DEVON ENERGY CORP /OK/

FORM 10-Q
(Quarterly Report)

Filed 08/11/99 for the Period Ending 06/30/99

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

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(Quarterly Report)

Filed 8/11/1999 For Period Ending 6/30/1999

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

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 1999

OR

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

Commission File No. 1-10067

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

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

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

Not applicable

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

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

The number of shares outstanding of Registrant's common stock, par value $.10, as of July 27, 1999, was 48,845,000.

1 of 58 total pages

(Exhibit Index is found at page 36)

DEVON ENERGY CORPORATION

Index to Form 10-Q Quarterly Report
to the Securities and Exchange Commission

DEFINITIONS

As used in this document:
"Mcf" means thousand cubic feet

"MMcf" means million cubic feet "Bcf" means billion cubic feet "Bbl" means barrel "MBbls" means thousand barrels "MMBbls" means million barrels "Boe" means equivalent barrels of oil "Mboe" means thousand equivalent barrels of oil "Oil" includes crude oil and condensate "NGLs" means natural gas liquids

DEVON ENERGY CORPORATION

Part I. Financial Information

Item 1. Consolidated Financial Statements June 30, 1999 and 1998

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

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In Thousands, Except Share Data)

	June 30, 1999 (Unaudited)	December 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 13,994	19,154
Accounts receivable	83,712	83,858
Inventories	2,624	2,750
Prepaid expenses	2,309	2,351
Deferred income taxes	605	605
Investments and other assets	1,516	1,930
Total current assets	104,760	110,648
Property and equipment, at cost, based on the full cost method of accounting for oil and gas properties	2,801,801	2,610,511
Less accumulated depreciation, depletion and amortization	1,616,172	1,509,583
	1,185,629	1,100,928
Other assets	14,774	14,780
Total assets	$1,305,163	1,226,356
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable:		
Trade	37,344	40,177
Revenues and royalties due to others	8,839	12,508
Accrued expenses	27,494	27,971
Total current liabilities	73,677	80,656
Other liabilities	34,584	34,747
Long-term debt	448,013	405,271
Deferred income taxes	44,149	33,219
Company-obligated mandatorily redeemable convertible preferred securities of subsidiary trust holding solely 6.5% convertible junior subordinated debentures of Devon Energy Corporation	149,500	149,500
Stockholders' equity:		
Preferred stock of $1.00 par value. Authorized 3,000,000 shares; none issued	-	-
Common stock of $.10 par value. Authorized 400,000,000 shares; issued 48,820,000 in 1999 and 48,425,000 in 1998	4,882	4,842
Additional paid-in capital	807,270	796,992
Accumulated deficit	(225,582)	(242,909)
Accumulated other comprehensive loss	(31,330)	(35,962)
Total stockholders' equity	555,240	522,963
Total liabilities and stockholders' equity	$1,305,163	1,226,356

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
	(Unaudited)			
Revenues				
Oil sales	$36,871	33,984	64,784	75,573
Gas sales	59,387	54,650	112,938	106,555
Natural gas liquids sales	5,835	4,873	9,764	9,687
Other	2,219	11,268	4,092	13,397
Total revenues	104,312	104,775	191,578	205,212
Costs and expenses				
Lease operating expenses	27,100	28,303	54,520	57,679
Production taxes	3,446	3,851	6,415	7,266
Depreciation, depletion and amortization	35,763	31,165	69,321	61,158
General and administrative expenses	6,952	6,141	13,175	11,784
Interest expense	7,115	5,427	13,779	10,837
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	(5,585)	6,921	(8,746)	6,921
Distributions on preferred securities of subsidiary trust	2,430	2,430	4,859	4,859
Total costs and expenses	77,221	84,238	153,323	160,504
Earnings before income tax expense	27,091	20,537	38,255	44,708
Income tax expense				
Current	2,399	2,171	4,302	5,331
Deferred	8,483	6,193	11,764	12,979
Total income tax expense	10,882	8,364	16,066	18,310
Net earnings	$ 16,209	12,173	22,189	26,398
Net earnings per average common share outstanding (Note 1) - basic and diluted	$0.33	0.25	0.46	0.55
Weighted average common shares outstanding - basic (Note 1)	48,679	48,366	48,575	48,338

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Operations
(In Thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	(Unaudited)			
Net earnings	$16,209	12,173	22,189	26,398
Other comprehensive earnings (loss) - foreign currency translation adjustments (Note 1)	3,008	(3,960)	4,632	(3,104)
Comprehensive earnings	$19,217	8,213	26,821	23,294

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In Thousands)

	Six Months Ended June 30, 1999	1998
	(Unaudited)	
Cash flows from operating activities		
Net earnings	$ 22,189	26,398
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion and amortization	69,321	61,158
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	(8,746)	6,921
(Gain) loss on sale of assets	(33)	57
Deferred income taxes	11,764	12,979
Other	--	901
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,306	15,077
Inventories	154	1,609
Prepaid expenses	87	(113)
Other assets	(38)	929
Increase (decrease) in:		
Accounts payable	(7,897)	(12,415)
Accrued expenses	(802)	(11,005)
Long-term other liabilities	(1,394)	336
Net cash provided by operating activities	85,911	102,832
Cash flows from investing activities		
Proceeds from sale of property and equipment	4,906	55,590
Proceeds from sale of investments	--	43,034
Capital expenditures	(139,895)	(171,498)
Decrease (increase) in other assets	570	(2,114)
Net cash used in investing activities	(134,419)	(74,988)
Cash flows from financing activities		
Proceeds from borrowings on revolving lines of credit	538,014	735,714
Principal payments on revolving lines of credit	(501,072)	(786,413)
Issuance of common stock, net of issuance costs	10,152	1,236
Dividends paid on common stock	(4,862)	(3,232)
Increase in long-term other liabilities	1,049	5,584
Net cash provided (used) by financing activities	43,281	(47,111)
Effect of exchange rate changes on cash	67	297
Net increase (decrease) in cash and cash equivalents	(5,160)	(18,970)
Cash and cash equivalents at beginning of period	19,154	42,065
Cash and cash equivalents at end of period	$ 13,994	23,095

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

On December 10, 1998, Devon Energy Corporation ("Devon") and Northstar Energy Corporation ("Northstar") closed a merger of the two companies (the "Northstar Combination"). 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 June 30, 1999, approximately 11 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 of Devon and Northstar for all periods presented. The separate results of operations of Devon and Northstar for the three month and six month periods ended June 30, 1998 are as follows:

	Three Months Ended June 30, 1998	Six Months Ended June 30, 1998
	(In Thousands)	
Revenues:		
Devon	$ 62,553	127,434
Northstar	42,222	77,778
Combined	$ 104,775	205,212
Net earnings:		
Devon	7,615	17,756
Northstar	4,558	8,642
Combined	$ 12,173	26,398

The accompanying consolidated financial statements and notes thereto have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. The accompanying consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in Devon's 1998 annual report on Form 10-K.

In the opinion of Devon's management, all adjustments (all of which are normal and recurring) have been made which are necessary to fairly state the consolidated financial position of Devon and its subsidiaries as of June 30, 1999, and the results of their operations and their cash flows for the three month and six month periods ended June 30, 1999 and 1998.

2. Earnings Per Share

The following tables reconcile the net earnings and common shares outstanding used in the calculations of basic and diluted earnings per share for the three month periods ended June 30, 1999 and 1998, and the six month period ended June 30, 1998. The diluted earnings per share calculation for the six month period ended June 30, 1999, produced results that were anti-dilutive. This calculation increased net earnings by $3.0 million and increased the common shares outstanding by 5.2 million shares.

	Net Earnings	Common Shares Outstanding	Net Earnings Per Share
	(In Thousands)		
Three Months Ended June 30, 1999:			
Basic earnings per share	$16,209	48,679	$0.33
Dilutive effect of:			
Potential common shares issuable upon the conversion of Trust Convertible Preferred securities (the increase in net earnings is net of income tax expense of $963,000)	1,506	4,902	
Potential common shares issuable upon the			

exercise of outstanding stock options	-	505	
Diluted earnings per share	$17,715	54,086	$0.33
Three Months Ended June 30, 1998:			
Basic earnings per share	$12,173	48,366	$0.25
Dilutive effect of:			
Potential common shares issuable upon the conversion of Trust Convertible Preferred securities (the increase in net earnings is net of income tax expense of $963,000)	1,506	4,902	
Potential common shares issuable upon the exercise of outstanding stock options	-	557	
Diluted earnings per share	$13,679	53,825	$0.25
Six Months Ended June 30, 1998:			
Basic earnings per share	$26,398	48,338	$0.55
Dilutive effect of:			
Potential common shares issuable upon the conversion of Trust Convertible Preferred securities (the increase in net earnings is net of income tax expense of $1,926,000)	3,013	4,902	
Potential common shares issuable upon the exercise of outstanding stock options	-	560	
Diluted earnings per share	$29,411	53,800	$0.55

3. Segment Information

Devon manages its business by country. As such, Devon identifies its segments based on geographic areas. Devon has two reportable segments: its operations in the U.S. and its operations in Canada. Substantially all of both segments' operations involve oil and gas producing activities.

Following is certain financial information regarding Devon's segments. The revenues reported are all from external customers.

