DEVON ENERGY CORP/DE

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 03/15/01 for the Period Ending 12/31/00

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CIK	0001090012
Symbol	DVN
SIC Code	1311 - Crude Petroleum and Natural Gas
Fiscal Year	12/31

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FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 3/15/2001 For Period Ending 12/31/2000

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000
OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number 000-30176

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE	73-1567067
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
20 NORTH BROADWAY, SUITE 1500 OKLAHOMA CITY, OKLAHOMA	73102-8260
(Address of Principal Executive Offices)	(Zip Code)

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

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, par value $.10 per share	American Stock Exchange
4.9% Convertible Debentures, due 2008	The New York Stock Exchange
4.95% Convertible Debentures, due 2008	The New York Stock Exchange

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of March 13, 2001, was $7,974,236,970. At such date 126,320,151 shares of common stock and 2,817,992 exchangeable shares of Devon's wholly-owned subsidiary, Northstar Energy Corporation, were outstanding. Each exchangeable share is exchangeable for one share of Devon common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy statement for the 2001 annual meeting of stockholders - Part III

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DEFINITIONS

As used in this document:
"Mcf" means thousand cubic feet
"MMcf" means million cubic feet
"Bcf" means billion cubic feet
"MMBtu" means million British thermal units, a measure of heating value
"Bbl" means barrel
"MBbls" means thousand barrels
"MMBbls" means million barrels
"Boe" means equivalent barrels of oil
"MBoe" means thousand equivalent barrels of oil
"MMBoe" means million equivalent barrels of oil
"Oil" includes crude oil and condensate
"NGLs" means natural gas liquids

"Permian/Mid-Continent, Rocky Mountain and Gulf" divisions of the Company include onshore properties in the continental United States and offshore properties primarily in the Gulf of Mexico "Canada" means the division of the Company encompassing oil and gas properties located in the Western Canadian Sedimentary Basin in Alberta and British Columbia. All of these properties are held in the name of the Company's wholly-owned subsidiary, Northstar Energy Company.
"International Division" means the division of the Company encompassing oil and gas properties that lie outside the United States and Canada

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included or incorporated by reference in this report, including, without limitation, statements regarding the company's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "project," "estimate," "anticipate," "believe," or " continue" or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the company's expectations ("Cautionary Statements") are disclosed under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," "Item 2. Properties -- Proved Reserves and Estimated Future Net Revenue" and elsewhere in this report. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements. The Company assumes no duty to update or revise its forward-looking statements based on changes in internal estimates or expectations or otherwise.

PART I

ITEM 1. BUSINESS

GENERAL

Devon Energy Corporation, including its subsidiaries, ("Devon" or the "Company") is an independent energy company engaged primarily in oil and gas exploration, development and production, and in the acquisition of producing properties. Through its predecessors, Devon began operations in 1971 as a privately-held company. In 1988, the Company's common stock began trading publicly on the American Stock Exchange under the symbol DVN. In addition, commencing on December 15, 1998, a new class of Devon exchangeable shares began trading on The Toronto Stock Exchange under the symbol NSX. These shares are essentially equivalent to Devon common stock. However, because they are issued by Devon's wholly-owned subsidiary, Northstar Energy Corporation ("Northstar"), they qualify as a domestic Canadian investment for Canadian institutional shareholders. They are exchangeable at any time, on a one-for-one basis, for common shares of Devon.

The principal and administrative offices of Devon are located at 20 North Broadway, Suite 1500, Oklahoma City, OK 73102-8260 (telephone 405/235-3611).

Devon currently owns oil and gas properties concentrated in five operating divisions: the Permian/Mid-Continent, Rocky Mountain and Gulf divisions include onshore properties in the continental United States and offshore properties primarily in the Gulf of Mexico; Canada, which includes properties in the Western Canadian Sedimentary Basin in Alberta and British Columbia; and the International Division, which includes properties in Azerbaijan, South America, Southeast Asia and West Africa. (A detailed description of the significant properties can be found under "Item 2. Properties -- Significant Properties" beginning on page 13 hereof.)

At December 31, 2000, Devon's estimated proved reserves were 1,097.4 MMBoe, of which 53% were natural gas reserves and 47% were oil and NGLs reserves. The present value of pre-tax future net revenues discounted at 10% per annum assuming essentially constant prices ("10% Present Value") of such reserves was $17.7 billion. Devon is one of the top five public independent oil and gas companies based in the United States, as measured by oil and gas reserves.

STRATEGY

Devon's primary objectives are to build production, cash flow and earnings per share by (a) acquiring oil and gas properties, (b) exploring for new oil and gas reserves and (c) optimizing production from existing oil and gas properties. Devon's management seeks to achieve these objectives by (a) keeping debt levels low, (b) concentrating its properties in core areas to achieve economies of scale, (c) acquiring and developing high profit margin properties,
(d) continually disposing of marginal and non-strategic properties and (e) balancing reserves between oil and gas.

During 1988, Devon expanded its capital base with its first issuance of common stock to the public. This transaction began a substantial expansion program that has continued through the subsequent years. Devon has used a two-pronged strategy of acquiring producing properties and engaging in drilling activities to achieve this expansion. Total proved reserves increased from 8.1 MMBoe at year-end 1987 (without giving effect to the 1998 and 2000 poolings) to 1,097.4 MMBoe at year-end 2000.

Devon's objective, however, is to increase value per share, not simply to increase total assets. Reserves have grown from 1.31 Boe per share at year-end 1987 (without giving effect to the 1998 and 2000 poolings) to 8.53 Boe per share at year-end 2000. This represents a compound annual growth rate of 15%. Another measure of value per share is oil and gas production per share. Production increased from 0.18 Boe per share in 1987 (without giving effect to the 1998 and 2000 poolings) to 0.94 Boe per share in 2000, a compound annual growth rate of 14%. At the same time, net debt (long-term debt less working capital and marketable securities) has remained low. At year-end 2000, Devon's net debt was $1.04 per Boe.

RECENT DEVELOPMENTS

On August 29, 2000, Devon completed a merger with Santa Fe Snyder Corporation ("Santa Fe Snyder"). Santa Fe Snyder's domestic operations were focused in the Rocky Mountain states, the Permian Basin of southeastern New Mexico and west Texas and offshore in the Gulf of Mexico. Santa Fe Snyder also had international operations located in Southeast Asia, South America and West Africa. The merger of Santa Fe Snyder with Devon expanded Devon's reserves by approximately 386 MMBoe and undeveloped leasehold by 16 million net acres. Total assets increased by $1.8 billion. The total consideration to Santa Fe Snyder was 40.6 million common shares and the assumption of $1.2 billion of Santa Fe Snyder debt and other liabilities. At year-end 2000, Devon's unused borrowing capacity was in excess of $853 million.

The merger was accounted for as a pooling-of-interests of Devon and Santa Fe Snyder. Therefore, Devon's results for 2000 and prior years have been restated to include the results of both Devon and Santa Fe Snyder as if the two companies had always been combined, unless otherwise indicated.

Santa Fe Snyder was formed on May 5, 1999 with the merger of Santa Fe Energy Resources, Inc. and Snyder Oil Corporation ("Snyder"). The merger was accounted for under the purchase method of accounting. Therefore, Devon's results do not include any effect of Snyder's operations prior to May 5, 1999.

The Santa Fe Snyder merger was completed approximately one year after completion of Devon's merger with PennzEnergy Company ("PennzEnergy") on August 17, 1999. The merger with PennzEnergy expanded Devon's reserves by approximately 396 MMBoe and undeveloped leasehold by approximately 13 million net acres. The PennzEnergy merger was accounted for under the purchase method of accounting for business combinations. Therefore, Devon's results do not include any effect of PennzEnergy's operations prior to August 17, 1999.

On December 10, 1998, Devon's merger with Northstar added 115 MMBoe of reserves and 1.8 million undeveloped acres, all in Canada. The Northstar combination was accounted for under the pooling-of-interests method of accounting for business combinations. Accordingly, Devon's results for 1998 and prior years include the results of both Devon and Northstar as if the two had always been combined, unless otherwise indicated.

DRILLING ACTIVITIES

Devon is engaged in numerous drilling activities on properties presently owned and intends to drill or develop other properties acquired in the future. For 2001, Devon's drilling activities will be focused in the Rocky Mountains, Permian Basin, Mid-Continent, Gulf of Mexico and onshore Gulf Coast areas in the U.S.and the Western Sedimentary areas of Canada. Devon also has significant international operations in Azerbaijan, Southeast Asia, South America and West Africa.

The following tables set forth the results of Devon's drilling activity for the past five years.

UNITED STATES PROPERTIES

	Development Wells						Exploratory Wells					
	Gross(1)			Net(2)			Gross(1)			Net(2)		
	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total
1996	452	14	466	370.75	6.95	377.70	18	10	28	9.50	3.48	12.98
1997	484	17	501	303.00	9.10	312.10	30	23	53	11.30	9.00	20.30
1998	374	1	375	153.69	0.10	153.79	24	21	45	11.36	7.54	18.90
1999	547	8	555	345.35	3.80	349.15	71	9	80	51.91	5.78	57.69
2000	890	13	903	512.18	6.80	518.98	95	11	106	80.09	7.41	87.50
Total	2,747	53	2,800	1,684.97	26.75	1,711.72	238	74	312	164.16	33.21	197.37

CANADIAN PROPERTIES

	Development Wells						Exploratory Wells					
	Gross(1)			Net(2)			Gross(1)			Net(2)		
	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total
1996	63	11	74	29.70	5.10	34.80	35	18	53	24.70	15.10	39.80
1997	126	29	155	88.20	23.20	111.40	55	48	103	43.50	42.20	85.70
1998	112	15	127	74.88	11.04	85.92	45	37	82	32.99	30.50	63.49
1999	65	9	74	29.61	3.45	33.06	39	23	62	25.15	16.03	41.18
2000	130	6	136	68.74	3.25	71.99	70	27	97	40.60	19.27	59.87
Total	496	70	566	291.13	46.04	337.17	244	153	397	166.94	123.10	290.04

INTERNATIONAL PROPERTIES

	Development Wells						Exploratory Wells					
	Gross(1)			Net(2)			Gross(1)			Net(2)		
	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total
1996	26	1	27	5.70	0.20	5.90	3	6	9	0.90	1.90	2.80
1997	43	2	45	10.00	0.60	10.60	1	5	6	0.30	1.80	2.10
1998	59	2	61	18.90	0.60	19.50	9	18	27	2.90	8.20	11.10
1999	42	2	44	10.00	0.60	10.60	1	4	5	0.50	1.60	2.10
2000	75	1	76	19.71	0.50	20.21	1	9	10	0.33	6.01	6.34
Total	245	8	253	64.31	2.50	66.81	15	42	57	4.93	19.51	24.44

TOTAL PROPERTIES

	Development Wells						Exploratory Wells					
	Gross(1)			Net(2)			Gross(1)			Net(2)		
	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total	Productive	Dry	Total
1996	541	26	567	406.15	12.25	418.40	56	34	90	35.10	20.48	55.58
1997	653	48	701	401.20	32.90	434.10	86	76	162	55.10	53.00	108.10
1998	545	18	563	247.47	11.74	259.21	78	76	154	47.25	46.24	93.49
1999	654	19	673	384.96	7.85	392.81	111	36	147	77.56	23.41	100.97
2000	1,095	20	1,115	600.63	10.55	611.18	166	47	213	121.02	32.69	153.71
Total	3,488	131	3,619	2,040.41	75.29	2,115.70	497	269	766	336.03	175.82	511.85

(1) Gross wells are the sum of all wells in which Devon owns an interest.

(2) Net wells are the sum of Devon's working interests in gross wells.

As of December 31, 2000, Devon was participating in the drilling of 47 gross (21.32 net) wells in the U.S., 9 gross (5.70 net) wells in Canada and 16 gross (5.02 net) wells internationally. Of these wells, through February 15, 2001, 34 gross (16.92 net) wells in the U.S., 3 gross (2.50 net) wells in Canada and 6 gross (2.02 net) wells internationally had been completed as productive. Additionally, 1 gross (0.40 net) well in the U.S. and 2 gross (1.25 net) wells in Canada were dry holes. The remaining wells were still in process.

CUSTOMERS

Devon sells its gas production to a variety of customers including pipelines, utilities, gas marketing firms, industrial users and local distribution companies. Existing gathering systems and interstate and intrastate pipelines are used to consummate gas sales and deliveries.

The principal customers for Devon's crude oil production are refiners, remarketers and other companies, some of which have pipeline facilities near the producing properties. In the event pipeline facilities are not conveniently available, crude oil is trucked or barged to storage, refining or pipeline facilities.

For the year ended December 31, 2000, one significant purchaser, Enron Capital and Trade Resource Corporation ("Enron"), accounted for 20% of Devon's combined oil, gas and NGLs sales. For the year ended December 31, 1998, one significant purchaser, Aquila Energy Marketing Corporation ("Aquila"), accounted for 11% of Devon's combined oil, gas and NGLs sales. No purchaser accounted for over 10% of such revenues in 1999. Enron and Aquila purchase production from numerous Devon properties at variable and market-sensitive prices. Devon does not consider itself dependent upon either of these purchasers, since other purchasers are willing to purchase this same production at competitive prices.

OIL AND NATURAL GAS MARKETING

Oil Marketing. Devon's oil production is sold under both long-term and short-term agreements at prices negotiated between the parties. Devon periodically enters into hedging activities with a portion of its oil production which are intended to support its oil price at targeted levels and to manage the Company's exposure to oil price fluctuations. (See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk.")

Natural Gas Marketing. Devon's gas production is also sold under both long-term and short-term agreements at negotiated prices. Although exact percentages vary daily, as of February 2001 approximately 29% of Devon's natural gas production was sold under short-term contracts at variable or market-sensitive prices. These market-sensitive sales are referred to as "spot market" sales. Another 68% were committed under various long-term contracts (one year or more) which dedicate the natural gas to a purchaser for an extended period of time, but still at market sensitive prices. Devon's remaining gas production was dedicated under long-term contracts at fixed prices.

Under both long-term and short-term contracts, typically either the entire contract (in the case of short-term contracts) or the price provisions of the contract (in the case of long-term contracts) are renegotiated from daily intervals up to one-year intervals. The spot market has become progressively more competitive in recent years. As a result, prices on the spot market have been volatile.

The spot market is subject to volatility as supply and demand factors in various regions of North America fluctuate. In addition to long-term fixed price contracts, Devon periodically enters into hedging arrangements or firm delivery commitments with a portion of its gas production. These activities are intended to support targeted gas price levels and to manage the Company's exposure to gas price fluctuations. (See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk.")

COMPETITION

The oil and gas business is highly competitive. Devon encounters competition by major integrated and independent oil and gas companies in acquiring drilling prospects and properties, contracting for drilling equipment and securing trained personnel. Intense competition occurs with respect to marketing, particularly of natural gas. Certain competitors have resources that substantially exceed those of Devon.

SEASONAL NATURE OF BUSINESS

Generally, but not always, the demand for natural gas decreases during the summer months and increases during the winter months. Seasonal anomalies such as mild winters sometimes lessen this fluctuation. In addition, pipelines, utilities, local distribution companies and industrial users utilize natural gas storage facilities and purchase some of their anticipated winter requirements during the summer. This can also lessen seasonal demand fluctuations.

GOVERNMENT REGULATION

Devon's operations are subject to various levels of government controls and regulations in the United States, Canada and internationally.

UNITED STATES REGULATION

In the United States, legislation affecting the oil and gas industry has been pervasive and is under constant review for amendment or expansion. Pursuant to such legislation, numerous federal, state and local departments and agencies have issued extensive rules and regulations binding on the oil and gas industry and its individual members, some of which carry substantial penalties for failure to comply. Such laws and regulations have a significant impact on oil and gas drilling and production

activities, increase the cost of doing business and, consequently, affect profitability. Inasmuch as new legislation affecting the oil and gas industry is commonplace and existing laws and regulations are frequently amended or reinterpreted, Devon is unable to predict the future cost or impact of complying with such laws and regulations.

Exploration and Production. Devon's United States operations are subject to various types of regulation at the federal, state and local levels. Such regulation includes requiring permits for the drilling of wells; maintaining bonding requirements in order to drill or operate wells; implementing spill prevention plans; submitting notification and receiving permits relating to the presence, use and release of certain materials incidental to oil and gas operations; and regulating the location of wells, the method of drilling and casing wells, the use, transportation, storage and disposal of fluids and materials used in connection with drilling and production activities, surface usage and the restoration of properties upon which wells have been drilled, the plugging and abandoning of wells and the transporting of production. Devon's operations are also subject to various conservation matters, including the regulation of the size of drilling and spacing units or proration units, the number of wells which may be drilled in a unit, and the unitization or pooling of oil and gas properties. In this regard, some states allow the forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases, which may make it more difficult to develop oil and gas properties. In addition, state conservation laws establish maximum rates of production from oil and gas wells, generally limit the venting or flaring of gas, and impose certain requirements regarding the ratable purchase of production. The effect of these regulations is to limit the amounts of oil and gas Devon can produce from its wells and to limit the number of wells or the locations at which Devon can drill.

Certain of Devon's oil and gas leases, including its offshore Gulf of Mexico leases, most of its leases in the San Juan Basin and many of the Company's leases in southeast New Mexico and Wyoming, are granted by the federal government and administered by various federal agencies, including the Minerals Management Service of the Department of the Interior ("MMS"). Such leases require compliance with detailed federal regulations and orders which regulate, among other matters, drilling and operations on lands covered by these leases, and calculation and disbursement of royalty payments to the federal government. The MMS has been particularly active in recent years in evaluating and, in some cases, promulgating new rules and regulations regarding competitive lease bidding and royalty payment obligations for production from federal lands. The Federal Energy Regulatory Commission ("FERC") also has jurisdiction over certain offshore activities pursuant to the Outer Continental Shelf Lands Act.

Environmental and Occupational Regulations. Various federal, state and local laws and regulations concerning the discharge of incidental materials into the environment, the generation, storage, transportation and disposal of contaminants or otherwise relating to the protection of public health, natural resources, wildlife and the environment, affect Devon's exploration, development and production operations and the costs attendant thereto. These laws and regulations increase Devon's overall operating expenses. Devon maintains levels of insurance customary in the industry to limit its financial exposure in the event of a substantial environmental claim resulting from sudden, unanticipated and accidental discharges of oil, salt water or other substances. However, 100% coverage is not maintained concerning any environmental claim, and no coverage is maintained with respect to any award of punitive damages against Devon or any penalty or fine required to be paid by

Devon because of its violation of any federal, state or local law. Devon is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment. Devon's unreimbursed expenditures in 2000 concerning such matters were immaterial, but Devon cannot predict with any reasonable degree of certainty its future exposure concerning such matters.

Devon is also subject to laws and regulations concerning occupational safety and health. Due to the continued changes in these laws and regulations, and the judicial construction of same, Devon is unable to predict with any reasonable degree of certainty its future costs of complying with these laws and regulations.

Devon has historically maintained its own internal Environmental, Health and Safety Department. This department is responsible for instituting and maintaining an environmental and safety compliance program for Devon. The program includes field inspections of properties and internal assessments of Devon's compliance procedures.

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

Certain of Devon's historical operations acquired in historical and recent mergers are involved in matters in which it has been alleged that such subsidiaries are potentially responsible parties ("PRPs") under CERCLA or similar state legislation with respect to various waste disposal areas owned or operated by third parties. As of December 31, 2000, Devon's consolidated balance sheet included $7.8 million of accrued liabilities, reflected in "Other liabilities," for environmental remediation. Devon does not currently believe there is a reasonable possibility of incurring additional material costs in excess of the current accruals recognized for such environmental remediation activities. With respect to the sites in which Devon subsidiaries are PRPs, Devon's conclusion is based in large part on (i) the availability of defenses to liability, including the availability of the "petroleum exclusion" under CERCLA and similar state laws, and/or (ii) Devon's current belief that its share of wastes at a particular site is or will be viewed by the Environmental Protection Agency or other PRPs as being de minimis. As a result, Devon's monetary exposure is not expected to be material.

CANADIAN REGULATIONS

The oil and gas industry in Canada is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect Devon's Canadian operations in a manner materially different than they would affect other oil and gas companies of similar size. The following are the most important areas of control and regulation.

The North American Free Trade Agreement. The North American Free Trade Agreement ("NAFTA") which became effective on January 1, 1994 carries forward most of the material energy terms contained in the Canada-U.S. Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports to the United States or Mexico will be allowed, provided that any export restrictions do not (i) reduce the proportion of energy exported relative to the supply of the energy resource; (ii) impose an export price higher than the domestic price; or (iii) disrupt normal channels of supply. All parties to NAFTA are also prohibited from imposing minimum export or import price requirements.

Royalties and Incentives. Each province and the federal government of Canada have legislation and regulations governing land tenure, royalties, production rates and taxes, environmental protection and other matters under their respective jurisdictions. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the parties. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production with the royalty rate dependent in part upon prescribed reference prices, well productivity, geographical location, field discovery date and the type and quality of the petroleum product produced. From time to time, the governments of Canada, Alberta and British Columbia have also established incentive programs such as royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced recovery projects. These incentives generally have the effect of increasing the cash flow to the producer.

Pricing and Marketing. The price of oil and natural gas sold is determined by negotiation between buyers and sellers. An order from the National Energy Board ("NEB") is required for oil exports from Canada. Any oil export to be made pursuant to an export contract of longer than one year, in the case of light crude, and two years, in the case of heavy crude, duration (up to 25 years) requires an exporter to obtain an export license from the NEB. The issue of such a license requires the approval of the Governor in Council. Natural gas exported from Canada is also subject to similar regulation by the NEB. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts in excess of two years must continue to meet certain criteria prescribed by the NEB. The governments of Alberta and British Columbia also regulate the volume of natural gas which may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

Environmental Regulation. The oil and natural gas industry is subject to environmental regulation pursuant to local, provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain oil and gas industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such

legislation may result in the imposition of fines and penalties. Devon is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment. Devon's unreimbursed expenditures in 2000 concerning such matters were immaterial, but Devon cannot predict with any reasonable degree of certainty its future exposure concerning such matters.

Investment Canada Act. The Investment Canada Act requires Government of Canada approval, in certain cases, of the acquisition of control of a Canadian business by an entity that is not controlled by Canadians. In certain circumstances, the acquisition of natural resource properties may be considered to be a transaction requiring such approval.

INTERNATIONAL REGULATIONS

Environmental Regulation. The oil and gas industry is subject to various environmental regulation and contract concession requirements pursuant to each individual country's laws, agreements, and treaties. In general, this consists of preparing Environmental Impact Assessments in order to receive required environmental permits to conduct drilling or construction activities. Such regulations also typically include requirements to develop emergency response plans, waste management plans, and spill contingency plans. In some regions, the application of world-wide standards, such as ISO 14000 governing Environmental Management Systems, are required to be implemented for operations.

Protecting the environment and the safety and health of employees, contractors, communities, and the public is fundamental to the way Devon conducts its business. This is accomplished through the establishment of corporate environmental, health, and safety policies and procedures that are implemented worldwide.

EMPLOYEES

As of December 31, 2000, Devon's staff consisted of 1,750 full-time employees. The Company also engages independent consulting petroleum engineers, environmental professionals, geologists, geophysicists, landmen and attorneys on a fee basis. The Company believes that it has good labor relations with its employees.

ITEM 2. PROPERTIES

Substantially all of Devon's properties consist of interests in developed and undeveloped oil and gas leases and mineral acreage located in the Company's core operating areas. These interests entitle Devon to drill for and produce oil, natural gas and NGLs from specific areas. Devon's interests are mostly in the form of working interests and volumetric production payments, and, to a lesser extent, overriding royalty, foreign government concessions, mineral and net profits interests and other forms of direct and indirect ownership in oil and gas properties.

PROVED RESERVES AND ESTIMATED FUTURE NET REVENUE

"Proved reserves" are those quantities of oil, natural gas and NGLs, which geological and engineering data demonstrate with reasonable certainty to be recoverable in the future from known reservoirs under existing economic and operating conditions. Estimates of proved reserves are strictly technical judgments and are not knowingly influenced by attitudes of conservatism or optimism. The following table sets forth Devon's estimated proved reserves, the estimated future net revenues therefrom and the 10% Present Value thereof as of December 31, 2000. Approximately 80% of Devon's U.S. proved reserves were estimated by LaRoche Petroleum Consultants, Ltd. and Ryder-Scott Company Petroleum Consultants, independent petroleum consultants. Devon's internal staff of engineers estimated the remainder of the U.S. reserves. All of the year-end 2000 Canadian proved reserves were calculated by the independent petroleum consultants Paddock Lindstrom & Associates Ltd. The international proved reserves, other than Canada as of December 31, 2000, were calculated by the independent petroleum consultants of Ryder-Scott Company Petroleum Consultants. All reserve estimates were prepared using standard geological and engineering methods generally accepted by the petroleum industry and in accordance with SEC guidelines (as described in the following notes). These estimates correspond with the method used in presenting the `Supplemental Information on Oil and Gas Operations" in Note 16 to Devon's Consolidated Financial Statements included herein, except that federal income taxes attributable to such future net revenues have been disregarded in the presentation below.

	TOTAL PROVED RESERVES	PROVED DEVELOPED RESERVES(1)	PROVED UNDEVELOPED RESERVES(2)
TOTAL RESERVES			
Oil (MBbls)	459,244	261,432	197,812
Gas (MMcf)	3,458,184	2,631,267	826,917
NGL (MBbls)	61,757	46,256	15,501
MBoe(3)	1,097,366	746,232	351,134
Pre-tax Future Net Revenue ($ thousands)(4)	30,760,602	24,350,591	6,410,011
Pre-tax 10% Present Value ($ thousands)(4)	17,737,043	14,694,207	3,042,836
U.S. RESERVES			
Oil (MBbls)	225,537	192,190	33,347
Gas (MMcf)	2,521,307	2,087,287	434,020
NGL (MBbls)	45,518	42,155	3,363
MBoe(3)	691,273	582,226	109,047
Pre-tax Future Net Revenue ($ thousands)(4)	22,566,827	18,971,071	3,595,756
Pre-tax 10% Present Value ($ thousands)(4)	13,396,544	11,415,285	1,981,259
CANADIAN RESERVES			
Oil (MBbls)	36,492	29,721	6,771
Gas (MMcf)	523,509	507,703	15,806
NGL (MBbls)	4,204	4,072	132
MBoe(3)	127,948	118,410	9,538
Pre-tax Future Net Revenue ($ thousands)(4)	4,985,532	4,791,079	194,453
Pre-tax 10% Present Value ($ thousands)(4)	2,935,656	2,856,269	79,387
INTERNATIONAL RESERVES			
Oil (MBbls)	197,215	39,521	157,694
Gas (MMcf)	413,368	36,277	377,091
NGL (MBbls)	12,035	29	12,006
MBoe(3)	278,145	45,596	232,549
Pre-tax Future Net Revenue ($ thousands)(4)	3,208,243	588,441	2,619,802
Pre-tax 10% Present Value ($ thousands)(4)	1,404,843	422,653	982,190

(1) Proved developed reserves are proved reserves that are expected to be recovered from existing wells with existing equipment and operating methods.

(2) Proved undeveloped reserves are proved reserves to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompleting or deepening a well or for new fluid injection facilities.

(3) Gas reserves are converted to MBoe at the rate of six MMcf per MBbl of oil, based upon the approximate relative energy content of natural gas to oil, which rate is not necessarily indicative of the relationship of gas to oil prices. The respective prices of gas and oil are affected by market conditions and other factors in addition to relative energy content.

(4) Estimated future net revenue represents estimated future gross revenue to be generated from the production of proved reserves, net of estimated production and development costs. The amounts shown do not give effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expense or to depreciation, depletion and amortization.

These amounts were calculated using prices and costs in effect as of December 31, 2000. These prices were not changed except where different prices were fixed and determinable from applicable contracts. These assumptions yield average prices over the life of Devon's properties of $23.77 per Bbl of oil, $8.04 per Mcf of natural gas and $29.80 per Bbl of NGLs. These prices compare to December 31, 2000, New York Mercantile Exchange prices of $26.80 per Bbl for crude oil and of $9.23 per MMBtu for natural gas.

No estimates of Devon's proved reserves have been filed with or included in reports to any federal or foreign governmental authority or agency since the beginning of the last fiscal year except (i) in filings with the SEC and (ii) in filings with the Department of Energy ("DOE"). Reserve estimates filed by Devon with the SEC correspond with the estimates of Devon reserves contained herein. Reserve estimates filed with the DOE are based upon the same underlying technical and economic assumptions as the estimates of Devon's reserves included herein. However, the DOE requires reports to include the interests of all owners in wells that Devon operates and to exclude all interests in wells that Devon does not operate.

The prices used in calculating the estimated future net revenues attributable to proved reserves do not necessarily reflect market prices for oil, gas and NGL production subsequent to December 31, 2000. There can be no assurance that all of the proved reserves will be produced and sold within the periods indicated, that the assumed prices will be realized or that existing contracts will be honored or judicially enforced.

The process of estimating oil, gas and NGLs reserves is complex, requiring significant subjective decisions in the evaluation of available geological, engineering and economic data for each reservoir. The data for a given reservoir may change substantially over time as a result of, among other things, additional development activity, production history and viability of production under varying economic conditions. Consequently, material revisions to existing reserve estimates may occur in the future.

PRODUCTION, REVENUE AND PRICE HISTORY

Certain information concerning oil and natural gas production, prices, revenues (net of all royalties, overriding royalties and other third party interests) and operating expenses for the three years ended December 31, 2000, is set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

WELL STATISTICS

The following table sets forth Devon's producing wells as of December 31, 2000:

	Oil Wells		Gas Wells		Total Wells	
	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)
U.S.	14,599	4,219	8,425	3,808	23,024	8,027
Canada	1,492	628	1,419	629	2,911	1,257
International	948	270	47	11	995	281
Total	17,039	5,117	9,891	4,448	26,930	9,565

(1) Gross wells are the total number of wells in which Devon owns a working interest.

(2) Net refers to gross wells multiplied by Devon's fractional working interests therein.

Devon also held numerous overriding royalty interests in oil and gas wells, a portion of which are convertible to working interests after recovery of certain costs by third parties. After converting to working interests, these overriding royalty interests will be included in Devon's gross and net well count.

UNDEVELOPED ACREAGE

The following table sets forth Devon's developed and undeveloped oil and gas lease and mineral acreage as of December 31, 2000.

	Developed		Undeveloped	
	Gross(1)	Net(2)	Gross(1)	Net(2)
Domestic				
Permian/Mid-Continent Division				
Permian Basin	751,282	370,590	1,013,728	392,002
Mid-Continent	780,644	415,434	1,204,297	608,861
Total Permian/Mid-Continent Division	1,531,926	786,024	2,218,025	1,000,863
Rocky Mountain Division	583,500	308,355	2,159,480	1,493,846
Gulf Division				
Offshore	756,008	383,338	918,825	653,282
Onshore	429,235	247,918	140,420	54,047
Total Gulf Division	1,185,243	631,256	1,059,245	707,329
Total Domestic	3,300,669	1,725,635	5,436,750	3,202,038
Canada	878,457	539,904	3,117,093	2,228,510
International	387,380	101,525	19,418,885	12,195,069
Grand Total	4,566,506	2,367,064	27,972,728	17,625,617

(1) Gross acres are the total number of acres in which Devon owns a working interest.

(2) Net refers to gross acres multiplied by Devon's fractional working interests therein.

OPERATION OF PROPERTIES

The day-to-day operations of oil and gas properties are the responsibility of an operator designated under pooling or operating agreements. The operator supervises production, maintains production records, employs field personnel and performs other functions. The charges under operating agreements customarily vary with the depth and location of the well being operated.

Devon is the operator of 11,038 of its 26,930 wells. As operator, Devon receives reimbursement for direct expenses incurred in the performance of its duties as well as monthly per-well producing and drilling overhead reimbursement at rates customarily charged in the area to or by unaffiliated third parties. In presenting its financial data, Devon records the monthly overhead reimbursements as a reduction of general and administrative expense, which is a common industry practice.

ORGANIZATION STRUCTURE

Devon's properties are distributed geographically in five separate divisions. Operations in the United States are conducted by the Permian/Mid-Continent, Rocky Mountain and Gulf divisions. Canadian operations are conducted by Devon's Northstar Energy subsidiary and all operations outside North America make up the International Division. Maintaining a tight geographic focus in selected core areas is a key element of Devon's operating strategy. Concentrating our operations enhances management efficiency and marketing and purchasing power.

UNITED STATES PROPERTIES

PERMIAN/MID-CONTINENT DIVISION

The Permian Basin encompasses approximately 66,000 square miles in southeastern New Mexico and west Texas and contains more than 500 major oil and gas fields. It is characterized by prolific, long-lived oil and gas production from numerous formations found at a wide variety of depths. Many formations respond to enhanced recovery techniques, such as waterflood projects. Acreage held by production from existing wells and large federal exploration units makes leases difficult to obtain. Most of Devon's position in the Permian was established through six major property transactions. Devon's merger with Santa Fe Snyder Corporation in 2000 increased its proved reserves in the Permian Basin by over 75%. Even though the Permian Basin is quite mature and not known as a high growth area, Devon replaced more than 160% of its Permian Basin oil and gas production in 2000 through exploration and development drilling.

The Mid-Continent area includes all or portions of the states of Kansas, Oklahoma, Texas, Arkansas, Louisiana, Mississippi and Alabama. This area covers a wide spectrum of geologic formations producing both oil and natural gas. Although the Mid-Continent was the site of some of the earliest oil and gas discoveries in the United States, several areas offer opportunities for growth through exploitation and exploration drilling. For example, Devon has an active drilling program underway in the Carthage, Bethany, Sligo area of eastern Texas and western Louisiana in 2001. Devon has been able to increase production from this area by downspacing, that is, drilling wells closer together in producing fields. Over time, average spacing has been decreased from 640 acres per well to as little as 40 acres per well. Devon has increased production in the Carthage, Bethany, Sligo area five-fold since the early 1980's through downspacing and improved reservoir management.

ROCKY MOUNTAIN DIVISION

The Rocky Mountain Division extends north from New Mexico and includes the states of Colorado, Utah, Wyoming, Montana and North Dakota. It is Devon's fastest growing division, and production of approximately 51,800 energy equivalent barrels per day in 2000 is expected to increase by around 30% in 2001. Much of that growth will be due to expansion of coalbed methane (CBM) production in the Powder River Basin of Wyoming. About 45% of division production is from CBM and 55% is from conventional oil and gas.

CBM is natural gas produced from shallow coal formations. Devon is a leader in CBM production with four projects under various stages of development in the Rocky Mountains. Devon first produced CBM from the San Juan Basin of northwestern New Mexico in 1986, and the San Juan Basin remains today an important producing area for the company. Devon began development of its CBM acreage in the Powder River Basin of northeast Wyoming in 1998. Devon owns 250,000 net acres there. Production at year-end 2000 was 60 million cubic feet per day from some 600 producing wells. Production is expected to average 90 to 100 million cubic feet per day in 2001 and to grow steadily over the next few years as another thousand or more wells are drilled and tied into the gas gathering system.

Earlier in the development stage is the company's Vermejo Ranch CBM project in the Raton Basin of northeastern New Mexico. Devon has mineral interests in 280,000 gross acres in the basin. Devon's current 25% working interest will increase to 50% as the project is developed. The company drilled 89 wells there in 2000 and expects to drill about 100 wells each year for the next few years. Gross production at year-end 2000 of 20 million cubic feet per day from 120 producing wells is now beginning to reach meaningful rates. Although it is early in the life of the project to determine ultimate success, net resource potential could reach one trillion cubic feet.

The Rocky Mountain Division's fourth CBM project is in its infancy. Devon has acquired over 50,000 acres in the Wind River Basin that includes multiple coal seams. Five test wells were drilled in 2000, and early results are encouraging. Although CBM is the fastest growing resource in the Rocky Mountain Division, conventional gas still accounts for more than half of the gas produced. The Washakie Field in south central Wyoming is Devon's largest conventional gas area. The Washakie contains multiple producing formations. With 200,000 net acres and some 400 potential drilling locations, Devon expects to be actively developing the Washakie for many years.

GULF DIVISION

Devon is one of the 10 largest oil and gas producers in the offshore Gulf of Mexico. The Santa Fe Snyder merger nearly doubled Devon's asset base in the Gulf. The offshore Gulf is a prolific producing area that provides approximately 25% of the natural gas produced in the United States. The Gulf is comprised of two major operating areas, as defined by water depth. The shallow area, in water depths up to 600 feet, is known as the "shelf." Devon has a substantial infrastructure of platforms and production facilities on the shelf, where natural gas wells are known for providing high initial flow rates and quick investment returns. Devon holds approximately 650,000 net acres on the shelf, about 50% of which is developed.

Devon's shelf strategy emphasizes exploitation. Exploitation is drilling for new reserves close to existing producing facilities. Exploitation success has been greatly enhanced on the shelf through application of technological advancements in seismic and drilling methods. We are especially optimistic about four-component, or "4C" seismic. This technology improves the resolution of seismic images below shallow gas deposits or "gas clouds." Devon is also employing horizontal drilling on the shelf to economically penetrate relatively thin sections of shallow gas deposits.

The company had two notable offshore exploration discoveries in 2000. These were on Eugene Island block 156, offshore Louisiana, and High Island A-582, offshore Texas. Eugene Island 156 (100% working interest) began producing in October at over 50 million cubic feet of gas and 1,600 barrels of liquids per day from two wells. High Island A-582 (37% working interest) was a December discovery. This well appears to be a significant oil find. A second well was drilling at year-end. First production is expected in 2002 after completion of a new producing platform.

While the shelf is a very mature area, the deep water of the Gulf is believed to hold some of the largest remaining undiscovered reserves in North America. Devon holds about 400,000 net acres in the deep water, of which about 90% is unexplored. Because costs are much higher to explore in the deep water than on the shelf, the company's strategy is to move cautiously into deep water drilling. Devon expects to participate in three to four deep water exploratory wells per year.

The Gulf Division also holds about 300,000 net acres onshore in south Texas and south Louisiana. About 80% of that acreage is developed for oil and gas production. Last year was a turnaround year for the Gulf Division onshore. Most of the onshore acreage was acquired in Devon's merger with PennzEnergy in 1999. As PennzEnergy was focused elsewhere, this acreage had received little attention in recent years. An active onshore drilling program in 2000 resulted in 14 net wells. This year we will more than double that number to a planned 38 net wells. A notable discovery in 2000 was in the Patterson Field in south Louisiana. Devon's Zenor A-16 (50% working interest) was tested at over 20 million cubic feet of natural gas per day.

CANADA

Devon's Canadian operations are conducted through Northstar Energy, our subsidiary in Calgary, Alberta. On a stand-alone basis, Devon's Canadian operations would rank twelfth among Canadian independent producers. The Western Canadian Sedimentary Basin is a vast geologic feature encompassing portions of British Columbia, Alberta, Saskatchewan and Manitoba. Devon's properties in Canada 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. Over a third of Devon's Canadian oil and gas reserves are located in the shallow gas areas of northern Alberta. Over 100 wells will be drilled in these shallow gas fields in 2001. Devon has become very efficient at drilling shallow gas wells in Alberta, and over the past three years we have cut average drilling costs in half. In most of these shallow gas areas, drilling is restricted to the winter months of December through March.

In addition to extensive exploitation and development drilling in the shallow gas areas, the Canadian Division also has an aggressive exploration program underway. The division has 2.2 million net undeveloped acres on which to explore. The most exciting, high potential area for adding new gas reserves is in the northern foothills of British Columbia and Alberta, where we hold 248,000 gross acres with an average working interest of 47%. We are currently drilling two deep gas wells in the northern foothills following a significant gas discovery on the Weejay prospect (49% working interest) in 1998. The Weejay discovery, which produced over 20 million cubic feet of gas per day during testing, will commence production in 2002.

INTERNATIONAL

Approximately one quarter of Devon's proved reserves are located outside North America. Most of these international reserves are concentrated in three countries: Azerbaijan, Indonesia and Argentina. Approximately 37% of our proved reserves outside North America are in Azerbaijan, located offshore in the Caspian Sea. Devon has a 5.6% interest in the Azeri-Chirag-Gunashli (ACG) oil field, including 0.8% acquired in February 2001. The ACG field is believed to contain over 4 billion barrels of proved reserves, making it one of the largest oil fields in the world.

Devon's international production is now predominantly oil. Natural gas markets outside North America are not well developed. However, gas is expected to become a growing part of Devon's international production mix in the coming years. For example, in February 2001, Devon signed agreements to supply Indonesian natural gas to Singapore from our extensive gas reserves on the island of Sumatra. Singapore is replacing oil with cleaner burning natural gas to fuel its growing power generation requirements. As other developing countries make similar moves toward gas, worldwide gas markets will inevitably expand. Devon is well positioned to supply gas to several of those developing markets.

Natural gas accounts for about two-thirds of Devon's reserves in Argentina. Production growth is focused on the Neuquen Basin in the central part of the country where Devon acquired a 100% working interest in the El Mangrullo block early in 2000. Developing gas markets inside Argentina and in Chile and Brazil are improving the economics of natural gas in South America. We believe we can increase production from the El Mangrullo block by drilling additional wells into the currently producing formation and also by producing gas from a shallower formation that is productive in other parts of the Neuquen Basin.

Devon holds 12 million net acres of undeveloped lands in 14 different countries outside North America. Much of this acreage was acquired in the merger with Santa Fe Snyder. We hold substantial land positions offshore Ghana, Gabon and Congo where we have active exploration programs underway. Through a joint venture with another large U. S. independent, we will be conducting seismic surveys and drilling exploratory wells on these blocks over the next few years. In addition to the exploration program in west Africa, the company plans to drill exploratory wells in Egypt, China, Malaysia and Brazil in 2001 and 2002.

SIGNIFICANT PROPERTIES

The following table sets forth proved reserve information on the most significant geographic areas in which Devon's properties are located as of December 31, 2000.

	OIL(MBbls)	GAS(MMcf)	NGL(MBbls)	MBoe(1)	MBoe %(2)	10% PRESENT VALUE (3) ($000)	10% PRESENT VALUE%(4)
PERMIAN/MID-CONTINENT DIVISION							
Permian Basin	120,162	318,295	19,786	192,997	17.6%	$2,645,957	14.9%
Mid-Continent	12,417	503,723	19,489	115,860	10.6%	2,316,626	13.1%
Total	132,579	822,018	39,275	308,857	28.2%	4,962,583	28.0%
ROCKY MOUNTAIN DIVISION							
Total	45,618	1,248,534	4,495	258,202	23.5%	4,796,594	27.0%
GULF DIVISION							
Offshore	43,207	360,206	398	103,639	9.4%	3,098,340	17.5%
Onshore	4,133	90,549	1,350	20,575	1.9%	539,027	3.0%
Total	47,340	450,755	1,748	124,214	11.3%	3,637,367	20.5%
TOTAL U.S.	225,537	2,521,307	45,518	691,273	63.0%	13,396,544	75.5%
CANADA							
Total	36,492	523,509	4,204	127,948	11.7%	2,935,656(5)	16.6%
INTERNATIONAL DIVISION							
Total	197,215	413,368	12,035	278,145	25.3%	1,404,843	7.9%
Grand Total	459,244	3,458,184	61,757	1,097,366	100.0%	$17,737,043	100.0%

(1) Gas reserves are converted to MBoe at the rate of six MMcf of gas per MBbl of oil, based upon the approximate relative energy content of natural gas to oil, which rate is not necessarily indicative of the relationship of gas to oil prices. The respective prices of gas and oil are affected by market and other factors in addition to relative energy content.

(2) Percentage which MBoe for the basin or region bears to total MBoe for all Proved Reserves.

(3) Determined in accordance with SEC guidelines, except that no effect is given to future income taxes.

(4) Percentages which present value for the basin or region bears to total present value for all Proved Reserves.

(5) Canadian dollars converted to U.S. dollars at the rate of $1 Canadian:
$0.6666 U.S.

TITLE TO PROPERTIES

Title to properties is subject to contractual arrangements customary in the oil and gas industry, liens for current taxes not yet due and, in some instances, other encumbrances. Devon believes that such burdens do not materially detract from the value of such properties or from the respective interests therein or materially interfere with their use in the operation of the business.

As is customary in the industry in the case of undeveloped properties, little investigation of record title is made at the time of acquisition (other than a preliminary review of local records). Investigations, generally including a title opinion of outside counsel, are made prior to the consummation of an acquisition of producing properties and before commencement of drilling operations on undeveloped properties.

ITEM 3. LEGAL PROCEEDINGS

Royalty Matters

More than 30 oil companies, including Devon, are involved in disputes in which it is alleged that such companies and related parties underpaid royalty, overriding royalty and working interests owners in connection with the production of crude oil. The proceedings include suits in federal court in Texas, Louisiana, Mississippi and Wyoming that have been consolidated into one proceeding in

Texas. To avoid expensive and protracted litigation, certain parties, including Devon, have entered into a global settlement agreement which provides for a settlement of all claims of all members of the settlement class. The court held a fairness hearing and issued an Amended Final Judgment approving the settlement on September 10, 1999. However, certain entities have appealed their objections to the settlement.

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

Maersk Rig Contract

In December 1997, the working interest owner partner of Pennzoil Venezuela Corporation, S.A. ("PVC"), a subsidiary of Devon as a result of the PennzEnergy merger, entered into a contract with Maersk Jupiter Drilling, S.A. ("Maersk") for the provision of a rig for drilling services relative to the anticipated drilling program associated with Devon's Block 70/80 in Lake Maracaibo, Venezuela. The rig was assembled and delivered by Maersk to Lake Maracaibo where it performed an abbreviated drilling program for both Blocks 68/79 and 70/80. It is currently stacked in Lake Maracaibo. The contract, which expires October 1, 2001, provides for early termination, with a charge for such termination which is currently estimated at $42,000 per day with certain escalation factors for the balance of the term. As of December 31, 2000, Devon's consolidated balance sheet included accrued liabilities, reflected in "Other liabilities," for the expected cost to terminate/settle the contract. Devon does not currently believe there is a reasonable possibility of incurring additional material costs in excess of the liability recognized for such termination/settlement of the contract.

Devon is involved in other various routine legal proceedings incidental to its business. However, to Devon's knowledge, as of March 12, 2001, there were no other material pending legal proceedings to which Devon is a party or to which any of its property is subject.

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

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET PRICE

Devon's common stock has been traded on the American Stock Exchange (the "AMEX") since September 29, 1988. Prior to September 29, 1988, Devon's common stock was privately held. Commencing on December 15, 1998, a new class of Devon exchangeable shares began trading on The Toronto Stock Exchange ("TSE") under the symbol NSX. These shares are essentially equivalent to Devon common stock. However, because they are issued by Devon's wholly-owned subsidiary, Northstar, they qualify as a domestic Canadian investment for Canadian institutional shareholders. They are exchangeable at any time, on a one-for-one basis, for common shares of Devon at the holder's option.

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

	American Stock Exchange			The Toronto Stock Exchange		
	High (US$)	Low (US$)	Average Daily Volume	High (CN$)	Low (CN$)	Average Daily Volume
1999:						
Quarter Ended March 31, 1999	31.75	20.13	233,954	48.00	30.40	4,240
Quarter Ended June 30, 1999	37.44	25.94	225,938	54.85	39.60	15,457
Quarter Ended September 30, 1999	44.94	33.00	624,356	65.75	51.30	11,650
Quarter Ended December 31, 1999	42.00	29.50	486,409	61.60	43.45	3,108
2000:						
Quarter Ended March 31, 2000	48.56	31.38	376,279	69.50	45.65	20,854
Quarter Ended June 30, 2000	60.94	43.75	613,910	90.10	65.30	12,021
Quarter Ended September 30, 2000	62.56	42.56	998,008	92.45	62.90	16,038
Quarter Ended December 31, 2000	64.74	48.00	829,198	97.45	73.40	4,526
2001:						
Quarter Ended March 31, 2001 (through March 12, 2001)	66.75	52.30	996,310	102.00	79.90	9,657

DIVIDENDS

Devon commenced the payment of regular quarterly cash dividends on its common stock on June 30, 1993, in the amount of $0.03 per share. Effective December 31, 1996, Devon increased its quarterly dividend payment to $0.05 per share. Devon anticipates continuing 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.

On March 13, 2001, there were 32,972 holders of record of Devon common stock and 340 holders of record for the exchangeable shares.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial information (not covered by the independent auditors' reports) should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and the notes thereto included in "Item 8. Financial Statements and Supplementary Data." Note 2 to the consolidated financial statements included in Item 8 of this report contains information on the 2000 merger between Devon and Santa Fe Snyder, the 1999 mergers between Devon and PennzEnergy Company and between Santa Fe Energy Resources, Inc. and Snyder Oil Corporation and the 1998 combination of Devon and Northstar Energy Corporation ("Northstar"), as well as unaudited pro forma financial data for the years 1999 and 1998.

	YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
	(THOUSANDS, EXCEPT PER SHARE DATA AND RATIOS)				
OPERATING RESULTS					
Oil sales	$1,078,759	561,018	309,990	555,237	584,519
Gas sales	1,485,221	627,869	347,273	375,193	220,556
NGL sales	154,465	67,985	24,715	35,838	28,712
Other revenue	65,658	20,596	24,248	48,255	36,470
Total revenues	2,784,103	1,277,468	706,226	1,014,523	870,257
Lease operating expenses	440,780	298,807	226,561	263,907	259,009
Transportation costs	53,309	33,925	23,186	20,364	15,822
Production taxes	103,244	44,740	24,871	33,317	21,505
Depreciation, depletion and amortization of property and equipment	693,340	406,375	243,144	285,708	192,107
Amortization of goodwill	41,332	16,111	--	--	--
General and administrative expenses	93,008	80,645	45,454	53,081	47,411
Expenses related to mergers	60,373	16,800	13,149	--	--
Interest expense	154,329	109,613	43,532	41,488	48,762
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	2,408	(13,154)	16,104	5,860	199
Distributions on preferred securities of subsidiary trust	--	6,884	9,717	9,717	4,753
Reduction of carrying value of oil and gas properties	--	476,100	422,500	641,314	33,100
Total costs and expenses	1,642,123	1,476,846	1,068,218	1,354,756	622,668
Earnings (loss) before income taxes, minority interest and extraordinary item	1,141,980	(199,378)	(361,992)	(340,233)	247,589
Income tax expense (benefit):					
Current	130,793	23,056	(3,713)	35,757	30,534
Deferred	280,845	(72,490)	(122,394)	(162,499)	58,752
Total	411,638	(49,434)	(126,107)	(126,742)	89,286
Earnings (loss) before minority interest and extraordinary item	730,342	(149,944)	(235,885)	(213,491)	158,303
Minority interest in Monterey Resources, Inc.	--	--	--	(4,700)	(1,300)
Earnings (loss) before extraordinary item	730,342	(149,944)	(235,885)	(218,191)	157,003
Extraordinary loss	--	(4,200)	--	--	(6,000)
Net earnings (loss)	$ 730,342	(154,144)	(235,885)	(218,191)	151,003
Net earnings (loss) applicable to common shareholders	$ 720,607	(157,795)	(235,885)	(230,191)	103,803
Net earnings (loss) per share before extraordinary loss:					
Basic	$ 5.66	(1.64)	(3.32)	(3.35)	2.08
Diluted	$ 5.50	(1.64)	(3.32)	(3.35)	2.03
Net earnings (loss) per share after extraordinary loss:					
Basic	$ 5.66	(1.68)	(3.32)	(3.35)	1.97
Diluted	$ 5.50	(1.68)	(3.32)	(3.35)	1.92
Cash dividends per common share(1)	$ 0.17	0.14	0.10	0.09	0.09
Weighted average common shares outstanding:					
Basic	127,421	93,653	70,948	68,732	52,744
Diluted	131,730	99,313	76,932	75,366	55,553
Ratio of earnings to combined fixed charges and preferred stock dividends(2)	7.31	N/A	N/A	N/A	3.90

	DECEMBER 31,				
	2000	1999	1998	1997	1996
			(THOUSANDS)		
BALANCE SHEET DATA					
Total assets	$6,860,478	6,096,360	1,930,537	1,965,386	2,241,890
Debentures exchangeable into shares of Chevron Corporation common stock	$ 760,313	760,313	--	--	--
Other long-term debt	$1,288,523	1,656,208	735,871	427,037	361,500
Convertible preferred securities of subsidiary trust	$ --	--	149,500	149,500	149,500
Stockholders' equity	$3,277,604	2,521,320	749,763	1,006,546	1,159,772

	YEAR ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
			(THOUSANDS, EXCEPT PER UNIT DATA)		
CASH FLOW DATA					
Net cash provided by operating activities	$1,619,032	532,328	334,471	530,156	393,448
Net cash used in investing activities	$(1,173,401)	(768,317)	(607,260)	(545,683)	(471,351)
Net cash provided by (used in) financing activities	$ (389,571)	377,198	256,518	34,859	47,120
Modified EBITDA(3,5)	$2,033,389	802,551	373,005	643,854	526,510
Cash margin(4,5)	$1,748,267	662,998	323,469	556,892	442,461
PRODUCTION, PRICE AND OTHER DATA					
Production:					
Oil (MBbls)	42,561	31,756	25,628	32,565	33,180
Gas (MMcf)	426,146	304,203	198,051	186,239	123,286
NGL (MBbls)	7,400	5,111	3,054	2,842	2,055
MBoe(6)	120,985	87,568	61,691	66,447	55,783
Average prices:					
Oil (Per Bbl)	$ 25.35	17.67	12.10	17.05	17.62
Gas (Per Mcf)	$ 3.49	2.06	1.75	2.01	1.79
NGL (Per Bbl)	$ 20.87	13.30	8.09	12.61	13.97
Per Boe(6)	$ 22.47	14.35	11.05	14.54	14.95
Costs per Boe (6):					
Operating costs	$ 4.94	4.31	4.45	4.78	5.31
Depreciation, depletion and amortization of oil and gas properties	$ 5.48	4.46	3.74	4.17	3.31
General and administrative expenses	$ 0.77	0.92	0.74	0.80	0.85

(1) Cash dividends per share are presented based on the combined amount of dividends paid by Devon, Santa Fe Snyder and Northstar in each year. The dividends per share are also based on the number of shares outstanding in each year assuming the Santa Fe Snyder merger and the Northstar combination had been consummated as of the beginning of the earliest year presented. Santa Fe Snyder did not pay any dividends in any of the years presented. Northstar did not pay any dividends in 1997, or in 1998 prior to the closing of the Northstar combination. Also, Northstar's dividends paid in 1996 were at a rate per share that was different from the rate paid by Devon in 1996. Because of these facts, the cash dividends per share presented for 1996 through 2000 are not representative of the actual amounts paid by Devon on an historical basis. For the years 2000, 1999, 1998, 1997 and 1996, Devon's historical cash dividends per share were $0.20, $0.20, $0.20, $0.20 and $0.14, respectively.

(2) For purposes of calculating the ratio of earnings to combined fixed charges and preferred stock dividends, (i) earnings consist of earnings before income taxes, plus fixed charges; (ii) fixed charges consist of interest expense, deferred effect of changes in foreign currency exchange rate on long-term debt, distributions on preferred securities of subsidiary trust, amortization of costs relating to indebtedness and the preferred securities of subsidiary trust, and one-third of rental expense estimated to be attributable to interest; and (iii) preferred stock dividends consist of the amount of pre-tax earnings required to pay dividends on the outstanding preferred stock. For the years 1999, 1998 and 1997, earnings were insufficient to cover combined fixed charges and preferred stock dividends by $205.3 million, $362.0 million and $346.0 million, respectively.

(3) Modified EBITDA represents 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.

(4) "Cash margin" equals 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. Cash margin measures the net cash which is generated by a company's operations during a given period, without regard to the period such cash is actually physically received or spent by the company. This margin ignores the non-operational effect on a company's "net cash provided by operating activities", as measured by accounting principles generally accepted in the United States of America, from a company's activities as an operator of oil and gas wells. Such activities produce net increases or decreases in temporary cash funds held by the operator which have no effect on net earnings of the company.

(5) Modified EBITDA is presented because it is commonly accepted in the oil and gas industry as a financial indicator of a company's ability to service or incur debt. Cash margin is presented because it is commonly accepted in the oil and gas industry as a financial indicator of a company's ability to fund capital expenditures or service debt. Modified EBITDA and cash margin are also presented because investors routinely request such information. Management interprets the trends of modified EBITDA and cash margin in a similar manner as trends in net earnings.

Modified EBITDA and cash margin should be used as supplements to, and not as substitutes for, net earnings and net cash provided by operating activities determined in accordance with accounting principles generally accepted in the United States of America as measures of Devon's profitability or liquidity. There may be operational or financial demands and requirements that reduce management's discretion over the use of modified EBITDA and cash margin. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Modified EBITDA and cash margin may not be comparable to similarly titled measures used by other companies.

(6) Gas volumes are converted to Boe or MBoe at the rate of six Mcf of gas per barrel of oil, based upon the approximate relative energy content of natural gas and oil, which rate is not necessarily indicative of the relationship of oil and gas prices. The respective prices of oil, gas and NGL are affected by market and other factors in addition to relative energy content.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis addresses changes in Devon's financial condition and results of operations during the three year period of 1998 through 2000. Reference is made to "Item 6. Selected Financial Data" and "Item 8. Financial Statements and Supplementary Data."

OVERVIEW

On May 25, 2000, Devon and Santa Fe Snyder Corporation announced their intent to merge. The transaction closed on August 29, 2000. The merger with Santa Fe Snyder was the largest transaction in Devon's history. As a result of the transaction, Devon issued approximately 40.6 million shares of common stock and assumed $730.9 million of long-term debt and $492.7 million of other liabilities. The merger increased Devon's proved reserves by 386.3 million barrels, or 58%, and the company's undeveloped leasehold by 16 million acres, or 99%.

The merger with Santa Fe Snyder significantly expanded Devon's operations. However, another significant contributing factor to Devon's growth over the last three years was the company's 1999 acquisition of PennzEnergy Company ("PennzEnergy"). The acquisition of PennzEnergy added 396 million Boe of reserves, 13 million net acres of undeveloped leasehold and $3.2 billion of assets to Devon's balance sheet. In exchange, Devon issued approximately 21.5 million shares of common stock and assumed $1.6 billion of long-term debt and $0.7 billion of other liabilities. The merger was accounted for under the purchase method of accounting for business combinations. Therefore, Devon's 1999 results do not include any effect of PennzEnergy's operations prior to August 17, 1999.

On December 10, 1998, Devon and Northstar Energy Corporation ("Northstar") completed their merger. The combination of Devon and Northstar added 115 million Boe of proved reserves and 1.8 million undeveloped acres, all in Canada. The Northstar combination was accounted for under the pooling-of-interests method of accounting for business combinations. Accordingly, Devon's results for 1998 and prior years include the results of both Devon and Northstar as if the two had always been combined.

In addition to the mergers and acquisitions, Devon's exploration and development efforts have also been significant contributors to Devon's growth. In 1998 and 1999, before the merger with Santa Fe Snyder, Devon spent approximately $0.5 billion in its exploration, drilling and development efforts. These costs included drilling 1,233 wells, of which 1,137 were completed as producers. In 2000, Devon and Santa Fe Snyder combined spent $0.9 billion in its exploration, drilling and development efforts. These costs included drilling 1,328 wells, of which 1,261 were completed as producers.

Devon's merger with Santa Fe Snyder was accounted for under the pooling-of-interests method of accounting for business combinations. Accordingly, Devon's prior years' results have been restated to combine such results with those of Santa Fe Snyder for all years presented. Thus, the three-year comparisons of various production, revenue and expense items presented later in this section are shown as if Devon and Santa Fe Snyder had been combined for all such periods.

Although this is consistent with the financial presentation of the merger, it disguises the substantial changes in Devon's operations that have occurred as a result of that transaction.

To present the effects that Devon's merger with Santa Fe Snyder, the acquisition of PennzEnergy and Devon's drilling and development activities have had on operations during the last three years, the following statistics have been developed. This data assumes that Devon's merger with Santa Fe Snyder was closed at the beginning of 2000, but that prior year results were not restated. Thus, it compares Devon's 2000 results, including Santa Fe Snyder, to those of 1998 for Devon only, without Santa Fe Snyder. Such comparison yields the following fluctuations:

- Combined oil, gas and NGL production increased 85.0 million Boe, or 236%.

- Average combined price of oil, gas and NGL increased by $11.68 per Boe, or 108%.

- Total revenues increased $2.3 billion, or 599%.

- Net cash provided by operating activities increased $1.4 billion, or 745%. Cash margin increased $1.6 billion, or 853%.

- Net earnings increased $790.6 million.

- Earnings per share increased to $5.50 per diluted share from a loss of $1.25 per diluted share in 1998.

During 2000, Devon marked its twelfth anniversary as a public company. While Devon has consistently increased production over this twelve-year period, volatility in oil and gas prices has resulted in considerable variability in earnings and cash flows. Prices for oil, natural gas and NGL are determined primarily by market conditions. Market conditions for these products have been, and will continue to be, influenced by regional and world-wide economic growth, weather and other factors that are beyond Devon's control. Devon's future earnings and cash flows will continue to depend on market conditions.

Like all oil and gas production companies, Devon faces the challenge of natural production decline. As initial pressures are depleted, oil and gas production from a given well naturally decreases. Thus, an oil and gas production company depletes part of its asset base with each unit of oil or gas it produces. Historically, Devon has been able to overcome this natural decline by adding, through drilling and acquisitions, more reserves than it produces. Devon's future growth, if any, will depend on its ability to continue to add reserves in excess of production.

Because oil and gas prices are influenced by many factors outside of its control, Devon's management has focused its efforts on increasing oil and gas reserves and production and controlling expenses. Over its twelve-year history as a public company, Devon has been able to significantly reduce its operating costs per unit of production. Devon's future earnings and cash flows are dependent on its ability to continue to contain operating costs at levels that allow for profitable production.

RESULTS OF OPERATIONS

The following discussion of Devon's results of operations from 1998 through 2000 include the restated results of Devon for the 2000 merger with Santa Fe Snyder and the 1998 combination with Northstar, both of which were accounted for using the pooling-of-interests method.

Devon's total revenues have risen from $706.2 million in 1998 to $2.8 billion in 2000. In each of these three years, oil, gas and NGL sales accounted for over 96% of total revenues.

Changes in oil, gas and NGL production, prices and revenues from 1998 to 2000 are shown in the following tables. (Unless otherwise stated, all dollar amounts are expressed in U.S. dollars.)

	TOTAL YEAR ENDED DECEMBER 31,				
	2000	2000 vs 1999	1999	1999 vs 1998	1998
	(ABSOLUTE AMOUNTS IN THOUSANDS)				
PRODUCTION					
Oil (MBbls)	42,561	+34%	31,756	+24%	25,628
Gas (MMcf)	426,146	+40%	304,203	+54%	198,051
NGL (MBbls)	7,400	+45%	5,111	+67%	3,054
Oil, gas and NGL (MBoe)	120,985	+38%	87,568	+42%	61,691
REVENUES					
Per Unit of Production:					
Oil (per Bbl)	$ 25.35	+43%	17.67	+46%	12.10
Gas (per Mcf)	$ 3.49	+69%	2.06	+18%	1.75
NGL (per Bbl)	$ 20.87	+57%	13.30	+64%	8.09
Oil, gas and NGL (per Boe)	$ 22.47	+57%	14.35	+30%	11.05
Absolute:					
Oil	$1,078,759	+92%	561,018	+81%	309,990
Gas	$1,485,221	+137%	627,869	+81%	347,273
NGL	$ 154,465	+127%	67,985	+175%	24,715
Oil, gas and NGL	$2,718,445	+116%	1,256,872	+84%	681,978

	DOMESTIC YEAR ENDED DECEMBER 31,				
	2000	2000 vs 1999	1999	1999 vs 1998	1998
	(ABSOLUTE AMOUNTS IN THOUSANDS)				
PRODUCTION					
Oil (MBbls)	28,562	+60%	17,822	+45%	12,257
Gas (MMcf)	355,087	+61%	221,061	+82%	121,419
NGL (MBbls)	6,702	+52%	4,396	+78%	2,468
Oil, gas and NGL (MBoe)	94,445	+60%	59,062	+69%	34,962
REVENUES					
Per Unit of Production:					
Oil (per Bbl)	$ 25.45	+37%	18.64	+50%	12.43
Gas (per Mcf)	$ 3.67	+62%	2.27	+12%	2.02
NGL (per Bbl)	$ 20.30	+55%	13.11	+63%	8.05
Oil, gas and NGL (per Boe)	$ 22.95	+52%	15.10	+26%	11.94
Absolute:					
Oil	$ 726,897	+119%	332,219	+118%	152,297
Gas	$1,304,626	+160%	501,841	+105%	245,145
NGL	$ 136,048	+136%	57,610	+190%	19,871
Oil, gas and NGL	$2,167,571	+143%	891,670	+114%	417,313

	CANADA YEAR ENDED DECEMBER 31,				
	2000	2000 vs 1999	1999	1999 vs 1998	1998
	(ABSOLUTE AMOUNTS IN THOUSANDS)				
PRODUCTION					
Oil (MBbls)	4,760	-8%	5,178	-17%	6,257
Gas (MMcf)	62,284	-15%	73,561	+10%	67,158
NGL (MBbls)	682	-3%	700	+24%	566
Oil, gas and NGL (MBoe)	15,823	-13%	18,138	+1%	18,016
REVENUES					
Per Unit of Production:					
Oil (per Bbl)	$ 24.46	+58%	15.51	+29%	12.07
Gas (per Mcf)	$ 2.71	+75%	1.55	+16%	1.34
NGL (per Bbl)	$ 26.51	+84%	14.39	+75%	8.20
Oil, gas and NGL (per Boe)	$ 19.18	+70%	11.27	+20%	9.43
Absolute:					
Oil	$ 116,427	+45%	80,298	+6%	75,493
Gas	$ 169,032	+48%	114,128	+27%	89,828
NGL	$ 18,078	+79%	10,075	+117%	4,644
Oil, gas and NGL	$ 303,537	+48%	204,501	+20%	169,965

	INTERNATIONAL YEAR ENDED DECEMBER 31,				
	2000	2000 vs 1999	1999	1999 vs 1998	1998
	(ABSOLUTE AMOUNTS IN THOUSANDS)				
PRODUCTION					
Oil (MBbls)	9,239	+6%	8,756	+23%	7,114
Gas (MMcf)	8,775	-8%	9,581	+1%	9,474
NGL (MBbls)	16	+7%	15	-25%	20
Oil, gas and NGL (MBoe)	10,717	+3%	10,368	+19%	8,713
REVENUES					
Per Unit of Production:					
Oil (per Bbl)	$ 25.48	+50%	16.96	+47%	11.55
Gas (per Mcf)	$ 1.32	+6%	1.24	-5%	1.30
NGL (per Bbl)	$ 21.19	+6%	20.00	+100%	10.00
Oil, gas and NGL (per Boe)	$ 23.08	+49%	15.50	+43%	10.87
Absolute:					
Oil	$ 235,435	+59%	148,501	+81%	82,200
Gas	$ 11,563	-3%	11,900	-3%	12,300
NGL	$ 339	+13%	300	+50%	200
Oil, gas and NGL	$ 247,337	+54%	160,701	+70%	94,700

OIL REVENUES 2000 vs. 1999 Oil revenues increased $517.7 million in 2000. Oil revenues increased $326.8 million due to a $7.68 per barrel increase in the average price of oil in 2000. An increase in 2000's production of 10.8 million barrels caused oil revenues to increase by $190.9 million. The PennzEnergy merger accounted for 6.8 million barrels of the 10.8 million barrel increase in production. The 2000 period included twelve months of production from the properties acquired in the 1999 PennzEnergy merger, while the 1999 period only included production for 4 1/2 months following the August 17, 1999 merger closing. Additionally, drilling activity and less significant acquisitions, offset in part by property dispositions and natural declines, caused a 4.0 million barrel increase in production.

1999 vs. 1998 Oil revenues increased $251.0 million in 1999. Oil revenues increased $176.9 million due to a $5.57 per barrel increase in the average price of oil in 1999. An increase in 1999's production of 6.1 million barrels caused oil revenues to increase by $74.1 million. The August 1999 PennzEnergy merger added 5.3 million barrels of production during the last 4 1/2 months of 1999, and the Snyder merger added 1.1 million barrels of production during the last eight months of 1999. This increase was partially offset by a 0.3 million barrel decline in 1999 production from Devon's other properties.

GAS REVENUES 2000 vs. 1999 Gas revenues increased $857.4 million in 2000. A 121.9 Bcf increase in production in 2000 added $251.7 million of gas revenues compared to 1999. A $1.43 per Mcf increase in the average gas price in 2000 contributed $605.7 million of the increase in gas revenues. The PennzEnergy merger accounted for 89.3 Bcf of the 121.9 Bcf increase in consolidated production.

All of the 89.3 Bcf added by the PennzEnergy merger was attributable to domestic properties. Production from Devon's other domestic properties increased
44.7 Bcf, due primarily to additional development and acquisitions, net of natural declines and dispositions.

Canadian gas production decreased 11.3 Bcf, or 15%, in 2000. Natural decline, increased royalty rates and dispositions of certain properties were the primary reasons for the production decline. Whereas domestic royalty rates are fixed percentages, the Canadian royalties are based on a sliding scale. As prices increased in 2000, the Canadian government's royalty percentage also increased, causing Devon's net production to decrease. Gross Canadian gas production, before royalties, was 83.4 Bcf in 2000 compared to 92.1 Bcf in 1999.

1999 vs. 1998 Gas revenues increased $280.6 million in 1999. A 106.2 Bcf increase in production in 1999 added $186.1 million of gas revenues compared to 1998. A $0.31 per Mcf increase in the average gas price in 1999 contributed $94.5 million of the increase in gas revenues. The production increase was primarily related to the PennzEnergy and Snyder mergers. The PennzEnergy properties added 55.5 Bcf of production during the 4 1/2 months following the PennzEnergy merger. The Snyder properties added 36.9 Bcf of production during the last eight months following the May 1999 Snyder merger. A 6.4 Bcf increase in Devon's Canadian gas production also contributed to the increase in 1999 gas production.

NGL REVENUES 2000 vs. 1999 NGL revenues increased $86.5 million in 2000. An increase in 2000's average price of $7.57 per barrel caused NGL revenues to increase $56.0 million. A production increase of 2.3 million barrels in 2000 caused revenues to increase $30.5 million. The 1999 PennzEnergy merger accounted for 2.5 million barrels of increased NGL production in 2000. This increase was partially offset by a 0.2 million barrel reduction in 2000 production from Devon's other properties. This reduction was caused by property dispositions and natural decline, offset in part by drilling activity and property acquisitions.

1999 vs. 1998 NGL revenues increased $43.3 million in 1999. An increase in 1999's average price of $5.21 per barrel caused NGL revenues to increase $26.6 million. A production increase of 2.1 million barrels in 1999 caused revenues to increase $16.7 million. Production from the PennzEnergy properties for the last 4 1/2 months of 1999 accounted for 1.7 million barrels of the 1999 increase.

OTHER REVENUES 2000 vs. 1999 Other revenues increased $45.1 million, or 219% in 2000. Increases in third party gas processing income and interest income were the primary reasons for the substantial increase in other revenues. Additionally, the 2000 period included $18.4 million of dividend income from the 7.1 million shares of Chevron Corporation common stock acquired in the 1999 PennzEnergy merger. The 1999 period included $6.7 million of dividend income on these same shares.

1999 vs. 1998 Other revenues decreased $3.7 million in 1999. Other revenues in 1998 included $8.8 million of one-time revenues recognized by Northstar in 1998 from terminations of certain management agreements and gas contracts, and $4.7 million of interest income from federal income tax audits recognized by Santa Fe Snyder. In comparing 1999 to 1998, these nonrecurring 1998 revenues more than offset increases of $9.8 million in 1999 from other sources of revenues, including dividend income, interest income and third-party gas processing revenues.

Other revenues in 1999 included $6.7 million of dividend income in the last 4 1/2 months of the year from the 7.1 million shares of Chevron Corporation common stock.

EXPENSES The details of the changes in pre-tax expenses between 1998 and 2000 are shown in the table below.

	YEAR ENDED DECEMBER 31,				
	2000	2000 vs 1999	1999	1999 vs 1998	1998
	(ABSOLUTE AMOUNTS IN THOUSANDS)				
Absolute:					
Production and operating expenses:					
Lease operating expenses	$ 440,780	+48%	298,807	+32%	226,561
Transportation costs	53,309	+57%	33,925	+46%	23,186
Production taxes	103,244	+131%	44,740	+80%	24,871
Depreciation, depletion and amortization of oil and gas properties	662,890	+70%	390,117	+69%	230,419
Amortization of goodwill	41,332	+157%	16,111	N/M	--
Subtotal	1,301,555	+66%	783,700	+55%	505,037
Depreciation and amortization of non-oil and gas properties	30,450	+87%	16,258	+28%	12,725
General and administrative expenses	93,008	+15%	80,645	+77%	45,454
Expenses related to mergers	60,373	+259%	16,800	+28%	13,149
Interest expense	154,329	+41%	109,613	+152%	43,532
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	2,408	N/M	(13,154)	N/M	16,104
Distributions on preferred securities of subsidiary trust	--	-100%	6,884	-29%	9,717
Reduction of carrying value of oil and gas properties	--	-100%	476,100	+13%	422,500
Total	$1,642,123	+11%	1,476,846	+38%	1,068,218
Per Boe:					
Production and operating expenses:					
Lease operating expenses	$ 3.65	+7%	3.41	-7%	3.67
Transportation costs	0.44	+13%	0.39	+3%	0.38
Production taxes	0.85	+67%	0.51	+28%	0.40
Depreciation, depletion and amortization of oil and gas properties	5.48	+23%	4.46	+19%	3.74
Amortization of goodwill	0.34	+89%	0.18	N/M	--
Subtotal	10.76	+20%	8.95	+9%	8.19
Depreciation and amortization of non-oil and gas properties(1)	0.25	+32%	0.19	-10%	0.21
General and administrative expenses(1)	0.77	-16%	0.92	+24%	0.74
Expenses related to prior mergers(1)	0.50	+163%	0.19	-10%	0.21
Interest expense(1)	1.27	+2%	1.25	+79%	0.70
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt(1)	0.02	N/M	(0.15)	N/M	0.26
Distributions on preferred securities of subsidiary trust(1)	--	-100%	0.08	-50%	0.16
Reduction of carrying value of oil and gas properties(1)	--	-100%	5.44	-21%	6.85
Total	$ 13.57	-20%	16.87	-3%	17.32

(1) Though per Boe amounts for these expense items may be helpful for profitability trend analysis, these expenses are not directly attributable to production volumes.

N/M -- Not meaningful.

PRODUCTION AND OPERATING EXPENSES The details of the changes in production and operating expenses between 1998 and 2000 are shown in the table below.

	TOTAL YEAR ENDED DECEMBER 31,				
	2000	2000 vs 1999	1999	1999 vs 1998	1998
	(ABSOLUTE AMOUNTS IN THOUSANDS)				
Absolute:					
Recurring lease operating expenses	$ 422,853	+45%	291,037	+33%	219,316
Well workover expenses	17,927	+131%	7,770	+7%	7,245
Transportation costs	53,309	+57%	33,925	+46%	23,186
Production taxes	103,244	+131%	44,740	+80%	24,871
Total production and operating expenses	$ 597,333	+58%	377,472	+37%	274,618
Per Boe:					
Recurring lease operating expenses	$ 3.50	+5%	3.32	-7%	3.56
Well workover expenses	0.15	+67%	0.09	-18%	0.11
Transportation costs	0.44	+13%	0.39	+3%	0.38
Production taxes	0.85	+67%	0.51	+28%	0.40
Total production and operating expenses	$ 4.94	+15%	4.31	-3%	4.45

2000 vs. 1999 Recurring lease operating expenses increased $131.8 million, or 45%, in 2000. The 1999 PennzEnergy merger accounted for $92.4 million of the increase in expenses. Additionally, $11.0 million of costs were added by the August 1999 and January 2000 acquisitions of certain properties and $7.7 million of costs were added by the Snyder merger. Other than the added costs from these acquisitions, Devon's recurring costs increased $20.7 million in 2000. This increase was primarily caused by increased production and higher ad valorem taxes and fuel costs.

Transportation costs represent those costs paid directly to third-party providers to transport oil and gas production sold downstream from the wellhead. Transportation costs increased $19.4 million, or 57% in 2000 primarily due to increased production.

The majority of Devon's production taxes are assessed on its onshore domestic properties. In the U.S., most of the production taxes are based on a fixed percentage of revenues. Therefore, the 143% increase in domestic oil, gas and NGL revenues was the primary cause of a 136% increase in domestic production taxes. Production taxes did not increase proportionately to the increase in revenues. This was primarily due to the addition in 1999 of oil and gas revenues from offshore Gulf of Mexico properties acquired in the PennzEnergy merger. Revenues generated from such offshore properties do not incur state production taxes.

1999 vs. 1998 Recurring lease operating expenses increased $71.7 million, or 33%, in 1999. The PennzEnergy properties added $57.3 million of expenses in the last 4 1/2 months of the year, and the Snyder properties added $17.7 million of expenses for the last eight months of the year. Other than the added costs from the PennzEnergy and Snyder properties, recurring expenses on Devon's other properties dropped $3.3 million in 1999. Efficiencies achieved in certain of Devon's oil producing properties contributed a substantial portion of this cost reduction.

Transportation costs increased $10.7 million, or 46% in 1999 primarily due to increased production.

