DEVON ENERGY CORP /OK/

FORM S-3/A

(Securities Registration Statement (simplified form))

Filed 07/19/99

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

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As Filed with the Securities and Exchange Commission on July 15, 1999

Registration No. 333-82943

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

DEVON ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

OKLAHOMA	73-1474008
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

J. LARRY NICHOLS
PRESIDENT AND CHIEF EXECUTIVE OFFICER
DEVON ENERGY CORPORATION
20 NORTH BROADWAY, SUITE 1500
OKLAHOMA CITY, OKLAHOMA 73102-8260
(405) 235-3611

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

Jerry Warren	Gregory F. Pilcher	David Lopez
McAfee & Taft	Vice President and General Counsel	Cleary, Gottleib, Steen & Hamilton
A Professional Corporation	Kerr-McGee Corporation	One Liberty Plaza
Two Leadership Square, 10th Floor	123 Robert S. Kerr Avenue	New York, New York 10006-1470
211 North Robinson	Oklahoma City,	
Oklahoma City, Oklahoma 73102-7103	Oklahoma 73102	

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on the Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [_]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act of 1933, check the following box. [_]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

+++

+The information in this prospectus is not complete and may be changed. Kerr- +
+McGee may not sell these securities until the registration statement filed   +
+with the SEC is effective. This prospectus is not an offer to sell these   +
+securities and we are not soliciting an offer to buy these securities in any +
+state where the offer or sale is not permitted.   +

+++

SUBJECT TO COMPLETION, DATED JULY 19, 1999

PROSPECTUS

8,655,652 Shares

[LOGO OF DEVON ENERGY CORPORATION]

Common Stock
$0.10 par value

This prospectus relates to up to 9,954,000 shares of Devon Energy Corporation common stock which may be delivered by Kerr-McGee Corporation, at its option, on , 2004 to holders of debt exchangeable for common stock, or DECS, to be issued by Kerr-McGee. This prospectus accompanies a prospectus and a prospectus supplement of Kerr-McGee relating to the sale of the Kerr-McGee DECS. We sometimes call these DECS exchangeable notes. The Kerr-McGee prospectus and prospectus supplement are not a part of this prospectus.

Devon will not receive any of the proceeds from the sale of the exchangeable notes or the delivery of common stock to which this prospectus relates and will have no obligation with respect to the exchangeable notes.

Our common stock is listed on the American Stock Exchange under the symbol "DVN." On July 16, 1999, the last reported sale price of the common stock on the American Stock Exchange was $38.250 per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Kerr-McGee has granted to the underwriters of the exchangeable notes a 30-day option to purchase additional exchangeable notes, which may, at Kerr-McGee's option, be exchanged at their maturity for up to an additional 1,298,348 shares of Devon common stock. Kerr-McGee has granted this option solely to cover over- allotments, if any.

July , 1999

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

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ABOUT THIS PROSPECTUS

This prospectus provides you with a general description of our common stock. You should read this prospectus together with the additional information described under the heading "Where You Can Find More Information" on page 37.

In this prospectus, the terms "Devon," "we," "us" and "our" mean Devon Energy Corporation, an Oklahoma corporation, and its consolidated subsidiaries.

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

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus. It may not contain all of the information that is important to you. You should read the summary together with the more detailed information in the rest of this prospectus and the documents to which we have referred you. See "Where You Can Find More Information" on page 37.

Devon

We are an independent energy company engaged primarily in oil and gas exploration, development and production, and in the acquisition of producing properties. Our oil and gas properties are concentrated in six operating areas in the United States and Canada. We are one of the top 15 public independent oil and gas companies in both the United States and Canada, as measured by oil and gas reserves. Our United States operations are primarily conducted in the Permian Basin, the San Juan Basin, the Rocky Mountains and the Mid-continent. Our Canadian operations are primarily conducted in the province of Alberta. At December 31, 1998, our estimated proved reserves were 299.4 million barrels of oil equivalent, of which 67% were natural gas reserves and 33% were oil reserves.

Strategy

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

.keeping debt levels reasonable,

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

.acquiring and developing high profit margin properties,

.continually disposing of marginal and non-strategic properties, and

.balancing reserves and production between oil and gas.

Through our predecessors, we began operations in 1971 as a privately held company. During 1988, we expanded our capital base by issuing common stock to the public for the first time. This transaction began a substantial expansion program that has continued through the years. We have used a two-pronged strategy of acquiring producing properties and engaging in drilling activities to achieve this expansion. Approximately two-thirds of our total capital spent during this period was for property acquisitions and one-third was for drilling. Total proved reserves increased from 8.1 million barrels of oil equivalent at the end of 1987 to 299.4 million barrels of oil equivalent at the end of 1998.

Our objective is to increase value per share, in addition to increasing total assets. Reserves have grown from 1.31 barrels of oil equivalent per diluted share at the end of 1987 to 5.61 barrels of oil equivalent per diluted share at the end of 1998. At the same time, our net debt, or long-term debt less working capital, has remained relatively low. At the end of 1998, our net debt was $1.25 per barrel of oil equivalent.

Our completed merger with Northstar

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

Our merger with Northstar has placed us in a unique position to take advantage of growth opportunities both in the United States and in Canada. Our properties are relatively balanced, with 52% of our proved reserves in the United States and 48% in Canada. This balance gives us considerable exposure to growing North American natural gas markets, while allowing us to retain substantial oil reserves, particularly in the Permian Basin of the United States. In addition, we own a large inventory of acreage and have the financial flexibility to pursue the opportunities for drilling on this acreage.

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

Our proposed merger with PennzEnergy

On May 19, 1999, we entered into an agreement to merge with PennzEnergy Company. PennzEnergy is an independent oil and gas company engaged in the acquisition, exploration, exploitation and development of prospective and proved oil and gas properties and the production and sale of crude oil, condensate, natural gas and natural gas liquids. We believe that the merged company, which we refer to in this prospectus as New Devon, will rank solidly in the top ten of all U.S.-based independent oil and gas producers in terms of market capitalization, total proved reserves and annual production. We believe that New Devon will create substantially more stockholder value than could be achieved by either Devon or PennzEnergy individually.

The PennzEnergy merger is subject to customary conditions contained in the merger agreement, many of which are not within our control. Closing conditions include (a) obtaining the approval of stockholders of both Devon and PennzEnergy, (b) the absence of any law or court order prohibiting the merger,
(c) the expiration of applicable regulatory waiting periods, (d) the approval for listing of the New Devon shares on either the New York Stock Exchange or the American Stock Exchange, (e) the continued accuracy of each company's representations and warranties, and (f) the receipt of legal opinions as to the tax-free qualification of the merger. In addition, either Devon or PennzEnergy may terminate the merger if it does not close prior to December 31, 1999, and under other circumstances. Although we believe that the conditions to closing will be satisfied on or before the scheduled closing date of August 18, 1999, we cannot assure you that the merger will be completed. If the merger is completed, Devon stockholders will receive one share of New Devon common stock for each share of Devon common stock that they own. PennzEnergy stockholders will receive 0.4475 shares of New Devon common stock for each share of PennzEnergy common stock that they own. Holders of the Kerr-McGee exchangeable notes that are exchanged for common stock after the merger will receive shares of New Devon common stock rather than shares of Devon common stock that they would have received prior to the merger.

Devon has filed a proxy statement with the SEC that describes the merger and risks related to it. The "Risk Factors" section of this prospectus, beginning on page 12, discusses potential risks associated with the proposed merger. You should consider these potential risks before you decide to invest in the common stock offered by this prospectus. The prospectus incorporates by reference the information contained in the merger proxy statement. To request a copy of the merger proxy statement, see "Where You Can Find More Information" on page 37 of this prospectus. This document does not constitute a solicitation of proxies for Devon's stockholder meeting relating to the merger. We are soliciting proxies for the meeting only through the merger proxy statement.

If the closing of the PennzEnergy merger does not occur, the financial condition and business of Devon will be different than if the merger is completed. This prospectus contains information relating to New Devon

that assumes that merger will be completed. If the merger is not completed, the receipt of shares of common stock of Devon upon exchange of the exchangeable notes will be an investment solely in Devon, without regard to PennzEnergy, and, therefore, you should review carefully the information relating to Devon as a stand-alone company that is contained in the documents we incorporate by reference under the caption "Where You Can Find More Information" on page 37 of this prospectus.

Our proposed public offering of common stock

New Devon plans to raise between $300 and $500 million through a public offering of newly issued shares of New Devon common stock shortly after the merger with PennzEnergy is completed. However, depending upon market conditions and other factors, Devon may make the offering prior to the merger. If the offering is made prior to the merger, Devon plans to raise between $300 and $350 million. It is also possible that Devon or New Devon may offer equity securities other than common stock. Neither Devon nor New Devon can provide assurances that they will successfully complete a public offering. The public offering is not a condition to the merger. If Devon completes the public offering before the merger, then each newly issued Devon share would be converted into one share of New Devon in the merger. All further references in this document to this proposed offering of securities will be made assuming it will occur after the merger is completed.

This document does not constitute an offer to sell or a solicitation of an offer to buy these newly issued shares. The new shares will be offered only through a separate prospectus.

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

The Kerr-McGee Exchangeable Notes Offering

The Kerr-McGee exchangeable notes are being offered by Kerr-McGee through its exchangeable notes prospectus and prospectus supplement. The exchangeable notes are mandatorily exchangeable for Devon common stock or, at Kerr-McGee's option, the cash equivalent, at maturity on , 2004. Assuming Kerr-McGee does not exercise its option to exchange any portion of the exchangeable notes for cash, and assuming the underwriters exercise their option to purchase 1,298,348 exchangeable notes to cover over-allotments, up to 9,954,000 shares of Devon common stock will be delivered pursuant to the terms of the exchangeable notes. Kerr-McGee will not have the option to exchange the exchangeable notes for Devon common stock prior to maturity. This prospectus relates to shares of Devon common stock that Kerr-McGee may deliver under the exchangeable notes. The Kerr-McGee prospectus and prospectus supplement relating to the exchangeable notes are not a part of this prospectus and we take no responsibility for any information included in or omitted from those documents.

Summary Unaudited Pro Forma Financial and Other Information

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

The information was prepared based on the following:

. New Devon will utilize the full cost method of accounting for its oil and gas activities.

. The merger will be accounted for as a purchase of PennzEnergy by New Devon.

. New Devon plans to raise between $300 and $500 million in a public offering of additional shares of New Devon common stock. The proceeds from the planned offering would be used to fund capital expenditures and repay long-term debt. The pro forma financial statements do not reflect any effects of the planned offering.

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

. The unaudited pro forma statements of operations do not include the effects of a reduction of the carrying value of oil and gas properties because the reduction is directly related to the merger. As of March 31, 1999, the pro forma reduction would have been $657.0 million ($407.4 million after tax). The unaudited pro forma balance sheet does include the effect of this reduction.

The March 31, 1999, pro forma reduction was based on a posted West Texas Intermediate oil price of $15.25 per barrel and a Texas Gulf Coast index gas price of $1.80 per Mcf. As of June 30, 1999, both West Texas Intermediate oil and Texas Gulf Coast index gas prices had increased to $16.50 per barrel and $2.14 per Mcf, respectively. Using these prices, the pro forma reduction of the carrying value of oil and gas properties would be reduced to less than $200 million (less than $150 million after tax). The actual reduction, if any, that will be recorded by New Devon will depend on the oil and gas prices in effect at the end of the quarter in which the merger is actually closed.

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

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

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

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

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

The unaudited pro forma information is presented for illustrative purposes only. If the merger had occurred in the past, New Devon's financial position or operating results might have been different from those presented in the unaudited pro forma information. You should not rely on the unaudited pro forma information as an indication of the financial position or operating results that New Devon would have achieved if the merger had occurred on March 31, 1999 or January 1, 1998. You also should not rely on the unaudited pro forma information as an indication of the future results that New Devon will achieve after the merger.

	New Devon Pro Forma as of March 31, 1999
	(In Thousands, Except Per Share Data)
Balance Sheet Data:	
Investment in common stock of Chevron Corporation (see note 3 on page 26)	$ 629,453
Total assets	4,092,118
Debentures exchangeable into shares of Chevron Corporation common stock (see note 3 on page 26)	757,721
Other long-term debt	1,422,793
Convertible preferred securities of subsidiary trust	149,500
Stockholders' equity	997,750
Book value per share	14.27

	New Devon Pro Forma	
	Year Ended December 31, 1998	Three Months Ended March 31, 1999
	(In Thousands, Except Per Share Data)	
Operations Data:		
Operating Results		
Oil sales	$ 302,918	$ 64,914
Gas sales	553,938	122,979
NGL sales	63,703	12,813
Other revenue	295,803	9,390
Total revenue	1,216,362	210,096
Lease operating expenses	294,739	66,336
Production taxes	28,148	5,937
Depreciation, depletion and amortization	444,650	97,752
General and administrative expenses	139,378	28,291
Northstar combination expenses	13,149	--
Interest expense	176,659	36,545
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	16,104	(3,161)
Distributions on preferred securities of subsidiary trust	9,717	2,429
Reduction of carrying value of oil and gas properties	126,900	--
Total costs and expenses	1,249,444	234,129
Loss before income taxes	(33,082)	(24,033)
Income tax expense (benefit):		
Current	10,324	1,914
Deferred	(3,340)	(11,032)
Total income tax expense	6,984	(9,118)
Net loss	(40,066)	(14,915)
Preferred stock dividends	5,625	2,434
Net loss applicable to common shareholders	$ (45,691)	$ (17,349)
Net loss per share--basic and diluted	(0.66)	(0.25)
Cash dividends per share	0.17	0.05
Weighted average common shares outstanding	69,729	69,900
Cash Flow Data		
Net cash provided by operating activities	$ 388,992	67,088
Net cash used in investing activities	(222,959)	(136,895)
Net cash provided (used) by financing activities	(143,300)	60,472
Modified EBITDA	740,948	109,532
Cash margin	544,248	68,644

	New Devon Pro Forma	
	Year Ended December 31, 1998	Three Months Ended March 31, 1999
Production, Price and Other Data		
Production:		
Oil (MBbls)	26,128	6,168
Gas (MMcf)	303,693	76,502
NGL (MBbls)	7,128	1,690
MBoe	83,872	20,609
Average prices:		
Oil (per Bbl)	$ 11.59	$ 10.52
Gas (per Mcf)	1.82	1.61
NGL (per Bbl)	8.94	7.58
Per Boe	10.98	9.74
Costs per Boe:		
Operating costs	3.85	3.51
Depreciation, depletion and amortization of oil and gas properties	5.24	4.68
General and administrative expenses	1.66	1.37

	New Devon Pro Forma as of December 31, 1998
Property Data	
Proved reserves:	
Oil (MBbls)	272,688
Gas (MMcf)	2,050,528
NGL (MBbls)	45,654
Total (MBoe)	660,096
SEC 10% present value (thousands)	$2,087,666
Standardized measure of discounted future net cash flows (thousands)	1,816,542

SUMMARY HISTORICAL SELECTED FINANCIAL AND PRODUCTION DATA

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

	As of December 31,			As of March 31,	
	1996	1997	1998	1998	1999
	(In Thousands)				
Balance Sheet Data:					
Total assets	$1,183,290	$1,248,986	$1,226,356	$1,329,626	$1,267,505
Long-term debt	83,000	305,337	405,271	312,420	422,293
Convertible preferred securities of subsidiary trust	149,500	149,500	149,500	149,500	149,500
Stockholders' equity	678,772	596,546	522,963	610,423	529,798

	Year Ended December 31,			Three Months Ended March 31,	
	1996	1997	1998	1998	1999
	(In Thousands, Except Per Share Data)				
Operations Data:					
Operating Results					
Oil sales	136,023	207,725	143,624	41,589	27,913
Gas sales	101,443	219,459	209,344	51,905	53,551
NGL sales	19,299	24,920	16,692	4,814	3,929
Other revenue	34,570	47,555	17,848	2,129	1,873
Total revenues	291,335	499,659	387,508	100,437	87,266
Lease operating expenses	58,734	100,897	113,484	29,376	27,420
Production taxes	10,880	19,227	13,916	3,415	2,969
Depreciation, depletion and amortization	70,307	169,108	123,844	29,993	33,558
General and administrative expenses	15,111	24,381	23,554	5,643	6,223
Northstar Combination expenses	--	--	13,149	--	--
Interest expense	12,662	18,788	22,632	5,410	6,664
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	199	5,860	16,104	--	(3,161)
Distributions on preferred securities of subsidiary trust	4,753	9,717	9,717	2,429	2,429
Reduction of carrying value of oil and gas properties	--	625,514	126,900	--	--
Total costs and expenses	172,646	973,492	463,300	76,266	76,102
Earnings (loss) before income taxes	118,689	(473,833)	(75,792)	24,171	11,164
Income tax expense (benefit):					
Current	7,834	26,857	7,687	3,160	1,903
Deferred	43,252	(200,699)	(23,194)	6,786	3,281
Total	51,086	(173,842)	(15,507)	9,946	5,184
Net earnings (loss)	$ 67,603	$ (299,991)	$ (60,285)	$ 14,225	$ 5,980
Net earnings (loss) per share:					

Basic.....	$ 2.06	$ (6.38)	$ (1.25)	$ 0.29	$ 0.12
Diluted.....	1.99	(6.38)	(1.25)	0.29	0.12
Cash dividends per common share.....	0.15	0.14	0.15	0.03	0.05
Weighted average common shares outstanding--basic.....	32,812	47,040	48,376	48,310	48,470

	Year Ended December 31,			Three Months Ended March 31,	
	1996	1997	1998	1998	1999
	(In Thousands, Except Per Share and Per Unit Data)				
Cash Flow Data					
Net cash provided by operating activities	$ 144,248	$ 253,056	$ 191,571	$ 71,788	$ 57,067
Net cash used by investing activities	(243,451)	(147,583)	(271,960)	(29,605)	(77,648)
Net cash provided (used) by financing activities	96,420	(77,141)	57,618	(38,832)	14,884
Modified EBITDA	206,610	355,154	223,405	62,003	50,954
Cash margin	181,361	299,792	183,369	51,004	39,658
Production, Price and Other Data					
Production:					
Oil (MBbls)	6,780	11,783	11,903	3,197	2,565
Gas (MMcf)	62,186	121,810	133,065	32,523	35,122
NGL (MBbls)	1,255	1,891	1,939	509	476
MBoe	18,399	33,976	36,020	9,127	8,895
Average prices:					
Oil (Per Bbl)	$ 20.06	$ 17.63	$ 12.07	$ 13.01	$ 10.88
Gas (Per Mcf)	1.63	1.80	1.57	1.60	1.52
NGL (Per Bbl)	15.38	13.18	8.61	9.46	8.25
Per Boe	13.96	13.31	10.26	10.77	9.60
Costs per Boe:					
Operating costs	3.78	3.54	3.54	3.59	3.42
Depreciation, depletion and amortization of oil and gas properties	3.69	4.86	3.32	3.17	3.66
General and administrative expenses	0.82	0.72	0.65	0.62	0.70

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

RISK FACTORS

You should carefully consider the following risk factors, and all of the other information contained in this document and the documents to which we have referred you, before deciding to invest in our common stock.