	U.S.	Canada	Total
		(In Thousands)	
As of June 30, 1999:			
Current assets	$ 55,090	49,670	104,760
Property and equipment, net of accumulated depreciation, depletion and amortization	679,996	505,633	1,185,629
Other assets	13,850	924	14,774
Total assets	$748,936	556,227	1,305,163
Current liabilities	21,196	52,481	73,677
Long-term debt	60,000	388,013	448,013
Deferred tax liabilities (assets)	59,719	(15,570)	44,149
Other liabilities	30,243	4,341	34,584
TCP Securities	149,500	-	149,500
Stockholders' equity	428,278	126,962	555,240
Total liabilities and stockholders' equity	$748,936	556,227	1,305,163
Three Months ended June 30, 1999:			
Revenues			
Oil sales	$ 19,930	16,941	36,871
Gas sales	32,448	26,939	59,387
Natural gas liquids sales	3,685	2,150	5,835
Other	678	1,541	2,219
Total revenues	56,741	47,571	104,312
Costs and expenses			
Lease operating expenses	14,343	12,757	27,100
Production taxes	3,165	281	3,446
Depreciation, depletion and amortization	18,762	17,001	35,763
General and administrative expenses	4,044	2,908	6,952
Interest expense	846	6,269	7,115
Deferred effect of changes in foreign			

currency exchange rate on subsidiary's long-term debt	-	(5,585)	(5,585)
Distributions on preferred securities of subsidiary trust	2,430	-	2,430
Total costs and expenses	43,590	33,631	77,221
Earnings before income tax expense	13,151	13,940	27,091
Income tax expense			
Current	1,890	509	2,399
Deferred	2,231	6,252	8,483
Total income tax expense	4,121	6,761	10,882
Net earnings	$ 9,030	7,179	16,209
Capital expenditures	$ 39,138	17,959	57,097
Three months ended June 30, 1998:			
Revenues			
Oil sales	$17,959	16,025	33,984
Gas sales	33,097	21,553	54,650
Natural gas liquids sales	3,455	1,418	4,873
Other	1,120	10,148	11,268
Total revenues	55,631	49,144	104,775
Costs and expenses			
Lease operating expenses	16,692	11,611	28,303
Production taxes	3,450	401	3,851
Depreciation, depletion and amortization	21,058	10,107	31,165
General and administrative expenses	3,049	3,092	6,141
Interest expense	40	5,387	5,427
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	-	6,921	6,921
Distributions on preferred securities of subsidiary trust	2,430	-	2,430
Total costs and expenses	46,719	37,519	84,238
Earnings before income tax expense	8,912	11,625	20,537
Income tax expense			
Current	1,364	807	2,171
Deferred	1,296	4,897	6,193
Total income tax expense	2,660	5,704	8,364
Net earnings	$ 6,252	5,921	12,173
Capital expenditures	$46,408	22,925	69,333
Six months ended June 30, 1999:			
Revenues			
Oil sales	$34,397	30,387	64,784
Gas sales	60,609	52,329	112,938
Natural gas liquids sales	6,203	3,561	9,764
Other	1,378	2,714	4,092
Total revenues	102,587	88,991	191,578
Costs and expenses			
Lease operating expenses	29,266	25,254	54,520
Production taxes	5,757	658	6,415
Depreciation, depletion and amortization	36,771	32,550	69,321
General and administrative expenses	6,958	6,217	13,175
Interest expense	1,488	12,291	13,779
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	-	(8,746)	(8,746)
Distributions on preferred securities of subsidiary trust	4,859	-	4,859
Total costs and expenses	85,099	68,224	153,323
Earnings before income tax expense	17,488	20,767	38,255
Income tax expense			
Current	2,710	1,592	4,302
Deferred	2,326	9,438	11,764

Total income tax expense	5,036	11,030	16,066
Net earnings	$ 12,452	9,737	22,189
Capital expenditures	$ 81,604	58,291	139,895
Six months ended June 30, 1998:			
Revenues			
Oil sales	$ 39,067	36,506	75,573
Gas sales	65,078	41,477	106,555
Natural gas liquids sales	7,000	2,687	9,687
Other	2,302	11,095	13,397
Total revenues	113,447	91,765	205,212
Costs and expenses			
Lease operating expenses	33,364	24,315	57,679
Production taxes	6,406	860	7,266
Depreciation, depletion and amortization	40,456	20,702	61,158
General and administrative expenses	5,733	6,051	11,784
Interest expense	50	10,787	10,837
Deferred effect of changes in foreign currency exchange rate on subsidiary's long-term debt	-	6,921	6,921
Distributions on preferred securities of subsidiary trust	4,859	-	4,859
Total costs and expenses	90,868	69,636	160,504
Earnings before income tax expense	22,579	22,129	44,708
Income tax expense			
Current	3,405	1,926	5,331
Deferred	4,021	8,958	12,979
Total income tax expense	7,426	10,884	18,310
Net earnings	$15,153	11,245	26,398
Capital expenditures	$83,594	87,904	171,498

4. Pending Merger

On May 20, 1999, Devon and PennzEnergy Company ("PennzEnergy") announced their intention to merge the two companies. In the merger, Devon stockholders will receive one share of common stock of a newly formed entity currently referred to as New Devon for each share of Devon common stock owned. PennzEnergy stockholders will receive 0.4475 shares of New Devon's common stock for each share of PennzEnergy common stock owned. The merger is subject to approval by the stockholders of both companies at separate meetings to be held on August 17, 1999, as well as certain regulatory approvals. If approved, the merger is expected to be consummated shortly after the stockholder meetings. The merger will be accounted for under the purchase method of accounting for business combinations as an acquisition of PennzEnergy by Devon. Therefore, Devon's 1999 operating results will include the effect of the merger for the period from the merger closing through the end of the year.

PennzEnergy's year-end 1998 proved oil and gas reserves totaled 361 million Boe, including 188 million Boe onshore the United States, 79 million Boe offshore the United States, and 94 million Boe in other countries. PennzEnergy's year-end 1998 undeveloped leasehold included 12.1 million net acres, including 1.2 million net acres onshore the United States, 0.4 million net acres offshore the United States, and 10.5 million net acres internationally.

On July 16, 1999, Devon and PennzEnergy filed definitive proxy materials concerning this pending merger. The proxy materials contain further disclosures regarding the merger and certain financial data concerning both companies.

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

The following discussion addresses material changes in results of operations for the three month and six month periods ended June 30, 1999, compared to the three month and six month periods ended June 30, 1998, and in financial condition since December 31, 1998. It is presumed that readers have read or have access to Devon's 1998 annual report on Form 10-K.

Overview

On December 10, 1998, Devon merged with Canadian-based Northstar. As a result of accounting for this combination as a "pooling-of-interests," the financial data for all periods presented herein represent the combined results of the two companies. The pooling-of-interests method of accounting requires historical information to be restated as if the combining companies had always been merged. The restated data varies significantly from the historical data Devon has previously presented on a stand-alone basis.

Net earnings for the quarter ended June 30, 1999 were $16.2 million, or $0.33 per share. These compare to 1998's second quarter net earnings of $12.2 million, or $0.25 per share. An increase in the 1999 quarter's average prices for oil, gas and NGLs, and a reduction in expenses due to changes in the U.S./Canadian currency exchange rate, were the primary reasons for the rise in the 1999 quarter's net earnings. The increase in net earnings from these items was partially offset by the effect of certain nonrecurring revenue items in 1998's quarter and by higher depreciation, depletion and amortization expenses and interest expense in the 1999 period.

Net earnings for the first half of 1999 were $22.2 million, or $0.46 per share. These compare to net earnings for the first half of 1998 of $26.4 million, or $0.55 per share. Increases in the 1999 period's depreciation, depletion and amortization expenses and interest expense, along with the effect of the 1998 period's nonrecurring revenue items, were the primary causes for the reduction in 1999's first half net earnings. The effects of these items on 1999's net earnings were partially offset by a reduction in expenses due to changes in the U.S./Canadian currency exchange rate during the first half of 1999 compared to the same period of 1998.

Results of Operations

Total revenues decreased $0.5 million, or 1%, in the second quarter of 1999, and $13.6 million, or 7%, in the first half of 1999. Oil, gas and NGLs revenues increased $8.6 million, or 9%, for the second quarter of 1999, and decreased $4.3 million, or 2%, for the first half of 1999. The quarterly comparisons of production and price changes are shown in the following tables. (Note: Unless otherwise stated, all references in this report to dollar amounts regarding Devon's Canadian operations are expressed in U.S. dollars.)