As previously stated, most of the U.S. production taxes are based on a fixed percentage of revenues. Therefore, the 114% increase in domestic oil, gas and NGL revenues was the primary cause of a 88% increase in domestic production taxes.

DEPRECIATION, DEPLETION AND AMORTIZATION ("DD&A") Devon's largest recurring non-cash expense is DD&A. DD&A of oil and gas properties is calculated as the percentage of total proved reserve volumes produced during the year, multiplied by the net capitalized investment in those reserves including estimated future development costs (the "depletable base"). Generally, if reserve volumes are revised up or down, then the DD&A rate per unit of production will change inversely. However, if the depletable base changes, then the DD&A rate moves in the same direction. The per unit DD&A rate is not affected by production volumes. Absolute or total DD&A, as opposed to the rate per unit of production, generally moves in the same direction as production volumes. Oil and gas property DD&A is calculated separately on a country-by-country basis.

2000 vs. 1999 Oil and gas property related DD&A increased $272.8 million, or 70%, in 2000. Oil and gas property related DD&A increased $148.9 million due to the 38% increase in oil, gas and NGL production in 2000. Oil and gas property related DD&A increased $123.9 million due to an increase in the consolidated DD&A rate. The consolidated DD&A rate increased from $4.46 per Boe in 1999 to $5.48 per Boe in 2000.

Non-oil and gas property DD&A increased $14.2 million in 2000 compared to 1999. Depreciation of the non-oil and gas properties acquired in the PennzEnergy and Snyder mergers and depreciation of Devon's new Wyoming gas pipeline and gathering system, accounted for the increase in 2000's expense.

1999 vs. 1998 Oil and gas property related DD&A increased $159.7 million, or 69%, in 1999. Oil and gas property related DD&A increased $96.7 million due to the 42% increase in oil, gas and NGL production in 1999. Oil and gas property related DD&A increased $63.0 million due to an increase in the consolidated DD&A rate. The consolidated DD&A rate increased from $3.74 per Boe in 1998 to $4.46 per Boe in 1999. The 1999 rate of $4.46 per Boe was a blended rate of before and after the PennzEnergy and Snyder mergers.

Non-oil and gas property DD&A increased $3.5 million in 1999 compared to 1998. Depreciation of the non-oil and gas properties acquired in the PennzEnergy and Snyder mergers and depreciation of Devon's new Wyoming gas pipeline and gathering system, accounted for the increase in 1999's expense.

AMORTIZATION OF GOODWILL In connection with the PennzEnergy merger, Devon recorded $346.9 million of goodwill. The goodwill was allocated $299.5 million to domestic operations and $47.4 million to international operations. The goodwill is being amortized using the units-of-production method. Substantially all of the $41.3 million and $16.1 million of amortization recognized in 2000 and 1999, respectively, was related to the domestic balance.

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

	TOTAL YEAR ENDED DECEMBER 31,				
	2000	2000 vs 1999	1999	1999 vs 1998	1998
			(IN THOUSANDS)		
Gross G&A	$ 205,693	+37%	150,441	+57%	95,589
Capitalized G&A	(61,764)	+114%	(28,878)	+95%	(14,812)
Reimbursed G&A	(50,921)	+24%	(40,918)	+16%	(35,323)
Net G&A	$ 93,008	+15%	80,645	+77%	45,454

2000 vs. 1999 Net G&A increased $12.4 million in 2000. Gross G&A increased $55.3 million in 2000 compared to 1999. The increase in gross expenses was primarily related to additional costs incurred as a result of the 1999 PennzEnergy and Snyder mergers. G&A was reduced $32.9 million in 2000 due to an increase in the amount capitalized as part of oil and gas properties. G&A was also reduced $10.0 million in 2000, by an increase in the amount of reimbursements on operated properties in the 2000 period. The increase in capitalized and reimbursed G&A was primarily related to the 1999 PennzEnergy and Snyder mergers.

1999 vs. 1998 Net G&A increased $35.2 million in 1999. Gross G&A increased $54.9 million in 1999. Included in the increase in gross expenses were $36.7 million of expenses related to 4 1/2 months of the PennzEnergy operations. G&A was lowered $14.1 million due to an increase in the amount capitalized as part of oil and gas properties. The 1999 amount capitalized included $5.5 million related to the PennzEnergy operations for the last 4 1/2 months of the year. G&A was also reduced by a $5.6 million increase in the amount of reimbursements on operated properties. The 1999 reimbursements received from the PennzEnergy properties were $6.0 million.

EXPENSES RELATED TO MERGERS Approximately $60.4 million of expenses were incurred in 2000 in connection with the Santa Fe Snyder merger. These expenses consisted primarily of severance and other benefit costs, investment banking fees, other professional expenses, costs

associated with duplicate facilities and various transaction related costs. The pooling-of-interests method of accounting for business combinations requires such costs to be expensed as opposed to capitalized as costs of the transaction.

Approximately $16.8 million of expenses were incurred by Santa Fe Snyder in 1999 related to the Snyder merger. These costs included $14.4 million related to compensation plans and other benefits, and $1.9 million of severance and relocation costs. The $16.8 million of costs related to the operations and employees of the former Santa Fe Energy Resources, Inc., not those of the former Snyder Oil Corporation. Therefore, the costs were required to be expensed as opposed to capitalized as part of the Snyder merger.

Approximately $13.1 million of expenses were incurred in 1998 in connection with the Northstar combination. These expenses consisted primarily of investment bankers' fees, legal fees and costs of printing and distributing the proxy statement to shareholders.

INTEREST EXPENSE 2000 vs. 1999 Interest expense increased $44.7 million, or 41%, in 2000. An increase in the average debt balance outstanding from $1.5 billion in 1999 to $2.3 billion in 2000 caused interest expense to increase by $53.7 million. The increase in average debt outstanding in 2000 was attributable to the long-term debt assumed in the Snyder and PennzEnergy mergers on May 5, 1999 and August 17, 1999, respectively. The average interest rate on outstanding debt decreased from 7.0% in 1999 to 6.7% in 2000. This rate decrease caused interest expense to decrease $4.7 million in 2000. Other items included in interest expense that are not related to the debt balance outstanding, such as facility and agency fees, amortization of costs and other miscellaneous items, were $4.3 million lower in 2000 compared to 1999.

1999 vs. 1998 Interest expense increased $66.1 million in 1999. An increase in the average debt balance outstanding from $588.3 million in 1998 to $1.5 billion in 1999 caused interest expense to increase by $69.9 million. The increase in average debt outstanding in 1999 was attributable to the long-term debt assumed in the Snyder and PennzEnergy mergers on May 5, 1999 and August 17, 1999, respectively. The average interest rate on outstanding debt decreased from 7.3% in 1998 to 7.0% in 1999. This rate decrease caused interest expense to decrease $4.9 million in 1999. Other items included in interest expense that are not related to the debt balance outstanding, such as facility and agency fees, amortization of costs and other miscellaneous items, were $1.1 million higher in 1999 compared to 1998.

DEFERRED EFFECT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATE ON SUBSIDIARY'S LONG-TERM DEBT 2000 vs. 1999 Until mid-January 2000, Devon's Canadian subsidiary Northstar Energy Corporation had certain fixed-rate senior notes which were denominated in U.S. dollars. Changes in the exchange rate between the U.S. dollar and the Canadian dollar from the dates the notes were issued to the dates of repayment increased or decreased the expected amount of Canadian dollars eventually required to repay the notes. Such changes in the Canadian dollar equivalent balance of the debt were required to be included in determining net earnings for the period in which the exchange rate changed. In mid-January 2000, the U.S. dollar denominated notes were retired prior to maturity with cash on hand and borrowings under Devon's long-term credit facilities. The Canadian-to-U.S. dollar exchange rate dropped slightly in January prior to the debt retirement. As a result, $2.4 million of expense was recognized in 2000.

1999 vs. 1998 The rate of converting Canadian dollars to U.S. dollars increased from $0.6535 at the end of 1998 to $0.6929 at the end of 1999. The balance of Northstar's U.S. dollar denominated notes remained constant at $225 million throughout 1999. The higher conversion rate on the $225 million of debt reduced the Canadian dollar equivalent of debt recorded by Northstar at the end of 1999. Therefore, a $13.2 million reduction to expenses was recorded in 1999.

DISTRIBUTIONS ON PREFERRED SECURITIES OF SUBSIDIARY TRUST As discussed in Note 9 to the consolidated financial statements, Devon, through its affiliate Devon Financing Trust, completed the issuance of $149.5 million of 6.5% Trust Convertible Preferred Securities ("TCP Securities") in July 1996. The TCP Securities had a maturity date of June 15, 2026. However, in October 1999, Devon issued notice to the holders of the TCP Securities that it was exercising its right to redeem such securities on November 30, 1999. Substantially all of the holders of the TCP Securities elected to exercise their conversion rights instead of receiving the redemption cash value. As a result, all but 950 of the 2.99 million units of TCP Securities were exchanged for shares of Devon common stock. As a result, Devon issued approximately 4.9 million shares of common stock for substantially all of the outstanding units of TCP Securities. The redemption price for the 950 units redeemed was approximately $50,000.

2000 vs. 1999 There were no TCP Securities distributions in 2000 compared to $6.9 million in 1999. Substantially all of the TCP Securities were exchanged for shares of Devon common stock on November 30, 1999.

1999 vs. 1998 The TCP Securities distributions in 1999 were $6.9 million compared to $9.7 million in 1998. Substantially all of the TCP Securities were exchanged for shares of Devon common stock on November 30, 1999. Therefore, there was no fourth quarter 1999 distribution on the exchanged TCP Securities.

REDUCTION OF CARRYING VALUE OF OIL AND GAS PROPERTIES Under the full-cost method of accounting, the net book value of oil and gas properties, less related deferred income taxes, may not exceed a calculated "ceiling." The ceiling limitation is the discounted estimated after-tax future net revenues from proved oil and gas properties. The ceiling is imposed separately by country. In calculating future net revenues, current prices and costs are generally held constant indefinitely. The net book value, less deferred tax liabilities, is compared to the ceiling on a quarterly and annual basis. Any excess of the net book value, less deferred taxes, is written off as an expense.

Devon did not reduce the carrying value of its oil and gas properties in 2000. During 1999 and 1998, Devon reduced the carrying value of its oil and gas properties by $476.1 million and $422.5 million, respectively, due to the full-cost ceiling limitations. The after-tax effect of these reductions in 1999 and 1998 were $309.7 million and $280.8 million, respectively.

INCOME TAXES 2000 vs. 1999 Devon's 2000 financial tax expense rate was 36% of income before income tax expense. This rate was higher than the statutory federal tax rate of 35% due to the effect of goodwill amortization that is not deductible for income tax purposes and the effect of foreign income taxes, offset in part by the recognition of a benefit from the disposition of Devon's assets in Venezuela. The 1999 financial tax benefit rate was 25%. This rate was lower than the

statutory federal tax rate of 35% due to the effect of goodwill amortization that is not deductible for income tax purposes and the effect of foreign income taxes.

1999 vs. 1998 Devon's 1999 financial tax benefit rate was 25% of loss before income tax benefit. This rate was lower than the statutory federal tax rate of 35% due to the effect of goodwill amortization that is not deductible for income tax purposes and the effect of foreign income taxes. The 1998 financial tax benefit rate was 35%.

CAPITAL EXPENDITURES, CAPITAL RESOURCES AND LIQUIDITY

The following discussion of capital expenditures, capital resources and liquidity should be read in conjunction with the supplemental consolidated statements of cash flows included elsewhere in this report.

CAPITAL EXPENDITURES Approximately $1.3 billion was spent in 2000 for capital expenditures, of which $1.2 billion was related to the acquisition, drilling or development of oil and gas properties. These amounts compare to 1999 total expenditures of $883.4 million ($784.9 million of which was related to oil and gas properties) and 1998 total expenditures of $712.8 million ($704.6 million of which was related to oil and gas properties.)

OTHER CASH USES Devon's common stock dividends were $22.2 million, $12.7 million and $7.3 million in 2000, 1999 and 1998, respectively. Devon also paid $9.7 million of preferred stock dividends in 2000 and $3.7 million in the last 4 1/2 months of 1999 following the PennzEnergy merger.

CAPITAL RESOURCES AND LIQUIDITY Net cash provided by operating activities ("operating cash flow") has historically been the primary source of Devon's capital and short-term liquidity. Operating cash flow was $1.6 billion, $532.3 million and $334.5 million in 2000, 1999 and 1998, respectively. The trends in operating cash flow during these periods have generally followed those of the various revenue and expense items previously discussed.

In addition to operating cash flow, Devon's credit lines and the private placement of long-term debt have been an important source of capital and liquidity. In 2000 and 1999, debt repayments exceeded borrowings by $371.6 million and $144.7 million, respectively. During 1998, long-term debt borrowings exceeded repayments by $264.2 million.

Prior to the August 2000 merger, Devon and Santa Fe Snyder each had their own unsecured credit facilities. Devon's credit facilities prior to the merger aggregated $750 million, with $475 million in a U.S. facility and $275 million in a Canadian facility. These Devon credit facilities were entered into in October 1999. Santa Fe Snyder's credit facilities prior to the merger aggregated $600 million.

Concurrent with the closing of the Santa Fe Snyder merger on August 29, 2000, Devon entered into new unsecured long-term credit facilities aggregating $1 billion (the "Credit Facilities"). The Credit Facilities replaced the prior separate facilities of Devon and Santa Fe Snyder. The Credit Facilities include a U.S. facility of $725 million (the "U.S. Facility") and a Canadian facility of $275 million (the "Canadian Facility").

The $725 million U.S. Facility consists of a Tranche A facility of $200 million and a Tranche B facility of $525 million. The Tranche B facility can be increased to as high as $625 million and reduced to as low as $425 million by reallocating the amount available between the Tranche B facility and the Canadian Facility. The Tranche A facility matures on October 15, 2004. Devon may borrow funds under the Tranche B facility until August 28, 2001 (the "Tranche B Revolving Period"). Devon may request that the Tranche B Revolving Period be extended an additional 364 days by notifying the agent bank of such request between 30 and 60 days prior to the end of the Tranche B Revolving Period. Debt borrowed under the Tranche B facility matures two years and one day following the end of the Tranche B Revolving Period. As of December 31, 2000, Devon had no borrowings under its U.S. Facility.

Devon may borrow funds under the $275 million Canadian Facility until August 28, 2001 (the "Canadian Facility Revolving Period"). As disclosed in the prior paragraph, the Canadian Facility can be increased to as high as $375 million and reduced to as low as $175 million by reallocating the amount available between the Tranche B facility and the Canadian Facility. Devon may request that the Canadian Facility Revolving Period be extended an additional 364 days by notifying the agent bank of such request between 45 and 90 days prior to the end of the Canadian Facility Revolving Period. Debt outstanding as of the end of the Canadian Facility Revolving Period is payable in semi-annual installments of 2.5% each for the following five years, with the final installment due five years and one day following the end of the Canadian Facility Revolving Period. As of December 31, 2000, Devon had $146.7 million borrowed under its Canadian Facility at a weighted average interest rate of 6.1%.

Amounts borrowed under the Credit Facilities bear interest at various fixed rate options that Devon may elect for periods up to six months. Such rates are generally less than the prime rate, and are tied to margins determined by Devon's corporate credit ratings. Devon may also elect to borrow at the prime rate. The Credit Facilities provide for an annual facility fee of $0.9 million that is payable quarterly.

On August 29, 2000, Devon entered into a commercial paper program. Total borrowings under the U.S. credit facility and the commercial paper program may not exceed $725 million. The commercial paper borrowings may have terms of up to 365 days and bear interest at rates agreed to at the time of the borrowing. The interest rate will be based on a standard index such as the Federal Funds Rate, London Interbank Offered Rate (LIBOR), or the money market rate as found on the commercial paper market. As of December 31, 2000, Devon had no borrowings under its commercial paper program.

In June 2000, Devon privately sold zero coupon convertible senior debentures. The convertible debentures were sold at a price of $464.13 per debenture with a yield to maturity of 3.875% per annum. Each of the 760,000 debentures is convertible into 5.7593 shares of Devon common stock. Devon may call the debentures at any time after five years, and a debenture holder has the right to require Devon to repurchase the debentures after five, 10 and 15 years, at the issue price plus accrued original issue discount and interest. The proceeds to Devon were approximately $346.1 million, net of debt issuance costs of approximately $6.6 million. Devon used the proceeds from the sale of these convertible debentures to pay down other domestic long-term debt.

Another significant source of liquidity in 1999 was the $402 million received from the sale of approximately 10.3 million shares of Devon's common stock in a public offering. The proceeds were primarily used to retire $350 million of long-term debt in the fourth quarter of 1999. The retired debt, which Devon assumed in the PennzEnergy merger, had an average interest rate of 10% per year. Also, Santa Fe Snyder raised $108 million in 1999 from an equity offering of its common stock following its merger with Snyder.

2001 ESTIMATES

The forward-looking statements provided in this discussion are based on management's examination of historical operating trends, the information which was used to prepare the December 31, 2000 reserve reports of independent petroleum engineers and other data in Devon's possession or available from third parties. Devon cautions that its future oil, natural gas and NGL production, revenues and expenses are subject to all of the risks and uncertainties normally incident to the exploration for and development and production and sale of oil and gas. These risks include, but are not limited to, price volatility, inflation, the lack of availability of goods and services, environmental risks, drilling risks, regulatory changes, the uncertainty inherent in estimating future oil and gas production or reserves, and other risks as outlined below. Also, the financial results of Devon's foreign operations are subject to currency exchange rate risks. Additional risks are discussed below in the context of line items most affected by such risks.

SPECIFIC ASSUMPTIONS AND RISKS RELATED TO PRICE AND PRODUCTION ESTIMATES Prices for oil, natural gas and NGL are determined primarily by prevailing market conditions. Market conditions for these products are influenced by regional and world-wide economic growth, weather and other substantially variable factors. These factors are beyond Devon's control and are difficult to predict. In addition to volatility in general, Devon's oil, gas and NGL prices may vary considerably due to differences between regional markets, transportation availability and demand for different grades of oil, gas and NGL. Over 97% of Devon's revenues are attributable to sales of these three commodities. Consequently, Devon's financial results and resources are highly influenced by this price volatility.

Estimates for Devon's future production of oil, natural gas and NGL are based on the assumption that market demand and prices for oil and gas will continue at levels that allow for profitable production of these products. There can be no assurance of such stability. Also, Devon's International production of oil, natural gas and NGL is governed by payout agreements with the governments of the countries in which Devon operates. If the payout under these agreements is attained earlier than projected, Devon's net production and proved reserves in such areas could be reduced.

The production, transportation and marketing of oil, natural gas and NGL are complex processes which are subject to disruption due to transportation and processing availability, mechanical failure, human error, meteorological events, including, but not limited to, hurricanes, and numerous other factors. The following forward-looking statements were prepared assuming demand, curtailment, producibility and general market conditions for Devon's oil, natural gas and NGL during 2001 will be substantially similar to those of 2000, unless otherwise noted. Given the general limitations expressed herein, Devon's forward-looking statements for 2001 are set forth below. Unless otherwise noted, all of the following dollar amounts are expressed in U.S. dollars.

Those amounts related to Canadian operations have been converted to U.S. dollars using an exchange rate of $0.6695 U.S. dollar to $1.00 Canadian dollar. The actual 2001 exchange rate may vary materially from this estimated rate. Such variations could have a material effect on the following Canadian estimates.

GEOGRAPHIC REPORTING AREAS FOR 2001 The following estimates of production, average price differentials and capital expenditures are provided separately for each of Devon's geographic divisions. These divisions are as follows:

- the Gulf Division, which operates oil and gas properties located primarily in the onshore South Texas and South Louisiana areas and offshore in the Gulf of Mexico;

- the Rocky Mountain Division, which operates oil and gas properties located in the Rocky Mountains area of the United States stretching from the Canadian border south into northern New Mexico;

- the Permian/Mid-Continent Division, which operates all properties located in the United States other than those operated by the Gulf Division and the Rocky Mountain Division;

- Canada; and

- International Division, which encompasses all oil and gas properties that lie outside of the United States and Canada.

YEAR 2001 POTENTIAL OPERATING ITEMS

OIL, GAS AND NGL PRODUCTION Set forth in the following paragraphs are individual estimates of Devon's oil, gas and NGL production in 2001. On a combined basis, Devon estimates its 2001 oil, gas and NGL production will total between 120.4 million and 128.0 million barrels of oil equivalent. Devon's estimates of 2001 production do not include certain oil, gas and NGL production from various properties that were sold during 2000. These sold properties produced approximately 2.9 million barrels of oil equivalent in 2000 that will not be produced by Devon in 2001.

OIL PRODUCTION Devon expects its oil production in 2001 to total between 40.3 million barrels and 42.8 million barrels. The expected ranges of production by division are as follows:

	Expected Range of Production (MMBbls)
Permian/Mid-Continent	12.2 to 12.9
Gulf	10.1 to 10.8
Rocky Mountain	3.0 to 3.2
Canadian	5.3 to 5.6
International	9.7 to 10.3

OIL PRICES -- FIXED Devon has fixed the price it will receive in 2001 on a portion of its oil production through certain forward oil sales. Devon has executed forward oil sales attributable to the Permian/Mid-Continent Division for 3.7 million barrels at an average price of $16.84 per

barrel. These fixed-price volumes represent 9% of Devon's expected consolidated oil production in 2001. Santa Fe Snyder Corporation entered into these forward oil sales agreements in late 1999 and early 2000, and used the proceeds to acquire interests in producing properties in the Gulf of Mexico.

OIL PRICES -- FLOATING For the oil production for which prices have not been fixed, Devon's 2001 average prices for each of its divisions are expected to differ from the New York Mercantile Exchange price ("NYMEX") as set forth in the following table. The NYMEX price is the monthly average of settled prices on each trading day for West Texas Intermediate Crude oil delivered at Cushing, Oklahoma.

	Expected Range of Oil Prices Greater Than (Less Than) NYMEX
Permian/Mid-Continent	($3.10) to ($2.10)
Gulf	($2.90) to ($1.90)
Rocky Mountain	($2.50) to ($1.50)
Canadian	($5.50) to ($4.50)
International	($3.65) to ($2.65)

The above range of expected Canadian differentials compared to NYMEX includes an estimated $0.11 per barrel decrease resulting from foreign currency hedges. These hedges, in which Devon will sell $10 million in 2001 at an average Canadian-to-U.S. exchange rate of $0.7102 and buy the same amount of dollars at the floating exchange rate, offset a portion of the exposure to currency fluctuations on those Canadian oil sales that are based on U.S. prices. The $0.11 per barrel decrease is based on the assumption that the average Canadian-to-U.S. conversion rate for the year 2001 is $0.6695.

GAS PRODUCTION Devon expects its 2001 gas production to total between 439 Bcf and 469 Bcf. The expected ranges of production by division are as follows:

	Expected Range of Production (Bcf)
Permian/Mid-Continent	114 to 121
Gulf	144 to 153
Rocky Mountain	115 to 123
Canadian	58 to 62
International	8 to 10

GAS PRICES -- FIXED Through various price swaps and fixed-price physical delivery contracts, Devon has fixed the price it will receive in 2001 on a portion of its natural gas production. The following tables include information on this fixed-price production by division. Where necessary, the prices have been adjusted for certain transportation costs that are netted against the price recorded by Devon, and the price has also been adjusted for the Btu content of the gas production that has been hedged.

	FIRST HALF OF 2001		SECOND HALF OF 2001	
DIVISION	MCF/DAY	PRICE/MCF	MCF/DAY	PRICE/MCF
Rocky Mountain	20,661	$1.90	57,955	$3.68
Gulf	-	$-	40,000	$5.45
Canada	60,011	$1.53	56,888	$1.52

Additionally, Devon has entered into a basis swap on 7.3 Bcf of 2001 gas production. Under the terms of the basis swap, the counterparty pays Devon the average NYMEX price for the last three trading days of each month, less $0.30 per Mcf. In return, Devon pays the counterparty the Colorado Interstate Gas Co. ("CIG") index price published by "Inside F.E.R.C.'s Gas Market Report" ("Inside FERC"). The effect of this swap is included in Rocky Mountain Division gas revenues. This basis swap does not qualify as a hedge under the provisions of SFAS No. 133. Accordingly, fluctuations in the fair value of this basis swap will be recorded in earnings beginning in the first quarter of 2001.

GAS PRICES -- FLOATING For the natural gas production for which prices have not been fixed, Devon's 2001 average prices for each of its divisions are expected to differ from NYMEX as set forth in the following table. NYMEX is determined to be the first-of-month South Louisiana Henry Hub price index as published monthly in "Inside FERC."

	Expected Range of Gas Prices Greater Than (Less Than) NYMEX
Permian/Mid-Continent	($0.40) to $0.10
Gulf	($0.15) to $0.35
Rocky Mountain	($0.90) to ($0.40)
Canadian	($0.85) to ($0.35)
International	($2.60) to ($2.10)

Devon has also entered into a costless price collar that sets a floor and ceiling price for 20,000 MMBtu/day of Rocky Mountain Division gas production during the second half of 2001. The collar has a floor and ceiling price per MMBtu of $4.10 and $8.00, respectively. The floor and ceiling prices are based on the first-of-the-month CIG price index as published monthly by Inside FERC. If the CIG index is outside of the ranges set by the floor and ceiling prices, Devon and the counterparty to the collar will settle the difference. Any such settlements will either increase or decrease Devon's gas revenues for the period. Because Devon's gas volumes are often sold at prices that differ from related regional indices, and due to differing Btu content of gas production, the floor and ceiling prices of the collar do not reflect actual limits of Devon's realized prices for the production volumes related to the collar.

NGL PRODUCTION Devon expects its 2001 production of NGL to total between 6.6 million barrels and 7.3 million barrels. The expected ranges of production by division are as follows:

	Expected Range of Production (MMBbls)
Permian/Mid-Continent	4.3 to 4.6
Gulf	1.0 to 1.1
Rocky Mountain	0.6 to 0.7
Canadian	0.5 to 0.6
International	0.2 to 0.3

OTHER REVENUES Devon's other revenues in 2001 are expected to be between $53 million and $59 million. This estimated range does not include the gain or loss that could be recognized

from changes in the fair values of Devon's derivatives that are not hedges. Substantially all of Devon's derivatives are hedges, but the gas price basis swap previously discussed and the option embedded in the debentures that are exchangeable into shares of Chevron Corporation common stock are not hedges. Accordingly, the changes in the fair value of these derivatives will be recognized in Devon's operating results in 2001.

PRODUCTION AND OPERATING EXPENSES Devon's production and operating expenses include lease operating expenses, transportation costs and production taxes. These expenses vary in response to several factors. Among the most significant of these factors are additions to or deletions from Devon's property base, changes in production tax rates, changes in the general price level of services and materials that are used in the operation of the properties and the amount of repair and workover activity required. Oil, natural gas and NGL prices also have an effect on lease operating expense and impact the economic feasibility of planned workover projects.

These factors, coupled with uncertainty of future oil, natural gas and NGL prices, increase the uncertainty inherent in estimating future production and operating costs. Given these uncertainties, Devon estimates that year 2001 lease operating expense will be between $463 million and $492 million, transportation costs will be between $62 million and $66 million and production taxes will be between 4% and 5% of consolidated oil, natural gas and NGL revenues.

DEPRECIATION, DEPLETION AND AMORTIZATION ("DD&A") The 2001 oil and gas property DD&A rate will depend on various factors. Most notable among such factors are the amount of proved reserves that will be added from drilling or acquisition efforts in 2001 compared to the costs incurred for such efforts, and the revisions to Devon's year-end 2000 reserve estimates that, based on prior experience, are likely to be made during 2001.

In addition to oil and gas property related DD&A, Devon expects its 2001 DD&A expense related to non-oil and gas property fixed assets to total between $30 million and $32 million. Based on this range and the production estimates discussed earlier, Devon expects its 2001 consolidated DD&A rate to total between $6.15 per Boe and $6.45 per Boe.

Devon also expects to record goodwill amortization in 2001 of between $33 million and $35 million. The goodwill was recorded in connection with the 1999 merger with PennzEnergy.

GENERAL AND ADMINISTRATIVE EXPENSES ("G&A") Devon's G&A includes the costs of many different goods and services used in support of its business. These goods and services are subject to general price level increases or decreases. In addition, Devon's G&A varies with its level of activity and the related staffing needs as well as with the amount of professional services required during any given period. Should Devon's needs or the prices of the required goods and services differ significantly from current expectations, actual G&A could vary materially from the estimate. Given these limitations, consolidated G&A in 2001 is expected to be between $89 million and $98 million.

INTEREST EXPENSE Future interest rates and oil, natural gas and NGL prices have a significant effect on Devon's interest expense. Approximately $1.9 billion of Devon's December 31, 2000, long-term debt balance of $2.0 billion bears interest at fixed rates. Such fixed rates remove the uncertainty of future interest rates from some, but not all, of Devon's long-term debt. Also, Devon can only marginally influence the prices it will receive in 2001 from sales of oil, natural gas and NGL and the resulting cash flow. These factors increase the margin of error inherent in estimating future interest expense. Other factors which affect interest expense, such as the amount and timing of capital expenditures, are within Devon's control. Given the uncertainty of future interest rates and commodity prices, and assuming that the fixed-rate debt remains in place throughout the year, Devon estimates that the consolidated interest expense in 2001 will be between $143 million and $146 million. Included in this estimate is $12 million of discount accretion on the debentures that are exchangeable into shares of Chevron Corporation common stock. The discount accretion is the result of the adoption of SFAS 133 effective January 1, 2001.

REDUCTION OF CARRYING VALUE OF OIL AND GAS PROPERTIES As of December 31, 2000, Devon does not expect to record a reduction in 2001 of its carrying value of oil and natural gas properties under the full-cost accounting ceiling test. At this time the ceiling for each full-cost pool exceeds Devon's carrying value of oil and natural gas properties, less deferred income taxes. However, such excess could be eliminated by declines in oil and/or natural gas prices between now and the end of any quarter during 2001 or in subsequent periods.

INCOME TAXES Devon expects its consolidated financial income tax rate in 2001 to be between 35% and 45%. The current income tax rate is expected to be between 20% and 25%. The deferred income tax rate is expected to be between 15% and 20%. There are certain items that will have a fixed impact on 2001's income tax expense regardless of the level of pre-tax earnings that are produced. These items include Section 29 tax credits in the U.S., which reduce income taxes based on production levels of certain properties and are not necessarily affected by pre-tax financial earnings. The amount of Section 29 tax credits expected to be generated to offset financial income tax expense in 2001 is approximately $20 million. Also, Devon's Canadian subsidiaries are subject to Canada's "large corporation tax" of approximately $3 million which is based on total capitalization levels, not pre-tax earnings. The financial income tax in 2000 will also be increased by approximately $14 million due to the financial amortization of certain costs, such as goodwill amortization, that are not deductible for income tax purposes. Significant changes in estimated production levels of oil, gas and NGL, the prices of such products, or any of the various expense items could materially alter the effect of the aforementioned items on 2001's financial income tax rates.

YEAR 2001 POTENTIAL CAPITAL SOURCES, USES AND LIQUIDITY

CAPITAL EXPENDITURES Though Devon has completed several major property acquisitions in recent years, these transactions are opportunity driven. Thus, Devon does not "budget," nor can it reasonably predict, the timing or size of such possible acquisitions, if any.

Devon's capital expenditures budget is based on an expected range of future oil, natural gas and NGL prices as well as the expected costs of the capital additions. Should Devon's price expectations for its future production change significantly, some projects may be accelerated or deferred and, consequently, may increase or decrease total 2001 capital expenditures. In addition, if the actual costs of the budgeted items vary significantly from the anticipated amounts, actual capital expenditures could vary materially from Devon's estimates.

Given the limitations discussed, the company expects its 2001 capital expenditures for drilling and development efforts plus related facilities to total between $1.05 billion and $1.15 billion. These amounts include between $160 million and $180 million for drilling and facilities costs related to reserves expected to be classified as proved as of year-end 2000. In addition, these amounts include between $520 million and $560 million for other low risk/reward projects and between $370 million and $410 million for new, higher risk/reward projects. The following table shows expected drilling and facilities expenditures by major operating division.

	DRILLING AND PRODUCTION FACILITIES EXPENDITURES (MILLIONS)				
	ROCKY MOUNTAIN DIVISION	PERMIAN/ MID-CONTINENT DIVISION	GULF DIVISION	CANADA	OTHER INTERNATIONAL
Related to Proved Reserves	$45-$55	$70-$80	$0-$10	$10-$20	$20-$30
Lower Risk/Reward Projects	$45-$55	$90-$100	$185-$215	$40-$50	$140-$170
Higher Risk/Reward Projects	$20-$30	$40-$50	$110-$130	$105-$125	$80-$100
Total	$110-$140	$200-$230	$295-$355	$155-$195	$240-$300

In addition to the above expenditures for drilling and development, Devon is participating through a joint venture in the construction of gas transportation and processing systems in the Powder River Basin of Wyoming. Devon expects to spend from $15 million to $20 million as its share of the project in 2001. Devon also expects to capitalize between $70 million and $80 million of G&A expenses in accordance with the full-cost method of accounting. Devon also expects to pay between $15 million and $20 million for plugging and abandonment charges in 2001. Finally, Devon expects to spend between $15 million and $20 million for non-oil and gas property fixed assets.

OTHER CASH USES Devon's management expects the policy of paying a quarterly common stock dividend to continue. With the current $0.05 per share quarterly dividend rate and 129 million shares of common stock outstanding, 2001 dividends are expected to approximate $26 million. Also, Devon has $150 million of 6.49% cumulative preferred stock upon which it will pay $9.7 million of dividends in 2001.

CAPITAL RESOURCES AND LIQUIDITY Devon's estimated 2001 cash uses, including its drilling and development activities, are expected to be funded primarily through a combination of working capital and operating cash flow, with the remainder, if any, funded with borrowings from Devon's Credit Facilities. The amount of operating cash flow to be generated during 2001 is uncertain due to the factors affecting revenues and expenses as previously cited. However, Devon expects its combined capital resources to be more than adequate to fund its anticipated capital expenditures and other cash uses for 2001. As of December 31, 2000, Devon had $853 million available under its $1 billion Credit Facilities. If significant acquisitions or other unplanned capital requirements arise during the year, Devon could utilize its existing Credit Facilities and/or seek to establish and utilize other sources of financing.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), and in June 2000 issued SFAS 138, which amended certain provisions of SFAS 133. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires the recognition of all derivatives as either assets or liabilities in the statement of financial position and measurement of those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge. The accounting for changes in the fair value of a derivative (that is gains and losses) depends on the intended use of the derivative and whether it qualifies as a hedge. Devon adopted the provisions of SFAS 133, as amended, in the first quarter of the year ending December 31, 2001. In accordance with the transition provisions of SFAS 133, Devon recorded a net-of-tax cumulative-effect-type adjustment of $36.6 million in accumulated other comprehensive loss to recognize at fair value all derivatives that are designated as cash-flow hedging financial instruments. Additionally, Devon recorded a net-of-tax cumulative-effect-type adjustment to net earnings for a $49.5 million gain related to the fair value of financial instruments that do not qualify as hedges. This gain included $46.2 million related to the option embedded in Devon's debentures that are exchangeable into shares of Chevron Corporation common stock.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about Devon's potential exposure to market risks. The term "market risk" refers to the risk of loss arising from adverse changes in oil and gas prices, interest rates and foreign currency exchange rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how Devon views and manages its ongoing market risk exposures. All of Devon's market risk sensitive instruments were entered into for purposes other than trading.

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

Devon periodically enters into financial hedging activities with respect to a portion of its projected oil and natural gas production through various financial transactions which hedge the future prices received. These transactions include financial price swaps whereby Devon will receive a fixed price for its production and pay a variable market price to the contract counterparty and costless price collars that set a floor and ceiling price for the hedged production. If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, Devon and the counterparty to the collars will settle the difference. These financial hedging activities are intended to support oil and natural gas prices at targeted levels and to manage Devon's exposure to oil and gas price fluctuations. Realized gains or losses from the settlement of these financial hedging instruments are recognized in oil and gas sales when the associated production occurs. The gains and losses realized as a result of these hedging activities are substantially offset in the cash market when the hedged commodity is delivered. Devon does not hold or issue derivative instruments for trading purposes.

As of year-end 2000, Devon had certain financial gas price hedging instruments in place. Subsequent to year-end 2000, Devon entered into additional financial transactions which hedge the future prices to be received for some of its natural gas production in 2001 and 2002. Devon's total hedged positions as of January 29, 2001, are set forth below for each of Devon's operating divisions.

PRICE SWAPS Through various price swaps, Devon has fixed the price it will receive on a portion of its natural gas production in 2001 and 2002. The following tables include information on this production by division. Where necessary, the prices have been adjusted for certain transportation costs that are netted against the price recorded by Devon, and the price has also been adjusted for the Btu content of the gas production that has been hedged.

	FIRST HALF OF 2001		SECOND HALF OF 2001	
DIVISION	MCF/DAY	PRICE/MCF	MCF/DAY	PRICE/MCF
Rocky Mountain	20,661	$1.90	57,955	$3.68
Gulf	-	$ -	40,000	$5.45
Canada	18,953	$1.68	17,404	$1.67

	FIRST HALF OF 2002		SECOND HALF OF 2002	
DIVISION	MCF/DAY	PRICE/MCF	MCF/DAY	PRICE/MCF
Rocky Mountain	26,395	$4.06	26,395	$4.06
Gulf	15,000	$4.62	15,000	$4.62
Canada	11,884	$1.73	6,294	$1.83

COSTLESS PRICE COLLARS Devon has also entered into costless price collars that set a floor and ceiling price for a portion of its 2001 and 2002 natural gas production. The following tables include information on these collars for each division. The floor and ceiling prices related to domestic production are based on various regional first-of-the-month price indices as published monthly by "Inside F.E.R.C.'s Gas Market Report." The floor and ceiling prices related to Canadian production are based on the AECO index as published by the "Canadian Gas Price Reporter."

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

	FIRST HALF OF 2001			SECOND HALF OF 2001		
DIVISION	MMBTU/DAY	FLOOR PRICE PER MMBTU	CEILING PRICE PER MMBTU	MMBTU/DAY	FLOOR PRICE PER MMBTU	CEILING PRICE PER MMBTU
Rocky Mountain - El Paso	-	$ -	$ -	20,000	$ 4.10	$ 8.00

	FIRST HALF OF 2002			SECOND HALF OF 2002		
DIVISION	MMBTU/DAY	FLOOR PRICE PER MMBTU	CEILING PRICE PER MMBTU	MMBTU/DAY	FLOOR PRICE PER MMBTU	CEILING PRICE PER MMBTU
Rocky Mountain - El Paso	25,000	$ 3.25	$ 7.85	25,000	$ 3.25	$ 7.85
Rocky Mountain -- CIG	80,000	$ 2.90	$ 6.75	80,000	$ 2.90	$ 6.75
Permian/Mid-Continent	81,800	$ 3.49	$ 7.25	81,800	$ 3.49	$ 7.25
Gulf	98,200	$ 3.49	$ 7.23	98,200	$ 3.49	$ 7.23
Canada	18,964	$ 3.27	$ 6.54	18,964	$ 3.27	$ 6.54

BASIS SWAP Devon has entered into a basis swap on 20,000 MMBtu of gas production per day that expires at the end of August 2004. Under the terms of the basis swap, the counterparty pays Devon the average NYMEX price for the last three trading days of each month, less $0.30, per MMBtu. In return, Devon pays the counterparty the CIG index price published by Inside FERC. The effect of this swap is included in Rocky Mountain Division gas revenues. This basis swap does not qualify as a hedge under the provisions of SFAS No. 133. Accordingly, fluctuations in the fair value of this basis swap will be recorded in earnings beginning in the first quarter of 2001.

Devon uses a sensitivity analysis technique to evaluate the hypothetical effect that changes in the market value of oil and gas may have on the fair value of its commodity hedging instruments. At January 31, 2001, a 10% increase in the underlying commodities' prices would have reduced the fair value of Devon's commodity hedging instruments by $33.7 million.

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

Devon has fixed the price it will receive on a portion of its 2001 and 2002 oil production through certain forward oil sales. From January 2001 through August 2002, 311,000 barrels of oil production per month have been fixed at an average price of $16.84 per barrel. These fixed-price barrels are attributable to the Permian/Mid-Continent Division.

For each of the years 2001 through 2006, Devon has fixed-price gas contracts that cover approximately 15 Bcf, 12 Bcf, 8 Bcf, 8 Bcf, 8 Bcf and 8 Bcf, respectively, of Canadian production. Devon also has Canadian gas volumes subject to fixed-price contracts in the years from 2007 through 2016, but the yearly volumes are less than 6 Bcf.

INTEREST RATE RISK At December 31, 2000, Devon had long-term debt outstanding of $2.0 billion. Of this amount, $1.9 billion, or 93%, bears interest at fixed rates averaging 5.8%. The remaining $0.1 billion of debt outstanding at the end of 2000 bears interest at floating rates which averaged 6.1% at the end of 2000.

The terms of the Credit Facilities in place allow interest rates to be fixed at Devon's option for periods of between 30 to 180 days. A 10% increase in short-term interest rates on the floating-rate debt outstanding as of December 31, 2000, would equal approximately 61 basis points. Such an increase in interest rates would increase Devon's 2001 interest expense by approximately $0.9 million assuming borrowed amounts remain outstanding.

The above sensitivity analysis for interest rate risk excludes accounts receivable, accounts payable and accrued liabilities because of the short-term maturity of such instruments.

FOREIGN CURRENCY RISK Devon's net assets, net earnings and cash flows from its Canadian subsidiaries are based on the U.S. dollar equivalent of such amounts measured in the applicable functional currency. Assets and liabilities of the Canadian subsidiaries are translated to U.S. dollars using the applicable exchange rate as of the end of a reporting period. Revenues, expenses and cash flow are translated using the average exchange rate during the reporting period.

Substantially all of Devon's Canadian oil sales are paid in Canadian dollars, but at amounts based on the U.S. dollar price of oil. Therefore, currency fluctuations between the Canadian and U.S. dollars impact the amount of Canadian dollars received by Devon's Canadian subsidiaries for their oil production. To mitigate the effect of volatility in the Canadian-to-U.S. dollar exchange rate on Canadian oil revenues, Devon has existing foreign currency exchange rate swaps. Under such swap agreements, in 2001 Devon will sell $10 million at an average Canadian-to-U.S. exchange rate of $0.7102 and buy the same amount of dollars at the floating exchange rate. The amount of gains or losses realized from such swaps are included as increases or decreases to realized oil sales. At the year-end 2000 exchange rate, these swaps would result in decreases to 2001's annual oil sales of approximately $0.6 million. A further $0.03 decrease in the Canadian-to-U.S. dollar exchange rate in 2001 would result in an additional decrease in oil sales of approximately $0.4 million.

For purposes of the sensitivity analysis described above for changes in the Canadian dollar exchange rate, a change in the rate of $0.03 was used as opposed to a 10% change in the rate. During the last eight years, the Canadian-to-U.S. dollar exchange rate has fluctuated an average of approximately 4% per year, and no year's fluctuation was greater than 7%. The $0.03 change used in the above analysis represents an approximate 4% change in the year-end 2000 rate.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENT SCHEDULES

All financial statement schedules are omitted as they are inapplicable or the required information has been included in the consolidated financial statements or notes thereto.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Devon Energy Corporation:

We have audited the accompanying consolidated balance sheets of Devon Energy Corporation and subsidiaries (the Company) as of December 31, 2000, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the 1999 and 1998 financial statements of Santa Fe Snyder Corporation, a wholly-owned subsidiary, which statements reflect total assets constituting 24% and 38% in 1999 and 1998, respectively, of the related consolidated totals, and which statements reflect total revenues constituting 41% and 43% in 1999 and 1998, respectively, of the related consolidated totals. We did not audit the 1998 financial statements of Northstar Energy Corporation, a wholly-owned subsidiary, which statements reflect total assets constituting 20% of the related consolidated 1998 total, and which statements reflect total revenues constituting 22% in 1998 of the related consolidated totals. The 1999 and 1998 financial statements of Santa Fe Snyder Corporation and the 1998 financial statements of Northstar Energy Corporation were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Santa Fe Snyder Corporation in 1999 and 1998, and Northstar Energy Corporation in 1998, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Devon Energy Corporation and subsidiaries as of December 31, 2000, 1999 and 1998, and the results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Oklahoma City, Oklahoma
January 30, 2001

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Santa Fe Snyder Corporation:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, comprehensive income, shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Santa Fe Snyder Corporation and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1999 (not separately presented herein) in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As further described in Note 2, these consolidated financial statements have been retroactively restated to the full cost method of accounting for the Company's oil and gas properties in order to conform to the accounting policies of Devon Energy Corporation.

PricewaterhouseCoopers LLP

Houston, Texas
January 28, 2000, except for Note 2 and the second paragraph above which are as of October 30, 2000

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheet of Northstar Energy Corporation (a wholly owned subsidiary of Devon Energy Corporation) as at December 31, 1998 and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity and cash flows for the year ended December 31, 1998 (not separately included herein). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards, which are substantially similar to generally accepted auditing standards in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1998, and the results of its operations and the changes in its cash flow for the year ended December 31, 1998 in accordance with generally accepted accounting principles in the United States.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP
Chartered Accountants

Calgary, Alberta
Canada
January 20, 1999

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

	DECEMBER 31,		
	2000	1999	1998
ASSETS			
Current assets:			
Cash and cash equivalents	$ 228,050	173,167	31,254
Accounts receivable	598,248	316,005	137,058
Inventories	47,272	38,941	21,750
Deferred income taxes	8,979	4,886	605
Investments and other current assets	51,588	57,295	35,981
Total current assets	934,137	590,294	226,648
Property and equipment, at cost, based on the full cost method of accounting for oil and gas properties	9,709,352	8,592,010	4,854,211
Less accumulated depreciation, depletion and amortization	4,799,816	4,168,590	3,230,683
	4,909,536	4,423,420	1,623,528
Investment in Chevron Corporation common stock, at fair value	598,867	614,382	--
Deferred income taxes	--	--	54,381
Goodwill, net of amortization	289,489	322,800	--
Other assets	128,449	145,464	25,980
Total assets	$ 6,860,478	6,096,360	1,930,537
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable:			
Trade	320,713	266,825	155,377
Revenues and royalties due to others	116,481	67,330	20,608
Income taxes payable	65,674	12,587	1,200
Accrued interest payable	23,191	28,370	5,588
Merger related expenses payable	52,421	35,704	7,882
Accrued expenses	50,507	56,528	29,201
Total current liabilities	628,987	467,344	219,856
Other liabilities	164,469	241,782	71,947
Debentures exchangeable into shares of Chevron Corporation common stock	760,313	760,313	--
Other long-term debt	1,288,523	1,656,208	735,871
Deferred revenue	113,756	104,800	3,600
Deferred income taxes	626,826	344,593	--
Company-obligated mandatorily redeemable convertible preferred securities of subsidiary trust holding solely 6.5% convertible junior subordinated debentures of Devon Energy Corporation	--	--	149,500
Stockholders' equity:			
Preferred stock of $1.00 par value ($100 liquidation value) Authorized 4,500,000 shares; issued 1,500,000 in 2000 and 1999 and none in 1998	1,500	1,500	--
Common stock of $.10 par value Authorized 400,000,000 shares; issued 128,638,000 in 2000, 126,323,000 in 1999 and 70,909,000 in 1998	12,864	12,632	7,090
Additional paid-in capital	3,563,994	3,491,828	1,523,944
Retained earnings (accumulated deficit)	(214,708)	(908,598)	(737,009)
Accumulated other comprehensive loss	(85,397)	(65,242)	(35,962)
Unamortized restricted stock awards	(649)	--	(1,500)
Treasury stock, at cost: 330,000 shares in 1999 and 176,000 shares in 1998	--	(10,800)	(6,800)
Total stockholders' equity	3,277,604	2,521,320	749,763
Commitments and contingencies (Notes 12 and 13)			
Total liabilities and stockholders' equity	$ 6,860,478	6,096,360	1,930,537

See accompanying notes to consolidated financial statements.

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
REVENUES			
Oil sales	$1,078,759	561,018	309,990
Gas sales	1,485,221	627,869	347,273
Natural gas liquids sales	154,465	67,985	24,715
Other	65,658	20,596	24,248
Total revenues	2,784,103	1,277,468	706,226
COSTS AND EXPENSES			
Lease operating expenses	440,780	298,807	226,561
Transportation costs	53,309	33,925	23,186
Production taxes	103,244	44,740	24,871
Depreciation, depletion and amortization of property and equipment	693,340	406,375	243,144
Amortization of goodwill	41,332	16,111	--
General and administrative expenses	93,008	80,645	45,454
Expenses related to mergers	60,373	16,800	13,149
Interest expense	154,329	109,613	43,532
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	2,408	(13,154)	16,104
Distributions on preferred securities of subsidiary trust	--	6,884	9,717
Reduction of carrying value of oil and gas properties	--	476,100	422,500
Total costs and expenses	1,642,123	1,476,846	1,068,218
Earnings (loss) before income tax expense (benefit) and extraordinary item	1,141,980	(199,378)	(361,992)
INCOME TAX EXPENSE (BENEFIT)			
Current	130,793	23,056	(3,713)
Deferred	280,845	(72,490)	(122,394)
Total income tax expense (benefit)	411,638	(49,434)	(126,107)
Earnings (loss) before extraordinary item	730,342	(149,944)	(235,885)
Extraordinary loss	--	(4,200)	--
Net earnings (loss)	730,342	(154,144)	(235,885)
Preferred stock dividends	9,735	3,651	--
Net earnings (loss) applicable to common shareholders	$ 720,607	(157,795)	(235,885)
Net earnings (loss) per average common share outstanding:			
Before extraordinary loss:			
Basic	$ 5.66	(1.64)	(3.32)
Diluted	$ 5.50	(1.64)	(3.32)
After extraordinary loss:			
Basic	$ 5.66	(1.68)	(3.32)
Diluted	$ 5.50	(1.68)	(3.32)
Weighted average common shares outstanding:			
Basic	127,421	93,653	70,948
Diluted	131,730	99,313	76,932

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS)

	PREFERRED STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (ACCUMULATED DEFICIT)	ACCUMULATED OTHER COMPREHENSIVE LOSS	UNAMORTIZED RESTRICTED STOCK AWARDS	TREASURY STOCK	TOTAL STOCKHOLDERS' EQUITY
Balance as of December 31, 1997	$ --	7,077	1,521,128	(493,246)	(27,113)	(700)	(600)	1,006,546
Comprehensive loss:								
Net loss	--	--	--	(235,885)	--	--	--	(235,885)
Other comprehensive loss, net of tax:								
Foreign currency translation adjustments	--	--	--	--	(8,130)	--	--	(8,130)
Minimum pension liability adjustment	--	--	--	--	(719)	--	--	(719)
Other comprehensive loss	--	--	--	--	--	--	--	--
Comprehensive loss								(244,734)
Stock issued	--	13	2,816	(600)	--	--	--	2,229
Stock repurchased	--	--	--	--	--	--	(1,000)	(1,000)
Dividends on common stock	--	--	--	(7,278)	--	--	--	(7,278)
Amortization of restricted stock awards	--	--	--	--	--	700	--	700
Balance as of December 31, 1998	--	7,090	1,523,944	(737,009)	(35,962)	--	(1,600)	756,463
Comprehensive loss:								
Net loss	--	--	--	(154,144)	--	--	--	(154,144)
Other comprehensive loss, net of tax:								
Foreign currency translation adjustments	--	--	--	--	7,517	--	--	7,517
Minimum pension liability adjustment	--	--	--	--	(241)	--	--	(241)
Unrealized losses on marketable securities	--	--	--	--	(36,556)	--	--	(36,556)
Other comprehensive loss	--	--	--	--	--	--	--	--
Comprehensive loss								(183,424)
Stock issued	1,500	5,542	1,966,930	(1,100)	--	--	--	1,972,872
Stock repurchased	--	--	--	--	--	--	(1,000)	(1,000)
Tax benefit related to employee stock options	--	--	954	--	--	--	--	954
Dividends on common stock	--	--	--	(12,694)	--	--	--	(12,694)
Dividends on preferred stock	--	--	--	(3,651)	--	--	--	(3,651)
Amortization of restricted stock awards	--	--	--	--	--	--	--	--
Balance as of December 31, 1999	1,500	12,632	3,491,828	(908,598)	(65,242)	--	(2,600)	2,529,520
Comprehensive income:								
Net income	--	--	--	730,342	--	--	--	730,342
Other comprehensive loss, net of tax:								
Foreign currency translation adjustments	--	--	--	--	(10,213)	--	--	(10,213)
Minimum pension liability adjustment	--	--	--	--	822	--	--	822
Unrealized losses on marketable securities	--	--	--	--	(10,764)	--	--	(10,764)
Other comprehensive loss	--	--	--	--	--	--	--	--
Comprehensive income:								710,187
Stock issued	--	232	69,163	(4,497)	--	--	--	64,898
Stock repurchased	--	--	--	--	--	--	(1,000)	(1,000)
Tax benefit related to employee stock options	--	--	3,003	--	--	--	--	3,003
Dividends on common stock	--	--	--	(22,220)	--	--	--	(22,220)
Dividends on preferred stock	--	--	--	(9,735)	--	--	--	(9,735)
Grant of restricted stock awards	--	--	--	--	--	(1,000)	--	(1,000)
Forfeiture of restricted stock awards	--	--	--	--	--	100	--	100
Amortization of restricted stock awards	--	--	--	--	--	900	--	900
Balance as of December 31, 2000	$ 1,500	12,864	3,563,994	(214,708)	(85,397)	--	(3,600)	3,274,653

Minimum pension liability adjustment	--	--	(719)
Other comprehensive loss	--	--	(8,849)
Comprehensive loss			(244,734)
Stock issued	(2,600)	5,400	5,029
Stock repurchased	--	(11,600)	(11,600)
Dividends on common stock	--	--	(7,278)
Amortization of restricted stock awards	1,800	--	1,800
Balance as of December 31, 1998	(1,500)	(6,800)	749,763
Comprehensive loss:			
Net loss	--	--	(154,144)
Other comprehensive loss, net of tax:			
Foreign currency translation adjustments	--	--	7,517
Minimum pension liability adjustment	--	--	(241)
Unrealized losses on marketable securities	--	--	(36,556)
Other comprehensive loss	--	--	(29,280)
Comprehensive loss			(183,424)
Stock issued	(100)	7,600	1,980,372
Stock repurchased	--	(11,600)	(11,600)
Tax benefit related to employee stock options	--	--	954
Dividends on common stock	--	--	(12,694)
Dividends on preferred stock	--	--	(3,651)
Amortization of restricted stock awards	1,600	--	1,600
Balance as of December 31, 1999	--	(10,800)	2,521,320
Comprehensive income:			
Net income	--	--	730,342
Other comprehensive loss, net of tax:			
Foreign currency translation adjustments	--	--	(10,213)
Minimum pension liability adjustment	--	--	822
Unrealized losses on marketable securities	--	--	(10,764)
Other comprehensive loss	--	--	(20,155)
Comprehensive income:			710,187
Stock issued	--	21,499	86,397
Stock repurchased		(10,699)	(10,699)
Tax benefit related to employee stock options	--	--	3,003
Dividends on common stock	--	--	(22,220)
Dividends on preferred stock	--	--	(9,735)
Grant of restricted stock awards	(5,217)	--	(5,217)
Forfeiture of restricted stock awards	129	--	129
Amortization of restricted stock awards	4,439	--	4,439
Balance as of December 31, 2000	(649)	--	3,277,604

See accompanying notes to consolidated financial statements.

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

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss)	$ 730,342	(154,144)	(235,885)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization of property and equipment	693,340	406,375	243,144
Amortization of goodwill	41,332	16,111	--
Accretion of interest on zero-coupon convertible senior debentures	6,950	--	--
Amortization of (premiums) discounts on other long-term debt, net	(3,781)	(728)	100
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	2,408	(13,154)	16,104
Reduction of carrying value of oil and gas properties	--	476,100	422,500
(Gain) loss on sale of assets	(683)	4,778	(264)
Deferred income tax expense (benefit)	280,845	(72,490)	(122,394)
Other	3,849	2,100	4,801
Changes in assets and liabilities, net of effects of acquisitions of businesses:			
(Increase) decrease in:			
Accounts receivable	(283,787)	(92,416)	30,760
Inventories	(8,322)	(8,514)	(1,427)
Prepaid expenses	5,825	(4,418)	(7,751)
Other assets	3,812	(36,673)	17,230
Increase (decrease) in:			
Accounts payable	98,912	(22,495)	(19,439)
Income taxes payable	60,548	(19,318)	(10,426)
Accrued expenses	3,104	(38,387)	1,000
Deferred revenue	7,954	90,700	(100)
Long-term other liabilities	(23,616)	(1,099)	(3,482)
Net cash provided by operating activities	1,619,032	532,328	334,471
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment	101,531	114,384	64,997
Proceeds from sale of investments	12,781	--	42,584
Capital expenditures	(1,280,132)	(883,420)	(712,812)
(Increase) decrease in other assets	(7,581)	719	(2,029)
Net cash used in investing activities	(1,173,401)	(768,317)	(607,260)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings of long-term debt, net of issuance costs	2,580,086	1,944,417	1,506,220
Principal payments on long-term debt	(2,951,711)	(2,089,109)	(1,242,013)
Issuance of common stock, net of issuance costs	51,550	530,232	4,429
Retirement of preferred securities of subsidiary trust	--	(50)	--
Repurchase of common stock	(10,699)	(11,600)	(11,600)
Issuance of treasury stock	24,937	6,200	--
Dividends paid on common stock	(22,220)	(12,694)	(7,278)
Dividends paid on preferred stock	(9,735)	(3,651)	--
(Decrease) increase in long-term other liabilities	(51,779)	13,453	6,760
Net cash (used in) provided by financing activities	(389,571)	377,198	256,518
Effect of exchange rate changes on cash	(1,177)	704	(140)
Net increase (decrease) in cash and cash equivalents	54,883	141,913	(16,411)
Cash and cash equivalents at beginning of year	173,167	31,254	47,665
Cash and cash equivalents at end of year	$ 228,050	173,167	31,254

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting policies used by Devon Energy Corporation and subsidiaries ("Devon") reflect industry practices and conform to accounting principles generally accepted in the United States of America. The more significant of such policies are briefly discussed below.

Basis of Presentation and Principles of Consolidation

Devon is engaged primarily in oil and gas exploration, development and production, and the acquisition of producing properties. Such activities domestically are managed in three divisions:

- the Gulf Division, which includes properties located primarily in the onshore South Texas and South Louisiana areas and offshore in the Gulf of Mexico;

- the Rocky Mountain Division, which includes properties located in the Rocky Mountains area of the United States stretching from the Canadian Border into northern New Mexico; and

- the Permian/Mid-Continent Division, which includes all domestic properties other than those included in the Gulf Division and the Rocky Mountain Division.

Devon's Canadian activities are located primarily in the Western Canadian Sedimentary Basin, and Devon's international activities -- outside of North America -- are located primarily in Argentina, Azerbaijan, Indonesia and Gabon. Devon's share of the assets, liabilities, revenues and expenses of affiliated partnerships and the accounts of its wholly-owned subsidiaries are included in the accompanying consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

Information concerning common stock and per share data assumes the exchange of all Exchangeable Shares issued in connection with the Northstar combination described in Note 2.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Inventories

Inventories, which consist primarily of injected gas and tubular goods, parts and supplies, are stated at cost, determined principally by the average cost method, which is not in excess of net realizable value.

Property and Equipment

Devon follows the full cost method of accounting for its oil and gas properties. Accordingly, all costs incidental to the acquisition, exploration and development of oil and gas properties, including costs of undeveloped leasehold, dry holes and leasehold equipment, are capitalized. Net capitalized costs are limited to the estimated future net revenues, discounted at 10% per annum, from proved oil, natural gas and natural gas liquids reserves. Such limitations are imposed separately on a country-by-country basis. Capitalized costs are depleted by an equivalent unit-of-production method, converting gas to oil at the ratio of six thousand cubic feet of natural gas to one barrel of oil. No gain or loss is recognized upon disposal of oil and gas properties unless such disposal significantly alters the relationship between capitalized costs and proved reserves.

Depreciation and amortization of other property and equipment, including leasehold improvements, are provided using the straight-line method based on estimated useful lives from 3 to 39 years.

Marketable Securities and Other Investments

Devon accounts for certain investments in debt and equity securities by following the requirements of Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This standard requires that, except for debt securities classified as "held-to-maturity," investments in debt and equity securities must be reported at fair value. As a result, Devon's investment in Chevron Corporation common stock, which is classified as "available for sale," is reported at fair value, with the tax effected unrealized gain or loss recognized in other comprehensive loss and reported as a separate component of stockholders' equity. Devon's investments in other short-term securities are also classified as "available for sale."

Goodwill

Goodwill, which represents the excess of purchase price over the fair value of net assets acquired, is amortized by an equivalent unit-of-production method. Devon assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired properties. The amount of goodwill impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting Devon's average cost of funds. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

Accumulated goodwill amortization was $57.4 million and $16.1 million at December 31, 2000 and 1999, respectively.

Revenue Recognition and Gas Balancing

Oil and gas revenues are recognized when sold. During the course of normal operations, Devon and other joint interest owners of natural gas reservoirs will take more or less than their respective ownership share of the natural gas volumes produced. These volumetric imbalances are monitored over the lives of the wells' production capability. If an imbalance exists at the time the wells' reserves are depleted, cash settlements are made among the joint interest owners under a variety of arrangements.

Devon follows the sales method of accounting for gas imbalances. A liability is recorded when Devon's excess takes of natural gas volumes exceed its estimated remaining recoverable reserves. No receivables are recorded for those wells where Devon has taken less than its ownership share of gas production.

Hedging Activities

Devon has periodically entered into oil and gas financial instruments and foreign exchange rate swaps to manage its exposure to oil and gas price volatility. The foreign exchange rate swaps mitigate the effect of volatility in the Canadian-to-U.S. dollar exchange rate on Canadian oil revenues that are predominantly based on U.S. dollar prices. The hedging instruments are usually placed with counterparties that Devon believes are minimal credit risks. The oil and gas reference prices upon which the price hedging instruments are based reflect various market indices that have a high degree of historical correlation with actual prices received by Devon.

Devon accounts for its hedging instruments using the deferral method of accounting. Under this method, realized gains and losses from Devon's price risk management activities are recognized in oil and gas revenues when the associated production occurs and the resulting cash flows are reported as cash flows from operating activities. Gains and losses on hedging contracts that are closed before the hedged production occurs are deferred until the production month originally hedged. In the event of a loss of correlation between changes in oil and gas reference prices under a hedging instrument and actual oil and gas prices, a gain or loss is recognized currently to the extent the hedging instrument has not offset changes in actual oil and gas prices.

Devon adopted the provisions of SFAS 133, as amended, in the first quarter of the year ending December 31, 2001. In accordance with the transition provisions of SFAS 133, Devon recorded a net-of-tax cumulative-effect-type adjustment of $36.6 million in accumulated other comprehensive loss to recognize at fair value all derivatives that are designated as cash-flow hedging financial instruments. Additionally, Devon recorded a net-of-tax cumulative-effect-type adjustment to net earnings for a $49.5 million gain related to the fair value of financial instruments that do not qualify as hedges. This gain included $46.2 million related to the option embedded in Devon's debentures that are exchangeable into shares of Chevron Corporation common stock.

Stock Options

Devon applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, in accounting for its fixed plan stock options. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. SFAS No. 123, "Accounting for Stock-Based Compensation," established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, Devon has elected to continue to apply the intrinsic value-based method of accounting described above, and has adopted the disclosure requirements of SFAS No. 123 which are included in Note 10.

Major Purchasers

In 2000, Enron Capital and Trade Resource Corporation accounted for 20% of Devon's combined oil, gas and natural gas liquids sales. In 1998, Aquila Energy Marketing Corporation accounted for 11% of Devon's combined oil, gas and natural gas liquids sales. No purchaser accounted for over 10% of such revenues in 1999.

Income Taxes

Devon accounts for income taxes using the asset and liability method, whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, as well as the future tax consequences attributable to the future utilization of existing tax net operating loss and other types of carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. U.S. deferred income taxes have not been provided on Canadian earnings which are being permanently reinvested.

General and Administrative Expenses

General and administrative expenses are reported net of amounts allocated to working interest owners of the oil and gas properties operated by Devon and net of amounts capitalized pursuant to the full cost method of accounting.

Net Earnings Per Common Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if Devon's dilutive outstanding stock options were exercised (calculated using the treasury stock method) and if Devon's zero coupon convertible senior debentures were converted to common stock.

The following table reconciles the net earnings and common shares outstanding used in the calculations of basic and diluted earnings per share for 2000. The diluted loss per share calculations for 1999 and 1998 produce results that are anti-dilutive. (The diluted calculation for 1999 reduced the net loss by $4.3 million and increased the common shares outstanding by 5.7 million shares. The diluted calculation for 1998 reduced the net loss by $6.0 million and increased the common shares outstanding by 6.0 million shares.) Therefore, the diluted loss per share amounts for 1999 and 1998 reported in the accompanying consolidated statements of operations are the same as the basic loss per share amounts.

	NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	NET EARNINGS PER SHARE
	(IN THOUSANDS)		
YEAR ENDED DECEMBER 31, 2000:			
Basic earnings per share	$720,607	127,421	$ 5.66
Dilutive effect of:			
Potential common shares issuable upon conversion of senior convertible debentures (the increase in net earnings is net of income tax expense of $2,755,000)	4,309	2,248	
Potential common shares issuable upon the exercise of outstanding stock options	--	2,061	
Diluted earnings per share	$724,916	131,730	$ 5.50

Options to purchase approximately 1.0 million shares of Devon's common stock with exercise prices ranging from $55.54 per share to $89.66 per share (with a weighted average price of $66.64 per share) were outstanding at December 31, 2000, but were not included in the computation of diluted earnings per share for 2000 because the options' exercise price exceeded the average market price of Devon's common stock during the year. The excluded options for 2000 expire between February 12, 2001 and June 1, 2010. All options were excluded from the diluted earnings per share calculations for 1999 and 1998.

Comprehensive Loss

Devon's comprehensive income information is included in the accompanying consolidated statements of stockholders' equity. A summary of accumulated other comprehensive loss as of December 31, 2000, 1999 and 1998, and changes during each of the years then ended, is presented in the following table.

	FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	MINIMUM PENSION LIABILITY ADJUSTMENTS	UNREALIZED LOSSES ON MARKETABLE SECURITIES	TOTAL
		(IN THOUSANDS)		
Balance as of December 31, 1997	$(27,113)	--	--	(27,113)
1998 activity	(8,130)	(1,179)	--	(9,309)
Deferred taxes	--	460	--	460
1998 activity, net of deferred taxes	(8,130)	(719)	--	(8,849)
Balance as of December 31, 1998	(35,243)	(719)	--	(35,962)
1999 activity	7,517	(394)	(59,959)	(52,836)
Deferred taxes	--	153	23,403	23,556
1999 activity, net of deferred taxes	7,517	(241)	(36,556)	(29,280)
Balance as of December 31, 1999	(27,726)	(960)	(36,556)	(65,242)
2000 activity	(10,213)	1,346	(17,608)	(26,475)
Deferred taxes	--	(524)	6,844	6,320
2000 activity, net of deferred taxes	(10,213)	822	(10,764)	(20,155)
Balance as of December 31, 2000	$(37,939)	(138)	(47,320)	(85,397)

Foreign Currency Translation Adjustments

The assets and liabilities of certain foreign subsidiaries are prepared in their respective local currencies and translated into U.S. dollars based on the current exchange rate in effect at the balance sheet dates, while income and expenses are translated at average rates for the periods presented. Translation adjustments have no effect on net income and are included in accumulated other comprehensive loss.

Dividends

Dividends on Devon's common stock were paid in 2000, 1999 and 1998 at a per share rate of $0.05 per quarter. As adjusted for the pooling-of-interests method of accounting followed for the Santa Fe Snyder merger and the Northstar combination, annual dividends per share for 2000, 1999 and 1998 were $0.17, $0.14 and $0.10, respectively.

Statements of Cash Flows

For purposes of the consolidated statements of cash flows, Devon considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Environmental expenditures are expensed or capitalized in accordance with accounting principles generally accepted in the United States of America. Liabilities for these expenditures are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. Reference is made to Note 13 for a discussion of amounts recorded for these liabilities.

Reclassification

Certain of the 1999 and 1998 amounts in the accompanying consolidated financial statements have been reclassified to conform to the 2000 presentation.

2. BUSINESS COMBINATIONS AND PRO FORMA INFORMATION

Santa Fe Snyder Merger

Devon closed its merger with Santa Fe Snyder Corporation ("Santa Fe Snyder") on August 29, 2000. The merger was accounted for using the pooling-of-interests method of accounting for business combinations. Accordingly, all operational and financial information contained herein includes the combined amounts for Devon and Santa Fe Snyder for all periods presented.

Devon issued approximately 40.6 million shares of its common stock to the former stockholders of Santa Fe Snyder based on an exchange ratio of 0.22 shares of Devon common stock for each share of Santa Fe Snyder common stock. Because the merger was accounted for using the pooling-of-interests method, all combined share information has been retroactively restated to reflect the exchange ratio.

During 2000, Devon recorded a pre-tax charge of $60.4 million ($37.2 million net of tax) for direct costs related to the Santa Fe Snyder merger.

PennzEnergy Merger

Devon closed its merger with PennzEnergy Company ("PennzEnergy") on August 17, 1999. The merger was accounted for using the purchase method of accounting for business combinations. Accordingly, the accompanying statement of operations for 1999 includes the effects of PennzEnergy operations since August 17, 1999.

Devon issued approximately 21.5 million shares of its common stock to the former stockholders of PennzEnergy. In addition, Devon assumed long-term debt and other obligations

totaling approximately $2.3 billion on August 17, 1999. The calculation of the total purchase price and the allocation to assets and liabilities as of August 17, 1999, are shown below. Devon has sold certain of the assets acquired. Generally, the proceeds from such sales reduced the carrying value of oil and gas properties.

	(IN THOUSANDS, EXCEPT SHARE PRICE)
Calculation and allocation of purchase price:	
Shares of Devon common stock issued to PennzEnergy stockholders	21,501
Average Devon stock price	$ 33.40
Fair value of common stock issued	$ 718,177
Plus preferred stock assumed by Devon	150,000
Plus estimated merger costs incurred	71,545
Plus fair value of PennzEnergy employee stock options assumed by Devon	18,295
Less stock registration and issuance costs incurred	(4,985)
Total purchase price	953,032
Plus fair value of liabilities assumed by Devon:	
Current liabilities	200,708
Debentures exchangeable into Chevron Corporation common stock	760,313
Other long-term debt	838,792
Other long-term liabilities	158,988
	2,911,833
Less fair value of non oil and gas assets acquired by Devon:	
Current assets	109,769
Non oil and gas properties	31,412
Investment in common stock of Chevron Corporation	676,441
Other assets	81,945
Fair value allocated to oil and gas properties, including $83.3 million of undeveloped leasehold	$ 2,012,266

Additionally, $346.9 million was added as goodwill for deferred taxes created as a result of the merger. Due to the tax-free nature of the merger, Devon's tax basis in the assets acquired and liabilities assumed are the same as PennzEnergy's tax basis. The $346.9 million of deferred taxes recorded represent the deferred tax effect of the differences between the fair values assigned by Devon for financial reporting purposes to the former PennzEnergy assets and liabilities and their bases for income tax purposes.

Estimated proved reserves added in the PennzEnergy merger were 232.7 million barrels of oil, 782.6 billion cubic feet of natural gas and 32.7 million barrels of natural gas liquids. Also, added in the PennzEnergy merger were approximately 13 million net acres of undeveloped leasehold. (The quantities of proved reserves stated in this paragraph are unaudited.)

Snyder Merger

Santa Fe Snyder was formed on May 5, 1999, when the former Santa Fe Energy Resources, Inc. ("Santa Fe") closed its merger with Snyder Oil Corporation ("Snyder"). Because Devon's merger with Santa Fe Snyder was accounted for using the pooling-of-interests method, the accompanying consolidated financial statements are presented as though Devon merged with Snyder in May 1999.

The Snyder merger was accounted for using the purchase method of accounting for business combinations. Accordingly, the accompanying statement of operations for 1999 includes the effects of Snyder's operations since May 5, 1999.

As restated for the Devon-Santa Fe Snyder pooling, each share of Snyder common stock was exchanged for 0.451 shares of Devon common stock. This resulted in the issuance of approximately 15.1 million shares of Devon stock in the Snyder merger. In addition, the Snyder merger also included the assumption of approximately $219 million of Snyder's long-term debt as of May 5, 1999. The calculation of the total purchase price and the allocation to assets and liabilities as of May 5, 1999, are as follows.

	(IN THOUSANDS, EXCEPT SHARE PRICE)
Calculation and allocation of purchase price:	
Shares of Santa Fe common stock issued to Snyder stockholders, as adjusted for the Devon-Santa Fe Snyder pooling	15,130
Average Santa Fe stock price, as adjusted for the Devon-Santa Fe Snyder pooling	$ 27.24
Fair value of common stock issued	$412,092
Plus estimated merger costs incurred	1,485
Total purchase price	413,577
Plus fair value of liabilities assumed:	
Current liabilities	55,118
Long-term debt	219,001
Other long-term liabilities	26,254
	713,950
Less fair value of non oil and gas assets acquired:	
Current assets	16,755
Other assets	37,211
Fair value allocated to oil and gas properties, including $14.7 million of undeveloped leasehold	$659,984

Additionally, $135.4 million was added to oil and gas properties for deferred taxes created as a result of the Snyder merger. Due to the tax-free nature of the merger, Santa Fe's tax basis in the assets acquired and liabilities assumed were the same as Snyder's tax basis. The $135.4 million of deferred taxes recorded represent the deferred tax effect of the differences between the

fair values assigned by Santa Fe for financial reporting purposes to the former Snyder assets and liabilities and their bases for income tax purposes.

Estimated proved reserves added in the Snyder merger were 17.7 million barrels of oil and natural gas liquids and 424 billion cubic feet of natural gas. Also added in the Snyder merger were approximately 800,000 net acres of undeveloped leasehold. (The quantities of proved reserves stated in this paragraph are unaudited.)

Wascana Properties Transaction

On December 23, 1998, Devon acquired certain natural gas properties located in northeastern Alberta, Canada, from Wascana Oil and Gas Partnership, a subsidiary of Canadian Occidental Petroleums Ltd. (the "Wascana Properties"). Devon acquired the properties for approximately $57.5 million, which was funded with bank debt under Devon's then existing credit facilities.

Estimated proved reserves of the Wascana Properties as of December 31, 1998, were 71.5 billion cubic feet of natural gas. Approximately $52.2 million of the purchase price was allocated to the proved reserves. The remaining $5.3 million of the purchase price was allocated to approximately 190,000 net undeveloped acres and exclusive rights to associated seismic data. (The quantities of proved reserves stated in this paragraph are unaudited.)

Pro Forma Information (Unaudited)

Set forth in the following table is certain unaudited pro forma financial information for the years ended December 31, 1999 and 1998. This information has been prepared assuming the PennzEnergy merger, the Snyder merger and the Wascana Property transaction were consummated on January 1, 1998, and is based on estimates and assumptions deemed appropriate by Devon. The pro forma information is presented for illustrative purposes only. If the transactions had occurred in the past, Devon's operating results might have been different from those presented in the following table. The pro forma information should not be relied upon as an indication of the operating results that Devon would have achieved if the transactions had occurred on January 1, 1998. The pro forma information also should not be used as an indication of the future results that Devon will achieve after the transactions.

The pro forma information includes the effect of Devon's issuance of 10.3 million shares of common stock as if such shares had been issued on January 1, 1998. (See Note 10 for additional information on this issuance of shares of common stock.) The pro forma information assumes that the approximately $402 million of net proceeds from the issuance of common stock was used to retire long-term debt and therefore reduce interest expense.

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

- Expected annual cost savings of $30 to $35 million related to the Santa Fe Snyder merger and $50 to $60 million related to the PennzEnergy merger have not been reflected as an adjustment to the historical data in preparing the following pro forma information. These cost savings are expected to result from the consolidation of the corporate headquarters of Devon, Santa Fe Snyder and PennzEnergy and the elimination of duplicate staff and expenses. Some of the cost savings related to the Santa Fe Snyder merger involve items that, under the full cost method of accounting, are capitalized rather than expensed in the consolidated financial statements. Therefore, not all of the $30 to $35 million of expected savings will result in reductions to expenses as reported in the accompanying consolidated statements of operations.

- The 1999 pro forma results include a gain of $46.7 million ($29.8 million after-tax) from PennzEnergy's pre-merger sale of land, timber and mineral rights in Pennsylvania and New York.

- In 1998, PennzEnergy realized pretax gains on the sale and exchange of Chevron Corporation common stock of $203.1 million. This gain is included in the 1998 pro forma financial information presented in the following table. The pro forma financial information does not include the related $207.0 million after-tax extraordinary loss resulting from the early extinguishment of debt. The exclusion of the extraordinary loss from the 1998 pro forma results is required by Securities and Exchange Commission rules and regulations regarding presentation of pro forma results of operations. If the extraordinary loss were included in the 1998 pro forma results, the 1998 pro forma net loss as presented in the following table would be $508.8 million, or $4.37 per share.

