



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 4, 2019

Anthony Saldana
Skadden, Arps, Slate, Meagher & Flom LLP
anthony.saldana@skadden.com

Re: Devon Energy Corporation
Incoming letter dated January 30, 2019

Dear Mr. Saldana:

This letter is in response to your correspondence dated January 30, 2019 concerning the shareholder proposal (the "Proposal") submitted to Devon Energy Corporation (the "Company") by the George Gund Foundation et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: David T. Abbott
The George Gund Foundation
dabbott@gundfdn.org

March 4, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Devon Energy Corporation
Incoming letter dated January 30, 2019

The Proposal requests that the board, in annual reporting from 2020, include disclosure of short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2 degrees Celsius and to pursue efforts to limit the increase to 1.5 degrees Celsius.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(7), as relating to the Company's ordinary business operations. In our view, the Proposal would require the Company to adopt targets aligned with the goals established by the Paris Climate Agreement. By imposing this requirement, the Proposal would micromanage the Company by seeking to impose specific methods for implementing complex policies in place of the ongoing judgments of management as overseen by its board of directors. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(7). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which the Company relies.

Sincerely,

Courtney Haseley
Special Counsel

DIVISION OF CORPORATION FINANCE INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

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January 30, 2019

By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

RE: Devon Energy Corporation 2019 Annual Meeting of Stockholders
Proposal of the George Gund Foundation and As You Sow

Ladies and Gentlemen:

We are submitting this letter on behalf of Devon Energy Corporation, a Delaware corporation ("Devon"), pursuant to Rule 14a-8(j) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Devon is seeking to omit a shareholder proposal and supporting statement (the "Proposal") that it received from the George Gund Foundation and As You Sow (collectively, the "Proponents") from inclusion in the proxy materials to be distributed by Devon in connection with its 2019 annual meeting of stockholders (the "2019 proxy materials"). Copies of the Proposal and related relevant correspondence received from the Proponents are attached hereto as Exhibit A. For the reasons stated below, we respectfully request that the Staff of the Division of Corporation Finance (the "Staff") of the U.S. Securities and Exchange Commission (the "Commission") not recommend action against Devon if Devon omits the Proposal from the 2019 proxy materials.

Devon currently intends to file its 2019 definitive proxy materials on or about April 24, 2019. In accordance with Staff Legal Bulletin No. 14D (Nov. 7, 2008), we are emailing this letter and its attachments to the Staff at shareholderproposals@sec.gov. A copy of this letter and its attachments are also being sent by overnight courier to the Proponents as notice of Devon's intent to omit the Proposal from the 2019 proxy materials. We will promptly forward to the Proponents any response received from the Staff to this request that the Staff

transmits by email or fax only to Devon or us. Further, we take this opportunity to remind the Proponents that under the applicable rules, if the Proponents submit correspondence to the Staff regarding the Proposal, a copy of that correspondence should be concurrently furnished to the undersigned on behalf of Devon.

The Proposal

The text of the resolution in the Proposal: “Shareholders request that the Devon Board of Directors, in annual reporting from 2020, include disclosure of short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and to pursue efforts to limit the increase to 1.5°C. This reporting should cover both the corporation’s operations and products, omit propriety information, and be prepared at reasonable cost.”

Bases for Exclusion

For the reasons described in this letter, we respectfully request that the Staff concur in Devon’s view that it may exclude the Proposal from the 2019 proxy materials pursuant to:

- Rule 14a-8(i)(7) because the Proposal relates to Devon’s ordinary business operations; and
- Rule 14a-8(i)(10) because Devon has substantially implemented the Proposal.

Analysis

I. Rule 14a-8(i)(7) – Ordinary Business Operations

The Proposal is properly excludable from the 2019 proxy materials because the underlying subject matter of the Proposal relates to Devon’s ordinary business operations and the Proposal attempts to micromanage Devon by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment. As more fully explained below, the Staff has made clear that a proposal micromanages a company when it involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies. Specifically, the Proposal requests an intricately detailed and complex report on Devon’s “short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and

to pursue efforts to limit the increase to 1.5°C.” The Proposal would require Devon management to assess current operational strategies and business judgments regarding drilling and production levels, among other matters, given the Proposal’s request for company-wide, time-bound quantitative targets. This is the epitome of an attempt to micromanage Devon, a leading independent energy company engaged in the exploration, development and production of oil and natural gas. Therefore, the Proposal is precisely the type of effort that Rule 14a-8(i)(7) is intended to prevent.¹

Under Rule 14a-8(i)(7), a shareholder proposal may be excluded from a company’s proxy materials if the proposal “deals with matters relating to the company’s ordinary business operations.” In Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”), the Commission stated that the policy underlying the ordinary business exclusion rests on two central considerations. The first recognizes that certain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. The second consideration relates to the degree to which the proposal seeks to “micro-manage” the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment. As the Commission has explained, a proposal may probe too deeply into matters of a complex nature if it “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” *See* 1998 Release.

The Commission has stated that a proposal requesting the dissemination of a report is excludable under Rule 14a-8(i)(7) if the substance of the proposal involves a matter of ordinary business of the company. *See* Exchange Act Release No. 34-20091 (Aug. 16, 1983) (the “1983 Release”) (“[T]he staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule 14a-8(c)(7).”); *see also, e.g., Sempra Energy* (Jan. 12, 2012, *recon. denied* Jan. 23, 2012) (permitting exclusion under Rule 14a-8(i)(7) of a proposal asking the board “to conduct an independent oversight review” of the company’s management of risks posed by the company’s operations in certain countries, noting that the proposal related to the company’s ordinary business matters).

¹ Additional detail regarding these matters is set forth on pages 6–8.

- A. *The subject matter of the Proposal is fundamental to management's ability to run Devon's day-to-day business and does not focus on a significant policy issue.*

In accordance with the policy considerations underlying the ordinary business exclusion, the Staff has consistently permitted exclusion under Rule 14a-8(i)(7) of shareholder proposals relating to the products and services offered for sale by a company. In *Dominion Resources, Inc.* (Feb. 22, 2011), for example, the proposal requested that the company offer certain customers the option of “directly purchasing electricity generated from 100% renewable energy by 2012.” The proposal’s supporting statement specifically noted that offering renewable energy to customers would be “economically desirable” for the company, enhance the company’s “image as a good corporation citizen” and have many other “beneficial effects” on the company. In granting relief to exclude the proposal under Rule 14a-8(i)(7), the Staff concluded that the proposal related to the ordinary business matter of “products and services that the company offers.” *See also, e.g., Wells Fargo & Co.* (Jan. 28, 2013, *recon. denied* Mar. 4, 2013) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report discussing the adequacy of the company’s policies in addressing the social and financial impacts of the company’s direct deposit advance lending service, noting that the proposal “relates to products and services offered for sale by the company”); *FMC Corp.* (Feb. 25, 2011, *recon. denied* Mar. 16, 2011) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking, among other things, an immediate moratorium on sales and a withdrawal from the market of a specific pesticide, as well as other pesticides “where there is documented misuse of products harming wildlife or humans, until [the company] effectively corrects such misuse,” and a “report . . . addressing all documented product misuses worldwide . . . and proposing changes to prevent further misuse,” noting that the proposal “relates to the products offered for sale by the company”).

The Staff also has consistently permitted exclusion of shareholder proposals under Rule 14a-8(i)(7) concerning a company’s choice of technologies for use in its operations. *See, e.g., FirstEnergy Corp.* (Mar. 8, 2013) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report on actions the company could take to reduce risk “by diversifying [its] energy resources to include increased energy efficiency and renewable energy resources,” noting that “[p]roposals that concern a company’s choice of technologies for use in its operations are generally excludable”); *AT&T Inc.* (Feb. 13, 2012) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking, among other things, a report on the company’s “efforts to accelerate the development and deployment of new energy efficient set-top boxes,” noting that the proposal “relates to the technology used in

AT&T's set-top boxes[.]" and "proposals that concern a company's choice of technologies for use in its operations are generally excludable").

Finally, we note that a proposal may not be excluded under Rule 14a-8(i)(7) if it is determined to focus on a significant policy issue. The fact that a proposal may touch upon a significant policy issue, however, does not preclude exclusion under Rule 14a-8(i)(7). Instead, the question is whether the proposal focuses primarily on a matter of broad public policy versus matters related to the company's ordinary business operations. See the 1998 Release and Staff Legal Bulletin No. 14E (Oct. 27, 2009). The Staff has consistently permitted exclusion of shareholder proposals where the proposal focused on ordinary business matters, even though it also related to a potential significant policy issue. For example, in *Amazon.com, Inc.* (Mar. 27, 2015), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company "disclose to shareholders reputational and financial risks it may face as a result of negative public opinion pertaining to the treatment of animals used to produce products it sells" where the proponent argued that Amazon's sale of foie gras implicated a significant policy issue (animal cruelty). In granting no-action relief, the Staff determined that "the proposal relate[d] to the products and services offered for sale by the company." Similarly, in *Exxon Mobil Corp.* (Mar. 6, 2012), the Staff permitted exclusion of a proposal requesting that the company prepare a report "discussing possible short and long term risks to the company's finances and operations posed by the environmental, social and economic challenges associated with the oil sands." In concurring with the company's view that the proposal could be excluded pursuant to Rule 14a-8(i)(7), the Staff noted that the proposal "addresse[d] the 'economic challenges' associated with the oil sands and [did] not . . . focus on a significant policy issue." In addition, in *PetSmart, Inc.* (Mar. 24, 2011), the Staff permitted exclusion under Rule 14a-8(i)(7) of a proposal calling for suppliers to certify that they have not violated certain laws regarding the humane treatment of animals, even though the Staff had determined that the humane treatment of animals was a significant policy issue. In its no-action letter, the Staff specifically noted the company's view that the scope of the laws covered by the proposal was "fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping." See also, e.g., *CIGNA Corp.* (Feb. 23, 2011) (permitting exclusion under Rule 14a-8(i)(7) when, although the proposal addressed the potential significant policy issue of access to affordable health care, it also asked CIGNA to report on expense management, an ordinary business matter); *Capital One Financial Corp.* (Feb. 3, 2005) (permitting exclusion under Rule 14a-8(i)(7) when, although the proposal addressed the significant policy issue of outsourcing, it also asked the company to disclose information about how it manages its workforce, an ordinary business matter).

In this instance, even if the Proposal were to touch on the significant policy issue of environmental sustainability and climate change, the Proposal's request focuses on Devon's ordinary business matters (*i.e.*, the products and services offered for sale by Devon and Devon's choice of technologies for use in its operations). Devon, a leading independent oil and natural gas exploration and production company, produces approximately 250,000 barrels of oil, 1.2 billion cubic feet of natural gas and 100,000 barrels of natural gas liquids on a daily basis. By its plain terms, the Proposal seeks a report on Devon's company-wide, "short-, medium- and long-term greenhouse gas targets aligned with . . . goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and to pursue efforts to limit the increase to 1.5°C." The Proposal's resolution goes on to request that the report feature an analysis of Devon's "operations and products" and the supporting statement notes that "advances in technology" to limit greenhouse gas emissions could adversely affect Devon's business by "increasing the company's operating costs" and "reducing demand for its products." Moreover, the supporting statement emphasizes these ordinary business concerns, including the view that Devon's continued greenhouse gas emissions contribute to "systemic portfolio risks" to its stockholders by resulting in "lost production," "reduced worker efficiency" and "supply chain dislocations." Fairly read, the Proposal is not at all confined to matters relating to environmental sustainability and climate change.

Accordingly, consistent with the precedent described above, the Proposal should be excluded from the 2019 proxy materials pursuant to Rule 14a-8(i)(7) as relating to Devon's ordinary business operations.

B. The Proposal seeks to micromanage Devon.

The Staff has consistently agreed that shareholder proposals attempting to micromanage a company by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment are excludable under Rule 14a-8(i)(7). *See* the 1998 Release; *see also*, *e.g.*, *Walgreens Boots Alliance, Inc.* (Nov. 20, 2018) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micromanagement of a proposal requesting open market share repurchase programs or stock buybacks subsequently adopted by the board not become effective until approved by shareholders); *JPMorgan Chase & Co.* (Mar. 30, 2018) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micromanagement of a proposal requesting a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing on tar sands projects); *Marriott International, Inc.* (Mar. 17, 2010, *recon. denied* Apr. 19, 2010) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micromanagement of a proposal requiring the installation of showerheads that deliver no more than 1.6 gallons per minute of flow, along with mechanical

switches that would allow guests to control the level of water flow); *Duke Energy Corp.* (Feb. 16, 2001) (permitting exclusion under Rule 14a-8(i)(7) on the basis of micromanagement of a proposal recommending that the board of directors take steps “to reduce by 80% nitrogen oxide (NOx) emissions from the coal-fired plants operated by Duke Energy in North Carolina, with no loopholes for higher emissions, and limiting each boiler to .15 lbs of NOx per million btu’s of heat input by 2007”).

In addition, in Staff Legal Bulletin No. 14J (Oct. 23, 2018) (“SLB 14J”), the Staff reminded companies that micromanagement remains a potential basis to exclude a proposal under Rule 14a-8(i)(7). In particular, the Staff reiterated that a proposal micromanages a company when it “involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” The Staff explained that the micromanagement basis of exclusion “also applies to proposals that call for a study or report” and, therefore, a proposal that seeks an intricately detailed study or report may be excluded on micromanagement grounds. Further, the Staff stated that it “would, consistent with Commission guidance, consider the underlying substance of the matters addressed by the study or report” to determine whether a proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.

Moreover, the Staff has consistently permitted exclusion of shareholder proposals under Rule 14a-8(i)(7) requesting an intricately detailed and complex report on emissions targets. In *EOG Resources, Inc.* (Feb. 26, 2018, *recon. denied* Mar. 12, 2018), for example, the proposal requested that the company adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas emissions and issue a report discussing its plans and progress towards achieving those targets. The company, an oil and natural gas exploration and production company, explained that its management balances numerous complex factors on a daily basis which enables the company to quickly change operational strategies in response to internal and external developments, and argued that such operational strategies could not be separated from emissions targets because the two were so closely connected. The Staff concluded that the proposal sought to micromanage the company by “probing too deeply into matters of a complex nature.” *See also, e.g., Amazon.com, Inc.* (Mar. 6, 2018) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report evaluating the potential to achieve net-zero GHG emissions by a certain future target date, noting that the proposal “seeks to micromanage” the company by “probing too deeply into matters of a complex nature”); *Deere & Co.* (Dec. 27, 2017) (same); *Apple, Inc.* (Dec. 21, 2017) (same).

In this case, similar to the proposal in *EOG Resources*, the Proposal requests an intricately detailed and complex report on emissions targets. Specifically, the

report would require Devon management to subject its daily operational strategies and business judgments regarding drilling and production levels, among other ordinary business operations, to company-wide, time-bound quantitative targets in the form of arbitrary short-, medium- and long-term emissions targets. By doing so, the requested report would necessarily exclude from Devon management's analysis many other factors that would otherwise influence its decisions, such as operational matters, infrastructure availability and development (including pipelines), well productivity considerations, commodity price fluctuations and safety. Furthermore, Devon's diverse range of energy resources require it to manage a variety of complex factors on a daily basis to meet the growing demand for different forms of energy, balance any potential greenhouse gas emissions and comply with numerous legal and environmental standards. To accomplish this, Devon has a long history of investments in new technologies that lead its industry and build on its proud history of innovation geared towards reducing emissions. Devon management balances those and other factors using its specialized understanding of the commodity market, personnel and operational capabilities.

As a result, Devon is able to quickly evaluate and adjust operational strategies in response to internal and external developments. These operational strategies cannot be separated from emissions targets because drilling and production levels necessarily affect emissions levels, and emissions levels vary due to a variety of factors. Therefore, the Proposal would replace the informed balancing of such factors that directs Devon management's daily decisions on how much of which product to extract or produce, which are complex decisions uniquely within the purview of Devon management and upon which shareholders, as a group, are not in a position to make an informed judgment.

Accordingly, consistent with SLB 14J and the precedent described above, Devon believes that the Proposal may be excluded from its 2019 proxy materials pursuant to Rule 14a-8(i)(7) as relating to Devon's ordinary business operations.

II. Rule 14a-8(i)(10) – Substantial Implementation

The Proposal also is properly excludable from the 2019 proxy materials because Devon has substantially implemented the Proposal, as Devon has addressed the underlying concerns and satisfied the essential objective of the Proposal, even if the Proposal has not been implemented exactly as proposed by the Proponent. Devon's existing disclosure in, among other things, its Climate Change Assessment Report published in December 2018 and its yearly sustainability report, as well as its

yearly practice of responding to the CDP² climate change survey, satisfies the Proposal's underlying concern and essential objective of obtaining a report on the measures being taken to reduce Devon's greenhouse gas emissions and the resulting impact on Devon's operations and assets. Therefore, Devon has substantially implemented the Proposal.

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal if the company has already substantially implemented the proposal. The Commission adopted the "substantially implemented" standard in 1983 after determining that the "previous formalistic application" of the rule defeated its purpose, which is to "avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." *See* 1983 Release and Exchange Act Release No. 34-12598 (July 7, 1976). Accordingly, the actions requested by a proposal need not be "fully effected" provided that they have been "substantially implemented" by the company. *See* 1983 Release.

Applying this standard, the Staff has consistently permitted the exclusion of a proposal under Rule 14a-8(i)(10) when it has determined that the company's policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal. *See, e.g., United Cont'l Holdings, Inc.* (Apr. 13, 2018); *eBay Inc.* (Mar. 29, 2018); *Kewaunee Scientific Corp.* (May 31, 2017); *Wal-Mart Stores, Inc.* (Mar. 16, 2017); *Dominion Resources, Inc.* (Feb. 9, 2016); *Ryder Sys., Inc.* (Feb. 11, 2015).

In addition, the Staff has permitted exclusion under Rule 14a-8(i)(10) where a company already addressed the underlying concerns and satisfied the essential objectives of the proposal, even if the proposal had not been implemented exactly as proposed by the proponent. In *Wal-Mart Stores, Inc.* (Mar. 30, 2010), for example, the proposal requested that the company adopt six principles for national and international action to stop global warming. The company argued that its Global Sustainability Report, available on the company's website, substantially implemented the proposal. Although the report referred to by the company set forth only four principles that covered most, but not all, of the issues raised by the proposal, the Staff concluded that the company had substantially implemented the proposal. *See also, e.g., Oshkosh Corp.* (Nov. 4, 2016) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting six changes to the company's proxy access bylaw, where the company amended its proxy access bylaw to implement three of six requested changes); *MGM Resorts Int'l* (Feb. 28, 2012) (permitting

² CDP was formerly known as the Carbon Disclosure Project.

exclusion under Rule 14a-8(i)(10) of a proposal requesting a report on the company's sustainability policies and performance and recommending the use of the Governance Reporting Initiative Sustainability Guidelines, where the company published an annual sustainability report that did not use the Governance Reporting Initiative Sustainability Guidelines or include all of the topics covered therein); *Alcoa Inc.* (Feb. 3, 2009) (permitting exclusion under Rule 14a-8(i)(10) of a proposal requesting a report that describes how the company's actions to reduce its impact on global climate change may have altered the current and future global climate, where the company published general reports on climate change, sustainability and emissions data on its website).

In this instance, Devon has substantially implemented the Proposal, the essential objective of which is to obtain a report on the measures being taken to reduce Devon's greenhouse gas emissions and the resulting impact on Devon's operations and assets.

Devon already discloses such sustainability measures, including greenhouse gas emissions, on its website. From the homepage of Devon's website, under the "Sustainability" tab, users can go directly to Devon's dedicated "Sustainability" webpage, which offers information concerning Devon's various sustainability initiatives, including a link to an annual sustainability report. The "2018 Sustainability Report" gives a comprehensive overview of Devon's focus on "environmental, social and governance" programs. In particular, pages 13–29 of the report explain Devon's approach to "environmental stewardship," noting that "[r]educing emissions has been a long-standing focus at Devon."³

The report states that Devon "track[s] specific metrics for greenhouse gas (GHG) emissions" and "share[s] them in this report and other public disclosures." The report also describes other important emissions metrics that Devon tracks on an annual basis. For example, the report indicates a decrease in direct and indirect GHG emissions, measured in million tonnes CO₂e, from 7.97 in 2015 to 5.84 and 5.94 in 2016 and 2017, respectively. The report attributes the decrease to "[l]ess flaring and a ramp-up of [leak detection and repair]" in the United States and that "Canada's minor fluctuations reflect [Devon's] steam-to-oil ratio, reduced venting and increased oil production." The report also notes a reduction in methane emissions, measured in million tonnes CO₂e, from 2.16 in 2015 to 1.50 and 1.30 in

³ Pages 13–29 of the 2018 Sustainability Report are attached hereto as Exhibit B. The full 2018 report is available at http://www.devonenergy.com/documents/Sustainability/Pages/DVN_SR18_0_FULL-REPORT.pdf.