Total

	Three Months Ended June 30,			Six Months Ended June 30,		
	1999	1998	Change	1999	1998	Change
Production						
Oil (MBbls)	2,506	2,908	-14%	5,071	6,105	-17%
Gas (MMcf)	36,280	34,139	+6%	71,402	66,662	+7%
NGL (MBbls)	515	534	-4%	991	1,043	-5%
Oil, Gas and NGLs (MBoe)	19,067	9,131	-1%	17,962	18,258	-2%
Average Prices						
Oil (Per Bbl)	$14.71	11.69	+26%	12.78	12.38	+3%
Gas (Per Mcf)	1.64	1.60	+3%	1.58	1.60	-1%
NGL (Per Bbl)	11.33	9.13	+24%	9.85	9.29	+6%
Oil, Gas and NGLs (Per Boe)1	11.26	10.24	+10%	10.44	10.51	-1%
		(In Thousands)				
Revenues						
Oil	$36,871	33,984	+8%	64,784	75,573	-14%
Gas	59,387	54,650	+9%	112,938	106,555	+6%
NGLs	5,835	4,873	+20%	9,764	9,687	+1%
Combined	$102,093	93,507	+9%	187,486	191,815	-2%

Domestic

	Three Months Ended June 30,			Six Months Ended June 30,		
	1999	1998	Change	1999	1998	Change
Production						
Oil (MBbls)	1,231	1,421	-13%	2,530	2,906	-13%
Gas (MMcf)	16,933	16,666	+2%	33,294	32,601	+2%
NGL (MBbls)	351	378	-7%	665	732	-9%
Oil, Gas and NGLs (MBoe)	14,404	4,576	-4%	8,744	9,071	-4%
Average Prices						
Oil (Per Bbl)	$16.19	12.64	+28%	13.60	13.44	+1%
Gas (Per Mcf)	1.92	1.99	-4%	1.82	2.00	-9%
NGL (Per Bbl)	10.50	9.14	+15%	9.33	9.56	-2%
Oil, Gas and NGLs (Per Boe)1	12.73	11.91	+7%	11.57	12.25	-6%
			(In Thousands)			
Revenues						
Oil	$19,930	17,959	+11%	34,397	39,067	-12%
Gas	32,448	33,097	-2%	60,609	65,078	-7%
NGLs	3,685	3,455	+7%	6,203	7,000	-11%
Combined	$56,063	54,511	+3%	101,209	111,145	-9%

Canada

	Three Months Ended June 30,			Six Months Ended June 30,		
	1999	1998	Change	1999	1998	Change
Production						
Oil (MBbls)	1,275	1,487	-14%	2,541	3,199	-21%
Gas (MMcf)	19,347	17,473	+11%	38,108	34,061	+12%
NGL (MBbls)	164	156	+5%	326	311	+5%
Oil, Gas and NGLs (MBoe)	14,663	4,555	+2%	9,218	9,187	--
Average Prices						

Oil (Per Bbl)	$13.29	10.78	+23%	11.96	11.41	+5%
Gas (Per Mcf)	1.39	1.23	+13%	1.37	1.22	+12%
NGL (Per Bbl)	13.11	9.09	+44%	10.92	8.64	+26%
Oil, Gas and NGLs (Per Boe)1	9.87	8.56	+15%	9.36	8.78	+7%
			(In Thousands)			
Revenues						
Oil	$16,941	16,025	+6%	30,387	36,506	-17%
Gas	26,939	21,553	+25%	52,329	41,477	+26%
NGLs	2,150	1,418	+52%	3,561	2,687	+33%
Combined	$46,030	38,996	+18%	86,277	80,670	+7%

1 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 NGLs are affected by market and other factors in addition to relative energy content.

Oil Revenues. Oil revenues increased $2.9 million, or 8%, in the second quarter of 1999. An increase in the average price of $3.02 per barrel, or 26%, increased oil revenues by $7.6 million. This was partially offset by a $4.7 million reduction in oil revenues caused by a decrease in production of 402,000 barrels, or 12%. Low oil prices during the last half of 1998 and the first quarter of 1999 led to the decision to defer many oil- oriented projects. This, along with normal decline, accounted for the majority of the decrease in oil production in the 1999 quarter compared to the 1998 quarter.

Oil revenues decreased $10.8 million, or 14%, in the first half of 1999. A decrease in production of 1.0 million barrels, or 17%, caused oil revenues to decline by $12.8 million. This was partially offset by a $2.0 million increase in oil revenues caused by an increase in the average price of $0.40 per barrel, or 3%. Approximately 264,000 barrels of the reduction in oil production were attributable to the disposition of certain Canadian producing properties at the end of 1998's first and fourth quarters. As stated above, low oil prices led to the deferral of many oil-oriented projects during the last half of 1998 and the first half of 1999. Also, during the first quarter of 1999, the low prices led to the decision to shut-in some oil properties. These factors, along with normal decline, accounted for the majority of the decrease in oil production in the first half of 1999.

Gas Revenues. Gas revenues increased $4.7 million, or 9%, in the second quarter of 1999. Production rose 2.1 Bcf, or 6%, in the 1999 period. This increase in production added $3.4 million to gas revenues in the 1999 period. The remaining $1.3 million of increased gas revenues was caused by an increase in the average gas price of $0.04 per Mcf, or 3%.

Devon's San Juan Basin coal seam gas properties produced 5.8 Bcf in 1999's second quarter compared to 5.1 Bcf in the 1998 second quarter. Devon's other domestic properties produced 11.1 Bcf in the 1999 quarter compared to 11.6 Bcf in the 1998 quarter. The coal seam gas properties averaged $1.75 per Mcf in the 1999 quarter compared to $1.76 per Mcf in the 1998 quarter. The other domestic properties averaged $2.00 per Mcf in the 1999 quarter compared to $2.09 per Mcf in the 1998 quarter.

Canadian gas production increased 1.9 Bcf, or 11%, in 1999's second quarter. Production added from two acquisitions in 1998 (one in July and the other in December) was the primary cause of the increased production in 1999's second quarter.

Gas revenues increased $6.4 million, or 6%, in the first half of 1999. Production rose 4.7 Bcf, or 7%, in the 1999 period. This increase in production added $7.6 million to gas revenues in the 1999 period. This increase in gas revenues was partially offset by a $1.2 million reduction in gas revenues caused by a drop in the average gas price in the first half of 1999 of $0.02 per Mcf, or 1%.

Devon's San Juan Basin coal seam gas properties produced 11.3 Bcf in 1999's first half compared to 10.1 Bcf in 1998's first half. Devon's other domestic properties produced 22.0 Bcf in the first half of 1999 compared to 22.5 Bcf in the first half of 1998. The coal seam gas properties averaged $1.71 per Mcf in 1999's first half compared to $1.79 per Mcf in 1998's first half. The other domestic properties averaged $1.88 per Mcf in 1999's first half compared to $2.09 per Mcf in 1998's first half.

Canadian gas production increased 4.0 Bcf, or 12%, in the first half of 1999. Production added from two acquisitions in 1998 (one in July and the other in December) was the primary cause of the increased production in the first half of 1999.

NGLs Revenues. NGLs revenues increased $1.0 million, or 20%, in the second quarter of 1999. An increase in the average price of $2.20 per barrel, or 24%, caused NGLs revenues to increase $1.1 million in the 1999 quarter. This increase in NGLs revenues was offset by a $0.1 million reduction caused by a production decrease of 19,000 barrels, or 4%.

NGLs revenues increased $0.1 million, or 1%, in the first half of 1999. An increase in the average price of $0.56 per barrel, or 6%, caused NGLs revenues to increase $0.6 million in the first half of 1999. This increase in NGLs revenues was substantially offset by a $0.5 million reduction caused by a production decrease of 52,000 barrels, or 5%.

Other Revenues. Other revenues decreased from $11.3 million in the second quarter of 1998 to $2.2 million in the comparable quarter of 1999.

The reduction in other revenues was primarily due to two nonrecurring revenue items recognized in 1998's second quarter. In the second quarter of 1998, Northstar received a one- time payment of $5.0 million from a gas purchaser related to the termination of a gas contract. Also, Northstar received $2.8 million in 1998's second quarter in return for the termination of a management arrangement with a third party.

Other revenues decreased from $13.4 million in the first half of 1998 to $4.1 million in the first half of 1999. The 1998 nonrecurring revenue items discussed in the above paragraph were the primary causes of the drop in other revenues for the first half of 1999.

Production and Operating Expenses. The components of production and operating expenses are set forth in the following tables.

Total	Three Months Ended June 30,			Six Months Ended June 30,		
	1999	1998	Change	1999	1998	Change
Absolute (Thousands)						
Recurring operations and maintenance expenses	$25,776	26,864	-4%	51,808	54,739	-5%
Well workover expenses	1,324	1,439	-8%	2,712	2,940	-8%
Production taxes	3,446	3,851	-11%	6,415	7,266	-12%
Total production and operating expenses	$30,546	32,154	-5%	60,935	64,945	-6%
Per Boe						
Recurring operations and maintenance expenses	2.84	2.94	-3%	2.88	3.00	-4%
Well workover expenses	0.15	0.16	-6%	0.15	0.16	-6%
Production taxes	0.38	0.42	-10%	0.36	0.40	-10%
Total production and operating expenses	$3.37	3.52	-4%	3.39	3.56	-5%

Domestic	Three Months Ended June 30,			Six Months Ended June 30,		
	1999	1998	Change	1999	1998	Change
Absolute (Thousands)						
Recurring operations and maintenance expenses	$13,490	15,395	-12%	27,298	30,879	-12%
Well workover expenses	853	1,297	-34%	1,968	2,485	-21%
Production taxes	3,165	3,450	-8%	5,757	6,406	-10%
Total production and operating expenses	$17,508	20,142	-13%	35,023	39,770	-12%
Per Boe						
Recurring operations and maintenance expenses	3.06	3.36	-9%	3.12	3.40	-8%
Well workover expenses	0.20	0.28	-29%	0.23	0.27	-15%
Production taxes	0.72	0.76	-5%	0.66	0.71	-7%
Total production and operating expenses	$3.98	4.40	-10%	4.01	4.38	-8%

Canada	Three Months Ended June 30,			Six Months Ended June 30,		
	1999	1998	Change	1999	1998	Change
Absolute (Thousands)						
Recurring operations and maintenance expenses	$12,286	11,469	+7%	24,510	23,860	+3%
Well workover expenses	471	142	+232%	744	455	+64%
Production taxes	281	401	-30%	658	860	-23%
Total production and operating expenses	$13,0381	2,012	+9%	25,912	25,175	+3%
Per Boe						
Recurring operations and maintenance expenses	2.64	2.52	+5%	2.66	2.60	+2%
Well workover expenses	0.10	0.03	+233%	0.08	0.05	+60%
Production taxes	0.06	0.09	-33%	0.07	0.09	-22%
Total production and operating expenses	$2.80	2.64	+6%	2.81	2.74	+3%

Recurring operations and maintenance expenses decreased $1.1 million, or 4%, in the second quarter of 1999. Domestic expenses were $1.9 million lower in the 1999 quarter. These reductions were mostly from Devon's oil producing properties, where various efficiencies were achieved since 1998's second quarter and certain non-essential services were delayed due to low oil prices in effect earlier in 1999. Canada's recurring expenses were $0.8 million higher in the 1999 quarter. A significant portion of this increase is related to the 1.9 Bcf, or 11%, increase in Canada's gas production in the 1999 quarter. A large part of the increased gas volumes is subject to processing fees which are recorded as recurring operations and maintenance expenses.

