-risk-related features

Certain of our derivative contracts contain credit-risk-related provisions that would require us, under certain events, to post additional collateral in support of our net derivative liability positions. These credit-risk-related provisions require us to post collateral in the form of cash or letters of credit when our net liability positions exceed an established credit threshold. The credit thresholds are typically based on our senior unsecured debt ratings from Standard and Poor's and/or Moody's Investment Services. Under these contracts, a credit ratings decline would lower our credit thresholds, thus requiring us to post additional collateral. We also have contracts that contain adequate assurance provisions giving the counterparty the right to request collateral in an amount that corresponds to the outstanding net liability.

As of June 30, 2016 , we had no collateral posted to derivative counterparties, to support the aggregate fair value of our $28 million net derivative liability position (reflecting master netting arrangements in place with certain counterparties), which includes a reduction of $1 million to our liability balance for our own nonperformance risk. There would have been collateral totaling $28 million that we would have been required to post, assuming our credit thresholds were eliminated and a call for adequate assurance under the credit risk provisions in our derivative contracts was triggered, at June 30, 2016 .

Concentration of Credit Risk

Cash equivalents

Our cash equivalents are primarily invested in funds with high-quality, short-term securities and instruments that are issued or guaranteed by the U.S. government.

Accounts receivable

Accounts receivable are carried on a gross basis, with no discounting, less the allowance for doubtful accounts. We estimate the allowance for doubtful accounts based on existing economic conditions, the financial conditions of the customers and the amount and age of past due accounts. Receivables are considered past due if full payment is not received by the contractual due date. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. A portion of our receivables are from joint interest owners of properties we operate. Thus, we may have the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings.

Derivative assets and liabilities

We have a risk of loss from counterparties not performing pursuant to the terms of their contractual obligations. Counterparty performance can be influenced by changes in the economy and regulatory issues, among other factors. Risk of loss is impacted by several factors, including credit considerations and the regulatory environment in which a counterparty transacts. We attempt to minimize credit-risk exposure to derivative counterparties and brokers through formal credit policies,

consideration of credit ratings from public ratings agencies, monitoring procedures, master netting agreements and collateral support under certain circumstances. Collateral support could include letters of credit, payment under margin agreements and guarantees of payment by credit worthy parties.

We also enter into master netting agreements to mitigate counterparty performance and credit risk. During 2016 and 2015, we did not incur any significant losses due to counterparty bankruptcy filings. We assess our credit exposure on a net basis to reflect master netting agreements in place with certain counterparties. We offset our credit exposure to each counterparty with amounts we owe the counterparty under derivative contracts.

The following table presents the gross and net credit exposure from our derivative contracts as of June 30, 2016 .

Counterparty Type	Gross Total	Net Total
	(Millions)	
Financial institutions (Investment Grade)(a)	$ 122	$ 61
Credit exposure from derivatives	$ 122	$ 61

(a) We determine investment grade primarily using publicly available credit ratings. We include counterparties with a minimum S&P's rating of BBB- or Moody's Investors Service rating of Baa3 in investment grade.

Our five largest net counterparty positions represent approximately 98 percent of our net credit exposure from derivatives and are all with investment grade counterparties. Under our marginless hedging agreements with key banks, neither party is required to provide collateral support related to hedging activities.

Other

Collateral support for our commodity agreements could include margin deposits, letters of credit, surety bonds and guarantees of payment by credit worthy parties.

Note 13 . Subsequent Events

As previously discussed, on May 25, 2016, we signed an agreement to buy out the remaining transportation obligations related to our Piceance Basin operations for $239 million which eliminated certain pipeline capacity obligations held by our marketing company with total commitments for the remainder of 2016 and thereafter of approximately $400 million (see Note 9). The transaction closed July 19, 2016 and will result in a $239 million loss that will be reported in continuing operations in the third quarter of 2016. We currently expect the impact of the buyout of these transportation obligations to be reported in cash flow from operating activities in third-quarter 2016.

In July 2016, we closed on the purchase of an additional 7,800 acres in the Delaware Basin. The acreage is located near our acreage position in Eddy County, New Mexico and brings our total position in the basin to approximately 100,000 acres. This purchase also includes nearly 425 Boe per day of production from existing wells.

On July 20, 2016, we entered into Conversion Agreements with certain existing beneficial owners (the "Preferred Holders") of our 6.25% Series A Mandatory Convertible Preferred Stock (the "Preferred Stock"), pursuant to which each of the Preferred Holders has agreed to convert (the "Conversion") shares of Preferred Stock it beneficially owns into shares of our common stock, par value $0.01 per share, and will in addition receive a cash payment from us in connection with the Conversion. The Preferred Holders have agreed to convert an aggregate of 2,201,180 shares of Preferred Stock into 10,227,872 shares of our common stock in the Conversion, and we have agreed to make an aggregate cash payment to the Preferred Holders in an amount expected to be approximately $10 million . Following the Conversion, approximately 4.8 million shares of Preferred Stock will remain outstanding. We issued the shares of common stock in the Conversion on July 28, 2016.

The shares of common stock were issued in a transaction exempt from registration pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended, as an exchange exclusively with existing security holders where no commission or other remuneration was paid or given directly or indirectly for soliciting such exchange. We will retire the shares of Preferred Stock converted in the Conversion. By entering into the Conversion and associated transactions early, we will reduce cash dividend payments and continue simplifying our capital and cost structure.

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

General

The following discussion should be read in conjunction with the selected historical consolidated financial data and the consolidated financial statements and the related notes included elsewhere in this Form 10-Q and Exhibit 99.1 of our Form 8-K filed May 25, 2016. The matters discussed below may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Form 10-Q and our 2015 Annual Report on Form 10-K.

On February 8, 2016, we signed an agreement to sell our Piceance Basin operations to Terra Energy Partners LLC ("Terra") and closed the transaction on April 8, 2016. The results of operations of the Piceance Basin are reported as discontinued operations (see Note 3 of Notes to Consolidated Financial Statements). In addition, our discontinued operations include the results of the Powder River Basin sold in September 2015 and our international interests sold in January 2015 (see Note 3 of Notes to Consolidated Financial Statements).

Unless indicated otherwise, the following discussion relates to continuing operations.

On August 17, 2015, we completed the acquisition of privately-held RKI Exploration & Production, LLC ("RKI"). See Note 2 of Notes to Consolidated Financial Statements for further discussion of the acquisition of RKI.

Overview

The following table presents our production volumes and financial highlights for the three and six months ended June 30, 2016 and 2015:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Production Sales Data(a):				
Volumes:				
Oil (MBbls)	3,719	2,832	7,493	5,804
Natural gas (MMcf)	18,764	14,913	35,583	30,745
NGLs (MBbls)	909	476	1,617	855
Combined equivalent volumes (MBoe)(b)	7,755	5,794	15,041	11,784
Per day volumes:				
Oil (MBbls/d)	40.9	31.1	41.2	32.1
Natural gas (MMcf/d)	206	164	196	170
NGLs (MBbls/d)	10.0	5.2	8.9	4.7
Per day combined equivalent volumes (MBoe/d)(b)	85.2	63.7	82.6	65.1
Financial Data (millions):				
Total revenues	$ 138	$ 154	$ 354	$ 574
Operating income (loss)	$ (299)	$ 55	$ (209)	$ 168
Cash capital expenditures(c)	$ 106	$ 199	$ 291	$ 679
Capital expenditure activity(d)	$ 94	$ 138	$ 264	$ 435

(a) Excludes production from our discontinued operations.
(b) MBoe are converted using the ratio of one barrel of oil, condensate or NGL to six thousand cubic feet of natural gas.
(c) Includes cash capital expenditures related to discontinued operations of $5 million and $45 million for the three months ended June 30, 2016 and 2015, respectively, and $31 million and $185 million for the six months ended June 30, 2016 and 2015, respectively.
(d) Includes capital expenditures activity related to discontinued operations of $2 million and $34 million for the three months ended June 30, 2016 and 2015, respectively, and $26 million and $114 million for the six months ended June 30, 2016 and 2015, respectively.

Our second-quarter 2016 operating results were $354 million unfavorable compared to second-quarter 2015. The primary unfavorable impacts for the three months ended June 30, 2016 compared to the same period in 2015 include:

- the absence in 2016 of a $209 million gain on the sale of a package of marketing contracts and release of certain related firm transportation capacity in 2015;
- $83 million unfavorable change in net gain (loss) on derivatives;
- $40 million increase in depreciation, depletion and amortization;
- $14 million lower net gas management margin; and
- $15 million higher operating expenses, including lease and facility operating, gathering, processing and transportation, operating taxes and general and administrative expenses.

Our year-to-date 2016 operating results were $377 million unfavorable compared to year to date 2015. The primary unfavorable impacts for the six months ended June 30, 2016 compared to the same period in 2015 include:

- $131 million unfavorable change in net gain (loss) on derivatives;
- $75 million increase in depreciation, depletion and amortization;
- $70 million lower net gas management margin;
- $22 million lower product revenues; and
- $202 million of net gain on sales of assets in 2016 compared to $277 million for the same period in 2015.

Outlook

The oil and gas industry is in a challenging environment as evidenced by volatility in the prices, the changing capital plans among our peers, reductions in workforces across the industry and concerns about liquidity. In 2016, we have taken steps to strengthen our liquidity including the issuance of common equity which provided $539 million of proceeds before offering costs, renegotiated a secured revolving credit agreement with a $1.025 billion current capacity, and sold WPX Energy Rocky Mountain LLC, which holds our Piceance operations. Our June 30, 2016 cash and cash equivalents totaled over $1.0 billion. Through June 30, 2016, we have reduced our near term leverage through repayment of outstanding amounts under the Credit Facility and tendering for portions of the Senior Notes due in 2017 of which only $160 million remains outstanding as of June 30, 2016. Our next debt maturity is not until 2020. In July 2016, we completed the buyout of approximately $400 million of remaining long term transportation obligations for $239 million. In addition, we have 30,712 barrels of oil per day hedged at $60.16 per barrel in 2016. For 2017, we have 25,054 Bbl per day of oil hedged at $50.74 per barrel. Our current liquidity position will provide the necessary capital to develop our assets or should sustain us if there is a further downturn. Over the past two years, we have been committed to the strategy of increasing oil production as a percentage of our overall production and increasing margins. This commitment has led to the transformation of the Company. Our primary focus is on the Delaware Basin assets acquired in 2015. The asset scale and concentrated acreage position will allow for efficient, low-cost development activities over a number of years that will provide additional optionality to our portfolio and a more balanced commodity mix. A substantial portion of our future capital spending will be allocated to the Delaware Basin where expected returns are attractive even in the current commodity price environment. We will also continue our development of the oil plays in the Williston and San Juan Basins.

As we continue our transformation, we have the opportunity to improve our cost structure and ensure that our organization is in alignment with our growth objectives. Throughout 2016, we plan to continue the cost reduction efforts through reduced drilling times, efficient use of pad design and completion activities, and collaboration with our vendors to lower costs on goods and services; however, additional savings may not be as great as those seen in 2015. Additionally, we are challenging our levels of general and administrative costs. In February 2016, we announced our plans to close the Oklahoma City office which was accomplished in second-quarter 2016. We also expect to have further reductions to our cost structure after completion of our transition obligations associated with the sale of the Piceance Basin. We will continue to further align our organizational size to achieve an optimal workforce conducive to the current pricing environment and future growth.

During the first six months of 2016, we incurred $264 million in capital expenditures, primarily drilling and completions, which includes $ 26 million associated with the Piceance assets through the closing date. Our 2016 drilling and completion capital program is expected to range from $ 400 million to $ 450 million . For the full-year 2016, we expect to spend $195 million to $215 million in the Delaware Basin while running an average of three rigs to develop our acreage for the remainder of 2016. We expect to spend $130 million to $145 million in the Williston Basin and deploy one rig. In addition, we expect to complete three to four previously drilled but not completed wells per month through December 2016. We expect to spend $75 million to $85 million in the San Juan Basin, primarily in the Gallup Sandstone. We also expect to incur additional capital expenditures of $10 million to $20 million on midstream related projects in the Delaware Basin.

As we execute on our long-term strategy, we continue to operate with a focus on increasing shareholder value and investing in our businesses in a way that enhances our competitive position by:

- continuing to grow our oil production and reserves through the development of our positions in the Delaware Basin, Williston Basin and Gallup Sandstone in the San Juan Basin;
- continuing to pursue cost improvements and efficiency gains;
- employing new technology and operating methods;
- continuing to invest in projects to assess resources and add new development opportunities to our portfolio;
- retaining the flexibility to make adjustments to our planned levels and allocation of capital investment expenditures in response to changes in economic conditions or business opportunities; and
- continuing to maintain an active economic hedging program around our commodity price risks.

Potential risks or obstacles that could impact the execution of our plan include:

- lower than anticipated energy commodity prices;
- lower than expected results from acquisitions;
- higher capital costs of developing our properties;
- lower than expected levels of cash flow from operations;
- counterparty credit and performance risk;
- general economic, financial markets or industry downturn;
- unavailability of capital either under our revolver or access to capital markets;
- changes in the political and regulatory environments;
- increase in the cost of, or shortages or delays in the availability of, drilling rigs and equipment supplies, skilled labor or transportation; and
- decreased drilling success.