Risks Relating to the Oil and Gas Industry

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

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

Our calculations of proved reserves are only estimates

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

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

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

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

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

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

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

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

Risks Relating to an Investment in Devon

Our stock price might decline if we do not complete the PennzEnergy merger

Our current stock price could reflect value that investors anticipate will result from the PennzEnergy merger. If so, our failure to complete the PennzEnergy merger could cause our stock price to decline. The merger is subject to conditions, including stockholder approval. We cannot assure you that those conditions will be satisfied or that the merger will be completed.

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

Kerr-McGee Corporation currently owns 9,954,000 shares, or 20.4%, of the outstanding Devon common stock. After completion of the merger, Kerr-McGee would own up to 14.2% of the outstanding shares of New Devon's common stock. This percentage will be reduced further if New Devon completes a planned public offering of new shares of common stock. Sales by Kerr-McGee of substantial amounts of Devon or New Devon common stock in the public or private market, or the perception that such sales may occur, could cause the prices of those shares to decline. Kerr-McGee has requested that Devon register with the SEC with this document the Devon common stock held by Kerr-McGee in connection with the offering of Kerr-McGee DECS as described on page 6. These DECS would be mandatorily exchangeable for Devon common stock or, at Kerr-McGee's option, the cash equivalent.

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

Under an agreement between Devon and Kerr-McGee dated December 31, 1996, Devon is obligated to nominate a specified number of persons designated by Kerr-McGee for election to Devon's board. The exact number would generally be set so that Kerr-McGee's representation on the Devon board approximates the percentage of Devon's common stock that Kerr-McGee owns. The December 31, 1996, agreement also restricts Kerr-McGee's ability to acquire or dispose of Devon common stock and grants Kerr-McGee preemptive rights in connection with offerings of Devon convertible securities.

The Kerr-McGee designees to Devon's board resigned their positions on May 19, 1999, and Devon and Kerr-McGee have agreed that the December 31, 1996, agreement will terminate when the merger occurs.

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

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

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

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

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

New Devon's certificate of incorporation and bylaws, the Delaware General Corporation Law and New Devon's stockholder rights plan will also have similar provisions.

Risks Relating to the Proposed Merger of Devon and PennzEnergy

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

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

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

Devon and PennzEnergy expect to incur approximately $71.5 million of costs related to the merger. These expenses will include investment banking expenses, severance, legal and accounting fees, financial printing expenses and other related charges. In addition, New Devon expects to incur an estimated $20 to $30 million in costs to combine the two companies. New Devon may incur additional unanticipated expenses in connection with the merger.

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

As of March 31, 1999, New Devon's pro forma after-tax charge would have been $407.4 million. This pro forma amount was based on a posted West Texas Intermediate oil price of $15.25 per barrel and a Texas Gulf Coast index gas price of $1.80 per Mcf. As of June 30, 1999, both West Texas Intermediate oil and Texas Gulf Coast index gas prices had increased to $16.50 per barrel and $2.14 per Mcf, respectively. Using these prices, the pro forma after-tax charge to earnings would be reduced to less than $150 million. The actual charge, if any, that will be recorded by New Devon will depend on the oil and gas prices in effect at the end of the quarter in which the merger is actually closed.

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

If PennzEnergy's distribution to its stockholders of the stock of Pennzoil- Quaker State Company in December 1998 were to be considered part of a plan or series of related transactions that includes the merger, New Devon would recognize gain under Section 355(e) of the Internal Revenue Code. PennzEnergy and Devon believe the distribution and the merger should not be considered part of such a plan or series of related transactions because, among other things, neither party contemplated a business combination with the other and until April 1999 the parties had no discussions regarding a business combination. However, any transaction within a four-year period beginning two years before the distribution is presumed to be part of such a plan. We cannot assure you that PennzEnergy will be able to overcome this presumption. PennzEnergy currently estimates New Devon's potential tax liability upon such a transaction at $16 million in additional tax for 1998 and the elimination of approximately $183 million in net operating loss carryovers through 1998.

New Devon's business will expose Devon stockholders to different risks

Some of PennzEnergy's assets are outside of North America and a significant portion of its production and reserves are located offshore in the Gulf of Mexico. Additionally its reserves and production are more weighted towards oil than Devon's. Therefore, the assets of New Devon will expose the former Devon stockholders to more risks associated with oil prices and offshore Gulf of Mexico and international operations than they were exposed to prior to the merger. Production in the Gulf of Mexico generally declines at faster rates than onshore production in North America.

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

New Devon will be subject to other uncertainties of foreign operations

New Devon will have international operations in Australia, Azerbaijan, Brazil, Canada, Egypt, Qatar and Venezuela. Local political, economic and other uncertainties may adversely affect these operations. These uncertainties include:

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

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

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

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

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

. difficulties in enforcing New Devon's rights against a governmental agency because of the doctrine of sovereign immunity.

New Devon will have a higher debt level than Devon, which may result in a lower debt rating and require a substantial portion of operating cash flow to pay interest and principal

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

New Devon plans to raise between $300 and $500 million in a public offering of additional shares of New Devon common stock and intends to use the net proceeds from the offering to fund capital expenditures and repay indebtedness. There can be no assurances that the proposed public offering will be completed and, consequently, there can be no assurance that the total indebtedness of New Devon will be reduced from the proceeds of an offering.

USE OF PROCEEDS

Devon will not receive any of the proceeds from the sale of Kerr-McGee's exchangeable notes or from delivery of the Devon common stock by Kerr-McGee under the exchangeable notes.

NEW DEVON AFTER THE MERGER OF DEVON AND PENNZENERGY

If Devon's merger with PennzEnergy is completed, we believe that New Devon will rank solidly in the top ten of all United States-based independent oil and gas producers in terms of market capitalization, total proved reserves and annual production. We expect the merger to provide New Devon with the following advantages:

Larger and More Diversified Asset Base. At the end of 1998, Devon and PennzEnergy combined had aggregate proved reserves of approximately 660 million barrels of oil equivalent. On an energy equivalent basis, about 52% of these reserves were natural gas and 48% were oil and natural gas liquids. Approximately 64% of the proved reserves, or 423 million equivalent barrels, were located in the United States. These reserves were concentrated in four primary operating areas: the Permian Basin, the Rocky Mountain Region, the Gulf Coast/East Texas Region and the Offshore Gulf of Mexico. Approximately 22% of the combined reserves, or 144 million equivalent barrels, were located in the Western Canadian Sedimentary Basin. The balance of proved reserves, approximately 94 million equivalent barrels, was located outside North America, primarily in Azerbaijan. In addition to the proved oil and gas properties, the combined companies had a substantial inventory of exploration acreage totaling approximately 15 million net acres.

New Devon should also realize substantial oil and gas production. Assuming the merger was effective as of January 1, 1999, New Devon's estimated 1999 production would be between 28 and 31 million barrels of oil and natural gas liquids and between 275 and 300 billion cubic feet of natural gas.

Increased Financial Strength and Flexibility. New Devon's equity market capitalization is expected to be approximately $2.9 billion as a result of the merger (not including New Devon's planned common stock offering). As a result of this size and market capitalization, New Devon should have greater access to capital than either Devon or PennzEnergy currently has alone. In addition, we believe that New Devon should have an enhanced ability to pursue acquisitions and to participate in further consolidation among independent exploration and production companies.

Cost Savings. New Devon is expecting $50 to $60 million in annual cost savings from reduced operating and general and administrative expenses. New Devon plans to consolidate the corporate headquarters and selected field offices of Devon and PennzEnergy, eliminate duplicative staff and expenses, achieve purchasing synergies and implement other cost saving measures.

Improved Capital Efficiencies. New Devon plans to pursue the best exploration opportunities available to the combined company and to focus on exploitation projects with the highest rates of return. In addition, due to its greater financial strength, New Devon will be better able to pursue and accelerate the development, exploitation and exploration of PennzEnergy's oil and gas assets. As a result, New Devon believes it has the potential for greater returns on capital than Devon or PennzEnergy could achieve alone.

Greater Human and Technological Resources. New Devon will have significant expertise with regard to various oilfield technologies, including coal bed methane, enhanced oil recovery, deep onshore natural gas drilling, shallow and deep water offshore drilling and other exploration, production and processing technologies. New Devon will also have significant international operations and experience in Canada and outside North America. As a result, New Devon will have an enhanced ability to acquire, explore for, develop and exploit oil and natural gas reserves domestically both onshore and offshore, as well as internationally.

CAPITALIZATION

The following table compares our actual capitalization as of March 31, 1999, to our pro forma capitalization including the PennzEnergy merger. In preparing the pro forma information, we have assumed that the merger closed on March 31, 1999. New Devon plans to raise between $300 and $500 million in a public offering of additional shares of New Devon common stock proposed to be made soon after completion of the merger. The proceeds from the planned offering would be used to fund capital expenditures and repay long-term debt. The following table does not reflect any effects of the planned offering.

You should read the following table in conjunction with the historical consolidated financial statements of Devon which are filed with the SEC and incorporated by reference in this document and the unaudited pro forma financial information included in this document.

	As of March 31, 1999	
	Actual	New Devon Pro Forma
	(In Thousands)	
Long-term debt:		
Borrowings under credit facilities with banks	$ 197,293	$ 323,148
Notes:		
6.76% due July 19, 2005	75,000	75,000
6.79% due March 2, 2009	150,000	150,000
Debentures:		
9.625% due November 15, 1999, principal amount of $200 million	--	200,000
10.625% due June 1, 2001, principal amount of $150 million	--	150,000
10.25% due November 1, 2005, principal amount of $250 million	--	287,725
10.125% due November 15, 2009, principal amount of $200 million	--	236,920
Debentures exchangeable into shares of Chevron Corporation common stock (see note 3 on page 25)		
4.90% due August 15, 2008, principal amount of $443.8 million	--	441,721
4.95% due August 15, 2008, principal amount of $316.5 million	--	316,000
Total long-term debt	422,293	2,180,514
Devon-obligated mandatorily redeemable trust convertible preferred securities	149,500	149,500
Stockholders' equity:		
Preferred stock, $1.00 par value	--	1,500
Common stock, $0.10 par value	4,849	6,994
Additional paid-in capital	798,640	1,670,306
Accumulated deficit	(239,353)	(646,712)
Accumulated other comprehensive loss	(34,338)	(34,338)
Total stockholders' equity	529,798	997,750
Total capitalization	$1,101,591	$3,327,764
Shares authorized:		
Preferred stock	3,000	4,500
Common stock	400,000	400,000
Shares outstanding:		
Preferred stock	--	1,500
Common stock	48,492	69,938
Common shares reserved for issuance of options under Devon's stock option plans	1,826	4,826
Employee stock options outstanding	3,430	5,511

The above New Devon pro forma capitalization includes six separate debentures issued by PennzEnergy. The aggregate pro forma amount of the debentures is $72.1 million higher than the aggregate principal amount. The excess amount is the amount by which the debentures' estimated fair value at March 31, 1999 exceeded the principal amounts. Because the PennzEnergy merger will be accounted for using the purchase method of accounting for business combinations, New Devon will record these debentures at their fair values at the date the merger is closed. The difference will be amortized over the debentures' lives as adjustments to interest expense.

The pro forma increase in the number of common shares reserved for issuance of stock options assumes the related proposal is approved by Devon's stockholders at the special meeting to be held on August 17, 1999.

MARKET PRICE DATA

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

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

	High	Low	Volume
			(In Thousands)
1996:			
Quarter Ended March 31, 1996	$25 3/4	$19 7/8	2,825
Quarter Ended June 30, 1996	$26 1/8	$ 22	2,474
Quarter Ended September 30, 1996	$27 1/2	$22 3/4	4,715
Quarter Ended December 31, 1996	$35 1/2	$25 1/4	6,011
1997:			
Quarter Ended March 31, 1997	$38 7/8	$29 1/2	4,458
Quarter Ended June 30, 1997	$38 1/2	$27 3/8	5,619
Quarter Ended September 30, 1997	$45 1/4	$36 1/8	3,851
Quarter Ended December 31, 1997	$49 1/8	$35	4,460
1998:			
Quarter Ended March 31, 1998	$41 1/8	$32 7/8	5,542
Quarter Ended June 30, 1998	$40 1/2	$32 5/8	6,144
Quarter Ended September 30, 1998	$36 5/8	$26 1/8	10,170
Quarter Ended December 31, 1998	$ 36	$27 3/4	9,017
1999:			
Quarter Ended March 31, 1999	$31 3/4	$20 1/8	14,271
Quarter Ended June 30, 1999	$37 7/16	$25 15/16	14,221
Quarter Ended September 30, 1999 (through July 16, 1999)	$38 11/16	$36	1,628

On July 16, 1999, the last full trading day prior to the date of this prospectus, the last reported sales price on the American Stock Exchange of shares of Devon common stock was $38 1/4.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

The information was prepared based on the following:

. New Devon will utilize the full cost method of accounting for its oil and gas activities.

. The merger will be accounted for as a purchase of PennzEnergy by New Devon.

. New Devon plans to raise between $300 and $500 million in a public offering of additional shares of New Devon common stock. The proceeds from the planned offering would be used to fund capital expenditures and repay long-term debt. The pro forma financial statements do not reflect any effects of the planned offering.

. The unaudited pro forma balance sheet has been prepared as if the merger occurred on March 31, 1999. The unaudited pro forma statements of operations have been prepared as if the merger occurred on January 1, 1998.

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

. The unaudited pro forma statements of operations do not include the effects of a reduction of the carrying value of oil and gas properties because the reduction is directly related to the merger. As of March 31, 1999, the pro forma reduction would have been $657.0 million ($407.4 million after tax). The unaudited pro forma balance sheet does include the effect of this reduction.

The March 31, 1999, pro forma reduction was based on a posted West Texas Intermediate oil price of $15.25 per barrel and a Texas Gulf Coast index gas price of $1.80 per Mcf. As of June 30, 1999, both West Texas Intermediate oil and Texas Gulf Coast index gas prices had increased to $16.50 per barrel and $2.14 per Mcf, respectively. Using these prices, the pro forma reduction of the carrying value of oil and gas properties would be reduced to less than $200 million (less than $150 million after tax). The actual reduction, if any, that will be recorded by New Devon will depend on the oil and gas prices in effect at the end of the quarter in which the merger is actually closed.

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

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

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

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

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

The unaudited pro forma financial statements and related notes are presented for illustrative purposes only. If the proposed merger had occurred in the past, New Devon's financial position or operating results might have been different from those presented in the unaudited pro forma information. The unaudited pro forma information should not be relied upon as an indication of the financial position or operating results that New Devon would have achieved if the merger had occurred as of March 31, 1999 or January 1, 1998. You also should not rely on the unaudited pro forma information as an indication of the future results that New Devon will achieve after the merger.

Unaudited Pro Forma Balance Sheet

March 31, 1999
(In Thousands)

	Devon	PennzEnergy Historical Reclassified (Note 5)	Pro Forma Adjustments (Note 2)	New Devon Pro Forma
Assets:				
Current assets	$ 101,067	$ 124,264	$ (10,300)(a) 10,300 (c)	$ 225,331
Oil and gas properties, net	1,128,388	1,640,894	413,455 (a) 552,884 (c) (657,030)(d)	3,078,591
Other properties, net	23,674	--	5,000 (a)	28,674
Investment in common stock of Chevron Corporation (Note 3)	--	629,453	--	629,453
Other assets	14,376	36,537	79,156 (a)	130,069
Total assets	$1,267,505	$2,431,148	$ 393,465	$4,092,118
Liabilities:				
Current liabilities	$ 95,152	$ 161,564	$ (5,374)(a)	$ 251,342
Debentures exchangeable into shares of Chevron Corporation common stock (Note 3)	--	739,810	17,911 (a)	757,721
Other long-term debt	422,293	852,353	76,602 (a) 71,545 (a)	1,422,793
Other long-term liabilities	34,590	131,327	(2,590)(a)	163,327
Deferred income taxes	36,172	161,282	(161,282)(a) 563,184 (c) (249,671)(d)	349,685
Company-obligated mandatorily redeemable convertible preferred securities of subsidiary trust holding solely 6.5% convertible junior subordinated debentures of Devon Energy Corporation	149,500	--		149,500
Stockholders' equity:				
Preferred stock	--	1,500		1,500
Common stock	4,849	43,507	2,145 (a) (43,507)(b)	6,994
Additional paid-in capital	798,640	356,351	709,166 (a) 14,000 (a) 148,500 (a) (356,351)(b)	1,670,306
Accumulated deficit	(239,353)	(34,172)	34,172 (b) (407,359)(d)	(646,712)
Accumulated other comprehensive earnings (loss)	(34,338)	247,223	(247,223)(b)	(34,338)
Treasury stock	--	(229,597)	229,597 (b)	--
Total stockholders' equity	529,798	384,812	83,140	997,750
Total liabilities and stockholders' equity	$1,267,505	$2,431,148	$ 393,465	$4,092,118

Unaudited Pro Forma Statement of Operations

Year Ended December 31, 1998

(In Thousands, Except Per Share Data)

	Devon	PennzEnergy Historical Reclassified (Note 5)	Pro Forma Adjustments (Note 2)	New Devon Pro Forma
Revenues:				
Oil sales	$143,624	$159,294		$ 302,918
Gas sales	209,344	344,594		553,938
NGL sales	16,692	47,011		63,703
Other	17,848	286,468	(8,513)(h)	295,803
Total revenues	387,508	837,367	(8,513)	1,216,362
Costs and expenses:				
Lease operating expenses	113,484	181,255		294,739
Production taxes	13,916	14,232		28,148
Depreciation, depletion and amortization	123,844	208,009	112,797 (e)	444,650
General and administrative expenses	23,554	126,124	(10,300)(h)	139,378
Northstar combination expenses	13,149	--		13,149
Interest expense	22,632	156,272	4,114 (f) (6,359)(g)	176,659
Exploration expenses	--	139,970	(139,970)(h)	--
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	16,104	--		16,104
Distributions on preferred securities of subsidiary trust	9,717	--		9,717
Reduction of carrying value of oil and gas properties	126,900	74,739	(74,739)(h)	126,900
Total costs and expenses	463,300	900,601	(114,457)	1,249,444
Earnings (loss) before income tax expense (benefit)	(75,792)	(63,234)	105,944	(33,082)
Income tax expense (benefit):				
Current	7,687	2,637	--	10,324
Deferred	(23,194)	(20,405)	40,259 (i)	(3,340)
Total income tax expense (benefit)	(15,507)	(17,768)	40,259	6,984
Net earnings (loss)	(60,285)	(45,466)	65,685	(40,066)
Preferred stock dividends	--	5,625	--	5,625
Net earnings (loss) applicable to common shareholders	$(60,285)	$(51,091)	$ 65,685	$ (45,691)
Net loss per average common share outstanding--basic and diluted	$ (1.25)	$ (1.07)		$ (0.66)
Weighted average common shares outstanding--basic (Note 4)	48,376	47,716		69,729

