DEVON ENERGY CORP /OK/

FORM 10-Q
(Quarterly Report)

Filed 08/08/95 for the Period Ending 06/30/95

Address	20 N BROADWAY STE 1500
	OKLAHOMA CITY, OK 73102-8260
Telephone	4052353611
CIK	0000837330
SIC Code	1311 - Crude Petroleum and Natural Gas
Fiscal Year	12/31

DEVON ENERGY CORP /OK/

FORM 10-Q
(Quarterly Report)

Filed 8/8/1995 For Period Ending 6/30/1995

Address	20 N BROADWAY STE 1500
	OKLAHOMA CITY, Oklahoma 73102-8260
Telephone	405-235-3611
CIK	0000837330
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

OR

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

For Quarter Ended June 30, 1995
Commission File No. 1-10067

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

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        Oklahoma                                73-1474008
 (State or Other Jurisdiction of
        (I.R.S. Employer
 Incorporation or Organization)
  Identification Number)
20 North Broadway, Suite 1500
   Oklahoma City, Oklahoma
           73102
(Address of Principal Executive Offices)
(Zip Code)
```

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

Not applicable

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

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

The number of shares outstanding of Registrant's common stock, par value $.10, as of August 8, 1995, was 22,093,496.

1 of 32 total pages

(Exhibit Index is found at page 30)

DEVON ENERGY CORPORATION

Index to Form 10-Q Quarterly Report

to the Securities and Exchange Commission

Page No.

DEVON ENERGY CORPORATION

Part I. Financial Information

Item 1. Consolidated Financial Statements June 30, 1995 and 1994

(Forming a part of Form 10-Q Quarterly Report to the Securities and Exchange Commission)

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

	June 30, 1995 (Unaudited)	December 31, 1994
Assets		
Current assets:		
Cash and cash equivalents	$ 8,807,024	8,336,371
Accounts receivable	17,192,292	15,626,799
Inventories	549,495	534,326
Prepaid expenses	1,330,903	564,371
Deferred income taxes	262,000	262,000
Total current assets	28,141,714	25,323,867
Property and equipment, at cost, based on the full cost method of accounting for oil and gas properties	556,126,622	523,941,141
Less: Accumulated depreciation, depletion and amortization	221,340,641	202,634,961
	334,785,981	321,306,180
Other assets	3,870,334	4,817,489
Total assets	$366,798,029	351,447,536
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable:		
Trade	3,674,943	6,394,897
Revenues and royalties due to others	6,402,169	7,398,199
Accrued expenses	3,056,938	3,225,493
Total current liabilities	13,134,050	17,018,589
Revenues and royalties due to others	1,383,135	1,383,135
Deposits (Note 3)	11,521,923	-
Long-term debt	95,000,000	98,000,000
Deferred revenue (Note 3)	7,596,884	1,299,947
Deferred income taxes	29,518,000	27,340,000
Stockholders' equity:		
Preferred stock of $1.00 par value. Authorized 3,000,000 shares; none issued	-	-
Common stock of $.10 par value. Authorized 120,000,000 shares; issued 22,058,496 shares in 1995 and 2,050,996 in 1994	2,205,850	2,205,100
Additional paid-in capital	166,743,587	166,654,305
Retained earnings	39,694,600	37,546,460
Total stockholders' equity	208,644,037	206,405,865
Total liabilities and stockholders' equity	$366,798,029	351,447,536

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Six Months Ended June 30, 1995	Six Months Ended June 30, 1994
Revenues:				
Gas sales	$ 9,552,692	14,622,933	19,452,697	32,131,921
Oil sales	14,376,088	9,162,648	26,365,389	16,543,399
Natural gas liquids sales	1,403,186	1,167,464	3,033,448	2,056,029
Other	318,368	566,308	561,127	932,285
Total revenues	25,650,334	25,519,353	49,412,661	51,663,634
Costs and expenses:				
Production and operating expenses	8,110,585	7,597,400	16,552,362	15,186,620
Depreciation, depletion and amortization	9,600,192	8,187,731	19,059,444	16,309,505
General and administrative expenses	2,053,044	2,226,672	4,389,814	4,278,099
Interest expense	1,743,091	1,313,697	3,526,817	2,306,583
Total costs and expenses	21,506,912	19,325,500	43,528,437	38,080,807
Earnings before income taxes	4,143,422	6,193,853	5,884,224	13,582,827
Income tax expense:				
Current	235,000	252,000	235,000	547,000
Deferred	1,464,000	1,888,000	2,178,000	4,105,000
Total income tax expense	1,699,000	2,140,000	2,413,000	4,652,000
Net earnings	$ 2,444,422	4,053,853	3,471,224	8,930,827
Net earnings per average common share outstanding	$0.11	0.19	0.16	0.42
Weighted average common shares outstanding	22,052,149	21,253,781	22,051,576	21,050,006

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(Unaudited)

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Six Months Ended June 30, 1995	Six Months Ended June 30, 1994
Common stock:				
Balance, beginning of period	$ 2,205,100	2,084,512	2,205,100	2,084,232
Par value of common shares issued	750	120,395	750	120,675
Balance, end of period	2,205,850	2,204,907	2,205,850	2,204,907
Additional paid-in capital:				
Balance, beginning of period	166,654,305	144,432,288	166,654,305	144,403,743
Common shares issued	89,282	22,217,620	89,282	22,246,165
Balance, end of period	166,743,587	166,649,908	166,743,587	166,649,908
Retained earnings:				
Balance, beginning of period	37,911,732	30,663,192	37,546,460	26,411,572
Dividends on common stock	(661,554)	(661,471)	(1,323,084)	(1,286,825)
Net earnings	2,444,422	4,053,853	3,471,224	8,930,827
Balance, end of period	39,694,600	34,055,574	39,694,600	34,055,574
Total stockholders' equity, end of period	$208,644,037	202,910,389	208,644,037	202,910,389

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Unaudited

	Six Months Ended June 30, 1995	1994
Cash flows from operating activities		
Net earnings	$3,471,224	8,930,827
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion and amortization	19,059,444	16,309,505
(Gain) loss on sale of assets	(26,763)	218
Deferred income taxes	2,178,000	4,105,000
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1,774,987)	2,699,474
Inventories	(15,169)	180,001
Prepaid expenses	(766,532)	(532,357)
Other assets	624,327	(759,915)
Increase (decrease) in:		
Accounts payable	(1,324,500)	(7,760,762)
Income taxes payable	-	(467,962)
Accrued expenses	(168,555)	(188,157)
Deferred revenue (Note 3)	6,296,937	(79,476)
Net cash provided by operating activities	27,553,426	22,436,396
Cash flows from investing activities		
Proceeds from sale of property and equipment	1,460,712	362,479
Increase in deposits (Note 3)	11,521,923	-
Capital expenditures	(33,440,872)	(12,874,028)
Payments made for acquisitions of business (Note 2)	(2,391,484)	(42,233,853)
Net cash provided by (used in) investing activities	(22,849,721)	(54,745,402)
Cash flows from financing activities		
Proceeds from borrowings on revolving lines of credit	4,000,000	29,500,000
Principal payments on revolving line of credit	(7,000,000)	(4,500,000)
Issuance of common stock	90,032	359,430
Dividends paid on common stock	(1,323,084)	(1,286,825)
Net cash provided by (used in) financing activities	(4,233,052)	24,072,605
Net increase (decrease) in cash and cash equivalents	470,653	(8,236,401)
Cash and cash equivalents at beginning of period	8,336,371	19,550,288
Cash and cash equivalents at end of period	$ 8,807,024	11,313,887

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements and notes thereto have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes included in Devon's 1994 annual report on Form 10-K.