2016 and 2017, respectively. The report attributes the reduction to “improved emissions-control technologies, reduced venting and flaring and improved [leak detection and repair] practices.” Taken together, these advances in operational efficiency demonstrate Devon’s continuing commitment to reduce greenhouse gas emissions.

Devon’s Sustainability webpage also includes a link, found on the left menu bar of the page, under the “Environment” tab, to Devon’s “Climate Change” webpage, which offers information concerning Devon’s various climate change initiatives, including a “Climate Change Assessment Report.” The report explains that “Devon [has] evaluated several possible future climate change scenarios in order to quantify the risks to Devon from aggressive global carbon reduction-policies, modeled though 2050” and provides a projected asset-specific impact analysis of each modeled scenario. In order to model the impacts of a carbon-constrained future, Devon analyzed several scenarios with emissions reductions on the level required to achieve the goals established by the Paris Climate Agreement. Although some model results under certain low-carbon scenarios (*e.g.*, the IEA Sustainable Development Scenario) indicate that low-carbon scenarios will reduce natural gas prices, the model suggests that Devon’s current portfolio is “likely to be resilient to these potential impacts.” Furthermore, based on the totality of the analysis, Devon concludes that its current portfolio of assets is “likely to be well-positioned to remain profitable even in an aggressive low-carbon scenario.” Moreover, since 2018, “Devon’s risk management has included . . . formal and ongoing consideration of the quantifiable effects of climate change on Devon’s portfolio.”⁴

Finally, Devon’s Sustainability webpage also includes a link, found on the left menu bar of the page, under the “Environment” tab, to Devon’s “2018 CDP Climate Response,” which discusses Devon’s continuing commitment to reducing greenhouse gas emissions with responses to a number of questions directly related to the Proposal’s essential objective. For example, Devon states that it is “actively pursuing opportunities to reduce GHG emissions and piloting new technologies that could achieve large volumes of emission reductions in the future, which would ultimately reduce cost.” Devon also notes that it is “involved in the evaluation of various GHG reduction technologies, including short-term, incremental opportunities

⁴ Additional information concerning the Climate Change Assessment Report is attached hereto as Exhibit C and available at http://www.devonenergy.com/documents/Sustainability/Environment/DVN_Climate-Change-Assessment-Report.pdf.

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such as energy efficiency measures and optimization initiatives as well as long-term, game-changing technologies such as carbon capture and conversion.”⁵

Accordingly, for the reasons discussed above, Devon has substantially implemented the Proposal and it is therefore excludable under Rule 14a-8(i)(10).

Conclusion

On the basis of the foregoing, Devon respectfully requests that the Staff concur that it will take no action if Devon excludes the Proposal from the 2019 proxy materials. If the Staff disagrees with the conclusions set forth in this letter, or should any additional information be desired in support of Devon’s position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff’s response.

If you have any questions with respect to this matter, please do not hesitate to contact me at the email address and telephone number appearing on the first page of this letter.

Very truly yours,



Anthony Saldana

cc: Chris Kirt
Vice President, Corporate Governance and Secretary
Associate General Counsel
Devon Energy Corporation

David T. Abbott
Executive Director
The George Gund Foundation

⁵ Additional information concerning the 2018 CDP Climate Response, including Devon’s detailed responses to the questionnaire, is attached hereto as Exhibit D and available at <https://www.devonenergy.com/documents/Sustainability/Environment/DVN-2018-CDP-Climate-Response.pdf>.

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Robert B. Jaquay
Associate Director
The George Gund Foundation

Danielle Fugere
President
As You Sow

Index to Exhibits

<u>Exhibit</u>	<u>Description</u>
A	George Gund Foundation letter, dated December 20, 2018 As You Sow letter, dated December 21, 2018
B	2018 Sustainability Report (excerpt)
C	Climate Change Assessment Report
D	2018 CDP Climate Response

EXHIBIT A

(see attached)

216.241.3114 1845 GUILDHALL BUILDING
Fax 216.241.6560 45 PROSPECT AVENUE WEST
CLEVELAND, OHIO 44115

The George Gund Foundation

December 20, 2018

Mr. Chris Kirt
Vice President, Corporate Governance and Secretary
Associate General Counsel
Devon Energy Corporation
333 W. Sheridan Avenue
Oklahoma City, Oklahoma 73102

Via Federal Express

Re: Shareholder Proposal Submission

Dear Mr. Kirt,

I am writing to you on behalf of the George Gund Foundation, a long-term shareholder in Devon Energy. The Foundation is submitting the attached proposal regarding Devon's management of climate-change risks for inclusion in the next proxy statement in accordance with Rule 14a-8 of the General Rules and regulations of the Securities Act of 1934.

We have held more than \$2,000 worth of Devon shares for greater than one year, and will maintain ownership of the required number of shares through the date of the next stock holders annual meeting. A letter verifying our ownership of Devon shares from our portfolio's custodian is forthcoming under separate cover. A representative of the filers will attend the shareholders' meeting to move the resolution as required by SEC Rules.

We are filing this resolution as the primary filer. We are submitting this proposal because we strongly believe it is in the best interests of our company and its shareholders. Please copy me and Robert B. Jaquay, Associate director, on any correspondence related to this proposal. We can be reached at the above address or by email at dabbott@gundfdn.org or rjaquay@gundfdn.org.

Respectfully yours,



David T. Abbott
Executive Director

Encl. [the resolution]

Cc: Rob Berridge, Ceres
Robert Jaquay
Andy Behar, As You Sow
Danielle Fugere, As You Sow

RESOLVED: Shareholders request that the Devon Board of Directors, in annual reporting from 2020, include disclosure of short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and to pursue efforts to limit the increase to 1.5°C. This reporting should cover both the corporation's operations and products, omit proprietary information, and be prepared at reasonable cost.

WHEREAS: It is widely accepted that a transition to a low carbon economy - driven by advances in technology and government policy aligned with the Paris Agreement - is under way. As the use of zero- and low-carbon technology increases due to technical breakthroughs and decreasing costs, and as governments take steps to limit greenhouse gas emissions, fossil fuel companies face enhanced risk. These trends could limit returns to Devon's investors by increasing the company's operating costs or by reducing demand for its products.

The Grantham Research Institute on Climate Change and the Environment has identified at least 1,512 climate change laws. Growing recognition of the risks from climate change will result in increasing numbers of, stringency of, and support for these laws.

In addition, Devon's greenhouse gas emissions contribute to climate change impacts, presenting systemic portfolio risks to investors. A warming climate is associated with supply chain dislocations, reduced resource availability, lost production, commodity price volatility, infrastructure damage, crop loss, energy disruptions, political instability, and reduced worker efficiency, among others.

Disclosing targets is an important means of assuring investors of the management of risks associated with climate change and that the Company is decreasing the full range of company emissions in line with Paris goals. Devon states that "reducing GHG emissions intensity is one of the guiding principles" of its Environmental Health and Safety philosophy. It has adopted greenhouse gas reduction targets in certain of its Canadian operations, where required by law. The company has not adopted greenhouse gas emission reduction targets in its U.S. operations or taken actions beyond reducing its operational emissions. In fact, **its companywide GHG emissions intensity has increased from 2016 to 2017.**¹ In contrast, other oil & gas companies, including Total and Shell, have disclosed much longer term ambitions, including for emissions resulting from use of their products. Investors are seeking enhanced disclosure of targets and other measures demonstrating company alignment with the Paris Agreement.

To ensure that Devon is adequately prepared to be successful into the future for its shareholders and other stakeholders we believe it is essential for the company to identify and disclose targets that are aligned with the goals of the Paris Agreement.

¹ <https://www.devonenergy.com/sustainability/environment/greenhouse-gas-emissions>



investments | trust | banking

December 19, 2018

Chris Kirt
Devon Energy Corporation
333 W Sheridan Avenue
Oklahoma City, Oklahoma 73102
CorporateSecretary@devon.com

Mail Code: OH-01-10-0929
100 Public Square, Suite 600
Cleveland, OH 44113

toll free: 800-999-9658
fax: 216-370-6222

Dear Ms. Kirt,

RE: Devon Energy Corporation

KeyBank NA
127 Public Square
Cleveland, OH 44114

KeyBank National Association
Custodian For The George Gund Fdn
Under Agreement Dated 03/11/2005
Gund*George Fdn-Shapiro Dyn cust
0677730

George Gund Foundation
1845 Guildhall Bldg.
45 Prospect Ave. West
Cleveland, OH 44115-1005

This is confirmation that the George Gund Foundation owns the Gund*George Fdn-Shapiro Dyn Cust Account. In that account they hold 66,450 shares of Devon Energy Corp. they hold more than \$2,000 worth of shares and have held them for more than one year.

Any questions please give me a call.

Kate Blaszk
Kathryn_d_blaszak@key.com
(216) 689-7663

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ADL 3546



AS YOU SOW

1611 Telegraph Avenue, Suite 1450
Oakland, CA 94612

www.asyousow.org

BUILDING A SAFE, JUST AND SUSTAINABLE WORLD SINCE 1992

December 21, 2018

Mr. Chris Kirt
Vice President, Corporate Governance and Secretary
Associate General Counsel
Devon Energy Corporation
333 W. Sheridan Avenue
Oklahoma City, Oklahoma 73102

Dear Mr. Kirt:

As You Sow is co-filing a shareholder proposal on behalf of Anna Marie Lyles, a shareholder of Devon Energy Corporation, for action at the next annual meeting of Devon Energy. The Proponent of the proposal has submitted the enclosed shareholder proposal for inclusion in the 2019 proxy statement for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

We are co-filing this resolution with The George Gund Foundation, who is the lead filer of the proposal and is authorized to act on *As You Sow's* behalf with regard to withdrawal of the proposal.

A letter from Anna Marie Lyles authorizing As You Sow to act on her behalf is enclosed. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required.

Sincerely,

Danielle Fugere
President

Enclosures

- Shareholder Proposal
- Shareholder Authorization

RESOLVED: Shareholders request that the Devon Board of Directors, in annual reporting from 2020, include disclosure of short-, medium- and long-term greenhouse gas targets aligned with the greenhouse gas reduction goals established by the Paris Climate Agreement to keep the increase in global average temperature to well below 2°C and to pursue efforts to limit the increase to 1.5°C. This reporting should cover both the corporation's operations and products, omit proprietary information, and be prepared at reasonable cost.

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To ensure that Devon is adequately prepared to be successful into the future for its shareholders and other stakeholders we believe it is essential for the company to identify and disclose targets that are aligned with the goals of the Paris Agreement.

¹ <https://www.devonenergy.com/sustainability/environment/greenhouse-gas-emissions>

December 19, 2018

Andrew Behar
CEO
As You Sow
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Mr. Behar,

The undersigned (the "Stockholder") authorizes *As You Sow* to file or co-file a shareholder resolution on Stockholder's behalf with Devon Energy (the "Company") for inclusion in the Company's 2019 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. The resolution at issue relates to addressing how the company can, plans to, or will reduce the carbon footprint of its operations and investments or set greenhouse gas emissions targets to align with the Paris Climate Agreement.

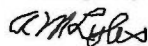
The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2019.

The Stockholder gives *As You Sow* the authority to address on Stockholder's behalf any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution and that the media may mention the Stockholder's name in relation to the resolution.

The shareholder further authorizes *As You Sow* to send a letter of support of the resolution on Stockholder's behalf concerning the resolution.

Sincerely,

DocuSigned by:



42FB614C0A6F49D...

Anna Marie Lyles, Ph.D.
253 Jefferson Rd.
Princeton, NJ 08540

EXHIBIT B

(see attached)

Environment Overview



Proactive Stewardship and Conservation

Our core values guide Devon's approach to environmental stewardship: We are committed to preserving the quality of the environment for future generations as we find and produce oil and natural gas.

In practice, this means we're proactive and action-oriented, incorporating environmental considerations into our activities, decisions and compensation, often going above and beyond what is required by law. We seek and apply economically feasible technologies to improve our environmental performance.

Because of our emphasis on air, land and water stewardship, we've established a positive record of performance recognized by our peers and regulators. Reducing emissions has been a long-standing focus at Devon, and we have documented our efforts and results in Carbon Disclosure Project (CDP) Climate Change Reports for 14 years.

(continued next page)



Maude Ramsay
environment and regulatory manager

Maude leads a multi-disciplinary team for Devon Canada focused on air, water, land and regulatory management. "We are coming up with creative and innovative ideas to address the environmental and regulatory risks faced by the energy sector today. I'm inspired by the collaboration across the company to support the continuous improvement of our environmental performance."

RESOURCES

To ensure employees and contractors share and participate in Devon's environmental commitment, we make the following resources available:

[Environment, Health and Safety \(EHS\) Philosophy](#)

Describes the expectations and principles that guide the decisions that affect our operations.

[Devon Canada's Environment, Health and Safety Management System \(EHSMS\)](#)

Describes our "plan-do-check-adjust" program to continuously drive innovation and improve performance. Our programs are designed to incorporate environmental considerations into all business activities and decisions. This includes identifying risks and taking proactive steps to reduce impacts, and measuring performance for continued improvement.

[Environmental risk indicator](#)

Tracks leading and lagging indicators of environmental performance every month. Indicators include regulatory NOV's (notices of violations), audit nonconformities, reportable spills, public complaints and voluntary self-disclosures.



Our land stewardship practices distinguish our work in environmentally sensitive areas. As an industry leader in water conservation for the past decade, Devon conserves and protects fresh water supplies and reports our progress in the CDP Water Report.

Devon engages with investors, communities and other stakeholders on climate change, water use, seismicity and other environmental issues. We'll continue to listen and act on concerns to earn our stakeholders' trust and protect the environment.

We track specific metrics for greenhouse gas (GHG) emissions, water use and disposal, and spills to the environment, and we share them in this report and other public disclosures. We recognize the importance of stakeholder feedback. We're increasing our transparency in this report to make it easier for stakeholders to track our performance. For more detailed metrics, please refer to our 2017 CDP Climate Change Report and CDP Water Report.

Environmental performance management resources

Devon has a strong commitment to managing our environmental performance. In 2017, we chartered the Environmental, Social and Governance (ESG) Steering Committee to set strategy and monitor performance on environmental issues, ever mindful of stakeholder concerns.

Taking ownership of environmental performance is an important responsibility of every Devon employee. We expect employees to demonstrate environmental stewardship, be accountable for their actions, plan ahead, participate in environmental programs, recognize positive attitudes and behaviors, and communicate openly.

Devon is a member of Canada's Oil Sands Innovation Alliance (COSIA), an alliance of oil sands producers focused on accelerating the pace of improvement in environmental performance through collaborative actions and innovation. COSIA was launched in 2012 and brings together world-class expertise from industry, government, academia and the wider public to improve measurement, accountability and environmental performance in greenhouse gases, land and water, and environmental monitoring. The intent of COSIA is to accelerate innovation and environmental performance in the oil sands through a continual focus on collaboration and transparent exchange, by setting environmental performance goals and reporting publicly on progress.

RESOURCES *(continued)*

Environmental compliance process

Provides direction to our employees on fundamental strategies, processes, procedures and communications we use to identify and comply with regulations and operate in an environmentally responsible way.

EHS protocols for business processes

Required of employees and contractors to ensure environmental, health and safety compliance. The protocols cover air quality; waste management; spill prevention, control and countermeasures; contractor EHS management; pre-construction environmental clearance; EHS training; event reporting; emergency preparedness; EHS risk management; and EHS audits.

EHS audits

Conducted regularly in each operating area to identify and mitigate environmental risk and improve performance.

Canada's Oil Sands Innovation Alliance



ENVIRONMENT METRICS	2015	2016	2017
Direct GHG Emissions (million tonnes CO₂e)¹	7.28	5.27	5.37
U.S.	4.35	2.38	2.39
Canada	2.93	2.89	2.98
Direct and Indirect GHG Emissions (million tonnes CO₂e)¹	7.97	5.84	5.94
Less flaring and a ramp-up of LDAR helped reduce U.S. GHG emissions. Canada's minor fluctuations reflect our steam-to-oil ratio, reduced venting and increased oil production.			
GHG Emissions Intensity (tCO₂e/MBOE)¹			
U.S.	14.83	10.96	11.77
Canada	64.85	56.01	56.30
Despite nearly twice as many well completions in 2017, emissions intensity was held largely in check by better facility design and control technology.			
Methane Emissions (million tonnes CO₂e)¹	2.16	1.50	1.30
Methane emissions have been decreasing due to improved emissions-control technologies, reduced venting and flaring and improved LDAR practices.			
Methane Emissions Intensity (tCO₂e/MBOE)¹			
U.S.	4.52	4.33	4.17
Canada	18.57	10.96	8.75
Lower methane emissions intensity is a result of concerted efforts to reduce venting and flaring and improve our LDAR practices.			
Indirect Emissions - Electricity Use (million tonnes CO₂e)¹	0.69	0.57	0.57
Consumption of electricity represents a small portion of our overall emissions profile.			
Energy Used - Fuel and Electricity Use (trillion BTU)¹	82.35	84.22	88.87
As our Jackfish SAGD complex matures, greater production requires more fuel.			
U.S. Water Usage (million bbl)	54.19	25.40	51.32
Water use varies with activity levels. However, in any year, Devon seeks alternatives to fresh water supplies.			
U.S. Water Usage Intensity (million bbl/well completion)	0.17	0.16	0.22
Recycled (million bbl)	3.45	2.24	5.50
Sourced (million bbl)	50.74	23.16	45.82
Devon is an industry leader in developing recycled-water technologies and best practices.			
Canada Water Usage (million bbl)	12.6	10.9	9.4
In Canada, we use surface water, saline and non-saline groundwater. Water use has decreased over time due to improved recycle rates.			
Canada SAGD Water Recycle Rate²	86.2%	88.6%	90.7%
We recover and reuse most of the water used in the steam-injection process. Improved reservoir management has helped to increase our recycle rate.			
Canada SAGD Non-Saline Water Usage (million bbl)	0.0	0.0	0.0
Our Jackfish project was the first commercial SAGD facility to use zero fresh water for steam generation.			
Global Reportable Spill Events Released to the Environment (events)	111	159	170
As we seek to reverse the trend in spill events, we remediate, investigate the cause and take corrective action to prevent recurrence.			
Global Reportable Spill Volumes Released to the Environment (barrels)	14,035	3,108	3,826
We had a sizable spill in 2015 in a water-recycling system. Results since then reflect new safeguards in all of our operating areas.			

¹ Our emissions reporting methodology varies depending on the emissions source and the applicable regulatory requirements, which includes only emissions reportable under EPA's Greenhouse Gas Reporting Program (GHGRP) in the U.S.

² Refers to the volume of water reused in steam generation.



Air Quality

Controlling and reducing emissions is of vital importance to our environment and our business. The more efficient and effective our operations, the better our environmental performance, risk management, regulatory compliance and shareholder returns.

Air emissions performance management

Devon's Environmental, Social and Governance (ESG) Steering Committee reviews our air emissions performance and programs in the context of an evolving regulatory, legal and stakeholder landscape. Current and emerging issues are communicated to Devon's senior leaders to inform their deliberations about managing risk and ensuring compliance with regulations and laws.

Devon's environmental management program in the U.S. includes an air quality protocol that clearly defines responsibilities and requirements for communications, compliance, recordkeeping and training. In Canada, our Environment, Health and Safety (EHS) Management System is designed to manage and minimize environmental risks and liabilities.

Compliance with all applicable federal and state environmental laws and regulations is one of the guiding principles in Devon's EHS Philosophy. We have an environmental compliance process to ensure our employees meet the requirements of Devon's air permits in our operating areas. Our data management team created an innovative web-enabled database that summarizes requirements for new and modified air permits. Linked to our enterprise data system, it quickly distributes information to the people directly responsible for complying with various aspects of air permit requirements.



Vapor recovery equipment - Eagle Ford, Texas

Limiting VOCs and NO_x emissions

Devon facilities and equipment that may emit gases known as volatile organic compounds (VOCs) or nitrogen oxides (NO_x) are subject to state permits or emissions-authorization limits. Requirements are clearly communicated to operating facilities to ensure we maintain compliance with the relevant permits or limits. Some Devon facilities are subject to annual emissions inventories, which we submit to the appropriate regulatory agencies. In states that require these inventories, the information is publicly available.