- The 1999 pro forma financial information does not include a $4.2 million extraordinary loss recorded by Santa Fe Snyder. This loss related to the early extinguishment of debt. If the extraordinary loss were included in the 1999 pro forma results, the 1999 pro forma net loss as presented in the following table would be $211.9 million, or $1.85 per share.

- The 1998 pro forma results include $24.3 million of nonrecurring general and administrative expenses in connection with the spin-off of Pennzoil-Quaker State Company on December 30, 1998.

- The 1999 and 1998 pro forma results include reductions of the carrying value of oil and gas properties of $476.1 million and $422.5 million, respectively. The after-tax effect of these reductions, which were due to the full cost ceiling limitation, were $309.7 million in 1999 and $280.8 million in 1998.

	PRO FORMA INFORMATION YEAR ENDED DECEMBER 31,	
	1999	1998
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	
REVENUES		
Oil sales	$ 702,477	487,218
Gas sales	806,337	802,785
Natural gas liquids sales	93,829	71,726
Other	87,453	306,103
Total revenues	1,690,096	1,667,832
COSTS AND EXPENSES		
Lease operating expenses	409,555	444,617
Production taxes	53,506	44,548
Depreciation, depletion and amortization of property and equipment	665,865	723,908
Amortization of goodwill	46,321	52,637
General and administrative expenses	147,028	177,678
Expenses related to prior mergers	16,800	13,149
Interest expense	158,813	175,082
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	(13,154)	16,104
Distributions on preferred securities of subsidiary trust	6,884	9,717
Reduction of carrying value of oil and gas properties	476,100	422,500
Total costs and expenses	1,967,718	2,079,940
Earnings (loss) before income tax expense (benefit) and extraordinary item	(277,622)	(412,108)
INCOME TAX EXPENSE (BENEFIT)		
Current	23,261	(1,076)
Deferred	(93,173)	(109,222)
Total income tax expense (benefit)	(69,912)	(110,298)
Earnings (loss) before extraordinary item	(207,710)	(301,810)
Preferred stock dividends	9,736	5,625
Earnings (loss) before extraordinary item applicable to common stockholders	$ (217,446)	(307,435)
Earnings (loss) before extraordinary item per average common share outstanding - basic and diluted	$ (1.81)	(2.61)
Weighted average common shares outstanding - basic	119,988	117,703

Northstar Combination

On June 29, 1998, Devon and Northstar Energy Corporation ("Northstar") announced they had entered into a definitive combination agreement subject to shareholder approval and certain other conditions. The combination of the two companies (the "Northstar combination") was closed on December 10, 1998. At that date, Northstar became a wholly-owned subsidiary of

Devon. Pursuant to the Northstar combination, Northstar's common shareholders received approximately 16.1 million exchangeable shares (the "Exchangeable Shares") based on an exchange ratio of 0.235 Exchangeable Shares for each Northstar common share outstanding. The Exchangeable Shares were issued by Northstar, but are exchangeable at any time into Devon's common shares on a one-for-one basis. Prior to such exchange, the Exchangeable Shares have rights identical to those of Devon's common shares, including dividend, voting and liquidation rights. Between December 10, 1998 and December 31, 2000, approximately 13.1 million of the originally issued 16.1 million Exchangeable Shares had been exchanged for shares of Devon common stock.

The Northstar combination was accounted for under the pooling-of-interests method of accounting for business combinations. All operational and financial information contained herein includes the combined amounts for Devon and Northstar for all periods presented.

During the fourth quarter of 1998, Devon recorded a pre-tax charge of $13.1 million ($9.7 million after tax) for direct costs related to the Northstar combination.

3. SAN JUAN BASIN TRANSACTION

At the beginning of 1995, Devon entered into a transaction (the "San Juan Basin Transaction") involving a volumetric production payment and a repurchase option. The San Juan Basin Transaction allowed Devon to monetize tax credits earned from certain of its coal seam gas production in the San Juan Basin. During 2000, 1999 and 1998, the San Juan Basin Transaction added approximately $12.3 million, $7.6 million and $8.4 million, respectively, to Devon's gas revenues.

Under the terms of the San Juan Basin Transaction, Devon had a repurchase option which it could exercise at anytime. Devon exercised the repurchase option effective September 30, 2000. Devon had previously recorded a portion of the quarterly cash payments received pursuant to the San Juan Basin Transaction as a repurchase liability based upon the estimated eventual repurchase price. Devon also received cash payments in exchange for agreeing not to exercise its repurchase option for specific periods of time prior to 2000. These payments were also added to the repurchase liability. As a result, in addition to the cash flow recorded as revenues described in the previous paragraph, Devon also received $16.6 million and $6.8 million in 1999 and 1998, respectively, which were added to the repurchase liability. The actual repurchase price as of September 30, 2000, was approximately $36.3 million.

4. SUPPLEMENTAL CASH FLOW INFORMATION

Cash payments for interest in 2000, 1999 and 1998 were approximately $155.1 million, $115.6 million and $45.6 million, respectively. Cash payments for federal, state and foreign income taxes in 2000, 1999 and 1998 were approximately $81.8 million, $15.8 million and $19.4 million, respectively.

The 1999 PennzEnergy merger and Snyder merger involved non-cash consideration as presented below:

	1999
	(IN THOUSANDS)
Value of common stock issued	$1,130,269
Value of preferred stock issued	150,000
Employee stock options assumed	18,295
Liabilities assumed	2,259,174
Deferred tax liability created	474,306
Fair value of assets acquired with non-cash consideration	$4,032,044

During the fourth quarter of 1999, substantially all of the 6.5% Trust Convertible Preferred Securities were converted to Devon common stock (see Note 9).

5. ACCOUNTS RECEIVABLE

The components of accounts receivable included the following:

	DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Oil, gas and natural gas liquids revenue accruals	$ 438,304	218,462	74,660
Joint interest billings	122,778	66,658	33,136
Other	41,013	34,585	31,262
	602,095	319,705	139,058
Allowance for doubtful accounts	(3,847)	(3,700)	(2,000)
Net accounts receivable	$ 598,248	316,005	137,058

6. PROPERTY AND EQUIPMENT

Property and equipment included the following:

	DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Oil and gas properties:			
Subject to amortization	$ 9,169,593	8,125,886	4,584,676
Not subject to amortization:			
Acquired in 2000	74,164	--	--
Acquired in 1999	122,431	134,966	--
Acquired in 1998	44,833	56,922	65,702
Acquired prior to 1998	73,832	109,297	147,875
Accumulated depreciation, depletion and amortization	(4,752,670)	(4,129,824)	(3,204,775)
Net oil and gas properties	4,732,183	4,297,247	1,593,478
Other property and equipment	224,499	164,939	55,958
Accumulated depreciation and amortization	(47,146)	(38,766)	(25,908)
Net other property and equipment	177,353	126,173	30,050
Property and equipment, net of accumulated depreciation, depletion and amortization	$ 4,909,536	4,423,420	1,623,528

Depreciation, depletion and amortization of property and equipment consisted of the following components:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Depreciation, depletion and amortization of oil and gas properties	$662,890	390,117	230,419
Depreciation and amortization of other property and equipment	22,974	13,660	12,564
Amortization of other assets	7,476	2,598	161
Total expense	$693,340	406,375	243,144

7. LONG-TERM DEBT AND RELATED EXPENSES

A summary of Devon's long-term debt is as follows:

	DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Borrowings under credit facilities with banks	$ 146,652	645,141	411,271
Debentures exchangeable into shares of Chevron Corporation common stock			
4.90% due August 15, 2008	443,807	443,807	--
4.95% due August 15, 2008	316,506	316,506	--
Zero coupon convertible senior debentures exchangeable into shares of Devon Energy Corp. common stock, 3.875% due June 27, 2020	359,689	--	--
Other debentures:			
10.25% due November 1, 2005	250,000	250,000	--
10.125% due November 15, 2009	200,000	200,000	--
11.00% due May 15, 2004	--	--	100,000
Premium (discount) on debentures	33,375	37,467	(400)
Senior notes:			
8.05% due June 15, 2004	124,881	125,000	--
6.76% due July 19, 2005	--	75,000	75,000
8.75% due June 15, 2007	175,000	175,000	--
6.79% due March 2, 2009	--	150,000	150,000
Discount on notes	(1,074)	(1,400)	--
	2,048,836	2,416,521	735,871
Less amount classified as current	--	--	--
Long-term debt	$ 2,048,836	2,416,521	735,871

Maturities of long-term debt as of December 31, 2000, excluding the $32.3 million of premiums net of discounts, are as follows (in thousands):

2001	$ --
2002	7,333
2003	7,333
2004	132,213
2005	257,332
2006 and thereafter	1,612,324
Total	$2,016,535

Credit Facilities with Banks

Concurrent with the closing of the Santa Fe Snyder merger on August 29, 2000, Devon entered into new unsecured long-term credit facilities aggregating $1 billion (the "Credit Facilities"). The Credit Facilities include a U.S. facility of $725 million (the "U.S. Facility") and a Canadian facility of $275 million (the "Canadian Facility").

The Credit Facilities replaced the prior separate facilities of Devon and Santa Fe Snyder. Prior to the August 2000 merger, Devon and Santa Fe Snyder each had their own unsecured credit facilities. Devon's credit facilities prior to the merger aggregated $750 million, with $475 million in a U.S. facility and $275 million in a Canadian facility. Santa Fe Snyder's credit facilities prior to the merger aggregated $600 million.

The $725 million U.S. Facility consists of a Tranche A facility of $200 million and a Tranche B facility of $525 million. The Tranche B facility can be increased to as high as $625 million and reduced to as low as $425 million by reallocating the amount available between the Tranche B facility and the Canadian Facility. The Tranche A facility matures on October 15, 2004. Devon may borrow funds under the Tranche B facility until August 28, 2001 (the "Tranche B Revolving Period"). Devon may request that the Tranche B Revolving Period be extended an additional 364 days by notifying the agent bank of such request between 30 and 60 days prior to the end of the Tranche B Revolving Period. Debt borrowed under the Tranche B facility matures two years and one day following the end of the Tranche B Revolving Period.

Devon may borrow funds under the $275 million Canadian Facility until August 28, 2001 (the "Canadian Facility Revolving Period"). As disclosed in the prior paragraph, the Canadian Facility can be increased to as high as $375 million and reduced to as low as $175 million by reallocating the amount available between the Tranche B facility and the Canadian Facility. Devon may request that the Canadian Facility Revolving Period be extended an additional 364 days by notifying the agent bank of such request between 45 and 90 days prior to the end of the Canadian Facility Revolving Period. Debt outstanding as of the end of the Canadian Facility Revolving Period is payable in semi-annual installments of 2.5% each for the following five years, with the final installment due five years and one day following the end of the Canadian Facility Revolving Period.

Amounts borrowed under the Credit Facilities bear interest at various fixed rate options that Devon may elect for periods up to six months. Such rates are generally less than the prime rate, and are tied to margins determined by Devon's corporate credit ratings. Devon may also elect to borrow at the prime rate. The Credit Facilities provide for an annual facility fee of $0.9 million that is payable quarterly. The weighted average interest rate on the $146.7 million outstanding under the Credit Facilities at December 31, 2000, was 6.07%. The average interest rate on bank debt outstanding under the previous facilities at December 31, 1999 and 1998 was 6.85% and 6.28%, respectively.

The agreements governing the Credit Facilities contain certain covenants and restrictions, including a maximum debt-to-capitalization ratio. At December 31, 2000, Devon was in compliance with such covenants and restrictions.

Exchangeable Debentures

The exchangeable debentures consist of $443.8 million of 4.90% debentures and $316.5 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 August 15, 2000, initially at 104.0% of principal and at prices declining to 100.5% of principal on or after August 15, 2007. The exchangeable debentures are exchangeable at the option of the holders at any time prior to maturity, unless previously redeemed, for shares of Chevron Corporation common stock. In lieu of delivering Chevron Corporation common stock, Devon may, at its option, pay to any holder an amount of cash equal to the market value of the Chevron Corporation common stock to satisfy the exchange request. However, at maturity, the holders will receive an amount at least equal to the face value of the debt outstanding - either in cash or in a combination of cash and Chevron Corporation common stock.

As of December 31, 2000, Devon 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 the exchangeable debentures. Each $1,000 principal amount of the exchangeable debentures is exchangeable into 9.3283 shares of Chevron Corporation common stock, an exchange rate equivalent to $107-7/32 per share of Chevron stock.

The exchangeable debentures were assumed as part of the PennzEnergy merger. The fair values of the exchangeable debentures were determined as of August 17, 1999, based on market quotations. The fair value approximated the face value of the exchangeable debentures. As a result, no premium or discount was recorded on these exchangeable debentures.

Other Debentures

The 10.25% and 10.125% debentures were assumed as part of the PennzEnergy merger. The fair values of the respective debentures were determined using August 17, 1999, market interest rates. As a result, premiums were recorded on these debentures which lowered their effective interest rates to 8.3% and 8.9% on the $250 million of 10.25% debentures and $200 million of 10.125% debentures, respectively. The premiums are being amortized using the effective interest method.

Senior Notes

In connection with the Snyder merger, Devon assumed Snyder's $175 million of 8.75% notes due in 2007. The notes are redeemable by Devon on or after June 15, 2002, initially at 104.375% of principal and at prices declining to 100% of principal on or after June 15, 2005. The notes are general unsecured obligations of Devon. In June 1999, Devon issued $125.0 million of 8.05% notes due 2004. The notes were issued for 98.758% of face value and Devon received

total proceeds of $121.6 million after deducting related costs and expenses of $1.9 million. The notes, which mature June 15, 2004, are redeemable, upon not less than thirty nor more than sixty days notice, as a whole or in part, at the option of Devon at a redemption price equal to the sum of (i) 100% of the principal amount thereof, (ii) the applicable make-whole premium as determined by an independent investment banker and (iii) accrued and unpaid interest. The notes are general unsecured obligations of Devon. The indentures for these notes include covenants that restrict the ability of Devon SFS Operating, Inc., a wholly-owned subsidiary of Devon, to take certain actions, including the ability to incur additional indebtedness and to pay dividends or repurchase capital stock.

In September 2000, Devon, as required under the $125 million senior note agreement due to a "change of control", made a tender offer to repurchase the senior notes at a premium of 101.000%. As a result of this tender offer, $119,000 of senior notes were redeemed at a total cost to Devon of approximately $120,000.

Zero Coupon Convertible Debentures

In June 2000, Devon privately sold zero coupon convertible senior debentures. The debentures were sold at a price of $464.13 per debenture with a yield to maturity of 3.875% per annum. Each of the 760,000 debentures is convertible into 5.7593 shares of Devon common stock. Devon may call the debentures at any time after five years, and a debenture holder has the right to require Devon to repurchase the debentures after five, 10 and 15 years, at the issue price plus accrued original issue discount and interest. Devon's proceeds were approximately $346.1 million, net of debt issuance costs of approximately $6.6 million. Devon used the proceeds from the sale of these debentures to pay down other domestic long-term debt.

Interest Expense

Following are the components of interest expense for the years 2000, 1999 and 1998:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Interest based on debt outstanding	$ 157,028	108,064	43,114
Amortization of debt premium, net	(3,781)	(1,328)	--
Facility and agency fees	2,696	1,930	932
Amortization of capitalized loan costs	1,467	1,583	556
Capitalized interest	(3,239)	(1,925)	(1,100)
Other	158	1,289	30
Total interest expense	$ 154,329	109,613	43,532

Deferred Effect of Changes in Foreign Currency Exchange Rate on Long-term Debt

Until mid-January 2000, the 6.76 % and 6.79% fixed-rate Senior Notes referred to in the first table of this note were payable by Northstar. However, the notes were denominated in U.S. dollars. Changes in the exchange rate between the U.S. dollar and the Canadian dollar from the dates the notes were issued to the dates of repayment increased or decreased the expected amount of Canadian dollars eventually required to repay the notes. Such changes in the Canadian dollar equivalent of the debt were required to be included in determining net earnings for the period in which the exchange rate changed. The rate of conversion of Canadian dollars to U.S. dollars declined in 2000 and 1998 and increased in 1999. Therefore, $2.4 million of increased expense was recorded in 2000, $13.2 million of reduced expense was recorded in 1999, and $16.1 million of increased expense was recorded in 1998.

8. INCOME TAXES

At December 31, 2000, Devon had the following carryforwards available to reduce future income taxes:

TYPES OF CARRYFORWARD	YEARS OF EXPIRATION	CARRYFORWARD AMOUNTS
		(IN THOUSANDS)
Net operating loss - U.S. federal	2008 -- 2014	$ 344,038
Net operating loss - various states	2002 -- 2014	$ 37,357
Net operating loss -- Canada	2001 -- 2007	$ 2,180
Minimum tax credits	Indefinite	$ 84,991

All of the carryforward amounts shown above have been utilized for financial purposes to reduce deferred taxes.

The earnings (loss) before income taxes and the components of income tax expense (benefit) for the years 2000, 1999 and 1998 were as follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Earnings (loss) before income taxes:			
U.S	$ 872,455	(313,101)	(274,150)
Canada	156,085	57,402	19,958
International	113,440	56,321	(107,800)
Total	$1,141,980	(199,378)	(361,992)
Current income tax expense (benefit):			
U.S. federal	$ 106,742	12,544	(6,399)
Various states	6,015	2,804	(1,189)
Canada	2,268	2,908	1,975
Other	15,768	4,800	1,900
Total current tax expense (benefit)	130,793	23,056	(3,713)
Deferred income tax expense (benefit):			
U.S. federal	151,832	(119,286)	(88,824)
Various states	33,399	(495)	(4,836)
Canada	67,318	26,654	11,166
Other	28,296	20,637	(39,900)
Total deferred tax expense (benefit)	280,845	(72,490)	(122,394)
Total income tax expense (benefit)	$ 411,638	(49,434)	(126,107)

Total income tax expense differed from the amounts computed by applying the U.S. federal income tax rate to earnings (loss) before income taxes as a result of the following:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
U.S. statutory tax (benefit) rate	35%	(35)%	(35)%
Benefit from disposition of certain foreign assets	(11)	--	--
Non-deductible expenses	3	3	3
Nonconventional fuel source credits	(2)	(3)	(1)
State income taxes	2	1	(1)
Taxation on foreign operations	5	7	2
Other	4	2	(3)
Effective income tax (benefit) rate	36%	(25)%	(35)%

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities at December 31, 2000, 1999 and 1998 are presented below:

	DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Deferred tax assets:			
Net operating loss carryforwards	$ 122,843	207,322	48,418
Minimum tax credit carryforwards	84,991	88,447	16,900
Production payments	--	21,527	19,105
Long-term debt	17,176	17,583	--
Other	95,283	50,618	20,388
Total gross deferred tax assets	320,293	385,497	104,811
Less valuation allowance	100	100	100
Net deferred tax assets	320,193	385,397	104,711
Deferred tax liabilities:			
Property and equipment, principally due to differences in depreciation, and the expensing of intangible drilling costs for tax purposes	(687,473)	(500,156)	(49,256)
Chevron Corporation common stock	(166,596)	(172,631)	--
Other	(83,971)	(31,789)	(469)
Total deferred tax liabilities	(938,040)	(704,576)	(49,725)
Net deferred tax (liability) asset	$(617,847)	(319,179)	54,986

As shown in the above table, Devon has recognized $320.2 million of net deferred tax assets as of December 31, 2000. Such amount consists primarily of $207.8 million of various carryforwards available to offset future income taxes. The carryforwards include federal net operating loss carryforwards, the majority of which do not begin to expire until 2008, state net operating loss carryforwards which expire primarily between 2002 and 2014, Canadian carryforwards which expire primarily between 2001 and 2007, and minimum tax credit carryforwards which have no expiration. The tax benefits of carryforwards are recorded as an asset to the extent that management assesses the utilization of such carryforwards to be "more likely than not." When the future utilization of some portion of the carryforwards is determined not to be "more likely than not," a valuation allowance is provided to reduce the recorded tax benefits from such assets.

Devon expects the tax benefits from the net operating loss carryforwards to be utilized between 2001 and 2006. Such expectation is based upon current estimates of taxable income during this period, considering limitations on the annual utilization of these benefits as set forth by federal tax regulations. Significant changes in such estimates caused by variables such as future oil and gas prices or capital expenditures could alter the timing of the eventual utilization of such carryforwards. There can be no assurance that Devon will generate any specific level of continuing taxable earnings. However, management believes that Devon's future taxable income will more likely than not be sufficient to utilize substantially all its tax carryforwards prior to their expiration. A $0.1 million valuation allowance has been recorded at December 31, 2000, related to depletion carryforwards acquired in a 1994 merger.

9. TRUST CONVERTIBLE PREFERRED SECURITIES

On July 10, 1996, Devon, through its affiliate Devon Financing Trust, completed the issuance of $149.5 million of 6.5% trust convertible preferred securities (the "TCP Securities"). Devon Financing Trust issued 2,990,000 shares of the TCP Securities at $50 per share with a maturity date of June 15, 2026. Each TCP Security was convertible at the holder's option into 1.6393 shares of Devon common stock, which equated to a conversion price of $30.50 per share of Devon common stock.

Devon Financing Trust invested the $149.5 million of proceeds in 6.5% convertible junior subordinated debentures issued by Devon (the "Convertible Debentures"). In turn, Devon used the net proceeds from the issuance of the Convertible Debentures to retire debt outstanding under its credit lines.

On October 27, 1999, Devon issued notice to the holders of the TCP Securities that it was exercising its right to redeem such securities on November 30, 1999. Substantially all of the holders of the TCP Securities elected to exercise their conversion rights instead of receiving the redemption cash value. As a result, all but 950 shares of the TCP Securities were converted into approximately 4.9 million shares of Devon common stock. The redemption price for the 950 shares not converted was $52.275 per share, or $50,000 total, which included a 4.55% premium as required under the terms of the TCP Securities.

Devon owned all the common securities of Devon Financing Trust. As such, the accounts of Devon Financing Trust were included in Devon's consolidated financial statements after appropriate eliminations of intercompany balances and transactions. The distributions on the TCP Securities were recorded as a charge to pre-tax earnings on Devon's consolidated statements of operations, and such distributions were deductible by Devon for income tax purposes.

10. STOCKHOLDERS' EQUITY

The authorized capital stock of Devon consists of 400 million shares of common stock, par value $.10 per share (the "Common Stock"), and 4.5 million shares of preferred stock, par value $1.00 per share. The preferred stock may be issued in one or more series, and the terms and rights of such stock will be determined by the Board of Directors.

Effective August 17, 1999, Devon issued 1.5 million shares of 6.49% cumulative preferred stock, Series A, to holders of PennzEnergy 6.49% cumulative preferred stock, Series A. Dividends on the preferred stock are cumulative from the date of original issue and are payable quarterly, in cash, when declared by the Board of Directors. The preferred stock is redeemable at the option of Devon at any time on or after June 2, 2008, in whole or in part, at a redemption price of $100 per share, plus accrued and unpaid dividends to the redemption date.

In late September and early October 1999, Devon received $402.7 million from the sale of approximately 10.3 million shares of its common stock in a public offering. The price to the public

for these shares was $40.50 per share. Net of underwriters' discount and commissions, Devon received $38.98 per share. Devon paid approximately $0.8 million of expenses related to the equity offering, and these costs were recorded as reductions of additional paid-in capital.

As discussed in Note 2, there were approximately 21.5 million shares of Devon common stock issued on August 17, 1999, in connection with the PennzEnergy merger. Also, as discussed in Note 2, there were 16.1 million Exchangeable Shares issued on December 10, 1998, in connection with the Northstar combination. As of year-end 2000, 13.1 million of the Exchangeable Shares had been exchanged for shares of Devon's common stock. The Exchangeable Shares have rights identical to those of Devon's common stock and are exchangeable at any time into Devon's common stock on a one-for-one basis.

Devon's Board of Directors has designated 1.0 million shares of the preferred stock as Series A Junior Participating Preferred Stock (the "Series A Junior Preferred Stock") in connection with the adoption of the share rights plan described later in this note. At December 31, 2000, there were no shares of Series A Junior Preferred Stock issued or outstanding. The Series A Junior Preferred Stock is entitled to receive cumulative quarterly dividends per share equal to the greater of $10 or 100 times the aggregate per share amount of all dividends (other than stock dividends) declared on Common Stock since the immediately preceding quarterly dividend payment date or, with respect to the first payment date, since the first issuance of Series A Junior Preferred Stock. Holders of the Series A Junior Preferred Stock are entitled to 100 votes per share (subject to adjustment to prevent dilution) on all matters submitted to a vote of the stockholders. The Series A Junior Preferred Stock is neither redeemable nor convertible. The Series A Junior Preferred Stock ranks prior to the Common Stock but junior to all other classes of Preferred Stock.

Stock Option Plans

Devon has outstanding stock options issued to key management and professional employees under three stock option plans adopted in 1988, 1993 and 1997 (the "1988 Plan," the "1993 Plan" and the "1997 Plan"). Options granted under the 1988 Plan and 1993 Plan remain exercisable by the employees owning such options, but no new options will be granted under these plans. At December 31, 2000, there were 109,000 and 487,540 options outstanding under the 1988 Plan and the 1993 Plan, respectively.

On May 21, 1997, Devon's stockholders adopted the 1997 Plan and reserved two million shares of Common Stock for issuance thereunder. On December 9, 1998, Devon's stockholders voted to increase the reserved number of shares to three million. On August 17, 1999, Devon's stockholders voted to increase the reserved number of shares to six million. On August 29, 2000, Devon's stockholders voted to increase the reserved number of shares to ten million.

The exercise price of stock options granted under the 1997 Plan may not be less than the estimated fair market value of the stock at the date of grant, plus 10% if the grantee owns or controls more than 10% of the total voting stock of Devon prior to the grant. Options granted are exercisable during a period established for each grant, which period may not exceed 10 years from

the date of grant. Under the 1997 Plan, the grantee must pay the exercise price in cash or in Common Stock, or a combination thereof, at the time that the option is exercised. The 1997 Plan is administered by a committee comprised of non-management members of the Board of Directors. The 1997 Plan expires on April 25, 2007. As of December 31, 2000, there were 3,306,329 options outstanding under the 1997 Plan. There were 6,225,949 options available for future grants as of December 31, 2000.

In addition to the stock options outstanding under the 1988 Plan, 1993 Plan and 1997 Plan, there were approximately 1,744,409, 1,630,123 and 78,553 stock options outstanding at the end of 2000 that were assumed as part of the Santa Fe Snyder merger, the PennzEnergy merger and the Northstar combination, respectively. Santa Fe Snyder, PennzEnergy and Northstar had granted these options prior to the Santa Fe Snyder merger, the PennzEnergy merger and the Northstar combination. As part of the Santa Fe Snyder merger, the PennzEnergy merger and the Northstar combination, the options were assumed by Devon and converted to Devon options at the exchange rate of 0.22, 0.4475 and 0.235 Devon options for each Santa Fe Snyder, PennzEnergy and Northstar option, respectively.

A summary of the status of Devon's stock option plans as of December 31, 1998, 1999 and 2000, and changes during each of the years then ended, is presented below.

	OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING	EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
Balance at December 31, 1997	4,405,560	$ 31.564	2,744,115	$ 29.717
Options granted	1,652,789	$ 34.262		
Options exercised	(187,953)	$ 23.943		
Options forfeited	(349,740)	$ 35.326		
Balance at December 31, 1998	5,520,656	$ 31.768	4,079,125	$ 30.479
Options granted	1,564,108	$ 31.736		
Options assumed in the PennzEnergy merger	2,081,894	$ 55.643		
Options assumed in the Snyder merger	979,220	$ 35.182		
Options exercised	(1,139,231)	$ 28.509		
Options forfeited	(452,746)	$ 36.369		
Balance at December 31, 1999	8,553,901	$ 38.202	7,063,983	$ 39.547
Options granted	1,624,800	$ 51.430		
Options exercised	(2,488,756)	$ 33.106		
Options forfeited	(333,991)	$ 60.354		
Balance at December 31, 2000	7,355,954	$ 41.843	6,024,796	$ 40.718

The weighted average fair values of options granted during 2000, 1999 and 1998 were $28.73, $12.80 and $13.44, respectively. The fair value of each option grant was estimated for disclosure purposes on the date of grant using the Black-Scholes Option Pricing Model with the

following assumptions for 2000, 1999 and 1998, respectively: risk-free interest rates of 5.5%, 6.0% and 5.0%; dividend yields of 0.4%, 0.5% and 0.4%; expected lives of 5, 5 and 5 years; and volatility of the price of the underlying common stock of 40.0%, 35.2% and 31.7%.

The following table summarizes information about Devon's stock options which were outstanding, and those which were exercisable, as of December 31, 2000:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$ 8.375-$26.501	886,899	2.98 Years	$ 22.732	881,065	$ 22.719
$28.830-$33.381	1,892,214	6.52 Years	$ 30.691	1,612,472	$ 30.705
$34.375-$39.773	1,288,365	6.10 Years	$ 36.550	1,263,100	$ 36.554
$40.125-$49.950	522,150	5.56 Years	$ 46.067	506,884	$ 46.017
$50.142-$59.813	2,146,853	7.75 Years	$ 53.072	1,155,202	$ 54.212
$60.150-$89.660	619,473	4.84 Years	$ 71.797	606,073	$ 72.050
	7,355,954	6.17 Years	$ 41.843	6,024,796	$ 40.718

Had Devon elected the fair value provisions of SFAS No. 123 and recognized compensation expense over the vesting period based on the fair value of the stock options granted as of their grant date, Devon's 2000, 1999 and 1998 pro forma net earnings (loss) and pro forma net earnings (loss) per share would have differed from the amounts actually reported as shown in the following table. The pro forma amounts shown below do not include the effects of stock options granted prior to January 1, 1995.

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)		
Net earnings (loss) available to common shareholders			
As reported	$ 720,607	(157,795)	(235,885)
Pro forma	$ 701,852	(173,005)	(252,070)
Net earnings (loss) per share available to common shareholders:			
As reported:			
Basic	$ 5.66	(1.68)	(3.32)
Diluted	$ 5.50	(1.68)	(3.32)
Pro forma:			
Basic	$ 5.51	(1.85)	(3.55)
Diluted	$ 5.36	(1.85)	(3.55)

Share Rights Plan

Under Devon's share rights plan, stockholders have one right for each share of Common Stock held. The rights become exercisable and separately transferable ten business days after a) an announcement that a person has acquired, or obtained the right to acquire, 15% or more of the voting shares outstanding, or b) commencement of a tender or exchange offer that could result in a person owning 15% or more of the voting shares outstanding.

Each right entitles its holder (except a holder who is the acquiring person) to purchase either (a) 1/100 of a share of Series A Preferred Stock for $75.00, subject to adjustment or, (b) Devon Common Stock with a value equal to twice the exercise price of the right, subject to adjustment to prevent dilution. In the event of certain merger or asset sale transactions with another party or transactions which would increase the equity ownership of a shareholder who then owned 15% or more of Devon, each Devon right will entitle its holder to purchase securities of the merging or acquiring party with a value equal to twice the exercise price of the right.

The rights, which have no voting power, expire on April 16, 2005. The rights may be redeemed by Devon for $.01 per right until the rights become exercisable.

11. FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and estimated fair values of Devon's financial instruments at December 31, 2000, 1999 and 1998.

	2000		1999		1998	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	(IN THOUSANDS)					
Investments	$ 606,117	606,117	634,281	634,281	1,930	1,930
Oil and gas price hedge agreements	$ --	(57,560)	--	(9,540)	--	1,988
Foreign exchange hedge agreements	$ --	(533)	--	(2,535)	--	(9,310)
Long-term debt (including current portion)	$(2,048,836)	(2,049,779)	(2,416,521)	(2,400,334)	(735,871)	(758,075)
TCP Securities	$ --	--	--	--	(149,500)	(171,400)

The following methods and assumptions were used to estimate the fair values of the financial instruments in the above table. None of Devon's financial instruments are held for trading purposes. The carrying values of cash and cash equivalents, accounts receivable and accounts payable (including income taxes payable and accrued expenses) included in the accompanying consolidated balance sheets approximated fair value at December 31, 2000, 1999 and 1998.

Investments -- The fair values of investments are primarily based on quoted market prices.

Oil and Gas Price Hedge Agreements -- The fair values of the oil and gas price hedges are based on either (a) an internal discounted cash flow calculation, (b) quotes obtained from the counterparty to the hedge agreement or
(c) quotes provided by brokers.

Foreign Exchange Hedge Agreements -- The fair values of the foreign exchange agreements are based on quotes obtained from brokers.

Long-term Debt -- The fair values of the fixed-rate long-term debt have been estimated based on quotes obtained from brokers or by discounting the principal and interest payments at rates available for debt of similar terms and maturity. The fair values of the floating-rate long-term debt are estimated to approximate the carrying amounts due to the fact that the interest rates paid on such debt are generally set for periods of three months or less.

TCP Securities -- The fair values of the TCP securities are based on quoted market prices provided by brokers.

The following table covers Devon's notional volumes and pricing on open natural gas hedging instruments as of December 31, 2000:

	YEAR OF PRODUCTION	
	2001	2002
Volumes (billion British thermal units)	14,027	3,333
Average price to be received	$ 2.18	2.52

The floating reference prices which Devon will pay the counterparties to the above gas price hedging instruments include several index prices based upon the area of the gas production that is hedged. For the hedged Canadian gas production, these reference prices are primarily based on index prices published by the Alberta Energy Company ("AECO"). For the hedged U.S. production, the reference prices are primarily based on index prices published by "Inside F.E.R.C.'s Gas Market Report" ("Inside FERC") for the Rocky Mountains.

In addition to the above gas hedging instruments, Devon also had a natural gas basis swap in effect as of December 31, 2000. In this basis swap, which covers 20,000 MMBtus per day, Devon owes the counterparty the applicable monthly Colorado Interstate Gas Co. index price as published by Inside FERC, while the counterparty owes Devon the average NYMEX price for the last three settlement days of the month less $0.30 per MMBtu. The net difference is settled by the parties each month. This basis swap continues through August 31, 2004.

Devon has certain foreign currency hedging instruments that offset a portion of the exposure to currency fluctuations on Canadian oil sales that are based on U.S. dollar prices. Gains and losses recognized on these foreign currency hedging instruments are included as increases or decreases to realized oil sales. As of December 31, 2000, Devon had open foreign currency hedging instruments in which it will sell $10 million in 2001 at average Canadian-to-U.S. dollar exchange rates of $0.7102. Under this agreement, Devon will buy the same amount of dollars at the floating exchange rate.

Devon's 1999 and 1998 consolidated balance sheets include deferred revenues of $0.4 million and $1.0 million, respectively, for gains realized on the early termination of commodity and foreign currency hedging instruments in prior years.

12. RETIREMENT PLANS

Devon has non-contributory defined benefit retirement plans (the "Basic Plans") which include U.S. employees meeting certain age and service requirements. The benefits are based on the employee's years of service and compensation. Devon's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes. Rights to amend or terminate the Basic Plans are retained by Devon.

Devon also has separate defined benefit retirement plans (the "Supplementary Plans") which are non-contributory and include only certain employees whose benefits under the Basic Plans are limited by income tax regulations. The Supplementary Plans' benefits are based on the employee's years of service and compensation. Devon's funding policy for the Supplementary Plans is to fund the benefits as they become payable. Rights to amend or terminate the Supplementary Plans are retained by Devon.

In 2000, Devon established a defined benefit postretirement plan, which is unfunded, and covers substantially all current employees including former Santa Fe Snyder and PennzEnergy employees who remained with Devon. Additionally, Devon assumed responsibility for the PennzEnergy sponsored defined benefit postretirement plans, which are unfunded. The plans provide medical and life insurance benefits and are, depending on the type of plan, either contributory or non-contributory. The accounting for the health care plan anticipates future cost-sharing changes that are consistent with Devon's expressed intent to increase, where possible, contributions for future retirees.

The following table sets forth the plans' benefit obligations, plan assets, reconciliation of funded status, amounts recognized in the consolidated balance sheets and the actuarial assumptions used as of December 31, 2000, 1999 and 1998.

	PENSION BENEFITS			OTHER RETIREMENT BENEFITS		
	2000	1999	1998	2000	1999	1998
	(IN THOUSANDS)					
Change in benefit obligation:						
Benefit obligation at beginning of year	$ 155,569	63,841	53,859	$ 37,860	8,100	6,600
Service cost	6,736	4,937	2,685	809	838	400
Interest cost	11,283	6,464	4,035	2,330	1,249	500
Participant contributions	--	--	--	147	--	100
Amendments	4,303	--	293	(1,985)	--	--
Mergers and acquisitions	--	87,751	--	--	28,659	--
Curtailment gain	(3,037)	--	--	(346)	--	--
Actuarial (gain) loss	(2,963)	(3,525)	5,573	(3,153)	600	1,000
Benefits paid	(7,290)	(3,899)	(2,604)	(3,520)	(1,586)	(500)
Benefit obligation at end of year	164,601	155,569	63,841	32,142	37,860	8,100
Change in plan assets:						
Fair value of plan assets at beginning of year	157,894	41,531	43,136	--	--	--
Actual return on plan assets	2,574	14,808	113	--	--	--
PennzEnergy merger	--	104,181	--	--	--	--
Employer contributions	1,664	1,273	886	3,373	1,486	400
Participant contributions	--	--	--	147	100	100
Benefits paid	(7,290)	(3,899)	(2,604)	(3,520)	(1,586)	(500)
Fair value of plan assets at end of year	154,842	157,894	41,531	--	--	--
Funded status	(9,759)	2,325	(22,310)	(32,142)	(37,860)	(8,100)
Unrecognized net actuarial (gain) loss	9,888	(2,723)	9,130	(2,199)	800	200
Unrecognized prior service cost	1,570	1,966	2,322	(1,201)	--	--
Unrecognized net transition (asset) obligation	(6,331)	(400)	(500)	1,152	2,100	2,300
Other	--	100	--	--	100	100
Net amount recognized	$ (4,632)	1,268	(11,358)	$ (34,390)	(34,860)	(5,500)
The net amounts recognized in the consolidated balance sheets consist of:						
(Accrued) prepaid benefit cost	$ (4,632)	1,268	(11,358)	$ (34,390)	(34,860)	(5,500)
Additional minimum liability	(735)	(3,110)	(2,987)	--	--	--
Intangible asset	508	1,537	1,808	--	--	--
Accumulated other comprehensive loss	227	1,573	1,179	--	--	--
Net amount recognized	$ (4,632)	1,268	(11,358)	$ (34,390)	(34,860)	(5,500)
Assumptions:						
Discount rate	7.65%	7.34%	6.69%	7.65%	7.32%	6.75%
Expected return on plan assets	8.50%	8.37%	9.35%	N/A	N/A	N/A
Rate of compensation increase	5.00%	4.88%	4.84%	5.00%	4.75%	4.75%

The benefit obligation for the defined benefit pension plans with benefit obligations in excess of assets was $87.0 million as of December 31, 2000. The plan assets for these plans at December 31, 2000 totaled $49.9 million.

Net periodic benefit cost included the following components:

	PENSION BENEFITS			OTHER POSTRETIREMENT BENEFITS		
	2000	1999	1998	2000	1999	1998
	(IN THOUSANDS)					
Service cost	$ 6,736	4,937	2,685	$ 809	838	400
Interest cost	11,283	6,464	4,035	2,330	1,249	500
Expected return on plan assets	(13,247)	(6,900)	(3,932)	--	--	--
Amortization of prior service cost	289	256	256	(37)	--	--
Amortization of transition obligation	(52)	--	--	170	200	200
Recognized net actuarial (gain) loss	294	320	11	(207)	--	--
Net periodic benefit cost	$ 5,303	5,077	3,055	$ 3,065	2,287	1,100

For measurement purposes, a 10% annual rate of increase in the per capita cost of covered health care benefits was assumed in 2000. The rate was assumed to decrease on a pro-rata basis annually to 5% in the year 2005 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one percentage-point change in assumed health care cost trend rates would have the following effects:

	ONE-PERCENTAGE POINT INCREASE	ONE-PERCENTAGE POINT DECREASE
	(IN THOUSANDS)	
Effect on total of service and interest cost components for 2000	$ 230	$ (204)
Effect on year-end 2000 postretirement benefit obligation	$ 1,062	$(1,009)

Devon has incurred certain postemployment benefits to former or inactive employees who are not retirees. These benefits include salary continuance, severance and disability health care and life insurance which are accounted for under SFAS No. 112, "Employer's Accounting for Postemployment Benefits." The accrued postemployment benefit liability was approximately $12.7 million and $2.5 million at the end of 2000 and 1999, respectively.

Devon has a 401(k) Incentive Savings Plan which covers all domestic employees. At its discretion, Devon may match a certain percentage of the employees' contributions to the plan. The matching percentage is determined annually by the Board of Directors. Devon's matching contributions to the plan were $5.0 million, $4.3 million and $2.3 million for the years ended December 31, 2000, 1999 and 1998, respectively.

Devon has defined contribution plans for its Canadian employees. Devon contributes between 6% and 10% of the employee's base compensation, depending upon the employee's classification. Such contributions are subject to maximum amounts allowed under the Income Tax Act (Canada).

Devon also has a savings plan for its Canadian employees. Under the savings plan, Devon contributes an amount equal to 2% of the base salary of each employee. The employees may elect to contribute up to 4% of their salary. If such employee contributions are made, they are matched by additional Devon contributions.

During the years 2000, 1999 and 1998, Devon's combined contributions to the Canadian defined contribution plan and the Canadian savings plan were $2.1 million, $1.9 million and $1.8 million, respectively.

As a result of the Santa Fe Snyder merger, Devon also has a savings plan with respect to certain personnel employed in foreign locations. The plan is an unsecured creditor of Devon and at December 31, 2000, 1999 and 1998, Devon's liability with respect to the plan totaled $0.4 million, $0.4 million and $0.3 million, respectively.

13. COMMITMENTS AND CONTINGENCIES

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

Environmental Matters

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

Certain of Devon's subsidiaries acquired in the PennzEnergy merger are involved in matters in which it has been alleged that such subsidiaries are potentially responsible parties ("PRPs") under CERCLA or similar state legislation with respect to various waste disposal areas owned or operated by third parties. As of December 31, 2000, Devon's consolidated balance sheet included $7.8 million of accrued liabilities, reflected in "Other liabilities," for environmental remediation. Devon does not currently believe there is a reasonable possibility of incurring additional material costs in excess of the current accruals recognized for such environmental remediation activities. With respect to the sites in which Devon subsidiaries are PRPs, Devon's conclusion is based in large part on (i) the availability of defenses to liability, including the availability of the "petroleum exclusion" under CERCLA and similar state laws, and/or (ii) Devon's current belief that its share of wastes at a particular site is or will be viewed by the Environmental Protection Agency or other PRPs as being de minimis. As a result, Devon's monetary exposure is not expected to be material.

Royalty Matters

More than 30 oil companies, including Devon, are involved in disputes in which it is alleged that such companies and related parties underpaid royalty, overriding royalty and working interests owners in connection with the production of crude oil. The proceedings include suits in federal court in Texas, Louisiana, Mississippi and Wyoming that have been consolidated into one proceeding in Texas. To avoid expensive and protracted litigation, certain parties, including Devon, have entered into a global settlement agreement which provides for a settlement of all claims of all members of the settlement class. The court held a fairness hearing and issued an Amended Final Judgment approving the settlement on September 10, 1999. However, certain entities have appealed their objections to the settlement.

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

Maersk Rig Contract

In December 1997, the working interest owner partner of Pennzoil Venezuela Corporation, S.A. ("PVC"), a subsidiary of Devon as a result of the PennzEnergy merger, entered into a contract with Maersk Jupiter Drilling, S.A. ("Maersk") for the provision of a rig for drilling services relative to the anticipated drilling program associated with Devon's Block 70/80 in Lake Maracaibo, Venezuela. The rig was assembled and delivered by Maersk to Lake Maracaibo where it performed an abbreviated drilling program for both Blocks 68/79 and 70/80. It is currently stacked in Lake Maracaibo. The contract, which expires October 1, 2001, provides for early termination, with a charge for such termination which is currently estimated at $42,000 per day with certain escalation factors for the balance of the term. As of December 31, 2000, Devon's consolidated balance sheet included accrued liabilities, reflected in "Other liabilities," for the expected cost to terminate/settle the contract. Devon does not currently believe there is a reasonable possibility of incurring additional material costs in excess of the liability recognized for such termination/settlement of the contract.

Operating Leases

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2000:

YEAR ENDING DECEMBER 31,	(IN THOUSANDS)
2001	$ 14,394
2002	12,279
2003	11,513
2004	10,779
2005	10,293
Thereafter	20,466
Total minimum lease payments required	$ 79,724

Total rental expense for all operating leases is as follows for the years ended December 31:

	(IN THOUSANDS)
2000	$ 18,564
1999	$ 24,204
1998	$ 18,319

Santa Fe Energy Trust

The Santa Fe Energy Trust (the "Trust") was formed in 1992 to hold 6.3 million Depository Units, each consisting of beneficial ownership of one unit of undivided interest in the Trust and a $20 face amount beneficial ownership interest in a $1,000 face amount zero coupon U.S. Treasury obligation maturing on or about February 15, 2008, when the Trust will be liquidated. The assets of the Trust consist of certain oil and gas properties conveyed to it by Santa Fe Snyder.

For any calendar quarter ending on or prior to December 31, 2002, the Trust will receive additional support payments to the extent that it needs such payments to distribute $0.39 per Depository Unit per quarter. The source of such support payments is limited to Devon's remaining royalty interest in certain of the properties conveyed to the Trust. The aggregate amount of the additional royalty payments (net of any amounts recouped) is limited to $19.4 million on a revolving basis. If such support payments are made, certain proceeds otherwise payable to the Trust in subsequent quarters may be reduced to recoup the amount of such support payments. Through the end of 2000, the Trust had received support payments totaling $4.2 million and Devon had recouped all such payments.

Depending on various factors, such as sales volumes and prices and the level of operating costs and capital expenditures incurred, proceeds payable to the Trust with respect to operations in subsequent quarters may not be sufficient to make the required quarterly distributions. In such instances, Devon would be required to make support payments.

At December 31, 2000 and 1999, accounts payable as shown on the accompanying consolidated balance sheets included $4.1 million and $3.4 million, respectively, due to the Trust.

14. REDUCTION OF CARRYING VALUE OF OIL AND GAS PROPERTIES

Under the full cost method of accounting, the net book value of oil and gas properties, less related deferred income taxes, may not exceed a calculated "ceiling." The ceiling limitation is the discounted estimated after-tax future net revenues from proved oil and gas properties. The ceiling is imposed separately by country. In calculating future net revenues, current prices and costs are generally held constant indefinitely. The net book value, less deferred tax liabilities, is compared to the ceiling on a quarterly and annual 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.

During 1999 and 1998, Devon reduced the carrying value of its oil and gas properties by $476.1 million and $422.5 million, respectively, due to the full cost ceiling limitations. The after-tax effect of these reductions in 1999 and 1998 were $309.7 million and $280.8 million, respectively.

15. OIL AND GAS OPERATIONS

Costs Incurred

The following tables reflect the costs incurred in oil and gas property acquisition, exploration, and development activities:

	TOTAL YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Property acquisition costs:			
Proved, excluding deferred income taxes	$ 291,355	3,002,269	245,467
Deferred income taxes	--	131,700	21,382
Total proved, including deferred income taxes	$ 291,355	3,133,969	266,849
Unproved, excluding deferred income taxes:			
Business combinations	--	83,505	5,278
Other acquisitions	55,344	40,583	55,827
Deferred income taxes	--	--	661
Total unproved, including deferred income taxes	$ 55,344	124,088	61,766
Exploration costs	$ 212,719	157,706	176,014
Development costs	$ 636,379	336,126	294,105

	DOMESTIC YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Property acquisition costs:			
Proved, excluding deferred income taxes	$ 177,072	2,670,237	87,549
Deferred income taxes	--	131,700	--
Total proved, including deferred income taxes	$ 177,072	2,801,937	87,549
Unproved, excluding deferred income taxes:			
Business combinations	--	81,755	--
Other acquisitions	34,805	27,728	40,364
Deferred income taxes	--	--	--
Total unproved, including deferred income taxes	$ 34,805	109,483	40,364
Exploration costs	$ 117,119	88,171	71,486
Development costs	$ 466,090	228,095	149,286

	CANADA YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Property acquisition costs:			
Proved, excluding deferred income taxes	$69,736	29,532	107,818
Deferred income taxes	--	--	21,382
Total proved, including deferred income taxes	$69,736	29,532	129,200
Unproved, excluding deferred income taxes:			
Business combinations	--	--	5,278
Other acquisitions	16,977	9,155	10,263
Deferred income taxes	--	--	661
Total unproved, including deferred income taxes	$16,977	9,155	16,202
Exploration costs	$54,769	37,197	49,928
Development costs	$56,654	29,811	75,119

	INTERNATIONAL YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Property acquisition costs:			
Proved, excluding deferred income taxes	$ 44,547	302,500	50,100
Deferred income taxes	--	--	--
Total proved, including deferred income taxes	$ 44,547	302,500	50,100
Unproved, excluding deferred income taxes:			
Business combinations	--	1,750	--
Other acquisitions	3,562	3,700	5,200
Deferred income taxes	--	--	--
Total unproved, including deferred income taxes	$ 3,562	5,450	5,200
Exploration costs	$ 40,831	32,338	54,600
Development costs	$113,635	78,220	69,700

Pursuant to the full-cost method of accounting, Devon capitalizes certain of its general and administrative expenses which are related to property acquisition, exploration and development activities. Such capitalized expenses, which are included in the costs shown in the preceding tables, were $61.8 million, $28.9 million and $14.8 million in the years 2000, 1999 and 1998, respectively.

Due to the tax-free nature of the merger between Santa Fe and Snyder in May 1999, additional deferred tax liabilities of $131.7 million were allocated to proved properties. Due to the tax-free nature of the PennzEnergy merger in August 1999, additional deferred tax liabilities of $346.9 million were recorded in 1999 and allocated to goodwill.

Results of Operations for Oil and Gas Producing Activities

The following tables include revenues and expenses associated directly with Devon's oil and gas producing activities. They do not include any allocation of Devon's interest costs or general corporate overhead and, therefore, are not necessarily indicative of the contribution to net earnings of Devon's oil and gas operations. Income tax expense has been calculated by applying statutory income tax rates to oil and gas sales after deducting costs, including depreciation, depletion and amortization and after giving effect to permanent differences.

	TOTAL YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER EQUIVALENT BARREL AMOUNTS)		
Oil, gas and natural gas liquids sales	$ 2,718,445	1,256,872	681,978
Production and operating expenses	(597,333)	(377,472)	(274,618)
Depreciation, depletion and amortization	(662,890)	(390,117)	(230,419)
Amortization of goodwill	(41,332)	(16,111)	--
Reduction of carrying value of oil and gas properties	--	(476,100)	(422,500)
Income tax (expense) benefit	(571,755)	(24,984)	65,515
Results of operations for oil and gas producing activities	$ 845,135	(27,912)	(180,044)
Depreciation, depletion and amortization per equivalent barrel of production	$ 5.48	4.46	3.74

	DOMESTIC YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER EQUIVALENT BARREL AMOUNTS)		
Oil, gas and natural gas liquids sales	$ 2,167,571	891,670	417,313
Production and operating expenses	(462,849)	(254,077)	(164,612)
Depreciation, depletion and amortization	(541,174)	(293,841)	(154,127)
Amortization of goodwill	(41,303)	(16,106)	--
Reduction of carrying value of oil and gas properties	--	(463,700)	(301,400)
Income tax (expense) benefit	(445,783)	37,786	63,630
Results of operations for oil and gas producing activities	$ 676,462	(98,268)	(139,196)
Depreciation, depletion and amortization per equivalent barrel of production	$ 5.73	4.98	4.41

	CANADA YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER EQUIVALENT BARREL AMOUNTS)		
Oil, gas and natural gas liquids sales	$ 303,537	204,501	169,965
Production and operating expenses	(64,773)	(62,595)	(58,506)
Depreciation, depletion and amortization	(64,094)	(64,514)	(43,392)
Reduction of carrying value of oil and gas properties	--	--	--
Income tax (expense) benefit	(79,363)	(37,736)	(37,615)
Results of operations for oil and gas producing activities	$ 95,307	39,656	30,452
Depreciation, depletion and amortization per equivalent barrel of production	$ 4.05	3.56	2.41

	INTERNATIONAL YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER EQUIVALENT BARREL AMOUNTS)		
Oil, gas and natural gas liquids sales	$ 247,337	160,701	94,700
Production and operating expenses	(69,711)	(60,800)	(51,500)
Depreciation, depletion and amortization	(57,622)	(31,762)	(32,900)
Amortization of goodwill	(29)	(5)	--
Reduction of carrying value of oil and gas properties	--	(12,400)	(121,100)
Income tax (expense) benefit	(46,609)	(25,034)	39,500
Results of operations for oil and gas producing activities	$ 73,366	30,700	(71,300)
Depreciation, depletion and amortization per equivalent barrel of production	$ 5.38	3.06	3.78

16. SUPPLEMENTAL INFORMATION ON OIL AND GAS OPERATIONS (UNAUDITED)

The following supplemental unaudited information regarding the oil and gas activities of Devon is presented pursuant to the disclosure requirements promulgated by the Securities and Exchange Commission and SFAS No. 69, "Disclosures About Oil and Gas Producing Activities."

Quantities of Oil and Gas Reserves

Set forth below is a summary of the changes in the net quantities of crude oil, natural gas and natural gas liquids reserves for each of the three years ended December 31, 2000. Approximately 80%, 98% and 96%, of the respective year-end 2000, 1999 and 1998 domestic proved reserves were calculated by the independent petroleum consultants of LaRoche Petroleum Consultants, Ltd. and Ryder-Scott Company Petroleum Consultants. The remaining percentages of domestic reserves are based on Devon's own estimates. All of the year-end 2000 and 1999 Canadian proved reserves were calculated by the independent petroleum consultants Paddock Lindstrom & Associates. All of the year-end 1998 Canadian proved reserves were calculated by the independent petroleum consultants of Paddock Lindstrom & Associates and AMH Group Ltd. All of the international proved reserves other than Canada as of December 31, 2000 and 1999 were calculated by the independent petroleum consultants of Ryder-Scott Company Petroleum Consultants. Of the 1998 international reserves other than Canada, 87% were calculated by Ryder-Scott Company Petroleum Consultants and 13% were based on Devon's own estimates.

	TOTAL		
	OIL (MBBLS)	GAS (MMCF)	NATURAL GAS LIQUIDS (MBBLS)
Proved reserves as of December 31, 1997	218,741	1,403,204	24,478
Revisions of estimates	(9,452)	(53,209)	2,391
Extensions and discoveries	27,497	174,527	8,652
Purchase of reserves	30,283	164,429	518
Production	(25,628)	(198,051)	(3,054)
Sale of reserves	(5,984)	(13,906)	(306)
Proved reserves as of December 31, 1998	235,457	1,476,994	32,679
Revisions of estimates	12,367	6,888	3,254
Extensions and discoveries	12,809	406,157	4,342
Purchase of reserves	272,412	1,417,747	32,795
Production	(31,756)	(304,203)	(5,111)
Sale of reserves	(4,572)	(53,956)	(142)
Proved reserves as of December 31, 1999	496,717	2,949,627	67,817
Revisions of estimates	(4,135)	99,223	3,312
Extensions and discoveries	33,939	601,317	6,041
Purchase of reserves	24,145	301,144	33
Production	(42,561)	(426,146)	(7,400)
Sale of reserves	(48,861)	(66,981)	(8,046)
Proved reserves as of December 31, 2000	459,244	3,458,184	61,757
Proved developed reserves as of:			
December 31, 1997	187,758	1,204,874	21,832
December 31, 1998	179,746	1,282,447	19,381
December 31, 1999	301,149	2,500,985	52,102
December 31, 2000	261,432	2,631,267	46,256

	DOMESTIC		
	OIL (MBBLS)	GAS (MMCF)	NATURAL GAS LIQUIDS (MBBLS)
Proved reserves as of December 31, 1997	128,402	784,124	18,172
Revisions of estimates	(19,849)	10,919	219
Extensions and discoveries	3,042	108,308	371
Purchase of reserves	1,813	58,655	--
Production	(12,257)	(121,419)	(2,468)
Sale of reserves	--	(2,300)	--
Proved reserves as of December 31, 1998	101,151	838,287	16,294
Revisions of estimates	23,986	35,751	3,407
Extensions and discoveries	1,890	230,059	2,794
Purchase of reserves	142,908	1,399,634	32,709
Production	(17,822)	(221,061)	(4,396)
Sale of reserves	(2,689)	(8,284)	(4)
Proved reserves as of December 31, 1999	249,424	2,274,386	50,804
Revisions of estimates	(3,196)	100,844	4,296
Extensions and discoveries	20,430	504,977	5,092
Purchase of reserves	20,418	52,929	9
Production	(28,562)	(355,087)	(6,702)
Sale of reserves	(32,977)	(56,742)	(7,981)
Proved reserves as of December 31, 2000	225,537	2,521,307	45,518
Proved developed reserves as of:			
December 31, 1997	115,559	646,882	16,789
December 31, 1998	92,931	663,864	14,777
December 31, 1999	214,267	1,959,531	48,237
December 31, 2000	192,190	2,087,287	42,155

	CANADA		
	OIL (MBBLS)	GAS (MMCF)	NATURAL GAS LIQUIDS (MBBLS)
Proved reserves as of December 31, 1997	36,139	582,780	5,106
Revisions of estimates	6,283	(70,402)	(248)
Extensions and discoveries	655	62,519	81
Purchase of reserves	8,170	105,774	518
Production	(6,257)	(67,158)	(566)
Sale of reserves	(5,984)	(11,606)	(306)
Proved reserves as of December 31, 1998	39,006	601,907	4,585
Revisions of estimates	(2,828)	(41,044)	(268)
Extensions and discoveries	219	52,698	448
Purchase of reserves	2,796	11,890	86
Production	(5,178)	(73,561)	(700)
Sale of reserves	(1,883)	(45,672)	(138)
Proved reserves as of December 31, 1999	32,132	506,218	4,013
Revisions of estimates	2,872	(5,854)	343
Extensions and discoveries	2,787	64,566	571
Purchase of reserves	3,597	27,224	24
Production	(4,760)	(62,284)	(682)
Sale of reserves	(136)	(6,361)	(65)
Proved reserves as of December 31, 2000	36,492	523,509	4,204
Proved developed reserves as of			
December 31, 1997	35,199	522,292	5,043
December 31, 1998	33,215	583,583	4,504
December 31, 1999	29,268	501,376	3,865
December 31, 2000	29,721	507,703	4,072

	INTERNATIONAL		
	OIL (MBBLS)	GAS (MMCF)	NATURAL GAS LIQUIDS (MBBLS)
Proved reserves as of December 31, 1997	54,200	36,300	1,200
Revisions of estimates	4,114	6,274	2,420
Extensions and discoveries	23,800	3,700	8,200
Purchase of reserves	20,300	--	--
Production	(7,114)	(9,474)	(20)
Sale of reserves	--	--	--
Proved reserves as of December 31, 1998	95,300	36,800	11,800
Revisions of estimates	(8,791)	12,181	115
Extensions and discoveries	10,700	123,400	1,100
Purchase of reserves	126,708	6,223	--
Production	(8,756)	(9,581)	(15)
Sale of reserves	--	--	--
Proved reserves as of December 31, 1999	215,161	169,023	13,000
Revisions of estimates	(3,811)	4,233	(1,327)
Extensions and discoveries	10,722	31,774	378
Purchase of reserves	130	220,991	--
Production	(9,239)	(8,775)	(16)
Sale of reserves	(15,748)	(3,878)	--
Proved reserves as of December 31, 2000	197,215	413,368	12,035
Proved developed reserves as of			
December 31, 1997	37,000	35,700	--
December 31, 1998	53,600	35,000	100
December 31, 1999	57,614	40,078	--
December 31, 2000	39,521	36,277	29

Standardized Measure of Discounted Future Net Cash Flows

The accompanying tables reflect the standardized measure of discounted future net cash flows relating to Devon's interest in proved reserves:

	TOTAL		
	DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Future cash inflows	$ 40,594,130	18,494,929	5,114,485
Future costs:			
Development	(1,634,888)	(1,506,678)	(495,977)
Production	(8,198,640)	(6,270,893)	(2,091,688)
Future income tax expense	(9,087,923)	(1,928,398)	(196,475)
Future net cash flows	21,672,679	8,788,960	2,330,345
10% discount to reflect timing of cash flows	(9,200,492)	(4,020,526)	(916,757)
Standardized measure of discounted future net cash flows	$ 12,472,187	4,768,434	1,413,588

	DOMESTIC		
	DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Future cash inflows	$ 29,143,762	11,362,918	2,718,030
Future costs:			
Development	(915,969)	(750,497)	(162,715)
Production	(5,660,966)	(3,894,271)	(1,123,932)
Future income tax expense	(6,345,941)	(1,071,699)	(117,912)
Future net cash flows	16,220,886	5,646,451	1,313,471
10% discount to reflect timing of cash flows	(6,591,538)	(2,335,312)	(503,689)
Standardized measure of discounted future net cash flows	$ 9,629,348	3,311,139	809,782

	CANADA		
	DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Future cash inflows	$ 5,686,629	1,666,358	1,333,655
Future costs:			
Development	(84,492)	(66,631)	(85,362)
Production	(616,605)	(514,825)	(491,256)
Future income tax expense	(1,967,441)	(204,290)	(39,563)
Future net cash flows	3,018,091	880,612	717,474
10% discount to reflect timing of cash flows	(1,240,934)	(320,722)	(279,568)
Standardized measure of discounted future net cash flows	$ 1,777,157	559,890	437,906

	INTERNATIONAL		
	DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Future cash inflows	$ 5,763,739	5,465,653	1,062,800
Future costs:			
Development	(634,427)	(689,550)	(247,900)
Production	(1,921,069)	(1,861,797)	(476,500)
Future income tax expense	(774,541)	(652,409)	(39,000)
Future net cash flows	2,433,702	2,261,897	299,400
10% discount to reflect timing of cash flows	(1,368,020)	(1,364,492)	(133,500)
Standardized measure of discounted future net cash flows	$ 1,065,682	897,405	165,900

Future cash inflows are computed by applying year-end prices (averaging $23.77 per barrel of oil, adjusted for transportation and other charges, $8.04 per Mcf of gas and $29.80 per barrel of natural gas liquids at December 31, 2000) to the year-end quantities of proved reserves, except in those instances where fixed and determinable price changes are provided by contractual arrangements in existence at year-end. Subsequent to December 31, 2000, the price of natural gas has declined. The average price in February 2001 for gas sold at market sensitive prices in North America was approximately one-third below the year-end 2000 price.

Future development and production costs are computed by estimating the expenditures to be incurred in developing and producing proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions.

Future income tax expenses are computed by applying the appropriate statutory tax rates to the future pre-tax net cash flows relating to proved reserves, net of the tax basis of the properties involved. The future income tax expenses give effect to permanent differences and tax credits, but do not reflect the impact of future operations.

Changes Relating to the Standardized Measure of Discounted Future Net Cash Flows

Principal changes in the standardized measure of discounted future net cash flows attributable to Devon's proved reserves are as follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
		(IN THOUSANDS)	
Beginning balance	$ 4,768,434	1,413,588	1,680,676
Sales of oil, gas and natural gas liquids, net of production costs	(2,010,675)	(879,400)	(407,360)
Net changes in prices and production costs	9,753,295	1,737,640	(743,193)
Extensions, discoveries, and improved recovery, net of future development costs	2,742,182	315,932	280,414
Purchase of reserves, net of future development costs	618,134	2,881,881	223,055
Development costs incurred during the period which reduced future development costs	182,533	233,880	284,999
Revisions of quantity estimates	420,250	(62,821)	(181,314)
Sales of reserves in place	(818,602)	(77,707)	(36,565)
Accretion of discount	581,172	146,904	201,465
Net change in income taxes	(4,221,575)	(929,237)	305,317
Other, primarily changes in timing	457,039	(12,226)	(193,906)
Ending balance	$ 12,472,187	4,768,434	1,413,588

17. SEGMENT INFORMATION

Devon manages its business by country. As such, Devon identifies its segments based on geographic areas. Devon has three reportable segments: its operations in the U.S., its operations in Canada, and its international operations outside of North America. Substantially all of these segments' operations involve oil and gas producing activities. Certain information regarding such activities for each segment is included in Notes 15 and 16.

Following is certain financial information regarding Devon's segments for 2000, 1999 and 1998. The revenues reported are all from external customers.

17. SEGMENT INFORMATION (CONTINUED)

	U.S.	CANADA	INTERNATIONAL	TOTAL
		(IN THOUSANDS)		
AS OF DECEMBER 31, 2000:				
Current assets	$ 644,685	79,372	210,080	934,137
Property and equipment, net of accumulated depreciation, depletion and amortization	3,639,673	585,517	684,346	4,909,536
Other assets	964,934	89	51,782	1,016,805
Total assets	$5,249,292	664,978	946,208	6,860,478
Current liabilities	448,994	74,154	105,839	628,987
Long-term debt	1,902,184	146,652	--	2,048,836
Deferred tax liabilities (assets)	536,935	68,578	21,313	626,826
Other liabilities	258,812	1,831	17,582	278,225
Stockholders' equity	2,102,367	373,763	801,474	3,277,604
Total liabilities and stockholders' equity	$5,249,292	664,978	946,208	6,860,478
YEAR ENDED DECEMBER 31, 2000:				
REVENUES				
Oil sales	$ 726,897	116,427	235,435	1,078,759
Gas sales	1,304,626	169,032	11,563	1,485,221
Natural gas liquids sales	136,048	18,078	339	154,465
Other	58,569	4,984	2,105	65,658
Total revenues	2,226,140	308,521	249,442	2,784,103
COSTS AND EXPENSES				
Lease operating expenses	319,154	52,340	69,286	440,780
Transportation costs	41,956	11,353	--	53,309
Production taxes	101,739	1,080	425	103,244
Depreciation, depletion and amortization of property and equipment	565,633	64,735	62,972	693,340
Amortization of goodwill	41,303	--	29	41,332
General and administrative expenses	80,358	10,380	2,270	93,008
Expenses related to mergers	60,373	--	--	60,373
Interest expense	143,169	10,140	1,020	154,329
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	--	2,408	--	2,408
Total costs and expenses	1,353,685	152,436	136,002	1,642,123
Earnings before income tax expense	872,455	156,085	113,440	1,141,980
INCOME TAX EXPENSE				
Current	112,757	2,268	15,768	130,793
Deferred	185,231	67,318	28,296	280,845
Total income tax expense	297,988	69,586	44,064	411,638
Net earnings	$ 574,467	86,499	69,376	730,342
Capital expenditures	$ 893,087	202,673	184,372	1,280,132

17. SEGMENT INFORMATION (CONTINUED)

	U.S.	CANADA	INTERNATIONAL	TOTAL
		(IN THOUSANDS)		
AS OF DECEMBER 31, 1999:				
Current assets	$ 391,328	69,279	129,687	590,294
Property and equipment, net of accumulated depreciation, depletion and amortization	3,424,415	467,465	531,540	4,423,420
Other assets	944,958	98	137,590	1,082,646
Total assets	$ 4,760,701	536,842	798,817	6,096,360
Current liabilities	356,944	44,989	65,411	467,344
Long-term debt	2,077,180	339,341	--	2,416,521
Deferred tax liabilities (assets)	340,514	1,733	(18,182)	324,065
Other liabilities	317,706	3,098	46,306	367,110
Stockholders' equity	1,668,357	147,681	705,282	2,521,320
Total liabilities and stockholders' equity	$ 4,760,701	536,842	798,817	6,096,360
YEAR ENDED DECEMBER 31, 1999:				
REVENUES				
Oil sales	$ 332,219	80,298	148,501	561,018
Gas sales	501,841	114,128	11,900	627,869
Natural gas liquids sales	57,610	10,075	300	67,985
Other	14,574	4,652	1,370	20,596
Total revenues	906,244	209,153	162,071	1,277,468
COSTS AND EXPENSES				
Lease operating expenses	188,576	49,831	60,400	298,807
Transportation costs	22,524	11,401	--	33,925
Production taxes	42,977	1,363	400	44,740
Depreciation, depletion and amortization of property and equipment	309,292	65,176	31,907	406,375
Amortization of goodwill	16,106	--	5	16,111
General and administrative expenses	68,807	12,189	(351)	80,645
Expenses related to mergers	16,800	--	--	16,800
Interest expense	83,679	24,945	989	109,613
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	--	(13,154)	--	(13,154)
Distributions on preferred securities of subsidiary trust	6,884	--	--	6,884
Reduction of carrying value of oil and gas properties	463,700	--	12,400	476,100
Total costs and expenses	1,219,345	151,751	105,750	1,476,846
Earnings (loss) before income tax expense (benefit) and extraordinary item	(313,101)	57,402	56,321	(199,378)
INCOME TAX EXPENSE (BENEFIT)				
Current	15,348	2,908	4,800	23,056
Deferred	(119,881)	26,654	20,737	(72,490)
Total income tax expense (benefit)	(104,533)	29,562	25,537	(49,434)
Net earnings (loss) before extraordinary item	(208,568)	27,840	30,784	(149,944)
Extraordinary loss	(4,200)	--	--	(4,200)
Net earnings (loss)	$ (212,768)	27,840	30,784	(154,144)
Capital expenditures	$ 686,669	91,853	104,898	883,420

17. SEGMENT INFORMATION (CONTINUED)

	U.S.	CANADA	INTERNATIONAL	TOTAL
		(IN THOUSANDS)		
AS OF DECEMBER 31, 1998:				
Current assets	$ 90,698	53,550	82,400	226,648
Property and equipment, net of accumulated depreciation, depletion and amortization	991,040	465,488	167,000	1,623,528
Deferred tax assets (liabilities)	(36,093)	24,174	66,300	54,381
Other assets	17,126	1,454	7,400	25,980
Total assets	$ 1,062,771	544,666	323,100	1,930,537
Current liabilities	119,132	55,624	45,100	219,856
Long-term debt	365,600	370,271	--	735,871
Other liabilities	67,487	5,760	2,300	75,547
TCP Securities	149,500	--	--	149,500
Stockholders' equity	361,052	113,011	275,700	749,763
Total liabilities and stockholders' equity	$ 1,062,771	544,666	323,100	1,930,537
YEAR ENDED DECEMBER 31, 1998:				
REVENUES				
Oil sales	$ 152,297	75,493	82,200	309,990
Gas sales	245,145	89,828	12,300	347,273
Natural gas liquids sales	19,871	4,644	200	24,715
Other	9,294	13,754	1,200	24,248
Total revenues	426,607	183,719	95,900	706,226
COSTS AND EXPENSES				
Lease operating expenses	127,451	47,910	51,200	226,561
Transportation costs	14,251	8,935	--	23,186
Production taxes	22,910	1,661	300	24,871
Depreciation, depletion and amortization of property and equipment	165,654	44,590	32,900	243,144
General and administrative expenses	35,752	12,502	(2,800)	45,454
Expenses related to mergers	3,064	10,085	--	13,149
Interest expense	20,558	21,974	1,000	43,532
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	301,400	--	121,100	422,500
Total costs and expenses	700,757	163,761	203,700	1,068,218
Earnings (loss) before income tax expense (benefit)	(274,150)	19,958	(107,800)	(361,992)
INCOME TAX EXPENSE (BENEFIT)				
Current	(7,588)	1,975	1,900	(3,713)
Deferred	(92,360)	11,166	(41,200)	(122,394)
Total income tax expense (benefit)	(99,948)	13,141	(39,300)	(126,107)
Net earnings (loss)	$ (174,202)	6,817	(68,500)	(235,885)
Capital expenditures	$ 347,634	205,178	160,000	712,812

18. SUPPLEMENTAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Following is a summary of the unaudited interim results of operations for the years ended December 31, 2000 and 1999.

	2000				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
Oil, gas and natural gas liquids sales	$ 548,351	635,777	695,475	838,842	2,718,445
Total revenues	$ 560,416	648,484	725,141	850,062	2,784,103
Net earnings (loss)	$ 105,187	153,334	164,912	306,909	730,342
Net earnings (loss) per common share:					
Basic	$ 0.81	1.19	1.27	2.37	5.66
Diluted	$ 0.80	1.17	1.22	2.27	5.50

	1999				
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
Oil, gas and natural gas liquids sales	$ 159,632	221,129	380,562	495,549	1,256,872
Total revenues	$ 162,205	224,048	385,972	505,243	1,277,468
Net earnings (loss)	$ 6,580	(286,491)	50,852	74,915	(154,144)
Net earnings (loss) per common share:					
Basic	$ 0.09	(3.55)	0.50	0.59	(1.68)
Diluted	$ 0.09	(3.55)	0.48	0.57	(1.68)

The third and fourth quarters of 2000 include $57.2 million and $3.2 million, respectively, of expenses incurred in connection with the Santa Fe Snyder merger. The after-tax effect of these expenses was $35.3 million and $1.9 million, respectively. The per share effect of these quarterly reductions was $0.28 and $0.01, respectively.

The second and fourth quarters of 1999 include pre-tax reductions of the carrying value of oil and gas properties of $463.8 million and $12.3 million, respectively. The after-tax effects of these quarterly reductions were $301.7 million and $8.0 million, respectively. The per share effect of these quarterly reductions were $3.74 and $0.06, respectively. The second quarter of 1999 includes $16.8 million of expenses incurred in connection with the Snyder merger. The after-tax effect of these expenses was $10.9 million, or $0.14 per share.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information called for by this Item 10 is incorporated herein by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A of the General Rules and Regulations under the Securities and Exchange Act of 1934 not later than April 30, 2001.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this Item 11 is incorporated herein by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A of the General Rules and Regulations under the Securities and Exchange Act of 1934 not later than April 30, 2001.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this Item 12 is incorporated herein by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A of the General Rules and Regulations under the Securities and Exchange Act of 1934 not later than April 30, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this Item 13 is incorporated herein by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A of the General Rules and Regulations under the Securities and Exchange Act of 1934 not later than April 30, 2001.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

Reference is made to the Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules appearing at Item 8 on Page 53 of this report.

2. Consolidated Financial Statement Schedules

All financial statement schedules are omitted as they are inapplicable, or the required information has been included in the consolidated financial statements or notes thereto.

3. Exhibits

2.1 Agreement and Plan of Merger by and among Registrant, Devon Merger Co. and Santa Fe Snyder Corporation dated as of May 25, 2000 (incorporated by reference to Registrant's Registration Statement on Form S-4, File No. 333-39908).

2.2 Amendment No. One, dated as of July 11, 2000, to Agreement and Plan of Merger by and among Registrant, Devon Merger Co. and Santa Fe Snyder Corporation dated as of May 25, 2000 (incorporated by reference to Exhibit 2.1 to Registrant's Form 8-K filed on July 12, 2000).

2.3 Amended and Restated Agreement and Plan of Merger among Registrant, Devon Energy Corporation (Oklahoma), Devon Oklahoma Corporation and PennzEnergy Company dated as of May 19, 1999 (incorporated by reference to Exhibit 2.1 to Registrant's Form S-4, File No. 333-82903).

2.4 Amended and Restated Combination Agreement between Registrant and Northstar Energy Corporation dated as of June 29, 1998 (incorporated by reference to Annex B to Registrant's definitive proxy statement for a special meeting of shareholders, filed November 6, 1998).

3.1 Registrant's Restated Certificate of Incorporation (incorporated by reference to Exhibit 3 to Registrant's Form 8-K filed August 18, 1999).

3.2 Registrant's Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Registrant's definitive proxy statement for a special meeting of shareholders filed July 21, 2000).

4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed on August 18, 1999).

4.2 Registration Rights Agreement dated as of June 22, 2000 by and among Registrant and Morgan Stanley & Co. Incorporated and Salomon Smith Barney Inc. relating to Registrant's Zero Coupon Convertible Senior Debentures due 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed July 12, 2000).

4.3 Rights Agreement dated as of August 17, 1999 between Registrant and BankBoston, N.A. (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed on August 18, 1999).

4.4 Amendment to Rights Agreement dated as of May 25, 2000 between Registrant and Fleet National Bank (f/k/a BankBoston, N.A.) (incorporated by reference to Exhibit 4.2 to Registrant's definitive proxy statement for a special meeting of shareholders filed July 21, 2000).

4.5 Registration Rights Agreement dated December 31, 1996, by and between Registrant and Kerr-McGee Corporation (incorporated by reference to Exhibit 4.4 to Registrant's Form 8-K filed on January 14, 1997).

4.6 Certificate of Designations of Series A Junior Participating Preferred Stock of Registrant (incorporated by reference to Exhibit 4.3 to Registrant's Form 8-K filed on August 18, 1999).

4.7 Certificate of Designations of the 6.49% Cumulative Preferred Stock, Series A of Registrant (incorporated by reference to Exhibit 4(g) to Registrant's Form 8-K filed on August 18, 1999).

4.8 Description of Capital Stock of Registrant (incorporated by reference to Exhibit 4.9 to Registrant's Form 8-K filed on August 18, 1999).

4.9 Restated Declaration of Trust of Devon Financing Trust II and Corrected Certificate of Trust of Devon Financing Trust II (incorporated by reference to Exhibits 4.5 and 4.6 of Registrant's Registration Statement on Form S-3, File Nos. 333-50034 and 333-50034-01).

4.10 Indenture dated as of June 27, 2000 between Registrant and The Bank of New York, setting forth the terms of the Zero Coupon

Convertible Senior Debentures due 2020 (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed July 12, 2000).