In the opinion of Devon's management, all adjustments (all of which are normal and recurring) have been made which are necessary to fairly state the consolidated financial position of Devon and its subsidiaries as of June 30, 1995, and the results of their operations for the three month and six month periods ended June 30, 1995 and 1994 and their cash flows for the six month periods ended June 30, 1995 and 1994.

2. Acquisition

On May 18, 1994, Devon acquired Alta Energy Corporation ("Alta") via a merger between the two companies (the "Merger"). The accompanying consolidated statements of cash flows include cash payments related to the Merger in both the six month periods ended June 30, 1995 and 1994. The $42.2 million of cash payments in the first half of 1994 represent substantially all of the $42.4 million paid in the year 1994 related to the Merger. In addition to these payments, Devon also issued approximately 1,168,000 shares of its common stock for the Merger.

Subsequently, in February 1995, Devon paid an additional $2.4 million to the former Alta stockholders. This payment, in accordance with the Merger agreement, was based upon the evaluation of a well completed by Alta during the first half of 1994.

3. Contingent Transaction

In early 1995, Devon and an unrelated entity entered into a transaction covering substantially all of Devon's San Juan Basin gas properties. However, the transaction is subject to a material unresolved contingency and a confidentiality agreement. Until the contingency is resolved, Devon is deferring the recognition of the operating statement impact from the transaction. The pro forma information at the end of this note presents the potential impact on Devon's operating statement from this contingent transaction.

As of June 30, 1995, Devon had received $17.9 million under the terms of the transaction. Since the entire $17.9 million is refundable, these funds are recorded as liabilities in the accompanying June 30, 1995 consolidated balance sheet, pending the resolution of the contingency. Approximately $6.4 million of the total received to date will be recorded as revenues if the contingency is favorably resolved. This amount is included in deferred revenues in the June 30, 1995 balance sheet. The remaining $11.5 million will affect only the balance sheet upon a favorable resolution, and is recorded as deposits in the accompanying balance sheet.

The contingency should be resolved by year-end 1995. Upon a favorable resolution of the contingency, the cumulative unrecorded effects of the transaction will be recorded, starting from the January 1, 1995 effective date. Also, Devon will have either consumed, or otherwise will no longer have available, a substantial portion of the income tax benefits it currently possesses. If the resolution is unfavorable, Devon will return the cash received, thereby liquidating the liabilities, and its results of operations will not be affected.

Though the $17.9 million which has been received through June 30, 1995, is refundable pending the resolution of the contingency, Devon's use of the funds is not restricted. However, to secure the possible repayment of the cash it receives under the terms of the transaction, Devon has established a letter of credit in favor of the other entity which expires no later than December 29, 1995. The amount of the letter of credit increases throughout 1995, to a maximum of $20 million, based upon the expected timing of Devon's cash receipts. As of June 30, 1995, the letter of credit was $18 million. Devon's available borrowings under its credit lines are restricted by the amount of the letter of credit.

Assuming that the transaction had been effective as of the beginning of each period presented below, and was not subject to the contingency, Devon's pro forma results for the six months ended June 30, 1995 and 1994 are as follows:

Pro Forma Effects Attributable to Contingent Transaction

	Pro Forma Six Months Ended June 30, 1995	1994
Revenues		
Gas sales	$25,000,000	36,700,000
Oil sales	26,400,000	16,500,000
Natural gas liquids sales	3,000,000	2,100,000
Other	500,000	900,000
Total revenues	54,900,000	56,200,000
Costs and expenses		
Production and operating expenses	16,400,000	15,000,000
Depreciation, depletion and amortization	18,400,000	15,700,000
General and administrative expenses	4,400,000	4,300,000
Interest expense	3,500,000	2,000,000
Total costs and expenses	42,700,000	37,000,000
Earnings before income taxes	12,200,000	19,200,000
Income tax expense		
Current	2,300,000	2,200,000
Deferred	2,800,000	4,500,000
Total income tax expense	5,100,000	6,700,000
Net earnings	$ 7,100,000	12,500,000
Net earnings per average common share outstanding	$0.32	0.59

4. Interest Rate Swap Agreement

Devon entered into an interest rate swap agreement in June, 1995, to hedge the impact of interest rate changes on a portion of its long-term debt. The principal amount of the swap agreement is $75 million, and the other party to the agreement is one of the lenders of Devon's credit lines (the "Lender"). The agreement terminates on June 16, 1998, unless the Lender exercises its right to extend the termination date to June 16, 2000. The terms of the agreement provide for quarterly payments either to or from Devon, determined by whether the three month London Interbank Offered Rate ("LIBOR") in effect at the beginning of each quarterly calculation period is greater or less than 5.6%. The calculation periods begin on the sixteenth day of March, June, September and December. If, on the date of the beginning of the quarterly calculation period, the three month LIBOR exceeds 5.6%, the Lender will owe Devon the quarterly amount of the excess rate applied to the $75 million principal. Alternately, if the three month LIBOR on the applicable quarterly date is less than 5.6%, Devon will owe the Lender.