With the exception of potential impairments, we continue to address certain of these risks through utilization of commodity hedging strategies, disciplined investment strategies and maintaining adequate liquidity. In addition, we use master netting agreements and collateral requirements with our counterparties to reduce credit risk and liquidity requirements. Further, we continue to monitor the long-term market outlooks and forecasts for potential indicators of needed changes to our forecasted oil and natural gas prices. If forecasted oil and natural gas prices were to decline, we would need to review the producing properties net book value for possible impairment. If impairments were required, the charges could be significant. The net book value of our predominantly oil proved properties is $3.7 billion and the net book value of our predominantly natural gas proved properties is approximately $300 million. In addition, the net book value associated with unproved leasehold is approximately $2.2 billion and is primarily associated with our Delaware Basin properties. See our discussion of impairment of long-lived assets in our critical accounting estimates discussion in Exhibit 99.1 of our Form 8-K filed May 25, 2016.

Commodity Price Risk Management

To manage the commodity price risk and volatility of owning producing oil and gas properties, we enter into derivative contracts for a portion of our future production (see Note 12 of Notes to Consolidated Financial Statements). We chose not to designate our derivative contracts associated with our future production as cash flow hedges for accounting purposes. For the remainder of 2016 and 2017, we have the following contracts as of the date of this filing shown at weighted average volumes and basin-level weighted average prices:

Crude Oil	**Jul - Dec 2016**		**2017**	
	Volume (Bbls/d)	**Weighted Average Price ($/Bbl)**	**Volume (Bbls/d)**	**Weighted Average Price ($/Bbl)**
Fixed-price—WTI	30,712	$ 60.16	25,054	$ 50.74
Swaptions—WTI	—	$ —	3,264	$ 51.22
Fixed Price Calls—WTI	1,900	$ 50.70	2,000	$ 57.10
Basis swaps—Midland	5,000	$ (0.45)	—	$ —

Natural Gas	Jul - Dec 2016		2017	
	Volume (BBtu/d)	Weighted Average Price ($/MMBtu)	Volume (BBtu/d)	Weighted Average Price ($/MMBtu)
Fixed-price—Henry Hub	146	$ 3.93	110	$ 2.91
Swaptions—Henry Hub	—	$ —	65	$ 4.19
Fixed Price Calls—Henry Hub	—	$ —	16	$ 4.50
Basis swaps—Permian	38	$ (0.17)	10	$ (0.15)
Basis swaps—San Juan	100	$ (0.18)	33	$ (0.16)

Results of Operations

Operations of our company include oil, natural gas and NGL development, production and gas management activities primarily located in Texas, North Dakota, New Mexico and Colorado. Our development and production techniques specialize in production from tight-sands and shale formations in the Delaware, Williston and San Juan Basins. Associated with our commodity production are sales and marketing activities, referred to as gas management activities, which include the management of various commodity contracts, such as transportation and related derivatives and the marketing of Piceance Basin volumes during a transition period (see Note 3 of Notes to Consolidated Financial Statements).

Three Month-Over-Three Month Results of Operations

Revenue Analysis

	Three months ended June 30,		Favorable (Unfavorable) $ Change	Favorable (Unfavorable) % Change
	2016	2015		
	(Millions)			
Revenues:				
Oil sales	$ 142	$ 138	$ 4	3 %
Natural gas sales	24	26	(2)	(8)%
Natural gas liquid sales	10	5	5	100 %
Total product revenues	176	169	7	4 %
Gas management	116	56	60	107 %
Net gain (loss) on derivatives	(154)	(71)	(83)	(117)%
Total revenues	$ 138	$ 154	$ (16)	(10)%

Significant variances in the respective line items of revenues are comprised of the following:

- $4 million increase in oil sales reflects a $43 million increase related to higher production sales volumes substantially offset by $39 million related to lower sales prices for the three months ended June 30, 2016 as compared to 2015 . The increase in production sales volumes relates to our Delaware Basin which was acquired in the third quarter of 2015. The Delaware Basin volumes were 13.8 MBbls per day for the three months ended June 30, 2016 . The following table reflects oil production prices and volumes for the three months ended June 30, 2016 and 2015 :

	Three months ended June 30,	
	2016	2015
Oil sales (per barrel)	$ 38.38	$ 48.75
Impact of net cash received (paid) related to settlement of derivatives (per barrel)(a)	11.05	26.18
Oil net price including derivative settlements (per barrel)	$ 49.43	$ 74.93
Oil production sales volumes (MBbls)	3,719	2,832
Per day oil production sales volumes (MBbls/d)	40.9	31.1

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- $2 million decrease in natural gas sales reflects $9 million related to lower sales prices substantially offset by a $7 million increase related to higher production sales volumes. The increase in our production sales volumes is primarily due to our Delaware Basin which was acquired in the third quarter of 2015. The following table reflects natural gas

production prices and volumes for the three months ended June 30, 2016 and 2015 :

	Three months ended June 30,	
	2016	2015
Natural gas sales (per Mcf)	$ 1.23	$ 1.76
Impact of net cash received (paid) related to settlement of derivatives (per Mcf)(a)	1.48	4.21
Natural gas net price including derivative settlements (per Mcf)	$ 2.71	$ 5.97
Natural gas production sales volumes (MMcf)	18,764	14,913
Per day natural gas production sales volumes (MMcf/d)	206	164

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- $5 million increase in natural gas liquids sales reflects a $4 million increase related to production sales volumes, primarily due to our Delaware Basin, and $1 million related to higher NGL sales prices for the three month ended June 30, 2016 compared to 2015. The following table reflects NGL production prices and volumes for the three months ended June 30, 2016 and 2015 :

	Three months ended June 30,	
	2016	2015
NGL sales (per barrel)	$ 11.21	$ 9.81
NGL production sales volumes (MBbls)	909	476
Per day NGL production sales volumes (MBbls/d)	10.0	5.2

- $60 million increase in gas management revenues primarily due to higher natural gas sales volumes partially offset by lower average prices on physical natural gas sales. The increase in volumes is due in part to the sale of production volumes pursuant to our purchase agreement with the buyer of the Piceance Basin operations. This agreement ended June 30, 2016. We experienced a similar increase of $74 million in related gas management costs and expenses, discussed below.
- $83 million unfavorable change in net gain (loss) on derivatives primarily relates to unfavorable changes in realized and unrealized gains (losses) on derivatives related to production. Total settlements from our derivatives were $70 million and $132 million for the three months ended June 30, 2016 and 2015, respectively.

Cost and operating expense and operating income (loss) analysis

	Three months ended June 30,			
	2016	2015	Favorable (Unfavorable) $ Change	Favorable (Unfavorable) % Change
	(Millions)			
Costs and expenses:				
Lease and facility operating	$ 41	$ 32	$ (9)	(28)%
Gathering, processing and transportation	20	16	(4)	(25)%
Taxes other than income	16	16	—	— %
Gas management, including charges for unutilized pipeline capacity	132	58	(74)	(128)%
Exploration	12	6	(6)	(100)%
Depreciation, depletion and amortization	163	123	(40)	(33)%
Net (gain) loss on sales of assets	(4)	(208)	(204)	(98)%
General and administrative	55	53	(2)	(4)%
Other—net	2	3	1	33 %
Total costs and expenses	$ 437	$ 99	$ (338)	NM
Operating income (loss)	$ (299)	$ 55	$ (354)	NM

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

Significant variances in our costs and expenses are comprised of the following:

- $9 million increase in lease and facility operating expenses primarily due to $16 million in our Delaware Basin, which was acquired in the third quarter of 2015, partially offset by decreases in other basins. Lease and facility operating expense averaged $5.34 per Boe for the three months ended June 30, 2016 compared to $5.54 per Boe for the same period in 2015 .
- $4 million increase in gathering, processing and transportation expenses is primarily due to the sales of our Williston Basin gathering system in the fourth quarter of 2015 and our San Juan Basin gathering system in the first quarter of 2016. Gathering, processing and transportation expenses averaged $2.57 per Boe for the three months ended June 30, 2016 and $2.65 per Boe for the same period in 2015 .
- Taxes other than income remained flat for the three months ended June 30, 2016 compared to 2015. Taxes related to our Delaware Basin, which was acquired in the third quarter of 2015, were offset by a lower rate in the Williston Basin. Taxes other than income averaged $2.05 per Boe for the three months ended June 30, 2016 compared to $2.83 per Boe for the same period in 2015 .
- $74 million increase in gas management expenses primarily due to higher natural gas purchase volumes partially offset by lower average prices on physical natural gas cost of sales, as previously discussed. The increase in volumes is due in part to our marketing of the volumes for the purchaser of our Piceance Basin operations during a transition period (see Note 3 of Notes to Consolidated Financial Statements). Also included in gas management expenses is $11 million and $9 million for the three months ended June 30, 2016 and 2015 , respectively, for unutilized pipeline capacity.
- $6 million increase in exploration expenses is primarily due to leasehold amortization in our Delaware Basin, which was acquired in the third quarter of 2015.
- $40 million increase in depreciation, depletion and amortization is primarily due to our Delaware Basin, which was acquired in the third quarter of 2015, and a higher rate in our other basins in 2016 partially offset by lower volumes. The higher rate is due in part to our adjusting the proved reserves used for the calculation of depletion and amortization to reflect the impact of a decrease in the 12-month average price resulting in approximately $5 million of additional depreciation, depletion and amortization coupled with the $7 million impact from the first quarter. Further decreases in the 12-month average price may result in additional increases in our depreciation, depletion and amortization expense. During the three months ended June 30, 2016 , our depreciation, depletion and amortization averaged $21.02 per Boe compared to an average $21.21 per Boe for the same period in 2015 . Excluding the Delaware Basin, our depreciation, depletion and amortization averaged $22.21 for the three months ended June 30, 2016.
- The absence of a $209 million gain related to the sale of a package of marketing contracts and release of certain related firm transportation capacity in 2015 (see Note 5 of Notes to Consolidated Financial Statements).
- General and administrative expenses include $7 million for the the three months ended June 30, 2016 and 2015 for severance and relocation costs associated with workforce reductions and office consolidations. We continue to challenge our levels of general and administrative costs, and we plan to further align our organizational size to achieve an optimal workforce conducive to the current pricing environment and future growth. General and administrative expenses averaged $7.09 per Boe for the three months ended June 30, 2016 compared to $9.21 per Boe for the same period in 2015 . Excluding the severance and relocation costs, general and administrative expenses would have averaged $6.13 per Boe for 2016 and $7.88 per Boe for 2015.

Results below operating income (loss)

	Three months ended June 30,			
	2016	2015	Favorable (Unfavorable) $ Change	Favorable (Unfavorable) % Change
	(Millions)			
Operating income (loss)	$ (299)	$ 55	$ (354)	NM
Interest expense	(53)	(32)	(21)	(66)%
Investment income and other	(1)	1	(2)	NM
Income (loss) from continuing operations before income taxes	(353)	24	(377)	NM
Provision (benefit) for income taxes	(130)	1	131	NM
Income (loss) from continuing operations	(223)	23	(246)	NM
Income (loss) from discontinued operations	25	(53)	78	NM
Net income (loss)	(198)	(30)	(168)	NM
Less: Net income (loss) attributable to noncontrolling interests	—	—	—	NM
Net income (loss) attributable to WPX Energy, Inc.	$ (198)	$ (30)	$ (168)	NM

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

The increase in interest expense primarily relates to $20 million associated with the notes issued in the third quarter of 2015 for which the proceeds were used to purchase RKI.

Provision (benefit) for income taxes changed favorably due to a pre-tax loss for the three months ended June 30, 2016 compared to pre-tax income for the same period in 2015 . See Note 8 of Notes to Consolidated Financial Statements for a discussion of the effective tax rates compared to the federal statutory rate for both periods.

Income (loss) from discontinued operations in 2016 includes the operations of and gain on sale of the Piceance Basin and certain retained gathering, processing and transportation costs related to the Powder River Basin (see Note 3 of Notes to Consolidated Financial Statements).

Six Month-Over-Six Month Results of Operations

Revenue Analysis

	Six months ended June 30,		Favorable (Unfavorable) $ Change	Favorable (Unfavorable) % Change
	2016	2015		
	(Millions)			
Revenues:				
Oil sales	$ 239	$ 250	$ (11)	(4)%
Natural gas sales	49	67	(18)	(27)%
Natural gas liquid sales	15	8	7	88 %
Total product revenues	303	325	(22)	(7)%
Gas management	147	213	(66)	(31)%
Net gain (loss) on derivatives	(97)	34	(131)	NM
Other	1	2	(1)	(50)%
Total revenues	$ 354	$ 574	$ (220)	(38)%

Significant variances in the respective line items of revenues are comprised of the following:

- $11 million decrease in oil sales reflects $84 million related to lower sales prices partially offset by a $73 million increase related to higher production sales volumes for the six months ended June 30, 2016 compared to 2015 . The increase in production sales volumes relates to our Delaware Basin which was acquired in the third quarter of 2015. The Delaware Basin volumes were 12.9 MBbls per day for the first six months of 2016. The following table reflects oil production prices and volumes for the six months ended June 30, 2016 and 2015 :

	Six months ended June 30,	
	2016	2015
Oil sales (per barrel)	$ 31.96	$ 43.09
Impact of net cash received (paid) related to settlement of derivatives (per barrel)(a)	15.50	28.61
Oil net price including derivative settlements (per barrel)	$ 47.46	$ 71.70
Oil production sales volumes (MBbls)	7,493	5,804
Per day oil production sales volumes (MBbls/d)	41.2	32.1

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- $18 million decrease in natural gas sales reflects $29 million related to lower sales prices partially offset by a $11 million increase related to higher production sales volumes for the six months ended June 30, 2016 compared to 2015. The increase in our production sales volumes is due in part to our Delaware Basin which was acquired in the third quarter of 2015 as well as continued development in the San Juan Basin. The increase in sales volumes is partially offset by the impact of the sale of Appalachian Basin assets in the first quarter of 2015. The following table reflects natural gas production prices and volumes for the six months ended June 30, 2016 and 2015 :

	Six months ended June 30,	
	2016	2015
Natural gas sales (per Mcf)	$ 1.37	$ 2.19
Impact of net cash received (paid) related to settlement of derivatives (per Mcf)(a)	2.39	4.19
Natural gas net price including derivative settlements (per Mcf)	$ 3.76	$ 6.38
Natural gas production sales volumes (MMcf)	35,583	30,745
Per day natural gas production sales volumes (MMcf/d)	196	170

(a) Included in net gain (loss) on derivatives on the Consolidated Statements of Operations.

