

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

or

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

Commission File Number 001-32318



DEVON ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

333 West Sheridan Avenue, Oklahoma City, Oklahoma
(Address of principal executive offices)

73-1567067

(I.R.S. Employer identification No.)

73102-5015

(Zip code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value \$0.10 per share	DVN	The New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 28, 2019 was approximately \$11.6 billion, based upon the closing price of \$28.52 per share as reported by the New York Stock Exchange on such date. On February 5, 2020, 382.9 million shares of common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant's definitive Proxy Statement relating to Registrant's 2020 annual meeting of stockholders have been incorporated by reference in Part III of this Annual Report on Form 10-K.

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DEFINITIONS

Unless the context otherwise indicates, references to “us,” “we,” “our,” “ours,” “Devon,” the “Company” and “Registrant” refer to Devon Energy Corporation and its consolidated subsidiaries. All monetary values, other than per unit and per share amounts, are stated in millions of U.S. dollars unless otherwise specified. In addition, the following are other abbreviations and definitions of certain terms used within this Annual Report on Form 10-K:

“2015 Plan” means the Devon Energy Corporation 2015 Long-Term Incentive Plan.

“2017 Plan” means the Devon Energy Corporation 2017 Long-Term Incentive Plan.

“ASC” means Accounting Standards Codification.

“ASR” means an accelerated share-repurchase transaction with a financial institution to repurchase Devon’s common stock.

“ASU” means Accounting Standards Update.

“Bbl” or “Bbls” means barrel or barrels.

“Bcf” means billion cubic feet.

“BKV” means Banpu Kalnin Ventures.

“BLM” means the United States Bureau of Land Management.

“Boe” means barrel of oil equivalent. Gas proved reserves and production are converted to Boe, at the pressure and temperature base standard of each respective state in which the gas is produced, at the rate of six Mcf of gas per Bbl of oil, based upon the approximate relative energy content of gas and oil. Bitumen and NGL proved reserves and production are converted to Boe on a one-to-one basis with oil.

“Btu” means British thermal units, a measure of heating value.

“Canada” means the division of Devon encompassing oil and gas properties located in Canada. All dollar amounts associated with Canada are in U.S. dollars, unless stated otherwise.

“CDM” means Cotton Draw Midstream, L.L.C.

“DD&A” means depreciation, depletion and amortization expenses.

“Devon Financing” means Devon Financing Company, L.L.C.

“Devon Plan” means Devon Energy Corporation Incentive Savings Plan.

“EnLink” means EnLink Midstream Partners, LP, a master limited partnership.

“EPA” means the United States Environmental Protection Agency.

“FASB” means Financial Accounting Standards Board.

“Federal Funds Rate” means the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight.

“G&A” means general and administrative expenses.

“GAAP” means U.S. generally accepted accounting principles.

“General Partner” means EnLink Midstream, LLC, the indirect general partner entity of EnLink, and, unless the context otherwise indicates, EnLink Midstream Manager, LLC, the managing member of EnLink Midstream, LLC.

“Inside FERC” refers to the publication *Inside F.E.R.C.’s Gas Market Report*.

“LIBOR” means London Interbank Offered Rate.

“LOE” means lease operating expenses.

“MBbls” means thousand barrels.

“MBoe” means thousand Boe.

“Mcf” means thousand cubic feet.

“MMBbls” means million barrels.

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“MMBoe” means million Boe.

“MMBtu” means million Btu.

“MMcf” means million cubic feet.

“N/M” means not meaningful.

“NGL” or “NGLs” means natural gas liquids.

“NYMEX” means New York Mercantile Exchange.

“NYSE” means New York Stock Exchange.

“OPEC” means Organization of the Petroleum Exporting Countries.

“OPIS” means Oil Price Information Service.

“SEC” means United States Securities and Exchange Commission.

“Senior Credit Facility” means Devon’s syndicated unsecured revolving line of credit, effective as of October 5, 2018.

“Standardized measure” means the present value of after-tax future net revenues discounted at 10% per annum.

“S&P 500 Index” means Standard and Poor’s 500 index.

“Tax Reform Legislation” means Tax Cuts and Jobs Act.

“TSR” means total shareholder return.

“U.S.” means United States of America.

“VIE” means variable interest entity.

“WTI” means West Texas Intermediate.

“/Bbl” means per barrel.

“/d” means per day.

“/MMBtu” means per MMBtu.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” as defined by the SEC. Such statements include those concerning strategic plans, our expectations and objectives for future operations, as well as other future events or conditions, and are often identified by use of the words and phrases “expects,” “believes,” “will,” “would,” “could,” “continue,” “may,” “aims,” “likely to be,” “intends,” “forecasts,” “projections,” “estimates,” “plans,” “expectations,” “targets,” “opportunities,” “potential,” “anticipates,” “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 our control. Consequently, actual future results could differ materially from our expectations due to a number of factors, including, but 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 our operations, including as a result of employee misconduct;
- regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to environmental matters;
- risks related to regulatory, social and market efforts to address climate change;
- risks related to our hedging activities;
- counterparty credit risks;
- risks relating to our indebtedness;
- risks related to environmental regulations;
- cyberattack risks;
- our limited control over third parties who operate some of our 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 assets, materials, people and capital;
- risks related to investors attempting to effect change;
- our ability to successfully complete mergers, acquisitions and divestitures; and
- any of the other risks and uncertainties discussed in this report.

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

PART I

Items 1 and 2. *Business and Properties*

General

A Delaware corporation formed in 1971 and publicly held since 1988, Devon (NYSE: DVN) is an independent energy company engaged primarily in the exploration, development and production of oil, natural gas and NGLs. Our operations are concentrated in various onshore areas in the U.S. In June 2019, we completed the sale of substantially all of our oil and gas assets and operations in Canada. In December 2019, we announced the sale of our Barnett Shale assets.

Our principal and administrative offices are located at 333 West Sheridan, Oklahoma City, OK 73102-5015 (telephone 405-235-3611). As of December 31, 2019, Devon and its consolidated subsidiaries had approximately 1,800 employees.

Devon files or furnishes annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to these reports, with the SEC. Through our website, www.devonenergy.com, we make available electronic copies of the documents we file or furnish to the SEC, the charters of the committees of our Board of Directors and other documents related to our corporate governance. The corporate governance documents available on our website include our Code of Ethics for Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, and any amendments to and waivers from any provision of that Code will also be posted on our website. Access to these electronic filings is available free of charge as soon as reasonably practicable after filing or furnishing them to the SEC. Printed copies of our committee charters or other governance documents and filings can be requested by writing to our corporate secretary at the address on the cover of this report. Reports filed with the SEC are also made available on its website at www.sec.gov.

Our Strategy

Our business strategy is focused on delivering a consistently competitive shareholder return among our peer group. Because the business of exploring for, developing and producing oil and natural gas is capital intensive, delivering sustainable, capital efficient cash flow growth is a key tenant to our success. While our cash flow is highly dependent on volatile and uncertain commodity prices, we pursue our strategy throughout all commodity price cycles with four fundamental principles.

Proven and responsible operator – We operate our business with the interests of our stakeholders and our environmental, social and governance progress in mind. With our vision to be a premier independent oil and natural gas exploration and production company, the work our employees do every day contributes to the local, national and global economies. We produce a valuable commodity that is fundamental to society, and we endeavor to do so in a safe, environmentally responsible and ethical way, while striving to deliver strong returns to our shareholders. We have an ongoing commitment to transparency in reporting our environmental, social and governance performance. See our Sustainability Report published on our company website for performance highlights and additional information. Information contained in our Sustainability Report is not incorporated by reference into, and does not constitute a part of, this Annual Report on Form 10-K.

A premier, sustainable portfolio of assets – As discussed in the next section of this Annual Report, we own a portfolio of assets located in the United States. We strive to own premier assets capable of generating cash flows in excess of our capital and operating requirements, as well as competitive rates of return. We also desire to own a portfolio of assets that can provide a production growth platform extending many years into the future. Due to the strength of oil prices relative to natural gas, we have been positioning our portfolio to be more heavily weighted to U.S. oil assets in recent years.

During 2019, we completed our transition to a U.S. oil company. We sold our Canadian business, generating \$2.6 billion in proceeds, and announced the sale of our Barnett Shale assets for approximately \$770 million, before purchase price adjustments. As a result of these divestitures, we expect our oil production growth, price realizations and field-level margins will all improve, as we sharpen our focus on four U.S. oil plays located in the Delaware Basin, STACK, Powder River Basin and Eagle Ford.

Superior execution – As we pursue cash flow growth, we continually work to optimize the efficiency of our capital programs and production operations, with an underlying objective of reducing absolute and per unit costs and enhancing our returns. We also strive to leverage our culture of health, safety and environmental stewardship in all aspects of our business.

Throughout 2019, we continued to achieve efficiency gains in various aspects of our business. Our initial production rates from new wells continued to improve in our four U.S. oil plays and have exceeded the average of the top 40 U.S. producers since 2015 by more than 40%. We continued to improve cycle times, incorporate production optimization strategies and other cost reduction initiatives, driving down breakeven costs across our portfolio of assets.

As we focus on a more streamlined portfolio of U.S. oil assets, we are aggressively pursuing an improved cost structure to further expand margins. We have realized annualized cost savings by reducing well costs, production expense, financing costs and G&A costs.

Financial strength and flexibility – Commodity prices are uncertain and volatile, so we strive to maintain a strong balance sheet, as well as adequate liquidity and financial flexibility, in order to operate competitively in all commodity price cycles. Our capital allocation decisions are made with attention to these financial stewardship principles, as well as the priorities of funding our core operations, protecting our investment-grade credit ratings, and paying and growing our shareholder dividend.

During 2019, we reduced our consolidated debt by \$1.7 billion, primarily from proceeds from our divestitures. We also raised our quarterly dividend 12.5% and repurchased 69 million shares of common stock under our share repurchase program.

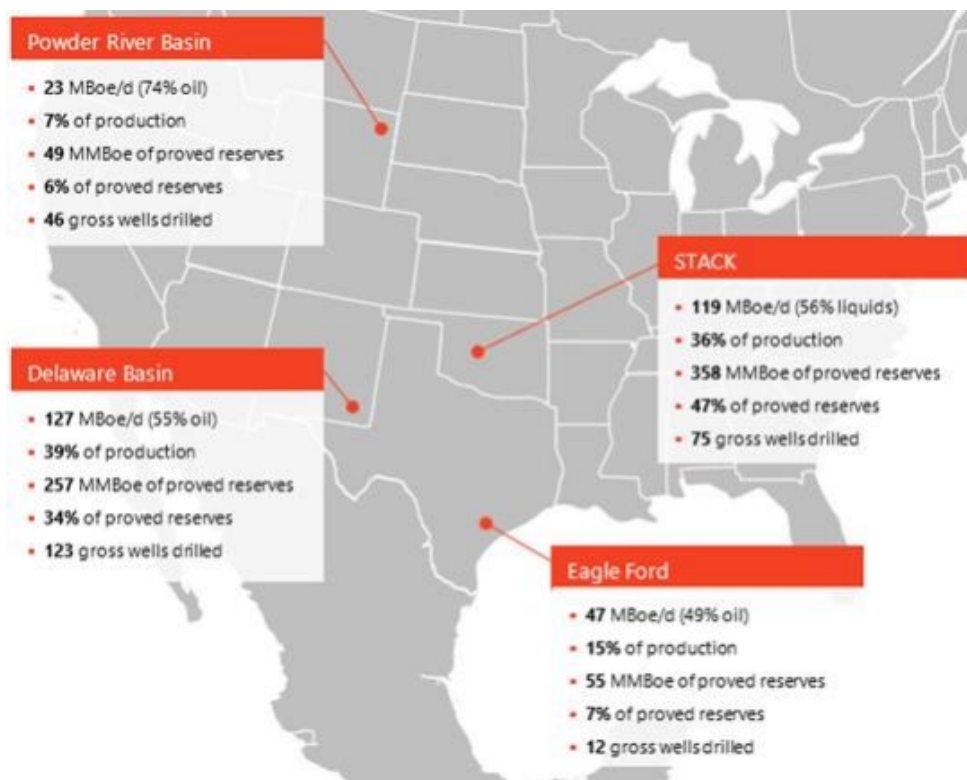
Oil and Gas Properties

Canadian Business and Barnett Shale Assets – Discontinued Operations

As a result of our divestment of substantially all of our oil and gas assets and operations in Canada, as well as the recently announced divestiture of our Barnett Shale assets, amounts associated with these assets are presented as discontinued operations. Therefore, financial and operational data, such as reserves, production, wells and acreage, provided in this document exclude amounts related to our Canadian and Barnett Shale assets unless otherwise noted. Included within the amounts presented as discontinued operations associated with the Barnett Shale are properties divested in previous reporting periods located primarily in Johnson and Wise counties, Texas. For additional information, please see [Note 2](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Property Profiles

Key summary data from each of our areas of operation as of and for the year ended December 31, 2019 are detailed in the map below.



Delaware Basin – The Delaware Basin is Devon’s most active program in the portfolio. Through capital-efficient growth, it offers exploration and low-risk development opportunities from many geologic reservoirs and play types, including the oil-rich Bone Spring, Wolfcamp and Leonard formations. With a significant inventory of oil and liquids-rich drilling opportunities that have multi-zone development potential, Devon has a robust platform to deliver high-margin growth for many years to come. At December 31, 2019, we had eight operated rigs developing this asset. In 2020, we plan to invest approximately \$1.0 billion of capital in the Delaware Basin, making it the top-funded asset in the portfolio.

STACK – The STACK development, located primarily in Oklahoma’s Canadian, Kingfisher and Blaine counties, provides long-term optionality through its significant inventory. Our STACK position is one of the largest in the industry, providing visible long-term production. In December 2019, we announced an agreement with Dow to jointly develop a portion of our STACK acreage. Dow will fund approximately 65% of the partnership capital requirements through a drilling carry of \$100 million over the next four years. In 2020, we plan approximately \$75 million of capital investment.

Powder River Basin – This asset is focused on emerging oil opportunities in the Powder River Basin. Recent drilling success in this basin has expanded our drilling inventory, and we expect further growth as we accelerate activity and continue to de-risk this emerging light-oil opportunity. As of December 31, 2019, we had three operated rigs targeting the Turner, Parkman, Teapot and Niobrara formations in northern Converse County, Wyoming of the Powder River Basin. In 2020, we plan approximately \$350 million of capital investment.

Eagle Ford – We acquired our position in the Eagle Ford in 2014. Since acquiring these assets, we have delivered tremendous results driven by our development in DeWitt County, Texas located in the economic core of the play. Our Eagle Ford production is leveraged to oil and has low-cost access to premium Gulf Coast pricing, providing for solid operating margins. Our Eagle Ford assets generated substantial cash flow in 2019. In 2020, we plan approximately \$300 million of capital investment.

Proved Reserves

Proved oil and gas reserves are those quantities of oil, gas and NGLs which 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 be economically producible before contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Also, the project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. For estimates of our proved developed and proved undeveloped reserves and the discussion of the contribution by each property, see [Note 21](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

The process of estimating oil, gas and NGL reserves is complex and requires significant judgment, as discussed in “Item 1A. Risk Factors” of this report. As a result, we have developed internal policies for estimating and recording reserves in compliance with applicable SEC definitions and guidance. Our policies assign responsibilities for compliance in reserves bookings to our Reserve Evaluation Group (the “Group”). The Group, which is led by Devon’s Director of Reserves and Economics, is responsible for the internal review and certification of reserves estimates. We ensure the Director and key members of the Group have appropriate technical qualifications to oversee the preparation of reserves estimates and are independent of the operating groups. The Director of the Group has over 30 years of industry experience, a degree in engineering and is a registered professional engineer. The Group also oversees audits and reserves estimates performed by qualified third-party petroleum consulting firms. During 2019, we engaged LaRoche Petroleum Consultants, Ltd. to audit approximately 85% of our proved reserves. Additionally, we have a Reserves Committee that provides additional oversight of our reserves process. The committee consists of five independent members of our Board of Directors with education or business backgrounds relevant to the reserves estimation process.

The following tables present production, price and cost information for each significant field.

Year Ended December 31,	Production			
	Oil (MMBbls)	Gas (Bcf)	NGLs (MMBbls)	Total (MMBoe)
2019				
STACK	11	114	13	43
Delaware Basin	26	65	10	46
U.S.	55	219	28	119
2018				
STACK	12	121	14	45
Delaware Basin	16	42	6	30
U.S.	47	206	26	108
2017				
STACK	9	107	11	38
Delaware Basin	12	37	4	23
U.S.	42	189	21	95

Year Ended December 31,	Average Sales Price ⁽¹⁾				Production Cost (Per Boe) ⁽¹⁾⁽²⁾
	Oil (Per Bbl)	Gas (Per Mcf)	NGLs (Per Bbl)		
2019 (1)					
STACK	\$ 55.13	\$ 1.97	\$ 15.90	\$	7.36
Delaware Basin	\$ 54.01	\$ 0.99	\$ 13.54	\$	6.43
U.S.	\$ 54.73	\$ 1.79	\$ 15.21	\$	7.75
2018 (1)					
STACK	\$ 63.81	\$ 2.29	\$ 25.53	\$	7.16
Delaware Basin	\$ 57.24	\$ 1.80	\$ 24.05	\$	8.15
U.S.	\$ 61.96	\$ 2.34	\$ 25.47	\$	8.22
2017					
STACK	\$ 48.43	\$ 2.40	\$ 17.78	\$	4.72
Delaware Basin	\$ 48.38	\$ 2.43	\$ 16.44	\$	8.19
U.S.	\$ 49.41	\$ 2.57	\$ 16.74	\$	6.49

(1) As further discussed in [Note 1](#) in “Item 8. Financial Statements and Supplementary Data” of this report, starting in 2018 the presentation of certain processing arrangements changed from a net to a gross presentation, which resulted in an increase to our upstream revenues and production expenses with no impact to net earnings. These changes primarily related to our STACK properties.

(2) Represents production expense per Boe excluding production and property taxes.

Drilling Statistics

The following table summarizes our development and exploratory drilling results in the U.S.

Year Ended December 31,	Development Wells ⁽¹⁾		Exploratory Wells ⁽¹⁾		Total Wells ⁽¹⁾		
	Productive	Dry	Productive	Dry	Productive	Dry	Total
2019	161.7	—	27.2	—	188.9	—	188.9
2018	154.9	3.1	69.4	—	224.3	3.1	227.4
2017	145.8	—	44.0	—	189.8	—	189.8

(1) Well counts represent net wells completed during each year. Net wells are gross wells multiplied by our fractional working interests.

As of December 31, 2019, there were 132 gross and 95.3 net wells that have been spud and are in the process of drilling, completing or waiting on completion. Gross wells are the sum of all wells in which we own a working interest. Net wells are gross wells multiplied by our fractional working interests in each well.

Productive Wells

The following table sets forth our producing wells as of December 31, 2019.

	Oil Wells		Natural Gas Wells		Total Wells	
	Gross (1)(3)	Net (2)	Gross (1)(3)	Net (2)	Gross (1)(3)	Net (2)
U.S.	7,739	2,376	3,138	1,281	10,877	3,657

- (1) Gross wells are the sum of all wells in which we own a working interest.
(2) Net wells are gross wells multiplied by our fractional working interests in each well.
(3) Includes 63 and 85 gross oil and gas wells, respectively, which had multiple completions.

The day-to-day operations of oil and gas properties are the responsibility of an operator designated under pooling or operating agreements. The operator supervises production, maintains production records, employs field personnel and performs other functions. We are the operator of approximately 3,955 gross wells. As operator, we receive reimbursement for direct expenses incurred to perform our duties, as well as monthly per-well producing, drilling, and construction overhead reimbursement at rates customarily charged in the respective areas. In presenting our financial data, we record the monthly overhead reimbursements as a reduction of G&A, which is a common industry practice.

Acreage Statistics

The following table sets forth our developed and undeveloped lease and mineral acreage as of December 31, 2019. Of our 1.8 million net acres, approximately 1.1 million acres are held by production and approximately 20% are located on federal lands. The acreage in the table includes approximately 0.1 million net acres subject to leases that are scheduled to expire during 2020, 2021 and 2022. As of December 31, 2019, there were no proved undeveloped reserves associated with our expiring acreage. Of the 0.1 million net acres set to expire by December 31, 2022, we anticipate performing operational and administrative actions to continue the lease terms for portions of the acreage that we intend to further assess. However, we do expect to allow a portion of the acreage to expire in the normal course of business. In 2019, we allowed approximately 0.1 million acres to expire.

	Developed		Undeveloped		Total	
	Gross (1)	Net (2)	Gross (1)	Net (2)	Gross (1)	Net (2)
	(Thousands)					
U.S.	1,055	576	2,956	1,272	4,011	1,848

- (1) Gross acres are the sum of all acres in which we own a working interest.
(2) Net acres are gross acres multiplied by our fractional working interests in the acreage.

Title to Properties

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

As is customary in the industry, a preliminary title investigation, typically consisting of a review of local title records, is made at the time of acquisitions of undeveloped properties. More thorough title investigations, which generally include a review of title records and the preparation of title opinions by outside legal counsel, are made prior to the consummation of an acquisition of producing properties and before commencement of drilling operations on undeveloped properties.

Marketing Activities***Oil, Gas and NGL Marketing***

The spot markets for oil, gas and NGLs are subject to volatility as supply and demand factors fluctuate. As detailed below, we sell our production under both long-term (one year or more) and short-term (less than one year) agreements at prices negotiated with third parties. Regardless of the term of the contract, the vast majority of our production is sold at variable, or market-sensitive, prices.

Additionally, we may enter into financial hedging arrangements or fixed-price contracts associated with a portion of our oil, gas and NGL production. These activities are intended to support targeted price levels and to manage our exposure to price fluctuations. See [Note 3](#) in “Item 8. Financial Statements and Supplementary Data” of this report for further information.

As of January 2020, our production was sold under the following contract terms.

	Short-Term		Long-Term	
	Variable	Fixed	Variable	Fixed
Oil	64%	—	36%	—
Natural gas	64%	3%	33%	—
NGLs	38%	28%	34%	—

Delivery Commitments

A portion of our production is sold under certain contractual arrangements that specify the delivery of a fixed and determinable quantity. As of December 31, 2019, we were committed to deliver the following fixed quantities of production.

	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Natural gas (Bcf)	273	128	94	37	14
NGLs (MMBbls)	8	8	—	—	—
Total (MMBoe)	53	29	16	6	2

We expect to fulfill our delivery commitments primarily with production from our proved developed reserves. Moreover, our proved reserves have generally been sufficient to satisfy our delivery commitments during the three most recent years, and we expect such reserves will continue to be the primary means of fulfilling our future commitments. However, where our proved reserves are not sufficient to satisfy our delivery commitments, we can and may use spot market purchases to satisfy the commitments.

Customers

During 2019 and 2017, no purchaser accounted for over 10% of our consolidated sales revenue.

During 2018, we had one purchaser that accounted for approximately 11% of our consolidated sales revenue.

Competition

See “Item 1A. Risk Factors.”

Public Policy and Government Regulation

Our industry is subject to a wide range of regulations. Laws, rules, regulations, taxes, fees and other policy implementation actions affecting our industry have been pervasive and are under constant review for amendment or expansion. Numerous government agencies have issued extensive regulations which are binding on our industry and its individual members, some of which carry substantial penalties for failure to comply. These laws and regulations increase the cost of doing business and consequently affect profitability. Because public policy changes are commonplace, and existing laws and regulations are frequently amended, we are unable to predict the future cost or impact of compliance. However, we do not expect that any of these laws and regulations will affect our operations materially differently than they would affect other companies with similar operations, size and financial strength. The following are significant areas of government control and regulation affecting our operations.

Exploration and Production Regulation

Our operations are subject to federal, state and local laws and regulations. These laws and regulations relate to matters that include:

- acquisition of seismic data;
- location, drilling and casing of wells;
- well design;
- hydraulic fracturing;
- well production;
- spill prevention plans;
- emissions and discharge permitting;
- use, transportation, storage and disposal of fluids and materials incidental to oil and gas operations;
- surface usage and the restoration of properties upon which wells have been drilled;
- calculation and disbursement of royalty payments and production taxes;
- plugging and abandoning of wells;
- transportation of production; and
- endangered species and habitat.

Our operations also are subject to conservation regulations, including the regulation of the size of drilling and spacing units or proration units; the number of wells that may be drilled in a unit; the rate of production allowable from oil and gas wells; and the unitization or pooling of oil and gas properties. In the U.S., some states allow the forced pooling or unitization of tracts to facilitate exploration, while other states rely on voluntary pooling of lands and leases, which may make it more difficult to develop oil and gas properties. In addition, federal and state conservation laws generally limit the venting or flaring of natural gas, and state conservation laws impose certain requirements regarding the ratable purchase of production. These regulations limit the amounts of oil and gas we can produce from our wells and the number of wells or the locations at which we can drill.

Certain of our U.S. natural gas and oil leases are granted or approved by the federal government and administered by the BLM or Bureau of Indian Affairs of the Department of the Interior. Such leases require compliance with detailed federal regulations and orders that regulate, among other matters, drilling and operations on lands covered by these leases and calculation and disbursement of royalty payments to the federal government, tribes or tribal members. The federal government has, from time to time, evaluated and, in some cases, promulgated new rules and regulations regarding competitive lease bidding, venting and flaring, oil and gas measurement and royalty payment obligations for production from federal lands. In addition, permitting activities on federal lands can sometimes be subject to delays.

Environmental, Pipeline Safety and Occupational Regulations

We strive to conduct our operations in a socially and environmentally responsible manner, which includes compliance with applicable law. We are subject to many federal, state, and local laws and regulations concerning occupational safety and health as well as the discharge of materials into, and the protection of, the environment and natural resources. Environmental laws and regulations relate to:

- the discharge of pollutants into federal and state waters;
- assessing the environmental impact of seismic acquisition, drilling or construction activities;
- the generation, storage, transportation and disposal of waste materials, including hazardous substances;
- the emission of certain gases into the atmosphere;
- the monitoring, abandonment, reclamation and remediation of well and other sites, including sites of former operations;
- the development of emergency response and spill contingency plans;
- the monitoring, repair and design of pipelines used for the transportation of oil and natural gas;
- the protection of threatened and endangered species; and
- worker protection.

Failure to comply with these laws and regulations can lead to the imposition of remedial liabilities, administrative, civil or criminal fines or penalties or injunctions limiting our operations in affected areas. Moreover, multiple environmental laws provide for citizen suits, which can allow environmental organizations to sue operators for alleged violations of environmental law. Environmental organizations also can assert legal and administrative challenges to certain actions of oil and gas regulators, such as the BLM, for allegedly failing to comply with environmental laws, which can result in delays in obtaining permits or other necessary authorizations. Environmental protection and health and safety compliance are necessary, manageable parts of our business. We have been able to plan for and comply with environmental, safety and health initiatives without materially altering our operating strategy or incurring significant unreimbursed expenditures. However, based on regulatory trends and increasingly stringent laws, our capital expenditures and operating expenses related to the protection of the environment and safety and health compliance have increased over the years and may continue to increase.

Item 1A. Risk Factors

Our business and operations, and our industry in general, are subject to a variety of risks. The risks described below may not be the only risks we face, as our business and operations may also be subject to risks that we do not yet know of, or that we currently believe are immaterial. If any of the following risks should occur, our business, financial condition, results of operations and liquidity could be materially and adversely impacted. As a result, holders of our securities could lose part or all of their investment in Devon.

Volatile Oil, Gas and NGL Prices Significantly Impact Our Business

Our financial condition, results of operations and the value of our properties are highly dependent on the general supply and demand for oil, gas and NGLs, which impact the prices we ultimately realize on our sales of these commodities. Historically, market prices and our realized prices have been volatile. For example, over the last five years, NYMEX WTI oil and NYMEX Henry Hub prices ranged from highs of over \$75 per Bbl and \$4.80 per MMBtu, respectively, to lows of under \$27 per Bbl and \$1.70 per MMBtu, respectively. Such volatility is likely to continue in the future due to numerous factors beyond our control, including, but not limited to:

- the domestic and worldwide supply of and demand for oil, gas and NGLs;
- volatility and trading patterns in the commodity-futures markets;
- conservation and environmental protection efforts;
- production levels of members of OPEC, Russia, the U.S. or other producing countries;
- geopolitical risks, including political and civil unrest in the Middle East, Africa and South America;

- adverse weather conditions, natural disasters, public health crises and other catastrophic events, such as tornadoes, earthquakes, hurricanes and epidemics of infectious diseases;
- regional pricing differentials, including in the Delaware Basin and other areas of our operations;
- differing quality of production, including NGL content of gas produced;
- the level of imports and exports of oil, gas and NGLs and the level of global oil, gas and NGL inventories;
- the price and availability of alternative energy sources;
- technological advances affecting energy consumption and production, including with respect to electric vehicles;
- stockholder activism or activities by non-governmental organizations to restrict the exploration and production of oil and natural gas in order to reduce greenhouse gas emissions;
- the overall economic environment;
- changes in trade relations and policies, including the imposition of tariffs by the U.S. or China; and
- other governmental regulations and taxes.

Estimates of Oil, Gas and NGL Reserves Are Uncertain and May Be Subject to Revision

The process of estimating oil, gas and NGL reserves is complex and requires significant judgment in the evaluation of available geological, engineering and economic data for each reservoir, particularly for new discoveries. Because of the high degree of judgment involved, different reserve engineers may develop different estimates of reserve quantities and related revenue based on the same data. In addition, the reserve estimates for a given reservoir may change substantially over time as a result of several factors, including additional development and appraisal activity, the viability of production under varying economic conditions, including commodity price declines, and variations in production levels and associated costs. Consequently, material revisions to existing reserves estimates may occur as a result of changes in any of these factors. Such revisions to proved reserves could have an adverse effect on our financial condition and the value of our properties, as well as the estimates of our future net revenue and profitability. Our policies and internal controls related to estimating and recording reserves are included in “Items 1 and 2. Business and Properties” of this report.

Discoveries or Acquisitions of Reserves Are Needed to Avoid a Material Decline in Reserves and Production

The production rates from oil and gas properties generally decline as reserves are depleted, while related per unit production costs generally increase due to decreasing reservoir pressures and other factors. Moreover, our current development activity is focused on unconventional oil and gas assets, which generally have significantly higher decline rates as compared to conventional assets. Therefore, our estimated proved reserves and future oil, gas and NGL production will decline materially as reserves are produced unless we conduct successful exploration and development activities, such as identifying additional producing zones in existing wells, utilizing secondary or tertiary recovery techniques or acquiring additional properties containing proved reserves. Consequently, our future oil, gas and NGL production and related per unit production costs are highly dependent upon our level of success in finding or acquiring additional reserves.

Our Operations Are Uncertain and Involve Substantial Costs and Risks

Our operating activities are subject to numerous costs and risks, including the risk that we will not encounter commercially productive oil or gas reservoirs. Drilling for oil, gas and NGLs can be unprofitable, not only from dry holes, but from productive wells that do not return a profit because of insufficient revenue from production or high costs. Substantial costs are required to locate, acquire and develop oil and gas properties, and we are often uncertain as to the amount and timing of those costs. Our cost of drilling, completing, equipping and operating wells is often uncertain before drilling commences. Declines in commodity prices and overruns in budgeted expenditures are common risks that can make a particular project uneconomic or less economic than forecasted. While both exploratory and developmental drilling activities involve these risks, exploratory drilling involves greater risks of dry holes or failure to find commercial quantities of hydrocarbons. In addition, our oil and gas properties can become damaged, our operations may be curtailed, delayed or canceled and the costs of such operations may increase as a result of a variety of factors, including, but not limited to:

- unexpected drilling conditions, pressure conditions or irregularities in reservoir formations;
- equipment failures or accidents;
- fires, explosions, blowouts, cratering or loss of well control, as well as the mishandling or underground migration of fluids and chemicals;
- adverse weather conditions and natural disasters, such as tornadoes, earthquakes, hurricanes and extreme temperatures;
- issues with title or in receiving governmental permits or approvals;
- restricted takeaway capacity for our production, including due to inadequate midstream infrastructure or constrained downstream markets;
- environmental hazards or liabilities;
- restrictions in access to, or disposal of, water used or produced in drilling and completion operations; and
- shortages or delays in the availability of services or delivery of equipment.

The occurrence of one or more of these factors could result in a partial or total loss of our investment in a particular property, as well as significant liabilities. Moreover, certain of these events could result in environmental pollution and impact to third parties, including persons living in proximity to our operations, our employees and employees of our contractors, leading to possible injuries, death or significant damage to property and natural resources. For example, we have from time to time experienced well-control events that have resulted in various remediation and clean-up costs and certain of the other impacts described above.

In addition, we rely on our employees, consultants and sub-contractors to conduct our operations in compliance with applicable laws and standards. Any violation of such laws or standards by these individuals, whether through negligence, harassment, discrimination or other misconduct, could result in significant liability for us and adversely affect our business. For example, negligent operations by employees could result in serious injury, death or property damage, and sexual harassment or racial and gender discrimination could result in legal claims and reputational harm.

We Are Subject to Extensive Governmental Regulation, Which Can Change and Could Adversely Impact Our Business

Our operations are subject to extensive federal, state, local and other laws, rules and regulations, including with respect to environmental matters, worker health and safety, wildlife conservation, the gathering and transportation of oil, gas and NGLs, conservation policies, reporting obligations, royalty payments, unclaimed property and the imposition of taxes. Such regulations include requirements for permits to drill and to conduct other operations and for provision of financial assurances (such as bonds) covering drilling, completion and well operations and decommissioning obligations. If permits are not issued, or if unfavorable restrictions or conditions are imposed on our drilling or completion activities, we may not be able to conduct our operations as planned. In addition, we may be required to make large expenditures to comply with applicable governmental laws, rules, regulations, permits or orders. For example, certain regulations require the plugging and abandonment of wells and removal of production facilities by current and former operators, including corporate successors of former operators. These requirements may result in significant costs associated with the removal of tangible equipment and other restorative actions.

In addition, changes in public policy have affected, and in the future could further affect, our operations. Regulatory and public policy developments could, among other things, restrict production levels, impose price controls, change environmental protection requirements and increase taxes, royalties and other amounts payable to governments or governmental agencies. Our operating and

other compliance costs could increase further if existing laws and regulations are revised or reinterpreted, or if new laws and regulations become applicable to our operations. In addition, changes in public policy may indirectly impact our operations by, among other things, increasing the cost of supplies and equipment and fostering general economic uncertainty. For example, changes in U.S. trade relations, particularly the imposition of tariffs by the U.S. and China, may increase the cost of materials we or our vendors use, thereby increasing our operating expense. Although we are unable to predict changes to existing laws and regulations, such changes could significantly impact our profitability, financial condition and liquidity, particularly changes related to hydraulic fracturing, environmental matters more generally, seismic activity and income taxes, as discussed below.

Hydraulic Fracturing – In recent years, various federal agencies have asserted regulatory authority over certain aspects of the hydraulic fracturing process. For example, the EPA has issued regulations under the federal Clean Air Act establishing performance standards for oil and gas activities, including standards for the capture of air emissions released during hydraulic fracturing, and it finalized in 2016 regulations that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants. The EPA also released a report in 2016 finding that certain aspects of hydraulic fracturing, such as water withdrawals and wastewater management practices, could result in impacts to water resources. The BLM previously finalized regulations to regulate hydraulic fracturing on federal lands but subsequently issued a repeal of those regulations in 2017. Moreover, several states in which we operate have adopted, or stated intentions to adopt, laws or regulations that mandate further restrictions on hydraulic fracturing, such as requiring disclosure of chemicals used in hydraulic fracturing, imposing more stringent permitting, disclosure and well-construction requirements on hydraulic fracturing operations and establishing standards for the capture of air emissions released during hydraulic fracturing. In addition to state laws, local land use restrictions, such as city ordinances, may restrict drilling in general or hydraulic fracturing in particular.

Beyond these regulatory efforts, various policy makers, regulatory agencies and political candidates at the federal, state and local levels have proposed implementing even further restrictions on hydraulic fracturing, including prohibiting the technology outright. For example, certain candidates running to be elected President of the United States in 2020 have pledged to impose a ban on hydraulic fracturing. It is possible that any such restrictions may particularly target industry activity on federal lands, which could adversely impact our operations in the Delaware and Powder River Basins, as well as other areas where we operate under federal leases. As of December 31, 2019, approximately 20% of our total leasehold resides on federal lands, and approximately 40% and 60% of our leasehold in the Delaware and Powder River Basins, respectively, resides on federal lands. Although it is not possible at this time to predict the outcome of these or other proposals, any new restrictions on hydraulic fracturing that may be imposed in areas in which we conduct business could potentially result in increased compliance costs, delays or cessation in development or other restrictions on our operations.

Environmental Laws Generally – In addition to regulatory efforts focused on hydraulic fracturing, we are subject to various other federal, state and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on us for the cost of remediating pollution that results from our operations. Environmental laws may impose strict, joint and several liability, and failure to comply with environmental laws and regulations can result in the imposition of administrative, civil or criminal fines and penalties, as well as injunctions limiting operations in affected areas. Any future environmental costs of fulfilling our commitments to the environment are uncertain and will be governed by several factors, including future changes to regulatory requirements. Any such changes could have a significant impact on our operations and profitability.

Seismic Activity – Earthquakes in northern and central Oklahoma and elsewhere have prompted concerns about seismic activity and possible relationships with the oil and gas industry. Legislative and regulatory initiatives intended to address these concerns may result in additional levels of regulation or other requirements that could lead to operational delays, increase our operating and compliance costs or otherwise adversely affect our operations. In addition, we are currently defending against certain third-party lawsuits and could be subject to additional claims, seeking alleged property damages or other remedies as a result of alleged induced seismic activity in our areas of operation.

Changes to Tax Laws – We are subject to U.S. federal income tax as well as income or capital taxes in various state and foreign jurisdictions, and our operating cash flow is sensitive to the amount of income taxes we must pay. In the jurisdictions in which we operate, income taxes are assessed on our earnings after consideration of all allowable deductions and credits. Changes in the types of earnings that are subject to income tax, the types of costs that are considered allowable deductions or the rates assessed on our taxable earnings would all impact our income taxes and resulting operating cash flow.

Concerns About Climate Change and Related Regulatory, Social and Market Actions May Adversely Affect Our Business

Continuing and increasing political and social attention to the issue of climate change has resulted in legislative, regulatory and other initiatives, including international agreements, to reduce greenhouse gas emissions, such as carbon dioxide and methane. Policy makers at both the U.S. federal and state levels have introduced legislation and proposed new regulations designed to quantify and limit the emission of greenhouse gases. For example, both the EPA and the BLM have issued regulations for the control of methane emissions, which also include leak detection and repair requirements, for the oil and gas industry. Following the change in presidential administrations, however, the agencies have attempted to revise or rescind their previously issued methane standards. Litigation concerning these methane regulations and subsequent attempts to revise or rescind them is ongoing. Nevertheless, several states where we operate, including Wyoming and New Mexico, have already imposed, or stated intentions to impose, laws or regulations designed to reduce methane emissions from oil and gas exploration and production activities. With respect to more comprehensive regulation, policy makers and political candidates have made, or expressed support for, a variety of proposals, such as the development of cap-and-trade or carbon tax programs, as well as the more sweeping “green new deal” resolutions introduced in Congress in early 2019. As generally proposed, a cap-and-trade program would cap overall greenhouse gas emissions on an economy-wide basis and require major sources of greenhouse gas emissions or major fuel producers to acquire and surrender emission allowances, while a carbon tax could impose taxes based on emissions from our operations and downstream uses of our products. The “green new deal” resolutions call for a 10-year national mobilization effort to, among other things, transition 100% of power demand in the U.S. to zero-emission sources and overhaul transportation systems in the U.S. to remove greenhouse gas emissions as much as is technologically feasible.

In addition to regulatory risk, other market and social initiatives resulting from the changing perception of climate change present risks for our business. For example, in an effort to promote a lower-carbon economy, there are various public and private initiatives subsidizing the development and adoption of alternative energy sources and technologies, including by mandating the use of specific fuels or technologies. These initiatives may reduce the competitiveness of carbon-based fuels, such as oil and gas. Moreover, certain financial institutions, funds and other sources of capital have begun restricting or eliminating their investment in oil and natural gas activities due to their concern regarding climate change. Such restrictions in capital could decrease the value of our business and make it more difficult to fund our operations. Finally, governmental entities and other plaintiffs have brought, and may continue to bring, claims against us and other oil and gas companies for purported damages caused by the alleged effects of climate change. These and the other regulatory, social and market risks relating to climate change described above could result in unexpected costs, increase our operating expense and reduce the demand for our products, which in turn could lower the value of our reserves and have an adverse effect on our profitability, financial condition and liquidity.

Our Hedging Activities Limit Participation in Commodity Price Increases and Involve Other Risks

We enter into financial derivative instruments with respect to a portion of our production to manage our exposure to oil, gas and NGL price volatility. To the extent that we engage in price risk management activities to protect ourselves from commodity price declines, we will be prevented from fully realizing the benefits of commodity price increases above the prices established by our hedging contracts. In addition, our hedging arrangements may expose us to the risk of financial loss in certain circumstances, including instances in which the contract counterparties fail to perform under the contracts. Moreover, as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act and other legislation and regulation, hedging transactions and many of our contract counterparties have become subject to increased governmental oversight and regulations in recent years. Although we cannot predict the ultimate impact of these laws and the related rulemaking, some of which is ongoing, existing or future regulations may adversely affect the cost and availability of our hedging arrangements.

The Credit Risk of Our Counterparties Could Adversely Affect Us

We enter into a variety of transactions that expose us to counterparty credit risk. For example, we have exposure to financial institutions and insurance companies through our hedging arrangements, our syndicated revolving credit facility and our insurance policies. Disruptions in the financial markets or otherwise may impact these counterparties and affect their ability to fulfill their existing obligations and their willingness to enter into future transactions with us.

In addition, we are exposed to the risk of financial loss from trade, joint interest billing and other receivables. We sell our oil, gas and NGLs to a variety of purchasers, and, as an operator, we pay expenses and bill our non-operating partners for their respective share of costs. We also frequently look to buyers of oil and gas properties from us or our predecessors to perform certain obligations associated with the disposed assets, including the removal of production facilities and plugging and abandonment of wells. Certain of these counterparties or their successors may experience insolvency, liquidity problems or other issues and may not be able to meet their obligations and liabilities (including contingent liabilities) owed to, and assumed from, us, particularly during a depressed or volatile commodity price environment. Any such default may result in us being forced to cover the costs of those obligations and liabilities, which could adversely impact our financial results and condition.

Our Debt May Limit Our Liquidity and Financial Flexibility, and Any Downgrade of Our Credit Rating Could Adversely Impact Us

As of December 31, 2019, we had total indebtedness of \$4.3 billion. Our indebtedness and other financial commitments have important consequences to our business, including, but not limited to:

- requiring us to dedicate a portion of our cash flows from operations to debt service payments, thereby limiting our ability to fund working capital, capital expenditures, investments or acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions, including low commodity price environments; and
- limiting our ability to obtain additional financing due to higher costs and more restrictive covenants.

In addition, we receive credit ratings from rating agencies in the U.S. with respect to our debt. Factors that may impact our credit ratings include, among others, debt levels, planned asset sales and purchases, liquidity, forecasted production growth and commodity prices. We are currently required to provide letters of credit or other assurances under certain of our contractual arrangements. Any credit downgrades could adversely impact our ability to access financing and trade credit, require us to provide additional letters of credit or other assurances under contractual arrangements and increase our interest rate under any credit facility borrowing as well as the cost of any other future debt.

Cyber Attacks May Adversely Impact Our Operations

Our business has become increasingly dependent on digital technologies, and we anticipate expanding the use of technology in our operations, including through artificial intelligence, process automation and data analytics. Concurrent with this growing dependence on technology is greater sensitivity to cyber attack related activities, which have frequently targeted our industry. Cyber attackers often attempt to gain unauthorized access to digital systems for purposes of misappropriating sensitive information, intellectual property or financial assets, corrupting data or causing operational disruptions as well as to prevent users from accessing systems or information and demand payment in order to regain access. These attacks may be perpetrated by third parties or insiders. Techniques used in these attacks often range from highly sophisticated efforts to electronically circumvent network security to more traditional intelligence gathering and social engineering aimed at obtaining information necessary to gain access. Cyber attacks may also be performed in a manner that does not require gaining unauthorized access, such as by causing denial-of-service attacks. In addition, our vendors, midstream providers and other business partners may separately suffer disruptions or breaches from cyber attacks, which, in turn, could adversely impact our operations and compromise our information. Although we have not suffered material losses related to cyber attacks to date, if we were successfully attacked, we could incur substantial remediation and other costs or suffer other negative consequences, including litigation risks. Moreover, as the sophistication of cyber attacks continues to evolve, we may be required to expend significant additional resources to further enhance our digital security or to remediate vulnerabilities.

We Have Limited Control Over Properties Operated by Others

Certain of the properties in which we have an interest are operated by other companies and involve third-party working interest owners. We have limited influence and control over the operation or future development of such properties, including compliance with environmental, health and safety regulations or the amount and timing of required future capital expenditures. These limitations and our dependence on the operator and other working interest owners for these properties could result in unexpected future costs and delays, curtailments or cancellations of operations or future development, which could adversely affect our financial condition and results of operations.

Midstream Capacity Constraints and Interruptions Impact Commodity Sales

We rely on midstream facilities and systems owned and operated by others to process our gas production and to transport our oil, gas and NGL production to downstream markets. All or a portion of our production in one or more regions may be interrupted or shut in from time to time due to losing access to plants, pipelines or gathering systems. Such access could be lost due to a number of factors, including, but not limited to, weather conditions and natural disasters, accidents, field labor issues or strikes. Additionally, the midstream operators may be subject to constraints that limit their ability to construct, maintain or repair midstream facilities needed to process and transport our production. Such interruptions or constraints could negatively impact our production and associated profitability.

Insurance Does Not Cover All Risks

As discussed above, our business is hazardous and is subject to all of the operating risks normally associated with the exploration, development and production of oil, gas and NGLs. To mitigate financial losses resulting from these operational hazards, we maintain comprehensive general liability insurance, as well as insurance coverage against certain losses resulting from physical damages, loss of well control, business interruption and pollution events that are considered sudden and accidental. We also maintain workers' compensation and employer's liability insurance. However, our insurance coverage does not provide 100% reimbursement of potential losses resulting from these operational hazards. Additionally, we have limited or no insurance coverage for a variety of other risks, including pollution events that are considered gradual, war and political risks and fines or penalties assessed by governmental authorities. The occurrence of a significant event against which we are not fully insured could have an adverse effect on our profitability, financial condition and liquidity.

Competition for Assets, Materials, People and Capital Can Be Significant

Strong competition exists in all sectors of the oil and gas industry. We compete with major integrated and independent oil and gas companies for the acquisition of oil and gas leases and properties. We also compete for the equipment and personnel required to explore, develop and operate properties. Typically, during times of rising commodity prices, drilling and operating costs will also increase. During these periods, there is often a shortage of drilling rigs and other oilfield services, which could adversely affect our ability to execute our development plans on a timely basis and within budget. Competition is also prevalent in the marketing of oil, gas and NGLs. Certain of our competitors have financial and other resources substantially greater than ours and may have established superior strategic long-term positions and relationships, including with respect to midstream take-away capacity. As a consequence, we may be at a competitive disadvantage in bidding for assets or services and accessing capital and downstream markets. In addition, many of our larger competitors may have a competitive advantage when responding to factors that affect demand for oil and gas production, such as changing worldwide price and production levels, the cost and availability of alternative energy sources and the application of government regulations.

Our Business Could Be Adversely Impacted by Investors Attempting to Effect Change

Stockholder activism has been increasing in our industry, and investors may from time to time attempt to effect changes to our business or governance, whether by stockholder proposals, public campaigns, proxy solicitations or otherwise. Such actions could adversely impact our business by distracting our board of directors and employees from core business operations, requiring us to incur increased advisory fees and related costs, interfering with our ability to successfully execute on strategic transactions and plans and provoking perceived uncertainty about the future direction of our business. Such perceived uncertainty may, in turn, make it more difficult to retain employees and could result in significant fluctuation in the market price of our common stock.

Our Acquisition and Divestiture Activities Involve Substantial Risks

Our business depends, in part, on making acquisitions that complement or expand our current business and successfully integrating any acquired assets or businesses. If we are unable to make attractive acquisitions, our future growth could be limited. Furthermore, even if we do make acquisitions, they may not result in an increase in our cash flow from operations or otherwise result in the benefits anticipated due to various risks, including, but not limited to:

- mistaken estimates or assumptions about reserves, potential drilling locations, revenues and costs, including synergies and the overall costs of equity or debt;
- difficulties in integrating the operations, technologies, products and personnel of the acquired assets or business; and

- unknown and unforeseen liabilities or other issues related to any acquisition for which contractual protections prove inadequate, including environmental liabilities and title defects.

In addition, from time to time, we may sell or otherwise dispose of certain of our properties or businesses as a result of an evaluation of our asset portfolio and to help enhance our liquidity. These transactions also have inherent risks, including possible delays in closing, the risk of lower-than-expected sales proceeds for the disposed assets or business and potential post-closing claims for indemnification. Moreover, volatility in commodity prices may result in fewer potential bidders, unsuccessful sales efforts and a higher risk that buyers may seek to terminate a transaction prior to closing.

Item 1B. *Unresolved Staff Comments*

Not applicable.

Item 3. *Legal Proceedings*

We are involved in various legal proceedings incidental to our business. However, to our knowledge as of the date of this report, there were no material pending legal proceedings to which we are a party or to which any of our property is subject.

On April 4, 2019, Devon Energy Production Company, L.P., a wholly-owned subsidiary of the Company (“DEPCO”), agreed to settle its previously disclosed negotiations with the EPA relating to certain alleged Clean Air Act violations at its Beaver Creek Gas Plant located near Riverton, Wyoming by executing an agreed order with the EPA. The order included a penalty of \$150,000 and was approved by the regional EPA judicial officer on June 12, 2019. Moreover, in connection with the resolution of this matter with the EPA, DEPCO entered into a consent decree on May 9, 2019 with respect to the same matter with the Wyoming Department of Environmental Quality, which also included a separate penalty of \$150,000.

Item 4. *Mine Safety Disclosures*

Not applicable.

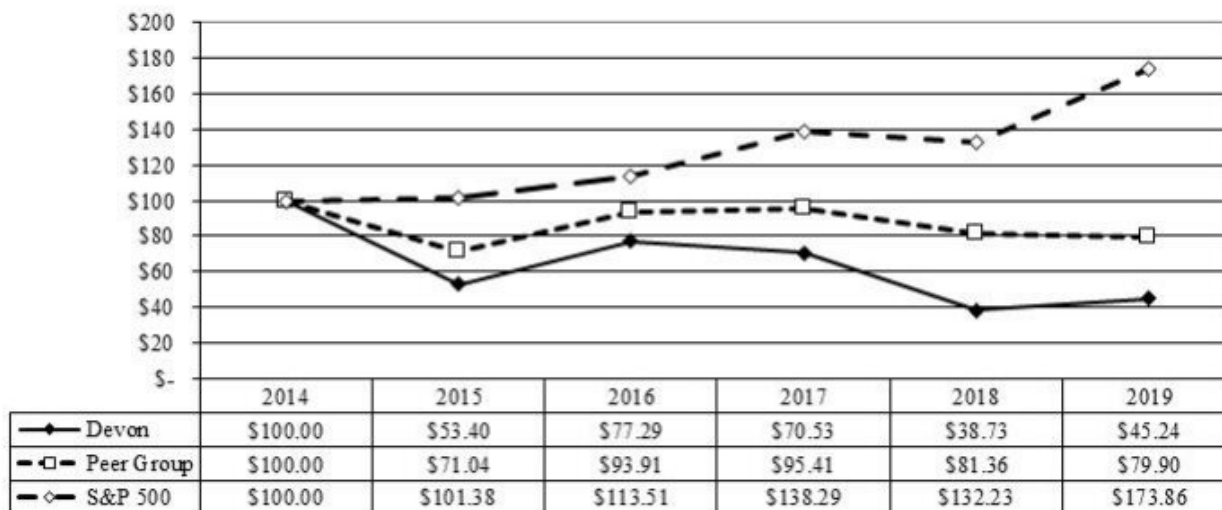
PART II**Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the NYSE under the “DVN” ticker symbol. On February 5, 2020, there were 6,771 holders of record of our common stock. We began paying regular quarterly cash dividends in the second quarter of 1993. The declaration of future dividends is a business decision made by our Board of Directors, and will depend on Devon’s financial condition and other relevant factors. Additional information on our dividends can be found in [Note 17](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Performance Graph

The following graph compares the cumulative TSR over a five-year period on Devon’s common stock with the cumulative total returns of the S&P 500 Index and a peer group of companies to which we compare our performance. The peer group includes Apache Corporation, Chesapeake Energy Corporation, Concho Resources, Inc., ConocoPhillips, Continental Resources, Inc., Encana Corporation, EOG Resources, Inc., Hess Corporation, Marathon Oil Corporation, Murphy Oil Corporation, Noble Energy, Inc., Occidental Petroleum Corporation and Pioneer Natural Resources Company. Anadarko Petroleum Corporation was a part of this peer group prior to being acquired by Occidental Petroleum Corporation in 2019. The graph was prepared assuming \$100 was invested on December 31, 2014 in Devon’s common stock, the peer group and the S&P 500 Index, and dividends have been reinvested subsequent to the initial investment. Commencing in 2020, Devon will use a recalibrated peer group for performance and compensation purposes. This new peer group was selected to better align with Devon’s go-forward size and operations in light of our strategic transformation in 2019.