The swap agreement is accounted for as a hedge, with the amount which is either due to or from Devon recorded as a reduction or increase in interest expense. The three month LIBOR as of the first quarterly calculation period which began on June 16, 1995, was 6.0%. Accordingly, the Lender owes Devon $76,667, which is payable under the terms of the agreement on September 16, 1995. Devon has recognized $12,500 of this amount as a reduction of interest expense in the second quarter, with the remainder deferred until the third quarter.

The swap agreement does not alter or affect any terms or conditions of Devon's lines of credit.

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

The following discussion addresses material changes in results of operations for the three months and six months ended June 30, 1995, compared to the three months and six months ended June 30, 1994, and in financial condition since December 31, 1994. It is presumed that readers have read or have access to Devon's 1994 annual report on Form 10-K.

The 1994 annual report on Form 10-K contained various forward-looking information for the year 1995. Where necessary, that information has been revised in the following discussion. The forward-looking information provided herein is based on management's examination of historical operating trends, the December 31, 1994 reserve report of LaRoche, Swindell & Associates, data in Devon's files and other data available from third parties. The forward-looking information in this discussion was prepared assuming demand, curtailment, producibility and general market conditions for Devon's oil, natural gas and natural gas liquids ("NGL") for the second half of 1995 will be substantially similar to those for the first half of the year, unless otherwise noted. No assurance as to the ultimate accuracy of the forward-looking information can be given.

Overview

Devon's combined oil, gas and NGLs production increased 9% and 7%, respectively, for the quarter and year-to- date periods ended June 30, 1995. However, net earnings declined significantly for both periods. These results were driven by several factors:

Devon's May 1994 merger with Alta coupled with the company's extensive drilling efforts in the Grayburg-Jackson Field and the Sand Dunes Area, increased oil production by 46% in the second quarter and 34% year-to-date.

Natural gas prices were sharply lower in the 1995 periods, offsetting the gains in total production of oil, gas and NGLs. The average price Devon received for its gas production fell 32% in the second quarter and 37% for the year-to-date period.

The Merger with Alta boosted depreciation, depletion and amortization expense and to a lesser extent operating costs during the 1995 periods.

Interest expense increased in both the quarter and year-to-date periods ended June 30, 1995. Higher interest rates were the primary cause for the expense increase in both periods.

In early 1995, Devon and an unrelated party entered into a transaction involving substantially all of Devon's San Juan Basin properties. Because the transaction is subject to a material unresolved contingency, Devon is deferring recognition of the operating statement impact. However, Devon benefitted from the use of $17.9

million of cash received in 1995 under the terms of the agreement. See note 3 to the consolidated financial statements in Part 1, Item 1 of this report, and "Capital Expenditures, Capital Resources and Liquidity - Capital Resources and Liquidity" in this section of the report.

The positive benefits derived from Devon's acquisition and drilling efforts were muted by sharply lower gas prices in the quarter and year-to-date periods. Unfortunately, Devon can only marginally influence the prices it receives for oil, natural gas and NGLs.

Results of Operations

Combined oil, gas and NGL revenues increased by 2% for the second quarter of 1995, and decreased by 4% for the first half of 1995. The relative contributions of production and price changes are shown below.

	Three Months Ended June 30, 1995	1994	Change	Six Months Ended June 30, 1995	1994	Change
Production						
Gas (Mcf)	9,374,203	9,780,271	-4%	19,355,504	20,076,899	-4%
Oil (Bbls)	822,891	565,427	+46%	1,541,135	1,146,168	+34%
<F1>						
NGL (Boe)1	133,192	117,176	+14%	271,881	225,193	+21%
Oil, Gas and NGL (EMcf)	115,110,701	13,875,889	+9%	30,233,600	28,305,065	+7%
Revenues						
Gas	$ 9,552,692	14,622,933	-35%	19,452,697	32,131,921	-39%
Oil	14,376,088	9,162,648	+57%	26,365,389	16,543,399	+59%
NGL	1,403,186	1,167,464	+20%	3,033,448	2,056,029	+48%
Combined	$25,331,966	24,953,045	+2%	48,851,534	50,731,349	-4%
Average Prices						
Gas (Per Mcf)	$1.02	1.50	-32%	1.01	1.60	-37%
Oil (Per Bbl)	$17.47	16.20	+8%	17.11	14.43	+19%
<F1>						
NGL (Per Boe)1	$10.54	9.96	+6%	11.16	9.13	+22%
Oil, Gas and NGL						
<F1>						
(Per EMcf)1	$1.68	1.80	-7%	1.62	1.79	-9%

<F1>
1 NGL is converted to barrels of oil equivalent ("Boe") at the rate of 42 gallons of liquids per barrel. Oil and NGL are converted to equivalent thousand cubic feet ("EMcf") at the rate of six Mcf per barrel of oil (or Boe of NGL). These conversions are based upon the approximate relative energy content of natural gas, oil and NGL. Such rate is not necessarily indicative of the relationship of oil, gas and NGL prices, which are affected by market and other factors in addition to relative energy content.

Gas Revenues. Gas revenues declined by $5.1 million, or 35%, in the second quarter of 1995, primarily because the average price dropped by $0.48 per Mcf, or 32%. This price decline accounted for $4.5 million of the reduction in gas revenues in the 1995 quarter. Also, declines in production of
0.4 Bcf, or 4%, caused a $0.6 million drop in gas revenues.

Coal seam gas averaged $0.70 per Mcf in the second quarter of 1995, or 41% lower than the $1.18 per Mcf price received in 1994's second quarter. The average price for conventional gas production was $1.47 per Mcf in the 1995 quarter, a 19% reduction from the $1.82 per Mcf price realized in the 1994 quarter. The price per Mcf for coal seam gas has historically been less than Devon's conventional gas (i.e., gas produced from other than coal formations) due to the former's low Btu content and the costs of transportation and removing carbon dioxide. These adjustments have been taken into account in calculating the coal seam gas prices referred to above.