Recurring operations and maintenance expenses decreased $2.9 million, or 5%, in the first half of 1999. Domestic expenses were $3.6 million lower in the 1999 period primarily due to the efficiencies and delays of non-essential services described in the above paragraph. Canada's recurring expenses were $0.7 million higher in the first half of 1999 due primarily to the variable processing fees associated with a part of the 4.0 Bcf, or 12%, increase in Canadian gas production in the first half of 1999.

Even though combined oil, gas and NGLs revenues were up for the second quarter of 1999 compared to that of 1998, production taxes in the 1999 quarter were $0.4 million lower than in the 1998 quarter. The decrease in 1999's production taxes was caused by a combination of specific Devon properties qualifying for production tax exemptions or reductions, revisions in early 1999 of production tax rate structures by some of the states in which Devon operates, and recoveries of overpayments of 1998 Canadian taxes. These same factors, along with lower combined oil, gas and NGLs revenues, combined to produce lower production taxes in the first half of 1999 compared to the first half of 1998.

Depreciation, Depletion and Amortization Expenses ("DD&A"). Oil and gas property related DD&A increased $4.7 million, or 16%, from $30.1 million in the second quarter of 1998 to $34.8 million in the second quarter of 1999. An increase in the combined U.S. and Canadian DD&A rate from $3.30 per Boe in the 1998 quarter to $3.84 per Boe in the 1999 quarter caused oil and gas property related DD&A to increase $4.9 million. This increase in DD&A was partially offset by a decrease of $0.2 million caused by the 1% drop in combined oil, gas and NGLs production in the 1999 quarter.

Oil and gas property related DD&A increased $8.3 million, or 14%, from $59.1 million in the first half of 1998 to $67.4 million in the first half of 1999. An increase in the combined U.S. and Canadian DD&A rate from $3.24 per Boe in the first half of 1998 to $3.75 per Boe in the first half of 1999 caused oil and gas property related DD&A to increase $9.2 million. This increase in DD&A was partially offset by a decrease of $0.9 million caused by the 2% drop in combined oil, gas and NGLs production in the first half of 1999.

General and Administrative Expenses ("G&A"). Devon's G&A consist 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 offset by two offsetting components of G&A. 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 expenses incurred, less the amounts capitalized and reimbursed, is recorded as G&A in the consolidated statements of operations.

G&A increased $0.8 million, or 13%, in the second quarter of 1999 compared to the same quarter of 1998. Gross G&A increased $0.9 million, or 7%, in the 1999 quarter. G&A also increased due to a $0.4 million reduction in the amount of reimbursements on operated properties. This was due to lower reimbursements on Canadian properties, where a less extensive capital program in 1999 led to a reduction in drilling overhead reimbursements. G&A was lowered by $0.5 million due to an increase in the amount capitalized as part of oil and gas properties. The amount capitalized increased from $2.5 million in the second quarter of 1998 to $3.0 million in the second quarter of 1999.

G&A increased $1.4 million, or 12%, in the first half of 1999. Gross G&A increased $0.9 million, or 3%, in the 1999 period. G&A also increased due to a $1.3 million reduction in the amount of reimbursements on operated properties. As discussed in the above paragraph, this decrease was related to a less extensive Canadian drilling program in 1999. G&A was lowered by $0.8 million due to an increase in the amount capitalized as part of oil and gas properties. The amount capitalized increased from $4.8 million in the first half of 1998 to $5.6 million in the first half of 1999.

Interest Expense. Interest expense increased $1.7 million, or 24%, in 1999's second quarter. An increase in the average debt balance outstanding from $325.8 million in the second quarter of 1998 to $454.1 million in the second quarter of 1999 caused interest expense to increase by $1.9 million. This was partially offset by a $0.5 million reduction caused by a drop in the annualized interest rate on outstanding debt from 6.6% in the second quarter of 1998 to 6.0% in the second quarter of 1999. The remaining increase of $0.3 million was caused by an increase in other components of interest expense such as facility and agency fees and the amortization of capitalized loan costs.

Interest expense increased $2.9 million, or 27%, in the first half of 1999. An increase in the average debt balance outstanding from $342.6 million in the first half of 1998 to $426.3 million in the first half of 1999 caused interest expense to increase by $2.6 million. This was partially offset by a $0.2 million reduction due to a drop in the average annualized interest rate from 6.4% in the first half of 1998 to 6.2% in the first half of 1999. The remaining increase of $0.5 million was caused by an increase in the other components of interest expense.

The following schedule includes the components of interest expense for the second quarter and first half of 1999 and 1998.

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Interest based on debt outstanding	$6,765	5,335	13,185	10,798
Facility and agency fees	152	142	298	259
Amortization of capitalized loan costs	96	26	165	45
Hedging gains	--	(85)	--	(188)
Other	102	9	131	(77)
Total interest expense	$7,115	5,427	13,779	10,837

Deferred Effect of Changes in Foreign Currency Exchange Rate on Subsidiary's Long-term Debt. Devon's Canadian subsidiary Northstar has certain fixed rate senior notes which are denominated in U.S. dollars. The outstanding principal amount of these notes is $225 million. 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 will increase or decrease the expected amount of Canadian dollars eventually required to repay the notes. Such changes in the Canadian dollar equivalent balance of the debt are required to be included in determining net earnings for the period in which the exchange rate changes.

The rate of converting Canadian dollars to U.S. dollars increased from $0.6535 at the end of 1998 to $0.6626 at the end of 1999's first quarter and to $0.6793 at the end of 1999's second quarter. These increases in the exchange rate reduced the Canadian dollar equivalent of debt recorded by Northstar. Therefore, $5.6 million and $8.7 million of reduced expenses were recognized in 1999's second quarter and first six months, respectively.

The rate of converting Canadian dollars to U.S. dollars remained virtually constant from the end of 1997 to the end of 1998's first quarter, and no effect of the change in the exchange rate was recorded in the first quarter of 1998. However, the conversion rate decreased from $0.6997 at the end of 1997 and $0.7045 at the end of March 1998 to $0.6813 at the end of June 1998. The drop in the conversion rate during the quarter and year-to-date periods of 1998 caused $6.9 million of expense to be recognized in each period.

Distributions on Preferred Securities of Subsidiary Trust. Devon has $149.5 million of 6.5% Trust Convertible Preferred Securities outstanding. Distributions on these securities accrue and are paid at the rate of 1.625% per quarter.

Income Taxes. During interim periods, income tax expense is based on the estimated effective income tax rate that is expected for the entire fiscal year. The effective tax rates estimated for the quarters and six month periods ended June 30, 1999 and 1998 were not materially different. The estimated effective tax rate in the second quarter of 1999 was 40% compared to 41% in the second quarter of 1998. The estimated effective tax rate in the first half of 1999 was 42% compared to 41% in the first half of 1998.

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

Included as deferred tax assets at June 30, 1999, were approximately $21.8 million of net operating loss carryforwards. The carryforwards include U.S. federal net operating loss carryforwards, the majority of which do not begin to expire until 2008, U.S. state net operating loss carryforwards which expire primarily between 1999 and 2011, and Canadian carryforwards which expire primarily between 2000 and 2005. Devon expects the tax benefits from the net operating loss carryforwards to be utilized between 1999 and 2002. 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, Devon's management believes that future taxable income will more likely than not be sufficient to utilize substantially all its tax carryforwards prior to their expirations.

Capital Expenditures, Capital Resources and Liquidity

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

Capital Expenditures. Approximately $139.9 million was spent in the first six months of 1999 for capital expenditures. This total included $101.7 million for the acquisition, drilling and development of oil and gas properties, $36.9 million related to the construction of an extensive gas gathering system, related CO2 removal facilities and gas processing project all located in the Powder River Basin of Wyoming, and $1.3 million for other fixed assets.

Approximately $171.5 million was spent for capital expenditures in the first half of 1998. This total included $169.4 million for the acquisition, drilling and development of oil and gas properties and $2.1 million for other fixed assets.

Capital Resources and Liquidity. Net cash provided by operating activities ("operating cash flow") continued to be the primary source of capital and liquidity in the first half of 1999. Operating cash flow in the first half of 1999 was $85.9 million, compared to $102.8 million in the first half of 1998. The decrease in operating cash flow in the first half of 1999 was primarily caused by the reduction in total revenues discussed previously in this section.

In addition to operating cash flow, Devon also utilized a portion of its credit facilities during the first half of 1999 to fund capital expenditures. Net borrowings against the credit facilities in the first half of 1999 were $36.9 million. As of June 30, 1999, Devon had $177 million available under its $400 million credit facilities.