**Comparison of 5-Year Cumulative Total Return
Devon, Peer Group and S&P 500 Index**



The graph and related information should not be deemed “soliciting material” or to be “filed” with the SEC, nor should such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate such information by reference into such a filing. The graph and information is included for historical comparative purposes only and should not be considered indicative of future stock performance.

Issuer Purchases of Equity Securities

The following table provides information regarding purchases of our common stock that were made by us during the fourth quarter of 2019 (shares in thousands).

<u>Period</u>	<u>Total Number of Shares Purchased ⁽¹⁾</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs ⁽²⁾</u>	<u>Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾</u>
October 1 - October 31	4,285	\$ 21.27	4,244	\$ 199
November 1 - November 30	218	\$ 22.33	192	\$ 195
December 1 - December 31	9	\$ 22.58	—	\$ 1,000
Total	<u>4,512</u>	\$ 21.32	<u>4,436</u>	

- (1) In addition to shares purchased under the share repurchase program described below, these amounts also included approximately 76,000 shares received by us from employees for the payment of personal income tax withholding on vesting transactions.
- (2) On March 7, 2018, we announced a \$1.0 billion share repurchase program. On June 6, 2018, we announced the expansion of this program to \$4.0 billion. On February 19, 2019, we announced a further expansion to \$5.0 billion with a December 31, 2019 expiration date. Of the \$5.0 billion authorized amount, \$4.8 billion was repurchased when the program expired on December 31, 2019. On December 17, 2019, we announced a new \$1.0 billion share repurchase program with a December 31, 2020 expiration date. Under the new program, \$800 million of the \$1.0 billion authorization is conditioned upon the closing of the pending Barnett Shale divestiture. During 2019, we repurchased 68.6 million shares of common stock for \$1.8 billion, or \$26.62 per share. Future purchases under the program will be made in the open market, private transactions or through the use of ASR programs.

Under the Devon Plan, eligible employees previously had the option to purchase shares of our common stock through an investment in the Devon Stock Fund, which is administered by an independent trustee. Eligible employees purchased approximately 27,000 shares of our common stock in 2019, at then-prevailing stock prices, that they held through their ownership in the Devon Stock Fund. We acquired the shares of our common stock sold under this plan through open-market purchases.

Item 6. Selected Financial Data

The financial information below should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8. Financial Statements and Supplementary Data” of this report.

	2019	2018	2017	2016	2015
Statement of Earnings data:					
Upstream revenues (1)	\$ 3,355	\$ 4,542	\$ 2,988	\$ 2,325	\$ 4,082
Total revenues (1)	\$ 6,220	\$ 8,896	\$ 6,501	\$ 5,054	\$ 7,547
Net earnings (loss) from continuing operations (2)	\$ (79)	\$ 714	\$ 33	\$ (871)	\$ (7,989)
Net earnings (loss) from continuing operations per share:					
Basic (2)	\$ (0.21)	\$ 1.43	\$ 0.06	\$ (1.72)	\$ (19.66)
Diluted (2)	\$ (0.21)	\$ 1.42	\$ 0.06	\$ (1.72)	\$ (19.66)
Cash dividends per common share	\$ 0.35	\$ 0.30	\$ 0.24	\$ 0.42	\$ 0.96
Balance Sheet data:					
Total assets (3)	\$ 13,717	\$ 19,566	\$ 30,241	\$ 28,675	\$ 29,673
Long-term debt (4)	\$ 4,294	\$ 4,292	\$ 5,258	\$ 5,359	\$ 7,488
Stockholders' equity	\$ 5,920	\$ 9,186	\$ 14,104	\$ 12,722	\$ 11,111
Common shares outstanding	382	450	525	523	418

- (1) In January 2018, Devon adopted ASC 606 – *Revenue from Contracts with Customers* using the modified retrospective method and has applied the standard to all existing contracts. The impact of adoption is further discussed in [Note 1](#) of “Item 8. Financial Statements and Supplementary Data” of this report. Prior periods have not been restated.
- (2) Material asset impairments and acquisition and divestiture activity had significant impacts on operating results and the carrying value of our oil and gas assets. Specifically, there were asset impairments of \$0.3 billion, \$0.2 billion, \$0.5 billion and \$10.3 billion in 2018, 2017, 2016 and 2015, respectively. More discussion on these items can be found in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in [Note 2](#) and [Note 5](#) of “Item 8. Financial Statements and Supplementary Data” of this report.
- (3) Amounts include assets related to our divested Canadian business and aggregate ownership interest in EnLink and the General Partner as well as our recently announced Barnett Shale assets that will be divested in 2020. For additional information, see [Note 18](#) of “Item 8. Financial Statements and Supplementary Data” of this report. These divestitures resulted in the reclassification of the respective assets to assets associated with discontinued operations, which are included within this amount.
- (4) Long-term debt balance excludes amounts that were classified as liabilities associated with discontinued operations in the respective periods related to the sale of Devon’s Canadian business and ownership interests in EnLink and the General Partner. See [Note 18](#) of “Item 8. Financial Statements and Supplementary Data” of this report for additional details.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

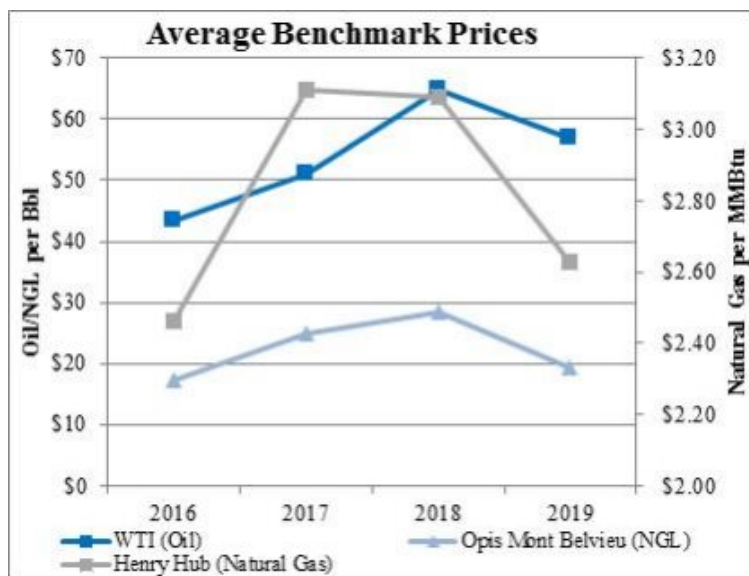
Introduction

The following discussion and analysis presents management's perspective of our business, financial condition and overall performance. This information is intended to provide investors with an understanding of our past performance, current financial condition and outlook for the future and should be read in conjunction with "Item 8. Financial Statements and Supplementary Data" of this report.

Overview of 2019 Results

During 2019, we completed our transformation to a U.S. oil growth company with our exit from Canada and pending sale of the Barnett Shale. These transactions accelerate efforts to focus exclusively on our resource-rich U.S. oil portfolio, which provides us with a strong foundation to grow returns, margin and profitability. By operating under a disciplined returns-driven strategy focused on delivering strong operational results, financial strength and value to our shareholders and continuing our commitment to environmental, social and governance excellence, we completed our transformation to "New Devon" and made significant progress toward our cost reduction objectives as evidenced by these 2019 highlights:

- Closed on the sale of our Canadian business for \$2.6 billion (\$3.4 billion Canadian dollars) in June 2019.
- Announced the sale of our Barnett Shale assets for \$770 million (expected closing in the second quarter of 2020).
- Completed workforce reduction and other cost reduction initiatives, reaching approximately \$240 million of annualized G&A savings.
- Improved capital efficiency by reducing capital expenditures approximately 10% and increasing oil production 21% compared to 2018.
- Retired \$1.7 billion of senior notes, reducing annualized financing costs by \$60 million.
- Repurchased \$4.8 billion of our total \$5.8 billion share repurchase authorizations, representing an outstanding share count reduction of nearly 30% since the program's inception.
- Increased our quarterly common stock dividend 12.5% to \$0.09 per share beginning in the second quarter of 2019.
- Increased Delaware Basin and Powder River Basin production over 60% in 2019 compared to 2018.
- Reduced methane emissions by nearly 20% over the last three years and established a target to further reduce methane intensity rates by 2025.
- Exited 2019 with \$1.8 billion of cash, inclusive of \$380 million restricted for discontinued operations, \$3.0 billion of available credit under our Senior Credit Facility and have no debt maturities until 2025.

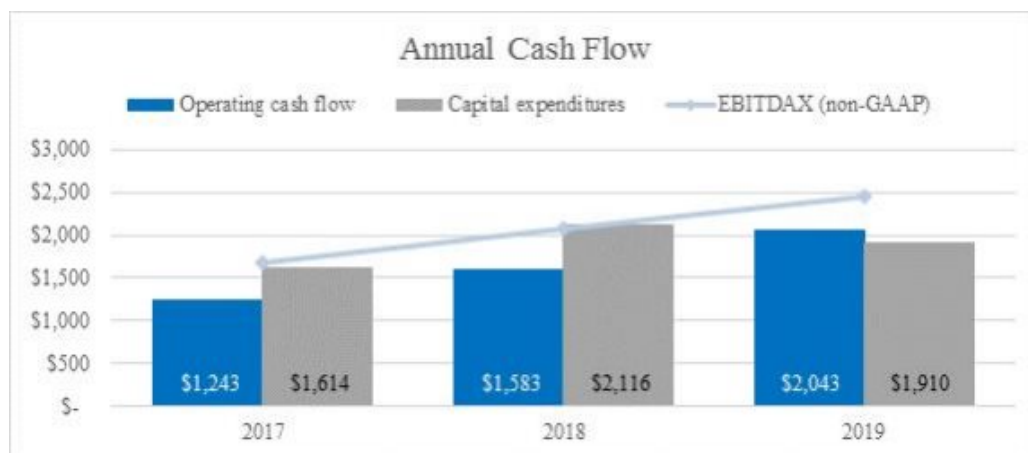


As presented in the graph at the left, our operating achievements are subject to the volatility of commodity prices. Over the last four years, NYMEX WTI oil and NYMEX Henry Hub prices ranged from average highs of \$64.79 per Bbl and \$3.11 per MMBtu, respectively, to average lows of \$43.36 per Bbl and \$2.46 per MMBtu, respectively.

Trends of our annual earnings, operating cash flow, EBITDAX and capital expenditures are shown below. The annual earnings chart presents amounts pertaining to both Devon’s continuing and discontinued operations. The annual cash flow chart presents amounts pertaining to Devon’s continuing operations. “Core earnings” and “EBITDAX” are financial measures not prepared in accordance with GAAP. For a description of these measures, including reconciliations to the comparable GAAP measures, see “Non-GAAP Measures” in this Item 7.



Our net earnings in recent years have been significantly impacted by divestiture transactions and temporary, noncash adjustments to the value of our commodity hedges. Net earnings in 2017 included a \$0.1 billion gain on asset dispositions from continuing operations and a \$0.2 billion hedge valuation gain, both net of taxes. Net earnings in 2018 included a \$2.2 billion gain on our EnLink disposition, a \$0.5 billion hedge valuation gain and a \$0.2 billion gain on asset dispositions from continuing operations, all net of taxes. Net earnings in 2019 included a \$0.4 billion hedge valuation loss, \$0.2 billion net gains and charges related to our Canadian disposition and a \$0.6 billion asset impairment related to our Barnett Shale disposition, all net of taxes. Excluding these amounts, our core earnings have been more stable over recent years but continue to be heavily influenced by commodity prices.



Like earnings, our operating cash flow is sensitive to volatile commodity prices. EBITDAX, which excludes financial amounts related to discontinued operations, has been increasing over the past three years as a result of our New Devon production growth and cost reductions. Regardless of cash flow fluctuations, we remain focused on managing our capital investment to generate free cash flow. As operating cash flow has declined, we have adjusted our capital development plans accordingly.

Business and Industry Outlook

Devon marked its 48th anniversary in the oil and gas business and its 31st year as a public company during 2019. As an established company with a strong leadership team, we have experience operating through periods of volatile commodity prices. With our focused strategy and portfolio of quality assets, we are committed to navigating the current environment while safeguarding our long-term financial strength.

Market prices for crude oil and natural gas are inherently volatile. In 2019, WTI oil prices averaged approximately \$57.02/Bbl versus \$64.79/Bbl in 2018. Despite price support in the first half of 2019 driven by supply tightness and geopolitical tensions, 2019 WTI oil prices overall were negatively impacted by trade concerns and economic slowdown fears, even with strong supply and demand fundamentals. Looking ahead, crude oil has experienced near term downward pressure as a result of softer demand from the growing impact of the coronavirus related crisis. Positive factors that could reduce these recent negative factors and create more demand for crude oil are the extension of OPEC cuts through 2020, as well as the International Maritime Organization 2020 regulations.

Henry Hub gas prices averaged approximately \$2.63/MMBtu in 2019 versus \$3.09/MMBtu in 2018. Mt. Belvieu Blended Index NGL prices averaged approximately \$19.22/Bbl in 2019 versus \$28.31/Bbl in 2018. Natural gas and NGL prices faced strong headwinds in 2019 due to U.S. supply growth far outpacing demand for both commodities domestically and internationally. These factors continue to weigh on current natural gas and NGL prices.

As discussed in our [Critical Accounting Estimates](#), our STACK assets are susceptible to a material asset impairment should prices decrease from current levels. While such an impairment would materially impact our reported net earnings, it would not impact our operating cash flow or our current near-term drilling plans.

To mitigate our exposure to commodity price volatility and ensure our financial strength, we continue to execute a disciplined, risk-management hedging program. Our hedging program incorporates both systematic hedges added on a regular basis and discretionary hedges layered in on an opportunistic basis to take advantage of favorable market conditions. We are adding 2020 positions at desirable prices, and we currently have approximately 40% of our anticipated oil volumes and 25% of our anticipated gas volumes hedged. Additionally, we are actively adding attractive hedges for 2021. Further insulating our cash flow, we continue to examine and, when appropriate, execute attractive regional basis swap hedges in an effort to protect price realizations across our portfolio.

Throughout 2019, our operational efficiencies continued to accelerate. Our improved cost structure expanded margins, and we ended the year ahead of our multi-year cost savings initiative plan. As we carry our 2019 momentum into 2020, we will maintain our capital-efficiency focus and intensify our steadfast commitment to capital discipline. Our returns-driven strategy will be underpinned by our continued efforts to improve our cost structure and grow higher-margin oil production. As such, our 2020 capital program has been optimized for strong returns, high single-digit oil growth, free cash flow and enhanced per-share cash flow growth.

To achieve our 2020 capital program objectives, our capital allocation priorities are four-fold: maintain base production, fund dividends, invest in high-return growth projects and return excess cash to shareholders. Accordingly, over half of the 2020 spend will be focused in on our highest margin U.S. oil play, the Delaware Basin. As the most active program in Devon's portfolio, capital activity in the Delaware Basin will be diversified across five core areas. Also accretive to our 2020 returns-focused capital program is our 2020 Rockies activity, where spend will be prioritized to our top-tier Powder River Basin development activity. In total, our 2020 operating plan is expected to deliver U.S. oil growth of approximately 7.5% to 9.0% on a retained asset basis.

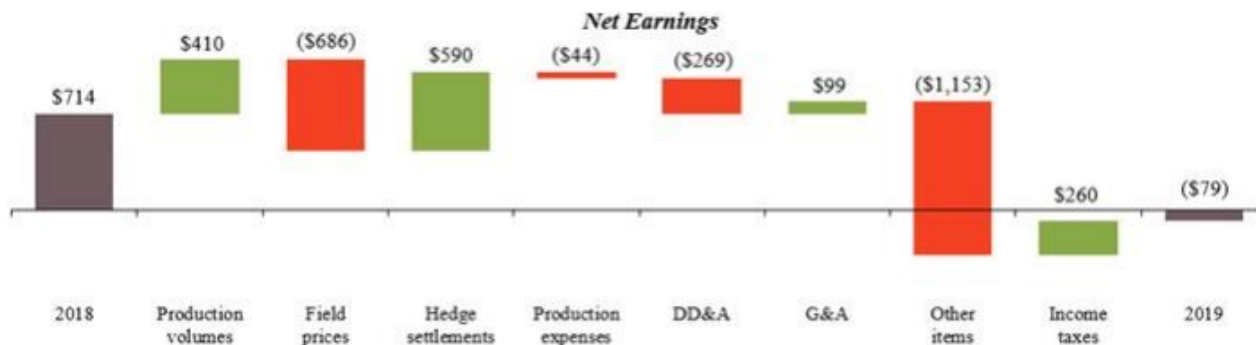
Results of Operations

The following graphs, discussion and analysis are intended to provide an understanding of our results of operations and current financial condition. To facilitate the review, these numbers are being presented before consideration of earnings attributable to noncontrolling interests. Analysis of the change in net earnings from continuing operations is shown below and analysis of the change in net earnings from discontinued operations is shown on page 33.

Continuing Operations

2019 vs. 2018

Our 2019 net loss from continuing operations was \$79 million and decreased \$793 million compared to 2018. The graph below shows the change in net earnings from 2018 to 2019. The material changes are further discussed by category on the following pages. To facilitate the review, these numbers are being presented before consideration of earnings attributable to noncontrolling interests.



Production Volumes

	2019	% of Total	2018	Change
Oil (MBbls/d)				
Delaware Basin	70	47%	42	+67%
STACK	31	20%	32	- 4%
Powder River Basin	17	11%	14	+26%
Eagle Ford	23	16%	28	- 17%
Other	6	4%	5	+4%
New Devon	147	98%	121	+21%
U.S. divest assets	3	2%	9	- 70%
Total	150	100%	130	+15%

	2019	% of Total	2018	Change
Gas (MMcf/d)				
Delaware Basin	177	29%	105	+68%
STACK	314	53%	334	- 6%
Powder River Basin	24	4%	16	+55%
Eagle Ford	79	13%	79	- 0%
Other	1	0%	1	- 18%
New Devon	595	99%	535	+11%
U.S. divest assets	4	1%	31	- 87%
Total	599	100%	566	+6%

	2019	% of Total	2018	Change
NGLs (MBbls/d)				
Delaware Basin	27	36%	16	+74%
STACK	36	46%	37	- 5%
Powder River Basin	2	3%	1	+53%
Eagle Ford	11	14%	13	- 15%
Other	1	1%	1	+12%
New Devon	77	100%	68	+13%
U.S. divest assets	—	0%	3	N/M
Total	77	100%	71	+9%

	2019	% of Total	2018	Change
Combined (MBoe/d)				
Delaware Basin	127	39%	75	+69%
STACK	119	36%	125	- 5%
Powder River Basin	23	7%	17	+34%
Eagle Ford	47	15%	54	- 12%
Other	7	2%	7	+5%
New Devon	323	99%	278	+16%
U.S. divest assets	4	1%	18	- 80%
Total	327	100%	296	+11%

From 2018 to 2019, an 11% increase in production volumes contributed to a \$410 million increase in earnings. Continued development in the Delaware Basin and Powder River Basin drove a 16% production increase for New Devon which was slightly offset by decreased production associated with divested assets.

Field Prices

	2019	Realization	2018	Change
Oil (per Bbl)				
WTI index	\$ 57.02		\$ 64.79	- 12%
Realized price, unhedged	\$ 54.73	96%	\$ 61.96	- 12%
Cash settlements	\$ 1.71		\$ (8.01)	
Realized price, with hedges	\$ 56.44	99%	\$ 53.95	+5%

	2019	Realization	2018	Change
Gas (per Mcf)				
Henry Hub index	\$ 2.63		\$ 3.09	- 15%
Realized price, unhedged	\$ 1.79	68%	\$ 2.34	- 23%
Cash settlements	\$ 0.14		\$ 0.02	
Realized price, with hedges	\$ 1.93	73%	\$ 2.36	- 18%

	2019	Realization	2018	Change
NGLs (per Bbl)				
Mont Belvieu blended index (1)	\$ 19.22		\$ 28.31	- 32%
Realized price, unhedged	\$ 15.21	79%	\$ 25.47	- 40%
Cash settlements	\$ 1.61		\$ (1.75)	
Realized price, with hedges	\$ 16.82	88%	\$ 23.72	- 29%

(1) Based upon composition of our NGL barrel.

	2019	2018	Change
Combined (per Boe)			
Realized price, unhedged	\$ 31.93	\$ 37.87	- 16%
Cash settlements	\$ 1.43	\$ (3.89)	
Realized price, with hedges	\$ 33.36	\$ 33.98	- 2%

From 2018 to 2019, field prices contributed to a \$686 million decrease in earnings. Unhedged realized oil, gas and NGL prices decreased primarily due to lower WTI, Henry Hub and Mont Belvieu index prices. These decreases were partially offset by favorable hedge cash settlements across each of our products.

Hedge Settlements

	2019	2018	Change
Oil	\$ 93	\$ (380)	N/M
Natural gas	31	5	N/M
NGL	46	(45)	N/M
Total cash settlements	<u>\$ 170</u>	<u>\$ (420)</u>	N/M

Cash settlements as presented in the tables above represent realized gains or losses related to the instruments described in [Note 3](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Production Expenses

	2019	2018	Change
LOE	\$ 462	\$ 480	- 4%
Gathering, processing & transportation	463	407	+14%
Production taxes	251	248	+1%
Property taxes	21	18	+17%
Total	<u>\$ 1,197</u>	<u>\$ 1,153</u>	+4%
Per Boe:			
LOE	\$ 3.87	\$ 4.45	- 13%
Gathering, processing & transportation	\$ 3.88	\$ 3.77	+3%
Percent of oil, gas and NGL sales:			
Production taxes	6.6%	6.1%	+8%

LOE per Boe decreased in 2019 compared to 2018 due to the impact of our cost reduction initiatives. Gathering, processing and transportation increased primarily due to increased activity in the Delaware Basin.

Field-Level Cash Margin

The table below presents the field-level cash margin for each of our operating areas. Field-level cash margin is computed as oil, gas and NGL revenues less production expenses and is not prepared in accordance with GAAP. A reconciliation to the comparable GAAP measures is found in “Non-GAAP Measures” in this Item 7. The changes in production volumes, field prices and production expenses, shown above, had the following impacts on our field-level cash margins by asset.

	2019	\$ per BOE	2018	\$ per BOE
Field-level cash margin (non-GAAP)				
Delaware Basin	\$ 1,157	\$ 25.00	\$ 786	\$ 28.65
STACK	685	\$ 15.81	992	\$ 21.75
Powder River Basin	246	\$ 28.64	249	\$ 38.50
Eagle Ford	446	\$ 25.80	717	\$ 36.30
Other	65	\$ 25.37	72	\$ 28.59
New Devon	2,599	\$ 22.02	2,816	\$ 27.67
U.S. divest assets	13	\$ 11.01	116	\$ 19.15
Total	<u>\$ 2,612</u>	<u>\$ 21.90</u>	<u>\$ 2,932</u>	<u>\$ 27.19</u>

Depreciation, Depletion and Amortization

	2019	2018	Change
Oil and gas per Boe	\$ 11.72	\$ 10.51	+11%
Oil and gas	\$ 1,398	\$ 1,134	+23%
Other property and equipment	99	94	+5%
Total	<u>\$ 1,497</u>	<u>\$ 1,228</u>	+22%

Our oil and gas DD&A increased due to continued development in the Delaware Basin and Powder River Basin.

General and Administrative Expense

	2019	2018	Change
Labor and benefits (net of reimbursements)	\$ 307	\$ 365	- 16%
Non-labor	168	209	- 20%
Total Devon	<u>\$ 475</u>	<u>\$ 574</u>	- 17%

From 2018 to 2019, G&A decreased \$99 million primarily as a result of the workforce reduction and other cost-saving initiatives that occurred during 2019 as discussed in [Note 6](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Other Items

	2019	2018	Change in earnings
Commodity hedge valuation changes ⁽¹⁾	\$ (624)	\$ 877	\$ (1,501)
Marketing operations	53	33	20
Exploration expenses	58	128	70
Asset impairments	—	156	156
Asset dispositions	(48)	(278)	(230)
Net financing costs	250	580	330
Restructuring and transaction costs	84	97	13
Other expenses	4	(7)	(11)
			<u>\$ (1,153)</u>

(1) Included as a component of upstream revenues on the consolidated statements of comprehensive earnings.

We recognize fair value changes on our oil, gas and NGL derivative instruments in each reporting period. The changes in fair value resulted from new positions and settlements that occurred during each period, as well as the relationship between contract prices and the associated forward curves.

Exploration expense decreased primarily due to recognizing \$95 million in unproved impairments related to certain non-core acreage in the U.S during 2018 compared to \$18 million in 2019.

Asset impairments decreased due to recognizing \$109 million of proved asset impairments and \$47 million of non-oil and gas asset impairments during 2018 as discussed in [Note 5](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

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Asset dispositions decreased primarily due to gains recognized in conjunction with certain of our U.S. asset dispositions in 2018. For additional information see [Note 2](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Net financing costs decreased primarily due to \$312 million of early retirement charges associated with our debt retirement in 2018 as discussed in [Note 13](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

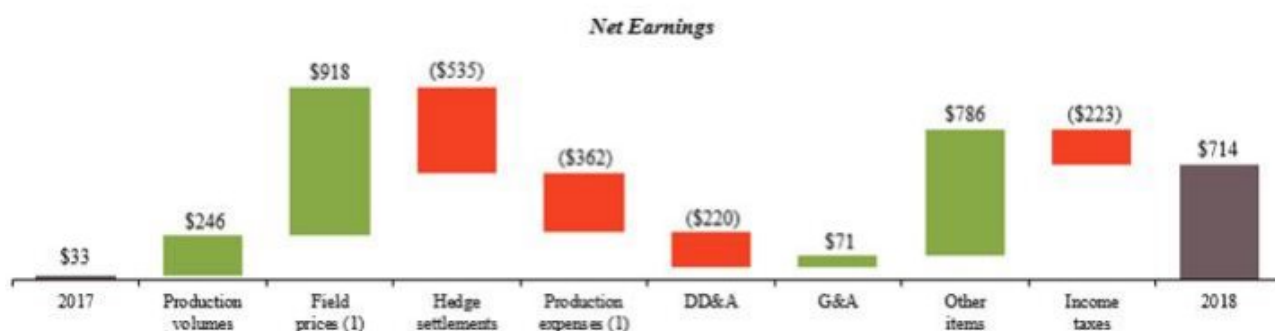
Income Taxes

	2019	2018
Current benefit	\$ (5)	\$ (17)
Deferred expense (benefit)	(25)	247
Total expense (benefit)	<u>\$ (30)</u>	<u>\$ 230</u>
Effective income tax rate	<u>28%</u>	<u>24%</u>

For discussion on income taxes, see [Note 7](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Results of Operations – 2018 vs. 2017

Our 2018 net earnings from continuing operations were \$714 million and increased \$681 million compared to 2017. The graph below shows the change in net earnings from 2017 to 2018. The material changes are further discussed by category on the following pages. To facilitate the review, these numbers are being presented before consideration of earnings attributable to noncontrolling interests.



(1) As further discussed in [Note 1](#) in “Item 8. Financial Statements and Supplementary Data” of this report, the presentation of certain processing arrangements changed from a net to a gross presentation in 2018. The change resulted in an increase to our upstream revenues and production expenses by \$191 million during 2018 with no impact to net earnings.

Production Volumes

	2018	% of Total	2017	Change
Oil (MBbls/d)				
Delaware Basin	42	32%	29	+42%
STACK	32	25%	25	+28%
Powder River Basin	14	10%	10	+37%
Eagle Ford	28	22%	34	- 17%
Other	5	4%	6	- 6%
New Devon	121	93%	104	+17%
U.S. divest assets	9	7%	11	- 24%
Total	130	100%	115	+13%

	2018	% of Total	2017	Change
Gas (MMcf/d)				
Delaware Basin	105	19%	86	+22%
STACK	334	59%	294	+13%
Powder River Basin	16	3%	8	+85%
Eagle Ford	79	14%	95	- 17%
Other	1	0%	1	+6%
New Devon	535	95%	484	+10%
U.S. divest assets	31	5%	35	- 10%
Total	566	100%	519	+9%

	2018	% of Total	2017	Change
NGLs (MBbls/d)				
Delaware Basin	16	22%	10	+53%
STACK	37	53%	30	+24%
Powder River Basin	1	2%	1	+75%
Eagle Ford	13	18%	13	+2%
Other	1	1%	1	- 4%
New Devon	68	96%	55	+25%
U.S. divest assets	3	4%	3	- 10%
Total	71	100%	58	+23%

	2018	% of Total	2017	Change
Combined (MBoe/d)				
Delaware Basin	75	26%	54	+39%
STACK	125	42%	104	+20%
Powder River Basin	17	6%	12	+43%
Eagle Ford	54	18%	62	- 13%
Other	7	2%	7	- 3%
New Devon	278	94%	239	+16%
U.S. divest assets	18	6%	21	- 14%
Total	296	100%	260	+14%

From 2017 to 2018, an increase in production volumes contributed to a \$246 million increase in earnings. Focused development activities in the Delaware Basin, STACK and Powder River Basin drove production increases for New Devon and were partially offset by decreased activity in the Eagle Ford and lower production volumes associated with our U.S. divested assets.

Oil, Gas and NGL Prices

	2018	Realization	2017	Change
Oil (per Bbl)				
WTI index	\$ 64.79		\$ 50.99	+27%
Realized price, unhedged	\$ 61.96	96%	\$ 49.41	+25%
Cash settlements	\$ (8.01)		\$ 1.98	
Realized price, with hedges	\$ 53.95	83%	\$ 51.39	+5%

	2018	Realization	2017	Change
Gas (per Mcf)				
Henry Hub index	\$ 3.09		\$ 3.11	- 1%
Realized price, unhedged	\$ 2.34	76%	\$ 2.57	- 9%
Cash settlements	\$ 0.02		\$ 0.18	
Realized price, with hedges	\$ 2.36	76%	\$ 2.75	- 14%

	2018	Realization	2017	Change
NGLs (per Bbl)				
Mont Belvieu blended index ⁽¹⁾	\$ 28.31		\$ 24.77	+14%
Realized price, unhedged	\$ 25.47	90%	\$ 16.74	+52%
Cash settlements	\$ (1.75)		\$ (0.16)	
Realized price, with hedges	\$ 23.72	84%	\$ 16.58	+43%

(1) Based upon composition of average Devon NGL barrel.

	2018	2017	Change
Combined (per Boe)			
Realized price, unhedged	\$ 37.87	\$ 30.80	+23%
Cash settlements	\$ (3.89)	\$ 1.21	
Realized price, with hedges	\$ 33.98	\$ 32.01	+6%

Upstream revenues increased \$918 million as a result of higher unhedged, realized prices for oil and NGLs. The increase in oil sales primarily resulted from higher average WTI crude index prices, which were 27% higher in 2018, resulting in an increase of approximately \$600 million.

NGL sales increased \$282 million as a result of 14% higher NGL prices at the Mont Belvieu, Texas hub, as well as improved realizations in our NGL price. These increases were partially offset by unfavorable hedge cash settlements for our oil and NGL hedges.

In 2018, the presentation of certain processing arrangements changed from a net to a gross presentation. The change resulted in an increase to our upstream revenues and production expenses by approximately \$191 million with no impact to net earnings.

Hedge Settlements

	2018	2017	Change
Oil	\$ (380)	\$ 83	N/M
Natural gas	5	35	N/M
NGL	(45)	(3)	N/M
Total cash settlements	\$ (420)	\$ 115	N/M

Production Expenses

	2018	2017	Change
LOE	\$ 480	\$ 411	+17%
Gathering, processing & transportation	407	205	+99%
Production taxes	248	161	+54%
Property taxes	18	14	+29%
Total	<u>\$ 1,153</u>	<u>\$ 791</u>	+46%
Per Boe:			
LOE	\$ 4.45	\$ 4.33	+3%
Gathering, processing & transportation	\$ 3.77	\$ 2.16	+74%
Percent of oil, gas and NGL sales:			
Production taxes	6.1%	5.5%	+10%

LOE increased \$69 million primarily due to continued focus on growing our liquids-rich assets within the STACK and Delaware Basin, partially offset by our U.S. non-core divestitures.

In 2018, the presentation of certain processing arrangements changed from a net to a gross presentation. The change resulted in an increase to our upstream revenues and production expenses by approximately \$191 million with no impact to net earnings.

Production taxes increased on an absolute dollar basis primarily due to the increase in our upstream revenues. Additionally, the increase in Oklahoma severance tax rates that became effective during the third quarter of 2018 also contributed to the increase on an absolute dollar basis and as a percentage of oil, gas and NGL sales.

Field-Level Cash Margin

The changes in production volumes, field prices and production expenses, shown above, had the following impact on our field-level cash margins by asset.

	2018	\$ per BOE	2017	\$ per BOE
Field-level cash margin (non-GAAP)				
Delaware Basin	\$ 786	\$ 28.65	\$ 455	\$ 23.04
STACK	992	\$ 21.75	683	\$ 17.99
Powder River Basin	249	\$ 38.50	128	\$ 28.67
Eagle Ford	717	\$ 36.30	667	\$ 29.41
Other	72	\$ 28.59	68	\$ 26.21
New Devon	2,816	\$ 27.67	2,001	\$ 22.88
U.S. divest assets	116	\$ 19.15	129	\$ 17.47
Total	<u>\$ 2,932</u>	<u>\$ 27.19</u>	<u>\$ 2,130</u>	<u>\$ 22.46</u>

Depreciation, Depletion and Amortization

	2018	2017	Change
Oil and gas per Boe	\$ 10.51	\$ 9.58	+10%
Oil and gas	\$ 1,134	\$ 908	+25%
Other property and equipment	94	100	- 5%
Total	<u>\$ 1,228</u>	<u>\$ 1,008</u>	+22%

Our oil and gas DD&A increased primarily due to continued development in the STACK, Delaware Basin and Powder River Basin properties.

General and Administrative Expense

	2018	2017	Change
Labor and benefits (net of reimbursements)	\$ 365	\$ 445	- 18%
Non-labor	209	200	+ 5%
Total Devon	<u>\$ 574</u>	<u>\$ 645</u>	- 11%

From 2017 to 2018, G&A decreased \$71 million primarily as a result of the workforce reductions that occurred during 2018 as discussed in [Note 6](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Other Items

	2018	2017	Change in earnings
Commodity hedge valuation changes (1)	\$ 877	\$ (48)	\$ 925
Marketing operations	33	(46)	79
Exploration expenses	128	346	218
Asset impairments	156	—	(156)
Asset dispositions	(278)	(219)	59
Net financing costs	580	321	(259)
Restructuring and transaction costs	97	—	(97)
Other expenses	(7)	10	17
			<u>\$ 786</u>

(1) Included as a component of upstream revenues on the consolidated statements of comprehensive earnings.

Marketing operations increased primarily due to improved commodity prices, which were partially offset by the impact of our downstream marketing commitments.

Exploration expense decreased due to recognizing \$95 million in unproved impairments related to certain non-core acreage in the U.S during 2018 compared to \$217 million in 2017. Additionally, geological and geophysical costs decreased \$86 million primarily in the STACK and Delaware Basin.

Asset impairments increased due to recognizing \$109 million of proved asset impairments and \$47 million of non-oil and gas asset impairments during 2018. For additional information, see [Note 5](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Asset dispositions increased primarily due to gains recognized in conjunction with certain of our U.S. asset dispositions in 2018. For additional information, see [Note 2](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Net financing costs increased primarily due to \$312 million of early retirement charges associated with our debt retirement in 2018 as discussed in [Note 13](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Restructuring and transaction costs increased primarily as a result of our workforce reductions in 2018. See [Note 6](#) in “Item 8. Financial Statements and Supplementary Data” of this report for additional information.

Income Taxes

	2018	2017
Current expense (benefit)	\$ (17)	\$ 9
Deferred expense (benefit)	247	(2)
Total expense	<u>\$ 230</u>	<u>\$ 7</u>
Effective income tax rate	<u>24%</u>	<u>18%</u>

For discussion on income taxes, see [Note 7](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Discontinued Operations

The table below presents key components from discontinued operations for the time periods presented. Discontinued operations include our aggregate ownership interests in EnLink and the General Partner that Devon divested in July 2018 and the Canadian business that Devon sold in June 2019. Discontinued operations also include the Barnett Shale assets that Devon has contracted to sell and which is expected to close during the second quarter of 2020, as well as previously divested Barnett Shale properties located primarily in Johnson and Wise counties, Texas. For additional information on discontinued operations, see [Note 18](#) in “Part I. Financial Information – Item 1. Financial Statements” of this report.

	2019	2018	2017
Upstream revenues	\$ 1,114	\$ 1,742	\$ 2,319
Production expenses	\$ 599	\$ 1,072	\$ 1,031
Marketing margin	\$ 20	\$ 708	\$ 958
Gain on sale of Canadian operations	\$ (223)	\$ —	\$ —
Gain on sale of EnLink and General Partner interests	\$ —	\$ (2,607)	\$ —
Asset impairments	\$ 785	\$ —	\$ 17
Financing costs, net	\$ 87	\$ 112	\$ 177
Restructuring and transaction costs	\$ 248	\$ 17	\$ —
Earnings (loss) from discontinued operations before income taxes	\$ (632)	\$ 2,839	\$ 856
Income tax expense (benefit)	\$ (358)	\$ 329	\$ (189)
Net earnings (loss) from discontinued operations, net of tax	<u>\$ (274)</u>	<u>\$ 2,510</u>	<u>\$ 1,045</u>
Production (MMBoe):			
Barnett Shale	37	45	56
Canada	19	42	48
Total production	<u>56</u>	<u>87</u>	<u>104</u>
Realized price, unhedged (per Boe) - Barnett Shale	\$ 13.30	\$ 17.36	\$ 14.79
Realized price, unhedged (per Boe) - Canada	\$ 38.98	\$ 19.12	\$ 29.39

2019 vs 2018

Net earnings from discontinued operations, net of tax decreased \$2.8 billion as we recognized a \$2.6 billion (\$2.2 billion after-tax) gain on the sale of our aggregate ownership interests in EnLink and the General Partner during 2018. Net earnings from discontinued operations also decreased due to a \$748 million asset impairment to our Barnett Shale assets in the fourth quarter of 2019.

2018 vs 2017

Net earnings from discontinued operations, net of tax increased \$1.5 billion as we recognized a \$2.6 billion (\$2.2 billion after-tax) gain on the sale of our aggregate ownership interests in EnLink and the General Partner during 2018. The gain was partially offset by a decrease in upstream revenues, which was primarily driven by widening differentials for bitumen sales in Canada to the WTI index during the fourth quarter of 2018. Market forces widened Canadian heavy oil differentials beyond historical norms and negatively impacted the price we realized on our Canadian production. We had basis swaps for approximately half of our fourth quarter production to mitigate the effect of the lower market price. To further mitigate the effects of the lower price, we reduced our Jackfish production in November 2018 which impacted our fourth quarter production by approximately 8 MBbls/d. For discussion on discontinued operations, see [Note 18](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Sources and Uses of Cash

The following table presents the major changes in cash and cash equivalents for the time periods presented below.

	Year ended December 31,		
	2019	2018	2017
Operating cash flow from continuing operations	\$ 2,043	\$ 1,583	\$ 1,243
Divestitures of property and equipment	390	500	425
Capital expenditures	(1,910)	(2,116)	(1,614)
Acquisitions of property and equipment	(31)	(55)	(44)
Debt activity, net	(162)	(1,226)	—
Repurchases of common stock	(1,849)	(2,956)	—
Common stock dividends	(140)	(149)	(127)
Contributions from noncontrolling interests	116	—	—
Other	(26)	(46)	(46)
Net change in cash, cash equivalents and restricted cash from discontinued operations	967	4,227	888
Net change in cash, cash equivalents and restricted cash	<u>\$ (602)</u>	<u>\$ (238)</u>	<u>\$ 725</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,844</u>	<u>\$ 2,446</u>	<u>\$ 2,684</u>

Operating Cash Flow – Continuing Operations

Net cash provided by operating activities continued to be a significant source of capital and liquidity in 2019. Our operating cash flow increased \$460 million, or 29%, to \$2.0 billion year over year. In 2019, our operating cash flow nearly funded the entirety of our capital expenditures program and dividends, allowing us to use available cash balances and net divestiture proceeds to fund other capital uses.

Our operating cash flow increased \$340 million, or 27%, from 2017 to 2018. Our operating cash flow funded approximately 70% of our capital expenditures program and dividends in 2018 and 2017, respectively. As a result, we utilized available cash balances and divestiture proceeds to supplement our operating cash flows.

Divestitures of Property and Investments – Continuing Operations

During 2019, 2018 and 2017, as part of our announced divestiture programs, we sold non-core U.S. upstream assets for \$390 million, \$500 million and \$425 million, respectively. For further discussion, see [Note 2](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Capital Expenditures

The following table summarizes our capital expenditures and property acquisitions.

	Year ended December 31,		
	2019	2018	2017
Delaware Basin	\$ 912	\$ 768	\$ 394
STACK	396	827	742
Powder River Basin	308	157	121
Eagle Ford	194	215	115
Other	36	110	155
Total oil and gas	1,846	2,077	1,527
Midstream	42	16	50
Other	22	23	37
Total capital expenditures	<u>\$ 1,910</u>	<u>\$ 2,116</u>	<u>\$ 1,614</u>
Acquisitions	<u>\$ 31</u>	<u>\$ 55</u>	<u>\$ 44</u>

Capital expenditures consist primarily of amounts related to our oil and gas exploration and development operations and other corporate activities. The vast majority of our capital expenditures are for the acquisition, drilling and development of oil and gas properties. Our capital program is designed to operate within or near operating cash flow and may fluctuate with changes to commodity prices and other factors impacting cash flow. This is evidenced by our operating cash flow fully funding capital expenditures in 2019 and funding approximately 75% and 77% of capital expenditures in 2018 and 2017, respectively. Our capital expenditures are lower in 2019 primarily due to our decreased spending in the STACK, partially offset by increased capital investment in higher margin assets in the Delaware and Powder River Basins.

Debt Activity, Net

During 2019, our debt decreased \$162 million due to the repayment of our 6.30% senior notes at maturity.

During 2018, our debt decreased \$922 million due to completed tender offers of certain long-term debt as well as the maturity of certain senior notes. In conjunction with the tender offers, we recognized a \$312 million loss on the early retirement of debt, including \$304 million of cash retirement costs and fees. For additional information, see [Note 13](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Repurchases of Common Stock and Shareholder Distributions

We repurchased 68.6 million shares of common stock for \$1.8 billion in 2019 and 78.1 million shares of common stock for \$3.0 billion in 2018 under a share repurchase program authorized by our Board of Directors. For additional information, see [Note 17](#) in “Item 8. Financial Statements and Supplementary Data” in this report.

Devon paid common stock dividends of \$140 million, \$149 million and \$127 million during 2019, 2018 and 2017, respectively. During the second quarter of 2018, we increased our quarterly dividend 33% from \$0.06 to \$0.08 per share as part of our focus on returning cash to shareholders. In February 2019, we further increased our quarterly dividend 12.5% to \$0.09 per share, beginning in the second quarter of 2019. For additional information, see [Note 17](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Contributions from Noncontrolling Interests

During 2019, we received approximately \$116 million in cash contributions from our partner in CDM.

Cash Flows from Discontinued Operations

All cash flows in the following table relate to activities from discontinued operations for the time periods presented. Discontinued operations include our aggregate ownership interests in EnLink and the General Partner that Devon divested in July 2018 and the Canadian business that Devon sold in June 2019. Discontinued operations also include the Barnett Shale assets that Devon has contracted to sell and which is expected to close during the second quarter of 2020, as well as previously divested Barnett Shale properties located primarily in Johnson and Wise counties, Texas.

	Year ended December 31,		
	2019	2018	2017
Settlements of intercompany foreign denominated assets/liabilities	\$ (32)	\$ (241)	\$ 9
Other	60	1,362	1,657
Operating activities	28	1,121	1,666
Divestitures of property and equipment - Canadian operations	2,608	—	—
Divestitures of investments - EnLink and General Partner	—	3,104	190
Divestitures of property and equipment - Barnett Shale assets	—	513	—
Capital expenditures and other	(136)	(891)	(1,156)
Investing activities	2,472	2,726	(966)
Debt activity, net	(1,552)	347	2
Issuance of subsidiary units	—	1	501
Distributions to noncontrolling interests	—	(217)	(354)
Other	(26)	43	33
Financing activities	(1,578)	174	182
Settlements of intercompany foreign denominated assets/liabilities	32	241	(9)
Other	13	(35)	15
Effect of exchange rate changes on cash	45	206	6
Net change in cash, cash equivalents and restricted cash of discontinued operations	<u>\$ 967</u>	<u>\$ 4,227</u>	<u>\$ 888</u>

Operating cash flow in 2019 decreased \$1.1 billion and \$1.6 billion from 2018 and 2017, respectively, as a result of the divestitures referenced above. Additionally, operating cash flow was negatively affected in the first quarter of 2019 primarily due to realization impacts associated with the widening Canadian differentials in the fourth quarter of 2018. Foreign currency denominated intercompany loan activity resulted in a realized loss of \$32 million and \$241 million in 2019 and 2018, respectively, as a result of the strengthening of the U.S. dollar in relation to the Canadian dollar. Foreign currency denominated intercompany loan activity resulted in a realized gain of \$9 million in 2017, as a result of the weakening of the U.S. dollar in relation to the Canadian dollar. There was an offset in the effect of exchange rate changes on cash line in the above table, resulting in no impact to the net change in cash, cash equivalents and restricted cash.

On June 27, 2019, Devon completed the sale of substantially all its oil and gas assets and operations in Canada for proceeds of \$2.6 billion. In the second and fourth quarter of 2018, Devon completed the sale of a portion of its Barnett Shale assets, located primarily in Johnson and Wise counties, Texas for approximately \$500 million in combined proceeds. On July 18, 2018, Devon completed the sale of its aggregate ownership interests in EnLink and the General Partner for \$3.125 billion. During 2017, EnLink divested its ownership interest in Howard Energy Partners for approximately \$190 million.

Cash flows from financing activities includes the \$1.5 billion of senior notes retired prior to maturity in July 2019 and common and preferred units EnLink issued and sold during 2017 generating net proceeds of \$501 million. Distributions to noncontrolling interests in the table above exclude the distributions EnLink and the General Partner paid to Devon, which have been eliminated in consolidation. Distributions EnLink and the General Partner paid to Devon were \$134 million and \$265 million during 2018 and 2017, respectively.

Liquidity

The business of exploring for, developing and producing oil and natural gas is capital intensive. Because oil, natural gas and NGL reserves are a depleting resource, we, like all upstream operators, must continually make capital investments to grow and even sustain production. Generally, our capital investments are focused on drilling and completing new wells and maintaining production

from existing wells. At opportunistic times, we also acquire operations and properties from other operators or land owners to enhance our existing portfolio of assets.

Historically, our primary sources of capital funding and liquidity have been our operating cash flow, cash on hand and asset divestiture proceeds. Additionally, we maintain a commercial paper program, supported by our revolving line of credit, which can be accessed as needed to supplement operating cash flow and cash balances. If needed, we can also issue debt and equity securities, including through transactions under our shelf registration statement filed with the SEC. We estimate the combination of our sources of capital will continue to be adequate to fund our planned capital requirements as discussed in this section.

Operating Cash Flow

Key inputs into determining our planned capital investment is the amount of cash we hold and operating cash flow we expect to generate over the next one to three or more years. At the end of 2019, we held approximately \$1.8 billion of cash, inclusive of \$380 million of cash restricted for discontinued operations. Our operating cash flow forecasts are sensitive to many variables and include a measure of uncertainty as these variables differ from our expectations.

Commodity Prices – The most uncertain and volatile variables for our operating cash flow are the prices of the oil, gas and NGLs we produce and sell. Prices are determined primarily by prevailing market conditions. Regional and worldwide economic activity, weather and other substantially variable factors influence market conditions for these products. These factors, which are difficult to predict, create volatility in prices and are beyond our control.

To mitigate some of the risk inherent in prices, we utilize various derivative financial instruments to protect a portion of our production against downside price risk. We hedge our production in a manner that systematically places hedges for several quarters in advance, allowing us to maintain a disciplined risk management program as it relates to commodity price volatility. We supplement the systematic hedging program with discretionary hedges that take advantage of favorable market conditions. The key terms to our oil, gas and NGL derivative financial instruments as of December 31, 2019 are presented in [Note 3](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Further, when considering the current commodity price environment and our current hedge position, we expect to achieve our capital investment priorities. Should WTI drop closer to \$45/Bbl for an extended period, we would shift our focus to preserving our financial strength and operational continuity. However, as WTI/Bbl rises above \$50, our free cash flow will accelerate, providing additional capital allocation opportunities.

Operating Expenses – Commodity prices can also affect our operating cash flow through an indirect effect on operating expenses. Significant commodity price decreases can lead to a decrease in drilling and development activities. As a result, the demand and cost for people, services, equipment and materials may also decrease, causing a positive impact on our cash flow as the prices paid for services and equipment decline. However, the inverse is also generally true during periods of rising commodity prices.

In 2019, we aggressively optimized our cost structure in conjunction with our Canadian and Barnett Shale asset divestitures, as we focus on our remaining four U.S. oil plays, align our workforce with the retained business and reduce outstanding debt. These optimizations include cost reductions and efficiencies related to our capital programs, G&A, financing costs and production expenses.

Credit Losses – Our operating cash flow is also exposed to credit risk in a variety of ways. This includes the credit risk related to customers who purchase our oil, gas and NGL production, the collection of receivables from our joint interest partners for their proportionate share of expenditures made on projects we operate and counterparties to our derivative financial contracts. We utilize a variety of mechanisms to limit our exposure to the credit risks of our customers, partners and counterparties. Such mechanisms include, under certain conditions, requiring letters of credit, prepayments or collateral postings.

Divestitures of Property and Equipment

In December 2019, we announced the sale of our Barnett Shale assets for approximately \$770 million. We expect this transaction to close in the second quarter of 2020.

Credit Availability

We have \$3.0 billion of available borrowing capacity under our Senior Credit Facility at December 31, 2019. On December 13, 2019, we entered into an amendment and extension agreement to, among other things, (i) effect the extension of the maturity date of the Senior Credit Facility from October 5, 2023 to October 5, 2024 with respect to the consenting lenders and (ii) modify the maximum number of maturity extension requests during the term of the Senior Credit Facility from two to three. As a result of this amendment, the Senior Credit Facility matures on October 5, 2024, with the option to extend the maturity date by two additional one-year periods subject to lender consent. Subsequent to October 5, 2023, the borrowing capacity decreases to \$2.8 billion. The Senior Credit Facility supports our \$3.0 billion of short-term credit under our commercial paper program. As of December 31, 2019, there were no borrowings under our commercial paper program. See [Note 13](#) in “Item 8. Financial Statements and Supplementary Data” of this report for further discussion.

The Senior Credit Facility contains only one material financial covenant. This covenant requires us to maintain a ratio of total funded debt to total capitalization, as defined in the credit agreement, of no more than 65%. As of December 31, 2019, we were in compliance with this covenant with a 19.1% debt-to-capitalization ratio.