- $7 million increase in natural gas liquids sales is primarily due to production sales volumes in our Delaware Basin, which was acquired in the third quarter of 2015. The following table reflects NGL production prices and volumes for the six months ended June 30, 2016 and 2015 :

	Six months ended June 30,	
	2016	2015
NGL sales (per barrel)	$ 9.43	$ 9.58
NGL production sales volumes (MBbls)	1,617	855
Per day NGL production sales volumes (MBbls/d)	8.9	4.7

- $66 million decrease in gas management revenues is primarily due to lower average prices on physical natural gas sales partially offset by higher natural gas sales volumes. The increase in volumes is due in part to the sale of production volumes pursuant to our purchase agreement with the buyer of the Piceance Basin operations. This agreement ended June 30, 2016. The decrease in the sales price was greater than the decrease in the purchase price as reflected in the $ 4 million increase in related gas management costs and expenses, discussed below.
- $131 million unfavorable change in net gain (loss) on derivatives primarily reflects an unfavorable change in gains (losses) on derivatives related to production, primarily natural gas and crude, partially offset by a favorable change in gains (losses) on derivatives related to gas management. Settlements from our derivatives totaled $202 million for the six months ended June 30, 2016 and net settlements were $267 million for the six months ended June 30, 2015.

Cost and operating expense and operating income (loss) analysis

	Six months ended June 30,		Favorable (Unfavorable) $ Change	Favorable (Unfavorable) % Change
	2016	2015		
	(Millions)			
Costs and expenses:				
Lease and facility operating	$ 83	$ 67	$ (16)	(24)%
Gathering, processing and transportation	36	33	(3)	(9)%
Taxes other than income	27	31	4	13 %
Gas management, including charges for unutilized pipeline capacity	171	167	(4)	(2)%
Exploration	21	13	(8)	(62)%
Depreciation, depletion and amortization	315	240	(75)	(31)%
Net (gain) loss on sales of assets	(202)	(277)	(75)	(27)%
General and administrative	108	107	(1)	(1)%
Other—net	4	25	21	84 %
Total costs and expenses	$ 563	$ 406	$ (157)	(39)%
Operating income (loss)	$ (209)	$ 168	$ (377)	NM

Significant variances in our costs and expenses are comprised of the following:

- $16 million increase in lease and facility operating expenses is due to $34 million in our Delaware Basin which was acquired in the third quarter of 2015 partially offset by reduced costs across our basins. Lease and facility operating expense averaged $5.53 per Boe for the six months ended June 30, 2016 compared to $5.72 per Boe for the same period in 2015 .
- $4 million decrease in taxes other than income primarily relates to a lower rate in the Williston Basin and lower commodity prices partially offset by the Delaware Basin. Taxes other than income averaged $1.77 per Boe for the six months ended June 30, 2016 compared to $2.64 per Boe for the same period in 2015 .
- $4 million increase in gas management expenses is primarily due to higher natural gas purchase volumes partially offset by lower average prices on physical natural gas cost of sales, as previously discussed. Also included in gas management expenses are $21 million and $19 million for the six months ended June 30, 2016 and 2015 , respectively, for unutilized pipeline capacity.

- $8 million increase in exploration expenses is primarily due to leasehold amortization in our Delaware Basin, which was acquired in the third quarter of 2015.
- $75 million increase in depreciation, depletion and amortization is primarily due to our Delaware Basin, which was acquired in the third quarter of 2015, and a higher rate in our other basins in 2016. The higher rate is due in part to our adjusting the proved reserves used for the calculation of depletion and amortization to reflect the impact of a decrease in the 12-month average price resulting in a $18 million addition to depreciation, depletion and amortization. Further decreases in the 12-month average price may result in additional increases in our depreciation, depletion and amortization expense. During the six months ended June 30, 2016 , our depreciation, depletion and amortization averaged $20.98 per Boe compared to an average $20.37 per Boe for the same period in 2015 . Excluding the Delaware Basin, our depreciation, depletion and amortization averaged $21.94 for the six months ended June 30, 2016.
- $202 million net gain on sales of assets in 2016 primarily relates to the sale of the San Juan Basin gathering system compared to $277 million in 2015 which primarily relates to the sales of a package of marketing contracts and release of certain related firm transportation capacity in the second quarter of 2015 and a portion of our Appalachian Basin assets in the first quarter of 2015 (see Note 5 of Notes to Consolidated Financial Statements).
- General and administrative expenses include $10 million and $15 million for the the six months ended June 30, 2016 and 2015, respectively, for severance and relocation costs associated with workforce reductions and office consolidations. We continue to challenge our levels of general and administrative costs, and we plan to further align our organizational size to achieve an optimal workforce conducive to the current pricing environment and future growth. General and administrative expenses averaged $7.21 per Boe for the six months ended June 30, 2016 compared to $9.01 per Boe for the same period in 2015 . Excluding the severance and relocation costs, general and administrative expenses would have averaged $6.54 per Boe for 2016 and $7.72 per Boe for 2015.
- $21 million decrease in other expenses primarily relates to expenses recorded in association with a contract termination in the first quarter of 2015 (see Note 5 of Notes to Consolidated Financial Statements).

Results below operating income (loss)

	Six months ended June 30,			
	2016	2015	Favorable (Unfavorable) $ Change	Favorable (Unfavorable) % Change
	(Millions)			
Operating income (loss)	$ (209)	$ 168	$ (377)	NM
Interest expense	(110)	(65)	(45)	(69)%
Investment income and other	1	2	(1)	(50)%
Income (loss) from continuing operations before income taxes	(318)	105	(423)	NM
Provision (benefit) for income taxes	(95)	30	125	NM
Income (loss) from continuing operations	(223)	75	(298)	NM
Income (loss) from discontinued operations	13	(37)	50	NM
Net income (loss)	(210)	38	(248)	NM
Less: Net income (loss) attributable to noncontrolling interests	—	1	(1)	(100)%
Net income (loss) attributable to WPX Energy, Inc.	$ (210)	$ 37	$ (247)	NM

NM: A percentage calculation is not meaningful due to change in signs, a zero-value denominator or a percentage change greater than 200.

The increase in interest expense primarily relates to $39 million associated with the notes issued in the third quarter of 2015 and $4 million related to expensing of certain previously capitalized costs associated with the amendment of our revolving credit facility.

Provision (benefit) for income taxes in 2016 changed favorably compared to 2015 due to a pre-tax loss from continuing operations in 2016 compared to pre-tax income in 2015. See Note 8 of Notes to Consolidated Financial Statements for a discussion of the effective tax rates compared to the federal statutory rate for both periods.

Income (loss) from discontinued operations in 2016 includes the Piceance Basin and certain retained gathering, processing and transportation costs related to the Powder River Basin while 2015 also includes our former international segment (see Note 3 of Notes to Consolidated Financial Statements).

Management's Discussion and Analysis of Financial Condition and Liquidity

Overview and Liquidity

Our main sources of liquidity are cash on hand (including cash from a recent equity offering), internally generated cash flow from operations and our bank credit facility. Additional sources of liquidity, if needed and if available, include proceeds from asset sales, bank financings and proceeds from the issuance of long-term debt and equity securities. In consideration of our liquidity, we note the following:

- as of June 30, 2016 , we maintained liquidity through cash, cash equivalents and available credit capacity under our credit facility; and
- our credit exposure to derivative counterparties is partially mitigated by master netting agreements and collateral support.

Outlook

We expect our capital structure will provide us financial flexibility to meet our requirements for working capital, capital expenditures and tax and debt payments while maintaining a sufficient level of liquidity. Our primary sources of liquidity in 2016 are expected cash flows from operations, proceeds from the issuance of equity securities, proceeds from monetization of assets and, if necessary, borrowings on our credit facility. We anticipate that the combination of these sources should be sufficient to allow us to pursue our business strategy and goals through 2018.

We note the following assumptions for the remainder of 2016 :

- our planned capital expenditures, excluding acquisitions and Piceance related capital, for all of 2016 are estimated to be approximately $ 400 million to $ 450 million . As of June 30, 2016 , we have incurred $238 million of capital expenditures and an additional $ 26 million related to the Piceance Basin;
- we anticipate cash payments of approximately $ 239 million related to the buyout of remaining transportation obligations;
- we seek to further reduce debt and we may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. As of June 30, 2016, the remaining outstanding balance of the Senior Notes due in 2017 was $160 million . Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. Subsequent to June 30, 2016 , we repurchased approximately $ 35 million of our Senior Notes due 2017; and
- for the remainder of 2016 we have hedged 30,712 Bbls per day of our anticipated 2016 oil production at a weighted-average price of $60.16 per barrel. WPX has natural gas derivatives totaling 145,965 MMBtu per day for the remainder of 2016 , at a weighted price of $3.93 per MMBtu. WPX has hedged 25,054 Bbls per day of our anticipated 2017 oil production at a weighted-average price of $ 50.74 per barrel. We have also hedged 110,000 MMBtu per day of our anticipated 2017 natural gas production at a weighted-average price of $ 2.91 per MMBtu.

Potential risks associated with our planned levels of liquidity and the planned capital expenditures discussed above include:

- lower than expected levels of cash flow from operations, primarily resulting from lower energy commodity prices;
- higher than expected collateral obligations that may be required;
- higher capital costs for developing our properties;
- significantly lower than expected capital expenditures could result in the loss of undeveloped leasehold; and
- reduced access to our credit facility pursuant to our financial covenants.

Liquidity

Based on our forecasted levels of cash flow from operations and other sources of liquidity, we expect to have sufficient liquidity to manage our businesses throughout 2016 and beyond. In addition, we continually evaluate the level of our 2016 capital program given our expectations of our cash on hand and operating cash flows for 2016 . Our internal and external sources of consolidated liquidity include cash generated from operations, cash and cash equivalents on hand, and our available credit facility capacity. Additional sources of liquidity, if needed and if available, include proceeds from asset sales, bank financings and proceeds from the issuance of long-term debt and equity securities.

Equity Offering

On June 6, 2016, we completed an underwritten public offering of 56.925 million shares of our common stock, which included 7.425 million shares of common stock issued pursuant to an option granted to the underwriters to purchase additional shares. The stock was sold to the underwriters at $9.47 per share and we received proceeds of approximately $538 million from

the sale of these shares of common stock, net of offering expenses and underwriting discounts and commissions (see Note 10 of Notes to Consolidated Financial Statements).

Credit Facility

On March 18, 2016, the Company entered into a Second Amended and Restated Credit Agreement with Wells Fargo Bank, National Association, as Administrative Agent, Lender and Swingline Lender and the other lenders party thereto (the "Credit Facility"). The Credit Facility is a $1.2 billion senior secured revolving credit facility with a maturity date of October 28, 2019 . At the time of closing of the Credit Facility, a Collateral Trigger Period was in effect. During a Collateral Trigger Period, Loans will be subject to a Borrowing Base as calculated in accordance with the provisions of the Credit Facility. As of the Closing Date of the Credit Facility, the Borrowing Base was set at $1.025 billion and will remain in effect until the next date the Borrowing Base is re-determined pursuant to the Credit Facility. The financial covenants in the Credit Facility may limit our ability to borrow money, depending on the applicable financial metrics at any given time. As of June 30, 2016 , we were in compliance with our financial covenants, had full access to the Credit Facility and did not have any outstanding borrowings. For additional information regarding the terms of our Credit Facility see Note 7 of Notes to Consolidated Financial Statements.

We currently have three bilateral, uncommitted letter of credit agreements most of which expire throughout 2016. These agreements allow us to preserve our liquidity under our Credit Facility while providing support to our ability to meet performance obligation needs for, among other items, various interstate pipeline contracts into which we have entered. These unsecured agreements incorporate similar terms as those in the Credit Facility. At June 30, 2016 , a total of $228 million in letters of credit have been issued, a majority of which provide support for interstate pipeline contracts. If these letter of credit agreements are not renewed, we may issue letters of credit under our Credit Facility. As a result of the buyout of our Piceance Basin transportation obligations, we expect to eliminate approximately $162 million in letters of credit and their associated annual interest expense (see Note 13 of Notes to Consolidated Financial Statements).