2017 air emissions methodologies and performance

In Canada, we are involved in and fund a number of initiatives designed to address regional impacts associated with oil sands development, including regional air monitoring. Devon, along with other industry members, contributes to the funding of air-monitoring stations in the communities of Conklin and Janvier, near our Jackfish operations.

With our culture of continuous improvement, Devon consistently looks for ways to be more efficient and effective in everything we do.

We're improving our air emissions performance companywide in a variety of ways. By visiting sites and using infrared camera technology, we continue to learn and incorporate best practices in facility design, equipment improvements and maintenance to further reduce emissions from our facilities.



We have taken major steps to reduce emissions at existing facilities by identifying and fixing leaks, and in 2017 expanded our leak detection and repair program to include valves, pumps and other equipment. These ongoing efforts have largely resolved the highest-risk issues, enabling us to reduce our emissions intensity over time.



Devon continuously monitors air quality near the Jackfish complex.

Devon continuously evaluates new technologies to improve environmental performance. One of the novel technologies we're using to reduce emissions is fuel cells, which provide an alternate electric energy power supply at some remote locations in the Jackfish project area. They're paired with existing solar technology to provide power to our observation wells, replacing the use of diesel-powered generators.

Greenhouse Gas Emissions

Devon takes a proactive approach to reducing carbon dioxide (CO₂), methane and other greenhouse gases (GHG) that trap heat in the atmosphere. Reducing GHG emissions intensity is one of the guiding principles in our EHS Philosophy.



GHG emissions methodology and performance

Devon reports air emissions from fuel combustion, flaring, fugitive emissions, venting and storage losses (Scope 1) and electricity consumption (Scope 2) for assets under our operational control. In the U.S., we collect data and submit annual GHG emissions according to the requirements of the U.S. Environmental Protection Agency (EPA) Mandatory Greenhouse Gas Reporting Rule. In Canada, emissions are reported according to provincial and federal regulatory requirements.

Our commitment to environmental stewardship includes delivering visible, measurable results. For 15 years, Devon has voluntarily participated in the Carbon Disclosure Project (CDP), providing an annual look at what we're doing to control and reduce emissions. Our CDP climate change disclosures are publicly available. Below are links to our previous responses:

[2018 Climate Change Response](#)

[2017 Climate Change Response](#)

[2016 Climate Change Response](#)

Devon's response to the Disclosing the Facts survey, which is sponsored by As You Sow, a non-profit that works in the area of shareholder advocacy, is available below:

[2017 Disclosing the Facts](#)



Methane capture

We apply industry-leading tools and techniques to capture methane in our well completions and production equipment. We perform frequent equipment inspections across our operating areas using optical gas-imaging cameras to detect leaks. We've invested more than \$1 million in infrared cameras, a key tool in our LDAR (leak detection and repair) program. Our inspections are prioritized on our highest-volume facilities.

In the U.S., we have hired environmental operators whose primary focus is conducting infrared camera surveys and making sure that repairs are successful. Our surveys comply with the requirements for production sites under EPA regulations and Bureau of Land Management venting and flaring regulations.

We seek to avoid venting and limit flaring at all locations. It's important that we capture and retain as much gas as possible by continually evaluating and optimizing facility design; installing and maintaining reliable pressure-relief valves to minimize tank release; installing vapor-recovery equipment to capture flash gas emissions and route them to a pipeline; and utilizing green completions during flowback operations. Where flaring is unavoidable, we install monitoring equipment to help ensure the gas is properly destroyed rather than vented.

To help our field offices meet the regulatory requirements for inspections, our environmental and operations teams developed a mobile app to capture, enter, track and document LDAR survey findings. The app automatically syncs with our enterprise data system, schedules any needed repairs, creates work orders and documents them, all of which are required for compliance. It's made our LDAR program more efficient,

consistent and systematic. It also has enabled us to track and trend our repairs so that we can further refine our proactive maintenance programs.

More details about our LDAR program are available in our Disclosing the Facts survey response and our CDP Climate Change Report.

Devon Canada GHG emissions performance

In steam-assisted gravity drainage (SAGD) production, the primary source of GHG emissions is steam generation. Emissions intensity performance is heavily correlated to the amount of steam used to produce oil, also known as the steam-to-oil ratio (SOR). Devon's Jackfish complex in northeastern Alberta has a competitive SOR compared to peer facilities. The Jackfish complex also is designed to capture and use the gas that is produced on-site.

In Alberta, GHG emissions are regulated under Alberta's Carbon Competitiveness Incentive Regulation. This regulation puts a price on carbon and requires facilities to meet a product-based performance standard. There has been a price on carbon in Alberta since 2007.

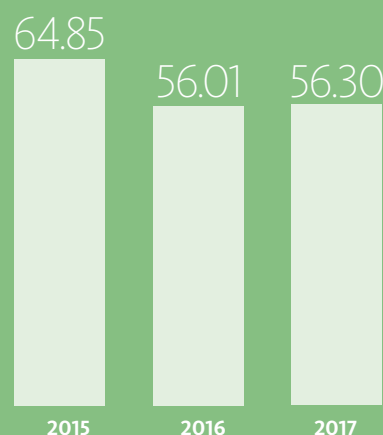
Devon also has Canadian heavy oil production that does not use steam. At Bonnyville, we capture gas produced with our cold-flow oil production. We use it as fuel, and when economically feasible, we route it via pipeline to be sold. Our focus on reducing vented emissions has allowed us to increase the amount of gas that we conserve from 78 percent in 2015 to almost 90 percent in 2017.

Details about the sources, reduction programs and metrics for our GHG emissions are available in our CDP Climate Change Report, which is also publicly available at www.cdp.net.



Over the past several years, we have implemented new technologies and upgraded our existing operations to reduce methane emissions from production sites. Since 2011, we've replaced high-bleed controllers on hundreds of wells in Wyoming, Oklahoma, New Mexico and Texas, and we no longer use them on new wells. We're also investigating other new ways to reduce methane emissions from our operations.

CANADA GHG EMISSIONS INTENSITY (tCO₂e/MBOE)



U.S. GHG EMISSIONS INTENSITY (tCO₂e/MBOE)





With support from Devon, the NRG COSIA Carbon XPRIZE competition is encouraging development of breakthrough technologies to convert CO₂ emissions into new materials and everyday products, as seen in this promotion of the program.

Canada's Oil Sands Innovation Alliance

Devon is a founding member in Canada's Oil Sands Innovation Alliance (COSIA), whose members collaborate on innovations for finding ways to reduce the need for steam during heavy oil extraction – increasing energy efficiency and reducing emissions.

Devon Canada also is supporting the NRG COSIA Carbon XPRIZE, a global competition encouraging development of new technologies that convert CO₂ into valuable products. Prize finalists announced in April 2018 are working on technologies that could reduce the cost of managing CO₂.

As a member of COSIA, Devon funded the Alberta Carbon Conversion Technology Centre (ACCTC) where half of the XPRIZE finalists will test their technologies. ACCTC is the first of its kind in Canada and provides innovators with the ability to test and refine their technologies for years to come using flue gas emissions from a natural gas-fired power plant.

Climate Change

To be an industry leader, we must be good stewards as we pursue innovation and operational excellence in our exploration and production activities. In the process, we will continually seek to minimize and mitigate the impact of climate change.



Listening to our stakeholders

Devon assesses climate change as part of our companywide risk management process, and our Environmental, Social and Governance (ESG) Steering Committee monitors emerging, related public policy, legislation and regulations. We're already seeing legislative and regulatory initiatives seeking to reduce greenhouse gas emissions, and we are preparing for more changes in the future. We continue to comply with applicable laws and regulations promoting energy efficiency and reducing emissions. We encourage conservation and the advancement of emission-reduction technologies.

Our stakeholders have made known their concerns about the impacts that climate change could have on our long-range business plans, and we're listening. As a direct result of shareholder engagement, and to better understand the potential long-term impacts of a possible carbon-constrained future, Devon retained an outside consulting firm to help assess the company's oil and natural gas portfolio in relation to these potential impacts. Details of the analytical approach and results of the assessment are available in Devon's Climate Change Assessment Report.

[!\[\]\(003082e50e3009141f59bd5df831749f_img.jpg\) Climate Change Assessment Report](#)

Water Management



Our history of leadership in water conservation includes local efforts in Texas, Oklahoma, New Mexico and Alberta.

A commitment to reuse water

Water is an essential resource for our neighboring communities and for Devon's business. We've been building a track record in water conservation since 2004, when we set out to recycle water in the first U.S. shale play, the Barnett Shale in North Texas. Since then, we have collaborated with stakeholders in government, industry and communities to find ways to conserve water in our drilling and completions operations. Above all, we are committed to the principles of water conservation and reuse in our operations and to our core value to be a good neighbor.

Water-use performance management

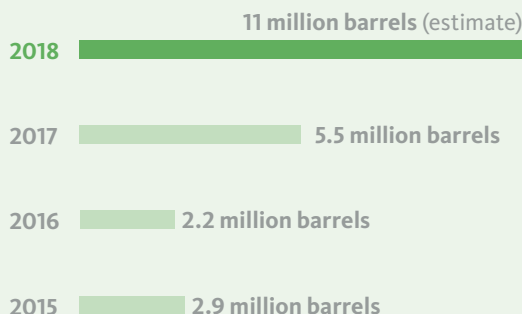
Guided by the environmental stewardship principle in our EHS Philosophy, we continually seek to understand our relationship to the environment and adopt technically sound and economically feasible controls that will minimize our environmental impact. Devon's water principles – stakeholder engagement, water management planning, technology evaluation and deployment, and best-practices development – aid us in executing a sustainable water management strategy that balances ecological, economic, operational and social criteria.

Devon's EHS professionals and our Environmental, Social and Governance (ESG) Steering Committee monitor laws, regulations and stakeholder concerns related to water, and then share them with our leadership team. We have a staff of water experts in the U.S. that focuses on planning, technology and best practices, including evaluation of potential risks to our operations and the needs of surrounding communities. The plans are updated periodically, based on business needs and local environmental considerations.

21 million

BARRELS OF REUSED WATER
OVER THE LAST 4 YEARS

Devon's reused water volumes in New Mexico, by year:



Leading New Mexico in reusing water

Our history of leadership in water conservation includes being the first company to recycle flowback and produced water from natural gas wells in North Texas and becoming the largest user of treated produced water in New Mexico, where we led the effort to establish state rules to encourage the practice.

Today, reused water accounts for more than 80 percent of the company's needs in arid southeastern New Mexico's Delaware Basin, where we have constructed eight impoundment basins – each 15-feet deep and covering four acres. They're integral to our operations and to saving water, connected by a local pipeline network without which we'd be hauling water that would fill about 500 trucks per day. We use fresh water in the Delaware only for blending, and only when reused water isn't available in sufficient quantities.



The Oklahoma Plan

Devon takes a local approach to developing water-management plans, which consider the availability and quality of water, local ecosystems and habitats, regulations and other factors. In our home state of Oklahoma, where demand for water is growing, Devon is evaluating a water-management strategy based on the Oklahoma Comprehensive Water Plan. The goal of the state water plan is to consume no more fresh water in 2060 than was consumed in 2010.

Given our strong desire to be good environmental stewards, we have actively sought alternatives to fresh water. We are exploring how to further incorporate marginal-quality, non-potable water into our STACK operations. When feasible, we use brackish water, flowback and produced water as sources for well completions. In addition, we've built local pipelines connecting well sites to central water reuse and storage facilities that have conserved millions of barrels of water.

In Wyoming, our Rockies business unit is working to establish a water-recycling program as we prepare to increase our activity level there. We plan to begin recycling water in Wyoming in 2019.

Each year, we voluntarily report information about our water-management program and water-use metrics in the Carbon Disclosure Project (CDP) Water Report. Below are links to previous responses:

[2018 Water Response](#)

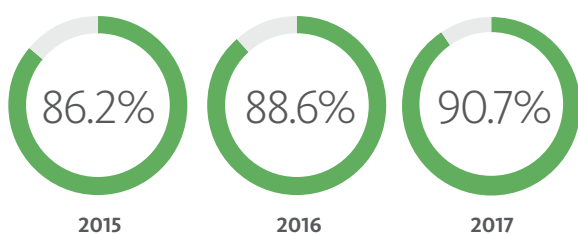
[2017 Water Response](#)

Conservation in Canada

In our oil sands operations in Alberta, Devon Canada's Jackfish project was the first commercial steam-assisted gravity drainage (SAGD) facility to use no fresh water in its operations. Instead, we use only saline water to create the steam required to produce heavy oil, and more than 85 percent of this water is recycled.

Our water specialists use a regional numerical groundwater model to assess water-related risks; regular monitoring of surface water, wetlands and ground water is a routine part of business. As a member of Canada's Oil Sands Innovation Alliance (COSIA), we collaborate on the development of innovative and sustainable solutions to reduce water use and increase water-recycling rates.

CANADA SAGD WATER RECYCLE RATE



U.S. WATER USAGE BY OPERATING AREA (million bbl)

OPERATING AREA	2017
STACK	35.71
Delaware Basin	9.94
Rockies	2.65
Texas	3.02
Total U.S.	51.32

ZERO
FRESH WATER USED
FOR STEAM GENERATION



Land Conservation

Our EHS Philosophy sets the expectation that we will achieve excellence while working to protect our ecosystem. Protocols such as pre-construction environmental clearance guide our stewardship and regulatory compliance.



Devon has a strong record of minimizing surface disturbance wherever we operate.

Good steward of the environment

Devon operates in prairies, grasslands, boreal forests and deserts, working with various stakeholders including public and private landowners. The industrial processes we use to produce oil and natural gas begin and end at ground level. We take great care to be good stewards of the land, wildlife and habitat, and we seek to minimize the surface disturbance we make.



Devon leads a collaborative industry working group focused on woodland caribou protection.

Conservation and biodiversity projects

Our effort to protect the environment involves partners, including our neighbors, state and federal agencies such as the U.S. Bureau of Land Management (BLM), and industry groups including Canada's Oil Sands Innovation Alliance (COSIA). Our perspectives are diverse, yet we all share an interest in preserving our shared landscapes for future generations.

To help sustainably manage our developments, we integrate land use and biodiversity considerations into early planning as we work to optimize surface land use. In Canada, Devon led a COSIA study of wetland reclamation specific to the steam-assisted gravity drainage (SAGD) recovery process we use in the Alberta oil sands. Wetlands cover roughly half of the Canadian boreal forest landscape, so protecting them is vital. The study produced industry guides for planning and executing boreal wetland reclamation, based on the latest science and best practices compiled by Devon Canada and our fellow COSIA members. The guides will be used across the Canadian energy industry.

Devon led the Regional Industry Caribou Collaboration (RICC), designed to protect woodland caribou populations through habitat reclamation and improved monitoring. RICC was an Alberta Emerald Foundation award finalist in 2017 and 2018. These awards recognized RICC and Devon for excellence in environmental achievement by our collaborative industry project which is coordinating habitat restoration and conducting research for this threatened species.

Devon has also taken care to conserve plant and wildlife habitat when making temporary access roads and drilling sites for our oil exploration in Canada. When our work is finished, the land is restored as soon as possible. We accomplish this using innovative techniques and equipment such as amphibious or floating excavators that allow year-round reclamation work on challenging sites within areas of important and biodiverse habitat.

In conjunction with the BLM and the University of Wyoming, we sponsor the Wyoming Conservation Corps, coordinating habitat restoration projects that protect wildlife and improve federal lands.

Devon served as an industry leader in conserving Dunes Sagebrush Lizard habitat in west Texas and southeast New Mexico. Our work with the BLM and the U.S. Fish and Wildlife Service produced public-private conservation agreements requiring companies to avoid certain areas and reclaim lizard habitat that may have been affected by oilfield activities in the past.

To earn and maintain the trust of our neighbors and stakeholders, Devon will continue to collaborate with partners to preserve the landscape and protect wildlife habitat in areas surrounding our operations.

Seismicity

Devon has long supported the scientific community in examining possible links between oil and natural gas activity and seismic events.

Developing a scientific framework

Seismicity associated with oil and natural gas activities has emerged as an important phenomenon in recent years, and Devon shares our neighbors' concerns. There is considerable research under way to study whether, and how, wastewater disposal wells and other activities relate to seismic activity. Devon has long supported the scientific community in examining possible links between oil and natural gas activity and seismic events.

Devon is an original member of the Stanford Center for Induced and Triggered Seismicity, which was founded in 2013 to undertake fundamental research on the physical processes responsible for certain seismic activity. Stanford has taken the lead in developing a scientific framework for assessing the risk of earthquakes. Devon, among other things, has contributed data generated

during our drilling and production activities to aid Stanford's research into the stresses that exist in the earth's crust.

Using three-dimensional imaging derived through oil and natural gas exploration activities, we have contributed information to the Oklahoma Geological Survey to advance efforts by state geologists to map previously undocumented faults. Devon also has supported directives and other work by the Oklahoma Corporation Commission to address seismicity, which have corresponded with a significant reduction in seismic activity in Oklahoma.

We continue to monitor and support the ongoing research to better understand the causes of seismic activity, as well as potential mitigation steps.

EARTHQUAKE COUNT 2.7 MAGNITUDE OR HIGHER

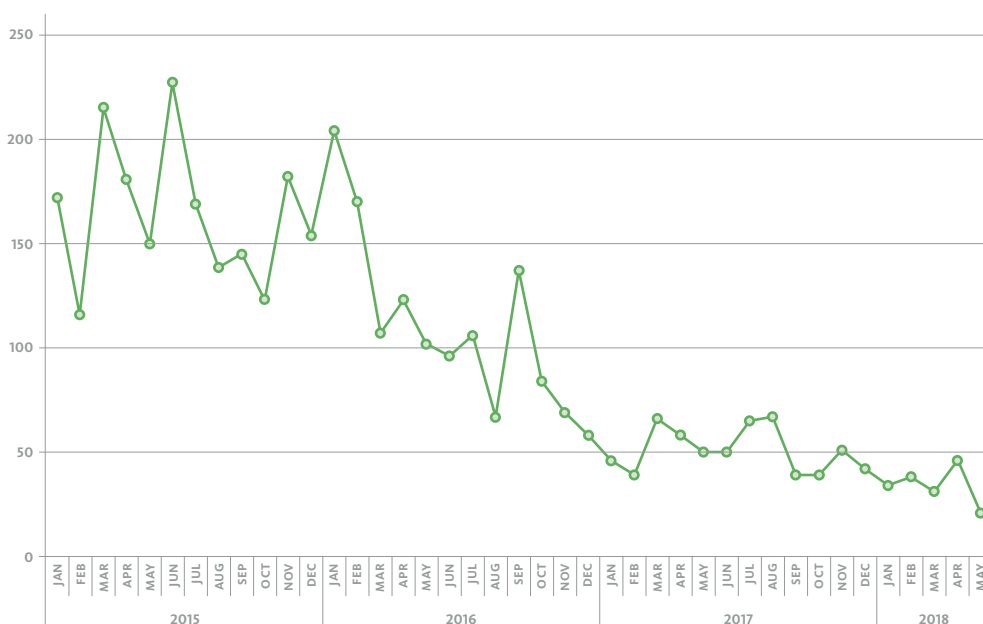
Oklahoma Statewide EQ/day
Year to Year as of May, 2018

2018: **1.19**

2017: **1.68**

2016: **3.62**

2015: **5.41**



Source: Oklahoma Corporation Commission



Waste Management

As an oil and natural gas operator, being a good steward of the environment includes properly managing the waste generated in the field and in the office. We encourage employees and contractors to reduce the amount of waste for disposal through reuse, recycling and source reduction wherever possible.

Protocols ensure compliance

Our work can generate both hazardous and non-hazardous waste from our drilling and production processes, as well as office waste, such as packaging and bottles, wherever our staff works. Waste management protocols in our U.S. and Canadian operating areas ensure compliance with applicable regulatory requirements and our own corporate policies.

At Devon, all employees and contractors share responsibility for waste management, with clearly defined roles and requirements for waste management plans and for handling, shipping, disposal, training and minimization programs. We hold contractors responsible for managing the waste they generate and for complying with all local regulations. For employees and contractors who may come into contact with chemicals used or stored in the workplace, Safety Data Sheets summarizing hazard information are readily available.

To reinforce our commitment to compliance, Devon employees and contractors receive training specific to their job duties related to waste management and for chemicals used or stored in the workplace.



Devon's Jackfish complex features an innovative solution that combines responsible waste management with careful water conservation.