Our access to funds from the Senior Credit Facility is not restricted under any “material adverse effect” clauses. It is not uncommon for credit agreements to include such clauses. These clauses can remove the obligation of the banks to fund the credit line if any condition or event would reasonably be expected to have a material and adverse effect on the borrower’s financial condition, operations, properties or business considered as a whole, the borrower’s ability to make timely debt payments or the enforceability of material terms of the credit agreement. While our credit facility includes covenants that require us to report a condition or event having a material adverse effect, the obligation of the banks to fund the credit facility is not conditioned on the absence of a material adverse effect.

As market conditions warrant and subject to our contractual restrictions, liquidity position and other factors, we may from time to time seek to repurchase or retire our outstanding debt through cash purchases and/or exchanges for other debt or equity securities in open market transactions, privately negotiated transactions, by tender offer or otherwise. Any such cash repurchases by us may be funded by cash on hand or incurring new debt. The amounts involved in any such transactions, individually or in the aggregate, may be material. Furthermore, any such repurchases or exchanges may result in our acquiring and retiring a substantial amount of such indebtedness, which would impact the trading liquidity of such indebtedness.

Debt Ratings

We receive debt ratings from the major ratings agencies in the U.S. In determining our debt ratings, the agencies consider a number of qualitative and quantitative items including, but not limited to, commodity pricing levels, our liquidity, asset quality, reserve mix, debt levels, cost structure, planned asset sales and production growth opportunities. Our credit rating from Standard and Poor’s Financial Services is BBB- with a stable outlook. Our credit rating from Fitch is BBB with a stable outlook. Our credit rating from Moody’s Investor Service is Ba1 with a positive outlook. Any rating downgrades may result in additional letters of credit or cash collateral being posted under certain contractual arrangements.

There are no “rating triggers” in any of our contractual debt obligations that would accelerate scheduled maturities should our debt rating fall below a specified level. However, a downgrade could adversely impact our interest rate on any credit facility borrowings and the ability to economically access debt markets in the future.

Share Repurchase Program

In December 2019, our Board of Directors approved a \$1.0 billion share repurchase program that expires on December 31, 2020. This repurchase program was approved in conjunction with the announced divestiture of Devon’s assets in the Barnett Shale. Under this new program, \$800 million of the \$1.0 billion authorization is conditioned upon the closing of the pending Barnett Shale divestiture.

Capital Expenditures

Our 2020 exploration and development budget is expected to be approximately \$1.7 billion to \$1.85 billion.

In December 2019, we announced a partnership under which we will monetize half our working interest across 133 undrilled locations in the STACK for an approximate \$100 million drilling carry spread over the next four years. Drilling operations under this agreement are expected to commence in mid-2020.

Contractual Obligations

The following table presents a summary of our contractual obligations as of December 31, 2019.

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Continuing Operations					
Debt (1)	\$ 4,349	\$ —	\$ —	\$ —	\$ 4,349
Interest expense (2)	4,513	259	518	518	3,218
Operational agreements (3)	1,468	320	431	301	416
Asset retirement obligations (4)	398	18	13	25	342
Drilling and facility obligations (5)	262	131	61	38	32
Lease obligations (6)	426	51	53	24	298
Other (7)	223	11	75	32	105
Total	11,639	790	1,151	938	8,760
Discontinued Operations					
Barnett Shale obligations (8)	271	35	63	46	127
Canadian obligations (9)	347	55	69	55	168
Total	618	90	132	101	295
Total obligations	\$ 12,257	\$ 880	\$ 1,283	\$ 1,039	\$ 9,055

- (1) Debt amounts represent scheduled maturities of debt obligations at December 31, 2019, excluding net discounts and debt issue costs included in the carrying value of debt.
- (2) Interest expense represents the scheduled cash payments on long-term fixed-rate debt.
- (3) Operational agreements represent commitments to transport or process certain volumes of oil, gas and NGLs for a fixed fee. We have entered into these agreements to aid the movement of our production to downstream markets.
- (4) Asset retirement obligations represent estimated discounted costs for future dismantlement, abandonment and rehabilitation costs. These obligations are recorded as liabilities on our December 31, 2019 balance sheet.
- (5) Drilling and facility obligations represent gross contractual agreements with third-party service providers to procure drilling rigs and other related services for developmental and exploratory drilling and facilities construction.
- (6) Lease obligations consist primarily of non-cancelable leases for office space and equipment. For additional information, see [Note 14](#) in “Item 8. Financial Statements and Supplementary Data” of this report.
- (7) Other obligations primarily relate to various tax obligations.
- (8) Barnett Shale obligations primarily represent approximately \$240 million of asset retirement obligations and firm transportation agreements which will be transferred to BKV when the divestiture of those assets close. The remainder of the Barnett Shale obligations relate to abandoned gas processing contracts which Devon retained in connection with the 2018 Barnett Shale divestitures. For additional information, see [Note 18](#) in “Item 8. Financial Statements and Supplementary Data” of this report.
- (9) Canadian obligations are related to a firm transportation agreement and office lease abandonments that were retained after Devon’s sale of substantially all of its oil and gas assets and operations in Canada. For additional information, see [Note 18](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Contingencies and Legal Matters

For a detailed discussion of contingencies and legal matters, see [Note 19](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates, and changes in these estimates are recorded when known. We consider the following to be our most critical accounting estimates that involve judgment and have reviewed these critical accounting estimates with the Audit Committee of our Board of Directors.

Oil and Gas Assets Accounting, Classification, Reserves & Valuation

Successful Efforts Method of Accounting and Classification

We utilize the successful efforts method of accounting for our oil and natural gas exploration and development activities which requires management's assessment of the proper designation of wells and associated costs as developmental or exploratory. This classification assessment is dependent on the determination and existence of proved reserves, which is a critical estimate discussed in the section below. The classification of developmental and exploratory costs has a direct impact on the amount of costs we initially recognize as exploration expense or capitalize, then subject to DD&A calculations and impairment assessments and valuations.

Once a well is drilled, the determination that proved reserves have been discovered may take considerable time and requires both judgment and application of industry experience. Development wells are always capitalized. Costs associated with drilling an exploratory well are initially capitalized, or suspended, pending a determination as to whether proved reserves have been found. At the end of each quarter, management reviews the status of all suspended exploratory drilling costs to determine whether the costs should continue to remain capitalized or shall be expensed. When making this determination, management considers current activities, near-term plans for additional exploratory or appraisal drilling and the likelihood of reaching a development program. If management determines future development activities and the determination of proved reserves are unlikely to occur, the associated suspended exploratory well costs are recorded as dry hole expense and reported in exploration expense in the consolidated statements of comprehensive earnings. Otherwise, the costs of exploratory wells remain capitalized. At December 31, 2019, all suspended well costs have been suspended for less than one year.

Similar to the evaluation of suspended exploratory well costs, costs for undeveloped leasehold, for which reserves have not been proven, must also be evaluated for continued capitalization or impairment. At the end of each quarter, management assesses undeveloped leasehold costs for impairment by considering future drilling plans, drilling activity results, commodity price outlooks, planned future sales or expiration of all or a portion of such projects. At December 31, 2019, Devon had approximately \$250 million of undeveloped leasehold. Of the remaining undeveloped leasehold costs at December 31, 2019, approximately \$6 million is scheduled to expire in 2020. The leasehold expiring in 2020 relates to areas in which Devon is actively drilling. If our drilling is not successful, this leasehold could become partially or entirely impaired.

Reserves

Our estimates of proved and proved developed reserves are a major component of DD&A calculations. Additionally, our proved reserves represent the element of these calculations that require the most subjective judgments. Estimates of reserves are forecasts based on engineering data, projected future rates of production and the timing of future expenditures. The process of estimating oil, gas and NGL reserves requires substantial judgment, resulting in imprecise determinations, particularly for new discoveries. Different reserve engineers may make different estimates of reserve quantities based on the same data. Our engineers prepare our reserve estimates. We then subject certain of our reserve estimates to audits performed by a third-party petroleum consulting firm. In 2019, 85% of our reserves were subjected to such audits.

The passage of time provides more qualitative information regarding estimates of reserves, when revisions are made to prior estimates to reflect updated information. In the past five years, annual performance revisions to our reserve estimates, which have been both increases and decreases in individual years, have averaged less than 5% of the previous year's estimate. However, there can be no assurance that more significant revisions will not be necessary in the future. The data for a given reservoir may also change substantially over time as a result of numerous factors, including, but not limited to, additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions.

Valuation of Long-Lived Assets

Long-lived assets used in operations, including proved and unproved oil and gas properties, are depreciated and assessed for impairment annually or whenever changes in facts and circumstances indicate a possible significant deterioration in future cash flows is expected to be generated by an asset group. For DD&A calculations and impairment assessments, management groups individual assets based on a judgmental assessment of the lowest level (“common operating field”) for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The determination of common operating fields is largely based on geological structural features or stratigraphic condition, which requires judgment. Management also considers the nature of production, common infrastructure, common sales points, common processing plants, common regulation and management oversight to make common operating field determinations. These determinations impact the amount of DD&A recognized each period and could impact the determination and measurement of a potential asset impairment.

Management evaluates assets for impairment through an established process in which changes to significant assumptions such as prices, volumes and future development plans are reviewed. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value. Because there usually is a lack of quoted market prices for long-lived assets, the fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants. The expected future cash flows used for impairment reviews and related fair value calculations are typically based on judgmental assessments of future production volumes, commodity prices, operating costs and capital investment plans, considering all available information at the date of review. The expected future cash flows used for impairment reviews include future production volumes associated with proved producing and risk-adjusted proved undeveloped, probable and possible reserves. Besides the estimates of reserves and future production volumes, future commodity prices are the largest driver in the variability of undiscounted pre-tax cash flows. For our impairment determinations, we utilize the forward strip prices for the first five years and apply internally generated price forecasts for subsequent years. We estimate and escalate or de-escalate future capital and operating costs by using a method that correlates cost movements to price movements similar to recent history. Changes to any of these assumptions could result in lower undiscounted pre-tax cash flows and impact both the recognition and timing of impairments. Should management materially reduce planned capital investment and commodity prices remain depressed, recognition of material asset impairments could become more likely for certain of our assets.

As commodity prices decreased throughout 2019 and at year-end approximated the prices Devon used to determine and compute material asset impairments in 2019, management conducted a robust review of its assets for impairment as of December 31, 2019. Based on our recent impairment evaluations, our STACK asset’s sum of undiscounted pre-tax cash flows exceeds the carrying value by less than 10%. This cushion has narrowed significantly since the end of 2018 due primarily to approximately 30% and 5% declines in forward NGL and natural gas pricing, respectively, and negative non-price reserve revisions of approximately 40 MMBoe as discussed in [Note 21](#) in “Item 8. Financial Statements and Supplementary Data” of this report. As of December 31, 2019, the difference between the STACK’s undiscounted pre-tax cash flows, which is used to determine whether an impairment exists, and the discounted pre-tax cash flows, which is used to measure an impairment, is approximately \$2.0 billion. Therefore, if commodity prices deteriorate or we materially reduce future development plans, causing the capitalized costs to exceed the undiscounted pre-tax cash flows, our STACK asset would be subject to a material impairment of capitalized costs.

Income Taxes

The amount of income taxes recorded requires interpretations of complex rules and regulations of federal, state, provincial and foreign tax jurisdictions. We recognize current tax expense based on estimated taxable income for the current period and the applicable statutory tax rates. We routinely assess potential uncertain tax positions and, if required, estimate and establish accruals for such amounts. We have recognized deferred tax assets and liabilities for temporary differences, operating losses and other tax carryforwards. We routinely assess our deferred tax assets and reduce such assets by a valuation allowance if we deem it is more likely than not that some portion or all of the deferred tax assets will not be realized. Within continuing operations, Devon maintains only a valuation allowance against a portion of its deferred tax assets, including certain tax credits and state net operating losses. Devon also has recorded a valuation allowance in discontinued operations against certain Canadian deferred tax assets.

The accruals for deferred tax assets and liabilities are often based on assumptions that are subject to a significant amount of judgment by management. These assumptions and judgments are reviewed and adjusted as facts and circumstances change. Material changes to our income tax accruals may occur in the future based on the progress of ongoing audits, changes in legislation or resolution of pending matters.

Non-GAAP Measures

Core Earnings

We make reference to “core earnings (loss) attributable to Devon” and “core earnings (loss) per share attributable to Devon” in “Overview of 2019 Results” in this Item 7 that are not required by or presented in accordance with GAAP. These non-GAAP measures are not alternatives to GAAP measures and should not be considered in isolation or as a substitute for analysis of our results reported under GAAP. Core earnings (loss) attributable to Devon, as well as the per share amount, represent net earnings excluding certain noncash and other items that are typically excluded by securities analysts in their published estimates of our financial results. For more information on the results of discontinued operations for our Barnett Shale assets, Canadian operations and for EnLink and the General Partner, see [Note 18](#) in “Item 8. Financial Statements and Supplementary Data” in this report. Our non-GAAP measures are typically used as a quarterly performance measure. Amounts excluded for 2019 relate to asset dispositions, the gain on the sale of Canadian operations, noncash asset impairments (including noncash Barnett Shale and unproved asset impairments), deferred tax asset valuation allowance, costs associated with early retirement of debt, fair value changes in derivative financial instruments and foreign currency, restructuring and transaction costs associated with the workforce reductions in 2019 and restructuring and transaction costs associated with the divestment of our Canadian operations in 2019.

Amounts excluded for 2018 relate to asset dispositions, the gain on the sale of Devon’s aggregate ownership interests in EnLink and the General Partner, noncash asset impairments (including noncash unproved asset impairments), deferred tax asset valuation allowance, costs associated with early retirement of debt, fair value changes in derivative financial instruments and foreign currency, restructuring and transaction costs associated with the workforce reductions in 2018.

Amounts excluded for 2017 relate to asset dispositions, noncash asset impairments (including noncash unproved asset impairments), U.S. tax reform changes, deferred tax asset valuation allowance, derivatives and financial instrument fair value changes, legal entity restructuring and costs associated with early retirement of debt.

We believe these non-GAAP measures facilitate comparisons of our performance to earnings estimates published by securities analysts. We also believe these non-GAAP measures can facilitate comparisons of our performance between periods and to the performance of our peers.

Below are reconciliations of our core earnings and earnings per share to their comparable GAAP measures.

	Before tax	After tax	After Noncontrolling Interests	Per Diluted Share
2019				
Continuing Operations				
Loss attributable to Devon (GAAP)	\$ (109)	\$ (79)	\$ (81)	\$ (0.21)
Adjustments:				
Asset dispositions	(48)	(37)	(37)	(0.09)
Asset and exploration impairments	20	15	15	0.04
Fair value changes in financial instruments	623	480	480	1.19
Restructuring and transaction costs	84	64	64	0.15
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 570</u>	<u>\$ 443</u>	<u>\$ 441</u>	<u>\$ 1.08</u>
Discontinued Operations				
Loss attributable to Devon (GAAP)	\$ (632)	\$ (274)	\$ (274)	\$ (0.68)
Adjustments:				
Gain on sale of Canadian operations	(223)	(425)	(425)	(1.05)
Asset and exploration impairments	785	613	613	1.52
Deferred tax asset valuation allowance	—	24	24	0.06
Early retirement of debt	58	45	45	0.11
Fair value changes in financial instruments and foreign currency and other	(33)	(37)	(37)	(0.10)
Restructuring and transaction costs	248	183	183	0.45
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 203</u>	<u>\$ 129</u>	<u>\$ 129</u>	<u>\$ 0.31</u>
Total				
Loss attributable to Devon (GAAP)	\$ (741)	\$ (353)	\$ (355)	\$ (0.89)
Adjustments:				
Continuing Operations	679	522	522	1.29
Discontinued Operations	835	403	403	0.99
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 773</u>	<u>\$ 572</u>	<u>\$ 570</u>	<u>\$ 1.39</u>
2018				
Continuing Operations				
Earnings attributable to Devon (GAAP)	\$ 944	\$ 714	\$ 714	\$ 1.42
Adjustments:				
Asset dispositions	(278)	(214)	(214)	(0.42)
Asset and exploration impairments	257	198	198	0.40
Deferred tax asset valuation allowance	—	(4)	(4)	(0.01)
Early retirement of debt	312	240	240	0.48
Fair value changes in financial instruments	(938)	(723)	(723)	(1.45)
Restructuring and transaction costs	97	76	76	0.15
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 394</u>	<u>\$ 287</u>	<u>\$ 287</u>	<u>\$ 0.57</u>
Discontinued Operations				
Earnings attributable to Devon (GAAP)	\$ 2,839	\$ 2,510	\$ 2,350	\$ 4.68
Adjustments:				
Asset dispositions	(2,593)	(2,250)	(2,250)	(4.49)
Fair value changes in financial instruments and foreign currency	339	277	270	0.54
Minimum volume commitment and restructuring and transaction costs	(31)	(27)	(2)	(0.00)
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 554</u>	<u>\$ 510</u>	<u>\$ 368</u>	<u>\$ 0.73</u>
Total				
Earnings attributable to Devon (GAAP)	\$ 3,783	\$ 3,224	\$ 3,064	\$ 6.10
Adjustments:				
Continuing Operations	(550)	(427)	(427)	(0.85)
Discontinued Operations	(2,285)	(2,000)	(1,982)	(3.95)
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 948</u>	<u>\$ 797</u>	<u>\$ 655</u>	<u>\$ 1.30</u>

	<u>Before tax</u>	<u>After tax</u>	<u>After Noncontrolling Interests</u>	<u>Per Diluted Share</u>
2017				
Continuing Operations				
Earnings attributable to Devon (GAAP)	\$ 40	\$ 33	\$ 33	\$ 0.06
Adjustments:				
Asset dispositions	(219)	(140)	(140)	(0.27)
Asset and exploration impairments	217	138	138	0.26
Deferred tax asset valuation allowance	—	(4)	(4)	(0.01)
Fair value changes in financial instruments	70	45	45	0.09
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 108</u>	<u>\$ 72</u>	<u>\$ 72</u>	<u>\$ 0.13</u>
Discontinued Operations				
Earnings attributable to Devon (GAAP)	\$ 856	\$ 1,045	\$ 865	\$ 1.64
Adjustments:				
U.S. tax reform	—	(211)	(112)	(0.21)
Fair value changes in financial instruments and foreign currency	(289)	(248)	(248)	(0.47)
Asset dispositions, impairments and early retirement of debt	11	9	7	0.01
Legal entity restructuring and deferred tax asset valuation allowance	—	(157)	(157)	(0.29)
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 578</u>	<u>\$ 438</u>	<u>\$ 355</u>	<u>\$ 0.68</u>
Total				
Earnings attributable to Devon (GAAP)	\$ 896	\$ 1,078	\$ 898	\$ 1.70
Adjustments:				
Continuing Operations	68	39	39	0.07
Discontinued Operations	(278)	(607)	(510)	(0.96)
Core earnings attributable to Devon (Non-GAAP)	<u>\$ 686</u>	<u>\$ 510</u>	<u>\$ 427</u>	<u>\$ 0.81</u>

EBITDAX and Field-Level Cash Margin

To assess the performance of our assets, we use EBITDAX and Field-Level Cash Margin. We compute EBITDAX as net earnings from continuing operations before income tax expense; financing costs, net; exploration expenses; DD&A; asset impairments; asset disposition gains and losses; non-cash share-based compensation; non-cash valuation changes for derivatives and financial instruments; restructuring and transaction costs; accretion on discounted liabilities; and other items not related to our normal operations. Field-Level Cash Margin is computed as oil, gas and NGL revenues less production expenses. Production expenses consist of lease operating, gathering, processing and transportation expenses, as well as production and property taxes.

We exclude financing costs from EBITDAX to assess our operating results without regard to our financing methods or capital structure. Exploration expenses and asset disposition gains and losses are excluded from EBITDAX because they generally are not indicators of operating efficiency for a given reporting period. DD&A and impairments are excluded from EBITDAX because capital expenditures are evaluated at the time capital costs are incurred. We exclude share-based compensation, valuation changes, restructuring and transaction costs, accretion on discounted liabilities and other items from EBITDAX because they are not considered a measure of asset operating performance.

We believe EBITDAX and Field-Level Cash Margin provide information useful in assessing our operating and financial performance across periods. EBITDAX and Field-Level Cash Margin as defined by Devon may not be comparable to similarly titled measures used by other companies and should be considered in conjunction with net earnings from continuing operations.

Below are reconciliations of net earnings to EBITDAX and a further reconciliation to Field-Level Cash Margin.

	2019	2018	2017
Net earnings (loss) (GAAP)	\$ (353)	\$ 3,224	\$ 1,078
Net (earnings) loss from discontinued operations, net of tax	274	(2,510)	(1,045)
Financing costs, net	250	580	321
Income tax expense (benefit)	(30)	230	7
Exploration expenses	58	128	346
Depreciation, depletion and amortization	1,497	1,228	1,008
Asset impairments	—	156	—
Asset dispositions	(48)	(278)	(219)
Share-based compensation	83	104	121
Derivative and financial instrument non-cash valuation changes	623	(938)	70
Restructuring and transaction costs	84	97	—
Accretion on discounted liabilities and other	5	54	(12)
EBITDAX (non-GAAP)	<u>2,443</u>	<u>2,075</u>	<u>1,675</u>
Marketing revenues and expenses, net	(53)	(33)	46
Commodity derivative cash settlements	(170)	420	(115)
General and administration expenses, cash-based	392	470	524
Field-level cash margin (non-GAAP)	<u>\$ 2,612</u>	<u>\$ 2,932</u>	<u>\$ 2,130</u>

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

Commodity Price Risk

Our major market risk exposure is the pricing applicable to our oil, gas and NGL production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our gas and NGL production. Pricing for oil and gas production has been volatile and unpredictable as discussed in “Item 1A. Risk Factors” of this report. Consequently, we systematically hedge a portion of our production through various financial transactions. The key terms to our oil and gas derivative financial instruments as of December 31, 2019 are presented in [Note 3](#) in “Item 8. Financial Statements and Supplementary Data” of this report.

The fair values of our commodity derivatives are largely determined by estimates of the forward curves of the relevant price indices. At December 31, 2019, a 10% change in the forward curves associated with our commodity derivative instruments would have changed our net asset positions by approximately \$115 million.

Interest Rate Risk

At December 31, 2019, we had total debt of \$4.3 billion. All of our debt is based on fixed interest rates averaging 6.0%.

Foreign Currency Risk

Devon has certain Canadian dollar obligations associated with its divested Canadian operations which are to be paid with the cash restricted for discontinued operations. These balances are remeasured using the applicable exchange rate as of the end of the reporting period. A 10% unfavorable change in the Canadian-to-U.S. dollar exchange rate would not have materially impacted our December 31, 2019 balance sheet for these items. See [Note 18](#) in “Item 8. Financial Statements and Supplementary Data” in this report for additional information.

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AND CONSOLIDATED FINANCIAL STATEMENT SCHEDULES**

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

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Devon Energy Corporation:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Devon Energy Corporation and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive earnings, equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Changes in Accounting Principles

As discussed in Note 14 to the consolidated financial statements, the Company has changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Update 2016-02, *Leases (Topic 842)*.

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for revenue in 2018 due to the adoption of Accounting Standards Codification 606, *Revenue from Contracts with Customers (ASC 606)*.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting contained in "Item 9A. Controls and Procedures." Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the

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maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the estimate of proved and unproved oil and gas reserves used to assess the recoverability of the carrying value of oil and gas properties in the STACK common operating field

As discussed in Notes 1, 5, and 12 to the consolidated financial statements, the Company performs recoverability tests for the carrying value of its proved oil and gas properties subject to amortization. The recoverability tests are performed on an annual basis or more often if events and circumstances indicate that the carrying value of such properties may not be recoverable. The determination of the undiscounted cash flows is driven by the underlying estimate of proved and unproved oil and gas reserves for oil and gas properties as determined by the Company's internal reservoir engineers. Estimating common operating fields' future cash flows requires the expertise of reservoir engineers who take into consideration the estimate of future production quantities, future operating and capital cost assumptions, and projected oil and gas prices inclusive of market differentials. The STACK common operating field had a carrying value of \$3.7 billion as of December 31, 2019.

We identified the evaluation of the estimate of proved and unproved oil and gas reserves used to assess the recoverability of the carrying value of the STACK common operating field's oil and gas properties as a critical audit matter. Based on current and forecasted commodity prices and costs, production volumes and drilling plans, and the risk adjustment factors associated with the unproved reserve volumes, the STACK common operating field required more judgment to evaluate the estimate of both proved and unproved oil and gas reserves used in determining undiscounted future net cash flows for the asset group.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's processes to develop and monitor the estimate of proved and unproved oil and gas reserves used to determine future cash flows. We assessed compliance of the methodology used by the Company's internal reservoir engineers and external reservoir engineers to estimate proved and unproved oil and gas reserves with industry and regulatory standards. To assess the Company's ability to accurately estimate future proved and unproved production quantities, we compared the future production quantity assumptions used by the Company in prior periods to the actual production amounts in the current year and the year-end forecasted future production quantities. We compared the estimated future proved and unproved production quantities used by the Company in the current period to historical production trends and investigated differences. In addition, we assessed the competence, objectivity, and capabilities of the Company's internal reservoir engineers and third-party reservoir engineers. We read and considered the report of the Company's external reservoir engineers in connection with our evaluation of the Company's reserve estimates. We also tested the processes and methodologies used by internal reservoir engineers to estimate unproved future production quantities. We have compared the risk adjustment factors for unproved reserves selected by the Company by prospect to the guideline risk adjustment factor ranges by reserve class in published industry surveys. We have also evaluated the Company's selected risk adjustment factors by evaluation of the proximity of the unproved reserves to proved producing reserves. We evaluated the future operating and capital cost assumptions used by the internal reservoir engineers to estimate future cash flows by comparing them to historical costs. We also tested the projected oil and gas prices used by the internal reservoir engineers to estimate future cash flows by comparing those prices to publicly available prices and tested the relevant market differentials based on past results and any contractual changes in marketing and/or transportation and processing agreements that would impact future cash flows to be received.

Assessment of the estimate of proved oil and gas reserves used in the depletion of proved oil and gas properties

As discussed in Notes 1 and 12 to the consolidated financial statements, the Company calculates depletion for its proved oil and gas properties subject to amortization using a units-of-production method. The rates used to deplete the balance of oil and gas properties subject to amortization are set using the estimate of proved oil and gas reserves by common operating field. Under the units-of-production method, a rate is set annually using the beginning of year balance of oil and gas properties subject to amortization and estimated proved oil and gas reserves for each common operating field. That rate is then applied to production throughout the year to determine the amount of depletion expense to be recorded by common operating field. The Company's internal reservoir engineers estimate proved oil and gas reserves, and the Company engages external reservoir engineers to perform an independent evaluation of a portion of the estimates of proved oil and gas reserves. These common operating fields had depletion expense of \$1.4 billion for the year ended December 31, 2019.

We identified the assessment of the estimate of proved oil and gas reserves used in the depletion of proved oil and gas properties as a critical audit matter. There was a high degree of subjectivity in evaluating the Company's estimate of the proved oil and gas reserves used as an input to determine depletion for each common operating field.

The primary procedures we performed to address this critical audit matter including the following. We tested certain internal controls over the Company's depletion expense calculation process, including controls related to the determination and monitoring of the estimate of proved oil and gas reserves. We analyzed the grouping of costs and proved oil and gas reserves by common operating field. We analyzed and assessed the determination of depletion expense for compliance with industry and regulatory standards. To assess the Company's ability to accurately estimate proved oil and gas reserves, we compared the estimated future production quantities assumptions used by the Company in prior periods to the actual production amounts received and the year-end future production quantities forecasted. We compared the estimated future production quantities used by the Company in the current period to historical production trends and investigated differences. In addition, we assessed the competence, objectivity, and capabilities of the Company's internal reservoir engineers and the Company's external reservoir engineers. We read and considered the report of the Company's third-party reservoir engineers in connection with our evaluation of the Company's reserve estimates.

/s/ KPMG LLP

We have served as the Company's auditor since 1980.

Oklahoma City, Oklahoma
February 19, 2020

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

	Year Ended December 31,		
	2019	2018	2017
	(Millions, except per share amounts)		
Upstream revenues	\$ 3,355	\$ 4,542	\$ 2,988
Marketing and midstream revenues	2,865	4,354	3,513
Total revenues	<u>6,220</u>	<u>8,896</u>	<u>6,501</u>
Production expenses	1,197	1,153	791
Exploration expenses	58	128	346
Marketing and midstream expenses	2,812	4,321	3,559
Depreciation, depletion and amortization	1,497	1,228	1,008
Asset impairments	—	156	—
Asset dispositions	(48)	(278)	(219)
General and administrative expenses	475	574	645
Financing costs, net	250	580	321
Restructuring and transaction costs	84	97	—
Other expenses	4	(7)	10
Total expenses	<u>6,329</u>	<u>7,952</u>	<u>6,461</u>
Earnings (loss) from continuing operations before income taxes	(109)	944	40
Income tax expense (benefit)	(30)	230	7
Net earnings (loss) from continuing operations	(79)	714	33
Net earnings (loss) from discontinued operations, net of income taxes	(274)	2,510	1,045
Net earnings (loss)	(353)	3,224	1,078
Net earnings attributable to noncontrolling interests	2	160	180
Net earnings (loss) attributable to Devon	<u>\$ (355)</u>	<u>\$ 3,064</u>	<u>\$ 898</u>
Basic net earnings (loss) per share:			
Basic earnings (loss) from continuing operations per share	\$ (0.21)	\$ 1.43	\$ 0.06
Basic earnings (loss) from discontinued operations per share	(0.68)	4.71	1.65
Basic net earnings (loss) per share	<u>\$ (0.89)</u>	<u>\$ 6.14</u>	<u>\$ 1.71</u>
Diluted net earnings (loss) per share:			
Diluted earnings (loss) from continuing operations per share	\$ (0.21)	\$ 1.42	\$ 0.06
Diluted earnings (loss) from discontinued operations per share	(0.68)	4.68	1.64
Diluted net earnings (loss) per share	<u>\$ (0.89)</u>	<u>\$ 6.10</u>	<u>\$ 1.70</u>
Comprehensive earnings (loss):			
Net earnings (loss)	\$ (353)	\$ 3,224	\$ 1,078
Other comprehensive earnings (loss), net of tax:			
Foreign currency translation, discontinued operations	78	(152)	83
Release of Canadian cumulative translation adjustment, discontinued operations	(1,237)	—	—
Pension and postretirement plans	13	44	29
Other comprehensive earnings (loss), net of tax	<u>(1,146)</u>	<u>(108)</u>	<u>112</u>
Comprehensive earnings (loss):	(1,499)	3,116	1,190
Comprehensive earnings attributable to noncontrolling interests	2	160	180
Comprehensive earnings (loss) attributable to Devon	<u>\$ (1,501)</u>	<u>\$ 2,956</u>	<u>\$ 1,010</u>

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net earnings (loss)	\$ (353)	\$ 3,224	\$ 1,078
Adjustments to reconcile net earnings (loss) to net cash from operating activities:			
Net (earnings) loss from discontinued operations, net of income taxes	274	(2,510)	(1,045)
Depreciation, depletion and amortization	1,497	1,228	1,008
Asset impairments	—	156	—
Leasehold impairments	18	94	219
Accretion on discounted liabilities	33	27	27
Total (gains) losses on commodity derivatives	454	(457)	(66)
Cash settlements on commodity derivatives	166	(420)	115
Gains on asset dispositions	(48)	(278)	(219)
Deferred income tax expense (benefit)	(25)	247	(2)
Share-based compensation	115	137	126
Early retirement of debt	—	312	—
Other	(6)	(19)	(8)
Changes in assets and liabilities, net	(82)	(158)	10
Net cash from operating activities - continuing operations	<u>2,043</u>	<u>1,583</u>	<u>1,243</u>
Cash flows from investing activities:			
Capital expenditures	(1,910)	(2,116)	(1,614)
Acquisitions of property and equipment	(31)	(55)	(44)
Divestitures of property and equipment	390	500	425
Net cash from investing activities - continuing operations	<u>(1,551)</u>	<u>(1,671)</u>	<u>(1,233)</u>
Cash flows from financing activities:			
Repayments of long-term debt	(162)	(922)	—
Early retirement of debt	—	(304)	—
Repurchases of common stock	(1,849)	(2,956)	—
Dividends paid on common stock	(140)	(149)	(127)
Contributions from noncontrolling interests	116	—	—
Shares exchanged for tax withholdings	(25)	(39)	(46)
Other	(1)	(7)	—
Net cash from financing activities - continuing operations	<u>(2,061)</u>	<u>(4,377)</u>	<u>(173)</u>
Net change in cash, cash equivalents and restricted cash of continuing operations	<u>(1,569)</u>	<u>(4,465)</u>	<u>(163)</u>
Cash flows from discontinued operations:			
Operating activities	28	1,121	1,666
Investing activities	2,472	2,726	(966)
Financing activities	(1,578)	174	182
Effect of exchange rate changes on cash	45	206	6
Net change in cash, cash equivalents and restricted cash of discontinued operations	<u>967</u>	<u>4,227</u>	<u>888</u>
Net change in cash, cash equivalents and restricted cash	<u>(602)</u>	<u>(238)</u>	<u>725</u>
Cash, cash equivalents and restricted cash at beginning of period	2,446	2,684	1,959
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,844</u>	<u>\$ 2,446</u>	<u>\$ 2,684</u>
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	\$ 1,464	\$ 2,414	\$ 2,642
Cash restricted for discontinued operations	380	—	—
Restricted cash included in other current assets	—	32	11
Cash and cash equivalents included in current assets associated with discontinued operations	—	—	31
Total cash, cash equivalents and restricted cash	<u>\$ 1,844</u>	<u>\$ 2,446</u>	<u>\$ 2,684</u>

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,464	\$ 2,414
Cash restricted for discontinued operations	380	—
Accounts receivable	832	812
Current assets associated with discontinued operations	896	331
Other current assets	279	880
Total current assets	<u>3,851</u>	<u>4,437</u>
Oil and gas property and equipment, based on successful efforts accounting, net	7,558	7,430
Other property and equipment, net (\$80 million related to CDM in 2019)	1,035	1,032
Total property and equipment, net	<u>8,593</u>	<u>8,462</u>
Goodwill	753	753
Right-of-use assets	243	—
Other long-term assets	196	276
Long-term assets associated with discontinued operations	81	5,638
Total assets	<u>\$ 13,717</u>	<u>\$ 19,566</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 428	\$ 530
Revenues and royalties payable	730	722
Short-term debt	—	162
Current liabilities associated with discontinued operations	459	492
Other current liabilities	310	320
Total current liabilities	<u>1,927</u>	<u>2,226</u>
Long-term debt	4,294	4,292
Lease liabilities	244	—
Asset retirement obligations	380	468
Other long-term liabilities	426	411
Long-term liabilities associated with discontinued operations	185	2,454
Deferred income taxes	341	529
Stockholders' equity:		
Common stock, \$0.10 par value. Authorized 1.0 billion shares; issued 382 million and 450 million shares in 2019 and 2018, respectively	38	45
Additional paid-in capital	2,735	4,486
Retained earnings	3,148	3,650
Accumulated other comprehensive earnings (loss)	(119)	1,027
Treasury stock, at cost, 1.0 million shares in 2018	—	(22)
Total stockholders' equity attributable to Devon	<u>5,802</u>	<u>9,186</u>
Noncontrolling interests	118	—
Total equity	<u>5,920</u>	<u>9,186</u>
Total liabilities and equity	<u>\$ 13,717</u>	<u>\$ 19,566</u>

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Other Comprehensive Earnings (Loss)	Treasury Stock	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balance as of December 31, 2016	523	\$ 52	\$ 7,237	\$ (69)	\$ 1,054	\$ —	\$ 4,448	\$ 12,722
Net earnings	—	—	—	898	—	—	180	1,078
Other comprehensive earnings, net of tax	—	—	—	—	112	—	—	112
Restricted stock grants, net of cancellations	1	1	—	—	—	—	—	1
Common stock repurchased	—	—	—	—	—	(44)	—	(44)
Common stock retired	—	—	(44)	—	—	44	—	—
Common stock dividends	—	—	—	(127)	—	—	—	(127)
Share-based compensation	1	—	126	—	—	—	—	126
Subsidiary equity transactions	—	—	14	—	—	—	576	590
Distributions to noncontrolling interests	—	—	—	—	—	—	(354)	(354)
Balance as of December 31, 2017	525	\$ 53	\$ 7,333	\$ 702	\$ 1,166	\$ —	\$ 4,850	\$ 14,104
Net earnings	—	—	—	3,064	—	—	160	3,224
Other comprehensive loss, net of tax	—	—	—	—	(108)	—	—	(108)
Restricted stock grants, net of cancellations	3	—	—	—	—	—	—	—
Common stock repurchased	—	—	—	—	—	(3,017)	—	(3,017)
Common stock retired	(79)	(8)	(2,987)	—	—	2,995	—	—
Common stock dividends	—	—	—	(149)	—	—	—	(149)
Share-based compensation	1	—	140	—	—	—	—	140
Divestment of subsidiary equity investment	—	—	—	—	2	—	(4,863)	(4,861)
Subsidiary equity transactions	—	—	—	—	—	—	72	72
Distributions to noncontrolling interests	—	—	—	—	—	—	(219)	(219)
Other	—	—	—	33	(33)	—	—	—
Balance as of December 31, 2018	450	\$ 45	\$ 4,486	\$ 3,650	\$ 1,027	\$ (22)	\$ —	\$ 9,186
Effect of adoption of lease accounting	—	—	—	(7)	—	—	—	(7)
Net earnings (loss)	—	—	—	(355)	—	—	2	(353)
Other comprehensive loss, net of tax	—	—	—	—	(1,146)	—	—	(1,146)
Restricted stock grants, net of cancellations	3	—	—	—	—	—	—	—
Common stock repurchased	—	—	—	—	—	(1,852)	—	(1,852)
Common stock retired	(71)	(7)	(1,867)	—	—	1,874	—	—
Common stock dividends	—	—	—	(140)	—	—	—	(140)
Share-based compensation	—	—	116	—	—	—	—	116
Contributions from noncontrolling interests	—	—	—	—	—	—	116	116
Balance as of December 31, 2019	382	\$ 38	\$ 2,735	\$ 3,148	\$ (119)	\$ —	\$ 118	\$ 5,920

See accompanying notes to consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Devon is a leading independent energy company engaged primarily in the exploration, development and production of oil, natural gas and NGLs. Devon's operations are concentrated in various onshore areas in the U.S.

As further discussed in [Note 18](#), Devon reached an agreement to sell its Barnett Shale assets in December 2019, sold its Canadian operations on June 27, 2019 and sold its ownership interests in EnLink and the General Partner on July 18, 2018. Activity relating to Devon's Barnett Shale assets, inclusive of properties divested as partial sales of the Barnett Shale common operating field in previous reporting periods located primarily in Johnson and Wise counties, Texas, Canadian operations and EnLink and the General Partner are classified as discontinued operations within Devon's consolidated statements of comprehensive earnings and consolidated statements of cash flows. The associated assets and liabilities of Devon's Barnett Shale assets and Canadian operations are presented as assets and liabilities associated with discontinued operations on the consolidated balance sheets.

Accounting policies used by Devon and its subsidiaries conform to accounting principles generally accepted in the U.S. and reflect industry practices. The more significant of such policies are discussed below.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Devon, entities in which it holds a controlling interest and VIEs for which Devon is the primary beneficiary. All intercompany transactions have been eliminated. Undivided interests in oil and natural gas exploration and production joint ventures are consolidated on a proportionate basis. Investments in non-controlled entities, over which Devon has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method. In applying the equity method of accounting, the investments are initially recognized at cost and subsequently adjusted for Devon's proportionate share of earnings, losses, contributions and distributions. Investments accounted for using the equity method and cost method are reported as a component of other long-term assets.

Devon entered into an agreement in the fourth quarter of 2019 to form Cotton Draw Midstream, L.L.C. or, "CDM", a partnership in the Delaware Basin with an affiliate of QL Capital Partners, LP ("QLCP"). As part of this transaction, Devon contributed gathering system and compression assets in the Cotton Draw area to CDM in exchange for a \$100 million cash distribution funded by QLCP. Devon will continue to operate the assets pursuant to the management services agreement. QLCP has also committed \$40 million of expansion capital to CDM to fund the build out of the assets over the next several years. Devon holds a controlling interest in CDM and the portions of CDM's net earnings and equity not attributable to Devon's controlling interest are shown separately as noncontrolling interests in the accompanying consolidated statements of comprehensive earnings and consolidated balance sheets. CDM is considered a VIE to Devon.

Devon, through its controlling interest in CDM, has the power to direct the activities that significantly affect the economic performance of CDM and the obligation to absorb losses or the right to receive benefits that could be significant to CDM; therefore, Devon is considered the primary beneficiary and consolidates CDM. CDM maintains its own capital structure that is separate from Devon.

The assets of CDM cannot be used by Devon for general corporate purposes and are included in and disclosed parenthetically on Devon's consolidated balance sheets. The carrying amount of liabilities related to CDM for which the creditors do not have recourse to Devon's assets are also included in and disclosed parenthetically on Devon's consolidated balance sheets, if material.

Segment Information

Subsequent to the sale of Devon's Canadian business in 2019 discussed in [Note 18](#), Devon's oil and gas exploration and production activities are solely focused in the U.S. For financial reporting purposes, Devon

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

aggregates its U.S. operating segments into one reporting segment due to the similar nature of its business. With the reclassification of Devon's Canadian operations to discontinued operations and assets and liabilities associated with discontinued operations, Devon now has one reporting segment, which is reflected in the consolidated financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates, and changes in these estimates are recorded when known. Significant items subject to such estimates and assumptions include the following:

- proved reserves and related present value of future net revenues;
- evaluation of suspended well costs;
- the carrying and fair values of oil and gas properties, other property and equipment and product and equipment inventories;
- derivative financial instruments;
- the fair value of reporting units and related assessment of goodwill for impairment;
- income taxes;
- asset retirement obligations;
- obligations related to employee pension and postretirement benefits;
- legal and environmental risks and exposures; and
- general credit risk associated with receivables and other assets.

Revenue Recognition

Impact of ASC 606 Adoption

In January 2018, Devon adopted ASC 606 – *Revenue from Contracts with Customers (ASC 606)* using the modified retrospective method and applied the standard to all existing contracts at adoption. ASC 606 supersedes previous revenue recognition requirements in ASC 605 and includes a five-step revenue recognition model to depict the transfer of goods or services to customers in an amount that reflects the consideration in exchange for those goods or services.

The changes to upstream revenues and production expenses were due to the conclusion that Devon represents the principal and controls a promised product before transferring it to the ultimate third party customer in accordance with the control model in ASC 606. This was a change from previous conclusions reached for these agreements utilizing the principal versus agent indicators under ASC 605 where the assessment was focused on Devon passing title and not control to the processing entity and Devon ultimately receiving a net price from the third-party end customer. As a result, Devon changed the presentation of revenues and expenses for these agreements. Revenues related to these agreements are presented on a gross basis for amounts expected to be received from third-party customers through the marketing process. Gathering, processing and transportation expenses related to these agreements, incurred prior to the transfer of control to the customer at the tailgate of the natural gas processing facilities, are presented as production expenses. During 2018, these changes resulted in a \$191 million increase to upstream revenues and production expenses with no impact to net earnings. As a result of

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

the adoption of ASC 606, Devon's marketing and midstream revenues and marketing and midstream expenses were not impacted.

Upstream Revenues

Upstream revenues include the sale of oil, gas and NGL production. Oil, gas and NGL sales are recognized when production is sold to a purchaser at a fixed or determinable price, delivery has occurred, control has transferred and collectability of the revenue is probable. Devon's performance obligations are satisfied at a point in time. This occurs when control is transferred to the purchaser upon delivery of contract specified production volumes at a specified point. The transaction price used to recognize revenue is a function of the contract billing terms. Revenue is invoiced, if required, by calendar month based on volumes at contractually based rates with payment typically received within 30 days of the end of the production month. Taxes assessed by governmental authorities on oil, gas and NGL sales are presented separately from such revenues in the accompanying consolidated statements of comprehensive earnings.

Oil sales

Devon's oil sales contracts are generally structured in one of two ways. First, production is sold at the wellhead at an agreed-upon index price, net of pricing differentials. In this scenario, revenue is recognized when control transfers to the purchaser at the wellhead at the net price received. Alternatively, production is delivered to the purchaser at a contractually agreed-upon delivery point at which the purchaser takes custody, title and risk of loss of the product. Under this arrangement, a third party is paid to transport the product and Devon receives a specified index price from the purchaser with no transportation deduction. In this scenario, revenue is recognized when control transfers to the purchaser at the delivery point based on the price received from the purchaser. The third-party costs are recorded as gathering, processing and transportation expense as a component of production expenses in the consolidated statements of comprehensive earnings.

Natural gas and NGL sales

Under Devon's natural gas processing contracts, natural gas is delivered to a midstream processing entity at the wellhead or the inlet of the midstream processing entity's system. The midstream processing entity gathers and processes the natural gas and remits proceeds for the resulting sales of NGLs and residue gas. In these scenarios, Devon evaluates whether it is the principal or the agent in the transaction. Devon has concluded it is the principal under these contracts and the ultimate third party is the customer. Revenue is recognized on a gross basis, with gathering, processing and transportation fees presented as a component of production expenses in the consolidated statements of comprehensive earnings.

In certain natural gas processing agreements, Devon may elect to take residue gas and/or NGLs in-kind at the tailgate of the midstream entity's processing plant and subsequently market the product. Through the marketing process, the product is delivered to the ultimate third-party purchaser at a contractually agreed-upon delivery point, and Devon receives a specified index price from the purchaser. In this scenario, revenue is recognized when control transfers to the purchaser at the delivery point based on the index price received from the purchaser. The gathering, processing and compression fees attributable to the gas processing contract, as well as any transportation fees incurred to deliver the product to the purchaser, are presented as gathering, processing and transportation expense as a component of production expenses in the consolidated statements of comprehensive earnings.

Marketing Revenues

Marketing revenues are generated primarily as a result of Devon selling commodities purchased from third parties. Marketing revenues are recognized when performance obligations are satisfied. This occurs at the time contract-specified products are sold to third parties at a contractually fixed or determinable price, delivery occurs at

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

a specified point or performance has occurred, control has transferred and collectability of the revenue is probable. The transaction price used to recognize revenue and invoice customers is based on a contractually stated fee or on a third party published index price plus or minus a known differential. Devon typically receives payment for invoiced amounts within 30 days. Marketing revenues and expenses attributable to oil, gas and NGL purchases are reported on a gross basis when Devon takes control of the products and has risks and rewards of ownership.

Satisfaction of Performance Obligations and Revenue Recognitions

Because Devon has a right to consideration from its customers in amounts that correspond directly to the value that the customer receives from the performance completed on each contract, Devon recognizes revenue for sales at the time the crude oil, natural gas or NGLs are delivered at a fixed or determinable price.

Transaction Price Allocated to Remaining Performance Obligations

Most of Devon's contracts are short-term in nature with a contract term of one year or less. Devon applies the practical expedient in ASC 606 exempting the disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For contracts with terms greater than one year, Devon applies the practical expedient in ASC 606 exempting the disclosure of the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under Devon's contracts, each unit of product typically represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Contract Balances

Cash received relating to future performance obligations is deferred and recognized when all revenue recognition criteria are met. Contract liabilities generated from such deferred revenue are not considered material as of December 31, 2019. Devon's product sales and marketing contracts do not give rise to contract assets.

Disaggregation of Revenue

The following table presents revenue from contracts with customers that are disaggregated based on the type of good.

	Year Ended December 31,	
	2019	2018
Oil	\$ 2,988	\$ 2,941
Gas	391	482
NGL	430	662
Oil, gas and NGL revenues from contracts with customers	<u>3,809</u>	<u>4,085</u>
Oil, gas and NGL derivatives	(454)	457
Upstream revenues	<u>3,355</u>	<u>4,542</u>
Oil	1,534	2,745
Gas	645	738
NGL	686	871
Total marketing revenues from contracts with customers	<u>2,865</u>	<u>4,354</u>
Total revenues	<u>\$ 6,220</u>	<u>\$ 8,896</u>

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Customers

During 2019 and 2017, no purchaser accounted for more than 10% of Devon's consolidated sales revenue.

During 2018, Devon had one purchaser that accounted for approximately 11% of Devon's consolidated sales revenue.

Derivative Financial Instruments

Devon is exposed to certain risks relating to its ongoing business operations, including risks related to commodity prices and interest rates. As discussed more fully below, Devon uses derivative instruments primarily to manage commodity price risk and interest rate risk. Devon does not intend to issue or hold derivative financial instruments for speculative trading purposes.

Devon enters into derivative financial instruments with respect to a portion of its oil, gas and NGL production to hedge future prices received. These instruments are used to manage the inherent uncertainty of future revenues resulting from commodity price volatility. Devon's derivative financial instruments typically include financial price swaps, basis swaps and costless price collars. Under the terms of the price swaps, Devon receives a fixed price for its production and pays a variable market price to the contract counterparty. For the basis swaps, Devon receives a fixed differential between two regional index prices and pays a variable differential on the same two index prices to the contract counterparty. For price collars, Devon utilizes two-way price collars. The two-way price collars set a floor and ceiling price for the hedged production. If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, Devon will cash-settle the difference with the counterparty.

Devon periodically enters into interest rate swaps to manage its exposure to interest rate volatility. As of December 31, 2019, Devon did not have any open interest rate swap contracts.

All derivative financial instruments are recognized at their current fair value as either assets or liabilities in the balance sheet. Changes in the fair value of these derivative financial instruments are recorded in earnings unless specific hedge accounting criteria are met. For derivative financial instruments held during the three-year period ended December 31, 2019, Devon chose not to meet the necessary criteria to qualify its derivative financial instruments for hedge accounting treatment. Cash settlements with counterparties on Devon's derivative financial instruments are also recorded in earnings.

By using derivative financial instruments to hedge exposures to changes in commodity prices and interest rates, Devon is exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. To mitigate this risk, the hedging instruments are placed with a number of counterparties whom Devon believes are acceptable credit risks. It is Devon's policy to enter into derivative contracts only with investment-grade rated counterparties deemed by management to be competent and competitive market makers. Additionally, Devon's derivative contracts generally require cash collateral to be posted if either its or the counterparty's credit rating falls below certain credit rating levels. As of December 31, 2019, Devon held no cash collateral of its counterparties nor posted collateral to its counterparties.

General and Administrative Expenses

G&A is reported net of amounts reimbursed by working interest owners of the oil and gas properties operated by Devon.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Share-Based Compensation

Devon grants share-based awards to members of its Board of Directors, management and employees. All such awards are measured at fair value on the date of grant and are generally recognized as a component of G&A in the accompanying consolidated statements of comprehensive earnings over the applicable requisite service periods. As a result of Devon's restructuring activity discussed in [Note 6](#), certain share-based awards were accelerated and recognized as a component of restructuring and transaction costs in the accompanying consolidated statements of comprehensive earnings.

Generally, Devon uses new shares from approved incentive programs to grant share-based awards and to issue shares upon stock option exercises. Shares repurchased under approved programs are generally available to be issued as part of Devon's share-based awards. However, Devon has historically canceled these shares upon repurchase.

Income Taxes

Devon is subject to current income taxes assessed by the federal and various state jurisdictions in the U.S. and by other foreign jurisdictions. In addition, Devon accounts for deferred income taxes related to these jurisdictions using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are also recognized for the future tax benefits attributable to the expected utilization of existing tax net operating loss carryforwards and other types of carryforwards. If the future utilization of some portion of the deferred tax assets is determined to be unlikely, a valuation allowance is provided to reduce the recorded tax benefits from such assets. Devon periodically weighs the positive and negative evidence to determine if it is more likely than not that some or all of the deferred tax assets will be realized. Forming a conclusion that a valuation allowance is not required is difficult when there is negative evidence, such as cumulative losses in recent years. See [Note 7](#) for further discussion.

Devon recognizes the financial statement effects of tax positions when it is more likely than not, based on the technical merits, that the position will be sustained upon examination by a taxing authority. Recognized tax positions are initially and subsequently measured as the largest amount of tax benefit that is more likely than not of being realized upon ultimate settlement with a taxing authority. Liabilities for unrecognized tax benefits related to such tax positions are included in other long-term liabilities unless the tax position is expected to be settled within the upcoming year, in which case the liabilities are included in other current liabilities. Interest and penalties related to unrecognized tax benefits are included in current income tax expense.

Devon estimates its annual effective income tax rate in recording its provision for income taxes in the various jurisdictions in which it operates. Statutory tax rate changes and other significant or unusual items are recognized as discrete items in the period in which they occur.