Sources (Uses) of Cash

	Six months ended June 30,	
	2016	2015
	(Millions)	
Net cash provided (used) by:		
Operating activities	$ 85	$ 430
Investing activities	844	95
Financing activities	64	(278)
Increase (decrease) in cash and cash equivalents	$ 993	$ 247

Operating activities

Our net cash provided by operating activities for the six months ended June 30, 2016 decreased from the same period in 2015 primarily due to lower net gas management revenues and expenses, the income taxes paid in 2016 and lower commodity prices, partially offset by higher production volumes. Excluding changes in working capital, total cash provided by operating activities related to discontinued operations was approximately $29 million and $93 million for the six months ended June 30, 2016 and 2015 , respectively. We expect cash flow from operating activities in the third quarter of 2016 to be impacted by the $239 million buyout of certain transportation obligations (see Note 9 of Notes to the Consolidated Financial Statements).

Investing activities

Cash capital expenditures for drilling and completion were $266 million and $579 million for the six months ended June 30, 2016 and 2015 , respectively. Cash capital expenditures for drilling and completion related to our Piceance Basin were $25 million and $159 million for the six months ended June 30, 2016 and 2015 , respectively. Capital expenditures incurred for drilling and completions were $ 245 million and $365 million during the six months ended June 30, 2016 and 2015 , respectively. Capital expenditures incurred for drilling and completions related to our Piceance Basin were $ 21 million and $102 million during the six months ended June 30, 2016 and 2015 , respectively. In addition, expenditures related to international were $ 15 million for the six months ended June 30, 2015 .

Significant components related to proceeds from the sale of our domestic assets and international interests are comprised of the following:

2016

- $ 862 million for the sale of WPX Energy Rocky Mountain, LLC that held our Piceance Basin operations to Terra Energy Partners, LLC (see Note 3 of Notes to Consolidated Financial Statements).
- $280 million for the sale of our San Juan Basin gathering system to a portfolio company of ISQ Global Infrastructure Fund, a fund managed by I Squared Capital during the first quarter of 2016 (see Note 5 of Notes to Consolidated Financial Statements).

2015

- $209 million for the sale of a package of marketing contracts and release of certain related firm transportation capacity in the Northeast during May 2015 (see Note 5 of Notes to Consolidated Financial Statements)
- $271 million for the sale of a portion of our Appalachian Basin operations and release of certain firm transportation capacity to Southwestern Energy Company during the first quarter of 2015 (see Note 5 of Notes to Consolidated Financial Statements).
- $291 million after expenses but before $17 million of cash on hand at Apco as of the closing date, for the divestiture of our 69 percent controlling equity interest in Apco and additional Argentina-related assets to Pluspetrol (see Note 3 of Notes to Consolidated Financial Statements).

Financing activities

On June 6, 2016, we completed an equity offering of 56.925 million shares of our common stock for net proceeds of approximately $538 million .

Net cash used by financing activities for the six months ended June 30, 2016 was primarily due to net repayments under the Credit Facility of $265 million . Additionally, we paid off $195 million of our Senior Notes due in 2017. Net cash used by financing activities for the six months ended June 30, 2015 was primarily due to the repayment of all outstanding amounts on borrowings under the Credit Facility.

Contractual Obligations

In conjunction with the sale of our San Juan Basin gathering system, our contractual obligations increased for gathering services to be provided by the purchaser over a ten year period. These obligations totaled approximately $366 million as of June 30, 2016 .

Following the sale of our Piceance Basin operations and the subsequent buyout of the remaining transportation obligations in the Piceance Basin (see Note 9 of Notes to Consolidated Financial Statements), our total contractual obligations for transportation and storage decreased from approximately $ 686 million as of December 31, 2015 to approximately $ 137 million as of June 30, 2016 .

Off-Balance Sheet Financing Arrangements

We had no guarantees of off-balance sheet debt to third parties or any other off-balance sheet arrangements at June 30, 2016 or at December 31, 2015 .

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our current interest rate risk exposure is related primarily to our debt portfolio and has not materially changed during the first six months of 2016 .

Commodity Price Risk

We are exposed to the impact of fluctuations in the market price of oil, natural gas and natural gas liquids as well as other market factors, such as market volatility and energy commodity price correlations. We are exposed to these risks in connection with our owned energy-related assets, our long-term energy-related contracts and our marketing trading activities. We manage the risks associated with these market fluctuations using various derivatives and nonderivative energy-related contracts. The fair value of derivative contracts is subject to many factors, including changes in energy commodity market prices, the liquidity and volatility of the markets in which the contracts are transacted and changes in interest rates. See Notes 11 and 12 of Notes to Consolidated Financial Statements.

We measure the risk in our portfolios using a value-at-risk methodology to estimate the potential one-day loss from adverse changes in the fair value of the portfolios. Value at risk requires a number of key assumptions and is not necessarily representative of actual losses in fair value that could be incurred from the portfolios. Our value-at-risk model uses a Monte Carlo method to simulate hypothetical movements in future market prices and assumes that, as a result of changes in commodity prices, there is a 95 percent probability that the one-day loss in fair value of the portfolios will not exceed the value at risk. The simulation method uses historical correlations and market forward prices and volatilities. In applying the value-at-risk methodology, we do not consider that the simulated hypothetical movements affect the positions or would cause any potential liquidity issues, nor do we consider that changing the portfolios in response to market conditions could affect market prices and could take longer than a one-day holding period to execute. While a one-day holding period has historically been the industry standard, a longer holding period could more accurately represent the true market risk given market liquidity and our own credit and liquidity constraints.

We segregate our derivative contracts into trading and nontrading contracts, as defined in the following paragraphs. We calculate value at risk separately for these two categories. Contracts designated as normal purchases or sales and nonderivative energy contracts have been excluded from our estimation of value at risk.

We have policies and procedures that govern our trading and risk management activities. These policies cover authority and delegation thereof in addition to control requirements, authorized commodities and term and exposure limitations. Value-at-risk is limited in aggregate and calculated at a 95 percent confidence level.

Trading

Our trading portfolio consists of derivative contracts entered into for purposes other than economically hedging our commodity price-risk exposure. The fair value of our trading derivatives was zero at June 30, 2016 and December 31, 2015 . The value at risk for contracts held for trading purposes was zero at June 30, 2016 and December 31, 2015 .

Nontrading

Our nontrading portfolio consists of derivative contracts that hedge or could potentially hedge the price risk exposure from our energy commodity purchases and sales. The fair value of our derivatives not designated as hedging instruments was a net asset of $33 million and $344 million at June 30, 2016 and December 31, 2015 , respectively.

The value at risk for derivative contracts held for nontrading purposes was $27 million at June 30, 2016 and $19 million at December 31, 2015 . During the last 12 months, our value at risk for these contracts ranged from a high of $27 million to a low of $19 million.

Item 4. Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act) (“Disclosure Controls”) or our internal control over financial reporting (“Internal Controls”) will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. We monitor our Disclosure Controls and Internal Controls and make modifications as necessary; our intent in this regard is that the Disclosure Controls and Internal Controls will be modified as systems change and conditions warrant.

Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our Disclosure Controls was performed as of the end of the period covered by this report. This evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these Disclosure Controls are effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no changes in internal controls during the second quarter of 2016 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting .

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 9 of Notes to Consolidated Financial Statements included under Part I, Item 1. Financial Statements of this report, which information is incorporated by reference into this item.

Item 1A. Risk Factors

Risk Factor resulting from the June 2016 Equity Offering

Our ability to utilize our net operating loss ("NOL") carryovers for income tax purposes to reduce future taxable income will be limited if we undergo an ownership change.

Beginning with our 2015 tax year we generated an NOL that is being carried forward to future years. In the event that we were to undergo an "ownership change" (as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the "Code")), our NOL carryovers generated prior to the ownership change would be subject to annual limitations, which could defer or eliminate our ability to utilize these tax losses against future taxable income. Generally, an "ownership change" occurs if one or more shareholders, each of whom owns 5% or more in value of a corporation's stock, increase their aggregate percentage ownership by more than 50% over the lowest percentage of stock owned by those shareholders at any time during the preceding three-year period. Although we do not anticipate an "ownership change" resulting in limitations under Section 382 on the use of our NOLs for income tax purposes, future changes in the ownership of our stock could result in the application of such limitations.

In addition, Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K, for the year ended December 31, 2015 , includes certain risk factors that could materially affect our business, financial condition or future results. Those risk factors have not materially changed as of June 30, 2016 .

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

EXHIBITS

Exhibit No.	Description
2.1**	Agreement and Plan of Merger, dated October 2, 2014, by and among Pluspetrol Resources Corporation, Pluspetrol Black River Corporation and Apco Oil and Gas International Inc. (incorporated herein by reference to Exhibit 2.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on October 7, 2014)
2.2**	Agreement and Plan of Merger, dated as of July 13, 2015, by and among RKI Exploration & Production, LLC, WPX Energy, Inc. and Thunder Merger Sub LLC (incorporated herein by reference to Exhibit 2.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 14, 2015)
2.3**	Membership Interest Purchase Agreement by and Among WPX Energy Holdings, LLC, as Seller, WPX Energy, Inc., solely for purposes of Section 14.15, and Terra Energy Partners LLC, as Purchaser, dated February 8, 2016 (incorporated herein by reference to Exhibit 2.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on February 9, 2016)
3.1	Restated Certificate of Incorporation of WPX Energy, Inc. (incorporated herein by reference to Exhibit 3.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on January 6, 2012)
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of WPX Energy, Inc. (incorporated herein by reference to Exhibit 3.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 14, 2015)
3.3	Amended and Restated Bylaws of WPX Energy, Inc. (incorporated herein by reference to Exhibit 3.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on March 21, 2014)
3.4	Certificate of Designations for 6.25% Series A Mandatory Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 22, 2015)
4.1	Indenture, dated as of November 14, 2011, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to The Williams Companies, Inc.'s Current Report on Form 8-K (File No. 001-04174) filed with the SEC on November 15, 2011)
4.2	Indenture, dated as of September 8, 2014, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 8, 2014)
4.3	First Supplemental Indenture, dated as of September 8, 2014, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 8, 2014)
4.4	Second Supplemental Indenture, dated as of July 22, 2015, between WPX Energy, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 22, 2015)
10.1	Separation and Distribution Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc. (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011)
10.2	Employee Matters Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc. (incorporated herein by reference to Exhibit 10.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on January 6, 2012)
10.3	Tax Sharing Agreement, dated as of December 30, 2011, between The Williams Companies, Inc. and WPX Energy, Inc. (incorporated herein by reference to Exhibit 10.3 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on January 6, 2012)
10.4	Form of Change in Control Agreement between WPX Energy, Inc. and CEO (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 23, 2012) (1)
10.5	Form of Change in Control Agreement between WPX Energy, Inc. and Tier One Executives (incorporated herein by reference to Exhibit 10.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 23, 2012) (1)

Exhibit No.	Description
10.6	WPX Energy, Inc. 2013 Incentive Plan (incorporated herein by reference to Exhibit 4.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 29, 2013) (1)
10.7	WPX Energy, Inc. 2011 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 4.4 to WPX Energy, Inc.'s registration statement on Form S-8 (File No. 333-178388) filed with the SEC on December 8, 2011) (1)
10.8	Form of Restricted Stock Agreement between WPX Energy, Inc. and Non-Employee Directors (incorporated herein by reference to Exhibit 10.13 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011) (1)
10.9	Form of Restricted Stock Agreement between WPX Energy, Inc. and Executive Officers (incorporated herein by reference to Exhibit 10.13 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014) (1)
10.10	Form of Restricted Stock Unit Agreement between WPX Energy, Inc. and Executive Officers (incorporated herein by reference to Exhibit 10.13 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014) (1)
10.11	Form of Performance-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Executive Officers (incorporated herein by reference to Exhibit 10.15 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015) (1)
10.12	Form of Stock Option Agreement between WPX Energy, Inc. and Section 16 Executive Officers (incorporated herein by reference to Exhibit 10.15 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014) (1)
10.13	WPX Energy Nonqualified Deferred Compensation Plan, effective January 1, 2013 (incorporated herein by reference to Exhibit 10.16 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012) (1)
10.14	WPX Energy Board of Directors Nonqualified Deferred Compensation Plan, effective January 1, 2013 (incorporated herein by reference to Exhibit 10.17 to WPX Energy, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012) (1)
10.15	Retirement Agreement, dated December 16, 2013, between WPX Energy, Inc. and Ralph A. Hill (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on December 17, 2013)
10.16	Employment Agreement, dated April 29, 2014, between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
10.17	Form of Nonqualified Stock Option Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
10.18	Form of 2014 Time-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.3 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
10.19	Form of 2014 Performance-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.4 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
10.20	Form of Time-Based Restricted Stock Unit Inducement Award Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.5 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
10.21	Form of Performance-Based Restricted Stock Unit Inducement Award Agreement between WPX Energy, Inc. and Richard E. Muncrief (incorporated herein by reference to Exhibit 10.6 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on May 2, 2014) (1)
10.22	Form of Restricted Stock Unit Award between WPX Energy, Inc. and Non-Employee Directors (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 3, 2014) (1)

Exhibit No.	Description
10.23	Form of Restricted Stock Unit Award between WPX Energy, Inc. and Non-Employee Directors (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 3, 2014) (1)
10.24	Separation and Release Agreement, dated July 28, 2014, between WPX Energy, Inc. and James J. Bender (incorporated herein by reference to Exhibit 10.2 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 3, 2014) (1)
10.25	WPX Energy Executive Severance Pay Plan (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on September 19, 2014) (1)
10.26	Amended and Restated Credit Agreement, dated as of October 28, 2014, by and among WPX Energy, Inc., the lenders party thereto, and Citibank, N.A., as Administrative Agent and Swingline Lender (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on November 3, 2014)
10.27	Form of Voting and Support Agreement, dated as of July 13, 2015, by and between WPX Energy, Inc. and the Member signatory thereto (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 14, 2015)
10.28	First Amendment to the Amended and Restated Credit Agreement, dated as of July 16, 2015, by and among WPX Energy, Inc., the lenders party thereto, and Citibank, N.A., as existing administrative agent and existing Swingline lender, and Wells Fargo Bank, National Association, as successor administrative agent and successor Swingline lender (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on July 22, 2015)
10.29	Commitment Increase Agreement for Amended and Restated Credit Agreement, dated as of July 31, 2015, among WPX Energy, Inc., the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, and the Issuing Banks thereto (incorporated by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on August 6, 2015)
10.30	Registration Rights Agreement dated August 17, 2015, among WPX Energy, Inc. and the signatures thereto (incorporated herein by reference to Exhibit 10.35 to WPX Energy, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015)
10.31	Second Amended and Restated Credit Agreement, dated as of March 18, 2016, by and among WPX Energy, Inc., as the borrower thereunder, the financial institutions party thereto from time to time, as lenders, and Wells Fargo Bank, National Association, as Administrative Agent and Swingline Lender (incorporated herein by reference to Exhibit 10.1 to WPX Energy, Inc.'s Current Report on Form 8-K filed with the SEC on March 22, 2016)
10.32*	Form of Performance-Based Restricted Stock Unit Agreement between WPX Energy, Inc. and Executive Officers (1)
10.33*	Form of Severance and Restrictive Covenant Agreement between WPX Energy, Inc. and Marcia MacLeod (1)
12*	Computation of Ratio of Earnings to Fixed Charges
31.1*	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification by the Chief Executive Officer and the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith

** All schedules to the Merger Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request

(1) Management contract or compensatory plan or arrangement

SIGNATURE

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.