Coal seam gas production increased from 5.0 Bcf in the second quarter of 1994 to 5.5 Bcf in the second quarter of 1995. Coal seam gas production in the second quarter of 1994 was limited by Devon's decision to sell approximately 0.7 Bcf less than its full share of Northeast Blanco Unit ("NEBU") production. Conventional gas production in the second quarter of 1995 benefited from a complete quarter of production from the properties acquired in the May 1994 Merger (the "Merger Properties"). The Merger Properties' gas production increased 0.1 Bcf in the 1995 quarter. This was offset, however, by a 0.1 Bcf reduction due to properties which were sold subsequent to the second quarter of 1994, and a 0.9 Bcf net reduction in all other conventional production.

Gas revenues declined by $12.7 million, or 39%, in the first half of 1995, primarily because the average price dropped by $0.59 per Mcf, or 37%. This price decline accounted for $11.5 million of the drop in gas revenues in the first half of 1995. Also, declines in production of 0.7 Bcf, or 4%, caused a $1.2 million drop in gas revenues.

Coal seam gas averaged $0.73 per Mcf in the first half of 1995, or 46% lower than the $1.34 per Mcf price received in 1994's first six months. The average price for conventional gas production was $1.40 per Mcf in the first six months of 1995, a 27% reduction from the $1.91 per Mcf price realized in 1994's comparable period.

Coal seam gas production increased by 4% in the first half of 1995, from 11.0 Bcf produced in the 1994 period to 11.4 Bcf produced in the 1995 period. Conventional gas production decreased from 9.1 Bcf in the first half of 1994 to 8.0 Bcf in the first half of 1995. The Merger Properties accounted for a
0.3 Bcf increase in production. However, this was offset by a
0.3 Bcf reduction due to property sales subsequent to June 1994, and a 1.1 Bcf net reduction in all other conventional production.

1995 Revised Estimates. The original estimate in the 1994 10-K for 1995 gas production was between 37 Bcf and 43 Bcf in total, which consisted of between 20 Bcf and 24 Bcf of coal seam gas production and between 17 Bcf and 19 Bcf of conventional gas production. Primarily due to the decision to delay drilling projects related to proved undeveloped gas properties, the estimate for 1995 conventional gas production has been revised to between 15 Bcf and 17 Bcf, and the estimate for total gas production has been revised to between 35 Bcf and 41 Bcf. The original estimate for coal seam production has not changed.

It was originally estimated in the 1994 10-K that coal seam gas prices in 1995, after the effects of BTU content, transportation and carbon dioxide removal, would be between $0.45 to $0.50 per Mcf less than Texas Gulf Coast ("TGC") spot averages. In the first half of 1995, mild weather and an unusually large supply of hydroelectric power in the West Coast area of the U.S. (generated from large amounts of snowfall in the winter and spring months of 1995) lowered natural gas demand in that area, which is where a majority of the coal seam gas is marketed. As a result, coal seam gas averaged $0.75 per Mcf less than the TGC average for the first six months of 1995. While it is obviously difficult to accurately predict such weather related market effects, Devon does not consider these changes in market conditions to be permanent. It is, however, expected that the West Coast gas market will continue to be weaker than usual into the fourth quarter of 1995. Based on this, it is estimated that coal seam gas for the year 1995 should average between $0.65 and $0.75 less than the TGC spot average.

Oil Revenues. Oil revenues increased by 57% from $9.2 million in the second quarter of 1994 to $14.4 million in the second quarter of 1995. Production gains of 257,000 barrels, or 46%, added $4.2 million of oil revenues in the 1995 quarter. Also, the average oil price increased by $1.27 per barrel, or 8%, in the 1995 quarter, which added $1.0 million to the period's oil revenues.

The primary contributor to the increased oil production was the added production from the Merger Properties. The Merger Properties only contributed production for approximately one month in the 1994 quarter. More importantly, however, oil production from these properties has increased steadily since the Merger. As a result, the Merger Properties produced 200,000 barrels in the second quarter of 1995, compared to 38,000 barrels produced in the second quarter of 1994. Devon's other oil properties also increased from 527,000 barrels in the second quarter of 1994 to 623,000 barrels in the second quarter of 1995. This 18% increase was caused by production from new wells which were completed in 1995, and additional production from recompletions and workovers.

Oil revenues increased by 59% from $16.5 million in the first half of 1994 to $26.4 million in the first half of 1995. Production gains of 395,000 barrels, or 34%, added $5.7 million of oil revenues in the 1995 period. Also, the average oil price increased by $2.68 per barrel, or 19%, in the 1995 period, which added $4.2 million of oil revenues compared to the 1994 period.

As discussed above, the Merger Properties contributed only one month of oil production in the first half of 1994, compared to a full six months of production in the first half of 1995. The Merger Properties produced 339,000 barrels in the first six months of 1995, compared to the 38,000 barrels which they produced for the month of June 1994. Production from Devon's other oil properties increased 94,000 barrels, or 8%, in the first half of 1995 due to the increase in the second quarter discussed above.

1995 Revised Estimate. It was originally estimated in the 1994 10-K that Devon's net oil price for the year 1995 would average between $0.25 and $0.50 below West Texas Intermediate ("WTI") posted prices. Through the first six months of 1995, Devon's net oil price averaged only $0.11 below the average WTI price. The increase in Devon's net price was primarily the result of successful renegotiations of crude contracts. Devon's position in these renegotiations benefited from a higher demand for sour crude, which is the primary type produced from the properties Devon acquired in 1994, and the aggregation of supplies from various properties for marketing purposes. Devon now estimates that its net oil price for the year 1995 should average between $0.05 and $0.15 less than WTI posted prices. The original estimate for 1995 oil production of between 3.0 to 3.5 million barrels has not changed.