Year 2000 Status. Devon's company-wide Year 2000 Project ("the Project") is proceeding on schedule. The Project is addressing the Year 2000 issue caused by computer programs being written utilizing two digits rather than four to define an applicable year. As a result, Devon's computer equipment, software (all of which is externally developed), and devices with embedded technology that are time sensitive may misinterpret the actual date beginning on January 1, 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, but not limited to, a temporary inability to process transactions.

Devon has undertaken various initiatives intended to ensure that its computer equipment and software will function properly with respect to dates in the Year 2000 and thereafter. In planning and developing the Project, Devon has considered both its information technology ("IT") and its non-IT systems. The term "computer equipment and software" includes systems that are commonly thought of as IT systems, including accounting, data processing, telephone systems, scanning equipment, and other miscellaneous systems. Those items not to be considered as IT technology include alarm systems, fax machines, monitors for field operations, or other miscellaneous systems. Both IT and non-IT systems may contain embedded technology, which complicates Devon's Year 2000 identification, assessment, remediation, and testing efforts. Based upon its identification and assessment efforts to date, Devon is in the process of replacing the computer equipment and software it currently uses to become Year 2000 compliant. In addition, in the ordinary course of replacing computer equipment and software, Devon plans to obtain replacements that are in compliance with year 2000.

Devon has also mailed letters to its significant vendors and service providers and has verbally communicated with many strategic customers to determine the extent to which interfaces with such entities are vulnerable to Year 2000 issues and whether the products and services purchased from or by such entities are year 2000 compliant. Devon has received an overall favorable response from such third parties and it is anticipated that their significant Year 2000 issues will be addressed on a timely basis.

With regard to IT and non-IT systems and communications with third parties, Devon anticipates that the Project will be completed by September 30, 1999.

As noted above, Devon is in the process of replacing certain computer equipment and software because of the Year 2000 issue. Devon estimates that the total cost of such replacements will approximate $0.5 million. Substantially all of the personnel being used on the Project are existing Devon employees. Devon does not separately track the time that its own employees spend on the Project. Therefore, the internal costs incurred on the Project are not known. Such costs would consist almost entirely of the payroll costs associated with the time spent on the Project. Third party consulting costs of Devon's Year 2000 identification, assessment, remediation and testing efforts, as well as currently anticipated costs to be incurred with respect to Year 2000 issues of third parties, are expected to be approximately $0.2 million.

Devon has not yet begun a comprehensive analysis of the operational problems and costs that would be reasonably likely to result from the failure by Devon and significant third parties to complete efforts necessary to achieve Year 2000 compliance on a timely basis. A contingency plan has not been developed for dealing with the most reasonably likely worst case scenario, and such scenario has not yet been clearly identified. Devon plans to complete such analysis and contingency planning by December 31, 1999.

Devon presently does not expect to incur significant operational problems due to the Year 2000 issue. However, if all Year 2000 issues are not properly and timely identified, assessed, remediated and tested, there can be no assurances that the Year 2000 issue will not materially impact Devon's results of operations or adversely affect its relationships with customers, vendors, or others. Additionally, there can be no assurance that the Year 2000 issues of other entities will not have a material impact on Devon's systems or results of operations.

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"). SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain recognition of all derivatives as either assets or liabilities in the balance sheet 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. A subsequent pronouncement, SFAS 137, was issued in July 1999 that delayed the effective date of SFAS 133 until the fiscal year beginning after June 15, 2000. Devon plans to adopt the provisions of SFAS 133 in the first quarter of the year ending December 31, 2001, and is currently evaluating the effects of this pronouncement.

Pending Merger. On May 20, 1999, Devon and PennzEnergy Company ("PennzEnergy") announced their intention to merge the two companies. In the merger, Devon stockholders will receive one share of common stock of a newly formed entity currently referred to as New Devon for each share of Devon common stock owned. PennzEnergy stockholders will receive 0.4775 shares of New Devon's common stock for each share of PennzEnergy common stock owned. The merger is subject to approval by the stockholders of both companies at separate meetings to be held on August 17, 1999, as well as certain regulatory approvals. If approved, the merger is expected to be consummated shortly after the stockholder meetings. The merger will be accounted for under the purchase method of accounting for business combinations as an acquisition of PennzEnergy by Devon. Therefore, Devon's 1999 operating results will include the effect of the merger for the period from the merger closing through the end of the year.

PennzEnergy's year-end 1998 proved oil and gas reserves totaled 361 million Boe, including 188 million Boe onshore the United States, 79 million Boe offshore the United States, and 94 million Boe in other countries. PennzEnergy's year-end 1998 undeveloped leasehold included 12.1 million net acres, including 1.2 million net acres onshore the United States, 0.4 million net acres offshore the United States, and 10.5 million net acres internationally.

On July 16, 1999, Devon and PennzEnergy filed definitive proxy materials concerning this pending merger. The proxy materials contain further disclosures regarding the merger and certain financial data concerning both companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information included in "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Devon's 1998 Annual Report on Form 10-K is incorporated herein by reference. Such information includes a description of Devon's potential exposure to market risks, including commodity price risk, interest rate risk and foreign currency risk. As of June 30, 1999, there have been no material changes in Devon's market risk exposure from that disclosed in the 1998 Form 10-K.

Part II. Other Information

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

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

(a) The Company's annual meeting of shareholders was held in Oklahoma City, Oklahoma at 10:00 a.m. local time, on Wednesday, May 19, 1999.

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

(c) Out of a total of 48,492,259 shares outstanding and entitled to vote, 42,124,647 shares were present at the meeting in person or by proxy, representing approximately 87 percent of the total outstanding. The only matter voted upon at the meeting was the election of four directors to serve on the Company's board of directors until the 2002 annual meeting of shareholders. The vote tabulation with respect to each nominee was as follows:

Nominee	For	Authority Withheld
Luke R. Corbett	41,948,256	176,391
Michael E. Gellert	41,938,596	186,051
Michael M. Kanovsky	41,949,226	175,421
H. R. Sanders, Jr.	41,943,257	181,390

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

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

Exhibit
No.

2.1 Amended and Restated Combination Agreement between the 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).

2.2 Amended and Restated Agreement and Plan of Merger, dated as of May 19, 1999, by and among Registrant, Devon Delaware Corporation, Devon Oklahoma Corporation and PennzEnergy Company (incorporated by reference to Annex A to Registrant's definitive proxy statement for a special meeting of shareholders filed on July 16, 1999).

3.1 Registrant's Amended and Restated Certificate of incorporation (incorporated by reference to Exhibit 3 to Registrant's Form 8-K dated as of December 11, 1998).

3.2 Registrant's Amended and Restated Bylaws.

4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).

4.2 Rights Agreement between Registrant and The First National Bank of Boston (incorporated by reference to Exhibit 4.2 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).

4.3 First Amendment to Rights Agreement between Registrant and The First National Bank of Boston, dated October 16, 1996 (incorporated by reference to Exhibit H-1 to Addendum A to Registrant's definitive proxy statement for a special meeting of shareholders, filed on November 6, 1996).

4.4 Second Amendment to Rights Agreement between Registrant and the First National Bank of Boston, dated December 31, 1996 (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K dated December 31, 1996).

4.5 Third Amendment to Rights Agreement between Registrant and The First National Bank of Boston, dated December 10, 1998 (incorporated by reference to Exhibit 4.5 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

4.6 Fourth Amendment to Rights Agreement between Registrant and the First National Bank of Boston, dated May 19, 1999.

4.7 Certificate of Designations of Series A Junior Participating Preferred Stock of Registrant (incorporated by reference to Exhibit 3.3 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).

4.8 Certificate of Trust of Devon Financing Trust [incorporated by reference to Exhibit 4.5 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.9 Amended and Restated Declaration of Trust of Devon Financing Trust, dated as of July 3, 1996, by J. Larry Nichols, H. Allen Turner, William T. Vaughn, The Bank of New York (Delaware) and The Bank of New York as Trustees and the Registrant as Sponsor [incorporated by reference to Exhibit 4.6 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333- 00815)].

4.10 Indenture, dated as of July 3, 1996, between the Registrant and The Bank of New York [incorporated by reference to Exhibit 4.7 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.11 First Supplemental Indenture, dated as of July 3, 1996, between the Registrant and The Bank of New York [incorporated by reference to Exhibit 4.8 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.12 Form of 6 1/2% Preferred Convertible Securities (included as Exhibit A-1 to Exhibit 4.7 above).

4.13 Form of 6 1/2% Convertible Junior Subordinated Debentures (included as Exhibit B to Exhibit 4.7 above).

4.14 Preferred Securities Guarantee Agreement, dated July 3, 1996, between Registrant, as Guarantor, and The Bank of New York, as Preferred Guarantee Trustee [incorporated by reference to Exhibit 4.11 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.15 Stock Rights and Restrictions Agreement, dated as of December 31, 1996, between Registrant and Kerr-McGee Corporation (incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K dated December 31, 1996).

4.16 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 Current Report on Form 8-K, dated December 31, 1996).

4.17 Agreement, dated July 15, 1999, by and among Registrant, Devon Delaware Corporation and Kerr- McGee Corporation (incorporated by reference to Exhibit 4 to Registrant's Current Report on Form 8- K dated July 15, 1999).

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

4.19 Exchangeable Share Provisions (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K dated as of December 11, 1998).

10.1 U.S. Credit Agreement, dated December 11, 1998, among the Registrant, as U.S. Borrower, NationsBank, N.A., as Administrative Agent, NationsBanc Montgomery Securities, L.L.C., as Arranger, Bank One, Texas, N.A., as Syndication Agent, Bank of Montreal, as Documentation Agent, First Union, as Co-Documentation Agent, and Certain Financial Institutions, as Lenders (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K dated as of December 11, 1998).

10.2 Canadian Credit Agreement, dated December 11, 1998, among Northstar Energy Corporation and Devon Energy Canada Corporation, as Canadian Borrowers, Bank of America Canada, as Administrative Agent, NationsBanc Montgomery Securities, L.L.C., as Arranger, First Chicago Capital Markets, Inc., as Syndication Agent, Bank of Montreal, as Documentation Agent, First Union, as Co- Documentation Agent, and Certain Financial Institutions, as Lenders (incorporated by reference to Exhibit 10.2 to Registrant's Form 8-K dated as of December 11, 1998).

10.3 Morrison Petroleums Ltd. U.S. $75,000,000 6.76% Senior Notes Due July 19, 2005 Note Agreement Dated as of July 19, 1995 (incorporated by reference to Exhibit 10.3 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

10.4 Northstar Energy Corporation U.S.
$150,000,000 6.79% Senior Notes Due 2009 Note Agreement Dated as of March 2, 1998 (incorporated by reference to Exhibit 10.4 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).

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

10.6 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).*

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

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

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

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10.12 Severance Agreement between Devon Energy Corporation (Nevada), Registrant and Duke R. Ligon, dated March 26, 1997 (incorporated by reference to Exhibit 10.11 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).*

10.13 Employment Agreement between Devon Energy Corporation (Nevada), Registrant and Duke R. Ligon, dated February 7, 1997 (incorporated by reference to Exhibit 10.12 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).*

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10.15 Supplemental Benefit Agreement between Northstar Energy Corporation and John A. Hagg dated February 17, 1999 (incorporated by reference to Exhibit 10.15 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).*

10.16 Consulting Agreement between Registrant and Thomas F. Ferguson dated June 1, 1989 (incorporated by reference to Exhibit 10.16 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).*

10.17 Sale and Purchase Agreement relating to Registrant's San Juan Basin gas properties (incorporated by reference to Exhibit 10.15 to Registrant's Quarterly Report on Form 10- Q for the quarter ended September 30, 1995).

10.18 Second Restatement of and Amendment to Sale and Purchase Agreement relating to Registrant's San Juan Basin gas properties (incorporated by reference to Exhibit 10.16 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).

10.19 Registration Rights Agreement, dated July 3, 1996, by and among the Registrant, Devon Financing Trust and Morgan Stanley & Co. Incorporated [incorporated by reference to Exhibit 10.1 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

10.20 Supplemental Agreement to Amended and Restated Agreement and Plan of Merger, dated as of July 8, 1999, by and among Registrant, Devon Delaware Corporation, Devon Oklahoma Corporation and PennzEnergy Company [incorporated by reference to Exhibit 10.1 of Devon Delaware Corporation's Registration Statement on Form S-4 (No. 333-82903)].

10.21 Amended and Restated Stock Option Agreement, dated as of May 19, 1999, by and between Devon Energy Corporation, as issuer and PennzEnergy Company, as grantee (incorporated by reference to Annex D to Registrant's definitive proxy statement for a special meeting of shareholders filed on July 16, 1999).

10.22 Amended and Restated Stock Option Agreement, dated as of May 19, 1999, by and between PennzEnergy Company, as issuer, and Devon Energy Corporation, as grantee (incorporated by reference to Annex E to Registrant's definitive proxy statement for a special meeting of shareholders filed on July 16, 1999).

* Compensatory plans or arrangements.

(b) Reports on Form 8-K - A Current Report on Form 8-K was filed on April 28, 1999, regarding certain revisions to the Registrant's forward-looking information initially included in its February 8, 1999 Form 8-K. A Current Report on Form 8-K was filed on May 21, 1999, regarding the resignation of Kerr-McGee Corporation's three representatives from the Registrant's Board of Directors. A Current Report on Form 8-K was filed on June 1, 1999, regarding the announcement of the planned merger with PennzEnergy. A Current Report on Form 8-K was filed on July 22, 1999, regarding the termination of certain agreements previously entered into with Kerr-McGee Corporation.

SIGNATURES

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

DEVON ENERGY CORPORATION

Date: August 10, 1999 */s/Danny J. Heatly*
Danny J. Heatly
Controller

INDEX TO EXHIBITS

		Page
2.1	Amended and Restated Combination Agreement between the 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).	#
2.2	Amended and Restated Agreement and Plan of Merger, dated as of May 19, 1999, by and among Registrant, Devon Delaware Corporation, Devon Oklahoma Corporation and PennzEnergy Company (incorporated by reference to Annex A to Registrant's definitive proxy statement for a special meeting of shareholders filed on July 16, 1999).	#
3.1	Registrant's Amended and Restated Certificate of incorporation (incorporated by reference to Exhibit 3 to Registrant's Form 8-K dated as of December 11, 1998).	#
3.2	Registrant's Amended and Restated Bylaws.	42
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).	#
4.2	Rights Agreement between Registrant and The First National Bank of Boston (incorporated by reference to Exhibit 4.2 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).	#
4.3	First Amendment to Rights Agreement between Registrant and The First National Bank of Boston, dated October 16, 1996 (incorporated by reference to Exhibit H-1 to Addendum A to Registrant's definitive proxy statement for a special meeting of shareholders, filed on November 6, 1996).	#
4.4	Second Amendment to Rights Agreement between Registrant and the First National Bank of Boston, dated December 31, 1996 (incorporated by reference to Exhibit 4.2 to Registrant's Current Report on Form 8-K dated December 31, 1996).	#
4.5	Third Amendment to Rights Agreement between Registrant and The First National Bank of Boston, dated December 10, 1998 (incorporated by reference to Exhibit 4.5 of Registrant's Annual Report on Form 10-K for the year ended December 31, 1998).	#
4.6	Fourth Amendment to Rights Agreement between Registrant and The First National Bank of Boston, dated May 19, 1999.	57
4.7	Certificate of Designations of Series A Junior Participating Preferred Stock of Registrant (incorporated by reference to Exhibit 3.3 to Registrant's Registration Statement on Form 8-B filed on June 7, 1995).	#
4.8	Certificate of Trust of Devon Financing Trust [incorporated by reference to Exhibit 4.5 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].	#
4.9	Amended and Restated Declaration of Trust of Devon Financing Trust, dated as of July 3, 1996, by J. Larry Nichols, H. Allen Turner, William T. Vaughn, The Bank of New York (Delaware) and The Bank of New York as Trustees and the Registrant as Sponsor [incorporated by reference to Exhibit 4.6 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].	#
4.10	Indenture, dated as of July 3, 1996, between the Registrant and The Bank of New York [incorporated by reference to Exhibit 4.7 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].	#
4.11	First Supplemental Indenture, dated as of July 3, 1996, between the Registrant and The Bank of New York [incorporated by reference to Exhibit 4.8 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].	#
4.12	Form of 6 1/2% Preferred Convertible Securities (included as Exhibit A-1 to Exhibit 4.7 above).	#
4.13	Form of 6 1/2% Convertible Junior Subordinated Debentures (included as Exhibit B to Exhibit 4.7 above).	#
4.14	Preferred Securities Guarantee Agreement, dated July 3, 1996,	#

between Registrant, as Guarantor, and The Bank of New York, as Preferred Guarantee Trustee [incorporated by reference to Exhibit 4.11 to Amendment No. 1 to Registrant's Registration Statement on Form S-3 (No. 333-00815)].

4.15 Stock Rights and Restrictions Agreement, dated as of December 31, 1996, between Registrant and Kerr-McGee Corporation (incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K dated December 31, 1996). #

4.16 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 Current Report on Form 8-K, dated December 31, 1996). #

4.17 Agreement, dated July 15, 1999, by and among Registrant, Devon Delaware Corporation and Kerr-McGee Corporation (incorporated by reference to Exhibit 4 to Registrant's Current Report on Form 8-k dated July 15, 1999). #

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Incorporated by reference.

ARTICLE 5

RESTATED:

PERIOD TYPE	6 MOS	6 MOS
FISCAL YEAR END	DEC 31 1999	DEC 31 1998
PERIOD END	JUN 30 1999	JUN 30 1998
CASH	13994	23095
SECURITIES	0	0
RECEIVABLES	83712	80651
ALLOWANCES	0	0
INVENTORY	2624	2367
CURRENT ASSETS	104760	135741
PP&E	2801801	2401725
DEPRECIATION	1616172	1360003
TOTAL ASSETS	1305163	1295766
CURRENT LIABILITIES	73677	85235
BONDS	448013	302315
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	4882	4842
OTHER SE	550358	613005
TOTAL LIABILITY AND EQUITY	1305163	1295766
SALES	187486	191815
TOTAL REVENUES	191578	205212
CGS	0	0
TOTAL COSTS	0	0
OTHER EXPENSES	60935	64945
LOSS PROVISION	0	0
INTEREST EXPENSE	13779	10837
INCOME PRETAX	38255	44708
INCOME TAX	16066	18310
INCOME CONTINUING	22189	26398
DISCONTINUED	0	0
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	22189	26398
EPS BASIC	0.46	0.55
EPS DILUTED	0.46	0.55

Exhibit 3.2

BYLAWS
OF
DEVON ENERGY CORPORATION
Effective April 13, 1995

(As Amended on June 22, 1999)

BYLAWS
OF
DEVON ENERGY CORPORATION

ARTICLE I

Stockholders' Meetings

Section 1. Annual Meeting. The annual meeting of stockholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held within six months following the end of the fiscal year of the corporation at such time, date and place as shall be determined by the board of directors. The meeting shall be held at the principal offices of the corporation or at such other place as shall be determined by a majority of the directors.