Net Earnings (Loss) Per Share Attributable to Devon

Devon's basic earnings per share amounts have been computed based on the average number of shares of common stock outstanding for the period. Basic earnings per share includes the effect of participating securities, which primarily consist of Devon's outstanding restricted stock awards, as well as performance-based restricted stock awards that have met the requisite performance targets. Diluted earnings per share is calculated using the

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

treasury stock method to reflect the assumed issuance of common shares for all potentially dilutive securities. Such securities primarily consist of unvested performance share units.

Cash and Cash Equivalents

Devon considers all highly liquid investments with original contractual maturities of three months or less to be cash equivalents.

Cash Restricted for Discontinued Operations

In conjunction primarily with the sale of its Canadian operations in June 2019, approximately \$380 million of Devon's cash balance is restricted for funding certain tax and other obligations related to the disposed assets. Other obligations primarily relate to abandoned firm transportation and office lease agreements. This cash is not legally restricted and can be used by Devon for other general corporate purposes. However, it has been designated to settle retained obligations associated with discontinued operations.

Accounts Receivable

Devon's accounts receivable balance primarily consists of oil and gas sales receivables, marketing and midstream revenue receivables and joint interest receivables for which Devon does not require collateral security. Devon has established an allowance for bad debts equal to the estimable portions of accounts receivable, including joint interest receivables, for which failure to collect is considered probable. When a portion of the receivable is deemed uncollectible, the write-off is made against the allowance.

Property and Equipment

Oil and Gas Property and Equipment

Devon follows the successful efforts method of accounting for its oil and gas properties. Exploration costs, such as exploratory geological and geophysical costs, and costs associated with nonproductive exploratory wells, delay rentals and exploration overhead are charged against earnings as incurred. Costs of drilling successful exploratory wells along with acquisition costs and the costs of drilling development wells, including those that are unsuccessful, are capitalized. Devon groups its oil and gas properties with a common geological structure or stratigraphic condition ("common operating field") for purposes of computing DD&A, assessing proved property impairments and accounting for asset dispositions.

Exploratory drilling costs and exploratory-type stratigraphic test wells are initially capitalized, or suspended, pending the determination of proved reserves. If proved reserves are found, drilling costs remain capitalized as proved properties. Costs of unsuccessful wells are charged to exploration expense. For exploratory wells that find reserves that cannot be classified as proved when drilling is completed, costs continue to be capitalized as suspended exploratory well costs if there have been sufficient reserves found to justify completion as a producing well and sufficient progress is being made in assessing the reserves and the economic and operating viability of the project. If management determines that future appraisal drilling or development activities are unlikely to occur, associated suspended exploratory well costs are expensed. In some instances, this determination may take longer than one year. Devon reviews the status of all suspended exploratory drilling costs quarterly.

Capitalized costs of proved oil and gas properties are depleted by an equivalent unit-of-production method, converting gas to oil at the ratio of six Mcf of gas to one Bbl of oil. Proved leasehold acquisition costs, less accumulated amortization, are depleted over total proved reserves, which includes proved undeveloped reserves.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Capitalized costs of wells and related equipment and facilities, including estimated asset retirement costs, net of estimated salvage values and less accumulated amortization are depreciated over proved developed reserves associated with those capitalized costs. Depletion is calculated by applying the DD&A rate (amortizable base divided by beginning of period proved reserves) to current period production.

Costs associated with unproved properties are excluded from the depletion calculation until it is determined whether or not proved reserves can be assigned to such properties. Devon assesses its unproved properties for impairment annually, or more frequently if events or changes in circumstances dictate that the carrying value of those assets may not be recoverable. Significant unproved properties are assessed individually.

Proved properties are assessed for impairment annually, or more frequently if events or changes in circumstances dictate that the carrying value of those assets may not be recoverable. Individual assets are grouped for impairment purposes based on a common operating field. If there is an indication the carrying amount of an asset may not be recovered, the asset is assessed for potential impairment by management through an established process. If, upon review, the sum of the undiscounted pre-tax cash flows is less than the carrying value of the asset, the carrying value is written down to estimated fair value. Because there is usually a lack of quoted market prices for long-lived assets, the fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants or by comparable transactions. The expected future cash flows used for impairment reviews and related fair value calculations are typically based on judgmental assessments of future production volumes, commodity prices, operating costs, and capital investment plans, considering all available information at the date of review.

Gains or losses are recorded for sales or dispositions of oil and gas properties which constitute an entire common operating field or which result in a significant alteration of the common operating field's DD&A rate. These gains and losses are classified as asset dispositions in the accompanying consolidated statements of earnings. Partial common operating field sales or dispositions deemed not to significantly alter the DD&A rates are generally accounted for as adjustments to capitalized costs with no gain or loss recognized.

Devon capitalizes interest costs incurred that are attributable to material unproved oil and gas properties and major development projects of oil and gas properties.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Other Property and Equipment

Costs for midstream assets that are in use are depreciated over the assets' estimated useful lives, using the straight-line method. Depreciation and amortization of other property and equipment, including corporate and leasehold improvements, are provided using the straight-line method based on estimated useful lives ranging from three to 60 years. Interest costs incurred and attributable to major corporate construction projects are also capitalized.

Asset Retirement Obligations

Devon recognizes liabilities for retirement obligations associated with tangible long-lived assets, such as producing well sites when there is a legal obligation associated with the retirement of such assets and the amount can be reasonably estimated. The initial measurement of an asset retirement obligation is recorded as a liability at its fair value, with an offsetting asset retirement cost recorded as an increase to the associated property and equipment on the consolidated balance sheet. When the assumptions used to estimate a recorded asset retirement obligation change, a revision is recorded to both the asset retirement obligation and the asset retirement cost. Devon's asset retirement obligations also include estimated environmental remediation costs which arise from normal operations and are associated with the retirement of such long-lived assets. The asset retirement cost is depreciated using a systematic and rational method similar to that used for the associated property and equipment.

Goodwill

Goodwill represents the excess of the purchase price of business combinations over the fair value of the net assets acquired and is tested for impairment annually, or more frequently if events or changes in circumstances dictate that the carrying value of goodwill may not be recoverable. Such test includes a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, then a quantitative goodwill impairment test is performed. The quantitative goodwill impairment test requires the fair value of each reporting unit be compared to the carrying value of the reporting unit. If the fair value of the reporting unit is less than the carrying value, an impairment charge will be recognized for the amount by which the carrying amount exceeds the fair value. Because quoted market prices are not available for Devon's reporting unit, the fair value of the reporting unit is estimated based upon several valuation analyses, including comparable companies, comparable transactions and premiums paid.

Devon performed impairment tests of goodwill in the fourth quarters of 2019, 2018 and 2017. No impairment was required as a result of the annual tests in these time periods.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation or other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Liabilities for environmental remediation or restoration claims resulting from allegations of improper operation of assets are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. Expenditures related to such environmental matters are expensed or capitalized in accordance with Devon's accounting policy for property and equipment.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Fair Value Measurements

Certain of Devon's assets and liabilities are measured at fair value at each reporting date. Fair value represents the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants. This price is commonly referred to as the "exit price." Fair value measurements are classified according to a hierarchy that prioritizes the inputs underlying the valuation techniques. This hierarchy consists of three broad levels:

- Level 1 – Inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. When available, Devon measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.
- Level 2 – Inputs consist of quoted prices that are generally observable for the asset or liability. Common examples of Level 2 inputs include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in markets not considered to be active.
- Level 3 – Inputs are not observable from objective sources and have the lowest priority. The most common Level 3 fair value measurement is an internally developed cash flow model.

Foreign Currency Translation Adjustments

The U.S. dollar is the functional currency for Devon's consolidated operations. Devon's recently divested Canadian operations used the Canadian dollar as the functional currency. Assets and liabilities of the Canadian operations were translated to U.S. dollars using the applicable exchange rate as of the end of a reporting period. Revenues, expenses and cash flow were translated using an average exchange rate during the reporting period.

The disposition of substantially all of Devon's Canadian oil and gas assets and operations resulted in Devon releasing its historical cumulative foreign currency translation adjustment of \$1.2 billion from accumulated other comprehensive earnings to be included within the gain computation.

Noncontrolling Interests

Noncontrolling interests represent third-party ownership in the net assets of Devon's consolidated subsidiaries and are presented as a component of equity. Changes in Devon's ownership interests in subsidiaries that do not result in deconsolidation are recognized in equity.

Recently Adopted Accounting Standards

In January 2019, Devon adopted ASU 2016-02, *Leases (Topic 842)*, using the modified retrospective method. See [Note 14](#) for further discussion regarding Devon's adoption of the leases standard.

The SEC released Final Rule Release No. 33-10618, *FAST Act Modernization and Simplification of Regulation S-K*, which amends Regulation S-K to modernize and simplify certain disclosure requirements in a manner that reduces costs and burdens on registrants while continuing to provide all material information to investors. The rule became effective May 2, 2019. The rule amended numerous SEC rules, items and forms covering a diverse group of topics, primarily focusing on reducing or eliminating disclosures. Other than presentation, this adoption did not have a material impact on Devon's consolidated financial statements.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

2. Divestitures

Discontinued Operations – Upstream Assets

In February 2019, Devon announced its intent to separate its Canadian business and Barnett Shale assets from the Company, based on authorizations provided by its Board of Directors. On June 27, 2019, Devon completed the sale of substantially all of its oil and gas assets and operations in Canada to Canadian Natural Resources Limited for proceeds, net of purchase price adjustments, of \$2.6 billion (\$3.4 billion Canadian dollars), and recognized a pre-tax gain of \$223 million (\$425 million, net of tax, primarily due to a significant deferred tax benefit). As a part of the transaction, \$436 million of asset retirement obligations were assumed by Canadian Natural Resources Limited. In aggregate, the total estimated proved reserves associated with these assets were approximately 400 MMBoe, or 21% of total proved reserves. In conjunction with the Canadian divestiture, Devon recognized approximately \$285 million of restructuring and asset impairment related charges. These costs relate to personnel, office lease abandonment and a firm transportation agreement abandonment. Additional information on these discontinued operations can be found in [Note 18](#).

In December 2019, Devon announced the sale of its Barnett Shale assets to BKV for approximately \$770 million, before purchase price adjustments. Estimated proved reserves associated with Devon's Barnett Shale assets are approximately 45% of total U.S. proved reserves. In connection with the announced sale of its Barnett Shale assets, Devon recognized a \$748 million asset impairment related to these assets, primarily due to the difference between the net carrying value and the purchase price, net of estimated customary purchase price adjustments. This transaction is expected to close in the second quarter of 2020. For additional information see [Note 18](#).

During 2018, Devon received proceeds of approximately \$500 million and recognized a \$26 million net gain on asset dispositions from the sales of non-core assets in the Barnett Shale, located primarily in Johnson and Wise counties, Texas. In conjunction with these divestitures, Devon settled certain gas processing contracts and recognized \$40 million in settlement expense, which is included in asset dispositions within the discontinued operations. For additional information, see [Note 18](#).

Discontinued Operations – EnLink and General Partner

During the third quarter of 2018, Devon completed the sale of its aggregate ownership interests in EnLink and the General Partner for \$3.125 billion and recognized a gain of approximately \$2.6 billion (\$2.2 billion after-tax). The proceeds from the sale were utilized to increase Devon's share repurchase activities, which are discussed further in [Note 17](#). Additional information on these discontinued operations can be found in [Note 18](#).

Continuing Operations

During 2019, Devon received proceeds of approximately \$390 million and recognized a \$48 million net gain on asset dispositions, primarily from sales of non-core assets in the Permian Basin. In aggregate, the total estimated proved reserves associated with these divested assets were approximately 54 MMBoe. As of December 31, 2018, assets and liabilities associated with the Permian Basin divested assets were classified as held for sale in the accompanying consolidated balance sheet.

During 2018, Devon received proceeds totaling approximately \$500 million, primarily from the sales of non-core assets in the Delaware Basin, and recognized a net gain on asset dispositions of \$278 million. In aggregate, the total estimated proved reserves associated with these divested assets were approximately 24 MMBoe.

During 2017, Devon received proceeds totaling approximately \$425 million, and recognized a net gain on asset dispositions of \$219 million. Estimated proved reserves associated with these assets were less than 1% of total U.S. proved reserves.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

3. Derivative Financial Instruments

Commodity Derivatives

As of December 31, 2019, Devon had the following open oil derivative positions. The first table presents Devon’s oil derivatives that settle against the average of the prompt month NYMEX WTI futures price. The second table presents Devon’s oil derivatives that settle against the respective indices noted within the table.

Period	Price Swaps		Price Collars		
	Volume (Bbls/d)	Weighted Average Price (\$/Bbl)	Volume (Bbls/d)	Weighted Average Floor Price (\$/Bbl)	Weighted Average Ceiling Price (\$/Bbl)
Q1-Q4 2020	11,238	\$ 57.68	44,932	\$ 51.30	\$ 61.36
Q1-Q4 2021	989	\$ 54.81	5,942	\$ 49.59	\$ 59.59

Period	Index	Volume (Bbls/d)	Oil Basis Swaps	
			Weighted Average Differential to WTI (\$/Bbl)	
Q1-Q4 2020	Argus MEH	10,000	\$	3.38
Q1-Q4 2020	NYMEX Roll	50,000	\$	0.36

As of December 31, 2019, Devon had the following open natural gas derivative positions. The first table presents Devon’s natural gas derivatives that settle against the Inside FERC first of the month Henry Hub index. The second table presents Devon’s natural gas derivatives that settle against the respective indices noted within the table.

Period	Price Swaps		Price Collars		
	Volume (MMBtu/d)	Weighted Average Price (\$/MMBtu)	Volume (MMBtu/d)	Weighted Average Floor Price (\$/MMBtu)	Weighted Average Ceiling Price (\$/MMBtu)
Q1-Q4 2020	81,409	\$ 2.77	42,557	\$ 2.73	\$ 3.03

Period	Index	Volume (MMBtu/d)	Natural Gas Basis Swaps	
			Weighted Average Differential to Henry Hub (\$/MMBtu)	
Q1-Q4 2020	Panhandle Eastern Pipe Line	30,000	\$	(0.47)
Q1-Q4 2020	El Paso Natural Gas	45,000	\$	(0.70)
Q1-Q4 2020	Houston Ship Channel	10,000	\$	0.02

As of December 31, 2019, Devon had the following open NGL derivative positions. Devon’s NGL positions settle against the average of the prompt month OPIS Mont Belvieu, Texas index.

Period	Product	Price Swaps		
		Volume (Bbls/d)	Weighted Average Price (\$/Bbl)	
Q1-Q4 2020	Natural Gasoline	1,000	\$	44.84
Q1-Q4 2020	Normal Butane	1,500	\$	23.56
Q1-Q4 2020	Propane	4,500	\$	25.18

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Financial Statement Presentation

The following table presents the net gains and losses by derivative financial instrument type followed by the corresponding individual consolidated statements of comprehensive earnings caption.

	Year Ended December 31,		
	2019	2018	2017
Commodity derivatives:			
Upstream revenues	\$ (454)	\$ 457	\$ 67
Marketing and midstream revenues	1	(1)	3
Interest rate derivatives:			
Other expenses	—	65	(22)
Net gains (losses) recognized	<u>\$ (453)</u>	<u>\$ 521</u>	<u>\$ 48</u>

The following table presents the derivative fair values by derivative financial instrument type followed by the corresponding individual consolidated balance sheet caption.

	December 31, 2019	December 31, 2018
	Commodity derivative assets:	
Other current assets	\$ 49	\$ 634
Other long-term assets	1	40
Total derivative assets	<u>\$ 50</u>	<u>\$ 674</u>
Commodity derivative liabilities:		
Other current liabilities	\$ 30	\$ 32
Other long-term liabilities	1	1
Total derivative liabilities	<u>\$ 31</u>	<u>\$ 33</u>

4. Share-Based Compensation

In 2017, Devon's stockholders approved the 2017 Plan. The 2017 Plan replaces the 2015 Plan. From the effective date of the 2017 Plan, no further awards may be made under the 2015 Plan, and awards previously granted will continue to be governed by the terms of the respective award documents. Subject to the terms of the 2017 Plan, awards may be made for a total of 33.5 million shares of Devon common stock, plus the number of shares available for issuance under the 2015 Plan (including shares subject to outstanding awards that were transferred to the 2017 Plan in accordance with its terms). The 2017 Plan authorizes the Compensation Committee, which consists of independent, non-management members of Devon's Board of Directors, to grant nonqualified and incentive stock options, restricted stock awards or units, performance units and stock appreciation rights to eligible employees. The 2017 Plan also authorizes the grant of nonqualified stock options, restricted stock awards or units and stock appreciation rights to non-employee directors. To calculate the number of shares that may be granted in awards under the 2017 Plan, options and stock appreciation rights represent one share and other awards represent 2.3 shares.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The vesting for certain share-based awards was accelerated in 2019 and 2018 in conjunction with the reduction of workforce activities described in [Note 6](#) and is included in restructuring and transaction costs in the accompanying consolidated statements of comprehensive earnings.

The table below presents the share-based compensation expense included in Devon’s accompanying consolidated statements of comprehensive earnings.

	Year Ended December 31,		
	2019	2018	2017
G&A	\$ 83	\$ 104	\$ 121
Exploration expenses	1	2	5
Restructuring and transaction costs	31	31	—
Total	<u>\$ 115</u>	<u>\$ 137</u>	<u>\$ 126</u>
Related income tax benefit	\$ 13	\$ 17	\$ —

The following table presents a summary of Devon’s unvested restricted stock awards and units, performance-based restricted stock awards and performance share units granted under the plans.

	Restricted Stock Awards and Units		Performance-Based Restricted Stock Awards		Performance Share Units	
	Awards and Units	Weighted Average Grant-Date Fair Value	Awards	Weighted Average Grant-Date Fair Value	Units	Weighted Average Grant-Date Fair Value
			(Thousands, except fair value data)			
Unvested at 12/31/18	5,963	\$ 35.47	302	\$ 35.93	2,868	\$ 30.14
Granted	4,430	\$ 25.47	—	\$ —	741	\$ 28.97
Vested	(4,646)	\$ 33.48	(149)	\$ 38.03	(145)	\$ 37.23
Forfeited	(763)	\$ 27.50	—	\$ —	(1,309)	\$ 11.91
Unvested at 12/31/19	<u>4,984</u>	<u>\$ 29.65</u>	<u>153</u>	<u>\$ 33.88</u>	<u>2,155</u>	<u>(1) \$ 40.35</u>

(1) A maximum of 4.3 million common shares could be awarded based upon Devon’s final TSR ranking.

The following table presents the aggregate fair value of awards and units that vested during the indicated period.

	2019	2018	2017
Restricted Stock Awards and Units	\$ 127	\$ 111	\$ 105
Performance-Based Restricted Stock Awards	\$ 4	\$ 10	\$ 10
Performance Share Units	\$ 4	\$ 20	\$ 38

The following table presents the unrecognized compensation cost and the related weighted average recognition period associated with unvested awards and units as of December 31, 2019.

	Restricted Stock Awards and Units	Performance-Based Restricted Stock Awards	Performance Share Units
Unrecognized compensation cost	\$ 80	\$ —	\$ 12
Weighted average period for recognition (years)	2.5	1.4	1.5

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Restricted Stock Awards and Units

Restricted stock awards and units are subject to the terms, conditions, restrictions and limitations, if any, that the Compensation Committee deems appropriate, including restrictions on continued employment. Generally, the service requirement for vesting ranges from one to four years. During the vesting period, recipients of restricted stock awards made under the 2015 Plan receive dividends that are not subject to restrictions or other limitations. However, dividends declared during the vesting period with respect to restricted stock awards made under the 2017 Plan and all restricted stock units will not be paid until the underlying award vests. Devon estimates the fair values of restricted stock awards and units as the closing price of Devon's common stock on the grant date of the award or unit, which is expensed over the applicable vesting period.

Performance-Based Restricted Stock Awards

Performance-based restricted stock awards were granted to certain members of Devon's senior management. Vesting of the awards is dependent on Devon meeting certain internal performance targets and the recipient meeting certain service requirements. Generally, the service requirement for vesting ranges from one to four years. In order for awards to vest, the performance target must be met in the first year. If the performance target is met, the recipient is entitled to dividends under the same terms described above for nonperformance-based restricted stock. If the performance target and service period requirements are not met, the award does not vest. Devon estimates the fair values of the awards as the closing price of Devon's common stock on the grant date of the award, which is expensed over the applicable vesting period. No performance-based restricted stock awards were granted in 2019 and 2018.

Performance Share Units

Performance share units are granted to certain members of Devon's management and employees. Each unit that vests entitles the recipient to one share of Devon common stock. The vesting of these units is based on comparing Devon's TSR to the TSR of a predetermined group of fourteen peer companies over the specified three-year performance period. The vesting of units may be between zero and 200% of the units granted depending on Devon's TSR as compared to the peer group on the vesting date.

At the end of the vesting period, recipients receive dividend equivalents with respect to the number of units vested. The fair value of each performance share unit is estimated as of the date of grant using a Monte Carlo simulation with the following assumptions used for all grants made under the plan: (i) a risk-free interest rate based on U.S. Treasury rates as of the grant date; (ii) a volatility assumption based on the historical realized price volatility of Devon and the designated peer group; and (iii) an estimated ranking of Devon among the designated peer group. The fair value of the unit on the date of grant is expensed over the applicable vesting period. The following table presents the assumptions related to performance share units granted.

	2019		2018		2017								
Grant-date fair value	\$	28.43	—	\$29.53	\$	36.23	—	\$37.88	\$	51.05	—	\$	53.12
Risk-free interest rate		2.48%				2.28%				1.50%			
Volatility factor		39.1%				45.8%				45.8%			
Contractual term (years)		2.89				2.89				2.89			

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

5. Asset Impairments

The following table presents a summary of Devon's asset impairments. Unproved impairments shown below are included in exploration expenses in the consolidated statements of comprehensive earnings.

	Year Ended December 31,		
	2019	2018	2017
Proved oil and gas assets	\$ —	\$ 109	\$ —
Other assets	—	47	—
Total asset impairments	<u>\$ —</u>	<u>\$ 156</u>	<u>\$ —</u>
Unproved impairments	<u>\$ 18</u>	<u>\$ 95</u>	<u>\$ 217</u>

Proved Oil and Gas and Other Asset Impairments

In 2018, Devon recognized \$109 million of proved asset impairments relating to U.S. non-core assets no longer in its development plans and approximately \$47 million of non-oil and gas asset impairments.

Unproved Impairments

In 2019, 2018 and 2017, Devon allowed certain non-core acreage to expire without plans for development resulting in unproved impairments.

6. Restructuring and Transaction Costs

2019 Workforce Reductions

During the first quarter of 2019, Devon announced workforce reductions and other initiatives designed to enhance its operational focus and cost structure in conjunction with the portfolio transformation announcement further discussed in [Note 2](#). As a result, Devon recognized \$84 million of restructuring expenses during 2019. Of these expenses, \$31 million resulted from accelerated vesting of share-based grants, which are noncash charges. Additionally, \$7 million resulted from settlements of defined retirement benefits.

Prior Years' Restructurings

During 2018, Devon recognized \$97 million in personnel related restructuring expenses related to workforce reductions. Of these expenses, \$31 million resulted from accelerated vesting of share-based grants, which are noncash charges. Additionally, \$14 million resulted from estimated settlements of defined retirement benefits.

The following table summarizes Devon's restructuring liabilities presented in the accompanying consolidated balance sheets.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	Other Current Liabilities	Other Long-term Liabilities	Total
Balance as of December 31, 2017	\$ 17	\$ 17	\$ 34
Changes related to prior years' restructurings	22	(14)	8
Balance as of December 31, 2018	\$ 39	\$ 3	\$ 42
Changes due to 2019 workforce reductions	18	—	18
Changes related to prior years' restructurings	(37)	(2)	(39)
Balance as of December 31, 2019	<u>\$ 20</u>	<u>\$ 1</u>	<u>\$ 21</u>

7. Income Taxes

Income Tax Expense (Benefit)

The following table presents Devon's income tax components.

	Year Ended December 31,		
	2019	2018	2017
Current income tax expense (benefit):			
U.S. federal	\$ (3)	\$ (14)	\$ 8
Various states	(2)	(3)	1
Total current income tax expense (benefit)	(5)	(17)	9
Deferred income tax expense (benefit):			
U.S. federal	8	184	(2)
Various states	(33)	63	—
Total deferred income tax expense (benefit)	(25)	247	(2)
Total income tax expense (benefit)	<u>\$ (30)</u>	<u>\$ 230</u>	<u>\$ 7</u>

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

	Year Ended December 31,		
	2019	2018	2017
Earnings (loss) from continuing operations before income taxes	\$ (109)	\$ 944	\$ 40
U.S. statutory income tax rate	21%	21%	35%
U.S. Tax Reform	0%	0%	957%
State income taxes	24%	5%	(2%)
Change in unrecognized tax benefits	(13%)	(2%)	(15%)
Audit settlements	15%	(2%)	0%
Other	(19%)	2%	2%
Deferred tax asset valuation allowance	0%	0%	(959%)
Effective income tax rate	<u>28%</u>	<u>24%</u>	<u>18%</u>

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Devon and its subsidiaries are subject to U.S. federal income tax as well as income or capital taxes in various state and foreign jurisdictions. Devon's tax reserves are related to tax years that may be subject to examinations by the relevant taxing authority. Devon is under audit in the U.S. and various foreign jurisdictions as part of its normal course of business.

Devon assesses the realizability of its deferred tax assets. If Devon concludes that it is more likely than not that some portion or all of the deferred tax assets will not be realized, the asset is reduced by a valuation allowance. Numerous judgments and assumptions are inherent in the determination of future taxable income, including factors such as future operating conditions (particularly as related to prevailing oil and gas prices) and changing tax laws.

2019

In December 2019, Devon announced the sale of its Barnett Shale assets. This transaction is expected to close in the second quarter of 2020. Devon expects no incremental cash taxes associated with the divestiture of these assets.

On June 27, 2019, Devon completed the sale of substantially all of its oil and gas assets and operations in Canada. Devon's foreign earnings have not been considered indefinitely reinvested since the announcement of the plan to separate the assets in the first quarter of 2019. As the separation took the form of an asset sale and Devon has retained certain non-operating obligations to be settled over time, Devon has not recorded a deferred tax asset or corresponding valuation allowance related to its Canadian investment.

Devon has recorded materially all tax impacts related to the Barnett Shale and Canadian assets in discontinued operations. Additional information on these discontinued operations can be found in [Note 18](#).

During 2019, Devon recorded a tax expense of \$14 million related to unrecognized tax benefits, due to a change in tax positions taken in prior periods.

In the fourth quarter of 2019, Devon entered into an audit agreement with the Canada Revenue Agency. The Canadian income tax expense resulting from this agreement is reflected in discontinued operations. However, the agreement also resulted in a \$16 million tax benefit to Devon's U.S. continuing operations.

The "other" effect is composed of permanent differences, including stock compensation, for which the dollar amounts do not increase or decrease in relation to the change in pre-tax earnings. Generally, permanent adjustments, as well as the state income tax, have an insignificant impact on Devon's effective income tax rate. However, these items had a more noticeable impact to the rate in 2019 due to the low relative net loss in the period.

2018

Through the first six months of 2018, Devon maintained a 100% valuation allowance against its deferred tax assets resulting from prior year cumulative financial losses, oil and gas impairments and significant net operating losses for U.S. federal and state income tax. However, upon closing the EnLink divestiture in the third quarter of 2018, Devon realized a pre-tax gain of \$2.6 billion. Based on its net deferred tax liability position, current period projected net operating loss utilization, and projections of future taxable income, Devon reassessed its position and determined that it was no longer in a full valuation allowance position, maintaining only valuation allowances against certain deferred tax assets, including certain tax credits and state net operating losses. As part of its reassessment, Devon determined that apart from the sale of EnLink and the General Partner, Devon would have remained in a full valuation allowance position. Accordingly, the deferred tax benefit resulting from the release of the valuation allowance that was generated in the first two quarters was allocated to continuing operations, while the

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

\$259 million of the deferred tax benefit resulting from the release of the remainder of the full valuation allowance position was allocated entirely to discontinued operations.

2017

The Tax Reform Legislation, enacted on December 22, 2017, contained several key tax provisions that affected Devon, including a one-time mandatory transition tax on accumulated foreign earnings and a reduction of the corporate income tax rate to 21% effective January 1, 2018. Devon was required to recognize the effect of the tax law changes in the period of enactment, such as determining the transition tax, remeasuring deferred tax assets and liabilities and reassessing the net realizability of deferred tax assets and liabilities. Devon recognized \$167 million of deferred tax expense for the one-time mandatory transition tax on accumulated foreign earnings, and \$205 million in deferred tax expense related to the reduction of the U.S. corporate income tax rate to 21%.

During 2017, Devon recorded a tax benefit of \$6 million related to unrecognized tax benefits, primarily as a result of a change in tax positions taken in prior periods.

Devon maintained a 100% valuation allowance against its deferred tax assets resulting from prior year cumulative financial losses largely due to asset impairments and significant net operating losses for U.S. federal and state income tax. Devon reduced its valuation allowance by \$342 million in 2017 based primarily on the financial income recorded during the period.

Deferred Tax Assets and Liabilities

The following table presents the tax effects of temporary differences that gave rise to Devon's deferred tax assets and liabilities.

	December 31,	
	2019	2018
Deferred tax assets:		
Asset retirement obligations	\$ 123	\$ 146
Accrued liabilities	35	45
Net operating loss carryforwards	306	126
Pension benefit obligations	39	44
Tax credits and other	66	77
Total deferred tax assets before valuation allowance	569	438
Less: valuation allowance	(106)	(31)
Net deferred tax assets	463	407
Deferred tax liabilities:		
Property and equipment	(800)	(786)
Other	(4)	(150)
Total deferred tax liabilities	(804)	(936)
Net deferred tax liability	\$ (341)	\$ (529)

At December 31, 2019, Devon has recognized \$306 million of deferred tax assets related to various net operating loss carryforwards available to offset future taxable income. Devon has \$871 million of U.S. federal net operating loss carryforwards (\$466 million expiring in 2037 with the remainder having an indefinite life) and \$2.5 billion of U.S. state net operating loss carryforwards expiring between 2021 and 2039. In the current environment, Devon expects tax benefits from the U.S. federal and \$377 million of U.S. state net operating loss carryforwards to be utilized in 2022 and beyond. A valuation allowance is recorded against the remaining \$2.1 billion of U.S. state net operating loss carryforwards.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Unrecognized Tax Benefits

The following table presents changes in Devon's unrecognized tax benefits.

	December 31,	
	2019	2018
Balance at beginning of year	\$ 51	\$ 71
Tax positions taken in prior periods	14	(20)
Balance at end of year	<u>\$ 65</u>	<u>\$ 51</u>

Devon recognized a net interest benefit of \$5 million in 2019 and its unrecognized tax benefit balance included no interest and penalties at December 31, 2019. Devon recognized no net interest or penalties in 2018 and its unrecognized tax benefit balance included \$5 million of interest and penalties at December 31, 2018. At December 31, 2019 and December 31, 2018, there are \$65 million and \$51 million, respectively, of unrecognized tax benefits that if recognized would affect the annual effective tax rate. Included below is a summary of the tax years, by jurisdiction, that remain subject to examination by taxing authorities.

Jurisdiction	Tax Years Open
U.S. Federal	2016-2019
Various U.S. states	2015-2019

Certain statute of limitation expirations are scheduled to occur in the next twelve months. However, Devon is currently in various stages of the administrative review process for certain open tax years. In addition, Devon is currently subject to various income tax audits that have not reached the administrative review process.

8. Net Earnings (Loss) Per Share from Continuing Operations

The following table reconciles net earnings (loss) from continuing operations and weighted-average common shares outstanding used in the calculations of basic and diluted net earnings (loss) per share from continuing operations.

	Year Ended December 31,		
	2019	2018	2017
Net earnings (loss) from continuing operations:			
Net earnings (loss) from continuing operations	\$ (81)	\$ 714	\$ 33
Attributable to participating securities	(2)	(8)	(1)
Basic and diluted earnings (loss) from continuing operations	<u>\$ (83)</u>	<u>\$ 706</u>	<u>\$ 32</u>
Common shares:			
Common shares outstanding - total	407	499	525
Attributable to participating securities	(6)	(5)	(5)
Common shares outstanding - basic	401	494	520
Dilutive effect of potential common shares issuable	—	3	—
Common shares outstanding - diluted	<u>401</u>	<u>497</u>	<u>520</u>
Net earnings (loss) per share from continuing operations:			
Basic	\$ (0.21)	\$ 1.43	\$ 0.06
Diluted	\$ (0.21)	\$ 1.42	\$ 0.06
Antidilutive options (1)	1	1	2

(1) Amounts represent options to purchase shares of Devon's common stock that are excluded from the diluted net earnings per share calculations because the options are antidilutive.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

9. Other Comprehensive Earnings

Components of other comprehensive earnings consist of the following:

	Year Ended December 31,		
	2019	2018	2017
Foreign currency translation:			
Beginning accumulated foreign currency translation and other	\$ 1,159	\$ 1,309	\$ 1,226
Change in cumulative translation adjustment	78	(166)	113
Release of Canadian cumulative translation adjustment (1)	(1,237)	—	—
Income tax benefit (expense)	—	14	(30)
Other	—	2	—
Ending accumulated foreign currency translation and other	<u>—</u>	<u>1,159</u>	<u>1,309</u>
Pension and postretirement benefit plans:			
Beginning accumulated pension and postretirement benefits	(132)	(143)	(172)
Net actuarial loss (gain) and prior service cost arising in current year	(10)	(3)	10
Recognition of net actuarial loss and prior service cost in earnings (2)	6	12	19
Curtailement and settlement of pension benefits	21	47	—
Income tax expense	(4)	(12)	—
Other (3)	—	(33)	—
Ending accumulated pension and postretirement benefits	<u>(119)</u>	<u>(132)</u>	<u>(143)</u>
Accumulated other comprehensive earnings (loss), net of tax	<u>\$ (119)</u>	<u>\$ 1,027</u>	<u>\$ 1,166</u>

- (1) In conjunction with the sale of substantially all of its oil and gas assets and operations in Canada, Devon released the cumulative translation adjustment as part of its gain on the disposition of its Canadian business. See [Note 18](#) for additional details.
- (2) These accumulated other comprehensive earnings components are included in the computation of net periodic benefit cost, which is a component of other expenses in the accompanying consolidated statements of comprehensive earnings. See [Note 16](#) for additional details.
- (3) As a result of Devon's early adoption of ASU 2018-02 in the fourth quarter of 2018, Devon reclassified \$33 million from accumulated other comprehensive income to retained earnings in the December 31, 2018 consolidated balance sheet.

10. Supplemental Information to Statements of Cash Flows

	Year Ended December 31,		
	2019	2018	2017
Changes in assets and liabilities, net:			
Accounts receivable	\$ (3)	\$ (69)	\$ (139)
Other current assets	(7)	(152)	15
Other long-term assets	17	(7)	(36)
Accounts payable	(54)	(3)	91
Revenues and royalties payable	8	106	102
Other current liabilities	(66)	3	(15)
Other long-term liabilities	23	(36)	(8)
Total	<u>\$ (82)</u>	<u>\$ (158)</u>	<u>\$ 10</u>
Supplementary cash flow data - total operations:			
Interest paid (net of capitalized interest)	\$ 308	\$ 385	\$ 481
Income taxes paid	\$ 6	\$ 40	\$ 78

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

11. Accounts Receivable

Components of accounts receivable include the following:

	December 31, 2019	December 31, 2018
Oil, gas and NGL sales	\$ 452	\$ 375
Joint interest billings	168	149
Marketing and midstream revenues	207	284
Other	13	10
Gross accounts receivable	<u>840</u>	<u>818</u>
Allowance for doubtful accounts	(8)	(6)
Net accounts receivable	<u>\$ 832</u>	<u>\$ 812</u>

12. Property, Plant and Equipment**Capitalized Costs**

The following table reflects the aggregate capitalized costs related to Devon's oil and gas and non-oil and gas activities.

	December 31, 2019	December 31, 2018
Property and equipment:		
Proved	\$ 27,668	\$ 25,901
Unproved and properties under development	583	830
Total oil and gas	28,251	26,731
Less accumulated DD&A	(20,693)	(19,301)
Oil and gas property and equipment, net	7,558	7,430
Other property and equipment	1,725	1,680
Less accumulated DD&A	(690)	(648)
Other property and equipment, net ⁽¹⁾	1,035	1,032
Property and equipment, net	<u>\$ 8,593</u>	<u>\$ 8,462</u>

(1) \$80 million related to CDM in 2019.

Suspended Exploratory Well Costs

The following summarizes the changes in suspended exploratory well costs for the three years ended December 31, 2019.

	Year Ended December 31,		
	2019	2018	2017
Beginning balance	\$ 98	\$ 100	\$ 75
Additions pending determination of proved reserves	278	658	491
Reclassifications to proved properties	(294)	(660)	(466)
Ending balance	<u>\$ 82</u>	<u>\$ 98</u>	<u>\$ 100</u>

Devon had no projects with suspended exploratory well costs capitalized for a period greater than one year since the completion of drilling as of December 31, 2019, 2018 and 2017, respectively.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

13. Debt and Related Expenses

See below for a summary of debt instruments and balances. The notes and debentures are senior, unsecured obligations of Devon.

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
6.30% due January 15, 2019	\$ —	\$ 162
5.85% due December 15, 2025	485	485
7.50% due September 15, 2027 (1)	73	73
7.875% due September 30, 2031 (2) (3)	675	675
7.95% due April 15, 2032 (2)	366	366
5.60% due July 15, 2041	1,250	1,250
4.75% due May 15, 2042	750	750
5.00% due June 15, 2045	750	750
Net discount on debentures and notes	(20)	(21)
Debt issuance costs	(35)	(36)
Total debt	4,294	4,454
Less amount classified as short-term debt	—	162
Total long-term debt (4)	\$ 4,294	\$ 4,292

- (1) This instrument was assumed by Devon in April 2003 in conjunction with the merger with Ocean Energy. The fair value and effective rates of this note at the time assumed was \$169 million and 6.5%. This instrument is the unsecured and unsubordinated obligation of Devon OEI Operating, L.L.C. and is guaranteed by Devon Energy Production Company, L.P. Each of these entities is a wholly-owned subsidiary of Devon.
- (2) These senior notes were included in 2018 tender offer repurchases discussed below.
- (3) These senior notes were originally issued by Devon Financing, a wholly-owned subsidiary of Devon, and guaranteed by Devon. On June 19, 2019, Devon Financing assigned its obligations and rights with respect to these senior notes to Devon pursuant to the terms of the related indenture. As a result of this transfer, Devon Financing was relieved of its obligations under the senior notes and related indenture and Devon assumed all such obligations.
- (4) The balance as of December 31, 2018 excludes the \$1.5 billion of Senior Notes classified as liabilities held for sale that were retired early in July 2019 utilizing a portion of the proceeds from the sale of Devon's Canadian business. See [Note 18](#) for additional details.

As noted in the table above, as of December 31, 2019, Devon does not have any outstanding debt maturities due within the next five years.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Credit Lines

Devon has a \$3.0 billion Senior Credit Facility. As of December 31, 2019, Devon had \$2 million in outstanding letters of credit under the Senior Credit Facility. There were no borrowings under the Senior Credit Facility as of December 31, 2019.

In connection with the closing of the sale of its Canadian business, Devon reallocated and terminated all Canadian commitments under the Senior Credit Facility in accordance with the terms of the credit agreement governing the Senior Credit Facility. The termination of the Canadian subfacility was effective as of June 27, 2019, and such termination did not decrease the \$3.0 billion in total revolving commitments under, or otherwise modify the terms of, the Senior Credit Facility. Subsequent to Devon's divestment of substantially all of its oil and gas assets and operations in Canada, Devon entered into an amendment and extension agreement on December 13, 2019 to, among other things, (i) effect the extension of the maturity date of the Senior Credit Facility from October 5, 2023 to October 5, 2024 with respect to the consenting lenders, (ii) modify the maximum number of maturity extension requests during the term of the Senior Credit Facility from two to three and (iii) eliminate various references to the terminated Canadian subfacility. As a result of this amendment, Devon has the option to extend the October 5, 2024 maturity date by two additional one-year periods subject to lender consent, and the maximum borrowing capacity of the Senior Credit Facility becomes \$2.8 billion after October 5, 2023. Amounts borrowed under the Senior Credit Facility may, at the election of Devon, bear interest at various fixed rate options for periods of up to twelve months. Such rates are generally less than the prime rate. However, Devon may elect to borrow at the prime rate. The Senior Credit Facility currently provides for an annual facility fee of \$6 million.

The Senior Credit Facility contains only one material financial covenant. This covenant requires Devon's ratio of total funded debt to total capitalization, as defined in the credit agreement, to be no greater than 65%. The credit agreement contains definitions of total funded debt and total capitalization that include adjustments to the respective amounts reported in the accompanying consolidated financial statements. For example, total capitalization is adjusted to add back noncash financial write-downs such as asset impairments. As of December 31, 2019, Devon was in compliance with this covenant with a debt-to-capitalization ratio of 19.1%.

Commercial Paper

Devon's Senior Credit Facility supports its \$3.0 billion of short-term credit under its commercial paper program. Commercial paper debt generally has a maturity of between 1 and 90 days, although it can have a maturity of up to 365 days, and bears interest at rates agreed to at the time of the borrowing. The interest rate is generally based on a standard index such as the Federal Funds Rate, LIBOR or the money market rate as found in the commercial paper market. As of December 31, 2019, Devon had no outstanding commercial paper borrowings.

Retirement of Senior Notes

In January 2019, Devon repaid the \$162 million of 6.30% senior notes at maturity.

During 2018, Devon completed tender offers to repurchase \$807 million in aggregate principal amount of debt using cash on hand. This included \$384 million of the 7.875% senior notes due September 30, 2031 and \$423 million of the 7.95% senior notes due April 15, 2032. Devon recognized a \$312 million charge on early retirement of debt, consisting of \$304 million in cash retirement costs and \$8 million of noncash charges. These costs, along with other charges associated with retiring the debt, are included in net financing costs in the consolidated statements of comprehensive earnings. During 2018, Devon repaid \$115 million of senior notes at maturity.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Financing Costs, Net

The following schedule includes the components of net financing costs.

	Year Ended December 31,		
	2019	2018	2017
Interest based on debt outstanding	\$ 260	\$ 287	\$ 337
Early retirement of debt	—	312	—
Other	(10)	(19)	(16)
Total net financing costs	<u>\$ 250</u>	<u>\$ 580</u>	<u>\$ 321</u>

14. Leases

Devon adopted ASU No. 2016-02, *Leases (Topic 842)*, as of January 1, 2019, using the modified retrospective transition approach. ASC 842 supersedes the previous lease accounting requirements in ASC 840 and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. ASC 842 establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. At adoption, using the modified retrospective transition approach, Devon recorded right-of-use lease assets of \$410 million and lease liabilities of \$380 million. Additionally, Devon recorded a \$8 million before tax, \$7 million net of tax, cumulative-effect adjustment to reduce retained earnings. Comparative periods have been presented in accordance with ASC Topic 840 and do not include any retrospective adjustments to reflect the adoption of Topic 842. Excluding land easements and rights-of-way, all leases that existed at January 1, 2019 or were entered into or modified thereafter, are accounted for under Topic 842. Devon elected the practical expedient provided in the standard that allows the new guidance to be applied prospectively to all new or modified land easements and rights-of-way. Devon also elected a policy not to recognize right-of-use assets and lease liabilities related to short-term leases with terms of 12 months or less. Additionally, Devon elected to account for lease components separately from the nonlease components.

Devon made certain significant assumptions and judgments in determining its right-of-use asset and lease liability balances. First is the determination of whether a contract contains a lease. Devon considered the presence of an identified asset that is physically distinct, and for which the supplier does not have substantive substitution rights and whether Devon has the right to control the underlying asset. Second, Devon assessed lease terms and considered whether Devon is reasonably certain to extend leases or exercise purchase options. Certain of Devon's leases include one or more options to renew, with renewal terms that can extend the lease term for additional years. Certain leases also include options to purchase the leased property. For options to renew or purchase that Devon is reasonably certain to exercise, these costs are recognized as part of the right-of-use assets and lease liabilities. Third, significant judgments have been made in determining discount rates. Devon estimates discount rates using market rates that approximate collateralized borrowings over the remaining term of Devon's lease payments.

Devon's right-of-use operating lease assets are for certain leases related to real estate, drilling rigs and other equipment related to the exploration, development and production of oil and gas. Devon's right-of-use financing lease assets are related to real estate. Certain of Devon's lease agreements include variable payments based on usage or rental payments adjusted periodically for inflation. Devon's lease agreements do not contain any material residual value guarantees or restrictive covenants.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents Devon's right-of-use assets and lease liabilities as of December 31, 2019.

	<u>Finance</u>	<u>Operating</u>	<u>Total</u>
Right-of-use assets	\$ 229	\$ 14	\$ 243
Lease liabilities:			
Current lease liabilities (1)	\$ 7	\$ 10	\$ 17
Long-term lease liabilities	240	4	244
Total lease liabilities	<u>\$ 247</u>	<u>\$ 14</u>	<u>\$ 261</u>

(1) Current lease liabilities are included in other current liabilities on the consolidated balance sheets.

The following table presents Devon's total lease cost.

		<u>Year Ended December 31, 2019</u>
Operating lease cost	Property, plant and equipment; G&A	\$ 40
Short-term lease cost (1)	Property, plant and equipment; G&A	84
Financing lease cost:		
Amortization of right-of-use assets	DD&A	8
Interest on lease liabilities	Net financing costs	10
Variable lease cost	G&A	2
Lease income	G&A	(5)
Net lease cost		<u>\$ 139</u>

(1) Short-term lease cost excludes leases with terms of one month or less.

The following table presents Devon's additional lease information for the year ended December 31, 2019.

	<u>Year Ended December 31, 2019</u>	
	<u>Finance</u>	<u>Operating</u>
Cash outflows for lease liabilities:		
Operating cash flows	\$ 7	\$ 2
Investing cash flows	\$ —	\$ 41
Right-of-use assets obtained in exchange for new lease liabilities	\$ —	\$ 3
Weighted average remaining lease term (years)	8.0	2.2
Weighted average discount rate	4.2%	3.2%

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents Devon's maturity analysis as of December 31, 2019 for leases expiring in each of the next 5 years and thereafter.

	Finance	Operating	Total (1)
2020	\$ 7	\$ 10	\$ 17
2021	7	1	8
2022	8	1	9
2023	8	1	9
2024	8	1	9
Thereafter	297	1	298
Total lease payments	335	15	350
Less: interest	(88)	(1)	(89)
Present value of lease liabilities	\$ 247	\$ 14	\$ 261

(1) Under previous lease accounting standard, ASC 840, Devon's lease obligations as of December 31, 2018 expiring in each of the next 5 years and thereafter were \$61 million for 2019, \$48 million for 2020, \$18 million for 2021, \$9 million for 2022, \$8 million for 2023 and \$33 million thereafter.

Devon rents or subleases certain real estate to third parties. The following table presents Devon's expected lease income as of December 31, 2019 for each of the next 5 years and thereafter.

	Operating Lease Income
2020	\$ 6
2021	6
2022	6
2023	7
2024	7
Thereafter	44
Total	\$ 76

15. Asset Retirement Obligations

The following table presents the changes in asset retirement obligations.

	Year Ended December 31,	
	2019	2018
Asset retirement obligations as of beginning of period	\$ 484	\$ 492
Liabilities incurred	20	30
Liabilities settled and divested	(66)	(48)
Revision of estimated obligation	(61)	(16)
Accretion expense on discounted obligation	21	26
Asset retirement obligations as of end of period	398	484
Less current portion	18	16
Asset retirement obligations, long-term	\$ 380	\$ 468

During 2019, Devon reduced its asset retirement obligations by \$61 million, primarily due to changes in the future cost estimates and retirement dates for its oil and gas assets. During 2019, Devon also reduced its asset

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

retirement obligations by \$42 million as a result of Devon's 2019 divestitures. For additional information, see [Note 2](#).

During 2018, Devon reduced its asset retirement obligations by \$34 million as a result of Devon's 2018 divestitures. For additional information, see [Note 2](#).

16. Retirement Plans

Defined Contribution Plans

Devon sponsors defined contribution plans covering its employees. Such plans include its 401(k) plan and enhanced contribution plan. Contributions are primarily based upon percentages of annual compensation and years of service. In addition, each plan is subject to regulatory limitations by the U.S. government. Devon contributed \$34 million, \$40 million and \$42 million to these plans in 2019, 2018 and 2017, respectively.

Defined Benefit Plans

Devon has various non-contributory defined benefit pension plans, including qualified plans and nonqualified plans covering eligible employees and former employees meeting certain age and service requirements. Benefits under the defined benefit plans have been closed to new employees; however, eligible employees continue to accrue benefits based upon years of service and compensation. Benefits are primarily funded from assets held in the plans' trusts.

Devon's investment objective for its plans' assets is to achieve stability of the funded status while providing long-term growth of invested capital and income to ensure benefit payments can be funded when required. Devon has established certain investment strategies, including target allocation percentages and permitted and prohibited investments, designed to mitigate risks inherent with investing. Devon's target allocations for its plan assets are 70% fixed income, 20% equity and 10% other. See the following discussion for Devon's pension assets by asset class.

Fixed-income – Devon's fixed-income securities consist of U.S. Treasury obligations, bonds issued by investment-grade companies from diverse industries and asset-backed securities. These fixed-income securities are actively traded securities that can be redeemed upon demand. The fair values of these Level 1 securities are based upon quoted market prices and were \$240 million and \$193 million at December 31, 2019 and 2018, respectively. Also included are commingled funds that primarily invest in long-term bonds and U.S. Treasury securities. These fixed income securities can be redeemed on demand but are not actively traded. The fair values of these securities are based upon the net asset values provided by the investment managers and were \$233 million and \$291 million at December 31, 2019 and 2018, respectively.

Equity – Devon's equity securities include commingled global equity funds that invest in large, mid and small capitalization stocks across the world's developed and emerging markets and international large cap equity securities. These equity securities can be sold on demand but are not actively traded. The fair values of these securities are based upon the net asset values provided by the investment managers and were \$112 million and \$77 million at December 31, 2019 and 2018, respectively.

Other – Devon's other securities include short-term investment funds and a hedge fund that invest both long and short term using a variety of investment strategies. The fair value of these securities is based upon the net asset values provided by investment managers and were \$109 million and \$124 million at December 31, 2019 and 2018, respectively.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Defined Postretirement Plans

Devon also has defined benefit postretirement plans that provide benefits for substantially all qualifying retirees. Benefit obligations for such plans are estimated based on Devon's future cost-sharing intentions. Devon's funding policy for the plans is to fund the benefits as they become payable with available cash and cash equivalents.

Benefit Obligations and Funded Status

The following table summarizes the benefit obligations, assets, funded status and balance sheet impacts associated with its defined pension and postretirement plans. Devon's benefit obligations and plan assets are measured each year as of December 31. The accumulated benefit obligation for pension plans approximated the projected benefit obligation at December 31, 2019 and 2018.

	Pension Benefits		Postretirement Benefits	
	2019	2018	2019	2018
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 916	\$ 1,247	\$ 17	\$ 19
Service cost	7	9	—	—
Interest cost	32	38	—	—
Actuarial loss (gain)	91	(81)	(3)	(3)
Plan amendments	3	—	—	—
Plan curtailments	(3)	2	1	2
Plan settlements	(75)	(241)	—	—
Participant contributions	—	—	2	2
Benefits paid	(47)	(58)	(3)	(3)
Benefit obligation at end of year	924	916	14	17
Change in plan assets:				
Fair value of plan assets at beginning of year	685	1,007	—	—
Actual return on plan assets	118	(36)	—	—
Employer contributions	13	13	1	1
Participant contributions	—	—	2	2
Plan settlements	(75)	(241)	—	—
Benefits paid	(47)	(58)	(3)	(3)
Fair value of plan assets at end of year	694	685	—	—
Funded status at end of year	\$ (230)	\$ (231)	\$ (14)	\$ (17)
Amounts recognized in balance sheet:				
Other current liabilities	\$ (13)	\$ (13)	\$ (2)	\$ (3)
Other long-term liabilities	(217)	(218)	(12)	(14)
Net amount	\$ (230)	\$ (231)	\$ (14)	\$ (17)
Amounts recognized in accumulated other comprehensive earnings:				
Net actuarial loss (gain)	\$ 183	\$ 198	\$ (12)	\$ (11)
Prior service cost (credit)	5	4	(1)	(2)
Total	\$ 188	\$ 202	\$ (13)	\$ (13)

During the third quarter of 2018, Devon entered into a group annuity contract, under which a third party has permanently assumed certain of Devon's defined benefit pension obligations. The purchase of this group annuity contract reduced Devon's pension assets and liabilities and is the primary component of the \$241 million of plan

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

settlements within the preceding table. In connection with the group annuity contract transaction, Devon recorded a settlement expense of approximately \$33 million, which was reclassified from other comprehensive earnings to other expense on the consolidated statements of comprehensive earnings in 2018.