From waste stream to usable product

An example of a waste stream being recycled is found at our Jackfish complex, which includes an on-site waste landfill. We collect leachate fluid from the landfill and divert it to the Jackfish central processing facility, where it is processed and incorporated into the steam-generation process required for oil production.

We'll continue to manage waste to safeguard our workforce, work locations and the environment.



Spill Prevention

To live out our core value to be a good neighbor and continue to earn our good reputation for land stewardship, Devon is sharply focused on preventing spills in our operations.

Seeking to stop spills before they happen

In keeping with the pollution prevention principle in our EHS Philosophy, we employ the appropriate tools and techniques to minimize discharges of oil, produced water and other materials from equipment and facilities. Examples of our preventive measures include secondary containment, nearly full tank alarms and offsite equipment monitoring with the ability to shut in facilities remotely. In Canada, Devon has spill-response equipment that includes helicopter-portable containers, mobile Western Canadian Spill Services (WCSS) trailers, as well as a mobile well-head deflector shield. Devon has loaned this equipment to nearby operating facilities.

To ensure compliance with environmental rules and regulations, Devon's environmental management program includes a comprehensive Spill Prevention Countermeasure and Control (SPCC) protocol that details the responsibilities, equipment, procedures and steps to prevent, control and provide adequate countermeasures to a discharge.

One of the important steps we take to prevent spills is making employees and contractors aware of their responsibility to immediately report near misses, such as a storage tank approaching full volume or signs of wear that may result in a leak. We respond and make repairs as needed to stop any potential spill.

When a spill occurs, we remediate, investigate the cause and take corrective action to prevent recurrence. Our environmental risk indicator tracks spills and near-misses so we can identify trends and address the root causes of spills.

73% FEWER BARRELS SPILLED
from 2015 to 2017



Monitors, alarms and remote communications are key tools in preventing spills.

Tracking, reporting and targeting

Devon has a robust spill-reporting and tracking system that requires reporting unintentional releases of any material associated with our operations, such as oil, produced water and chemicals. We hold ourselves accountable for improving our performance by setting an annual corporate target for the lost-spill rate.

We'll continue to invest in equipment, train our workforce and track progress to ensure we prevent spills and mitigate their impacts.



Well Safety

In every phase of the life of an oil and natural gas well, we're safeguarding the people involved – workers and neighbors alike – with planning, design, drilling, completion and production operations using proven best practices, technologies, tools and materials.

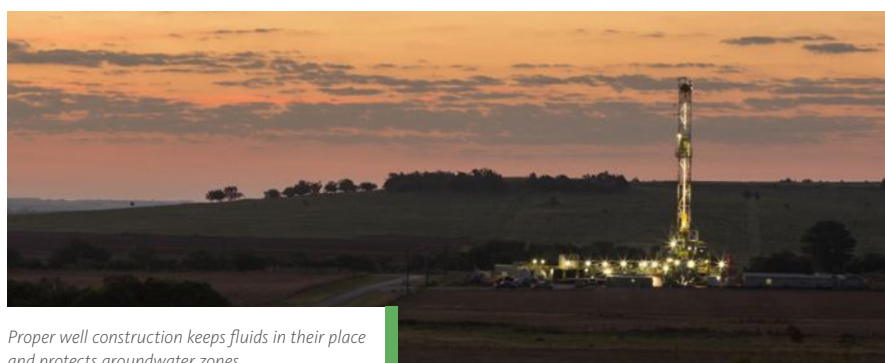
Ensuring well integrity

At Devon, we're focused on protecting the safety and health of our workers involved in drilling operations and committed to protecting the environment and neighboring communities.

Safety and environmental stewardship start with the planning and design of the wellbore, including the selection of equipment, materials and drilling techniques. We design our wells to meet high standards for the strength of the steel pipes that form the well, known as casing, and the quality and quantity of cement we use to separate and protect the multiple layers of casing. This attention to well construction keeps fluids in their proper place and protects groundwater zones for the life of the well.

During drilling operations, casing integrity is confirmed through pressure tests. Acoustic measurements let us know that the cement is properly bonded to the casing and to the surrounding rock formation.

During production operations, we continue to verify the well's integrity by monitoring tubing and casing pressures, and by analyzing gas and water produced by the well. We also conduct periodic pressure tests and casing inspections.



Proper well construction keeps fluids in their place and protects groundwater zones.

Safe fluids management

In the design phase before we drill a well, we determine the drilling fluids that will be used. Devon prefers to use water-based fluids, but some rock formations require us to use oil-based fluids. When we use oil-based fluids, we employ a closed-loop system for safety and environmental protection. In keeping with the EPA Spill Prevention, Control and Countermeasure (SPCC) Rule, we maintain plans at drilling locations to minimize the impact of potential spills. We follow local, state and federal guidelines when handling drilling fluid and mud systems.

After a well is drilled, the next step is to complete it using a process known as hydraulic fracturing. Water, sand and additives are pumped into the wellbore to create or restore small fractures in the rock to stimulate production from

new or existing oil and gas wells. Water and sand make up 98 to 99.5 percent of the mixture. A full registry of wells and chemical additives, along with much more information about hydraulic fracturing, is available at fracfocus.org. Devon played a leading role in the creation of fracfocus in 2011, and continues to be a leading contributor of information to the site.

Devon's EHS policies, protocols and operational expectations for well safety are clearly communicated in safety tailgate meetings at field locations. We pride ourselves on worker safety and empowerment; all of our crews have Stop Work Authority. Anyone may stop a job at any time if the person notices a potential hazard or is unsure about a task. This workplace culture helps keep people safe and protects the environment by reducing the risk of spills or emissions.



EXHIBIT C

(see attached)

DEVON ENERGY

Climate Change Assessment Report

Executive Summary

Scope and Context

Devon and its stakeholders are committed to understanding the potential impacts of climate change on Devon's long-range business plans. As part of Devon's efforts to collaborate with its stakeholders and better understand the potential long-term impacts of a possible carbon-constrained future, Devon retained an outside consultant (ICF)¹ to help assess Devon's oil and natural gas portfolio in relation to these potential impacts. During this assessment, Devon evaluated several possible future climate change scenarios in order to quantify the risks to Devon from aggressive global carbon reduction-policies, modeled through 2050. Devon evaluated pricing scenarios and model results from both ICF and the widely-referenced International Energy Agency (IEA).

Analysis

This report considers base case scenarios from both ICF and the IEA for the oil and natural gas market and compares each base case scenario to an alternate carbon-constrained future scenario. Because the IEA and ICF base case scenarios differ in their baseline assumptions, analyzing both of them provides a level of robustness against alternative future scenarios. To model the impacts of a carbon-constrained future, the analysis applies, under both scenarios, IEA's assumptions about demand for oil and natural gas under aggressive carbon-reduction policies.

In the carbon-constrained scenarios, demand for oil and natural gas is substantially reduced. However, even in such carbon-constrained scenarios, oil and natural gas remain a crucial component for fulfilling global energy demand. Accordingly, Devon remains confident that its asset portfolio is expected to (i) remain economically profitable in a range of future climate change scenarios and (ii) provide oil and natural gas in an environmentally responsible way.

Key Conclusions

- Even in the carbon-constrained future scenarios, oil and natural gas remain crucial to meeting global energy demand.
- Model results indicate that aggressive low-carbon scenarios will reduce oil, natural gas, and natural gas liquids (NGLs) prices by 23-37%; even in such low-carbon scenarios, the model results suggest that Devon's current portfolio is likely to be resilient to these potential impacts.
- Based on the comparison of projected regional price impacts with estimated regional breakeven prices for each of Devon's major assets, Devon concludes that its assets are likely to be well-positioned to remain profitable even in an aggressive low-carbon scenario.
- Model results under some low-carbon scenarios (e.g., the IEA Sustainable Development Scenario) reflect that oil, natural gas, and NGLs prices will be robust and Devon's current portfolio is likely to thrive under these scenarios.

¹ With more than 65 offices around the globe, ICF is internationally recognized for its consulting in carbon accounting, greenhouse gas mitigation, climate change, and resilience planning. ICF was retained as an independent consultant to generate pricing scenarios.



Business Risk from Climate Change: An Emerging Area of Importance

There is an increasing level of awareness and understanding about the potential risks to business from climate change. The risks to different types of businesses may be varied, including impacts to businesses operation, capital investments, long-range planning and strategy, and worker health and safety. The Task Force on Climate-related Financial Disclosures (TCFD), an international, industry-led body formed to develop recommendations for consistent disclosure of climate-related risk, has proposed that businesses assess risks related to the transition to a lower-carbon economy and those posed by the physical impacts of climate change. The “transition” risks include:

Policy and legal risk: Business impacts from greenhouse gas (GHG) reduction policies or policies aimed at adapting to the impacts of climate change (e.g. water conservation policies). Risks of litigation around failure to mitigate climate change impacts or to sufficiently disclose material financial risks.

Technology risk: Supplanting of current dominant technologies by new technologies developed for the purpose of transitioning to a lower-carbon economy (e.g., renewable energy, battery storage).

Market risk: Changes in supply and demand for products and services as a result of climate-related changes in the market.

Reputation risk: Changing public perceptions of firms as a result of their perceived role in mitigating or exacerbating climate change.²

In response to stakeholder interest, this report focuses primarily on transition risks, in particular the risks of potential changes in demand and price for oil and natural gas as a result of GHG-reduction policies. In addition to the transition risks, the TCFD also notes that companies’ operations may be subject to direct physical risks from climate-change impacts, such as rising seas or more frequent heat waves. These risks are not the focus of this report, but are discussed in the Other Potential Climate-Related Risks section below.

² Task Force on Climate-related Financial Disclosures. “Recommendations of the Task Force on Climate-related Financial Disclosures.” p. iii, 5-6. June 2017.

Devon's Risk Management Approach

Devon has a variety of governance and analytical measures in place to evaluate the risks to its core business. Devon uses a risk management framework that includes an annual analysis of the top risks to the company. This analysis asks Devon's Board of Directors, management and certain internal subject matter experts to consider the likelihood that certain risks could result in an impact to the company and to identify, among other things, the company's level of preparedness for those risks. Devon frequently engages in other exercises to identify risks to the company and conducts workshops with Devon personnel on risk mitigation strategies.

Devon also relies on various third parties to supplement Devon's analyses and works with evolving regulatory developments. Devon regularly models numerous regional and macro-level scenarios, such as changes in regulations or market conditions, as well as acquisitions or divestitures, to test the strength of its portfolio of reserves and resources. On an annual basis, these modeled scenarios inform the strategic decision-making of Devon's Executive Committee and Board of Directors, culminating in Devon's annual long-range plan. At least quarterly, Devon reviews business results, market conditions, and other factors to evaluate both progress and challenges to the long-range plan.

Going Forward: Formal Consideration of Climate Change Risks

In recognition of the emerging relevance of and stakeholder interest in climate-change risks, Devon's risk management has included, beginning in 2018, formal and ongoing consideration of the quantifiable effects of climate change on Devon's portfolio. Devon's risk evaluation uses a scenario analysis of technology and market conditions that considers pricing scenarios that are at least as challenging as IEA's Sustainable Development Scenario and runs through at least 2040 (this report analyzes through 2050).

In addition to potential market impacts of decarbonization policy, risk factors to be considered in future analyses may also include changes in state and federal methane policy, the impacts of greenhouse-gas regulation on upstream costs, climate-motivated restrictions on oil and natural gas production and transport, and changes in availability in investor funds due to activist-driven divestment efforts. Through this ongoing review, Devon plans to closely monitor climate-change related impacts in the market and policy environment and to remain prepared to adapt. Devon is also committed to continuing dialogue with its management, Board of Directors, and stakeholders about these risks.



Analytical Approach and Results of Assessment

KEY TAKEAWAYS

- Even in the carbon-constrained future scenarios, oil and natural gas remain crucial to meeting global energy demand.
- Model results indicate that aggressive low-carbon scenarios will reduce oil, natural gas, and NGLs prices by 23-37%; even in such low-carbon scenarios, the model results suggest that Devon's current portfolio is likely to be resilient to these potential impacts.
- Based on the comparison of projected regional price impacts with estimated regional breakeven prices for each of Devon's major assets, Devon concludes that its assets are likely to be well-positioned to remain profitable even in an aggressive low-carbon scenario.
- Model results under some low-carbon scenarios (e.g., the IEA Sustainable Development Scenario) reflect that oil, natural gas, and natural gas liquids prices will be robust and Devon's current portfolio is likely to thrive under these scenarios.

Introduction to Analysis

This report considers two different base case scenarios for the oil and natural gas market and compares each to an alternate carbon-constrained future scenario, in which demand for oil and natural gas is substantially reduced. Both scenarios have been generated for this report by the consulting firm ICF, with modeling conducted for oil, natural gas, and propane (the latter as a proxy for NGLs).³ The first scenario is based on ICF's assumptions, and the second is based on widely-referenced projections by the International Energy Agency (IEA). Because the two scenarios differ in their baseline assumptions, analyzing both of them provides a level of robustness against alternative future scenarios. To model the impacts of a carbon-constrained future, the analysis applies, under both scenarios, IEA's assumptions about demand for oil and natural gas under aggressive carbon-reduction policies. The carbon-constrained scenarios include emissions reductions on the level required to achieve the goals of the Paris Agreement and align with an emissions pathway with an approximately even probability of limiting global temperature increases to 2°C.

The following section provides a short introduction to the scenarios considered. For more detail on methodology, please refer to the appendix of this report.

³ Propane prices are estimated by applying the average historical ratio of crude to propane (~50%).



Base Case Scenarios

ICF Base Case

This scenario represents ICF's standard baseline energy market scenario. Its assumptions fall in line with many other projections from industry consultants and banks. It assumes robust growth for natural gas in North America (40% growth through 2050), including liquefied natural gas (LNG) exports and exports to Mexico. Global oil market growth is assumed from the IEA forecast.

The ICF Base Case applies ICF-derived natural gas-price elasticities and IEA oil-price elasticities over time. It projects an average 2020-2050 WTI oil price of \$64 per barrel (\$/Bbl) and an average Henry Hub natural gas price of \$4.00 per MMBtu (\$/MMBtu) over the same period.⁴

IEA New Policies Scenario

The IEA New Policies Scenario projects global energy market trends based on currently enacted policies and the likely impacts of officially announced new policies that will affect the energy sector. This analysis uses the New Policies Scenario as a base case for the IEA projections.⁵ IEA's 2017 New Policies Scenario projects an average 2020-2050 importer cost of crude of \$100/Bbl (which ICF converted into an average WTI oil price of \$102/Bbl) and an average Henry Hub natural gas price of \$4.97/MMBtu over the same period.

In comparison with the ICF base case scenario, the higher prices in the IEA New Policies Scenario imply a less robust resource base or higher costs for oil and natural gas supply development. Natural gas market growth, much of it in North America, is also more modest in the IEA scenario (which shows 10% growth by comparison), implying less production growth. The IEA scenario falls in line with the U.S. Energy Information Administration's (EIA) forecasts.

Carbon-Constrained Scenarios

ICF Sustainable Development Case

This analysis included a low-carbon scenario to model the market impacts of aggressive carbon reductions on the ICF Base Case. To estimate the reduction in demand for oil and natural gas, the Sustainable Development Case takes the percentage change in demand from IEA's New Policies Scenario to its Sustainable Development Scenario (described below) and applies this same demand-reduction percentage to ICF's baseline assumptions. The Sustainable Development Case uses an IEA-derived oil-price elasticity of demand and an ICF-derived natural gas-price elasticity of demand. This report refers to such low-carbon scenario as the Sustainable Development Case, given its basis in IEA's Sustainable Development Scenario.

⁴ All prices in this report are given in real 2016 dollars.

⁵ While the published IEA scenarios only project to 2040, ICF has extrapolated them out to 2050.



IEA Sustainable Development Scenario

The analysis included an assessment of the price impacts of IEA's Sustainable Development Scenario, the primary carbon-reduction scenario in IEA's 2017 World Energy Outlook.⁶ In the IEA Sustainable Development Scenario, markets are constrained by policies that achieve three objectives:

- Reductions in GHG emissions consistent with achieving of the goals of the Paris Agreement, including a near-term peak in global GHG emissions and a pathway toward net-zero emissions by 2100;
- Universal global access to modern energy by 2030; and
- A substantial reduction in non-GHG energy-related pollutants.

Demand levels in the IEA Sustainable Development Scenario reflect a suite of aggressive worldwide policy actions to restrict GHG emissions. These assumptions include carbon prices applied to the power and industrial sectors of most major economies. Assumed carbon prices in advanced economies increase from \$63 per metric ton of CO₂ in 2025 to \$140 per metric ton in 2040. In Brazil, Russia, South Africa, and China, assumed prices are \$43 per metric ton in 2025 and \$125 per metric ton by 2040.⁷

The effectiveness of the IEA Sustainable Development Scenario in limiting global temperature change to 2 degrees Celsius is dependent on global emissions trends through 2100, while IEA's current scenario only projects through 2040. This scenario, therefore, is best interpreted as a pathway that puts in place sufficient conditions to produce a likelihood of achieving that goal through further action in the latter half of the century.⁸

⁶ The analysis also considered projections from IEA's 450 Scenario as described in the 2016 IEA World Energy Outlook. That scenario is based on comparable GHG restrictions to the Sustainable Development Scenario, but does not include the latter two goals listed above. Because the Sustainable Development Scenario has replaced the 450 Scenario in the World Energy Outlook as of 2017, and because the 2017 version of that scenario produces lower prices across the board as compared to the 2016 450 Scenario, this report takes a conservative approach and focuses only on the Sustainable Development Scenario.

⁷ IEA World Energy Outlook 2017, pg. 48.

⁸ IEA World Energy Outlook 2017, pg. 37-38.



Assessment Results

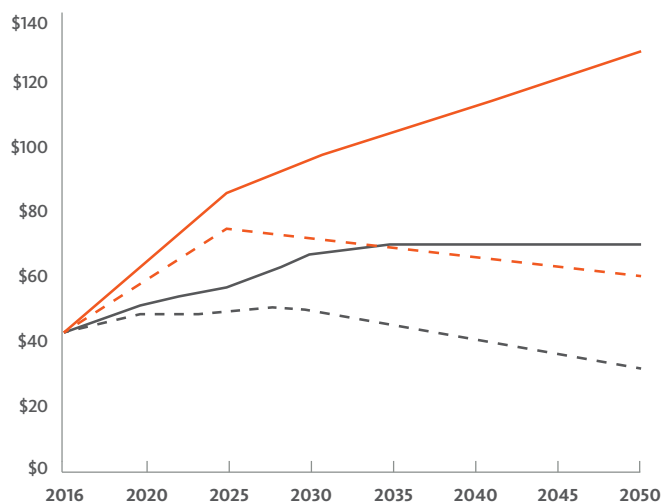
The assessment of climate impacts across these four scenarios found that aggressive carbon-restriction policies result in significantly reduced prices for oil and NGLs and marginally reduced prices for natural gas. Figure 1 shows the projected price trajectories for each product in each of the modeled scenarios.