WPX Energy, Inc.
(Registrant)

By: /s/ Stephen L. Faulkner

Stephen L. Faulkner
Controller
(Principal Accounting Officer)

Date: August 4, 2016

Exhibit A Performance-Based RSU Agreement

Exhibit 10.32

[Grant Date]

TO: **[Participant Name]**

FROM: **Richard E. Muncrief**

SUBJECT: 2016 Performance-Based Restricted Stock Unit Award

You have been selected to receive a performance-based restricted stock unit award to be paid if the Company exceeds the goal for Total Shareholder Return, as established by the Committee, over the Performance Period. This award, which is subject to adjustment under the 2016 Performance-Based Restricted Stock Unit Agreement (the "Agreement") and the WPX Energy, Inc. 2013 Incentive Plan, is granted to you in recognition of your role as a key employee whose responsibilities and performance are critical to the attainment of long-term goals. The number of shares earned at the end of the Performance Period may vary from the number of shares granted, based upon WPX's performance over the thirty-three-month Performance Period. This award is granted and subject to the terms and conditions of the WPX Energy, Inc. 2013 Incentive Plan, as amended and restated from time to time, and the Agreement.

Subject to all of the terms of the Agreement, you will become entitled to payment of the award if you are an active employee of the Company on March 2, 2019, and performance measures are certified for the Performance Period beginning April 1, 2016, and ending on December 31, 2018. The provisions related to your rights, if any, associated with this award upon your termination of employment are included in the Agreement.

If you have any questions about this award, you may contact a dedicated Fidelity Stock Plan Representative at 1-800-544-9354.

Exhibit A Performance-Based RSU Agreement

WPX ENERGY, INC.
2016 PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

THIS 2016 PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT (this "Agreement"), which contains the terms and conditions for the Restricted Stock Units ("Restricted Stock Units" or "RSUs") referred to in the 2016 Performance-Based Restricted Stock Unit Award Letter delivered in hard copy or electronically to the Participant, is by and between **WPX ENERGY, INC.,** a Delaware corporation (the "Company"), and the individual identified on the last page hereof (the "Participant").

1. Grant of RSUs . Subject to the terms and conditions of the WPX Energy, Inc. 2013 Incentive Plan or any successor plan, as amended and restated from time to time (the "Plan"), and this Agreement, the Company hereby grants to the Participant a target award (the "Award) of **[Number of Shares Granted]** RSUs effective **[Grant Date]** (the "Effective Date"). The Award, which is subject to adjustment under the terms of this Agreement and the Plan, gives the Participant the opportunity to earn the right to receive the number of shares of Common Stock of the Company equal to the number of RSUs shown in the prior sentence if the Target Peer Group Ranking, as established by the Committee and described in Subparagraph 4(b) below, is achieved by the Company over the Performance Period (as defined in Subparagraph 5(b)(ii) below). These shares, together with any other shares that are payable under this Agreement, are referred to in this Agreement as the "Shares." Until the Participant both becomes vested in the Shares under the terms of Paragraph 5 and is paid such Shares under the terms of Paragraph 6, the Participant shall have no rights as a stockholder of the Company with respect to the Shares.

2. Incorporation of Plan and Acceptance of Documents . The Plan is incorporated by reference and all capitalized terms used herein which are not defined in this Agreement or in the attached Appendix A shall have the respective meanings set forth in the Plan. The Participant acknowledges that he or she has received a copy of, or has online access to, the Plan and hereby automatically accepts the RSUs subject to all the terms and provisions of the Plan and this Agreement. The Participant hereby further agrees that he or she has received a copy of, or has online access to, the prospectus for the Plan and hereby acknowledges his or her automatic acceptance and receipt of such prospectus electronically.

3. Committee Decisions and Interpretations; Committee Discretion . The Participant hereby agrees to accept as binding, conclusive, and final all actions, decisions, and/or interpretations of the Committee, its delegates, or agents upon any questions or other matters arising under the Plan or this Agreement.

4. Performance Measures; Number of Shares Payable to the Participant .

(a) Performance measures established by the Committee shall be based on targeted levels of relative Total Shareholder Return ("TSR"), as defined by the Committee. The Committee has established a designated percentage of the Target Number of Shares (as defined in Subparagraph 4(b) below) that may be received by the Participant based on the

Company's relative TSR for the Performance Period within the peer group established by the Committee, all as more fully described in Subparagraphs 4(b) and 4(c) below and in Appendix B, and in all respects subject to the Committee's discretion as described in Subparagraph 4(d) below.

(b) The RSUs awarded to the Participant and subject to this Agreement as reflected in Paragraph 1 above represent the Participant's opportunity to earn the right to payment of an equal number of Shares ("Target Number of Shares") upon (i) certification by the Committee that the Company has achieved the "Target Peer Group Ranking," as specified in Appendix B, for TSR for the Performance Period, and (ii) satisfaction of all the other conditions set forth in Paragraph 5 below.

(c) Subject to the Committee's discretion as set forth in Subparagraph 4(d) below and to the satisfaction of all other conditions set forth in Paragraph 5 below, the actual number of Shares earned by and payable to the Participant upon certification of TSR results and satisfaction of all other conditions set forth in Paragraph 5 below will be based upon the range set by the Committee from 30% (for relative TSR above the 25 th percentile of the peer group established by the Committee) to 200% (for relative TSR at the first or second ranking within the peer group established by the Committee) of the Target Number of Shares depending on the level of relative TSR certified by the Committee at the end of the Performance Period, as set forth in Appendix B. Nothing in Appendix B or otherwise shall be construed to limit the Committee's discretion to determine the number of Shares, if any, that are earned and payable under this Agreement.

(d) Notwithstanding (i) any other provision of this Agreement or the Plan or (ii) certification by the Committee that targets for TSR have been achieved during the Performance Period, the Committee may in its sole and absolute discretion reduce, but not below zero (0), the number of Shares payable to the Participant based on such factors as it deems appropriate, including but not limited to, the Company's performance. Accordingly, any reference in this Agreement to Shares that (i) become payable, (ii) may be received by the Participant, or (iii) are earned by the Participant, and any similar reference, shall be understood to mean the number of Shares that are received, payable, or earned after any such reduction is made.

5. Vesting; Legally Binding Rights .

(a) Notwithstanding any other provision of this Agreement, the Participant shall not be entitled to any payment of Shares under this Agreement unless and until such Participant obtains a legally binding right to such Shares and satisfies applicable vesting conditions for such payment.

(b) Except as otherwise provided in Subparagraphs 5(c) – 5(f) below and subject to the provisions of Subparagraph 4(d) above, the Participant shall vest in Shares under this Agreement only if and at the time that both of the following conditions are fully satisfied:

(i) The Participant remains an active employee of the Company or any of its Affiliates from the Effective Date through March 2, 2019, (the "Maturity Date"); and

(ii) The Committee certifies that the Company has met TSR targets as defined by the Committee for the thirty-three month performance period beginning April 1, 2016, and ending December 31, 2018 (the "Performance Period"). Certification, if any, by the Committee for the Performance Period shall be made by the Maturity Date or as soon thereafter as is administratively practicable.

(c) (i) If the Participant dies, becomes Disabled, or qualifies for Retirement (as defined in Subparagraph 5(c)(iii) below) prior to the Maturity Date while an active employee of the Company or any of its Affiliates, at but not prior to the Maturity Date, and only to the extent and at the time that the Committee certifies that the performance measures for the Performance Period are satisfied under Subparagraph 5(b)(ii) above, upon such certification, the Participant shall vest in that number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above prorated in accordance with Subparagraph 5(c)(ii) to reflect that portion of the Performance Period prior to such Participant's ceasing being an active employee of the Company and its Affiliates.

(ii) The pro rata number of Shares in which the Participant may become vested pursuant to Subparagraph 5(c)(i) shall equal that number determined by multiplying the number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above times a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date that the Participant ceases being an active employee of the Company and its Affiliates, and the denominator of which is thirty-three (33).

(iii) The Participant "qualifies for Retirement" only if the Participant experiences a Separation from Service and has attained age 55 and completed at least five years of continuous service with the Company or any of its Affiliates.

(d) If the Participant experiences a Separation from Service prior to the Maturity Date within two years following a Change in Control **,** either voluntarily for Good Reason or involuntarily (other than due to Cause), the Participant shall vest in that number of Shares equal to the Target Number of Shares.

(e) If the Participant experiences an involuntary Separation from Service prior to the Maturity Date and the Participant either receives benefits under a severance pay plan or program maintained by the Company or any of its Affiliates or receives benefits under a separation agreement with the Company or any of its Affiliates, then at the time and to the extent the Committee certifies that the performance measures for the Performance

Period are satisfied under Subparagraph 5(b)(ii) above, the Participant shall, on the date of such certification, become vested in that number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above prorated to reflect that portion of the Performance Period prior to the Participant's ceasing being an active employee of the Company and its Affiliates. The pro rata number of Shares in which the Participant may become vested on, but not prior to, the Maturity Date in such case shall equal that number determined by multiplying (i) the number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above times (ii) a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that includes the Effective Date and ends on (and includes) the date the Participant ceases being an active employee of the Company and its Affiliates, and the denominator of which is the total number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the Maturity Date.

(f) If (i) the Participant experiences an involuntary Separation from Service prior to the Maturity Date due to a sale of a business or the outsourcing of any portion of a business, and (ii) the Company or any of its Affiliates fails to make an offer of comparable employment, as defined in a severance plan or program maintained by the Company or any of its Affiliates, to the Participant, then at the time and to the extent the Committee certifies that the performance measures for the Performance Period are satisfied under Subparagraph 5(b)(ii) above, upon such certification, the Participant shall, on the date of such certification, become vested in that number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above prorated to reflect that portion of the Performance Period prior to the Participant's ceasing being an active employee of the Company and its Affiliates. The pro rata number of Shares in which the Participant may become vested on, but not prior to, the Maturity Date in such case shall equal that number of Shares determined by multiplying (i) the number of Shares the Participant might otherwise have received for the Performance Period in accordance with Paragraph 4 above times (ii) a fraction, the numerator of which is the number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the date the Participant ceases being an active employee of the Company and its Affiliates, and the denominator of which is the total number of full and partial months in the period that begins the month following the month that contains the Effective Date and ends on (and includes) the Maturity Date.

For purposes of this Subparagraph 5(f), a Termination of Affiliation shall constitute an involuntary Separation from Service, excluding any Termination of Affiliation that results from a voluntary Separation from Service.

6. Payment of Shares .

(a) Payment of all Shares in which the Participant becomes vested pursuant to Subparagraph 5(d) above shall occur within 30 days after the Participant's Separation from Service.

(b) Payment of all Shares in which the Participant becomes vested pursuant to Paragraph 5 above, other than Subparagraph 5(d) (as to which the payment date is determined in accordance with Subparagraph 6(a) above), shall occur during the calendar year containing the Maturity Date.

(c) Upon conversion of RSUs into Shares under this Agreement, such RSUs shall be cancelled. Shares that become payable under this Agreement will be paid by the Company by the delivery to the Participant, or the Participant's beneficiary or legal representative, one or more certificates (or other indicia of ownership) representing shares of Common Stock equal in number to the number of Shares otherwise payable under this Agreement less the number of Shares having a Fair Market Value, as of the date the withholding tax obligation arises, equal to the minimum statutory withholding requirements. Notwithstanding the foregoing, to the extent permitted by Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the guidance thereunder (if and to the extent applicable), if federal employment taxes become due when the Participant becomes entitled to payment of Shares, the number of Shares necessary to cover minimum statutory withholding requirements may, in the Company's discretion, be used to satisfy such requirements upon such entitlement.