Section 2. Special Meeting. Special meetings of stockholders may be called by the board of directors, or by the president, and shall be held at such places, within or without the State of Oklahoma, as may be specified in the call of any meeting.

Section 3. Notice of Meetings. Unless otherwise provided in the Oklahoma General Corporation Law, written notice of every meeting of stockholders stating the place, date, hour and, in the case of a special meeting, purposes thereof, shall, except when otherwise required by law, be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote thereat; provided that such notice may be waived in writing, signed by the person entitled to notice either before or after the time stated therein. Neither the business to be transacted at nor the purpose of any meeting need be specified in such written waiver of notice.

At any meeting at which a quorum of stockholders is present, in person or represented by proxy, the chairman of the meeting or the holders of the majority of the shares of stock present or represented by proxy may adjourn from time to time until its business is completed. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. Otherwise, no notice need be given.

If mailed, notice shall be deemed to be given when deposited in the United States mail, addressed to the stockholder at his address as it appears on the records of the corporation, with postage thereon prepaid.

Section 4. Quorum. The holders of a majority of the shares of stock entitled to vote, present in person or by proxy, shall, except as otherwise provided by law, constitute a quorum for the transaction of business at all meetings of the stockholders.

Section 5. Voting. Unless otherwise provided by the corporation's certificate of incorporation and any amendments thereto or certificates of designation, each stockholder shall at every meeting of stockholders be entitled to one vote, in person or by proxy, for each share of stock having voting power held by such stockholder. Unless otherwise provided by law, no proxy shall be voted on after three years from its date unless the proxy provides for a longer period. No vote on any matter need be by ballot unless demanded by the holders of at least ten percent (10%) of the shares represented and entitled to vote at the meeting. All elections and questions shall be decided by a plurality of the votes cast, in person or by proxy, except as otherwise required by the laws of Oklahoma or as set forth in the certificate of incorporation or the terms of any series of outstanding Preferred Stock.

Section 6. List of Stockholders. Unless otherwise provided in the Oklahoma General Corporation Law, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder, and the number of shares registered in the name of each stockholder, shall be prepared by the officer in charge of the stock ledger. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are stockholders entitled to examine the stock ledger, the list required by this section or the books of the corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 7. Order of Business. The chairman of the meeting shall determine the order of business and the procedure at the meeting, including regulation of the manner of voting and the conduct of discussion.

Section 8. Nature of Business at Meetings of Stockholders. No business may be transacted at an annual meeting of stockholders, other than business that is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (c) otherwise properly brought before the annual meeting by any stockholder of the Company (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 8 and on the record date for the determination of stockholders entitled to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this Section 8.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of such stockholder, (iii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (iv) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business and (v) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

No business shall be conducted at the annual meeting of stockholders except business brought before the annual meeting in accordance with the procedures set forth in this Section 8; provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 8 shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Section 9. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company, except as may be otherwise provided in the Certificate of Incorporation with respect to the right of holders of preferred stock of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Company (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 9 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) who complies with the notice procedures set forth in this Section 9.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company.

To be timely, a stockholder's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company (a) in the case of an annual meeting, not less than sixty (60) days nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and (b) in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.

To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Section 9. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

ARTICLE II

Directors

Section 1. Powers. The business and affairs of the corporation shall be managed by or under the direction of its board of directors.

Section 2. Number. The number of directors which shall constitute the whole board shall not be less than three nor more than fifteen, and shall consist of three directors, until within the limits above specified, a different number of directors, which shall constitute the whole board, shall be determined by resolution adopted by a vote of two-thirds of the entire board, or at an annual meeting of stockholders by the affirmative vote of sixty-six and two-thirds percent (66 2/3%) of the outstanding stock entitled to vote. No reduction in number shall have the effect of removing any director prior to the expiration of his term. The board of directors shall be divided into three classes as nearly equal in number as possible with the term of office of one class expiring each year. Of the directors chosen initially, the term of office of those of the first class shall expire at the first annual meeting after their election; the term of office of those of the second class shall expire at the second annual meeting after their election; and the term of office of those of the third class shall expire at the third annual meeting after their election. At each annual meeting held after such classification and election, directors shall be chosen for a full term of three years to succeed those whose terms expire. The provisions of this section shall not be altered, amended or repealed except by the affirmative vote of the holders of at least eighty percent (80%) of the outstanding stock entitled to vote thereon.

Section 3. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of director may be filled by a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election of the class for which each such director has been chosen and until his successor is duly elected and qualified, or until his earlier resignation or removal.

Section 4. Place of Meetings. Board meetings may be held at such places, within or without the State of Oklahoma, as stated in these bylaws or as the board may from time to time determine or as may be specified in the call of any meetings.

Section 5. Regular Meetings. The annual meeting of the board shall be held without call or notice immediately after and at the same general place as the annual meeting of the stockholders, for the purpose of electing officers and transacting any other business that may properly come before the meeting. Additional regular meetings of the board may be held without call or notice at such place and at such time as shall be fixed by resolution of the board but in the absence of such resolution shall be held upon call by the president or a majority of directors.

Section 6. Special Meetings. Special meetings of the board may be called by the chairman of the board or the president or by a majority of the directors then in office. Notice of special meetings shall be given to each director at least three days before the meeting. Such notice shall set forth the time and place of such meeting, but need not, unless otherwise required by law, state the purposes of the meeting. A majority of the directors present at any meeting may adjourn the meeting from time to time without notice other than announcement at the meeting.

Section 7. Quorum. A majority of the total number of directors, excluding any vacancies, shall constitute a quorum for the transaction of business at any meeting of the board; provided, however, that in no event shall a number which is less than one-third (1/3) of the total number of directors constitute a quorum. If at any meeting a quorum is not present, a majority of the directors present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum is present. The act of a majority of directors present in person at a meeting at which a quorum is present shall be the act of the board of directors.

Section 8. Presence at Meeting. Members of the board of directors, or of any committee thereof, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall be deemed presence in person at such meeting.

Section 9. Action Without Meeting. Any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board or such committee, as the case may be, consent thereto in writing, and such written consent is filed with the minutes of the proceedings of the board or such committee.

Section 10. Committees of the Board. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each such committee to consist of one or more of the directors of the corporation and shall have such name or names as may be determined from time to time by resolution adopted by the board. The board may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and generally perform such duties and exercise such powers as may be directed or delegated by the board of directors from time to time, and, furthermore, may authorize the seal of the corporation to be affixed to all papers which may require it. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board to act at the meeting in the place of such absent or disqualified member. Each such committee shall keep regular minutes of its proceedings and report the same to the board of directors as and when required.

Section 11. Compensation. Each director shall be reimbursed for reasonable expenses incurred in attending any meeting of the board or of any committee of which such director shall be a member. The board may by resolution allow reasonable fees to some or all of the directors for attendance at any board or committee meeting. No such payment shall preclude any directors from serving the corporation in any other capacity and receiving compensation therefor.

Section 12. Advisory Directors. The board of directors may appoint individuals who may but need not be directors, officers, or employees of the corporation to serve as members of an advisory board of directors of the corporation and may fix fees or compensation for attendance at meetings of any such advisory boards. The members of any such advisory board may adopt and from time to time may amend rules and regulations for the conduct of their meetings and shall keep minutes which shall be submitted to the board of directors of the corporation. The term of office of any member of the advisory board of directors shall be at the pleasure of the board of directors and shall expire the day of the annual meeting of the stockholders of the corporation. The function of any such advisory board of directors shall be to advise with respect to the affairs of the corporation.

ARTICLE III

Officers and Employees

Section 1. Election. At the annual meeting of the board, there shall be elected such officers as may be necessary to enable the corporation to sign instruments and stock certificates which comply with the Oklahoma General Corporation Law. Such officers may include a chairman of the board, chief executive officer, a president, one or more vice presidents (who may be designated by different classes), a secretary, a treasurer and other officers. No officer need be a director. Two or more offices may be held by the same person.

Section 2. Term. Removal and Vacancies. All officers shall serve at the pleasure of the board. Any officer elected or appointed by the board may be removed at any time by the board whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. A vacancy in any office shall be filled by the board of directors.

Section 3. Chairman of the Board. The chairman of the board, if one has been elected, shall preside at all meetings of the board, stockholders and committees of which he is a member. He shall have such powers and perform such duties as may be authorized by the board of directors.

Section 4. Chief Executive Officer. If the board of directors has elected a chairman of the board, it may designate the chairman of the board as the chief executive officer of the corporation. If no chairman of the board has been elected, or in his absence or inability to act, or if no such designation has been made by the board of directors, the president shall be the chief executive officer of the corporation. The chief executive officer shall (i) have the overall supervision of the business of the corporation and shall direct the affairs and policies of the corporation, subject to any directions which may be given by the board of directors, (ii) shall have authority to designate the duties and powers of officers and delegate special powers and duties to specified officers, so long as such designations shall not be inconsistent with the laws of the State of Oklahoma, these bylaws or action of the board of directors, and shall in general have all other powers and shall perform all other duties incident to the chief executive officer of a corporation and such other powers and duties as may be prescribed by the board of directors from time to time.