Certain of Devon's pension plans have a combined projected benefit obligation or accumulated benefit obligation in excess of plan assets at December 31, 2019 and December 31, 2018, as presented in the table below.

	December 31,	
	2019	2018
Projected benefit obligation	\$ 924	\$ 916
Accumulated benefit obligation (1)	\$ 223	\$ 900
Fair value of plan assets	\$ 694	\$ 685

- (1) The accumulated benefit obligation as of December 31, 2019 included a qualified pension plan that contained \$690 million of accumulated benefit obligation which was not in excess of plan assets.

The following table presents the components of net periodic benefit cost and other comprehensive earnings.

	Pension Benefits			Postretirement Benefits		
	2019	2018	2017	2019	2018	2017
Net periodic benefit cost:						
Service cost	\$ 7	\$ 9	\$ 15	\$ —	\$ —	\$ —
Interest cost	32	38	41	—	—	—
Expected return on plan assets	(38)	(48)	(54)	—	—	—
Recognition of net actuarial loss (gain) (1)	7	13	19	(1)	(1)	(1)
Recognition of prior service cost (1)	1	1	2	(1)	(1)	(1)
Total net periodic benefit cost (2)	9	13	23	(2)	(2)	(2)
Other comprehensive loss (earnings):						
Actuarial loss (gain) arising in current year	7	5	(8)	(2)	(1)	(1)
Prior service cost arising in current year	3	—	—	—	—	—
Recognition of net actuarial gain (loss), including settlement expense, in net periodic benefit cost (3)	(22)	(59)	(19)	1	1	1
Recognition of prior service cost, including curtailment, in net periodic benefit cost (3)	(2)	(2)	(2)	1	1	1
Total other comprehensive loss (earnings)	(14)	(56)	(29)	—	1	1
Total recognized	\$ (5)	\$ (43)	\$ (6)	\$ (2)	\$ (1)	\$ (1)

- (1) These net periodic benefit costs were reclassified out of other comprehensive earnings in the current period.
- (2) The service cost component of net periodic benefit cost is included in G&A expense and the remaining components of net periodic benefit costs are included in other expenses in the accompanying consolidated statements of comprehensive earnings.
- (3) These amounts include restructuring costs that were reclassified out of other comprehensive earnings in 2019 and 2018. See [Note 6](#) for further discussion.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Assumptions

	Pension Benefits			Postretirement Benefits		
	2019	2018	2017	2019	2018	2017
Assumptions to determine benefit obligations:						
Discount rate	3.14%	4.09%	3.51%	2.81%	4.01%	3.25%
Rate of compensation increase	2.50%	2.50%	2.50%	N/A	N/A	N/A
Assumptions to determine net periodic benefit cost:						
Discount rate - service cost	3.74%	3.77%	4.06%	3.99%	4.13%	4.22%
Discount rate - interest cost	3.36%	3.14%	2.91%	3.21%	2.67%	2.39%
Rate of compensation increase	2.50%	2.50%	4.50%	N/A	N/A	N/A
Expected return on plan assets	5.75%	5.75%	5.75%	N/A	N/A	N/A

Discount Rate - Future pension and post-retirement obligations are discounted based on the rate at which obligations could be effectively settled, considering the timing of expected future cash flows related to the plans. This rate is based on high-quality bond yields, after allowing for call and default risk.

Expected return on plan assets – This was determined by evaluating input from external consultants and economists, as well as long-term inflation assumptions and consideration of target allocation of investment types.

Mortality rate – Devon utilized the Society of Actuaries produced mortality tables.

Other assumptions – For measurement of the 2019 benefit obligation for the other postretirement medical plans, a 7.1% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2020. The rate was assumed to decrease annually to an ultimate rate of 5% in the year 2029 and remain at that level thereafter.

Expected Cash Flows

Devon expects benefit plan payments to average approximately \$56 million a year for the next five years and \$278 million total for the five years thereafter. Of these payments to be paid in 2020, \$16 million is expected to be funded from Devon’s available cash, cash equivalents and other assets.

17. Stockholders’ Equity

The authorized capital stock of Devon consists of 1.0 billion shares of common stock, par value \$0.10 per share, and 4.5 million shares of preferred stock, par value \$1.00 per share. The preferred stock may be issued in one or more series, and the terms and rights of such stock will be determined by the Board of Directors.

Share Repurchase Program

On March 7, 2018, Devon announced a \$1.0 billion share repurchase program. On June 6, 2018, Devon announced the expansion of this program to \$4.0 billion. On February 19, 2019, Devon announced a further expansion to \$5.0 billion with a December 31, 2019 expiration date. Of the \$5.0 billion authorized amount, \$4.8 billion was repurchased when the program expired on December 31, 2019. On December 17, 2019, Devon announced a new \$1.0 billion share repurchase program with a December 31, 2020 expiration date. Under the new program, \$800 million of the \$1.0 billion authorization is conditioned upon the closing of the pending Barnett Shale divestiture.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The table below provides information regarding purchases of Devon's common stock that were made during 2018 and 2019 (shares in thousands).

	<u>Total Number of Shares Purchased</u>	<u>Dollar Value of Shares Purchased</u>	<u>Average Price Paid per Share</u>
First quarter 2018:			
Open-Market	2,561	\$ 82	\$ 32.19
Second quarter 2018:			
Open-Market	11,154	439	39.35
Third quarter 2018:			
Open-Market	16,492	712	43.13
ASR	24,330	1,000	41.10
Total	<u>40,822</u>	<u>1,712</u>	<u>41.92</u>
Fourth quarter 2018:			
Open-Market	23,612	745	31.57
First quarter 2019:			
Open-Market	36,141	1,024	28.33
Second quarter 2019:			
Open-Market	5,911	159	27.01
Third quarter 2019:			
Open-Market	22,137	550	24.80
Fourth quarter 2019:			
Open-Market	4,436	94	21.32
Total inception-to-date	<u>146,774</u>	<u>\$ 4,805</u>	<u>\$ 32.74</u>

Dividends

The table below summarizes the dividends Devon paid on its common stock.

	<u>Amounts</u>	<u>Rate Per Share</u>
Year Ended 2019:		
First quarter	\$ 34	\$ 0.08
Second quarter	37	\$ 0.09
Third quarter	35	\$ 0.09
Fourth quarter	34	\$ 0.09
Total year-to-date	<u>\$ 140</u>	
Year Ended 2018:		
First quarter	\$ 32	\$ 0.06
Second quarter	42	\$ 0.08
Third quarter	38	\$ 0.08
Fourth quarter	37	\$ 0.08
Total year-to-date	<u>\$ 149</u>	
Year Ended 2017:		
First quarter	\$ 32	\$ 0.06
Second quarter	33	\$ 0.06
Third quarter	30	\$ 0.06
Fourth quarter	32	\$ 0.06
Total year-to-date	<u>\$ 127</u>	

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Devon raised its quarterly dividend by 12.5%, to \$0.09 per share, beginning in the second quarter of 2019. In the second quarter of 2018, Devon increased the quarterly dividend rate by 33% from \$0.06 to \$0.08 per share. In February 2020, Devon announced a 22% increase to its quarterly dividend, to \$0.11 per share, beginning in the second quarter of 2020.

Noncontrolling Interests

As discussed in [Note 1](#), the noncontrolling interests' share of CDM's net earnings and the contributions from the noncontrolling interests are presented as components of equity for 2019. The noncontrolling interests' equity balances and activities for 2017 and 2018 are related to EnLink and the divestment of Devon's aggregate ownership interests in EnLink and the General Partner, as further discussed in [Note 18](#).

18. Discontinued Operations and Assets Held For Sale

Barnett Shale

On December 17, 2019, Devon announced that it had entered into an agreement to sell its Barnett Shale assets to BKV for approximately \$770 million, before purchase price adjustments. Devon concluded that the transaction was a strategic shift and met the requirements of assets held for sale and discontinued operations upon the authorization to enter the agreement by Devon's Board of Directors. As part of its assessment, Devon is effectively exiting its last natural gas focused asset and the transaction resulted in a material reduction to total assets, revenues, net earnings and total proved reserves. Estimated proved reserves associated with Devon's Barnett Shale assets are approximately 45% of total U.S. proved reserves. As a result, Devon has classified the results of operations and cash flows related to its Barnett Shale assets, inclusive of Barnett properties divested in previous reporting periods located primarily in Johnson and Wise counties, Texas, as discontinued operations on its consolidated financial statements. In connection with the abandonment of certain gas processing contracts related to 2018 divestitures, Devon has restricted approximately \$25 million to fund these obligations. Cash payments for the abandonment charges total approximately \$2 million per quarter.

In connection with the announced sale of its Barnett Shale assets, Devon recognized a \$748 million asset impairment related to these assets, primarily due to the difference between the net carrying value and the purchase price, net of estimated customary purchase price adjustments, and qualifies as a level 2 fair value measurement. Approximately \$88 million of the U.S. reporting unit goodwill was allocated to the Barnett Shale assets. Additionally, Devon ceased depreciation for all plant, property and equipment classified as assets held for sale on the date the sales agreement was approved by the Board of Directors. This transaction is expected to close in the second quarter of 2020.

Canada

On May 29, 2019, Devon announced it had entered into an agreement to sell substantially all of its oil and gas assets and operations in Canada to Canadian Natural Resources Limited. Devon concluded that the transaction was a strategic shift and met the requirements of assets held for sale and discontinued operations upon the authorization to enter the agreement by Devon's Board of Directors. As part of its assessment, Devon considered the following: 1) Devon is exiting its entire heavy oil and Canadian operations; 2) Devon's Canadian operations is a separate reportable segment and is a component of Devon's business; and 3) the transaction resulted in a material reduction in total assets, revenues, net earnings and total proved reserves. As a result, Devon has classified the results of operations and cash flows related to its Canadian operations as discontinued operations on its consolidated financial statements. Additionally, Devon ceased depreciation for all plant, property and equipment classified as assets held for sale on the date the sales agreement was approved by the Board of Directors.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

On June 27, 2019, Devon completed the sale of its Canadian business for \$2.6 billion (\$3.4 billion Canadian dollars), net of purchase price adjustments, and recognized a pre-tax gain of \$223 million (\$425 million net of tax, primarily due to a significant deferred tax benefit). Included within this gain is a \$55 million adjustment to the gain in the fourth quarter of 2019 related to income taxes. Current (cash) income tax associated with the sale was approximately \$150 million and is expected to be paid in early 2020. The disposition of substantially all of Devon's Canadian oil and gas assets resulted in Devon releasing its historical cumulative foreign currency translation adjustment of \$1.2 billion from accumulated other comprehensive earnings to be included within the gain computation. The historical cumulative foreign currency translation portion of the gain is not taxable. As of December 31, 2019, \$355 million of the Canadian cash balance is restricted for funding certain tax and other obligations related to the Canadian business and is classified as cash restricted for discontinued operations on the consolidated balance sheets.

In conjunction with the sale of Devon's Canadian business, Devon recognized approximately \$285 million of restructuring and asset impairment related charges. Canadian Natural Resources Limited has reimbursed Devon for approximately \$50 million of these restructuring costs, under the terms of the disposition agreement. Along with certain tax obligations, these costs will be funded with the restricted cash described above. These charges consist of \$154 million related to a firm transportation agreement abandonment and \$57 million related to office lease abandonment and associated asset impairment charges. Cash payments for the abandonment charges total approximately \$6 million per quarter. Additionally, there are \$74 million of employee related costs, including approximately \$40 million of noncash accelerated vesting of employee stock awards. As mentioned above, Canadian Natural Resources Limited reimbursed the Company for approximately \$50 million of these costs pursuant to the disposition agreement and Devon funded the remaining employee related costs.

Prior to the second quarter of 2019, Devon's Canadian business maintained a valuation allowance against certain capital loss carryforwards and net operating losses. As a result of the sale of substantially all of Devon's Canadian oil and gas assets and operations and the lack of future forecasted income, all but approximately \$22 million of the Canadian deferred tax assets have been offset with a valuation allowance. In the fourth quarter of 2019, Devon entered into an audit agreement with the Canada Revenue Agency. As a result of this agreement, income tax expense of \$82 million is reflected in discontinued operations.

In July 2019, Devon utilized a portion of the sales proceeds to early retire \$500 million of the 4.00% senior notes due July 15, 2021 and \$1.0 billion of the 3.25% senior notes due May 15, 2022. Devon recognized a charge on the early retirement of these notes in the third quarter of 2019 consisting of \$52 million in cash retirement costs and \$6 million of noncash charges.

EnLink

On June 6, 2018, Devon announced that it had entered into an agreement to sell its aggregate ownership interests in EnLink and the General Partner for \$3.125 billion. Upon entering into the agreement to sell its ownership interest in June 2018, Devon concluded that the transaction was a strategic shift and met the requirements of assets held for sale and discontinued operations. As a result, Devon classified the results of operations and cash flows related to EnLink and the General Partner as discontinued operations on its consolidated financial statements.

On July 18, 2018, Devon completed the sale of its aggregate ownership interests in EnLink and the General Partner for \$3.125 billion and recognized a gain of approximately \$2.6 billion (\$2.2 billion after-tax). Current (cash) income tax associated with the transaction was approximately \$12 million. The vast majority of the tax effect relates to deferred tax expense offset by the valuation allowance adjustment.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

As part of the sale agreement, Devon extended its fixed-fee gathering and processing contracts with respect to the Bridgeport and Cana plants with EnLink through 2029. Although the agreements were extended to 2029, the minimum volume commitments for the Bridgeport and Cana plants expired at the end of 2018. Devon has minimum volume commitments for gathering and processing of 77-128 MMcf/d with EnLink at the Chisholm plant through early 2021.

Prior to the divestment of Devon's aggregate ownership of EnLink and the General Partner, certain activity between Devon and EnLink were eliminated in consolidation. Subsequent to the divestment, all activity related to EnLink represent third-party transactions and are no longer eliminated in consolidation.

During 2019 and from the period of July 19, 2018 through December 31, 2018, Devon had net outflows of approximately \$560 million and \$380 million with EnLink, respectively, which primarily related to gathering and processing expenses. These net outflows represent gross cash amounts and not net working interest amounts.

The following table presents the amounts reported in the consolidated statements of comprehensive earnings as discontinued operations.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Year ended December 31,	Barnett Shale	Canada	EnLink	Total
2019				
Upstream revenues	\$ 486	\$ 628	\$ —	\$ 1,114
Marketing and midstream revenues	—	38	—	38
Total revenues	486	666	—	1,152
Production expenses	306	293	—	599
Exploration expenses	—	13	—	13
Marketing and midstream expenses	—	18	—	18
Depreciation, depletion and amortization	77	128	—	205
Asset impairments	748	37	—	785
Asset dispositions	1	(223)	—	(222)
General and administrative expenses	—	34	—	34
Financing costs, net	—	87	—	87
Restructuring and transaction costs	—	248	—	248
Other expenses	11	6	—	17
Total expenses	1,143	641	—	1,784
Earnings (loss) from discontinued operations before income taxes	(657)	25	—	(632)
Income tax benefit	(142)	(216)	—	(358)
Net earnings (loss) from discontinued operations, net of tax	\$ (515)	\$ 241	\$ —	\$ (274)
2018				
Upstream revenues	\$ 777	\$ 965	\$ —	\$ 1,742
Marketing and midstream revenues	—	95	3,567	3,662
Total revenues	777	1,060	3,567	5,404
Production expenses	467	605	—	1,072
Exploration expenses	—	48	—	48
Marketing and midstream expenses	—	42	2,912	2,954
Depreciation, depletion and amortization	100	330	244	674
Asset dispositions	14	—	(2,607)	(2,593)
General and administrative expenses	—	76	65	141
Financing costs, net	—	14	98	112
Restructuring and transaction costs	—	17	—	17
Other expenses	(34)	182	(8)	140
Total expenses	547	1,314	704	2,565
Earnings (loss) from discontinued operations before income taxes	230	(254)	2,863	2,839
Income tax expense (benefit)	50	(124)	403	329
Net earnings (loss) from discontinued operations, net of tax	180	(130)	2,460	2,510
Net earnings attributable to noncontrolling interests	—	—	160	160
Net earnings (loss) from discontinued operations, attributable to Devon	\$ 180	\$ (130)	\$ 2,300	\$ 2,350
2017				
Upstream revenues	\$ 825	\$ 1,494	\$ —	\$ 2,319
Marketing and midstream revenues	—	58	5,071	5,129
Total revenues	825	1,552	5,071	7,448
Production expenses	440	591	—	1,031
Exploration expenses	—	34	—	34
Marketing and midstream expenses	—	60	4,111	4,171
Depreciation, depletion and amortization	141	380	545	1,066
Asset impairments	—	—	17	17
Asset dispositions	1	1	—	2
General and administrative expenses	—	92	128	220
Financing costs, net	—	(4)	181	177
Other expenses	12	(104)	(34)	(126)
Total expenses	594	1,050	4,948	6,592
Earnings from discontinued operations before income taxes	231	502	123	856
Income tax expense (benefit)	—	8	(197)	(189)
Net earnings from discontinued operations, net of tax	231	494	320	1,045
Net earnings attributable to noncontrolling interests	—	—	180	180
Net earnings from discontinued operations, attributable to Devon	\$ 231	\$ 494	\$ 140	\$ 865

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents the carrying amounts of the assets and liabilities associated with discontinued operations on the consolidated balance sheets. The U.S. Other amounts in the table below relate to the divestiture of non-core upstream Permian Basin assets which closed in January 2019 as further discussed in [Note 2](#).

	As of December 31, 2019			As of December 31, 2018			
	Barnett Shale (1)	Canada	Total	Barnett Shale	Canada	U.S. Other	Total
Cash restricted for discontinued operations	\$ 25	\$ 355	\$ 380	\$ —	\$ —	\$ —	\$ —
Accounts receivable	\$ 38	\$ 1	\$ 39	\$ 44	\$ 30	\$ 7	\$ 81
Other current assets	5	2	7	4	56	—	60
Oil and gas property and equipment, based on successful efforts accounting, net	751	—	751	1,552	3,829	190	5,571
Other property and equipment, net	11	—	11	12	78	—	90
Goodwill	88	—	88	88	—	—	88
Other long-term assets	—	81	81	—	79	—	79
Total assets associated with discontinued operations	\$ 893	\$ 84	\$ 977	\$ 1,700	\$ 4,072	\$ 197	\$ 5,969
Accounts payable	\$ 15	\$ 4	\$ 19	\$ 32	\$ 98	\$ 3	\$ 133
Revenues and royalties payable	44	3	47	111	67	—	178
Other current liabilities	19	233	252	11	104	19	134
Long-term debt (2)	—	—	—	—	1,493	—	1,493
Asset retirement obligations	141	—	141	139	424	47	610
Deferred income taxes	—	—	—	—	348	—	348
Other long-term liabilities	16	169	185	30	20	—	50
Total liabilities associated with discontinued operations	\$ 235	\$ 409	\$ 644	\$ 323	\$ 2,554	\$ 69	\$ 2,946

- (1) Certain long-term assets and liabilities for the Barnett Shale were reclassified to respective current assets and liabilities as of December 31, 2019 with the announced sale of the Barnett Shale assets expected to close during the second quarter of 2020.
- (2) Includes the \$500 million 4.00% Senior Notes due July 15, 2021 and \$1.0 billion 3.25% Senior Notes due May 15, 2022 that were retired early in July 2019 utilizing a portion of the proceeds from the sale of Devon's Canadian business.

19. Commitments and Contingencies

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

Royalty Matters

Numerous oil and natural gas producers and related parties, including Devon, have been named in various lawsuits alleging royalty underpayments. Devon is currently named as a defendant in a number of such lawsuits, including some lawsuits in which the plaintiffs seek to certify classes of similarly situated plaintiffs. Among the

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

allegations typically asserted in these suits are claims that Devon used below-market prices, made improper deductions, used improper measurement techniques and entered into gas purchase and processing arrangements with affiliates that resulted in underpayment of royalties in connection with oil, natural gas and NGLs produced and sold. Devon is also involved in governmental agency proceedings and royalty audits and is subject to related contracts and regulatory controls in the ordinary course of business, some that may lead to additional royalty claims. Devon does not currently believe that it is subject to material exposure with respect to such royalty matters.

Environmental and Other Matters

Devon is subject to certain laws and regulations relating to environmental remediation activities associated with past operations, such as the Comprehensive Environmental Response, Compensation, and Liability Act and similar state statutes. In response to liabilities associated with these activities, loss accruals primarily consist of estimated uninsured remediation costs. Devon's monetary exposure for environmental matters is not expected to be material.

Beginning in 2013, various parishes in Louisiana filed suit against more than 100 oil and gas companies, including Devon, alleging that the companies' operations and activities in certain fields violated the State and Local Coastal Resource Management Act of 1978, as amended, and caused substantial environmental contamination, subsidence and other environmental damages to land and water bodies located in the coastal zone of Louisiana. The plaintiffs' claims against Devon relate primarily to the operations of several of Devon's corporate predecessors. The plaintiffs seek, among other things, payment of the costs necessary to clear, re-vegetate and otherwise restore the allegedly impacted areas. Although Devon cannot predict the ultimate outcome of these matters, Devon denies any wrongdoing and is vigorously defending against these claims.

Various municipalities and other governmental and private parties in California have filed legal proceedings against certain oil and gas companies, including Devon, seeking relief to abate alleged impacts of climate change. These proceedings include far-reaching claims for monetary damages and injunctions against the production of all fossil fuels. Although Devon cannot predict the ultimate outcome of these matters, Devon believes these claims to be baseless and intends to vigorously defend against the proceedings.

Commitments

The following table presents Devon's commitments that have initial or remaining noncancelable terms in excess of one year as of December 31, 2019.

Year Ending December 31,	Drilling and Facility Obligations	Operational Agreements	Office and Equipment Leases
2020	\$ 131	\$ 320	\$ 51
2021	31	223	41
2022	30	208	12
2023	22	162	12
2024	16	139	12
Thereafter	32	416	298
Total	\$ 262	\$ 1,468	\$ 426

Devon has certain drilling and facility obligations under contractual agreements with third-party service providers to procure drilling rigs and other related services for developmental and exploratory drilling and facilities construction. The value of the drilling obligations reported is based on gross contractual value.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Devon has certain operational agreements whereby Devon has committed to transport or process certain volumes of oil, gas and NGLs for a fixed fee. Devon has entered into these agreements to aid the movement of its production to downstream markets.

Devon leases certain office space and equipment under financing and operating lease arrangements.

20. Fair Value Measurements

The following table provides carrying value and fair value measurement information for certain of Devon's financial assets and liabilities. The carrying values of cash, cash restricted for discontinued operations, accounts receivable, other current receivables, accounts payable, other current payables, accrued expenses and lease liabilities included in the accompanying consolidated balance sheets approximated fair value at December 31, 2019 and December 31, 2018, as applicable. Therefore, such financial assets and liabilities are not presented in the following table.

	Carrying Amount	Total Fair Value	Fair Value Measurements Using:	
			Level 1 Inputs	Level 2 Inputs
December 31, 2019 assets (liabilities):				
Cash equivalents	\$ 702	\$ 702	\$ 702	\$ —
Commodity derivatives	\$ 50	\$ 50	\$ —	\$ 50
Commodity derivatives	\$ (31)	\$ (31)	\$ —	\$ (31)
Debt	\$ (4,294)	\$ (5,376)	\$ —	\$ (5,376)
December 31, 2018 assets (liabilities):				
Cash equivalents	\$ 1,505	\$ 1,505	\$ 1,405	\$ 100
Commodity derivatives	\$ 674	\$ 674	\$ —	\$ 674
Commodity derivatives	\$ (33)	\$ (33)	\$ —	\$ (33)
Debt	\$ (4,454)	\$ (4,494)	\$ —	\$ (4,494)

The following methods and assumptions were used to estimate the fair values in the tables above.

Level 1 Fair Value Measurements

Cash equivalents – Amounts consist primarily of money market investments and the fair value approximates the carrying value.

Level 2 Fair Value Measurements

Cash equivalents – Amounts primarily consist of Canadian agency and provincial securities investments. The fair value approximates the carrying value.

Commodity derivatives – The fair value of commodity derivatives is estimated using internal discounted cash flow calculations based upon forward curves and data obtained from independent third parties for contracts with similar terms or data obtained from counterparties to the agreements.

Debt – Devon's debt instruments do not actively trade in an established market. The fair values of its debt are estimated based on rates available for debt with similar terms and maturity.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

21. Supplemental Information on Oil and Gas Operations (Unaudited)

Supplemental unaudited information regarding Devon's oil and gas activities is presented in this note. With the sale of substantially all of its Canadian assets and operations, all of Devon's reserves are located within the U.S.

The supplemental information in the tables below exclude amounts for all periods presented related to Devon's discontinued operations, which consist of Devon's Canadian operations that were sold in 2019 and its Barnett Shale assets, inclusive of properties divested in previous reporting periods located primarily in Johnson and Wise counties, Texas, which is expected to close in 2020. 612 MMBoe of estimated proved reserves and \$940 million of discounted future net cash flows were excluded for 2019, which all related to Devon's Barnett Shale assets. Amounts excluded for 2018 and 2017 consisted of 1,104 MMBoe and 1,365 MMBoe, respectively, of estimated proved reserves and \$3,042 million and \$5,383 million, respectively, of discounted future net cash flows, which related to both Devon's Canadian operations and its Barnett Shale assets, inclusive of properties divested in previous reporting periods located primarily in Johnson and Wise counties, Texas. 410 MMBoe and \$1,426 million of discounted future net cash flows related to Devon's Canadian operations in 2018 were sold in the second quarter of 2019. For additional information on these discontinued operations, see [Note 18](#).

Costs Incurred

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

	Year Ended December 31,		
	2019	2018	2017
Property acquisition costs:			
Proved properties	\$ —	\$ 2	\$ 1
Unproved properties	35	70	50
Exploration costs	312	679	591
Development costs	1,499	1,505	1,046
Costs incurred	<u>\$ 1,846</u>	<u>\$ 2,256</u>	<u>\$ 1,688</u>

Development costs in the tables above include additions and revisions to Devon's asset retirement obligations.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Results of Operations

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

	Year Ended December 31,		
	2019	2018	2017
Oil, gas and NGL sales	\$ 3,809	\$ 4,085	\$ 2,921
Production expenses	(1,197)	(1,153)	(791)
Exploration expenses	(58)	(128)	(346)
Depreciation, depletion and amortization	(1,398)	(1,134)	(908)
Asset dispositions	37	276	212
Asset impairments	—	(109)	—
Accretion of asset retirement obligations	(21)	(26)	(27)
Income tax expense	(270)	(416)	—
Results of operations	<u>\$ 902</u>	<u>\$ 1,395</u>	<u>\$ 1,061</u>
Depreciation, depletion and amortization per Boe	<u>\$ 11.72</u>	<u>\$ 10.51</u>	<u>\$ 9.58</u>

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Proved Reserves

The following table presents Devon's estimated proved reserves by product.

	Oil (MMBbls)	Gas (Bcf)	NGL (MMBbls)	Combined (MMBoe)
Proved developed and undeveloped reserves:				
December 31, 2016	191	1,613	200	660
Revisions due to prices	12	55	5	27
Revisions other than price	6	(31)	(15)	(14)
Extensions and discoveries	90	371	63	215
Production	(42)	(189)	(21)	(95)
Sale of reserves	(3)	(9)	(1)	(6)
December 31, 2017	254	1,810	231	787
Revisions due to prices	12	7	2	15
Revisions other than price	(10)	(102)	(27)	(53)
Extensions and discoveries	93	358	54	206
Production	(47)	(206)	(26)	(108)
Sale of reserves	(6)	(65)	(7)	(24)
December 31, 2018	296	1,802	227	823
Revisions due to prices	(7)	(86)	(6)	(28)
Revisions other than price	(13)	(50)	(9)	(31)
Extensions and discoveries	76	269	39	160
Purchase of reserves	3	7	1	6
Production	(55)	(219)	(28)	(119)
Sale of reserves	(24)	(102)	(13)	(54)
December 31, 2019	276	1,621	211	757
Proved developed reserves:				
December 31, 2016	157	1,359	161	545
December 31, 2017	175	1,455	168	585
December 31, 2018	196	1,427	166	600
December 31, 2019	198	1,344	167	589
Proved developed-producing reserves:				
December 31, 2016	141	1,267	148	500
December 31, 2017	163	1,384	160	554
December 31, 2018	188	1,394	162	582
December 31, 2019	191	1,327	165	578
Proved undeveloped reserves:				
December 31, 2016	34	254	39	115
December 31, 2017	79	355	63	202
December 31, 2018	100	375	61	223
December 31, 2019	78	277	44	168

- (1) Gas reserves are converted to Boe at the rate of six Mcf per Bbl of oil, based upon the approximate relative energy content of gas and oil. NGL reserves are converted to Boe on a one-to-one basis with oil. The conversion rates are not necessarily indicative of the relationship of oil, natural gas and NGL prices.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Proved Undeveloped Reserves

The following table presents the changes in Devon's total proved undeveloped reserves during 2019 (MMBoe).

	<u>U.S.</u>
Proved undeveloped reserves as of December 31, 2018	223
Extensions and discoveries	89
Revisions due to prices	—
Revisions other than price	(20)
Sale of reserves	(17)
Conversion to proved developed reserves	(107)
Proved undeveloped reserves as of December 31, 2019	<u>168</u>

Total proved undeveloped reserves decreased 25% from 2018 to 2019 with the year-end 2019 balance representing 22% of total proved reserves. Over 70% of the 89 MMBoe in extensions and discoveries were the result of Devon's focus on drilling and development activities in the STACK and Delaware Basin. This continued development in the STACK, and Delaware Basin also led to the conversion of 107 MMBoe, or 48% of the 2018 U.S. proved undeveloped reserves to proved developed reserves. Costs incurred to develop and convert Devon's proved undeveloped reserves were approximately \$918 million for 2019.

Price Revisions

Reserves decreased 28 MMBoe in 2019 primarily due to price decreases in the trailing 12 month averages for oil, gas and NGLs.

Reserves increased 15 MMBoe and 27 MMBoe primarily due to price increases in the trailing 12 month averages for oil, gas and NGLs in 2018 and 2017, respectively.

Revisions Other Than Price

Total revisions other than price in 2019 and 2018 primarily related to Devon's development programs evaluation of certain oil and dry gas regions, with the largest revisions being made in the STACK.

Extensions and Discoveries

2019 – Of the 160 MMBoe of additions from extensions and discoveries, 77 MMBoe were in the Delaware Basin, 37 MMBoe were in the STACK, 28 MMBoe in the Powder River Basin and 18 MMBoe in Eagle Ford. In 2019, there were no additions related to infill drilling activities.

2018 – Approximately 85% of the additions were through focused efforts in the STACK (87 MMBoe) and the Delaware Basin (88 MMBoe). The remaining extensions were added throughout the remainder of Devon's portfolio.

The 2018 extensions and discoveries included 21 MMBoe related to additions from Devon's infill drilling activities, primarily relating to the STACK.

2017 – Over 90% of the additions were through focused efforts in the STACK (120 MMBoe) and the Delaware Basin (79 MMBoe). The remaining extensions were added throughout the remainder of Devon's portfolio.

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The 2017 extensions and discoveries included 61 MMBoe related to additions from Devon's infill drilling activities primarily related to the STACK.

Sale of Reserves

During 2019, 2018 and 2017, Devon had U.S. non-core asset divestitures. For additional information on these divestitures, see [Note 2](#).

Standardized Measure

The following tables reflect Devon's standardized measure of discounted future net cash flows from its proved reserves.

	Year Ended December 31,		
	2019	2018	2017
Future cash inflows	\$ 20,750	\$ 27,759	\$ 20,845
Future costs:			
Development	(2,093)	(2,957)	(2,687)
Production	(9,174)	(10,991)	(7,782)
Future income tax expense	(1,037)	(2,036)	—
Future net cash flow	8,446	11,775	10,376
10% discount to reflect timing of cash flows	(3,048)	(4,625)	(4,422)
Standardized measure of discounted future net cash flows	<u>\$ 5,398</u>	<u>\$ 7,150</u>	<u>\$ 5,954</u>

Future cash inflows, development costs and production costs were computed using the same assumptions for prices and costs that were used to estimate Devon's proved oil and gas reserves at the end of each year. For 2019 estimates, Devon's future realized prices were assumed to be \$53.58 per Bbl of oil, \$1.69 per Mcf of gas and \$15.26 per Bbl of NGLs. Of the \$2.1 billion of future development costs as of the end of 2019, \$0.8 billion, \$0.5 billion and \$0.2 billion are estimated to be spent in 2020, 2021 and 2022, respectively.

Future development costs include not only development costs but also future asset retirement costs. Included as part of the \$2.1 billion of future development costs are \$0.4 billion of future asset retirement costs. The future income tax expenses have been computed using statutory tax rates, giving effect to allowable tax deductions and tax credits under current laws.

The principal changes in Devon's standardized measure of discounted future net cash flows are as follows:

	Year Ended December 31,		
	2019	2018	2017
Beginning balance	\$ 7,150	\$ 5,954	\$ 3,292
Net changes in prices and production costs	(2,323)	1,533	1,784
Oil, gas and NGL sales, net of production costs	(2,612)	(2,932)	(2,130)
Changes in estimated future development costs	303	(273)	(73)
Extensions and discoveries, net of future development costs	1,690	2,944	2,398
Purchase of reserves	43	—	2
Sales of reserves in place	(481)	(120)	(3)
Revisions of quantity estimates	(359)	(152)	(51)
Previously estimated development costs incurred during the period	857	787	322
Accretion of discount	506	648	445
Net change in income taxes and other	624	(1,239)	(32)
Ending balance	<u>\$ 5,398</u>	<u>\$ 7,150</u>	<u>\$ 5,954</u>

DEVON ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

22. Supplemental Quarterly Financial Information (Unaudited)

The following tables present a summary of Devon's unaudited interim results of operations.

	2019				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Total revenues (1)	\$ 1,079	\$ 1,806	\$ 1,746	\$ 1,589	\$ 6,220
Asset dispositions (2)	\$ (45)	\$ (2)	\$ (1)	\$ —	\$ (48)
Earnings (loss) from continuing operations before income taxes	\$ (497)	\$ 219	\$ 190	\$ (21)	\$ (109)
Net earnings (loss) from continuing operations	\$ (378)	\$ 151	\$ 136	\$ 12	\$ (79)
Net earnings (loss) from discontinued operations, net of income tax expense (benefit) (4)	\$ 61	\$ 344	\$ (27)	\$ (652)	\$ (274)
Net earnings (loss) attributable to Devon	\$ (317)	\$ 495	\$ 109	\$ (642)	\$ (355)
Basic net earnings (loss) per share attributable to Devon	\$ (0.74)	\$ 1.20	\$ 0.27	\$ (1.70)	\$ (0.89)
Diluted net earnings (loss) per share attributable to Devon	\$ (0.74)	\$ 1.19	\$ 0.27	\$ (1.70)	\$ (0.89)

	2018				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Total revenues (1)	\$ 1,665	\$ 1,727	\$ 1,974	\$ 3,530	\$ 8,896
Asset dispositions (2)	\$ (12)	\$ (18)	\$ (6)	\$ (242)	\$ (278)
Earnings (loss) from continuing operations before income taxes (3)	\$ (264)	\$ (486)	\$ (105)	\$ 1,799	\$ 944
Net earnings (loss) from continuing operations	\$ (261)	\$ (499)	\$ 96	\$ 1,378	\$ 714
Net earnings (loss) from discontinued operations, net of income tax expense (benefit) (4)	\$ 108	\$ 163	\$ 2,469	\$ (230)	\$ 2,510
Net earnings (loss) attributable to Devon	\$ (197)	\$ (425)	\$ 2,537	\$ 1,149	\$ 3,064
Basic net earnings (loss) per share attributable to Devon	\$ (0.38)	\$ (0.83)	\$ 5.17	\$ 2.50	\$ 6.14
Diluted net earnings (loss) per share attributable to Devon	\$ (0.38)	\$ (0.83)	\$ 5.14	\$ 2.48	\$ 6.10

(1) Includes noncash commodity hedge valuation changes of approximately \$600 million loss in the first quarter of 2019 and approximately \$1.4 billion gain in the fourth quarter of 2018.

(2) Additional discussion regarding asset dispositions can be found in [Note 2](#).

(3) Includes asset impairments of approximately \$150 million in the second quarter of 2018. Additional discussion regarding asset impairments can be found in [Note 5](#).

(4) 2019 includes a \$748 million asset impairment recognized in connection with the announced sale of Devon's Barnett Shale assets in the fourth quarter of 2019. In addition, 2019 includes a gain of \$425 million (after-tax) on the sale of its Canadian business during 2019, and 2018 includes a gain on sale associated with the divestment of Devon's aggregate ownership interests in EnLink and the General Partner of approximately \$2.2 billion (after-tax) in the third quarter of 2018. Additional discussion can be found in [Note 18](#).

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to Devon, including its consolidated subsidiaries, is made known to the officers who certify Devon’s financial reports and to other members of senior management and the Board of Directors.

Based on their evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective as of December 31, 2019 to ensure that the information required to be disclosed by Devon in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for Devon, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of Devon’s management, including our principal executive and principal financial officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (the “2013 COSO Framework”). Based on this evaluation under the 2013 COSO Framework, which was completed on February 19, 2020, management concluded that its internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, an independent registered public accounting firm who audited our consolidated financial statements as of and for the year ended December 31, 2019, as stated in their report, which is included under “Item 8. Financial Statements and Supplementary Data” of this report.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during the fourth quarter of 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On February 18, 2020, we entered into indemnification agreements with each of our directors. Subject to various terms and conditions, the indemnification agreements provide for, among other things, (i) indemnification rights for the directors with respect to certain claims and liabilities to the fullest extent permitted by Delaware law, (ii) the right to advancement of expenses for the directors with respect to certain claims and liabilities, (iii) clarification for the processes used to determine whether a director is entitled to indemnification and (iv) the maintenance of directors and officers liability insurance coverage for the directors. The foregoing description of the indemnification agreements is not complete and is subject to and qualified in its entirety by reference to a form of the indemnification agreement, a copy of which is attached hereto as Exhibit 10.40 and the terms of which are incorporated herein by reference.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information called for by this Item 10 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2019.

Item 11. *Executive Compensation*

The information called for by this Item 11 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2019.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information called for by this Item 12 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2019.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information called for by this Item 13 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2019.

Item 14. *Principal Accountant Fees and Services*

The information called for by this Item 14 is incorporated herein by reference to the definitive Proxy Statement to be filed by Devon pursuant to Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934 no later than 120 days following the fiscal year ended December 31, 2019.

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

1. Consolidated Financial Statements

Reference is made to the Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules appearing at “Item 8. Financial Statements and Supplementary Data” in this report.

2. Consolidated Financial Statement Schedules

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

3. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Purchase Agreement, dated June 5, 2018, by and among Devon Gas Services, L.P. and Southwestern Gas Pipeline, L.L.C., as sellers, and Enlink Midstream Manager, LLC, Registrant, and GIP III Stetson I, L.P. and GIP III Stetson II, L.P., as acquirors (incorporated by reference to Exhibit 2.1 to Registrant’s Form 8-K filed June 7, 2018; File No. 001-32318).
2.2	Agreement of Purchase and Sale, dated as of May 28, 2019, among Devon Canada Corporation, Devon Canada Crude Marketing Corporation and Canadian Natural Resources Limited (incorporated by reference to Exhibit 2.1 to the Company’s Form 8-K filed May 31, 2019; File No. 001-32318).
2.3	Purchase and Sale Agreement, dated December 17, 2019, by and between Devon Energy Production Company, L.P. and BKV Barnett, LLC (incorporated by reference to Exhibit 2.1 to the Company’s Form 8-K filed December 18, 2019; File No. 001-32318).*
3.1	Registrant’s Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Registrant’s Form 10-K filed February 21, 2013; File No. 001-32318).
3.2	Registrant’s Bylaws (incorporated by reference to Exhibit 3.1 of Registrant’s Form 8-K filed January 27, 2016; File No. 001-32318).
4.1	Indenture, dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Registrant’s Form 8-K filed July 12, 2011; File No. 001-32318).
4.2	Supplemental Indenture No. 1, dated as of July 12, 2011, to Indenture dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee, relating to the 5.60% Senior Notes due 2041 (incorporated by reference to Exhibit 4.2 to Registrant’s Form 8-K filed July 12, 2011; File No. 001-32318).
4.3	Supplemental Indenture No. 2, dated as of May 14, 2012, to Indenture dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee, relating to the 4.750% Senior Notes due 2042 (incorporated by reference to Exhibit 4.1 to Registrant’s Form 8-K filed May 14, 2012; File No. 001-32318).
4.4	Supplemental Indenture No. 4, dated as of June 16, 2015, to Indenture dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee, relating to the 5.000% Senior Notes due 2045 (incorporated by reference to Exhibit 4.1 to Registrant’s Form 8-K filed June 16, 2015; File No. 001-32318).

<u>Exhibit No.</u>	<u>Description</u>
4.5	Supplemental Indenture No. 5, dated as of December 15, 2015, to Indenture dated as of July 12, 2011, between Registrant and UMB Bank, National Association, as Trustee, relating to the 5.850% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed December 15, 2015; File No. 001-32318).
4.6	Indenture, dated as of March 1, 2002, between Registrant and The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York), as Trustee (incorporated by reference to Exhibit 4.1 of Registrant's Form 8-K filed April 9, 2002; File No. 000-30176).
4.7	Supplemental Indenture No. 1, dated as of March 25, 2002, to Indenture dated as of March 1, 2002, between Registrant and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.95% Senior Debentures due 2032 (incorporated by reference to Exhibit 4.2 to Registrant's Form 8-K filed April 9, 2002; File No. 000-30176).
4.8	Supplemental Indenture No. 4, dated as of March 22, 2018, to Indenture dated as of March 1, 2002, between Registrant and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.95% Senior Notes due 2032 (incorporated by reference to Exhibit 4.1 to Registrant's Form 8-K filed March 22, 2018; File No. 000-32318).
4.9	Indenture, dated as of October 3, 2001, among Devon Financing Company, L.L.C. (f/k/a Devon Financing Corporation, U.L.C.), as Issuer, Registrant, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., originally The Chase Manhattan Bank, as Trustee, relating to the 7.875% Debentures due 2031 (incorporated by reference to Exhibit 4.7 to Registrant's Registration Statement on Form S-4 filed October 31, 2001; File No. 333-68694).
4.10	Assignment and Assumption Agreement, dated as of June 19, 2019, by and between Devon Financing Company, L.L.C. and Registrant, relating to that certain Indenture, dated as of October 3, 2001, by and among Devon Financing Company, L.L.C. (f/k/a Devon Financing Company, U.L.C.), as Issuer, Devon Energy Corporation, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as successor to The Chase Manhattan Bank, as Trustee, and the 7.875% Debentures due 2031 issued thereunder (incorporated by reference to Exhibit 4.1 to the Company's Form 10-Q filed August 7, 2019; File No. 001-32318).
4.11	Senior Indenture, dated as of September 1, 1997, between Devon OEI Operating, L.L.C. (as successor to Seagull Energy Corporation) and The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York), as Trustee, and related Specimen of 7.50% Senior Notes due 2027 (incorporated by reference to Exhibit 4.4 to Ocean Energy Inc.'s Form 10-K filed March 23, 1998; File No. 001-08094).
4.12	First Supplemental Indenture, dated as of March 30, 1999, to Senior Indenture dated as of September 1, 1997, by and among Devon OEI Operating, L.L.C., its Subsidiary Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.50% Senior Notes due 2027 (incorporated by reference to Exhibit 4.10 to Ocean Energy, Inc.'s Form 10-Q filed May 17, 1999; File No. 001-08094).
4.13	Second Supplemental Indenture, dated as of May 9, 2001, to Senior Indenture dated as of September 1, 1997, by and among Devon OEI Operating, L.L.C., its Subsidiary Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.50% Senior Notes due 2027 (incorporated by reference to Exhibit 99.4 to Ocean Energy, Inc.'s Form 8-K filed May 14, 2001; File No. 033-06444).
4.14	Third Supplemental Indenture, dated as of December 31, 2005, to Senior Indenture dated as of September 1, 1997, by and among Devon OEI Operating, L.L.C., as Issuer, Devon Energy Production Company, L.P., as Successor Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee, relating to the 7.50% Senior Notes due 2027 (incorporated by reference to Exhibit 4.27 of Registrant's Form 10-K filed March 3, 2006; File No. 001-32318).
4.15	Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Credit Agreement, dated as of October 5, 2018, among Registrant, as U.S. Borrower, Devon Canada Corporation, as Canadian Borrower, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and each Lender and L/C Issuer from time to time party thereto (incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed October 9, 2018; File No. 001-32318).
10.2	First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, by and among Registrant, as U.S. Borrower, Devon Canada Corporation, as Canadian Borrower, Bank of America, N.A., individually and as Administrative Agent, and the Lenders party thereto.
10.3	Devon Energy Corporation 2009 Long-Term Incentive Plan (as amended and restated effective June 6, 2012) (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed June 8, 2012; File No. 001-32318).**
10.4	Devon Energy Corporation 2015 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to Registrant's Form S-8 filed June 3, 2015; File No. 333-204666).**
10.5	Devon Energy Corporation 2017 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to Registrant's Form S-8 filed June 7, 2017; File No. 333-218561).**
10.6	2013 Amendment (effective as of March 6, 2013) to the Devon Energy Corporation 2009 Long-Term Incentive Plan (as amended and restated effective June 6, 2012) (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed May 1, 2013; File No. 001-32318).**
10.7	Devon Energy Corporation Annual Incentive Compensation Plan (amended and restated effective as of January 1, 2017) (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed June 12, 2017; File No. 001-32318).**
10.8	Devon Energy Corporation Non-Qualified Deferred Compensation Plan (amended and restated effective as of April 15, 2014) (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed August 6, 2014; File No. 001-32318).**
10.9	Amendment 2014-2, executed May 9, 2014, to the Devon Energy Corporation Non-Qualified Deferred Compensation Plan (amended and restated effective April 15, 2014) (incorporated by reference to Exhibit 10.11 to Registrant's Form 10-K filed February 20, 2015; File No. 001-32318).**
10.10	Amendment 2016-1, executed October 20, 2016, to the Devon Energy Corporation Non-Qualified Deferred Compensation Plan (amended and restated effective April 15, 2014) (incorporated by reference to Exhibit 10.13 to Registrant's Form 10-K filed February 15, 2017; File No. 001-32318).**
10.11	Amendment 2018-1, executed August 21, 2018, to the Devon Energy Corporation Non-Qualified Deferred Compensation Plan (amended and restated effective April 15, 2014) (incorporated by reference to Exhibit 10.10 to Registrant's Form 10-K filed February 20, 2019; File No. 001-32318).**
10.12	Devon Energy Corporation Benefit Restoration Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.15 to Registrant's Form 10-K filed February 24, 2012; File No. 001-32318).**
10.13	Amendment 2014-1, executed March 7, 2014, to the Devon Energy Corporation Benefit Restoration Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.6 to Registrant's Form 10-Q filed May 9, 2014; File No. 001-32318).**
10.14	Amendment 2015-1, executed April 15, 2015, to the Devon Energy Corporation Benefit Restoration Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed May 6, 2015; File No. 001-32318).**
10.15	Amendment 2016-1, executed October 20, 2016, to the Devon Energy Corporation Benefit Restoration Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.17 to Registrant's Form 10-K filed February 15, 2017; File No. 001-32318).**

<u>Exhibit No.</u>	<u>Description</u>
10.16	Devon Energy Corporation Defined Contribution Restoration Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.16 to Registrant's Form 10-K filed February 24, 2012; File No. 001-32318).**
10.17	Amendment 2014-1, executed March 7, 2014, to the Devon Energy Corporation Defined Contribution Restoration Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.7 to Registrant's Form 10-Q filed May 9, 2014; File No. 001-32318).**
10.18	Amendment 2016-1, executed October 20, 2016, to the Devon Energy Corporation Defined Contribution Restoration Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.20 to Registrant's Form 10-K filed February 15, 2017; File No. 001-32318).**
10.19	Amendment 2018-1, executed August 21, 2018, to the Devon Energy Corporation Defined Contribution Restoration Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.18 to Registrant's Form 10-K filed February 20, 2019; File No. 001-32318).**
10.20	Amendment 2019-1, executed June 19, 2019, to the Devon Energy Corporation Defined Contribution Restoration Plan (as amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed August 7, 2019; File No. 001-32318).**
10.21	Devon Energy Corporation Supplemental Contribution Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.17 to Registrant's Form 10-K filed February 24, 2012; File No. 001-32318).**
10.22	Amendment 2014-1, executed March 7, 2014, to the Devon Energy Corporation Supplemental Contribution Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.8 to Registrant's Form 10-Q filed May 9, 2014; File No. 001-32318).**
10.23	Amendment 2016-1, executed October 20, 2016, to the Devon Energy Corporation Supplemental Contribution Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.23 to Registrant's Form 10-K filed February 15, 2017; File No. 001-32318).**
10.24	Amendment 2019-1, executed June 19, 2019, to the Devon Energy Corporation Supplemental Contribution Plan (as amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q filed August 7, 2019; File No. 001-32318).**
10.25	Devon Energy Corporation Supplemental Executive Retirement Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.18 to Registrant's Form 10-K filed February 24, 2012; File No. 001-32318).**
10.26	Amendment 2016-1, executed October 20, 2016, to the Devon Energy Corporation Supplemental Executive Retirement Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.25 to Registrant's Form 10-K filed February 15, 2017; File No. 001-32318).**
10.27	Amendment 2019-1, executed June 19, 2019, to the Devon Energy Corporation Supplemental Executive Retirement Plan (as amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.3 to Registrant's Form 10-Q filed August 7, 2019; File No. 001-32318).**
10.28	Devon Energy Corporation Supplemental Retirement Income Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.19 to Registrant's Form 10-K filed February 24, 2012; File No. 001-32318).**
10.29	Amendment 2014-1, executed March 7, 2014, to the Devon Energy Corporation Supplemental Retirement Income Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.9 to Registrant's Form 10-Q filed May 9, 2014; File No. 001-32318).**
10.30	Amendment 2016-1, executed October 20, 2016, to the Devon Energy Corporation Supplemental Retirement Income Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.28 to Registrant's Form 10-K filed February 15, 2017; File No. 001-32318).**

<u>Exhibit No.</u>	<u>Description</u>
10.31	Amendment 2019-1, effective September 10, 2019, to the Devon Energy Corporation Supplemental Retirement Income Plan (amended and restated effective January 1, 2012) (incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q filed November 6, 2019; File No. 001-32318).**
10.32	Devon Energy Corporation Incentive Savings Plan (amended and restated effective January 1, 2018) (incorporated by reference to Exhibit 10.28 to Registrant's Form 10-K filed February 21, 2018; File No. 001-32318).**
10.33	Amendment 2018-1, executed December 14, 2018, to the Devon Energy Corporation Incentive Savings Plan (amended and restated effective January 1, 2018) (incorporated by reference to Exhibit 10.28 to Registrant's Form 10-K filed February 20, 2019; File No. 001-32318).**
10.34	Amendment 2019-1, executed June 19, 2019, to the Devon Energy Corporation Incentive Savings Plan (as amended and restated effective January 1, 2018) (incorporated by reference to Exhibit 10.4 to Registrant's Form 10-Q filed August 7, 2019; File No. 001-32318).**
10.35	Amended and Restated Form of Employment Agreement between Registrant and certain executive officers (incorporated by reference to Exhibit 10.19 to Registrant's Form 10-K filed February 27, 2009; File No. 001-32318).**
10.36	Form of Amendment No. 1 to the Amended and Restated Employment Agreement between Registrant and certain executive officers (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed April 25, 2011; File No. 001-32318).**
10.37	Form of Employment Agreement between Registrant and certain executive officers (incorporated by reference to Exhibit 10.22 to Registrant's Form 10-K filed February 28, 2014; File No. 001-32318).**
10.38	Employment Agreement, dated April 19, 2017, by and between Registrant and Mr. Jeffrey L. Ritenour (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K, filed on April 20, 2017; File No. 001-32318).**
10.39	Employment Agreement, dated effective September 13, 2019, by and between Registrant and Mr. David G. Harris (incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed September 16, 2019; File No. 001-32318).**
10.40	Form of Indemnity Agreement between Registrant and non-management directors .**
10.41	Form of Notice of Grant of Performance Restricted Stock Award and Award Agreement under the 2015 Long-Term Incentive Plan between Registrant and David A. Hager for performance based restricted stock awarded (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed November 4, 2015; File No. 001-32318).**
10.42	Form of Notice of Grant of Performance Restricted Stock Award and Award Agreement under the 2015 Long-Term Incentive Plan between Registrant and executive officers for performance based restricted stock awarded (incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q filed May 4, 2016; File No. 001-32318).**
10.43	2017 Form of Notice of Grant of Performance Restricted Stock Award and Award Agreement under the 2015 Long-Term Incentive Plan between Registrant and executive officers for performance based restricted stock awarded (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed May 3, 2017; File No. 001-32318).**
10.44	2018 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2017 Long-Term Incentive Plan between Registrant and executive officers for restricted stock awarded (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed on May 2, 2018; File No. 001-32318).**

Exhibit No.	Description
10.45	2019 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2017 Long-Term Incentive Plan between Registrant and executive officers for restricted stock awarded (incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed May 1, 2019; File No. 001-32318).**
10.46	2017 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2015 Long-Term Incentive Plan between Registrant and executive officers for performance based restricted share units awarded (incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q filed May 3, 2017; File No. 001-32318).**
10.47	2018 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2017 Long-Term Incentive Plan between Registrant and executive officers for performance based restricted share units awarded (incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q filed May 2, 2018; File No. 001-32318).**
10.48	2019 Form of Notice of Grant of Performance Share Unit Award and Award Agreement under the 2017 Long-Term Incentive Plan between Devon Energy Corporation and executive officers for performance based restricted share units awarded (incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q filed May 1, 2019; File No. 001-32318).**
10.49	Form of Notice of Grant of Nonqualified Stock Options and Award Agreement under the 2009 Long-Term Incentive Plan between Registrant and certain employees and executive officers for nonqualified stock options granted (incorporated by reference to Exhibit 10.16 to Registrant's Form 10-K filed February 25, 2011; File No. 001-32318).**
10.50	2019 Form of Notice of Grant of Restricted Stock Award and Award Agreement under the 2017 Long-Term Incentive Plan between Registrant and all non-management directors for restricted stock awarded .**
21	List of Subsidiaries .
23.1	Consent of KPMG LLP .
23.2	Consent of LaRoche Petroleum Consultants, Ltd.
31.1	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
31.2	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 .
32.1	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 .
32.2	Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 .
99	Report of LaRoche Petroleum Consultants, Ltd.
101.INS	Inline XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Portions of this exhibit have been omitted in accordance with Item 601(b)(2)(ii) of Regulation S-K.