7. Other Provisions .

(a) The Participant understands and agrees that payments under this Agreement shall not be used for, or in the determination of, any other payment or benefit under any continuing agreement, plan, policy, practice, or arrangement providing for the making of any payment or the provision of any benefits to or for the Participant or the Participant's beneficiaries or representatives, including, without limitation, any employment agreement, any change of control severance protection plan, or any employee benefit plan as defined in Section 3(3) of ERISA, including, but not limited to qualified and non-qualified retirement plans.

(b) The Participant agrees and understands that, subject to the limit expressed in clause (iii) of the following sentence, upon payment of Shares under this Agreement, stock certificates (or other indicia of ownership) issued may be held as collateral for monies he/she owes to the Company or any of its Affiliates. In addition, the Company may accelerate the time or schedule of a payment of vested Shares, and/or deduct from any payment of Shares to the Participant under this Agreement, or to his or her beneficiaries in the case of the Participant's death, that number of Shares having a Fair Market Value at the date of such deduction equal to the amount of such debt as satisfaction of any such debt, *provided* that (i) such debt is incurred in the ordinary course of the employment relationship between the Company or any of its Affiliates and the Participant, (ii) the aggregate amount of any such debt-related collateral held or

deduction made in any taxable year of the Company with respect to the Participant does not exceed $5,000, and (iii) the deduction of Shares is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.

(c) Except as provided in Subparagraphs 5(c) through 5(f) above, in the event that the Participant experiences a Separation from Service prior to the Maturity Date, RSUs subject to this Agreement and any right to Shares issuable hereunder shall be forfeited.

(d) RSUs, Shares, and the Participant's interest in RSUs and Shares may not be sold, assigned, transferred, pledged, or otherwise disposed of or encumbered at any time prior to both (i) the Participant's becoming vested in such Shares and (ii) payment of such Shares under this Agreement.

(e) If the Participant at any time forfeits any or all of the RSUs pursuant to this Agreement, the Participant agrees that all of the Participant's rights to and interest in such RSUs and in Shares issuable thereunder shall terminate upon forfeiture without payment of consideration.

(f) The Committee shall determine whether an event has occurred resulting in the forfeiture of the RSUs and any Shares issuable thereunder in accordance with this Agreement, and all determinations of the Committee shall be final and conclusive.

(g) With respect to the right to receive payment of Shares under this Agreement, nothing contained herein shall give the Participant any rights that are greater than those of a general creditor of the Company.

(h) The obligations of the Company under this Agreement are unfunded and unsecured. Each Participant shall have the status of a general creditor of the Company with respect to amounts due, if any, under this Agreement.

(i) The parties to this Agreement intend that this Agreement satisfies the requirements of the short-term deferral exception from Section 409A of the Code and, if not excepted, complies with the applicable requirements of Section 409A of the Code. This Agreement reflects certain provisions of Section 409A of the Code or regulations issued thereunder for purposes of defining certain terms and requirements. Such references shall not be construed to cause the Agreement to be subject to Section 409A of the Code or to conflict with the parties' intent that this agreement satisfies the requirements of the short-term deferral exception. The parties recognize that it may be necessary to modify this Agreement and/or the Plan to maintain the Plan's exception from Section 409A of the Code or to otherwise reflect guidance under Section 409A of the Code issued by the Internal Revenue Service. The Participant agrees that the Committee shall have sole discretion in determining (i) whether any such modification is desirable or appropriate and (ii) the terms of any such modification.

(j) The Participant hereby automatically becomes a party to this Agreement whether or not he or she accepts the Award electronically or in writing, in accordance with procedures of the Committee, its delegates, or agents.

(k) Nothing in this Agreement or the Plan shall interfere with or limit in any way the right of the Company or an Affiliate to terminate the Participant's employment or service at any time, nor confer upon the Participant the right to continue in the employ of the Company and/or an Affiliate.

(l) The Participant hereby acknowledges that nothing in this Agreement shall be construed as requiring the Committee to allow or comply with a domestic relations order with respect to this Award.

(m) Notwithstanding any other provision of this Agreement to the contrary, any Shares issued hereunder and/or any amount received with respect to any sale of any such Shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with regulations promulgated by the Securities Exchange Commission, with stock exchange rules, and with the terms of the Company's Recoupment Policy, as it may be amended from time to time (collectively, the "Recoupment Requirements"). The Participant agrees and consents to the Company's application, implementation and enforcement of (a) the Recoupment Requirements or any similar policy established by the Company that may apply to the Participant and (b) any provision of applicable law relating to cancellation, rescission, payback, or recoupment of compensation, and expressly agrees that the Company may take such actions as are necessary to effectuate the Recoupment Requirements, any similar policy (as applicable to the Participant), or applicable law without further consent or action being required by the Participant. To the extent that the terms of this Agreement and the Recoupment Requirements or any similar policy conflict, then the terms of such Recoupment Requirements shall prevail.

8. Notices . All notices to the Company required hereunder shall be in writing and delivered by hand or by mail, addressed to WPX Energy, Inc., 3500 One Williams Center, Tulsa, Oklahoma 74172, Attention: Stock Administration Department. Notices shall become effective upon their receipt by the Company if delivered in the foregoing manner. To direct the sale of any Shares issued under this Agreement, the Participant shall contact the Company's stock plan administrator, which, as of the Grant Date, is Fidelity Stock Plan Services.

9. Tax Consultation . The Participant understands he or she will incur tax consequences as a result of acquisition or disposition of the Shares. The Participant agrees to consult with any tax consultants deemed advisable in connection with the acquisition of the Shares and acknowledges that he or she is not relying, and will not rely, on the Company or any of its Affiliates for any tax advice.

WPX ENERGY, INC.

By:_____
Richard E. Muncrief
Chief Executive Officer

Participant: **[Participant Name]**

APPENDIX A
DEFINITIONS

" ***Affiliate*** " means all persons with whom the Company would be considered a single employer under Section 414(b) of the Code and all persons with whom the Company would be considered a single employer under Section 414(c) of the Code.

" ***Disabled*** " means a Participant qualifies for long-term disability benefits under the Company's long-term disability plan, or if the Company does not sponsor such a disability plan, the Participant qualifies for Social Security Disability Insurance under Title II of the Social Security Act. Notwithstanding the forgoing, the definition of "Disabled" shall comply with the requirements of the definition of "disabled" described in Treasury Regulation § 1.409A-3(i)(4), as amended.

" ***Separation from Service*** " means a Participant's termination or deemed termination from employment with the Company and its Affiliates. For purposes of determining whether a Separation from Service has occurred, the employment relationship is treated as continuing intact while the Participant is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Participant retains a right to reemployment with his or her employer under an applicable statute or by contract. For this purpose, a leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for his or her employer. If the period of leave exceeds six months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship will be deemed to terminate on the first date immediately following such six-month period.

Notwithstanding the foregoing, if a leave of absence is due to any medically determinable physical or mental impairment that can be expected to last for a continuous period of more than six months but less than 12 months, and such impairment causes the Participant to be unable to perform the duties of the Participant's position of employment or any substantially similar position of employment, a period equal to such Participant's leave of absence will be substituted for such six-month period, so long as that period is less than 12 months. If such an absence exceeds 12 months, then the Participant will be considered Disabled and Subparagraph 5(c)(i) will govern.

A Separation from Service occurs at the date as of which the facts and circumstances indicate either that, after such date: (A) the Participant and the Company reasonably anticipate the Participant will perform no further services for the Company and its Affiliates (whether as an employee or an independent contractor) or (B) that the level of bona fide services the Participant will perform for the Company and its Affiliates (whether as an employee or independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed over the immediately preceding 36-month period or, if the Participant has been providing services to the Company and its Affiliates for less than 36 months, the full period over which the Participant has rendered services, whether as an employee or independent contractor. The determination of whether a Separation from Service has occurred shall be

governed by the provisions of Treasury Regulation § 1.409A-1, as amended, taking into account the objective facts and circumstances with respect to the level of bona fide services performed by the Participant after a certain date.

APPENDIX B
DETERMINATION OF TSR RANKING

As of the Effective Date, the Committee has established a peer group of companies for the purpose of determining the Company's relative TSR ranking for the Performance Period. The Committee retains the authority to determine the treatment of any company in the peer group that ceases to be a United States-domiciled publicly traded company on a national stock exchange or market system and to adjust the table below accordingly.

The table below reflects the Shares, expressed as a percentage of the Target Number of Shares, that may be payable to the Participant based upon the Company's TSR ranking within the peer group for the Performance Period. Notwithstanding any provision in this Appendix B or in the Agreement to the contrary, the Committee has the sole and absolute discretion to reduce the number of Shares payable to the Participant to zero (0) pursuant to Subparagraph 4(d) of the Agreement.

Company TSR Ranking Within the Peer Group	Percentage of the Target Number of Shares
1 st	200%
2 nd	200%
3 rd	191.6%
4 th	183.3%
5 th	175%
6 th	150%
7 th	125%
Target Peer Group Ranking 8 th	100%
9 th	82.5%
10 th	65%
11 th	47.5%
12 th	30%
13 th	0%
14 th	0%
15 th	0%

Exhibit 10.33

SEVERANCE AND RESTRICTIVE COVENANT AGREEMENT

This SEVERANCE AND RESTRICTIVE COVENANT AGREEMENT (this " Agreement "), effective this 7 th of July, 2016 (" Effective Date ") by and between WPX Energy, Inc., WPX Energy Services Company, LLC, and their respective subsidiaries and affiliates (collectively the " Company "), and Marcia MacLeod (the " Executive "), sets forth the terms and understandings regarding the Executive's separation from the Company.

WHEREAS, the Executive currently serves as SVP HR and Administration; and

WHEREAS, the Executive's employment is to be terminated; and

WHEREAS, the Company is providing to the Executive severance benefits pursuant to the WPX Energy Executive Severance Pay Plan ("Plan"), subject to the Executive's timely execution of this Agreement and the Release described herein and subject to the Executive's satisfaction of all other terms and conditions described in the Plan and this Agreement; and

WHEREAS, the Executive and the Company wish to settle their mutual rights and obligations arising in connection with the Executive's service with the Company and the Executive's separation from such service; and

WHEREAS, in consideration of the rights and benefits under this Agreement, the Executive has agreed to enter into certain covenants for the benefit of the Company as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, including the restrictive covenants, the Company and the Executive hereby agree as follows:

1. Separation from Service

(a) Employment Termination . The Executive's employment shall be terminated on July 15, 2016 (the " Termination Date "). Effective on the Termination Date, the Executive hereby resigns from any and all officer and director positions the Executive may have with the Company and its subsidiaries and affiliates. The Executive shall promptly execute any additional documentation the Company may request to reflect such resignations.

(b) Transition Period . For the period from the Effective Date through the Termination Date (such period, the " Transition Period "), the Executive shall continue as an employee of the Company and shall perform such duties and responsibilities as shall be reasonably requested by the Board of Directors or the Chief Executive Officer (" CEO ") of the Company, including as necessary to effect a smooth and effective transition of the Executive's duties and responsibilities. During the Transition Period, the Executive shall remain subject to all applicable Company policies and procedures, including without limitation the Company's securities trading policies for officers and directors.

2. Compensation

(a) Base Salary through Termination Date . The Executive shall be entitled to continue to receive the Executive's current annual base salary through the Termination Date, which shall be paid in accordance with the Company's normal payroll practices.

(b) Employee Benefits . Until the Termination Date, the Executive shall continue to be entitled to participate as an active employee in those employee benefit plans and programs in which the Executive currently participates, subject to the terms and conditions of such plans. Effective as of the Termination Date, the Executive's active participation in such plans shall cease, and the Executive shall continue to have all rights to accrued and vested benefits under such plans in accordance with their terms.

As a retiree, in accordance with the terms of the "Your WPX Energy Benefits upon Retirement" summary of benefits, the Executive will be eligible for an AIP award for 2016. The Executive's award will be based upon her current target of 60% of eligible earnings while she was an active employee and will be paid at the time the AIP awards, if any, are paid to all eligible employees in 2017.

3. Severance Benefits and Conditions

(a) Severance Payment . Subject to Section 3(e), the Executive shall receive a severance payment equal to the sum of:

(1) Five hundred eleven thousand five hundred dollars ($511,500) which is equal to the Executive's "Base Salary", as such term is defined in the Plan, plus

(2) an additional payment of $319,067.24 which is equal to the Executive's "Average AIP Payment" as such term is defined in the Plan.

(b) COBRA Equivalent Payment. Subject to Section 3(e), if the Executive is enrolled in Company-sponsored medical and prescription coverage on the Executive's Termination Date, the Executive will receive an additional severance payment equal to the monthly premium for Consolidated Omnibus Budget Reconciliation Act ("COBRA") continuation coverage for the medical and prescription coverage elected by the Executive and in effect on such date multiplied by twelve (12) (the "COBRA Equivalent Payment"). Dental, vision and health care flexible spending account coverage premiums will not be included in determining such payment.

(c) Additional Payment. Subject to Section 3(e), although such payment is not required to be made to the Executive pursuant to the Plan or any other agreement, policy, practice, incentive compensation plan or award agreement, in lieu of any equity award that may have been or was not granted to Executive in 2016, Company will pay Executive in the amount of $650,000, less applicable withholdings required by law. Nothing in this Agreement should be construed as an indication or affirmation that Executive was otherwise

entitled to an equity award or payment in lieu of an equity award for the year 2016 and by agreeing to accept this Additional Payment, in accordance with the terms of this Agreement, Executive specifically waives any and all claims, known and unknown, related to any equity awards for 2016 that were or were not granted to Executive.