Section 5. President. If the board of directors has elected a chairman of the board and designated such officer as the chief executive officer of the corporation, the president shall serve as chief operating officer and be subject to the control of the board of directors and the chairman of the board. He shall have such powers and perform such duties as from time to time may be assigned to him by the board of directors or the chairman of the board. If the board of directors has not elected a chairman of the board, or if one has been elected and has not been designated the chief executive officer of the corporation, then the president shall be the chief executive officer of the corporation with the powers and duties provided in Article III, Section 4, of these bylaws. In any event, the president shall have the power to execute, and shall execute, bonds, deeds, mortgages, extensions, agreements, modification of mortgage agreements, leases and contracts or other instruments of the corporation except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors or by the president to some other officer or agent of the corporation. The president may sign with the secretary or an assistant secretary, certificates for shares of stock of the corporation, the issuance of which shall have been duly authorized by the board of directors, and shall vote, or give a proxy to any other person to vote, all shares of the stock of any other corporation standing in the name of the corporation. The president, in general, shall have all other powers and shall perform all other duties as may be prescribed by the board of directors from time to time.

Section 6. Vice Presidents. A vice president shall perform such duties as may from time to time be assigned to him by the board or by the chairman or the president. In the absence or inability to act of the president, the vice president (or if there is more than one vice president, in the order designated by the board and, absent such designation, in the order of their first election to that office) shall perform the duties and discharge the responsibilities of the president.

Section 7. Secretary. The secretary shall be the keeper of the corporate seal and corporate records, and shall give notice of, attend, and record minutes of meetings of stockholders and directors. He shall see that the seal is affixed to all documents on which the seal is required by law to be affixed, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws. He shall, in general, perform all duties incident to the office of secretary and such other duties as may be assigned to him by the board or by the president. The assistant secretaries, if any, shall have such duties as shall be delegated to them by the secretary and, in the absence of the secretary, the senior of them present shall discharge the duties of the secretary.

Section 8. Treasurer. The treasurer shall be responsible for

(i) the custody and safekeeping of all of the funds and securities of the corporation, (ii) the receipt and deposit of all moneys paid to the corporation, (iii) where necessary or appropriate, the endorsement for collection on behalf of the corporation of all checks, drafts, notes and other obligations payable to the corporation, (iv) the disbursement of funds of the corporation under such rules as the board may from time to time adopt, (v) maintaining the general books of account of the corporation, and (vi) the performance of such further duties as are incident to the office of treasurer or as may be assigned to him by the board or by the president. The assistant treasurers, if any, shall have such duties as shall be delegated to them by the treasurer, and in the absence of the treasurer, the senior one of them present shall discharge the duties of the treasurer.

Section 9. Divisional Officers. The board may from time to time appoint officers of various divisions of the corporation. Divisional officers shall not by virtue of such appointment become officers of the corporation. Subject to the direction of the president of the corporation, the president of a division shall have general charge, control and supervision of all the business operations of his division, and the other divisional officers shall have such duties and authority as may be prescribed by the president of the division.

ARTICLE IV

Stock Certificates and Transfer Books

Section 1. Certificates. Every stockholder shall be entitled to have a certificate in such form as the board shall from time to time approve, signed by, or in the name of the corporation by (i) the chairman of the board, if any, the president or any vice president and (ii) the treasurer, or assistant treasurer, or the secretary or an assistant secretary, certifying the number of shares owned by him in the corporation. During the time in which the corporation is authorized to issue more than one class of stock or more than one series of any class, there shall be set forth on the face or back of each certificate issued a statement that the corporation will furnish without charge to each stockholder who so requests, the designations, preferences and relative, participating, option or other special rights of each class of stock or series thereof of the corporation and the qualifications, limitations or restrictions of such preferences and/or rights.

The signatures of any of the officers on a certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of issue.

Section 2. Record Ownership. A record of the name and address of the holder of each certificate, the number of shares represented thereby, and the date of issue thereof shall be made on the corporation's books. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as required by the laws of Oklahoma.

Section 3. Transfer Agent and Registrar. The corporation may maintain one or more transfer offices or agencies, each in charge of a transfer agent designated by the board, where the shares of stock of the corporation shall be transferable. The corporation may also maintain one or more registry offices, each in charge of a registrar designated by the board, wherein such shares of stock shall be registered. To the extent authorized by the board, the same entity may serve both as a transfer agent and registrar.

Section 4. Lost Certificates. Any person claiming a stock certificate in lieu of one lost, stolen, mutilated or destroyed shall give the corporation an affidavit as to his ownership of the certificate and of the facts which go to prove its loss, theft, mutilation or destruction. He shall also, if required by the board, give the corporation a bond, in such form as may be approved by the board, sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged loss or theft of the certificate or the issuance of a new certificate.

Section 5. Transfer of Stock. Transfer of shares shall, except as provided in Section 4 of this Article IV, be made on the books of the corporation only by direction of the person named in the certificate or his attorney, lawfully constituted in writing, and only upon surrender for cancellation of the certificate therefor, duly endorsed or accompanied by a written assignment of the shares evidenced thereby.

Section 6. Fixing Date for Determination of Stockholders of Record.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten
(10) days before the date of such meetings, nor more than sixty
(60) prior to any other action.

(b) A determination of stockholders of record entitled to notice of and to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board may fix a new record date for the adjourned meeting.

ARTICLE V

General Provisions

Section 1. Offices. The principal office of the corporation shall be maintained in Oklahoma City, Oklahoma, or at such other place as the board may determine. The corporation may have such other offices as the board may from time to time determine.

Section 2. Voting of Stock. Unless otherwise ordered by the board, the chairman of the board, if any, the president or any vice president shall have full power and authority, in the name and on behalf of the corporation, to attend, act and vote at any meeting of stockholders of any company in which the corporation may hold shares of stock, and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such shares and which, as the holder thereof, the corporation might possess and exercise if personally present, and may exercise such power and authority through the execution of proxies or may delegate such power and authority to any other officer, agent or employee of the corporation.

Section 3. Notices. Unless otherwise provided herein, whenever notice is required to be given, it shall not be construed to require personal notice, but such notice may be given in writing by depositing the same in the United States mail, addressed to the individual to whom notice is being given at such address as appears on the records of the corporation, with postage there on prepaid. Such notice shall be deemed to be given at the time when the same shall be thus deposited.

Section 4. Waiver of Notice. Whenever any notice is required to be given, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VI

Indemnification of Officers, Directors,
Employees and Agents

(a) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture or other enterprise against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the corporation and with respect to any criminal action or proceeding had reasonable cause to believe that his conduct was unlawful.

(b) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine, upon application, that despite the adjudication of liability, but in the view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

(c) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized herein.

(d) The corporation may purchase (upon resolution duly adopted by the board of directors) and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability.

(e) To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to herein or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(f) Every such person shall be entitled, without demand by him upon the corporation or any action by the corporation, to enforce his right to such indemnity in an action at law against the corporation. The right of indemnification and advancement of expenses hereinabove provided shall not be deemed exclusive of any rights to which any such person may now or hereafter be otherwise entitled and specifically, without limiting the generality of the foregoing, shall not be deemed exclusive of any rights pursuant to statute or otherwise, of any such person in any such action, suit or proceeding to have assessed or allowed in his favor against the corporation or otherwise, his costs and expenses incurred therein or in connection therewith or any part thereof.

ARTICLE VII

Amendments

These bylaws may be altered, amended or repealed or new bylaws may be adopted in accordance with the corporation's Certificate of Incorporation, the Oklahoma General Corporation Law and these bylaws.

Exhibit 4.6

FOURTH AMENDMENT TO RIGHTS AGREEMENT

The Rights Agreement dated as of April 17, 1995 between Devon Energy Corporation and BankBoston, N.A. (formerly, The First National Bank of Boston (Massachusetts)), as amended to date, is hereby further amended as of May 19, 1999 as follows:

1. The Rights Agreement is hereby amended to add a new Section 34 as follows:

Section 34. PennzEnergy Exclusion.
Notwithstanding anything in this Agreement to the contrary, (i) none of PennzEnergy Company or any of its Affiliates or Associates shall be deemed an Acquiring Person and no Stock Acquisition Date shall be deemed to have occurred as result of any of the PennzEnergy Transaction Agreements (as defined below) or any of the transactions contemplated thereby and (ii) the Rights shall expire, and "Final Expiration Date" shall be deemed to be the time immediately prior to the Effective Time (as defined in the Merger Agreement (as defined below)).. As used herein, "PennzEnergy Transaction Agreements" means (i) the Agreement and Plan of Merger, dated as of May 19, 1999 (the "Merger Agreement"), by and among the Company, a wholly-owned subsidiary of the Company and PennzEnergy Company; (ii) the Stock Option Agreements (as defined in the Merger Agreement); and (iii) any other agreement between or among the Company and PennzEnergy Company and/or any of their respective subsidiaries entered into in connection with the Merger Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, all as of the 19th day of May, 1999.

DEVON ENERGY CORPORATION

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

ATTEST:

/s/ Marian J. Moon
Marian J. Moon
Secretary

BANKBOSTON, N.A. (formerly,
THE FIRST NATIONAL BANK OF

BOSTON (MASSACHUSETTS))

By:/s/ Katherine Anderson
Administration Manager

ATTEST:

/s/ Amy Toland
Administration Manager