** Indicates management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

Not applicable.

**DESCRIPTION OF SECURITIES REGISTERED UNDER
SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

As of February 5, 2020, we have one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock, par value \$0.10 per share (“common stock”). The following summary of terms of our common stock is based upon our restated certificate of incorporation (the “Charter”) and amended and restated bylaws (the “Bylaws”) currently in effect under Delaware law. This summary is not complete and is subject to, and qualified in its entirety by reference to, the Charter and the Bylaws. For a complete description of the terms and provisions of the common stock, refer to the Charter and Bylaws, which are filed as Exhibits 3.1 and 3.2, respectively, to this Annual Report on Form 10-K. Throughout this exhibit, references to the “Company,” “Devon,” “we,” “our,” and “us” refer to Devon Energy Corporation. We encourage you to read these documents and the applicable portion of the General Corporation Law of the State of Delaware, as amended (the “DGCL”), carefully.

General

Devon’s authorized capital stock consists of:

- 1.0 billion shares of common stock; and
- 4.5 million shares of preferred stock, par value \$1.00 per share (“preferred stock”).

As of February 5, 2020, there were 382,921,221 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Holders of common stock will be entitled to receive dividends out of legally available funds when and if declared by our board of directors. Subject to the rights of the holders of any outstanding shares of preferred stock, holders of shares of common stock will be entitled to cast one vote for each share held of record on all matters submitted to a vote of stockholders. They will not be entitled to cumulative voting rights for the election of directors. The shares of common stock have no preemptive, conversion or other rights to subscribe for or purchase any of our securities. Upon our liquidation or dissolution, the holders of shares of common stock are entitled to share ratably in any of our assets that remain after payment or provision for payment to creditors and holders of preferred stock.

Preferred Stock

The preferred stock may be issued in one or more series. Our board of directors may establish attributes of any series, including the designation and number of shares in the series, dividend rates (cumulative or noncumulative), voting rights, redemptions, conversion or preference rights, and any other rights and qualifications, preferences and limitations or restrictions on shares of a series. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of Devon without any vote or action by the stockholders and may adversely affect the voting and other rights of the holders of shares of common stock. The specific terms of a particular series of preferred stock will be described in a certificate of designation relating to that series.

Subject to the Charter and to any limitations imposed by any then outstanding preferred stock, we may issue additional series of preferred stock, at any time or from time to time, with such powers, preferences, rights and qualifications, limitations or restrictions as our board of directors determines, and without further action of the stockholders, including holders of our then outstanding preferred stock, if any.

Certain Anti-takeover Matters

The Charter and Bylaws contain provisions that may make it more difficult for a potential acquirer to acquire us by means of a transaction that is not negotiated with our board of directors. These provisions and certain provisions of the DGCL could delay or prevent a merger or acquisition that our stockholders consider favorable.

These provisions may also discourage acquisition proposals or have the effect of delaying or preventing a change in control, which could harm our stock price. Following is a description of the anti-takeover effects of certain provisions of the Charter and Bylaws.

No cumulative voting. The DGCL provides that stockholders of a Delaware corporation are not entitled to the right to cumulate votes in the election of directors unless its certificate of incorporation provides otherwise. The Charter provides that cumulative voting is not permitted.

Calling of special meetings of stockholders. The Bylaws provide that special meetings of our stockholders may be called only by or at the direction of our board of directors, the chairman of our board of directors, our president or by our secretary upon an appropriately made written request of one or more record holders owning, and having held continuously for a period of at least one year prior to the date such request is delivered, an aggregate of not less than 25% of the voting power of all outstanding shares of our capital stock.

Advance notice requirements for stockholder proposals and director nominations. The Bylaws provide that stockholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of stockholders or a stockholder requested special meeting of stockholders must provide timely notice of their proposal in writing to our corporate secretary.

Generally, to be timely, a stockholder's notice regarding an annual meeting of stockholders must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary of the previous year's annual meeting. The Bylaws also specify requirements as to the form and content of a stockholder's notice. These provisions may impede stockholders' ability to bring matters before an annual meeting of stockholders, a stockholder requested special meeting of stockholders or make nominations for directors.

No action by stockholder consent. The Charter provides that any action required or permitted to be taken by the stockholders of Devon must be effected at a duly called annual or special meeting of Devon's stockholders, and specifically denies to the stockholders the ability to consent in writing to the taking of any action.

Limitations on liability and indemnification of officers and directors. The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. The Charter provides that directors shall not be liable to the corporation or our stockholders for monetary damages for breach of fiduciary duty, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended.

The Charter and Bylaws require us to indemnify our directors, officers, employees and agents in certain circumstances and also authorize us to carry directors' and officers' insurance for the benefit of our directors, officers, employees and agents. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and officers.

The limitation of liability and indemnification provisions in the Charter and Bylaws may discourage our stockholders from bringing lawsuits against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Board authority to amend bylaws. Under the Charter and Bylaws, our board of directors has the authority to adopt, amend or repeal our bylaws without the approval of our stockholders. However, our stockholders also have the right, with the affirmative vote of the holders of at least a majority of the combined voting power of the then-outstanding shares of voting stock and without the approval of our board of directors, to adopt, amend or repeal our bylaws.

General Corporation Law of the State of Delaware. Devon is a Delaware corporation that is subject to Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified therein, a Delaware

corporation shall not engage in certain “business combinations” with any “interested stockholder” for a three-year period following the time that the stockholder became an interested stockholder unless:

- prior to such time, the board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the corporation’s voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by the board of directors of the corporation and by the affirmative vote of holders of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a “business combination” includes a merger, asset or stock sale or other transaction that results in a financial benefit to the interested stockholder. Subject to certain exceptions, an “interested stockholder” is a person who, together with that person’s affiliates and associates, owns, or within the previous three years did own, 15% or more of our voting stock.

Under certain circumstances, Section 203 could make it more difficult for a person who would be an “interested stockholder” to effect a “business combination” with Devon. Section 203 of the DGCL may encourage any person interested in acquiring Devon to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction that results in such person becoming an interested stockholder. Section 203 of the DGCL also may make it more difficult to effect transactions involving the Company that our stockholders may otherwise deem to be in their best interests.

Listing

Our common stock is listed and traded on the New York Stock Exchange under the symbol “DVN.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A. Its address is c/o Computershare Investor Services, P.O. Box 43078, Providence, RI 02940-3078 and its telephone number is (877) 860-5820.

FIRST AMENDMENT TO CREDIT AGREEMENT AND EXTENSION AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT AND EXTENSION AGREEMENT (herein called this "**Agreement**") dated as of December 13, 2019, by and among DEVON ENERGY CORPORATION, a Delaware corporation (the "**U.S. Borrower**"), and DEVON CANADA CORPORATION, an Alberta corporation (the "**Canadian Borrower**" and, together with the U.S. Borrower, collectively, the "**Borrowers**"), BANK OF AMERICA, N.A., individually and as administrative agent (the "**Administrative Agent**"), and the Lenders party to this Agreement (the "**Consenting Lenders**").

WITNESSETH:

A. The Borrowers, the Administrative Agent and the Lenders entered into that certain Credit Agreement dated as of October 5, 2018 (the "**Original Agreement**"), for the purpose and consideration therein expressed, whereby the Lenders became obligated to make loans to the Borrowers as therein provided.

B. Pursuant to the notice delivered to the Administrative Agent on June 19, 2019, the Borrowers permanently reallocated the then-existing Canadian Commitments to U.S. Commitments and irrevocably terminated the Canadian Commitments, effective as of June 27, 2019 (the "**Canadian Subfacility Termination**").

C. As a result of the Canadian Subfacility Termination, there are no Canadian Lenders party to the Original Agreement.

D. The Borrowers, the Administrative Agent and the Consenting Lenders (constituting the Required Lenders) desire to amend the Original Agreement as set forth herein to, among other things, (i) first, delete certain provisions relating to the Canadian Subfacility in the Original Agreement and (ii) second, evidence the U.S. Borrower's requested extension of the Maturity Date from October 5, 2023 to October 5, 2024 pursuant to *Section 4.08* of the Credit Agreement (including the waiver of the notice requirements set forth in *Section 4.08(a)* of the Credit Agreement and the modification of the maximum number of such extensions during the term of the Credit Agreement from two to three, the "**Extension**");

In consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, in consideration of the Loans which may hereafter be made by the Lenders to the U.S. Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE 1.**DEFINITIONS AND REFERENCES**

1.01. **Terms Defined in the Original Agreement.** Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Agreement.

1.02. **Other Defined Terms.** Unless the context otherwise requires, the following terms when used in this Agreement shall have the meanings assigned to them in this section.

"**Amendment**" means the Amendment to the Original Agreement as set forth in *Article 2* of this Agreement.

“*Credit Agreement*” means the Original Agreement as amended hereby.

ARTICLE 2.
AMENDMENT

2.01. **Amendments to Original Agreement, Original Agreement Exhibits and Certain Schedules to Original Agreement.** Subject to the satisfaction of the conditions precedent set forth in *Article 4* below, the Original Agreement, the Original Agreement Exhibits and certain Schedules to the Original Agreement shall be amended, effective as of the Effective Date, in the manner provided in this *Article 2*.

(a) Amendments to Original Agreement and Original Agreement Exhibits. The Original Agreement and the Exhibits to the Original Agreement (but not any schedules except as set forth herein) are hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken-text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement and the Exhibits to the Credit Agreement attached as *Annex A* hereto.

(b) Amendments to Section 9.01 of Schedule 7 to the Original Agreement. *Section 9.01 of Schedule 7* to the Original Agreement is hereby supplemented to reflect incorporation of the information set forth on *Annex B* attached hereto.

(c) Amendments to Schedule 2.01 to the Original Agreement. *Schedule 2.01* to the Original Agreement is hereby amended in its entirety to read as set forth on *Schedule 2.01* attached hereto.

(d) Amendments to Schedule 12.02 to the Original Agreement. *Schedule 12.02* to the Original Agreement is hereby amended in its entirety to read as set forth on *Schedule 12.02* attached hereto.

ARTICLE 3.
EXTENSION

3.01. **Consent to Extension.** Subject to the satisfaction of the conditions precedent set forth in *Article 5* below, each Consenting Lender hereby consents to the Extension, and effective as of the Effective Date, the Maturity Date applicable to each Consenting Lender is October 5, 2024. In connection with the Extension, the Consenting Lenders waive the notice requirements set forth in *Section 4.08(a)* of the Credit Agreement.

3.02. **Restoration of Permitted Extensions.** Immediately following the consummation of all transactions contemplated herein, on the Effective Date, the number of extension requests permitted pursuant to *Section 4.08(a)* of the Credit Agreement will be restored to two (2).

ARTICLE 4.
CONDITIONS TO EFFECTIVENESS OF AMENDMENT

4.01. **Conditions to Effectiveness of the Amendment.** The Amendment shall become effective at the time (such time, the “*Effective Time*” and such date on which the Effective Time occurs,

the “*Effective Date*”) when Administrative Agent shall have received the counterparts of this Agreement, executed by the Borrowers and the Required Lenders.

ARTICLE 5.
CONDITIONS TO EFFECTIVENESS OF EXTENSION

5.01. **Conditions to Effectiveness of the Extension.** The Extension shall become effective immediately following the occurrence of the Effective Time on the Effective Date when the Administrative Agent shall have received the following: (a) a certificate of the U.S. Borrower dated as of the date hereof containing the certifications required by *Section 4.08(b)* of the Credit Agreement, and (b) payment of fees in the amount separately agreed by the U.S. Borrower pursuant to the letter agreement dated as of the date hereof among the U.S. Borrower, Administrative Agent and BofA Securities, Inc.

ARTICLE 6.
REPRESENTATIONS AND WARRANTIES

6.01. **Representations and Warranties of the Borrowers.** In order to induce each Consenting Lender to enter into this Agreement, the Canadian Borrower represents and warrants to each Consenting Lender with respect to all of the following matters applicable to it and its Subsidiaries that, and the U.S. Borrower represents and warrants to each Consenting Lender with respect to all of the following matters that:

(a) The representations and warranties contained in *Article 7* of the Credit Agreement and the other Loan Documents made by it are true and correct in all material respects on and as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they were true and correct in all material respects as of such earlier date; provided that in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof.

(b) Each Borrower is duly authorized to execute and deliver this Agreement and is duly authorized to perform its obligations under the Credit Agreement. Each Borrower has duly taken all corporate action necessary to authorize the execution and delivery of this Agreement and to authorize the performance of the obligations of such Borrower hereunder.

(c) The execution and delivery by each Borrower of this Agreement, the performance by such Borrower of its obligations hereunder and the consummation of the transactions contemplated hereby do not and will not conflict with any provision of (A) any Law, (B) the Organization Documents of such Borrower, or (C) any agreement, judgment, license, order or permit applicable to or binding upon such Borrower unless with respect to clause (A) and clause (C) above such conflict would not reasonably be expected to have a Material Adverse Effect, result in the acceleration of any Indebtedness of such Borrower which would reasonably be expected to have a Material Adverse Effect, or result in or require the creation of any Lien upon any assets or properties of such Borrower which would reasonably be expected to have a Material Adverse Effect, except as expressly contemplated or permitted in the Loan Documents. Except (A) as expressly contemplated in the Loan Documents or (B) for any filings required for compliance with any applicable requirements under securities laws or a national securities exchange, no consent, approval, authorization or order of, and no notice to or filing with, any Governmental Authority or third party is required in connection with the execution, delivery or performance by such Borrower of this Agreement or to consummate any transactions contemplated by this Agreement, unless failure to obtain such consent, approval, authorization or

order or provide for such notice or filing would not reasonably be expected to have a Material Adverse Effect.

(d) When duly executed and delivered, this Agreement will be a legal and binding obligation of each Borrower and the Credit Agreement will be a legal and binding obligation of the U.S. Borrower, in each case, enforceable in accordance with its terms, except as limited by Debtor Relief Laws.

(e) No Default exists on the Effective Date.

ARTICLE 7.
MISCELLANEOUS

7.01. **Ratification of Agreements.** The Original Agreement, as hereby amended, is hereby ratified and confirmed in all respects and shall remain in full force and effect. The Loan Documents, as they may be amended or affected by this Agreement, are hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement, as hereby amended. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under the Original Agreement or any other Loan Document nor constitute a waiver of any provision of the Original Agreement or any other Loan Document.

7.02. **Survival of Agreements.** All representations, warranties, covenants and agreements of the Borrowers herein shall survive the execution and delivery of this Agreement and the performance hereof, including without limitation the making or granting of the Loans, and shall further survive until all of the Obligations are paid in full. All statements and agreements contained in any certificate or instrument delivered by any Loan Party hereunder or under the Original Agreement to any Lender shall be deemed to constitute representations and warranties by, and/or agreements and covenants of, such Loan Party under this Agreement and under the Original Agreement.

7.03. **Loan Documents.** This Agreement is a Loan Document, and all provisions in the Original Agreement pertaining to Loan Documents apply hereto.

7.04. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the law of the state of New York; provided that the Administrative Agent and each Lender shall retain all rights arising under federal law.

7.05. **Counterparts.** This Agreement may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile or in electronic form shall be effective as the delivery of a manually executed counterpart.

THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS OF THE PARTIES.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

DEVON ENERGY CORPORATION,
as the U.S. Borrower

By: /s/ Alana D. Tetrick
Name: Alana D. Tetrick
Title: Vice President, Corporate Finance and
Treasurer

DEVON CANADA CORPORATION,
as the Canadian Borrower

By: /s/ Alana D. Tetrick
Name: Alana D. Tetrick
Title: Treasurer

Signature Page to First Amendment to Credit Agreement and Extension Agreement

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Anthea Del Bianco

Name: Anthea Del Bianco

Title: Vice President

Signature Page to First Amendment to Credit Agreement and Extension Agreement

BANK OF AMERICA, N.A.,
as a Lender, an L/C Issuer, and the Swing Line Lender

By: /s/ Christopher DiBiase

Name: Christopher DiBiase

Title: Director

Signature Page to First Amendment to Credit Agreement and Extension Agreement

JPMORGAN CHASE BANK, N.A., as a Lender and an L/C
Issuer

By: /s/ Arina Mavilian

Name: Arina Mavilian

Title: Executive Director

Signature Page to First Amendment to Credit Agreement and Extension Agreement

ROYAL BANK OF CANADA, as a Lender and an L/C
Issuer

By: /s/ Jim Allred

Name: Jim Allred

Title: Authorized Signatory

Signature Page to First Amendment to Credit Agreement and Extension Agreement

BARCLAYS BANK PLC, as a Lender

By: /s/ Sydney Dennis

Name: Sydney Dennis

Title: Director

Signature Page to First Amendment to Credit Agreement and Extension Agreement

**CANADIAN IMPERIAL BANK OF COMMERCE, NEW
YORK BRANCH, as a Lender**

By: /s/ Trudy Nelson

Name: Trudy Nelson

Title: Authorized Signatory

By: /s/ Scott W. Danvers

Name: Scott W. Danvers

Title: Authorized Signatory

Signature Page to First Amendment to Credit Agreement and Extension Agreement

CITIBANK, N.A., as a Lender and an L/C Issuer

By: /s/ Peter Kardos

Name: Peter Kardos

Title: Vice President

Signature Page to First Amendment to Credit Agreement and Extension Agreement

GOLDMAN SACHS BANK USA, as a Lender

By: /s/ Ryan Durkin

Name: Ryan Durkin

Title: Authorized Signatory

Signature Page to First Amendment to Credit Agreement and Extension Agreement

MORGAN STANLEY BANK, N.A., as a Lender

By: /s/ Michael King

Name: Michael King

Title: Authorized Signatory

Signature Page to First Amendment to Credit Agreement and Extension Agreement

THE BANK OF NOVA SCOTIA, HOUSTON BRANCH,
as a Lender and an L/C Issuer

By: /s/ Marc Graham

Name: Marc Graham

Title: Managing Director

Signature Page to First Amendment to Credit Agreement and Extension Agreement

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ Patrick Jeffrey

Name: Patrick Jeffrey

Title: Vice President

Signature Page to First Amendment to Credit Agreement and Extension Agreement

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
a Lender and an L/C Issuer

By: /s/ Brandon Dunn

Name: Brandon Dunn

Title: Director

Signature Page to First Amendment to Credit Agreement and Extension Agreement

BANK OF MONTREAL, as a Lender

By: /s/ Matthew L. Davis _____

Name: Matthew L. Davis

Title: Director

Signature Page to First Amendment to Credit Agreement and Extension Agreement

MIZUHO BANK, LTD., as a Lender and an L/C Issuer

By: /s/ Donna DeMagistris _____

Name: Donna DeMagistris

Title: Authorized Signatory

Signature Page to First Amendment to Credit Agreement and Extension Agreement

**TRUIST BANK, formerly known as BRANCH BANKING
AND TRUST COMPANY, as a Lender**

By: /s/ James Giordano

Name: James Giordano

Title: Senior Vice President

Signature Page to First Amendment to Credit Agreement and Extension Agreement

MUFG BANK, LTD., as a Lender

By: /s/ Stephen Warfel

Name: Stephen Warfel

Title: Managing Director

Signature Page to First Amendment to Credit Agreement and Extension Agreement

**THE TORONTO-DOMINION BANK, NEW YORK
BRANCH, as a Lender**

By: /s/ Peter Kuo

Name: Peter Kuo

Title: Authorized Signatory

Signature Page to First Amendment to Credit Agreement and Extension Agreement

Annex A

Attached hereto

Annex A

CREDIT AGREEMENT

Effective as of October 5, 2018

among

DEVON ENERGY CORPORATION
~~as U.S. Borrower~~ ~~DEVON CANADA CORPORATION~~
as Canadian Borrower

BANK OF AMERICA, N.A.
as Administrative Agent, Swing Line Lender and an L/C Issuer

and

THE OTHER LENDERS and L/C ISSUERS PARTY HERETO

CITIBANK, N.A.
JPMORGAN CHASE BANK, N.A.
MIZUHO BANK, LTD.
RBC CAPITAL MARKETS*
THE BANK OF NOVA SCOTIA, HOUSTON BRANCH
and
WELLS FARGO SECURITIES, LLC
Syndication Agents

~~MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED~~ BOFA SECURITIES, INC.
CITIBANK, N.A.,
JPMORGAN CHASE BANK, N.A.
MIZUHO BANK, LTD.
RBC CAPITAL MARKETS
THE BANK OF NOVA SCOTIA, HOUSTON BRANCH
and
WELLS FARGO SECURITIES, LLC
Joint Lead Arrangers and Bookrunners

* RBC Capital Markets is a brand name for the capital markets activities of Royal Bank of Canada and its affiliates.

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11.06. Resignation of Administrative Agent	+15122
11.07. Non-Reliance on Administrative Agent and Other Lenders	+16123
11.08. Indemnification of Administrative Agent, Etc.	+17124
11.09. Administrative Agent May File Proofs of Claim	+17124
11.10. Guaranty Matters	+18125
11.11. Arrangers and Managers	+18125
ARTICLE 12. MISCELLANEOUS	+18125
12.01. Amendments, Etc.	+18125
12.02. Notices and Other Communications; Facsimile Copies	+19126
12.03. No Waiver; Cumulative Remedies; Enforcement	+22129
12.04. Attorney Costs and Expenses	+22129
12.05. Indemnification by the U.S. -Borrower	+23130
12.06. Indemnification by Canadian Borrower Reserved	+23130
12.07. Waiver of Consequential Damages, Etc.	+24131
12.08. Payments Set Aside	+24131
12.09. Successors and Assigns	+25132
12.10. Confidentiality	+30137
12.11. Bank Accounts; Offset	+31138
12.12. Interest Rate Limitation	+31139
12.13. Counterparts	+32139
12.14. Integration	+32139
12.15. Survival of Representations and Warranties	+32139
12.16. Severability	+32140
12.17. Replacement of Lenders	+33140
12.18. Governing Law	+34141
12.19. WAIVER OF RIGHT TO TRIAL BY JURY	+34142
12.20. Electronic Execution of Assignments and Certain Other Documents	+35142
12.21. USA PATRIOT Act; KYC Notice	+35142
12.22. No Advisory or Fiduciary Responsibility	+36143
12.23. Termination of Commitments Under Existing Credit Agreement	+36144
12.24. ENTIRE AGREEMENT	+37144
12.25. Acknowledgement and Consent to Bail-In of EEA Financial Institutions	+37144
12.26. Acknowledgement Regarding Any Supported OFCs	144

SCHEDULES

2.01	Commitments and Pro Rata Shares
7	Disclosure Schedule
12.02	Administrative Agent's Office, Certain Addresses for Notices

EXHIBITS

	<i>Form of</i>
A (U.S.)	U.S. Committed Loan Notice
A(C)	Canadian Committed Borrowing Notice
B(U.S.)-1	U.S. Bid Request
B(C)-1	Canadian Bid Request
B(U.S.)-2	U.S. Competitive Bid
B(C)-2	Canadian Competitive Bid
C(U.S.)	U.S.
<u>C</u>	Swing Line Loan Notice
C(C)	Canadian Swing Line Loan Notice
D-1	U.S. Note
D-2	Canadian Note
E	Compliance Certificate
F	Assignment and Assumption
G-1	<u>Form of Additional</u> Guaranty of the U.S. Borrower
G-2	Guaranty of Devon Financing LLC
H	Forms of U.S. Tax Compliance Certificates

CREDIT AGREEMENT

This CREDIT AGREEMENT (“*Agreement*”) is entered into as of October 5, 2018, among DEVON ENERGY CORPORATION, a Delaware corporation (the “*U.S. Borrower*”, and also, following the Canadian Subfacility Payoff Date (as defined below), “the *Borrower*”), DEVON CANADA CORPORATION, an Alberta corporation (on or prior to the First Amendment and Extension Effective Date (as defined below), the “*Canadian Borrower*,” and, together with the U.S. Borrower, collectively, the “*Borrowers*” and each, a “*Borrower*”); each lender from time to time party hereto (collectively, the “*Lenders*” and individually, a “*Lender*”), each L/C Issuer from time to time party hereto, and BANK OF AMERICA, N.A., as Administrative Agent, ~~Canadian Swing Line Lender~~ and ~~U.S. Swing Line Lender~~.

The ~~Borrowers have~~ Borrower has requested that the Lenders provide a revolving credit facility, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1. DEFINITIONS AND ACCOUNTING TERMS

1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

“*Absolute Rate*” means a fixed rate of interest expressed in multiples of 1/100th of one ~~basis-point~~ Basis Point.

“*Absolute Rate Loan*” means a Bid Loan that bears interest at a rate determined with reference to an Absolute Rate.

“*Acquired Debt*” means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged or amalgamated with or into or became a Subsidiary of such specified Person, including and together with, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging or amalgamating with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any assets acquired by such specified Person and existing at the time of such acquisition, and any refinancing of the foregoing indebtedness on similar terms, taking into account current market conditions.

“*Act*” has the meaning specified in *Section 12.21*.

“*Additional Guaranty*” means any Guaranty made by a Guarantor pursuant to *Section 8.12*, substantially in the form of *Exhibit G*, and “*Additional Guaranties*” means all of them, collectively.

“*Adjustment*” has the meaning specified in *Section 5.03(c)(ii)(A)*.

“*Administrative Agent*” means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent. ~~Bank of America, or any successor administrative agent, at its discretion may perform payment and other functions relating to the Canadian Subfacility through its Canadian branch.~~

“**Administrative Agent’s Office**” means the Administrative Agent’s address and, as appropriate, account as set forth on *Schedule 12.02*, or such other address or account as the Administrative Agent may from time to time notify the ~~Borrowers~~Borrower and the Lenders.

“**Administrative Questionnaire**” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. “**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “**Controlling**” and “**Controlled**” have meanings correlative thereto.

“**Agent Parties**” has the meaning specified in *Section 12.02*.

“**Agent-Related Persons**” means the Administrative Agent, together with its Affiliates (including, in the case of Bank of America in its capacity as the Administrative Agent, ~~Merrill Lynch, Pierce, Fenner & Smith Incorporated~~BOFA Securities), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

“**Agent/Issuer-Related Person**” has the meaning specified in *Section 11.08*.

“**Aggregate Canadian Commitments**” means, at any time, the Canadian Commitments of all Canadian Lenders at such time, which shall not exceed \$500,000,000 in the aggregate; has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.

“**Aggregate Commitments**” means the Commitments of all the Lenders.

“**Aggregate U.S. Commitments**” ~~means the Aggregate Commitments minus the Aggregate Canadian Commitments;~~ has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.

“**Agreement**” means this Credit Agreement.

“**AML/KYC Laws**” means the Act, the Beneficial Ownership Regulation and other “know your client”, “know your customer” and anti-money laundering rules and regulations in effect from time to time.

“**Anti-Corruption Laws**” means the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, and other anti-corruption legislation prohibiting bribery or corruption in effect in other jurisdictions applicable to the ~~Borrowers~~Borrower and/or ~~their~~its Subsidiaries.

~~“**Applicable Currency**” means (i) when used with respect to any U.S. Loan or U.S. L/C Obligations, U.S. Dollars, and (ii) when used with respect to any Canadian Prime Rate Loan, any Canadian Dollar CDOR Rate Loan or any Bankers’ Acceptance, Canadian Dollars, and (iii) when used with respect to any Canadian Base Rate Committed Loan or a Canadian U.S. Eurodollar Rate Committed Loan made under the Canadian Subfacility, U.S. Dollars.~~

“**Applicable Rate**” means, from time to time, the number of Basis Points per annum, based upon the Debt Rating as set forth below:

<u>Level</u>	<u>Debt Rating</u>	<u>Commitment Fee</u>	<u>Applicable Margin for U.S. Eurodollar Rate Committed Loans, Canadian Dollar CDOR Rate Committed Loans, Canadian U.S. Eurodollar Rate Committed Loans, Canadian and Letter of Credit Fee, U.S. Letter of Credit Fee and Canadian Stamping Fee Rate</u>	<u>Applicable Margin for U.S. Base Rate Committed Loans, Canadian Base Rate Committed Loans, Canadian Prime Rate Committed Loans, U.S. Swing Line Loans and Canadian Swing Line Loans</u>
I	≥ A- / A3	10.0 bps	100.0 bps	0.0 bps
II	BBB+ / Baa1	12.5 bps	112.5 bps	12.5 bps
III	BBB / Baa2	15.0 bps	125.0 bps	25.0 bps
IV	BBB- / Baa3	20.0 bps	150.0 bps	50.0 bps
V	BB+ / Ba1	25.0 bps	175.0 bps	75.0 bps
VI	≤ BB / Ba2	30.0 bps	200.0 bps	100.0 bps

“**Debt Rating**” means, as of any date of determination, the rating as determined by either S&P or Moody’s (collectively, the “**Debt Ratings**”) of the ~~U.S.~~ Borrower’s non-credit-enhanced, senior unsecured long-term debt; provided that if a Debt Rating is issued by each of the foregoing rating agencies, then the higher of such Debt Ratings shall apply (with the Debt Rating for Pricing Level I being the highest and the Debt Rating for Pricing Level VI being the lowest), unless there is a split in Debt Ratings of more than one level, in which case the Pricing Level that is one level lower than the Pricing Level of the higher Debt Rating shall apply.

Initially, the Applicable Rate shall be determined based upon the Debt Rating specified in the certificate delivered pursuant to **Section 6.01(a)(vi)**. Thereafter, each change in the Applicable Rate resulting from a publicly announced change in the Debt Rating shall be effective during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change.

“**Assignment and Assumption**” means an Assignment and Assumption substantially in the form of **Exhibit F**.

“**Attorney Costs**” means and includes all fees, expenses and disbursements of one U.S. law firm ~~and one Canadian law firm~~.

“**Attributable Indebtedness**” means, on any date, (a) in respect of any capital lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

“**Audited Financial Statements**” means the audited consolidated balance sheet of the U.S. Borrower and its Subsidiaries for the Fiscal Year ended December 31, 2017, and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such Fiscal Year of the U.S. Borrower and its Subsidiaries, including the notes thereto.

“**Availability Period**” means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Commitments pursuant to **Section 4.11**, and (c) the date of termination of the commitment of each Lender to make Loans and of the obligation of each L/C Issuer to make L/C Credit Extensions pursuant to **Section 10.02**.

~~“**BA Discount Rate**” means, in respect of a BA being accepted by a Canadian Lender on any date, (i) for a Canadian Lender that is listed in *Schedule I* to the Bank Act (Canada), the CDOR Rate; (ii) for a Canadian Lender that is listed in *Schedule II* to the Bank Act (Canada), the rate established by the Administrative Agent to be the lesser of (A) the CDOR Rate plus 10 Basis Points; and (B) the average of the bankers’ acceptance rates (expressed to five decimal places) as quoted to the Administrative Agent by the Canadian Schedule II BA Reference Banks as of 11:00 a.m. on such drawdown date for bankers’ acceptances having a comparable maturity date as the maturity date of such BA; and (iii) for a Canadian Lender that is listed in *Schedule III* to the Bank Act (Canada), the rate established by the Administrative Agent to be the lesser of (A) the CDOR Rate plus 10 Basis Points; and (B) the average of the bankers’ acceptance rates (expressed to five decimal places) as quoted to the Administrative Agent by the Canadian Schedule III BA Reference Banks as of 11:00 a.m. on such drawdown date for bankers’ acceptances having a comparable maturity date as the maturity date of such BA; provided that, if any such BA Discount Rate determined as aforesaid shall ever be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.~~

~~“**BA Equivalent Advance**” means a loan provided hereunder by a Canadian Lender in lieu of accepting and purchasing a BA pursuant to **Section 3.08**.~~

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“**Bail-In Legislation**” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“**Bank of America**” means Bank of America, N.A. and its successors.

~~“**Bankers’ Acceptance**” or “**BA**” means a Canadian Dollar draft of the Canadian Borrower, in form acceptable to each accepting Canadian Lender, for, subject to the availability of a market for Bankers’ Acceptances of such term, a term selected by Canadian Borrower of either 7 to 29, 30, 60, 90 or 180 days (as reduced or extended by the Administrative Agent, acting reasonably, to allow the maturity thereof to fall on a Business Day) payable in Canada. Bankers’ Acceptances” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

“**Base Rate**” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 50 Basis Points, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate”, and (c) the Eurodollar Rate plus 100 Basis Points. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such

announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“**Base Rate Committed Loan**” means a Committed Loan that is a Base Rate Loan.

“**Base Rate Loan**” means a Loan that bears interest based on the Base Rate.

“**Basis Point**” means one one-hundredth of one percent (0.01%).

“**Beneficial Ownership Certification**” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

“**Beneficial Ownership Regulation**” means 31 C.F.R. §1010.230.

“**Bid Request**” means a U.S. Bid Request or a Canadian Bid Request, as applicable. ~~BHC Act Affiliate~~” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“**Bid Borrowing**” means a borrowing consisting of simultaneous Bid Loans of the same Type from each of the Lenders whose offer to make one or more Bid Loans as part of such borrowing has been accepted under the auction bidding procedures described in **Section 2.03**.

“**Bid Loan**” has the meaning specified in **Section 2.03(a)**.

~~“**Borrower**” means any of the U.S. Borrower and the Canadian Borrower, and “**Borrowers**” means all of them, collectively.~~ **Bid Loan Lender**” means, in respect of any Bid Loan, the Lender making such Bid Loan to the Borrower.

“**Bid Request**” means a written request for one or more Bid Loans substantially in the form of **Exhibit B-1**.

“**BOFA Securities**” means BofA Securities, Inc., in its capacity as sole lead arranger and sole bookrunner.

“**Borrower**” and “**Borrowers**” have the respective meanings specified in the introductory paragraph hereto.

“**Borrower Materials**” has the meaning specified in **Section 8.02**.

“**Borrowing**” means a ~~U.S. Committed Borrowing, a Bid~~ Borrowing or a ~~Canadian~~ **Swing Line** Borrowing, as the context may require.

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, New York or ~~in Calgary, Canada, or~~ the state where the Administrative Agent’s Office is located ~~and with respect to the Canadian Subfacility other than a day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, New York or the province (or with respect to Canadian Loans denominated in U.S. Dollars, the state) where the Administrative Agent’s Office is located and,~~ and if such day relates to any ~~U.S. Dollar~~ Eurodollar Rate Loan, means any such day on which dealings in U.S. Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

~~“**Canadian Absolute Rate Loan**” means a Canadian Bid Loan that bears interest at a rate determined with reference to an Absolute Rate **Borrower**” has the meaning specified in the introductory paragraph hereto.~~

~~“**Canadian Base Rate Committed Loan**” means a Canadian Loan denominated in U.S. Dollars that bears interest based on the Canadian U.S. Dollar Base Rate.~~

~~“**Canadian Bid Borrowing**” means a borrowing consisting of simultaneous Canadian Bid Loans of the same Type from each of the Canadian Lenders whose offer to make one or more Canadian Bid Loans as part of such borrowing has been accepted under the auction bidding procedures described in **Section 3.03**.~~

~~“**Canadian Bid Loan**” has the meaning specified in **Section 3.03(a)**.~~

~~“**Canadian Bid Loan Lender**” means, in respect of any Canadian Bid Loan, the Canadian Lender making such Canadian Bid Loan to the Canadian Borrower.~~

~~“**Canadian Bid Request**” means a written request for one or more Canadian Bid Loans substantially in the form of **Exhibit B(C)-1**.~~

~~“**Canadian Borrower**” has the meaning specified in the introductory paragraph hereto.~~

~~“**Canadian Borrowing**” means a Canadian Committed Borrowing, a Canadian Bid Borrowing or a Canadian Swing Line Borrowing, as the context may require. **Commitment**” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“**Canadian Commitment**” means, as to each Canadian Lender, its obligation to (a) make Canadian Committed Loans to the Canadian Borrower pursuant to **Section 3.01**, (b) purchase participations in Canadian L/C Obligations, (c) purchase participations in Canadian Swing Line Loans, and (d) accept or purchase Bankers’ Acceptances, in each case, in an aggregate principal amount at any one time outstanding not to exceed its Pro Rata Share of the Aggregate Canadian Commitment then in effect or its Canadian Maximum Commitment, as such amount may be adjusted from time to time in accordance with this Agreement, including **Section 4.07**.~~

~~“**Canadian Committed Borrowing**” means a borrowing consisting of simultaneous Canadian Committed Loans of the same Type or the acceptance or purchase of Bankers’ Acceptances and, in the case of Canadian Dollar CDOR Rate Committed Loans and Canadian U.S. Eurodollar Rate Committed Loans, having the same Interest Period, made by each of the Canadian Lenders pursuant to **Section 3.01** or **Section 3.08**.~~

~~“**Canadian Committed Borrowing Notice**” means a notice of (a) a Canadian Committed Borrowing, (b) a conversion of Canadian Committed Loans from one Type to another, or (c) a continuation of Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans, pursuant to **Section 3.02(a)**, which, if in writing, shall be substantially in the form of **Exhibit A(C)**.~~

~~“**Canadian Committed Loan**” has the meaning specified in **Section 3.01** for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“Canadian Competitive Bid” means a written offer by a Canadian Lender to make one or more Canadian Bid Loans, substantially in the form of Exhibit B(C)-2, duly completed and signed by a Canadian Lender.~~

~~“Canadian Credit Extension” means each of the following: (a) a Canadian Borrowing and (b) a Canadian L/C Credit Extension.~~

~~“Canadian Discount Proceeds” means, in respect of each Bankers’ Acceptance, funds in an amount which is equal to:~~

$$\text{Face Amount divided by the sum of } 1 + (\text{Rate} \times (\text{Term divided by } 365))$$

~~(where “Face Amount” is the principal amount of the Bankers’ Acceptance being purchased, “Rate” is the BA Discount Rate divided by 100 and “Term” is the number of days in the term of the Bankers’ Acceptance.)~~

~~“Canadian Dollar” and “C\$” mean means the lawful money of Canada.~~

~~“Canadian Dollar CDOR Rate” means for any Interest Period with respect to a Canadian Dollar CDOR Rate Loan the CDOR Rate calculated with a term equivalent to such Interest Period. Guaranty” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“Canadian Dollar CDOR Rate Loan” means a Canadian Dollar CDOR Rate Committed Loan or a Canadian Margin Bid Loan.~~

~~“Canadian Bid Margin” means the margin above or below the Canadian Dollar CDOR Rate to be added to or subtracted from the Canadian Dollar CDOR Rate, which margin shall be expressed in multiples of 1/100th of one Basis Point.~~

~~“Canadian Margin Bid Loan” means a Canadian Bid Loan that bears interest at a rate based upon the Canadian Dollar CDOR Rate.~~

~~“Canadian Dollar CDOR Rate Committed Loan” means a Canadian Committed Loan that bears interest at a rate based on the Canadian Dollar CDOR Rate.~~

~~“Canadian Guarantors” means, collectively, the U.S. Borrower and Devon Financing LLC.~~

~~“Canadian Guaranty” means (i) the guaranty of the Canadian Obligations made by Devon Financing LLC in favor of the Administrative Agent on behalf of the Canadian Lenders under the Devon Financing LLC Guaranty, and (ii) the guaranty of the Canadian Obligations made by the U.S. Borrower in favor of the Administrative Agent on behalf of the Canadian Lenders under the U.S. Borrower Guaranty.~~

~~“Canadian Honor Date” has the meaning specified in *Section 3.04(e)(i)*.~~

~~“Canadian L/C Advance” means, with respect to each Canadian Lender, such Canadian Lender’s funding of its participation in any Canadian L/C Borrowing in accordance with its Pro Rata Share.~~

~~“Canadian L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a~~has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Committed Borrowing: Subfacility Payoff Date.

~~“Canadian L/C Credit Extension” means, with respect to any Canadian Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.~~ has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.

~~“Canadian L/C Issuer” means (i) the Initial L/C Issuers, (ii) any other Canadian Lender that may issue Canadian Letters of Credit hereunder, as mutually agreed to by Administrative Agent, the Canadian Borrower and such Canadian Lender, in such Person’s capacity as issuer of Canadian Letters of Credit hereunder, or (iii) any successor issuer of Canadian Letters of Credit hereunder.~~

~~“Canadian L/C Obligations” means, as at any date of determination, the aggregate undrawn amount of all outstanding Canadian Letters of Credit plus the aggregate of all Canadian Unreimbursed Amounts, including all Canadian L/C Borrowings. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.~~

~~“Canadian Lender” means each Lender listed on Schedule 2.01 with a Canadian Commitment and any Person that becomes a Canadian Lender pursuant to an Assignment and Assumption or otherwise.~~

~~“Canadian Letter of Credit” means any Letter of Credit issued by a Canadian L/C Issuer pursuant to Section 3.04 and shall include the Existing Canadian Letters of Credit. A Canadian Letter of Credit may be a commercial letter of credit payable on sight draft or a standby letter of credit.~~

~~“Canadian Letter of Credit Application” means an application and agreement for the issuance or amendment of a Canadian Letter of Credit in the form from time to time in use by the applicable Canadian L/C Issuer and acceptable to the Canadian Borrower.~~

~~“Canadian Letter of Credit Fee” has the meaning specified in Section 3.04(i).~~

has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.

~~“Canadian L/C Obligations” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

“Canadian Lender” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.

~~“Canadian Letter of Credit” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“Canadian Loan” means an extension of credit by a Canadian Lender to the Canadian Borrower under **Section 3.01** in the form of a Canadian Committed Loan, a Canadian Bid Loan or a Canadian Swing Line Loan.~~

~~“Canadian Maximum Commitment” means, as to each Canadian Lender, the amount set forth on **Schedule 2.01** and designated as such Canadian Lender’s “Canadian Maximum Commitment”, as such amount may be adjusted from time to time in accordance with this Agreement.~~

~~“Canadian Net Proceeds” means with respect to any Bankers’ Acceptance, the Canadian Discount Proceeds less the amount equal to the applicable Canadian stamping fee payable with respect thereto pursuant to **Section 4.02**.~~

~~“Canadian Note” means a promissory note made by the Canadian Borrower in favor of a Canadian Lender evidencing Canadian Loans made by such Canadian Lender, substantially in the form of **Exhibit D-2**.~~

~~“Canadian Obligations” means all Obligations arising under or with respect to the Canadian Subfacility.~~

~~“Canadian Payment Office” means the office of the Administrative Agent located at 200 Front Street West, Suite 2700, Toronto, Ontario or such other office as the Administrative Agent may designate by written notice to the other parties hereto.~~

~~“Canadian Prime Rate” means for any day a fluctuating rate per annum equal to the higher of (a) CDOR Rate on such day, for Bankers’ Acceptances having a maturity of one month plus 100 basis points, and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America, acting through its Canadian branch, as its “prime rate” for Canadian Dollar commercial loans made to a Person in Canada. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Canadian Prime Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.~~

~~“Canadian Prime Rate Committed Loan” means a Canadian Committed Loan that is a Canadian Prime Rate Loan. has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“Canadian Prime Rate Loan” means a Canadian Loan denominated in Canadian Dollars that bears interest at Obligations” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Prime Rate. Subfacility Payoff Date.~~

~~“Canadian Required Lenders” means, as of any date of determination, Canadian Lenders having more than 50% of the Aggregate Canadian Commitments or, if the commitment of each Canadian Lender to make Canadian Committed Loans, and the obligation of each Canadian L/C Issuer to make Canadian L/C Credit Extensions have been terminated and the obligation of each Canadian Lender to purchase or accept Bankers’ Acceptances has been terminated pursuant to **Section 10.02**, Canadian Lenders holding in the aggregate more than 50% of the Total Canadian Outstandings (with the aggregate amount of each Canadian Lender’s risk participation and funded participation in Canadian L/C Obligations and Canadian Swing Line Loans being deemed “held” by such Canadian Lender for purposes of this definition). The Canadian Commitment of, and the portion of the Total Canadian Outstandings held or deemed held by,~~

any Defaulting Lender shall be disregarded in determining Canadian Required Lenders at any time; provided that the amount of any risk participation in Canadian Swing Line Loans and Canadian Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Canadian Lender shall be deemed to be held by the Canadian Lender that is the Canadian Swing Line Lender or Canadian L/C Issuer, as the case may be, in making such determination.

~~“Canadian **Schedule I BA Reference Banks**” means the Canadian Lenders listed in *Schedule I* to the Bank Act (Canada) as are, at such time, designated by Administrative Agent, with the prior consent of the Canadian Borrower (acting reasonably), as the Canadian Schedule I BA Reference Banks. **Subfacility Payoff Date**” means June 27, 2019.~~

~~“Canadian **Schedule II BA Reference Banks**” means the Canadian Lenders listed in *Schedule II* to the Bank Act (Canada) as are, at such time, designated by Administrative Agent, with the prior consent of the Canadian Borrower (acting reasonably), as the Canadian Schedule II BA Reference Banks.~~

~~“Canadian **Schedule III BA Reference Banks**” means the Canadian Lenders listed in *Schedule III* to the Bank Act (Canada) as are, at such time, designated by Administrative Agent, with the prior consent of the Canadian Borrower (acting reasonably), as the Canadian Schedule III BA Reference Banks.~~

~~“Canadian **Stamping Fee Rate**” means with respect to any Bankers’ Acceptance accepted by any Canadian Lender at any time, a percentage per annum equal to the Applicable Rate then in effect.~~

~~“Canadian **Subfacility**” means the Credit Extensions under *Article 3*.~~

~~“Canadian **Swing Line**” means the revolving credit facility made available by the Canadian Swing Line Lender pursuant to *Section 3.05*.~~

~~“Canadian **Swing Line Borrowing**” means a borrowing of a Canadian Swing Line Loan pursuant to *Section 3.05*.~~

~~“Canadian **Swing Line Lender**” means Bank of America, acting through its Canadian branch, or any other Canadian Lender that may provide Canadian Swing Line Loans hereunder, as mutually agreed to by Administrative Agent and Canadian Borrower, in such Person’s capacity as provider of Canadian Swing Line Loans hereunder, or any successor swing line lender hereunder.~~

~~“Canadian **Swing Line Loan**” has the meaning specified in *Section 3.05(a)*. **Lender**” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“Canadian **Swing Line Loan Notice**” means a notice of a Canadian Swing Line Borrowing pursuant to *Section 3.05(b)*, which, if in writing, shall be substantially in the form of *Exhibit C(C)* or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent and the Canadian Borrower), appropriately completed and signed by a Responsible Officer of the Canadian Borrower.~~

~~“Canadian **Swing Line Rate**” means (i) for Canadian Swing Line Loans in Canadian Dollars, the Canadian Prime Rate plus the Applicable Rate and (ii) for Canadian Swing Line Loans in U.S. Dollars, the Canadian U.S. Dollar Base Rate plus the Applicable Rate.~~

~~“Canadian Swing Line Sublimit” means an amount equal to the lesser of (a) U.S. \$25,000,000 and (b) the Aggregate Canadian Commitments. The Canadian Swing Line Sublimit is part of, and not in addition to, the Aggregate Canadian Commitments.” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“Canadian Unreimbursed Amount” has the meaning specified in Section 3.04(c)(i): for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“Canadian U.S. Dollar Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 50 Basis Points, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America, acting through its Canadian Branch, as its “reference rate” for U.S. Dollar commercial loans made to a Person in Canada, and (c) the U.S. Dollar Eurodollar Rate plus 100 Basis Points. The “reference rate” is a rate set by Bank of America, acting through its Canadian branch, based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America, acting through its Canadian branch, shall take effect at the opening of business on the day specified in the public announcement of such change.~~

~~“Canadian U.S. Eurodollar Rate Committed Loan” means a Canadian Committed Loan that bears interest at a rate based on the U.S. Dollar Eurodollar Rate.~~

~~“Cash Collateralize” means (i) on or prior to the Canadian Subfacility Payoff Date, the meaning specified for such term as in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date and (b) after the Canadian Subfacility Payoff Date, with respect to U.S. Letters of Credit, that the U.S. Borrower (or, if applicable, a Defaulting Lender) pledges and deposits with or delivers to the Administrative Agent, for the benefit of the U.S. L/C Issuers and the Lenders, as collateral for the U.S. L/C Obligations, cash or deposit account balances or, if the Administrative Agent and the applicable U.S. L/C Issuers shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the applicable U.S. L/C Issuers (which documents are hereby consented to by the Lenders), (ii) with respect to Canadian Letters of Credit, that the Canadian Borrower (or, if applicable, a Defaulting Lender) pledges and deposits with or delivers to the Administrative Agent, for the benefit of the Canadian L/C Issuers and the Canadian Lenders, as collateral for the Canadian L/C Obligations, cash or deposit account balances or, if the Administrative Agent and the applicable Canadian L/C Issuers shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the applicable Canadian L/C Issuers (which documents are hereby consented to by the Canadian Lenders), and (iii) with respect to Bankers’ Acceptances, that the Canadian Borrower pledges and deposits with or delivers to the Administrative Agent for the benefit of the Canadian Lenders, as collateral for the Outstanding Amount of Bankers’ Acceptances, cash or deposit account balances or, if the Administrative Agent shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent (which documents are hereby consented to by the Canadian Lenders). Derivatives of such term have corresponding meanings and shall include the proceeds of such cash collateral and other credit support. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.~~

~~“CDOR Rate” means the per annum rate of interest which is the rate determined as being the arithmetic average of the annual yield rates applicable to Canadian Dollar bankers’ acceptances having identical issue and comparable maturity dates as the Canadian Dollar CDOR Rate Loan proposed to be advanced, displayed and identified as such on the display referred to as the “CDOR Page” (or any display~~

substituted therefor) of Bloomberg (or any successor thereto or Affiliate thereof) as at approximately 10:00 a.m. (Toronto time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Administrative Agent in good faith after 10:00 a.m. (Toronto time) to reflect any error in a posted rate or in the posted average annual rate); provided, however, if such a rate does not appear on such CDOR Page, then the CDOR Rate, on any day, will be determined by the Administrative Agent as being the arithmetic average of the annual discount rates of interest (determined as of 10:00 a.m. (Toronto time) on such day) on the date at which the Canadian Schedule I BA Reference Banks are then offering to purchase bankers' acceptance in a comparable amount and with comparable maturity dates as the Canadian Dollar CDOR Rate Loan proposed to be advanced, or if such day is not a Business Day, then on the immediately preceding Business Day; provided that, if the rate determined as aforesaid shall ever be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“**Change in Law**” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“**Change of Control**” means the occurrence of either of the following events: (i) any Person (or syndicate or group of Persons which is deemed a “person” for the purposes of *Section 13(d)(3)* of the Securities Exchange Act of 1934, as amended), other than a Shareholder Controlled Person, acquires more than fifty percent (50%) of the Voting Stock of the ~~U.S.~~ Borrower, or (ii) during any period of twelve successive months a majority of the Persons who were directors of ~~U.S.~~ the Borrower at the beginning of such period or who were appointed, elected or nominated by a majority of such directors cease to be directors of ~~U.S.~~ the Borrower, unless such cessation results from death or permanent disability or relates to a voluntary reduction by ~~U.S.~~ Borrower of the number of directors that comprise the board of directors of ~~U.S.~~ the Borrower. As used in this definition, (i) the term “**Voting Stock**” means with respect to any Person, the outstanding stock of such Person having ordinary voting power (disregarding changes in voting power based on the occurrence of contingencies) for the election of directors; and (ii) the term “**Shareholder Controlled Person**” means a Person as to which more than fifty percent (50%) of the Voting Stock is owned by Persons who owned more than fifty percent (50%) of the Voting Stock of the ~~U.S.~~ Borrower immediately before any acquisition described in *clause (i)* of this definition.