4.11 Senior Indenture dated as of June 1, 1999 between Santa Fe Snyder and The Bank of New York, as Trustee, relating to Santa Fe Snyder Corporation's 8.05% Senior Notes due 2004 (incorporated by reference to Exhibit 4.1 to Santa Fe Snyder Corporation's Form 8-K filed on June 15, 1999).

4.12 First Supplemental Indenture dated as of June 14, 1999 to Senior Indenture dated June 1, 1999 between Santa Fe Snyder and The Bank of New York, as Trustee, relating to Santa Fe Snyder's 8.05% Senior Notes due 2004 (incorporated by reference to Exhibit 4.2 to Santa Fe Snyder Corporation's Form 8-K filed on June 15, 1999).

4.13 Indenture dated as of June 10, 1997 between Snyder Oil Corporation (as predecessor by merger to Santa Fe Snyder Corporation) and Texas Commerce Bank National Association relating to Snyder Oil Corporation's 8.75% Senior Subordinated Notes due 2007 (incorporated by reference to Exhibit 4.1 to Snyder Oil Corporation's Form 8-K dated June 10, 1997, File No. 1-10509).

4.14 First Supplemental Indenture dated as of June 10, 1997 between Snyder Oil Corporation and Texas Commerce Bank National Association relating to Snyder Oil Corporation's 8.75% Senior Subordinated Notes due 2007 (incorporated by reference to Exhibit 4.2 to Snyder Oil Corporation's Form 8-K dated June 10, 1997, File No. 1-10509).

4.15 Second Supplemental Indenture dated as of June 10, 1997 between Snyder Oil Corporation and Texas Commerce Bank National Association relating to Snyder Oil Corporation's 8.75% Senior Subordinated Notes due 2007 (incorporated by reference to Exhibit 4.2 to Snyder Oil Corporation's Form 8-K dated June 10, 1997, File No. 1-10509).

4.16 Indenture dated as of December 15, 1992 between Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Texas Commerce Bank National Association, Trustee setting forth the terms of the 4.90% Exchangeable Senior Debentures due 2008 and the 4.95% Exchangeable Senior Debentures due 2008 (incorporated by reference to Exhibit 4(o) to Pennzoil Company's Form 10-K filed March 10, 1993 (SEC File No. 1-5591)).

4.17 Third Supplemental Indenture dated as of August 3, 1998 to

Indenture dated as of December 15, 1992 among Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Chase Bank of Texas, National Association, supplements the terms of the 4.90% Exchangeable Senior Debentures due 2008 (incorporated by reference to Exhibit 4(g) to PennzEnergy Company's Form 10-K for the year ended December 31, 1998).

4.18 Fourth Supplemental Indenture dated as of August 3, 1998 to Indenture dated as of December 15, 1992 among Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Chase Bank of Texas, National Association, supplements the terms of the 4.95% Exchangeable Senior Debentures due 2008 (incorporated by reference to Exhibit 4(h) to PennzEnergy Company's Form 10-K for the year ended December 31, 1998).

4.19 Fifth Supplemental Indenture dated as of August 17, 1999 to Indenture dated as of December 15, 1992 among Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Chase Bank of Texas, National Association supplements the terms of the 4.90% Exchangeable Senior Debentures due 2008 and the 4.95% Exchangeable Senior Debentures due 2008 (incorporated by reference to Exhibit 4.7 to Registrant's Form 8-K filed on August 18, 1999).

4.20 Indenture dated as of February 15, 1986 among Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Mellon Bank, N.A. (incorporated by reference to Exhibit 4(a) to Pennzoil Company's Form 10-Q for the quarter ended June 30, 1986 (SEC File No. 1-5591).

4.21 First Supplemental Indenture dated as of August 17, 1999 to Indenture dated as of February 15, 1986 among Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Chase Bank of Texas, National Association supplementing the terms of the 10.625% Debentures due 2001, 10.125% Debentures due 2009, 9.625% Notes due 1999 and 10.25% Debentures due 2005 (incorporated by reference to Exhibit 4.8 to Registrant's Form 8-K filed on August 18, 1999).

4.22 Support Agreement, dated December 10, 1998, between the Registrant and Northstar Energy Corporation (incorporated by reference to Exhibit 4.1 to Devon Energy Corporation (Oklahoma)'s (predecessor to Registrant) Form 8-K dated as of December 11, 1998).

4.23 Amending Support Agreement dated August 17, 1999, between the

Registrant and Northstar Energy Corporation (incorporated by reference to Exhibit 4.5 to Registrant's Form 8-K filed on August 18, 1999).

4.24 Exchangeable Share Provisions (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed December 23, 1998).

4.25 Amended Exchangeable Share Provisions dated as of August 17, 1999 (incorporated by reference to Exhibit 4.17 to Registrant's Form 10-K for the year ended December 31, 1999).

9.1 Voting and Exchange Trust Agreement, dated December 10, 1998, by and between the Registrant, Northstar Energy Corporation and CIBC Mellon Trust Company (incorporated by reference to Exhibit 9 to Registrant's Form 8-K filed on December 23, 1998).

9.2 Amending Voting and Exchange Trust Agreement, dated as of August 17, 1999, by and between Registrant, Northstar Energy Corporation and CIBC Mellon Trust Company (incorporated by reference to Exhibit 9 to Registrant's Form 8-K filed on August 18, 1999).

10.1 U.S. Credit Agreement, dated August 29, 2000 among the Registrant, as U.S. Borrower, Bank of America, N.A., as Administrative Agent, Banc of America Securities, LLC, as Lead Arranger, Banc One Capital Markets, Inc., as Syndication Agent, The Chase Manhattan Bank, as Documentation Agent, First Union National Bank, as Co-Documentation Agent, and Certain Financial Institutions, as Lenders for the $725 million credit facility.

10.2 Canadian Credit Agreement dated August 29, 2000, among Northstar Energy Corporation and Devon Energy Canada Corporation, as Canadian Borrowers, Bank of America Canada, as Administrative Agent, Banc of America Securities, LLC, as Lead Arranger, BancOne Capital Markets, Inc., as Syndication Agent, The Chase Manhattan Bank, as Documentation Agent, First Union National Bank, as Co-Documentation Agent, and Certain Financial Institutions, as Lenders for the $275 million credit facility.

10.3 Devon Energy Corporation Restricted Stock Bonus Plan (incorporated by reference to Registrant's Form S-8 filed on August 29, 2000, File No. 333-44702).*

10.4 Santa Fe Snyder Corporation 1999 Stock Compensation Retention Plan (incorporated by reference to Exhibit 10(a) to Santa Fe Snyder Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).*

10.5 PennzEnergy Company 1998 Incentive Plan (incorporated by reference to Exhibit 4.3 to Pennzoil Company's Form S-8 filed on December 29, 1998 SEC No. 333-69845).*

10.6 Santa Fe Energy Resources Incentive Compensation Plan, as amended (incorporated by reference to exhibit 10(a) to Santa Fe Energy Resources, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998).*

10.7 Devon Energy Corporation 1997 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement for the 1997 Annual Meeting of Shareholders filed on April 3, 1997).*

10.8 Pennzoil Company 1997 Incentive Plan (incorporated by reference to Exhibit A to Pennzoil Company definitive proxy material filed on March 21, 1997, SEC File No. 1-5591).*

10.9 Devon Energy Corporation 1993 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement for the 1993 Annual Meeting of Shareholders filed on May 6, 1993).*

10.10 Pennzoil Company 1993 Conditional Stock Award Program (incorporated by reference to Exhibit B to Pennzoil Company's definitive proxy material filed on April 13, 1993, File No. 1-5591).*

10.11 Pennzoil Company 1992 Stock Option Plan (incorporated by reference to Exhibit A to Pennzoil Company definitive proxy material filed on April 13, 1993, File No. 1-5591).*

10.12 Santa Fe Energy Resources Deferred Compensation Plan, effective as of January 1, 1991, as amended and restated, effective February 1, 1994 (incorporated by reference to Exhibit 10(p) to Santa Fe Energy Resources, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1993).*

10.13 Pennzoil Company 1990 Conditional Stock Award Program (incorporated by reference to Exhibit B to Pennzoil Company's definitive proxy material filed on April 26, 1990, File No. 1-5591).*

10.14 Pennzoil Company 1990 Stock Option Plan (incorporated by reference to Pennzoil Company's definitive proxy material filed on April 26, 1990, File No. 1-5591).*

10.15 Santa Fe Energy Resources 1990 Incentive Stock Compensation Plan, Third Amendment and Restatement (incorporated by reference to Exhibit 10(a) to Santa Fe Energy Resources, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1996).*

10.16	Santa Fe Energy Resources, Inc. Supplemental Retirement Plan effective as of December 4, 1990 (incorporated by reference to Exhibit 10(h) to Santa Fe Energy Resources, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1996).*
10.17	Devon Energy Corporation 1988 Stock Option Plan (incorporated by reference to Exhibit 10.4 to Registrant's Registration Statement on Form S-8 filed on August 19, 1999, SEC File No. 333-85553).*
10.18	Supplemental Retirement Income Agreement among Devon Energy Corporation (Nevada), Registrant and John W. Nichols, dated March 26, 1997 (incorporated by reference to Exhibit 10.13 to Registrant's Form 10-Q for the quarter ended June 30, 1997).*
10.19	Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation, Devon Delaware Corporation and J. Larry Nichols, dated May 19, 1999 (incorporated by reference to Exhibit 10.4 to Registrant's Form 10-Q for the quarter ended September 30, 1999).*
10.20	Form of Severance Agreement between Registrant and J. Michael Lacey, Marian J. Moon, Duke R. Ligon, Darryl G. Smette, H. Allen Turner and William T. Vaughn, dated May 19, 1999 (incorporated by reference to Exhibit 10.3 to Registrant's Form 10-Q for the quarter ended September 30, 1999).*
10.21	Consulting Agreement between Registrant (as successor by merger to PennzEnergy) and Brent Scowcroft dated May 17, 1999 (incorporated by reference to Registrant's Form 10-K for the year ended December 31, 1999).*
12	Computation of ratio of earnings to combined fixed charges and preferred stock dividends.
21	Subsidiaries of Registrant.
23.1	Consent of LaRoche Petroleum Consultants, Ltd.
23.2	Consent of AMH Group, Ltd.
23.3	Consent of Paddock Lindstrom & Associates Ltd.
23.4	Consent of Ryder Scott Company, L.P.
23.5	Consent of KPMG LLP.
23.6	Consent of PricewaterhouseCoopers LLP

23.7 Consent of Deloitte & Touche LLP

* Compensatory plans or arrangements.

(b) Reports on Form 8-K -- A Current Report on Form 8-K dated December 12, 2000, was filed by the Registrant regarding year 2001 forward looking estimates. A Current Report on Form 8-K dated January 29, 2001, was filed by the Registrant regarding year-end 2000 oil and gas reserves and fixed prices of future oil and gas production.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DEVON ENERGY CORPORATION

March 15, 2001 By */s/ J. Larry Nichols*

J. Larry Nichols,
Chairman of the Board,
President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

March 15, 2001 By */s/ J. Larry Nichols*

J. Larry Nichols
Chairman of the Board,
President and
Chief Executive Officer

March 15, 2001 By */s/ William T. Vaughn*

William T. Vaughn
Senior Vice President --
Finance

March 15, 2001 By */s/ Danny J. Heatly*

Danny J. Heatly
Vice President - Accounting

March 15, 2001	By	/s/ Thomas F. Ferguson Thomas F. Ferguson, Director
March 15, 2001	By	/s/ David M. Gavrin David M. Gavrin, Director
March 15, 2001	By	/s/ Michael E. Gellert Michael E. Gellert, Director
March 15, 2001	By	/s/ William E. Greehey William E. Greehey, Director
March 15, 2001	By	/s/ John A. Hill John A. Hill, Director
March 15, 2001	By	/s/ William J. Johnson William J. Johnson, Director
March 15, 2001	By	/s/ Michael M. Kanovsky Michael M. Kanovsky, Director
March 15, 2001	By	/s/ Melvyn N. Klein Melvyn N. Klein, Director
March 15, 2001	By	/s/ Robert Mosbacher, Jr. Robert Mosbacher, Jr., Director
March 15, 2001	By	/s/ Robert B. Weaver Robert B. Weaver, Director

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1	Agreement and Plan of Merger by and among Registrant, Devon Merger Co. and Santa Fe Snyder Corporation dated as of May 25, 2000 (incorporated by reference to Registrant's Registration Statement on Form S-4, File No. 333-39908).
2.2	Amendment No. One, dated as of July 11, 2000, to Agreement and Plan of Merger by and among Registrant, Devon Merger Co. and Santa Fe Snyder Corporation dated as of May 25, 2000 (incorporated by reference to Exhibit 2.1 to Registrant's Form 8-K filed on July 12, 2000).
2.3	Amended and Restated Agreement and Plan of Merger among Registrant, Devon Energy Corporation (Oklahoma), Devon Oklahoma Corporation and PennzEnergy Company dated as of May 19, 1999 (incorporated by reference to Exhibit 2.1 to Registrant's Form S-4, File No. 333-82903).
2.4	Amended and Restated Combination Agreement between Registrant and Northstar Energy Corporation dated as of June 29, 1998 (incorporated by reference to Annex B to Registrant's definitive proxy statement for a special meeting of shareholders, filed November 6, 1998).
3.1	Registrant's Restated Certificate of Incorporation (incorporated by reference to Exhibit 3 to Registrant's Form 8-K filed August 18, 1999).

3.2	Registrant's Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Registrant's definitive proxy statement for a special meeting of shareholders filed July 21, 2000).
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed on August 18, 1999).
4.2	Registration Rights Agreement dated as of June 22, 2000 by and among Registrant and Morgan Stanley & Co. Incorporated and Salomon Smith Barney Inc. relating to Registrant's Zero Coupon Convertible Senior Debentures due 2020 (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed July 12, 2000).
4.3	Rights Agreement dated as of August 17, 1999 between Registrant and BankBoston, N.A. (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed on August 18, 1999).
4.4	Amendment to Rights Agreement dated as of May 25, 2000 between Registrant and Fleet National Bank (f/k/a BankBoston, N.A.) (incorporated by reference to Exhibit 4.2 to Registrant's definitive proxy statement for a special meeting of shareholders filed July 21, 2000).
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4.6	Certificate of Designations of Series A Junior Participating Preferred Stock of Registrant (incorporated by reference to Exhibit 4.3 to Registrant's Form 8-K filed on August 18, 1999).
4.7	Certificate of Designations of the 6.49% Cumulative Preferred Stock, Series A of Registrant (incorporated by reference to Exhibit 4(g) to Registrant's Form 8-K filed on August 18, 1999).
4.8	Description of Capital Stock of Registrant (incorporated by reference to Exhibit 4.9 to Registrant's Form 8-K filed on August 18, 1999).
4.9	Restated Declaration of Trust of Devon Financing Trust II and Corrected Certificate of Trust of Devon Financing Trust II (incorporated by reference to Exhibits 4.5 and 4.6 of Registrant's Registration Statement on Form S-3, File Nos. 333-50034 and 333-50034-01).
4.10	Indenture dated as of June 27, 2000 between Registrant and The Bank of New York, setting forth the terms of the Zero Coupon

Convertible Senior Debentures due 2020 (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed July 12, 2000).

4.11 Senior Indenture dated as of June 1, 1999 between Santa Fe Snyder and The Bank of New York, as Trustee, relating to Santa Fe Snyder Corporation's 8.05% Senior Notes due 2004 (incorporated by reference to Exhibit 4.1 to Santa Fe Snyder Corporation's Form 8-K filed on June 15, 1999).

4.12 First Supplemental Indenture dated as of June 14, 1999 to Senior Indenture dated June 1, 1999 between Santa Fe Snyder and The Bank of New York, as Trustee, relating to Santa Fe Snyder's 8.05% Senior Notes due 2004 (incorporated by reference to Exhibit 4.2 to Santa Fe Snyder Corporation's Form 8-K filed on June 15, 1999).

4.13 Indenture dated as of June 10, 1997 between Snyder Oil Corporation (as predecessor by merger to Santa Fe Snyder Corporation) and Texas Commerce Bank National Association relating to Snyder Oil Corporation's 8.75% Senior Subordinated Notes due 2007 (incorporated by reference to Exhibit 4.1 to Snyder Oil Corporation's Form 8-K dated June 10, 1997, File No. 1-10509).

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4.17 Third Supplemental Indenture dated as of August 3, 1998 to

Indenture dated as of December 15, 1992 among Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Chase Bank of Texas, National Association, supplements the terms of the 4.90% Exchangeable Senior Debentures due 2008 (incorporated by reference to Exhibit 4(g) to PennzEnergy Company's Form 10-K for the year ended December 31, 1998).

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4.20 Indenture dated as of February 15, 1986 among Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Mellon Bank, N.A. (incorporated by reference to Exhibit 4(a) to Pennzoil Company's Form 10-Q for the quarter ended June 30, 1986 (SEC File No. 1-5591).

4.21 First Supplemental Indenture dated as of August 17, 1999 to Indenture dated as of February 15, 1986 among Registrant (as successor by merger to PennzEnergy Company, formerly Pennzoil Company) and Chase Bank of Texas, National Association supplementing the terms of the 10.625% Debentures due 2001, 10.125% Debentures due 2009, 9.625% Notes due 1999 and 10.25% Debentures due 2005 (incorporated by reference to Exhibit 4.8 to Registrant's Form 8-K filed on August 18, 1999).

4.22 Support Agreement, dated December 10, 1998, between the Registrant and Northstar Energy Corporation (incorporated by reference to Exhibit 4.1 to Devon Energy Corporation (Oklahoma)'s (predecessor to Registrant) Form 8-K dated as of December 11, 1998).

4.23 Amending Support Agreement dated August 17, 1999, between the

Registrant and Northstar Energy Corporation (incorporated by reference to Exhibit 4.5 to Registrant's Form 8-K filed on August 18, 1999).

4.24 Exchangeable Share Provisions (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed December 23, 1998).

4.25 Amended Exchangeable Share Provisions dated as of August 17, 1999 (incorporated by reference to Exhibit 4.17 to Registrant's Form 10-K for the year ended December 31, 1999).

9.1 Voting and Exchange Trust Agreement, dated December 10, 1998, by and between the Registrant, Northstar Energy Corporation and CIBC Mellon Trust Company (incorporated by reference to Exhibit 9 to Registrant's Form 8-K filed on December 23, 1998).

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10.3 Devon Energy Corporation Restricted Stock Bonus Plan (incorporated by reference to Registrant's Form S-8 filed on August 29, 2000, File No. 333-44702).*

10.4 Santa Fe Snyder Corporation 1999 Stock Compensation Retention Plan (incorporated by reference to Exhibit 10(a) to Santa Fe Snyder Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).*

10.5 PennzEnergy Company 1998 Incentive Plan (incorporated by reference to Exhibit 4.3 to Pennzoil Company's Form S-8 filed on December 29, 1998 SEC No. 333-69845).*

10.6 Santa Fe Energy Resources Incentive Compensation Plan, as amended (incorporated by reference to exhibit 10(a) to Santa Fe Energy Resources, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998).*

10.7 Devon Energy Corporation 1997 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement for the 1997 Annual Meeting of Shareholders filed on April 3, 1997).*

10.8 Pennzoil Company 1997 Incentive Plan (incorporated by reference to Exhibit A to Pennzoil Company definitive proxy material filed on March 21, 1997, SEC File No. 1-5591).*

10.9 Devon Energy Corporation 1993 Stock Option Plan (incorporated by reference to Exhibit A to Registrant's Proxy Statement for the 1993 Annual Meeting of Shareholders filed on May 6, 1993).*

10.10 Pennzoil Company 1993 Conditional Stock Award Program (incorporated by reference to Exhibit B to Pennzoil Company's definitive proxy material filed on April 13, 1993, File No. 1-5591).*

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10.12 Santa Fe Energy Resources Deferred Compensation Plan, effective as of January 1, 1991, as amended and restated, effective February 1, 1994 (incorporated by reference to Exhibit 10(p) to Santa Fe Energy Resources, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1993).*

10.13 Pennzoil Company 1990 Conditional Stock Award Program (incorporated by reference to Exhibit B to Pennzoil Company's definitive proxy material filed on April 26, 1990, File No. 1-5591).*

10.14 Pennzoil Company 1990 Stock Option Plan (incorporated by reference to Pennzoil Company's definitive proxy material filed on April 26, 1990, File No. 1-5591).*

10.15 Santa Fe Energy Resources 1990 Incentive Stock Compensation Plan, Third Amendment and Restatement (incorporated by reference to Exhibit 10(a) to Santa Fe Energy Resources, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1996).*

10.16 Santa Fe Energy Resources, Inc. Supplemental Retirement Plan effective as of December 4, 1990 (incorporated by reference to Exhibit 10(h) to Santa Fe Energy Resources, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1996).*

10.17 Devon Energy Corporation 1988 Stock Option Plan (incorporated by reference to Exhibit 10.4 to Registrant's Registration Statement on Form S-8 filed on August 19, 1999, SEC File No. 333-85553).*

10.18 Supplemental Retirement Income Agreement among Devon Energy Corporation (Nevada), Registrant and John W. Nichols, dated March 26, 1997 (incorporated by reference to Exhibit 10.13 to Registrant's Form 10-Q for the quarter ended June 30, 1997).*

10.19 Severance Agreement between Devon Energy Corporation (Nevada), Devon Energy Corporation, Devon Delaware Corporation and J. Larry Nichols, dated May 19, 1999 (incorporated by reference to Exhibit 10.4 to Registrant's Form 10-Q for the quarter ended September 30, 1999).*

10.20 Form of Severance Agreement between Registrant and J. Michael Lacey, Marian J. Moon, Duke R. Ligon, Darryl G. Smette, H. Allen Turner and William T. Vaughn, dated May 19, 1999 (incorporated by reference to Exhibit 10.3 to Registrant's Form 10-Q for the quarter ended September 30, 1999).*

10.21 Consulting Agreement between Registrant (as successor by merger to PennzEnergy) and Brent Scowcroft dated May 17, 1999 (incorporated by reference to Registrant's Form 10-K for the year ended December 31, 1999).*

12 Computation of ratio of earnings to combined fixed charges and preferred stock dividends.

21 Subsidiaries of Registrant.

23.1 Consent of LaRoche Petroleum Consultants, Ltd.

23.2 Consent of AMH Group, Ltd.

23.3 Consent of Paddock Lindstrom & Associates Ltd.

23.4 Consent of Ryder Scott Company, L.P.

23.5 Consent of KPMG LLP.

23.6 Consent of PricewaterhouseCoopers LLP

23.7 Consent of Deloitte & Touche LLP

* Compensatory plans or arrangements.

EXHIBIT 10.1

US CREDIT AGREEMENT

DEVON ENERGY CORPORATION

as US Borrower

BANK OF AMERICA, N.A.

as Administrative Agent

BANC OF AMERICA SECURITIES LLC

as Lead Arranger

BANC ONE CAPITAL MARKETS, INC.

as Syndication Agent

THE CHASE MANHATTAN BANK

as Documentation Agent

FIRST UNION NATIONAL BANK

as Documentation Agent

and CERTAIN FINANCIAL INSTITUTIONS

as Lenders

US $725,000,000

August 29, 2000

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made as of August 29, 2000, by and among Devon Energy Corporation, a Delaware corporation (herein called "US Borrower"), Bank of America, N.A., individually and as administrative agent (herein called "US Agent"), and the undersigned Lenders. In consideration of the mutual covenants and agreements contained herein the parties hereto agree as follows:

ARTICLE I - The US Loans

Section 1.1. Commitments to Lend; US Notes.

(a) Tranche A. Subject to the terms and conditions hereof, each Tranche A Lender agrees to make loans to US Borrower (herein called such Tranche A Lender's "Tranche A Loans") upon US Borrower's request from time to time during the US Facility Commitment Period, provided that (i) subject to Sections 3.3, 3.4 and 3.5, all Tranche A Lenders are requested to make Tranche A Loans of the same Type in accordance with their respective Tranche A Percentage Shares and as part of the same Borrowing, (ii) such Tranche A Lender's Tranche A Percentage Share of the Tranche A Facility Usage shall never exceed such Tranche A Lender's Percentage Share of the Tranche A Maximum Credit Amount, and (iii) such Tranche A Lender's Percentage Share of the US Facility Usage shall never exceed such Tranche A Lender's Percentage Share of the US Maximum Credit Amount. The aggregate amount of all Tranche A Loans in any Borrowing must be an integral multiple of US $100,000 which equals or exceeds US $200,000 or must equal the unadvanced portion of the US Maximum Credit Amount. The obligation of US Borrower to repay to each Tranche A Lender the aggregate amount of all Tranche A Loans made by such Tranche A Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Tranche A Lender's "Tranche A Note") made by US Borrower payable to the order of such Tranche A Lender in the form of Exhibit A-1 with appropriate insertions. The amount of principal owing on any Tranche A Lender's Tranche A Note at any given time shall be the aggregate amount of all Tranche A Loans theretofore made by such Tranche A Lender minus all payments of principal theretofore received by such Tranche A Lender on such Tranche A Note. Interest on each Tranche A Note shall accrue and be due and payable as provided herein and therein. Each Tranche A Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Tranche A Maturity Date. Subject to the terms and conditions hereof, US Borrower may borrow, repay, and reborrow Tranche A Loans under the US Agreement during the US Facility Commitment Period. US Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans (including Tranche A Loans and Tranche B Loans) outstanding at any time.

(b) Tranche B. Subject to the terms and conditions hereof, each Tranche B Lender agrees to make loans to US Borrower (herein called such Tranche B Lender's "Tranche B Loans") upon US Borrower's request from time to time during the Tranche B Revolving Period, provided that (i) subject to Sections 3.3, 3.4 and 3.5, all Tranche B Lenders are requested to make Tranche

B Loans of the same Type in accordance with their respective Percentage Shares and as part of the same Borrowing, (ii) such Tranche B Lender's Tranche B Percentage Share of the Tranche B Facility Usage shall never exceed such Tranche B Lender's Tranche B Percentage Share of the Tranche B Maximum Credit Amount, and (iii) such Tranche B Lender's Percentage Share of the US Facility Usage shall never exceed such Tranche B Lender's Percentage Share of the US Maximum Credit Amount. The aggregate amount of all Tranche B Loans in any Borrowing must be an integral multiple of US $100,000 which equals or exceeds US $200,000 or must equal the unadvanced portion of the US Maximum Credit Amount. The obligation of US Borrower to repay to each Tranche B Lender the aggregate amount of all Tranche B Loans made by such Tranche B Lender, together with interest accruing in connection therewith, shall be evidenced by a single promissory note (herein called such Tranche B Lender's "Tranche B Note") made by US Borrower payable to the order of such Tranche B Lender in the form of Exhibit A-2 with appropriate insertions. The amount of principal owing on any Tranche B Lender's Tranche B Note at any given time shall be the aggregate amount of all Tranche B Loans theretofore made by such Tranche B Lender minus all payments of principal theretofore received by such Tranche B Lender on such Tranche B Note. Interest on each Tranche B Note shall accrue and be due and payable as provided herein and therein. Each Tranche B Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Tranche B Maturity Date. Subject to the terms and conditions hereof, US Borrower may borrow, repay, and reborrow Tranche B Loans under the US Agreement during the Tranche B Revolving Period. US Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans (including Tranche A Loans and Tranche B Loans) outstanding at any time.

(c) Extension of Conversion Date.

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

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

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

B Lender to US Agent that such Tranche B Lender has denied US Borrower's Request for an Offer of Extension.

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

(iii) US Borrower understands that the consideration of any Request for an Offer of Extension constitutes an independent credit decision which each Tranche B Lender retains the absolute and unfettered discretion to make and that no commitment in this regard is hereby given by a Tranche B Lender and that any offer to extend the Tranche B Conversion Date may be on such terms and conditions in addition to those set out herein as the extending Tranche B Lenders stipulate.

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

(e) Non-Accepting Lender. Provided that Tranche B Lenders whose Percentage Shares represent more than 50% but less than 100% of the Tranche B Maximum Credit Amount provide notice to US Agent under Section 1.1(c)(i) that they accept the Request for an Offer of Extension, on notice of US Borrower to US Agent, US Borrower shall be entitled to choose any of the following in respect of each Non-Accepting Lender prior to the expiration of the Tranche B Revolving Period, provided that if US Borrower does not make an election prior to the expiration of the Tranche B Revolving Period, US Borrower shall be deemed to have irrevocably elected to exercise the provisions of Section 1.1(e)(i):

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

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

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

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

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

(a) specify the aggregate amount of any such Borrowing of new US Base Rate Loans and the date on which such US Base Rate Loans are to be advanced, the aggregate amount of any such Borrowing of new US Dollar Eurodollar Loans, the date on which such US Dollar Eurodollar Loans are to be advanced (which shall be the first day of the Eurodollar Interest

Period which is to apply thereto), and the length of the applicable Eurodollar Interest Period, or the aggregate amount of any such Borrowing of new US Swing Loans and the date on which such US Swing Loans are to be advanced; and

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

Each such written request or confirmation must be made in the form and substance of the "Borrowing Notice" attached hereto as Exhibit B, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by US Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, US Agent shall give each Lender notice of the terms thereof (excluding US Swing Loans) not later than 2:00 p.m., Dallas, Texas time on the day it receives such Borrowing Notice from US Borrower if it receives such Borrowing Notice by 11:00 a.m., Dallas, Texas time, otherwise on the next Business Day. If all conditions precedent to such new US Loans have been met, each Lender will on the date requested promptly remit to US Agent at US Agent's office in Dallas, Texas the amount of such Lender's new US Loan in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such US Loans have been neither met nor waived as provided herein, US Agent shall promptly make such US Loans available to US Borrower. Unless US Agent shall have received prompt notice from a Lender that such Lender will not make available to US Agent such Lender's new US Loan, US Agent may in its discretion assume that such Lender has made such US Loan available to US Agent in accordance with this section and US Agent may if it chooses, in reliance upon such assumption, make such US Loan available to US Borrower. If and to the extent such Lender shall not so make its new US Loan available to US Agent, such Lender and US Borrower severally agree to pay or repay to US Agent within three days after demand the amount of such US Loan together with interest thereon, for each day from the date such amount was made available to US Borrower until the date such amount is paid or repaid to US Agent, with interest at (1) the Federal Funds Rate, if such Lender is making such payment; provided that US Agent gave notice of the terms of the Borrowing Notice to such Lender in accordance with the terms of this Section 1.2, and (2) the interest rate applicable at the time to the other new US Loans made on such date, if US Borrower is making such repayment. If neither such Lender nor US Borrower pays or repays to US Agent such amount within such three-day period, US Agent shall in addition to such amount be entitled to recover from such Lender and from US Borrower, on demand, interest thereon at the Default Rate for US Base Rate Loans, calculated from the date such amount was made available to US Borrower. The failure of any Lender to make any new US Loan to be made by it hereunder shall not relieve any other Lender of its obligation hereunder, if any, to make its new US Loan, but no Lender shall be responsible for the failure of any other Lender to make any new US Loan to be made by such other Lender.

Section 1.3. Continuations and Conversions of Existing US Loans. US Borrower may make the following elections with respect to US Loans already outstanding under this Agreement: to convert US Base Rate Loans to US Dollar Eurodollar Loans, to convert US Dollar Eurodollar Loans to US Base Rate Loans on the last day of the Eurodollar Interest Period applicable thereto, to continue US Dollar Eurodollar Loans beyond the expiration of such Eurodollar Interest Period by designating a new Eurodollar Interest Period to take effect at the time of such expiration, and to convert US Swing Loans to US Dollar Eurodollar Loans simultaneously with the refinancing of such US Swing Loans pursuant to
Section 1.8. In making such elections, US Borrower may combine existing Tranche A Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Tranche A Loans made pursuant to one Borrowing into separate new Borrowings, or combine existing Tranche B Loans made pursuant to separate Borrowings into one new Borrowing or divide existing Tranche B Loans made pursuant to one Borrowing into separate new Borrowings, provided that US Borrower may have no more than ten Borrowings of US Dollar Eurodollar Loans outstanding at any time. To make any such election, US Borrower must give to US Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing US Loans, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:

(a) specify the existing US Loans made under this Agreement which are to be continued or converted and whether such US Loans are Tranche A Loans or Tranche B Loans;

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

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

Each such written request or confirmation must be made in the form and substance of the "Continuation/Conversion Notice" attached hereto as Exhibit C, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by US Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Continuation/Conversion Notice, US Agent shall give each Lender prompt notice of the terms thereof. Each Continuation/Conversion Notice shall be irrevocable and binding on US Borrower. During the continuance of any Default, US Borrower may not make any election to convert existing US Loans made under this Agreement into US Dollar Eurodollar Loans or continue existing US Loans made under this Agreement as US Dollar Eurodollar Loans. If (due to the existence of a Default or for any other reason) US Borrower

fails to timely and properly give any Continuation/Conversion Notice with respect to a Borrowing of existing US Dollar Eurodollar Loans at least two Business Days prior to the end of the Eurodollar Interest Period applicable thereto, such US Dollar Eurodollar Loans shall automatically be converted into US Base Rate Loans at the end of such Eurodollar Interest Period. No new funds shall be repaid by US Borrower or advanced by any Lender in connection with any Continuation or Conversion of existing US Loans pursuant to this section, and no such Continuation or Conversion shall be deemed to be a new advance of funds for any purpose; such Continuations and Conversions merely constitute a change in the interest rate applicable to already outstanding US Loans.

Section 1.4. Use of Proceeds. US Borrower shall use all US Loans made under this Agreement to pay in full, contemporaneously with the making of the first US Loan or the issuance of the first Letter of Credit, all indebtedness outstanding under the Existing US Agreement and the Existing Santa Fe Snyder Agreement and thereafter to refinance existing indebtedness (including any commercial paper issued by or for the account of US Borrower), to finance capital expenditures, to refinance Matured US LC Obligations outstanding under this Agreement, and provide working capital for its operations and for other general business purposes. US Borrower shall use all Letters of Credit for its general corporate purposes. In no event shall the funds from any US Loan or any Letter of Credit be used directly or indirectly by any Person for personal, family, household or agricultural purposes or for the purpose, whether immediate, incidental or ultimate, of purchasing, acquiring or carrying any "margin stock" (as such term is defined in Regulation U promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others directly or indirectly for the purpose of purchasing or carrying any such margin stock. US Borrower represents and warrants that US Borrower is not engaged principally, or as one of US Borrower's important activities, in the business of extending credit to others for the purpose of purchasing or carrying such margin stock.

Section 1.5. Interest Rates and Fees.

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

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

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

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

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

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

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

(d) Utilization Fees. In consideration of each Lender's commitment to make US Loans under this Agreement, US Borrower will pay to US Agent for the account of each Lender a utilization fee determined on a daily basis by applying (i) a rate of 7.5 Basis Points per annum to such Lender's Percentage Share of the US Facility Usage on each day during the term of this Agreement that the US Facility Usage exceeds thirty-three percent (33%) of the US Maximum Credit Amount, and (ii) a rate of 15 Basis Points per annum to such Lender's Percentage Share of the US Facility Usage on each day during the term of this Agreement that the US Facility Usage exceeds sixty-six percent (66%) of the US Maximum Credit Amount. This utilization fee shall be due and payable in arrears on each Interest Payment Date for US Base Rate Loans and on the date all US Obligations are repaid in full.

(e) Competitive Bid Loans. Each Competitive Bid Loan shall bear interest on each day outstanding at the Competitive Bid Rate for such Competitive Bid Loan.

(f) All US Loans. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, all US Loans shall bear interest on each day outstanding at the applicable Default Rate. Past due payments of principal and interest shall bear interest at the rates and in the manner set forth in the US Notes.

(g) US Agent's Fees. In addition to all other amounts due to US Agent under the US Loan Documents, US Borrower will pay fees to US Agent as described in a letter agreement dated August 1, 2000 between US Agent and US Borrower.

Section 1.6. Prepayments.

(a) Optional Prepayments. US Borrower may, upon giving notice to US Agent by 11:00 a.m., Dallas, Texas time on the Business Day of prepayment, from time to time and without premium or penalty prepay the US Notes, including Competitive Bid Notes, in whole or in part, so long as all partial prepayments of principal concurrently paid on the US Notes are in increments of US $100,000 and in an aggregate amount greater than or equal to US $200,000, and so long as US Borrower pays all amounts owing in connection with the prepayment of any US Dollar Eurodollar Loan owing under Section 3.6. US Agent shall give each Lender notice thereof by 2:00 p.m. Dallas, Texas time on the date such notice is received from US Borrower. Unless otherwise designated by US Borrower, any prepayment of Competitive Bid Loans shall be applied to the outstanding Competitive Bid Loans in order of shortest maturity.

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

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

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

Section 1.7. Competitive Bid Loans.

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

(b) Each Lender may, in its sole discretion, make one or more Competitive Bids to US Agent responsive to each Competitive Bid Request given by US Borrower. Each Competitive Bid by a Lender must be received by US Agent by facsimile not later than 9:00 a.m., Dallas,

Texas time on the date specified for a proposed Competitive Bid Loan. Multiple bids may be accepted by US Agent. Competitive Bids that do not conform substantially to the format of Exhibit J may be rejected by US Agent after conferring with, and upon the instruction of, US Borrower, and US Agent shall notify the bidding Lender of such rejection as soon as practicable. If any Lender shall elect not to make a Competitive Bid, such Lender shall so notify US Agent by facsimile not later than 9:00 a.m., Dallas, Texas time, on the date specified for a Competitive Bid Loan; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Loan and by such failure such Lender shall be deemed to have rejected such Competitive Bid. A Competitive Bid submitted by a Lender shall be irrevocable.

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

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

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

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

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

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

(v) no Competitive Bid shall be accepted for a Competitive Bid Loan unless such Competitive Bid Loan is in a minimum principal amount of US $5,000,000 or a higher integral multiple of US $1,000,000; provided, however, that if a Competitive Bid Loan must be in an amount less than US $5,000,000 because of the provisions of clause (iv) above, such Competitive Bid Loan may be for a minimum of US $1,000,000 or any higher integral multiple thereof, and in calculating the pro rata allocation of acceptances or portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv), the amounts shall be rounded to integral multiples of US $1,000,000 in a manner which shall be in the sole and absolute discretion of US Borrower.

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

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

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

quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to US Agent.

Section 1.8. Refinancings of US Swing Loans. US Agent, at any time in its sole and absolute discretion, may, upon notice given to each Lender by not later than 11:30 a.m., Dallas, Texas time, on any Business Day, request that each Tranche A Lender make a Tranche A Loan that is a US Base Rate Loan (or a Tranche A Loan that is a US Dollar Eurodollar Loan if requested by US Borrower in accordance with Section 1.2) in an aggregate amount equal to its Tranche A Percentage Share of the aggregate unpaid principal amount of any outstanding US Swing Loans for the purpose of refinancing such US Swing Loans (in this section called a "Refinancing Loan"). In any event, not later than 11:30 a.m., Dallas, Texas time, on the first day and the fifteenth day of each calendar month (or if such day is not a Business Day, on the next Business Day), US Agent will notify each Tranche A Lender of the aggregate amount of US Swing Loans which are then outstanding and the amount of the Refinancing Loan required to be made by each Tranche A Lender to refinance such outstanding US Swing Loans (the aggregate amount of such Refinancing Loan to be made by each Tranche A Lender shall equal such Tranche A Lender's Tranche A Percentage Share of such outstanding US Swing Loans). Upon the giving of notices by US Agent described above, each Tranche A Lender shall promptly remit to US Agent such Refinancing Loan in the manner described above in Section 1.2, so long as (a) US Agent believed in good faith that all conditions to making the subject US Swing Loan were satisfied at the time such US Swing Loan was made, or (b) if the conditions to such US Swing Loan were not satisfied, the satisfaction of such conditions have been waived in a writing by Required Tranche A Lenders in accordance with the provisions of this Agreement (collectively, the "Refinancing Conditions"). The proceeds of the Refinancing Loans made pursuant to the preceding sentence shall be paid to US Agent (and not to US Borrower) and applied to the payment of principal of the outstanding US Swing Loans. If and to the extent any Tranche A Lender shall not so make its Refinancing Loan, such Tranche A Lender and US Borrower severally agree to pay to US Agent (for delivery to US Swing Lender) within three days after demand the amount of such Refinancing Loan together with interest thereon, for each day from the date such Refinancing Loan was required to be made until the date such amount is paid to US Agent, with interest at (1) the Federal Funds Rate, if such Tranche A Lender is making such payment; provided that US Agent gave notice of the terms of the Borrowing Notice to such Tranche A Lender in accordance with the terms of this Section 1.2, and (2) the interest rate applicable at the time to the other Refinancing Loans, if US Borrower is making such repayment. If neither such Tranche A Lender nor US Borrower pays to US Agent (for delivery to US Swing Lender) such amount within such three-day period, US Swing Lender shall in addition to such amount be entitled to recover from such Tranche A Lender and from US Borrower, on demand, interest thereon at the Default Rate for US Base Rate Loans, calculated from the date such Refinancing Loan was required to be made. Each Tranche A Lender's obligation to make Refinancing Loans pursuant to this Section shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, (1) any setoff, counterclaim, recoupment, defense or other right which such Tranche A Lender may have against US Agent, US Borrower or anyone else for any reason whatsoever; (2) the occurrence or continuance of an Event of Default or Default; (3) any adverse change in the condition (financial or otherwise) of US Borrower; (4) any breach of this Agreement by US Borrower, US Agent or any Tranche A

Lender, except with respect to the Refinancing Conditions; or (5) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided, that in no event shall a Tranche A Lender be obligated to make a Refinancing Loan pursuant to this Section if, after giving effect thereto, (i) such Tranche A Lender's Tranche A Percentage Share of the Tranche A Facility Usage shall exceed such Tranche A Lender's Percentage Share of the Tranche A Maximum Credit Amount, or (ii) such Tranche A Lender's Percentage Share of the US Facility Usage shall exceed such Tranche A Lender's Percentage Share of the US Maximum Credit Amount. If any Tranche A Lender is prohibited by Law from making a Tranche A Loan to refinance a US Swing Loan, such Tranche A Lender shall purchase from US Swing Lender a participation in such US Swing Loan in the amount of such Tranche A Lender's refinancing obligation hereunder.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II - Letters of Credit

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

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

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

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

(d) such Letter of Credit is to be used for general corporate purposes of US Borrower;

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

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

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

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

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

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

LC Application conflict with any provisions of this Agreement, the provisions of this Agreement shall govern and control.

Section 2.3. Reimbursement and Participations.

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

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

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

Lender make such payment of its Tranche A Percentage Share), US LC Issuer will distribute to such Tranche A Lender its Tranche A Percentage Share of the amounts so received by US LC Issuer; provided, however, that if any such payment received by US LC Issuer must thereafter be returned by US LC Issuer, such Tranche A Lender shall return to US LC Issuer the portion thereof which US LC Issuer has previously distributed to it.

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

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

Section 2.5. No Duty to Inquire.

(a) Drafts and Demands. US LC Issuer is authorized and instructed to accept and pay drafts and demands for payment under any Letter of Credit without requiring, and without responsibility for, any determination as to the existence of any event giving rise to said draft, either at the time of acceptance or payment or thereafter. US LC Issuer is under no duty to determine the proper identity of anyone presenting such a draft or making such a demand (whether by tested telex or otherwise) as the officer, representative or agent of any beneficiary under any Letter of Credit, and payment by US LC Issuer to any such beneficiary when requested by any such purported officer, representative or agent is hereby authorized and approved. US BORROWER RELEASES EACH LENDER PARTY FROM, AND AGREES TO HOLD EACH LENDER PARTY HARMLESS AND INDEMNIFIED AGAINST, ANY LIABILITY OR CLAIM IN CONNECTION WITH OR ARISING OUT OF THE SUBJECT MATTER OF THIS SECTION, WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY LENDER PARTY, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

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

correspondents, or any Lender Party in accordance with such extension, increase or other modification.

(c) Transferees of Letters of Credit. If any Letter of Credit provides that it is transferable, US LC Issuer shall have no duty to determine the proper identity of anyone appearing as transferee of such Letter of Credit, nor shall US LC Issuer be charged with responsibility of any nature or character for the validity or correctness of any transfer or successive transfers, and payment by US LC Issuer to any purported transferee or transferees as determined by US LC Issuer is hereby authorized and approved, and US BORROWER RELEASES EACH LENDER PARTY FROM, AND AGREES TO HOLD EACH LENDER PARTY HARMLESS AND INDEMNIFIED AGAINST, ANY LIABILITY OR CLAIM IN CONNECTION WITH OR ARISING OUT OF THE FOREGOING, WHICH INDEMNITY SHALL APPLY WHETHER OR NOT ANY SUCH LIABILITY OR CLAIM IS IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY LENDER PARTY, provided only that no Lender Party shall be entitled to indemnification for that portion, if any, of any liability or claim which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment.

Section 2.6. LC Collateral.

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

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

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

ARTICLE III - Payments to Lenders

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

(a) first, for the payment of all US Obligations which are then due (and if such money is insufficient to pay all such US Obligations, first to any reimbursements due US Agent under Section 6.9 or 10.4, then to any reimbursement due any other Lender Party under Section 10.4,

and then to the partial payment of all other US Obligations then due in proportion to the amounts thereof, or as Lender Parties shall otherwise agree);

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

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

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

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

Section 3.2. Increased Cost and Reduced Return.

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

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

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

Lender Party (or its Applicable Lending Office), including the commitment of such Lender Party hereunder; or

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

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

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

(c) US LC Issuer and each Lender Party shall promptly notify US Borrower and US Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle US LC Issuer or such Lender Party to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender Party, be otherwise

disadvantageous to it. US LC Issuer or any Lender Party claiming compensation under this Section shall furnish to US Borrower and US Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, US LC Issuer or such Lender Party shall act in good faith and may use any reasonable averaging and attribution methods.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3.8. Replacement of Lenders. If any Lender Party seeks reimbursement for increased costs under Sections 3.2 through 3.5, or if a US Borrower is required to increase any such payment under Section 3.9, then within ninety days thereafter -- provided no Event of Default then exists -- US Borrower shall have the right (unless such Lender Party withdraws its request for additional compensation) to replace such Lender Party by requiring such Lender Party to assign its US Loans, US Notes, US LC Obligations, Canadian Advances, Canadian Notes, Canadian LC Obligations and its commitments hereunder and under the Canadian Agreement to an Eligible Transferee reasonably acceptable to all Borrowers, provided that: (a) all Obligations of Borrowers owing to such Lender Party being replaced (including such increased costs, but excluding principal and accrued interest on the US Notes and the Canadian Notes being assigned) shall be paid in full to such Lender Party concurrently with such assignment, and (b) the replacement Eligible Transferee shall purchase the foregoing by paying to such Lender Party a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment US Borrower, US Agent, such Lender Party and the replacement Eligible Transferee shall otherwise comply with Section 10.5. Notwithstanding the foregoing rights of US Borrower under this section, however, US Borrower may not replace any Lender Party which seeks reimbursement for increased costs under
Section 3.2 through 3.5 unless US Borrower is at the same time replacing all Lender Parties which are then seeking such compensation. In connection with any such replacement of a Lender Party, US Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender Party's US Loans had been prepaid at the time of such replacement.

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

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

(c) US Borrower agrees to indemnify each Lender Party, US Agent and US LC Issuer for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this section) paid by such Lender Party or US Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto.

(d) Each Lender Party organized under the Laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender Party listed on the signature pages hereof and on or prior to the date on which it becomes a Lender Party in the case of each other Lender Party, and from time to time thereafter if requested in writing by US Borrower or US Agent (but only so long as such Lender Party remains lawfully able to do so), shall provide US Borrower and US Agent with a properly executed (i) Internal Revenue Service Form 1001, 4224, W-8 BEN, or W-8 ECI, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender Party is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States, (ii) Internal Revenue Service Form W-8 or W-9, as appropriate, or any successor form prescribed by the Internal Revenue Service, and (iii) any other form or certificate required by any taxing authority (including any certificate required by Sections 871(h) and 881(c) of the Internal Revenue Code), certifying that such Lender Party is entitled to an exemption from or a reduced rate of tax on payments pursuant to this Agreement or any of the other US Loan Documents.

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

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

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

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

Section 3.10. Currency Conversion and Currency Indemnity.

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

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

(c) If (i) any Lender Party receives any payment or payments on account of the liability of a Restricted Person hereunder pursuant to any judgment or order in any Other Currency, and (ii) the amount of the Agreed Currency which the relevant Lender Party is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such US Obligations immediately prior to such judgment or order, then US Borrower on demand shall, and US Borrower hereby agrees to, indemnify and save such Lender Party harmless from and against any loss, cost or expense arising out of or in connection with such deficiency. The agreement of indemnity provided for in this
Section 3.10(c) shall constitute an obligation separate and independent from all other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender Parties or any of them from time to time, and shall continue in full force and effect

notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

ARTICLE IV - Conditions Precedent to Lending

Section 4.1. Documents to be Delivered. No Lender has any obligation to make its first US Loan, and US LC Issuer has no obligation to issue the first Letter of Credit, unless US Agent shall have received all of the following, at US Agent's office in Dallas, Texas, duly executed and delivered and in form, substance and date satisfactory to US Agent:

(a) This Agreement and any other documents that Lenders are to execute in connection herewith.

(b) Each US Note.

(c) Certain certificates of US Borrower including:

(i) An "Omnibus Certificate" of the Secretary or Assistant Secretary and of the Chairman of the Board, President, or Senior Vice President - Finance of US Borrower, which shall contain the names and signatures of the officers of US Borrower authorized to execute US Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto: (1) a copy of resolutions duly adopted by the Board of Directors of US Borrower and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other US Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, (2) a copy of the charter documents of US Borrower and all amendments thereto, certified by the appropriate official of the State of Delaware, and (3) a copy of the bylaws of US Borrower; and

(ii) A "Compliance Certificate" of the Senior Vice President - Finance and of the Treasurer or Vice President - Accounting of US Borrower, of even date with such US Loan or such Letter of Credit, in which such officers certify to the satisfaction of the conditions set out in subsections (a), (b), and (c) of Section 4.3.

(d) Certificate (or certificates) of the due formation, valid existence and good standing of US Borrower in the State of Delaware, issued by the appropriate official of such State.

(e) A favorable opinion of McAfee & Taft, a professional corporation, counsel for Restricted Persons, substantially in the form set forth in Exhibit E and a favorable opinion of Thompson & Knight L.L.P. covering the matters requested by US Agent.

(f) The Initial Financial Statements.

(g) A copy of the certificate of merger merging Devon Merger Co. with and into Santa Fe Snyder Corporation, certified by the appropriate official of the State of Delaware,

Section 4.2. Additional Conditions Precedent to First US Loan or First Letter of Credit. No Lender has any obligation to make its first US Loan, and US LC Issuer has no obligation to issue the first Letter of Credit, unless on the date thereof:

(a) All commitment, facility, agency, legal and other fees required to be paid or reimbursed to any Lender pursuant to any US Loan Documents or any commitment agreement heretofore entered into shall have been paid.

(b) No event which would reasonably be expected to have a Material Adverse Effect shall have occurred since June 30, 2000.

(c) US Borrower shall have certified to US Agent and Lenders that the Initial Financial Statements fairly present US Borrower's Consolidated financial position at the respective dates thereof and the Consolidated results of US Borrower's operations and US Borrower's Consolidated cash flows for the respective periods thereof.

(d) US Borrower shall have certified to US Agent and Lenders that no Restricted Person has any outstanding Liabilities of any kind (including contingent obligations, tax assessments, and unusual forward or long-term commitments) which are, in the aggregate, material to US Borrower or material with respect to US Borrower's Consolidated financial condition and not shown in the Initial Financial Statements or disclosed in the Disclosure Schedule.

(e) Contemporaneously with the making of the first US Loan or the issuance of the first Letter of Credit, (i) all Indebtedness outstanding under the Existing Santa Fe Snyder Agreement (except for Indebtedness relating to letters of credit outstanding under the Existing Santa Fe Snyder Agreement which is being assumed by US Borrower) shall be paid in full and the Existing Santa Fe Snyder Agreement shall be terminated (except with respect to such letters of credit) and (ii) the Indebtedness outstanding under the Existing Canadian Agreement shall be refinanced under the Canadian Agreement.

(f) All legal matters relating to the US Loan Documents and the consummation of the transactions contemplated thereby shall be satisfactory to Thompson & Knight L.L.P., counsel to US Agent.

Section 4.3. Additional Conditions Precedent to all US Loan and Letters of Credit. No Lender has any obligation to make any US Loan (including its first), and US LC Issuer has no obligation to issue any Letter of Credit (including its first), unless the following conditions precedent have been satisfied:

(a) All representations and warranties made by any Restricted Person in any US Loan Document shall be true on and as of the date of such US Loan or the date of issuance of such

Letter of Credit (except to the extent that the facts upon which such representations are based have been changed by the extension of credit hereunder) as if such representations and warranties had been made as of the date of such US Loan or the date of issuance of such Letter of Credit.

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

(c) The making of such US Loan or the issuance of such Letter of Credit shall not be prohibited by any Law and shall not subject any Lender or any US LC Issuer to any material penalty under or pursuant to any such Law.

ARTICLE V - Representations and Warranties

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

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

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

Section 5.3. Authorization. US Borrower and Canadian Borrowers have duly taken all action necessary to authorize the execution and delivery by it of the Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. US Borrower is duly authorized to borrow funds hereunder.

Section 5.4. No Conflicts or Consents. The execution and delivery by the various Restricted Persons of the Loan Documents to which each is a party, the performance by each of its obligations under such Loan Documents, and the consummation of the transactions contemplated by the various Loan Documents, do not and will not (i) conflict with any provision

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

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

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

Section 5.7. Litigation. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule: (a) there are no actions, suits or legal, equitable, arbitrative or administrative proceedings pending, or to the knowledge of any Restricted Person threatened, against any Restricted Person before any Tribunal which would reasonably be expected to have a Material Adverse Effect, and (b) there are no outstanding judgments, injunctions, writs, rulings or orders by any such Tribunal against any Restricted Person which would reasonably be expected to have a Material Adverse Effect.

Section 5.8. ERISA Plans and Liabilities. All currently existing ERISA Plans are listed in the Disclosure Schedule. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule, no Termination Event has occurred with respect to any ERISA Plan and all ERISA Affiliates are in compliance with ERISA in all material respects. No ERISA Affiliate is required to contribute to, or has any other absolute or contingent liability in respect of, any "multiemployer plan" as defined in Section 4001 of ERISA. Except as set forth in the Disclosure

Schedule: (a) no "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code) exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, and (b) the current value of each ERISA Plan's benefits does not exceed the current value of such ERISA Plan's assets available for the payment of such benefits by more than US $100,000,000.

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

Section 5.10. Names and Places of Business. No Restricted Person has, during the preceding five years, had, been known by, or used any other trade or fictitious name, except as disclosed in the Disclosure Schedule. Except as otherwise indicated in the Disclosure Schedule, the chief executive office and principal place of business of each Restricted Person are (and for the preceding five years have been) located at the address of US Borrower set out on the signature pages hereto. Except as indicated in the Disclosure Schedule, no Restricted Person has any other office or place of business.

Section 5.11. US Borrower's Subsidiaries. US Borrower does not presently have any Subsidiary or own any stock in any other corporation or association except those listed in the Disclosure Schedule. Neither US Borrower nor any Restricted Person is a member of any general or limited partnership, limited liability company, joint venture formed under the laws of the United States or any State thereof or association of any type whatsoever except those listed in the Disclosure Schedule and associations, joint ventures or other relationships (a) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (b) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law, and (c) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, pipelines or gathering systems and interests owned directly by the parties in such associations, joint ventures or relationships. US Borrower owns, directly or indirectly, the equity interest in each of its Subsidiaries which is indicated in the Disclosure Schedule.

Section 5.12. Title to Properties; Licenses. Each Restricted Person has good and defensible title to all of its material properties and assets, free and clear of all Liens other than Permitted Liens and of all impediments to the use of such properties and assets in such Restricted Person's business except to the extent failure to have such title would not have a Material Adverse Effect. Each Restricted Person possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possesses the right to use such intellectual property without violation of the rights of any other Person) which are necessary to carry out its business as presently conducted and as presently proposed to be conducted hereafter, and no Restricted Person is in violation in any material respect of the terms under which it possesses such intellectual property or the right to use such intellectual property except to the extent failure to possess such licenses, permits, franchises, and intellectual property would not have a Material Adverse Effect.

Section 5.13. Government Regulation. Neither US Borrower nor any other Restricted Person owing Obligations is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940 (as any of the preceding acts have been amended) or any other Law which regulates the incurring by such Person of Indebtedness, including Laws relating to common contract carriers or the sale of electricity, gas, steam, water or other public utility services.

Section 5.14. Insider. Except as disclosed on the Disclosure Schedule, no Restricted Person, nor any Person having "control" (as that term is defined in 12 U.S.C. Section 375b(9) or in regulations promulgated pursuant thereto) of any Restricted Person, is a "director" or an "executive officer" or "principal shareholder" (as those terms are defined in 12 U.S.C. Section 375b(8) or (9) or in regulations promulgated pursuant thereto) of any Lender, of a bank holding company of which any Lender is a Subsidiary or of any Subsidiary of a bank holding company of which any Lender is a Subsidiary.

Section 5.15. Solvency. Upon giving effect to the issuance of the US Notes, the execution of the US Loan Documents by US Borrower and the consummation of the transactions contemplated hereby, US Borrower will be solvent (as such term is used in applicable bankruptcy, liquidation, receivership, insolvency or similar Laws).

ARTICLE VI - Affirmative Covenants of US Borrower

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

Section 6.1. Payment and Performance. US Borrower will pay all amounts due under the US Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed or implied in the US Loan Documents.

US Borrower will cause each other Restricted Person to observe, perform and comply with every such term, covenant and condition in any Loan Document.

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

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

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

(c) Promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent by any Restricted Person to its stockholders and all registration

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

Section 6.3. Other Information and Inspections. Each Restricted Person will furnish to each Lender any information which US Agent may from time to time reasonably request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with Restricted Persons' businesses and operations. Each Restricted Person will permit representatives appointed by US Agent (including independent accountants, auditors, agents, attorneys, appraisers and any other Persons) to visit and inspect upon prior written notice during normal business hours any of such Restricted Person's property, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and each Restricted Person shall permit US Agent or its representatives to investigate and verify the accuracy of the information furnished to US Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and representatives.

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

(a) the occurrence of any event which would have a Material Adverse Effect,

(b) the occurrence of any Default,

(c) the acceleration of the maturity of any Indebtedness owed by any Restricted Person having a principal balance of more than US $100,000,000, or of any default by any Restricted Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such default would have a Material Adverse Effect,

(d) the occurrence of any Termination Event,

(e) any claim of US $100,000,000 or more, any notice of potential liability under any Environmental Laws which might exceed such amount, or any other material adverse claim asserted against any Restricted Person or with respect to any Restricted Person's properties, and

(f) the filing of any suit or proceeding against any Restricted Person in which an adverse decision would reasonably be expected to have a Material Adverse Effect.

US Borrower will also notify US Agent and US Agent's counsel in writing promptly in the event that any Restricted Person changes its name or the location of its chief executive office.

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

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

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

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

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

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

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

Section 6.12. Environmental Matters.

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

(b) US Borrower will promptly furnish to US Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by US Borrower, or of which it has notice, pending or threatened against any Restricted Person, by any Governmental Authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business which involve a potential liability or claim in excess of US $100,000,000.

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

ARTICLE VII - Negative Covenants of US Borrower

To conform with the terms and conditions under which each Lender is willing to have credit outstanding to US Borrower, and to induce each Lender to enter into this Agreement and make the US Loans, US Borrower warrants, covenants and agrees that until the full and final

payment of the Obligations and the termination of this Agreement, unless US Required Lenders have previously agreed otherwise:

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

(a) the Canadian Obligations.

(b) capital lease obligations (excluding oil, gas or mineral leases) entered into in the ordinary course of such Restricted Person's business in arm's length transactions at competitive market rates under competitive terms and conditions in all respects, provided that such capital lease obligations required to be paid in any Fiscal Year do not in the aggregate exceed US $35,000,000 for all Restricted Subsidiaries.

(c) unsecured Liabilities owed among Restricted Persons.

(d) guaranties by one Restricted Person of Liabilities owed by another Restricted Person, if such Liabilities either (i) are not Indebtedness, or (ii) are allowed under subsections (a), (b) or (c) of this Section 7.1.

(e) Indebtedness of the Restricted Persons for plugging and abandonment bonds or for letters of credit issued by any Lender in place thereof which are required by regulatory authorities in the area of operations, and Indebtedness of the Restricted Persons for other bonds or letters of credit issued by any Lender which are required by such regulatory authorities with respect to other normal oil and gas operations.

(f) non-recourse Indebtedness as to which no Restricted Person (i) provides any guaranty or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (ii) is directly or indirectly liable (as a guarantor or otherwise); provided , that after giving effect to such Indebtedness outstanding from time to time, US Borrower is not in violation of Section 7.8.

(g) Indebtedness that is subordinated to the US Obligations and the Canadian Obligations on terms acceptable to US Required Lenders.

(h) Indebtedness in the approximate amount of C $3,459,000 owed to Indeck Gas Supply Corporation by Northstar Energy pursuant to a Gas Sales and Purchase Agreement dated as of March 9, 1989, as heretofore or hereafter amended from time to time.

(i) Acquired Debt.

(j) Indebtedness under Hedging Contracts.

(k) Indebtedness relating to the surety bond and letter of credit obligations listed on Schedule 2.

(l) miscellaneous items of Indebtedness of all Restricted Persons (other than US Borrower) not described in subsections (a) through (m) which do not in the aggregate exceed US $200,000,000 in principal amount at any one time outstanding.

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

Section 7.3. Limitation on Mergers. No Restricted Person will merge or consolidate with or into any other Person except that any Subsidiary of US Borrower may be merged into or consolidated with (a) another Subsidiary of US Borrower, or (b) US Borrower, so long as US Borrower is the surviving business entity.

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

(a) No Restricted Subsidiary of US Borrower will issue any additional shares of its capital stock, additional partnership interests or other securities or any options, warrants or other rights to acquire such additional shares, partnership interests or other securities except to another Restricted Person which is a wholly-owned direct or indirect Subsidiary of US Borrower unless (i) such securities are being issued to acquire a business, directly or indirectly through the use of the proceeds of such issuance, and (ii) such securities are convertible into the common or similar securities of US Borrower and/or may be redeemed in cash at the option of the Restricted Person that issued such securities. In addition, (A) Northstar Energy may issue "Exchangeable Shares" (as defined in the Restated Articles of Incorporation of Northstar Energy) upon the terms specified in the Restated Articles of Incorporation of Northstar Energy as in effect on the date hereof (in this section called "Exchangeable Shares"), (B) Devon Canada may issue exchangeable shares upon substantially the same terms as such Exchangeable Shares, and (C) Northstar Energy may issue stock options to its employees from time to time to acquire such Exchangeable Shares, provided that such options are granted under a stock option plan of either Canadian Borrower and/or US Borrower.

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

Section 7.5. Limitation on Restricted Payments. The aggregate amount of Restricted Payments made by the Restricted Persons during any Fiscal Year shall not exceed five percent (5%) of the book value of the Consolidated Assets of US Borrower as of the end of the immediately preceding Fiscal Year, as adjusted to take into account any increase associated with an acquisition or merger.

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

Section 7.7. Prohibited Contracts; ERISA. Except as expressly provided for in the US Loan Documents, the Support Agreement dated December 10, 1998 between the US Borrower and Northstar Energy, and the Santa Fe Snyder Indentures, no Restricted Person will, directly or indirectly, enter into, create, or otherwise allow to exist any contract or other consensual restriction on the ability of any Restricted Person that is a Subsidiary of US Borrower: (a) to pay dividends or make other distributions to US Borrower, (b) to redeem equity interests held in it by US Borrower, (c) to repay loans and other indebtedness owing by it to US Borrower, or (d) to transfer any of its assets to US Borrower. No ERISA Affiliate will incur any obligation to contribute to any "multiemployer plan" as defined in Section 4001 of ERISA.

Section 7.8. Funded Debt to Total Capitalization. At the end of each Fiscal Quarter, the ratio of US Borrower's Consolidated Total Funded Debt to US Borrower's Total Capitalization will never exceed sixty-five percent (65%).

ARTICLE VIII - Events of Default and Remedies

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

(a) Any Restricted Person fails to pay any principal component of any US Obligation when due and payable or fails to pay any other US Obligation within three (3) days after the date when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) Any "default" or "event of default" occurs under any US Loan Document which defines either such term, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(c) Any Restricted Person fails (other than as referred to in subsections
(a) or (b) above) to (i) duly comply with Section 7.4(b) of the US Agreement or
(ii) duly observe, perform or comply with any other covenant, agreement, condition or provision of any US Loan Document, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by US Agent to US Borrower;

(d) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Restricted Person in connection with any US Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made

provided that if such falsity or lack of correctness is capable of being remedied or cured within a 30-day period, US Borrower shall (subject to the other provisions of this Section 8.1) have a period of 30 days after written notice thereof has been given to US Borrower by US Agent within which to remedy or cure such lack of correctness; or this Agreement or any US Note is asserted to be or at any time ceases to be valid, binding and enforceable in any material respect as warranted in Section 5.5 for any reason other than its release or subordination by US Agent;

(e) Any Restricted Person (i) fails to duly pay any Indebtedness in excess of US $100,000,000 constituting principal or interest owed by it with respect to borrowed money or money otherwise owed under any note, bond, or similar instrument, or (ii) breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, other than a breach or default described in clause (i) above, and any such failure, breach or default results in the acceleration of such Indebtedness;

(f) Either (i) any "accumulated funding deficiency" (as defined in Section 412(a) of the Internal Revenue Code of 1986, as amended) in excess of US $100,000,000 exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, or (ii) any Termination Event occurs with respect to any ERISA Plan and the then current value of such ERISA Plan's benefit liabilities exceeds the then current value of such ERISA Plan's assets available for the payment of such benefit liabilities by more than US $100,000,000 (or in the case of a Termination Event involving the withdrawal of a substantial employer, the withdrawing employer's proportionate share of such excess exceeds such amount);

(g) Any Change in Control occurs;

(h) US Borrower or any other Restricted Person having assets with a book value of at least US $100,000,000:

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

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

(iii) suffers the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of all or a substantial part of its

property in a proceeding brought against or initiated by it, and such appointment or taking possession is neither made ineffective nor discharged within thirty days after the making thereof, or such appointment or taking possession is at any time consented to, requested by, or acquiesced to by it; or

(iv) suffers the entry against it of a final judgment for the payment of money in an amount that exceeds (x) the valid and collectible insurance in respect thereof or (y) the amount of an indemnity with respect thereto reasonably acceptable to the US Required Lenders by US $100,000,000 or more, unless the same is discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers a writ or warrant of attachment or similar process to be issued by any Tribunal against all or any part of its property having a book value of at least US $100,000,000, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside; and

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

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

Section 8.2. Remedies. If any Event of Default shall occur and be continuing, each Lender Party may protect and enforce its rights under the US Loan Documents by any appropriate proceedings, including proceedings for specific performance of any covenant or agreement contained in any Loan Document, and each Lender Party may enforce the payment of

any US Obligations due it or enforce any other legal or equitable right which it may have. All rights, remedies and powers conferred upon Lender Parties under the US Loan Documents shall be deemed cumulative and not exclusive of any other rights, remedies or powers available under the US Loan Documents or at Law or in equity.

ARTICLE IX - US Agent

Section 9.1. Appointment, Powers, and Immunities.

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

(b) US LC Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as the US Agent may agree at the request of the Required Lenders to act for US LC Issuer with respect thereto; provided, however, that US LC Issuer shall have all of the benefits and

immunities (i) provided to the US Agent in this Article IX with respect to any acts taken or omissions suffered by US LC Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "US Agent" as used in this Article IX included US LC Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to US LC Issuer.

Section 9.2. Reliance by US Agent. US Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telecopy) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Restricted Person), independent accountants, and other experts selected by US Agent. US Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until US Agent receives and accepts an Assignment and Acceptance executed in accordance with
Section 10.6 hereof. US Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Tranche A Required Lenders, Tranche B Required Lenders, US Required Lenders, US Majority Lenders or all Lenders, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all Lenders and participants. Where this Agreement expressly permits or prohibits an action unless the Tranche A Required Lenders, Tranche B Required Lenders, US Required Lenders, US Majority Lenders or all Lenders otherwise determine, the US Agent shall, and in all other instances, the US Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

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

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

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

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

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

business of any Restricted Person or any of its Subsidiaries or Affiliates that may come into the possession of US Agent or any of its Affiliates.

Section 9.7. Administrative Agent in its Individual Capacity. Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Restricted Persons and their respective Affiliates as though Bank of America were not the US Agent or the US LC Issuer hereunder and without notice to or consent of Lenders. Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Restricted Person or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Restricted Person or such Affiliate) and acknowledge that the US Agent shall be under no obligation to provide such information to them. With respect to its US Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the US Agent or the US LC Issuer, and the terms "Lender" and "Lenders" include Bank of America in its individual capacity.

Section 9.8. Sharing of Set-Offs and Other Payments . Each Lender Party agrees that if it shall, whether through the exercise of rights under US Loan Documents or rights of banker's lien, set off, or counterclaim against US Borrower or otherwise, obtain payment of a portion of the aggregate Obligations owed to it which, taking into account all distributions made by US Agent under
Section 3.1, causes such Lender Party to have received more than it would have received had such payment been received by US Agent and distributed pursuant to
Section 3.1, then (a) it shall be deemed to have simultaneously purchased and shall be obligated to purchase interests in the Obligations as necessary to cause all Lender Parties to share all payments as provided for in Section 3.1, and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that US Agent and all Lender Parties share all payments of Obligations as provided in Section 3.1; provided, however, that nothing herein contained shall in any way affect the right of any Lender Party to obtain payment (whether by exercise of rights of banker's lien, set-off or counterclaim or otherwise) of indebtedness other than the Obligations. US Borrower expressly consents to the foregoing arrangements and agrees that any holder of any such interest or other participation in the Obligations, whether or not acquired pursuant to the foregoing arrangements, may to the fullest extent permitted by Law exercise any and all rights of banker's lien, set-off, or counterclaim as fully as if such holder were a holder of the Obligations in the amount of such interest or other participation. If all or any part of any funds transferred pursuant to this section is thereafter recovered from the seller under this section which received the same, the purchase provided for in this section shall be deemed to have been rescinded to the extent of such recovery, together with interest, if any, if interest is required pursuant to the order of a Tribunal order to be paid on account of the possession of such funds prior to such recovery.

Section 9.9. Investments. Whenever US Agent in good faith determines that it is uncertain about how to distribute to Lender Parties any funds which it has received, or whenever US Agent in good faith determines that there is any dispute among Lender Parties about how such funds should be distributed, US Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If US Agent in good faith believes that the uncertainty or

dispute will not be promptly resolved, or if US Agent is otherwise required to invest funds pending distribution to Lender Parties, US Agent shall invest such funds pending distribution; all interest on any such Investment shall be distributed upon the distribution of such Investment and in the same proportion and to the same Persons as such Investment. All moneys received by US Agent for distribution to Lender Parties (other than to the Person who is US Agent in its separate capacity as a Lender Party) shall be held by US Agent pending such distribution solely as US Agent for such Lender Parties, and US Agent shall have no equitable title to any portion thereof.

Section 9.10. Benefit of Article IX. The provisions of this Article (other than the following Section 9.11) are intended solely for the benefit of Lender Parties, and no Restricted Person shall be entitled to rely on any such provision or assert any such provision in a claim or defense against any Lender. Lender Parties may waive or amend such provisions as they desire without any notice to or consent of US Borrower or any Restricted Person.

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

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

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

ARTICLE X - Miscellaneous

Section 10.1. Waivers and Amendments; Acknowledgments.

(a) Waivers and Amendments. No failure or delay (whether by course of conduct or otherwise) by any Lender Party in exercising any right, power or remedy which such Lender Party may have under any of the US Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Lender Party of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any US Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed as provided below in this section, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Restricted Person shall in any case of itself entitle any Restricted Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other US Loan Documents set forth the entire understanding between the parties hereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no waiver, consent, release, modification or amendment of or supplement to this Agreement or the other US Loan Documents shall be valid or effective against any party hereto unless the same is in writing and signed by (i) if such party is US Borrower, by US Borrower, (ii) if such party is US Agent or US LC Issuer, by such party, (iii) if such party is a Tranche B Lender, by such Tranche B Lender or by US Agent on behalf of Tranche B Lenders with the written consent of Tranche B Required Lenders and (iv) if such party is a Lender, by such Lender or by US Agent on behalf of Lenders with the written consent of US Required Lenders (which consent has already been given as to the termination of the US Loan Documents as provided in Section 10.10). Notwithstanding the foregoing or anything to the contrary herein, US Agent shall not, without the prior consent of US Majority Lenders and Canadian Majority Lenders, execute and deliver on behalf of such Lender any waiver or amendment which would increase the US Maximum Credit Amount hereunder, except in connection with the Re-allocations described in Section 1.9. Notwithstanding the foregoing or anything to the contrary herein, US Agent shall not, without the prior consent of each individual US Lender, execute and deliver on behalf of such Lender any waiver or amendment which would: (1) waive any of the conditions specified in Article IV,
(2) increase the maximum amount which such Lender is committed hereunder to lend, (3) reduce any fees payable to such Lender hereunder, or the principal of, or interest on, such Lender's Note, (4) postpone any date fixed for any payment of any such fees, principal or interest, (5) change the aggregate

amount of Percentage Shares which is required for US Agent, Lenders or any of them to take any particular action under the US Loan Documents, (6) release US Borrower from its obligation to pay such Lender's Note, or (7) amend this Section 10.1(a), except in connection with the Reallocations described in Section 1.9.

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

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

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Section 10.2. Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements in the US Loan Documents shall survive the execution and delivery of this Agreement and the other US Loan Documents and the performance hereof and thereof, including the making or granting of the US Loans and the delivery of the US Notes and the other US Loan Documents, and shall further survive until all of the US Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to

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

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

Section 10.4. Payment of Expenses; Indemnity.

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

connection with the defense or enforcement of any of the US Loan Documents (including this section) or the defense of any Lender Party's exercise of its rights thereunder.

(b) INDEMNITY. US BORROWER AGREES TO INDEMNIFY EACH AGENT-RELATED PERSON AND EACH LENDER PARTY, UPON DEMAND, FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, CLAIMS, LOSSES, DAMAGES, PENALTIES, FINES, ACTIONS, JUDGMENTS, SUITS, SETTLEMENTS, COSTS, EXPENSES OR DISBURSEMENTS (INCLUDING REASONABLE FEES OF ATTORNEYS, ACCOUNTANTS, EXPERTS AND ADVISORS) OF ANY KIND OR NATURE WHATSOEVER (IN THIS SECTION COLLECTIVELY CALLED "LIABILITIES AND COSTS") WHICH TO ANY EXTENT (IN WHOLE OR IN PART) MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST SUCH LENDER PARTY GROWING OUT OF, RESULTING FROM OR IN ANY OTHER WAY ASSOCIATED WITH THE US LOAN DOCUMENTS AND THE TRANSACTIONS AND EVENTS (INCLUDING THE ENFORCEMENT OR DEFENSE THEREOF) AT ANY TIME ASSOCIATED THEREWITH OR CONTEMPLATED THEREIN (WHETHER ARISING IN CONTRACT OR IN TORT OR OTHERWISE AND INCLUDING ANY VIOLATION OR NONCOMPLIANCE WITH ANY ENVIRONMENTAL LAWS BY ANY AGENT-RELATED PERSON OR LENDER PARTY OR ANY OTHER PERSON OR ANY LIABILITIES OR DUTIES OF ANY AGENT-RELATED PERSON OR LENDER PARTY OR ANY OTHER PERSON WITH RESPECT TO HAZARDOUS MATERIALS FOUND IN OR RELEASED INTO THE ENVIRONMENT).

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

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

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

Lender nor will any Lender accept any offer to do so, unless each Lender shall have received substantially the same offer with respect to the same Percentage Share of the Obligations owed to it. If US Borrower or any Affiliate of US Borrower at any time purchases some but less than all of the Obligations owed to all Lender Parties, such purchaser shall not be entitled to any rights of any Lender under the US Loan Documents unless and until US Borrower or its Affiliates have purchased all of the Obligations.

Section 10.6. Assignments and Participations.

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

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

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

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

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

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

Upon execution, delivery, and acceptance of such Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this section, the assignor, US Agent and US Borrower shall make appropriate arrangements so that, if required, new US Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the Laws of the United States of America or a state thereof, it shall deliver to US Borrower and US Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 3.10.

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

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

(d) Each Lender may sell participations to one or more Persons that are Eligible Transferees in all or a portion of its rights and obligations under this Agreement (including all or a portion of its US Maximum Credit Amount and its US Loans); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations,
(iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article III (provided that a participant shall not be entitled to receive any greater payment under Section 3.1 or 3.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is made with the US Borrower's prior written consent. A participant that would have been subject to Section 3.9 if it were a Lender, shall not be entitled to the benefits of Section 3.1 unless US Borrower has been notified of the participation sold to such participant, and such participant agrees, for the benefit of US Borrower, to comply with such Section as if it were a Lender) and the right of offset contained in Section 6.14 (provided that such participant agrees to be subject to Section 9.8 as if it were a Lender), and (iv) US Borrower shall continue to deal solely and directly

with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of US Borrower relating to its US Loans and its Note and to approve any amendment, modification, or waiver of any provision of this Agreement (provided that such Lender may agree that it will not approve amendments, modifications, or waivers decreasing the amount of principal of or the rate at which interest is payable on such US Loans or Note, extending any scheduled principal payment date or date fixed for the payment of interest on such US Loans or Note, or extending its US Maximum Credit Amount without the consent of the participant).