(d) Time of Severance Payment . Subject to Section 3(e) and Section 21, payment of the amounts described in Sections 3(a), (b) and (c) shall be made during the sixty (60) day period following the Termination Date. If such amounts could be paid in more than one calendar year, they will be paid in the latest calendar year in which the payment could be made.

(e) Release of Claims . The rights, payments, and benefits to be provided to the Executive under this Agreement are subject to the Executive's execution and delivery to the Company and non-revocation of an effective general release and waiver of claims in the form attached hereto as Exhibit A (the " Release "), which must be executed and delivered to the Company during the fifty (50) day period following the Termination Date.

(f) Employment Status . This Agreement is not intended to and does not alter the Executive's status as an at-will employee or create a contract of employment for any definite period of time.

(g) Rehire . In the event the Executive is rehired by the Company after the receipt of benefits described in Sections 3(a) and (b), the Executive shall be subject to the repayment provisions described in Section 3.6 of the Plan.

(h) Outplacement Services . The Company will pay up to $25,000 for executive outplacement services provided to the Executive by a reputable third party outplacement provider approved by the Company, provided that such expenses must be incurred within nine (9) months after the Executive's Termination Date, but in all events no payments for such outplacement services will be made after fifteen (15) months following the Participant's Termination Date.

4. Accrued Rights . The Company shall pay and provide to the Executive in accordance with its customary practices: (i) all base salary earned but not yet paid through the Termination Date, (ii) reimbursement for any and all business expenses properly incurred prior to the Termination Date, payable in accordance with and subject to the terms of the Company's reimbursement policy and submitted for reimbursement within sixty (60) days of the Termination Date, and (iii) any employee benefits required to be provided to the Executive pursuant to the terms of the Company's employee benefit plans and as required by applicable law.

5. Outstanding Equity Awards . All outstanding stock options, restricted stock units, or other forms of equity compensation held by the Executive as of the Termination Date shall be governed by the terms of the incentive compensation plans and award agreements pursuant to which such awards were issued to the Executive, with the Termination Date constituting the date of the Executive's termination of service for purposes of such grants.

6. Indemnification . The Executive (i) shall be indemnified and held harmless by the Company on the same terms as other executive officers and directors to the greatest extent permitted under applicable law as the same now exists or may hereafter be amended and the Company's by-laws as such exist on the Termination Date, or such greater rights that may be provided by amendment to such by-laws from time to time, if the Executive was, is or is threatened to be made to a party to any pending, completed, or threatened action, suit, arbitration, alternative dispute resolution mechanism, investigation, administrative hearing, or any other proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal, by reason of the fact that the Executive is or was, or had agreed to become, a director, officer, employee, agent, or fiduciary of the Company or any other entity which the Executive is or was serving at the request of the Company, against all expenses (including reasonable attorneys' fees) and all claims, damages, liabilities, and losses incurred or suffered by the Executive or to which the Executive may become subject for any reason, and (ii) shall be entitled to advancement of any such indemnifiable expenses in accordance with the Company's by-laws as such exist on the Termination Date, or such greater rights that may be provided by amendment to such by-laws from time to time.

7. Directors' and Officers' Insurance . The Executive shall be entitled to coverage under a directors' and officers' liability insurance policy issued in favor of Company in an amount no less than, and on the same terms as those provided to, other executive officers and directors of the Company.

8. Restrictive Covenants

(a) Confidential Information . The Executive acknowledges that in the course of performing services for the Company and its affiliates, the Executive may have obtained information, observations, and data (including but not limited to information concerning current or prospective exploration and development activities, information concerning business strategies or plans, financial information relating to the business of the Company or its subsidiaries and affiliates, accounts, customers, vendors, employees, and other affairs) that is not otherwise in the public domain (collectively, " Confidential Information "). The Executive recognizes that all such Confidential Information is the sole and exclusive property of the Company and its affiliates or of third parties to which the Company or an affiliate owes a duty of confidentiality, that it is the Company's policy to safeguard and keep confidential all such Confidential Information, and that disclosure of Confidential Information to an unauthorized third party would cause irreparable damage to the Company and its affiliates. The Executive agrees that, except as required by the duties of the Executive's employment with the Company or any of its affiliates and except in connection with enforcing the Executive's rights under this Agreement or if compelled by a court or governmental agency, in each case provided that prior written notice is given to the Company, the Executive will not, without the written consent of the Company, willfully disseminate or otherwise disclose, directly or indirectly, any Confidential Information disclosed to the Executive or otherwise obtained by the Executive during the Executive's employment with the Company or its affiliates, and will take all necessary precautions to prevent disclosure to any unauthorized individual or entity (whether or not such individual or entity is employed or

engaged by, or is otherwise affiliated with, the Company or any affiliate), and will use the Confidential Information solely for the benefit of the Company and its affiliates and will not use the Confidential Information for the benefit of any other individual or entity nor permit its use for the benefit of the Executive. These obligations shall continue during and after the Executive's termination from service and for so long as the Confidential Information remains Confidential Information.

(b) Non-Competition . With the exception of activities related to Executive's ownership/involvement with the current assets of Mott Production, from the date hereof and continuing for six (6) months following the Termination Date, the Executive agrees that without the written consent of the Company, the Executive shall not at any time, directly or indirectly, in any capacity:

(i) engage or participate in, become employed by, serve as a director of, or render advisory or consulting or other services in connection with, any energy business and any individual or entity (and any branch, office or operation thereof) which engages in, or proposes to engage in (with the Executive's assistance) any of the following in which the Executive has been engaged in the twelve (12) months preceding the Termination Date: the exploration and/or production of oil or gas which is located anywhere in the United States (a " Competitive Business "); provided , however , that after the Termination Date, this Section 8(b)(i) shall not preclude the Executive from (A) being an employee of, or consultant to, any business unit of a Competitive Business if (x) such business unit does not qualify as a Competitive Business in its own right and (y) the Executive does not have any direct or indirect involvement in, or responsibility for, any operations of such Competitive Business that cause it to qualify as a Competitive Business, or (B) with the approval of an Authorized Company Executive, being a consultant to, an advisor to, a director of, or an employee of a Competitive Business (for purposes of this Section 8(b) , an " Authorized Company Executive " shall mean the individual then serving as the Chief Executive Officer); or

(ii) make or retain any financial investment, whether in the form of equity or debt, or own any interest, in any Competitive Business. Nothing in this subsection shall, however, restrict the Executive from making an investment in any Competitive Business if such investment does not (A) represent more than 1% of the aggregate market value of the outstanding capital stock or debt (as applicable) of such Competitive Business, (B) give the Executive any right or ability, directly or indirectly, to control or influence the policy decisions or management of such Competitive Business, or (C) create a conflict of interest between the Executive's duties to the Company and its affiliates or under this Agreement and the Executive's interest in such investment.

(c) Non-Solicitation . From the date hereof and continuing for twelve (12) months following the Termination Date, the Executive agrees that without the written consent of the Company, the Executive shall not at any time, directly or indirectly, in any capacity:

(i) cause or attempt to cause any employee, director, or consultant of the Company or an affiliate to terminate his or her relationship with the Company or an affiliate;

(ii) employ, engage as a consultant or adviser, or solicit the employment or engagement as a consultant or adviser, of any employee of the Company or an affiliate (other than by the Company or its affiliates), or cause or attempt to cause any person or entity to do any of the foregoing;

(iii) interfere with the relationship of the Company or an affiliate with, or endeavor to entice away from the Company or an affiliate, any person or entity who or which at any time during the period commencing twelve (12) months prior to the Termination Date was or is, to the Executive's knowledge, a material customer or material supplier of, or maintained a material business relationship with, the Company or an affiliate; or;

(iv) solicit the sale of goods, services or a combination of goods and services from the established customers of the Company or an affiliate.

(d) Non-Disparagement .

(i) The Executive agrees not to make, or cause to be made, any statement, observation or opinion, or communicate any information (whether oral or written, directly or indirectly) that (A) accuses or implies that the Company or any of its affiliates, together with their respective present or former officers, directors, partners, stockholders, employees, and agents, and each of their predecessors, successors, and assigns, engaged in any wrongful, unlawful or improper conduct, whether relating to the Executive's employment (or the separation therefrom), the business or operations of the Company or otherwise; or (B) disparages, impugns, or in any way reflects adversely upon the business or reputation of the Company or any of its affiliates, together with their respective present or former officers, directors, partners, stockholders, employees, and agents, and each of their predecessors, successors, and assigns.

(ii) The Company agrees that it will not, and will instruct the members of the Board of Directors of the Company and the executive officers of the Company to not, disparage or denigrate the Executive orally or in writing (including, without limitation, any comments or statements relating to the Executive's performance at the Company).

(iii) Notwithstanding anything contained herein to the contrary, nothing herein shall be deemed to preclude the Executive or the Company from providing truthful testimony or information pursuant to subpoena, court order, or other similar legal or regulatory process, provided, that to the extent permitted by law, the

Executive will promptly inform the Company of any such obligation prior to participating in any such proceedings.

(e) Duty to Inform .

The Executive agrees to inform any employer, business, entity, or individual with whom the Executive becomes associated in a business capacity during the term of the restrictions of this Section 8 of Executive's obligations under this Section 8 .

(f) Reasonableness of Restrictive Covenants .

(i) The Executive acknowledges that the covenants contained in this Agreement are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect the Company's legitimate interests in its Confidential Information, its proprietary work, and in its relationships with its employees, customers, suppliers, and agents.

(ii) The Company has, and the Executive has had an opportunity to, consult with their respective legal counsel and to be advised concerning the reasonableness and propriety of such covenants. The Executive acknowledges that the Executive's observance of the covenants contained herein will not deprive the Executive of the ability to earn a livelihood or to support the Executive's dependents.

(g) Right to Injunction: Survival of Undertakings .

(i) In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by this Agreement, the Executive and the Company agree that it would be impossible to measure solely in money the damages which the Company would suffer if the Executive were to breach any of the Executive's obligations hereunder. The Executive acknowledges that any breach of any provision of this Agreement would irreparably injure the Company. Accordingly, the Executive agrees that if the Executive breaches any of the provisions of Section 8 of this Agreement, the Company shall be entitled, in addition to any other remedies to which the Company may be entitled under this Agreement or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of any provision of this Agreement without the necessity of posting a bond or other security therefore, and the Executive hereby waives any right to assert any claim or defense that the Company has an adequate remedy at law for any such breach.

(ii) If a court determines that any covenant included in this Section 8 is unenforceable in whole or in part because of such covenant's duration or geographical

or other scope, such court shall have the power to modify the duration or scope of such provision, as the case may be, so as to cause such covenant as so modified to be enforceable. Furthermore, if a court determines that a certain form of remedy or relief sought by the Company for the breach of a covenant included in this Section 8 is unavailable under applicable law, such a finding shall not prohibit the Company from obtaining a different form of remedy or relief with respect to such breach which such court has not found to be unavailable.

(iii) All of the provisions of this Agreement shall survive any separation from service of the Executive.

(h) Effect of Breach of Covenants . If a court of competent jurisdiction shall have found that the Executive is in material breach of any restrictive covenant contained in this Agreement or the Release, the Executive forfeits the Executive's right to receive any payment or benefit under this Agreement and shall pay to the Company the value of any payment or benefit previously received by the Executive under this Agreement.

10. Cooperation . Following the Termination Date, the Executive agrees to fully cooperate with and provide reasonable assistance to the Company and its counsel in connection with any general business matters, transition of work, agency investigations or audits or litigation or corporate matters, and to be reasonably available to the Company to do so at times and locations as to not interfere with the Executive's duties and responsibilities to any future employer, job seeking opportunities, or any personal responsibilities.

11. Return of Company Property . The Executive shall promptly following the Termination Date return to the Company all documents, records, files, and other information and property belonging or relating to the Company, its affiliates, customers, clients, or employees. The Executive acknowledges that all such materials are, and will remain, the exclusive property of the Company, and the Executive may not retain originals or copies of such materials without the express written approval of the Company. Any Company-related information shall be expunged from any home equipment, and any office connectivity or other continued internet or similar services provided by the Company shall cease.

12. Recoupment . Notwithstanding anything herein to the contrary, this Agreement shall not impact any rights or restrictions under the Company's Recoupment Policy for incentive compensation, as adopted by the Board of Directors of the Company and referred to in the Company's most recent proxy statement filed with the Securities and Exchange Commission, as such Recoupment Policy may be amended from time to time, and the Executive acknowledges and agrees the Executive remains subject to the terms of such policy following the Termination Date.

13. Severability . In the event that any one or more of the provisions of this Agreement are held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remainder of this Agreement shall not in any way be affected or impaired thereby.

14. Waiver . No waiver by either party of any breach by the other party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of any other provision or condition at the time or at any prior or subsequent time.

15. Governing Law . This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Oklahoma, without reference to its choice of law rules.

16. Withholding . The Company shall deduct or withhold, or require the Executive to remit to the Company, the minimum statutory amount to satisfy federal, state or local taxes required by law or regulation to be withheld with respect to any benefit provided hereunder.