Figure 1: Projected Price Trajectories for Oil, Natural Gas, and Propane in Base Case and Sustainable Development Scenarios

- ICF Base Case
- - ICF Sustainable Development Scenario
- IEA New Policies Scenario
- - IEA Sustainable Development Scenario

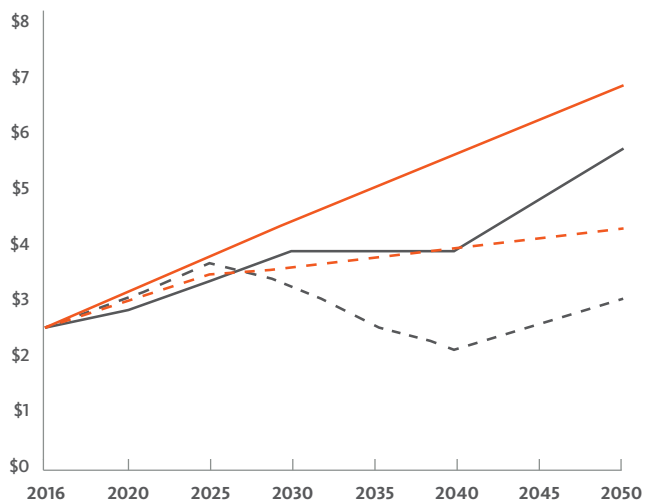
OIL

(WTI, 2016\$/bbl)



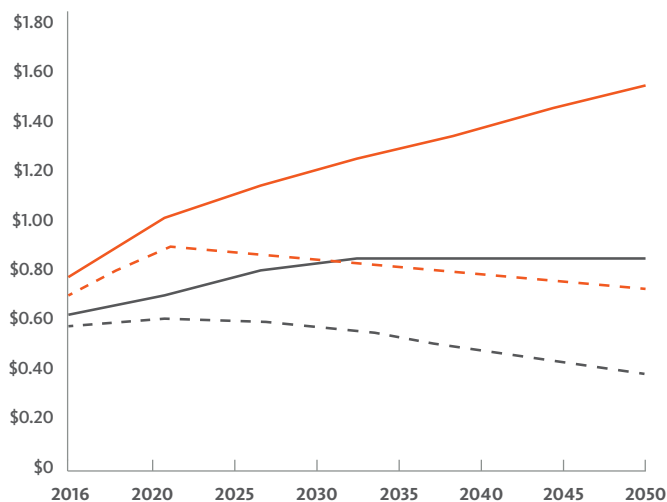
GAS

(Henry Hub, 2016\$/MMBtu)



IMPLIED PROPANE

(2016\$/gallon)



Source: ICF analysis of ICF and IEA data

Assessment Results

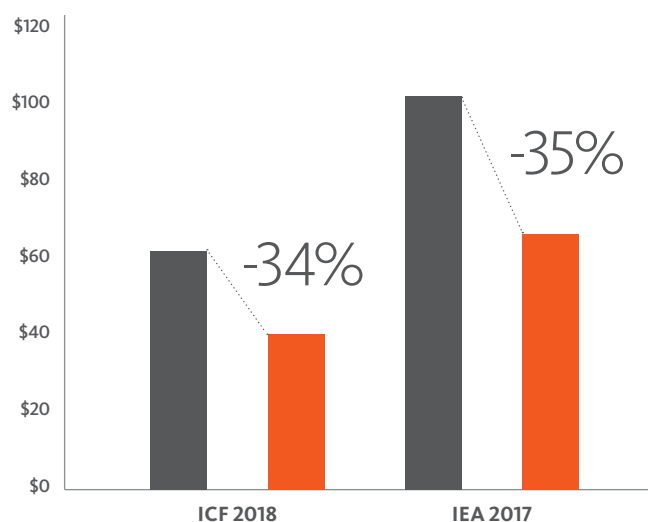
Figure 2 shows the average price for each commodity over the 2020-2050 period in each scenario, and the change between the base case and the climate scenarios.

Figure 2: Change in Projected Prices by Scenario (2020-2050 average, 2016\$)

■ Base Case (ICF) / New Policies Scenario (IEA)
 ■ Sustainable Development Case (ICF) / Sustainable Development Scenario (IEA)

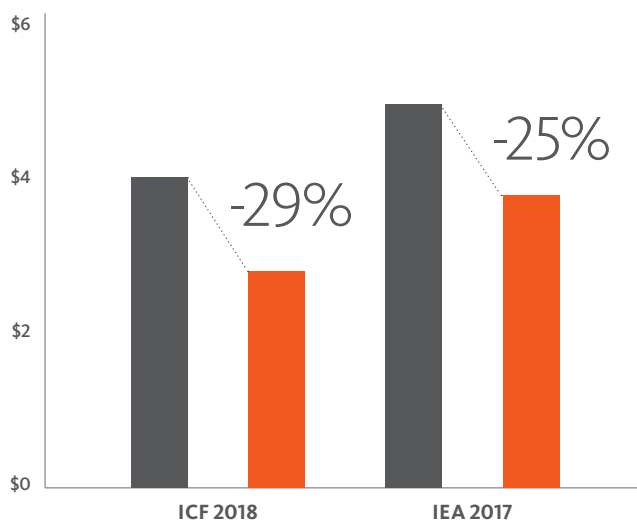
OIL

(WTI, 2016\$/bbl)



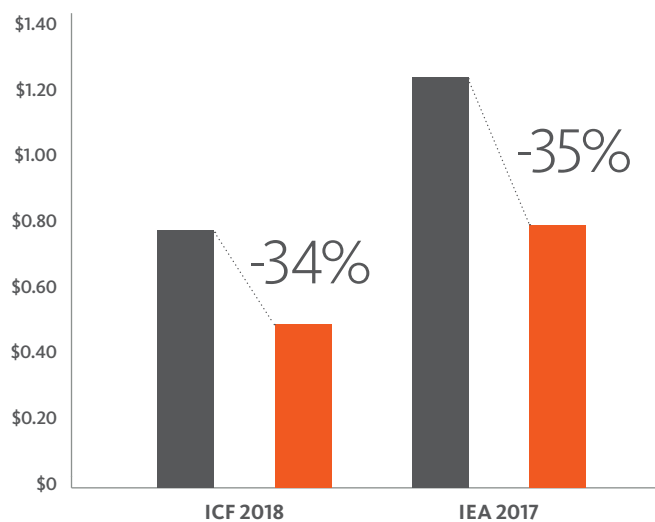
GAS

(Henry Hub, 2016\$/MMBtu)



IMPLIED PROPANE

(2016\$/gallon)



Source: ICF analysis of ICF and IEA data

Regional Price Differentials and Breakeven Analysis

In order to project asset-specific impacts of various potential price futures, ICF projected the regional price impacts of each modeled scenario. ICF also conducted an analysis of breakeven prices for Devon's major assets based on published third-party breakeven figures.

ICF Regional Oil Prices

Average 2020-2050 regional oil prices in the ICF Sustainable Development Case range from \$32/Bbl in Western Canada to about \$42/Bbl in Cushing (Figure 3). Regional price levels have been estimated by using historical price differentials between each region. The 2014-2018 average basis between the WTI Cushing price and each regional hub has been applied to the WTI price forecast. Average 2020-2050 regional oil prices in the ICF Base Case range from \$48/Bbl in Western Canada to about \$64/Bbl in Cushing. Basis differentials have been separately estimated for the ICF Sustainable Development Case. In that case, the 2013-2017 average basis between the WTI Cushing price and each regional hub has been applied to the WTI price forecast.

Figure 3: ICF Regional Oil Prices, Average 2020-2050, 2016\$/Bbl

	ICF Base Case	ICF Sustainable Development	\$ Change	% Change
WTI Cushing	\$64	\$42	(\$23)	-35%
Permian	\$62	\$40	(\$22)	-35%
Eagle Ford	\$61	\$39	(\$22)	-37%
Barnett	\$64	\$41	(\$23)	-36%
Powder River Basin ⁹	\$63	\$41	(\$23)	-36%
Western Canada Select	\$48	\$32	(\$17)	-35%

Source: ICF analysis

IEA Regional Oil Prices

The IEA New Policies Scenario projects higher oil prices compared with the ICF Base Case. Average 2020-2050 regional oil prices in the IEA New Policies Scenario range from \$56/Bbl in Western Canada to \$66/Bbl in Cushing (Figure 4). The same methodology that was used for calculating the regional basis for the ICF cases has been used for the IEA Scenarios. Average regional oil prices in the IEA Sustainable Development Scenario are about 35 percent lower than the prices in the IEA New Policies Scenario.

As in the ICF cases, the market hub prices at different locations have been estimated using basis differentials derived from historical trends since IEA does not provide prices for different locations throughout North America.

Figure 4: IEA Regional Oil Prices, Average 2020-2050, 2016\$/Bbl

	IEA New Policies	IEA Sustainable Development	\$ Change	% Change
WTI Cushing	\$102	\$66	(\$36)	-35%
Permian	\$100	\$64	(\$35)	-35%
Eagle Ford	\$99	\$63	(\$36)	-37%
Barnett	\$102	\$66	(\$36)	-35%
Powder River Basin	\$101	\$65	(\$36)	-36%
Western Canada Select	\$86	\$56	(\$30)	-35%

Source: ICF analysis of IEA data

⁹ The historical price differential between WTI Cushing and the Bakken Guernsey price hub was used to forecast the regional oil price for the Powder River Basin. Guernsey, located in eastern Wyoming, is the most active oil trading hub in the Rockies.

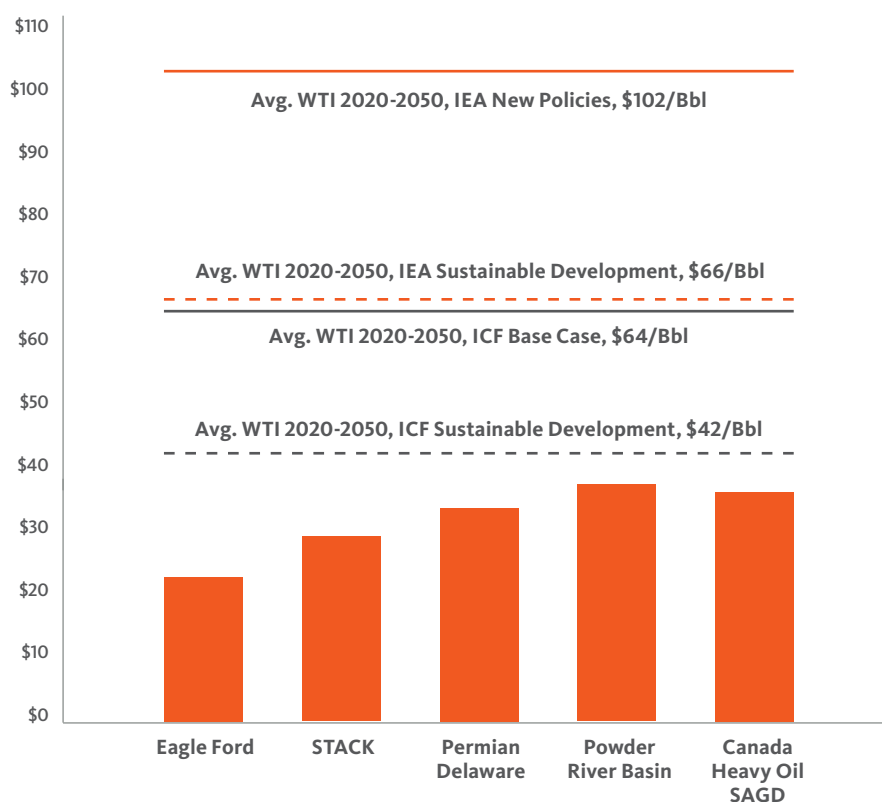
Breakeven Oil Prices

The analysis of breakeven oil prices set forth in Figure 5 shows WTI Cushing equivalent breakeven prices (vertical bars) for the regions in which Devon's oil assets are located. Because Devon's internal calculations of asset-specific prices are confidential, the breakeven oil prices for Eagle Ford, STACK, Permian Delaware, and Powder River Basin oil wells are based on the Citi E&P oil price breakeven analysis¹⁰ and the breakeven oil price for the steam-assisted gravity drainage (SAGD)¹¹ heavy oil projects is based on a recent SAGD heavy oil supply cost study by the Bank of Montreal (BMO).¹² For comparison with oil prices in the four scenarios, the Citi and BMO WTI equivalent breakeven prices have been converted to 2016 dollars. Citi and BMO are reputable, experienced analysts for WTI equivalent breakeven prices; Devon and ICF consider both Citi and BMO to be reasonable sources used in calculating breakeven oil prices for the regions in which Devon's oil assets are located. ICF has analyzed half-cycle breakeven oil prices—the constant price needed to recover capital expenditures (excluding sunk capital), operating costs, royalties and taxes and earn an acceptable return on investment—for the plays in which Devon operates.

Figure 5 suggests that all of Devon's oil assets are expected to yield high economic returns in the \$64/Bbl oil price environment in the ICF Base Case and much higher returns in the \$102/Bbl oil price environment in the IEA New Policies Scenario. The \$66/Bbl oil price environment in the IEA Sustainable Development Scenario is still higher

Figure 5:

WTI CUSHING EQUIVALENT BREAKEVEN PRICE (2016\$/Bbl)



Breakeven price data obtained from regional analysis published by Citi Research and, for Canada Heavy Oil SAGD, BMO Capital Markets.

than all the oil assets' breakevens and, therefore, is expected to yield positive economic returns. Even at much lower WTI oil price projections in the ICF Sustainable Development Case, \$42/Bbl, all of the oil assets are expected to be economic. Consistent with historical experiences, breakeven prices have the potential to decline over time as

drilling and operations techniques and technology improve. There is a limit to how much the breakeven price can decline due to production efficiencies but that limit has likely not been reached in the U.S. and Canada.

¹⁰ Citi Research. "Citi E&P Oil Price Breakeven Analysis – Benchmarking by Sub-Basin or Play." Citi Research Annual Commodities Market Outlook 2018. December 2017.

¹¹ Steam-assisted gravity drainage is an enhanced oil recovery technology for producing heavy crude oil and bitumen.

¹² BMO Capital Markets Research. "Oil & Gas Global Cost Study." August 2018. The Jackfish SAGD project was used as a representative project for all of Canada Heavy Oil SAGD.

ICF Regional Natural Gas Prices

ICF's Gas Market Model (GMM) calculates the hub prices at the different locations relevant to Devon's production. Gathering and processing charges have been subtracted from those prices to derive wellhead prices at each of those locations.

Basis differentials have been separately estimated from the GMM for a lower growth case that is consistent with the IEA Sustainable Development Scenario and then applied to estimate prices at different locations. Again, gathering and processing charges have been subtracted from the estimated hub prices to derive wellhead prices.

Average 2020-2050 regional natural gas prices in the ICF Sustainable Development Case range from \$3.13/MMBtu at the STACK Wellhead to about \$2.85/MMBtu at Henry Hub or on average about 30 percent lower than regional prices in the ICF Base Case (Figure 6).

Figure 6: ICF Natural Gas Prices, Average 2020-2050, 2016\$/MMBtu¹³

	ICF Base Case	ICF Sustainable Development	\$ Change	% Change
Henry Hub	\$3.99	\$2.85	(\$1.14)	-29%
Delaware Wellhead	\$3.42	\$2.35	(\$1.07)	-31%
Eagle Ford Wellhead	\$3.49	\$2.40	(\$1.10)	-31%
Barnett Wellhead	\$3.58	\$2.45	(\$1.13)	-32%
STACK Wellhead	\$3.13	\$2.10	(\$1.04)	-33%

Source: ICF analysis of IEA data

IEA Regional Natural Gas Prices

IEA has projected natural gas prices at Henry Hub for the New Policies Scenario and the Sustainable Development Scenario. ICF has estimated market hub prices at different locations using basis differentials derived from ICF's GMM since IEA does not provide prices for different locations throughout North America. Wellhead prices have been estimated by subtracting gathering and processing charges at the relevant hubs.

The IEA New Policies Scenario projects higher natural gas prices compared with the ICF Base Case. Average 2020-2050 regional natural gas prices in the IEA New Policies Scenario range from \$4.12/MMBtu at the STACK Wellhead to almost \$5.00/MMBtu at Henry Hub (Figure 7). Average regional natural gas prices in the IEA Sustainable Development Scenario are about 25 percent lower than the prices in the IEA New Policies Scenario.

Figure 7: IEA Natural Gas Prices, Average 2020-2050, 2016\$/MMBtu¹⁴

	IEA New Policies	IEA Sustainable Development	\$ Change	% Change
Henry Hub	\$4.97	\$3.75	(\$1.22)	-25%
Delaware Wellhead	\$4.40	\$3.25	(\$1.15)	-26%
Eagle Ford Wellhead	\$4.47	\$3.30	(\$1.17)	-26%
Barnett Wellhead	\$4.56	\$3.35	(\$1.21)	-26%
STACK Wellhead	\$4.12	\$3.00	(\$1.12)	-27%

Source: ICF analysis

^{13, 14} For both the Canada Heavy Oil Wellhead and the Rockies Wellhead, Devon's 2017 gas production was below 5% of Devon's overall natural gas production and therefore are not included in this analysis.

Breakeven Natural Gas Prices

ICF also conducted breakeven analysis for the Barnett Shale.¹⁵ Analysis of project economics for Barnett Shale is based on breakeven natural gas price analysis by Citi Research.¹⁶ The Henry Hub equivalent breakeven natural gas price for Barnett Shale, about \$3.00/MMBtu, is lower than average natural gas price projections in all the baseline scenarios and in the IEA Sustainable Development Scenario. These three scenarios are expected to yield positive economic returns for the Barnett Shale wells. However, the much lower natural gas price environment in the ICF Sustainable Development Case, \$2.85/MMBtu, falls just below the breakeven price. Consistent with the breakeven prices for oil, breakeven prices for natural gas also have the potential to decline over time as drilling techniques and technology improve.

In addition to the potential risks from changes in market prices due to future constraints on carbon emissions, there are a variety of other potential climate-related risks that Devon considers. This section provides a brief discussion of some of these additional risks, though they are not the primary focus of this report.

¹⁵ Devon has historically maintained a strong position in the Barnett Shale and, in 2017, the Barnett Shale accounted for 55% of Devon's overall natural gas production. The natural gas production from Devon's other regions is currently a byproduct from Devon's oil production and is not included in this breakeven analysis.

¹⁶ Citi Research. "2Q 2018 Commodities Market Outlook." April 15, 2018.

Other Potential Climate-Related Risks

Physical Climate Risks

Oil and natural gas extraction operations have been successful in some of the most extreme environments across the planet. In the areas where Devon operates and plans to operate, we are confident in our ability to continue to operate in accordance with our plans. Devon, however, analyzes potential impacts due to natural disasters and short and medium-term weather changes when evaluating and planning future development. This analysis considers the likelihood of those events occurring and how Devon could mitigate the potential impact of those events. Devon has invested significant capital in developing technologies for using alternative sources of water, which will help to improve our ability to respond to lack of fresh water availability. Devon also plans in the medium term for potential infrastructure shut downs due to a variety of factors, and appropriate responses to each of them. This evaluation considers floods, tornados, hurricane risk, and other potential physical risks to infrastructure and Devon's assets.

State and Federal Methane Regulations

Methane emissions from the oil and natural gas industries have been identified by policymakers and stakeholders as a significant source of GHG emissions. The U.S. began imposing regulations in 2012 to mitigate these emissions. Individual states had regulated emissions prior to this time and others have continued since then. The Canadian federal government and provincial governments have also announced or implemented methane regulations. Federal regulations announced in April 2018 are based on Canada's target of 40-45% reduction of methane emissions from oil and natural gas by 2025.¹⁷

Fugitive and vented emissions from all segments of the natural gas industry comprise well less than 2% of natural gas production¹⁸ and many producers, including Devon, have made significant reductions in emissions through voluntary actions and in response to regulation. Significant additional reductions could require more aggressive measures, modifications to basic infrastructure, and changes to standard operating procedures. Some of the costs would be offset by the value of natural gas that is recovered through reduced losses of production, however, lower natural gas prices would decrease the value of the recovered natural gas and not all reductions would result in salable recovery. Achieving near-zero emissions would be very challenging.

¹⁷ Environment and Climate Change Canada. "Technical Backgrounder: Federal methane regulations for the upstream oil and gas sector." April 2018. Available at: <https://www.canada.ca/en/environment-climate-change/news/2018/04/federal-methane-regulations-for-the-upstream-oil-and-gas-sector.html>.

¹⁸ ICF Analysis of U.S. EPA Inventory of U.S. Greenhouse Gas Emissions.



Supply-Side Restrictions

In addition to policies that aim to limit demand, proponents of tighter greenhouse gas emission standards are also proposing and supporting various initiatives that restrict fossil fuels development on the supply side. Examples of such supply-side policies include drilling bans (e.g., New York or Maryland), higher standards for drilling activity (e.g., increased drilling setback requirements in Colorado), organized efforts to oppose pipeline expansion projects (including appeals through the legal process), and imposition of additional regulatory hurdles (e.g., New York State water permitting requirements). Resistance to pipeline projects, in particular, creates greater uncertainty that projects reach completion and, therefore, increases the financial risk. All types of initiatives aimed at regulating access to oil and natural gas supply increase the cost of production and resource development.

Reduced Access to Capital Resulting from Activist-Driven Divestment

In recent years, activists concerned about climate change have campaigned for investors to divest from companies involved in the production and sale of fossil fuels. A number of institutional investors have announced plans to divest or active consideration of such plans.¹⁹ Some stakeholders may be concerned that an increase in the scale of divestments could reduce the ability of Devon and other oil and natural gas companies to access capital.

The direct potential of divestment efforts to limit Devon's access to debt or equity capital may be minimal. A 2013 report from Oxford University concluded that the capacity of divestment to cause direct financial damage to oil and natural gas companies is severely limited by several factors. Chief among these is the large universe of neutral lenders and investors—especially in the North American market in which Devon operates—that will value oil and natural gas investments based on their intrinsic value as defined by expected future cash flows, correcting for any decrease in demand for debt or equity motivated by non-value concerns.²⁰ Similarly, as Bloomberg New Energy Finance has noted, the scale of global oil and natural gas investments and the high probability of significant future demand makes divestment from oil and natural gas more challenging than divestment from coal.²¹ While the political salience of the divestment movement is linked to reputational and policy risks, the former do not normally limit access to capital and the latter are addressed elsewhere in this report.