(e) If the consent of US Borrower to an assignment to an Eligible Assignee is required hereunder, US Borrower shall be deemed to have given its consent ten
(10) Business Days after the date notice thereof has been delivered by the assigning Lender (through US Agent) unless such consent is expressly refused by US Borrower prior to such tenth Business Day.

(f) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Percentage Share in the Obligations and its rights and obligations hereunder pursuant to subsection 10.6(a) above, Bank of America may resign as US LC Issuer and/or terminate its commitment to make US Swing Loans by giving written notice thereof to US Borrower and US Lenders. Each such notice shall set forth the date of such resignation; provided that any such resignation or termination shall not become effective until a successor has been appointed as provided below and has accepted such appointment. In the event of any such resignation by Bank of America as US LC Issuer or termination of its commitment to make US Swing Loans, US Borrower shall be entitled to appoint from among the US Lenders a successor US LC Issuer or US Swing Lender hereunder. If, within sixty days after notice has been given to US Borrower and US Lenders of any such resignation or termination, no successor US LC Issuer or US Swing Lender, as the case may be, has been appointed and has accepted such appointment, then Bank of America may appoint such a successor, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of the United States of America or of any state thereof. If Bank of America resigns as US LC Issuer, it shall retain all the rights and obligations of US LC Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as US LC Issuer and all US LC Obligations with respect thereto (including the right to require the Tranche A Lenders to make US Base Rate Loans or fund participations in unreimbursed amounts pursuant to Section 2.3(b)). If Bank of America terminates its commitment to make US Swing Loans, it shall retain all the rights of US Swing Lender provided for hereunder with respect to US Swing Loans made by it and outstanding as of the effective date of such termination, including the right to require the US Lenders to make Tranche A Loans or fund participations in outstanding US Swing Loans pursuant to Section 1.8.

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

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

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

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

Section 10.9. Limitation on Interest. Lender Parties, Restricted Persons and any other parties to the US Loan Documents intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the US Loan Documents shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the maximum amount of interest permitted to be charged by applicable Law from time to time in effect. Neither any Restricted Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully charged under applicable Law from time to time in effect, and the provisions of this section shall control over all other provisions of the US Loan Documents which may be in

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

Section 10.10.Termination; Limited Survival. In its sole and absolute discretion US Borrower may at any time that no Obligations are owing elect in a written notice delivered to US Agent to terminate this Agreement. Upon receipt by US Agent of such a notice, if no Obligations are then owing this Agreement and all other US Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any Restricted Person in any Loan Document, any Obligations under Sections 3.2 through 3.6, and any obligations which any Person may have to indemnify or compensate any Lender Party shall survive any termination of this Agreement or any other Loan Document. At the request and expense of US Borrower, US Agent shall prepare and execute all necessary instruments to reflect and effect such termination of the US Loan Documents. US Agent is hereby authorized to execute all such instruments on behalf of all Lenders, without the joinder of or further action by any Lender.

Section 10.11. Severability. If any term or provision of any Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the US Loan

Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

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

Section 10.13. Waiver of Jury Trial, Punitive Damages, etc. US BORROWER AND EACH LENDER PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY (a) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THE US LOAN DOCUMENTS OR ANY TRANSACTION CONTEMPLATED THEREBY OR ASSOCIATED THEREWITH, BEFORE OR AFTER MATURITY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY, (b) waives, to the maximum extent not prohibited by Law, any right it may have to claim or recover in any such litigation any "Special Damages", as defined below, (c) certifies that no party hereto nor any representative or agent or counsel for any party hereto has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers, and (d) acknowledges that it has been induced to enter into this Agreement, the other US Loan Documents and the transactions contemplated hereby and thereby by, among other things, the mutual waivers and certifications contained in this section. As used in this section, "Special Damages" includes all special, consequential, exemplary, or punitive damages (regardless of how named), but does not include any payments or funds which any party hereto has expressly promised to pay or deliver to any other party hereto.

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

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

Section 10.16. Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document,

provided that nothing contained in this section shall be construed to authorize any such renewal, extension, modification, amendment or restatement.

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

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

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

Section 10.20. Termination of Existing US Agreement. Upon the payment in full of all outstanding indebtedness owing under the Existing US Agreement, the Existing US Agreement and the other loan documents executed pursuant thereto shall be terminated and the parties thereto shall have no further obligations or liabilities, covenants, or representations thereunder; provided, however, the indemnification obligations provided in the Existing US Agreement shall not be terminated and shall survive the termination of the Existing US Agreement.

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

DEVON ENERGY CORPORATION
US Borrower

By: /s/ WILLIAM T. VAUGHN

William T. Vaughn
Senior Vice President - Finance

Address:

20 North Broadway, Suite 1500
Oklahoma City, Oklahoma 73102
Attention: Senior Vice President - Finance

Telephone: (405) 235-3611
Fax: (405) 552-8120

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

By: /s/ DENISE A. SMITH

Denise A. Smith
Managing Director

Address:

901 Main Street, 64th Floor
Dallas, Texas 75202
Attention: Denise A. Smith

Telephone: (214) 209-1261
Fax: (214) 209-1285

BANK OF MONTREAL
Lender

By: /s/ MELISSA BAUMAN

Name: Melissa Bauman
Title: Director

BANK ONE, NA
Lender

By: /s/ JEANIE HARMAN
Name: Jeanie Harman
Title: Vice President

THE CHASE MANHATTAN BANK
Lender

By: /s/ ROBERT W. TRABAND

Name: Robert W. Traband
Title: Vice President

UMB BANK
Lender

By: /s/ RICHARD J. LEHRTER

Name: Richard J. Lehrter
Title: Community Bank President

FIRST UNION NATIONAL BANK
Lender

By: /s/ DAVID E. HUMPHREYS

Name: DAVID E. HUMPHREYS
Title: Vice President

TORONTO-DOMINION (TEXAS), INC.
Lender

By: /s/ CAROL BRANDT

Name: Carol Brandt
Title: Vice President

WESTDEUTSCHE LANDESBANK GIROZENTRALE
Lender

By: /s/ CYNTHIA M. NIESEN

Name: Cynthia M. Niesen
Title: Managing Director

By: /s/ THOMAS LEE

Name: Thomas Lee
Title: Associate

THE BANK OF NEW YORK
Lender

By: /s/ RAYMOND J. PALMER

Name: Raymond J. Palmer
Title: Vice President

ROYAL BANK OF CANADA
Lender

By: /s/ LINDA M. STEPHENS

Name: Linda M. Stephens
Title: Senior Manager

SUNTRUST BANK, ATLANTA
Lender

By: /s/ STEVEN J. NEWBY

Name: Steven J. Newby
Title: Vice President

By: /s/ MARY CRAWFORD OWEN

Name: Mary Crawford Owen
Title: Banking Officer

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Lender

By: /s/ CARL J. MEHLDAU, JR.

Name: Carl J. Mehldau, Jr.
Title: Associate

CITIBANK, N.A.
Lender

By: /s/ STEVEN M. BAILHI
Name: Steven M. Bailhi
Title: Attorney-in-Fact

DEUTSCHE BANK AG NEW YORK AND/OR CAYMAN ISLANDS BRANCHES
Lender

By: /s/ JOEL MAKOWSKY
Name: Joel Makowsky
Title: Vice President

By: /s/ MICHAEL E. KEATING
Name: Michael E. Keating
Title: Managing Director

CIBC, INC.
Lender

By: /s/ M. BETH MILLER

Name: M. Beth Miller
Title: Authorized Signatory

ABN AMRO BANK, N.V.
Lender

By: /s/ JAMIE A. CONN

Name: Jamie A. Conn
Title: Vice President

By: /s/ FRANK R. RUSSO, JR.

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

BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN ISLANDS BRANCH
Lender

By: /s/ PETER OBERMANN

Name: Peter Obermann
Title: Senior Vice President

By: /s/ JAMES BOYLE

Name: James Boyle
Title: Vice President

THE FUJI BANK, LIMITED
Lender

By: /s/ NATE ELLIS

Name: Nate Ellis
Title: Senior Vice President & Manager

CREDIT LYONNAIS
Lender

By: /s/ PHILLIPPE SOUSTRA

Name: Phillippe Soustra
Title: Senior Vice President

BANK OF TOKYO - MITSUBISHI LTD.
HOUSTON AGENCY
Lender

By: /s/ ICHIRO OTANI

Name: Ichiro Otani
Title: Deputy General Manager

ANNEX I

DEFINED TERMS

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

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

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

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

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

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

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

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

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

"Applicable Margin" means

(a) when used in the Canadian Agreement on any date and when used in the US Agreement, except with respect to any Tranche B Loan, on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

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

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

Applicable Rating Level	Applicable Margin
Level I	26.0
Level II	37.5
Level III	47.5
Level IV	70.0
Level V	77.5

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

"Applicable Rating Level" means for any day, the highest Rating Level (as such term is defined below in this paragraph) issued by S&P or Moody's (collectively, in this definition called the "Designated Rating Agencies"). As used in this definition, (i) the term "Rating Level" means for any day with respect to any of the Designated Rating Agencies, the rating level described below (or its then equivalent) applicable on such day, issued by such Designated Rating Agency, from time to time, with respect to US Borrower's Long-Term Debt or if such rating is unavailable, equivalents thereof, including counterparty ratings, implied ratings and corporate ratings; (ii) "US Borrower's Long-Term Debt" means senior, unsecured, non-credit enhanced long-term indebtedness for borrowed money of US Borrower, and (iii) "$" means a rating equal to or more favorable than and "<" means a rating less favorable than.

Rating Level	S&P	Moody's
Level I	$A-	$A3
Level II	BBB+	Baa1
Level III	BBB	Baa2
Level IV	BBB-	Baa3
Level V	<BBB-	<Baa3

If any of the Designated Rating Agencies shall not have in effect a rating for US Borrower's Long-Term Debt or if the rating system of any of the Designated Rating Agencies shall change, or if either of the Designated Rating Agencies shall cease to be in the business of rating corporate debt obligations, US Borrower and Required Lenders shall negotiate in good faith to amend this

definition to reflect such changed rating system or the unavailability of ratings from such Designated Rating Agency, but until such an agreement shall be reached, the Applicable Rating Level shall be based only upon the rating by the remaining Designated Rating Agency.

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

"BA Discount Rate" means, in respect of a BA being accepted by a Lender on any date, (i) for a Lender that is listed in Schedule I to the Bank Act (Canada), the average bankers' acceptance rate as quoted on Reuters CDOR page (or such other page as may, from time to time, replace such page on that service for the purpose of displaying quotations for bankers' acceptances accepted by leading Canadian financial institutions) at approximately 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA (the "CDOR Rate"); or, if such rate is not available at or about such time, the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Canadian Agent by the Schedule I BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA; and (ii) for a Lender that is listed in Schedule II to the Bank Act (Canada) or a Lender that is listed in Schedule III to the Bank Act (Canada) that is not subject to the restrictions and requirements referred to in subsection 524 (2) of the Bank Act (Canada), the rate established by the Canadian Agent to be the lesser of (A) the CDOR Rate plus 10 Basis Points; and (B) the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Canadian Agent by the Schedule II BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA;

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

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

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

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

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

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

Acceptances into Canadian Loans of a single Type in the case of Eurodollar Loans with the same Interest Period pursuant to Section 1.3 of the Canadian Agreement.

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

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

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

"Canadian Agent" means Bank of America Canada, as administrative agent under the Canadian Agreement, and its successors and assigns in such capacity.

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

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

"Canadian Borrowers" means Northstar Energy and Devon Energy Canada.

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

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

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

such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Canadian Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Canadian Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00
a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding subsections
(a) and (b) are not available, the rate per annum determined by the Canadian Agent as the rate of interest at which deposits in Canadian Dollars (for delivery on the first day of such Interest Period) in same day funds in the approximate amount of the applicable Canadian Dollar Eurodollar Loan and with a term equivalent to such Interest Period would be offered by its London branch to major banks in the offshore Canadian Dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

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

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

"Canadian Guarantor" means US Borrower.

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

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

"Canadian LC Sublimit" means US $25,000,000.

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

"Canadian Loan Documents" means the Canadian Agreement, the Canadian Notes, the Letters of Credit issued under the Canadian Agreement, the LC Applications related thereto, the BA's, the Guaranty executed by Canadian Guarantor, and all other agreements, certificates,

documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

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

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

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

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

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

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

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

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

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

"Canadian Resident Lender" means each Lender identified as such on Annex II to the Canadian Agreement or any Assignment and Acceptance executed by a new Lender, each being a Person that is not a non-resident of Canada for the purposes of the Income Tax Act (Canada).

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

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

"Canadian Swing Lender" means Bank of America Canada, in its individual capacity.

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

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

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

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

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

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

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

"Cash Equivalents" means Investments in:

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

(b) demand deposits, and time deposits (including certificates of deposit) maturing within twelve months from the date of deposit thereof, with a domestic office (1) of US Agent or Canadian Agent or any Lender, or (2) of any bank or trust

company organized under the laws of Canada or the United States of America or any Province or State therein, provided that (x) the full amount of each such deposit in such bank or trust company is insured by the Federal Deposit Insurance Corporation if applicable, or (y) such bank or trust company has capital, surplus and undivided profits aggregating at least US $50,000,000, and

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

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

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

"Closing Date" means August 29, 2000.

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

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

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

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

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

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

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

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

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

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

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

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

or telephonic request, or a written confirmation, made by the applicable Canadian Borrower which meets the requirements of Section 1.3 of the Canadian Agreement.

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

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

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

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

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

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

"Devon Energy Canada" means Devon Energy Canada Corporation, a Canadian corporation organized under the laws of Alberta.

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

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

"Devon SFS" means Santa Fe Snyder Corporation, a Delaware corporation into which Devon Merger Co. has been merged (with Santa Fe Snyder Corporation being the survivor, becoming a wholly-owned Subsidiary of US Borrower and changing its name to Devon SFS Operating, Inc.).

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

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

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

365

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

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

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

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

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

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

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

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

"Eurodollar Interest Period" means, with respect to each particular Eurodollar Loan in a Borrowing, the period specified in the Borrowing Notice or Continuation/Conversion Notice applicable thereto, beginning on and including the date specified in such Borrowing Notice or Continuation/Conversion Notice (which must be a Business Day), and ending one, two, three, or six months thereafter, as the applicable Borrower may elect in such notice; provided that:
(a) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; (b) any Interest Period which begins on the last Business Day in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day in a calendar month; and (c) notwithstanding the foregoing, any Interest Period which would otherwise end after the last day of the US Facility Commitment Period or the Canadian Revolving Period shall end on the last day of the US Facility Commitment Period or the Canadian Revolving Period (or, if the last day of such period is not a Business Day, on the next preceding Business Day).

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

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

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

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

"Existing Canadian Agreement" means that certain Canadian Credit Agreement dated as of October 15, 1999 among Canadian Borrowers, Canadian Agent, and certain lenders named therein.

"Existing Santa Fe Snyder Agreement" means those two certain Credit Agreements dated as of May 5, 1999 by and among Santa Fe Snyder Corporation, The Chase Manhattan Bank, as administrative agent, and the lenders party thereto.

"Existing US Agreement" means that certain US Credit Agreement dated as of October 15, 1999 among Devon Oklahoma, US Agent, and certain lenders named therein.

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

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

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

day shall be the average rate quoted to US Agent on such day on such transactions as determined by US Agent.

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

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

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

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

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

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

"Income Tax Act (Canada)" means the Income Tax Act, S.C. 1970-71-72, c. 63, including the regulations made and, from time to time, in force under that Act.

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

(a) Liabilities for borrowed money,

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

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

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

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

(f) Liabilities under Hedging Contracts,

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

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

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

"Initial Financial Statements" means (i) the audited annual Consolidated financial statements of US Borrower dated as of December 31, 1999, (ii) the unaudited quarterly Consolidated financial statements of US Borrower dated as of June 30, 2000, (iii) the audited annual Consolidated financial statements of Santa Fe Snyder Corporation dated as of December 31, 1999, and (iv) the unaudited quarterly Consolidated financial statements of Santa Fe Snyder Corporation dated as of June 30, 2000.

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

"Interest Payment Date" means (a) with respect to each US Base Rate Loan, Canadian US Dollar Base Rate Loan, Canadian Prime Rate Loan, Canadian Swing Loan, and US Swing Loan the last day of each March, June, September and December beginning September 30, 2000, and (b) with respect to each Eurodollar Loan, the last day of the Eurodollar Interest Period that is applicable thereto and, if such Eurodollar Interest Period is six months in length, the date specified by US Agent which is approximately three months after such Eurodollar Interest Period begins; provided that the last day of each calendar month shall also be an Interest Payment Date for each such Loan so long as any Event of Default exists under Section 8.1 (a) or (b).

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

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

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

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

"Judgment Interest Act (Alberta)" means the Judgment Interest Act, S.A. 1984 c. J-O.5, including the regulations made and, from time to time, in force under that Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Offer of Extension" means (a) with respect to the Canadian Agreement, a written offer by Canadian Agent, for and on behalf of Required Lenders, to Canadian Borrowers to extend the Canadian Facility Revolving Period to a date 364 days from acceptance by Canadian Borrowers of such offer, and setting forth, if applicable, the terms and conditions on which such extension is offered by the Lenders and as may be accepted by Canadian Borrowers, and (b) with respect to the US Agreement, a written offer by US Agent, for and on behalf of Required Lenders, to US Borrower to extend the Tranche B Revolving Period to a date 364 days from acceptance by US Borrower of such offer, and setting forth, if applicable, the terms and conditions on which such extension is offered by the Lenders and as may be accepted by US Borrower.

"PennzEnergy Debentures" means the following Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Borrower:

(a) 10.125% Debentures due November 15, 2009 in the aggregate principal amount of US $200,000,000;

(b) 10.25% Debentures due November 1, 2005 in the aggregate principal amount of US $250,000,000;

(c) the PennzEnergy Exchangeable Debentures.

"PennzEnergy Exchangeable Debentures" means the following Exchangeable Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Borrower:

(a) 4.90% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US $443,807,000; and

(b) 4.95% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US $316,506,000.

"Percentage Share" means

(a) under the US Agreement with respect to any Lender (i) when used in Article I of the US Agreement except when used in Section 1.5(d) thereof with respect to utilization fees, or in Article II of the US Agreement prior to the Tranche B Conversion Date, in any Borrowing Notice thereunder or when no US Loans are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's US Loans and such Lender's Percentage Share of the US LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all US Loans at such time plus the aggregate amount of all US LC Obligations outstanding at such time; and

(b) under the Canadian Agreement with respect to any Lender (i) when used in Article I of the Canadian Agreement except when used in Section 1.5(c) thereof with respect to utilization fees, in Article II of the Canadian Agreement prior to the Conversion Date, in any Borrowing Notice thereunder or when no Canadian Advances are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the Canadian Agreement made by or to such Lender in accordance with the terms of the Canadian Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal

balance of such Lender's Canadian Advances and such Lender's Percentage Share of the Canadian LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all Canadian Advances at such time plus the aggregate amount of all Canadian LC Obligations outstanding at such time.

"Permitted Distribution" means (i) any Distribution made by any Restricted Person that is payable only in common stock of such Restricted Person, and (ii) any other Distribution made by any Restricted Person to US Borrower, Canadian Borrower or to any other Restricted Person that is a wholly-owned Subsidiary of US Borrower.

"Permitted Investments" means (a) Cash Equivalents, (b) Investments in Restricted Subsidiaries that are wholly-owned by US Borrower and in Canadian Borrowers, and (c) US Borrower's Investments in Thunder Creek Gas Services L.L.C. and Sage Creek Gas Processors, L.L.C., which are limited liability companies involved in the methane gas and conventional gas production and development in the Powder River basin of central Wyoming and are owned by a Subsidiary of US Borrower and other industry partners (US Borrower will include its pro rata share of these entities in its Consolidated financial statements),
(d) payments made for the purchase of oil and gas assets, leaseholds and associated facilities and/or the purchase of equity interests in entities involved in the oil and gas industry, all in accordance with US Borrower's normal business practices; provided that no Default shall exist before or after any such acquisition or Investment, and (e) Investments in any Person, so long as such Person becomes a Restricted Subsidiary of US Borrower within one year after the date such Investment is made.

"Permitted Liens" means:

(a) Liens for taxes, assessments or governmental charges which are not due or delinquent, or the validity of which US Borrower or any Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(b) the Lien of any judgment rendered, or claim filed, against US Borrower or any Restricted Subsidiary which does not constitute an Event of Default and which US Borrower or any such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(c) Liens, privileges or other charges imposed or permitted by law such as statutory liens and deemed trusts, carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent, including any lien or trust arising in connection with workers' compensation, unemployment insurance, pension, employment and similar laws or regulations;

(d) Liens arising in the ordinary course of and incidental to construction, maintenance or current operations which have not been filed pursuant to law against US Borrower or any Restricted Subsidiary or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, which US Borrower or such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(e) Liens incurred or created in the ordinary course of business and in accordance with sound oil and gas industry practice in respect of the exploration, development or operation of oil and gas properties or related production or processing facilities or the transmission of petroleum substances as security in favor of any other Person conducting the exploration, development, operation or transmission of the property to which such Liens relate, for US Borrower's or any of its Restricted Subsidiaries' portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, which US Borrower or such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(f) overriding royalty interests, net profit interests, reversionary interests and carried interests or other similar burdens on production in respect of US Borrower's or any of its Restricted Subsidiaries' oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice in the area of operation;

(g) Liens for penalties arising under non-participation provisions of operating agreements in respect of US Borrower's or any of its Restricted Subsidiaries' oil and gas properties if such Liens do not materially detract from the value of any material part of the property of US Borrower and its Subsidiaries taken as a whole;

(h) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by US Borrower or any Restricted Subsidiary (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of US Borrower and its Restricted Subsidiaries taken as a whole;

(i) security given by US Borrower or any Restricted Subsidiary to a public utility or any Governmental Authority when required by such public utility or Governmental Authority in the ordinary course of the business of US Borrower or any Restricted

Subsidiary in connection with operations of US Borrower or any Restricted Subsidiary if such security does not, either alone or in the aggregate, materially detract from the value of any material part of the property of US Borrower and its Restricted Subsidiaries taken as a whole;

(j) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, grant or permit or by any statutory or regulatory provision to terminate any such lease, license, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

(k) all reservations in the original grant of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;

(l) any Lien from time to time disclosed by US Borrower or any Restricted Subsidiary to the US Agent or the Canadian Agent and which is consented to by the Majority Lenders;

(m) any right of first refusal in favor of any Person granted in the ordinary course of business with respect to all or any of the oil and gas properties of US Borrower or any Restricted Subsidiary;

(n) Liens on cash or marketable securities of US Borrower or any Restricted Subsidiary granted in connection with any Hedging Contract permitted under the US Agreement;

(o) Liens in respect of Indebtedness permitted by Sections 7.1(b), 7.1(g) and 7.1(j);

(p) Liens in favor of the US Agent or the Canadian Agent for the benefit of the Lender Parties;

(q) Liens to collateralize moneys held in a cash collateral account by a lender in respect of the prepayment of bankers' acceptances, letters of credit or similar obligations accepted or issued by such lender but only if at the time of such prepayment no default or event of default has occurred and is continuing under the credit facility pursuant to which the bankers' acceptances or letters of credit have been accepted or issued;

(r) purchase money Liens upon or in any tangible personal property and fixtures (including real property surface rights upon which such fixtures are located and contractual rights and receivables relating to such property) acquired by US Borrower or a Restricted Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property, including any Liens

existing on such property at the time of its acquisition (other than any such Lien created in contemplation of any such acquisition);

(s) the rights of buyers under production sale contracts related to US Borrower's or a Restricted Subsidiary's share of petroleum substances entered into in the ordinary course of business, provided that the contracts create no rights (including any Lien) in favor of the buyer or any other Person in, to or over any reserves of petroleum substances or other assets of US Borrower or a Restricted Subsidiary, other than a dedication of reserves (not by way of Lien or absolute assignment) on usual industry terms;

(t) Liens arising in respect of operating leases of personal property under which Canadian Borrowers or any of their Subsidiaries are lessees;

(u) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary, is merged into or consolidated with US Borrower or any of its Subsidiaries; provided, such Liens were in existence prior to the contemplation of such stock acquisition, merger or consolidation and do not extend to any assets other than those of the Person so acquired or merged into or consolidated with US Borrower or any of its Subsidiaries.

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (a) to (u) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property), the indebtedness or obligation secured thereby is not increased and such Lien is otherwise permitted by the applicable section above;

(w) in addition to Liens permitted by clauses (a) through (v) above, Liens on property or assets if the aggregate Indebtedness secured thereby does not exceed US $50,000,000.

provided that nothing in this definition shall in and of itself constitute or be deemed to constitute an agreement or acknowledgment by the US Agent or the Canadian Agent or any Lender that the Indebtedness subject to or secured by any such Permitted Lien ranks (apart from the effect of any Lien included in or inherent in any such Permitted Liens) in priority to the Obligations;

"Person" means an individual, corporation, partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, Tribunal, or any other legally recognizable entity.

"Rating Agency" means any of S & P or Moody's, or their respective successors.

"Re-allocations" means, collectively, all US Re-allocations and all Canadian Re-allocations

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect.

"Request for an Offer of Extension" means (a) with respect to the Canadian Agreement, a written request made by Canadian Borrowers to the Lenders to have Required Lenders issue an offer to Canadian Borrowers extending the Canadian Revolving Period for a further 364 days, and (b) with respect to the US Agreement, a written request made by US Borrower to the Lenders to have Required Lenders issue an offer to US Borrower extending the Tranche B Revolving Period for a further 364 days.

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

"Reserve Requirement" means, at any time, the maximum rate at which reserves (including any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System of the United States of America (or any successor) by member banks of such Federal Reserve System against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to
(a) any category of liabilities which includes deposits by reference to which the Adjusted US Dollar Eurodollar Rate or the Adjusted Canadian Dollar Eurodollar Rate is to be determined, or (b) any category of extensions of credit or other assets which include US Dollar Eurodollar Loans or Canadian Dollar Eurodollar Loans.

"Restricted Distribution" means any Distribution that is not a Permitted Distribution.

"Restricted Investment" means any Investment that is not a Permitted Investment.

"Restricted Payments" means, collectively, all Restricted Distributions and all Restricted Investments.

"Restricted Person" means any of US Borrower and each Restricted Subsidiary.

"Restricted Subsidiary" means each Canadian Borrower, Devon Oklahoma, Devon SFS and any other Subsidiary of US Borrower that is not an Unrestricted Subsidiary.

"S & P" means Standard & Poor's Ratings Services (a division of McGraw Hill Companies, Inc.), or its successor.

"Santa Fe Snyder Indentures" means the following Indentures of Devon SFS:

(a) Indenture dated as of June 1, 1999 between Devon SFS and The Bank of New York, as Trustee;

(b) First Supplemental Indenture dated as of June 14, 1999 between Devon SFS and The Bank of New York as Trustee, including the form of .05% Senior Note Due 2004;

(c) Indenture dated as of June 10, 1997 between Devon SFS and Texas Commerce Bank National Association, as Trustee;

(d) First Supplemental Indenture dated as of June 10, 1997 between Devon SFS and Texas Commerce Bank National Association Trustee; and

(e) Second Supplemental Indenture dated as of June 10, 1997 between Devon SFS and Texas Commerce Bank National Association.

"Schedule I BA Reference Banks" means the Lenders listed in Schedule I to the Bank Act (Canada) as are, at such time, designated by Canadian Agent, with the prior consent of Canadian Borrowers (acting reasonably), as the Schedule I BA Reference Banks.

"Schedule II BA Reference Banks" means the Lenders listed in Schedule II to the Bank Act (Canada) as are, at such time, designated by Canadian Agent, with the prior consent of Canadian Borrowers (acting reasonably), as the Schedule II BA Reference Banks.

"Stamping Fee Rate" means with respect to any Bankers' Acceptance accepted by any Canadian Resident Lender at any time, the Applicable Margin then in effect; provided that if an Event of Default has occurred and is continuing, the Stamping Fee Rate shall be increased by two hundred (200) Basis Points.

"Subsidiary" means, with respect to any Person, any corporation, association, partnership, limited liability company, joint venture, business trust, or other business or corporate entity, enterprise or organization which is directly or indirectly (through one or more intermediaries) controlled by or owned fifty percent or more by such Person, provided that (a) associations, joint ventures or other relationships (i) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (ii) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law, and (iii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person and (b) associations, joint ventures or other relationships (i) which are not corporations or partnerships under applicable provincial Law, and
(ii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person.

"Termination Event" means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Sections 4043(b)(5) or (6) of ERISA or (ii) any other reportable

event described in Section 4043(b) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA, or (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the filing of a notice of intent to terminate any ERISA Plan or the treatment of any ERISA Plan amendment as a termination under Section 4041 of ERISA, or (d) the institution of proceedings to terminate any ERISA Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA, or (e) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Total Capitalization" means the sum (without duplication) of (i) US Borrower's Consolidated Total Funded Debt plus (ii) US Borrower's Consolidated shareholder's equity.

"Total Funded Debt" means Liabilities referred to in clauses (a), (b), (c), (d), and (e) of the definition of "Indebtedness." Total Funded Debt shall not include the PennzEnergy Exchangeable Debentures.

"Tranche A Facility Usage" means, at the time in question, the aggregate amount of Tranche A Loans and existing US LC Obligations outstanding at such time under the US Agreement.

"Tranche A Lenders" means Lenders designated as Tranche A Lenders on the Lenders Schedule.

"Tranche A Loan" has the meaning given it in Section 1.1(a) of the US Agreement.

"Tranche A Maturity Date" means October 15, 2004.

"Tranche A Maximum Credit Amount" means $200,000,000.

"Tranche A Note" has the meaning given it in Section 1.1(a) of the US Agreement.

"Tranche A Percentage Share" means with respect to any Tranche A Lender (i) when used in Article I of the US Agreement or in Article II of the US Agreement, in any Borrowing Notice thereunder or when no Tranche A Loans are outstanding, the Tranche A percentage set forth opposite such Tranche A Lender's name on the Lenders Schedule as modified by assignments of a Tranche A Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Tranche A Loans and such Lender's Percentage Share of the US LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all Tranche A Loans at such time plus the aggregate amount of all US LC Obligations outstanding at such time.

"Tranche A Required Lenders" means Tranche A Lenders whose aggregate Tranche A Percentage Shares equal or exceed fifty percent (50%).

"Tranche B Conversion Date" means the date which is 364 days after the Closing Date, or such later day to which the Tranche B Conversion Date is extended pursuant to Section 1.1 of the US Agreement.

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

Applicable Rating Level	Applicable Tranche B Facility Fee Rate
Level I	9.0
Level II	10.0
Level III	12.5
Level IV	15.0
Level V	22.5

"Tranche B Facility Usage" means, at the time in question, the aggregate amount of Tranche B Loans outstanding at such time under the US Agreement.

"Tranche B Lenders" means Lenders designated as Tranche B Lenders on the Lenders Schedule.

"Tranche B Loan" has the meaning given it in Section 1.1(b) of the US Agreement.

"Tranche B Maturity Date" means the date which is two years and one day after the Tranche B Conversion Date.

"Tranche B Maximum Credit Amount" means $525,000,000 on the Closing Date, as increased or decreased thereafter pursuant to Section 1.9 of the US Credit Agreement or Section 1.12 of the Canadian Agreement, but in no event greater than $625,000,000 or less than $425,000,000.

"Tranche B Note" has the meaning given it in Section 1.1(b) of the US Agreement.

"Tranche B Percentage Share" means with respect to any Tranche B Lender
(i) when used in Article I of the US Agreement, in any Borrowing Notice thereunder or when no Tranche B

Loans are outstanding, the Tranche B percentage set forth opposite such Tranche B Lender's name on the Lenders Schedule as modified by assignments of a Tranche B Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Tranche B Loans, by (y) the sum of the aggregate unpaid principal balance of all Tranche B Loans.

"Tranche B Required Lenders" means Tranche B Lenders whose aggregate Tranche B Percentage Shares equal or exceed fifty percent (50%).

"Tranche B Revolving Period" means the period from the Closing Date until the Tranche B Conversion Date.

"Tribunal" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States of America or Canada or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted or existing.

"Type" means (i) with respect to any US Loans, the characterization of such US Loans as either US Base Rate Loans or US Dollar Eurodollar Loans and
(ii) with respect to any Canadian Advances, the characterization of such Canadian Advances as Canadian Base Rate Loans, Canadian Prime Rate Loans, US Dollar Eurodollar Loans, Canadian Dollar Eurodollar Loans or Bankers' Acceptances.

"Unrestricted Subsidiary" means any corporation, association, partnership, limited liability company, joint venture, or other business or corporate entity, enterprise or organization in which US Borrower does not presently own an interest (directly or indirectly) which hereafter becomes a Subsidiary of US Borrower and which, within 90 days thereafter, is designated as an Unrestricted Subsidiary by US Borrower to US Agent, provided that US Borrower may not designate as an Unrestricted Subsidiary any Subsidiary in which it has made an Investment of more than US $100,000,000 (directly or indirectly) by any means other than newly issued stock or treasury stock of US Borrower, which may be used to make an Investment in Unrestricted Subsidiaries without limit and provided further that in the event the book value of the assets of any Unrestricted Subsidiary at any time exceeds US $100,000,000, such Subsidiary shall cease to be an Unrestricted Subsidiary and shall automatically become a Restricted Person. The following Subsidiaries of US Borrower shall initially be designated as Unrestricted Subsidiaries:

(1) 167496 Canada Ltd.
(2) 172173 Canada Inc.
(3) 410760 Alberta Ltd.
(4) 655945 Alberta Ltd.
(5) 658387 Alberta Inc.
(6) 659502 Alberta Inc.
(7) 661151 Alberta Ltd.
(8) 728098 Alberta Ltd.

(9) 746481 Alberta Ltd.
(10) 853843 Alberta Ltd.
(11) 892306 Alberta Ltd.
(12) Adobe Offshore Pipeline Company
(13) American Sulphur Export Corporation
(14) Amsulex, Inc.
(15) Azerbaijan International Operating Corporation
(16) B&N Co. A Limited Partnership
(17) Blackwood & Nichols Co. A Limited Partnership
(18) BN Coal, L.L.C.
(19) BN Non-Coal, L.L.C.
(20) Bonito Pipe Line Company
(21) Braemar Shipping Company Limited
(22) Cachuma Gas Processing Company
(23) Canadian Gas Gathering Systems II, Inc.
(24) Canoa Ranch Corporation
(25) Canyon Reef Carriers, Inc.
(26) Capitan Oil Pipeline Company
(27) Caspian International Petroleum Company
(28) Catclaw Pipeline, Inc.
(29) Ceara Star (Malta) Ltd.
(30) David Limited Partnership
(31) DBC, Inc.
(32) Devon Energy Petroleum Pipeline Company
(33) Devon Energy Offshore Pipeline Company
(34) Devon Acquisition Corp.
(35) Devon Energy Sinai, Inc.
(36) Devon Energy Intrastate Pipeline Company
(37) Devon Energy Brasil, Ltda.
(38) Devon Energy Suez, Inc.
(39) Devon Energy Red Sea, Inc.
(40) Devon Energy Egypt, Inc.
(41) Devon Energy International Company
(42) Devon Energy Partners A Limited Partnership
(43) Devon Energy Qatar Production, Inc.
(44) Devon Financing Trust
(45) Devon Energy Insurance Company Limited
(46) Devon Energy Canada, Ltd.
(47) Devon Production Corporation, a Nevada corporation
(48) Devon Energy Exploration Brazil, Inc.
(49) Devon Energy Caspian Corporation
(50) Devon Energy Canada Holding Corporation, an Alberta corporation
(51) Devon Energy Management Company, L.L.C.
(52) Devon Energy Beni Suef Inc.
(53) Devon-Blanco Company, an Oklahoma general partnership

(54) Fanar Petroleum Company
(55) Foothills Partnership
(56) Gulf Coast American Corp.
(57) Mexican Flats Service Company, Inc.
(58) Morrison Petroleums (Alberta) Ltd.
(59) Morrison Petroleums, Ltd.
(60) Morrison Gas Gathering Inc.
(61) Morrison Administration Corporation
(62) Morrison Nuclear Inc.
(63) Morrison Operating Company Ltd.
(64) Mountain Energy Inc.
(65) Northstar Energy Partnership
(66) Northstar Energy Inc.
(67) Northstar Energy Cogeneration Partnership #2
(68) Nueces Intrastate Pipe Line Company
(69) PennzEnergy (U.K.) Company
(70) Pennzoil Caspian Development Corporation
(71) Pennzoil Energy Marketing Company
(72) Pennzoil Qatar Inc.
(73) Pennzoil Gas Marketing Company
(74) Pennzoil Asiatic Inc.
(75) Pennzoil Petroleums Ltd.
(76) Pennzoil Resources Canada Ltd.
(77) Pennzoil Venezuela Corporation SA
(78) Pepco Partners, L.P.
(79) Petrolera Santa Fe (Columbia), Ltd.
(80) Polar Energy Marketing Corporation
(81) Richland Development Corporation
(82) Richland Properties Company, L.L.C.
(83) Richland Translation Company
(84) Sage Creek Processors, L.L.C.
(85) Santa Fe Energy Resources of Malaysia, Ltd.
(86) Santa Fe Energy Resources (Thai Holding), Ltd.
(87) Santa Fe Energy Resources South East Asia Limited
(88) Santa Fe Energy Resources Gabon (Agali), Ltd.
(89) Santa Fe Energy Resources (Bermuda) Limited
(90) Santa Fe Energy Resources (Brazil Holdings I), Ltd.
(91) Santa Fe Energy Resources Port Bouet Ltd.
(92) Santa Fe Energy Resources Bangko Ltd.
(93) Santa Fe Energy Resources Kepala Burung Limited
(94) Santa Fe Energy Resources of Gabon, Ltd.
(95) Santa Fe Platform Management, Inc.
(96) Santa Fe Energy Resources (Brazil Holdings II), Ltd.
(97) Santa Fe Energy Resources (New Ventures IV), Ltd.
(98) Santa Fe Energy Resources (Jabung), Ltd.

(99) Santa Fe Energy Company of Argentina
(100) Santa Fe Energy Resources of Bolivia, Inc.
(101) Santa Fe Energy Resources of Peru, Ltd.
(102) Santa Fe Energy Resources of Myanmar, Ltd.
(103) Santa Fe Energy Resources of Canada, Inc.
(104) Santa Fe Energy Resources (New Ventures III), Ltd.
(105) Santa Fe Energy Resources of Gabon (Mondah Bay), Ltd.
(106) Santa Fe Energy Resources (Cote D'Ivoire) Ltd.
(107) Santa Fe Energy Resources Congo, Ltd.
(108) Santa Fe Energy Resources (Thailand), Ltd.
(109) Santa Fe Energy Resources Limited
(110) Santa Fe Energy Resources (New Ventures II), Ltd.
(111) Santa Fe Energy Resources International, Ltd.
(112) Santa Fe Energy Resources of Ghana, Ltd.
(113) Santa Fe Energy Resources (Delaware), Ltd.
(114) Santa Fe Pacific Fuels Company
(115) Santa Fe Energy Resources of China, Ltd.
(116) Santa Fe Energy Resources of Morocco, Ltd.
(117) Santa Fe Energy Resources Pagatan Ltd.
(118) Security Purchasing, Inc.
(119) SFERI, Inc.
(120) SFR Petroleo Do Brazil Ltda.
(121) SFS (International), Ltd.
(122) SFS Malta Holding Company Ltd.
(123) SFS (France) SARL
(124) SFS Malta One, Inc.
(125) SFS (Holdings), Ltd.
(126) SFS Malta Two, Inc.
(127) SFS Malta International Trading Company Ltd.
(128) Sisquoc Gas Pipeline Company
(129) Snyder Gas Marketing, Inc.
(130) Snyder Fluid Technology, Inc.
(131) SOCO International Holdings, Inc.
(132) SOCO Louisiana Leasing, Inc.
(133) SOCO Gas Systems, Inc.
(134) SOCO International, Inc.
(135) SOCO Technologies, Inc.
(136) Strategic Trust Company
(137) Thunder Creek Gas Services, L.L.C.
(138) Tiburon Transport Company
(139) Trend Exploration (PNG) Party Ltd.
(140) Trend Argentina S.A.
(141) Vermejo Park Corporation
(142) Vermejo Minerals Corporation
(143) Wyoming Gathering and Production Company, Inc.

"US Account" means an account established by Canadian Agent in New York into which funds to be advanced to Canadian Borrowers by Lenders in US Dollars and funds to be paid by Canadian Borrowers to Lenders in US Dollars will be deposited.

"US Agent" means Bank of America, N.A., as administrative agent, under the US Agreement and its successors and assigns in such capacity.

"US Agreement" means that certain Credit Agreement of even date herewith among US Borrower, US Agent and the Lenders, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"US Base Rate" means, for any day, the rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (0.5%) and (b) the US Reference Rate for such day. Any change in the US Base Rate due to a change in the US Reference Rate or the Federal Funds Rate shall be effective on the effective date of such change in the US Reference Rate or Federal Funds Rate. No US Base Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"US Base Rate Loan" means a US Loan made in US Dollars which bears interest at the US Base Rate.

"US Borrower" means Devon Energy Corporation, a Delaware corporation.

"US Dollar" or "US $" means the lawful currency of the United States of America.

"US Dollar Equivalent" means, with respect to an amount denominated in Canadian Dollars, the amount of US Dollars required to purchase the relevant stated amount of Canadian Dollars based on the Noon Rate.

"US Dollar Eurodollar Loan" means a US Loan or a Canadian Loan, in each case, which bears interest at the Adjusted US Dollar Eurodollar Rate.

"US Dollar Eurodollar Rate" means, for any US Dollar Eurodollar Loan within a Borrowing and with respect to the related Interest Period therefor,
(a) the interest rate per annum (carried out to the fifth decimal place) equal to the rate determined by the US Agent to be the offered rate that appears on the page of the Telerate Screen that displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3750) for deposits in U.S. dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or
(b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the US Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in U.S. dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest

Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the US Agent as the rate of interest at which deposits in U.S. dollars (for delivery on the first day of such Interest Period) in same day funds in the approximate amount of the applicable US Dollar Eurodollar Loan and with a term equivalent to such Interest Period would be offered by its London branch to major banks in the offshore U.S. dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

"US Facility Commitment Period" means the period from and including the Closing Date until the Tranche A Maturity Date (or, if earlier, the day on which the obligations of Lenders to make US Loans hereunder or the obligations of US LC Issuer to issue Letters of Credit hereunder have been terminated or the US Notes first become due and payable in full).

"US Facility Usage" means, at the time in question, the aggregate amount of US Loans and existing US LC Obligations outstanding at such time under the US Agreement.

"US GAAP" means those generally accepted accounting principles and practices which are recognized as such from time to time by the Financial Accounting Standards Board (or any generally recognized successor) and which, in the case of US Borrower and its Consolidated Subsidiaries, are applied for all periods after the Closing Date in a manner consistent with the manner in which such principles and practices were applied to the Initial Financial Statements.

"US LC Issuer" means Bank of America, N.A. in its capacity as the issuer of Letters of Credit under the US Agreement, and its successors in such capacity.

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

"US LC Sublimit" means US $75,000,000.

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

"US Loans" means the Tranche A Loans, the Tranche B Loans, Competitive Bid Loans made under the US Agreement, and the US Swing Loans.

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

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

"US Maximum Credit Amount" means the amount of US $725,000,000 on the Closing Date, as increased or decreased thereafter by the amount of each increase or decrease in the Tranche B Maximum Credit Amount pursuant to Section 1.9 of the US Credit Agreement or Section 1.12 of the Canadian Agreement, but in no event greater than $825,000,000 or less than $625,000,000. .
"US Notes" means the Tranche A Notes, the Tranche B Notes, the Competitive Bid Notes issued under the US Agreement, and the US Swing Note.

"US Obligations" means all Liabilities from time to time owing by any Restricted Person to any Lender Party under or pursuant to any of the US Loan Documents, including all US LC Obligations owing thereunder. "US Obligation" means any part of the US Obligations.

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

"US Reference Rate" means, for any day, the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." Such rate is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

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

"US Swing Lender" means Bank of America, N.A., in its individual capacity.

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

"US Swing Note" has the meaning given it in Section 1.1(f) of the US Agreement.

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

"US Swing Sublimit" means US $50,000,000.

"Withholding Tax" has the meaning given it in Section 3.2(d) of the Canadian Agreement.

Annex II - Lender Schedule

BANK OF AMERICA

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bank of America, N.A.
Applicable Lending Office for US Loans:	901 Main Street, 64th Floor Dallas, Texas 75202
Address for Notices:	901 Main Street, 64th Floor Dallas, Texas 75202 Attention: Denise A. Smith
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 19,333,333.34
Tranche A Percentage Share:	9.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 55,468,750.03
Tranche B Percentage Share:	8.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Bank of America Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	200 Front Street West, Suite 2700 Toronto, Ontario M5V3L2
Address for Notices:	200 Front Street West, Suite 2700 Toronto, Ontario M5V3L2 Attention: Richard J. Hall
CANADIAN FACILITY	
Canadian Note Amount:	US$ 33,281,250.02
Canadian Percentage Share:	8.875%

Annex II - Lender Schedule

FIRST UNION NATIONAL BANK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	First Union National Bank
Applicable Lending Office for US Loans:	1001 Fannin Street Suite 2255 Houston, Texas 77002
Address for Notices:	1001 Fannin Street Suite 2255 Houston, Texas 77002 Attention: David Humphreys
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 19,333,333.33
Tranche A Percentage Share:	9.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 55,468,750.03
Tranche B Percentage Share:	8.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	First Union National Bank (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	1001 Fannin Street Suite 2255 Houston, Texas 77002
Address for Notices:	1001 Fannin Street Suite 2255 Houston, Texas 77002 Attention: David Humphreys
CANADIAN FACILITY	
Canadian Note Amount:	US$ 33,281,250.02
Canadian Percentage Share:	8.875%

Annex II - Lender Schedule

TORONTO-DOMINION BANK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Toronto-Dominion (Texas), Inc.
Applicable Lending Office for US Loans:	909 Fannin Street Suite 1700 Houston, Texas 77010
Address for Notices:	909 Fannin Street Suite 1700 Houston, Texas 770010 Attention: Mark Green
US TRANCHE A	
Tranche A Note Amount (5 year)	US$ 6,666,666.67
Tranche A Percentage Share:	3.33333%
US TRANCHE B	
Not a Tranche B Lender	
CANADIAN AGREEMENT	
Not a Canadian Lender	

Annex II - Lender Schedule

WESTDEUTSCHE LANDESBANK GIROZENTRALE

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Westdeutsche Landesbank Girozentrale
Applicable Lending Office for US Loans:	1211 Avenue of the Americas New York, NY 10036
Address for Notices:	1211 Avenue of the Americas New York, NY 10036 Attention: Felicia LaForgia
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 12,000,000
Tranche A Percentage Share:	6.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 34,375,000.00
Tranche B Percentage Share:	5.50%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Westdeutsche Landesbank Girozentrale (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	1211 Avenue of the Americas New York, NY 10036
Address for Notices:	1211 Avenue of the Americas New York, NY 10036 Attention: Felicia LaForgia
CANADIAN FACILITY	
Canadian Note Amount:	US$ 20,625,000.00
Canadian Percentage Share:	5.50%

Annex II - Lender Schedule

THE BANK OF NEW YORK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	The Bank of New York
Applicable Lending Office for US Loans:	One Wall Street New York, NY 10286
Address for Notices:	One Wall Street New York, NY 10286 Attention: Raymond Palmer
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 12,000,000
Tranche A Percentage Share:	6.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 34,375,000.00
Tranche B Percentage Share:	5.50%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	The Bank of New York (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	One Wall Street New York, NY 10286
Address for Notices:	One Wall Street New York, NY 10286 Attention: Raymond Palmer
CANADIAN FACILITY	
Canadian Note Amount:	US$ 20,625,000.00
Canadian Percentage Share:	5.50%

Annex II - Lender Schedule

ROYAL BANK OF CANADA

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Royal Bank of Canada
Applicable Lending Office for US Loans:	One Liberty Plaza, 4th Floor New York, New York 10006
Address for Notices:	One Liberty Plaza, 4th Floor New York, New York 10006 Attention: Asst. Manager, Loan Processing
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 16,000,000
Tranche A Percentage Share:	8.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 34,375,000.00
Tranche B Percentage Share:	5.50%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Royal Bank of Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	Corporate Banking-Multinational 335-8th Avenue, S.W., Suite 2300 Calgary, Alberta T2P 1C9
Address for Notices:	Corporate Banking-Multinational 335-8th Avenue, S.W., Suite 2300 Calgary, Alberta T2P 1C9 Attention: Asst. Manager, Loan Processing
CANADIAN FACILITY	
Canadian Note Amount:	US$ 20,625,000.00
Canadian Percentage Share:	5.50%

Annex II - Lender Schedule

BANK OF MONTREAL

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bank of Montreal
Applicable Lending Office for US Loans:	115 South La Salle 11th Floor Chicago, Illinois 60603 Attention: Phyllis Lee
Address for Notices:	700 Louisiana, Suite 4400 Houston, Texas 77002 Attention: Kathleen Doyle
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 16,000,000
Tranche A Percentage Share:	8.0%
US TRANCHE B	
Not a Tranche B Lender	
CANADIAN AGREEMENT	
Not a Canadian Lender	

Annex II - Lender Schedule

BANK ONE

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bank One, NA
Applicable Lending Office for US Loans:	1 Bank One Plaza Mail Code: IL1-0634 Chicago, Illinois 60670
Address for Notices:	1100 Louisiana, Suite 3200 Houston, Texas 77002 Attention: Dixon Schultz
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 19,333,333.33
Tranche A Percentage Share:	9.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 55,468,750.03
Tranche B Percentage Share:	8.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Bank One Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	161 Bay Street, Suite 4240 Toronto, Ontario M5J 2S1
Address for Notices:	1100 Louisiana, Suite 3200 Houston, Texas 77002 Attention: Ron Dierker
CANADIAN FACILITY	
Canadian Note Amount:	US$ 33,281,250.02
Canadian Percentage Share:	8.875%

Annex II - Lender Schedule

SUNTRUST BANK, ATLANTA

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	SunTrust Bank, Atlanta
Applicable Lending Office for US Loans:	303 Peachtree Street, N.E. Third Floor, MC-1929 Atlanta, Georgia 30308
Address for Notices:	303 Peachtree Street, N.E. Third Floor, MC-1929 Atlanta, Georgia 30308 Attention: Todd Davis
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 6,666,666.67
Tranche A Percentage Share:	3.33333%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 14,322,916.56
Tranche B Percentage Share:	2.29166665%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	SunTrust Bank, Atlanta (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	303 Peachtree Street, N.E. Third Floor, MC-1929 Atlanta, Georgia 30308
Address for Notices:	303 Peachtree Street, N.E. Third Floor, MC-1929 Atlanta, Georgia 30308 Attention: Todd Davis
CANADIAN FACILITY	
Canadian Note Amount:	US$ 8,593,749.94
Canadian Percentage Share:	2.29166665%

Annex II - Lender Schedule

THE CHASE MANHATTAN BANK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	The Chase Manhattan Bank
Applicable Lending Office for US Loans:	600 Travis Street, 20th Floor Houston, Texas 77002-8086
Address for Notices:	600 Travis Street, 20th Floor Houston, Texas 77002-8086 Attention: Peter Licalzi
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 19,333,333.33
Tranche A Percentage Share:	9.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 55,468,750.03
Tranche B Percentage Share:	8.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	The Chase Manhattan Bank (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	600 Travis Street, 20th Floor Houston, Texas 77002-8086
Address for Notices:	600 Travis Street, 20th Floor Houston, Texas 77002-8086 Attention: Peter Licalzi
CANADIAN FACILITY	
Canadian Note Amount:	US$ 33,281,250.02
Canadian Percentage Share:	8.875%

Annex II - Lender Schedule

UMB BANK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	UMB Bank
Applicable Lending Office for US Loans:	204 N. Robinson Oklahoma City, OK 73102
Address for Notices:	204 N. Robinson Oklahoma City, OK 73102 Attention: Richard Lehrter
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 4,000,000
Tranche A Percentage Share:	2.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 12,500,000.00
Tranche B Percentage Share:	2.0%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	UMB Bank (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	204 N. Robinson Oklahoma City, OK 73102
Address for Notices:	204 N. Robinson Oklahoma City, OK 73102 Attention: Richard Lehrter
CANADIAN FACILITY	
Canadian Note Amount:	US$ 7,500,000.00
Canadian Percentage Share:	2.0%

Annex II - Lender Schedule

CIBC INC.

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	CIBC Inc.
Applicable Lending Office for US Loans:	2 Paces West 2727 Paces Ferry Road Suite 1200 Atlanta, Georgia 30339 Attention: Kathryn McGovern
Address for Notices:	1600 Smith Street, Suite 3100 Houston, TX 77002 Attention: Paul Jordan
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 12,000,000
Tranche A Percentage Share:	6.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 17,968,750.00
Tranche B Percentage Share:	2.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Canadian Imperial Bank of Commerce (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	40 Dundas Street West 5th Floor Toronto, Ontario M5G 2C2
Address for Notices:	855 Second Street, S.W. 10th Floor, Banker's Hall Calgary, Alberta T2P 4J7 Attention: Joelle Schellenberg
CANADIAN FACILITY	
Canadian Note Amount:	US$ 10,781,250.00
Canadian Percentage Share:	2.875%

Annex II - Lender Schedule

DEUTSCHE BANK AG

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Deutsche Bank AG New York and/or Cayman Islands Branches
Applicable Lending Office for US Loans:	31 West 52nd Street New York, NY 10019
Address for Notices:	31 West 52nd Street New York, NY 10019 Attention: Joel Makowsky
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 9,333,333.33
Tranche A Percentage Share:	4.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 31,770,833.34
Tranche B Percentage Share:	5.08333333%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Deutsche Bank AG New York and/or Cayman Islands Branches (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	31 West 52nd Street New York, NY 10019
Address for Notices:	31 West 52nd Street New York, NY 10019 Attention: Joel Makowsky
CANADIAN FACILITY	
Canadian Note Amount:	US$ 19,062,500.00
Canadian Percentage Share:	5.08333333%

Annex II - Lender Schedule

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Morgan Guaranty Trust Company of New York
Applicable Lending Office for US Loans:	60 Wall Street New York, NY 10260-0060
Address for Notices:	60 Wall Street New York, NY 10260-0060 Attention: Dennis Wilczek
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 12,000,000
Tranche A Percentage Share:	6.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 25,781,250.00
Tranche B Percentage Share:	4.125%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	J.P. Morgan Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	Royal Bank Plaza South Tower, Suite 2200 Toronto, Ontario M5J 2J2
Address for Notices:	60 Wall Street New York, NY 10260-0060 Attention: Dennis Wilczek
CANADIAN FACILITY	
Canadian Note Amount:	US$ 15,468,750.00
Canadian Percentage Share:	4.125%

Annex II - Lender Schedule

CITIBANK, N.A.

US AGREEMENT		
Name of Affiliate that is Lender under US Agreement:		Citibank, N.A.
Applicable Lending Office for US Loans:		399 Park Avenue New York, New York 10043
Borrowing Notices:		One Penn's Way New Castle Delaware 19720 Attention: David Chiu
Address for Notices:		1200 Smith Street, Suite 2000 Houston, Texas 77002 Attention: James F. Rielly
US TRANCHE A		
Tranche A Note Amount (5 year):		US$ 16,000,000
Tranche A Percentage Share:		8.0%
US TRANCHE B		
Tranche B Note Amount (364 day):		US$ 45,312,500.00
Tranche B Percentage Share:		7.25%
CANADIAN AGREEMENT		
Name of Affiliate that is Lender under Canadian Agreement:		Citibank Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:		400 Third Avenue SW Suite 4210 Calgary, Alberta T2P 4H2
Address for Notices:		400 Third Avenue SW Suite 4210 Calgary, Alberta T2P 4H2 Attention: Diane Gould
	cc:	1200 Smith Street, Suite 2000 Houston, Texas 77002 Attention: James F. Rielly
CANADIAN FACILITY		
Canadian Note Amount:		US$ 27,187,500.00
Canadian Percentage Share:		7.25%

Annex II - Lender Schedule

ABN AMRO BANK, N.V.

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:		ABN AMRO Bank, N.V.
Applicable Lending Office for US Loans:		208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Attention: Loan Administration
Address for Notices:		208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Attention: Dina Tucci-Albro
	cc:	Three Riverway Suite 1700 Houston, Texas 77056 Attention: Jamie A. Conn

US TRANCHE A

Not a Tranche A Lender

US TRANCHE B

Tranche B Note Amount (364 day):	US$ 45,312,500.00
Tranche B Percentage Share:	7.25%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:		ABN AMRO Bank Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:		208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Attention: Loan Administration
Address for Notices:		208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Attention: Dina Tucci-Albro
	cc:	Three Riverway Suite 1700 Houston, Texas 77056 Attention: Jamie A. Conn

CANADIAN FACILITY

Canadian Note Amount:	US$ 27,187,500.00
Canadian Percentage Share:	7.25%

Annex II - Lender Schedule

Annex II - Lender Schedule

BAYERISCHE LANDESBANK GIROZENTRALE

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bayerische Landesbank Girozentrale, Cayman Islands Branch
Applicable Lending Office for US Loans:	560 Lexington Avenue New York, New York 10022
Address for Notices:	560 Lexington Avenue New York, New York 10022 Attention: Stephen Christenson
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 29,687,500.00
Tranche B Percentage Share:	4.75%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Bayerische Landesbank Girozentrale, Cayman Islands Branch (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	560 Lexington Avenue New York, New York 10022
Address for Notices:	560 Lexington Avenue New York, New York 10022 Attention: Stephen Christenson
CANADIAN FACILITY	
Canadian Note Amount:	US$ 17,812,500.00
Canadian Percentage Share:	4.75%

Annex II - Lender Schedule

THE FUJI BANK, LIMITED

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	The Fuji Bank, Limited
Applicable Lending Office for US Loans:	2 World Trade Center 79th Floor New York, New York 10048
Address for Notices:	1221 McKinney Street Suite 4100 Houston, Texas 77010 Attention: Jacques Azagury
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 29,687,500.00
Tranche B Percentage Share:	4.75%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	The Fuji Bank, Limited (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	2 World Trade Center 79th Floor New York, New York 10048
Address for Notices:	1221 McKinney Street Suite 4100 Houston, Texas 77010 Attention: Jacques Azagury
CANADIAN FACILITY	
Canadian Note Amount:	US$ 17,812,500.00
Canadian Percentage Share:	4.75%

Annex II - Lender Schedule

CREDIT LYONNAIS

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Credit Lyonnais
Applicable Lending Office for US Loans:	1000 Louisiana Street Suite 5360 Houston, Texas 77002
Address for Notices:	1000 Louisiana Street Suite 5360 Houston, Texas 77002 Attention: John Grandstaff
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 29,687,500.00
Tranche B Percentage Share:	4.75%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Credit Lyonnais (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	1000 Louisiana Street Suite 5360 Houston, Texas 77002
Address for Notices:	1000 Louisiana Street Suite 5360 Houston, Texas 77002 Attention: John Grandstaff
CANADIAN FACILITY	
Canadian Note Amount:	US$ 17,812,500.00
Canadian Percentage Share:	4.75%

Annex II - Lender Schedule

BANK OF TOKYO - MITSUBISHI

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bank of Tokyo - Mitsubishi Ltd. Houston Agency
Applicable Lending Office for US Loans:	1100 Louisiana Street, Suite 2800 Houston, Texas 77002-5216
Address for Notices:	1100 Louisiana Street, Suite 2800 Houston, Texas 77002-5216 Attention: John M. McIntyre
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 17,968,750.00
Tranche B Percentage Share:	2.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Bank of Tokyo - Mitsubishi (Canada) (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	Suite 2410 Park Place 666 Burrard Street Vancouver, B.C. V6C 3L1
Address for Notices:	Suite 2410 Park Place 666 Burrard Street Vancouver, B.C. V6C 3L1 Attention: Davis Stewart
CANADIAN FACILITY	
Canadian Note Amount:	US$ 10,781,250.00
Canadian Percentage Share:	2.875%

SCHEDULE 1

DISCLOSURE SCHEDULE

To supplement the following sections of the US Agreement of which this Schedule is a part, US Borrower hereby makes the following disclosures:

1. Section 4.2(d) Other Obligations:

None

2. Section 5.7 Litigation:

None.

3. Section 5.8 ERISA Plans and Liabilities:

Retirement Plan for Non-Bargaining Employees of Devon Energy Corporation

1989 Amendment to Pension Plan for Employees of Devon Energy Corporation

Retirement Trust for Non-Bargaining Employees of Devon Energy Corporation

Retirement Plan for Former Employees of Devon Energy Corporation

Retirement Trust for Former Employees of Devon Energy Corporation

PennzEnergy's Salaried Employees Retirement Plan

Agreement dated January 20, 1997 between Pennzoil Products Company and Chauffeurs, Teamsters and Helpers Local No. 175 affiliated with the International Brotherhood of Teamsters,

AFL-CIO

Santa Fe Energy Resources, Inc. Retirement Income Plan

Santa Fe Energy Resources Offshore Retirement Plan

4. Section 5.9 Environmental and Other Laws:

None.

5. Section 5.10 Names and Places of Business:

Names. US Borrower was formerly known as Devon Delaware Corporation.

Devon Energy Corporation (Oklahoma) was formerly known as Devon Energy Corporation.

Mountain Energy Inc. was formerly known as 628838 Alberta Inc.

Kerr-McGee Canadian Onshore Ltd. was amalgamated into Devon

Energy Canada Corporation on December 31, 1996.

On March 14, 1997, Northstar Energy Corporation acquired all of the outstanding shares of Morrison Petroleums Ltd., a publicly traded oil and gas company. On January 30, 1998, Northstar Energy Corporation amalgamated with three of its wholly owned subsidiaries, PLC-Windsor Ltd., Northstar-Outrider Acquisition Corporation and PowerLink Services Ltd. to form Northstar Energy Corporation. On July 31, 1998, Morrison Petroleums Ltd. was wound up into Northstar Energy Corporation.

On August 29, 2000, Devon Merger Co. was merged into Santa Fe Snyder Corporation which changed its name to Devon SFS Operating, Inc.

Offices. The principal places of business and other significant offices of the Restricted Persons are as follows:

Devon Energy Corporation 20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102

Devon Energy Corporation Two Allen Center, Suite 3300 1200 Smith Street
Houston, Texas 77002

Devon Energy Canada Corporation 3000, 400 - 3rd Avenue, S.W.

Calgary, Alberta T2P 4H2
CANADA

Northstar Energy Corporation
3000, 400 - 3rd Avenue, S.W.
Calgary, Alberta T2P 4H2
CANADA

Devon SFS Operating, Inc.
840 Gessner, Suite 1400
Houston, Texas 77024

6. Section 5.11 US Borrower's Subsidiaries: The following entities are, directly or indirectly, wholly owned by US Borrower (unless otherwise noted):

Devon Energy Corporation (Oklahoma), an Oklahoma corporation

Devon Energy Management Company, L.L.C.

Devon Energy Canada Holding Corporation, an Alberta corporation

Devon Energy Canada Corporation, an Alberta corporation

DBC, Inc., an Oklahoma corporation

Devon Acquisition Corporation, a Delaware corporation

Devon Production Corporation, a Nevada corporation

Catclaw Pipeline, Inc., an Oklahoma corporation

Northstar Energy Corporation (100% of common shares)

Devon Energy Canada, Ltd.

Devon Energy Insurance Company Limited

Richland Development Corporation

Canoa Ranch Corporation

Richland Transistion Company

Strategic Trust Company

Vermejo Park Corporation

Vermejo Minerals Corporation

Devon Financing Trust (100% of common securities)

Thunder Creek Gas Services, L.L.C. (75%)

Sage Creek Processors, L.L.C.

American Sulphur Export Corporation (50%) which owns 100% of Amsulex, Inc.

172173 Canada Inc.

410760 Alberta Ltd.

659502 Alberta Inc.

661151 Alberta Ltd.

728098 Alberta Ltd.

David Limited Partnership

Foothills Partnership (1%)

Morrison Nuclear Inc.

Devon Energy Partners A Limited Partnership

Morrison Petroleums (Alberta) Ltd.

Mountain Energy Inc.

Northstar Energy Partnership

Devon Energy Production Company, L.P.

Bonito Pipe Line Company

Cachuma Gas Processing Company

Canyon Reef Carriers, Inc.

Capitan Oil Pipeline Company

Pennzoil Energy Marketing Company

Pennzoil Gas Marketing Company

Devon Energy International Company

Pennzoil Asiatic Inc.

Devon Energy Egypt, Inc.

Pennzoil Qatar Inc.

Azerbaijan International Operating Corporation (5%)

Caspian International Petroleum Company (30%)

Devon Energy Beni Suef Inc.

Devon Energy Caspian Corporation

Pennzoil Caspian Development Corporation

Devon Energy Exploration Brazil, Inc.

Devon Energy Brasil, Ltda.

Devon Energy Qatar Production, Inc.

Devon Energy Red Sea, Inc.

Fanar Petroleum Company (50%)

Devon Energy Sinai, Inc.

Devon Energy Suez, Inc.

Pennzoil Venezuela Corporation SA

Nueces Intrastate Pipe Line Company

Devon Energy Intrastate Pipeline Company

Devon Energy Offshore Pipeline Company

Devon Energy Petroleum Pipeline Company

Pennzoil Petroleums Ltd.

Pennzoil Resources Canada Ltd.

PennzEnergy (U.K.) Company

Pepco Partners, L.P. (20%)

Sisquoc Gas Pipeline Company

Tiburon Transport Company

655945 Alberta Ltd.

658387 Alberta Inc.

853843 Alberta Ltd.

892306 Alberta Ltd..

Canadian Gas Gathering Systems II, Inc.

167496 Canada Ltd. (64%)

Devon-Blanco Company

Morrison Administration Corporation

Morrison Capital, Inc.

Morrison Gas Gathering Inc.

Morrison Operating Company Ltd.

Morrison Petroleums, Ltd.

Northstar Energy Cogeneration Partnership #2

Northstar Energy Inc.

Polar Energy Marketing Corporation

Richland Properties Company, L.L.C.

BN Coal, L.L.C.

BN Non-Coal, L.L.C.

B&N Co. A Limited Partnership

Blackwood & Nichols Co. A Limited Partnership

Devon SFS Operating, Inc. (formerly Devon Merger Co./Santa Fe Snyder Corporation)

Santa Fe Platform Management, Inc.

Security Purchasing, Inc.

Snyder Fluid Technology, Inc.

Snyder Gas Marketing, Inc.

SOCO Technologies, Inc.

SOCO Gas Systems, Inc.

SOCO Louisiana Leasing, Inc.

Adobe Offshore Pipeline Company

Santa Fe Pacific Fuels Company

Mexican Flats Service Company, Inc.

Wyoming Gathering and Production Company, Inc.

SOCO International, Inc.

SOCO International Holdings, Inc.

Santa Fe Energy Resources (Delaware), Ltd.

SFERI, Inc.

Santa Fe Energy Resources of Ghana, Ltd.

Santa Fe Energy Resources International, Ltd.

Santa Fe Energy Resources (New Ventures II), Ltd.

Santa Fe Energy Resources (New Ventures III), Ltd.

Santa Fe Energy Resources (New Ventures IV), Ltd.

Santa Fe Energy Resources (Cote D'Ivoire) Ltd.

Santa Fe Energy Resources Port Bouet Ltd.

Santa Fe Energy Resources (Bermuda) Limited.

Santa Fe Energy Resources Kepala Burung Limited

Santa Fe Energy Resources Bangko Ltd.

Santa Fe Energy Resources Pagatan Ltd.

Santa Fe Energy Resources of China, Ltd.

Santa Fe Energy Resources of Malaysia, Ltd.

Santa Fe Energy Resources (Thai Holding), Ltd.

Santa Fe Energy Resources (Thailand), Ltd.

Santa Fe Energy Resources Congo, Ltd.

Santa Fe Energy Resources Gabon (Agali), Ltd.

Santa Fe Energy Resources (Brazil Holdings I), Ltd.

Santa Fe Energy Resources (Brazil Holdings II), Ltd.

SFR Petroleo Do Brazil Ltda.

SFS (International), Ltd.

SFS (Holdings), Ltd.

Santa Fe Energy Resources (Jabung), Ltd.

Santa Fe Energy Resources Limited

Santa Fe Energy Resources of Gabon, Ltd.

Petrolera Santa Fe S.A.

Braemar Shipping Company Limited

Santa Fe Energy Resources South East Asia Limited

746481 Alberta Ltd.

Trend Exploration (PNG) Party Ltd.

Santa Fe Energy Resources of Gabon (Mondah Bay), Ltd.

Santa Fe Energy Resources of Canada, Inc.

Santa Fe Energy Resources of Myanmar, Ltd.

Petrolera Santa Fe (Columbia), Ltd.

Santa Fe Energy Resources of Peru, Ltd.

Santa Fe Energy Resources of Bolivia, Inc.

Santa Fe Energy Company of Argentina

Trend Argentina S.A.

Santa Fe Energy Resources of Morocco, Ltd.

Gulf Coast American Corp.

SFS Malta One, Inc.

SFS Malta Two, Inc.

SFS (France) SARL

Ceara Star (Malta) Ltd.

SFS Malta Holding Company Ltd.

SFS Malta International Trading Company Ltd.

7. Section 5.14 Insider:

None.

EXHIBIT A-1

PROMISSORY NOTE

US $ Dallas, Texas August 29, 2000

FOR VALUE RECEIVED, the undersigned, Devon Energy Corporation, a Delaware corporation (herein called "Borrower"), hereby promises to pay to the order of_____(herein called "Lender"), the principal sum of_____Dollars (US $_____), or, if greater or less, the aggregate unpaid principal amount of the Tranche A Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement of even date herewith among Borrower, Bank of America, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Tranche A Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Tranche A Maturity Date.

Tranche A Loans that are US Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Loans to but not including such Interest Payment Date. Each Tranche A Loan that is a US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Loan to but

not including such Interest Payment Date. All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of US Base Rate, Adjusted US Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. In the event applicable Law provides for an interest ceiling under Chapter 303 of the Texas Finance Code (the "Texas Finance Code") as amended, for that day, the ceiling shall be the "weekly ceiling" as defined in the Texas Finance Code and shall be used in this Note for calculating the Highest Lawful Rate and for all other purposes. The term "applicable Law" as used in this Note shall mean the laws of the State of Texas or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

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THIS NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

DEVON ENERGY CORPORATION

By:

William T. Vaughn Senior Vice President - Finance

EXHIBIT A-2

PROMISSORY NOTE

US $ Dallas, Texas August 29, 2000

FOR VALUE RECEIVED, the undersigned, Devon Energy Corporation, a Delaware corporation (herein called "Borrower"), hereby promises to pay to the order of_____ (herein called "Lender"), the principal sum of_____ Dollars (US $_____), or, if greater or less, the aggregate unpaid principal amount of the Tranche B Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement of even date herewith among Borrower, Bank of America, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Tranche B Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Tranche B Maturity Date.

Tranche B Loans that are US Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Loans to but not including such Interest Payment Date. Each Tranche B Loan that is a US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Loan to but

not including such Interest Payment Date. All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of US Base Rate, Adjusted US Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. In the event applicable Law provides for an interest ceiling under Chapter 303 of the Texas Finance Code (the "Texas Finance Code") as amended, for that day, the ceiling shall be the "weekly ceiling" as defined in the Texas Finance Code and shall be used in this Note for calculating the Highest Lawful Rate and for all other purposes. The term "applicable Law" as used in this Note shall mean the laws of the State of Texas or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

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THIS NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

DEVON ENERGY CORPORATION

By:

William T. Vaughn Senior Vice President - Finance

EXHIBIT A-3

PROMISSORY NOTE

US $50,000,000 Dallas, Texas August 29, 2000

FOR VALUE RECEIVED, the undersigned, Devon Energy Corporation, a Delaware corporation (herein called "Borrower"), hereby promises to pay to the order of Bank of America, N.A. (herein called "Lender"), the principal sum of Fifty Million Dollars (US $50,000,000), or, if greater or less, the aggregate unpaid principal amount of the US Swing Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement of even date herewith among Borrower, Bank of America, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is the "US Swing Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Tranche A Maturity Date.

US Swing Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the US Swing Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Loans to but not including such Interest Payment Date. All past due principal of and past due interest on the US Swing Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of US Swing Rate and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the

Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. In the event applicable Law provides for an interest ceiling under Chapter 303 of the Texas Finance Code (the "Texas Finance Code") as amended, for that day, the ceiling shall be the "weekly ceiling" as defined in the Texas Finance Code and shall be used in this Note for calculating the Highest Lawful Rate and for all other purposes. The term "applicable Law" as used in this Note shall mean the laws of the State of Texas or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

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THIS NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

DEVON ENERGY CORPORATION

By:

William T. Vaughn Senior Vice President - Finance

EXHIBIT B

BORROWING NOTICE

Reference is made to that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation, a Delaware corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement. Pursuant to the terms of the Agreement, US Borrower hereby requests [Tranche A Lenders/Tranche B Lenders/US Swing Lender] to make [Tranche A/Tranche B/US Swing] Loans to US Borrower as follows:

Aggregate amount of US Loans: US $ ---------------

Type of US Loans in Borrowing: ---------------

[US Base Rate Loans, US Dollar Eurodollar Loans, or US Swing Loans]

Date on which US Loans are to be made: ---------------

Length of Interest Period for US Dollar Eurodollar Loans months
[1, 2, 3 or 6 months] ---------

To induce such Lenders to make such Loans, US Borrower hereby represents, warrants, acknowledges, and agrees to and with US Agent and each Lender that:

(a) The officer of US Borrower signing this instrument is the duly elected, qualified and acting officer of US Borrower as indicated below such officer's signature hereto having all necessary authority to act for US Borrower in making the request herein contained.

(b) The representations and warranties of US Borrower set forth in the Agreement and the other US Loan Documents are true and correct on and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

(c) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Agreement; nor will any such Default exist upon US Borrower's receipt and application of the Loans requested hereby. US Borrower will use the Loans hereby requested in compliance with Section 1.4 of the Agreement.

(d) Except to the extent waived in writing as provided in Section 10.1(a) of the Agreement, US Borrower has performed and complied with all agreements and conditions in the Agreement required to be performed or complied with by US Borrower on or prior to the date hereof, and each of the conditions precedent to US Loans contained in the Agreement remains satisfied.

(e) The US Facility Usage, after the making of the Loans requested hereby, will not be in excess of the US Maximum Credit Amount on the date requested for the making of such Loans. [The Tranche A Facility Usage, after the making of the Loans requested hereby, will not be in excess of the Tranche A Maximum Credit Amount on the date requested for the making of such Loans./ The Tranche B Facility Usage, after the making of such Loans, will not be in excess of the Tranche B Maximum Credit Amount./ The US Swing Loans, after the making of the Loans requested hereby, will not be in excess of the US Swing Sublimit.]

(f) The US Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means not provided for in Section 10.1(a) of the Agreement. The Agreement and the other US Loan Documents are hereby ratified, approved, and confirmed in all respects.

The officer of US Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of US Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of_____,_____.

DEVON ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT C

CONTINUATION/CONVERSION NOTICE

Reference is made to that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation, a Delaware corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Agreement and which are used but not defined herein are used herein with the meanings given them in the Agreement.

US Borrower hereby requests a conversion or continuation of existing
[Tranche A/Tranche B] Loans into a new Borrowing pursuant to Section 1.3 of the Agreement as follows:

Existing Borrowing(s) to be continued or converted:

US $_____ of US Dollar Eurodollar Loans with Eurodollar Interest Period ending

US $_____ of US Base Rate Loans

US $_____ of US Swing Loans

If being combined with new US Loans, US $_____ of new US Loans to be advanced on_____,_____

Aggregate amount of new Borrowing:	US $ _____
Type of US Loans in new Borrowing:	_____
Date of continuation or conversion:	_____
Length of Eurodollar Interest Period for US Dollar Eurodollar Loans (1, 2, 3 or 6 months):	_____ months

To meet the conditions set out in the Credit Agreement for such conversion/continuation, US Borrower hereby represents, warrants, acknowledges, and agrees to and with US Agent and each Lender that:

(a) The officer of US Borrower signing this instrument is the duly elected, qualified and acting officer of US Borrower as indicated below such officer's signature hereto having all necessary authority to act for US Borrower in making the request herein contained.

(b) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Credit Agreement.

(c) The US Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means not provided for in Section 10.1(a) of the Agreement. The Credit Agreement and the other US Loan Documents are hereby ratified, approved, and confirmed in all respects.

The officer of US Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of US Borrower are true, correct and complete.

IN WITNESS WHEREOF this instrument is executed as of .

DEVON ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT D

CERTIFICATE ACCOMPANYING FINANCIAL STATEMENTS

Reference is made to that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation, a Delaware corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("Lenders"), which Agreement is in full force and effect on the date hereof. Terms which are defined in the Agreement are used herein with the meanings given them in the Agreement.

This Certificate is furnished pursuant to Section 6.2 of the Agreement. Together herewith US Borrower is furnishing to US Agent and each Lender US Borrower's (*)[audited/unaudited] financial statements (the "Financial Statements") as at (the "Reporting Date"). US Borrower hereby represents, warrants, and acknowledges to US Agent and each Lender that:

(a) the officer of US Borrower signing this instrument is the duly elected, qualified and acting [President/Senior Vice President - Finance/Treasurer/Vice President - Accounting] of US Borrower;

(b) the Financial Statements are accurate and complete and satisfy the requirements of the Agreement;

(c) attached hereto is a schedule of calculations showing US Borrower's compliance as of the Reporting Date with the requirements of Sections of the Agreement (*)[and US Borrower's non-compliance as of such date with the requirements of Section(s) of the Agreement];

(d) on the Reporting Date US Borrower was, and on the date hereof US Borrower is, in full compliance with the disclosure requirements of Section 6.2(c) and 6.4 of the Agreement, and no Default otherwise existed on the Reporting Date or otherwise exists on the date of this instrument (*)[except for Default(s) under Section(s) of the Agreement, which (*)[is/are] more fully described on a schedule attached hereto].

(e) (*)[Unless otherwise disclosed on a schedule attached hereto,] The representations and warranties of US Borrower set forth in the Agreement and the other US Loan Documents are true and correct on and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

The officer of US Borrower signing this instrument hereby certifies that he has reviewed the Loan Documents and the Financial Statements and has otherwise undertaken such inquiry as is

in his opinion necessary to enable him to express an informed opinion with respect to the above representations, warranties and acknowledgments of US Borrower and, to the best of his knowledge, such representations, warranties, and acknowledgments are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of_____,_____.

DEVON ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT E

OPINION OF US BORROWER'S COUNSEL

[To be inserted.]

EXHIBIT F

ASSIGNMENT AND ACCEPTANCE

Reference is made to the US Credit Agreement dated as of August 29, 2000 (the "Credit Agreement") among Devon Energy Corporation, a Delaware corporation (the "US Borrower"), the Lenders (as defined in the Credit Agreement) and Bank of America, N.A., individually and as administrative agent for the Lenders (the "US Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule 1 agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, without recourse and without representation or warranty except as expressly set forth herein, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement and the other US Loan Documents as of the date hereof equal to the percentage interest specified on Schedule 1 of the following:

[all outstanding rights and obligations under the Credit Agreement and the other US Loan Documents relating thereto.]

[all outstanding rights and obligations under the Credit Agreement and the other US Loan Documents relating to the Tranche A Loans (including but not limited to the obligation to refinance US Swing Loans and to participate in US LC Obligations), and the Tranche A Maximum Credit Amount.]

[all outstanding rights and obligations under the Credit Agreement and the other US Loan Documents relating to the Tranche B Loans and the Tranche B Maximum Credit Amount.]

[all outstanding rights and obligations under the Credit Agreement and the other US Loan Documents relating to Competitive Bid Loans made by Assignor.]

After giving effect to such sale and assignment, the Assignee's [Tranche A Maximum Credit Amount and the amount of Tranche A Loans owing to Assignee]
[Tranche B Maximum Credit Amount and the amount of Tranche B Loans owing to Assignee] [and the amount of Competitive Bid Loans owing to Assignee] will be as set forth on Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the US Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the US

Loan Documents or any other instrument or document furnished pursuant thereto;
(iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Restricted Person or the performance or observance by any Restricted Person of any of its obligations under the US Loan Documents or any other instrument or document furnished pursuant thereto; and (iv) attaches the [Tranche A Note/Tranche B Note/Competitive Bid Note] held by the Assignor and requests that US Agent exchange such US Note(s) for applicable new US Notes payable to the order of the Assignee in an amount equal to the [Tranche A Maximum Credit Amount/Tranche B Maximum Credit Amount] assumed by the Assignee pursuant hereto and to the Assignor in an amount equal to the
[Tranche A Maximum Credit Amount/Tranche B Maximum Credit Amount] retained by the Assignor, if any, as specified on Schedule 1.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 6.2 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon US Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Transferee; (iv) appoints and authorizes US Agent to take such action as US Agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to US Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service or other forms required under Section 3.9

4. Following the execution of this Assignment and Acceptance, it will be delivered to US Agent for acceptance and recording by US Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by US Agent, unless otherwise specified on Schedule 1.

5. Upon such acceptance and recording by US Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by US Agent, from and after the Effective Date, US Agent shall make all payments under the Credit Agreement and the US Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the US Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the Laws of the State of Texas.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

SCHEDULE 1
to
ASSIGNMENT AND ACCEPTANCE

Tranche A Percentage Share assigned:	%
Tranche B Percentage Share assigned:	%
Assignee's Tranche A Maximum Credit Amount:	US $
Assignee's Tranche B Maximum Credit Amount:	US $
Aggregate outstanding principal amount of Tranche A Loans assigned:	US $
Aggregate outstanding principal amount of Tranche B Loans assigned:	US $
Principal amount of Tranche A Note payable to Assignee:	US $
Principal amount of Tranche B Note payable to Assignee:	US $
Principal amount of Tranche A Note payable to Assignor:	US $
Principal amount of Tranche B Note payable to Assignor:	US $
Principal amount of Competitive Bid Loans, if any	US $
Effective Date (if other than date of acceptance by US Agent):	(*) , ----

[NAME OF ASSIGNOR], as Assignor

By:

Title:

Dated: , ----

[NAME OF ASSIGNEE], as Assignee

By:
Title:

Domestic Lending Office:

Eurodollar Lending Office:

* This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to US Agent.

Accepted [and Approved] **
this_____day of_____, 20 _

BANK OF AMERICA, N.A.

By:_____

Title:

[Approved this_____ day
of_____, 20__

DEVON ENERGY CORPORATION

By:_____] **
Title:

** Required if the Assignee is an Eligible Transferee solely by reason of subsection (b) of the definition of "Eligible Transferee".

EXHIBIT G

LETTER OF CREDIT APPLICATION AND AGREEMENT

[To Be Inserted]

EXHIBIT H

COMPETITIVE BID REQUEST

Bank of America, N.A.
as US Agent
901 Main Street
Post Office Box 830104
Dallas, Texas 75202
Attention: [Date]

DEVON ENERGY CORPORATION

Ladies and Gentlemen:

Reference is made to that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Agreement and which are used but not defined herein are used herein with the meanings given them in the Agreement. US Borrower hereby gives notice pursuant to Section 1.7(a) of the Agreement that it requests Competitive Bids under the Agreement on the terms set forth below:

1. Proposed Date of Competitive Bid Loan:_____ .
(which is a Business Day)

2. Aggregate Principal Amount of Competitive Bid Loan: US $_____.
(US $5,000,000 or greater integral multiple of US $1,000,000)

3. Competitive Bid Interest Period and last day thereof:_____.
(1 day to 180 days)

4. Requested Maturity:_____.
(30 days or more)

To induce Lenders to make such Competitive Bids, US Borrower hereby represents, warrants, acknowledges, and agrees to and with US Agent and each Lender that:

(a) The officer of US Borrower signing this instrument is the duly elected, qualified and acting officer of US Borrower as indicated below such officer's signature hereto having all necessary authority to act for US Borrower in making the request herein contained.

(b) The representations and warranties of US Borrower set forth in the Agreement and the other US Loan Documents, except as expressly made as of specific date, are true and correct in all material respects on and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

(c) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Agreement; nor will any such Default exist upon US Borrower's receipt and application of any Competitive Bid Loan made pursuant hereto.

(d) The sum of (i) the aggregate unpaid principal balance of the US Loans, after the making of any Competitive Bid Loan in the amount indicated hereby, plus (ii) the US LC Obligations outstanding, will not be in excess of the Maximum US Credit Amount on the date requested for the making of such Loans.

The officer of US Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of US Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of_____, 20__.

DEVON ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT I

INVITATION TO BID

To Lenders under the

(as defined below)

Attention: [Date]

DEVON ENERGY CORPORATION

Ladies and Gentlemen:

Reference is made to that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Agreement and which are used but not defined herein are used herein with the meanings given them in the Agreement. US Borrower has delivered a Competitive Bid Request dated_____pursuant to Section 1.7(a) of the Agreement, and you are invited to submit a Competitive Bid by not later than 9:00 a.m., Dallas, Texas time on the date specified for the proposed Competitive Bid Loan. Your Competitive Bid must comply with Section 1.7(b) of the Agreement and the following terms as set forth in US Borrower's Competitive Bid Request:

1. Proposed Date of Competitive Bid Loan:_____.
(which is a Business Day)

2. Aggregate Principal Amount of Competitive Bid Loan:

US $_____.
(US $5,000,000 or greater integral multiple of US $1,000,000)

3. Competitive Bid Interest Period and last day thereof:_____.
(1 day to 180 days)

4. Requested Maturity:_____.
(30 days or more)

BANK OF AMERICA, N.A.,
as US Agent

By:

Name:

Title:

EXHIBIT J

COMPETITIVE BID

Bank of America, N.A.
as US Agent
901 Main Street
Post Office Box 830104
Dallas, Texas 75202
Attention: [Date]

DEVON ENERGY CORPORATION

Ladies and Gentlemen:

Reference is made to that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation. ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Agreement and which are used but not defined herein are used herein with the meanings given them in the Agreement. The undersigned Lender hereby makes a Competitive Bid pursuant to Section 1.7(b) of the Agreement, in response to the Competitive Bid Request of US Borrower dated_____, on the following terms:

1. Principal Amount: US $_____. (US $5,000,000 or greater integral multiple of US $1,000,000; multiple Competitive Bids may be accepted by US Borrower)

2. Competitive Bid Rate: __ percent (__%). (expressed in decimal form to no more than four decimal places)

3. Competitive Bid Interest Period and last day thereof:_____.
(1 day to 180 days)

4. Maturity Date:_____.

The undersigned Lender hereby confirms that it is prepared to extend credit to US Borrower upon acceptance by US Borrower of this Competitive Bid pursuant to Section 1.7(d) of the Agreement.

, Lender

By:
Name:

Title:

EXHIBIT K

COMPETITIVE BID ACCEPT/REJECT LETTER

Bank of America, N.A.
as US Agent
901 Main Street
Post Office Box 830104
Dallas, Texas 75202
Attention: [Date]

DEVON ENERGY CORPORATION

Ladies and Gentlemen:

Reference is made to that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Agreement and which are used but not defined herein are used herein with the meanings given them in the Agreement. Pursuant to Section 1.7(d) of the Agreement, US Borrower hereby accepts the following Competitive Bids made in response to US Borrower's Competitive Bid Request dated_____ for Competitive Bid Loans maturing_____:

Lender	Principal Amount	Interest Rate
	US $	%
	US $	%
	US $	%

US Borrower hereby rejects the following Competitive Bids:

Lender	Principal Amount	Interest Rate
	US $	%
	US $	%
	US $	%

The proceeds of the Competitive Bid Loans made pursuant to the Competitive Bids accepted hereby should be deposited in Bank of America, N.A. account number _____ on _____ [or wire transferred to _____].

DEVON ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT L

COMPETITIVE BID NOTE

Dallas, Texas August 29, 2000

FOR VALUE RECEIVED, the undersigned, Devon Energy Corporation, a Delaware corporation ("Borrower"), hereby promises to pay to the order of_____("Lender"), the aggregate unpaid principal amount of all Competitive Bid Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of US Agent under the Credit Agreement, 901 Main Street, Dallas, Texas or at such other place within Dallas County, Texas, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain US Credit Agreement of even date herewith, among Borrower, Bank of America, N.A., individually and as administrative agent ("US Agent"), and the lenders (including Lender) referred to therein (as from time to time supplemented, amended or restated, the "Credit Agreement"), and is a "Competitive Bid Note" as defined therein, and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

For the purposes of this Note, "Competitive Bid Rate Payment Date" means, with respect to each Competitive Bid Loan: (i) the day on which the related Competitive Bid Interest Period ends, and (ii) any day on which past due interest or past due principal is owed hereunder with respect to such Competitive Bid Loan and is unpaid. If the terms hereof or of the Credit Agreement provide that payments of interest or principal with respect to such Competitive Bid Loan shall be deferred from one Competitive Bid Rate Payment Date to another day, such other day shall also be a Competitive Bid Rate Payment Date.

The principal amount of this Note and interest accrued hereon, shall be due and payable as set forth in the Credit Agreement, and shall in any event be due in full on the last day of the US Facility Commitment Period.

Each Competitive Bid Loan (exclusive of any past due principal or past due interest) shall bear interest on each day during the related Competitive Bid Interest Period at the Competitive Bid Rate in effect on such day for such Competitive Bid Loan, provided that if an Event of Default has occurred and is continuing such Competitive Bid Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Competitive Bid Rate Payment Date relating to any Competitive Bid Loan, Borrower shall pay to the holder hereof all

unpaid interest which has accrued on such Competitive Bid Loan to but not including such Competitive Bid Rate Payment Date. All past due principal of and past due interest on Competitive Bid Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing clause (a) or by reference to the Highest Lawful Rate in the definitions of Competitive Bid Rate and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon. In the event applicable Law provides for an interest ceiling under Chapter 303 of the Texas Finance Code (the "Texas Finance Code") as amended, for that day, the ceiling shall be the "weekly ceiling" as defined in the Texas Finance Code and shall be used in this Note for calculating the Highest Lawful Rate and for all other purposes. The term "applicable Law" as used in this Note shall mean the laws of the State of Texas or the laws of the United States, whichever laws allow the greater interest, as such laws now exist or may be changed or amended or come into effect in the future.

If this Note is placed in the hands of an attorney for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

THIS NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

DEVON ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT M

RE-ALLOCATION NOTICE

Reference is made to (i) that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation, a Delaware corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("US Lenders"), and (ii) that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Northstar Energy Corporation, an Alberta corporation, and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Canadian Lenders") Terms which are defined in the US Agreement and the Canadian Agreement (collectively, the "Agreements") are used herein with the meanings given them therein. Pursuant to the terms of the Agreements, US Borrower hereby notifies US Agent, Canadian Agent and Lenders that US Borrower has elected to make a Tranche B Re- allocation as follows:

Tranche B Maximum Credit Amount reduction:	US $
[US $25,000,000 or any higher integral multiple of US $1,000,000]	----------
Canadian Maximum Credit Amount increase:	US $
[must equal Tranche B Maximum Credit Amount reduction]	----------
Effective Date of Tranche B Re-allocation:	
[must be at least 90 days after effective date of immediately preceding Re-allocation]	----------

US Borrower hereby represents, warrants, acknowledges, and agrees to and with US Agent and each Lender that:

(a) The officer of US Borrower signing this instrument is the duly elected, qualified and acting officer of US Borrower as indicated below such officer's signature hereto having all necessary authority to act for US Borrower in making the request herein contained.

(b) After giving effect to the Re-allocation requested hereby, the Tranche B Maximum Credit Amount will not be greater than US $625,000,000, the Canadian Maximum Credit Amount will not be greater than US $375,000,000, and the aggregate amount of the Tranche B Maximum Credit Amount and the Canadian Maximum Credit Amount will not be greater than US $800,000,000.

The officer of US Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of US Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of_____,_____.

DEVON ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT 10.2

CANADIAN CREDIT AGREEMENT

NORTHSTAR ENERGY CORPORATION

and

DEVON ENERGY CANADA CORPORATION

as Canadian Borrowers

BANK OF AMERICA CANADA

as Administrative Agent

BANC OF AMERICA SECURITIES LLC

as Lead Arranger

BANC ONE CAPITAL MARKETS, INC.

as Syndication Agent

THE CHASE MANHATTAN BANK

as Documentation Agent

FIRST UNION NATIONAL BANK

as Documentation Agent

and CERTAIN FINANCIAL INSTITUTIONS

as Lenders

US $275,000,000

August 29, 2000

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made as of August 29, 2000, by and among Northstar Energy Corporation, an Alberta corporation, and Devon Energy Canada Corporation, an Alberta corporation (herein collectively, called "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent (herein called "Canadian Agent") and the undersigned Lenders. In consideration of the mutual covenants and agreements contained herein the parties hereto agree as follows:

ARTICLE I - Canadian Advances

Section 1.1. Commitments to Make Advances; Canadian Notes.

(a) Canadian Loans. Subject to the terms and conditions hereof, each Lender agrees to extend credit to each Canadian Borrower by advancing funds to the applicable Canadian Borrower specified in a Borrowing Notice (herein called such Lender's "Canadian Revolving Loans" and, with reference to Canadian Resident Lenders only, accepting or purchasing drafts of Bankers' Acceptances issued under this Agreement by the applicable Canadian Borrower specified in a Borrowing Notice herein called such Lender's "Bankers' Acceptances"; each Lender's Canadian Revolving Loans, Canadian Term Loans, and Bankers' Acceptances are herein collectively called such Lender's "Canadian Advances") upon Canadian Borrower's request from time to time during the Canadian Revolving Period, provided that (i) subject to Sections 2.1, 2.2., 3.3, 3.4 and 3.5, all Lenders are requested to make Canadian Advances of the same Type in accordance with their respective Percentage Shares and as part of the same Borrowing and (ii) such Lender's Percentage Share of the Canadian Facility Usage shall never exceed such Lender's Percentage Share of the Canadian Maximum Credit Amount. The aggregate amount of all Canadian Loans in any Borrowing must be an integral multiple of $100,000 in the Applicable Currency which equals or exceeds $1,000,000 in the Applicable Currency or must equal the unadvanced portion of the Canadian Maximum Credit Amount. Each Canadian Borrower may have no more than ten Borrowings of Eurodollar Loans outstanding at any time. The obligation of each Canadian Borrower to repay to each Lender the aggregate amount of all Canadian Loans (excluding Canadian Swing Loans) made by such Lender to such Borrower, together with interest accruing in connection therewith, shall be evidenced by a separate promissory note (herein called such Lender's "Canadian Note") made, by each Canadian Borrower payable to the order of such Lender in the form of Exhibit A-1 with appropriate insertions. The amount of principal owing on any Lender's Canadian Note at any given time shall be the aggregate amount of all Canadian Loans theretofore made by such Lender minus all payments of principal theretofore received by such Lender on such Canadian Note. Interest on each Canadian Note shall accrue and be due and payable as provided herein and therein. Each Lender's Canadian Note shall be due and payable as provided herein and therein and shall be due and payable in full on the Canadian Facility Maturity Date.

(b) Swing Loans. Subject to the terms and conditions hereof, Canadian Swing Lender agrees to make loans to each Canadian Borrower (herein called "Canadian Swing Loans") upon the applicable Canadian Borrower's request from time to time during the Canadian Revolving Period, provided that (i) the Canadian Facility Usage shall never exceed the Canadian Maximum Credit Amount, and (ii) the aggregate amount of Canadian Swing Loans outstanding shall never exceed the Canadian Swing Sublimit. The aggregate amount of all Canadian Swing Loans in any Borrowing must be an integral multiple of C $100,000 which equals or exceeds C $1,000,000 or must equal the unadvanced portion of the Canadian Maximum Credit Amount. The obligation of each Canadian Borrower to repay to Canadian Swing Lender the aggregate amount of all Canadian Swing Loans made by Canadian Swing Lender, together with interest accruing in connection therewith, shall be evidenced by a separate promissory note (herein called each Canadian Borrower's "Canadian Swing Note") made by each Canadian Borrower payable to the order of Canadian Swing Lender in the form of Exhibit A-2 with appropriate insertions. The amount of principal owing on each Canadian Swing Note at any given time shall be the aggregate amount of all Canadian Swing Loans theretofore made by Canadian Swing Lender minus all payments of principal theretofore received by Canadian Swing Lender on such Canadian Swing Note (including as a result of any refinancing pursuant to Section 1.11). Interest on each Canadian Swing Note shall accrue and be due and payable as provided herein and therein. Each Canadian Swing Note shall be due and payable as provided herein and therein, and shall be due and payable in full on the Conversion Date. Subject to the terms and conditions hereof, each Canadian Borrower may borrow, repay, and reborrow Canadian Swing Loans under the Canadian Agreement during the Canadian Revolving Period.

Section 1.2. Requests for New Canadian Advances. The applicable Canadian Borrower must give to Canadian Agent written notice (or telephonic notice promptly confirmed in writing) of any requested Borrowing of new Canadian Loans and any requested Borrowing by way of new Bankers' Acceptances. Each such notice constitutes a "Borrowing Notice" hereunder and must:

(a) specify (i) the aggregate amount of any such Borrowing of new Canadian Base Rate Loans and the date on which such Canadian Base Rate Loans are to be advanced, (ii) the aggregate amount of any such Borrowing of Canadian Prime Rate Loans and the date on which such Canadian Prime Rate Loans are to be advanced, (iii) the aggregate amount of any such Borrowing of new US Dollar Eurodollar Loans, the date on which such US Dollar Eurodollar Loans are to be advanced (which shall be the first day of the Eurodollar Interest Period which is to apply thereto), and the length of the applicable Eurodollar Interest Period, (iv) the aggregate amount of any such Borrowing of new Canadian Dollar Eurodollar Loans, the date on which such Canadian Dollar Eurodollar Loans are to be advanced (which shall be the first day of the Eurodollar Interest Period which is to apply thereto), and the length of the applicable Eurodollar Interest Period, (v) the aggregate amount of any such Borrowing by way of Bankers' Acceptances (subject to Section 2.2(f)), and the date on which such Bankers' Acceptances are to be accepted and the maturity of such Bankers' Acceptances, or
(vi) the aggregate amount of any such Borrowing of new Canadian Swing Loans and the date on which such Canadian Swing Loans are to be advanced; and

(b) be received by Canadian Agent (i) in the case of Canadian Advances other than Canadian Swing Loans, not later than 11:00 a.m., Toronto, Ontario time, on (1) on the Business Day preceding the day on which any such Canadian Base Rate Loans or Canadian Prime Rate Loans are to be made, (2) the third Business Day preceding the day on which any such Eurodollar Loans are to be made or (3) the third Business Day before such Bankers' Acceptances are to be issued and (ii) in the case of Canadian Advances that are Canadian Swing Loans, not later than 2:00 p.m., Toronto, Ontario time on the Business Day on which any such Canadian Swing Loans are to be made.

Each such written request or confirmation must be made in the form and substance of the "Borrowing Notice" attached hereto as Exhibit B, duly completed. Each such telephonic request shall be deemed a representation, warranty, acknowledgment and agreement by the applicable Canadian Borrower as to the matters which are required to be set out in such written confirmation. Upon receipt of any such Borrowing Notice, Canadian Agent shall give each Lender prompt notice of the terms thereof (excluding Canadian Swing Loans) not later than 5:00 p.m. Toronto, Ontario time on the day it receives such Borrowing Notice from the applicable Canadian Borrower if it receives such Borrowing Notice by 11:00 a.m., Toronto, Ontario time, otherwise on the next Business Day. Each Borrowing Notice shall be irrevocable and binding on the applicable Canadian Borrower. If all conditions precedent to such new Canadian Advances have been met, (i) each Lender will on the date requested promptly remit to Canadian Agent by 1:00 p.m. Toronto, Ontario time its Canadian Advances made in Canadian Dollars to Canadian Agent's office in Toronto, Canada and its Canadian Advances made in United States Dollars to the US Account in New York, New York) in immediately available funds, and upon receipt of such funds, unless to its actual knowledge any conditions precedent to such Canadian Advances have been neither met nor waived as provided herein, Canadian Agent shall promptly make such Canadian Advances available to the applicable Canadian Borrower or (ii) each Canadian Resident Lender will accept drafts of Bankers' Acceptances on the date requested in accordance with Sections 2.1 through 2.3. Unless Canadian Agent shall have received prompt notice from a Lender that such Lender will not make available to Canadian Agent such Lender's new Canadian Advance, Canadian Agent may in its discretion assume that such Lender has made such Canadian Advance available to Canadian Agent in accordance with this section and Canadian Agent may if it chooses, in reliance upon such assumption, make such Canadian Advance available to the applicable Canadian Borrower. If and to the extent such Lender shall not so make its new Canadian Advance available to Canadian Agent, such Lender and the applicable Canadian Borrower severally agree to pay or repay to Canadian Agent within three days after demand the amount of such Canadian Advance together with interest thereon, for each day from the date such amount was made available to the applicable Canadian Borrower until the date such amount is paid or repaid to Canadian Agent, with interest at (1) the Canadian Prime Rate, if such Lender is making such payment and (2) the interest rate applicable at the time to the other new Canadian Advances made on such date, if a Canadian Borrower is making such repayment; provided that Canadian Agent gave notice of the terms of the Borrowing Notice to such Lender in accordance with the terms of this Section 1.2. If neither such Lender nor such Canadian Borrower pays or repays to Canadian Agent such amount within such three-day period, Canadian Agent shall in addition to such amount be entitled to recover from such Lender and from the applicable Canadian Borrower, on demand, interest on such Canadian Advance at the Default Rate

applicable thereto, calculated from the date such amount was made available to such Canadian Borrower. The failure of any Lender to make any new Canadian Advance to be made by it hereunder shall not relieve any other Lender of its obligation hereunder, if any, to make its new Canadian Advance, but no Lender shall be responsible for the failure of any other Lender to make any new Canadian Advance to be made by such other Lender.

Section 1.3. Continuations and Conversions of Existing Canadian Advances
. Subject to the terms of Section 2.3 with respect to Bankers' Acceptances, the applicable Canadian Borrower may make the following elections with respect to Canadian Advances and Canadian Swing Loans already outstanding under this Agreement: (i) to convert any Type of Canadian Advance to any other Type of Canadian Advance, provided that any such Conversion of any Eurodollar Loan must be made on the last day of the Eurodollar Interest Period applicable thereto and any such Conversion of a Bankers' Acceptance must be made on the date of maturity thereof; (ii) to continue Eurodollar Loans beyond the expiration of such Eurodollar Interest Period by designating a new Eurodollar Interest Period to take effect at the time of such expiration, and to rollover any existing Bankers' Acceptance by designating the new maturity date applicable thereto; and
(iii) to convert Canadian Swing Loans to any Type of Canadian Advances as a refinancing of such Canadian Swing Loans pursuant to Section 1.11. In making such elections, the applicable Canadian Borrower may combine existing Canadian Advances made pursuant to separate Borrowings into one new Borrowing or divide existing Canadian Advances made pursuant to one Borrowing into separate new Borrowings, provided that Canadian Borrowers may have no more than ten Borrowings of US Dollar Eurodollar Loans outstanding at any time and no more than ten Borrowings of Canadian Dollar Eurodollar Loans outstanding at any time. To make any such election, the applicable Canadian Borrower must give to Canadian Agent written notice (or telephonic notice promptly confirmed in writing) of any such Conversion or Continuation of existing Canadian Advances, with a separate notice given for each new Borrowing. Each such notice constitutes a "Continuation/Conversion Notice" hereunder and must:

(a) specify the existing Canadian Advances made under this Agreement which are to be continued or converted;

(b) specify (i) the aggregate amount of any Borrowing of Canadian Base Rate Loans or Canadian Prime Rate Loans into which such existing Canadian Advances are to be continued or converted and the date on which such Continuation or Conversion is to occur, or (ii) the aggregate amount of any Borrowing of Eurodollar Loans into which such existing Canadian Advances are to be continued or converted, the date on which such Continuation or Conversion is to occur (which shall be the first day of the Eurodollar Interest Period which is to apply to such Eurodollar Loans), and the length of the applicable Eurodollar Interest Period, or (iii) the amount of any Borrowing of Bankers' Acceptances into which such existing Canadian Advances are to be continued or converted, the date on which such Continuation or Conversion is to occur, and the maturity of such Bankers' Acceptances; and

(c) be received by Canadian Agent not later than 11:00 a.m., Toronto, Ontario time, on (i) the first Business Day preceding the day on which any such Continuation or Conversion to

Canadian Base Rate Loans or Canadian Prime Rate Loans is to occur, or (ii) the third Business Day preceding the day on which any such Continuation or Conversion to Eurodollar Loans is to occur, or (iii) on the third Business Day preceding the day on which any such Continuation or Conversion to Bankers' Acceptances is to occur.

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

Section 1.4. Repayments .

(a) During Canadian Revolving Period . Subject to the terms and conditions hereof, either Canadian Borrower may borrow, repay, and reborrow hereunder during the Canadian Revolving Period, so long as (i) the applicable Canadian Borrower gives notice to Canadian Agent by 2:00 p.m., Toronto, Ontario time on the Business Day immediately preceding the date of prepayment (and Canadian Agent shall give each Lender notice thereof by 4:30 p.m. Toronto, Ontario time on the date such notice is received from the applicable Borrower if it receives such Borrowing Notice by 11:00 a.m., Toronto, Ontario time, otherwise on the next Business Day) all partial prepayments of principal concurrently paid on the Canadian Loans are increments of $100,000 in the Applicable Currency and in an aggregate amount greater than or equal to $1,000,000 in the Applicable Currency and (ii) the applicable Canadian Borrower pays all amounts owing in connection with the prepayment of any Eurodollar Loan owing under Section 3.6.

(b) During Canadian Term Period.

(i) Optional Prepayments. Either Canadian Borrower may, upon giving notice to Canadian Agent by 2:00 p.m., Toronto, Ontario time on the Business Day immediately preceding the date of prepayment (and Canadian Agent shall give each Lender notice thereof by 5:00 p.m. Toronto, Ontario time on the date such notice is received from the applicable Canadian Borrower if it receives such notice by 11:00 a.m., Toronto, Ontario time, otherwise on the next Business Day), from time to time during the Term Period and without premium or penalty, prepay the Canadian Loans including Competitive Bid Notes, in whole or in part, so long as all partial prepayments of principal concurrently paid on the Canadian Loans are in increments of $100,000 in the Applicable Currency and in an aggregate amount greater than or equal to $1,000,000 in the Applicable Currency and so long as Canadian Borrowers pay all amounts owing in connection with the prepayment of any Eurodollar Loan owing under Section 3.6, and provided that no Bankers' Acceptance may be prepaid prior to its stated maturity date except in accordance with Section 2.5. Each prepayment of principal under this section shall be accompanied by all interest then accrued and unpaid on the principal so prepaid, shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Canadian Loan Documents at the time of such prepayment, and shall first reduce the semi-annual scheduled installments (other than the final installment) during the Term Period in respect of Canadian Loans that are not Competitive Bid Loans, then reduce the final installment in respect of Canadian Loans that are not Competitive Bid Loans, and then, unless otherwise designated by Canadian Borrowers, reduce the outstanding Competitive Bid Loans in order of shortest maturity.

(ii) Scheduled Repayments of Principal. Subject to Section 1.4(b)(iii) during the Term Period, Borrower shall repay the principal of the Canadian Loans that are not Competitive Bid Loans in equal semi-annual installments, each in an amount equal to two and one-half percent (2.5%) of the outstanding principal balance of the Canadian Advances on the Conversion Date. Such installments shall be due and payable on each June 30 and December 31 each year and in a final installment due and payable on the Canadian Facility Maturity Date in an amount equal to the entire unpaid principal balance of such Loans outstanding on the Canadian Facility Maturity Date.

(iii) Income Tax Act (Canada). Except as otherwise provided in
Section 8.1, in no event shall either Canadian Borrower be required to repay more than 25% of the principal amount (as defined in the Income Tax Act (Canada)) of the Canadian Advances made to it prior to five years and a day after the Conversion Date, including, but not limited to payments under
Section 1.4(b)(ii), 1.4(c) and 1.4(d).

(c) Mandatory Prepayments. Except to the extent permitted by Section 1.4(d), and subject to Section 1.4(e), if the aggregate principal amount of the outstanding Canadian Obligations ever exceeds the Canadian Maximum Credit Amount, Canadian Borrowers shall immediately prepay the principal of the Canadian Loans outstanding under the Canadian Agreement in an amount at least equal to such excess. Each prepayment of principal under this

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

(d) Currency Fluctuations. Notwithstanding any other provision of this Agreement, if any Canadian Loan outstanding is denominated in C$, Canadian Agent shall have the right to calculate the outstanding Canadian Obligations for all purposes including making a determination from time to time of the available undrawn portion of the Canadian Maximum Credit Amount. If following such calculation, Canadian Agent determines that the outstanding Canadian Obligations are greater than 105% of the Canadian Advances permitted hereby to be outstanding at such time, then Canadian Agent shall so advise Canadian Borrowers and, subject to Section 1.4(e), Canadian Borrowers shall repay, on the later of five Business Days after such advice and the next applicable Interest Payment Date immediately following such date of calculation, an amount sufficient to eliminate the excess over and above the aggregate amount of the Canadian Loans permitted hereby to be outstanding at such time, together with all accrued interest on the amount so paid.

(e) Application of Prepayment. Any mandatory prepayment of any principal amount (for the purposes of this Section, as defined in the Income Tax Act (Canada)) made by a Canadian Borrower pursuant to Sections 1.4(c) and 1.4(d) or otherwise in respect of a particular loan, shall reduce the semi-annual scheduled installments (other than the final installment) during the Term Period in respect of that loan in inverse order of maturity. Such mandatory prepayments shall be applied to the Canadian Loans (other than Bankers' Acceptances and Competitive Bid Loans) pro rata based on outstanding principal; provided that if such prepayment of Canadian Loans does not eliminate such mandatory prepayment obligation, the further repayments shall apply first to Competitive Bid Loans in order of shortest maturity, and second to an escrow fund maintained in accordance with Section 2.5.

Section 1.5. Interest Rates and Fees.

(a) Interest Rates. The Canadian Loans shall bear interest payable by the applicable Canadian Borrower as follows and all accrued and unpaid interest on the Canadian Loans shall be due and payable on the applicable Interest Payment Date at the place set forth in the Canadian Notes:

(i) Each Canadian Base Rate Loan shall bear interest on each day outstanding at the Canadian US Dollar Base Rate in effect on such day.

(ii) Each Canadian Prime Rate Loan shall bear interest on each day outstanding at the Canadian Prime Rate in effect on such day.

(iii) Each US Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day.

(iv) Each Canadian Dollar Eurodollar Loan shall bear interest on each day during the related Eurodollar Interest Period at the related Adjusted Canadian Dollar Eurodollar Rate in effect on such day.

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

(vi) Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, each Canadian Loan shall bear interest on each day outstanding at the applicable Default Rate. Past due payments of principal and interest shall bear interest at the rates and in the manner set forth in the Canadian Notes.

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

(c) Utilization Fees. In consideration of each Lender's commitment to make Canadian Advances under this Agreement, Canadian Borrowers will pay to Canadian Agent for the account of each Lender a utilization fee determined on a daily basis by applying (i) a rate of 7.5 Basis Points per annum to such Lender's Percentage Share of the Canadian Facility Usage on each day during the term of this Agreement that the Canadian Facility Usage exceeds thirty-three percent (33%) of the Canadian Maximum Credit Amount, and (ii) a rate of 15 Basis Points per annum to such Lender's Percentage Share of the Canadian Facility Usage on each day during the term of this Agreement that the Canadian Facility Usage exceeds sixty-six percent (66%) of the Canadian Maximum Credit Amount. This utilization fee shall be due and payable in arrears on each Interest Payment Date for Canadian US Dollar Base Rate Loans and on the date all Canadian Obligations are repaid in full.

(d) Stamping Fees. In consideration of each Canadian Resident Lender's commitment to accept or participate in Bankers' Acceptances under this Agreement, the applicable Canadian Borrower will pay to Canadian Agent for the account of such Lender the Stamping Fee Rate multiplied by the face amount of each Bankers' Acceptance accepted by such Lender under this Agreement calculated for the number of days in the term of such Bankers' Acceptance. Such fee shall be due and payable on the date on which such Bankers' Acceptances are accepted and if such Canadian Resident Lender is purchasing such Bankers' Acceptance, such fee shall be deducted from the Discount Proceeds paid to the applicable Canadian Borrower.

(e) Canadian Agent's Fees. In addition to all other amounts due to Canadian Agent under the Canadian Loan Documents, Canadian Borrowers will pay fees to Canadian Agent as described in a letter agreement dated as of August 1, 2000 between US Agent and US Borrower.

Section 1.6. Extension of Conversion Date.

(a) Canadian Borrowers may, at their option and from time to time during the Canadian Revolving Period, request an offer to extend the Canadian Revolving Period by delivering to Canadian Agent a Request for an Offer of Extension not more than ninety days and not less than forty-five days prior to the then current Conversion Date. Canadian Agent shall forthwith provide a copy of the Request for an Offer of Extension to each of the Lenders. Upon receipt from Canadian Agent of an executed Request for an Offer of Extension, each Lender shall, within thirty days after the date of such Lender's receipt of such request from Canadian Agent, either:

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

(ii) notify Canadian Agent that the Request for an Offer of Extension has been denied, such notice to forthwith be forwarded by Canadian Agent to Canadian Borrowers to allow Canadian Borrowers to seek a replacement lender pursuant to Section 1.8 (any Lender giving notice of such denial is herein called a "Non-Accepting Lender"). The failure of a Lender to so notify Canadian Agent within such thirty day period shall be deemed to be notification by such Lender to Canadian Agent that such Lender has denied Canadian Borrowers' Request for an Offer of Extension.

(b) Provided that all Lenders provide notice to Canadian Agent under
Section 1.6(a) that they accept the Request for an Offer of Extension, or if there are Non-Accepting Lenders, such Lenders shall have been repaid pursuant to
Section 1.8 or replacement lenders shall have become parties hereto pursuant to
Section 1.8 and shall have accepted the Request for an Offer of Extension, such acceptance having common terms and conditions, Canadian Agent shall deliver to Canadian Borrowers an Offer of Extension incorporating the said terms and conditions. Such offer shall be open for acceptance by Canadian Borrowers until the fifth Business Day immediately preceding the then current Conversion Date. Upon written notice by Canadian Borrowers to Canadian Agent accepting an outstanding Offer of Extension and agreeing to the terms and conditions, if any, specified therein (the date of such notice of acceptance in Section 1.6 and 1.8 being called the "Extension Date"), the Conversion Date shall be extended to the date 364 days from the Extension Date and the terms and conditions specified in such Offer of Extension shall be immediately effective.

(c) Canadian Borrowers understand that the consideration of any Request for an Offer of Extension constitutes an independent credit decision which each Lender retains the absolute and unfettered discretion to make and that no commitment in this regard is hereby given by a Lender and that any offer to extend the Conversion Date may be on such terms and conditions in addition to those set out herein as the extending Lenders stipulate.

Section 1.7. Conversion to Canadian Term Loan. Unless there is an extension of the Canadian Revolving Period in accordance with Section 1.6, effective at 11:59 p.m. Toronto,

Ontario time on the day immediately preceding the Conversion Date, and provided that no Event of Default shall have occurred and be continuing, (i) each Lender's obligation to make new Canadian Advances, Canadian Swing Lender's obligation to make new Canadian Swing Loans, and Canadian LC Issuer's obligation to issue Letters of Credit hereunder shall be canceled automatically, and (ii) each Lender's Canadian Loans shall become term Canadian Loans ("Canadian Term Loans") maturing on the Canadian Facility Maturity Date.

Section 1.8. Non-Accepting Lender. Provided that Lenders whose Percentage Shares represent more than 50% but less than 100% of the Canadian Maximum Credit Amount provide notice to Agent under Section 1.6(a) that they accept the Request for an Offer of Extension, on notice of Canadian Borrowers to Agent, Canadian Borrowers shall be entitled to choose any of the following in respect of each Non-Accepting Lender prior to the expiration of the Canadian Revolving Period, provided that if Canadian Borrowers do not make an election prior to the expiration of the Canadian Revolving Period, Canadian Borrowers shall be deemed to have irrevocably elected to exercise the provisions of Section 1.8(b)(ii):

(a) (i) the Non-Accepting Lender's obligations to make Canadian Advances shall be canceled as of the Extension Date, the Canadian Maximum Credit Amount shall be reduced by the amount so canceled, and on or prior to the Extension Date the Canadian Borrowers shall repay in full all Canadian Obligations then outstanding to the Non-Accepting Lender (as defined in Section 1.6(a)(ii)), or
(ii) replace the Non-Accepting Lender by reaching satisfactory arrangements with one or more existing Lenders or new Lenders, for the purchase, assignment and assumption of all Canadian Obligations and US Obligations of the Non-Accepting Lender, provided that any new Lender, with, if necessary, any Affiliate, shall take a pro rata assignment of both Canadian Obligations and US Obligations, and such Non-Accepting Lender shall be obligated to sell such Obligations in accordance with such satisfactory arrangements; or

(b) Canadian Borrowers may elect to revoke and cancel the Request for an Offer of Extension by giving notice of such revocation and cancellation to Agent (which shall promptly notify the Lenders thereof), and concurrently therewith, shall have the option to (i) cancel the obligations of Lenders under the Canadian Agreement and, subject to the notice requirements set forth in Section 1.6(a) and to the provisions of Article III, repay in full all Canadian Obligations, or (ii) have the outstanding Canadian Loans that are not Competitive Bid Loans on the Conversion Date become term loans as provided in
Section 1.7.

In connection with any such replacement of a Lender Party pursuant to this
Section 1.8, the applicable Canadian Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender Party's Canadian Advances had been prepaid at the time of such replacement.

Section 1.9. Competitive Bid Loans.

(a) Either Canadian Borrower may request that each Canadian Resident Lender submit Competitive Bids (on a several basis) for requested maturities of thirty days or more to the applicable Canadian Borrower on any Business Day during the Canadian Revolving Period,

provided that all Canadian Resident Lenders are requested to make a Competitive Bid on the same basis at the same time. In order to request Competitive Bids, the applicable Canadian Borrower shall deliver by hand or facsimile to Canadian Agent a Competitive Bid Request, to be received by Canadian Agent not later than 9:00 a.m., Toronto, Ontario time one Business Day before the date specified for a proposed Competitive Bid Loan. A Competitive Bid Request that does not conform substantially to the format of Exhibit I may be rejected in Canadian Agent's sole discretion, and Canadian Agent shall promptly notify the applicable Canadian Borrower of such rejection by facsimile. After receiving an acceptable Competitive Bid Request, Canadian Agent shall no later than 12:00 noon, Toronto, Ontario time on the date such Competitive Bid Request is received by Canadian Agent, by facsimile deliver to Canadian Resident Lenders an Invitation to Bid substantially in the form of Exhibit J with respect thereto.

(b) Each Canadian Resident Lender may, in its sole discretion, make one or more Competitive Bids to Canadian Agent responsive to each Competitive Bid Request given by the applicable Canadian Borrower. Each Competitive Bid by a Canadian Resident Lender must be received by Canadian Agent by facsimile not later than 9:00 a.m., Toronto, Ontario time on the date specified for a proposed Competitive Bid Loan. Multiple bids may be accepted by Canadian Agent. Competitive Bids that do not conform substantially to the format of Exhibit K may be rejected by Canadian Agent after conferring with, and upon the instruction of, the applicable Canadian Borrower, and Canadian Agent shall notify the bidding Canadian Resident Lender of such rejection as soon as practicable. If any Canadian Resident Lender shall elect not to make a Competitive Bid, such Canadian Resident Lender shall so notify Canadian Agent by facsimile not later than 9:00 a.m., Toronto, Ontario time, on the date specified for a Competitive Bid Loan; provided, however, that failure by any Canadian Resident Lender to give such notice shall not cause such Canadian Resident Lender to be obligated to make any Competitive Bid Loan and by such failure such Lender shall be deemed to have rejected such Competitive Bid. A Competitive Bid submitted by a Canadian Resident Lender shall be irrevocable.

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

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

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

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

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

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

(v) no Competitive Bid shall be accepted for a Competitive Bid Loan unless such Competitive Bid Loan is in a minimum principal amount of C $ 5,000,000 or a higher integral multiple of C $1,000,000; provided, however, that if a Competitive Bid Loan must be in an amount less than C $5,000,000 because of the provisions of clause (iv) above, such Competitive Bid Loan may be for a minimum of C $1,000,000 or any higher integral multiple thereof, and in calculating the pro rata allocation of acceptances or portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv), the amounts shall be rounded to integral multiples of C $1,000,000 in a manner which shall be in the sole and absolute discretion of the applicable Canadian Borrower.

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

Canadian Agent shall notify each Canadian Resident Lender of the aggregate amount of Competitive Bid Loans advanced, the respective Competitive Bid Interest Periods thereof and Competitive Bid Rate applicable thereto.

(f) The obligation of the applicable Canadian Borrower to repay to each Canadian Resident Lender the aggregate amount of all Competitive Bid Loans made by such Canadian Resident Lender, together with interest accruing in connection therewith, shall be evidenced by promissory notes (respectively, such Canadian Resident Lender's "Competitive Bid Note") made by the applicable Canadian Borrower payable to the order of such Canadian Resident Lender in the form of Exhibit M, with appropriate insertions. The amount of principal owing on any Canadian Resident Lender's Competitive Bid Note at any given time shall be the aggregate amount of all Competitive Bid Loans theretofore made by such Canadian Resident Lender thereunder minus all payments of principal theretofore received by such Canadian Resident Lender thereon. Interest on each Competitive Bid Note shall accrue and be due and payable as provided herein and therein. The applicable Canadian Borrower shall repay on the final day of the Competitive Bid Interest Period of each Competitive Bid Loan (such date being that specified by the applicable Canadian Borrower for repayment of such Competitive Bid Loan in the related Competitive Bid Request and such date being no later than six months after the date of the Competitive Bid Loan) the then unpaid principal amount of such Competitive Bid Loan. Subject to Section 1.4(b) and the payment of amounts described in Section 3.6, the applicable Canadian Borrower shall have the right to prepay any principal amount of any Competitive Bid Loan.

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

Section 1.10. Use of Proceeds. Canadian Borrowers shall use all Canadian Advances and Canadian Swing Loans to pay in full, contemporaneously with the making of the first Canadian Loan or the issuance of the first Letter of Credit, all indebtedness outstanding under the Existing Canadian Agreement and thereafter (i) to finance capital expenditures, (ii) to refinance Matured Canadian LC Obligations outstanding under this Agreement, and (iii) to provide working capital for its operations and for other general business purposes. Canadian Borrowers shall use all Letters of Credit for its general corporate purposes. In no event shall the funds from any Canadian Loan or any Letter of Credit be used directly or indirectly by any Person for personal, family, household or agricultural purposes or for the purpose, whether immediate, incidental or ultimate, of purchasing, acquiring or carrying any "margin stock" (as such term is defined in Regulation U promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others directly or indirectly for the purpose of purchasing or carrying any such margin stock. Each Canadian Borrower represents and warrants that such Canadian Borrower is not engaged principally, or as one of such Canadian Borrower's important activities, in the

business of extending credit to others for the purpose of purchasing or carrying such margin stock.

Section 1.11. Refinancings of Canadian Swing Loans. Canadian Agent, at any time in its sole and absolute discretion may (and on the Conversion Date Canadian Agent shall), upon notice given to each Lender by not later than 11:30 a.m., Toronto, Ontario time, on any Business Day, request that each Lender make a Canadian Prime Rate Loan (or another Type of Canadian Advance if requested by the applicable Canadian Borrower in accordance with Section 1.2) in an aggregate amount equal to its Percentage Share of the aggregate unpaid principal amount of any outstanding Canadian Swing Loans for the purpose of refinancing such Canadian Swing Loans (in this section called a "Refinancing Advance"). In any event, not later than 11:30 a.m., Toronto, Ontario time, on the penultimate Business Day of each calendar month, Canadian Agent will notify each Lender of the aggregate amount of Canadian Swing Loans which are then outstanding and the amount of the Refinancing Advance required to be made by each Lender to refinance such outstanding Canadian Swing Loans (the aggregate amount of such Refinancing Advance to be made by each Lender shall equal such Lender's Percentage Share of such outstanding Canadian Swing Loans). Upon the giving of notices by Canadian Agent described above, each Lender shall promptly remit to Canadian Agent such Refinancing Advance in the manner described above in Section 1.2, so long as (a) Canadian Agent believed in good faith that all conditions to making the subject Canadian Swing Loan were satisfied at the time such Canadian Swing Loan was made, or (b) if the conditions to such Canadian Swing Loan were not satisfied, the satisfaction of such conditions have been waived in writing by Canadian Required Lenders in accordance with the provisions of this Agreement (collectively, the "Refinancing Conditions"). The proceeds of the Refinancing Advances made pursuant to the preceding sentence shall be paid to Canadian Agent (and not to either Canadian Borrower) and applied to the payment of principal of the outstanding Canadian Swing Loans. If and to the extent any Lender shall not so make its Refinancing Advance, such Lender and the applicable Canadian Borrower severally agree to pay to Canadian Agent (for delivery to Canadian Swing Lender) within three days after demand the amount of such Refinancing Advance together with interest thereon, for each day from the date such Refinancing Advance was required to be made until the date such amount is paid to Canadian Agent, with interest at (1) the Canadian Prime Rate, if such Lender is making such payment and (2) the interest rate applicable at the time to the other new Refinancing Advances, if a Canadian Borrower is making such repayment; provided that Canadian Agent gave notice of the terms of the refinancing to such Lender in accordance with the terms of this Section 1.11. If neither such Lender nor such Canadian Borrower pays to Canadian Agent (for delivery to Canadian Swing Lender) such amount within such three-day period, Canadian Swing Lender shall in addition to such amount be entitled to recover from such Lender and from the applicable Canadian Borrower, on demand, interest on such Refinancing Advance at the Default Rate applicable thereto, calculated from the date such Refinancing Advance was required to be made. Each Lender's obligation to make Refinancing Advances pursuant to this Section shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, (1) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against Canadian Agent, Canadian Borrowers or anyone else for any reason whatsoever; (2) the occurrence or continuance of an Event of Default or Default; (3) any adverse change in the condition (financial or otherwise) of either Canadian Borrower; (4) any breach of this Agreement

by either Canadian Borrower, Canadian Agent or any Lender, except with respect to the Refinancing Conditions; or (5) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing; provided , that in no event shall a Lender be obligated to make a Refinancing Advance pursuant to this Section if, after giving effect thereto, the outstanding principal balance of such Lender's Canadian Advances would exceed its Percentage Share of the Canadian Maximum Credit Amount.

Section 1.12. Re-allocation of Tranche B Maximum Credit Amount and Canadian Maximum Credit Amount. Borrowers shall have the right (i) to re-allocate up to US $100,000,000 of the unused Tranche B Maximum Credit Amount to the Canadian Maximum Credit Amount (a "Tranche B Re-allocation") by reducing the Tranche B Maximum Credit Amount and increasing the Canadian Maximum Credit Amount by the same amount and (ii) to reallocate up to US $100,000,000 of the unused Canadian Maximum Credit Amount to the Tranche B Maximum Credit Amount (a "Canadian Re-allocation") by reducing the Canadian Maximum Credit Amount and increasing the Tranche B Maximum Credit Amount by the same amount; provided that the Tranche B Maximum Credit Amount shall never be greater than US $625,000,000, the Canadian Maximum Credit Amount shall never be greater than US $375,000,000; the aggregate amount of the Tranche B Maximum Credit Amount and the Canadian Maximum Credit Amount shall never exceed US $800,000,000. A Re-allocation may be made only on a Business Day which occurs during the Tranche B Revolving Period and the Canadian Revolving Period, each Re-allocation shall remain in effect for at least 90 days and thereafter until a subsequent Re-allocation is made in accordance with the terms set forth in the Loan Documents, and no more than four Re-allocations may be made during any Fiscal Year.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II - Bankers' Acceptances and Letters of Credit

Section 2.1. Creation of Bankers' Acceptances. Upon receipt of a Borrowing Notice and subject to the provisions of this Agreement, each Canadian Resident Lender shall accept, in accordance with its Percentage Share of the requested Borrowing from time to time such Bankers' Acceptances as Canadian Borrowers shall request provided that:

(a) Bankers' Acceptances shall be issued on a Business Day;

(b) each Bankers' Acceptance shall have a term of 30, 60, 90 or 180 days (excluding days of grace), as selected by Canadian Borrowers in the relevant Borrowing Notice provided that each Bankers' Acceptance shall mature on a Business Day;

(c) the face amount of each Bankers' Acceptance shall be not less than C$100,000 and in multiples of C$100,000 for any amounts in excess thereof; and

(d) each Bankers' Acceptance shall be in a form acceptable to the Canadian Resident Lenders.

Section 2.2. Terms of Acceptance by the Canadian Resident Lenders.

(a) Delivery and Payment. Subject to Sections 2.3 and 2.4 and only if a valid appointment pursuant to Section 2.2(e) is not in place, Canadian Borrowers shall pre-sign and deliver to each Canadian Resident Lender bankers' acceptance drafts in sufficient quantity to meet Canadian Borrowers' requirements for anticipated Borrowings by way of Bankers' Acceptances. The applicable Canadian Borrower shall, at its option, provide for payment to Canadian Agent for the benefit of Canadian Resident Lenders of each Bankers' Acceptance on the date on which a Bankers' Acceptance matures, either by payment of the full face amount thereof or through utilization of a Conversion to another Type of Borrowing in accordance with this Agreement, or through a combination thereof. Each Canadian Borrower waives presentment for payment of Bankers' Acceptances by Canadian Resident Lenders and shall not claim from Canadian Resident Lenders any days of grace for the payment at maturity of Bankers' Acceptances. Any amount owing by Canadian Borrowers in respect of any Bankers' Acceptance which is not paid in accordance with the foregoing, shall, as and from the date on which such Bankers' Acceptance matures, be deemed to be outstanding hereunder as a Canadian Prime Rate Loan.

(b) No Liability. Canadian Agent and Canadian Resident Lenders shall not be liable for any damage, loss or improper use of any bankers' acceptance draft endorsed in blank except for any loss arising by reason of Canadian Agent or a Canadian Resident Lender failing to use the same standard of care in the custody of such bankers' acceptance drafts as Canadian Agent or such Canadian Resident Lender use in the custody of their own property of a similar nature.

(c) Bankers' Acceptances Purchased by Canadian Resident Lenders. Where the applicable Canadian Borrower so elects in the Borrowing Notice or Continuation/Conversion Notice, a Canadian Resident Lender shall purchase Bankers' Acceptances accepted by it for an amount equal to the Discount Proceeds.

(d) Marketing. Where the applicable Canadian Borrower so elects in the Borrowing Notice or Continuation/Conversion Notice, it shall be responsible for, and shall make its own arrangements with respect to, the marketing of Bankers' Acceptances.

(e) Power of Attorney. To facilitate the procedures contemplated in this Agreement, each Canadian Borrower appoints each Canadian Resident Lender from time to time as the attorney-in-fact of such Canadian Borrower to execute, endorse and deliver on behalf of such Canadian Borrower drafts or depository bills in the form or forms prescribed by such Canadian Resident Lender for Bankers' Acceptances denominated in Canadian Dollars. Each Bankers' Acceptance executed and delivered by a Canadian Resident Lender on behalf of a Canadian Borrower shall be as binding upon such Canadian Borrower as if it had been executed and delivered by a duly authorized officer of such Canadian Borrower. The foregoing appointment shall cease to be effective, in respect of any Canadian Resident Lender regarding a Canadian Borrower, three Business Days following receipt by such Canadian Resident Lender of a written

notice from such Canadian Borrower revoking such appointment (which notice shall be copied to the Canadian Agent); provided that any such revocation shall not affect Bankers' Acceptances previously executed and delivered by such Canadian Resident Lender pursuant to such appointment.

(f) Non-resident Lenders Participation in Borrowing of Bankers' Acceptances by Making Canadian Dollar Eurodollar Loans. As part of each Borrowing by way of Bankers' Acceptances from Canadian Resident Lenders, each Non-resident Lender shall, with respect to its obligations to fund such Borrowing, make a Canadian Dollar Eurodollar Loan by advancing Canadian Dollars in the amount of its Percentage Share of such Borrowing having a Eurodollar Interest Period that is substantially the same as the period to maturity of the Bankers' Acceptances that are accepted in such Borrowing by Canadian Resident Lenders in order that all Borrowings other than Competitive Bid Loans shall remain pro rata during the term of this Agreement. Such Canadian Dollar Eurodollar Loan shall otherwise be made on the terms set forth in Article I with respect to such Type of Loan.

(g) Canadian Dollars Unavailable to Non-resident Lenders. In the event that (i) either Canadian Borrower has requested a Borrowing in Canadian Prime Rate Loans or (ii) the Loans in any Borrowing are automatically converted to Canadian Prime Rate Loans, and a Non-resident Lender is unable to obtain Canadian Dollars with which to fund its Percentage Share of such Borrowing, such Non-resident Lender may, with respect to its obligations to fund such Borrowing, make a Canadian Base Rate Loan in an amount equal to the US Dollar Exchange Equivalent of its Percentage Share of such Borrowing.

(h) Pro-Rata Treatment of Canadian Advances .

(i) Each Canadian Advance shall be made available by each Lender and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Canadian Advances outstanding hereunder to each Lender will, to the extent possible, thereafter be pro rata in accordance with such Lender's Percentage Share. The Canadian Agent is authorized by each Canadian Borrower and each Lender to determine, in its sole and unfettered discretion, the portion of each Canadian Advance and each Type of Canadian Advance to be made available by each Lender and the application of repayments and reductions of Canadian Advances to give effect to the provisions of this Section, provided that no Lender shall, as a result of any such determination, have a Percentage Share of the Canadian Advances which is in excess of its Percentage Share of the Canadian Maximum Credit Amount.

(ii) In the event it is not practicable to allocate Bankers' Acceptances to each Lender such that the aggregate amount of Bankers' Acceptances required to be purchased by such Lender hereunder is in a whole multiple of C $100,000, the Canadian Agent is authorized by each Canadian Borrower and each Lender to make such allocation as the Canadian Agent determines in its sole and unfettered discretion may be equitable in the circumstances and, if the aggregate amount of such Bankers' Acceptances is not a whole multiple of C $100,000, then the Canadian Agent may allocate (on a basis considered by it

to be equitable) the excess of such Canadian Advance over the next lowest whole multiple of C $100,000 to one Lender, which shall purchase a Bankers' Acceptance with a face amount equal to the excess and having the same term as the corresponding Bankers' Acceptances. In no event shall the portion of the outstanding Borrowings by way of Bankers' Acceptances of a Lender exceed such Lenders' Percentage Share of the Aggregate Borrowings by way of Bankers' Acceptances by more than C $100,000 as a result of such exercise of discretion by the Canadian Agent.

(iii) If during the term of any Bankers' Acceptance accepted by a Lender hereunder the Applicable Margin changes or an Event of Default occurs and is continuing, the fee paid to such Lender by the applicable Borrower pursuant to Section 1.5(d) (in this paragraph called the "Initial Fee") with respect to such Bankers' Acceptance shall be recalculated based upon such change in the Applicable Margin or the existence of such Event of Default for the number of days during the term of such Bankers' Acceptance that such change is applicable or such Event of Default exists. If such recalculated amount is in excess of the Initial Fee then such Canadian Borrower shall pay to such Lender the amount of such excess, and if such recalculated amount is less than the Initial Fee, then the amount of such reduction shall be credited to other amounts payable by such Canadian Borrower to such Lender.

Section 2.3. General Procedures for Bankers' Acceptances.

(a) Notice. Canadian Borrowers may in the Borrowing Notice or in a Continuation/Conversion Notice request a Borrowing by way of Bankers' Acceptances and, if the Canadian Borrower is responsible for marketing of such Bankers' Acceptances under Section 2.2(d), by subsequent notice to Canadian Agent provide Canadian Agent, which shall in turn notify each Canadian Resident Lender, with information as to the discount proceeds payable by the purchasers of the Bankers' Acceptances and the party to whom delivery of the Bankers' Acceptances by each Canadian Resident Lender is to be made against delivery to each Canadian Resident Lender of the applicable discount proceeds, but if it does not do so, Canadian Borrowers shall initiate a telephone call to Canadian Agent by 10:00 a.m. Toronto, Ontario time on the date of advance, or the date of the Continuation or Conversion, as applicable, and provide such information to Canadian Agent. Such discount proceeds less the fee calculated in accordance with Section 1.5(d) shall promptly be delivered to the Canadian Agent. Any such telephone advice shall be subject to Section 1.2 and shall be confirmed by a written notice of Canadian Borrowers to Canadian Agent prior to 2:00 p.m. Toronto, Ontario time on the same day.

(b) Continuations. In the case of a Continuation of maturing Bankers' Acceptances, issued by a Canadian Resident Lender, such Canadian Resident Lender, in order to satisfy the continuing liability of Canadian Borrowers to the Canadian Resident Lender for the face amount of the maturing Bankers' Acceptances, shall retain for its own account the Net Proceeds of each new Bankers' Acceptance issued by it in connection with such Continuation; and Canadian Borrowers shall, on the maturity date of the maturing Bankers' Acceptances, pay to Canadian Agent for the benefit of Canadian Resident Lenders an amount equal to the difference between the

face amount of the maturing Bankers' Acceptances and the aggregate Net Proceeds of the new Bankers' Acceptances.

(c) Conversion from Canadian Prime Rate Loans and Canadian Dollar Eurodollar Loans. In the case of a Conversion from a Borrowing of Canadian Prime Rate Loans or Canadian Dollar Eurodollar Loans into a Borrowing by way of Bankers' Acceptances to be accepted by a Canadian Resident Lender pursuant to Sections 2.1, 2.2 and 2.3, such Canadian Resident Lender, in order to satisfy the continuing liability of Canadian Borrowers to it for the principal amount of the Canadian Prime Rate Loans or Canadian Dollar Eurodollar Loans being converted, shall retain for its own account the Discount Proceeds of each new Bankers' Acceptance issued by it in connection with such Conversion; and Canadian Borrowers shall, on the date of issuance of the Bankers' Acceptances, pay to Canadian Agent for the benefit of Canadian Resident Lenders an amount equal to the difference between the aggregate principal amount of the Canadian Prime Rate Loans or Canadian Dollar Eurodollar Loans being converted owing to the Canadian Resident Lenders and the aggregate Discount Proceeds of such Bankers' Acceptances.

(d) Conversions to Canadian Loans in Canadian Dollars. In the case of a Conversion of a Borrowing by way of Bankers' Acceptances into Canadian Loans, each Canadian Resident Lender, in order to satisfy the liability of the applicable Canadian Borrower to it for the face amount of the maturing Bankers' Acceptances, shall record the obligation of the applicable Canadian Borrower to it as a Canadian Prime Rate Loan, unless the applicable Canadian Borrower provide for payment to Canadian Agent for the benefit of Canadian Resident Lenders of the face amount of the maturing Bankers' Acceptance in some other manner acceptable to Canadian Resident Lenders, including Conversion to another Type of Canadian Loan pursuant to a Continuation/Conversion Notice.

(e) Conversion from or to Canadian Loans in U.S. Dollars. In the case of a conversion of Bankers' Acceptances from or to a Canadian Base Rate Loans or US Dollar Eurodollar Loans, the parties to which this Section applies shall follow the notice procedures set out in Section 1.3 and the funding procedures set out in Section 2.3 (c) and (d) without netting of funds.

(f) Authorization. Canadian Borrowers hereby authorize each Canadian Resident Lender to complete, stamp, hold, sell, rediscount or otherwise dispose of all Bankers' Acceptances accepted by it pursuant to this Section in accordance with the instructions provided by Canadian Borrowers pursuant to
Section 1.3, as applicable.

(g) Depository Notes. The parties agree that in the administering of Bankers' Acceptances, each Lender may avail itself of the debt clearing services offered by a clearing house for depository notes pursuant to the Depository Bills and Notes Act (Canada) and that the procedures set forth in Article II be deemed amended to the extent necessary to comply with the requirements of such debt clearing services.

Section 2.4. Execution of Bankers' Acceptances. The signatures of any authorized signatory on Bankers' Acceptances may, at the option of Canadian Borrowers, be reproduced in

facsimile and such Bankers' Acceptances bearing such facsimile signatures shall be binding on Canadian Borrowers as if they had been manually signed by such authorized signatory. Notwithstanding that any person whose signature appears on any Bankers' Acceptance as a signatory may no longer be an authorized signatory of Canadian Borrowers at the date of issuance of a Bankers' Acceptance, and notwithstanding that the signature affixed may be a reproduction only, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and as if such signature had been manually applied, and any such Bankers' Acceptance so signed shall be binding on Canadian Borrowers.

Section 2.5. Escrowed Funds. Upon the occurrence of an Event of Default and an acceleration of the Canadian Obligations under Section 8.1 or upon a prepayment permitted under Section 1.4, Canadian Borrowers shall forthwith pay to Canadian Agent for deposit into an escrow account maintained by and in the name of Canadian Agent for the benefit of Canadian Resident Lenders in accordance with their Percentage Shares an amount equal to the Canadian Resident Lenders' maximum potential liability (as determined by Canadian Agent) under then outstanding Bankers' Acceptances (the "Escrow Funds"). The Escrow Funds shall be held by Canadian Agent for set-off against future Canadian Obligations of Canadian Borrowers and pending such application shall bear interest at the rate declared by Canadian Agent from time to time as that payable by it in respect of deposits for such amount and for such period relative to the maturity date of the Bankers' Acceptances, as applicable. If such Event of Default is either waived or cured in compliance with the terms of this Agreement, then the Escrow Funds, together with any accrued interest to the date of release, shall be forthwith released to Canadian Borrowers.

Section 2.6. Letters of Credit. Subject to the terms and conditions hereof, any Canadian Borrower may during the Canadian Revolving Period request Canadian LC Issuer to issue one or more Letters of Credit denominated in either Canadian Dollars or US Dollars, provided that, after taking such Letter of Credit into account:

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

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

(c) the expiration date of such Letter of Credit is prior to the end of the Canadian Revolving Period;

(d) such Letter of Credit is to be used for general corporate purposes of such Canadian Borrower;

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

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

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

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

Subject to the terms and conditions set forth herein, Canadian LC Issuer will, in reliance upon the agreements of the other Lenders set forth in Section 2.8(a), honor any such request if the foregoing conditions (a) through (h) (in this Section 2.6 called the "LC Conditions ") have been met as of the date of issuance of such Letter of Credit. Canadian LC Issuer may choose to honor any such request for any other Letter of Credit but has no obligation to do so and may refuse to issue any other requested Letter of Credit for any reason which Canadian LC Issuer in its sole discretion deems relevant.

Section 2.7. Requesting Letters of Credit . The applicable Canadian Borrower must make written application for any Letter of Credit at least three Business Days before the date on which the applicable Canadian Borrower desires for Canadian LC Issuer to issue such Letter of Credit. By making any such written application the applicable Canadian Borrower shall be deemed to have represented and warranted that the LC Conditions described in Section 2.6 will be met as of the date of issuance of such Letter of Credit. Each such written application for a Letter of Credit must be made in writing on Canadian LC Issuer's standard form of Letter of Credit Application, the terms and provisions of which are hereby incorporated herein by reference (or in such other form as may mutually be agreed upon by Canadian LC Issuer and the applicable Canadian Borrower). Three Business Days after the LC Conditions for a Letter of Credit have been met as described in Section 2.6 (or if Canadian LC Issuer otherwise desires to issue such Letter of Credit), Canadian LC Issuer will issue such Letter of Credit at Canadian LC Issuer's office in Toronto, Ontario. If any provisions of any LC Application conflict with any provisions of this Agreement, the provisions of this Agreement shall govern and control.

Section 2.8. Reimbursement and Participations .

(a) Reimbursement by Canadian Borrowers. Each Matured Canadian LC Obligation arising from a Letter of Credit issued under the Canadian Agreement shall constitute Canadian Prime Rate Loans made by Canadian LC Issuer to the applicable Canadian Borrower even if any condition precedent to the making of such a Loan shall not have been satisfied. Each Lender shall (in all circumstances and without set-off or counterclaim) purchase from Canadian LC Issuer its Percentage Share of such Canadian Prime Rate Loans and pay to Canadian LC Issuer on demand on the date on which such Matured LC Obligation arises, in immediately available funds at Canadian LC Issuer's address for notices hereunder, such Lender's Percentage Share of such Matured Canadian LC Obligation. Each Lender's obligation to pay Canadian LC Issuer pursuant to the terms of this subsection is irrevocable and unconditional. If any amount required to be paid

by any Lender to Canadian LC Issuer pursuant to this subsection is paid by such Lender to Canadian LC Issuer within three Business Days after the date such payment is due, Canadian LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the Canadian Prime Rate. If any amount required to be paid by any Lender to Canadian LC Issuer pursuant to this subsection is not paid by such Lender to Canadian LC Issuer within three Business Days after the date such payment is due, Canadian LC Issuer shall in addition to such amount be entitled to recover from such Lender, on demand, interest thereon calculated from such due date at the Default Rate.

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

Section 2.9. Letter of Credit Fees. In consideration of Canadian LC Issuer's issuance of any Letter of Credit, the applicable Canadian Borrower agrees to pay (a) to Canadian LC Issuer for its own account, a letter of credit fronting fee at a rate equal to 12.5 Basis Points per annum multiplied by the face amount of such Letter of Credit, payable on the date of issuance, and (b) to Canadian Agent, for the account of all Lenders in accordance with their respective Percentage Shares, a letter of credit issuance fee calculated by applying the Applicable Margin to the face amount of all Letters of Credit outstanding on each day, payable in arrears on the last day of each Fiscal Quarter. In addition, the applicable Canadian Borrower will pay to LC Issuer its standard drawing and other processing fees upon any drawing under a Letter of Credit.

Section 2.10. No Duty to Inquire.

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

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

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

Section 2.11. LC Collateral.

(a) Canadian LC Obligations in Excess of Canadian Maximum Credit Amount. If, after the making of all mandatory prepayments required under Section 1.4(c), the outstanding Canadian LC Obligations will exceed Canadian Maximum Credit Amount, then in addition to prepayment of the entire principal balance of the Canadian Loans, Canadian Borrowers will immediately pay to Canadian LC Issuer an amount equal to such excess. Canadian LC Issuer will hold such amount to apply against the remaining Canadian LC Obligations outstanding under the Canadian Agreement (all such amounts held for Canadian LC Obligations being herein collectively called "LC Collateral ") and the other Canadian Obligations, and such collateral may be applied from time to time to any Matured Canadian LC Obligations or other Canadian Obligations which are due and payable. Neither this subsection nor the following subsection shall, however, limit or impair any rights which Canadian LC Issuer may have under any other document or agreement relating to any Letter of Credit, LC Collateral or Canadian LC Obligation, including any LC Application, or any rights which any Lender Party may have to otherwise apply any payments by Canadian Borrowers and any LC Collateral under
Section 3.1.

(b) Acceleration of Canadian LC Obligations. If the Canadian Obligations or any part thereof become immediately due and payable pursuant to Section 8.1 then, unless Canadian

Required Lenders otherwise specifically elect to the contrary (which election may thereafter be retracted by Canadian Required Lenders at any time), all Canadian LC Obligations shall become immediately due and payable without regard to whether or not actual drawings or payments on the Letters of Credit have occurred, and the applicable Canadian Borrower in respect of such Canadian LC Obligations shall be obligated to pay to Canadian LC Issuer immediately an amount equal to the aggregate Canadian LC Obligations which are then outstanding.

(c) Investment of LC Collateral. Pending application thereof, all LC Collateral shall be invested by Canadian LC Issuer in such Investments as Canadian LC Issuer may choose in its sole discretion. All interest on (and other proceeds of) such Investments shall be reinvested or applied to Matured Canadian LC Obligations or other Canadian Obligations which are due and payable. When all Canadian Obligations have been satisfied in full, including all Canadian LC Obligations, all Letters of Credit have expired or been terminated, and all of Canadian Borrowers's reimbursement obligations in connection therewith have been satisfied in full, Canadian LC Issuer shall release any remaining LC Collateral. Canadian Borrowers hereby assign and grant to Canadian LC Issuer a continuing security interest in all LC Collateral paid by it to Canadian LC Issuer, all Investments purchased with such LC Collateral, and all proceeds thereof to secure its Matured Canadian LC Obligations and the other Canadian Obligations hereunder, each Canadian Note, and the other US Loan Documents. Canadian Borrowers further agree that Canadian LC Issuer shall have all of the rights and remedies of a secured party under the Personal Property Security Act (Alberta) with respect to such security interest and that an Event of Default under this Agreement shall constitute a default for purposes of such security interest. When Canadian Borrowers are required to provide LC Collateral for any reason and fail to do so on the day when required, Canadian LC Issuer may without notice to Canadian Borrowers or any other Restricted Person provide such LC Collateral (whether by transfers from other accounts maintained with Canadian LC Issuer, or otherwise) using any available funds of Canadian Borrowers or any other Person also liable to make such payments.

ARTICLE III - Payments to Lenders

Section 3.1. General Procedures. Each Canadian Borrower will make each payment which it owes under the Canadian Loan Documents to Canadian Agent in Toronto, Canada, if such payment is being made in Canadian Dollars, or to the US Account, if such payment is being made in US Dollars, in each case for the account of the Lender Party to whom such payment is owed, without set-off, deduction or counterclaim, and in immediately available funds, provided that any such payment may be made net of any deduction or withholding for or on account of any withholding tax which such Canadian Borrower is required at Law to withhold or deduct except as otherwise provided in Section 3.2(d). Each such payment must be received by Canadian Agent not later than 11:00 a.m., Toronto, Ontario time, on the date such payment becomes due and payable. Any payment received by Canadian Agent after such time will be deemed to have been made on the next following Business Day. Should any such payment become due and payable on a day other than a Business Day, the maturity of such payment shall be extended to the next succeeding Business Day, and, in the case of a payment of principal or past due interest, interest shall accrue and be payable thereon for the period of such extension as provided in the Canadian

Loan Document under which such payment is due. Each payment under a Canadian Loan Document shall be due and payable at the place provided therein and, if no specific place of payment is provided, shall be due and payable at the place of payment of Canadian Agent's Canadian Note. When Canadian Agent collects or receives money on account of the Canadian Obligations, Canadian Agent shall distribute all money so collected or received by 2:00 p.m. Toronto, Ontario time on the Business Day received, if received by 11:00 a.m. Toronto, Ontario time, otherwise on the day of deemed receipt, and each Lender Party shall apply all such money so distributed, as follows:

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

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

(c) then for the prepayment of principal on the Canadian Notes that are not Competitive Bid Notes, together with accrued and unpaid interest on the principal so prepaid; and

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

All payments applied to principal or interest on any Canadian Note shall be applied first to any interest then due and payable, then to principal then due and payable, and last to any prepayment of principal and interest in compliance with Sections 1.4 and 2.8. All distributions of amounts described in any of subsections (b), (c) or (d) above shall be made by Canadian Agent pro rata to each Lender Party then owed Canadian Obligations described in such subsection in proportion to all amounts owed to all Lender Parties which are described in such subsection; provided that if any Lender then owes payments to Canadian LC Issuer for the purchase of a participation under Section 2.8(a) or to Canadian Agent under Section 9.8, any amounts otherwise distributable under this section to such Lender shall be deemed to belong to Canadian LC Issuer, or Canadian Agent, respectively, to the extent of such unpaid payments, and Canadian Agent shall apply such amounts to make such unpaid payments rather than distribute such amounts to such Lender.

Section 3 .2. Change in Law; Gross Up; Increased Cost and Reduced Return . (a) If, after the date hereof, the adoption of any applicable Law, rule, or regulation, or any change in any applicable Law, rule, or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender Party (or its Applicable Lending Office) with any request or directive (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency (the occurrence of any of the foregoing events being herein referred to as a "Change in Law"):

(i) shall subject such Lender Party (or its Applicable Lending Office) to any tax, duty, deduction or any other charge (other than with respect to Withholding Tax as defined in Section 3.2(d)) with respect to any Eurodollar Loans, Bankers' Acceptances or Competitive Bid Loans, or its obligation to make Eurodollar Loans, accept Bankers' Acceptances or issue Letters of Credit, or change the basis of taxation of any amounts payable to such Lender Party (or its Applicable Lending Office) under this Agreement or its Canadian Note in respect of any Eurodollar Loans, Bankers' Acceptances or Competitive Bid Loans other than taxes (including franchise taxes) imposed on the overall net income or capital of such Lender Party by the jurisdiction under the Laws of which such Lender Party (or its Applicable Lending Office) is organized or is a resident for tax purposes or any political subdivision thereof;

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

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

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

(b) If, after the date hereof, Canadian LC Issuer or any Lender Party shall have determined that the adoption of any applicable Law, rule, or regulation regarding capital adequacy or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank, or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of Law) of any such Governmental Authority, central bank, or comparable agency, has or would

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

(c) Each Lender Party shall promptly notify Canadian Borrowers and Canadian Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender Party to compensation pursuant to this
Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender Party, be otherwise disadvantageous to it. Any Lender Party claiming compensation under this Section shall furnish to Canadian Borrowers and Canadian Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, such Lender Party shall act in good faith and may use any reasonable averaging and attribution methods.

(d) If by reason of a Change in Law, Canadian Borrowers shall be required to withhold and remit withholding taxes in respect of any principal, interest, or other amount paid or payable by it to or for the account of any Lender Party hereunder or under any other Canadian Loan Document (a "Withholding Tax"), (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.2) such Lender Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable Canadian Borrower shall make such deductions, and (iii) the applicable Canadian Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Law.

(e) Except as provided in paragraph (d) of this Section 3.2, no Canadian Borrower shall be required to compensate any Lender Party for any Withholding Taxes which such Canadian Borrower is required to withhold and remit in respect of any principal, interest, or other amount paid or payable by it to or for the account of any Lender Party hereunder or under any other Canadian Loan Document.

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

(a) Canadian Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not

exist for ascertaining the US Dollar Eurodollar Rate or the Canadian Dollar Eurodollar Rate, as applicable, for such Eurodollar Interest Period; or

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

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

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

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

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

(b) all Canadian Loans that would otherwise be made or continued by such Lender Party as Canadian Loans of the Affected Type shall be made or continued instead as Canadian

Base Rate Loans or Canadian Prime Rate Loans, as applicable, and all Canadian Loans of such Lender Party that would otherwise be converted into Canadian Loans of the Affected Type shall be converted instead into (or shall remain as) Canadian Base Rate Loans or Canadian Prime Rate Loans, as applicable.

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

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

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

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

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

Section 3.8. Replacement of Lenders. If any Lender Party seeks reimbursement for increased costs under Sections 3.2 through 3.5, or if a Canadian Borrower is required to increase any sum payable under Section 3.2(d), then within ninety (90) days thereafter -- provided no Event of Default then exists -- Canadian Borrowers shall have the right (unless such Lender Party withdraws its request for additional compensation) to replace such Lender Party by requiring such Lender Party to assign its Canadian Advances, Canadian Notes, Canadian LC Obligations, US Loans, US Notes, US LC Obligations and its commitments hereunder and under the US Agreement to an Eligible Transferee reasonably acceptable to all Borrowers, provided that: all Obligations of Borrowers owing to such Lender Party being replaced (including such increased costs, but excluding principal and accrued interest on the Canadian Notes and the US Notes being assigned) shall be paid in full to such Lender Party concurrently with such assignment, and the replacement Eligible Transferee shall purchase the foregoing by paying to such Lender Party a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment Canadian Borrowers, Canadian Agent, US Borrower, US Agent, such Lender Party and the replacement Eligible Transferee shall otherwise comply with Section 10.6. Notwithstanding the foregoing rights of Canadian Borrowers under this section, however, Canadian Borrowers may not replace any Lender Party which seeks reimbursement for increased costs under Section 3.2 through 3.5, or to which Canadian Borrowers are required to increase any sums payable under Section 3.2(d), unless Canadian Borrowers are at the same time replacing all Lender Parties which are then seeking such compensation or to which such sums payable must be increased. In connection with any such replacement of a Lender Party, the applicable Canadian Borrower shall pay all costs that would have been due to such Lender Party pursuant to Section 3.6 if such Lender Party's Canadian Advances had been prepaid at the time of such replacement.

Section 3.9. Other Taxes.

(a) Canadian Borrowers agree to pay any and all present or future stamp or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under this Agreement or any other Canadian Loan Document or from the execution or delivery of, or otherwise with respect to, this Agreement or any other Canadian Loan Document (hereinafter referred to as "Other Taxes").

(b) Canadian Borrowers agree to indemnify each Lender Party for the full amount of Other Taxes (including, without limitation, any Other Taxes imposed or asserted by any jurisdiction on amounts payable under this section) paid by such Lender Party or Canadian Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto.

(c) If Canadian Borrowers are required to pay additional amounts to or for the account of any Lender Party pursuant to this Section 3.9, then such Lender Party will agree to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender Party, is not otherwise disadvantageous to such Lender Party.

(d) If a Lender Party is reimbursed for an amount paid by Canadian Borrowers pursuant to this Section 3.9, it shall promptly return such amount to Canadian Borrowers.

(e) Within thirty (30) days after the date of any payment of Other Taxes, Canadian Borrowers shall furnish to Canadian Agent the original or a certified copy of a receipt evidencing such payment.

(f) Without prejudice to the survival of any other agreement of Canadian Borrowers hereunder, the agreements and obligations of Canadian Borrowers contained in this section shall survive the termination of this Agreement and the payment in full of the Canadian Notes.

Section 3.10. Currency Conversion and Currency Indemnity.

(a) Canadian Borrowers and Canadian Guarantor (collectively, for purposes of this Section 3.10 herein referred to as "Obligors") shall make payment relative to any Obligation in the currency (the "Agreed Currency") in which the Obligation was incurred. If any payment is received on account of any Obligation in any currency (the "Other Currency") other than the Agreed Currency (whether voluntarily, pursuant to any Conversion of a Canadian Advance or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of such Obligor or otherwise howsoever), such payment shall constitute a discharge of the liability of an Obligor hereunder and under the other Canadian Loan Documents in respect of such Obligation only to the extent of the amount of the Agreed Currency which the relevant Lender Parties are able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.

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

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

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

ARTICLE IV - Conditions Precedent to Advances

Section 4.1. Documents to be Delivered. No Lender has any obligation to make its first Canadian Loan, and Canadian LC Issuer has no obligation to issue the first Letter of Credit, unless Canadian Agent shall have received all of the following, duly executed and delivered and in form, substance and date satisfactory to Canadian Agent:

(a) This Agreement and any other documents that Lenders are to execute in connection herewith.

(b) Each Canadian Note.

(c) The Guaranty of Canadian Guarantor.

(d) Certain certificates of Canadian Borrowers including:

(i) An "Omnibus Certificate" of the Secretary or Assistant Secretary and of the Chairman of the Board, President, or Vice President - Finance of each Canadian Borrower, which shall contain the names and signatures of the officers of such Canadian Borrower authorized to execute Canadian Loan Documents and which shall certify to the truth, correctness and completeness of the following exhibits attached thereto:

(1) a copy of resolutions duly adopted by the Board of Directors of such Canadian Borrower and in full force and effect at the time this Agreement is entered into, authorizing the execution of this Agreement and the other Canadian Loan Documents delivered or to be delivered in connection herewith and the consummation of the transactions contemplated herein and therein, (2) a copy of the charter documents of such Canadian Borrower and all amendments thereto, certified by the appropriate official of its jurisdiction of organization, and (3) a copy of any bylaws of such Canadian Borrower; and

(ii) A "Compliance Certificate" of the Chairman of the Board or President and of the Vice President - Finance of each Canadian Borrower, of even date with such Canadian Loan or such Letter of Credit, in which such officers certify to the satisfaction of the conditions set out in subsections (a), (b) and (c) of Section 4.3.

(e) certificate (or certificates) of the due formation, valid existence and good standing of each Canadian Borrower in its jurisdiction of organization, issued by the appropriate official of such jurisdiction.

(f) A favorable opinion of Bennett Jones LLP, counsel for Restricted Persons, substantially in the form set forth in Exhibit E and a favorable opinion of Blake, Cassels & Graydon LLP covering the matters requested by Canadian Agent.

(g) The Initial Financial Statements.

Section 4.2. Additional Conditions Precedent to First Canadian Loan or First Letter of Credit. No Lender has any obligation to make its first Canadian Loan, and Canadian LC Issuer has no obligation to issue the first Letter of Credit, unless on the date thereof:

(a) All commitment, facility, agency, legal and other fees required to be paid or reimbursed to any Lender pursuant to any Canadian Loan Documents or any commitment agreement heretofore entered into shall have been paid.

(b) No event which would reasonably be expected to have a Material Adverse Effect shall have occurred since June 30, 2000.

(c) US Borrower shall have certified to Canadian Agent and Lenders that the Initial Financial Statements fairly present US Borrower's Consolidated financial position at the respective dates thereof and the Consolidated results of US Borrower's operations and US Borrower's Consolidated cash flows for the respective periods thereof.

(d) US Borrower shall have certified to Canadian Agent and Lenders that no Restricted Person has any outstanding Liabilities of any kind (including contingent obligations, tax assessments, and unusual forward or long-term commitments) which are, in the aggregate, material to US Borrower or material with respect to US Borrower's Consolidated financial condition and not shown in the Initial Financial Statements or disclosed in the Disclosure Schedule.

(e) Contemporaneously with the making of the first Canadian Loan or the issuance of the first Letter of Credit, the Indebtedness outstanding under the Existing US Agreement shall be refinanced under the US Agreement.

(f) All legal matters relating to the Canadian Loan Documents and the consummation of the transactions contemplated thereby shall be satisfactory to Thompson & Knight L.L.P., US counsel to Canadian Agent, and Blake, Cassels & Graydon LLP, Canadian counsel to Canadian Agent.

Section 4.3. Additional Conditions Precedent to all Canadian Loans and Letters of Credit. No Lender has any obligation to make any Canadian Loan (including its first), and Canadian LC Issuer has no obligation to issue any Letter of Credit (including its first), unless the following conditions precedent have been satisfied:

(a) All representations and warranties made by any Restricted Person in any Canadian Loan Document shall be true on and as of the date of such Canadian Loan or the date of issuance

of such Letter of Credit (except to the extent that the facts upon which such representations are based have been changed by the extension of credit hereunder) as if such representations and warranties had been made as of the date of such Canadian Loan or the date of issuance of such Letter of Credit.

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

(c) The making of such Canadian Loan or the issuance of such Letter of Credit shall not be prohibited by any Law and shall not subject any Lender or any LC Issuer to any material penalty under or pursuant to any such Law.

ARTICLE V - Representations and Warranties

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

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

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

Section 5.3. Authorization. Each Canadian Borrower has duly taken all action necessary to authorize the execution and delivery by it of the Canadian Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. Each Canadian Borrower is duly authorized to borrow funds hereunder.

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

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

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

Section 5.7. Litigation. Except as disclosed in the Initial Financial Statements or in the Disclosure Schedule: (a) there are no actions, suits or legal, equitable, arbitrative or administrative proceedings pending, or to the knowledge of any Canadian Borrower threatened, against any Canadian Borrower or any Subsidiary of a Canadian Borrower that is a Restricted Person before any Tribunal which would reasonably be expected to have a Material Adverse Effect, and (b) there are no outstanding judgments, injunctions, writs, rulings or orders by any such Tribunal against any Canadian Borrower which would reasonably be expected to have a Material Adverse Effect.

Section 5.8. Environmental and Other Laws. Except as disclosed in the Disclosure Schedule: (a) Canadian Borrowers and each Subsidiary of a Canadian Borrower that is a Restricted Person are conducting their businesses in material compliance with all applicable Laws, including Environmental Laws, and have and are in compliance with all licenses and permits required under any such Laws, unless failure to so comply would not reasonably be expected to have a Material Adverse Effect; (b) none of the operations or properties of any Canadian Borrowers and each Subsidiary of a Canadian Borrower that is a Restricted Person is the subject of federal, provincial or local investigation evaluating whether any material remedial action is needed to respond to a release of any Hazardous Materials into the environment or to the improper storage or disposal (including storage or disposal at offsite locations) of any Hazardous Materials, unless such remedial action would not reasonably be expected to have a Material Adverse Effect; and (c) neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person (and to the best knowledge of Canadian Borrowers, no other Person) has filed any notice under any Law indicating that any such Person is responsible for the improper release into the environment, or the improper storage or disposal, of any material amount of any Hazardous Materials or that any Hazardous Materials have been improperly released, or are improperly stored or disposed of, upon any property of any such Person, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

Section 5.9. Names and Places of Business. Neither Canadian Borrower has, during the preceding five years, had, been known by, or used any other trade or fictitious name, except as disclosed in the Disclosure Schedule. Except as otherwise indicated in the Disclosure Schedule, the chief executive office and principal place of business of each Canadian Borrower is (and for the preceding five years have been) located at the address of such Canadian Borrower set out on the signature pages hereto. Except as indicated in the Disclosure Schedule, no Canadian Borrower or any Subsidiary of a Canadian Borrower that is a Restricted Person has any other office or place of business.

Section 5.10. Canadian Borrowers' Subsidiaries. No Canadian Borrower presently has any Subsidiary or owns any stock in any other corporation or association except those listed in the Disclosure Schedule. Neither any Canadian Borrower nor any of its Restricted Subsidiaries is a member of any general or limited partnership, limited liability company, joint venture or association of any type whatsoever except (a) those listed in the Disclosure Schedule, (b) associations, joint ventures or other relationships (i) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (ii) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law, and (iii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, pipelines or gathering systems, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, and (c) associations, joint ventures or other relationships (i) which are not corporations or partnerships under applicable provincial Law, and
(ii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, pipelines or gathering systems, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships. Each

Canadian Borrower owns, directly or indirectly, the equity interest in each of its Subsidiaries which is indicated in the Disclosure Schedule.

Section 5.11. Title to Properties; Licenses. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person has good and defensible title to all of its material properties and assets, free and clear of all Liens other than Permitted Liens and of all impediments to the use of such properties and assets in such Person's business except to the extent failure to have such title would not have a Material Adverse Effect. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, and other intellectual property (or otherwise possesses the right to use such intellectual property without violation of the rights of any other Person) which are necessary to carry out its business as presently conducted and as presently proposed to be conducted hereafter, and no such Person is in violation in any material respect of the terms under which it possesses such intellectual property or the right to use such intellectual property except to the extent failure to possess such licenses, permits, franchises, and intellectual property would not have a Material Adverse Effect.

Section 5.12. Solvency. Upon giving effect to the issuance of the Canadian Notes, the execution of the Canadian Loan Documents by Canadian Borrowers and the consummation of the transactions contemplated hereby, each Canadian Borrower will be solvent (as such term is used in applicable bankruptcy, liquidation, receivership, insolvency or similar Laws).

ARTICLE VI - Affirmative Covenants of Canadian Borrowers

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

Section 6.1. Payment and Performance. Each Canadian Borrower will pay all amounts due by it under the Canadian Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant, term and condition expressed or implied in the Canadian Loan Documents to be binding upon it. Each Canadian Borrower will cause each of its Subsidiaries which is a Restricted Person to observe, perform and comply with every such term, covenant and condition in any Loan Document.

Section 6.2. Books, Financial Statements and Reports. Each Canadian Borrower will at all times maintain full and accurate books of account and records. Each Canadian Borrower will maintain and will cause its Subsidiaries to maintain a standard system of accounting, will maintain its Fiscal Year, and will furnish (or will cause to be furnished) the following statements and reports to each Lender Party at Canadian Borrowers' expense:

(a) As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, complete Consolidated financial statements of US Borrower together with all notes thereto, prepared in reasonable detail in accordance with US GAAP, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by KPMG Peat Marwick L.L.P., or other independent certified public accountants selected by US Borrower and acceptable to US Agent, stating that such Consolidated financial statements have been so prepared. These financial statements shall contain a Consolidated balance sheet as of the end of such Fiscal Year and Consolidated statements of earnings, of cash flows, and of changes in owners' equity for such Fiscal Year, each setting forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, within ninety (90) days after the end of each Fiscal Year each Canadian Borrower will furnish to Canadian Agent and each Lender a certificate in the form of Exhibit D signed by the President, Senior Vice President - Finance, Treasurer or Vice President Accounting of US Borrower, stating that such financial statements are accurate and complete, stating that such Person has reviewed the Canadian Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of Section 7.7, and further stating that there is no condition or event at the end of such Fiscal Year or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(b) As soon as available, and in any event within forty-five (45) days after the end of each Fiscal Quarter, US Borrower's Consolidated and consolidating balance sheet and income statement as of the end of such Fiscal Quarter and a Consolidated statement of cash flows for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all in reasonable detail and prepared in accordance with US GAAP, subject to changes resulting from normal year-end adjustments. In addition each Canadian Borrower will, together with each such set of financial statements, furnish a certificate in the form of Exhibit D signed by the President, Senior Vice President - Finance, Treasurer or Vice President - Accounting of such US Borrower stating that such financial statements are accurate and complete (subject to normal year-end adjustments), stating that such Person has reviewed the Canadian Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of Section 7.7 and further stating that there is no condition or event at the end of such Fiscal Quarter or at the time of such certificate which constitutes a Default and specifying the nature and period of existence of any such condition or event.

(c) Promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent by US Borrower or any of its Subsidiaries that is a Restricted Person to its shareholders and all registration statements, prospectuses, periodic reports and other statements and schedules filed by any such Person with any exchange, any securities commission or any similar Governmental Authority, including any information or estimates with respect to US Borrower's oil and gas business (including its exploration, development and production activities) which are required to be furnished in such Canadian Borrower's annual report pursuant to securities legislation or the rules, policies and requirements of any Governmental Authority.

Section 6.3. Other Information and Inspections. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will furnish to each Lender any

information which Canadian Agent may from time to time reasonably request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with such Persons' businesses and operations. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will permit representatives appointed by Canadian Agent (including independent accountants, auditors, agents, lawyers, appraisers and any other Persons) to visit and inspect upon prior written notice during normal business hours any of such Restricted Person's property, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person shall permit Canadian Agent or its representatives to investigate and verify the accuracy of the information furnished to Canadian Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and representatives.

Section 6.4. Notice of Material Events and Change of Address. Canadian Borrowers will promptly notify each Lender in writing, stating that such notice is being given pursuant to this Agreement, of:

(a) the occurrence of any event which would have a Material Adverse Effect,

(b) the occurrence of any Default,

(c) the acceleration of the maturity of any Indebtedness owed by any of Canadian Borrowers or any of their Subsidiaries that are Restricted Persons having a principal balance of more than US $100,000,000, or of any default by any such Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such default would have a Material Adverse Effect,

(d) the occurrence of any Termination Event,

(e) any claim of US $100,000,000 or more, any notice of potential liability under any Environmental Laws which might exceed such amount, or any other material adverse claim asserted against any of Canadian Borrowers or any of their Subsidiaries that are Restricted Persons or with respect to any such Person's properties, and

(f) the filing of any suit or proceeding against any Canadian Borrowers or any of their Subsidiaries that are Restricted Person in which an adverse decision would reasonably be expected to have a Material Adverse Effect.

Canadian Borrowers will also notify Canadian Agent and Canadian Agent's counsel in writing promptly in the event that any Canadian Borrower or any of their Subsidiaries that is a Restricted Person changes its name or the location of its chief executive office.

Section 6.5. Maintenance of Properties. Each Canadian Borrower and each Subsidiary of a Canadian Borrower that is a Restricted Person will maintain, preserve, protect, and keep all

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

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

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

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

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

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

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

Section 6.12. Environmental Matters.

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

(b) Each Canadian Borrower will promptly furnish to Canadian Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by such Canadian Borrower, or of which it has notice, pending or threatened against such Canadian Borrower, by any Governmental Authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business which involve a potential liability or claim in excess of US $100,000,000.

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

ARTICLE VII - Negative Covenants of Canadian Borrowers

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

Section 7.1. Indebtedness. Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Subsidiary will in any manner owe or be liable for Indebtedness except:

(a) the Canadian Obligations.

(b) capital lease obligations (excluding oil, gas or mineral leases) entered into in the ordinary course of such Restricted Person's business in arm's length transactions at competitive market rates under competitive terms and conditions in all respects, provided that such capital lease obligations required to be paid in any Fiscal Year do not in the aggregate exceed US $35,000,000 for all Restricted Subsidiaries, whether or not Subsidiaries of any Canadian Borrower.

(c) unsecured Liabilities owed among Restricted Persons.

(d) guaranties by one Restricted Person of Liabilities owed by another Restricted Person, if such Liabilities either (i) are not Indebtedness, or (ii) are allowed under subsections (a), (b) or (c) of this Section 7.1.

(e) Indebtedness of the Restricted Persons for plugging and abandonment bonds or for letters of credit issued by any Lender in place thereof which are required by regulatory authorities in the area of operations, and Indebtedness of the Restricted Persons for other bonds or letters of credit issued by any Lender which are required by such regulatory authorities with respect to other normal oil and gas operations.

(f) non-recourse Indebtedness as to which no Restricted Person (i) provides any guaranty or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (ii) is directly or indirectly liable (as a guarantor or otherwise); provided, that after giving effect to such Indebtedness outstanding from time to time, US Borrower is not in violation of Section 7.7.

(g) Indebtedness that is subordinated to the US Obligations and the Canadian Obligations on terms acceptable to Canadian Required Lenders.

(h) Indebtedness in the approximate amount of C $3,459,000 owed to Indeck Gas Supply Corporation by Northstar Energy pursuant to a Gas Sales and Purchase Agreement dated as of March 9, 1989, as heretofore or hereafter amended from time to time.

(i) Acquired Debt.

(j) Indebtedness under Hedging Contracts.

(k) Indebtedness relating to the surety bond and letter of credit obligations listed on Schedule 2.

(l) miscellaneous items of Indebtedness of all Restricted Persons (other than US Borrower) not described in subsections (a) through (m) which do not in the aggregate exceed US $200,000,000 in principal amount at any one time outstanding.

Section 7.2. Limitation on Liens. Except for Permitted Liens, neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will create, assume or permit to exist any Lien upon any of the properties or assets which it now owns or hereafter acquires. Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will allow the filing or continued existence of any financing statement describing as collateral any assets or property of such Restricted Person, other than financing statements which describe only collateral subject to a Lien permitted under this section and which name as secured party or lessor only the holder of such Lien.

Section 7.3. Limitation on Mergers. Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will merge or consolidate with or into any other Person except that any Subsidiary of US Borrower may be merged into or consolidated with (a) another Subsidiary of US Borrower, or (b) US Borrower, so long as US Borrower is the surviving business entity.

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

(a) Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will issue any additional shares of its capital stock, additional partnership interests or other securities or any options, warrants or other rights to acquire such additional shares, partnership interests or other securities except to another Restricted Person which is a wholly-owned direct or indirect Subsidiary of US Borrower unless (i) such securities are being issued to acquire a business, directly or indirectly through the use of the proceeds of such issuance, and (ii) such securities are convertible into the common shares or similar securities of US Borrower and/or can be redeemed in cash at the option of the Restricted Person that issued such securities. In addition, (A) Northstar Energy may issue "Exchangeable Shares" (as defined in the Restated Articles of Incorporation of Northstar Energy) upon the terms specified in the Restated Articles of Incorporation of Northstar Energy as in effect on the date hereof (in this section called "Exchangeable Shares"), (B) Devon Canada may issue exchangeable shares upon substantially the same terms as such Exchangeable Shares, and (C) Northstar Energy may issue stock options to its employees from time to time to acquire such Exchangeable Shares, provided that such options are granted under a stock option plan of either Canadian Borrower and/or US Borrower.

(b) US Borrower will at all times own, directly or indirectly, 100% of the outstanding shares of common stock of Northstar Energy.

Section 7.5. Limitation on Restricted Payments. The aggregate amount of Restricted Payments made by the Restricted Persons during any Fiscal Year shall not exceed five percent (5%) of the book value of the Consolidated Assets of US Borrower as of the end of the immediately preceding Fiscal year, as adjusted to take into account any increase associate with an acquisition or merger.

Section 7.6. Transactions with Affiliates. Neither any Canadian Borrower nor any Subsidiary of a Canadian Borrower that is a Restricted Person will engage in any material transaction with any of its Affiliates on terms which are less favorable in any material respect to it than those which would have been obtainable at the time in arm's-length dealing with Persons other than such Affiliates, provided that such restriction shall not apply to transactions among such Restricted Persons that are wholly-owned, directly or indirectly, by US Borrower.

Section 7.7. Funded Debt to Total Capitalization. At the end of each Fiscal Quarter, the ratio of US Borrower's Consolidated Total Funded Debt to US Borrower's Total Capitalization will never exceed sixty-five percent (65%).

ARTICLE VIII - Events of Default and Remedies

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

(a) Any Restricted Person fails to pay any principal component of any Canadian Obligation when due and payable or fails to pay any other Canadian Obligation within three (3) days after the date when due and payable, whether at a date for the payment of a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) Any "default" or "event of default" occurs under any Canadian Loan Document which defines either such term, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(c) Any Restricted Person fails (other than as referred to in subsections (a) or (b) above) to (i) duly comply with Section 7.4(b) of the Canadian Agreement or (ii) duly observe, perform or comply with any other covenant, agreement, condition or provision of any Canadian Loan Document, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by Canadian Agent to Canadian Borrower;

(d) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Restricted Person in connection with any Canadian Loan Document shall prove to have been false or incorrect in any material respect on any date on or as of which made;

provided, that if such falsity or lack of correctness is capable of being remedied or cured within a 30-day period, Canadian Borrowers shall (subject to the other provisions of this Section 8.1) have a period of 30 days after written notice thereof has been given to Canadian Borrowers by Canadian Agent within which to remedy or cure such lack of correctness, or this Agreement, any Canadian Note, or the Guaranty executed by Canadian Guarantor is asserted to be or at any time ceases to be valid, binding and enforceable in any material respect as warranted in Section 5.5 for any reason other than its release or subordination by Canadian Agent;

(e) Any Restricted Person (i) fails to duly pay any Indebtedness in excess of US $100,000,000 constituting principal or interest owed by it with respect to borrowed money or money otherwise owed under any note, bond, or similar instrument, or (ii) breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, other than a breach or default described in clause (i) above, and any such failure, breach or default results in the acceleration of such Indebtedness;

(f) Any Change in Control occurs;

(g) Any "Event of Default" occurs under the US Agreement; and

(h) Any Canadian Borrower or any other Restricted Person having assets with a book value of at least US $100,000,000:

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

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

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

(iv) suffers the entry against it of a final judgment for the payment of money in an amount that exceeds (x) the valid and collectible insurance in respect thereof or (y) the amount of an indemnity with respect thereto reasonably acceptable to the Required Lenders by US $100,000,000 or more, unless the same is discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained; or

(v) suffers a levy of distress or execution or possession, or a writ or warrant of attachment or any similar process to be issued by any Tribunal against all or any part of its property having a book value of at least US $100,000,000, and such writ or warrant of attachment or any similar process is not stayed or released within thirty days after the entry or levy thereof or after any stay is vacated or set aside.

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

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

ARTICLE IX - Canadian Agent

Section 9.1. Appointment, Powers, and Immunities.

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

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

Section 9.2. Reliance by Canadian Agent.

(a) Canadian Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telecopy) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Restricted Person), independent accountants, and other experts selected by Canadian Agent. Canadian Agent may deem and treat the payee of any Canadian Note as the holder thereof for all purposes hereof unless and until Canadian Agent receives and accepts an Assignment and Acceptance executed in accordance with Section 10.6 hereof. Canadian Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Canadian Required Lenders, Canadian Majority Lenders or all Lenders, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all Lenders and participants. Where this Agreement expressly permits or prohibits an action unless the Canadian Required Lenders, Canadian Majority Lenders or all Lenders otherwise determine, the Canadian Agent shall, and in all other instances, the Canadian Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by Canadian Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender; provided, however, that Canadian Agent shall not be required to take any action that exposes Canadian Agent to personal liability or that is contrary to any Loan Document or applicable Law or unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking any such action.

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

Section 9.4. Rights as Lender. With respect to its Percentage Share of the Canadian Maximum Credit Amount and the Canadian Loans made by it, Canadian Agent (and any successor acting as Canadian Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not

acting as Canadian Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include Canadian Agent in its individual capacity. Canadian Agent (and any successor acting as Canadian Agent) and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make Investments in, provide services to, and generally engage in any kind of lending, trust, or other business with any Restricted Person or any of its Subsidiaries or Affiliates as if it were not acting as Canadian Agent, and Canadian Agent (and any successor acting as Canadian Agent) and its Affiliates may accept fees and other consideration from any Restricted Person or any of its Subsidiaries or Affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

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

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

Section 9.7. Administrative Agent in its Individual Capacity. Bank of America Canada and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Restricted Persons and their respective Affiliates as though Bank of America Canada were not the Canadian Agent or the Canadian LC Issuer hereunder and without notice to or consent of Lenders. Lenders acknowledge that, pursuant to such activities, Bank of America Canada or its Affiliates may receive information regarding any Restricted Person or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Restricted Person or such Affiliate) and acknowledge that the Canadian Agent shall be under no obligation to provide such information to them. With respect to its Canadian Loans, Bank of America Canada shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Canadian Agent or the Canadian LC Issuer, and the terms "Canadian Lender", "Canadian Lenders", "Lender" and "Lenders" include Bank of America Canada in its individual capacity.

Section 9.8. Sharing of Set-Offs and Other Payments. Each Lender Party agrees that if it shall, whether through the exercise of rights under Canadian Loan Documents or rights of banker's lien, set off, or counterclaim against Canadian Borrowers or otherwise, obtain payment of a portion of the aggregate Canadian Obligations owed to it which, taking into account all distributions made by Canadian Agent under Section 3.1, causes such Lender Party to have received more than it would have received had such payment been received by Canadian Agent and distributed pursuant to Section 3.1, then (a) it shall be deemed to have simultaneously purchased and shall be obligated to purchase interests in the Canadian Obligations as necessary to cause all Lender Parties to share all payments as provided for in Section 3.1, and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that Canadian Agent and all Lender Parties share all payments of Canadian Obligations as provided in Section 3.1; provided, however, that nothing herein contained shall in any way affect the right of any Lender Party to obtain payment (whether by exercise of rights of banker's lien, set-off or counterclaim or otherwise) of indebtedness other than the Canadian Obligations. Canadian Borrowers expressly consent to the foregoing arrangements and agree that any holder of any such interest or other participation in the Canadian Obligations, whether or not acquired pursuant to the foregoing arrangements, may to the fullest extent permitted by Law exercise any and all rights of banker's lien, set-off, or counterclaim as fully as if such holder were a holder of the Canadian Obligations in the amount of such interest or other participation. If all or any part of any funds transferred pursuant to this section is thereafter recovered from the seller under this section which received the same, the purchase provided for in this section shall be deemed to have been rescinded to the extent of such recovery, together with interest, if any, if interest is required pursuant to the order of a Tribunal order to be paid on account of the possession of such funds prior to such recovery.

Section 9.9. Investments. Whenever Canadian Agent in good faith determines that it is uncertain about how to distribute to Lender Parties any funds which it has received, or whenever Canadian Agent in good faith determines that there is any dispute among Lender Parties about how such funds should be distributed, Canadian Agent may choose to defer distribution of the funds which are the subject of such uncertainty or dispute. If Canadian Agent in good faith

believes that the uncertainty or dispute will not be promptly resolved, or if Canadian Agent is otherwise required to invest funds pending distribution to Lender Parties, Canadian Agent shall invest such funds pending distribution; all interest on any such Investment shall be distributed upon the distribution of such Investment and in the same proportion and to the same Persons as such Investment. All moneys received by Canadian Agent for distribution to Lender Parties (other than to the Person who is Canadian Agent in its separate capacity as a Lender Party) shall be held by Canadian Agent pending such distribution solely as Canadian Agent for such Lender Parties, and Canadian Agent shall have no equitable title to any portion thereof.

Section 9.10. Benefit of Article IX. The provisions of this Article (other than the following Section 9.11) are intended solely for the benefit of Lender Parties, and no Restricted Person shall be entitled to rely on any such provision or assert any such provision in a claim or defense against any Lender. Lender Parties may waive or amend such provisions as they desire without any notice to or consent of Canadian Borrower or any Restricted Person.

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

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

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

ARTICLE X - Miscellaneous

Section 10.1. Waivers and Amendments; Acknowledgments.

(a) Waivers and Amendments. No failure or delay (whether by course of conduct or otherwise) by any Lender Party in exercising any right, power or remedy which such Lender Party may have under any of the Canadian Loan Documents shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Lender Party of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any Canadian Loan Document and no consent to any departure therefrom shall ever be effective unless it is in writing and signed as provided below in this section, and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on any Restricted Person shall in any case of itself entitle any Restricted Person to any other or further notice or demand in similar or other circumstances. This Agreement and the other Canadian Loan Documents set forth the entire understanding between the parties hereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no waiver, consent, release, modification or amendment of or supplement to this Agreement or the other Canadian Loan Documents shall be valid or effective against any party hereto unless the same is in writing and signed by (i) if such party is Canadian Borrowers, by Canadian Borrowers, (ii) if such party is Canadian Agent or Canadian LC Issuer, by such party, and (iii) if such party is a Lender, by such Lender or by Canadian Agent on behalf of Lenders with the written consent of Canadian Required Lenders (which consent has already been given as to the termination of the Canadian Loan Documents as provided in Section 10.10). Notwithstanding the foregoing or anything to the contrary herein, Canadian Agent shall not, without the prior consent of US Majority Lenders and Canadian Majority Lenders, execute and deliver on behalf of such Lender any waiver or amendment which would increase the Canadian Maximum Credit Amount hereunder, except in connection with the Re-allocations described in Section 1.12. Notwithstanding the foregoing or anything to the contrary herein, Canadian Agent shall not, without the prior consent of each individual Canadian Lender, execute and deliver on behalf of such Lender any waiver or amendment which would: (1) waive any of the conditions specified in Article IV, (2) increase the maximum amount which such Lender is committed hereunder to lend, (3) reduce any fees payable to such Lender hereunder, or the principal of, or interest on, such Lender's Note, (4) postpone any date fixed for any payment of any such fees, principal or interest, (5) change the aggregate amount of Percentage Shares which is required for Canadian Agent,

Lenders or any of them to take any particular action under the Canadian Loan Documents, (6) release Canadian Borrowers from their obligation to pay such Lender's Note or Canadian Guarantor from its guaranty of such payment, or (7) amend this Section 10.1(a), except in connection with the Re-allocations described in Section 1.12.

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

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

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

(d) Annual Rates of Interest. For the purposes of the Interest Act (Canada), whenever interest payable pursuant to this Agreement is calculated on the basis of a period other than a calendar year (the "Interest Period"), each rate of interest determined pursuant to such calculation expressed as an annual rate is equivalent to such rate as so determined multiplied by the actual

number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the Interest Period.

Section 10.2. Survival of Agreements; Cumulative Nature. All of Restricted Persons' various representations, warranties, covenants and agreements in the Canadian Loan Documents shall survive the execution and delivery of this Agreement and the other Canadian Loan Documents and the performance hereof and thereof, including the making or granting of the Canadian Loans and the delivery of the Canadian Notes and the other Canadian Loan Documents, and shall further survive until all of the Canadian Obligations are paid in full to each Lender Party and all of Lender Parties' obligations to Canadian Borrowers are terminated. All statements and agreements contained in any certificate or other instrument delivered by any Restricted Person to any Lender Party under any Canadian Loan Document shall be deemed representations and warranties by each Canadian Borrower or agreements and covenants of Canadian Borrower under this Agreement. The representations, warranties, indemnities, and covenants made by Restricted Persons in the Canadian Loan Documents, and the rights, powers, and privileges granted to Lender Parties in the Canadian Loan Documents, are cumulative, and, except for expressly specified waivers and consents, no Canadian Loan Document shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to any Lender Party of any such representation, warranty, indemnity, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty, indemnity, or covenant herein contained shall apply to any similar representation, warranty, indemnity, or covenant contained in any other Canadian Loan Document, and each such similar representation, warranty, indemnity, or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various Canadian Loan Documents.

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

Section 10.4. Payment of Expenses; Indemnity.

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

(b) INDEMNITY. NORTHSTAR ENERGY AGREES TO INDEMNIFY EACH AGENT-RELATED PERSON AND EACH LENDER PARTY, UPON DEMAND, FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, CLAIMS, LOSSES, DAMAGES, PENALTIES, FINES, ACTIONS, JUDGMENTS, SUITS, SETTLEMENTS, COSTS, EXPENSES OR DISBURSEMENTS, EXCLUDING PRINCIPAL AND INTEREST OWING BY DEVON CANADA WITH RESPECT TO CANADIAN ADVANCES MADE TO DEVON CANADA, BUT INCLUDING REASONABLE FEES OF LEGAL COUNSEL, ACCOUNTANTS, EXPERTS AND ADVISORS) OF ANY KIND OR NATURE WHATSOEVER (IN THIS
SECTION COLLECTIVELY CALLED "LIABILITIES AND COSTS") WHICH TO ANY EXTENT (IN WHOLE OR IN PART) MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST SUCH LENDER PARTY GROWING OUT OF, RESULTING FROM OR IN ANY OTHER WAY ASSOCIATED WITH THE CANADIAN LOAN DOCUMENTS AND THE TRANSACTIONS AND EVENTS (INCLUDING THE ENFORCEMENT OR DEFENSE THEREOF) AT ANY TIME ASSOCIATED THEREWITH OR CONTEMPLATED THEREIN (WHETHER ARISING IN CONTRACT OR IN TORT OR OTHERWISE AND INCLUDING ANY VIOLATION OR NONCOMPLIANCE WITH ANY ENVIRONMENTAL LAWS BY ANY AGENT-RELATED PERSON OR ANY LENDER PARTY OR ANY OTHER PERSON OR ANY LIABILITIES OR DUTIES OF ANY AGENT-RELATED PERSON OR ANY LENDER PARTY OR ANY OTHER PERSON WITH RESPECT TO HAZARDOUS MATERIALS FOUND IN OR RELEASED INTO THE ENVIRONMENT).

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

provided only that no Agent-Related Person or Lender Party shall be entitled under this section to receive indemnification for that portion, if any, of any liabilities and costs which is proximately caused by its own individual gross negligence or willful misconduct, as determined in a final judgment. If any Person (including Canadian Borrowers or any of their Affiliates) ever alleges such gross negligence or willful misconduct by any Lender Party, the indemnification provided for in this section shall nonetheless be paid upon demand, subject to later adjustment or reimbursement, until such time as a court of competent jurisdiction enters a final judgment as to

the extent and effect of the alleged gross negligence or willful misconduct. As used in this section the term "Lender Party" shall refer not only to each Person designated as such in Section 1.1 but also to each director, officer, agent, attorney, employee, representative, attorney-in-fact and Affiliate of such Person.

Section 10.5. Parties in Interest. All grants, covenants and agreements contained in the Canadian Loan Documents shall bind and inure to the benefit of the parties thereto and their respective successors and assigns; provided, however, that no Restricted Person may assign or transfer any of its rights or delegate any of its duties or obligations under any Canadian Loan Document without the prior consent of all Lenders (and any attempted assignment or transfer by any Restricted Person without such consent shall be null and void). No Canadian Borrower nor any Affiliates of any Canadian Borrower shall directly or indirectly purchase or otherwise retire any Canadian Obligations owed to any Lender nor will any Lender accept any offer to do so, unless each Lender shall have received substantially the same offer with respect to the same Percentage Share of the Canadian Obligations owed to it. If Canadian Borrower or any Affiliate of any Canadian Borrower at any time purchases some but less than all of the Canadian Obligations owed to all Lender Parties, such purchaser shall not be entitled to any rights of any Lender under the Canadian Loan Documents unless and until Canadian Borrowers or their Affiliates have purchased all of the Canadian Obligations.

Section 10.6. Assignments and Participations.

(a) Each Lender may assign to one or more Eligible Transferees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Canadian Loans, Canadian Note, and its Percentage Share of the Canadian LC Obligations and the Canadian Maximum Credit Amount); provided, however, that

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

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

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

(iv) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its rights and obligations under the Canadian Loan Documents, excluding, in the case of Bank of America Canada, Canadian Swing Loans; and

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

Upon execution, delivery, and acceptance of such Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this section, the assignor, Canadian Agent and Canadian Borrowers shall make appropriate arrangements so that, if required, new Canadian Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the Laws of Canada or a province thereof, it shall deliver to Canadian Borrowers and Canadian Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 3.9 of the US Agreement.

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

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

(d) Each Lender may sell participations to one or more Persons that are Eligible Transferees in all or a portion of its rights and obligations under this Agreement (including all or a portion of the Canadian Maximum Credit Amount and its Canadian Loans); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article III (provided that a participant shall not be entitled to receive any greater payment under Section 3.1 or 3.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant, unless the sale of the participation to such participant is

made with the Canadian Borrowers' prior written consent. A participant that would have been subject to Section 3.9 if it were a Lender, shall not be entitled to the benefits of Section 3.1 unless Canadian Borrowers have been notified of the participation sold to such participant, and such participant agrees, for the benefit of Canadian Borrowers, to comply with such Section as if it were a Lender) and the right of offset contained in Section 6.13 (provided that such participant agrees to be subject to Section 9.8 as if it were a Lender), and (iv) Canadian Borrowers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of Canadian Borrowers relating to its Canadian Loans and its Canadian Note and to approve any amendment, modification, or waiver of any provision of this Agreement (provided that such Lender may agree that it will not approve amendments, modifications, or waivers decreasing the amount of principal of or the rate at which interest is payable on such Canadian Loans or Canadian Note, extending any scheduled principal payment date or date fixed for the payment of interest on such Canadian Loans or Canadian Note, or extending its Canadian Maximum Credit Amount without the prior consent of the participant).

(e) If the consent of Canadian Borrowers to an assignment or to an Eligible Assignee is required hereunder, Canadian Borrowers shall be deemed to have given their consent ten (10) Business Days after the date notice thereof has been delivered by the assigning Lender (through Canadian Agent) unless such consent is expressly refused by Canadian Borrowers prior to such tenth Business Day.

(f) Notwithstanding anything to the contrary contained herein, if at any time Bank of America Canada assigns all of its Percentage Share in the Canadian Obligations and its rights and obligations hereunder pursuant to subsection 10.6(a) above, Bank of America Canada may resign as Canadian LC Issuer and/or terminate its commitment to make Canadian Swing Loans by giving written notice thereof to Canadian Borrowers and Canadian Lenders. Each such notice shall set forth the date of such resignation; provided that any such resignation or termination shall not become effective until a successor has been appointed as provided below and has accepted such appointment. In the event of any such resignation by Bank of America Canada as Canadian LC Issuer or termination of its commitment to make Canadian Swing Loans, Canadian Borrowers shall be entitled to appoint from among the Canadian Lenders a successor Canadian LC Issuer or Canadian Swing Lender hereunder. If, within sixty days after notice has been given to Canadian Borrowers and Canadian Lenders of any such resignation or termination, no successor Canadian LC Issuer or Canadian Swing Lender, as the case may be, has been appointed and has accepted such appointment, then Bank of America Canada may appoint such a successor, which shall be a commercial bank organized or licensed to conduct a banking or trust business under the Laws of Canada or of any province thereof. If Bank of America Canada resigns as Canadian LC Issuer, it shall retain all the rights and obligations of Canadian LC Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as Canadian LC Issuer and all Canadian LC Obligations with respect thereto (including the right to require Canadian Lenders to make Canadian Prime Rate Loans or fund participations in unreimbursed amounts pursuant to Section 2.8. If Bank of America Canada terminates its commitment to make Canadian Swing Loans, it shall retain all the rights of Canadian Swing Lender provided for hereunder with respect to Canadian Swing Loans made by it and outstanding as of the effective date of such termination,

including the right to require the Canadian Lenders to make Canadian Prime Rate Loans (or other Advances if requested by a Canadian Borrower) or fund participations in outstanding Canadian Swing Loans pursuant to Section 1.11.

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

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

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

Section 10.8. Governing Law; Submission to Process. EXCEPT TO THE EXTENT THAT THE LAW OF ANOTHER JURISDICTION IS EXPRESSLY ELECTED IN A CANADIAN LOAN DOCUMENT, THE CANADIAN LOAN DOCUMENTS SHALL BE DEEMED CONTRACTS AND INSTRUMENTS MADE UNDER THE LAWS OF THE PROVINCE OF ALBERTA AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ALBERTA AND THE LAWS OF CANADA APPLICABLE THERETO, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. EACH OF THE PARTIES HEREBY AGREES THAT ANY LEGAL ACTION OR PROCEEDING AGAINST SUCH CANADIAN BORROWER WITH RESPECT TO THIS AGREEMENT, THE CANADIAN NOTES OR ANY OF THE CANADIAN LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE PROVINCE OF ALBERTA AND EACH PARTY SUBMITS AND ATTORNS TO, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. EACH PARTY WAIVES ANY RIGHT TO STAY OR TO DISMISS ANY ACTION OR PROCEEDING BROUGHT BEFORE SAID COURTS ON THE BASIS OF FORUM NON CONVENIENS. NOTHING HEREIN SHALL AFFECT THE RIGHT OF LENDER PARTIES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF LENDER PARTIES TO BRING PROCEEDINGS AGAINST CANADIAN BORROWERS IN THE COURTS OF ANY OTHER JURISDICTION.

Section 10.9. Waiver of Judgment Interest Act (Alberta). To the extent permitted by Law, the provisions of the Judgment Interest Act (Alberta) shall not apply to the Canadian Loan Documents and are hereby expressly waived by Canadian Borrowers.

Section 10.10. Deemed Reinvestment Not Applicable. For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest shall not apply to any interest calculation under the Canadian Loan Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

Section 10.11. Limitation on Interest. Lender Parties, Restricted Persons and any other parties to the Canadian Loan Documents intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the Canadian Loan Documents shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the maximum amount of interest permitted to be charged by applicable Law from time to time in effect. Neither any Restricted Person nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay interest thereon in excess of the maximum amount that may be lawfully charged under applicable Law from time to time in effect, and the provisions of this section shall control over all other provisions of the Canadian Loan Documents which may be in conflict or apparent conflict herewith. Lender Parties expressly disavow any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of any Obligation is accelerated. If (a) the maturity of any Obligation is accelerated for any reason, (b) any Obligation is prepaid and as a result any amounts held to constitute interest are determined to be in excess of the legal maximum, or (c) any Lender or any other holder of any or all of the Obligations shall otherwise collect moneys which are determined to constitute interest which would otherwise increase the interest on any or all of the Obligations to an amount in excess of that permitted to be charged by applicable Law then in effect, then all sums determined to constitute interest in excess of such legal limit shall, without penalty, be promptly applied to reduce the then outstanding principal of the related Obligations or, at such Lender's or holder's option, promptly returned to Canadian Borrowers or the other payor thereof upon such determination. In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the maximum amount permitted under applicable Law, Lender Parties and Restricted Persons (and any other payors thereof) shall to the greatest extent permitted under applicable Law, and in accordance with generally accepted actuarial practices and principles, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest,
(ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the instruments evidencing the Obligations in accordance with the amounts outstanding from time to time thereunder and the maximum legal rate of interest from time to time in effect under applicable Law in order to lawfully charge the maximum amount of interest permitted under applicable Law. In no event shall the aggregate "interest" (as defined in section 347 of the Criminal Code (Canada)) payable under the Canadian Loan Documents exceed the maximum effective annual rate of interest on the "credit advanced" (as defined in that section) permitted under that section and, if any payment, collection or demand pursuant to this Agreement in

respect of "interest" (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand shall be deemed to have been made by mutual mistake of Canadian Borrowers, Canadian Agent and Lenders and the amount of such excess payment or collection shall be refunded to Canadian Borrowers. For purposes of the Canadian Loan Documents, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term applicable to the Canadian Obligations on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Canadian Agent shall be prima facie evidence, for the purposes of such determination.

Section 10.12. Termination; Limited Survival. In their sole and absolute discretion, Canadian Borrowers may at any time that no Canadian Obligations are owing elect in a written notice delivered to Canadian Agent to terminate this Agreement. Upon receipt by Canadian Agent of such a notice, if no Canadian Obligations are then owing this Agreement and all other Canadian Loan Documents shall thereupon be terminated and the parties thereto released from all prospective obligations thereunder. Notwithstanding the foregoing or anything herein to the contrary, any waivers or admissions made by any Restricted Person in any Canadian Loan Document, any Obligations under Sections 3.2 through 3.6, and any obligations which any Person may have to indemnify or compensate any Lender Party shall survive any termination of this Agreement or any other Canadian Loan Document. At the request and expense of Canadian Borrowers, Canadian Agent shall prepare and execute all necessary instruments to reflect and effect such termination of the Canadian Loan Documents. Canadian Agent is hereby authorized to execute all such instruments on behalf of all Lenders, without the joinder of or further action by any Lender.

Section 10.13. Severability. If any term or provision of any Canadian Loan Document shall be determined to be illegal or unenforceable all other terms and provisions of the Canadian Loan Documents shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

Section 10.14. Counterparts; Fax. This Agreement may be separately executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement. This Agreement and the Canadian Loan Documents may be validly executed and delivered by facsimile or other electronic transmission.

Section 10.15. Waiver of Jury Trial, Punitive Damages, etc. EACH
CANADIAN BORROWER AND EACH LENDER PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY (A) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THE CANADIAN LOAN DOCUMENTS OR ANY TRANSACTION CONTEMPLATED THEREBY OR ASSOCIATED THEREWITH, BEFORE OR AFTER MATURITY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND,

ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY, (B) WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES", AS DEFINED BELOW, (C) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (D) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER CANADIAN LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENTS OR FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

Section 10.16. Defined Terms. Capitalized terms and phrases used and not otherwise defined herein shall for all purposes of this Agreement have the meaning given to such terms and phrases in Annex I hereto.

Section 10.17. Annex I, Exhibits and Schedules; Additional Definitions. Annex I, Annex II, and all Exhibits and Schedules attached to this Agreement are a part hereof for all purposes.

Section 10.18. Amendment of Defined Instruments. Unless the context otherwise requires or unless otherwise provided herein the terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document, provided that nothing contained in this section shall be construed to authorize any such renewal, extension, modification, amendment or restatement.

Section 10.19. References and Titles. All references in this Agreement to Exhibits, Schedules, articles, sections, subsections and other subdivisions refer to the Exhibits, Schedules, articles, sections, subsections and other subdivisions of this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any subdivisions are for convenience only and do not constitute any part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Agreement", "this instrument", "herein", "hereof", "hereby", "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the sections or subsections hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 10.20. Calculations and Determinations. All calculations under the Canadian Loan Documents of interest chargeable with respect to Eurodollar Loans and of fees (excluding stamping fees on Bankers' Acceptances) shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 360 days. All calculations with respect to Bankers' Acceptances shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 days. All other calculations of interest made under the Canadian Loan Documents shall be made on the basis of actual days elapsed (including the first day but excluding the last) and a year of 365 or 366 days, as appropriate. Each determination by a Lender Party of amounts to be paid under Article III or any other matters which are to be determined hereunder by a Lender Party (such as any US Dollar Eurodollar Rate, Canadian Dollar Eurodollar Rate, Adjusted US Dollar Eurodollar Rate, Adjusted Canadian Dollar Eurodollar Rate, Business Day, Interest Period, or Reserve Requirement) shall, in the absence of manifest error, be conclusive and binding. Unless otherwise expressly provided herein or unless Required Lenders otherwise consent all financial statements and reports furnished to any Lender Party hereunder shall be prepared and all financial computations and determinations pursuant hereto shall be made in accordance with US GAAP.

Section 10.21. Construction of Indemnities and Releases. All indemnification and release provisions of this Agreement shall be construed broadly (and not narrowly) in favor of the Persons receiving indemnification from or being released.

Section 10.22. Separate Obligations. All obligations of Northstar Energy and Devon Canada under this Agreement and the other Canadian Loan Documents are separate and individual obligations of Northstar Energy and Devon Canada, respectively, and Northstar Energy shall not have any liabilities in respect of Canadian Advances made by the Lenders to Devon Canada nor shall Devon Canada have any liabilities in respect of Canadian Advances made to Northstar Energy.

Section 10.23. Termination of Existing Canadian Agreement. Upon the payment in full of all outstanding indebtedness owing under the Existing Canadian Agreement, the Existing Canadian Agreement and the other loan documents executed pursuant thereto shall be terminated and the parties thereto shall have no further obligations or liabilities, covenants, or representations thereunder; provided, however, the indemnification obligations provided in the Existing Canadian Agreement shall not be terminated and shall survive the termination of the Existing Canadian Agreement.

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

NORTHSTAR ENERGY CORPORATION
Canadian Borrower

By: /s/ PAUL BRERETON
Paul Brereton
Vice President - Finance

Address:

3000, 400-3 Avenue SW
Calgary, AB T2P 4H2
Attention: Vice President - Finance
Telephone: (403) 213-8151
Fax: (403) 213-8190

DEVON ENERGY CANADA CORPORATION
Canadian Borrower

By: /s/ PAUL BRERETON
Paul Brereton
Vice President - Finance

Address:

3000, 400-3 Avenue SW
Calgary, AB T2P 4H2
Attention: Vice President - Finance
Telephone: (403) 213-8151
Fax: (403) 213-8190

BANK OF AMERICA CANADA
Administrative Agent,
Canadian LC Issuer and Lender

By: /s/ RICHARD J. HALL

Richard J. Hall
Vice President

Address:

200 Front Street West, Suite 2700
Toronto, Canada M5V 3L2
Attention: Richard J. Hall
Telephone: (416)349-4008
Fax: (416) 349-4283

BANK ONE CANADA
Lender

By: /s/ JEREMIAH A. HYNES III

Name: Jeremiah A. Hynes III
Title: First Vice President

THE CHASE MANHATTAN BANK
Lender

By: /s/ ROBERT W. TRABAND

Name: Robert W. Traband
Title: Vice President

UMB BANK
Lender

By: /s/ RICHARD J. LEHRTER

Name: Richard J. Lehrter
Title: Community Bank President

FIRST UNION NATIONAL BANK
Lender

By: /s/ DAVID E. HUMPHREYS

Name: David E. Humphreys
Title: Vice President

WESTDEUTSCHE LANDESBANK GIROZENTRALE
Lender

By: /s/ CYNTHIA M. NIESEN

Name: Cynthia M. Niesen
Title: Managing Director

By: /s/ THOMAS LEE

Name: Thomas Lee
Title: Associate

THE BANK OF NEW YORK
Lender

By: /s/ RAYMOND J. PALMER

Name: Raymond J. Palmer
Title: Vice President

ROYAL BANK OF CANADA
Lender

By: /s/ S.G. TIBBATTS

Name: S.G. Tibbatts
Title: Account Manager

SUNTRUST BANK, ATLANTA
Lender

By: /s/ STEVEN J. NEWBY

Name: Steven J. Newby
Title: Vice President

By: /s/ MARY CRAWFORD OWEN

Name: Mary Crawford Owen
Title: Banking Officer

J.P. MORGAN CANADA
Lender

By: /s/ JEFF MARK

Name: Jeff Mark
Title:

CITIBANK CANADA
Lender

By: /s/ K. CLINTON GERST

Name: K. Clinton Gerst
Title: Managing Director

DEUTSCHE BANK AG NEW YORK AND/OR CAYMAN ISLANDS BRANCHES
Lender

By: /s/ JOEL MAKOWSKY

Name: Joel Makowsky
Title: Vice President

CANADIAN IMPERIAL BANK OF COMMERCE
Lender

By: /s/ JOELLE SCHELLENBERG

Name: Joelle Schellenberg
Title: Director

By: /s/ DAVID J. SWAIN

Name: David J. Swain
Title: Managing Director

ABN AMRO BANK CANADA
Lender

By: /s/ MARK BOHN

Name: Mark Bohn
Title: Vice President

By: /s/ ROBERT DUFFIELD

Name: Robert Duffield
Title: Vice President

BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN ISLANDS BRANCH
Lender

By: /s/ PETER OBERMANN

Name: Peter Obermann
Title: Senior Vice President

By: /s/ JAMES BOYLE

Name: James Boyle
Title: Vice President

THE FUJI BANK, LIMITED
Lender

By: /s/ NATE ELLIS
Name: Nate Ellis
Title: Senior Vice President & Manager

CREDIT LYONNAIS
Lender

By: /s/ PHILLIPPE SOUSTRA

Name: Phillippe Soustra
Title: Senior Vice President

BANK OF TOKYO - MITSUBISHI
(CANADA)

Lender

By: /s/ DAVIS J. STEWART

Name: Davis J. Stewart
Title: Vice President

ANNEX I

DEFINED TERMS

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

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

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

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

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

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

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

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

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

"Applicable Margin" means

(a) when used in the Canadian Agreement on any date and when used in the US Agreement, except with respect to any Tranche B Loan, on any date, the number of Basis Points per annum set forth below based on the Applicable Rating Level on such date:

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

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

Applicable Rating Level	Applicable Margin
Level I	26.0
Level II	37.5
Level III	47.5
Level IV	70.0
Level V	77.5

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

"Applicable Rating Level" means for any day, the highest Rating Level (as such term is defined below in this paragraph) issued by S&P or Moody's (collectively, in this definition called the "Designated Rating Agencies"). As used in this definition, (i) the term "Rating Level" means for any day with respect to any of the Designated Rating Agencies, the rating level described below (or its then equivalent) applicable on such day, issued by such Designated Rating Agency, from time to time, with respect to US Borrower's Long-Term Debt or if such rating is unavailable, equivalents thereof, including counterparty ratings, implied ratings and corporate ratings; (ii) "US Borrower's Long-Term Debt" means senior, unsecured, non-credit enhanced long-term indebtedness for borrowed money of US Borrower, and (iii) "$" means a rating equal to or more favorable than and "<" means a rating less favorable than.

Rating Level	S&P	Moody's
Level I	$A-	$A3
Level II	BBB+	Baa1
Level III	BBB	Baa2
Level IV	BBB-	Baa3
Level V	<BBB-	<Baa3

If any of the Designated Rating Agencies shall not have in effect a rating for US Borrower's Long-Term Debt or if the rating system of any of the Designated Rating Agencies shall change, or if either of the Designated Rating Agencies shall cease to be in the business of rating corporate debt obligations, US Borrower and Required Lenders shall negotiate in good faith to amend this

definition to reflect such changed rating system or the unavailability of ratings from such Designated Rating Agency, but until such an agreement shall be reached, the Applicable Rating Level shall be based only upon the rating by the remaining Designated Rating Agency.

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

"BA Discount Rate" means, in respect of a BA being accepted by a Lender on any date, (i) for a Lender that is listed in Schedule I to the Bank Act (Canada), the average bankers' acceptance rate as quoted on Reuters CDOR page (or such other page as may, from time to time, replace such page on that service for the purpose of displaying quotations for bankers' acceptances accepted by leading Canadian financial institutions) at approximately 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA (the "CDOR Rate"); or, if such rate is not available at or about such time, the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Canadian Agent by the Schedule I BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA; and (ii) for a Lender that is listed in Schedule II to the Bank Act (Canada) or a Lender that is listed in Schedule III to the Bank Act (Canada) that is not subject to the restrictions and requirements referred to in subsection 524 (2) of the Bank Act (Canada), the rate established by the Canadian Agent to be the lesser of (A) the CDOR Rate plus 10 Basis Points; and (B) the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Canadian Agent by the Schedule II BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA;

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

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

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

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

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

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

Acceptances into Canadian Loans of a single Type in the case of Eurodollar Loans with the same Interest Period pursuant to Section 1.3 of the Canadian Agreement.

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

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

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

"Canadian Agent" means Bank of America Canada, as administrative agent under the Canadian Agreement, and its successors and assigns in such capacity.

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

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

"Canadian Borrowers" means Northstar Energy and Devon Energy Canada.

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

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

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

such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Canadian Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Canadian Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00
a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding subsections
(a) and (b) are not available, the rate per annum determined by the Canadian Agent as the rate of interest at which deposits in Canadian Dollars (for delivery on the first day of such Interest Period) in same day funds in the approximate amount of the applicable Canadian Dollar Eurodollar Loan and with a term equivalent to such Interest Period would be offered by its London branch to major banks in the offshore Canadian Dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

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

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

"Canadian Guarantor" means US Borrower.

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

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

"Canadian LC Sublimit" means US $25,000,000.

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

"Canadian Loan Documents" means the Canadian Agreement, the Canadian Notes, the Letters of Credit issued under the Canadian Agreement, the LC Applications related thereto, the BA's, the Guaranty executed by Canadian Guarantor, and all other agreements, certificates,

documents, instruments and writings at any time delivered in connection herewith or therewith (exclusive of term sheets and commitment letters).

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

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

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

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

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

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

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

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

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

"Canadian Resident Lender" means each Lender identified as such on Annex II to the Canadian Agreement or any Assignment and Acceptance executed by a new Lender, each being a Person that is not a non-resident of Canada for the purposes of the Income Tax Act (Canada).

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

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

"Canadian Swing Lender" means Bank of America Canada, in its individual capacity.

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

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

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

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

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

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

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

"Cash Equivalents" means Investments in:

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

(b) demand deposits, and time deposits (including certificates of deposit) maturing within twelve months from the date of deposit thereof, with a domestic office (1) of US Agent or Canadian Agent or any Lender, or (2) of any bank or trust

company organized under the laws of Canada or the United States of America or any Province or State therein, provided that (x) the full amount of each such deposit in such bank or trust company is insured by the Federal Deposit Insurance Corporation if applicable, or (y) such bank or trust company has capital, surplus and undivided profits aggregating at least US $50,000,000, and

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

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

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

"Closing Date" means August 29, 2000.

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

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

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

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

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

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

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

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

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

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

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

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

or telephonic request, or a written confirmation, made by the applicable Canadian Borrower which meets the requirements of Section 1.3 of the Canadian Agreement.

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

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

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

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

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

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

"Devon Energy Canada" means Devon Energy Canada Corporation, a Canadian corporation organized under the laws of Alberta.

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

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

"Devon SFS" means Santa Fe Snyder Corporation, a Delaware corporation into which Devon Merger Co. has been merged (with Santa Fe Snyder Corporation being the survivor, becoming a wholly-owned Subsidiary of US Borrower and changing its name to Devon SFS Operating, Inc.).

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

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

$$\frac{\text{Face Amount}}{1 + (\text{Rate} \times \frac{\text{Term}}{365})}$$

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

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

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

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

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

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

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

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

"Eurodollar Interest Period" means, with respect to each particular Eurodollar Loan in a Borrowing, the period specified in the Borrowing Notice or Continuation/Conversion Notice applicable thereto, beginning on and including the date specified in such Borrowing Notice or Continuation/Conversion Notice (which must be a Business Day), and ending one, two, three, or six months thereafter, as the applicable Borrower may elect in such notice; provided that:
(a) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day; (b) any Interest Period which begins on the last Business Day in a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day in a calendar month; and (c) notwithstanding the foregoing, any Interest Period which would otherwise end after the last day of the US Facility Commitment Period or the Canadian Revolving Period shall end on the last day of the US Facility Commitment Period or the Canadian Revolving Period (or, if the last day of such period is not a Business Day, on the next preceding Business Day).

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

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

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

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

"Existing Canadian Agreement" means that certain Canadian Credit Agreement dated as of October 15, 1999 among Canadian Borrowers, Canadian Agent, and certain lenders named therein.

"Existing Santa Fe Snyder Agreement" means those two certain Credit Agreements dated as of May 5, 1999 by and among Santa Fe Snyder Corporation, The Chase Manhattan Bank, as administrative agent, and the lenders party thereto.

"Existing US Agreement" means that certain US Credit Agreement dated as of October 15, 1999 among Devon Oklahoma, US Agent, and certain lenders named therein.

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

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

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

day shall be the average rate quoted to US Agent on such day on such transactions as determined by US Agent.

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

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

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

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

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

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

"Income Tax Act (Canada)" means the Income Tax Act, S.C. 1970-71-72, c. 63, including the regulations made and, from time to time, in force under that Act.

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

(a) Liabilities for borrowed money,

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

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

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

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

(f) Liabilities under Hedging Contracts,

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

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

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

"Initial Financial Statements" means (i) the audited annual Consolidated financial statements of US Borrower dated as of December 31, 1999, (ii) the unaudited quarterly Consolidated financial statements of US Borrower dated as of June 30, 2000, (iii) the audited annual Consolidated financial statements of Santa Fe Snyder Corporation dated as of December 31, 1999, and (iv) the unaudited quarterly Consolidated financial statements of Santa Fe Snyder Corporation dated as of June 30, 2000.

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

"Interest Payment Date" means (a) with respect to each US Base Rate Loan, Canadian US Dollar Base Rate Loan, Canadian Prime Rate Loan, Canadian Swing Loan, and US Swing Loan the last day of each March, June, September and December beginning September 30, 2000, and (b) with respect to each Eurodollar Loan, the last day of the Eurodollar Interest Period that is applicable thereto and, if such Eurodollar Interest Period is six months in length, the date specified by US Agent which is approximately three months after such Eurodollar Interest Period begins; provided that the last day of each calendar month shall also be an Interest Payment Date for each such Loan so long as any Event of Default exists under Section 8.1 (a) or (b).

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

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

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

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

"Judgment Interest Act (Alberta)" means the Judgment Interest Act, S.A. 1984 c. J-O.5, including the regulations made and, from time to time, in force under that Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Offer of Extension" means (a) with respect to the Canadian Agreement, a written offer by Canadian Agent, for and on behalf of Required Lenders, to Canadian Borrowers to extend the Canadian Facility Revolving Period to a date 364 days from acceptance by Canadian Borrowers of such offer, and setting forth, if applicable, the terms and conditions on which such extension is offered by the Lenders and as may be accepted by Canadian Borrowers, and (b) with respect to the US Agreement, a written offer by US Agent, for and on behalf of Required Lenders, to US Borrower to extend the Tranche B Revolving Period to a date 364 days from acceptance by US Borrower of such offer, and setting forth, if applicable, the terms and conditions on which such extension is offered by the Lenders and as may be accepted by US Borrower.

"PennzEnergy Debentures" means the following Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Borrower:

(a) 10.125% Debentures due November 15, 2009 in the aggregate principal amount of US $200,000,000;

(b) 10.25% Debentures due November 1, 2005 in the aggregate principal amount of US $250,000,000;

(c) the PennzEnergy Exchangeable Debentures.

"PennzEnergy Exchangeable Debentures" means the following Exchangeable Debentures of PennzEnergy Company, which were issued prior to the merger of PennzEnergy Company with and into US Borrower:

(a) 4.90% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US $443,807,000; and

(b) 4.95% Exchangeable Senior Debentures due August 15, 2008 in the aggregate principal amount of US $316,506,000.

"Percentage Share" means

(a) under the US Agreement with respect to any Lender (i) when used in Article I of the US Agreement except when used in Section 1.5(d) thereof with respect to utilization fees, or in Article II of the US Agreement prior to the Tranche B Conversion Date, in any Borrowing Notice thereunder or when no US Loans are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's US Loans and such Lender's Percentage Share of the US LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all US Loans at such time plus the aggregate amount of all US LC Obligations outstanding at such time; and

(b) under the Canadian Agreement with respect to any Lender (i) when used in Article I of the Canadian Agreement except when used in Section 1.5(c) thereof with respect to utilization fees, in Article II of the Canadian Agreement prior to the Conversion Date, in any Borrowing Notice thereunder or when no Canadian Advances are outstanding, the percentage set forth opposite such Lender's name on the Lenders Schedule as modified by assignments of a Lender's rights and obligations under the Canadian Agreement made by or to such Lender in accordance with the terms of the Canadian Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal

balance of such Lender's Canadian Advances and such Lender's Percentage Share of the Canadian LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all Canadian Advances at such time plus the aggregate amount of all Canadian LC Obligations outstanding at such time.

"Permitted Distribution" means (i) any Distribution made by any Restricted Person that is payable only in common stock of such Restricted Person, and (ii) any other Distribution made by any Restricted Person to US Borrower, Canadian Borrower or to any other Restricted Person that is a wholly-owned Subsidiary of US Borrower.

"Permitted Investments" means (a) Cash Equivalents, (b) Investments in Restricted Subsidiaries that are wholly-owned by US Borrower and in Canadian Borrowers, and (c) US Borrower's Investments in Thunder Creek Gas Services L.L.C. and Sage Creek Gas Processors, L.L.C., which are limited liability companies involved in the methane gas and conventional gas production and development in the Powder River basin of central Wyoming and are owned by a Subsidiary of US Borrower and other industry partners (US Borrower will include its pro rata share of these entities in its Consolidated financial statements),
(d) payments made for the purchase of oil and gas assets, leaseholds and associated facilities and/or the purchase of equity interests in entities involved in the oil and gas industry, all in accordance with US Borrower's normal business practices; provided that no Default shall exist before or after any such acquisition or Investment, and (e) Investments in any Person, so long as such Person becomes a Restricted Subsidiary of US Borrower within one year after the date such Investment is made.

"Permitted Liens" means:

(a) Liens for taxes, assessments or governmental charges which are not due or delinquent, or the validity of which US Borrower or any Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(b) the Lien of any judgment rendered, or claim filed, against US Borrower or any Restricted Subsidiary which does not constitute an Event of Default and which US Borrower or any such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(c) Liens, privileges or other charges imposed or permitted by law such as statutory liens and deemed trusts, carriers' liens, builders' liens, materialmens' liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent, including any lien or trust arising in connection with workers' compensation, unemployment insurance, pension, employment and similar laws or regulations;

(d) Liens arising in the ordinary course of and incidental to construction, maintenance or current operations which have not been filed pursuant to law against US Borrower or any Restricted Subsidiary or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, which US Borrower or such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(e) Liens incurred or created in the ordinary course of business and in accordance with sound oil and gas industry practice in respect of the exploration, development or operation of oil and gas properties or related production or processing facilities or the transmission of petroleum substances as security in favor of any other Person conducting the exploration, development, operation or transmission of the property to which such Liens relate, for US Borrower's or any of its Restricted Subsidiaries' portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, which US Borrower or such Restricted Subsidiary shall be contesting in good faith; provided US Borrower or such Restricted Subsidiary shall have made adequate provision therefor in accordance with US GAAP;

(f) overriding royalty interests, net profit interests, reversionary interests and carried interests or other similar burdens on production in respect of US Borrower's or any of its Restricted Subsidiaries' oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice in the area of operation;

(g) Liens for penalties arising under non-participation provisions of operating agreements in respect of US Borrower's or any of its Restricted Subsidiaries' oil and gas properties if such Liens do not materially detract from the value of any material part of the property of US Borrower and its Subsidiaries taken as a whole;

(h) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by US Borrower or any Restricted Subsidiary (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of US Borrower and its Restricted Subsidiaries taken as a whole;

(i) security given by US Borrower or any Restricted Subsidiary to a public utility or any Governmental Authority when required by such public utility or Governmental Authority in the ordinary course of the business of US Borrower or any Restricted

Subsidiary in connection with operations of US Borrower or any Restricted Subsidiary if such security does not, either alone or in the aggregate, materially detract from the value of any material part of the property of US Borrower and its Restricted Subsidiaries taken as a whole;

(j) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, grant or permit or by any statutory or regulatory provision to terminate any such lease, license, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

(k) all reservations in the original grant of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;

(l) any Lien from time to time disclosed by US Borrower or any Restricted Subsidiary to the US Agent or the Canadian Agent and which is consented to by the Majority Lenders;

(m) any right of first refusal in favor of any Person granted in the ordinary course of business with respect to all or any of the oil and gas properties of US Borrower or any Restricted Subsidiary;

(n) Liens on cash or marketable securities of US Borrower or any Restricted Subsidiary granted in connection with any Hedging Contract permitted under the US Agreement;

(o) Liens in respect of Indebtedness permitted by Sections 7.1(b), 7.1(g) and 7.1(j);

(p) Liens in favor of the US Agent or the Canadian Agent for the benefit of the Lender Parties;

(q) Liens to collateralize moneys held in a cash collateral account by a lender in respect of the prepayment of bankers' acceptances, letters of credit or similar obligations accepted or issued by such lender but only if at the time of such prepayment no default or event of default has occurred and is continuing under the credit facility pursuant to which the bankers' acceptances or letters of credit have been accepted or issued;

(r) purchase money Liens upon or in any tangible personal property and fixtures (including real property surface rights upon which such fixtures are located and contractual rights and receivables relating to such property) acquired by US Borrower or a Restricted Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property, including any Liens

existing on such property at the time of its acquisition (other than any such Lien created in contemplation of any such acquisition);

(s) the rights of buyers under production sale contracts related to US Borrower's or a Restricted Subsidiary's share of petroleum substances entered into in the ordinary course of business, provided that the contracts create no rights (including any Lien) in favor of the buyer or any other Person in, to or over any reserves of petroleum substances or other assets of US Borrower or a Restricted Subsidiary, other than a dedication of reserves (not by way of Lien or absolute assignment) on usual industry terms;

(t) Liens arising in respect of operating leases of personal property under which Canadian Borrowers or any of their Subsidiaries are lessees;

(u) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary, is merged into or consolidated with US Borrower or any of its Subsidiaries; provided, such Liens were in existence prior to the contemplation of such stock acquisition, merger or consolidation and do not extend to any assets other than those of the Person so acquired or merged into or consolidated with US Borrower or any of its Subsidiaries.

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (a) to (u) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property), the indebtedness or obligation secured thereby is not increased and such Lien is otherwise permitted by the applicable section above;

(w) in addition to Liens permitted by clauses (a) through (v) above, Liens on property or assets if the aggregate Indebtedness secured thereby does not exceed US $50,000,000.

provided that nothing in this definition shall in and of itself constitute or be deemed to constitute an agreement or acknowledgment by the US Agent or the Canadian Agent or any Lender that the Indebtedness subject to or secured by any such Permitted Lien ranks (apart from the effect of any Lien included in or inherent in any such Permitted Liens) in priority to the Obligations;

"Person" means an individual, corporation, partnership, limited liability company, association, joint stock company, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, Tribunal, or any other legally recognizable entity.

"Rating Agency" means any of S & P or Moody's, or their respective successors.

"Re-allocations" means, collectively, all US Re-allocations and all Canadian Re-allocations

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect.

"Request for an Offer of Extension" means (a) with respect to the Canadian Agreement, a written request made by Canadian Borrowers to the Lenders to have Required Lenders issue an offer to Canadian Borrowers extending the Canadian Revolving Period for a further 364 days, and (b) with respect to the US Agreement, a written request made by US Borrower to the Lenders to have Required Lenders issue an offer to US Borrower extending the Tranche B Revolving Period for a further 364 days.

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

"Reserve Requirement" means, at any time, the maximum rate at which reserves (including any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System of the United States of America (or any successor) by member banks of such Federal Reserve System against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to
(a) any category of liabilities which includes deposits by reference to which the Adjusted US Dollar Eurodollar Rate or the Adjusted Canadian Dollar Eurodollar Rate is to be determined, or (b) any category of extensions of credit or other assets which include US Dollar Eurodollar Loans or Canadian Dollar Eurodollar Loans.

"Restricted Distribution" means any Distribution that is not a Permitted Distribution.

"Restricted Investment" means any Investment that is not a Permitted Investment.

"Restricted Payments" means, collectively, all Restricted Distributions and all Restricted Investments.

"Restricted Person" means any of US Borrower and each Restricted Subsidiary.

"Restricted Subsidiary" means each Canadian Borrower, Devon Oklahoma, Devon SFS and any other Subsidiary of US Borrower that is not an Unrestricted Subsidiary.

"S & P" means Standard & Poor's Ratings Services (a division of McGraw Hill Companies, Inc.), or its successor.

"Santa Fe Snyder Indentures" means the following Indentures of Devon SFS:

(a) Indenture dated as of June 1, 1999 between Devon SFS and The Bank of New York, as Trustee;

(b) First Supplemental Indenture dated as of June 14, 1999 between Devon SFS and The Bank of New York as Trustee, including the form of .05% Senior Note Due 2004;

(c) Indenture dated as of June 10, 1997 between Devon SFS and Texas Commerce Bank National Association, as Trustee;

(d) First Supplemental Indenture dated as of June 10, 1997 between Devon SFS and Texas Commerce Bank National Association Trustee; and

(e) Second Supplemental Indenture dated as of June 10, 1997 between Devon SFS and Texas Commerce Bank National Association.

"Schedule I BA Reference Banks" means the Lenders listed in Schedule I to the Bank Act (Canada) as are, at such time, designated by Canadian Agent, with the prior consent of Canadian Borrowers (acting reasonably), as the Schedule I BA Reference Banks.

"Schedule II BA Reference Banks" means the Lenders listed in Schedule II to the Bank Act (Canada) as are, at such time, designated by Canadian Agent, with the prior consent of Canadian Borrowers (acting reasonably), as the Schedule II BA Reference Banks.

"Stamping Fee Rate" means with respect to any Bankers' Acceptance accepted by any Canadian Resident Lender at any time, the Applicable Margin then in effect; provided that if an Event of Default has occurred and is continuing, the Stamping Fee Rate shall be increased by two hundred (200) Basis Points.

"Subsidiary" means, with respect to any Person, any corporation, association, partnership, limited liability company, joint venture, business trust, or other business or corporate entity, enterprise or organization which is directly or indirectly (through one or more intermediaries) controlled by or owned fifty percent or more by such Person, provided that (a) associations, joint ventures or other relationships (i) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (ii) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law, and (iii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person and (b) associations, joint ventures or other relationships (i) which are not corporations or partnerships under applicable provincial Law, and
(ii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be "Subsidiaries" of such Person.

"Termination Event" means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Sections 4043(b)(5) or (6) of ERISA or (ii) any other reportable

event described in Section 4043(b) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation under Section 4043(a) of ERISA, or (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the filing of a notice of intent to terminate any ERISA Plan or the treatment of any ERISA Plan amendment as a termination under Section 4041 of ERISA, or (d) the institution of proceedings to terminate any ERISA Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA, or (e) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan.

"Total Capitalization" means the sum (without duplication) of (i) US Borrower's Consolidated Total Funded Debt plus (ii) US Borrower's Consolidated shareholder's equity.

"Total Funded Debt" means Liabilities referred to in clauses (a), (b), (c), (d), and (e) of the definition of "Indebtedness." Total Funded Debt shall not include the PennzEnergy Exchangeable Debentures.

"Tranche A Facility Usage" means, at the time in question, the aggregate amount of Tranche A Loans and existing US LC Obligations outstanding at such time under the US Agreement.

"Tranche A Lenders" means Lenders designated as Tranche A Lenders on the Lenders Schedule.

"Tranche A Loan" has the meaning given it in Section 1.1(a) of the US Agreement.

"Tranche A Maturity Date" means October 15, 2004.

"Tranche A Maximum Credit Amount" means $200,000,000.

"Tranche A Note" has the meaning given it in Section 1.1(a) of the US Agreement.

"Tranche A Percentage Share" means with respect to any Tranche A Lender (i) when used in Article I of the US Agreement or in Article II of the US Agreement, in any Borrowing Notice thereunder or when no Tranche A Loans are outstanding, the Tranche A percentage set forth opposite such Tranche A Lender's name on the Lenders Schedule as modified by assignments of a Tranche A Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Tranche A Loans and such Lender's Percentage Share of the US LC Obligations, by (y) the sum of the aggregate unpaid principal balance of all Tranche A Loans at such time plus the aggregate amount of all US LC Obligations outstanding at such time.

"Tranche A Required Lenders" means Tranche A Lenders whose aggregate Tranche A Percentage Shares equal or exceed fifty percent (50%).

"Tranche B Conversion Date" means the date which is 364 days after the Closing Date, or such later day to which the Tranche B Conversion Date is extended pursuant to Section 1.1 of the US Agreement.