NGL Revenues. NGL revenues increased by 20% from $1.2 million in the second quarter of 1994 to $1.4 million in the second quarter of 1995. Production increased in the 1995 period by 16,000 Boe, or 14%, which added $0.1 million to NGL revenues. The Merger Properties accounted for all of the production increase. Also, the average price increased by $0.58 per Boe, or 6%, in the 1995 quarter. This price increase added $0.1 million to NGL revenues in the 1995 period.

NGL revenues increased by 48% from $2.1 million in the first half of 1994 to $3.0 million in the first half of 1995. Production increased in 1995 by 47,000 Boe, or 21%, which added $0.4 million to NGL revenues. The Merger Properties accounted for 30,000 Boe of the production increase. Also, the average price increased by $2.03 per Boe, or 22%, in the first six months of 1995. This price increase added $0.5 million to NGL revenues in the first half of 1995.

Production and Operating Expenses. Components of production and operating expenses in the second quarter and first half of 1995 increased or decreased compared to 1994 as shown in the table below.

	Three Months Ended June 30,			Six Months Ended June 30,		
	1995	1994	Change	1995	1994	Change
Absolute:						
Recurring operations and maintenance expenses	$5,578,820	5,165,569	+8%	11,168,811	10,304,605	+8%
Well workover expenses	974,543	707,894	+38%	2,149,873	1,244,159	+73%
Production taxes	1,557,222	1,723,937	-10%	3,233,678	3,637,856	-11%
Total production and operating expenses	$8,110,585	7,597,400	+7%	16,552,362	15,186,620	+9%
Per EMcf:						
Recurring operations and maintenance expenses	$0.37	0.37	-	0.37	0.37	-
Well workover expenses	0.07	0.05	+40%	0.07	0.04	+75%
Production taxes	0.10	0.13	-23%	0.11	0.13	-15%
Total production and operating expenses	$0.54	0.55	-2%	0.55	0.54	+2%

Recurring operations and maintenance expenses increased in both the second quarter and year-to-date periods in 1995, primarily due to the additional expenses incurred on the Merger Properties acquired in the second quarter of 1994. The Merger Properties accounted for $0.4 million of the increase in the second quarter's recurring expenses, and $1.1 million of the increase in the year-to-date period. Recurring expenses on Devon's other properties were constant between the second quarter of 1995 and 1994, and decreased by $0.2 million, or 3%, in the first half of 1995.

The Merger Properties are primarily oil producing properties, which are traditionally more expensive to operate than gas producing properties. The per unit rate of the Merger Properties' recurring expenses in the second quarter and first six months of 1995 was $0.46 per EMcf and $0.52 per EMcf, respectively. These compare to respective rates of $0.36 per EMcf and $0.35 per EMcf for the recurring expenses of all other properties owned by Devon.

Well workover expenses increased by substantial margins in both the second quarter and the first half of 1995. This is a trend that should also continue in the second half of 1995. The expenses incurred in the first half of 1995 related to projects to increase production from certain wells as well as routine repairs.

1995 Revised Estimates. It was originally estimated that approximately $5 to $6 million would be spent in 1995 for well workovers, and that total production and operating expenses would total between $35 and $41 million. Devon now estimates that its workover expenses for the year will be between $4 and $5 million, and its total production and operating expenses will be between $33 and $39 million.

Depreciation, Depletion and Amortization Expenses ("DD&A"). Oil and gas property related DD&A increased $1.4 million, or 18%, from $7.9 million in the second quarter of 1994 to $9.3 million in the same quarter of 1995. Approximately half of the increase was caused by an increase in the DD&A rate per EMcf. The DD&A rate in 1994's second quarter was $0.57 per EMcf, compared to 1995's second quarter rate of $0.61 per EMcf. The inclusion of the Merger Properties for a full quarter in 1995, compared to only one month in 1994, accounted for substantially all of the DD&A rate increase. The other half of the DD&A increase was caused by the 9% increase in total production.

Oil and gas property related DD&A increased by $2.7 million, or 17%, from $15.7 million in the first half of 1994 to $18.4 million in the first half of 1995. The DD&A rate increased from $0.56 per EMcf in the 1994 period to $0.61 per EMcf in the 1995 period, primarily due to the inclusion of the Merger Properties as discussed above. This rate increase caused approximately 60% of the DD&A increase, with the other 40% caused by the 7% increase in total production.

General and Administrative Expenses ("G&A"). G&A decreased $0.2 million, or 8%, in the second quarter of 1995 compared to the same period of 1994. The primary reason for the decrease was a change in the method used to calculate overhead reimbursements on certain properties operated by Devon. This change, which was retroactive to the prior two years, reduced G&A by approximately $0.2 million in the quarter.

G&A increased $0.1 million, or 3%, for the first half of 1995 compared to the same period of 1994. Personnel expenses, including salary, pension and insurance expenses, increased $0.5 million, or 13%, in the 1995 period. Of these components, salaries were up 6%, pension expense was up 61% and insurance expense was up 18%. These increases were offset by higher overhead reimbursements. In addition to the retroactive $0.2 million benefit referred to in the above paragraph, recurring overhead reimbursements for the first half of 1995 were also up by $0.3 million, primarily due to the increased number of wells which Devon now operates.

Interest Expense. Interest expense increased $0.4 million, or 33%, in the second quarter of 1995, due exclusively to higher rates. The annualized interest rate on the debt outstanding during 1995's second quarter was 6.7%, compared to 4.9% during the second quarter of 1994. The overall average interest rate (including the effect of various fees paid to the banks and the amortization of certain loan costs) during the second quarter of 1995 was 7.4%, compared to 5.5% during the second quarter of 1994. The average debt balance outstanding during the second quarter of 1995 was $93.9 million, or slightly lower than 1994's second quarter average balance of $95.3 million.

Interest expense increased $1.2 million, or 53%, in the first six months of 1995. Higher interest rates caused $1.0 million of the increase. The annualized rate on the debt outstanding during the first half of 1995 was 6.8%, compared to 4.6% during the first six months of 1994. The overall average interest rate during the first half of 1995 was 7.5%, compared to 5.3% during the same period in 1994. An increase in the average debt balance caused interest expense to rise by $0.2 million in the first half of 1995. The average balance increased 7% from $87.9 million in the first half of 1994 to $94.3 million in the first half of 1995. The increase in the average balance was primarily caused by the timing of borrowings to fund a portion of the Merger in the second quarter of 1994.

Devon entered into an interest rate swap agreement in June, 1995, to hedge the impact of interest rate changes on a portion of its long-term debt. The principal amount of the swap agreement is $75 million, and the other party to the agreement is one of the lenders of Devon's credit lines (the "Lender"). The agreement terminates on June 16, 1998, unless the Lender exercises its right to extend the termination date to June 16, 2000. The terms of the agreement provide for quarterly payments either to or from Devon, determined by whether the three month London Interbank Offered Rate ("LIBOR") in effect at the beginning of each quarterly calculation period is greater or less than 5.6%. The calculation periods begin on the sixteenth day of March, June, September and December. If, on the date of the beginning of the quarterly calculation period, the three month LIBOR exceeds 5.6%, the Lender will owe Devon the quarterly amount of the excess rate applied to the $75 million principal. Alternately, if the three month LIBOR on the applicable quarterly date is less than 5.6%, Devon will owe the Lender.

The swap agreement is accounted for as a hedge, with the amount which is either due to or from Devon recorded as a reduction or increase in interest expense. The three month LIBOR as of the first quarterly calculation period which began on June 16, 1995, was 6.0%. Accordingly, the Lender owes Devon $76,667, which is payable under the terms of the agreement on September 16, 1995. Devon has recognized $12,500 of this amount as a reduction of interest expense in the second quarter, with the remainder deferred until the third quarter.

The swap agreement does not alter or affect any terms or conditions of Devon's lines of credit.

1995 Revised Estimate. It was originally estimated in the 1994 10-K that interest expense for the year 1995 would be between $7 and $9 million, excluding the effect of the contingent transaction discussed in "Capital Expenditures, Capital Resources and Liquidity - Capital Resources and Liquidity" in this report. Pending resolution of the contingency, Devon is able to utilize the cash which is received pursuant to the transaction to reduce debt. Also, Devon expects its average interest rate for the year to be lower than originally estimated, and the postponement of certain gas related drilling has lowered the estimate of the year's average debt outstanding. All of these factors more than offset the effect of lower gas prices on the amount of cash flow which was estimated at the beginning of the year to be applied toward outstanding debt. As a result, interest expense for the year 1995 is now estimated to be between $6.5 and $7.5 million.

Income Taxes. During interim periods, income tax expense is based on the estimated effective tax rate which is expected for the entire fiscal year. The estimated effective tax rate in the second quarter and first half of 1995 was 41%, compared to approximately 34% in the same periods of 1994. The increase in the 1995 rates is primarily due to the effect of certain financial deductions for DD&A which are not allowed for income tax purposes due to the tax free nature of the Merger. Also, although the estimated 1994 income tax rate used in preparing the second quarter and first half of 1994 consolidated financial statements was 34%, the rate for the entire year of 1994 was actually 36%. The effect of this change in the estimated income tax rate was recorded in the fourth quarter of 1994.

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

Approximately $13.1 million of deferred tax assets were included in the net deferred tax liability as of June 30, 1995. Over 90% of such assets related to the tax benefits expected from the future utilization of net operating loss carryforwards, statutory depletion carryforwards, investment tax credit carryforwards and minimum tax credit carryforwards. To assess the likelihood of realizing tax benefits from the future utilization of these carryforwards, management considered four primary factors: (1) estimates of future yearly taxable income which Devon is expected to generate; (2) the level of future taxable income necessary to utilize the carryforwards; (3) the expiration dates, if any, of such carryforwards, and (4) certain limitations on the annual utilization of the carryforwards as set forth by federal tax regulations.

Based upon current estimates of future production and average prices, management believes that taxable income during the carryforward periods will be sufficient to utilize substantially all of the carryforwards currently available. The tax benefit from net operating loss and investment tax credit carryforwards, which totals approximately $6.9 million, is expected to be realized between 1995 and 2002. This is well before the 2006 expiration date for the majority of such benefits. The remaining $6.2 million of tax benefits consist primarily of statutory depletion and minimum tax credit carryforwards. These carryforwards do not have expiration dates, and are therefore available to reduce taxes in any future year. However, based upon limitations imposed on the utilization of certain of the depletion carryforwards acquired in the Merger, a $100,000 valuation allowance was recorded at the time of the Merger. No changes in this valuation allowance have occurred through June 30, 1995.

Management's assessment of the future utilization of Devon's deferred tax assets is based upon current estimates of taxable income to be generated in 1995 and beyond. Significant changes in such estimates from variables such as future oil and gas prices or capital expenditures could alter the timing of the eventual utilization of such assets. There can be no assurance that Devon will generate any specific level of continuing taxable earnings.

Capital Expenditures, Capital Resources and Liquidity

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

Capital Expenditures. Cash used for capital expenditures increased 160% from $12.9 million in the first half of 1994 to $33.4 million in the first half of 1995. Approximately $32.2 million was spent in 1995 on exploration and development efforts, compared to $12.2 million spent in the first half of 1994 for such efforts. Approximately $16.0 million of 1995's total expenditures related to the drilling and development of the Grayburg-Jackson Field which was acquired in the Merger.

1995 Revised Estimate. In the 1994 10-K, it was estimated that 1995 capital expenditures would total between $75 and $80 million. However, a number of drilling projects on proved undeveloped natural gas properties which were planned for 1995 have been postponed until later in 1995 or 1996 due to low gas prices. It is now estimated that 1995 capital expenditures will be between $62 and $68 million.

Cash Used in the Merger with Alta Energy Corporation. The Merger was consummated in the second quarter of 1994. Through June 30, 1994, Devon incurred costs of $42.2 million related to the Merger. Devon also incurred subsequent Merger-related costs in the second half of 1994 and in the first quarter of 1995. Approximately $0.2 million of various costs were incurred in the second half of 1994. In February 1995, Devon paid an additional $2.4 million to the former Alta stockholders. This payment, in accordance with the Merger agreement, was based upon the evaluation of a well completed by Alta during the first half of 1994.

Capital Resources and Liquidity. Net cash provided by operating activities continued to be a primary source of capital and liquidity in the first half of 1995. Net cash provided by operating activities increased by 23% from $22.4 million in the first six months of 1994 to $27.6 million in the first half of 1995.

Included in 1995's net cash provided by operating activities was $6.4 million received pursuant to a transaction entered into in early 1995 between Devon and an unrelated entity. The transaction, which covers substantially all of Devon's San Juan Basin gas properties, could have a significant and very positive financial impact on Devon. However, the transaction is subject to a material unresolved contingency and a confidentiality agreement. Until the contingency is resolved, Devon is deferring the recognition of the operating statement impact from the transaction.

In addition to the $6.4 million recorded as operating cash flow, Devon has also received $11.5 million which will affect only the balance sheet if the contingency is favorably resolved. Since the entire $17.9 million received to date is refundable, these funds are recorded as liabilities in the accompanying June 30, 1995 consolidated balance sheet, pending the resolution of the contingency.

The contingency should be resolved by year-end 1995. Upon a favorable resolution of the contingency, the cumulative unrecorded effects of the transaction will be recorded, starting from the January 1, 1995 effective date. Also, Devon will have either consumed, or otherwise will no longer have available, a substantial portion of the income tax benefits it currently possesses. If the resolution is unfavorable, Devon will return the cash received, thereby liquidating the liability, and its results of operations will not be affected.

If the contingency is resolved favorably, the transaction could have a significant effect on Devon's 1995 results of operations and liquidity. Devon estimates that the transaction could add between $6.5 million to $7.5 million to its net earnings for the year 1995, an impact of $0.29 to $0.34 per common share. Net cash provided by operating activities for the year 1995 could also be boosted by $5.5 million to $6.5 million, of which a net $4.1 million was received in the first half of 1995. (This figure consists of the $6.4 million received pursuant to the transaction, less $2.3 million paid to date for related income taxes due.)

Though the $17.9 million which has been received through June 30, 1995, is refundable pending the resolution of the contingency, Devon's use of the funds is not restricted. However, to secure the possible repayment of the cash it receives under the terms of the transaction, Devon has established a letter of credit in favor of the other entity which expires no later than December 29, 1995. The amount of the letter of credit increases throughout 1995, to a maximum of $20 million, based upon the expected timing of Devon's cash receipts. As of June 30, 1995, the letter of credit was $18 million. Devon's available borrowings under its credits lines are restricted by the amount of the letter of credit.

After deducting the $18 million letter of credit restriction, Devon had $92 million of borrowings available under its credit lines at June 30, 1995. Currently, the capital resources available from operating activities and credit lines are more than adequate to cover Devon's known capital requirements.

Part II. Other Information

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Company's annual meeting of shareholders was held in Oklahoma City, Oklahoma at 1:00 p.m. local time, on Wednesday, June 7, 1995.

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

(c) Out of a total of 22,050,996 shares of the Company's common stock outstanding and entitled to vote, 18,936,719 shares were present at the meeting in person or by proxy, representing approximately 86 percent. Matters voted upon at the meeting were as follows:

(i) Election of two directors to serve on the Company's board of directors until the 1998 annual meeting of shareholders. The vote tabulation with respect to each nominee was as follows:

Nominee	For	Authority Withheld
David M. Gavrin	18,905,123	31,596
John W. Nichols	18,863,431	73,288

(ii) The appointment of KPMG Peat Marwick LLP, the U.S. member firm of KPMG (Klynveld Peat Marwick Goerdeler) as the Company's certified public accountants for 1995 was approved by a vote of 18,900,726 shares for, 10,188 shares against, 25,805 shares abstaining and zero broker non-votes.

(iii) A Plan and Agreement of Merger and Reorganization having the effect of (a) reincorporating Devon, which was a Delaware corporation, as an Oklahoma corporation and (b) making certain other changes in the corporate structure was approved by a vote of 17,149,553 shares for, 699,672 shares against, 53,390 shares abstaining and 1,034,104 broker non-votes.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

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

Exhibit
No.

2.1 Agreement and Plan of Merger and Reorganization by and among Registrant and Devon Energy Corporation, a Delaware corporation, dated as of April 13, 1995 (incorporated by reference to Exhibit A to Registrant's definitive Proxy Statement for its 1995 Annual Meeting of Shareholders).

2.2 Agreement and Plan of Merger by and among Devon Energy Corporation, Devon Acquisition Corp. and Alta Energy Corporation dated February 18, 1994
[incorporated by reference to Exhibit 2.1 to Registrant's Registration Statement on Form S-4 (No. 33-76524)].

2.3 Amendment to Agreement and Plan of Merger by and among Devon Energy Corporation, Devon Acquisition Corp.

and Alta Energy Corporation dated April 13, 1994 [incorporated by reference to Exhibit 2.2 to Amendment No. One to Registrant's Registration Statement on Form S-4 (No. 33-76524)].

4.1 Registrant's Certificate of Incorporation (incorporated by reference to Exhibit B to Registrant's definitive Proxy Statement for its 1995 Annual Meeting of Shareholders).

4.2 Registrant's Bylaws (incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement on Form 8-B).

4.3 Form of Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to Registrant's Registration Statement on Form 8-B).

4.4 Rights Agreement between Registrant and The First National Bank of Boston (incorporated by reference to Exhibit 4.2 to Registrant's Registration Statement on Form 8-B).

4.5 Certificate of Designations of Series A Junior Participating Preferred Stock of Registrant (incorporated by reference to Exhibit 3.3 to Registrant's Registration Statement on Form 8-B).

10.1 Credit Agreement dated October 7, 1994, among Devon Energy Corporation (Nevada), as Borrower, the Registrant and Devon Energy Operating Corporation, as Guarantors, NationsBank of Texas, N.A., as Agent, and NationsBank of Texas, N.A., Bank One, Texas, N.A., Bank of Montreal, and First Union National Bank of North Carolina, as Lenders (incorporated herein by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994).