¹⁹ Attracta Mooney. "Growing Number of Pension Funds Divest from Fossil Fuels." The Financial Times. April 27, 2017. Available at: <https://www.ft.com/content/fe88b788-29ad-11e7-9ec8-168383da43b7>.

²⁰ Atif Ansar, Ben Caldecott, and James Tilbury. "Stranded Assets and the Fossil Fuel Divestment Campaign." Stranded Assets Programme at Oxford University. October 2013. p. 30, 33. Available at: <https://www.smithschool.ox.ac.uk/publications/reports/SAP-divestment-report-final.pdf>.

²¹ Nathaniel Bullard. "Fossil Fuel Divestment: A \$5 Trillion Challenge." Bloomberg New Energy Finance. 2014. p. 16. https://data.bloomberglp.com/bnef/sites/4/2014/08/BNEF_DOC_2014-08-25-Fossil-Fuel-Divestment.pdf.

Conclusion

While this report is not part of the Devon's overall securities and governance disclosures, it represents an important step forward in assessing potential transition risks due to climate change, particularly in relation to the demand and price impacts of possible low-carbon future scenarios. This report is only one piece of Devon's overall communications' strategy on environmental topics. Please refer to Devon's Sustainability Report and Form 10-K disclosures for additional information.

Devon and its stakeholders are committed to understanding the potential impacts of climate change risks on Devon's long-term business plans. In particular, certain stakeholders are concerned that energy companies may not be able to remain economically competitive in a potential carbon-constrained future. Informed in part by the conclusions reflected in this report, Devon remains confident that its asset portfolio is expected to produce oil and natural gas efficiently and profitably in a carbon-constrained scenario.

Devon recognizes, however, that there are potential negative implications of a lower-carbon economy. In order to minimize risk and maximize profits, Devon has historically analyzed pricing scenarios that are even more conservative than the Base Case Scenarios and the more aggressive carbon-constrained scenarios. As a dynamic energy company, Devon responds to changes in the industry by strategically re-positioning its portfolio and incorporating new technological innovations and industry practices to remain economically profitable and environmentally responsible.

Climate-related risk management is a continuously evolving process and Devon will remain a proponent of conservation and the advancement of emission-reduction technologies. Devon is committed to maintaining discussions with its management, Board of Directors, and stakeholders to continue to address and analyze the potential impacts of a lower-carbon economy.



Methodological Appendix

This section details the methodology that ICF used to generate its price forecasts and to adapt and further analyze price forecasts from IEA.

ICF Oil Prices

ICF's oil prices have been estimated using a combination of near-term futures prices and a long-term assessment of oil market fundamentals. For 2018 and 2019, WTI futures have been used to forecast oil prices. For 2020 and 2021, a blend of futures prices and ICF's fundamentals forecast is used. For the long-term, ICF assumes an equilibrium marginal production cost of \$70/Bbl. That \$70/Bbl Refiner Acquisition Cost of Crude Oil (RACC) has been converted to a WTI Cushing price for this analysis. In this report, estimated prices rely on ICF's Q2-2018 Base Case Projection.

Oil prices for the ICF Sustainable Development Case have been estimated by applying a derived price elasticity²² for oil to the demand change between the IEA New Policies Scenario and the IEA Sustainable Development Scenarios. For example, in 2025, IEA forecasted an 8% reduction in demand and a 13% reduction in price for the IEA Sustainable Development Scenario compared to the IEA New Policies Scenario. In this example, ICF used the resulting 0.59 price elasticity of demand for 2025 to determine the expected price change that would result if the same demand change that occurred between the IEA Scenarios occurred between the ICF Base Case and the ICF Sustainable Development Case in the year 2025.

The IEA price elasticity is about 0.50 in the near term and 0.75 in the long term. The average elasticity over the entire 2020-2050 projection period is about 0.65.

IEA Oil Prices

For both its New Policies Scenario and the Sustainable Development Scenario, IEA provided an average worldwide oil importer price through 2040. ICF extrapolated the price to 2050 and converted the worldwide oil importer price to a WTI price forecast by carrying forward the 2016 difference between the IEA importer average price and the 2016 average WTI price. This difference was about \$2/Bbl.

ICF Natural Gas Prices

ICF's natural gas prices have been estimated using ICF's GMM, a model widely used to project natural gas supply, demand, and prices for the North American natural gas market. Estimated prices rely on ICF's Q2-2018 Base Case Projection. The GMM solves for hub prices at the different locations relevant to Devon's production. Gathering and processing charges have been subtracted from those prices to derive wellhead prices at each of those locations. Prices have been extrapolated beyond 2040 because the ICF Base Case is only run through 2040.

²² Oil price elasticity of demand measures the responsiveness of oil demand with the change in oil price. The elasticity is calculated by dividing the percentage change in oil demand by the percentage change in oil price. Natural gas price elasticity of demand is calculated with the same methodology as oil price elasticity of demand using IEA's natural gas price and demand forecast.



The ICF Q2-2018 Base Case projects associated natural gas²³ supply growth from tight oil plays (such as the Permian in west Texas and New Mexico) due to a rise in oil prices and also growth from Marcellus, Utica and Haynesville gassy shale plays. This natural gas supply growth places a downward pressure on natural gas prices in the short term and results in lower Henry Hub prices, below \$3.50/MMBtu, through 2025. The combination of Gulf Coast LNG exports and domestic demand growth places upward pressure on natural gas prices in the long term and raises the Henry Hub price to \$5.60/MMBtu by 2050.

Natural gas prices for the ICF Sustainable Development Case were estimated by applying an ICF-derived price elasticity for natural gas to the demand change between the IEA New Policies Scenario and the IEA Sustainable Development Scenario. ICF's long-term natural gas price elasticity is about 0.6 (Figure 7).

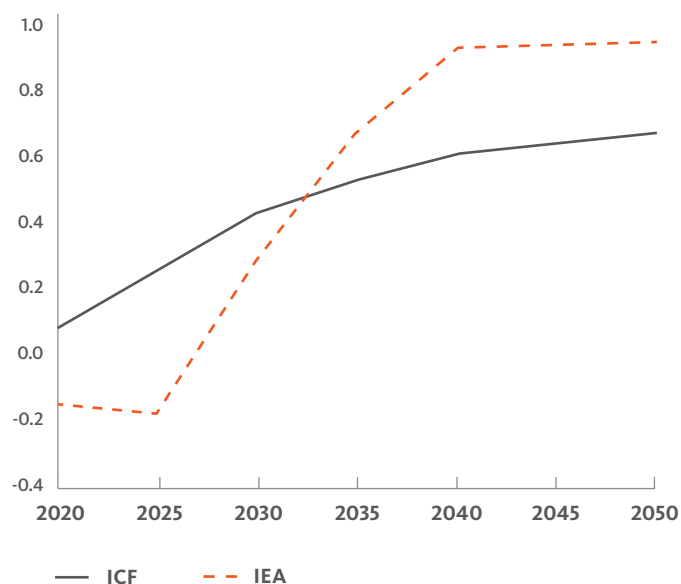
IEA Natural Gas Prices

IEA has projected natural gas prices at Henry Hub for the IEA New Policies Scenario and the IEA Sustainable Development Scenario through 2040. ICF has extrapolated these projections forward through 2050. IEA's price elasticity is negative in the near term, but rises to a much higher value of 0.9 in the longer term (Figure 8). The average elasticity over the entire projection period is about the same for the two projections.

Figure 8:

NATURAL GAS ELASTICITY OF DEMAND

(% Change of Demand / % Change of Henry Hub Price)



Source: ICF analysis of ICF and IEA data

ICF and IEA Implied Propane Prices

Propane prices are estimated using the historical relationship between the WTI Cushing oil price and the Mont Belvieu propane price. ICF halved the oil price and then converted the per barrel price into a per gallon price in order to forecast propane prices.

²³ Associated gas or associated dissolved gas refers to natural gas that is produced along with crude oil from oil wells.



Forward-Looking Statements

This report includes "forward-looking statements." Such statements include those concerning strategic plans, expectations and objectives for future operations, and are often identified by use of the words and phrases "expects," "believes," "continue," "will," "would," "could," "may," "aims," "forecasts," "likely to be," "intends," "projections," "estimates," "plans," "expectations," "targets," "considers," "opportunities," "potential," "anticipates," "suggests," "outlook" and other similar terminology. All statements, other than statements of historical facts, included in this report that address activities, events or developments that Devon expects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Devon. Statements regarding Devon's business and operations are subject to all of the risks and uncertainties normally incident to the exploration for and development and production of oil and gas. These risks include, but are not limited to: the volatility of oil, gas and NGL prices; uncertainties inherent in estimating oil, gas and NGL reserves; the extent to which we are successful in acquiring and discovering additional reserves; the uncertainties, costs and risks involved in oil and gas operations; regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to environmental matters; risks related to Devon's hedging activities; counterparty credit risks; risks relating to Devon's indebtedness; cyberattack risks; Devon's limited control over third parties who operate its oil and gas properties; midstream capacity constraints and potential interruptions in production; the extent to which insurance covers any losses we may experience; competition for leases, materials, people and capital; Devon's ability to successfully complete mergers, acquisitions and divestitures; and any of the other risks and uncertainties identified in Devon's Form 10-K and its other filings with the SEC. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. The forward-looking statements in this report are made as of the date of this report, even if subsequently made available by Devon on its website or otherwise. Devon does not undertake any obligation and expressly disclaims any duty to update the forward-looking statements as a result of new information, future events or otherwise. In addition, while this report describes future events that may be significant, the significance of those potential events should not be read as equating to materiality as the concept is used in the company's filings with the SEC.



List of Acronyms

Bbl – Barrels of oil

BMO – Bank of Montreal

CO₂ – Carbon dioxide

ERM – Enterprise Risk Management

GHG – Greenhouse gas

GMM – Gas Market Model (ICF)

IEA – International Energy Agency

LNG – Liquefied natural gas

MMBtu – Million British thermal units

NGL – Natural gas liquids

SAGD – Steam-assisted gravity drainage

TCFD – Task Force on Climate-related Financial Disclosures

WEO – World Energy Outlook (IEA annual report)

WTI – West Texas Intermediate (benchmark oil price)



EXHIBIT D

(see attached)

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Devon Energy Corp. (NYSE: DVN) is an independent energy company engaged in oil and natural gas exploration and production. Devon is among the largest U.S.-based independent producers and is included in the S&P 500 index. The company is based in Oklahoma City and also has a major employment center in Calgary. Devon's operations are focused onshore in the United States and Canada. The company's portfolio of oil and natural gas properties provides stable, environmentally responsible production and a platform for future growth. For 2017, the company's production mix for retained assets was 37 percent natural gas and 63 percent oil and liquids such as propane, butane and ethane. Devon's mission is to be a results-oriented oil and natural gas company that creates value for stakeholders in an employee culture of optimism, teamwork, creativity and resourcefulness, and by doing business in an open and ethical manner. For more information about Devon, please visit www.devonenergy.com.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Canada
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C-OG0.7

(C-OG0.7) Which part of the oil and gas value chain and other areas does your organization operate in?

Row 1

Oil and gas value chain

Upstream

Other divisions

Carbon capture and storage/utilization

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	Devon Energy's Board of Directors has primary responsibility for risk management and oversight, including climate-related issues. The Company has been engaged in dialogue with shareholders on a number of environmental, social, and governance matters (ESG Matters), recognizing their importance to Devon and its stakeholders. In order to provide support for the Company's ongoing efforts in these areas, the Company formed an Environmental, Social, and Governance Steering Committee (the ESG Committee) in 2017.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies	A key area of shareholder engagement has been on environmental matters, including potential impact associated with climate change policies. The ESG Committee has formed several working groups, including a working group to evaluate Devon's disclosure related to climate change. By the end of 2018, Devon expects to publish a report that analyzes the risks of climate change to our company. Devon has also increased participation in external surveys and questionnaires, which has resulted in more transparency and improved the accuracy of information included in those materials. Devon has improved its performance on assessments with services like Sustainalytics and Disclosing the Facts, and in Institutional Shareholder Services' inaugural Environmental and Social scoring system.

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (EVP & General Counsel)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

The EVP/General Counsel is executive sponsor and an active member of the Environment, Social and Governance (ESG) Steering Committee, comprised of leaders from all parts of the business and focused on climate issues. They support Devon's ongoing commitment to environmental health and safety, sustainability, corporate responsibility and governance by assisting senior management in: (a) setting and implementing strategy relating to ESG Matters including climate change; (b) overseeing communications with employees, investors, and other stakeholders with respect to ESG Matters; and (c) monitoring and anticipating developments relating to, and improving the company's understanding of, ESG Matters. The EVP/General Counsel is liaison to the Board of Directors, whose Governance Committee oversees compliance with legal and regulatory requirements, reviews financial risk exposure and the steps taken to monitor and control such exposure. The Governance Committee is prepared to respond quickly to new requirements and emerging best practices.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Monetary reward

Activity incentivized

Other, please specify (Technology Innovation)

Comment

Devon has held employee prize competitions with monetary rewards for winning teams to foster creative thinking and collaboration to overcome challenges facing our business. Implementation of resulting efficiency improvements have reduced energy use in transportation and operations, thus reducing emissions.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Recognition (non-monetary)

Activity incentivized

Efficiency project

Comment

Employees are recognized companywide and within their operating units for work they do to improve energy efficiency and/or to reduce greenhouse gas emissions through the application of technology. Individual and team efforts are highlighted and recognized broadly throughout our internal and external websites. These communications are important because they inform our external stakeholders about our efforts to address emissions and provide positive reinforcement to our employees for their emission reduction efforts. It also demonstrates Devon's commitment to emissions reduction and helps apposition this work as a high priority within the organization,

Who is entitled to benefit from these incentives?

Facilities manager

Types of incentives

Recognition (non-monetary)

Activity incentivized

Efficiency project

Comment

Facility managers are recognized companywide and within their operating units for work they do to improve energy efficiency and/or to reduce greenhouse gas emissions through the application of technology. Individual and team efforts are highlighted and recognized broadly throughout our internal and external websites. These communications are important because they inform our external stakeholders about our efforts to address emissions and provide positive reinforcement to our employees for their emission reduction efforts. This is even more important for facility managers, as positive reinforcement of their emissions reduction efforts will help them lead their team in the efforts, It also demonstrates Devon's commitment to emissions reduction and helps position this work as a high priority within the organization.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	1	Typically Devon categorizes risks to our business in shorter time frames than 12 months. Our business changes very often and to be flexible and responsive to those changes Devon must be prepared to consider risks on shorter time frames.
Medium-term	1	2	
Long-term	2	5	Due to oil-and-gas-specific SEC requirements, operators have no incentive to beyond a 5-year time frame for asset development, so while Devon recognizes and analyzes risks over a greater period of time, typically Devon categorizes risks out to a 5-year window.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	3 to 6 years	Devon considers risks as far into the future as is practicable given variability in economic, regulatory and technological circumstances. While we pay close attention to developments where climate is concerned, we are not in a position to speculate on and act on potential risks without appropriate information to justify the action.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Environmental Health and Safety(EHS)-related risks are considered on a day-to-day basis through existing, documented Enterprise Risk Management (ERM) programs and practices, which are discussed in detail in an annual internal workshop focused on EHS risks, stewardship and compliance. Additionally, an ERM annual survey of company leaders is conducted to gauge leaders' views, with various categories of risk scored for their financial impact, likelihood, time frame, and how well the company is prepared to deal with them. The company considers \$50 million or more to be a substantive financial impact. Devon's ERM framework helps ensure that the company is focused on the right enterprise-level risks, including EHS risks.

As an example of asset-level risk identification, in the Devon Canada division, a Policy Risk Register was developed to identify and risk Canadian regulatory and policy changes. Subject matter experts are responsible for identifying forthcoming policy and regulatory risks. Regularly scheduled meeting are held to ensure that the risk register remains complete and up to date.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Devon's operations comply with regulatory requirements. We continuously monitor new and emerging regulations, and, we adjust our operations accordingly.
Emerging regulation	Relevant, always included	Devon works to ensure our environmental footprint is as small possible to limit costs and mitigate any potential reactive regulatory changes.
Technology	Relevant, always included	The nature of the upstream oil and gas business is that new technology drastically changes our operations very often – Devon monitors upcoming changes in technology and adjusts our planning and execution accordingly.
Legal	Relevant, always included	Devon consistently manages and monitors legal risks, however, these are not always climate-related.
Market	Relevant, always included	Market changes in a commodified environment such as oil and gas extraction can have a great impact on demand. Devon monitors changes in the demand for our product, whether those changes are climate-related or not.
Reputation	Relevant, sometimes included	Reputational risk is assessed as a cost of doing business. As any negative perception could delay construction, and/or regulatory and government approval.
Acute physical	Not relevant, explanation provided	Currently, and in the short, medium, and long term time frames, Devon does not foresee risks associated with acute physical changes due to climate change impacting our business any more or less than the status quo. Oil and gas extraction operations have been successful in some of the most extreme environments across the planet, and in the areas where Devon operates and plans to operate, we are confident in our ability to continue to operate during those time frames.
Chronic physical	Not relevant, explanation provided	Currently, and in the short, medium, and long term time frames, Devon does not foresee risks associated with acute physical changes due to climate change impacting our business any more or less than the status quo. Oil and gas extraction operations have been successful in some of the most extreme environments across the planet, and in the areas where Devon operates and plans to operate, we are confident in our ability to continue to operate during those time frames.
Upstream	Relevant, always included	Emerging climate-related regulation has impacted Devon's access to materials necessary to complete our operations. Devon continues to monitor how climate-related regulations and other policy changes impact our ability to procure required equipment and raw materials.
Downstream	Relevant, always included	Emerging climate-related regulation may impact demand for Devon's product downstream of our production. In some situations, this impact could be positive, as demand for natural gas may be influenced by regulatory changes. Devon monitors how future changes in climate-related regulations may impact demand for our products, and our ability to market it.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

By the end of 2018, Devon expects to publish a report that analyzes the risks of climate change to our company. More specifically, Devon will, among other things, publish an evaluation of oil and gas reserves and resources under a scenario in which a reduction in demand results from carbon restrictions and related rules or commitments adopted by governments consistent with the 2-degree target established by the Paris Agreement.

Currently, management of climate change-related risks follows the same risk-assessment process as other business risks, based on the likelihood of their occurrence and their economic and non-economic impacts. Business risks are evaluated using Devon's corporate risk matrix, which identifies and evaluates environmental risks as a risk category. With each new opportunity or proposal, the corporate EHS group along with corporate planning and our Public and Government Affairs group, evaluates the potential business impact through policy analysis and financial impact modelling. This process helps to initiate development of strategies to mitigate business risk. Our objective is to maintain an understanding of the potential impacts of emerging regulation and to recommend ways to proactively mitigate risk. This focus also includes consideration of opportunities to reduce emissions and improve energy efficiency.

For example, in our U.S. operations, we recognized the potential risk of climate-driven regulation of the capture and monitoring of methane emissions from production sites. Even before EPA required new production facilities to be monitored using infra-red cameras, Devon recognized that such regulation was likely, and moved quickly to acquire cameras and train personnel. We began monitoring some of our sites before the regulation was proposed and currently implement LDAR monitoring on selected sites that are not subject to EPA regulation.

In our oil sands operations, climate-related regulatory risks are accounted for on an individual project basis. A carbon price equal to the regulated cost of carbon for large emitters in Alberta (\$30 per tonne of carbon dioxide equivalent) is accounted for in project economics. This accounts for the cost or benefit associated with any change in GHG emissions resulting from the project.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

In 2017, the Devon Jackfish SAGD facility (located in Alberta, Canada) was subject to the Specified Gas Emitters Regulation (SGER). This is an emissions intensity based GHG regulation requiring a 20% reduction in emissions intensity with a carbon price, set by regulators, at \$30 per tCO₂E. On January 1, 2018 the SGER was replaced with the Carbon Competitiveness Incentive Regulation (CCIR). Under this regulation facilities are required to meet product-based emission intensity performance standards. The Canadian Federal Government has also announced that the price of carbon will increase to \$40 in 2021 and \$50 in 2022. The overall costs to operate the facility has increased as a result of carbon pricing regulation and increasing in carbon price.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Medium

Potential financial impact

0.15

Explanation of financial impact

The potential financial impact figure is given in \$/bbl. Compliance with Alberta's Specified Gas Emitters Regulation cost Devon between \$0.10 - \$0.20/bbl in 2017 in payments into the clean technology fund and in carbon offset purchases.