“**Closing Date**” means the first date all the conditions precedent in *Section 6.01* are satisfied (or waived in accordance with *Section 12.01*), as notified by the Administrative Agent to the Borrowers, the Lenders and the L/C Issuers.

“**Code**” means the Internal Revenue Code of 1986.

“**Commitment**” means as to each Lender, the amount set forth opposite such Lender’s name on *Schedule 2.01* or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, and designated as such Lender’s “**Commitment**”, as such amount may be adjusted from time to time in accordance with this Agreement, which includes (a) on or prior to the Canadian

Subfacility Payoff Date, such Lender's U.S. Commitment and, if applicable, also includes such Lender's Canadian Commitment and (b) after the Canadian Subfacility Payoff Date, such Lender's obligation to (a) make Committed Loans to the Borrower pursuant to *Section 2.01*, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed such Lender's Commitment, as such amount may be adjusted from time to time in accordance with this Agreement.

"Committed Borrowing" means a ~~U.S. Committed Borrowing or a Canadian Committed Borrowing, as applicable~~ borrowing consisting of simultaneous Committed Loans of the same Type and, in the case of Eurodollar Rate Committed Loans, having the same Interest Period made by each of the Lenders pursuant to *Section 2.01*.

"Committed Loan" has the meaning specified in *Section 2.01*.

"Committed Loan Notice" means a ~~U.S. Committed Loan Notice or a Canadian Committed Borrowing Notice, as applicable~~ notice of (a) a Committed Borrowing, (b) a conversion of Committed Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Committed Loans, pursuant to *Section 2.02(a)*, which, if in writing, shall be substantially in the form of *Exhibit A* (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent and the U.S. Borrower), appropriately completed and signed by a Responsible Officer of the applicable Borrower.

~~**"Committed Loans"** means, collectively, the U.S. Committed Loans and the Canadian Committed Loans.~~

"Compensation Period" has the meaning specified in *Section 4.05(c)(ii)*.

"Competitive Bid" means a written offer by a Lender to make one or more Bid Loans, substantially in the form of *Exhibit B-2*, duly completed and signed by a Lender.

"Compliance Certificate" means a certificate substantially in the form of *Exhibit E*.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consenting Lenders" has the meaning specified in *Section 4.08(b)*.

"Consolidated Assets" means the total assets of the U.S. Borrower and its Subsidiaries which would be shown as assets on a consolidated balance sheet of ~~U.S. the~~ Borrower prepared in accordance with GAAP, after eliminating all amounts properly attributable to minority interests, if any, in the stock and surplus of the Restricted Subsidiaries.

"Consolidated Net Worth" means the U.S. Borrower's consolidated ~~shareholder's~~ shareholders' equity. Consolidated Net Worth shall be calculated excluding non-cash write-downs and related charges which are required under Rule 4-10 (Financial Accounting and Reporting for Oil and Gas Producing Activities Pursuant to the Federal Securities Laws and the Energy Policy and Conservation Act of 1975) of Regulation S-X, promulgated by SEC regulation, or by GAAP.

“**Consolidated Total Funded Debt**” means the sum of (i) the consolidated Indebtedness of U.S. the Borrower and its Subsidiaries referred to in *clauses (a), (b), (c), (d) and (e)* of the definition of “**Indebtedness**” in **Section 1.01**, plus (ii) all Swap Funded Debt, plus (iii) all Synthetic Lease Funded Debt.

As used in this definition, (1) the term “**Swap Funded Debt**” means, in the event that an Early Termination Date (as defined in the applicable Swap Contract) has occurred under a Swap Contract resulting from (A) any event of default under such Swap Contract as to which ~~any~~ the Borrower or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which ~~any~~ the Borrower or any Subsidiary is an Affected Party (as so defined), and the Uncontested Portion of the Swap Termination Value for such Swap Contract that has not been paid within sixty (60) days after the date when due exceeds U.S. \$150,000,000, the amount of such Uncontested Portion; and (2) the term “**Synthetic Lease Funded Debt**” means, in the event that the U.S. Borrower or any Subsidiary (A) has failed to pay when due any Synthetic Lease Obligation, or (B) has failed to observe or perform any other agreement or condition relating to any Synthetic Lease Obligation, or any other event or condition occurs that permits the holders thereof to demand prepayment or redemption, and the holder or holders thereof have demanded or caused such Synthetic Lease Obligation to become due or to be prepaid or redeemed (automatically or otherwise), prior to its stated maturity and the aggregate Uncontested Portion of the Attributable Indebtedness with respect to such Synthetic Lease Obligations of the U.S. Borrower and its Subsidiaries that has not been paid within 60 days after the date when due exceeds U.S. \$150,000,000, the amount of such Uncontested Portion.

“**Contractual Obligation**” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“**Control**” has the meaning specified in the definition of “**Affiliate**.”

“**Covered Entity**” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Covered Party**” has the meaning specified in Section 12.26.

“**Credit Extension**” means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

“**Debt Rating**” has the meaning specified in the definition of “**Applicable Rate**.”

“**Debtor Relief Laws**” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally ~~and with respect to the Canadian Borrower, the Bankruptcy and Insolvency Act (Canada), the Companies’ Creditors Arrangement Act (Canada), the Winding-up and Restructuring Act (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, compromise or similar debtor relief, creditor rights and corporate Laws of Canada or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.~~

“**Default**” means any event or condition that constitutes an Event of Default or that, with the giving of any requisite notice and the passage of any requisite periods of time, would be an Event of Default.

“**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“**Defaulting Lender**” means, subject to Section 4.10(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and ~~any~~the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any L/C Issuer, any Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two Business Days of the date when due, (b) has notified ~~any~~the Borrower, the Administrative Agent, any L/C Issuer or any Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or ~~any~~the Borrower, to confirm in writing to the Administrative Agent and ~~each~~the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this *clause (c)* upon receipt of such written confirmation by the Administrative Agent and ~~each~~the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, receiver-manager, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that, in the case of *clause (d)*, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender or (iii) become the subject of a Bail-In Action. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of *clauses (a)* through *(d)* above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 4.10(b)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to ~~each~~the Borrower, each L/C Issuer, each Swing Line Lender and each other Lender promptly following such determination.

“**Delaware LLC**” means any limited liability company organized or formed under the laws of the State of Delaware.

“**Delaware LLC Division**” means the statutory division of any Delaware LLC into two or more Delaware LLCs pursuant to Section 18-217 of the Delaware Limited Liability Company Act.

“**Designated Jurisdiction**” means any country, region or territory that is the subject or target of any country-wide, region-wide or territory-wide, respectively, Sanction.

“**Devon Financing LLC**” means Devon Financing Company, L.L.C., a Delaware limited liability company.

“**Devon Financing LLC Guaranty**” ~~means the Guaranty made by Devon Financing LLC, substantially in the form of Exhibit G-2.~~ [has the meaning specified for such term in the Agreement that was in effect on and prior to June 21, 2019.](#)

“**Devon Oklahoma**” means Devon Energy Corporation (Oklahoma), an Oklahoma corporation, formerly known as Devon Energy Corporation, an Oklahoma corporation.

“**Disclosure Report**” means a written notice given by a Responsible Officer of the ~~U.S.~~ Borrower to all Lenders or a certificate given by a Responsible Officer of the ~~U.S.~~ Borrower under **Sections 8.02(a)** and **(b)**.

“**Disclosure Schedule**” means **Schedule 7** to this Agreement.

“**Domestic Subsidiary**” means any Subsidiary that is organized under the laws of any political subdivision of the United States.

“**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“**EEA Member Country**” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“**EEA Resolution Authority**” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“**Eligible Assignee**” has the meaning specified in **Section 12.09(g)**.

“**Environmental Laws**” means any and all Federal, state, provincial, municipal, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“**Environmental Liability**” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the ~~U.S.~~ Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract,

agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) under common control with the ~~U.S.~~ Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“**ERISA Plan**” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the ~~U.S.~~ Borrower or any ERISA Affiliate or to which the ~~U.S.~~ Borrower or any ERISA Affiliate contributes or has an obligation to contribute.

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“**Eurodollar Bid Margin**” means the margin above or below the Eurodollar Rate to be added to or subtracted from the Eurodollar Rate, which margin shall be expressed in multiples of 1/100th of one Basis Point.

“**Eurodollar Margin Bid Loan**” means a Bid Loan that bears interest at a rate based upon the Eurodollar Rate.

“**Eurodollar Rate**” means:

(a) for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to the London Interbank Offered Rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period) (“LIBOR”) as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for U.S. Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, subject to Section 5.03(c); or

(b) for any interest calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR at approximately 11:00 a.m., London time determined two Business Days prior to such date for U.S. Dollar deposits being delivered in the London interbank market for a term of one month commencing that day; provided that, if the Eurodollar Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“**Eurodollar Rate Committed Loan**” means a Committed Loan that bears interest at a rate based on the Eurodollar Rate.

“**Eurodollar Rate Loan**” means a Eurodollar Rate Committed Loan or a Eurodollar Margin Bid Loan.

“**Event of Default**” has the meaning specified in Section 10.01.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or

measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Foreign Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the ~~U.S.~~ Borrower under Section 12.17) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 5.01(a)(ii), (a)(iii) or (c), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 5.01(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

~~“Existing Canadian Letters of Credit” means the Canadian Letters of Credit that are described on the notice from the Administrative Agent addressed to the Lenders dated as of the Closing Date, referencing this Agreement, titled “List of Existing Letters of Credit.”~~

“Existing Credit Agreement” means the Credit Agreement effective as of October 24, 2012 among the U.S. Borrower, the Canadian Borrower, Devon NEC Corporation, a Nova Scotia unlimited liability company, Bank of America, as Administrative Agent, L/C Issuer, Canadian Swing Line Lender, and U.S. Swing Line Lender, and a syndicate of lenders (as amended, modified or supplemented to the date hereof).

“Existing ~~U.S.~~ Letters of Credit” means the ~~U.S.~~ Letters of Credit that are described on the notice from the Administrative Agent addressed to the Lenders dated as of the Closing Date, referencing this Agreement, titled “List of Existing Letters of Credit.”

“Extension Effective Date” has the meaning specified in Section 4.08(b).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“Fee Letters” means (i) the letter agreement, dated September 13, 2018, among the U.S. Borrower, Bank of America and MLPFS, (ii) the letter agreement, dated September 13, 2018, among the U.S. Borrower, Bank of America, Citibank, N.A., Citigroup Global Markets Inc., JPMorgan, Mizuho Bank, Ltd., Royal Bank of Canada, RBC Capital Markets, Wells Fargo Bank, National Association and

Wells Fargo Securities, LLC ~~and (iii)~~, (iii) the letter agreement, dated December [], 2019, among the Borrower, Bank of America and BOFA Securities and (iv) with respect to an L/C Issuer, any additional fee letter between it and the applicable Borrower with respect to Letters of Credit issued hereunder by such L/C Issuer.

“**First Amendment and Extension Agreement**” means that certain First Amendment to Credit Agreement and Extension Agreement, dated as of the First Amendment and Extension Effective Date, among the U.S. Borrower, the Canadian Borrower, the Lenders party thereto and the Administrative Agent,

“**First Amendment and Extension Effective Date**” means the date on which all conditions precedent to the effectiveness of the First Amendment and Extension Agreement and the extension of the Maturity Date applicable to each Lender party to the First Amendment and Extension Agreement were satisfied or waived in accordance with the terms thereof, which such date is December [•], 2019.

“**Fiscal Quarter**” means a three-month period ending on March 31, June 30, September 30 or December 31 of any year.

“**Fiscal Year**” means a twelve-month period ending on December 31 of any year.

“**Foreign Lender**” means a Lender that is not a U.S. Person within the meaning of Section 7701(a)(30) of the Code. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“**Fronting Exposure**” means, at any time there is a Defaulting Lender, (a) with respect to an L/C Issuer, such Defaulting Lender’s Pro Rata Share of the outstanding L/C Obligations other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to a Swing Line Lender, such Defaulting Lender’s Pro Rata Share of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders in accordance with the terms hereof.

“**GAAP**” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board and such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“**Governmental Authority**” means any nation or government, any state, province, municipality or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“**Guarantee**” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation,

(iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person, exclusive, in each case, of endorsements in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “*Guarantee*” as a verb has a corresponding meaning.

~~“*Guaranties*” means the U.S. Guaranty and the Canadian Guaranties.~~ “*Guarantor*” means any Person who becomes a Guarantor pursuant to [Section 8.12](#).

~~“*Guarantors*” means the U.S. Guarantor and the Canadian Guarantors.~~ “*Guaranty*” means any of the Devon Financing LLC Guaranty, the U.S. Borrower Guaranty and the Additional Guaranties, and “*Guaranties*” means all of them, collectively.

“*Hazardous Materials*” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“*Honor Date*” has the meaning specified in [Section 2.04\(c\)\(i\)](#).

“*Increase Effective Date*” has the meaning specified in [Section 4.09\(b\)](#).

“*Indebtedness*” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(c) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(d) capital leases, but excluding customary oil, gas or mineral leases entered into in the ordinary course of business;

(e) all obligations with respect to payments received, in consideration of oil, gas, or other minerals yet to be acquired or produced at the time of payment, for periods in excess of 120 days prior to the date of acquisition or production, as applicable, of such oil, gas or other minerals (including obligations under “take-or-pay” contracts to deliver gas in return for payments already received and the

undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment);

- (f) all direct or contingent obligations of such Person arising under standby letters of credit and bankers' acceptances;
- (g) net obligations of such Person under any Swap Contract;
- (h) Synthetic Lease Obligations; and
- (i) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any capital lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date. The amount of Indebtedness of any Person with respect to Indebtedness of others secured by a Lien to which the property or assets owned or held by such Person is subject shall be equal, to the extent such Indebtedness is otherwise non-recourse to such Person, to the lesser of the fair market value of the property or assets subject to such Lien and the amount of the Indebtedness secured.

[“Indemnified Liabilities” has the meaning specified in Section 12.05.](#)

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

[“Indemnitees” has the meaning specified in Section 12.05.](#)

“Initial L/C Issuers” means Bank of America, Citibank, N.A., JPMorgan, Mizuho Bank, Ltd., The Bank of Nova Scotia, Houston Branch, Royal Bank of Canada, and Wells Fargo Bank, National Association ~~(and, if applicable, any of their Affiliates that is a Canadian Lender).~~

“Interest Payment Date” means, (a) as to any Loan other than a ~~U.S. Base Rate Loan, a Canadian Base Rate Committed Loan and a Canadian Prime Base~~ Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided, however, that if any Interest Period for a ~~U.S. Dollar Eurodollar Rate Loan or a Canadian U.S. Eurodollar Rate Committed~~ Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any ~~U.S. Base Rate Loan, Canadian Base Rate Committed Loan or Canadian Prime Base~~ Rate Loan (including a ~~U.S. Swing Line Loan and a Canadian~~ Swing Line Loan), the last Business Day of each March, June, September and December and the Maturity Date.

“Interest Period” means (a) as to each ~~U.S. Dollar Eurodollar Rate Loan, each Canadian Dollar CDOR Rate Loan and each Canadian U.S. Eurodollar Rate Committed~~ Loan, the period commencing on the date such Loan is disbursed or (in the case of any ~~U.S. Eurodollar Rate Committed Loan, Canadian Dollar CDOR Rate Committed Loan or Canadian U.S. Eurodollar Rate Committed~~ Loan) converted to or continued as a ~~U.S. Dollar Eurodollar Rate Loan or a Canadian Dollar CDOR Rate Committed Loan or Canadian U.S. Eurodollar Rate Committed~~ Loan, respectively, and ending on the date one, two, three, six

or, if available, nine or twelve months thereafter, as selected by the ~~applicable~~ Borrower in its Committed Loan Notice or Bid Request, as the case may be; and (b) as to each ~~U.S. Absolute Rate Loan and each Canadian~~ Absolute Rate Loan, a period of not less than 14 days and not more than 180 days as selected by the ~~applicable~~ Borrower in its Bid Request; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a ~~U.S. Dollar Eurodollar Rate Loan, Canadian Dollar CDOR Rate Loan or Canadian U.S. Eurodollar Rate Committed~~ Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period pertaining to a ~~U.S. Dollar Eurodollar Rate Loan, Canadian Dollar CDOR Rate Loan or a Canadian U.S. Eurodollar Rate Committed~~ Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

“**IRS**” means the United States Internal Revenue Service.

“**ISP**” means, with respect to any Letter of Credit, the “*International Standby Practices 1998*” published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

“**Issuer Documents**” means ~~(a) with respect to any U.S. Letter of Credit, the U.S. Letter of Credit Application, and any other document, agreement and instrument entered into by the applicable U.S. L/C Issuer and the U.S. Borrower (or any Subsidiary) or in favor of the applicable U.S. L/C Issuer and relating to any such U.S. Letter of Credit, and (b) with respect to any Canadian Letter of Credit, the Canadian Letter of Credit Application, and any other document, agreement and instrument entered into by the applicable Canadian L/C Issuer and the Canadian Borrower (or any Subsidiary) or in favor of the applicable Canadian L/C Issuer and relating to any such Canadian Letter of Credit.~~ Letter of Credit.

“**Joint Lead Arrangers**” means ~~MLPFS~~BOFA Securities, Citigroup Global Markets Inc., JPMorgan, Mizuho Bank, Ltd., The Bank of Nova Scotia, Houston Branch, RBC Capital Markets and Wells Fargo Securities, LLC, in their capacities as joint lead arrangers and bookrunners.

“**JPMorgan**” means JPMorgan Chase Bank, N.A. and its successors.

~~“L/C Borrowings” means, collectively, the U.S. L/C Borrowings and the Canadian L/C Borrowings.~~ “Advance” means, with respect to each Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Pro Rata Share.

~~“L/C Credit Extension” means a U.S. L/C Credit Extension or a Canadian L/C Credit Extension.~~

~~“L/C Issuer” means a U.S. L/C Issuer or a Canadian L/C Issuer.~~ “Borrowing” means (a) on or prior to the Canadian Subfacility Payoff Date, the meaning specified for such term as in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date and (b) after the Canadian

Subfacility Payoff Date, an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Committed Borrowing.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Issuer” means (i) the Initial L/C Issuers, or (ii) any other Lender that may issue Letters of Credit hereunder, as mutually agreed to by Administrative Agent and the Borrower and such Lender, in such Person’s capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

“L/C Issuer Global Commitment” means (a) with respect to each Initial L/C Issuer ~~and any Affiliate that is a Canadian L/C Issuer, if any~~, an aggregate amount equal to U.S. \$50,000,000, or, with respect to any such L/C Issuer (x) such greater amount as shall be agreed from time to time in writing by the ~~Borrowers~~Borrower and such L/C Issuer (with prompt notice to the Administrative Agent) or (y) such lesser amount as shall be agreed from time to time in writing by the ~~Borrowers~~Borrower, all L/C Issuers and the Administrative Agent, and (b) with respect to any Lender which agrees to be an L/C Issuer after the Closing Date, the amount agreed in writing from time to time by such L/C Issuer, the ~~Borrowers~~Borrower and the Administrative Agent.

“L/C Obligations” means, ~~collectively, the U.S. L/C Obligations and the Canadian L/C Obligations:~~ (a) on or prior to the Canadian Subfacility Payoff Date, the meaning specified for such term as in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date and (b) after the Canadian Subfacility Payoff Date, as at any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Laws” means, collectively, all international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, licenses, authorizations and permits of, and legally binding agreements with, any Governmental Authority.

“Lenders” means all Lenders ~~(including the applicable Lenders in their capacity as Canadian Lenders)~~ and, unless the context requires otherwise, includes the ~~U.S. L/C Issuers, the Canadian L/C Issuers, the U.S. Swing Line Lender and the Canadian~~ Swing Line Lender, and “Lender” means any one of them.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the ~~Borrowers~~Borrower and the Administrative Agent.

“Letter of Credit” means ~~a U.S.~~ any letter of credit issued by an L/C Issuer pursuant to Section 2.04 and shall include the Existing Letters of Credit. A Letter of Credit ~~or a Canadian Letter of Credit.~~ may be a commercial letter of credit payable on sight draft or a standby letter of credit.

[“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by an L/C Issuer and acceptable to the Borrower.](#)

“**Letter of Credit Expiration Date**” means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

[“Letter of Credit Fee” has the meaning specified in Section 2.04\(i\).](#)

“**Letter of Credit Sublimit**” means an amount equal to U.S. \$300,000,000; ~~provided, however,~~ that such amount may be decreased and/or increased from time to time without the consent of the Lenders so long as (a) such amount has been mutually agreed to in writing by Administrative Agent, the ~~Borrowers~~Borrower and the L/C Issuers and (b) such amount does not exceed U.S. \$300,000,000. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Commitments.

“**LIBOR**” ~~is defined~~has the meaning specified in the definition of “~~U.S. Dollar~~ Eurodollar Rate”.

“**LIBOR Successor Rate**” ~~is defined~~has the meaning specified in *Section 5.03(c)(ivii)(A)*.

“**LIBOR Successor Rate Conforming Changes**” ~~is defined~~has the meaning specified in *Section 5.03(d)*.

“**Lien**” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

“**Loan**” means ~~a U.S.~~an extension of credit by a Lender to the Borrower under Article 2 in the form of a Committed Loan, a Bid Loan or a ~~Canadian~~Swing Line Loan.

“**Loan Documents**” means this Agreement, each Note, each Issuer Document, the Fee Letters, ~~the BAs~~ and the Guaranties.

“**Loan Parties**” means, collectively, the ~~Borrowers~~Borrower and each Guarantor.

“**Margin Stock**” means “margin stock” as defined in Reg U.

“**Material Adverse Effect**” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, or financial condition of the ~~U.S.~~ Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the ability of ~~any~~the Borrower to perform its payment obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

“**Material Subsidiary**” means a Subsidiary of ~~U.S.~~the Borrower which owns Assets having a book value that exceeds ten percent (10%) of the book value of ~~U.S.~~the Borrower’s Consolidated Assets. As used in this definition “Assets” of a Subsidiary means assets of such Subsidiary that are included in the ~~U.S.~~ Borrower’s Consolidated Assets.

“**Maturity Date**” means the later of (a) October 5, 2023, and (b) if maturity is extended pursuant to Section 4.08, such extended maturity date as determined pursuant to **Section 4.08** (it being understood and agreed that any such maturity shall not be deemed extended for any Lender that has not consented to such extension).

“**Maximum Rate**” has the meaning specified in **Section 12.12**.

“**MLPFS**” means Merrill Lynch, Pierce, Fenner & Smith Incorporated ~~or any other registered broker-dealer wholly owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation’s or any of its subsidiaries’ investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement~~, in its capacity as sole lead arranger and sole bookrunner.

“**Moody’s**” means Moody’s Investors Service, Inc. and any successor thereto.

“**Multemployer Plan**” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the ~~U.S.~~ Borrower or any ERISA Affiliate makes or is obligated to make contributions or has any liability, or during the preceding five plan years, has made or been obligated to make contributions.

“**Non-Defaulting Lender**” means, at any time, each Lender that is not a Defaulting Lender at such time.

“**Note**” means a ~~U.S. Note or a Canadian Note~~: promissory note made by the Borrower in favor of a Lender evidencing Loans made by such Lender, substantially in the form of Exhibit D.

“**Obligations**” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, Letter of Credit or on and prior to the Canadian Subfacility Payoff Date, Bankers’ Acceptance, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“**OFAC**” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“**Organization Documents**” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“**Other Connection Taxes**” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its

obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 12.17).

“**Outstanding Amount**” means (i) with respect to ~~U.S.~~ Committed Loans, ~~U.S.~~ Bid Loans, and ~~U.S.~~ Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of ~~U.S.~~ Committed Loans, ~~U.S.~~ Bid Loans, and ~~U.S.~~ Swing Line Loans, as the case may be, occurring on such date; and (ii) with respect to any ~~U.S.~~ L/C Obligations on any date, the amount of such ~~U.S.~~ L/C Obligations on such date after giving effect to any ~~U.S.~~ L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the ~~U.S.~~ L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any ~~U.S.~~ Letters of Credit or any reductions in the maximum amount available for drawing under ~~U.S.~~ Letters of Credit taking effect ~~on such date~~; (iii) ~~with respect to Canadian Committed Loans, Canadian Bid Loans, and Canadian Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Canadian Committed Loans, Canadian Bid Loans, and Canadian Swing Line Loans, as the case may be, occurring on such date;~~ (iv) with respect to any Canadian L/C Obligations on any date, the amount of such Canadian L/C Obligations on such date after giving effect to any Canadian L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the Canadian L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Canadian Letters of Credit or any reductions in the maximum amount available for drawing under Canadian Letters of Credit taking effect on such date; and (v) with respect to any Bankers’ Acceptances, the aggregate outstanding face amount of such Bankers’ Acceptances after giving effect to the acceptances, maturities and rollovers thereof on such date.

“**Participant**” has the meaning specified in *Section 12.09(d)*.

“**Participant Register**” has the meaning specified in *Section 12.09(d)*.

“**Permitted Liens**” means:

- (a) Liens for taxes, assessments or governmental charges which are not due or delinquent, or the validity of which any Restricted Person shall be contesting in good faith; provided such Restricted Person shall have made adequate provision therefor in accordance with GAAP;
- (b) the Lien of any judgment rendered, or claim filed, against any Restricted Person which does not constitute an Event of Default and which such Restricted Person shall be contesting in good faith; provided such Restricted Person shall have made adequate provision therefor in accordance with GAAP;
- (c) Liens, privileges or other charges imposed or permitted by law such as statutory liens and deemed trusts, carriers’ liens, builders’ liens, workmens’ liens, mechanics’ liens, materialmens’ liens and other liens, privileges or other charges of a similar nature which relate to obligations not due or delinquent, including any lien or trust arising in connection with workers’ compensation, unemployment insurance, pension, employment and similar laws or regulations;

(d) Liens arising in the ordinary course of and incidental to construction, maintenance or current operations which have not been filed pursuant to law against any Restricted Person or in respect of which no steps or proceedings to enforce such Lien have been initiated or which relate to obligations which are not due or delinquent or if due or delinquent, which such Restricted Person shall be contesting in good faith; provided such Restricted Person shall have made adequate provision therefor in accordance with GAAP;

(e) Liens incurred or created in the ordinary course of business and in accordance with prudent oil and gas industry practice in respect of the exploration, development or operation of oil and gas properties or related production or processing facilities or the transmission of petroleum substances as security in favor of any other Person conducting or participating as a cost-bearing owner in the exploration, development, operation or transmission of the property to which such Liens relate, for any Restricted Person's portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, which such Restricted Person shall be contesting in good faith; provided such Restricted Person shall have made adequate provision therefor in accordance with GAAP;

(f) overriding royalty interests, net profit interests, production payments, reversionary interests and carried interests or other similar burdens on production in respect of any Restricted Person's oil and gas properties that do not constitute debt under GAAP and are entered into with or granted by any Restricted Person to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice or, if not entered into with or granted by any Restricted Person, any such interest, payment or burden in existence on any Restricted Person's interest in any oil and gas lease when that Restricted Person acquired or obtained its interest in such lease;

(g) Liens for penalties arising under non-participation provisions of operating agreements in respect of any Restricted Person's oil and gas properties if such Liens do not materially detract from the value of any material part of the property of the Restricted Persons taken as a whole;

(h) easements, rights-of-way, servitudes, zoning, surface leases (including farming, grazing and timber leases) or other similar rights or restrictions in respect of surface property or any interest therein owned by any Restricted Person (including, without limitation, rights-of-way and servitudes for railways, roads, sewers, drains, wind turbines, pipe lines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires, lines and cables) which, either alone or in the aggregate, do not materially detract from the value of such property or materially impair its use in the operation of the business of the Restricted Persons taken as a whole;

(i) security given by the Restricted Persons to a public utility or any Governmental Authority when required by such public utility or Governmental Authority in the ordinary course of the business of the Restricted Persons in connection with operations of the Restricted Persons if such security does not, either alone or in the aggregate, materially detract from the value of any material part of the property of the Restricted Persons taken as a whole;

(j) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, grant or permit or by any statutory or regulatory provision to terminate any such lease, license, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;

(k) all reservations in the original grant of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;

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- (l) any Lien from time to time disclosed by any Restricted Person to the Administrative Agent which is consented to by the Required Lenders;
- (m) any right of first refusal, preferential right to purchase or similar right or option, or any consent to assignment or transfer, in favor of any Person granted in the ordinary course of business with respect to all or any of the oil and gas properties of any Restricted Person;
- (n) Liens on cash or marketable securities of any Restricted Persons granted in connection with any Swap Contract permitted under this Agreement;
- (o) Liens in respect of Indebtedness permitted by **Sections 9.01(b), 9.01(f), 9.01(h)** and Indebtedness permitted to be secured by **Section 9.01(c)**;
- (p) Liens in favor of the Administrative Agent for the benefit of the Lenders and the L/C Issuers;
- (q) Liens to collateralize moneys held in a cash collateral account by a lender in respect of the prepayment of bankers' acceptances, letters of credit or similar obligations accepted or issued by such lender but only if at the time of such prepayment no default or event of default has occurred and is continuing under the credit facility pursuant to which the bankers' acceptances or letters of credit have been accepted or issued;
- (r) purchase money Liens upon or in any tangible personal property and fixtures (including real property surface rights upon which such fixtures are located and contractual rights and receivables relating to such property) acquired by any Restricted Person in the ordinary course of business to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property, including any Liens existing on such property at the time of its acquisition (other than any such Lien created in contemplation of any such acquisition);
- (s) the rights of gatherers under gathering contracts, processors or fractionators under processing or fractionation contracts, and buyers under production sale contracts related to any Restricted Person's share of petroleum substances entered into in the ordinary course of business, provided that the contracts create no ownership rights (or any Lien) in favor of the buyer or any other Person in, to or over any reserves of petroleum substances or other assets of any Restricted Person, other than a dedication of gathering, processing or fractionation rights with respect to those reserves or the oil and gas production attributable thereto (not by way of Lien or absolute assignment) on usual industry terms;
- (t) Liens arising in respect of operating leases of personal property under which ~~the Canadian Borrower or any of its Subsidiaries, or any other Subsidiaries of U.S.~~ any Subsidiary of the Borrower that ~~are~~ is incorporated or organized in Canada or one of the provinces thereof, are lessees;
- (u) Liens on property of a Person (including on interests in real property and leasehold interests) existing at the time such Person becomes a Restricted Subsidiary, is merged into or amalgamated or consolidated with ~~U.S.~~ the Borrower or any Restricted Subsidiary or Liens on any assets (including on interests in real property and leasehold interests) existing at the time such assets are acquired by a Restricted Subsidiary, provided, such Liens were in existence prior to the contemplation of such stock acquisition, merger, amalgamation, consolidation or asset acquisition and do not extend to any assets other than those of the Person so acquired or merged into or amalgamated or consolidated with ~~U.S.~~ the Borrower or any Restricted Subsidiary (and proceeds and products thereof) or any additional assets other than those acquired (and proceeds and products thereof);

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (a) to (u) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property), the indebtedness or obligation secured thereby is not increased (except for the purpose of paying any prepayment premium or any fees and expenses incurred in connection with any such extension, renewal or replacement) and such Lien is otherwise permitted by the applicable section above;

(w) Liens on Margin Stock;

(x) Liens securing obligations permitted by **Section 9.01(n)** on assets of the Restricted Subsidiaries which have incurred such obligations; and

(y) any Lien arising under the provisions of any oil and gas lease entered into in the ordinary course of business in which any Restricted Person has an interest;

(z) in addition to Liens permitted by *clauses (a) through (y)* above, Liens on property or assets if the aggregate liabilities secured thereby do not exceed three and one half percent (3.5%) of Consolidated Assets;

provided that nothing in this definition shall in and of itself constitute or be deemed to constitute an agreement or acknowledgment by the Administrative Agent or any Lender that the Indebtedness subject to or secured by any such Permitted Lien ranks (apart from the effect of any Lien included in or inherent in any such Permitted Liens) in priority to the Obligations.

“**Person**” means any natural person, corporation, limited liability company, unlimited company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Platform**” has the meaning specified in **Section 8.02**.

“**Pro Rata Share**” means, ~~(a)~~ with respect to each Lender and the Credit Extensions at any time, a fraction (expressed as a percentage and carried to the ninth decimal place) the numerator of which is the amount of the Commitment of such Lender at such time and the denominator of which is the Aggregate Commitment at such time, ~~(b) with respect to the U.S. Credit Extensions of each Lender at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the U.S. Commitment of such Lender at such time and the denominator of which is the amount of the Aggregate U.S. Commitments at such time (“U.S. Pro Rata Share”), and (c) with respect to the Canadian Credit Extensions of each Canadian Lender at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Canadian Commitment of such Canadian Lender at such time and the denominator of which is the amount of the Aggregate Canadian Commitments at such time (“Canadian Pro Rata Share”);~~ provided that if the commitment of each Lender to make Loans and the obligation of each L/C Issuer to make L/C Credit Extensions ~~and the obligation to accept and purchase BAs~~ have been terminated pursuant to **Section 10.02**, then the Pro Rata Share of each Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof. The initial Pro Rata Share of each Lender is set forth opposite the name of such Lender on **Schedule 2.01** or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“**Public Lender**” has the meaning specified in **Section 8.02**.

[“OFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390\(c\)\(8\)\(D\).](#)

[“OFC Credit Support” has the meaning specified in Section 12.26.](#)

“**Recipient**” means the Administrative Agent, any Lender, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“**Reg U**” means Regulation U promulgated by the Board of Governors of the Federal Reserve System.

“**Register**” has the meaning specified in *Section 12.09(c)*.

~~“**Related Parties**” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.~~ [has the meaning specified in Section 12.09\(g\).](#)

[“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a benchmark rate to replace LIBOR in loan agreements similar to this Agreement.](#)

[“**Removal Effective Date**” has the meaning specified in Section 11.06.](#)

“**Reportable Event**” means any of the events set forth in *Section 4043(c)* of ERISA, other than events for which the 30 day notice period has been waived.

“**Request for ~~Canadian~~ Credit Extension**” means (a) with respect to a ~~Canadian~~ Borrowing, ~~or a~~ conversion or continuation of ~~Canadian~~ Committed Loans, a ~~Canadian~~ Committed [Borrowing Loan](#) Notice, (b) with respect to a ~~Canadian~~ Bid Loan, a ~~Canadian~~ Bid Request, (c) with respect to a ~~Canadian~~ [an](#) L/C Credit Extension, a ~~Canadian~~ Letter of Credit Application, and (d) with respect to a ~~Canadian~~ Swing Line Loan, a ~~Canadian~~ Swing Line Loan Notice.

~~“**Request for Credit Extension**” means each Request for U.S. Credit Extension and each Request for Canadian Credit Extension.~~

~~“**Request for U.S. Credit Extension**” means (a) with respect to a U.S. Borrowing, conversion or continuation of U.S. Committed Loans, a U.S. Committed Loan Notice, (b) with respect to a U.S. Bid Loan, a U.S. Bid Request, (c) with respect to a U.S. L/C Credit Extension, a U.S. Letter of Credit Application, and (d) with respect to a U.S. Swing Line Loan, a U.S. Swing Line Loan Notice.~~

“**Required Lenders**” means, as of any date of determination, Lenders having more than 50% of the Aggregate Commitments or, if the commitment of each Lender to make Loans and the obligation of each L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 10.02, Lenders holding in the aggregate more than 50% of the Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition). The Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be disregarded in determining Required Lenders at any time; [provided](#) that the amount of any risk participation in Swing Line Loans and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been

reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the applicable Swing Line Lender or L/C Issuer, as the case may be, in making such determination.

“Resignation Effective Date” has the meaning specified in **Section 11.06**.

“Responsible Officer” means the chief executive officer, president, chief financial officer, executive vice president, vice president — accounting, vice president — corporate finance, vice president — finance, or treasurer of a Loan Party, ~~and with respect to the Canadian Borrower, also includes any other vice president~~ and, solely for purposes of (i) certificates of resolutions or other action, incumbency certificates and/or other certificates of a Responsible Officer of a Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority or capacity of another Responsible Officer authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party, any secretary or assistant secretary of the applicable Loan Party and (ii) notices given pursuant to ~~Article 2 or Article 3.2~~, any other officer or employee of the applicable Loan Party so designated by any of the foregoing officers in a notice to the Administrative Agent or any other officer or employee of the applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other equity interest of the ~~U.S.~~ Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other equity interest or of any option, warrant or other right to acquire any such capital stock or other equity interest.

“Restricted Person” means any of the ~~U.S.~~ Borrower and the Restricted Subsidiaries.

“Restricted Subsidiary” means ~~the Canadian Borrower~~, Devon Oklahoma, ~~Devon Financing LLC~~ and any other Material Subsidiary of ~~U.S.~~ the Borrower.

“Revolving Credit Exposure” means, as to any Lender at any time, the aggregate principal amount at such time of its outstanding Committed Loans and such Lender’s participation in L/C Obligations and Swing Line Loans at such time.

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of S&P Global, Inc., and any successor thereto.

“Sanction(s)” means any economic or financial sanctions or trade embargoes imposed, administered or enforced by the United States Government (including, without limitation, those administered by OFAC or the U.S. Department of State), the Canadian government, the European Union or Her Majesty’s Treasury (“**HMT**”).

“Scheduled Unavailability Date” ~~is defined~~ has the meaning specified in **Section 5.03(c)(ii)**.

“SDN ~~HST~~List” means the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT or any similar list enforced by the European Union or the Canadian Government.

“**SEC**” means the United States Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“**SEC Filings**” has the meaning specified in *Section 7.06*.

~~“**Shareholders’ Equity**” means, as of any date of determination, consolidated shareholders’ equity of the U.S. Borrower and its Subsidiaries as of that date determined in accordance with GAAP. **SOFR**” means, with respect to any day, the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website (or any successor source) and, in each case, that has been selected or recommended by the Relevant Governmental Body.~~

“**SOFR-Based Rate**” means SOFR or Term SOFR.

“**Subsidiary**” of a Person means a corporation, partnership, joint venture, limited liability company, unlimited company, or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person; provided that (a) associations, joint ventures or other relationships (i) which are established pursuant to a standard form operating agreement or similar agreement or which are partnerships for purposes of federal income taxation only, (ii) which are not corporations or partnerships (or subject to the Uniform Partnership Act) under applicable state Law, and (iii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be “**Subsidiaries**” of such Person, and (b) associations, joint ventures or other relationships (i) which are not corporations or partnerships under applicable provincial Law, and (ii) whose businesses are limited to the exploration, development and operation of oil, gas or mineral properties, transportation and related facilities and interests owned directly by the parties in such associations, joint ventures or relationships, shall not be deemed to be “**Subsidiaries**” of such Person. Unless otherwise specified, all references herein to a “**Subsidiary**” or to “**Subsidiaries**” shall refer to a Subsidiary or Subsidiaries of the ~~U.S.~~ Borrower.

“**Supported OFC**” has the meaning specified in *Section 12.26*.

“**Swap Contract**” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “**Master Agreement**”), including any such obligations or liabilities under any Master Agreement.

“**Swap Termination Value**” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a)

for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in *clause (a)*, the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“*SWIFT*” means the Society for Worldwide Interbank Financial Telecommunication.

“*Swing Line Lender*” means the U.S. Swing Line Lender or the Canadian Swing Line Lender.” means the revolving credit facility made available by the Swing Line Lender pursuant to *Section 2.05*.

“*Swing Line Borrowing*” means a borrowing of a Swing Line Loan pursuant to *Section 2.05*.

“*Swing Line Lender*” means Bank of America or any other Lender that may provide Swing Line Loans hereunder, as mutually agreed to by Administrative Agent and the Borrower, in such Person’s capacity as provider of Swing Line Loans hereunder, or any successor swing line lender hereunder.

“*Swing Line Loan*” has the meaning specified in *Section 2.05(a)*.

“*Swing Line Loan Notice*” means a notice of a Swing Line Borrowing pursuant to *Section 2.05(b)*, which, if in writing, shall be substantially in the form of *Exhibit C* or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Borrower.

“*Swing Line Rate*” means the Base Rate plus the Applicable Rate.

“*Swing Line Loans Sublimit*” means, collectively, an amount equal to the lesser of (a) U.S. Swing Line Loans \$50,000,000 and (b) the Canadian Aggregate Commitments. The Swing Line Loans Sublimit is part of, and not in addition to, the Aggregate Commitments.

“*Synthetic Lease Obligation*” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment), other than obligations under (i) the Production Platform Lease Agreement 2002-1, dated as of June 27, 2002, between Devon Energy Production Company, L.P., an Oklahoma limited partnership and successor by merger to Devon Louisiana Corporation (“*DEPCO*”), as lessee, and Ocean Energy/Boomvang Platform Statutory Trust 2002-1, a Delaware statutory business trust, as lessor, the Operative Documents (as defined therein) and the Other Operative Documents (as defined therein), (ii) the Production Platform Lease Agreement 2002-2, dated as of June 27, 2002, between DEPCO, as lessee, and Ocean Energy/Boomvang Platform Statutory Trust 2002-2, a Delaware statutory business trust, as lessor, the Operative Documents (as defined therein) and the Other Operative Documents (as defined therein), (iii) the Production Platform Lease Agreement 2002-1, dated as of January 29, 2002, between Devon Louisiana, as lessee, and Ocean Energy/Nansen Platform Statutory Trust 2002-1, a Delaware statutory business trust, as lessor, the Operative Documents (as defined therein) and the Other Operative Documents (as defined therein), and (iv) the Production Platform Lease Agreement 2002-2, dated as of January 29, 2002, between DEPCO, as lessee, and Ocean Energy/Nansen Platform Statutory Trust 2002-2, a Delaware statutory business trust, as lessor, the Operative Documents

(as defined therein) and the Other Operative Documents (as defined therein), in each case, as amended, supplemented, amended and restated, refinanced or replaced from time to time.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Term SOFR**” means the forward-looking term rate for any period that is approximately (as determined by the Administrative Agent) as long as any of the Interest Period options set forth in the definition of “Interest Period” and that is based on SOFR and that has been selected or recommended by the Relevant Governmental Body, in each case as published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion.

“**Termination Event**” means (a) the occurrence with respect to any ERISA Plan of (i) a reportable event described in Section 4043(c) of ERISA other than a reportable event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation pursuant to a waiver by such corporation; or (b) the withdrawal of any ERISA Affiliate from an ERISA Plan during a plan year in which it was a “substantial employer” as defined in Section 4001(a) (2) of ERISA; or (c) a complete or partial withdrawal by any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent; or (d) the filing of a notice of intent to terminate any ERISA Plan or Multiemployer Plan or the treatment of any ERISA Plan amendment or Multiemployer Plan amendment as a termination under Section 4041 or 4041A of ERISA; or (e) the institution of proceedings to terminate any ERISA Plan or Multiemployer Plan by the Pension Benefit Guaranty Corporation under Section 4042 of ERISA; or (f) any other event or condition which could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any ERISA Plan or Multiemployer Plan.

“**Threshold Amount**” means at any time, the greater of U.S. \$250,000,000 and 2.5% of Consolidated Net Worth determined as of the end of the most recent Fiscal Quarter.

“**Total Canadian Outstandings**” ~~means the aggregate Outstanding Amount of all Canadian Loans, all Canadian L/C Obligations, and all Bankers’ Acceptances.~~ has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.

“**Total Capitalization**” means the sum (without duplication) of (i) Consolidated Total Funded Debt plus (ii) ~~U.S. the~~ Borrower’s consolidated ~~shareholder’s~~ shareholders’ equity. Total Capitalization shall be calculated excluding non-cash write-downs and related charges which are required under Rule 4-10 (Financial Accounting and Reporting for Oil and Gas Producing Activities Pursuant to the Federal Securities Laws and the Energy Policy and Conservation Act of 1975) of Regulation S-X promulgated by SEC Regulation, or by GAAP.

“**Total Outstandings**” means the aggregate ~~amount~~ Outstanding Amount of all ~~Total U.S. Outstandings~~ Loans and all ~~Total Canadian Outstandings~~ L/C Obligations.

“**Total U.S. Outstandings**” ~~means the aggregate Outstanding Amount of all U.S. Loans and all U.S. L/C Obligations.~~ has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.

“**Trade Date**” has the meaning specified in Section 12.09.

“**Type**” means (i) with respect to a ~~U.S.~~ Committed Loan, its character as a ~~U.S.~~ Base Rate Committed Loan or a ~~U.S. Dollar~~ Eurodollar Rate Committed Loan, and (ii) with respect to a ~~U.S.~~ Bid Loan, its character as ~~a U.S. an~~ Absolute Rate Loan or a ~~U.S.~~ Eurodollar Margin Bid Loan, ~~(iii) with respect to a Canadian Committed Borrowing, its character as a Canadian Prime Rate Committed Loan, a Canadian Base Rate Committed Loan, a Canadian Dollar CDOR Rate Committed Loan or a Canadian U.S. Eurodollar Rate Committed Loan or a BA, and (iv) with respect to a Canadian Bid Loan, its character as a Canadian Absolute Rate Loan or a Canadian Margin Bid Loan.~~

“**UCC**” means the Uniform Commercial Code as in effect in the State of New York.

“**UCP**” means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce (“**ICC**”) Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

“**Uncontested Portion**” means, with respect to any Swap Termination Value or any Synthetic Lease Obligation, the amount thereof that is not being contested by the ~~U.S.~~ Borrower or one of its Subsidiaries diligently in good faith.

“**United States**” and “**U.S.**” mean the United States of America.

“**Unreimbursed Amounts**” means ~~U.S. Unreimbursed Amounts and Canadian Unreimbursed Amounts.~~ Amount” has the meaning specified in [Section 2.04\(c\)\(i\)](#).

“**Unrestricted Subsidiary**” means any Subsidiary of the ~~U.S.~~ Borrower that is not a Restricted Subsidiary.

“**U.S. Absolute Rate Loan**” means a ~~U.S. Bid Loan that bears interest at a rate determined with reference to an Absolute Rate~~ Borrower” has the meaning specified in [the introductory paragraph hereto](#).

“**U.S. Base Rate**” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 50 Basis Points, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate”, and (c) the U.S. Dollar Eurodollar Rate plus 100 Basis Points. The “**prime rate**” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the U.S. Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“**U.S. Base Rate Committed Loan**” means a ~~U.S. Committed Loan that is a U.S. Base Rate Loan.~~

“**U.S. Base Rate Loan**” means a ~~U.S. Loan that bears interest based on the U.S. Base Rate.~~

“**U.S. Bid Borrowing**” means a borrowing consisting of simultaneous U.S. Bid Loans of the same Type from each of the Lenders whose offer to make one or more U.S. Bid Loans as part of such borrowing has been accepted under the auction bidding procedures described in [Section 2.03](#).

“**U.S. Bid Loan**” has the meaning specified in [Section 2.03\(a\)](#).

“**U.S. Bid Loan Lender**” means, in respect of any U.S. Bid Loan, the Lender making such U.S. Bid Loan to the ~~U.S.~~ Borrower.

~~“U.S. Bid Request” means a written request for one or more U.S. Bid Loans substantially in the form of Exhibit B(U.S.)-1.~~

~~“U.S. Borrower” has the meaning specified in the introductory paragraph hereto.~~

~~“U.S. Borrower Guaranty” means the Guaranty made by the U.S. Borrower, substantially in the form of Exhibit G-1. has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. Borrowing” means a U.S. Committed Borrowing, a U.S. Bid Borrowing or a U.S. Swing Line Borrowing, as the context may require.~~

~~“U.S. Commitment” means, as to each Lender, its obligation to (a) make U.S. Committed Loans to the U.S. Borrower pursuant to Section 2.01, (b) purchase participations in U.S. L/C Obligations, and (c) purchase participations in U.S. Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the such Lender’s Commitment minus its (or its Affiliate’s) Canadian Commitment, if any, as such amount may be adjusted from time to time in accordance with this Agreement, including Section 4.07.~~

~~“U.S. Committed Borrowing” means a borrowing consisting of simultaneous U.S. Committed Loans of the same Type and, in the case of U.S. Eurodollar Rate Committed Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.~~

~~“U.S. Committed Loan” has the meaning specified in Section 2.01.~~

~~has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. Committed Loan Notice” means a notice of (a) a U.S. Committed Borrowing, (b) a conversion of U.S. Committed Loans from one Type to the other, or (c) a continuation of U.S. Eurodollar Rate Committed Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A(U.S.).~~

~~“U.S. Competitive Bid” means a written offer by a Lender to make one or more U.S. Bid Loans, substantially in the form of Exhibit B(U.S.)-2, duly completed and signed by a Lender.~~

~~“U.S. Credit Extension” means each of the following: (a) a U.S. Borrowing and (b) a U.S. L/C Credit Extension.” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. Dollar,” “U.S. \$” and “\$” mean lawful money of the United States.~~

~~“U.S. Dollar Equivalent” means, on any date of determination, the equivalent in U.S. Dollars of any value or sum denominated in Canadian Dollars using the rate of exchange quoted by Bank of Canada on the Business Day preceding the day as of which any determination of such rate is required to be made under the terms hereof as the mid-market spot rate for conversions of Canadian Dollars into U.S. Dollars. L/C Credit Extension” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

“U.S. Dollar Eurodollar Rate” means:

(a) for any Interest Period with respect to a U.S. Dollar Eurodollar Rate Loan or a Canadian U.S. Eurodollar Rate Committed Loan, the rate per annum equal to London Interbank Offered Rate (“**LIBOR**”) as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for U.S. Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, subject to **Section 5.03(c)**; or

(b) for any interest calculation with respect to a U.S. Base Rate Loan or Canadian U.S. Dollar Base Rate Loan on any date, the rate per annum equal to LIBOR at approximately 11:00 a.m., London time determined two Business Days prior to such date for Dollar deposits being delivered in the London interbank market for a term of one month commencing that day; provided that, if the U.S. Dollar Eurodollar Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“U.S. Dollar Eurodollar Rate Loan” means a U.S. Eurodollar Rate Committed Loan or a U.S. Eurodollar Margin Bid Loan.

“U.S. Eurodollar Bid Margin” means the margin above or below the U.S. Dollar Eurodollar Rate to be added to or subtracted from the U.S. Dollar Eurodollar Rate, which margin shall be expressed in multiples of 1/100th of one basis point.

“U.S. Eurodollar Margin Bid Loan” means a U.S. Bid Loan that bears interest at a rate based upon the U.S. Dollar Eurodollar Rate.

“U.S. Eurodollar Rate Committed Loan” means a U.S. Committed Loan that bears interest at a rate based on the U.S. Dollar Eurodollar Rate.