Unaudited Pro Forma Statement of Operations

Three Months Ended March 31, 1999

(In Thousands, Except Per Share Data)

	Devon	PennzEnergy Historical Reclassified (Note 5)	Pro Forma Adjustments (Note 2)	New Devon Pro Forma
Revenues:				
Oil sales	$27,913	$ 37,001		$ 64,914
Gas sales	53,551	69,428		122,979
NGL sales	3,929	8,884		12,813
Other	1,873	11,163	(3,646)(h)	9,390
Total revenues	87,266	126,476	(3,646)	210,096
Costs and expenses:				
Lease operating expenses	27,420	38,916		66,336
Production taxes	2,969	2,968		5,937
Depreciation, depletion and amortization	33,558	68,141	(3,947)(e)	97,752
General and administrative expenses	6,223	24,643	(2,575)(h)	28,291
Interest expense	6,664	30,560	1,028 (f) (1,707)(g)	36,545
Exploration expenses	--	9,107	(9,107)(h)	--
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	(3,161)	--		(3,161)
Distributions on preferred securities of subsidiary trust	2,429	--		2,429
Total costs and expenses	76,102	174,335	(16,308)	234,129
Earnings (loss) before income tax expense (benefit)	11,164	(47,859)	12,662	(24,033)
Income tax expense (benefit):				
Current	1,903	11	--	1,914
Deferred	3,281	(19,125)	4,812 (i)	(11,032)
Total income tax expense (benefit)	5,184	(19,114)	4,812	(9,118)
Net earnings (loss)	5,980	(28,745)	7,850	(14,915)
Preferred stock dividends	--	2,434	--	2,434
Net earnings (loss) applicable to common shareholders	$ 5,980	$(31,179)	$ 7,850	$(17,349)
Net earnings (loss) per average common share outstanding--basic and diluted	$ 0.12	$ (0.65)		$ (0.25)
Weighted average common shares outstanding--basic (Note 4)	48,470	47,888		69,900

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

December 31, 1998 and March 31, 1999

1. Method of Accounting for the Merger

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

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

2. Pro Forma Adjustments Related to the Merger

The unaudited pro forma balance sheet includes the following adjustments:

(a) This entry adjusts the historical book values of PennzEnergy's assets and liabilities to their estimated fair values as of March 31, 1999. The calculation of the total purchase price and the preliminary allocation to assets and liabilities are shown below.

	(In Thousands, Except Share Price)
Calculation and preliminary allocation of purchase price:	
Shares of New Devon common stock to be issued to PennzEnergy stockholders	21,446
Average Devon stock price	$ 33.40
Fair value of common stock to be issued	716,296
Plus preferred stock to be assumed by New Devon	150,000
Plus estimated merger costs to be incurred	71,545
Plus fair value of PennzEnergy employee stock options to be assumed by New Devon	14,000
Less estimated stock registration and issuance costs to be incurred	(4,985)
Total purchase price	946,856
Plus fair value of liabilities to be assumed by New Devon:	
Current liabilities	156,190
Debentures exchangeable into Chevron Corporation common stock	757,721
Other long-term debt	928,955
Other long-term liabilities	128,737
	2,918,459
Less fair value of non oil and gas assets to be acquired by New Devon:	
Current assets	113,964
Non oil and gas properties	5,000
Investment in common stock of Chevron Corporation	629,453
Other assets	115,693
	864,110
Fair value allocated to oil and gas properties, including $111 million of undeveloped leasehold	$2,054,349

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

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

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

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

(b) This adjustment includes a $43.5 million reduction to par value, a $356.4 million reduction of additional paid-in capital, a $34.2 million reduction of accumulated deficit, a $247.2 million reduction of accumulated other comprehensive earnings and a $229.6 million reduction of treasury stock. These adjustments eliminate PennzEnergy's historical book values of those accounts.

(c) This adjustment increases the value of PennzEnergy's oil and gas properties acquired by $552.9 million, and increases current assets by $10.3 million, both for related deferred income taxes. This adjustment equals the deferred income tax effect of the difference between the fair values assigned to PennzEnergy's assets and liabilities and their bases for income tax purposes. Due to the tax-free nature of the merger, New Devon's tax basis in those assets and liabilities will be the same as PennzEnergy's tax basis.

(d) This adjustment reduces the value of proved oil and gas properties by $657.0 million pursuant to the "ceiling test" required under the full cost method of accounting. As of March 31, 1999, the pro forma carrying value of New Devon's oil and gas properties, less deferred income taxes, would have exceeded the pro forma full cost ceiling by approximately $407.4 million. Accordingly, the unaudited pro forma balance sheet reflects a reduction of $657.0 million to oil and gas properties, partially offset by a $249.6 million deferred income tax benefit, resulting in an after-tax charge of $407.4 million taken against retained earnings.

This adjustment reflects the estimated full cost ceiling reduction that would have been required had the merger occurred on March 31, 1999, based on a posted West Texas Intermediate oil price of $15.25 per barrel and a Texas Gulf Coast index gas price of $1.80 per Mcf. As of June 30, 1999, both West Texas Intermediate oil and Texas Gulf Coast index gas prices had increased to $16.50 per barrel and $2.14 per Mcf, respectively. Using these prices, the pro forma reduction of the carrying value of oil and gas properties would be reduced to less than $200 million (less than $150 million after tax). The actual reduction, if any, that will be recorded by New Devon will depend on the oil and gas prices in effect at the end of the quarter in which the merger is actually closed.

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

(e) This adjustment reflects the pro forma depreciation, depletion and amortization expense using the full cost method of accounting based on the allocation of the purchase price. This adjustment assumes an estimated $657.0 million ($407.4 million after tax) reduction of the carrying value of oil and gas properties under the full cost ceiling test, as of January 1, 1998. See pro forma adjustment (d) above for further information on this estimated noncash charge. This pro forma reduction is directly related to the merger and therefore is not reflected in the accompanying unaudited pro forma statements of operations.

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

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

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

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

3. Investment in Chevron Common Stock and Related Exchangeable Debentures

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

The exchangeable debentures consist of $443.8 million of 4.90% debentures and $317.4 million of 4.95% debentures. The exchangeable debentures were issued on August 3, 1998, and mature August 15, 2008. The exchangeable debentures are callable beginning on August 15, 2000. The exchangeable debentures are exchangeable at the option of the holders at any time prior to maturity for shares of Chevron common stock. In lieu of delivering Chevron common stock, PennzEnergy may, at its option, pay to any holder an amount in cash equal to the market value of the Chevron common stock to satisfy the exchange request.

4. Common Shares Outstanding

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

	Year Ended December 31, 1998	Three Months Ended March 31, 1999
	(In Thousands)	
Devon's weighted average common shares outstanding	48,376	48,470
New Devon shares to be issued in exchange for all outstanding shares of PennzEnergy	21,353	21,430
Pro forma weighted average New Devon shares outstanding	69,729	69,900

Pro forma common shares outstanding at March 31, 1999, assuming the merger occurred on that date, are as follows:

	(In Thousands)
Devon's common shares outstanding	48,492
New Devon shares to be issued in exchange for all outstanding shares of PennzEnergy	21,446
Pro forma New Devon common shares outstanding	69,938

5. PennzEnergy Historical and Reclassified Balances

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

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

December 31, 1998 and March 31, 1999

In addition to the reclassifications shown below for the unaudited pro forma statements of operations, a reclassification has been made to PennzEnergy's historical balance sheet for the accompanying unaudited pro forma balance sheet as of March 31, 1999. PennzEnergy had $40.9 million classified as minority interest in its March 31, 1999, historical consolidated balance sheet. To conform to Devon's presentation, this amount is included as other long-term liabilities in the accompanying unaudited pro forma balance sheet.

	Year Ended December 31, 1998			Three Months Ended March 31, 1999		
	PennzEnergy Historical	Reclassifications	PennzEnergy Historical Reclassified	PennzEnergy Historical	Reclassifications	PennzEnergy Historical Reclassified
	(Unaudited) (In Thousands)					
Revenues:						
Net sales	$ 550,899	$(550,899)	$ --	$115,313	$(115,313)	$ --
Oil sales	--	159,294	159,294	--	37,001	37,001
Gas sales	--	344,594	344,594	--	69,428	69,428
NGL sales	--	47,011	47,011	--	8,884	8,884
Investment and other income	286,468	--	286,468	11,163	--	11,163
Total revenues	837,367	--	837,367	126,476	--	126,476
Costs and expenses:						
Lease operating expenses	217,194	(35,939)	181,255	46,643	(7,727)	38,916
Production taxes	--	14,232	14,232	--	2,968	2,968
General and administrative expenses	52,228	73,896	126,124	8,972	15,671	24,643
Depreciation, depletion and amortization	208,009	--	208,009	68,141	--	68,141
Impairment of long-lived assets	74,739	--	74,739	--	--	--
Exploration expenses	161,615	(21,645)	139,970	13,118	(4,011)	9,107
Taxes, other than income	30,544	(30,544)	--	6,901	(6,901)	--
Interest charges, net	156,272	--	156,272	30,560	--	30,560
Total costs and expenses	900,601	--	900,601	174,335	--	174,335
Loss from continuing operations before income tax	(63,234)	--	(63,234)	(47,859)	--	(47,859)
Income tax benefit	(17,768)	--	(17,768)	(19,114)	--	(19,114)
Loss from continuing operations	$ (45,466)	$ --	$(45,466)	$(28,745)	$ --	$(28,745)
Loss from discontinued operations	(3,246)			--		
Loss before extraordinary items	(48,712)			(28,745)		
Extraordinary items	(206,963)			--		
Net loss	(255,675)			(28,745)		
Preferred stock dividends	5,625			2,434		
Net loss available to common shareholders	$(261,300)			$(31,179)		

PROPERTIES OF NEW DEVON AFTER THE MERGER

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

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

Primary Operating Areas--North America

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

Western Canadian Sedimentary Basin

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

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

Permian Basin

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

Rocky Mountain Region

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

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

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

Gulf Coast/East Texas Region

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

Offshore Gulf of Mexico

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

Primary Operating Areas--International

New Devon's property base outside North America will include approximately 94 million barrels of oil equivalent reserves or 14% of the total company on a pro forma basis as of December 31, 1998. New Devon will also have 10.5 million net undeveloped acres outside of North America. While New Devon's international operations will be focused primarily in Azerbaijan, New Devon will also have interests in Venezuela, Brazil, Egypt, Qatar and Australia.

Azerbaijan

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

Developed and Undeveloped Acreage

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

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

DIRECTORS AND EXECUTIVE OFFICERS OF NEW DEVON AFTER THE MERGER

Directors

The New Devon certificate of incorporation classifies the New Devon board into three classes having staggered terms of three years each. The number of directors will be fixed from time to time by resolution of the New Devon board. The New Devon board is currently set at four members. Upon completion of the merger, we expect the New Devon board will be set at fourteen members, initially consisting of the following:

Name	Age	Current Board Membership	Expiration of First Term
Thomas F. Ferguson(1)	63	Devon	2001
David M. Gavrin(2)	64	Devon	2001
Michael E. Gellert(3)	68	Devon	2002
John A. Hagg	51	Devon	2000
Henry R. Hamman	61	PennzEnergy	2000
William J. Johnson(4)	62	--	2002
Michael M. Kanovsky	50	Devon	2002
Robert A. Mosbacher, Jr	48	PennzEnergy	2002
J. Larry Nichols	57	Devon	2000
James L. Pate(5)	63	PennzEnergy	2002
H.R. Sanders, Jr	67	Devon	2002
Terry L. Savage	54	PennzEnergy	2001
Brent Scowcroft	74	PennzEnergy	2001
Robert B. Weaver	60	PennzEnergy	2000

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

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

Executive Officers

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

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

SELLING STOCKHOLDER

This prospectus relates to 8,655,652 shares of Devon common stock plus up to an additional 1,298,348 shares solely to cover over-allotments, which may be delivered by Kerr-McGee, at its option, pursuant to the terms of the exchangeable notes that are being offered by Kerr-McGee pursuant to the Kerr- McGee prospectus and prospectus supplement. These shares of Devon common stock are owned by Kerr-McGee. Assuming Kerr-McGee does not exercise its option to redeem any portion of the exchangeable notes with cash and delivers all 9,954,000 shares of Devon common stock pursuant to the terms of the exchangeable notes, Kerr-McGee will thereafter own no shares of Devon common stock.

PLAN OF DISTRIBUTION

Subject to the terms and conditions stated in the underwriting agreement dated the date hereof, Kerr-McGee has agreed to sell to the underwriters for this offering, and the underwriters have severally agreed to purchase, the number of DECS set forth opposite the name of such underwriters below:

Underwriter	Number of DECS
Salomon Smith Barney Inc.	
Credit Suisse First Boston Corporation	
ABN AMRO Incorporated	
Lehman Brothers Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Total	

The underwriters, for whom Salomon Smith Barney Inc., Credit Suisse First Boston Corporation, ABN AMRO Incorporated, Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, have advised us that they propose to offer some of the DECS directly to the public initially at the public offering price set forth on the cover page of DECS prospectus supplement and some of the DECS to certain securities dealers at a discount from the public offering price of up to $ per DECS. Any such securities dealers may resell any DECS purchased from the underwriters to other brokers or dealers at a discount from the public offering price of up to $ per DECS. If all of the DECS are not sold at the initial offering price, the underwriters may change the offering price and other selling terms.

We have agreed not to offer, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by us or any of our affiliates or any person in privity with us or any of our affiliates) directly or indirectly, including the filing (or participation in the filing) of a registration statement with the Securities and Exchange Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act, any shares of common stock or any securities convertible into, or exchangeable for, or warrants to acquire shares of common stock (other than the shares sold in connection with the offering of the DECS) or announce an intention to effect any such transaction, on or prior to the lockup termination date (as described below) without the prior written consent of Salomon Smith Barney Inc., which consent will not be unreasonably withheld; provided, however, that

. we may publicly announce and discuss our intention to offer up to $500 million of shares of Devon stock or securities convertible into, or exchangeable for, or warrants to acquire shares of such stock and register and offer such securities;

. we may issue shares of Devon common stock to (1) shareholders of PennzEnergy in the merger and (2) shareholders of Devon in the proposed merger of Devon Oklahoma Corporation with Devon in connection with the merger;

. we or any of our affiliates may offer shares of capital stock, or any securities convertible into, or exchangeable for, or warrants to acquire shares of such capital stock, to any owner of any business or assets acquired or proposed to be acquired by us or any of our affiliates as consideration for any such acquisition or proposed acquisition. However, the securities issued for non-cash consideration will not exceed $250 million and, together with any securities issued for cash, will not exceed $500 million prior to the lockup termination date;

. we may issue shares of common stock in connection with any exchange of Northstar exchangeable shares; and

. Devon, PennzEnergy or any of their respective affiliates may issue shares of capital stock pursuant to (1) any stock option plan, equity-incentive plan, stock purchase plan or dividend reinvestment plan existing as of July 14, 1999, or as contemplated by the merger agreement with PennzEnergy, or (2) any security convertible into or exercisable or exchangeable for any such capital stock outstanding as of July 14, 1999.

The "lockup termination date" shall be the earlier of (1) the 45th day after the date of the underwriting agreement or (2) if the registration statement filed with respect to the Devon common stock offered by this prospectus is declared effective by the Securities and Exchange Commission on or prior to August 2, 1999, September 6, 1999, or (3) if, at Kerr-McGee's request, we do not (a) file such registration statement with the Securities and Exchange Commission on or prior to July 16, 1999, or (b) on or prior to July 22, 1999, request the Securities and Exchange Commission to declare effective such registration statement, September 6, 1999.

Kerr-McGee has agreed not to offer, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by us or our affiliates or any person in privity with us or any of our affiliates) directly or indirectly, including the filing (or participation in the filing) of a registration statement with the Securities and Exchange Commission in respect of, any debt securities issued or guaranteed by us or publicly announce an intention to effect any such transaction, for a period of 7 days after the date of the underwriting agreement without the prior written consent of Salomon Smith Barney Inc. If the underwriters give any such consent, it would not necessarily be preceded or followed by a public announcement of consent.

Kerr-McGee has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an additional 1,298,348 DECS from Kerr-McGee, at the same price per DECS as the initial DECS purchased by the underwriters. The underwriters may exercise such option only for the purpose of covering over-allotments, if any, in connection with the DECS offering. If this option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase a number of additional DECS approximately proportionate to such underwriter's initial purchase commitment.

The DECS will be a new issue of securities with no established trading market. Application has been made to list the DECS on the New York Stock Exchange and the underwriters intend to make a market in the DECS, subject to applicable laws and regulations. However, the underwriters are not obligated to do so and may discontinue any market-making at any time in their sole discretion without notice. Accordingly, the underwriters cannot assure the liquidity of the market for DECS.

In connection with this offering of DECS and Devon common stock, Salomon Smith Barney Inc. on behalf of the underwriters may purchase and sell DECS and Devon common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater amount of DECS than they are required to purchase from us, and in such case the underwriters may purchase DECS in the open market following completion of the offering to cover all or a portion of their short position. The underwriters may also cover all or a portion of such short position in the DECS, up to 1,298,348 DECS, by exercising the underwriters' over-allotment option referred to above. Stabilizing transactions consist of certain bids or purchases made for the

practice of preventing or retarding a decline in the market price of the DECS or the Devon common stock while this offering is in progress. In addition, the underwriters may impose penalty bids. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased DECS sold by or for the account of that underwriter in stabilizing or short-covering transactions. Any of the activities by the underwriters described in this paragraph may stabilize, maintain or otherwise affect the market price of the DECS or the Devon common stock. As a result, the price of the DECS or the Devon common stock may be higher than the price that otherwise might exist in the open market. The underwriters may effect these transactions on the American Stock Exchange, in the over-the-counter market or otherwise. If these activities are commenced, they may be discontinued by the underwriters at any time.

At Kerr-McGee's option, when the DECS mature, Kerr-McGee may deliver shares of Devon common stock pursuant to the terms of the DECS. For a description of the terms of such exchange, see this prospectus and prospectus supplement of Kerr-McGee to which this prospectus is attached.