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

Applicable Rating Level	Applicable Tranche B Facility Fee Rate
Level I	9.0
Level II	10.0
Level III	12.5
Level IV	15.0
Level V	22.5

"Tranche B Facility Usage" means, at the time in question, the aggregate amount of Tranche B Loans outstanding at such time under the US Agreement.

"Tranche B Lenders" means Lenders designated as Tranche B Lenders on the Lenders Schedule.

"Tranche B Loan" has the meaning given it in Section 1.1(b) of the US Agreement.

"Tranche B Maturity Date" means the date which is two years and one day after the Tranche B Conversion Date.

"Tranche B Maximum Credit Amount" means $525,000,000 on the Closing Date, as increased or decreased thereafter pursuant to Section 1.9 of the US Credit Agreement or Section 1.12 of the Canadian Agreement, but in no event greater than $625,000,000 or less than $425,000,000.

"Tranche B Note" has the meaning given it in Section 1.1(b) of the US Agreement.

"Tranche B Percentage Share" means with respect to any Tranche B Lender
(i) when used in Article I of the US Agreement, in any Borrowing Notice thereunder or when no Tranche B

Loans are outstanding, the Tranche B percentage set forth opposite such Tranche B Lender's name on the Lenders Schedule as modified by assignments of a Tranche B Lender's rights and obligations under the US Agreement made by or to such Lender in accordance with the terms of the US Agreement, and (ii) when used otherwise, the percentage obtained by dividing (x) the sum of the unpaid principal balance of such Lender's Tranche B Loans, by (y) the sum of the aggregate unpaid principal balance of all Tranche B Loans.

"Tranche B Required Lenders" means Tranche B Lenders whose aggregate Tranche B Percentage Shares equal or exceed fifty percent (50%).

"Tranche B Revolving Period" means the period from the Closing Date until the Tranche B Conversion Date.

"Tribunal" means any government, any arbitration panel, any court or any governmental department, commission, board, bureau, agency or instrumentality of the United States of America or Canada or any state, province, commonwealth, nation, territory, possession, county, parish, town, township, village or municipality, whether now or hereafter constituted or existing.

"Type" means (i) with respect to any US Loans, the characterization of such US Loans as either US Base Rate Loans or US Dollar Eurodollar Loans and
(ii) with respect to any Canadian Advances, the characterization of such Canadian Advances as Canadian Base Rate Loans, Canadian Prime Rate Loans, US Dollar Eurodollar Loans, Canadian Dollar Eurodollar Loans or Bankers' Acceptances.

"Unrestricted Subsidiary" means any corporation, association, partnership, limited liability company, joint venture, or other business or corporate entity, enterprise or organization in which US Borrower does not presently own an interest (directly or indirectly) which hereafter becomes a Subsidiary of US Borrower and which, within 90 days thereafter, is designated as an Unrestricted Subsidiary by US Borrower to US Agent, provided that US Borrower may not designate as an Unrestricted Subsidiary any Subsidiary in which it has made an Investment of more than US $100,000,000 (directly or indirectly) by any means other than newly issued stock or treasury stock of US Borrower, which may be used to make an Investment in Unrestricted Subsidiaries without limit and provided further that in the event the book value of the assets of any Unrestricted Subsidiary at any time exceeds US $100,000,000, such Subsidiary shall cease to be an Unrestricted Subsidiary and shall automatically become a Restricted Person. The following Subsidiaries of US Borrower shall initially be designated as Unrestricted Subsidiaries:

(1) 167496 Canada Ltd.
(2) 172173 Canada Inc.
(3) 410760 Alberta Ltd.
(4) 655945 Alberta Ltd.
(5) 658387 Alberta Inc.
(6) 659502 Alberta Inc.
(7) 661151 Alberta Ltd.
(8) 728098 Alberta Ltd.

(9) 746481 Alberta Ltd.
(10) 853843 Alberta Ltd.
(11) 892306 Alberta Ltd.
(12) Adobe Offshore Pipeline Company
(13) American Sulphur Export Corporation
(14) Amsulex, Inc.
(15) Azerbaijan International Operating Corporation
(16) B&N Co. A Limited Partnership
(17) Blackwood & Nichols Co. A Limited Partnership
(18) BN Coal, L.L.C.
(19) BN Non-Coal, L.L.C.
(20) Bonito Pipe Line Company
(21) Braemar Shipping Company Limited
(22) Cachuma Gas Processing Company
(23) Canadian Gas Gathering Systems II, Inc.
(24) Canoa Ranch Corporation
(25) Canyon Reef Carriers, Inc.
(26) Capitan Oil Pipeline Company
(27) Caspian International Petroleum Company
(28) Catclaw Pipeline, Inc.
(29) Ceara Star (Malta) Ltd.
(30) David Limited Partnership
(31) DBC, Inc.
(32) Devon Energy Petroleum Pipeline Company
(33) Devon Energy Offshore Pipeline Company
(34) Devon Acquisition Corp.
(35) Devon Energy Sinai, Inc.
(36) Devon Energy Intrastate Pipeline Company
(37) Devon Energy Brasil, Ltda.
(38) Devon Energy Suez, Inc.
(39) Devon Energy Red Sea, Inc.
(40) Devon Energy Egypt, Inc.
(41) Devon Energy International Company
(42) Devon Energy Partners A Limited Partnership
(43) Devon Energy Qatar Production, Inc.
(44) Devon Financing Trust
(45) Devon Energy Insurance Company Limited
(46) Devon Energy Canada, Ltd.
(47) Devon Production Corporation, a Nevada corporation
(48) Devon Energy Exploration Brazil, Inc.
(49) Devon Energy Caspian Corporation
(50) Devon Energy Canada Holding Corporation, an Alberta corporation
(51) Devon Energy Management Company, L.L.C.
(52) Devon Energy Beni Suef Inc.
(53) Devon-Blanco Company, an Oklahoma general partnership

(54) Fanar Petroleum Company
(55) Foothills Partnership
(56) Gulf Coast American Corp.
(57) Mexican Flats Service Company, Inc.
(58) Morrison Petroleums (Alberta) Ltd.
(59) Morrison Petroleums, Ltd.
(60) Morrison Gas Gathering Inc.
(61) Morrison Administration Corporation
(62) Morrison Nuclear Inc.
(63) Morrison Operating Company Ltd.
(64) Mountain Energy Inc.
(65) Northstar Energy Partnership
(66) Northstar Energy Inc.
(67) Northstar Energy Cogeneration Partnership #2
(68) Nueces Intrastate Pipe Line Company
(69) PennzEnergy (U.K.) Company
(70) Pennzoil Caspian Development Corporation
(71) Pennzoil Energy Marketing Company
(72) Pennzoil Qatar Inc.
(73) Pennzoil Gas Marketing Company
(74) Pennzoil Asiatic Inc.
(75) Pennzoil Petroleums Ltd.
(76) Pennzoil Resources Canada Ltd.
(77) Pennzoil Venezuela Corporation SA
(78) Pepco Partners, L.P.
(79) Petrolera Santa Fe (Columbia), Ltd.
(80) Polar Energy Marketing Corporation
(81) Richland Development Corporation
(82) Richland Properties Company, L.L.C.
(83) Richland Translation Company
(84) Sage Creek Processors, L.L.C.
(85) Santa Fe Energy Resources of Malaysia, Ltd.
(86) Santa Fe Energy Resources (Thai Holding), Ltd.
(87) Santa Fe Energy Resources South East Asia Limited
(88) Santa Fe Energy Resources Gabon (Agali), Ltd.
(89) Santa Fe Energy Resources (Bermuda) Limited
(90) Santa Fe Energy Resources (Brazil Holdings I), Ltd.
(91) Santa Fe Energy Resources Port Bouet Ltd.
(92) Santa Fe Energy Resources Bangko Ltd.
(93) Santa Fe Energy Resources Kepala Burung Limited
(94) Santa Fe Energy Resources of Gabon, Ltd.
(95) Santa Fe Platform Management, Inc.
(96) Santa Fe Energy Resources (Brazil Holdings II), Ltd.
(97) Santa Fe Energy Resources (New Ventures IV), Ltd.
(98) Santa Fe Energy Resources (Jabung), Ltd.

(99) Santa Fe Energy Company of Argentina
(100) Santa Fe Energy Resources of Bolivia, Inc.
(101) Santa Fe Energy Resources of Peru, Ltd.
(102) Santa Fe Energy Resources of Myanmar, Ltd.
(103) Santa Fe Energy Resources of Canada, Inc.
(104) Santa Fe Energy Resources (New Ventures III), Ltd.
(105) Santa Fe Energy Resources of Gabon (Mondah Bay), Ltd.
(106) Santa Fe Energy Resources (Cote D'Ivoire) Ltd.
(107) Santa Fe Energy Resources Congo, Ltd.
(108) Santa Fe Energy Resources (Thailand), Ltd.
(109) Santa Fe Energy Resources Limited
(110) Santa Fe Energy Resources (New Ventures II), Ltd.
(111) Santa Fe Energy Resources International, Ltd.
(112) Santa Fe Energy Resources of Ghana, Ltd.
(113) Santa Fe Energy Resources (Delaware), Ltd.
(114) Santa Fe Pacific Fuels Company
(115) Santa Fe Energy Resources of China, Ltd.
(116) Santa Fe Energy Resources of Morocco, Ltd.
(117) Santa Fe Energy Resources Pagatan Ltd.
(118) Security Purchasing, Inc.
(119) SFERI, Inc.
(120) SFR Petroleo Do Brazil Ltda.
(121) SFS (International), Ltd.
(122) SFS Malta Holding Company Ltd.
(123) SFS (France) SARL
(124) SFS Malta One, Inc.
(125) SFS (Holdings), Ltd.
(126) SFS Malta Two, Inc.
(127) SFS Malta International Trading Company Ltd.
(128) Sisquoc Gas Pipeline Company
(129) Snyder Gas Marketing, Inc.
(130) Snyder Fluid Technology, Inc.
(131) SOCO International Holdings, Inc.
(132) SOCO Louisiana Leasing, Inc.
(133) SOCO Gas Systems, Inc.
(134) SOCO International, Inc.
(135) SOCO Technologies, Inc.
(136) Strategic Trust Company
(137) Thunder Creek Gas Services, L.L.C.
(138) Tiburon Transport Company
(139) Trend Exploration (PNG) Party Ltd.
(140) Trend Argentina S.A.
(141) Vermejo Park Corporation
(142) Vermejo Minerals Corporation
(143) Wyoming Gathering and Production Company, Inc.

"US Account" means an account established by Canadian Agent in New York into which funds to be advanced to Canadian Borrowers by Lenders in US Dollars and funds to be paid by Canadian Borrowers to Lenders in US Dollars will be deposited.

"US Agent" means Bank of America, N.A., as administrative agent, under the US Agreement and its successors and assigns in such capacity.

"US Agreement" means that certain Credit Agreement of even date herewith among US Borrower, US Agent and the Lenders, as it may be amended, supplemented, restated or otherwise modified and in effect from time to time.

"US Base Rate" means, for any day, the rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (0.5%) and (b) the US Reference Rate for such day. Any change in the US Base Rate due to a change in the US Reference Rate or the Federal Funds Rate shall be effective on the effective date of such change in the US Reference Rate or Federal Funds Rate. No US Base Rate charged by any Person shall ever exceed the Highest Lawful Rate.

"US Base Rate Loan" means a US Loan made in US Dollars which bears interest at the US Base Rate.

"US Borrower" means Devon Energy Corporation, a Delaware corporation.

"US Dollar" or "US $" means the lawful currency of the United States of America.

"US Dollar Equivalent" means, with respect to an amount denominated in Canadian Dollars, the amount of US Dollars required to purchase the relevant stated amount of Canadian Dollars based on the Noon Rate.

"US Dollar Eurodollar Loan" means a US Loan or a Canadian Loan, in each case, which bears interest at the Adjusted US Dollar Eurodollar Rate.

"US Dollar Eurodollar Rate" means, for any US Dollar Eurodollar Loan within a Borrowing and with respect to the related Interest Period therefor, (a) the interest rate per annum (carried out to the fifth decimal place) equal to the rate determined by the US Agent to be the offered rate that appears on the page of the Telerate Screen that displays an average British Bankers Association Interest Settlement Rate (such page currently being page number 3750) for deposits in U.S. dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (b) in the event the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the US Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in U.S. dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest

Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding subsections (a) and (b) are not available, the rate per annum determined by the US Agent as the rate of interest at which deposits in U.S. dollars (for delivery on the first day of such Interest Period) in same day funds in the approximate amount of the applicable US Dollar Eurodollar Loan and with a term equivalent to such Interest Period would be offered by its London branch to major banks in the offshore U.S. dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

"US Facility Commitment Period" means the period from and including the Closing Date until the Tranche A Maturity Date (or, if earlier, the day on which the obligations of Lenders to make US Loans hereunder or the obligations of US LC Issuer to issue Letters of Credit hereunder have been terminated or the US Notes first become due and payable in full).

"US Facility Usage" means, at the time in question, the aggregate amount of US Loans and existing US LC Obligations outstanding at such time under the US Agreement.

"US GAAP" means those generally accepted accounting principles and practices which are recognized as such from time to time by the Financial Accounting Standards Board (or any generally recognized successor) and which, in the case of US Borrower and its Consolidated Subsidiaries, are applied for all periods after the Closing Date in a manner consistent with the manner in which such principles and practices were applied to the Initial Financial Statements.

"US LC Issuer" means Bank of America, N.A. in its capacity as the issuer of Letters of Credit under the US Agreement, and its successors in such capacity.

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

"US LC Sublimit" means US $75,000,000.

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

"US Loans" means the Tranche A Loans, the Tranche B Loans, Competitive Bid Loans made under the US Agreement, and the US Swing Loans.

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

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

"US Maximum Credit Amount" means the amount of US $725,000,000 on the Closing Date, as increased or decreased thereafter by the amount of each increase or decrease in the Tranche B Maximum Credit Amount pursuant to Section 1.9 of the US Credit Agreement or Section 1.12 of the Canadian Agreement, but in no event greater than $825,000,000 or less than $625,000,000. .
"US Notes" means the Tranche A Notes, the Tranche B Notes, the Competitive Bid Notes issued under the US Agreement, and the US Swing Note.

"US Obligations" means all Liabilities from time to time owing by any Restricted Person to any Lender Party under or pursuant to any of the US Loan Documents, including all US LC Obligations owing thereunder. "US Obligation" means any part of the US Obligations.

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

"US Reference Rate" means, for any day, the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." Such rate is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

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

"US Swing Lender" means Bank of America, N.A., in its individual capacity.

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

"US Swing Note" has the meaning given it in Section 1.1(f) of the US Agreement.

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

"US Swing Sublimit" means US $50,000,000.

"Withholding Tax" has the meaning given it in Section 3.2(d) of the Canadian Agreement.

Annex II - Lender Schedule

BANK OF AMERICA

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bank of America, N.A.
Applicable Lending Office for US Loans:	901 Main Street, 64(th) Floor Dallas, Texas 75202
Address for Notices:	901 Main Street, 64(th) Floor Dallas, Texas 75202 Attention: Denise A. Smith
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 19,333,333.34
Tranche A Percentage Share:	9.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 55,468,750.03
Tranche B Percentage Share:	8.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Bank of America Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	200 Front Street West, Suite 2700 Toronto, Ontario M5V3L2
Address for Notices:	200 Front Street West, Suite 2700 Toronto, Ontario M5V3L2 Attention: Richard J. Hall
CANADIAN FACILITY	
Canadian Note Amount:	US$ 33,281,250.02
Canadian Percentage Share:	8.875%

Annex II - Lender Schedule

FIRST UNION NATIONAL BANK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	First Union National Bank
Applicable Lending Office for US Loans:	1001 Fannin Street Suite 2255 Houston, Texas 77002
Address for Notices:	1001 Fannin Street Suite 2255 Houston, Texas 77002 Attention: David Humphreys
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 19,333,333.33
Tranche A Percentage Share:	9.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 55,468,750.03
Tranche B Percentage Share:	8.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	First Union National Bank (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	1001 Fannin Street Suite 2255 Houston, Texas 77002
Address for Notices:	1001 Fannin Street Suite 2255 Houston, Texas 77002 Attention: David Humphreys
CANADIAN FACILITY	
Canadian Note Amount:	US$ 33,281,250.02
Canadian Percentage Share:	8.875%

Annex II - Lender Schedule

TORONTO-DOMINION BANK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Toronto-Dominion (Texas), Inc.
Applicable Lending Office for US Loans:	909 Fannin Street Suite 1700 Houston, Texas 77010
Address for Notices:	909 Fannin Street Suite 1700 Houston, Texas 770010 Attention: Mark Green
US TRANCHE A	
Tranche A Note Amount (5 year)	US$ 6,666,666.67
Tranche A Percentage Share:	3.33333%
US TRANCHE B	
Not a Tranche B Lender	
CANADIAN AGREEMENT	
Not a Canadian Lender	

Annex II - Lender Schedule

WESTDEUTSCHE LANDESBANK GIROZENTRALE

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Westdeutsche Landesbank Girozentrale
Applicable Lending Office for US Loans:	1211 Avenue of the Americas New York, NY 10036
Address for Notices:	1211 Avenue of the Americas New York, NY 10036 Attention: Felicia LaForgia
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 12,000,000
Tranche A Percentage Share:	6.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 34,375,000.00
Tranche B Percentage Share:	5.50%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Westdeutsche Landesbank Girozentrale (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	1211 Avenue of the Americas New York, NY 10036
Address for Notices:	1211 Avenue of the Americas New York, NY 10036 Attention: Felicia LaForgia
CANADIAN FACILITY	
Canadian Note Amount:	US$ 20,625,000.00
Canadian Percentage Share:	5.50%

Annex II - Lender Schedule

THE BANK OF NEW YORK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	The Bank of New York
Applicable Lending Office for US Loans:	One Wall Street New York, NY 10286
Address for Notices:	One Wall Street New York, NY 10286 Attention: Raymond Palmer
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 12,000,000
Tranche A Percentage Share:	6.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 34,375,000.00
Tranche B Percentage Share:	5.50%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	The Bank of New York (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	One Wall Street New York, NY 10286
Address for Notices:	One Wall Street New York, NY 10286 Attention: Raymond Palmer
CANADIAN FACILITY	
Canadian Note Amount:	US$ 20,625,000.00
Canadian Percentage Share:	5.50%

Annex II - Lender Schedule

ROYAL BANK OF CANADA

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Royal Bank of Canada
Applicable Lending Office for US Loans:	One Liberty Plaza, 4(th) Floor New York, New York 10006
Address for Notices:	One Liberty Plaza, 4(th) Floor New York, New York 10006 Attention: Asst. Manager, Loan Processing
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 16,000,000
Tranche A Percentage Share:	8.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 34,375,000.00
Tranche B Percentage Share:	5.50%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Royal Bank of Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	Corporate Banking-Multinational 335-8th Avenue, S.W., Suite 2300 Calgary, Alberta T2P 1C9
Address for Notices:	Corporate Banking-Multinational 335-8th Avenue, S.W., Suite 2300 Calgary, Alberta T2P 1C9 Attention: Asst. Manager, Loan Processing
CANADIAN FACILITY	
Canadian Note Amount:	US$ 20,625,000.00
Canadian Percentage Share:	5.50%

Annex II - Lender Schedule

BANK OF MONTREAL

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bank of Montreal
Applicable Lending Office for US Loans:	115 South La Salle 11th Floor Chicago, Illinois 60603 Attention: Phyllis Lee
Address for Notices:	700 Louisiana, Suite 4400 Houston, Texas 77002 Attention: Kathleen Doyle
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 16,000,000
Tranche A Percentage Share:	8.0%
US TRANCHE B	
Not a Tranche B Lender	
CANADIAN AGREEMENT	
Not a Canadian Lender	

Annex II - Lender Schedule

BANK ONE

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bank One, NA
Applicable Lending Office for US Loans:	1 Bank One Plaza Mail Code: IL1-0634 Chicago, Illinois 60670
Address for Notices:	1100 Louisiana, Suite 3200 Houston, Texas 77002 Attention: Dixon Schultz
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 19,333,333.33
Tranche A Percentage Share:	9.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 55,468,750.03
Tranche B Percentage Share:	8.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Bank One Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	161 Bay Street, Suite 4240 Toronto, Ontario M5J 2S1
Address for Notices:	1100 Louisiana, Suite 3200 Houston, Texas 77002 Attention: Ron Dierker
CANADIAN FACILITY	
Canadian Note Amount:	US$ 33,281,250.02
Canadian Percentage Share:	8.875%

Annex II - Lender Schedule

SUNTRUST BANK, ATLANTA

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	SunTrust Bank, Atlanta
Applicable Lending Office for US Loans:	303 Peachtree Street, N.E. Third Floor, MC-1929 Atlanta, Georgia 30308
Address for Notices:	303 Peachtree Street, N.E. Third Floor, MC-1929 Atlanta, Georgia 30308 Attention: Todd Davis
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 6,666,666.67
Tranche A Percentage Share:	3.33333%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 14,322,916.56
Tranche B Percentage Share:	2.29166665%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	SunTrust Bank, Atlanta (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	303 Peachtree Street, N.E. Third Floor, MC-1929 Atlanta, Georgia 30308
Address for Notices:	303 Peachtree Street, N.E. Third Floor, MC-1929 Atlanta, Georgia 30308 Attention: Todd Davis
CANADIAN FACILITY	
Canadian Note Amount:	US$ 8,593,749.94
Canadian Percentage Share:	2.29166665%

Annex II - Lender Schedule

THE CHASE MANHATTAN BANK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	The Chase Manhattan Bank
Applicable Lending Office for US Loans:	600 Travis Street, 20th Floor Houston, Texas 77002-8086
Address for Notices:	600 Travis Street, 20th Floor Houston, Texas 77002-8086 Attention: Peter Licalzi
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 19,333,333.33
Tranche A Percentage Share:	9.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 55,468,750.03
Tranche B Percentage Share:	8.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	The Chase Manhattan Bank (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	600 Travis Street, 20th Floor Houston, Texas 77002-8086
Address for Notices:	600 Travis Street, 20th Floor Houston, Texas 77002-8086 Attention: Peter Licalzi
CANADIAN FACILITY	
Canadian Note Amount:	US$ 33,281,250.02
Canadian Percentage Share:	8.875%

Annex II - Lender Schedule

UMB BANK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	UMB Bank
Applicable Lending Office for US Loans:	204 N. Robinson Oklahoma City, OK 73102
Address for Notices:	204 N. Robinson Oklahoma City, OK 73102 Attention: Richard Lehrter
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 4,000,000
Tranche A Percentage Share:	2.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 12,500,000.00
Tranche B Percentage Share:	2.0%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	UMB Bank (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	204 N. Robinson Oklahoma City, OK 73102
Address for Notices:	204 N. Robinson Oklahoma City, OK 73102 Attention: Richard Lehrter
CANADIAN FACILITY	
Canadian Note Amount:	US$ 7,500,000.00
Canadian Percentage Share:	2.0%

Annex II - Lender Schedule

CIBC INC.

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	CIBC Inc.
Applicable Lending Office for US Loans:	2 Paces West 2727 Paces Ferry Road Suite 1200 Atlanta, Georgia 30339 Attention: Kathryn McGovern
Address for Notices:	1600 Smith Street, Suite 3100 Houston, TX 77002 Attention: Paul Jordan
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 12,000,000
Tranche A Percentage Share:	6.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 17,968,750.00
Tranche B Percentage Share:	2.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Canadian Imperial Bank of Commerce (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	40 Dundas Street West 5th Floor Toronto, Ontario M5G 2C2
Address for Notices:	855 Second Street, S.W. 10th Floor, Banker's Hall Calgary, Alberta T2P 4J7 Attention: Joelle Schellenberg
CANADIAN FACILITY	
Canadian Note Amount:	US$ 10,781,250.00
Canadian Percentage Share:	2.875%

Annex II - Lender Schedule

DEUTSCHE BANK AG

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Deutsche Bank AG New York and/or Cayman Islands Branches
Applicable Lending Office for US Loans:	31 West 52nd Street New York, NY 10019
Address for Notices:	31 West 52nd Street New York, NY 10019 Attention: Joel Makowsky
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 9,333,333.33
Tranche A Percentage Share:	4.66666%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 31,770,833.34
Tranche B Percentage Share:	5.08333333%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Deutsche Bank AG New York and/or Cayman Islands Branches (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	31 West 52nd Street New York, NY 10019
Address for Notices:	31 West 52nd Street New York, NY 10019 Attention: Joel Makowsky
CANADIAN FACILITY	
Canadian Note Amount:	US$ 19,062,500.00
Canadian Percentage Share:	5.08333333%

Annex II - Lender Schedule

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Morgan Guaranty Trust Company of New York
Applicable Lending Office for US Loans:	60 Wall Street New York, NY 10260-0060
Address for Notices:	60 Wall Street New York, NY 10260-0060 Attention: Dennis Wilczek
US TRANCHE A	
Tranche A Note Amount (5 year):	US$ 12,000,000
Tranche A Percentage Share:	6.0%
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 25,781,250.00
Tranche B Percentage Share:	4.125%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	J.P. Morgan Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	Royal Bank Plaza South Tower, Suite 2200 Toronto, Ontario M5J 2J2
Address for Notices:	60 Wall Street New York, NY 10260-0060 Attention: Dennis Wilczek
CANADIAN FACILITY	
Canadian Note Amount:	US$ 15,468,750.00
Canadian Percentage Share:	4.125%

Annex II - Lender Schedule

CITIBANK, N.A.

US AGREEMENT		
Name of Affiliate that is Lender under US Agreement:		Citibank, N.A.
Applicable Lending Office for US Loans:		399 Park Avenue New York, New York 10043
Borrowing Notices:		One Penn's Way New Castle Delaware 19720 Attention: David Chiu
Address for Notices:		1200 Smith Street, Suite 2000 Houston, Texas 77002 Attention: James F. Rielly
US TRANCHE A		
Tranche A Note Amount (5 year):		US$ 16,000,000
Tranche A Percentage Share:		8.0%
US TRANCHE B		
Tranche B Note Amount (364 day):		US$ 45,312,500.00
Tranche B Percentage Share:		7.25%
CANADIAN AGREEMENT		
Name of Affiliate that is Lender under Canadian Agreement:		Citibank Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:		400 Third Avenue SW Suite 4210 Calgary, Alberta T2P 4H2
Address for Notices:		400 Third Avenue SW Suite 4210 Calgary, Alberta T2P 4H2 Attention: Diane Gould
	cc:	1200 Smith Street, Suite 2000 Houston, Texas 77002 Attention: James F. Rielly
CANADIAN FACILITY		
Canadian Note Amount:		US$ 27,187,500.00
Canadian Percentage Share:		7.25%

Annex II - Lender Schedule

ABN AMRO BANK, N.V.

US AGREEMENT

Name of Affiliate that is Lender under US Agreement:		ABN AMRO Bank, N.V.
Applicable Lending Office for US Loans:		208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Attention: Loan Administration
Address for Notices:		208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Attention: Dina Tucci-Albro
	cc:	Three Riverway Suite 1700 Houston, Texas 77056 Attention: Jamie A. Conn

US TRANCHE A

Not a Tranche A Lender

US TRANCHE B

Tranche B Note Amount (364 day):	US$ 45,312,500.00
Tranche B Percentage Share:	7.25%

CANADIAN AGREEMENT

Name of Affiliate that is Lender under Canadian Agreement:		ABN AMRO Bank Canada (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:		208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Attention: Loan Administration
Address for Notices:		208 South LaSalle, Suite 1500 Chicago, Illinois 60604-1003 Attention: Dina Tucci-Albro
	cc:	Three Riverway Suite 1700 Houston, Texas 77056 Attention: Jamie A. Conn

CANADIAN FACILITY

Canadian Note Amount:	US$ 27,187,500.00
Canadian Percentage Share:	7.25%

Annex II - Lender Schedule

Annex II - Lender Schedule

BAYERISCHE LANDESBANK GIROZENTRALE

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bayerische Landesbank Girozentrale, Cayman Islands Branch
Applicable Lending Office for US Loans:	560 Lexington Avenue New York, New York 10022
Address for Notices:	560 Lexington Avenue New York, New York 10022 Attention: Stephen Christenson
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 29,687,500.00
Tranche B Percentage Share:	4.75%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Bayerische Landesbank Girozentrale, Cayman Islands Branch (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	560 Lexington Avenue New York, New York 10022
Address for Notices:	560 Lexington Avenue New York, New York 10022 Attention: Stephen Christenson
CANADIAN FACILITY	
Canadian Note Amount:	US$ 17,812,500.00
Canadian Percentage Share:	4.75%

Annex II - Lender Schedule

THE FUJI BANK, LIMITED

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	The Fuji Bank, Limited
Applicable Lending Office for US Loans:	2 World Trade Center 79th Floor New York, New York 10048
Address for Notices:	1221 McKinney Street Suite 4100 Houston, Texas 77010 Attention: Jacques Azagury
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 29,687,500.00
Tranche B Percentage Share:	4.75%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	The Fuji Bank, Limited (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	2 World Trade Center 79th Floor New York, New York 10048
Address for Notices:	1221 McKinney Street Suite 4100 Houston, Texas 77010 Attention: Jacques Azagury
CANADIAN FACILITY	
Canadian Note Amount:	US$ 17,812,500.00
Canadian Percentage Share:	4.75%

Annex II - Lender Schedule

CREDIT LYONNAIS

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Credit Lyonnais
Applicable Lending Office for US Loans:	1000 Louisiana Street Suite 5360 Houston, Texas 77002
Address for Notices:	1000 Louisiana Street Suite 5360 Houston, Texas 77002 Attention: John Grandstaff
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 29,687,500.00
Tranche B Percentage Share:	4.75%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Credit Lyonnais (NON-RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	1000 Louisiana Street Suite 5360 Houston, Texas 77002
Address for Notices:	1000 Louisiana Street Suite 5360 Houston, Texas 77002 Attention: John Grandstaff
CANADIAN FACILITY	
Canadian Note Amount:	US$ 17,812,500.00
Canadian Percentage Share:	4.75%

Annex II - Lender Schedule

BANK OF TOKYO - MITSUBISHI

US AGREEMENT	
Name of Affiliate that is Lender under US Agreement:	Bank of Tokyo - Mitsubishi Ltd. Houston Agency
Applicable Lending Office for US Loans:	1100 Louisiana Street, Suite 2800 Houston, Texas 77002-5216
Address for Notices:	1100 Louisiana Street, Suite 2800 Houston, Texas 77002-5216 Attention: John M. McIntyre
US TRANCHE A	
Not a Tranche A Lender	
US TRANCHE B	
Tranche B Note Amount (364 day):	US$ 17,968,750.00
Tranche B Percentage Share:	2.875%
CANADIAN AGREEMENT	
Name of Affiliate that is Lender under Canadian Agreement:	Bank of Tokyo - Mitsubishi (Canada) (CANADIAN RESIDENT LENDER)
Applicable Lending Office for Canadian Advances:	Suite 2410 Park Place 666 Burrard Street Vancouver, B.C. V6C 3L1
Address for Notices:	Suite 2410 Park Place 666 Burrard Street Vancouver, B.C. V6C 3L1 Attention: Davis Stewart
CANADIAN FACILITY	
Canadian Note Amount:	US$ 10,781,250.00
Canadian Percentage Share:	2.875%

SCHEDULE 1

DISCLOSURE SCHEDULE

To supplement the following sections of the US Agreement of which this Schedule is a part, US Borrower hereby makes the following disclosures:

1. Section 4.2(d) Other Obligations:

None

2. Section 5.7 Litigation:

None.

3. Section 5.8 ERISA Plans and Liabilities:

Retirement Plan for Non-Bargaining Employees of Devon Energy Corporation

1989 Amendment to Pension Plan for Employees of Devon Energy Corporation

Retirement Trust for Non-Bargaining Employees of Devon Energy Corporation

Retirement Plan for Former Employees of Devon Energy Corporation

Retirement Trust for Former Employees of Devon Energy Corporation

PennzEnergy's Salaried Employees Retirement Plan

Agreement dated January 20, 1997 between Pennzoil Products Company and Chauffeurs, Teamsters and Helpers Local No. 175 affiliated with the International Brotherhood of Teamsters, AFL-CIO

Santa Fe Energy Resources, Inc. Retirement Income Plan

Santa Fe Energy Resources Offshore Retirement Plan

4. Section 5.9 Environmental and Other Laws:

None.

5. Section 5.10 Names and Places of Business:

Names. US Borrower was formerly known as Devon Delaware Corporation.

Devon Energy Corporation (Oklahoma) was formerly known as Devon Energy Corporation.

Mountain Energy Inc. was formerly known as 628838 Alberta Inc.

Kerr-McGee Canadian Onshore Ltd. was amalgamated into Devon

Energy Canada Corporation on December 31, 1996.

On March 14, 1997, Northstar Energy Corporation acquired all of the outstanding shares of Morrison Petroleums Ltd., a publicly traded oil and gas company. On January 30, 1998, Northstar Energy Corporation amalgamated with three of its wholly owned subsidiaries, PLC-Windsor Ltd., Northstar-Outrider Acquisition Corporation and PowerLink Services Ltd. to form Northstar Energy Corporation. On July 31, 1998, Morrison Petroleums Ltd. was wound up into Northstar Energy Corporation.

On August 29, 2000, Devon Merger Co. was merged into Santa Fe Snyder Corporation which changed its name to Devon SFS Operating, Inc.

Offices. The principal places of business and other significant offices of the Restricted Persons are as follows:

Devon Energy Corporation 20 North Broadway, Suite 1500 Oklahoma City, Oklahoma 73102

Devon Energy Corporation Two Allen Center, Suite 3300 1200 Smith Street
Houston, Texas 77002

Devon Energy Canada Corporation 3000, 400 - 3rd Avenue, S.W.

Calgary, Alberta T2P 4H2
CANADA

Northstar Energy Corporation
3000, 400 - 3rd Avenue, S.W.
Calgary, Alberta T2P 4H2
CANADA

Devon SFS Operating, Inc.
840 Gessner, Suite 1400
Houston, Texas 77024

6. Section 5.11 US Borrower's Subsidiaries: The following entities are, directly or indirectly, wholly owned by US Borrower (unless otherwise noted):

Devon Energy Corporation (Oklahoma), an Oklahoma corporation

Devon Energy Management Company, L.L.C.

Devon Energy Canada Holding Corporation, an Alberta corporation

Devon Energy Canada Corporation, an Alberta corporation

DBC, Inc., an Oklahoma corporation

Devon Acquisition Corporation, a Delaware corporation

Devon Production Corporation, a Nevada corporation

Catclaw Pipeline, Inc., an Oklahoma corporation

Northstar Energy Corporation (100% of common shares)

Devon Energy Canada, Ltd.

Devon Energy Insurance Company Limited

Richland Development Corporation

Canoa Ranch Corporation

Richland Transistion Company

Strategic Trust Company

Vermejo Park Corporation

Vermejo Minerals Corporation

Devon Financing Trust (100% of common securities)

Thunder Creek Gas Services, L.L.C. (75%)

Sage Creek Processors, L.L.C.

American Sulphur Export Corporation
(50%) which owns 100% of Amsulex, Inc.

172173 Canada Inc.

410760 Alberta Ltd.

659502 Alberta Inc.

661151 Alberta Ltd.

728098 Alberta Ltd.

David Limited Partnership

Foothills Partnership (1%)

Morrison Nuclear Inc.

Devon Energy Partners A Limited Partnership

Morrison Petroleums (Alberta) Ltd.

Mountain Energy Inc.

Northstar Energy Partnership

Devon Energy Production Company, L.P.

Bonito Pipe Line Company

Cachuma Gas Processing Company

Canyon Reef Carriers, Inc.

Capitan Oil Pipeline Company

Pennzoil Energy Marketing Company

Pennzoil Gas Marketing Company

Devon Energy International Company

Pennzoil Asiatic Inc.

Devon Energy Egypt, Inc.

Pennzoil Qatar Inc.

Azerbaijan International Operating Corporation (5%)

Caspian International Petroleum Company (30%)

Devon Energy Beni Suef Inc.

Devon Energy Caspian Corporation

Pennzoil Caspian Development Corporation

Devon Energy Exploration Brazil, Inc.

Devon Energy Brasil, Ltda.

Devon Energy Qatar Production, Inc.

Devon Energy Red Sea, Inc.

Fanar Petroleum Company (50%)

Devon Energy Sinai, Inc.

Devon Energy Suez, Inc.

Pennzoil Venezuela Corporation SA

Nueces Intrastate Pipe Line Company

Devon Energy Intrastate Pipeline Company

Devon Energy Offshore Pipeline Company

Devon Energy Petroleum Pipeline Company

Pennzoil Petroleums Ltd.

Pennzoil Resources Canada Ltd.

PennzEnergy (U.K.) Company

Pepco Partners, L.P. (20%)

Sisquoc Gas Pipeline Company

Tiburon Transport Company

655945 Alberta Ltd.

658387 Alberta Inc.

853843 Alberta Ltd.

892306 Alberta Ltd..

Canadian Gas Gathering Systems II, Inc.

167496 Canada Ltd. (64%)

Devon-Blanco Company

Morrison Administration Corporation

Morrison Capital, Inc.

Morrison Gas Gathering Inc.

Morrison Operating Company Ltd.

Morrison Petroleums, Ltd.

Northstar Energy Cogeneration Partnership #2

Northstar Energy Inc.

Polar Energy Marketing Corporation

Richland Properties Company, L.L.C.

BN Coal, L.L.C.

BN Non-Coal, L.L.C.

B&N Co. A Limited Partnership

Blackwood & Nichols Co. A Limited Partnership

Devon SFS Operating, Inc. (formerly Devon Merger Co./Santa Fe Snyder Corporation)

Santa Fe Platform Management, Inc.

Security Purchasing, Inc.

Snyder Fluid Technology, Inc.

Snyder Gas Marketing, Inc.

SOCO Technologies, Inc.

SOCO Gas Systems, Inc.

SOCO Louisiana Leasing, Inc.

Adobe Offshore Pipeline Company

Santa Fe Pacific Fuels Company

Mexican Flats Service Company, Inc.

Wyoming Gathering and Production Company, Inc.

SOCO International, Inc.

SOCO International Holdings, Inc.

Santa Fe Energy Resources (Delaware), Ltd.

SFERI, Inc.

Santa Fe Energy Resources of Ghana, Ltd.

Santa Fe Energy Resources International, Ltd.

Santa Fe Energy Resources (New Ventures II), Ltd.

Santa Fe Energy Resources (New Ventures III), Ltd.

Santa Fe Energy Resources (New Ventures IV), Ltd.

Santa Fe Energy Resources (Cote D'Ivoire) Ltd.

Santa Fe Energy Resources Port Bouet Ltd.

Santa Fe Energy Resources (Bermuda) Limited.

Santa Fe Energy Resources Kepala Burung Limited

Santa Fe Energy Resources Bangko Ltd.

Santa Fe Energy Resources Pagatan Ltd.

Santa Fe Energy Resources of China, Ltd.

Santa Fe Energy Resources of Malaysia, Ltd.

Santa Fe Energy Resources (Thai Holding), Ltd.

Santa Fe Energy Resources (Thailand), Ltd.

Santa Fe Energy Resources Congo, Ltd.

Santa Fe Energy Resources Gabon (Agali), Ltd.

Santa Fe Energy Resources (Brazil Holdings I), Ltd.

Santa Fe Energy Resources (Brazil Holdings II), Ltd.

SFR Petroleo Do Brazil Ltda.

SFS (International), Ltd.

SFS (Holdings), Ltd.

Santa Fe Energy Resources (Jabung), Ltd.

Santa Fe Energy Resources Limited

Santa Fe Energy Resources of Gabon, Ltd.

Petrolera Santa Fe S.A.

Braemar Shipping Company Limited

Santa Fe Energy Resources South East Asia Limited

746481 Alberta Ltd.

Trend Exploration (PNG) Party Ltd.

Santa Fe Energy Resources of Gabon (Mondah Bay), Ltd.

Santa Fe Energy Resources of Canada, Inc.

Santa Fe Energy Resources of Myanmar, Ltd.

Petrolera Santa Fe (Columbia), Ltd.

Santa Fe Energy Resources of Peru, Ltd.

Santa Fe Energy Resources of Bolivia, Inc.

Santa Fe Energy Company of Argentina

Trend Argentina S.A.

Santa Fe Energy Resources of Morocco, Ltd.

Gulf Coast American Corp.

SFS Malta One, Inc.

SFS Malta Two, Inc.

SFS (France) SARL

Ceara Star (Malta) Ltd.

SFS Malta Holding Company Ltd.

SFS Malta International Trading Company Ltd.

7. Section 5.14 Insider:

None.

EXHIBIT A-1

PROMISSORY NOTE

US $_____ Toronto, Ontario August 29, 2000

FOR VALUE RECEIVED, the undersigned, _____, an Alberta corporation, (herein called "Borrower"), hereby promises to pay to the order of _____ (herein called "Lender") the principal sum of _____ US Dollars (US $_____), or, if greater or less, the aggregate unpaid principal amount of the Canadian Loan made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of Canadian Agent under the Credit Agreement, 200 Front Street West, Suite 2700, Toronto, Ontario M5V3L2 or at such other place within Toronto, Ontario as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain Canadian Credit Agreement of even date herewith among Borrower, *[Northstar Energy Corporation/Devon Energy Canada Corporation], Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and the lenders (including Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Canadian Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Canadian Facility Maturity Date.

Canadian Base Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the Canadian US Dollar Base Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, Canadian Base Rate Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the Canadian Base Rate Loans to but not including such Interest Payment Date. Canadian Prime Rate Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the Canadian Prime Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, Canadian Prime Rate Loans shall bear interest on each day outstanding at the

applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the Canadian Prime Rate Loans to but not including such Interest Payment Date. Each US Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted US Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such US Dollar Eurodollar Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such US Dollar Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such US Dollar Eurodollar Loan to but not including such Interest Payment Date. Each Canadian Dollar Eurodollar Loan (exclusive of any past due principal or interest) shall bear interest on each day during the related Interest Period at the related Adjusted Canadian Dollar Eurodollar Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, such Canadian Dollar Eurodollar Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date relating to such Canadian Dollar Eurodollar Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Canadian Dollar Eurodollar Loan to but not including such Interest Payment Date. All past due principal of and past due interest on the Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of Canadian US Dollar Base Rate, Canadian Prime Rate, Adjusted US Dollar Eurodollar Rate, Adjusted Canadian Dollar Eurodollar Rate, and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon.

If this Note is placed in the hands of a lawyer for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice

of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

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THIS NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE PROVINCE OF ALBERTA (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

[NORTHSTAR ENERGY CORPORATION/DEVON ENERGY CANADA CORPORATION]

By:

Name:

Title:

EXHIBIT A-2

PROMISSORY NOTE

US $25,000,000 Toronto, Ontario August 29, 2000

FOR VALUE RECEIVED, the undersigned, _____, an Alberta corporation, (herein called "Borrower"), hereby promises to pay to the order of Bank of America Canada (herein called "Lender") the principal sum of Twenty Five Million US Dollars (US $25,000,000), or, if greater or less, the aggregate unpaid principal amount of the Canadian Loan made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of Canadian Agent under the Credit Agreement, 200 Front Street West, Suite 2700, Toronto, Ontario M5V3L2 or at such other place within Toronto, Ontario as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain Canadian Credit Agreement of even date herewith among Borrower, *[Northstar Energy Corporation/Devon Energy Canada Corporation], Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and the lenders (including Lender) referred to therein (herein, as from time to time supplemented, amended or restated, called the "Credit Agreement"), and is a "Canadian Swing Note" as defined therein and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

The principal amount of this Note, together with all interest accrued hereon, shall be due and payable in full on the Conversion Date.

Canadian Swing Loans (exclusive of any past due principal or interest) from time to time outstanding shall bear interest on each day outstanding at the Canadian Swing Rate in effect on such day; provided that if an Event of Default has occurred and is continuing, Canadian Swing Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Interest Payment Date Borrower shall pay to the holder hereof all unpaid interest which has accrued on the Canadian Swing Loans to but not including such Interest Payment Date. All past due principal of and past due interest on the Canadian Swing Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate

(by the foregoing subsection (a) or by reference to the Highest Lawful Rate in the definitions of Canadian Swing Rate and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon.

If this Note is placed in the hands of a lawyer for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable attorneys' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

THIS NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE PROVINCE OF A LBERTA (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

[NORTHSTAR ENERGY CORPORATION/DEVON ENERGY CANADA CORPORATION]

By:

Name:

Title:

[SPECIFY WHICH CANADIAN BORROWER IS BORROWING]

EXHIBIT B

BORROWING NOTICE

Reference is made to that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Canadian Agreement"), by and among Northstar Energy Corporation, an Alberta corporation and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Canadian Agreement are used herein with the meanings given them in the Canadian Agreement. Pursuant to the terms of the Canadian Agreement, *[Northstar Energy Corporation/Devon Energy Canada Corporation] hereby requests Canadian Lenders *[Canadian Swing Lender] to make Canadian Advances [Canadian Swing Loans] to [Northstar Energy and/or Devon Energy Canada] as follows:

Aggregate amount of Borrowing:	C/US] $_____	
Type of Canadian Advances in Borrowing: [Canadian Base Rate Loans, Canadian Prime Rate Loans, US Dollar Eurodollar Loans, Canadian Dollar Eurodollar Loans, Bankers' Acceptances, or Canadian Swing Loans]	_____	
Canadian Resident Lender BA Purchase	_____	(check for yes)
Date on which Borrowing is to be made:	_____	
Length of Interest Period for Eurodollar Loans [1, 2, 3 or 6 months]	_____	months
Term applicable for Bankers' Acceptances [30, 60, 90 or 180 days]	_____	days

[CANADIAN ADVANCES IN BANKERS' ACCEPTANCES WILL INCLUDE, AS REQUIRED, CANADIAN ADVANCES IN CANADIAN DOLLAR EURODOLLAR LOANS BY NON-RESIDENT LENDERS.]

To induce Lenders to make such Canadian Advances, *[Northstar Energy Corporation/Devon Energy Canada Corporation] hereby represents, warrants, acknowledges, and agrees to and with Canadian Agent and each Lender that:

(a) The officer of such Canadian Borrower signing this instrument is the duly elected, qualified and acting officer of such Canadian Borrower as indicated below such officer's signature hereto having all necessary authority to act for such Canadian Borrower in making the request herein contained.

(b) The representations and warranties of such Canadian Borrower set forth in the Canadian Agreement and the other Canadian Loan Documents are true and correct on and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Canadian Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

(c) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Canadian Agreement; nor will any such Default exist upon such Canadian Borrower's receipt and application of the Canadian Loans requested hereby. Such Canadian Borrower will use the Canadian Loans hereby requested in compliance with Section 1.10 of the Canadian Agreement.

(d) Except to the extent waived in writing as provided in Section 10.1(a) of the Canadian Agreement, such Canadian Borrower has performed and complied with all agreements and conditions in the Canadian Agreement required to be performed or complied with by such Canadian Borrower on or prior to the date hereof, and each of the conditions precedent to Canadian Loans contained in the Canadian Agreement remains satisfied.

(e) The Canadian Facility Usage, after the making of the Canadian Advances requested hereby, will not be in excess of the Canadian Maximum Credit Amount on the date requested for the making of such Canadian Advances. *[The Canadian Swing Loans, after the making of the Canadian Swing Loans requested hereby, will not be in excess of the Canadian Swing Sublimit.]

(f) The Canadian Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means not provided for in Section 10.1(a) of the Canadian Agreement. The Canadian Agreement and the other Canadian Loan Documents are hereby ratified, approved, and confirmed in all respects.

The officer of the Canadian Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of such Canadian Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____, _____.

***[NORTHSTAR ENERGY CORPORATION/DEVON ENERGY CANADA CORPORATION]**

By:

Name:

Title:

EXHIBIT C

CONTINUATION/CONVERSION NOTICE

Reference is made to that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Canadian Agreement"), by and among Northstar Energy Corporation, an Alberta corporation, and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Canadian Agreement are used herein with the meanings given them in the Canadian Agreement.

*[Northstar Energy Corporation/Devon Energy Canada Corporation] hereby requests a conversion or continuation of existing Canadian Advances [Canadian Swing Loans] into a new Borrowing pursuant to Section 1.3 of the Canadian Agreement as follows:

Existing Borrowing(s) to be continued or converted:

US $_____ of US Dollar Eurodollar Loans with Eurodollar Interest Period ending _____

C $_____ of Canadian Dollar Eurodollar Loans with Eurodollar Interest Period ending _____

US $_____ of Canadian Base Rate Loans

C $_____ of Canadian Prime Rate Loans

C $_____ of Bankers' Acceptances with a term of [30, 60, 90, or 180] days (including, as required, Non-resident Lender Canadian Dollar Eurodollar Loans

Canadian Resident Lender Purchase _____ (check for yes)

C $_____ of Canadian Swing Loans

If being combined with new Canadian Advances,_____ [US/C] $_____ of new Canadian Advances to be advanced on_____,

Aggregate amount of new Borrowing: [US/C] $_____

Type of Canadian Advances in new Borrowing: _____

[Canadian Base Rate Loans, Canadian Prime Rate Loans,
US Dollar Eurodollar Loans, Canadian Dollar Eurodollar
Loans, or Bankers' Acceptances]
Canadian Resident Lender BA Purchase _____ (check for yes)

Date of continuation or conversion: _____

Length of Eurodollar Interest Period for US Dollar
Eurodollar Loans (1, 2, 3 or 6 months): _____ months

Length of Eurodollar Interest Period for
Canadian Dollar Eurodollar Loans
(1, 2, 3 or 6 months): _____ months

Term applicable for Bankers' Acceptances
(30, 60, 90 or 180 days): _____ days

[CANADIAN A DVANCES IN BANKERS' ACCEPTANCES WILL INCLUDE, AS REQUIRED, CANADIAN ADVANCES IN CANADIAN DOLLAR EURODOLLAR LOANS BY NON - RESIDENT LENDERS.]

To meet the conditions set out in the Canadian Agreement for such conversion/continuation, such Canadian Borrower hereby represents, warrants, acknowledges, and agrees to and with Canadian Agent and each Lender that:

(a) The officer of such Canadian Borrower signing this instrument is the duly elected, qualified and acting officer of such Canadian Borrower as indicated below such officer's signature hereto having all necessary authority to act for such Canadian Borrower in making the request herein contained.

(b) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Canadian Agreement.

(c) The Canadian Loan Documents have not been modified, amended or supplemented by any unwritten representations or promises, by any course of dealing, or by any other means not provided for in Section 10.1(a) of the Canadian Agreement. The Canadian Agreement and the other Canadian Loan Documents are hereby ratified, approved, and confirmed in all respects.

The officer of the Canadian Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgements, and agreements of such Canadian Borrower are true, correct and complete.

IN WITNESS WHEREOF this instrument is executed as of _____.

***[NORTHSTAR ENERGY CORPORATION/DEVON ENERGY CANADA CORPORATION]**

By:

Name:

Title:

EXHIBIT D

CERTIFICATE ACCOMPANYING FINANCIAL STATEMENTS

Reference is made to that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Canadian Agreement"), by and among Northstar Energy Corporation, an Alberta corporation and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), as Agent, and certain financial institutions ("Lenders"), which Canadian Agreement is in full force and effect on the date hereof. Terms which are defined in the Canadian Agreement are used herein with the meanings given them in the Canadian Agreement.

This Certificate is furnished pursuant to Section 6.1(b) of the Canadian Agreement. Together herewith US Borrower and Canadian Borrowers are furnishing to Canadian Agent and each Lender US Borrower's *[audited/unaudited] financial statements (the "Financial Statements") as at _____ (the "Reporting Date"). US Borrower and each Canadian Borrower hereby represents, warrants, and acknowledges to Canadian Agent and each Lender that:

(a) the officer of US Borrower signing this instrument is the duly elected, qualified and acting [President/Senior Vice President - Finance/Treasurer/Vice President - Accounting] of US Borrower;

(b) the Financial Statements are accurate and complete and satisfy the requirements of the Canadian Agreement;

(c) attached hereto is a schedule of calculations showing [US Borrower's] compliance as of the Reporting Date with the requirements of Sections _____ of the Canadian Agreement *[and [US Borrower's] non-compliance as of such date with the requirements of Section(s) _____ of the Agreement];

(d) on the Reporting Date [US Borrower] was, and on the date hereof [US Borrower] is, in full compliance with the disclosure requirements of Section 6.2(c) and 6.4 of the Canadian Agreement, and no Default otherwise existed on the Reporting Date or otherwise exists on the date of this instrument *[except for Default(s) under Section(s) _____ of the Canadian Agreement, which *[is/are] more fully described on a schedule attached hereto].

(e) *[Unless otherwise disclosed on a schedule attached hereto,] Each Canadian Borrower confirms that the representations and warranties of such Canadian Borrower set forth in the Canadian Agreement and the other Canadian Loan Documents are true and correct on and as of the date hereof (except to the extent that the facts on

which such representations and warranties are based have been changed by the extension of credit under the Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

The officer of each Borrower signing this instrument hereby certifies that he has reviewed the Canadian Loan Documents and the Financial Statements and has otherwise undertaken such inquiry as is in his opinion necessary to enable him to express an informed opinion with respect to the above representations, warranties and acknowledgments of such Borrower and, to the best of his knowledge, such representations, warranties, and acknowledgments are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____, _____.

DEVON ENERGY CORPORATION

By:

Name:

Title:

NORTHSTAR ENERGY CORPORATION

By:

Name:

Title:

DEVON ENERGY CANADA CORPORATION

By:

Name:

Title:

EXHIBIT E

OPINION OF COUNSEL FOR RESTRICTED PERSONS

[To Be Inserted]

EXHIBIT F

ASSIGNMENT AND ACCEPTANCE

Reference is made to that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Canadian Agreement"), by and among Northstar Energy Corporation, an Alberta corporation, and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Canadian Agreement are used herein with the meanings given them in the Canadian Agreement.

The "Assignor" and the "Assignee" referred to on Schedule 1 agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, without recourse and without representation or warranty except as expressly set forth herein, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Canadian Agreement and the other Canadian Loan Documents as of the date hereof equal to the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Canadian Agreement and the other Canadian Loan Documents. After giving effect to such sale and assignment, the Assignee's Canadian Maximum Credit Amount and the amount of the Canadian Loans owing to the Assignee will be as set forth on Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Canadian Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Canadian Loan Documents or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Restricted Person or the performance or observance by any Restricted Person of any of its obligations under the Canadian Loan Documents or any other instrument or document furnished pursuant thereto; and (iv) attaches the Canadian Note held by the Assignor and requests that Canadian Agent exchange such Canadian Note for new Canadian Notes payable to the order of the Assignee in an amount equal to the Canadian Maximum Credit Amount assumed by the Assignee pursuant hereto and to the Assignor in an amount equal to the Canadian Maximum Credit Amount retained by the Assignor, if any, as specified on Schedule 1.

3. The Assignee (i) confirms that it has received a copy of the Canadian Agreement, together with copies of the financial statements referred to in
Section 6.2 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon Canadian Agent, the Assignor or any other Lender and based on such

documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Canadian Agreement; (iii) confirms that it is an Eligible Transferee; (iv) appoints and authorizes Canadian Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Canadian Agreement as are delegated to Canadian Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; and (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Canadian Agreement are required to be performed by it as a Lender.

4. Following the execution of this Assignment and Acceptance, it will be delivered to Canadian Agent for acceptance and recording by Canadian Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by Canadian Agent, unless otherwise specified on Schedule 1.

5. Upon such acceptance and recording by Canadian Agent, as of the Effective Date, (i) the Assignee shall be a party to the Canadian Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Canadian Agreement.

6. Upon such acceptance and recording by Canadian Agent, from and after the Effective Date, Canadian Agent shall make all payments under the Canadian Agreement and the Canadian Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Canadian Agreement and the Canadian Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the Laws of the Province of Alberta, Canada.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by facsimile shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

SCHEDULE 1

to

ASSIGNMENT AND ACCEPTANCE

Percentage interest assigned:	____%
Assignee's Canadian Maximum Credit Amount:	US $_____
Aggregate outstanding principal amount of Loans assigned:	US $_____
Principal amount of Canadian Note payable to Assignee:	US $_____
Principal amount of Canadian Note payable to Assignor:	US $_____
Effective Date (if other than date of acceptance by Canadian Agent):	*_____, ____

[NAME OF ASSIGNOR], as Assignor

By:
Title:

Dated:

----------, ----------

[NAME OF ASSIGNEE], as Assignee

By:
Title:

Domestic Lending Office:

Eurodollar Lending Office:

* This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to Canadian Agent.

Accepted [and Approved] **
this _____ day of _____, 20__

BANK OF AMERICA CANADA

By:
Name:
Title:

[Approved this _____ day
of _____, 20__

NORTHSTAR ENERGY CORPORATION

By:
Name:
Title:

DEVON ENERGY CANADA CORPORATION

By:
Name:
Title:

** Required if the Assignee is an Eligible Transferee solely by reason of subsection (b) of the definition of "Eligible Transferee".

EXHIBIT G

RE-ALLOCATION NOTICE

Reference is made to (i) that certain US Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Devon Energy Corporation, a Delaware corporation ("US Borrower"), Bank of America, N.A., individually and as administrative agent ("US Agent"), and certain financial institutions ("US Lenders"), and (ii) that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Agreement"), by and among Northstar Energy Corporation, an Alberta corporation, and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Canadian Lenders") Terms which are defined in the US Agreement and the Canadian Agreement (collectively, the "Agreements") are used herein with the meanings given them therein. Pursuant to the terms of the Agreements, Canadian Borrowers hereby notify US Agent, Canadian Agent and Lenders that Canadian Borrowers have elected to make a Canadian Re-allocation as follows:

Canadian Maximum Credit Amount reduction: [US $25,000,000 or any higher integral multiple of US $1,000,000]	US $_____
Tranche B Maximum Credit Amount increase: [must equal Canadian Maximum Credit Amount reduction]	US $_____
Effective Date of Canadian Re-allocation: [must be at least 90 days after effective date of immediately preceding Re-allocation]	_____

Canadian Borrowers each hereby represent, warrant, acknowledge, and agree to and with Canadian Agent and each Lender that:

(a) The officer of such Canadian Borrower signing this instrument is the duly elected, qualified and acting officer of such Canadian Borrower as indicated below such officer's signature hereto having all necessary authority to act for such Canadian Borrower in making the request herein contained.

(b) After giving effect to the Re-allocation requested hereby, the Tranche B Maximum Credit Amount will not be greater than US $625,000,000, the Canadian Maximum Credit Amount will not be greater than US $375,000,000, and the aggregate amount of the Tranche B Maximum Credit Amount and the Canadian Maximum Credit Amount will not be greater than US $800,000,000.

The officer of each Canadian Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of such Canadian Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____, _____.

DEVON ENERGY CANADA CORPORATION

By:

Name:

Title:

NORTHSTAR ENERGY CORPORATION

By:

Name:

Title:

EXHIBIT H

[RESERVED]

EXHIBIT I

COMPETITIVE BID REQUEST

Bank of America Canada
as Canadian Agent
200 Front Street West, Suite 2700
Toronto, Canada M5V 3L2
Attention: _____ [Date]

NORTHSTAR ENERGY CORPORATION
DEVON ENERGY CANADA CORPORATION

Ladies and Gentlemen:

Reference is made to that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Canadian Agreement"), by and among Northstar Energy Corporation, an Alberta corporation and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Canadian Agreement are used herein with the meanings given them in the Canadian Agreement. *[Northstar Energy Corporation/Devon Energy Canada Corporation] hereby gives notice pursuant to Section 1.9(a) of the Canadian Agreement that it requests Competitive Bids under the Canadian Agreement on the terms set forth below:

1. Proposed Date of Competitive Bid Loan: _____.
(which is a Business Day)

2. Aggregate Principal Amount of Competitive Bid Loan: [C $] [US $] _____.
(C $5,000,000 or greater integral multiple of C $1,000,000)

3. Competitive Bid Interest Period and last day thereof: _____.
(1 day to 180 days)

4. Requested Maturity: _____.
(30 days or more)

To induce Lenders to make such Competitive Bids, *[Northstar Energy Corporation/Devon Energy Canada Corporation] hereby represents, warrants, acknowledges, and agrees to and with Canadian Agent and each Lender that:

(a) The officer of such Canadian Borrower signing this instrument is the duly elected, qualified and acting officer of such Canadian Borrower as indicated below such

officer's signature hereto having all necessary authority to act for such Canadian Borrower in making the request herein contained.

(b) The representations and warranties of such Canadian Borrower set forth in the Canadian Agreement and the other Canadian Loan Documents, except as expressly made as of specific date, are true and correct in all material respects on and as of the date hereof (except to the extent that the facts on which such representations and warranties are based have been changed by the extension of credit under the Canadian Agreement), with the same effect as though such representations and warranties had been made on and as of the date hereof.

(c) There does not exist on the date hereof any condition or event which constitutes a Default which has not been waived in writing as provided in Section 10.1(a) of the Agreement; nor will any such Default exist upon such Canadian Borrower's receipt and application of any Competitive Bid Loan made pursuant hereto.

(d) The sum of (i) the aggregate unpaid principal balance of the Canadian Loans, after the making of any Competitive Bid Loan in the amount indicated hereby, plus (ii) the Canadian LC Obligations outstanding, will not be in excess of the Canadian Maximum Credit Amount on the date requested for the making of such Canadian Loans.

The officer of the Canadian Borrower signing this instrument hereby certifies that, to the best of his knowledge after due inquiry, the above representations, warranties, acknowledgments, and agreements of such Canadian Borrower are true, correct and complete.

IN WITNESS WHEREOF, this instrument is executed as of _____, 20__.

NORTHSTAR ENERGY CORPORATION/DEVON ENERGY CANADA CORPORATION

By:

Name:

Title:

EXHIBIT J

INVITATION TO BID

To Lenders under the Canadian Agreement
(as defined below)
Attention: _____ [Date]

NORTHSTAR ENERGY CORPORATION
DEVON ENERGY CANADA CORPORATION

Ladies and Gentlemen:

Reference is made to that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Canadian Agreement"), by and among Northstar Energy Corporation, an Alberta corporation and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Canadian Agreement and which are used but not defined herein are used herein with the meanings given them in the Canadian Agreement. *[Northstar Energy Corporation/Devon Energy Canada Corporation] has delivered a Competitive Bid Request dated _____ pursuant to Section 1.9(a) of the Canadian Agreement, and you are invited to submit a Competitive Bid by not later than 9:00 a.m., Toronto, Canada time on the date specified for the proposed Competitive Bid Loan. Your Competitive Bid must comply with Section 1.9(b) of the Canadian Agreement and the following terms as set forth in such Canadian Borrower's Competitive Bid Request:

1. Proposed Date of Competitive Bid Loan: _____.
(which is a Business Day)

2. Aggregate Principal Amount of Competitive Bid Loan: _____
[C $] [US $]_____.
(C $5,000,000 or greater integral multiple of C $1,000,000)

3. Competitive Bid Interest Period and last day thereof: _____.
(1 day to 180 days)

4. Requested Maturity: _____.
(30 days or more)

BANK OF AMERICA CANADA
as Canadian Agent

By:

Name:

Title:

EXHIBIT K

COMPETITIVE BID

Bank of America Canada
as Canadian Agent
200 Front Street West, Suite 2700
Toronto, Canada M5V 3L2
Attention: _____ [Date]

[NORTHSTAR ENERGY CORPORATION]
[DEVON ENERGY CANADA CORPORATION]

Ladies and Gentlemen:

Reference is made to that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Canadian Agreement"), by and among Northstar Energy Corporation, an Alberta corporation and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Canadian Agreement and which are used but not defined herein are used herein with the meanings given them in the Canadian Agreement. The undersigned Lender hereby makes a Competitive Bid pursuant to Section 1.9(b) of the Canadian Agreement, in response to the Competitive Bid Request of Canadian Borrowers dated _____, on the following terms:

1. Principal Amount: [C $] [US $] _____. (C $5,000,000 or greater integral multiple of C $1,000,000; multiple Competitive Bids may be accepted by Canadian Borrowers)

2. Competitive Bid Rate: _____ percent (__%).
(expressed in decimal form to no more than four decimal places)

3. Competitive Bid Interest Period and last day thereof: _____.
(1 day to 180 days)

4. Maturity Date: _____.
(30 days or more)

The undersigned Lender hereby confirms that it is prepared to extend credit to *[Northstar Energy Corporation/Devon Energy Canada Corporation] upon acceptance by such Canadian Borrower of this Competitive Bid pursuant to Section 1.9(d) of the Canadian Agreement.

_____, Lender

By:

Name:

Title:

EXHIBIT L

COMPETITIVE BID ACCEPT/REJECT LETTER

Bank of America Canada
as Canadian Agent
200 Front Street West, Suite 2700
Toronto, Canada M5V 3L2
Attention: _____ [Date]

NORTHSTAR ENERGY CORPORATION
DEVON ENERGY CANADA CORPORATION

Ladies and Gentlemen:

Reference is made to that certain Canadian Credit Agreement dated as of August 29, 2000 (as from time to time amended, the "Canadian Agreement"), by and among Northstar Energy Corporation, an Alberta corporation and Devon Energy Canada Corporation, an Alberta corporation (collectively, "Canadian Borrowers"), Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and certain financial institutions ("Lenders"). Terms which are defined in the Canadian Agreement and which are used but not defined herein are used herein with the meanings given them in the Canadian Agreement. Pursuant to Section 1.9(d) of the Canadian Agreement, *[Northstar Energy Corporation/Devon Energy Canada Corporation] hereby accepts the following Competitive Bids made in response to such Canadian Borrower's Competitive Bid Request dated _____ for Competitive Bid Loans maturing _____:

Lender	Principal Amount	Interest Rate
_____	[C $] [US $] _____	_____%
_____	[C $] [US $] _____	_____%
_____	[C $] [US $] _____	_____%

Such Canadian Borrower hereby rejects the following Competitive Bids:

Lender	Principal Amount	Interest Rate
_____	[C $] [US $] _____	_____%
_____	[C $] [US $] _____	_____%
_____	[C $] [US $] _____	_____%

The proceeds of the Competitive Bid Loans made pursuant to the Competitive Bids accepted hereby should be deposited in Bank of America Canada account number _____ on _____ [or wire transferred to _____].

***[NORTHSTAR ENERGY CORPORATION/DEVON ENERGY CANADA CORPORATION]**

By:

Name:

Title:

EXHIBIT M

COMPETITIVE BID NOTE

August 29, 2000

FOR VALUE RECEIVED, the undersigned, _____, an Alberta corporation ("Borrower"), hereby promises to pay to the order of _____ ("Lender"), the aggregate unpaid principal amount of all Competitive Bid Loans made under this Note by Lender to Borrower pursuant to the terms of the Credit Agreement (as hereinafter defined), together with interest on the unpaid principal balance thereof as hereinafter set forth, both principal and interest payable as herein provided in lawful money of the United States of America at the offices of Canadian Agent under the Credit Agreement, 200 Front Street West, Suite 2700, Toronto, Ontario or at such other place within Toronto, Ontario, as from time to time may be designated by the holder of this Note.

This Note (a) is issued and delivered under that certain Canadian Credit Agreement of even date herewith, among Borrower, Northstar Energy Corporation, Devon Energy Canada Corporation, Bank of America Canada, individually and as administrative agent ("Canadian Agent"), and the lenders (including Lender) referred to therein (as from time to time supplemented, amended or restated, the "Credit Agreement"), and is a "Competitive Bid Note" as defined therein, and (b) is subject to the terms and provisions of the Credit Agreement, which contains provisions for payments and prepayments hereunder and acceleration of the maturity hereof upon the happening of certain stated events. Payments on this Note shall be made and applied as provided herein and in the Credit Agreement. Reference is hereby made to the Credit Agreement for a description of certain rights, limitations of rights, obligations and duties of the parties hereto and for the meanings assigned to terms used and not defined herein.

For the purposes of this Note, "Competitive Bid Rate Payment Date" means, with respect to each Competitive Bid Loan: (i) the day on which the related Competitive Bid Interest Period ends, and (ii) any day on which past due interest or past due principal is owed hereunder with respect to such Competitive Bid Loan and is unpaid. If the terms hereof or of the Credit Agreement provide that payments of interest or principal with respect to such Competitive Bid Loan shall be deferred from one Competitive Bid Rate Payment Date to another day, such other day shall also be a Competitive Bid Rate Payment Date.

The principal amount of this Note and interest accrued hereon, shall be due and payable as set forth in the Credit Agreement, and shall in any event be due in full on the last day of the Canadian Revolving Period.

Each Competitive Bid Loan (exclusive of any past due principal or past due interest) shall bear interest on each day during the related Competitive Bid Interest Period at the Competitive Bid Rate in effect on such day for such Competitive Bid Loan, provided that if an Event of

Default has occurred and is continuing such Competitive Bid Loan shall bear interest on each day outstanding at the applicable Default Rate in effect on such day. On each Competitive Bid Rate Payment Date relating to any Competitive Bid Loan, Borrower shall pay to the holder hereof all unpaid interest which has accrued on such Competitive Bid Loan to but not including such Competitive Bid Rate Payment Date. All past due principal of and past due interest on Competitive Bid Loans shall bear interest on each day outstanding at the applicable Default Rate in effect on such day, and such interest shall be due and payable daily as it accrues. Notwithstanding the foregoing provisions of this paragraph: (a) this Note shall never bear interest in excess of the Highest Lawful Rate, and (b) if at any time the rate at which interest is payable on this Note is limited by the Highest Lawful Rate (by the foregoing clause (a) or by reference to the Highest Lawful Rate in the definitions of Competitive Bid Rate and Default Rate), this Note shall bear interest at the Highest Lawful Rate and shall continue to bear interest at the Highest Lawful Rate until such time as the total amount of interest accrued hereon equals (but does not exceed) the total amount of interest which would have accrued hereon had there been no Highest Lawful Rate applicable hereto.

Notwithstanding the foregoing paragraph and all other provisions of this Note, in no event shall the interest payable hereon, whether before or after maturity, exceed the maximum amount of interest which, under applicable Law, may be charged on this Note, and this Note is expressly made subject to the provisions of the Credit Agreement which more fully set out the limitations on how interest accrues hereon.

If this Note is placed in the hands of a lawyer for collection after default, or if all or any part of the indebtedness represented hereby is proved, established or collected in any court or in any bankruptcy, receivership, debtor relief, probate or other court proceedings, Borrower and all endorsers, sureties and guarantors of this Note jointly and severally agree to pay reasonable lawyers' fees and collection costs to the holder hereof in addition to the principal and interest payable hereunder.

Borrower and all endorsers, sureties and guarantors of this Note hereby severally waive demand, presentment, notice of demand and of dishonor and nonpayment of this Note, protest, notice of protest, notice of intention to accelerate the maturity of this Note, declaration or notice of acceleration of the maturity of this Note, diligence in collecting, the bringing of any suit against any party and any notice of or defense on account of any extensions, renewals, partial payments or changes in any manner of or in this Note or in any of its terms, provisions and covenants, or any releases or substitutions of any security, or any delay, indulgence or other act of any trustee or any holder hereof, whether before or after maturity.

THIS NOTE AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE PROVINCE OF ALBERTA (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE SAME ARE GOVERNED BY APPLICABLE FEDERAL LAW.

***[NORTHSTAR ENERGY CORPORATION/DEVON ENERGY CANADA CORPORATION]**

By:

Name:

Title:

EXHIBIT 12

DEVON ENERGY CORPORATION

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

	YEARS DECEMBER 31,				
	2000	1999	1998	1997	1996
	(IN THOUSANDS, EXCEPT RATIOS)				
EARNINGS:					
Earnings (loss) before income taxes	$1,141,980	(199,378)	(361,992)	(340,233)	247,689
Add fixed charges (see below)	162,925	111,360	75,376	61,139	56,115
Adjusted earnings (loss)	$1,304,905	(88,018)	(286,616)	(279,094)	303,804
FIXED CHARGES AND PREFERRED STOCK DIVIDENDS:					
Interest expense	$ 154,329	109,613	43,532	41,488	48,762
Distributions on preferred securities of subsidiary	--	6,884	9,717	9,717	4,753
Amortization of costs incurred in connection with the offering of the preferred securities of subsidiary trust	--	148	240	269	82
Estimated interest factor of operating lease payments	6,188	7,869	5,783	3,805	2,319
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	2,408	(13,154)	16,104	5,860	199
Fixed charges	162,925	111,360	75,376	61,139	56,115
Preferred stock requirements, pre-tax	15,702	5,889	--	5,800	21,800
Combined fixed charges and preferred stock dividends	$ 178,627	117,249	75,376	66,939	77,915
Ratio of earnings to combined fixed charges and preferred stock dividends	7.31	NA	NA	NA	3.90
Insufficiency of earnings to cover combined fixed charges and preferred stock dividends	NA	205,267	361,992	346,033	NA

EXHIBIT 21

DEVON ENERGY CORPORATION

Significant Subsidiaries

1. Devon Energy Corporation (Oklahoma), an Oklahoma corporation;

2. Devon Energy Production Company, L.P., an Oklahoma limited partnership;

3. Devon SFS Operating, Inc., a Delaware corporation;

4. Northstar Energy Corporation, an Alberta corporation; and

5. Northstar Energy Partnership, an Alberta general partnership.

EXHIBIT 23.1

ENGINEER'S CONSENT

We consent to incorporation by reference in the Registration Statements (File Nos. 333-47672, 333-39908, 333-44702, 333-32214 and 333-85553) on Form S-8, and the Registration Statements (File Nos. 333-50036, 333-50034 and 333-85211) on Form S-3 of Devon Energy Corporation, the reference to our appraisal report for Devon Energy Corporation as of December 31, 2000, which appears in the December 31, 2000 annual report on Form 10-K of Devon Energy Corporation.

LAROCHE PETROLEUM CONSULTANTS, LTD.

By: /s/ William M. Kazmann
William M. Kazmann
Partner

March 15, 2001

Exhibit 23.2

ENGINEER'S CONSENT

We consent to incorporation by reference in the Registration Statements (File Nos. 333-47672, 333-39908, 333-44702, 333-32214 and 333-85553) on Form S-8, and the Registration Statements (File Nos. 333-50036, 333-50034 and 333-85211) on Form S-3 of Devon Energy Corporation, the reference to our appraisal report for Devon Energy Corporation as of December 31, 1998, which appears in the December 31, 2000 annual report on Form 10-K of Devon Energy Corporation.

AMH GROUP LTD.

/s/ Allan K. Ashton

Allan K. Ashton, P. Eng.
President

March 15, 2001

Exhibit 23.3

ENGINEER'S CONSENT

We consent to incorporation by reference in the Registration Statements (File Nos. 333-47672, 333-39908, 333-44702, 333-32214 and 333-85553) on Form S-8, and the Registration Statements (File Nos. 333-50036, 333-50034 and 333-85211) on Form S-3 of Devon Energy Corporation, the reference to our appraisal report for Devon Energy Corporation as of December 31, 2000, which appears in the December 31, 2000 annual report on Form 10-K of Devon Energy Corporation

PADDOCK LINDSTROM & ASSOCIATES LTD.

/s/ D. L. Paddock
---------- D.L. Paddock, P. Eng.
Vice-President

March 15, 2001

Exhibit 23.4

CONSENT OF RYDER SCOTT COMPANY, L.P.

We consent to incorporation by reference in the Registration Statements (File Nos. 333-47672, 333-39908, 333-44702, 333-32214 and 333-85553) on Form S-8, and the Registration Statements (File Nos. 333-50036, 333-50034 and 333-85211) on Form S-3 of Devon Energy Corporation, the reference to our appraisal report for Devon Energy Corporation as of December 31, 2000, which appears in the December 31, 2000 annual report on Form 10-K of Devon Energy Corporation.

/s/ RYDER SCOTT COMPANY, L.P.
RYDER SCOTT COMPANY, L.P.

Houston, Texas
March 15, 2001

Exhibit 23.5

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Devon Energy Corporation

We consent to incorporation by reference in the Registration Statements (File Nos. 333-32214, 333-47672, 333-44702, 333-39908 and 333-85553) on Form S-8 and the Registration Statements (File Nos. 333-85211, 333-50036 and 333-50034) on Form S-3 of Devon Energy Corporation of our report dated January 30, 2001, relating to the consolidated balance sheets of Devon Energy Corporation and subsidiaries as of December 31, 2000, 1999 and 1998 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, which report appears in the December 31, 2000 annual report on Form 10-K of Devon Energy Corporation.

KPMG LLP

Oklahoma City, Oklahoma
March 14, 2001

EXHIBIT 23.6

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-47672, 333-44702, 333-32214, 333-39908 and 333-85553) and Form S-3 (No. 333-85211) of Devon Energy Corporation of our report dated January 28, 2000, except for Note 2 which is as of October 30, 2000, relating to the consolidated financial statements of Santa Fe Snyder Corporation, which appears in this Annual Report on Form 10-K of Devon Energy Corporation.

PricewaterhouseCoopers LLP

Houston, Texas

March 15, 2001

EXHIBIT 23.7

INDEPENDENT AUDITORS' CONSENT

We consent to incorporation by reference in the Registration Statements (File Nos. 333-47672, 333-39908, 333-44702, 333-32214 and 333-85553) on Form S-8, and the Registration Statements (File Nos. 333-50036, 333-50034 and 333-85211) 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 sheet of Northstar Energy Corporation and subsidiaries as at December 31, 1998 and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity, and cash flows for the year ended December 31, 1998, which report appears herein.

(SIGNED) DELOITTE & TOUCHE LLP

Deloitte & Touche LLP
Chartered Accountants

Calgary, Alberta
Canada
March 15, 2001