Management method

Devon manages this risk through continuous improvement of operational efficiencies, reductions in steam to oil ratio (SOR), and evaluation of new technologies that could reduce GHG emissions. For example, at our Jackfish SAGD facility we continuously manage and improve SOR. SOR is the amount of steam that is required to produce a barrel of oil. In SAGD operations, steam generation accounts for ~99% of GHG emissions, so improvements to SOR have direct implications on GHG emissions. Devon also has invested \$35MM to lead studies to advance science and the development of technologies to improve environmental performance and had a team dedicated to this work.

Cost of management

35000000

Comment

\$35,000,000 is the amount that Devon has invested in COSIA to lead studies to advance science and the development of technologies to improve environmental performance in the oil sands.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

In the U.S., most of Devon's operations are subject to requirements in EPA's GHG reporting program, requiring us to collect, track, calculate and report emissions. As new fields and facilities are brought online in the Oklahoma STACK (Showboat project), Powder River Basin of Wyoming (Super Mario project) and Delaware Basin in southeastern New Mexico (Seawolf project), they are also subject to the reporting requirements. The risk of noncompliance could be financial and reputational. Additionally, the GHG reporting rule is updated periodically, and changes that impact our facilities require more and/or different data to be collected and reported on, which can result in increased cost of compliance.

Time horizon

Current

Likelihood

Very likely

Magnitude of impact

Medium

Potential financial impact

Explanation of financial impact

Unknown

Management method

State and Federal reporting obligations require large volumes of data from across Devon's many information systems. Devon must identify the requirements, train personnel responsible for collection and reporting, ensure the quality of the data and deliver it into reportable formats. Devon has implemented a program to manage these tasks, enabling the company to publish reports that meet regulatory requirements.

Cost of management

250000

Comment

Cost includes only the time and effort required to compile data and produce an emission inventory that meets the regulatory requirements.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact driver

Market: Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment)

Company- specific description

Devon's oil and gas production activities in the Oklahoma STACK (Showboat Project), Powder River Basin of Wyoming (Super Mario Project) and Delaware Basin in southeastern New Mexico (Seawolf Project) depend upon reliable access to materials including sand, water and various supplies. As environmental regulation and policy changes are implemented, Devon's access to necessary materials and supplies could become constrained or potentially more expensive.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium

Potential financial impact

Explanation of financial impact

This impact could vary based on the availability and feasibility of using alternative sources of water. This will typically impact Devon's planning as much if not more than our actual operations.

Management method

Devon has invested in technology to decrease our dependence on fresh water, including using more and more produced water and other waste water where fresh water would previously have been used.

Cost of management

0

Comment

Cost has not yet been incurred.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

Type of financial impact driver

Other, please specify (Reduced operational costs)

Company- specific description

The Alberta government has committed to utilize revenue from the carbon levy to pay for initiatives that reduce emissions, including industrial energy efficiency programs. Organizations such as Emissions Reduction Alberta, Alberta Innovates and Energy Efficiency Alberta are provincially funded organizations that have provided increased opportunity for companies, such as Devon, to receive funding for emission reductions projects. Devon has multiple emission reduction pilots underway, and has made applications for government funding. An example of an emission reduction pilot that is underway is a Solution Gas Conservation pilot at our cold heavy oil operations. This pilot involves injecting produced gas, which would otherwise have been vented, into a depleted reservoir.

Time horizon

Current

Likelihood

Likely

Magnitude of impact

Medium-low

Potential financial impact

1250000

Explanation of financial impact

Devon could receive funding for emission reduction or energy efficiency initiatives.

Strategy to realize opportunity

Devon has a team that evaluates potential new technology projects and submits funding applications.

Cost to realize opportunity

50000

Comment

Cost to realize opportunity represents employee time to apply for funding.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Type of financial impact driver

Other, please specify (Reduced GHG compliance costs)

Company- specific description

Alberta's Specified Gas Emitters Regulation, governing emissions from the Jackfish SAGD project, provides opportunities for Devon to create value from internal emission reductions by reducing the amount of carbon levy paid.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Low

Potential financial impact

0

Explanation of financial impact

Unknown impact; emissions-reduction opportunities could achieve reductions in GHG compliance costs in the future due to lowering the emission intensity of our operations in jurisdictions that pay a carbon tax.

Strategy to realize opportunity

Devon Canada has a team dedicated to evaluating new technologies that could improve energy efficiency and/or reduce GHG emissions. Devon Canada has a team working on technology evaluations and other projects with potential reductions in GHG emissions. Devon also has a team dedicated to understanding how the proposed change in regulation would impact existing and future projects.

Cost to realize opportunity

1000000

Comment

It is estimated that Devon Canada will continue to spend \$1-\$5+ million per year to participate in GHG reduction initiatives.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Type of financial impact driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

In addition to achieving the environmental and reputational benefits of lower emissions, Devon pursues opportunities in the U.S. and Canada for fuel savings (and cost savings with potentially significant financial implications) to be found in new tools, technologies and business processes, which could have a positive impact on the company's financial condition. For example, at our Canadian heavy oil operations, when economical, solution gas conservation projects result in fuel gas savings, and cost savings. For example, in our Bonnyville cold-flow heavy oil production with sand (CHOPS) operations, excess produced gas is tied into gas gathering systems to be sold, when economically feasible.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Potential financial impact

2

Explanation of financial impact

The overall financial implications are unknown, but these measures could amount to financial benefit of \$2 - \$3 per GJ of fuel purchased. Devon is actively pursuing opportunities to reduce GHG emissions and piloting new technologies that could achieve large volumes of emission reductions in the future, which would ultimately reduce cost.

Strategy to realize opportunity

As a method to manage this opportunity, Devon Canada is particularly interested in reducing steam requirements from in situ oil sands production, carbon capture and conversion technologies, vent gas reduction, energy efficiency and waste heat recovery for heat and power. Through the Canadian Oil Sand's Innovation Alliance, Devon is involved in the evaluation of various GHG reduction technologies, including short-term, incremental opportunities such as energy efficiency measures and optimization initiatives as well as long-term, game-changing technologies such as carbon capture and conversion.

Cost to realize opportunity

0

Comment

Additional cost to realize opportunity is \$0, because improving operational efficiency is part of business as usual operations. Most emissions reduction initiatives require initial financial investments, and in return, the company creates greater efficiency, which improves economics.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Not yet impacted	Devon does not provide services; its products are crude oil, natural gas and related liquids. Climate risks and opportunities have not yet impacted the markets for these commodities. Despite widespread discussion and speculation about reduced demand for oil and gas, the U.S. Energy Information Administration projects rising demand for natural gas, petroleum and other liquids through 2040.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	Climate-related regulations have had an impact on Devon's access to fresh water for well-completion operations.
Adaptation and mitigation activities	Not yet impacted	Low-impact seismic, amphibious vehicles, redesigning our pads for smaller footprint, innovative road development.
Investment in R&D	Impacted	Devon has been working with competitors to invest in and develop new technologies to reduce industry's environmental impact for over a decade. For example, for the last six years Devon has invested in Canada's Oil Sand Innovation Alliance, and as mentioned above has been a member of the Environmental Partnership and the Energy Water Initiative. Devon has also invested in IR camera technology for identifying methane leaks.
Operations	Impacted	Educating our staff to help them understand the business case for reducing GHG emissions and how they can impact it. Asking them for new ideas on how to reduce GHG emissions.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Not yet impacted	Climate risks and opportunities have not discernably impacted market prices for oil, natural gas and related liquids. Despite widespread discussion and speculation about reduced demand for oil and gas, the U.S. Energy Information Administration projects rising demand for these commodities through 2040.
Operating costs	Impacted	Climate-related regulations have increased the cost of Devon's operations.
Capital expenditures / capital allocation	Impacted	Climate-related regulations have caused Devon to invest in new equipment and personnel to comply with climate-related regulations and voluntary efforts. Accounting for carbon pricing on certain assets where it is applicable has affected capital allocation.
Acquisitions and divestments	We have not identified any risks or opportunities	
Access to capital	Not yet impacted	While we have seen increased investor interest in climate-related issues, we have not experienced barriers to capital markets.
Assets	Not impacted	Climate related risks are evaluated for various assets.
Liabilities	Not evaluated	
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b)

**(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b)
Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.**

No, we do not have a low-carbon transition plan

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

The primary influence on business strategy related to climate change is regulation. We have developed a strategy to help manage regulatory mandates in the United States and Canada. We also consider how future GHG related mandates might impact operations. In Canada, all sources of GHGs (venting, combustion, fugitive emissions, etc.) at all facilities are monitored, and regulatory reporting is done in accordance with regulatory requirements. In the U.S. Devon collects data and discloses annual GHG emissions according to the requirements of EPA's Mandatory Greenhouse Gas Reporting Rule. Devon closely follows regulatory changes to the program.

In Canada, Devon's Jackfish thermal heavy oil facility will be subject to a product-based emission intensity performance standard. Devon is continually working to improve efficiency, which results in a lower GHG emission intensity. Employees participate in a number of industry associations to monitor current and emerging GHG and climate change policy at the state, provincial and federal levels. Our strategy of communicating, monitoring, reporting and targeting reductions allows us to maintain regulatory compliance while proactively looking ahead to potential mandates in the future.

Impending regulation has impacted our environmental strategy. Devon has modified its environmental strategy by creating a policy group to monitor upcoming environmental regulation and prepare the business to comply. Devon primarily emits carbon dioxide and methane in the process of producing natural gas and oil. The company has seen several proposed and final rules pertaining to GHG emissions that have affected our business. The EPA's GHG Mandatory Reporting Rule requires operators to report GHG emissions from petroleum and natural gas systems. The EPA has also finalized clean air standards for oil and gas (New Source Performance Standards (NSPS) subparts OOOO and OOOOa). The rules call for reductions in volatile organic compounds and methane. These regulations require Devon to modify existing procedures, add additional resources to process and collect data, and modify sites to implement additional control equipment. Collectively these new regulations increase Devon's compliance costs.

Additionally, changes in availability of raw materials has directed Devon's investment in research and development opportunities. Devon is a founding member of the Energy Water Initiative, which looks to develop and share information about using alternative sources of water for well completion activities. This provides Devon with a competitive advantage in areas where fresh water availability or produced water disposal capacity is constrained.

In addition to our ongoing effort to accommodate changing regulatory reporting requirements, we continue to promote energy efficiency and emissions reduction initiatives that ensure short-term and long-term compliance. For example, in the US we have created a leak detection program and have installed storage tank emission controls and remote data collection technology at newly acquired production sites. In Canada, leak detection and repair is required by regulation. These measures help reduce GHG emissions from our production sites, improving our ability to comply with state, provincial and federal emissions requirements.

We believe energy efficiency and conservation are the most immediate and cost effective ways to reduce emissions. Devon is assessing emerging technologies that could reduce GHG emissions associated with our energy production operations. For example, Devon is a charter member of Canada's Oil Sands Innovation Alliance, which is a collaborative partnership of oil sands producers focusing on innovative solutions to environmental challenges, such as emissions reduction. Devon also is actively engaged in collaborative efforts to explore the potential for carbon capture and storage technologies as part of our long-term (10+ year) strategy for reducing GHG emissions. Our business strategy includes commitment to be an innovative industry leader in exploration and production as well as in stewardship. By taking a proactive approach to emissions reduction and other sustainability issues, we earn stakeholder trust. As we incorporate new emission reduction ideas, we reduce emissions, earn continued trust and lower the cost of regulatory compliance.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

We expect to complete Devon's inaugural assessment by year-end 2018 on the impacts of various scenarios informed by climate change policies. We will expect to incorporate the results of this assessment in formulating our business strategy moving forward.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1

% emissions in Scope

43

% reduction from baseline year

20

Metric

Metric tons CO2e per unit of production

Base year

2010

Start year

2010

Normalized baseline year emissions covered by target (metric tons CO2e)

0.3661

Target year

2017

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

% achieved (emissions)

100

Target status

Underway

Please explain

The baseline emission intensity (i.e., the base year) is an average of 2010 -2012 emission intensities, to more accurately reflect project operation. This target is regulated by the Specified Gas Emitters Regulation (SGER). It is a regulatory requirement to meet 100% of your emission reduction target. A facility can meet the target by reducing emission intensity, purchasing carbon offsets or paying into a new technology fund at \$30/tonne (the price of carbon). To date emission intensity has been reduced 7% below baseline emission intensity. Devon Canada met the remainder of the emission reductions required by purchasing 310,000 tonnes of windfarm carbon offsets. The percentage change in absolute emissions (next column) only accounts for scope 1 emissions (as per regulatory reporting requirements)

% change anticipated in absolute Scope 1+2 emissions

112

% change anticipated in absolute Scope 3 emissions

0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Methane reduction target

KPI – Metric numerator

Methane emissions (tCO₂e/year)

KPI – Metric denominator (intensity targets only)

Base year

2014

Start year

2018

Target year

2025

KPI in baseline year

42.9

KPI in target year

23.6

% achieved in reporting year

Target Status

Underway

Please explain

The government of Alberta has committed to reducing methane emissions from the upstream oil and gas industry by 45% by 2025, from a 2014 baseline. This target will be met through industry's voluntary early action to reduce methane emissions, and increased regulatory stringency. New regulations are expected to target methane emissions from venting, fugitives and other equipment design standards (pneumatic devices, etc.). KPI in previous column refer to Alberta upstream oil and gas methane emissions, not Devon emissions.

Part of emissions target

Emissions reduction target

Is this target part of an overarching initiative?

Other, please specify (Alberta Climate Leadership Plan)

C-OG4.2a

(C-OG4.2a) Explain, for your oil and gas production activities, why you do not have a methane-specific emissions reduction target or do not incorporate methane into your targets reported in C4.2; and forecast how your methane emissions will change over the next five years.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	2	53400
Implemented*	1	5500
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type

Energy efficiency: Processes

Description of activity

Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

45000

Scope

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

0

Investment required (unit currency – as specified in CC0.4)

200000

Payback period

>25 years

Estimated lifetime of the initiative

6-10 years

Comment

Devon Canada is planning to install 2 combustors on well pads in 2018 to combust vented methane emissions. Going forward, combustors will be evaluated at all well pads.

Activity type

Fugitive emissions reductions

Description of activity

Oil/natural gas methane leak capture/prevention

Estimated annual CO2e savings (metric tonnes CO2e)

5500

Scope

Scope 1

Voluntary/Mandatory

Mandatory

Annual monetary savings (unit currency – as specified in CC0.4)

0

Investment required (unit currency – as specified in CC0.4)

40000

Payback period

>25 years

Estimated lifetime of the initiative

1-2 years

Comment

Devon Canada conducts a fugitive emission audit annually at our oil sands facilities. The majority of leaks are repaired during the audit. Leaks that cannot be repaired during the audit are evaluated if they are economically feasible to make, and then are repaired at a later date.

Activity type

Fugitive emissions reductions

Description of activity

Oil/natural gas methane leak capture/prevention

Estimated annual CO2e savings (metric tonnes CO2e)

8400

Scope

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

0

Investment required (unit currency – as specified in CC0.4)

500000

Payback period

>25 years

Estimated lifetime of the initiative

Ongoing

Comment

Devon began a solution gas conservation pilot at our cold heavy oil production with sand (CHOPS) facilities in Alberta. This pilot project involves capturing solution gas, which would have otherwise been vented, and re-injects it into the reservoir. The pilot project is expected to last 1 – 2 years.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Solution case conservation and leak detection and repair surveys are performed in accordance with regulation. Regulated emission intensity reduction targets at Jackfish and a regulated price on carbon emissions help drive efficiency initiatives, such as steam-to-oil ration (SOR) optimization, and fuel gas efficiency initiatives.
Dedicated budget for low-carbon product R&D	Devon Canada's COSIA Technology Team had funding dedicated to GHG reduction projects in 2017.
Employee engagement	Devon Canada has a database where employees can enter new ideas for projects, including GHG reduction projects, and be involved in the screening and development of these projects. We have also done extensive educational campaigns to educate frontline workers on how to impact GHG emissions at our facilities.
Other	Participation in industry effort to reduce emissions -- Devon is a founding member of the Environmental Partnership, an organization devoted to pursuing and tracking emission reducing technologies onshore in the United States. These projects include leak detection and monitoring, pneumatic controller replacement, and the manual monitoring of liquids unloading events.
Internal price on carbon	Devon Canada uses an internal price of carbon that is based on the provincially regulated price of carbon. For example, in 2016 Devon's Jackfish SAGD projects paid a price of \$20/tCO ₂ e on any emissions that exceeded the facility emissions threshold. In 2017 the price was increased to \$30/ tCO ₂ e. This internal price of carbon is included in project economics when evaluating future projects to identify the most economically viable projects.

C4.5**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

No

C-OG4.6**(C-OG4.6) Describe your organization's efforts to reduce methane emissions from oil and gas production activities.**

In our U.S. operations, Devon recognizes the potential risk of climate-driven regulation pertaining to capture and monitoring of methane emissions from production sites. Even before EPA required new production facilities to be monitored using infra-red cameras, Devon recognized that such regulation was likely, and moved quickly to acquire cameras and train operators in using them. We began monitoring some of our sites before the regulation was proposed and currently conduct LDAR monitoring on selected sites that are not yet subject to EPA regulation. We believe this experience and decision provides us with a competitive advantage. Similarly, Devon continues to monitor new technology that could take the place of IR-camera based LDAR monitoring.

In our Canadian operations, there have been significant reductions in vented methane emissions over the last few years. Vented methane emissions from our cold flow heavy oil operations have decreased by approximately 54% since 2014. These reductions are due to improved operational practices and new pad development strategies. For example, we have implemented Focused Development Areas for pad development, this involves developing multi-well pads in close proximity to each other. This has the benefit of making solution gas conversation more economical. With more wells closer together it becomes more economical to build a pipeline to connect any gas produced to the nearest gas gathering system. There has also been increased operational focus on managing vented gas from well pads that are not tied into a gas gathering system.

COG4.7**(C-OG4.7) Does your organization conduct leak detection and repair (LDAR) or use other methods to find and fix fugitive methane emissions from oil and gas production activities?**

Yes

C-OG4.7a

(C-OG4.7a) Describe the protocol through which methane leak detection and repair or other leak detection methods, are conducted for oil and gas production activities, including predominant frequency of inspections, estimates of assets covered, and methodologies employed.

Devon has established a methane leak detection and repair standard operating procedure (SOP) for U.S. oil and gas production facilities. The SOP establishes the process of using infra-red cameras to evaluate emissions associated with the company's operations and enhance its management practices. Where leaks are detected they are repaired and verified. In 2017 Devon's program continued to conduct even more surveys than in 2015 and 2016, averaging more than 350 surveys per month. Some facilities (Privott in the Oklahoma STACK, Cotton Draw Unit in the Delaware Basin) were surveyed multiple times in a year. These surveys were done in all of Devon's operating areas.

In Canada, fugitive emissions management is regulated. Devon Canada currently has a risk-based fugitive emissions management plan, which includes annual leak detection and repair surveys at large facilities that are at a higher risk (for example, sites with vapor recovery units on tanks), and lower risk facilities are surveyed on a less frequent basis. Leak detection and repair surveys include surveying with optic imaging cameras, as well as audio, visual and olfactory surveys. In order to meet the Alberta Government's commitment of a 45% reduction in methane emissions from the upstream oil and gas sector, more stringent leak detection and repair regulation is expected to come into effect in Canada in the next few years. Although the details of the more stringent regulations are not confirmed, Devon Canada is well positioned to comply with the regulations.

C-OG4.8

(C-OG4.8) If flaring is relevant to your oil and gas production activities, describe your organization's efforts to reduce flaring, including any flaring reduction targets.