The underwriting agreement provides that we and Kerr-McGee will indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments the underwriters may be required to make in respect of such liabilities.

In the ordinary course of their respective businesses, certain of the underwriters and their affiliates may have engaged in and may in the future engage in commercial and investment banking transactions with us, Kerr-McGee and our respective affiliates, for which the underwriters and their affiliates have receive or may receive customary compensation.

LEGAL MATTERS

The validity of the common stock offered by this prospectus will be passed upon for us by McAfee & Taft A Professional Corporation. Certain legal matters will be passed upon for the underwriters by Cleary, Gottleib, Steen & Hamilton.

EXPERTS

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

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

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

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

WHERE YOU CAN FIND MORE INFORMATION

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

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

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

Devon SEC Filings (File No. 001-10067)	Period
Annual Report on Form 10-K	Year ended December 31, 1998
Quarterly Report on Form 10-Q	Quarter ended March 31, 1999
Current Report on Form 8-K/A	Filed on February 2, 1999
Current Report on Form 8-K	Filed on February 8, 1999
Current Report on Form 8-K	Filed on February 22, 1999
Proxy Statement on Schedule 14A	Filed on April 9, 1999
Current Report on Form 8-K	Filed on April 28, 1999
Current Report on Form 8-K	Filed on May 21, 1999
Current Report on Form 8-K	Filed on June 1, 1999
Proxy Statement on Schedule 14A	Filed on July 16, 1999
PennzEnergy SEC Filings (File No. 001-05591)	**Period**
Part II, Item 8. "Financial Statements and Supplementary Data" of the Annual Report on Form 10-K	Fiscal year ended December 31, 1998
Part I, Item 1. "Financial Statements" of the Quarterly Report on Form 10-Q	Quarter ended March 31, 1999
Part I. "Election of Directors--Nominees" of the Proxy Statement on Schedule 14A	Filed on March 25, 1999

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

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

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

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

CAUTIONARY STATEMENT CONCERNING

FORWARD-LOOKING STATEMENTS

Devon has made forward-looking statements in this document and in the documents referred to in this document which are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of our management and on the information currently available to it.

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

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

COMMONLY USED OIL AND GAS TERMS

"Bbl" means barrel.

"Bbl/d" means Bbl per day.

"Bcf" means billion cubic feet.

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

"Boe/d" means Boe per day.

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

"MBbls" means thousand barrels.

"MBoe" means thousand Boe.

"Mcf" means thousand cubic feet.

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

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

"MMBbls" means million barrels.

"MMBoe" means million Boe.

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

"MMcf" means million cubic feet.

"MMcf/d" means MMcf per day.

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

"NGL" means natural gas liquids.

"Oil" includes crude oil and condensate.

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

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

"Tcf" means trillion cubic feet.

8,655,652 Shares

Devon Energy Corporation

Common Stock

[LOGO OF DEVON ENERGY CORPORATION]

PROSPECTUS

July , 1999

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following is a statement of estimated expenses incurred by Devon in connection with the shares of common stock being registered hereby. Devon will pay for the fees and expenses of the offering of the shares of common stock offered hereby.

SEC Registration Fee	$101,609*
Legal Fees and Expenses	125,000
Printing and Engraving Expenses	90,000*
Accounting Fees and Expenses	15,000
Transfer Agent and Registrar Fees and Expenses	--
Blue Sky Fees and Expenses (including legal fees)	--*
Miscellaneous	10,000
Total	$341,609

* Under the terms of the Registration Rights Agreement between Devon and Kerr- McGee dated as of December 31, 1996, Kerr-McGee is responsible for the payment of these items.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Oklahoma General Corporation Act (the "OGCA"), under which Devon is incorporated, permits indemnification against expenses, including attorneys' fees, actually and reasonably incurred by a director, officer or agent of a corporation in connection with the defense of any action, suit or proceeding in which such a person is a party by reason of such person being or having been a director, employee or agent of the corporation, or of any corporation, partnership, joint venture, trust or other enterprise in which he served as such at the request of the corporation, provided that he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, and provided further (if the threatened, pending or completed action or suit is by or in the right of the corporation) that he shall not have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation (unless the court determines that indemnity would nevertheless be proper under the circumstances). Article Ninth of Registrant's Certificate of Incorporation, provides for the elimination of directors' liability for monetary damages for a breach of certain fiduciary duties and for indemnification of directors, officers, employees or agents of Devon as permitted by the OGCA. These provisions cannot be amended without the affirmative vote of the holders of at least 80% of the outstanding shares entitled to vote. Under Devon's Certificate of Incorporation, even though Devon's directors stand in a fiduciary relation to Devon, they are not liable to stockholders of Devon for damages for breach of any such fiduciary duty, except that a director will be personally liable for (i) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (ii) the payment of dividends or redemption or purchase of stock in violation of the OGCA, (iii) any breach of the duty of loyalty to Devon or its stockholders or (iv) any transaction from which the director derived an improper personal benefit. Article Thirteenth of Devon's Certificate of Incorporation, also provides for indemnification of Devon's directors and officers. Such Article also permits Devon to purchase and maintain insurance on behalf of Devon's directors and officers against any liability arising out of their status as such, whether or not Registrant would have the power to indemnify such directors and officers against such liability. These provisions may be sufficiently broad to indemnify such persons for liabilities arising under the Securities Act of 1933.

ITEM 16. EXHIBITS

Exhibit No.	Document
1.1	Form of Underwriting Agreement.*
2.1	Amended and Restated Agreement and Plan of Merger among Registrant, Devon Delaware Corporation, Devon Oklahoma Corporation and PennzEnergy Company dated as of May 19, 1999 (incorporated by reference to Exhibit 2 to Registrant's Form S-4 filed on July 15, 1999).
3.1	Registrant's Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3 to Registrant's Form 8-K dated as of December 11, 1998).
3.2	Registrant's By-laws (incorporated by reference to Exhibit 3.2 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).
5.1	Opinion of McAfee & Taft A Professional Corporation**
23.1	Consent of KPMG LLP.*
23.2	Consent of Deloitte & Touche LLP.*
23.3	Consent of PricewaterhouseCoopers LLP.*
23.4	Consent of Arthur Andersen LLP*
23.5	Consent of LaRoche Petroleum Consultants, Ltd.*
23.6	Consent of AMH Group Ltd.*
23.7	Consent of Paddock Lindstrom & Associates Ltd.*
23.8	Consent of John P. Hunter & Associates, Ltd.*
23.9	Consent of Ryder Scott Company, L.P.*
23.10	Consent of McAfee & Taft A Professional Corporation (contained in its opinion in Exhibit 5.1)
24.1	Power of Attorney.**

* Filed herewith.

** Previously filed.

ITEM 17. UNDERTAKINGS

(a) The undersigned registrant hereby undertakes

(1) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13 (a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(2) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the undersigned registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective;

(3) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offer of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by any such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether or not such indemnification is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of Securities Act of 1933, the registrant has duly caused this amended Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, State of Oklahoma, on the 19th day of July, 1999.

DEVON ENERGY CORPORATION

/s/ J. Larry Nichols
By: _____
J. Larry Nichols
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this amended Registration Statement has been signed by the following persons in the capacities indicated on July 19, 1999.

Signature	Title
*/s/ * John W. Nichols*	*Chairman of the Board and Director*
/s/ J. Larry Nichols J. Larry Nichols	*President, Chief Executive Officer and Director*
*/s/ * William T. Vaughn*	*Vice President Finance*
*/s/ * Danny J. Heatly*	*Controller*
*/s/ * Thomas F. Ferguson*	*Director*
*/s/ * John A. Hagg*	*Director*
*/s/ * David M. Gavrin*	*Director*
*/s/ * Michael M. Kanovsky*	*Director*
*/s/ * Michael E. Gellert*	*Director*
*/s/ * H.R. Sanders, Jr.*	*Director*

/s/ Marian J. Moon

** By_____*

Marian J. Moon, Attorney in Fact

EXHIBIT INDEX

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*Filed herewith.

**Previously filed.

EXHIBIT 1.1

KERR-MCGEE CORPORATION

_____ DECS/SM/ (Debt Exchangeable for Common Stock/SM/)*

____% Exchangeable Notes Due _____, 2004

(Subject to Exchange into Shares of Common Stock, par value $.10 per share, of Devon Energy Corporation)

Underwriting Agreement

New York, New York
July __, 1999

Salomon Smith Barney Inc.
Credit Suisse First Boston Corporation
Lehman Brothers Inc.
Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated
ABN AMRO Incorporated
As Representatives of the several Underwriters, c/o Salomon Smith Barney Inc.
388 Greenwich Street
New York, New York 10013

Ladies and Gentlemen:

Kerr-McGee Corporation, a Delaware corporation ("Kerr-McGee"), proposes to sell to the underwriters named in Schedule I hereto (the "Underwriters"), for whom you (the "Representatives") are acting as representatives, an aggregate of ____ DECS (Debt Exchangeable for Common Stock) consisting of its ___% Exchangeable Notes Due _____, 2004 (the "Underwritten DECS"), to be issued under an indenture (the "Indenture") dated as of _____, 1999 between Kerr-McGee and _____, as trustee (the "Trustee"). In addition, the Underwriters will have an option to purchase up to _____ DECS (the "Option DECS" and, together with the Underwritten DECS, the "DECS"). At maturity (including as a result of acceleration or otherwise), the DECS will be mandatorily exchanged by Kerr-McGee into shares of Common Stock, par value $.10 per share, of Devon Energy Corporation (the "Devon Energy Common Stock"), an Oklahoma corporation ("Devon Energy") (or, at Kerr-McGee's option under the circumstances described in the Final Kerr-McGee Prospectus (as defined below), cash with an equal value), at the rate specified in the Final Kerr-McGee Prospectus. To the extent there are no additional Underwriters listed on Schedule I other than

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* Plus an option to purchase from Kerr-McGee Corporation, up to _____ additional DECS to cover over-allotments.

you, the term Representatives shall mean you, as Underwriters, and the terms Representatives and Underwriters shall mean the singular or the plural as the context requires.

In connection with the foregoing and pursuant to the Registration Rights Agreement dated December 31, 1996, as amended, between Devon Energy and Kerr-McGee (the "Registration Rights Agreement"), Devon Energy has filed with the Commission a registration statement with respect to ____shares (the "Underwritten Shares") of Devon Energy Common Stock, in respect of the Underwritten DECS plus an additional _____ shares (the "Option Shares" and, together with the Underwritten Shares, the "Shares") of Devon Energy Common Stock in respect of the Option DECS, for sale by Kerr-McGee as a selling stockholder (to the extent Kerr-McGee shall so elect to deliver Devon Energy Common Stock to holders of the DECS at maturity thereof pursuant to the terms of the DECS), which registration statement is referred to in Section 2 of this Agreement.

Certain terms used in this Agreement are defined in Section 20 of this Agreement.

1. Representations and Warranties of Kerr-McGee. (a) Kerr-McGee represents and warrants to, and agrees with, each Underwriter and Devon Energy as set forth below in this Section 1.

(i) Kerr-McGee meets the requirements for use of Form S-3 under the Securities Act of 1933 (the "Act"), has prepared and filed with the Commission a registration statement (file number 333-76951) on Form S-3, including a related basic prospectus, for the registration under the Securities Act of 1933, as amended (the "Act"), of the offering and sale of the DECS, and such registration statement has been declared effective by the Commission in the form on file with the Commission on its Effective Date. Kerr-McGee may have filed one or more amendments thereto, including a related preliminary prospectus, each of which has previously been furnished to you. Kerr-McGee will next file with the Commission one of the following:
(1) after the Effective Date of such registration statement, a final prospectus supplement relating to the DECS in accordance with Rules 430A and 424(b), (2) prior to the Effective Date of such registration statement, an amendment to such registration statement (including the form of final prospectus supplement) or (3) a final prospectus supplement in accordance with Rules 415 and 424(b). In the case of clause (1), Kerr-McGee has included in such registration statement, as amended at the Effective Date, all information (other than Rule 430A Information) required by the Act and the rules thereunder to be included in such registration statement and the Final Kerr-McGee Prospectus. As filed, such final prospectus supplement or such amendment and form of final prospectus supplement shall contain all Rule 430A Information, together with all other such required information, and, except to the extent the Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the Basic Kerr-McGee Prospectus and any Preliminary Final Kerr-McGee Prospectus) as Kerr-McGee has advised you, prior to the Execution Time, will be included or made therein. Such registration statement, at the Execution Time, meets the requirements set forth in Rule 415(a)(1)(x).

(ii) On the Kerr-McGee Effective Date, the Kerr-McGee Registration Statement did or will, and when the Final Kerr-McGee Prospectus is first filed in accordance with Rule 424(b) and on the Closing Date (as hereinafter defined) and on any date on which Option DECS are purchased, if such date is not the Closing Date (a "settlement date"), the Final Kerr- McGee Prospectus (and any supplement thereto) will, comply in all material respects with the applicable requirements of the Act, the Exchange Act, and the Trust Indenture Act, and the respective rules thereunder; on the Kerr- McGee Effective Date, the Kerr-McGee Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; on the Kerr-McGee Effective Date and on the Closing Date the Indenture did or will comply in all material respects with the applicable requirements of the Trust Indenture Act and the rules thereunder; and, on the Kerr-McGee Effective Date, the Final Kerr-McGee Prospectus, if not filed pursuant to Rule 424(b), will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the Final Kerr-McGee Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that Kerr-McGee makes no representations or warranties as to (A) that part of the Kerr-McGee Registration Statement which shall constitute the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee or (B) the information contained in or omitted from the Kerr-McGee Registration Statement or the Final Kerr-McGee Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to Kerr-McGee by or on behalf of any Underwriter through the Representatives specifically for inclusion in the Kerr-McGee Registration Statement or the Final Kerr-McGee Prospectus (or any supplement thereto) or (C) the information contained in or omitted from the Devon Energy Prospectus (attached as Appendix A to the Preliminary Final Kerr-McGee Prospectus or the Final Kerr-McGee Prospectus), other than information contained in or omitted from the Devon Energy Prospectus in reliance upon and in conformity with information furnished in writing to Devon Energy by Kerr-McGee specifically for inclusion in the Devon Energy Prospectus.

(iii) Kerr-McGee and each of its subsidiaries which are significant subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X) (each, as set forth on Annex A attached hereto, a "Kerr-McGee Significant Subsidiary," and collectively, the "Kerr-McGee Significant Subsidiaries") have been duly incorporated and are validly existing as corporations in good standing under the laws of the jurisdictions in which they are chartered or organized with full corporate power and authority to own or lease, as the case may be, and to operate their properties and conduct their businesses as described in the Final Kerr-McGee Prospectus, and are duly qualified to do business as foreign corporations and are in good standing under the laws of each jurisdiction in which the failure so to qualify would have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Kerr-McGee and its subsidiaries, taken as a whole;

(iv) All the outstanding shares of capital stock of each Kerr- McGee Significant Subsidiary have been duly authorized and validly issued and are fully paid and nonassessable, and, except as otherwise set forth in the Prospectus, all outstanding shares of capital stock of the Kerr-McGee Significant Subsidiaries are owned by Kerr-McGee either directly or through wholly owned subsidiaries free and clear of any perfected security interest or any other security interests, claims, liens or encumbrances;

(v) The Indenture has been duly authorized and, if the Effective Time of the Kerr-McGee Registration Statement is prior to the execution and delivery of this Agreement, has been or otherwise upon such Effective Time will be duly qualified under the Trust Indenture Act with respect to the DECS offered thereby; the DECS have been duly authorized; and when DECS offered are delivered and paid for pursuant to this Agreement on each Closing Date, the Indenture will have been duly executed and delivered, such DECS will have been duly executed, authenticated, issued and delivered and will conform to the description thereof contained in the Final Kerr- McGee Prospectus and the Indenture and such DECS will constitute valid and legally binding obligations of Kerr-McGee, enforceable in accordance with their terms, subject to bankruptcy insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(vi) The DECS have been approved for listing on The New York Stock Exchange, subject to notice of issuance.

(vii) There is no franchise, contract or other document of a character required to be described in the Kerr-McGee Registration Statement or Final Kerr-McGee Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required; and the statements in the Basic Kerr-McGee Prospectus under the caption "Description of Debt Securities" and in the Final Kerr-McGee Prospectus Supplement under the captions "Description of DECS" and "Certain United States Federal Income Tax Consequences" fairly summarize the matters therein described.

(viii) This Agreement has been duly authorized, executed and delivered by Kerr-McGee and constitutes a valid and binding obligation of Kerr-McGee enforceable in accordance with its terms.

(ix) Kerr-McGee is not and, after giving effect to the offering and sale of the DECS and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended.

(x) No consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein, except such as have been obtained under the Act and the Trust Indenture Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the DECS and the Devon Energy

Common Stock by the Underwriters in the manner contemplated herein and in the Final Kerr-McGee Prospectus and the Devon Energy Prospectus.

(xi) Neither the issue and sale of the DECS nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, result in a breach or violation or imposition of any material lien, charge or encumbrance upon any property or assets of Kerr-McGee or any of its Kerr-McGee Significant Subsidiaries pursuant to, (i) the charter or by-laws of Kerr-McGee or any of its Kerr- McGee Significant Subsidiaries, (ii) the terms of any material indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which Kerr-McGee or any of its Kerr-McGee Significant Subsidiaries is a party or bound or to which its or their property is subject, or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to Kerr-McGee or any of its Kerr-McGee Significant Subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over Kerr-McGee or any of its Kerr-McGee Significant Subsidiaries or any of its or their properties.

(xii) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Kerr- McGee or any of its subsidiaries or its or their property is pending or, to the best knowledge of Kerr-McGee, threatened that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement or the consummation of any of the transactions contemplated hereby or (ii) could reasonably be expected to have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Kerr-McGee and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Kerr-McGee Prospectus (exclusive of any supplement thereto).

(xiii) Neither Kerr-McGee nor any Kerr-McGee Significant Subsidiary is in violation or default of (i) any provision of its charter or bylaws, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or bound or to which its property is subject, except if such violation or default with respect to this clause (ii) could not reasonably be expected to have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Kerr-McGee and its subsidiaries, taken as a whole, or (iii) any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over Kerr-McGee or such Kerr-McGee Significant Subsidiary or any of its properties, as applicable, except with respect to this clause (iii) such as could not reasonably be expected to have a material adverse effect on the
[financial condition, results of operations, prospects, earnings or properties] of Kerr-McGee and its subsidiaries, taken as a whole.

(xiv) Kerr-McGee and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, and neither Kerr-McGee nor

any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the

[financial condition, results of operations, prospects, earnings or properties] of Kerr-McGee and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Kerr-McGee Prospectus (exclusive of any supplement thereto).

(xv) [Kerr-McGee and its subsidiaries are (i) in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) have not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals, or liability would not, individually or in the aggregate, have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Kerr-McGee and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Kerr-McGee Prospectus (exclusive of any supplement thereto). Except as set forth in the Final Kerr-McGee Prospectus, neither Kerr-McGee nor any of the subsidiaries has been named as a "potentially responsible party" under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

(xvi) In the ordinary course of its business, Kerr-McGee periodically reviews the effect of Environmental Laws on the business, operations and properties of Kerr-McGee and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, Kerr McGee has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Kerr McGee and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Kerr-McGee Prospectus (exclusive of any supplement thereto).]

(xvii) The subsidiaries listed on Annex A attached hereto are the only significant subsidiaries of Kerr-McGee as defined by Rule 1-02 of Regulation S-X.

(xviii) Kerr-McGee and its subsidiaries have implemented a comprehensive, detailed program to analyze and address the risk that the computer hardware and software used by them may be unable to recognize and properly execute date-sensitive functions involving

certain dates prior to and any dates after December 31, 1999 (the "Year 2000 Problem"), and has determined that such risk will be remedied on a timely basis without material expense and will not have a material adverse effect upon the financial condition and results of operations of Kerr-McGee and its subsidiaries, taken as a whole; and Kerr-McGee believes, after due inquiry, that each supplier, vendor, customer or financial service organization used or serviced by Kerr-McGee and its subsidiaries has remedied or will remedy on a timely basis the Year 2000 Problem, except to the extent that a failure to remedy by any such supplier, vendor, customer or financial service organization would not have a material adverse effect on Kerr-McGee and its subsidiaries, taken as a whole. Kerr-McGee is in compliance in all material respects with the Commission Release Nos. 33- 7558 and 33-7609 related to Year 2000 compliance, as amended or supplemented to date.

(xix) Subsequent to the respective dates as of which information is presented in the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus, except as otherwise stated therein, there has been no material adverse change or any development involving a prospective material adverse change in the condition (financial or otherwise), business, properties or results of operations of Kerr-McGee and its subsidiaries taken as a whole.

(xx) Kerr-McGee has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of Devon Energy to facilitate the sale or resale of the DECS or the Devon Energy Common Stock and has not effected any sales of Devon Energy Common Stock which, if effected by the issuer, would be required to be disclosed in response to Item 701 of Regulation S-K.

(xxi) If Kerr-McGee elects to exchange the DECS for the Shares on the Exchange Date (as defined in the DECS), then on such Exchange Date it will be the record and beneficial owner of the Shares to be sold by it hereunder free and clear of all liens, encumbrances, equities and claims and will have duly indorsed such Shares in blank, and, assuming that each holder of DECS acquires its interest in the Shares it receives on the Exchange Date from Kerr McGee without notice of any adverse claim (within the meaning of Section 8-105 of the New York Uniform Commercial Code ("UCC")), upon sale and delivery of, and payment for, such Shares, as provided herein and in the terms of the DECS, each such holder will own the Shares, free and clear of all liens, encumbrances, equities and claims whatsoever.

(b) In respect of any statements in or omissions from the Devon Energy Registration Statement or the Devon Energy Prospectus or any supplements thereto made in reliance upon and in conformity with information furnished in writing to Devon Energy by Kerr-McGee specifically for inclusion therein, Kerr-McGee makes the same representations and warranties to Devon Energy as Kerr-McGee makes to each Underwriter under paragraph (a)(ii) of this Section 1.

2. Representations and Warranties of Devon Energy. Devon Energy represents and warrants to, and agrees with, each Underwriter and Kerr-McGee as set forth below in this Section 2.

(a) Devon Energy meets the requirements for use of Form S-3 under the Act and has prepared and filed with the Commission a registration statement (file number 333-_____) on Form S-3, including a related preliminary prospectus, for registration under the Act of the offering and sale of the Shares. Devon Energy may have filed one or more amendments thereto, including a related preliminary prospectus, each of which has previously been furnished to you. Devon Energy will next file with the Commission one of the following: either (1) prior to the Devon Energy Effective Date of such registration statement, a further amendment to such registration statement, including the form of final prospectus or (2) after the Devon Energy Effective Date of such registration statement, a final prospectus in accordance with Rules 430A and 424(b). In the case of clause (2), Devon Energy has included in such registration statement, as amended at the Devon Energy Effective Date, all information (other than Rule 430A Information) required by the Act and the rules thereunder to be included in such registration statement and the Devon Energy Prospectus with respect to the Shares and the offering thereof. As filed, such amendment and form of final prospectus, or such final prospectus, shall contain all Rule 430A Information, together with all other such required information with respect to the Shares and the offering thereof, and, except to the extent the Representatives shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the Execution Time or, to the extent not completed at the Execution Time, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary Devon Energy Prospectus) as Devon Energy has advised you, prior to the Execution Time, will be included or made therein. Any reference herein to the Devon Energy Registration Statement, Preliminary Devon Energy Prospectus or the Devon Energy Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Exchange Act on or before the Devon Energy Effective Date or the issue date of a Preliminary Devon Energy Prospectus or the Devon Energy Prospectus, as the case may be; and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Devon Energy Registration Statement, any Preliminary Devon Energy Prospectus or the Devon Energy Prospectus shall be deemed to refer to and include the filing by Devon Energy of any document under the Exchange Act after the Devon Energy Effective Date, or the issue date of any Preliminary Devon Energy Prospectus or the Devon Energy Prospectus, as the case may be, deemed to be incorporated therein by reference.

(b) On the Devon Energy Effective Date, the Devon Energy Registration Statement did or will, and when the Devon Energy Prospectus is first filed (if required) in accordance with Rule 424(b) and on the Closing Date and on any settlement date (as defined below), the Devon Energy Prospectus (and any supplements thereto) will, comply in all material respects with the applicable requirements of the Act, the Exchange Act and the respective rules thereunder; on the Devon Energy Effective Date and at the Execution Time, the Devon Energy Registration Statement did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated

therein or necessary in order to make the statements therein not misleading; and, on the Devon Energy Effective Date, the Devon Energy Prospectus, if not filed pursuant to Rule 424(b), will not, and on the date of any filing pursuant to Rule 424(b) and on the Closing Date, the Devon Energy Prospectus (together with any supplement thereto) will not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that Devon Energy makes no representations or warranties as to the information contained in or omitted from the Devon Energy Registration Statement, or the Devon Energy Prospectus (or any supplement thereto) in reliance upon and in conformity with information furnished in writing to Devon Energy (i) by or on behalf of any Underwriter through the Representatives specifically for inclusion in the Devon Energy Registration Statement or the Devon Energy Prospectus (or any supplement thereto) or
(ii) by Kerr-McGee, in either case, specifically for inclusion in the Devon Energy Registration Statement or the Devon Energy Prospectus (or any supplement thereto).

(c) Each of Devon Energy and each of its subsidiaries which are significant subsidiaries (as such term is defined in Rule 1-02 of Regulation S-X) (each, as set forth on Annex B attached hereto, a "Devon Energy Significant Subsidiary," and collectively, the "Devon Energy Significant Subsidiaries") has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized with full corporate power and authority to own or lease, as the case may be, and to operate its properties and conduct its business as described in the Devon Energy Prospectus and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which the failure so to qualify would have a material adverse effect on the
[financial condition, results of operations, prospects, earnings or properties] of Devon Energy and its subsidiaries, taken as a whole.

(d) Devon Energy's authorized equity capitalization is as set forth in the Devon Energy Prospectus; the capital stock of Devon Energy conforms in all material respects to the description thereof contained in the Devon Energy Prospectus; the outstanding shares of Devon Energy Common Stock have been duly and validly authorized and issued and are fully paid and nonassessable; the Shares have been duly and validly authorized, and, when issued and delivered to and paid for by the Underwriters pursuant to this Agreement, will be fully paid and nonassessable; the Shares are duly listed, and admitted and authorized for trading, subject to official notice of issuance, on the American Stock Exchange (the "AMEX"); the certificates for the Shares are in valid and sufficient form; the holders of outstanding shares of capital stock of Devon Energy are not entitled to preemptive or other rights to subscribe for the Shares; and, except as set forth in the Devon Energy Prospectus, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in Devon Energy are outstanding.

(e) All of the outstanding shares of capital stock of each Devon Energy Significant Subsidiary have been duly and validly authorized and issued and are fully

paid and nonassessable and, except as otherwise set forth in the Devon Energy Prospectus, all outstanding shares of capital stock of the Devon Energy Significant Subsidiaries are owned by Devon Energy either directly or through wholly-owned subsidiaries free and clear of any perfected security interests, claims, liens or encumbrances.

(f) This Agreement has been duly authorized, executed and delivered by Devon Energy and constitutes a valid and binding obligation of Devon Energy enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

(g) No holders of securities of Devon Energy, other than Kerr-McGee, have rights to the registration of such securities under the Devon Energy Registration Statement.

(h) Devon Energy and its subsidiaries are (i) in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) have not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals, or liability would not, individually or in the aggregate, have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Devon Energy and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Devon Energy Prospectus (exclusive of any supplement thereto). Except as set forth in the Devon Energy Prospectus, neither Devon Energy nor any of the subsidiaries has been named as a "potentially responsible party" under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

(i) In the ordinary course of its business, Devon Energy periodically reviews the effect of Environmental Laws on the business, operations and properties of Devon Energy and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, Devon Energy has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Devon Energy and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Devon Energy Prospectus (exclusive of any supplement thereto).

(j) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or its or their property is pending or, to the best knowledge of the Company, threatened that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement or the consummation of any of the transactions contemplated hereby or (ii) could reasonably be expected to have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Devon Energy Prospectus (exclusive of any supplement thereto).

(k) No consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Shares by the Underwriters in the manner contemplated herein and in the Final Kerr-McGee Prospectus or the Devon Energy Prospectus.

(l) Neither the issue and sale of the Shares nor the consummation by Devon Energy of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, result in a breach or violation or imposition of any material lien, charge or encumbrance upon any property or assets of Devon Energy or any of its Devon Energy Significant Subsidiaries pursuant to, (i) the charter or by-laws of Devon Energy or any of its Devon Energy Significant Subsidiaries, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which Devon Energy or any of its Devon Energy Significant Subsidiaries is a party or bound or to which its or their property is subject, or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to Devon Energy or any of its Devon Energy Significant Subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over Devon Energy or any of its Devon Energy Significant Subsidiaries or any of its or their properties.

(m) Devon Energy and its subsidiaries possess all licenses, certificates, permits and other authorizations issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses as presently conducted, except where the failure to possess such licenses, certificates, permits or other authorizations would not, individually or in the aggregate, have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Devon Energy and its subsidiaries, taken as a whole, and neither Devon Energy nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Devon Energy and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Devon Energy Prospectus (exclusive of any supplement thereto).

(o) Devon Energy is not an "investment company" as defined in the Investment Company Act of 1940, as amended.

(p) Devon Energy and its subsidiaries have implemented a comprehensive, detailed program to analyze and address the risk that the computer hardware and software used by them may be unable to recognize and properly execute date-sensitive functions involving certain dates prior to and any dates after December 31, 1999 (the "Year 2000 Problem"), and has determined that such risk will be remedied on a timely basis without material expense and will not have a material adverse effect upon the financial condition and results of operations of Devon Energy and its subsidiaries, taken as a whole; and Devon Energy believes, after due inquiry, that each supplier, vendor, customer or financial service organization used or serviced by Devon Energy and its subsidiaries has remedied or will remedy on a timely basis the Year 2000 Problem, except to the extent that a failure to remedy by any such supplier, vendor, customer or financial service organization would not have a material adverse effect on Devon Energy and its subsidiaries, taken as a whole. Devon Energy is in compliance in all material respects with the Commission Release Nos. 33-7558 and 33-7609 related to Year 2000 compliance, as amended or supplemented to date.

(q) The Devon Energy Common Stock is duly listed and admitted for trading on the AMEX.

3. Purchase and Sale. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, Kerr-McGee agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from Kerr-McGee, the number of DECS set forth opposite that Underwriter's name on Schedule I hereto, at a price of $_____ per DECS, plus accrued interest, if any, on the DECS from _____, 1999 to the Closing Date.

(b) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, Kerr-McGee hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to _____ of the Option DECS at the same purchase price as the Underwriters shall pay for the Underwritten DECS. Said option may be exercised only to cover over- allotments in the sale of the Underwritten DECS by the Underwriters. Said option may be exercised in whole or in part at any time (but not more than once) on or before the 30th day after the date of the Final Kerr-McGee Prospectus upon written or telegraphic notice by the Representatives to Kerr-McGee setting forth the number of the Option DECS as to which the several Underwriters are exercising the option and the settlement date. The number of the Option DECS to be purchased by each Underwriter shall be the same percentage of the total number of the Option DECS to be purchased by the several Underwriters as such Underwriter is purchasing of the Underwritten DECS, subject to such adjustments as you in your absolute discretion shall make to eliminate any fractional Option DECS.

4. Delivery and Payment. Delivery of and payment for the Underwritten DECS and the Option DECS (if the option provided for in Section 3(b) hereof shall have been exercised on or before the third Business Day prior to the Closing Date) shall be made at 10:00 AM New York City time, on _____, 1999, or at such time on such later date not more than three

Business Days after the foregoing date as the Representatives shall designate, which date and time may be postponed by agreement between the Representatives and Kerr-McGee or as provided in Section 11 hereof (such date and time of delivery and payment for the DECS being herein called the "Closing Date"). Delivery of the DECS shall be made to the Representatives for the respective accounts of the several Underwriters against payment by the several Underwriters through the Representatives of the purchase price thereof to or upon the order of Kerr-McGee by wire transfer payable in same-day funds to an account specified by Kerr-McGee. Delivery of the DECS shall be made through the facilities of The Depository Trust Company unless the Representatives shall otherwise instruct.

If the option provided for in Section 3(b) hereof is exercised after the third Business Day prior to the Closing Date, Kerr-McGee will deliver the Option DECS (at the expense of Kerr-McGee) to the Representatives, at 388 Greenwich Street, New York, New York, on the date specified by the Representatives (which shall be within three Business Days after exercise of said option) for the respective accounts of the several Underwriters, against payment by the several Underwriters through the Representatives of the purchase price thereof to or upon the order of Kerr-McGee by wire transfer payable in same-day funds to an account specified by Kerr-McGee. If settlement for the Option DECS occurs after the Closing Date, Kerr-McGee and Devon Energy will deliver to the Representatives on the settlement date for the Option DECS, and the obligation of the Underwriters to purchase the Option DECS shall be conditioned upon receipt of, supplemental opinions, certificates and letters confirming as of such date the opinions, certificates and letters delivered on the Closing Date pursuant to Section 7 hereof.

5. Offering by Underwriters. It is understood that the several Underwriters propose to offer the DECS for sale to the public as set forth in the Final Kerr-McGee Prospectus.

6. Agreements of Kerr-McGee.

Kerr-McGee agrees with the several Underwriters that:

(a) Prior to the termination of the offering of the DECS, Kerr-McGee will not file any amendment of the Kerr-McGee Registration Statement or supplement (including the Final Kerr-McGee Prospectus or any Preliminary Final Kerr-McGee Prospectus) to the Basic Kerr-McGee Prospectus unless Kerr-McGee has furnished you a copy for your review prior to filing and will not file any such proposed amendment or supplement to which you reasonably object. Subject to the foregoing sentence, if the Kerr-McGee Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the Final Kerr-McGee Prospectus is otherwise required under Rule 424(b), Kerr-McGee will cause the Final Kerr-McGee Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Representatives of such timely filing. Kerr-McGee will promptly advise the Representatives (1) when the Final Kerr-McGee Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b), (2) when, prior to termination of the offering of the DECS, any amendment to the Kerr-McGee Registration Statement shall have been filed or become effective, (3) of any request by the Commission or its staff for any amendment of the Kerr-McGee

Registration Statement or for any supplement to the Final Kerr-McGee Prospectus or for any additional information, (4) of the issuance by the Commission of any stop order suspending the effectiveness of the Kerr-McGee Registration Statement or the institution or threatening of any proceeding for that purpose and (5) of the receipt by Kerr-McGee of any notification with respect to the suspension of the qualification of the DECS for sale in any jurisdiction or the institution or threatening of any proceeding for such purpose. Kerr-McGee will use its reasonable best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to the DECS is required to be delivered under the Act, any event occurs as a result of which the Final Kerr-McGee Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend the Kerr-McGee Registration Statement or supplement the Final Kerr-McGee Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, Kerr-McGee promptly will (1) notify the Representatives of such event, (2) prepare and file with the Commission, subject to the second sentence of paragraph (a) of this Section 6, an amendment or supplement which will correct such statement or omission or effect such compliance, and (3) supply any supplemented Final Kerr-McGee Prospectus to you in such quantities as you may reasonably request.

(c) As soon as practicable, Kerr-McGee will make generally available to its security holders and to the Representatives an earnings statement or statements of Kerr-McGee and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(d) Kerr-McGee will furnish to the Representatives and counsel for the Underwriters, without charge, signed copies of the Kerr-McGee Registration Statement (including exhibits thereto) and to each other Underwriter a copy of the Kerr-McGee Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act, as many copies of each Preliminary Final Kerr-McGee Prospectus and the Final Kerr-McGee Prospectus and any supplement thereto as the Representatives may reasonably request. Kerr-McGee will pay the expenses of printing or other production of all documents relating to the offering.

(e) Kerr-McGee will arrange, if necessary, for the qualification of the DECS and the Shares for sale under the laws of such jurisdictions as the Representatives may designate, will maintain such qualifications in effect so long as required for the distribution of the DECS and the Shares and will pay any fee of the National Association of Securities Dealers, Inc., in connection with its review of the offering; provided that in no event shall Kerr-McGee be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the DECS or Shares in any jurisdiction where it is not now so subject.

(f) Kerr-McGee will not, without the prior written consent of Salomon Smith Barney Inc., offer, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by Kerr-McGee or any affiliate of Kerr-McGee or any person in privity with Kerr-McGee or any affiliate of Kerr-McGee) directly or indirectly, including the filing (or participation in the filing) of a registration statement with the Commission in respect of, any debt securities issued or guaranteed by Kerr-McGee or publicly announce an intention to effect any such transaction (other than in connection with the DECS), for a period of 7 days after the date of the Underwriting Agreement.

(g) Kerr-McGee will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of Kerr-McGee to facilitate the sale or resale of the DECS or the Shares.

7. Agreements of Devon Energy.

Devon Energy agrees with the several Underwriters and Kerr-McGee that:

(a) Devon Energy will use its best efforts to cause the Devon Energy Registration Statement, if not effective at the Execution Time, and any amendment thereof, to become effective. Prior to the termination of the offering of the DECS, Devon Energy will not file any amendment of the Devon Energy Registration Statement or supplement to the Devon Energy Prospectus unless Devon Energy has furnished you and Kerr-McGee a copy for your review and Kerr-McGee's information prior to filing and will not file any such proposed amendment or supplement to which you or Kerr-McGee reasonably objects. Subject to the foregoing sentence, if the Devon Energy Registration Statement has become or becomes effective pursuant to Rule 430A, or filing of the Devon Energy Prospectus is otherwise required under Rule 424(b), Devon Energy will cause the Devon Energy Prospectus, properly completed, and any supplement thereto to be filed with the Commission pursuant to the applicable paragraph of Rule 424(b) within the time period prescribed and will provide evidence satisfactory to the Representatives and Kerr-McGee of such timely filing. Devon Energy will promptly advise the Representatives and Kerr-McGee (1) when the Devon Energy Registration Statement, if not effective at the Execution Time, and any amendment thereto, shall have become effective, (2) when the Devon Energy Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424(b), (3) when, prior to termination of the offering of the Shares, any amendment to the Devon Energy Registration Statement shall have been filed or become effective, (4) if any request by the Commission or its staff for any amendment of the Devon Energy Registration Statement or supplement to the Devon Energy Prospectus or for any additional information, (5) of the issuance by the Commission of any stop order suspending the effectiveness of the Devon Energy Registration Statement or the institution or threatening of any proceeding for that purpose and (6) of the receipt by Devon Energy of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the institution or threatening of any proceeding for such purpose. Devon Energy will use its best efforts to

prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(b) If, at any time when a prospectus relating to the Devon Energy Common Stock is required to be delivered under the Act, any event occurs as a result of which the Devon Energy Prospectus as then supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend the Devon Energy Registration Statement or supplement the Devon Energy Prospectus to comply with the Act or the Exchange Act or the respective rules thereunder, Devon Energy promptly will (1) notify the Representatives and Kerr-McGee of such event, (2) prepare and file with the Commission, subject to the second sentence of paragraph (a) of this Section 7, an amendment or supplement which will correct such statement or omission or effect such compliance, and (3) supply only the supplemented Devon Energy Prospectus to you in such quantities as you may reasonably request and supply one copy of the supplemented Devon Energy Prospectus to Kerr- McGee.

(c) As soon as practicable, Devon Energy will make generally available to its security holders and to the Representatives an earnings statement or statements of Devon Energy and its subsidiaries which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act.

(d) Devon Energy will furnish to the Representatives and counsel for the Underwriters and Kerr-McGee and its counsel, without charge, signed copies of the Devon Energy Registration Statement (including exhibits thereto) and to each other Underwriter and Kerr-McGee a copy of the Devon Energy Registration Statement (without exhibits thereto) and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Act, as many copies of each Preliminary Devon Energy Prospectus and the Devon Energy Prospectus and any supplement thereto as the Representatives may reasonably request. Kerr-McGee will pay the expenses of printing or other production of all documents relating to the offering.

(e) Devon Energy will, if necessary, cooperate with Kerr-McGee for purposes of the qualification of the DECS for sale under the laws of such jurisdictions as the Representatives may designate and maintenance of such qualifications in effect so long as required for the distribution of the DECS and the Shares; Devon Energy will arrange for the qualification of the Shares for sale under the laws of such jurisdictions as the Representatives may designate and will maintain such qualifications in effect so long as required for the distribution of the DECS and the Shares; provided, that in no event shall Devon Energy be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Shares in any jurisdiction where it is not now so subject.

(f) Devon Energy and Devon Delaware (as defined below) will not, without the prior written consent of Salomon Smith Barney Inc. (which shall not be unreasonably

withheld), offer, sell, contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by Devon Energy, Devon Delaware or any affiliate of either of them or any person in privity with either of them or any affiliate of either of them) directly or indirectly, including the filing (or participation in the filing) of a registration statement with the Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act, any shares of common stock or any securities convertible into, or exchangeable for, or warrants to acquire shares of common stock (other than the Shares in connection with the offering by Kerr-McGee of the DECS) or publicly announce an intention to effect any such transaction, on or prior to the Lockup Termination Date (as defined below); provided, however, that:

(i) Devon Energy or Devon Delaware may publicly announce and discuss its intention to offer and sell, for up to $500 million, shares of its capital stock or securities convertible into, or exchangeable for, or warrants to acquire shares of such capital stock (any such offering, a "Devon Offering"); and

(ii) Devon Energy or Devon Delaware may file a registration statement with the Commission relating to a Devon Offering and may offer the shares to be registered thereby;

provided further, that, for the avoidance of doubt:

(A) Devon Delaware Corporation, a Delaware corporation ("Devon Delaware"), which is to be renamed Devon Energy Corporation following the proposed merger of PennzEnergy with Devon Delaware, may issue shares of its common stock to (1) shareholders of PennzEnergy Company ("PennzEnergy") in the proposed merger of PennzEnergy with Devon Delaware and (2) shareholders of Devon Energy in the proposed merger of Devon Oklahoma Corporation, an Oklahoma corporation ("Devon Oklahoma"), with Devon Energy (each such merger as described in Devon Energy's proxy statement dated _____, 1999);

(B) Devon Energy or any of its affiliates may offer to issue and issue shares of its capital stock, or any securities convertible into, or exchangeable for, or warrants to acquire shares of such capital stock, in any such case, to any owner of any business or assets acquired or proposed to be acquired by Devon Energy or any of its affiliates, as consideration for any such acquisition or proposed acquisition, and in connection therewith publicly announce any such issuance or contemplated issuance or file with the Commission any related registration statement; provided, however, that securities issuances for other than cash consideration as contemplated by this paragraph shall not exceed $250 million and, together with any securities issuances for cash as contemplated above, shall not exceed $500 million of aggregate securities issuances prior to the Lockup Termination Date;

(C) Devon Energy or Devon Delaware may issue shares of its common stock in connection with any exchange, redemption or retraction of Northstar Energy Corporation exchangeable shares; and

(D) Devon Energy, Devon Delaware, PennzEnergy or any of their respective affiliates may issue shares of capital stock pursuant to (x) any stock option plan, equity incentive plan, stock purchase plan or dividend reinvestment plan existing as of July 14, 1999 or as contemplated by the Amended and Restated Agreement and Plan of Merger, dated May 19, 1999, by and among Devon Energy, Devon Delaware, Devon Oklahoma and PennzEnergy and the related Registration Statement on Form S-4 of Devon Energy, or (y) any security convertible into or exercisable or exchangeable for any such capital stock outstanding as of July 14, 1999.

The "Lockup Termination Date" shall be the earlier of (I) the 45th day after the date of this Agreement or (II) if the Devon Energy Registration Statement is declared effective by the Commission on or prior to August 2, 1999, September 6, 1999 or (III) if, at Kerr-McGee's request (assuming that, in Devon Energy's reasonable judgment, a Devon Energy Registration Statement is available for filing and would comply with the rules under the Act), Devon Energy does not (x) file the Devon Energy Registration Statement with the Commission on or prior to July 16, 1999 or (y) on or prior to July 22, 1999, request the Commission to declare the Devon Energy Registration Statement effective, September 6, 1999.

(g) Devon Energy will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result, under the Exchange Act or otherwise, in stabilization or manipulation of the price of any security of Devon Energy to facilitate the sale or resale of the DECS or the Shares.

(h) Devon Energy will furnish the Trustee, in sufficient quantities for transmission to holders of the DECS, Devon Energy's annual report to shareholders and reports on Forms 10-K and 10-Q as soon as practicable after such reports are required to be filed with the Commission.

(i) Devon Energy will take such actions as may be reasonably necessary to comply with the rules and regulations of the AMEX in respect of the offering of the Shares contemplated hereby.

(j) Devon Energy will use its reasonable best efforts to furnish to Kerr-McGee the opinion of McAfee & Taft, A Professional Corporation, counsel for Devon Energy, dated as of the Closing Date, substantially similar to the opinion to be provided pursuant to Section 8(e) hereof, and the officers' certificate, dated as of the Closing Date, substantially similar to the certificate to be provided pursuant to Section 8(g) hereof.

(k) Devon Energy will use its reasonable best efforts to have the letters of KPMG LLP and Arthur Andersen LLP, dated as of the Execution Time and as of the Closing

Date, to be provided pursuant to Section 8(i) and Section 8(j) hereof, respectively, addressed to Kerr-McGee in addition to the Representatives.

8. Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the DECS shall be subject to the accuracy of the representations and warranties on the part of Kerr-McGee and Devon Energy contained herein as of the Execution Time, the Closing Date and any settlement date pursuant to Section 4 hereof, to the accuracy of the statements of Kerr-McGee and Devon Energy made in any certificates pursuant to the provisions hereof, to the performance by Kerr-McGee and Devon Energy of their respective obligations hereunder and to the following additional conditions:

(a) If the Devon Energy Registration Statement has not become effective prior to the Execution Time, unless the Representatives agree in writing to a later time, the Devon Energy Registration Statement will become effective not later than (i) 6:00 PM, New York City time, on the date of determination of the public offering price, if such determination occurred at or prior to 3:00 PM New York City time, on such date or (ii) 9:30 AM, New York City time on the Business Day following the day on which the public offering price was determined, if such determination occurred after 3:00 PM New York City time on such date; if filing of the Final Kerr-McGee Prospectus or the Devon Energy Prospectus, or any supplements thereto, is required pursuant to Rule 424(b), such Final Kerr-McGee Prospectus or Devon Energy Prospectus, and any such supplements, will be filed in the manner and within the time period required by Rule 424(b); and no stop order suspending the effectiveness of the Kerr-McGee Registration Statement or the Devon Energy Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) (i) Kerr-McGee shall have furnished to the Representatives an opinion of _____, corporate counsel for Kerr-McGee, dated as of the Closing Date and addressed to the Representatives, to the effect that:

(A) each of Kerr-McGee and each of its Kerr-McGee Significant Subsidiaries has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is organized, with full corporate power and authority to own its properties and conduct its business as described in the Final Kerr-McGee Prospectus, and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which the failure so to qualify would have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Kerr-McGee and its subsidiaries, taken as a whole;

(B) all the outstanding shares of capital stock of each of the Kerr- McGee Significant Subsidiaries, except for director's qualifying shares and as otherwise set forth in the Kerr-McGee Registration Statement, are owned by Kerr-McGee either directly or through wholly owned subsidiaries free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interest, claim, lien or encumbrance;

(C) Kerr-McGee's authorized equity capitalization is as set forth in the Final Kerr-McGee Prospectus; the DECS are duly listed, and admitted and authorized for

trading subject to official notice of issuance, on the AMEX, and, except as set forth in the Final Kerr-McGee Prospectus, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, shares of capital stock of or ownership interests in Kerr-McGee are outstanding;

(D) to the knowledge of such counsel, there is no pending or threatened action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Kerr- McGee or any of its subsidiaries or its or their property, of a character required to be disclosed in the Kerr-McGee Registration Statement which is not adequately disclosed in the Final Kerr-McGee Prospectus, and there is no franchise, contract or other document of a character required to be described in the Kerr-McGee Registration Statement or Final Kerr-McGee Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required;

(E) to the best knowledge of such counsel, Kerr-McGee is the record and beneficial owner of the Shares free and clear of all liens, encumbrances, equities and claims;

(F) neither the execution and delivery of the Indenture, the issue and sale of the DECS and the Shares, nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, result in a breach or violation of or imposition of any lien, charge or encumbrance upon any property or assets of Kerr-McGee or any Kerr-McGee Significant Subsidiary pursuant to, (i) the charter or by- laws of Kerr-McGee or any Kerr-McGee Significant Subsidiary, (ii) the terms of any material indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which Kerr-McGee or any Kerr-McGee Significant Subsidiary is a party or bound or to which its or their property is subject, or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to Kerr-McGee or any Kerr-McGee Significant Subsidiary of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over Kerr-McGee or its subsidiaries or any of its or their properties; and

(G) no holders of securities of Kerr-McGee have rights to the registration of such securities under the Kerr-McGee Registration Statement.

(ii) Kerr-McGee shall have requested and caused Simpson Thacher & Bartlett, counsel for Kerr-McGee, to have furnished to the Representatives their opinion dated as of the Closing Date and addressed to the Representatives, to the effect that:

(A) the statements made in the Basic Kerr-McGee Prospectus under the caption "Description of Debt Securities" and in the Final Kerr-McGee Prospectus Supplement under the caption "Description of DECS," insofar as they purport to constitute summaries of certain terms of documents referred to therein, constitute accurate summaries of the terms of such documents in all material respects; the statements set forth under the heading "Certain United States Federal Income Tax

Consequences" in the Final Kerr-McGee Prospectus, insofar as such statements purport to summarize certain federal income tax laws of the United States, constitute a fair summary of the principal U.S. federal income tax consequences of the purchase of DECS by an initial U.S. Holder (as defined in the Final Kerr-McGee Prospectus);

(B) no consent, approval, authorization, order, registration or qualification of or with any Federal or New York governmental agency or body or any Delaware governmental agency or body acting pursuant to the Delaware General Corporation Law or, to our knowledge, any Federal or New York court or any Delaware court acting pursuant to the Delaware General Corporation Law is required for the issue and sale of the DECS by Kerr- McGee and the compliance by Kerr-McGee with all of the provisions of the Underwriting Agreement, except for the registration under the Act of the DECS, and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the DECS by the Underwriters;

(C) the Indenture has been duly authorized, executed and delivered by Kerr-McGee and duly qualified under the Trust Indenture Act and, assuming due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding obligation of Kerr-McGee enforceable against Kerr-McGee in accordance with its terms;

(D) the DECS have been duly authorized, executed and issued by Kerr- McGee and, assuming due authentication thereof by the Trustee and upon payment and delivery and in accordance with the Underwriting Agreement, will constitute valid and legally binding obligations of Kerr-McGee enforceable against Kerr-McGee in accordance with their terms and entitled to the benefits of the Indenture;

(E) the Kerr-McGee Registration Statement has become effective under the Act and the Basic Kerr-McGee Prospectus, the Preliminary Final Kerr- McGee Prospectus and the Final Kerr-McGee Prospectus Supplement were each filed pursuant to Rule 424(b) of the rules and regulations of the Commission under the Act and, to our knowledge, no stop order suspending the effectiveness of the Kerr-McGee Registration Statement has been issued or proceeding for that purpose has been instituted or threatened by the Commission;

(F) the Underwriting Agreement has been duly authorized, executed and delivered by Kerr-McGee;

(G) Kerr-McGee is not and, after giving effect to the offering and sale of the DECS and the application of the proceeds thereof as described in the Final Kerr-McGee Prospectus, will not be an "investment company" within the meaning of and subject to regulation under the Investment Company Act of 1940, as amended; and

(H) such counsel has not independently verified the accuracy, completeness or fairness of the statements made or included in the Kerr- McGee Registration Statement and the Final Kerr-McGee Prospectus or the documents incorporated by reference therein

and takes no responsibility therefor, except as and to the extent set forth in paragraph (A) above. Such counsel shall also state that in the course of the preparation by Kerr-McGee of the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus, excluding the documents incorporated therein by reference, such counsel participated in conferences with certain officers and employees of Kerr-McGee, with representatives of Arthur Andersen and counsel to Kerr-McGee. Such opinion shall also state that such counsel did not participate in the preparation of documents incorporated by reference in the Final Kerr-McGee Prospectus. Based upon such counsel's examination of the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus and the documents incorporated by reference therein, and such counsel's investigations made in connection with the preparation of the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus, including any documents incorporated by reference therein and such counsel's participation in conferences referred to above, (i) such counsel is of the opinion that the Kerr-McGee Registration Statement, as of its effective date, and the Final Kerr-McGee Prospectus, as of its date, complied as to form in all material respects with requirements of the Act, the Trust Indenture Act and the applicable rules and regulations of the Commission thereunder and that the documents incorporated by reference in the Final Kerr-McGee Prospectus complied as to form when filed in all material respects with the requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder, except that, in each case, such counsel need not express an opinion with respect to the financial statements or other financial data contained or incorporated by reference in the Kerr-McGee Registration Statement, the Final Kerr-McGee Prospectus or the documents incorporated by reference in the Final Kerr-McGee Prospectus, and (ii) such counsel has no reason to believe that the Kerr-McGee Registration Statement, as of its effective date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading or that the Final Kerr-McGee Prospectus (including the documents incorporated by reference therein) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that in each case, such counsel need not express a belief with respect to the financial statements or other financial data contained or incorporated by reference in the Kerr-McGee Registration Statement, the Final Kerr-McGee Prospectus or the documents incorporated by reference into the Final Kerr-McGee Prospectus.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the States of New York and Delaware or the United States, to the extent such counsel deems proper and specified in such opinion, upon the opinion of other counsel of good standing whom such counsel believes to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of Kerr-McGee and public officials. References to the Final Kerr-McGee Prospectus in this paragraph (b) include any supplements thereto at the Closing Date.

(c) The Representatives shall have received from Cleary, Gottlieb, Steen & Hamilton, counsel for the Underwriters, such opinion or opinions, dated the Closing Date, with

respect to the issuance and sale of the DECS, the Indenture, the Kerr-McGee Registration Statement, the Final Kerr-McGee Prospectus (together with any supplement thereto), the Shares, the Devon Energy Registration Statement, the Devon Energy Prospectus (together with any supplement thereto) and other related matters as the Representatives may reasonably require, and Kerr-McGee and Devon Energy shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(d) Devon Energy shall have furnished to the Representatives the opinion of McAfee & Taft, a Professional Corporation, counsel for Devon Energy, dated as of the Closing Date, to the effect that:

(i) each of Devon Energy and each of its subsidiaries has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction in which it is chartered or organized, with full corporate power and authority to own its properties and conduct its business as described in the Devon Energy Prospectus, and is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction which requires such qualification wherein it owns or leases material properties or conducts material business as listed in the Devon Energy Prospectus, except where the failure to qualify would not have a material adverse effect on the [financial condition, results of operations, prospects, earnings or properties] of Devon Energy and its consolidated subsidiaries, taken as a whole;

(ii) all the outstanding shares of capital stock of each subsidiary have been duly and validly authorized and issued and are fully paid and nonassessable, and, except as otherwise set forth in the Devon Energy Prospectus, all outstanding shares of capital stock of the subsidiaries are owned by Devon Energy either directly or through wholly owned subsidiaries free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interests, claims, liens or encumbrances;

(iii) Devon Energy's authorized equity capitalization is as set forth in the Devon Energy Prospectus; the Shares are duly listed and admitted for trading on the AMEX; the Devon Energy Common Stock conforms in all material respects to the description thereof contained in the Devon Energy Prospectus; the outstanding shares of Devon Energy Common Stock (including the Shares) have been duly and validly authorized and issued and are fully paid and non-assessable; the certificates for the Shares are in valid and sufficient form;

(iv) to the best knowledge of such counsel, there is no pending or threatened action, suit or proceeding before any court or governmental agency, authority or body or any arbitrator involving Devon Energy or any of its subsidiaries of a character required to be disclosed in the Devon Energy Registration Statement which is not adequately disclosed in the Devon Energy Prospectus, and there is no franchise, contract or other document of a character required to be described in the Devon Energy Registration Statement or Devon Energy Prospectus, or to be filed as an exhibit, which is not described or filed as required; and the statements in the Devon Energy Prospectus under

the headings "Description of Capital Stock" fairly summarize the matters therein described;

(v) the Devon Energy Registration Statement has become effective under the Act; any required filing of the Devon Energy Prospectus, and of any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); to the best knowledge of such counsel, no stop order suspending the effectiveness of the Devon Energy Registration Statement has been issued, no proceedings for that purpose have been instituted or threatened;

(vi) this Agreement has been duly authorized, executed and delivered by Devon Energy;

(vii) no consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by Devon Energy of the transactions contemplated herein, except such as have been obtained under the Act and such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the DECS by the Underwriters and the distribution of the Shares pursuant to the terms of the DECS and such other approvals (specified in such opinion) as have been obtained;

(viii) neither the distribution of the Shares, nor the consummation of any other of the transactions herein contemplated nor the fulfillment of the terms hereof will conflict with, result in a breach or violation of, or constitute a default under any law or the charter or by-laws of Devon Energy or the terms of any indenture or other agreement or instrument known to such counsel and to which Devon Energy or any of its subsidiaries is a party or bound or any judgment, order or decree known to such counsel to be applicable to Devon Energy or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over Devon Energy or any of its subsidiaries; and

(ix) No holders of securities of Devon Energy, other than Kerr-McGee, have rights to the registration of Devon Energy Common Stock under the Devon Energy Registration Statement.

In addition such counsel shall state that, although such counsel makes no representation as to the accuracy or completeness of the statements of fact contained in the Devon Energy Registration Statement and the Devon Energy Prospectus, no facts have come to such counsel's attention which lead such counsel to believe that, at the Devon Energy Effective Date, the Devon Energy Registration Statement and the Devon Energy Prospectus (other than the financial statements and other financial or accounting information contained therein or omitted therefrom as to which such counsel need express no opinion) did not comply as to form in all material respects with the applicable requirements of the Act and the Exchange Act and the respective rules thereunder; and such counsel has no reason to believe that at the Devon Energy Effective Date the Devon Energy Registration Statement (other than the financial statements and other financial or accounting information included therein or omitted therefrom as to which such counsel need express no opinion) contained any untrue statement of a material fact or omitted to

state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Devon Energy Prospectus (other than the financial statements and other financial or accounting information included therein or omitted therefrom as to which such counsel need express no opinion) includes any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of Oklahoma or the United States, to the extent such counsel deems proper and specified in such opinion, upon the opinion of other counsel of good standing whom such counsel believes to be reliable and who are satisfactory to counsel for the Underwriters and (B) as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of Devon Energy and public officials. References to the Devon Energy Prospectus in this paragraph (d) include any supplements thereto at the Closing Date.

(e) Kerr-McGee shall have furnished to the Representatives a certificate of Kerr-McGee, signed by the Chairman of the Board or the President and the principal financial or accounting officer of Kerr-McGee, dated the Closing Date, to the effect that the signers, of such certificate have carefully examined the Kerr-McGee Registration Statement, the Final Kerr-McGee Prospectus, any supplements to the Final Kerr-McGee Prospectus and this Agreement and that:

(i) the representations and warranties of Kerr-McGee in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and Kerr- McGee has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Kerr-McGee Registration Statement has been issued and no proceedings for that purpose have been instituted or, to Kerr-McGee's knowledge, threatened; and

(iii) since the date of the most recent financial statements included or incorporated by reference in the Final Kerr-McGee Prospectus (exclusive of any supplement thereto), there has been no material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of Kerr-McGee and its subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Final Kerr-McGee Prospectus (exclusive of any supplement thereto).

(f) Devon Energy shall have furnished to the Representatives a certificate of Devon Energy, signed by the Chairman of the Board or the President and the principal financial or accounting officer of Devon Energy, dated the Closing Date, to the effect that the signers of such certificate have carefully examined the Devon Energy Registration Statement, the Devon Energy Prospectus, any supplements to the Devon Energy Prospectus and this Agreement and that:

(i) the representations and warranties of Devon Energy in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and Devon Energy has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Devon Energy Registration Statement has been issued and no proceedings for that purpose have been instituted or, to Devon Energy's knowledge, threatened; and

(iii) since the date of the most recent financial statements included or incorporated by reference in the Devon Energy Prospectus (exclusive of any supplement thereto), there has been no material adverse effect on the condition (financial or otherwise), prospects, earnings, business or properties of Devon Energy and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Devon Energy Prospectus (exclusive of any supplement thereto).

(g) Kerr-McGee shall have requested and caused Arthur Andersen LLP to have furnished to the Representatives at the Execution Time and at the Closing Date, letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Act and the Exchange Act and the respective applicable rules and regulations adopted by the Commission thereunder and that they have performed a review of the unaudited interim financial information of Kerr-McGee for the three-month period ended March 31, 1999, and as at March 31, 1999, in accordance with Statement on Auditing Standards No. 71, and stating in effect that:

(i) in their opinion the audited financial statements and financial statement schedules included or incorporated in the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus and reported on by them comply in form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(ii) on the basis of a reading of the latest unaudited financial statements made available by the Kerr-McGee and its subsidiaries; their limited review, in accordance with standards established under Statement on Auditing Standards No. 71, of the unaudited interim financial information for the three-month period ended March 31, 1999, and as at March 31, 1999; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and [executive, finance, audit] committees of Kerr- McGee and its subsidiaries; and inquiries of certain officials of Kerr- McGee who have responsibility for financial and accounting matters of Kerr- McGee and its subsidiaries as to transactions and events subsequent to December 31, 1998, nothing came to their attention which caused them to believe that:

(1) any unaudited financial statements included or incorporated by reference in the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus do not comply as to form in all material respects with applicable accounting requirements of the Act and with the related rules and regulations adopted by the Commission with respect to financial statements included or incorporated by reference in quarterly reports on Form 10-Q under the Exchange Act; and said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included or incorporated by reference in the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus;

(2) with respect to the period subsequent to March 31, 1999, there were any changes, at a specified date not more than five days prior to the date of the letter, in the [long-term debt] of Kerr-McGee and its subsidiaries or, capital stock of Kerr-McGee, or decreases in the [stockholders' equity] of Kerr-McGee, [other appropriate line items] as compared with the amounts shown on the March 31, 1999 consolidated balance sheet included or incorporated in the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus, or for the period from April 1, 1999 to such specified date there were any decreases, as compared with the corresponding period in the preceding year in [consolidated revenues, net income or net income per share] of Kerr-McGee and its subsidiaries, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by Kerr-McGee as to the significance thereof unless said explanation is not deemed necessary by the Representatives;

(3) the information included or incorporation by reference in the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus in response to Regulation S-K, Item 301 (Selected Financial Data), Item 302 (Supplementary Financial Information), Item 402 (Executive Compensation) and Item 503(d) (Ratio of Earnings to Fixed Charges) is not in conformity with the applicable disclosure requirements of Regulation S-K.

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of Kerr-McGee and its subsidiaries) set forth in the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus and in Exhibit 12 to the Kerr-McGee Registration Statement, including the information set forth under the captions "[ ]" and "[ ]"in the Final Kerr-McGee Prospectus, the information included or incorporated by reference in Items [ ] of Kerr-McGee's Annual Report on Form 10-K, incorporated by reference in the Kerr-McGee Registration Statement and the Final Kerr-McGee Prospectus, agrees with the accounting records of Kerr-McGee and its subsidiaries, excluding any questions of legal interpretation.

References to the Final Kerr-McGee Prospectus in this paragraph (g) include any supplement thereto at the date of the letter.

(h) Devon Energy shall have requested and caused KPMG LLP to have furnished to the Representatives, at the Execution Time and at the Closing Date, letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance reasonably satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Act and the respective applicable rules and regulations adopted by the Commission thereunder and that they have performed a review of the unaudited interim financial information of Devon Energy for the three-month period ended March 31, 1999 and as at March 31, 1999 in accordance with Statement on Auditing Standards No. 71, and stating in effect that:

(i) in their opinion the audited financial statements of Devon Energy included or incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(ii) on the basis of a reading of the latest unaudited financial statements made available by Devon Energy and its subsidiaries; their limited review, in accordance with standards established under Statement on Auditing Standards No. 71, of the unaudited interim financial information of Devon Energy for the three-month period ended March 31, 1999, and as at March 31, 1999; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and all board committees of Devon Energy and its subsidiaries; and inquiries of certain officials of Devon Energy who have responsibility for financial and accounting matters of Devon Energy and its subsidiaries as to transactions and events subsequent to December 31, 1998, nothing came to their attention which caused them to believe that:

(1) any unaudited financial statements of Devon Energy included or incorporated in the Devon Energy Registration Statement and the Devon Energy Prospectus do not comply as to form in all material respects with applicable accounting requirements of the Act and with the related rules and regulations adopted by the Commission with respect to financial statements of Devon Energy included in quarterly reports on Form 10-Q under the Exchange Act; and said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements of Devon Energy included or incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus; or

(2) with respect to the period subsequent to March 31, 1999, there were any changes, at a specified date not more than five days prior to the date of the letter, in the long-term debt of Devon Energy or capital stock of Devon Energy, or any decreases in stockholders' equity of Devon Energy, as compared with the amounts shown on the March 31, 1999 consolidated balance sheet of Devon Energy included or incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus, or for the period from April 1, 1999

to such specified date there were any decreases, as compared with the corresponding period in the preceding year in consolidated total revenues, net income or in the total or per-share amounts of net income, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by Devon Energy as to the significance thereof unless said explanation is not deemed necessary by the Representatives.

(3) the information included or incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus in response to Regulation S-K, Item 301 (Selected Financial Data), Item
302 (Supplementary Financial Information), Item 402 (Executive Compensation) and Item 503(d) (Ratio of Earnings to Fixed Charges) is not in conformity with the applicable disclosure requirements of Regulation S-K.

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to historical accounting, financial or statistical information derived from the general accounting records of Devon Energy and its subsidiaries) set forth in the Devon Energy Registration Statement and the Devon Energy Prospectus, including the information set forth under the caption "Selected Financial Information" in the Devon Energy Prospectus, the information included or incorporated by reference in Items 1, 2, 6, 7 and 11 of Devon Energy's Annual Report on Form 10-K, incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus, and the information included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included or incorporated by reference in Devon Energy's Quarterly Reports on Form 10-Q, incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus, agrees with the accounting records of Devon Energy and its subsidiaries, excluding any questions of legal interpretation.

References to the Devon Energy Prospectus in this paragraph (h) include any supplement thereto at the date of the letter.

(i) Devon Energy shall have requested that PennzEnergy cause Arthur Andersen LLP to have furnished to the Representatives, at the Execution Time and at the Closing Date, letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance reasonably satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Act and the respective applicable rules and regulations adopted by the Commission thereunder and that they have performed a review of the unaudited interim financial information of PennzEnergy for the three-month period ended March 31, 1999 and as at March 31, 1999 in accordance with Statement on Auditing Standards No. 71, and stating in effect that:

(i) in their opinion the audited financial statements included or incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus and reported on by them comply as to form in all material respects with the applicable

accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(ii) on the basis of a reading of the latest unaudited financial statements made available by PennzEnergy and its subsidiaries; their limited review, in accordance with standards established under Statement on Auditing Standards No. 71, of the unaudited interim financial information for the three-month period ended March 31, 1999, and as at March 31, 1999; carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the stockholders, directors and all board committees of PennzEnergy and its subsidiaries; and inquiries of certain officials of PennzEnergy who have responsibility for financial and accounting matters of PennzEnergy and its subsidiaries as to transactions and events subsequent to December 31, 1998, nothing came to their attention which caused them to believe that:

(1) any unaudited financial statements of PennzEnergy included or incorporated in the Devon Energy Registration Statement and the Devon Energy Prospectus do not comply as to form in all material respects with applicable accounting requirements of the Act and with the related rules and regulations adopted by the Commission with respect to financial statements included in quarterly reports on Form 10-Q under the Exchange Act; and said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements of PennzEnergy included or incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus; or

(2) with respect to the period subsequent to March 31, 1999, there were any changes, at a specified date not more than five days prior to the date of the letter, in the long-term debt of PennzEnergy or capital stock of PennzEnergy, or any decreases in stockholders' equity of PennzEnergy, as compared with the amounts shown on the March 31, 1999 consolidated balance sheet of PennzEnergy included or incorporated by reference in the Devon Energy Registration Statement and the Devon Energy Prospectus, or for the period from April 1, 1999 to such specified date there were any decreases, as compared with the corresponding period in the preceding year in consolidated total revenues, net income or in the total or per-share amounts of net income, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by PennzEnergy as to the significance thereof unless said explanation is not deemed necessary by the Representatives.

References to the Devon Energy Prospectus in this paragraph (i) include any supplement thereto at the date of the letter.

(j) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in each of the Kerr-McGee Registration Statement and the Devon Energy Registration Statement (exclusive of any amendment thereof) and each of the Final Kerr-McGee

Prospectus and the Devon Energy Prospectus (exclusive of any supplement thereto), there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraphs (g), (h) and (i) of this Section 8 or (ii) any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), earnings, business or properties of either Kerr-McGee or Devon Energy and their respective subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in each of the Final Kerr-McGee Prospectus and the Devon Energy Prospectus (exclusive of any supplement thereto) the effect of which, in any case referred to in clause
(i) or (ii) above, is, in the sole judgment of the Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering or delivery of the DECS as contemplated by each of the Kerr-McGee Registration Statement and the Devon Energy Registration Statement (exclusive of any amendment thereof) and each of the Final Kerr-McGee Prospectus and the Devon Energy Prospectus (exclusive of any supplement thereto).

(k) Subsequent to the Execution Time, there shall not have been any decrease in the rating of any of Kerr-McGee's or Devon Energy's debt securities by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Act) or any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(l) Prior to the Closing Date, each of Kerr-McGee and Devon Energy shall have furnished to the Representatives such further information, certificates and documents as the Representatives may reasonably request.

If any of the conditions specified in this Section 8 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters, this Agreement and all obligations of the Underwriters hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to Kerr-McGee and Devon Energy in writing or by telephone or facsimile confirmed in writing.

9. Reimbursement of Underwriters' Expenses. If the sale of the DECS provided for herein is not consummated because any condition to the obligations of the Underwriters set forth in Section 8 hereof is not satisfied, because of any termination pursuant to Section 12 hereof or because of any refusal, inability or failure on the part of Kerr-McGee or Devon Energy to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Underwriters, Kerr-McGee will reimburse the Underwriters severally upon demand for all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) that shall have been incurred by them in connection with the proposed purchase and sale of the DECS. The Underwriters agree to pay such expenses, fees and disbursements in any other event. In no event will Kerr-McGee be liable to any of the Underwriters for damages on account of loss of anticipated profits.

10. Indemnification and Contribution. (a) Kerr-McGee agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each

Underwriter, and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Kerr-McGee Registration Statement as originally filed or in any amendment thereof, or in the Basic Kerr-McGee Prospectus, any Preliminary Final Kerr-McGee Prospectus or the Final Kerr-McGee Prospectus (including any information contained in or omitted from any Preliminary Devon Energy Prospectus or Devon Energy Prospectus in reliance on and in conformity with information furnished to Devon Energy by Kerr-McGee), or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that Kerr- McGee will not be liable under the indemnity agreement in this paragraph (a) to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to Kerr-McGee by or on behalf of any Underwriter through the Representatives specifically for inclusion therein or in reliance and in conformity with the Statement of Eligibility of the Trustee; provided, further, that Kerr-McGee will not be liable under the indemnity agreement in this paragraph (a) to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to Kerr-McGee by Devon Energy specifically for inclusion therein (including the information contained in any Preliminary Devon Energy Prospectus or Devon Energy Prospectus included in any such document (other than information contained in or omitted from any such Preliminary Devon Energy Prospectus or Devon Energy Prospectus in reliance on and conformity with information furnished to Devon Energy by Kerr-McGee specifically for inclusion therein)); and provided, further that Kerr-McGee shall not be liable to any Underwriter under the indemnity agreement in this paragraph (a) with respect to the Preliminary Final Kerr-McGee Prospectus to the extent that any such loss, claim, damage or liability of such Underwriter results from the fact that such Underwriter sold DECS to a person as to whom it shall be established that there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Final Kerr-McGee Prospectus (excluding documents incorporated by reference), as the case may be, or of the Final Kerr-McGee Prospectus as then amended or supplemented (excluding documents incorporated by reference) in any case where such delivery is required by the Act and where Kerr-McGee has previously furnished copies thereof in sufficient quantity to such Underwriter and the loss, claim, damage or liability of such Underwriter results from an untrue statement or omission of a material fact contained in the Final Preliminary Kerr-McGee Prospectus and corrected in the Final Kerr-McGee Prospectus (excluding documents incorporated by reference) or in the Final Kerr-McGee Prospectus as then amended or supplemented (excluding documents incorporated by reference). This indemnity agreement will be in addition to any liability which Kerr-McGee may otherwise have.

(b) Kerr-McGee agrees to indemnify and hold harmless Devon Energy, each of its directors, each of its officers who signs the Devon Energy Registration Statement, and each person who controls Devon Energy within the meaning of either the Act or the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Devon Energy Registration Statement as originally filed or in any amendment thereof, or in the Preliminary Devon Energy Prospectus or the Devon Energy Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission is made in reliance upon and in conformity with written information furnished in writing to Devon Energy by Kerr-McGee specifically for inclusion therein, and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action. The indemnity agreement shall be in addition to any liability which Kerr-McGee may otherwise have.

(c) Devon Energy agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter, and each person who controls any Underwriter within the meaning of either the Act or the Exchange Act and Devon Energy agrees to indemnify and hold harmless Kerr-McGee, the directors, officers, employees and agents of Kerr-McGee, and each person who controls Kerr-McGee within the meaning of either the Act or the Exchange Act, in either case, against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in
(i) the Devon Energy Registration Statement as originally filed or in any amendment thereof, or in any Preliminary Devon Energy Prospectus or the Devon Energy Prospectus, or in any amendment thereof or supplement thereto, or (ii) the Kerr-McGee Registration Statement as originally filed or in any amendment thereof, or in any Preliminary Final Kerr-McGee Prospectus or the Final Kerr- McGee Prospectus, or in any amendment thereto or supplement thereto, or arise out of or are based upon the omission or alleged omission to state in the documents referred to in clause (i) or (ii) above a material fact required to be stated in the documents referred to in clause (i) or (ii) above or necessary to make the statements therein not misleading, but in the case of the documents referred to clause (ii) only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished in writing to Kerr-McGee by Devon Energy specifically for inclusion therein (including the information contained in any Preliminary Devon Energy Prospectus or Devon Energy Prospectus included in any such document (other than information contained in or omitted from any such Preliminary Devon Energy Prospectus or Devon Energy Prospectus in reliance on and conformity with information furnished to Devon Energy by Kerr- McGee specifically for inclusion therein)), and agrees to reimburse each such indemnified party, as incurred, for any legal or other expenses reasonably incurred by them in connection with

investigating or defending any such loss, claim, damage, liability or action; provided, however, that Devon Energy will not be liable under the indemnity agreement in this paragraph (c) to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the documents referred to in clause (i) above in reliance upon and in conformity with written information furnished to Devon Energy by or on behalf of any Underwriter through the Representatives specifically for inclusion therein; provided, further that Devon Energy shall not be liable under the indemnity agreement in this paragraph (c) to the extent that any such loss, claim, damage or liability arises out of or is based on any such untrue statement or alleged untrue statement or omission or alleged omission made in the documents referred to in clause (i) above in reliance upon and in conformity with written information furnished to Devon Energy by Kerr-McGee specifically for inclusion therein; and provided, further Devon Energy shall not be liable to any Underwriter under the indemnity agreement in this paragraph (c) with respect to the Preliminary Devon Energy Prospectus to the extent that any such loss, claim, damage or liability of such Underwriter results from the fact that such Underwriter sold DECS to a person as to whom it shall be established that there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Devon Energy Prospectus (excluding documents incorporated by reference) or of the Devon Energy Prospectus as then amended or supplemented (excluding documents incorporated by reference), as the case may be, in any case where such delivery is required by the Act and where Devon Energy has previously furnished copies thereof in sufficient quantity to such Underwriter and the loss, claim, damage or liability of such Underwriter results from an untrue statement or omission of a material fact contained in the Preliminary Devon Energy Prospectus and corrected in the Devon Energy Prospectus (excluding documents incorporated by reference) or in the Devon Energy Prospectus as then amended or supplemented (excluding documents incorporated by reference). This indemnity agreement will be in addition to any liability which Devon Energy may otherwise have.

(d) Each Underwriter severally and not jointly agrees to indemnify and hold harmless Kerr-McGee, each of its directors, each of its officers who signs the Kerr-McGee Registration Statement, and each person who controls Kerr-McGee within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity in paragraph (a) from Kerr-McGee to each Underwriter, but only with reference to written information furnished to Kerr-McGee by or on behalf of such Underwriter through the Representatives specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have. Kerr-McGee acknowledges that the statements set forth in the [___ paragraph] of the cover page, in the [__ paragraph] of the inside cover page and in the ___ paragraph under the heading ["Plan of Distribution"] in any Preliminary Final Kerr-McGee Prospectus or the Final Kerr-McGee Prospectus constitute the only information furnished in writing by or on behalf of the several Underwriters for inclusion in the documents referred to in the foregoing indemnity.

(e) Each Underwriter severally agrees to indemnify and hold harmless Devon Energy and Kerr-McGee, each of their respective directors, each of their respective officers who signs the Devon Energy Registration Statement or the Kerr-McGee Registration Statement, respectively, and each person who controls Devon Energy or Kerr-McGee within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity in paragraph (c) from Devon Energy to each Underwriter and Kerr-McGee, but only with reference to written

information relating to such Underwriter furnished to Devon Energy or Kerr-McGee by or on behalf of such Underwriter through the Representatives specifically for inclusion in the documents referred to in the foregoing indemnity. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have. Devon Energy acknowledges that the statements set forth in the [__] paragraph of the inside cover page and under the heading "Plan of Distribution" in any Preliminary Devon Energy Prospectus or the Devon Energy Prospectus constitute the only information furnished in writing by or on behalf of the several Underwriters for inclusion in the documents referred to in the foregoing indemnity.

(f) Promptly after receipt by an indemnified party under this Section 10 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 10, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from any liability under paragraphs (a), (b), (c), (d) or (e) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraphs (a), (b), (c), (d) or (e) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the indemnified party or parties except as set forth below); provided, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, or (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action suit or proceeding.

(g) In the event that the indemnity provided in paragraph (a), (b),
(c), (d) or (e) of this Section 10 is unavailable to or insufficient to hold harmless an indemnified party for any reason, Kerr-McGee, Devon Energy and the Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in

connection with investigating or defending same) (collectively "Losses") to which Kerr-McGee, Devon Energy and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by Kerr-McGee, Devon Energy and the Underwriters from the offering of the DECS; provided, however, that in no case shall any Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the DECS) be responsible for any amount in excess of the underwriting discount or commission applicable to the DECS purchased by such Underwriter hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, Kerr-McGee, Devon Energy and the Underwriters severally shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of Kerr-McGee, Devon Energy and the Underwriters in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. Benefits received by Kerr-McGee or Devon Energy on the one hand and the Underwriters on the other with respect to such offering shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by Kerr- McGee, and the total underwriting discounts and commissions, respectively, in each case as set forth on the cover page of the Final Kerr-McGee Prospectus. Relative fault shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information provided by Kerr-McGee and Devon Energy on the one hand or the Underwriters on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. Kerr-McGee, Devon Energy and the Underwriters agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (g), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 10, each person who controls an Underwriter within the meaning of either the Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as such Underwriter, and each person who controls Kerr-McGee or Devon Energy within the meaning of either the Act or the Exchange Act, each officer of Kerr-McGee or Devon Energy who shall have signed the Registration Statement and each director of Kerr-McGee or Devon Energy shall have the same rights to contribution as Kerr-McGee or Devon Energy, subject in each case to the applicable terms and conditions of this paragraph (g).

(h) Notwithstanding the foregoing, all agreements between Kerr-McGee and Devon Energy in connection with the respective rights and the amount of liability of each party to the other shall remain in full force and effect to the extent provided therein.

11. Default by an Underwriter. If any one or more Underwriters shall fail to purchase and pay for any of the DECS agreed to be purchased by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the principal amount of DECS set forth opposite their names in Schedule I hereto bears to the aggregate principal amount of DECS set forth opposite the names of all the remaining Underwriters) the DECS which the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in

the event that the aggregate principal amount of DECS which the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of DECS set forth in Schedule I hereto, the remaining Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the DECS, and if such nondefaulting Underwriters do not purchase all the DECS, this Agreement will terminate without liability to any nondefaulting Underwriter, Kerr-McGee or Devon Energy. In the event of a default by any Underwriter as set forth in this Section 11, the Closing Date shall be postponed for such period, not exceeding five Business Days, as the Representatives shall determine in order that the required changes in the Kerr- McGee or Devon Energy Registration Statement and the Final Kerr-McGee or Devon Energy Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to Kerr-McGee, Devon Energy and any nondefaulting Underwriter for damages occasioned by its default hereunder.

12. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representatives, by notice given to Kerr-McGee and Devon Energy prior to delivery of and payment for the DECS, if prior to such time (i) trading in Kerr-McGee's or Devon Energy's common stock shall have been suspended by the Commission or trading in securities generally on the New York Stock Exchange or the AMEX shall have been suspended or limited or minimum prices shall have been established on either of such Exchanges, (ii) a banking moratorium shall have been declared either by Federal or New York State authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency, or war, or other calamity or crisis the effect of which on financial markets is such as to make it, in the sole judgment of the Representatives, impracticable or inadvisable to proceed with the offering or delivery of the DECS as contemplated by the Final Kerr-McGee Prospectus (exclusive of any supplement thereto).

13. Representations and Indemnities to Survive. Subject to the limitations imposed by any applicable statute of limitations, the respective agreements, representations, warranties, indemnities and other statements of Kerr-McGee and Devon Energy or their respective officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter, Kerr-McGee or Devon Energy or any of the officers, directors, employees, agents or controlling persons referred to in Section 10 hereof, and will survive delivery of and payment for the DECS. The provisions of Sections 9 and 10 hereof shall survive the termination or cancellation of this Agreement.

14. Other Agreement. Nothing herein shall alter the rights and obligations of Kerr-McGee and Devon Energy under the Registration Rights Agreement, the terms of which shall survive and shall not be deemed to have been terminated by any termination of this Underwriting Agreement or the consummation of the offering of DECS contemplated hereby.

15. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representatives, will be mailed, delivered or telefaxed to the Salomon Smith Barney Inc. General Counsel (Fax No.: (212) 816-7912) and confirmed to the General Counsel, Salomon Smith Barney Inc., at 388 Greenwich Street, New York, New York, 10013, Attention: General Counsel; or if sent to Kerr-McGee, will be mailed, delivered or

telefaxed to the Kerr-McGee General Counsel (Fax No. (405) 270-3649) and confirmed to it at the Kerr-McGee Corporation, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, Attention: General Counsel; or if sent to Devon Energy, will be mailed, delivered or telefaxed to _____ and confirmed to it at_____, attention of the Legal Department.

16. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers, directors, employees, agents and controlling persons referred to in
Section 10 hereof, and no other person will have any right or obligation hereunder.

17. Applicable Law. This agreement will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed within the State of New York.

18. Counterparts. This Agreement may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

19. Headings. The section headings used herein are for convenience only and shall not affect the construction hereof.

20. Definitions. The terms which follow, when used in this Agreement, shall have the meanings indicated.

"Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Basic Kerr-McGee Prospectus" shall mean the prospectus referred to in paragraph (a) (i) of this Section 1 contained in the Kerr-McGee Registration Statement at the Kerr-McGee Effective Date.

"Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in New York City [or].

"Commission" shall mean the Securities and Exchange Commission.

"Devon Energy Effective Date" shall mean each date that the Devon Energy Registration Statement and any post-effective amendment or amendments thereto became or become effective.

"Devon Energy Prospectus" shall mean the prospectus relating to the Shares that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of final prospectus relating to the Shares included in the Devon Energy Registration Statement at the Devon Energy Effective Date.

"Devon Energy Registration Statement" shall mean the registration statement referred to in paragraph (a) of this Section 2 including incorporated documents, exhibits and financial statements, as amended at the Execution Time and, in the event any post-effective amendment thereto becomes effective prior to the Closing Date, shall also mean such registration statement as so amended. Such term shall include any Rule 430A Information deemed to be included therein at the Devon Energy Effective Date as provided by Rule 430A.

"Effective Date" shall mean each date and time that the Registration Statement, any post-effective amendment or amendments thereto and any Rule
462(b) Registration Statement became or become effective.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Execution Time" shall mean the date and time that this Agreement is executed and delivered by the parties hereto.

"Final Kerr-McGee Prospectus" shall mean the prospectus supplement relating to the DECS that is first filed pursuant to Rule 424(b) after the Execution Time together with the Basic Kerr-McGee Prospectus.

"Kerr-McGee Effective Date" shall mean each date that the Kerr-McGee Registration Statement and any post-effective amendment or amendments thereto became or become effective.

"Kerr-McGee Registration Statement" shall mean the registration statement referred to in paragraph (a) (i) of this Section 1, including incorporated documents, exhibits and financial statements, as amended at the Execution Time and, in the event any post-effective amendment thereto becomes effective prior to the Closing Date shall also mean such registration statement as so amended. Such term shall include any Rule 430A Information deemed to be included therein at the Kerr-McGee Effective Date as provided by Rule 430A.

"Preliminary Devon Energy Prospectus" shall mean any preliminary prospectus referred to in paragraph (a) of this Section 2 and any preliminary prospectus included in the Devon Energy Registration Statement at the Devon Energy Effective Date that omits Rule 430A Information.

"Preliminary Final Kerr-McGee Prospectus" shall mean any preliminary prospectus supplement to the Basic Kerr-McGee Prospectus which describes the DECS and the offering thereof, is used prior to filing the Final Kerr- McGee Prospectus and is filed, together with the Basic Kerr-McGee Prospectus, pursuant to Rule 424(b).

"Preliminary Prospectus" shall mean any preliminary prospectus referred to in paragraph 1(a) above and any preliminary prospectus included in the Registration Statement at the Effective Date that omits Rule 430A Information.

"Prospectus" shall mean the prospectus relating to the Securities that is first filed pursuant to Rule 424(b) after the Execution Time or, if no filing pursuant to Rule 424(b) is required, shall mean the form of final prospectus relating to the Securities included in the Registration Statement at the Effective Date.

"Registration Statement" shall mean the registration statement referred to in paragraph 1(a) above, including exhibits and financial statements, as amended at the Execution Time (or, if not effective at the Execution Time, in the form in which it shall become effective) and, in the event any post-effective amendment thereto or any Rule 462(b) Registration Statement becomes effective prior to the Closing Date, shall also mean such registration statement as so amended or such Rule 462(b) Registration Statement, as the case may be. Such term shall include any Rule 430A Information deemed to be included therein at the Effective Date as provided by Rule 430A.

"Rule 424," "Rule 430A" and "Regulation S-K" refer to such rules or regulation under the Act.

"Rule 430A Information" shall mean information with respect to the Securities and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission promulgated thereunder.

Any reference herein to the Kerr-McGee Registration Statement, the Basic Kerr-McGee Prospectus, any Preliminary Final Kerr-McGee Prospectus or the Final Kerr-McGee Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Exchange Act on or before the Kerr-McGee Effective Date or the issue date of the Basic Kerr-McGee Prospectus, any Preliminary Final Kerr-McGee Prospectus or the Final Kerr-McGee Prospectus, as the case may be; and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Kerr-McGee Registration Statement, the Basic Kerr-McGee Prospectus, any Preliminary Final Kerr-McGee Prospectus or the Final Kerr-McGee Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the Kerr-McGee Effective Date, or the issue date of any Preliminary Final Kerr-McGee Prospectus or the Final Kerr-McGee Prospectus, as the case may be, deemed to be incorporated therein by reference.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement among Kerr- McGee, Devon Energy and the several Underwriters.

Very truly yours,

Kerr-McGee Corporation

By: _____
Name:
Title:

Devon Energy Corporation

By:_____
Name:
Title:

Devon Delaware Corporation

By:_____
Name:
Title:

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

Salomon Smith Barney
Credit Suisse First Boston Corporation
Lehman Brothers Inc.
Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith
ABN AMRO Incorporated

By: Salomon Smith Barney Inc.

By: _____
Name:
Title:

For themselves and the other
several Underwriters named in
Schedule I to the foregoing
Agreement.

SCHEDULE I

Underwriter	Amount of Underwritten DECS to be Purchased
Salomon Smith Barney Inc.....	
Credit Suisse First Boston Corporation.....	
Lehman Brothers Inc.....	
Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	
ABN AMRO Incorporated.....	
Total.....	

ANNEX A

Kerr-McGee Significant Subsidiaries

ANNEX B

Devon Energy Significant Subsidiaries

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Devon Energy Corporation

We consent to incorporation by reference herein of our report dated January 26, 1999, relating to the consolidated balance sheets of Devon Energy Corporation and subsidiaries as of December 31, 1998, 1997 and 1996 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years then ended, which report appears in the December 31, 1998 annual report on Form 10-K of Devon Energy Corporation and to the reference to our firm under the heading "Experts" in the prospectus.

KPMG LLP

Oklahoma City, Oklahoma

July 19, 1999

EXHIBIT 23.2

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this registration statement on Form S-3 of Devon Energy Corporation of our report dated January 20, 1999 to the shareholders of Northstar Energy Corporation, relating to the consolidated balance sheets of Northstar Energy Corporation and subsidiaries as at December 31, 1998 and 1997 and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity, and cash flows for each of the years than ended, which report appears in the December 31, 1998 annual report on Form 10-K of Devon Energy Corporation.

We also consent to the reference to our firm under the heading "Experts" in the prospectus.

/s/ DELOITTE & TOUCHE LLP
Chartered Accountants

Calgary, Alberta
Canada

July 19, 1999

EXHIBIT 23.3

INDEPENDENT AUDITORS' CONSENT

We consent to incorporation by reference in this registration statement on Form S-3 of Devon Energy Corporation of our report dated February 5, 1997, relating to the consolidated balance sheet of Northstar Energy Corporation and subsidiaries as of December 31, 1996 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended, which report appears in the December 31, 1998 annual report on Form 10-K of Devon Energy Corporation. We also consent to the reference to our firm in this prospectus as experts in accounting and auditing.

PRICEWATERHOUSECOOPERS LLP

Calgary, Alberta, Canada

July 19, 1999

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EXHIBIT 23.4

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated March 19, 1999 included in the PennzEnergy Company Form 10-K for the year ended December 31, 1998 and to all references to our Firm included in this registration statement.

ARTHUR ANDERSEN LLP

Houston, Texas

July 16, 1999

EXHIBIT 23.5

ENGINEER'S CONSENT

We consent to the reference to our appraisal report for Devon Energy Corporation as of the years ended December 31, 1996, 1997 and 1998, incorporated herein by reference.

LAROCHE PETROLEUM CONSULTANTS, LTD.

/s/ William E. LaRoche

William E. LaRoche
Partner

July 19, 1999

EXHIBIT 23.6

ENGINEER'S CONSENT

We consent to the reference to our appraisal report for Devon Energy Corporation as of the years ended December 31, 1996, 1997 and 1998, incorporated herein by reference.

AMH GROUP LTD.

/s/ A. K. Ashton

A. K. Ashton
President

July 19, 1999

EXHIBIT 23.7

ENGINEER'S CONSENT

Paddock Lindstrom & Associates Ltd.

We consent to the reference to our appraisal report for Northstar Energy Corporation as of the years ended December 31, 1996, 1997 and 1998, incorporated herein by reference.

PADDOCK LINDSTROM & ASSOCIATES LTD.

/s/ D.L. Paddock

D.L. Paddock, P. Eng.
Vice President

July 19, 1999

EXHIBIT 23.8

ENGINEER'S CONSENT

We consent to the reference to our appraisal report for Northstar Energy Corporation as of December 31, 1997, incorporated herein by reference.

JOHN P. HUNTER & ASSOCIATES, LTD.

/s/ John P. Hunter

John P. Hunter

July 19, 1999

EXHIBIT 23.9

ENGINEER'S CONSENT

We consent to the reference to our appraisal report for PennzEnergy Company as of the years ended December 31, 1996, 1997, and 1998, incorporated herein by reference.

RYDER SCOTT COMPANY, L.P.

July 19, 1999