

DEVON ENERGY CORP/DE

FORM 8-K (Current report filing)

Filed 10/26/00 for the Period Ending 10/26/00

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

DEVON ENERGY CORP/DE

FORM 8-K (Unscheduled Material Events)

Filed 10/26/2000 For Period Ending 10/26/2000

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

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORT): OCTOBER 26, 2000

DEVON ENERGY CORPORATION

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	000-30176	73-1567067
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(COMMISSION FILE NUMBER)	(IRS EMPLOYER IDENTIFICATION NUMBER)

20 NORTH BROADWAY, SUITE 1500, OKLAHOMA CITY, OK 73102
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (405) 235-3611

ITEM 5. Other Events

The Company announced net earnings for the quarter ended September 30, 2000 in a press release. Net earnings for the quarter ended September 30, 2000 were \$164.9 million.

ITEM 7. Financial Statements and Exhibits

(c) Exhibits

99 Press Release dated October 26, 2000.

SIGNATURES

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

DEVON ENERGY CORPORATION

*By: /s/ DANNY J. HEATLY
Danny J. Heatly
Vice President - Accounting*

Date: October 26, 2000

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
99	Press Release dated October 26, 2000.

EXHIBIT 99

[Devon Energy Corporation Letterhead]

NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: ZACK HAGER
INVESTOR RELATIONS
(405) 552-4526

DEVON ENERGY REPORTS RECORD EARNINGS; \$200 MILLION BEFORE MERGER COSTS

OKLAHOMA CITY, OKLAHOMA, OCTOBER 26, 2000--Devon Energy Corporation (AMEX: DVN, TSE: NSX) today reported the highest quarterly revenues, net earnings and earnings per share in the company's history. Record third quarter oil and gas production and higher product prices led to these achievements. For the quarter ended September 30, 2000, net earnings were \$164.9 million or \$1.27 per common share (\$1.22 per diluted common share). Excluding the \$57.2 million of one-time costs attributable to the merger with Santa Fe Snyder Corporation, third quarter earnings were \$200.2 million or \$1.55 per common share (\$1.49 per diluted common share). This compares to third quarter 1999 net earnings of \$50.9 million or 50 cents per common share (48 cents per diluted common share).

Net earnings for the first nine months of 2000 were \$423.4 million or \$3.27 per common share (\$3.20 per diluted common share), also record highs. Excluding the \$57.2 million of merger costs, earnings for the same period were \$458.7 million or \$3.55 per common share (\$3.47 per diluted common share). This compares to a net loss of \$229.1 million or \$2.75 per basic and diluted common share in the first nine months of 1999. The 1999 loss was attributable to a \$301.7 million after-tax full cost ceiling test adjustment incurred by Santa Fe Snyder prior to the merger with Devon.

BASIS OF PRESENTATION

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

PRODUCTION AND PRICE GAINS DRIVE RECORD REVENUES

Sales of Devon's oil, gas and natural gas liquids (NGLs) were up 85 percent in the third quarter of 2000 to \$685.2 million. This compares with third quarter 1999 sales of oil, gas and NGLs of \$371.1 million. Significant gains in both production and prices contributed to the increase in these revenues.

Total production of oil, gas and NGLs was up 21 percent over the third quarter of 1999 to 29.5 million barrels of oil equivalent (Boe). The increase in production resulted from acquisitions and drilling activity.

Oil, natural gas and NGLs prices were all dramatically higher in the third quarter of 2000 than in the same quarter a year ago. Devon's third quarter average oil price increased 33 percent from \$19.59 per barrel in 1999 to \$26.13 per barrel in 2000. The average price for Devon's natural gas production increased 69 percent from \$2.14 per thousand cubic feet in 1999 to \$3.62 per thousand cubic feet in 2000. The average price received for the company's NGLs increased 59 percent from \$13.22 per barrel in 1999 to \$21.00 per barrel in 2000.

HIGHER EXPENSES REFLECT EXPANDING OPERATIONS

Increased production and revenues were accompanied by increased expenses. Total pre-tax expenses were \$443.8 million in the third quarter of 2000, compared to \$294.5 million in 1999. The 2000 amount includes \$57.2 million of one-time merger costs related to the Santa Fe Snyder transaction. Despite higher pre-tax expenses, pre-tax earnings were up 230 percent in the third quarter to \$271.1 million. Excluding merger costs, pre-tax earnings were \$328.3 million -- a 300 percent increase over the third quarter of last year.

Lease operating expenses increased 38 percent in the most recent quarter to \$114.0 million. Production taxes were up 100 percent to \$26.3 million in the third quarter of 2000. Production taxes increase as oil and gas revenues rise.

Depreciation, depletion and amortization of property and equipment increased \$34.2 million to \$170.2 million in the third quarter of 2000. General and administrative expenses (G&A) decreased by \$0.7 million to \$25.3 million in the most recent quarter. Total third quarter financing costs increased by \$4.0 million to \$40.4 million in 2000.

INCOME TAXES

Income tax expense for the most recent quarter was \$106.2 million or 39 percent of pre-tax earnings. Third quarter 1999 income tax expense was \$31.2 million or 38 percent of pre-tax earnings. Approximately \$55.8 million of third quarter 2000 income tax expense was deferred, not requiring the use of cash.

Devon Energy Corporation is an independent energy company engaged in oil and gas property acquisition, exploration and production. Devon ranks among the top five U.S.-based independent oil and gas producers and is included in the S&P 500 Index. Approximately 76 percent of the company's proved reserves are located in North America. Also, Devon has significant international operations in Azerbaijan, Southeast Asia, South America and West Africa. Shares of Devon Energy Corporation trade on the American Stock Exchange under the symbol DVN. Devon's exchangeable shares (resulting from Northstar, Devon's wholly-owned Canadian operating unit) trade on the Toronto Stock Exchange under the symbol NSX.

FINANCIAL INFORMATION FOLLOWS

PRODUCTION DATA (NET OF ROYALTIES)	QUARTER ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	POOLED(1)		HISTORICAL(2)	POOLED(1)		HISTORICAL(2)
	2000	1999	1999	2000	1999	1999
TOTAL PERIOD PRODUCTION						
Gas (Bcf)						
U.S.- Rocky Mountains	22.7	16.1	9.4	63.8	35.8	25.4
U.S.- Permian/Mid-Continent	29.2	21.0	14.0	87.2	50.8	30.3
U.S.- Gulf	37.5	28.3	13.8	111.2	49.3	14.8
Canada	14.5	18.8	18.8	47.3	56.9	56.9
Other International	2.2	2.5	--	6.6	7.2	--
Total Gas	106.1	86.7	56.0	316.1	200.0	127.4
Oil (MBbls)						
U.S.- Rocky Mountains	718	830	468	2,185	1,872	1,266
U.S.- Permian/Mid-Continent	3,180	2,879	1,478	10,858	7,253	3,193
U.S.- Gulf	2,740	1,214	866	8,768	1,896	883
Canada	1,234	1,360	1,360	3,598	3,901	3,901
Other International	2,275	2,224	153	6,832	6,462	153
Total Oil	10,147	8,507	4,325	32,241	21,384	9,396
Natural Gas Liquids (MBbls)						
U.S.- Rocky Mountains	179	130	126	522	344	339
U.S.- Permian/Mid-Continent	987	900	656	3,115	1,863	1,108
U.S.- Gulf	353	207	183	1,232	220	183
Canada	162	177	177	504	503	503
Other International	7	4	--	11	11	--
Total Natural Gas Liquids	1,688	1,418	1,142	5,384	2,941	2,133
AVERAGE DAILY PRODUCTION						
Gas (Mcf)						
U.S.- Rocky Mountains	246,902	174,772	102,391	232,978	131,198	92,905
U.S.- Permian/Mid-Continent	317,533	228,554	152,326	318,073	185,927	110,989
U.S.- Gulf	407,348	307,859	150,000	406,004	180,623	54,227
Canada	157,359	204,098	204,098	172,493	208,370	208,370
Other International	24,272	27,207	--	24,051	26,385	--
Total Gas	1,153,414	942,490	608,815	1,153,599	732,503	466,491
Oil (Bbls)						
U.S.- Rocky Mountains	7,804	9,022	5,087	7,974	6,857	4,637
U.S.- Permian/Mid-Continent	34,565	31,293	16,065	39,628	26,568	11,696
U.S.- Gulf	29,783	13,196	9,413	32,000	6,945	3,234
Canada	13,413	14,783	14,783	13,131	14,289	14,289
Other International	24,728	24,174	1,663	24,934	23,670	560
Total Oil	110,293	92,468	47,011	117,667	78,329	34,416
Natural Gas Liquids (Bbls)						
U.S.- Rocky Mountains	1,946	1,413	1,370	1,905	1,260	1,242
U.S.- Permian/Mid-Continent	10,728	9,783	7,130	11,369	6,824	4,059
U.S.- Gulf	3,837	2,250	1,989	4,496	806	670
Canada	1,761	1,924	1,924	1,839	1,842	1,842
Other International	76	43	--	40	40	--
Total Natural Gas Liquids	18,348	15,413	12,413	19,649	10,772	7,813

(1) Devon and Santa Fe Snyder Corporation combined in accordance with the pooling-of-interests method of accounting. Under the pooling-of-interests method, financial statements for all periods presented are restated as if the companies had always been merged.

(2) Devon's historical results as reported prior to the August 2000 merger with Santa Fe Snyder.

PRICE DATA	QUARTER ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	POOLED(1)		HISTORICAL(2)	POOLED(1)		HISTORICAL(2)
	2000	1999	1999	2000	1999	1999
AVERAGE REALIZED PRICES (US\$)						
Gas (\$/Mcf)						
U.S.- Rocky Mountains	\$ 3.15	\$ 1.98	\$ 1.87	\$ 2.69	\$ 1.88	\$ 1.82
U.S.- Permian/Mid-Continent	\$ 3.90	\$ 2.48	\$ 2.62	\$ 3.23	\$ 2.05	\$ 2.21
U.S.- Gulf	\$ 4.26	\$ 2.52	\$ 2.54	\$ 3.37	\$ 2.27	\$ 2.49
Canada	\$ 2.52	\$ 1.45	\$ 1.45	\$ 2.13	\$ 1.40	\$ 1.40
Other International	\$ 1.41	\$ 1.28	\$ --	\$ 1.33	\$ 1.25	\$ --
All Gas	\$ 3.62	\$ 2.14	\$ 2.08	\$ 2.96	\$ 1.86	\$ 1.80
Oil (\$/Bbl)						
U.S.- Rocky Mountains	\$ 32.52	\$ 19.59	\$ 19.85	\$ 27.50	\$ 16.55	\$ 16.00
U.S.- Permian/Mid-Continent	\$ 22.48	\$ 20.21	\$ 19.78	\$ 23.66	\$ 15.84	\$ 16.43
U.S.- Gulf	\$ 28.12	\$ 20.97	\$ 21.87	\$ 26.24	\$ 18.00	\$ 21.69
Canada	\$ 25.00	\$ 17.11	\$ 17.11	\$ 23.93	\$ 13.76	\$ 13.76
Other International	\$ 27.45	\$ 19.56	\$ 6.61	\$ 25.25	\$ 15.55	\$ 6.61
All Oil	\$ 26.13	\$ 19.59	\$ 18.90	\$ 24.99	\$ 15.63	\$ 15.60
Natural Gas Liquids (\$/Bbl)						
U.S.- Rocky Mountains	\$ 22.93	\$ 13.85	\$ 14.02	\$ 19.22	\$ 10.94	\$ 10.99
U.S.- Permian/Mid-Continent	\$ 20.56	\$ 12.35	\$ 13.21	\$ 8.44	\$ 10.16	\$ 11.62
U.S.- Gulf	\$ 18.66	\$ 13.78	\$ 14.12	\$ 20.93	\$ 13.54	\$ 14.15
Canada	\$ 26.88	\$ 16.23	\$ 16.23	\$ 25.57	\$ 12.79	\$ 12.79
Other International	\$ 16.57	\$ 24.50	\$ --	\$ 19.64	\$ 18.18	\$ --
All Natural Gas Liquids	\$ 21.00	\$ 13.22	\$ 13.91	\$ 19.75	\$ 10.99	\$ 12.01
AVERAGE BENCHMARK PRICES (US\$)						
Gas (\$/Mcf) - Texas Gulf Coast Index	\$ 4.14	\$ 2.50	\$ 2.50	\$ 3.30	\$ 2.08	\$ 2.08
Gas (\$/Mcf) - NYMEX	\$ 4.27	\$ 2.60	\$ 2.60	\$ 3.41	\$ 2.17	\$ 2.17
Oil (\$/Bbl) - West Texas Intermediate	\$ 28.76	\$ 18.95	\$ 18.95	\$ 26.88	\$ 14.81	\$ 14.81

(1) Devon and Santa Fe Snyder Corporation combined in accordance with the pooling-of-interests method of accounting. Under the pooling of interests method, financial statements for all periods presented are restated as if the companies had always been merged.

(2) Devon's historical results as reported prior to the August 2000 merger with Santa Fe Snyder.

STATEMENT OF OPERATIONS DATA (US\$) (IN THOUSANDS, EXCEPT PER SHARE AND % CHANGE DATA)	QUARTER ENDED SEPTEMBER 30,			NINE MONTHS ENDED SEPTEMBER 30,		
	POOLED (1)		HISTORICAL(2)	POOLED(1)		HISTORICAL(2)
	2000	1999	1999	2000	1999	1999
TOTAL REVENUES (NET OF ROYALTIES)	\$ 714,846	\$ 376,551	\$ 219,851	\$ 1,903,200	\$ 749,329	\$ 411,429
Oil sales	265,183	166,678	81,778	805,776	334,162	146,562
Gas sales	384,542	185,719	116,619	936,628	371,957	229,557
Natural gas liquids sales	35,455	18,744	15,844	106,358	32,308	25,608
Other	29,666	5,410	5,610	54,438	10,902	9,702
TOTAL PRE-TAX EXPENSES	\$ 443,784	\$ 294,470	\$ 181,270	\$ 1,198,089	\$ 1,076,393	\$ 334,593
Lease operating expenses	114,035	82,846	45,846	337,922	198,666	100,366
Production taxes	26,252	13,151	7,051	66,242	25,366	13,466
Total production and operating expenses	140,287	95,997	52,897	404,164	224,032	113,832
Depreciation, depletion and amortization of property & equipment	170,151	135,977	85,477	507,654	255,798	154,798
Amortization of goodwill	10,364	--	--	31,057	--	--
General and administrative expenses	25,304	26,038	19,338	74,177	52,813	32,513
Merger costs	57,233	--	--	57,233	16,800	--
Interest expense	40,445	34,359	21,459	121,396	64,938	35,238
Deferred effects of change in currency rates on subsidiary's long-term debt	--	(330)	(330)	2,408	(9,076)	(9,076)
Distributions on preferred securities	--	2,429	2,429	--	7,288	7,288
Reduction in carrying value of oil and gas properties	--	--	--	--	463,800	--
EARNINGS (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	271,062	82,081	38,581	705,111	(327,064)	76,836
TOTAL INCOME TAX EXPENSE (BENEFIT)	106,150	31,229	14,129	281,678	(102,205)	30,195
Current	50,403	1,073	4,573	122,908	5,475	8,875
Deferred	55,747	30,156	9,556	158,770	(107,680)	21,320
Earnings (Loss) Before Extraordinary Item	164,912	50,852	24,452	423,433	(224,859)	46,641
Extraordinary Item	--	--	--	--	(4,200)	--
NET EARNINGS	\$ 164,912	\$ 50,852	\$ 24,452	\$ 423,433	\$ (229,059)	\$ 46,641
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	\$ 162,479	\$ 49,635	\$ 23,235	\$ 416,132	\$ (230,276)	\$ 45,424
EARNINGS PER COMMON SHARE						
Basic	\$ 1.27	\$ 0.50	\$ 0.39	\$ 3.27	\$ (2.75)	\$ 0.87
Diluted	\$ 1.22	\$ 0.48	\$ 0.38	\$ 3.20	\$ (2.75)	\$ 0.86
WEIGHTED AVERAGE SHARES OUTSTANDING						
Basic	127,857	99,178	59,842	127,065	83,592	52,372
Diluted	134,394	105,596	65,534	130,628	89,427	57,827

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(2) Devon's historical results as reported prior to the August 2000 merger with Santa Fe Snyder.

BALANCE SHEET DATA (US\$) (IN THOUSANDS, EXCEPT % CHANGE DATA)	POOLED (1)		
	SEPTEMBER 30, 2000	DECEMBER 31, 1999	% CHANGE
TOTAL ASSETS	\$ 6,570,516	\$ 6,096,360	8%
Cash and cash equivalents	178,647	173,167	3%
Other current assets	605,839	417,127	45%
Total current assets	784,486	590,294	33%
Property and equipment (net)	4,755,529	4,423,420	8%
Investment in Chevron Corporation common stock	604,630	614,382	-2%
Goodwill, net of amortization	299,661	322,800	-7%
Other assets	126,210	145,464	-13%
TOTAL LIABILITIES	\$ 3,654,335	\$ 3,622,540	1%
Current liabilities	611,388	467,344	31%
Other liabilities	180,411	262,310	-31%
Debentures exchangeable into shares of Chevron Corporation common stock	760,313	760,313	--%
Senior Convertible Debentures	356,270	--	NM
Other long-term debt	1,085,554	1,656,208	-34%
Deferred revenue	129,744	104,800	24%
Deferred income taxes	530,655	371,565	43%
STOCKHOLDERS' EQUITY	\$ 2,916,181	\$ 2,473,820	18%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 6,570,516	\$ 6,096,360	8%
COMMON SHARES OUTSTANDING	128,261	126,323	2%

STATEMENT OF CASH FLOWS DATA (US\$) (IN THOUSANDS, EXCEPT % CHANGE DATA)	POOLED (1)		
	2000	1999	% CHANGE
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss)	\$ 423,433	\$ (229,059)	NM
Depreciation, depletion and amortization of property and equipment	507,654	255,798	98%
Amortization of goodwill	31,057	--	NM
Reduction in carrying value of oil and gas properties	--	463,800	NM
Deferred income taxes (benefit)	157,629	(107,680)	NM
Other	(2,834)	(7,295)	-61%
Changes in assets and liabilities net of effects in acquisitions of businesses	16,451	39,627	-58%
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,133,390	\$ 415,191	173%
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Expenditures	(947,974)	(430,431)	120%
Payment made for acquisition of producing properties, net of cash required	--	(278,388)	NM
Other	56,640	65,161	-13%
NET CASH USED IN INVESTING ACTIVITIES	\$ (891,334)	\$ (643,658)	38%
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	\$ (235,464)	\$ 608,009	NM

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