For Devon's U.S. operations, flaring is managed from the planning stage on through the drilling, completion, and production of the well. Flaring is avoided where possible, but is still preferred practice as compared to venting. Flaring is typically necessary when there is an upset in takeaway capacity from pipelines connected to our facilities. At that point the gas must then be flared or the well shut in. These takeaway upsets are not generally in Devon's control, and are instead caused by issues with third party gas processing facilities, compressors, and other capacity issues. When the upsets are predictable or planned, Devon is in some cases able to shut in wells and delay production, but for unforeseen events, flaring can be required to avoid venting the gas that cannot be captured. It is in Devon's best interest to capture as much of its product as is feasible, so much care is given in the planning of facilities to ensure that takeaway capacity is planned or already exists at the time our facilities go into production.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

June 1 2006

Base year end

May 31 2007

Base year emissions (metric tons CO2e)

3680000

Comment

Scope 2 (location-based)

Base year start

June 1 2006

Base year end

May 31 2007

Base year emissions (metric tons CO2e)

490000

Comment

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

American Petroleum Institute Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry, 2009

Canadian Association of Petroleum Producers, Calculating Greenhouse Gas Emissions, 2003

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

IPIECA's Petroleum Industry Guidelines for reporting GHG emissions, 2003

US EPA Mandatory Greenhouse Gas Reporting Rule

Other, please specify

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Environment and Climate Change Canada (ECCC). 2014, National Inventory of GHG, CAC and Other Priority Substances by the Upstream Oil and Gas Industry (reference years 2001 to 2011) – Volumes 1 to 4. Prepared by Clearstone Engineering Ltd., Calgary, AB.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

5368904

End-year of reporting period

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

Comment

In the United States and Canada, Devon uses the invoice numbers for kilowatts purchased and an emission factor per region and/or state to calculate our scope 2 emissions.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based

567536

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

US Operations - Sources below reporting threshold of EPA's GHG reporting program

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not relevant

Explain why the source is excluded

Not required to be reported to EPA. The EPA's reporting threshold is 25,000 metric tons of CO2e.

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information from our hundreds of vendors and service providers. Most do not maintain such information in a uniform way.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We try to minimize waste as a business practice, but we are not in a position to gather such information.

Business travel

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Employee commuting

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have none.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have none.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not Applicable

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We are not in a position to gather such information.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000426

Metric numerator (Gross global combined Scope 1 and 2 emissions)

5936441

Metric denominator

unit total revenue

Metric denominator: Unit total

13949000000

Scope 2 figure used

Location-based

% change from previous year

11

Direction of change

Decreased

Reason for change

A 14% increase in revenue in 2017 coupled with a 1 percent increase in Scope 1 and 2 emissions resulted in a decrease of CO2e emissions intensity per unit total revenue.

C-OG6.12

(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO2e) per unit of hydrocarbon category.

Unit of hydrocarbon category (denominator)

Other, please specify (Thousands barrels oil equivalent (MBOE))

Metric tons CO2e from hydrocarbon category per unit specified

21

% change from previous year

1

Direction of change

Increased

Reason for change

Devon's increase in emission intensity can be attributed to a slight increase in emissions intensity at our Canadian oil sands operations due to an increase in oil sands production, as well as variances in steam-to-oil ratio (SOR). Due to changing reservoir conditions, slightly more steam was required to produce the equivalent amount of oil. The emission intensity increase at our SAGD facility was partially offset by decreased vented volumes at our Canadian cold-flow heavy oil with sand (CHOPS) operations (due to increased solution gas conservation practices).

Comment

Devon updated our greenhouse gas emission intensity calculation methodology in 2017. All data presented in this report were calculated using the updated methodology.

C-OG6.13

(C-OG6.13) Report your methane emissions as percentages of natural gas and hydrocarbon production or throughput.

Oil and gas business division

Upstream

Estimated total methane emitted expressed as % of natural gas production or throughput at given division

0.35

Estimated total methane emitted expressed as % of total hydrocarbon production or throughput at given division

0.6

Comment

These values apply to the year 2017.

Oil and gas business division

Upstream

Estimated total methane emitted expressed as % of natural gas production or throughput at given division

0.38

Estimated total methane emitted expressed as % of total hydrocarbon production or throughput at given division

0.2

Comment

These values apply to the year 2016.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CH4	1295348	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	9948	IPCC Fourth Assessment Report (AR4 - 100 year)
CO2	4062639	IPCC Fourth Assessment Report (AR4 - 100 year)

C-OG7.1b

(C-OG7.1b) Break down your total gross global Scope 1 emissions from oil and gas value chain production activities by greenhouse gas type.

	Gross Scope 1 CO2 emissions (metric tons CO2)	Gross Scope 1 methane emissions (metric tons CH4)	Gross Scope 1 emissions (metric tons CO2e)	Comment
Fugitives (Oil: Total)	143	3040	76145	
Fugitives (Oil: Venting)	1462	22918	574405	
Fugitives (Oil: Flaring)	279895	618	295445	
Fugitives (Oil: E&P, excluding venting and flaring)	0	0	0	
Fugitives (Oil: All Other)	6	45	1124	
Fugitives (Gas: Total)	430	9676	242319	
Fugitives (Gas: Venting)	786	13906	348440	
Fugitives (Gas: Flaring)	23216	68	24916	
Fugitives (Gas: E&P, excluding venting and flaring)	0	0	0	
Fugitives (Gas: Midstream)	0	0	0	
Fugitives (Gas: All other)	0	0	0	
Combustion (Oil: Upstream, excluding flaring)	3178887	776	3205606	
Combustion (Gas: Upstream, excluding flaring)	377985	725	399150	
Combustion (Refining)	0	0	0	
Combustion (Chemicals production)	0	0	0	
Combustion (Electricity generation)	0	0	0	
Combustion (Other)	199828	29	200998	
Process emissions	0	0	0	
Emission not elsewhere classified	2	14	356	

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	2385235
Canada	2983669

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
US E&P	2338574
US Midstream	46661
Canada	2983669

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO₂e.

	Gross Scope 1 emissions, metric tons CO ₂ e	Net Scope 1 emissions , metric tons CO ₂ e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility generation activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	5322338	<Not Applicable>	
Oil and gas production activities (downstream)	46661	<Not Applicable>	
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
United States of America	262364		390667	
Canada	305172		413664	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO ₂ e)	Scope 2, market-based emissions (metric tons CO ₂ e)
US E&P	261964	
US Midstream	401	
Canada	305172	

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO2e.

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	567136		
Oil and gas production activities (downstream)	401		
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Remained the same overall

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		
Other emissions reduction activities	36988	Decreased	0.6	Vented methane emissions from Devon Canada's cold flow heavy oil production with sands (CHOPS) operations declined by 12% between 2016 and 2017. 36,988 t CO2e emissions were reduced as a result of improved solution gas conservation practices at new facilities, as well as the natural decline in gas production at existing wells. Devon total Scope 1 and Scope 2 emissions in 2016 were 5,837,887 tonnes CO2e, therefore 0.6% was calculated through $(36,988/5,837,887) \times 100 = 0.6\%$
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	96000	Increased	16	Increase in production at our Jackfish SAGD facility between 2016 and 2017 accounts for an increase of approximately 96000 metric tons of CO2e emissions. Devon total Scope 1 and Scope 2 emissions in 2016 were 5,837,887 tonnes CO2e, therefore 1.6% was calculated through $(96,000/5,837,887) \times 100 = 1.6\%$
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions	125355	Increased	21	Emission intensity increased slightly at our Canadian oil sands operations due to variances in steam-to-oil ratio (SOR). Due to changing reservoir conditions, slightly more steam was required to produce the equivalent amount of oil. Devon total Scope 1 and Scope 2 emissions in 2016 were 5,837,887 tonnes CO2e, therefore 2.1% was calculated through $(125355/5,837,887) \times 100 = 2.1\%$
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 10% but less than or equal to 15%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	25257996	25257996
Consumption of purchased or acquired electricity	<Not Applicable>	0	804330	804330
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	0	<Not Applicable>	0
Total energy consumption	<Not Applicable>	0	26062326	26062326

C8.2b**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

24299785

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

11230033

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

856874

MWh fuel consumed for the self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

<Not Applicable>

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

Unit

Please select

Emission factor source

Comment

Natural Gas

Emission factor

2107

Unit

metric tons CO2e per m3

Emission factor source

Based on gas composition and mass balance.

Comment

This is the emission factor used in the calculation of emissions from the steam generation at our Jackfish SAGD facilities. This is just an example of an emission factor used, however it is representative of our largest single source of emissions.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	0	0	0	0
Heat	0	0	0	0
Steam	11230033	11230033	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Other, please specify (Indirect purchases of renewable energy)

Low-carbon technology type

Wind

MWh consumed associated with low-carbon electricity, heat, steam or cooling

Emission factor (in units of metric tons CO2e per MWh)

Comment

While not specifically accounted for in Scope 2 calculations, Devon's U.S. operations are in Oklahoma, where 32% of the state's electricity is generated by wind installations, Texas (15%), New Mexico (14%) and Wyoming (9%). In Canada, the Alberta government has committed that 30% of Alberta's electricity will come from renewable sources by 2030.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C-OG9.2a

(C-OG9.2a) Disclose your net liquid and gas hydrocarbon production (total of subsidiaries and equity-accounted entities).

	In-year net production	Comment
Crude oil and condensate, million barrels	49	
Natural gas liquids, million barrels	36	
Oil sands, million barrels (includes bitumen and synthetic crude)	40	
Natural gas, billion cubic feet	439	

C-OG9.2b

(C-OG9.2b) Explain which listing requirements or other methodologies you use to report reserves data. If your organization cannot provide data due to legal restrictions on reporting reserves figures in certain countries, please explain this.

Devon has filed reserves information with the SEC and the Department of Energy ("DOE"). Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from known reservoirs under existing economic conditions, operating methods and government regulations. To be considered proved, oil and gas reserves must generally be economically producible before contracts providing the right to operate expire. The process of estimating oil, gas and NGL reserves is complex and requires significant judgment. As a result, we have developed internal policies for estimating and recording reserves. Such policies require proved reserves to be in compliance with the SEC definitions and guidance. Devon discloses only proved reserves (1P) in compliance with the definitions and guidance of the U.S. Securities and Exchange Commission and Department of Energy. The company does not disclose probable and possible (2P and 3P) reserves, as such estimates are subject to even greater uncertainty and speculation that would not serve our stakeholders' best interests.

C-OG9.2c

(C-OG9.2c) Disclose your estimated total net reserves and resource base (million boe), including the total associated with subsidiaries and equity-accounted entities.

	Estimated total net proved + probable reserves (2P) (million BOE)	Estimated total net proved + probable + possible reserves (3P) (million BOE)	Estimated net total resource base (million BOE)
Row 1			

C-OG9.2d

(C-OG9.2d) Provide an indicative percentage split for 2P, 3P reserves, and total resource base by hydrocarbon categories.

	Net proved + probable reserves (2P) (%)	Net proved + probable + possible reserves (3P) (%)	Net total resource base (%)
Crude oil / condensate / Natural gas liquids			
Natural gas			
Oil sands (includes bitumen and synthetic crude)			

C-OG9.2e

(C-OG9.2e) Provide an indicative percentage split for production, 1P, 2P, 3P reserves, and total resource base by development types.

Development type

Tight/shale

In-year net production (%)

80

Net proved reserves (1P) (%)

81

Net proved + probable reserves (2P) (%)

Net proved + probable + possible reserves (3P) (%)

Net total resource base (%)

Comment

The company does not disclose probable and possible (2P and 3P) reserves, as such estimates are subject to uncertainty and speculation that would not serve our stakeholders' best interests.

Development type

Oil sand/extra heavy oil

In-year net production (%)

20

Net proved reserves (1P) (%)

19

Net proved + probable reserves (2P) (%)

Net proved + probable + possible reserves (3P) (%)

Net total resource base (%)

Comment

The company does not disclose probable and possible (2P and 3P) reserves, as such estimates are subject to uncertainty and speculation that would not serve our stakeholders' best interests.

C-CO9.6/C-EU9.6/C-OG9.6

(C-CO9.6/C-EU9.6/C-OG9.6) Disclose your investments in low-carbon research and development (R&D), equipment, products, and services.

Investment start date

January 9 2015

Investment end date

January 9 2015

Investment area

R&D

Technology area

Carbon capture and storage/utilisation

Investment maturity

Pilot demonstration

Investment figure

3500000

Low-carbon investment percentage

100

Please explain

Devon is a part of the NRG COSIA Carbon XPRIZE, a US\$20M challenge to reimagine what we can do with CO2 emissions by incentivizing and accelerating the development of technologies that convert CO2 into valuable products. Devon's \$3.5 million investment in this prize helped to develop the Alberta Carbon Conversion Technology Centre, a groundbreaking carbon capture and conversion technology test centre.

C-OG9.7

(C-OG9.7) Disclose the breakeven price (US\$/BOE) required for cash neutrality during the reporting year, i.e. where cash flow from operations covers CAPEX and dividends paid/ share buybacks.

C-OG9.8

(C-OG9.8) Is your organization involved in the sequestration of CO2?
Yes

C-OG9.8a

(C-OG9.8a) Provide, in metric tons CO2, gross masses of CO2 transferred in and out of the reporting organization (as defined by the consolidation basis).

	CO2 transferred – reporting year (metric tons CO2)
CO2 transferred in	420460
CO2 transferred out	0

C-OG9.8b

(C-OG9.8b) Provide gross masses of CO2 injected and stored for the purposes of CCS during the reporting year according to the injection and storage pathway.

Injection and storage pathway	Injected CO2 (metric tons CO2)	Percentage of injected CO2 intended for long-term (>100 year) storage	Year in which injection began	Cumulative CO2 injected and stored (metric tons CO2)
CO2 used for enhanced oil recovery (EOR) or enhanced gas recovery (EGR)	420460	0	January 1 2008	4901995

C-OG9.8c

(C-OG9.8c) Provide clarification on any other relevant information pertaining to your activities related to transfer and sequestration of CO2.

Devon Canada is initiating a pilot project in 2018 to assess to feasibility of injecting excess methane gas, that would otherwise be vented, into a depleted well for storage, and potentially enhance heavy oil recovery.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No emissions data provided

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

AB Verification Report (Attachment C10.1a).pdf

Page/ section reference

Entire document

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

43

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Reasonable assurance

Attach the statement

AB - Indirect emissions assurance report (Attachment C10.1a).pdf

Page/ section reference

Entire document

Relevant standard

Canadian Institute of Chartered Accountants (CICA) Handbook: Assurance Section 5025

Proportion of reported emissions verified (%)

54

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Progress against emissions reduction target	ISO14064-3	The verification scope includes verifying final Compliance Reports for Devon Canada's Jackfish facilities. This includes verifying 2017 emission intensity compared to the reduction target.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Alberta SGER

C11.1b

(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.

Alberta SGER

% of Scope 1 emissions covered by the ETS

43

Period start date

January 1 2017

Period end date

December 30 2017

Allowances allocated

1972778

Allowances purchased

309818

Verified emissions in metric tons CO2e

2282596

Details of ownership

Facilities we own and operate

Comment

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

In the specific example above, the Specified Gas Emitters Regulation (SGER) applies to Alberta facilities that emit greater than 100,000 tonnes of CO₂e annually; currently the Devon Canada Jackfish facility falls under the regulation. In order to comply with the regulation Devon Canada will purchase offsets or pay into the Alberta Technology Fund. Over the medium to longer term, emission reductions projects will be evaluated at regulated facilities and new technologies will be tested and developed at the pilot scale for full scale commercial implementation in the future. Beginning in 2018 the SGER will be replaced with an output-based emission intensity performance based standard. The compliance pathways (reducing emission intensity, paying into the technology fund, or purchasing offsets) will remain the same. To date emission intensity has been reduced 7% below baseline emission intensity. In 2017, Devon Canada met the remainder of the emission reductions required by purchasing 310,000 tonnes of windfarm carbon offsets.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations

GHG Scope

Scope 1

Scope 2

Application

Regulatory carbon pricing applies to Devon's Jackfish SAGD project in Alberta. Carbon pricing is applied both at the division wide level (i.e., in the Devon Canada portfolio model), and at the individual project economics level.

Actual price(s) used (Currency /metric ton)

30

Variance of price(s) used

The internal carbon price escalates in accordance with Federal government commitments to increase carbon price (i.e., \$40/tonne in 2021 and \$50/tonne in 2022)

Type of internal carbon price

Offsets

Other, please specify (Explicit carbon pricing)

Impact & implication

In 2017 Devon's Jackfish SAGD project paid a price of \$30/tCO₂e on any emissions that exceeded the facility emissions threshold. The cost to Devon of complying with this regulation was between \$0.10 – 0.20/bbl in 2017.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, other partners in the value chain

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Devon is a member of Canada's Oil Sands Industry Alliance ("COSIA"), an alliance of oil sands producers focused on accelerating the pace of improvement in environmental performance in Canada's oil sands through collaborative action and innovation. And as such, we have invested CAD\$10MM in 2017 and CAD\$35MM since 2013 to lead studies to advance science and the development of technologies to improve environmental performance. Devon has a dedicated team focused on developing this work. Devon's investment also goes toward launching challenges with our suppliers to encourage new development. For example, COSIA launched a Natural Gas Decarbonization challenge seeking out technologies that partially or completely remove the carbon content of natural gas. We are currently down to two technologies and are moving forward to help the companies develop them more fully. We believe challenges like these play an integral role in advancing the reduction of carbon emissions in the oil sands.

Devon also leads and participates in Joint Industry Projects that are projects coordinated through COSIA. For example, Devon is a part of the NRG COSIA Carbon XPRIZE, a US\$20M challenge to reimagine what we can do with CO2 emissions by incentivizing and accelerating the development of technologies that convert CO2 into valuable products. Devon's CAD\$3.5MM investment helped to develop the Alberta Carbon Conversion Technology Centre, a groundbreaking carbon capture and conversion technology test centre. Entrants to the challenge included companies that have worked with Devon in the past to garage inventors. We worked hard to promote the challenge among our partners and to the world at large.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Clean energy generation	Support	Devon is actively engaged in conversations and presentations at all levels, promoting the benefits of clean burning natural gas as a base-load and peak-demand electric generating fuel.	While Devon believes free markets tend to find the best, most cost effective solutions to public policy problems, the company would support reasonable measures to encourage electric generation from natural gas.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

American Petroleum Institute

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The oil and gas industry is committed to improving air quality, while continuing to meet the energy demands of our nation. Cleaning the air requires a sound scientific understanding of the sources and impacts of air contaminants. The petroleum industry sponsors and participates in research that seeks these answers. Environmental air issues are complex. The impact on air quality of pollutant emissions is determined by the EPA under the authority of the Clean Air Act.

How have you, or are you attempting to, influence the position?

Yes, Devon engages directly with industry and association leaders to help shape policy positions in ways that serve the interest of all stakeholders.

Trade association

American Exploration & Production Council

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Devon, a U.S.-based oil and natural gas producer with operations focused in North America, shares AXPC's view that the U.S. economy is dependent on our ability to produce domestic energy in a way that is compatible with the environment.

How have you, or are you attempting to, influence the position?

Devon is an active member of various AXPC boards and committees, which take up issues surrounding emissions, water and other environmental concerns.

Trade association

Canadian Association of Petroleum Producers

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Climate change is an important global issue, requiring attention across industries and around the globe. Balanced policy should deliver economic growth, environmental protection, and a secure and reliable energy supply.

How have you, or are you attempting to, influence the position?

Devon engages directly with industry and association leaders to help shape policy positions that balance economic growth, environmental protection, and a secure and reliable energy supply.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

In the U.S., we are focused on a comprehensive regimen of regulatory emissions mandates established in recent years by the Environmental Protection Agency. Our business units operate within the parameters of these mandates and our Environmental Health and Safety Department performs annual audits companywide to ensure these rules are followed. Additionally, Devon requires vendors to perform work according to environmental, health and safety rules in all Master Service Agreements (MSA).

In Canada, an Environment, Health and Safety Management System (EHSMS) has been in place since 2014. A guiding principal of the EHSMS is that the management and minimization of environmental risks and liabilities must be integral in our operations. Devon recognizes that management must take action in creating and promoting environmentally responsible actions, and the purpose of the EHSMS is to ensure consistency and alignment across all business units. All Devon Canada operations must adhere to the principals and practices within the EHSMS. The system will continuously be updated to meet or exceed all regulations and generally accepted environmental management practices. This is implemented through an environmental policy management group that follows emerging policy closely and ensures that advocacy positions are aligned with corporate strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In other regulatory filings

Status

Complete

Attach the document

Devon proxy statement 2018.pdf

Content elements

Governance

Strategy

Risks & opportunities

Publication

In other regulatory filings

Status

Complete

Attach the document

Devon Energy 2017 10K.pdf

Content elements

Governance

Strategy

Risks & opportunities

Other metrics

Publication

In voluntary communications

Status

Underway – previous year attached

Attach the document

DVN-2016-CSR_FINAL_Updated.3.7.17.pdf

Content elements

Governance

Strategy

Risks & opportunities

Publication

In mainstream reports

Status

Complete

Attach the document

Disclosing-the-Facts-Devon 2017.pdf

Content elements

Governance

Strategy

Risks & opportunities

C14. Signoff

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Tony Vaughn, Chief Operating Officer	Chief Operating Officer (COO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms