

DEVON ENERGY CORP/DE
Form 8-K
February 15, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 15, 2012

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

001-32318
(Commission
File Number)

73-1567067
(IRS Employer
Identification Number)

20 NORTH BROADWAY, OKLAHOMA CITY, OK

73102

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(Address of Principal Executive Offices)

(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events**Information Regarding Forward-Looking Estimates**

This report includes our 2012 forward-looking estimates and associated forward-looking statements regarding our expectations and plans, as well as future events or conditions. Such forward-looking statements are based on our examination of historical operating trends, the information used to prepare our December 31, 2011 reserve reports and other data in our possession or available from third parties. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. Consequently, actual future results could differ materially from our expectations due to a number of factors, such as changes in the supply of and demand for oil, natural gas and NGLs and related products and services; exploration or drilling programs; political or regulatory events; general economic and financial market conditions; and other factors discussed in this report.

All subsequent written and oral forward-looking statements attributable to Devon, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements. We assume no duty to update or revise our forward-looking statements based on new information, future events or otherwise.

Financial amounts related to our Canadian operations in the following tables have been converted to U.S. dollars using estimated average exchange rates of \$1.00 U.S. dollar to \$1.00 Canadian dollar.

Oil, Gas and NGL Production and Prices

We estimate that our combined oil, gas and NGL production will total 253 to 257 MMBoe (690 to 700 MBoepd). Set forth below are our estimates of oil, gas and NGL production.

	Oil (MMBbls)	Gas (Bcf)	NGLs (MMBbls)	Total (MMBoe)
U.S.	21	768	38	187
Canada	34	181	3	68
Total	55	949	41	255

We expect our floating prices for production from each of our operating areas to differ from the NYMEX price as set forth in the following table. The price for oil and the NGLs relationship to crude oil is determined using the monthly average of NYMEX settled prices on each trading day for benchmark West Texas Intermediate crude oil delivered at Cushing, Oklahoma. The NYMEX price for gas is determined using the first-of-month South Louisiana Henry Hub price index as published monthly in *Inside FERC*.

	Prices as a % of NYMEX Price		
	Oil	Gas	NGLs
U.S.	91% to 101%	81% to 91%	35% to 45%
Canada	63% to 73%	87% to 97%	53% to 63%
Total	74% to 84%	82% to 92%	36% to 46%

Commodity Price Risk Management

As of February 10, 2012, we had the following oil derivative positions associated with 2012 production. Our oil derivatives settle against the average of the prompt month NYMEX West Texas Intermediate futures price.

Price Swaps		Price Collars		Call Options Sold	
Volume	Weighted Average Price	Volume	Weighted Average Floor Price	Volume	Weighted Average Price
(Bbls/d)	(\$/Bbl)	(Bbls/d)	(\$/Bbl)	(Bbls/d)	(\$/Bbl)

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22,000	\$ 107.17	54,000	\$ 85.74	\$ 126.42	19,500	\$ 95.00
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As of February 10, 2012, we had the following natural gas derivative positions associated with 2012 production. Our natural gas derivatives settle against the first-of-month Henry Hub index as published monthly in *Inside FERC*.

Capital Expenditures

Total oil and gas capital expenditures in the following table exclude the estimated \$900 million payment we will receive in 2012 upon closing our recently announced transaction with Sinopec International Petroleum Exploration & Production Corporation in five of our new venture plays.

	Low	High
	(\$ in millions)	
Development	\$ 4,525	\$ 4,825
Exploration	560	660
Subtotal	5,085	5,485
Capitalized G&A	320	340
Capitalized interest	55	65
Total oil and gas	5,460	5,890
Midstream	465	535
Corporate & other	305	405
Total other	770	940
Total capital expenditures	\$ 6,230	\$ 6,830

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 hereto duly authorized.

DEVON ENERGY CORPORATION

By: */s/ Jeffrey A. Agosta*
Jeffrey A. Agosta
Executive Vice President and Chief Financial Officer

Date: February 15, 2012