17. Entire Agreement . This Agreement, including all other agreements expressly incorporated or referred to herein, shall constitute the entire agreement and understanding of the parties with respect to the subject matter herein and supersedes all prior agreements, arrangements and understandings, written or oral, between the parties with respect to the subject matter herein. The Executive acknowledges that the Executive is not eligible for and shall not receive any additional separation or severance payment under any plan or program maintained by the Company. The Executive acknowledges and agrees that the Executive is not relying on any representations or promises by any representative of the Company concerning the meaning of any aspect of this Agreement or the Release. This Agreement and the Release may not be altered or modified other than in a writing signed by the Executive and an authorized representative of the Company.

18. Notices . All notices given hereunder shall be given in writing, shall specifically refer to this Agreement and shall be personally delivered or sent by telecopy or other electronic facsimile transmission or by registered or certified mail, return receipt requested, at the address set forth below or at such other address as may hereafter be designated by notice given in compliance with the terms hereof:

If to the Executive: At the most recent address on the Company's records

If to the Company: WPX Energy, Inc.
3500 One Williams Center
Tulsa, Oklahoma 74172-0172
Attention: General Counsel
Facsimile: (539) 573-5608

If notice is mailed, such notice shall be effective upon mailing, or if notice is personally delivered or sent by telecopy or other electronic facsimile transmission, it shall be effective upon receipt.

19. Successors and Assigns . This Agreement is intended to bind and inure to the benefit of and be enforceable by the Executive, the Company and their respective heirs, successors and assigns, except that the Executive may not assign the Executive's rights or delegate the Executive's obligations hereunder without the prior written consent of the Company.

20. Counterparts . This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

21. Section 409A .

(a) Compliance . The intent of the parties is that payments and benefits under this Agreement are either exempt from or comply with Section 409A of the Internal Revenue Code (" Section 409A "), and this Agreement shall be interpreted to that end. The parties acknowledge and agree that the interpretation of Section 409A and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. In no event whatsoever shall the Company be liable for any tax, interest or penalties that may be imposed on the Executive by Section 409A or any damages for failing to comply with Section 409A.

(b) Six Month Delay for Specified Employees . If any payment, compensation or other benefit provided to the Executive in connection with the Executive's separation from service is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is a "specified employee" as defined in Section 409A, no part of such payments shall be paid before the day that is six (6) months plus one (1) day after the Termination Date or, if earlier, the Executive's death (the " New Payment Date "). The aggregate of any payments that otherwise would have been paid to the Executive during the period between the Termination Date and the New Payment Date shall be paid to the Executive in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.

(c) Separation from Service . A separation from service shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A upon or following a separation from service until such separation is also a "separation from service" within the meaning of Section 409A and for purposes of any such provision of this Agreement, references to a "resignation," "termination," "terminate," "termination of employment" or like terms shall mean separation from service.

(d) Payments for Reimbursements and In-Kind Benefits . All reimbursements for costs and expenses under this Agreement shall be paid in no event later than the end of the calendar year following the calendar year in which the Executive incurs such expense. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (ii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.

(e) Payments within Specified Number of Days. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment shall be within the sole discretion of the Company.

(f) Installments as Separate Payment . If under this Agreement, an amount is paid in two (2) or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth below.

WPX ENERGY, INC.

By: __
Richard E. Muncrief

Date: July 7, 2016

Title: President and Chief Executive Officer

WPX ENERGY SERVICES COMPANY, LLC

By: __
Richard E. Muncrief

Date: July 7, 2016

Title: President and Chief Executive Officer

EXECUTIVE:

By: __
Marcia M. MacLeod

Date: July 7, 2016

[Signature Page to Severance and Restrictive Covenant Agreement]

Exhibit A

RELEASE AGREEMENT

This RELEASE AGREEMENT (this " Release "), dated _____, 20___, by and between WPX Energy, Inc., WPX Energy Services Company, LLC, and their respective subsidiaries and affiliates (collectively the " Company "), and Marcia MacLeod (the " Executive ").

WHEREAS, the Executive and the Company have entered into a Severance and Restrictive Covenant Agreement dated _____, 20___ (the " Severance Agreement ");

NOW THEREFORE, in consideration for receiving separation benefits under the Severance Agreement and in consideration of the representations, covenants and mutual promises set forth in this Release, the parties agree as follows:

1. Release . Except with respect to all of the Company's obligations under the Severance Agreement, the Executive, and the Executive's heirs, executors, assigns, agents, legal representatives, and personal representatives, hereby releases, acquits and forever discharges the Company, its agents, subsidiaries, affiliates, and their respective officers, directors, agents, servants, employees, attorneys, shareholders, partners, members, managers, successors, assigns and affiliates (the " Released Parties "), of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorney's fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts or conduct at any time prior to the execution of this Release that arose out of or were related to the Executive's employment with the Company or the Executive's separation from service with the Company including, but not limited to, claims or demands related to wages, salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, sabbatical benefits, severance benefits, or any other form of compensation or equity or thing of value whatsoever; claims pursuant to under Title VII of the Civil Rights Act of 1964 as amended by the Civil Rights Act of 1991, 42 U.S.C. § 2000e, et seq.; 42 U.S.C. § 1981; 42 U.S.C. § 1983; 42 U.S.C. § 1985; 42 U.S.C. § 1986; the Equal Pay Act of 1963, 29 U.S.C. § 206(d); the National Labor Relations Act, as amended, 29 U.S.C. § 160, et seq.; the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101, et seq.; the Employee Retirement Income Security Act of 1974, as amended, (" ERISA "), 29 U.S.C. § 1001, et seq.; the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990, 29 U.S.C.§ 621, et seq.; the Family and Medical Leave Act of 1993, 29 U.S.C.§ 2601 et seq.; the Equal Pay Act; the Rehabilitation Act of 1973; the federal Worker Adjustment and Retraining Notification Act (as amended) and similar laws in other jurisdictions; the Oklahoma Anti-Discrimination Act, Okla. Stat., tit. 25, §§ 1101, et seq., and any claims for wrongful discharge, breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, discrimination, harassment, defamation, infliction of emotional distress, termination in violation of public policy, retaliation, including workers' compensation retaliation under state statutes, tort law; contract law; wrongful discharge; discrimination; fraud; libel; slander; defamation; harassment; emotional distress; breach of the

implied covenant of good faith and fair dealing; or claims for whistle-blowing, or other claims arising under any local, state or federal regulation, statute or common law. This Release does not apply to the payment of any and all benefits and/or monies earned, accrued, vested or otherwise owing, if any, to the Executive under the terms of a Company sponsored tax qualified retirement or savings plan and/or any non-qualified deferred compensation plan(s) sponsored by the Company, except that the Executive hereby releases and waives any claims that the Executive's separation from service was to avoid payment of such benefits or payments, and that, as a result of the Executive's separation, the Executive is entitled to additional benefits or payments. Additionally, this Release does not apply to the indemnification provided or any other payments or benefits to which the Executive is entitled pursuant to the Severance Agreement (including, without limitation, in the outstanding equity awards referenced in Section 5 thereof). This Release does not apply to any claim or rights which might arise out of the actions of the Company after the date the Executive signs this Release or any other claims or rights that Executive is prohibited from waiving under applicable law.

2. Covenant Not to Sue . By signing this Release, the Executive covenants, agrees, represents and warrants that the Executive has not filed and will not in the future file any lawsuits, complaints, petitions or accusatory pleadings in a court of law or in conjunction with a dispute resolution program against any of the Released Parties based upon, arising out of or in any way related to any event or events occurring prior to the signing of this Release, including, without limitation, the Executive's employment with any of the Released Parties or the termination thereof. Nothing in this Release shall limit the Executive's right to file a charge or complaint with any state or federal agency or to participate or cooperate in such a matter. However, the Executive expressly waives all rights to recovery for any damages or compensation awarded as a result of any suit or proceeding brought by any third party or governmental agency on the Executive's behalf.

3. No Assignment of Claims . By signing this Release, the Executive further covenants, agrees, represents and warrants that the Executive has not heretofore assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof or interest therein and acknowledges that this Release shall be binding upon the Executive and upon the Executive's heirs, administrators, representatives, executors, successors, and assigns, and shall inure to the benefit of each of the Released Parties, and to their heirs, administrators, representatives, executors, successors, and assigns.

4. No Release of Vested Benefits or Health and Welfare Benefits . Except as to claims based grants or failure to grant equity in 2016, by signing this Release, the Executive does not release or discharge any right to any vested, deferred benefit in any qualified employee benefit plan which provides for retirement, pension, savings, thrift and/or employee stock ownership or any benefit due the Executive as a participant in any employee health and welfare plan, as such terms are used under ERISA, which is maintained by any of the Released Parties that employed the Executive.

5. No Admission of Liability . Notwithstanding the provisions of this Release and the payments to be made by the Company to the Executive hereunder, the Released Parties do not admit

any manner of liability to the Executive. This Release has been entered into as a means of settling any and all disputes between the Released Parties and the Executive.

6. No Inducement . The Executive agrees that no promise or inducement to enter into this Release has been offered or made except as set forth in this Release or the Severance Agreement, that the Executive is entering into this Release without any threat or coercion and without reliance or any statement or representation made on behalf of the Company or by any person employed by or representing the Company, except for the written provisions and promises contained in this Release or the Severance Agreement.

7. Damages . The parties agree that damages incurred as a result of a breach of this Release will be difficult to measure. It is, therefore, further agreed that, in addition to any other remedies, equitable relief will be available in the case of a breach of this Release. It is also agreed that, in the event the Executive files a claim against the Company with respect to a claim released by the Executive herein (other than a proceeding before the EEOC), the Company may withhold, retain, or require reimbursement of all or any portion of the benefits and Separation Payment under the Severance Agreement until such claim is withdrawn by the Executive.

8. Advice of Counsel; Time to Consider; Revocation . The Executive acknowledges the following:

(a) The Executive has read this Release, and understands its legal and binding effect. The Executive is acting voluntarily and of the Executive's own free will in executing this Release.

(b) The Executive has been advised to seek and has had the opportunity to seek legal counsel in connection with this Release.

(c) The Executive was given at least forty-five (45) days to consider the terms of this Release before signing it.

The Executive understands that, if the Executive signs this Release, the Executive may revoke it within seven (7) days after signing it by delivering written notification of intent to revoke within that seven (7) day period. The Executive understands that this Release will not be effective until after the seven (7) day period has expired.

9. Severability . If all or any part of this Release is declared by any court, arbitrator or governmental authority to be unlawful, invalid, void or unenforceable, such unlawfulness, invalidity or unenforceability shall not affect the validity or enforceability of any other portion of this Release. Any section or a part of a section declared to be unlawful, invalid, void or unenforceable shall, if possible, be construed in a manner which will give effect to the terms of the section to the fullest extent possible while remaining lawful and valid. To the extent that any provision of this Release is adjudicated to be unlawful, invalid, void or unenforceable because it is overbroad, that provision shall not be void but rather shall be limited only to the extent required by applicable law and enforced

as so limited. The parties expressly acknowledge and agree that this Section is reasonable in view of the parties' respective interests.

10. Amendment. This Release shall not be altered, amended, or modified except by written instrument executed by the Company and the Executive. A waiver of any portion of this Release shall not be deemed a waiver of any other portion of this Release.

11. Counterparts. This Release may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.

12. Headings. The headings of this Release are not part of the provisions hereof and shall not have any force or effect.

13. Rules of Construction. Reference to a specific law shall include such law, any valid regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

14. Applicable Law. The provisions of this Release shall be interpreted and construed in accordance with the laws of the State of Oklahoma without regard to its choice of law principles.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the dates set forth below.

WPX ENERGY, INC.

By: /s/ __

Date: _____

Title: _____

WPX ENERGY SERVICES COMPANY, LLC

By: /s/ __

Date: _____

Title: _____

EXECUTIVE:

By: /s/ __

Date: _____

[Signature Page to Release Agreement]

Exhibit 12

WPX Energy, Inc.
Computation of Ratio of Earnings to Fixed Charges

	Six months ended June 30, 2016 (Millions)
Earnings:	
Income (loss) from continuing operations before income taxes	$ (318)
Less: Equity earnings, excluding proportionate share from 50% owned investees and unconsolidated majority-owned investees	(1)
Income (loss) before income taxes and equity earnings	(319)
Add:	
Fixed Charges:	
Interest accrued, including proportionate share from 50% owned investees and unconsolidated majority-owned investees (a)	110
Rental expense representative of interest factor	3
Total fixed charges	113
Total earnings as adjusted	$ (206)
Fixed charges	$ 113
Ratio of earnings to fixed charges	(b)
Preferred dividend requirement	$ 9
Combined fixed charges and preferred dividends	122
Ratio of earnings to combined fixed charges and preferred dividends	(c)

(a) Does not include interest related to income taxes, including interest related to liabilities for uncertain tax positions, which is included in provision (benefit) for income taxes in our Consolidated Statements of Operations.
(b) Earnings are inadequate to cover fixed charges by $319 million.
(c) Earnings are inadequate to cover combined fixed charges and preferred dividends by $328 million.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Richard E. Muncrief, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WPX Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2016

/s/ Richard E. Muncrief

Richard E. Muncrief
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, J. Kevin Vann, certify that:

1. I have reviewed this quarterly report on Form 10-Q of WPX Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2016

/s/ J. Kevin Vann

J. Kevin Vann
Chief Financial Officer

Exhibit 32.1

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 WPX Energy, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2016 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(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 the Company.

/s/ Richard E. Muncrief

Richard E. Muncrief
President and Chief Executive Officer
August 4, 2016

/s/ J. Kevin Vann

J. Kevin Vann
Senior Vice President and Chief Financial Officer
August 4, 2016

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be considered filed as part of the Report.