10.2 First Amendment, dated January 27, 1995, to Credit Agreement among Devon Energy Corporation (Nevada), as Borrower, the Registrant and Devon Energy Operating Corporation, as Guarantors, NationsBank of Texas, N.A., as Agent, and NationsBank of Texas, N.A., Bank One, Texas, N.A., Bank of Montreal and First Union National Bank of North Carolina, as Lenders (incorporated herein by reference to Exhibit 10.2 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1994).

10.3 Devon Energy Corporation 1988 Stock Option Plan [incorporated herein by reference to Exhibit 10.4 to Registrant's Registration Statement on Form S-4 (No. 33-23564)]. *

10.4 Devon Energy Corporation 1993 Stock Option Plan

(incorporated herein by reference to Exhibit A to Registrant's Proxy Statement for the 1993 Annual Meeting of Shareholders).*

10.5 Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Mr. J. Larry Nichols, dated December 3, 1992 (incorporated herein by reference to Exhibit 10.10 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.6 Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Mr. H. R.Sanders, Jr., dated December 3, 1992 (incorporated herein by reference to Exhibit 10.11 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.7 Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Mr. J. Michael Lacey, dated December 3, 1992 (incorporated herein by reference to Exhibit 10.12 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.8 Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Mr. H. Allen Turner, dated December 3, 1992 (incorporated herein by reference to Exhibit 10.13 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.9 Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Mr. Darryl G. Smette, dated December 3, 1992 (incorporated herein by reference to Exhibit 10.14 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.10Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Mr. William T. Vaughn, dated December 3, 1992 (incorporated herein by reference to Exhibit 10.15 to Registrant's Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 1992).*

10.11Stock Purchase Agreement dated December 22, 1993, between Registrant and John R. Fitzgerald (incorporated herein by reference to Exhibit 1 to Registrant's Schedule 13D dated as of December 22, 1993).

10.12Schedule identifying other Stock Purchase Agreements entered into by Registrant with certain holders of Alta Energy Corporation common stock (incorporated herein by reference to Exhibit 2 to Registrant's Schedule 13D dated as of December 22, 1993).

10.13Stock Purchase Agreement dated January 14, 1994, between GSS Investments Corp. [a wholly-owned subsidiary of Registrant] and Princor Growth Fund,Inc. (incorporated herein by reference to Exhibit 3 to Amendment No. 2 to Registrant's Schedule 13D dated as of January 7, 1994).

10.14Stock Purchase Agreement dated January 14, 1994, between Registrant and Andrew P. Carstensen, Jr. (incorporated herein by reference to Exhibit 4 to Amendment No. 2 to Registrant's Schedule 13D dated as of January 7, 1994).

11 Computation of earnings per share

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended June 30, 1995. A Form 8-K was filed on July 12, 1995, regarding the reincorporation of Devon Energy Corporation from Delaware to Oklahoma.

* Compensatory plans or arrangements.

SIGNATURES

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

DEVON ENERGY CORPORATION

Date: *August 8, 1995*

/s/William T. Vaughn
William T. Vaughn
Vice President - Finance

EXHIBIT INDEX

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11 Computation of earnings per share 32

* Incorporated by reference.

Exhibit 11

DEVON ENERGY CORPORATION
Computation of Earnings Per Share

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Six Months Ended June 30, 1995	Six Months Ended June 30, 1994
PRIMARY EARNINGS PER SHARE				
Computation for Statement of Operations				
Net earnings per statement of operations	$ 2,444,422	4,053,853	3,471,224	8,930,827
Weighted average common shares outstanding	22,052,149	21,253,781	22,051,576	21,050,006
Primary earnings per common share	$0.11	0.19	0.16	0.42
Additional Primary Computation (A)				
Net earnings per statement of operations	$ 2,444,422	4,053,853	3,471,224	8,930,827
Adjustment to weighted average common shares outstanding:				
Weighted average as shown above in primary computation	22,052,149	21,253,781	22,051,576	21,050,006
Add dilutive effect of outstanding stock options (as determined using the treasury stock method)	145,740	131,330	124,318	129,500
Weighted average common shares outstanding, as adjusted	22,197,889	21,385,111	22,175,894	21,179,506
Net earnings per common share, as adjusted	$0.11	0.19	0.16	0.42

<FA>
FULLY DILUTED EARNINGS PER SHARE (A)

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994	Six Months Ended June 30, 1995	Six Months Ended June 30, 1994
Net earnings per statement of operations	$ 2,444,422	4,053,853	3,471,224	8,930,827
Weighted average common shares outstanding as shown in primary computation above	22,052,149	21,253,781	22,051,576	21,050,006
Add fully dilutive effect of outstanding stock options (as determined using the treasury stock method)	148,337	133,753	148,619	137,861
Weighted average common shares outstanding, as adjusted	22,200,486	21,387,534	22,200,195	21,187,867
Fully diluted earnings per common share	$0.11	0.19	0.16	0.42

<FA>
(A) These calculations are submitted in accordance with Regulation S-K item 601(b)(11) although not required by footnote 2 to paragraph 14 of APB Opinion No. 15 because they result in dilution of less than 3%.

ARTICLE 5

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1995
PERIOD END	JUN 30 1995
CASH	8807024
SECURITIES	0
RECEIVABLES	17192292
ALLOWANCES	225000
INVENTORY	549495
CURRENT ASSETS	28141714
PP&E	556126622
DEPRECIATION	221340641
TOTAL ASSETS	366798029
CURRENT LIABILITIES	13134050
BONDS	95000000
COMMON	2205850
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	206438187
TOTAL LIABILITY AND EQUITY	366798029
SALES	48851534
TOTAL REVENUES	49412661
CGS	0
TOTAL COSTS	0
OTHER EXPENSES	16552362
LOSS PROVISION	31000
INTEREST EXPENSE	3526817
INCOME PRETAX	5884224
INCOME TAX	2413000
INCOME CONTINUING	3471224
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	3471224
EPS PRIMARY	0.16
EPS DILUTED	0.16

End of Filing