“U.S. Guarantor” means Devon Financing LLC.

“U.S. Guaranty” means the guaranty of the U.S. Obligations made by the U.S. Guarantor in favor of the Administrative Agent on behalf of the Lenders under the Devon Financing LLC Guaranty.

“U.S. Honor Date” has the meaning specified in **Section 2.04(e)(i)**.

“U.S. L/C Advance” means, with respect to each Lender, such Lender’s funding of its participation in any U.S. L/C Borrowing in accordance with its Pro-Rata Share.

“U.S. L/C Borrowing” means an extension of credit resulting from a drawing under any U.S. Letter of Credit which has not been reimbursed on the date when made or refinanced as a U.S. Committed Borrowing.

“U.S. L/C Credit Extension” means, with respect to any U.S. Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“U.S. L/C Issuer” means (i) the Initial L/C Issuers, or (ii) any other Lender that may issue U.S. Letters of Credit hereunder, as mutually agreed to by Administrative Agent and U.S. Borrower and such Lender, in such Person’s capacity as issuer of U.S. Letters of Credit hereunder, or any successor issuer of U.S. Letters of Credit hereunder.

~~“U.S. L/C Obligations” means, as at any date of determination, the aggregate undrawn amount of all outstanding U.S. Letters of Credit plus the aggregate of all U.S. Unreimbursed Amounts, including all U.S. L/C Borrowings. For all purposes of this Agreement, if on any date of determination a U.S. Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such U.S. Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.~~

~~“U.S. Letter of Credit” means any letter of credit issued by a U.S. L/C Issuer pursuant to **Section 2.04** and shall include the Existing U.S. Letters of Credit. A U.S. Letter of Credit may be a commercial letter of credit payable on sight draft or a standby letter of credit.~~

~~“U.S. Letter of Credit Application” means an application and agreement for the issuance or amendment of a U.S. Letter of Credit in the form from time to time in use by a U.S. L/C Issuer and acceptable to the U.S. Borrower.~~

~~“U.S. Letter of Credit Fee” has the meaning specified in **Section 2.04(i)**.~~

~~“U.S. Loan” means an extension of credit by a Lender to the U.S. Borrower under **Article 2** in the form of a U.S. Committed Loan, a U.S. Bid Loan or a U.S. Swing Line Loan.~~

~~“U.S. Note” means a promissory note made by the U.S. Borrower in favor of a Lender evidencing U.S. Loans made by such Lender, substantially in the form of **Exhibit D-1**.~~

~~“U.S. L/C Issuer” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. L/C Obligations” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. Letter of Credit” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. Obligations” means all Obligations other than Canadian Obligations. **Loan**” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. Required Lenders” means, as of any date of determination, Lenders having more than 50% of the Aggregate U.S. Commitments or, if the commitment of each Lender to make U.S. Committed Loans and the obligation of each U.S. L/C Issuer to make U.S. L/C Credit Extensions have been terminated, Lenders holding in the aggregate more than 50% of the Total U.S. Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in U.S. L/C Obligations and U.S. Swing Line Loans being deemed “held” by such Lender for purposes of this definition). The U.S. Commitment of, and the portion of the Total U.S. Outstandings held or deemed held by, any Defaulting Lender shall be disregarded in determining U.S. Required Lenders at any time; provided that the amount of any risk participation in U.S. Swing Line Loans and U.S. Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the U.S. Swing Line Lender or a U.S. L/C Issuer, as the case may be, in making such determination.~~

~~“U.S. **Swing Line**” means the revolving credit facility made available by the U.S. Swing Line Lender pursuant to **Section 2.05-Special Resolution Regime**” has the meaning specified in **Section 12.26**.~~

~~“U.S. **Swing Line Borrowing**” means a borrowing of a U.S. Swing Line Loan pursuant to **Section 2.05**.~~

~~“U.S. **Swing Line Lender**” means Bank of America or any other Lender that may provide U.S. Swing Line Loans hereunder, as mutually agreed to by Administrative Agent and the U.S. Borrower, in such Person’s capacity as provider of U.S. Swing Line Loans hereunder, or any successor swing line lender hereunder.~~

~~“U.S. **Swing Line Loan**” has the meaning specified in **Section 2.05(a)**. **Lender**” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. **Swing Line Loan Notice**” means a notice of a U.S. Swing Line Borrowing pursuant to **Section 2.05(b)**, which, if in writing, shall be substantially in the form of **Exhibit C (U.S.)** or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the U.S. Borrower.” has the meaning specified for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“U.S. **Swing Line Rate**” means the U.S. Base Rate plus the Applicable Rate.~~

~~“U.S. **Swing Line Sublimit**” means an amount equal to the lesser of (a) U.S. \$50,000,000 and (b) the Aggregate U.S. Commitments. The U.S. Swing Line Sublimit is part of, and not in addition to, the Aggregate U.S. Commitments.~~

~~“U.S. **Tax Compliance Certificate**” has the meaning specified in **Section 5.01(e)(ii)(B)(3)**.~~

~~“U.S. **Unreimbursed Amount**” has the meaning specified in **Section 2.04(e)(i)**. for such term in the Agreement that was in effect on and prior to the Canadian Subfacility Payoff Date.~~

~~“**Write-Down and Conversion Powers**” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.~~

1.02. Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(b) (i) The words “herein,” “hereto,” “hereof” and “hereunder” and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(ii) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

(iii) The term “including” is by way of example and not limitation.

(iv) The term “documents” includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(v) any reference herein to any Person shall be construed to include such Person’s successors and assigns.

(vi) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

(c) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(e) As used herein, ~~(i) the term “the L/C Issuer” shall mean “the applicable L/C Issuer”, “such L/C Issuer”, “each L/C Issuer” and “any L/C Issuer” as the context may require, (ii) the term “the U.S. L/C Issuer” shall mean “the applicable U.S. L/C Issuer”, “such U.S. L/C Issuer”, “each U.S. L/C Issuer” and “any U.S. L/C Issuer” as the context may require, and (iii) the term “the Canadian L/C Issuer” shall mean “the applicable Canadian L/C Issuer”, “such Canadian L/C Issuer”, “each Canadian L/C Issuer” and “any Canadian L/C Issuer” as the context may require.~~

1.03. Accounting Terms.

(a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the ~~U.S.~~ Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the ~~U.S.~~ Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the ~~U.S.~~ Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders and the ~~U.S.~~ Borrower); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the ~~U.S.~~ Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested

hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein, any lease that is treated as an operating lease for purposes of GAAP as of the date hereof shall continue to be treated as an operating lease (and any future lease, if it were in effect on the date hereof, that would be treated as an operating lease for purposes of GAAP as of the date hereof shall be treated as an operating lease), in each case for purposes of this Agreement, notwithstanding the effectiveness of any change in GAAP after the date hereof.

1.04. Rounding. Any financial ratios required to be maintained by the ~~U.S.~~ Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05. References to Agreements and Laws. Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.06. Times of Day. Unless otherwise specified, all ~~references herein to times of day made with respect to the Canadian Subfacility shall be references to Eastern time (daylight or standard, as applicable), and all other~~ references herein to times of day shall be references to Central time (daylight or standard, as applicable).

1.07. Letter of Credit Amounts. Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Issuer Documents related thereto, whether or not such maximum face amount is in effect at such time.

1.08. U.S. Dollar Equivalent. ~~Except for~~ For the purposes of determining ~~any amounts under Section 3.10, for the purposes of determining any amount relating to any Commitment, any Obligation or Outstanding Amount or~~ any amount referred to in any representation or warranty, covenant or Default, where such amount is the result of any mathematical calculation or equation which includes amounts denominated in Canadian Dollars together with amounts denominated in U.S. Dollars, all relevant amounts included in such calculation or equation that are denominated in Canadian Dollars shall be calculated, as of such time of determination, at the U.S. Dollar Equivalent thereof.

ARTICLE 2.

~~U.S.~~ COMMITMENTS AND ~~U.S.~~ CREDIT EXTENSION

2.01. ~~U.S.~~ Committed Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans in U.S. Dollars (each such loan, a "~~U.S.~~ Committed Loan") to the ~~U.S.~~ Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of the ~~U.S.~~ Commitment of such Lender; provided, however, that after giving effect to any ~~U.S.~~ Committed Borrowing, (i) the Total ~~U.S.~~ Outstandings shall not exceed the Aggregate ~~U.S.~~ Commitments, and (ii) the aggregate Outstanding Amount of the ~~U.S.~~ Committed Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all ~~U.S.~~ L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding

Amount of all ~~U.S.~~ Swing Line Loans shall not exceed the ~~U.S.~~ Commitment of such Lender. Within the limits of the ~~U.S.~~ Commitment of each Lender, and subject to the other terms and conditions hereof, the ~~U.S.~~ Borrower may borrow under this *Section 2.01*, prepay under *Section 2.06*, and reborrow under this *Section 2.01*. ~~U.S.~~ Committed Loans may be ~~U.S.~~ Base Rate Committed Loans or ~~U.S.~~ Eurodollar Rate Committed Loans, as further provided herein.

2.02. ~~U.S.~~ Borrowings, Conversions and Continuations of ~~U.S.~~ Committed Loans.

(a) Each ~~U.S.~~ Committed Borrowing, each conversion of ~~U.S.~~ Committed Loans from one Type to the other, and each continuation of ~~U.S.~~ Eurodollar Rate Committed Loans shall be made upon the ~~U.S.~~ Borrower's irrevocable notice to (except as provided in *Section 5.03*) the Administrative Agent, which may be given by (A) telephone or (B) a ~~U.S.~~ Committed Loan Notice. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) two Business Days prior to the requested date of any ~~U.S.~~ Committed Borrowing of, conversion to or continuation of ~~U.S.~~ Eurodollar Rate Committed Loans or of any conversion of ~~U.S.~~ Eurodollar Rate Committed Loans to ~~U.S.~~ Base Rate Committed Loans, and (ii) on the requested date of any ~~U.S.~~ Committed Borrowing of ~~U.S.~~ Base Rate Committed Loans. Each telephonic notice by the ~~U.S.~~ Borrower pursuant to this *Section 2.02(a)* must be confirmed promptly by delivery to the Administrative Agent of a written ~~U.S.~~ Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the ~~U.S.~~ Borrower. Each ~~U.S.~~ Committed Borrowing of, conversion to or continuation of ~~U.S.~~ Eurodollar Rate Committed Loans shall be in a principal amount of U.S. \$5,000,000 or a whole multiple of U.S. \$1,000,000 in excess thereof. Except as provided in *Sections 2.04(c)* and *2.05(c)*, each ~~U.S.~~ Committed Borrowing of or conversion to ~~U.S.~~ Base Rate Committed Loans shall be in a principal amount of U.S. \$1,000,000 or a whole multiple of U.S. \$100,000 in excess thereof. Each ~~U.S.~~ Committed Loan Notice (whether telephonic or written) shall specify (i) whether the ~~U.S.~~ Borrower is requesting a ~~U.S.~~ Committed Borrowing, a conversion of ~~U.S.~~ Committed Loans from one Type to the other, or a continuation of ~~U.S.~~ Eurodollar Rate Committed Loans, (ii) the requested date of the ~~U.S.~~ Committed Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of ~~U.S.~~ Committed Loans to be borrowed, converted or continued, (iv) the Type of ~~U.S.~~ Committed Loans to be borrowed or to which existing ~~U.S.~~ Committed Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the ~~U.S.~~ Borrower fails to specify a Type of ~~U.S.~~ Committed Loan in a ~~U.S.~~ Committed Loan Notice or if the ~~U.S.~~ Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable ~~U.S.~~ Committed Loans shall be made as, or converted to, ~~U.S.~~ Base Rate Committed Loans. Any such automatic conversion to ~~U.S.~~ Base Rate Committed Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable ~~U.S.~~ Eurodollar Rate Committed Loans. If the ~~U.S.~~ Borrower requests a ~~U.S.~~ Committed Borrowing of, conversion to, or continuation of ~~U.S.~~ Eurodollar Rate Committed Loans in any such ~~U.S.~~ Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a ~~U.S.~~ Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Pro Rata Share of the applicable ~~U.S.~~ Committed Loans, and if no timely notice of a conversion or continuation is provided by the ~~U.S.~~ Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to ~~U.S.~~ Base Rate Committed Loans described in the preceding subsection. In the case of a ~~U.S.~~ Committed Borrowing, each Lender shall make the amount of its ~~U.S.~~ Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable ~~U.S.~~ Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 6.02 (and, if such ~~U.S.~~ Borrowing is the initial ~~U.S.~~ Credit Extension, Section 6.01), the Administrative Agent shall make all funds so received available to the ~~U.S.~~ Borrower in like funds as received by the Administrative Agent either by (i)

crediting the account of the ~~U.S.~~ Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the ~~U.S.~~ Borrower; provided, however, that if, on the date the ~~U.S.~~ Committed Loan Notice with respect to such ~~U.S.~~ Borrowing is given by the ~~U.S.~~ Borrower, there are ~~U.S.~~ L/C Borrowings outstanding, then the proceeds of such ~~U.S.~~ Borrowing, first, shall be applied, to the payment in full of any such ~~U.S.~~ L/C Borrowings, and second, shall be made available to the ~~U.S.~~ Borrower as provided above.

(c) Except as otherwise provided herein, a ~~U.S.~~ Eurodollar Rate Committed Loan may be continued or converted only on the last day of an Interest Period for such ~~U.S.~~ Eurodollar Rate Committed Loan. During the existence of an Event of Default, no Loans may be requested as, converted to or continued as ~~U.S.~~ Eurodollar Rate Committed Loans without the consent of the ~~U.S.~~ Required Lenders.

(d) The Administrative Agent shall promptly notify the ~~U.S.~~ Borrower and the Lenders of the interest rate applicable to any Interest Period for ~~U.S.~~ Eurodollar Rate Committed Loans upon determination of such interest rate. The determination of the ~~U.S. Dollar~~ Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that ~~U.S.~~ Base Rate Committed Loans are outstanding, the Administrative Agent shall notify the ~~U.S.~~ Borrower and the Lenders of any change in Bank of America's prime rate used in determining the ~~U.S.~~ Base Rate promptly following the public announcement of such change.

(e) After giving effect to all ~~U.S.~~ Committed Borrowings, all conversions of ~~U.S.~~ Committed Loans from one Type to the other, and all continuations of ~~U.S.~~ Committed Loans as the same Type, there shall not be more than ten Interest Periods in effect with respect to ~~U.S.~~ Committed Loans.

2.03. ~~U.S.~~ Bid Loans.

(a) General. Subject to the terms and conditions set forth herein, each Lender agrees that the ~~U.S.~~ Borrower may from time to time request the Lenders to submit offers to make loans in U.S. Dollars (each such loan, a "~~U.S. Bid Loan~~") for requested maturities of thirty (30) days or more to the ~~U.S.~~ Borrower prior to the Maturity Date pursuant to this *Section 2.03*; provided, however, that after giving effect to any ~~U.S.~~ Bid Borrowing, the Total ~~U.S.~~ Outstandings shall not exceed the Aggregate ~~U.S.~~ Commitments. There shall not be more than five different Interest Periods in effect with respect to ~~U.S.~~ Bid Loans at any time.

(b) Requesting ~~U.S.~~ Competitive Bids. The ~~U.S.~~ Borrower may request the submission of ~~U.S.~~ Competitive Bids by delivering a ~~U.S.~~ Bid Request to the Administrative Agent not later than 12:00 noon (i) one Business Day prior to the requested date of any ~~U.S.~~ Bid Borrowing that is to consist of ~~U.S.~~ Absolute Rate Loans, or (ii) four Business Days prior to the requested date of any ~~U.S.~~ Bid Borrowing that is to consist of ~~U.S.~~ Eurodollar Margin Bid Loans. Each ~~U.S.~~ Bid Request shall specify (i) the requested date of the ~~U.S.~~ Bid Borrowing (which shall be a Business Day), (ii) the aggregate principal amount of ~~U.S.~~ Bid Loans requested (which must be U.S. \$5,000,000 or a whole multiple of U.S. \$1,000,000 in excess thereof), (iii) the Type of ~~U.S.~~ Bid Loans requested, and (iv) the duration of the Interest Period with respect thereto, and shall be signed by a Responsible Officer of the ~~U.S.~~ Borrower. No ~~U.S.~~ Bid Request shall contain a request for (i) more than one Type of ~~U.S.~~ Bid Loan or (ii) ~~U.S.~~ Bid Loans having more than three different Interest Periods. Unless the Administrative Agent otherwise agrees in its sole and absolute discretion, the ~~U.S.~~ Borrower may not submit a ~~U.S.~~ Bid Request if it has submitted another ~~U.S.~~ Bid Request within the prior five Business Days.

(c) Submitting U.S. Competitive Bids.

(i) The Administrative Agent shall promptly notify each Lender of each ~~U.S.~~ Bid Request received by it from the ~~U.S.~~ Borrower and the contents of such ~~U.S.~~ Bid Request.

(ii) Each Lender may (but shall have no obligation to) submit a ~~U.S.~~ Competitive Bid containing an offer to make one or more ~~U.S.~~ Bid Loans in response to such ~~U.S.~~ Bid Request. Such ~~U.S.~~ Competitive Bid must be delivered to the Administrative Agent not later than 10:30 a.m. (A) on the requested date of any ~~U.S.~~ Bid Borrowing that is to consist of ~~U.S.~~ Absolute Rate Loans, and (B) three Business Days prior to the requested date of any ~~U.S.~~ Bid Borrowing that is to consist of ~~U.S.~~ Eurodollar Margin Bid Loans; provided, however, that any ~~U.S.~~ Competitive Bid submitted by Bank of America in its capacity as a Lender in response to any ~~U.S.~~ Bid Request must be submitted to the Administrative Agent not later than 10:15 a.m. on the date on which ~~U.S.~~ Competitive Bids are required to be delivered by the other Lenders in response to such ~~U.S.~~ Bid Request. Each ~~U.S.~~ Competitive Bid shall specify (A) the proposed date of the ~~U.S.~~ Bid Borrowing; (B) the principal amount of each ~~U.S.~~ Bid Loan for which such ~~U.S.~~ Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the ~~U.S.~~ Commitment of the bidding Lender, (y) must be U.S. \$5,000,000 or a whole multiple of U.S. \$1,000,000 in excess thereof, and (z) may not exceed the principal amount of ~~U.S.~~ Bid Loans for which ~~U.S.~~ Competitive Bids were requested; (C) if the proposed ~~U.S.~~ Bid Borrowing is to consist of ~~U.S.~~ Absolute Rate Loans, the Absolute Rate offered for each such ~~U.S.~~ Bid Loan and the Interest Period applicable thereto; (D) if the proposed ~~U.S.~~ Bid Borrowing is to consist of ~~U.S.~~ Eurodollar Margin Bid Loans, the ~~U.S.~~ Eurodollar Bid Margin with respect to each such ~~U.S.~~ Eurodollar Margin Bid Loan and the Interest Period applicable thereto; and (E) the identity of the bidding Lender.

(iii) Any ~~U.S.~~ Competitive Bid shall be disregarded if it (A) is received after the applicable time specified in *clause (ii)* above, (B) is not substantially in the form of a ~~U.S.~~ Competitive Bid as specified herein, (C) contains qualifying, conditional or similar language, (D) proposes terms other than or in addition to those set forth in the applicable U.S. Bid Request, or (E) is otherwise not responsive to such U.S. Bid Request. Any Lender may correct a ~~U.S.~~ Competitive Bid containing a manifest error by submitting a corrected ~~U.S.~~ Competitive Bid (identified as such) not later than the applicable time required for submission of ~~U.S.~~ Competitive Bids. Any such submission of a corrected ~~U.S.~~ Competitive Bid shall constitute a revocation of the ~~U.S.~~ Competitive Bid that contained the manifest error. The Administrative Agent may, but shall not be required to, notify any Lender of any manifest error it detects in such Lender's ~~U.S.~~ Competitive Bid.

(iv) Subject only to the provisions of *Sections 5.02, 5.03 and 6.02* and *clause (iii)* above, each ~~U.S.~~ Competitive Bid shall be irrevocable.

(d) Notice to ~~U.S.~~ Borrower of ~~U.S.~~ Competitive Bids. Not later than 11:00 a.m. (i) on the requested date of any ~~U.S.~~ Bid Borrowing that is to consist of ~~U.S.~~ Absolute Rate Loans, or (ii) three Business Days prior to the requested date of any ~~U.S.~~ Bid Borrowing that is to consist of ~~U.S.~~ Eurodollar Margin Bid Loans, the Administrative Agent shall notify the ~~U.S.~~ Borrower of the identity of each Lender that has submitted a ~~U.S.~~ Competitive Bid that complies with *Section 2.03(c)* and of the terms of the offers contained in each such ~~U.S.~~ Competitive Bid.

(e) Acceptance of ~~U.S.~~ Competitive Bids. Not later than 11:30 a.m. (i) on the requested date of any ~~U.S.~~ Bid Borrowing that is to consist of ~~U.S.~~ Absolute Rate Loans, and (ii) three Business Days prior to the requested date of any ~~U.S.~~ Bid Borrowing that is to consist of ~~U.S.~~ Eurodollar Margin Bid

Loans, the ~~U.S.~~ Borrower shall notify the Administrative Agent of its acceptance or rejection of the offers notified to it pursuant to **Section 2.03(d)**. The ~~U.S.~~ Borrower shall be under no obligation to accept any ~~U.S.~~ Competitive Bid and may choose to reject all ~~U.S.~~ Competitive Bids. In the case of acceptance, such notice shall specify the aggregate principal amount of ~~U.S.~~ Competitive Bids for each Interest Period that is accepted. The ~~U.S.~~ Borrower may accept any ~~U.S.~~ Competitive Bid in whole or in part; provided that:

- (i) the aggregate principal amount of each ~~U.S.~~ Bid Borrowing may not exceed the applicable amount set forth in the related ~~U.S.~~ Bid Request;
- (ii) the principal amount of each ~~U.S.~~ Bid Loan must be U.S. \$5,000,000 or a whole multiple of U.S. \$1,000,000 in excess thereof;
- (iii) the acceptance of offers may be made only on the basis of ascending Absolute Rates or ~~U.S.~~ Eurodollar Bid Margins within each Interest Period; and

(iv) the ~~U.S.~~ Borrower may not accept any offer that is described in **Section 2.03(c)(iii)** or that otherwise fails to comply with the requirements hereof.

(f) Procedure for Identical ~~U.S.~~ Bids. If two or more Lenders have submitted ~~U.S.~~ Competitive Bids at the same Absolute Rate or ~~U.S.~~ Eurodollar Bid Margin, as the case may be, for the same Interest Period, and the result of accepting all of such ~~U.S.~~ Competitive Bids in whole (together with any other ~~U.S.~~ Competitive Bids at lower Absolute Rates or ~~U.S.~~ Eurodollar Bid Margins, as the case may be, accepted for such Interest Period in conformity with the requirements of **Section 2.03(e)(iii)**) would be to cause the aggregate outstanding principal amount of the applicable ~~U.S.~~ Bid Borrowing to exceed the amount specified therefor in the related ~~U.S.~~ Bid Request, then, unless otherwise agreed by the ~~U.S.~~ Borrower, the Administrative Agent and such Lenders, such ~~U.S.~~ Competitive Bids shall be accepted as nearly as possible in proportion to the amount offered by each such Lender in respect of such Interest Period, with such accepted amounts being rounded to the nearest whole multiple of U.S. \$1,000,000.

(g) Notice to Lenders of Acceptance or Rejection of ~~U.S.~~ Bids. The Administrative Agent shall promptly notify each Lender having submitted a ~~U.S.~~ Competitive Bid whether or not its offer has been accepted and, if its offer has been accepted, of the amount of the ~~U.S.~~ Bid Loan or ~~U.S.~~ Bid Loans to be made by it on the date of the applicable ~~U.S.~~ Bid Borrowing. Any ~~U.S.~~ Competitive Bid or portion thereof that is not accepted by the ~~U.S.~~ Borrower by the applicable time specified in Section 2.03(e) shall be deemed rejected.

(h) Notice of ~~U.S. Dollar~~ Eurodollar Rate. If any ~~U.S.~~ Bid Borrowing is to consist of ~~U.S.~~ Eurodollar Margin Bid Loans, the Administrative Agent shall determine the ~~U.S. Dollar~~ Eurodollar Rate for the relevant Interest Period, and promptly after making such determination, shall notify the ~~U.S.~~ Borrower and the Lenders that will be participating in such ~~U.S.~~ Bid Borrowing of such ~~U.S. Dollar~~ Eurodollar Rate.

(i) Funding of ~~U.S.~~ Bid Loans. Each Lender that has received notice pursuant to **Section 2.03(g)** that all or a portion of its ~~U.S.~~ Competitive Bid has been accepted by the ~~U.S.~~ Borrower shall make the amount of its ~~U.S.~~ Bid Loan(s) available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the date of the requested ~~U.S.~~ Bid Borrowing. Upon satisfaction of the applicable conditions set forth in **Section 6.02**, the Administrative Agent shall make all funds so received available to the ~~U.S.~~ Borrower in like funds as received by the Administrative Agent.

(j) Notice of Range of U.S. Bids. After each U.S. Competitive Bid auction pursuant to this **Section 2.03**, the Administrative Agent shall notify each Lender that submitted a U.S. Competitive Bid in such auction of the ranges of bids submitted (without the bidder's name) and accepted for each U.S. Bid Loan and the aggregate amount of each U.S. Bid Borrowing.

2.04. U.S. Letters of Credit:

(a) The U.S. Letter of Credit Commitment:

(i) Subject to the terms and conditions set forth herein, (A) each U.S. L/C Issuer agrees, in reliance upon the agreements of the other Lenders set forth in this **Section 2.04**, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue U.S. Letters of Credit denominated in U.S. Dollars for the account of the U.S. Borrower, and to amend or renew U.S. Letters of Credit previously issued by it, in accordance with **subsection (b)** below, and (2) to honor drawings under the U.S. Letters of Credit; and (B) the Lenders severally agree to participate in U.S. Letters of Credit issued for the account of the U.S. Borrower and any drawings thereunder; provided that after giving effect to any U.S. L/C Credit Extension with respect to any U.S. Letter of Credit, (w) the Total U.S. Outstandings shall not exceed the Aggregate U.S. Commitments, (x) the aggregate Outstanding Amount of the U.S. Committed Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all U.S. L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all U.S. Swing Line Loans shall not exceed such Lender's U.S. Commitment, (y) the sum of the Outstanding Amount of the U.S. L/C Obligations plus the Outstanding Amount of the Canadian L/C Obligations shall not exceed the Letter of Credit Sublimit, and (z) the Outstanding Amount of such L/C Issuer's (and, if applicable, its Canadian Affiliate's) L/C Obligations shall not exceed such L/C Issuer's L/C Issuer Global Commitment unless such U.S. L/C Issuer agrees otherwise in writing with the U.S. Borrower. Each request by the U.S. Borrower for the issuance or amendment of a U.S. Letter of Credit shall be deemed to be a representation by the U.S. Borrower that the U.S. L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the U.S. Borrower's ability to obtain U.S. Letters of Credit shall be fully revolving, and accordingly the U.S. Borrower may, during the foregoing period, obtain U.S. Letters of Credit to replace U.S. Letters of Credit that have expired or that have been drawn upon and reimbursed. All Existing U.S. Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) No U.S. L/C Issuer shall issue any U.S. Letter of Credit, if the expiry date of such requested U.S. Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Lenders have approved such expiry date.

(iii) No U.S. L/C Issuer shall be under any obligation to issue any U.S. Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such U.S. L/C Issuer from issuing such U.S. Letter of Credit, or any Law applicable to such U.S. L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such U.S. L/C Issuer shall prohibit, or request that such U.S. L/C Issuer refrain from, the issuance of letters of credit generally or such U.S. Letter of Credit in particular or shall impose upon such U.S. L/C Issuer with respect to

such U.S. Letter of Credit any restriction, reserve or capital requirement (for which such U.S. L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such U.S. L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such U.S. L/C Issuer in good faith deems material to it, unless the U.S. Borrower confirms that it will pay the foregoing;

~~(B) the issuance of such U.S. Letter of Credit would violate any Laws;~~

~~(C) except as otherwise agreed by the Administrative Agent and such U.S. L/C Issuer, such U.S. Letter of Credit is in an initial face amount less than U.S. \$10,000;~~

~~(D) such U.S. Letter of Credit is to be denominated in a currency other than U.S. Dollars;~~

~~(E) the issuance of such U.S. Letter of Credit would violate one or more policies of such U.S. L/C Issuer applicable to the issuance of letters of credit generally and applied by such U.S. L/C Issuer to other similarly situated borrowers under similar credit facilities; provided that (x) upon request of the U.S. Borrower, such U.S. L/C Issuer shall provide the U.S. Borrower a reasonably detailed description of such policy and (y) such policy shall not be predicated on the credit strength of the Loan Parties or the Lenders; or~~

~~(F) any Lender is at that time a Defaulting Lender, unless such U.S. L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such U.S. L/C Issuer (in its reasonable discretion) with the U.S. Borrower or such Lender to eliminate such U.S. L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 4.10(a)(iv)) with respect to the Defaulting Lender arising from either the U.S. Letter of Credit then proposed to be issued or that U.S. Letter of Credit and all other U.S. L/C Obligations as to which such U.S. L/C Issuer has actual or potential Fronting Exposure, as it may elect in its reasonable discretion.~~

~~(iv) No U.S. L/C Issuer shall amend any U.S. Letter of Credit if such U.S. L/C Issuer would not be permitted at such time to issue such U.S. Letter of Credit in its amended form under the terms hereof.~~

~~(v) No U.S. L/C Issuer shall be under any obligation to amend any U.S. Letter of Credit if (A) such U.S. L/C Issuer would have no obligation at such time to issue such U.S. Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such U.S. Letter of Credit does not accept the proposed amendment to such U.S. Letter of Credit.~~

~~(b) Procedures for Issuance and Amendment of U.S. Letters of Credit.~~

~~(i) Each U.S. Letter of Credit shall be issued or amended, as the case may be, upon the request of the U.S. Borrower delivered to a U.S. L/C Issuer (with a copy to the Administrative Agent) in the form of a U.S. Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the U.S. Borrower. Such U.S. Letter of Credit Application may be sent by facsimile, by United States mail, by overnight courier, by electronic transmission using the system provided by such U.S. L/C Issuer, by personal delivery or by any other means acceptable to such U.S. L/C Issuer. Such U.S. Letter of Credit Application must be received by such U.S. L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least~~

two Business Days (or such later date and time as the Administrative Agent and such U.S. L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a U.S. Letter of Credit, such U.S. Letter of Credit Application shall specify in form and detail satisfactory to such U.S. L/C Issuer: (A) the proposed issuance date of the requested U.S. Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as such U.S. L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding U.S. Letter of Credit, such U.S. Letter of Credit Application shall specify in form and detail satisfactory to such U.S. L/C Issuer (A) the U.S. Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as such U.S. L/C Issuer may require. Additionally, the U.S. Borrower shall furnish to such U.S. L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested U.S. Letter of Credit issuance or amendment, including any Issuer Documents, as such U.S. L/C Issuer or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any U.S. Letter of Credit Application, a U.S. L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such U.S. Letter of Credit Application from the U.S. Borrower and, if not, such U.S. L/C Issuer will provide the Administrative Agent with a copy thereof. Unless such U.S. L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable U.S. Letter of Credit, that one or more applicable conditions contained in *Article 6* shall not then be satisfied, then, subject to the terms and conditions hereof, such U.S. L/C Issuer shall, on the requested date, issue a U.S. Letter of Credit for the account of the U.S. Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with such U.S. L/C Issuer's usual and customary business practices. Immediately upon the issuance of each U.S. Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from such U.S. L/C Issuer a risk participation in such U.S. Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such U.S. Letter of Credit.

(iii) Promptly after its delivery of any U.S. Letter of Credit or any amendment to a U.S. Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, a U.S. L/C Issuer will also deliver to the U.S. Borrower and the Administrative Agent a true and complete copy of such U.S. Letter of Credit or amendment.

(e) Drawings and Reimbursements; Funding of Participations:

(i) Upon receipt from the beneficiary of any U.S. Letter of Credit of any notice of a drawing under such U.S. Letter of Credit, the applicable U.S. L/C Issuer shall notify the U.S. Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the Business Day immediately following the date of any payment by such U.S. L/C Issuer under a U.S. Letter of Credit (each such date, an "*U.S. Honor Date*"), the U.S. Borrower shall reimburse such U.S. L/C Issuer in an amount equal to the amount of such drawing by means of a Borrowing of U.S. Base Rate Committed Loans or otherwise. If the U.S. Borrower fails so to reimburse such U.S. L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the U.S. Honor Date, the amount of the unreimbursed drawing (the "*U.S. Unreimbursed Amount*"), and

the amount of such Lender's Pro Rata Share thereof. In such event, the U.S. Borrower shall be deemed to have requested a U.S. Committed Borrowing of U.S. Base Rate Loans to be disbursed on the U.S. Honor Date in an amount equal to the U.S. Unreimbursed Amount, without regard to the minimum and multiples specified in **Section 2.02** for the principal amount of U.S. Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate U.S. Commitments and whether or not the conditions set forth in **Section 6.02** are satisfied, provided that no Event of Default under **Sections 10.01(h)(i)** or **10.01(h)(ii)** has occurred and is continuing. Any notice given by such U.S. L/C Issuer or the Administrative Agent pursuant to this **Section 2.04(c)(i)** may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender (including the Lender acting as the applicable U.S. L/C Issuer) shall upon any notice pursuant to **Section 2.04(c)(i)** make funds available to the Administrative Agent for the account of such U.S. L/C Issuer at the Administrative Agent's Office in an amount equal to its Pro Rata Share of the U.S. Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of **Section 2.04(c)(iii)**, each Lender that so makes funds available shall be deemed to have made a U.S. Base Rate Committed Loan to the U.S. Borrower in such amount. The Administrative Agent shall remit the funds so received to such U.S. L/C Issuer.

(iii) With respect to any U.S. Unreimbursed Amount that is not fully refinanced by a U.S. Committed Borrowing of U.S. Base Rate Loans for any reason, the U.S. Borrower shall be deemed to have incurred from such U.S. L/C Issuer a U.S. L/C Borrowing in the amount of the U.S. Unreimbursed Amount that is not so refinanced, which U.S. L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a per annum rate equal to (i) for the first three (3) Business Days after the date of such U.S. L/C Borrowing, the U.S. Base Rate, and (ii) thereafter, the U.S. Base Rate plus two percent (2%). In such event, each Lender's payment to the Administrative Agent for the account of such U.S. L/C Issuer pursuant to **Section 2.04(c)(ii)** shall be deemed payment in respect of its participation in such U.S. L/C Borrowing and shall constitute a U.S. L/C Advance from such Lender in satisfaction of its participation obligation under this **Section 2.04**.

(iv) Until each Lender funds its U.S. Committed Loan or U.S. L/C Advance pursuant to this **Section 2.04(c)** to reimburse a U.S. L/C Issuer for any amount drawn under any U.S. Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of such U.S. L/C Issuer.

(v) Each Lender's obligation to make U.S. Committed Loans or U.S. L/C Advances to reimburse a U.S. L/C Issuer for amounts drawn under U.S. Letters of Credit, as contemplated by this **Section 2.04(c)**, shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against such U.S. L/C Issuer, the U.S. Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing. No such making of a U.S. L/C Advance shall relieve or otherwise impair the obligation of the U.S. Borrower to reimburse such U.S. L/C Issuer for the amount of any payment made by such U.S. L/C Issuer under any U.S. Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of a U.S. L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this **Section 2.04(c)** by the time specified in **Section 2.04(c)(ii)**, then, without

limiting the other provisions of this Agreement, such U.S. L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such U.S. L/C Issuer at a rate per annum equal to greater of the Federal Funds Rate and a rate determined by such U.S. L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by such U.S. L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid (excluding, for the avoidance of doubt, the aforesaid interest and fees) shall constitute such Lender's U.S. Committed Loan included in the relevant U.S. Committed Borrowing or U.S. L/C Advance in respect of the relevant U.S. L/C Borrowing, as the case may be. A certificate of a U.S. L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this *clause (vi)* shall be conclusive absent manifest error.

(d) Repayment of Participations:

(i) At any time after a U.S. L/C Issuer has made a payment under any U.S. Letter of Credit and has received from any Lender such Lender's U.S. L/C Advance in respect of such payment in accordance with *Section 2.04(e)*, if the Administrative Agent receives for the account of such U.S. L/C Issuer any payment in respect of the related U.S. Unreimbursed Amount or interest thereon (whether directly from the U.S. Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's U.S. L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of any U.S. L/C Issuer pursuant to *Section 2.04(e)(i)* is required to be returned under any of the circumstances described in *Section 12.08* (including pursuant to any settlement entered into by such U.S. L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of such U.S. L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute: The obligation of the U.S. Borrower to reimburse a U.S. L/C Issuer for each drawing under each U.S. Letter of Credit and to repay each U.S. L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such U.S. Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the U.S. Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such U.S. Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), such U.S. L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such U.S. Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such U.S. Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such U.S. Letter of Credit;

(iv) waiver by such U.S. L/C Issuer of any requirement that exists for such U.S. L/C Issuer's protection and not the protection of the U.S. Borrower or any waiver by such U.S. L/C Issuer which does not in fact materially prejudice the U.S. Borrower;

(v) any payment made by such U.S. L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable, to the extent the UCC, the ISP or the UCP applies to such Letter of Credit and the applicable provision in the UCC, the ISP or the UCP that would otherwise permit such presentation was not overridden by the terms of such Letter of Credit;

(vi) any payment by such U.S. L/C Issuer under such U.S. Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such U.S. Letter of Credit; or any payment made by such U.S. L/C Issuer under such U.S. Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, liquidator, receiver, receiver-manager or other representative of or successor to any beneficiary or any transferee of such U.S. Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the U.S. Borrower or any Subsidiary.

The U.S. Borrower shall promptly examine a copy of each U.S. Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the U.S. Borrower's instructions or other irregularity, the U.S. Borrower will promptly notify the U.S. L/C Issuer. The U.S. Borrower shall be conclusively deemed to have waived any such claim against the U.S. L/C Issuer and its correspondents unless such notice is given as aforesaid.

~~(f) Role of U.S. L/C Issuer.~~ Each Lender and the U.S. Borrower agree that, in paying any drawing under a U.S. Letter of Credit, a U.S. L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the U.S. Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the U.S. L/C Issuers, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of any U.S. L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the U.S. Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any U.S. Letter of Credit or Issuer Document. The U.S. Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any U.S. Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the U.S. Borrower pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the U.S. L/C Issuers, the Administrative Agent, any of their respective Related Parties, nor any of the respective correspondents, participants or assignees of any U.S. L/C Issuer, shall be liable or responsible

for any of the matters described in ~~clauses (i) through (vii) of Section 2.04(e)~~; provided, however, that anything in such clauses to the contrary notwithstanding, the U.S. Borrower may have a claim against the U.S. L/C Issuer, and such U.S. L/C Issuer may be liable to the U.S. Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the U.S. Borrower which the U.S. Borrower proves were caused by such U.S. L/C Issuer's willful misconduct or gross negligence or such U.S. L/C Issuer's willful failure to pay under any U.S. Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a U.S. Letter of Credit. In furtherance and not in limitation of the foregoing, a U.S. L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and such U.S. L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a U.S. Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. A U.S. L/C Issuer may send a U.S. Letter of Credit or conduct any communication to or from the beneficiary via SWIFT message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

~~(g) Cash Collateral. Upon the request of the Administrative Agent or, in the case of the succeeding clause (ii), any U.S. L/C Issuer (with a copy to the Administrative Agent) (i) if such U.S. L/C Issuer has honored any full or partial drawing request under any U.S. Letter of Credit and such drawing has resulted in a U.S. L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any U.S. Letter of Credit for any reason remains outstanding and partially or wholly undrawn, the U.S. Borrower shall immediately Cash Collateralize the then Outstanding Amount of all U.S. L/C Obligations in an amount equal to one hundred percent (100%) of such Outstanding Amount determined as of the date of such U.S. L/C Borrowing or the Letter of Credit Expiration Date, as the case may be. Sections 2.06, 3.04, 3.06, 4.10, and 10.02(e) set forth certain additional requirements to deliver Cash Collateral hereunder. The U.S. Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the U.S. L/C Issuers and the Lenders, a first priority security interest in all such cash, deposit accounts and all balances therein and in all other property so provided as collateral pursuant to this Agreement, and in all proceeds of the foregoing, all as security for the obligations to which Cash Collateral may be applied. Cash Collateral shall be maintained in blocked deposit accounts held by the Administrative Agent.~~

~~If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided which has priority over the Administrative Agent's claim, the applicable Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.~~

~~Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Agreement in respect of U.S. Letters of Credit or U.S. Swing Line Loans shall be held and applied to the satisfaction of the specific U.S. L/C Obligations, U.S. Swing Line Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.~~

~~Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released in whole or in part, as applicable, promptly following (i) the elimination of the applicable Fronting Exposure or payment in full of all other obligations giving rise thereto (including, if applicable, by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 12.09(b)(vi))) or (ii) the Administrative Agent's determination that there exists excess Cash Collateral; provided, however, that~~

Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of a Default or Event of Default (and following application as provided in this ~~Section 2.04~~, in ~~Section 4.10~~, or as may be otherwise applied in accordance with ~~Section 10.04~~).

~~(h) Applicability of ISP98 and UCP. Unless otherwise expressly agreed by a U.S. L/C Issuer and the U.S. Borrower when a U.S. Letter of Credit is issued (including any such agreement applicable to an Existing U.S. Letter of Credit), (i) the rules of the ISP shall apply to each standby U.S. Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial U.S. Letter of Credit. Notwithstanding the foregoing, no U.S. L/C Issuer shall be responsible to the U.S. Borrower for, and such U.S. L/C Issuer's rights and remedies against the U.S. Borrower shall not be impaired by, any action or inaction of such U.S. L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any U.S. Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where such U.S. L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade – International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, to the extent such law or practice is applicable to such U.S. Letter of Credit.~~

~~(i) U.S. Letter of Credit Fees. The U.S. Borrower shall pay to the Administrative Agent for the account of each Lender in accordance, subject to Section 4.10, with its Pro Rata Share a U.S. Letter of Credit fee (the “U.S. Letter of Credit Fee”) for each U.S. Letter of Credit equal to the Applicable Rate times the daily maximum amount available to be drawn under such U.S. Letter of Credit. U.S. Letter of Credit Fees shall be (i) computed on a quarterly basis in arrears (and, for the avoidance of doubt, calculated for the calendar day period for which such U.S. Letter of Credit was outstanding during such quarterly period, with each quarter starting with and including the first calendar date of the quarter and ending on and including the last calendar date of such quarter) and (ii) due and payable within three Business Days of receipt of an invoice from the Administrative Agent properly setting forth the amounts due and payable, with such invoice being provided on or after the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such U.S. Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily maximum amount of each U.S. Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.~~

~~(j) Fronting Fee and Documentary and Processing Charges Payable to U.S. L/C Issuer. The U.S. Borrower shall pay directly to the applicable U.S. L/C Issuer for its own account a fronting fee with respect to each U.S. Letter of Credit at the rate per annum specified in the applicable Fee Letter, payable on the actual daily maximum amount available to be drawn under such U.S. Letter of Credit. Such fronting fee shall be computed on a quarterly basis in arrears (and, for the avoidance of doubt, calculated for the calendar day period for which such U.S. Letter of Credit was outstanding during such quarterly period, with each quarter starting with and including the first calendar date of the quarter and ending on and including the last calendar date of such quarter). Such fronting fee shall be due and payable within three Business Days of receipt of an invoice from the applicable U.S. L/C Issuer properly setting forth the amounts due and payable, with such invoice being provided on or after the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such U.S. Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. In addition, the U.S. Borrower shall pay directly to such U.S. L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such U.S. L/C Issuer relating to letters of credit as agreed to by the U.S. Borrower and the~~

applicable U.S. L/C Issuer. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

~~(k) Conflict with Issuer Documents.~~ In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

~~(l) Designation of Subsidiaries as Account Parties.~~ Notwithstanding anything to the contrary set forth in this Agreement, including without limitation **Section 2.04(a)**, a U.S. Letter of Credit issued hereunder shall, upon the request of the U.S. Borrower, be issued for the account of any Subsidiary of the U.S. Borrower, provided that notwithstanding such request, the U.S. Borrower shall be the actual account party for all purposes of this Agreement for such U.S. Letter of Credit, and such request shall not affect the U.S. Borrower's reimbursement obligations hereunder with respect to such U.S. Letter of Credit.

~~(m) U.S. L/C Issuer Reports to the Administrative Agent.~~ Unless otherwise agreed by the Administrative Agent, each U.S. L/C Issuer shall, in addition to its notification obligations set forth elsewhere in this Section, report in writing to the Administrative Agent (i) periodic activity (for such period or recurrent periods as shall be requested by the Administrative Agent) in respect of U.S. Letters of Credit issued by such U.S. L/C Issuer, including issuances, extensions, amendments and renewals, expirations and cancellations and disbursements and reimbursements, (ii) at least one Business Day prior to the time that such U.S. L/C Issuer issues, amends, renews or extends a U.S. Letter of Credit, the date of such issuance, amendment, renewal or extension, and the stated amount of the applicable U.S. Letters of Credit after giving effect to such issuance, amendment, renewal or extension (and whether the amounts thereof shall have changed), (iii) on each Business Day on which such U.S. L/C Issuer makes a payment pursuant to a U.S. Letter of Credit, the date and amount of such payment, (iv) on any Business Day on which the U.S. Borrower fails to reimburse a payment made pursuant to a U.S. Letter of Credit required to be reimbursed to such U.S. L/C Issuer on such day, the date of such failure and the amount of such payment and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request as to the U.S. Letters of Credit issued by such U.S. L/C Issuer.

2.05. U.S. Swing Line Loans.

~~(a) The U.S. Swing Line.~~ Subject to the terms and conditions set forth herein, the U.S. Swing Line Lender, in reliance upon the agreements of the other Lenders set forth in this **Section 2.05**, agrees to make loans in U.S. Dollars (each such loan, a "**U.S. Swing Line Loan**") to the U.S. Borrower from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the U.S. Swing Line Sublimit, notwithstanding the fact that such U.S. Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of U.S. Committed Loans and U.S. L/C Obligations of the Lender acting as U.S. Swing Line Lender, may exceed the amount of such Lender's U.S. Commitment; ~~provided, however, that (x) after giving effect to any U.S. Swing Line Loan, (i) the Total U.S. Outstandings shall not exceed the Aggregate U.S. Commitments, (ii) the aggregate Outstanding Amount of the U.S. Committed Loans of any Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all U.S. L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all U.S. Swing Line Loans shall not exceed such Lender's U.S. Commitment, and (iii) the aggregate Outstanding Amount of U.S. Swing Line Loans plus the aggregate Outstanding Amount of Canadian Swing Line Loans shall not exceed \$50,000,000, (y) that the U.S. Borrower shall not use the proceeds of any U.S. Swing Line Loan to refinance any outstanding U.S. Swing Line Loan, and (z) the U.S. Swing Line Lender shall not be obligated to make a U.S. Swing Line Loan if it shall determine (after giving effect to **Section 4.10(a)(iv)**) that it has, or by such Credit Extension may have, Fronting Exposure.~~ Within the foregoing limits, and subject to the other terms and conditions hereof, the U.S. Borrower may borrow under this **Section 2.05**, prepay under **Section 2.06**, and reborrow under this **Section 2.05**. Immediately upon the making of a U.S. Swing Line Loan, each

Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the U.S. Swing Line Lender a risk participation in such U.S. Swing Line Loan in an amount equal to the product of such Lender's Pro Rata Share ~~times~~ the amount of such U.S. Swing Line Loan.

~~(b) U.S. Borrowing Procedures. Each U.S. Swing Line Borrowing shall be made upon the U.S. Borrower's irrevocable notice to the U.S. Swing Line Lender and the Administrative Agent, which may be given by (A) telephone or (B) by a U.S. Swing line Loan Notice. Each such notice must be received by the U.S. Swing Line Lender and the Administrative Agent not later than 3:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of U.S. \$1,000,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to the U.S. Swing Line Lender and the Administrative Agent of a written U.S. Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the U.S. Borrower. Promptly after receipt by the U.S. Swing Line Lender of any telephonic U.S. Swing Line Loan Notice, the U.S. Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such U.S. Swing Line Loan Notice and, if not, the U.S. Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the U.S. Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 4:00 p.m. on the date of the proposed U.S. Swing Line Borrowing (A) directing the U.S. Swing Line Lender not to make such U.S. Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of **Section 2.05(a)**, or (B) that one or more of the applicable conditions specified in **Article 6** is not then satisfied, then, subject to the terms and conditions hereof, the U.S. Swing Line Lender will, not later than 5:00 p.m. on the borrowing date specified in such U.S. Swing Line Loan Notice, make the amount of its U.S. Swing Line Loan available to the U.S. Borrower at its office by crediting the account of the U.S. Borrower on the books of the U.S. Swing Line Lender in immediately available funds.~~

~~(c) Refinancing of U.S. Swing Line Loans:~~

~~(i) The U.S. Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the U.S. Borrower (which hereby irrevocably authorizes the U.S. Swing Line Lender to so request on its behalf), that each Lender make a U.S. Base Rate Committed Loan in an amount equal to such Lender's Pro Rata Share of the amount of U.S. Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a U.S. Committed Loan Notice for purposes hereof) and in accordance with the requirements of **Section 2.02**, without regard to the minimum and multiples specified therein for the principal amount of U.S. Base Rate Loans, but subject to the unutilized portion of the Aggregate U.S. Commitments and the conditions set forth in **Section 6.02**. The U.S. Swing Line Lender shall furnish the U.S. Borrower with a copy of the applicable U.S. Committed Loan Notice promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to its Pro Rata Share of the amount specified in such U.S. Committed Loan Notice available to the Administrative Agent in immediately available funds (and the Administrative Agent may apply Cash Collateral available with respect to the applicable U.S. Swing Line Loan) for the account of the U.S. Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such U.S. Committed Loan Notice, whereupon, subject to **Section 2.05(e)(ii)**, each Lender that so makes funds available shall be deemed to have made a U.S. Base Rate Committed Loan to the U.S. Borrower in such amount. The Administrative Agent shall remit the funds so received to the U.S. Swing Line Lender.~~

~~(ii) If for any reason any U.S. Swing Line Loan cannot be refinanced by such a U.S. Committed Borrowing in accordance with **Section 2.05(e)** ~~(f)~~, the request for U.S. Base Rate~~

Committed Loans submitted by the U.S. Swing Line Lender as set forth herein shall be deemed to be a request by the U.S. Swing Line Lender that each of the Lenders fund its risk participation in the relevant U.S. Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the U.S. Swing Line Lender pursuant to **Section 2.05(c)(i)** shall be deemed payment in respect of such participation:

(iii) If any Lender fails to make available to the Administrative Agent for the account of the U.S. Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this **Section 2.05(c)** by the time specified in **Section 2.05(c)(i)**, the U.S. Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the U.S. Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the U.S. Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the U.S. Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid (excluding, for the avoidance of doubt, the aforesaid interest and fees) shall constitute such Lender's U.S. Committed Loan included in the relevant U.S. Committed Borrowing or funded participation in the relevant U.S. Swing Line Loan, as the case may be. A certificate of the U.S. Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this **clause (iii)** shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make U.S. Committed Loans or to purchase and fund risk participations in U.S. Swing Line Loans pursuant to this **Section 2.05(c)** shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the U.S. Swing Line Lender, the U.S. Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; ~~provided, however,~~ that each Lender's obligation to make U.S. Committed Loans pursuant to this **Section 2.05(c)** is subject to the conditions set forth in **Section 6.02**. No such funding of risk participations shall relieve or otherwise impair the obligation of the U.S. Borrower to repay U.S. Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations:

(i) At any time after any Lender has purchased and funded a risk participation in a U.S. Swing Line Loan, if the U.S. Swing Line Lender receives any payment on account of such U.S. Swing Line Loan, the U.S. Swing Line Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the U.S. Swing Line Lender.

(ii) If any payment received by the U.S. Swing Line Lender in respect of principal or interest on any U.S. Swing Line Loan is required to be returned by the U.S. Swing Line Lender under any of the circumstances described in **Section 12.08** (including pursuant to any settlement entered into by the U.S. Swing Line Lender in its discretion), each Lender shall pay to the U.S. Swing Line Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon

the request of the U.S. Swing Line Lender. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

~~(c) Interest for Account of U.S. Swing Line Lender. The U.S. Swing Line Lender shall be responsible for invoicing the U.S. Borrower for interest on the U.S. Swing Line Loans. Until each Lender funds its U.S. Base Rate Committed Loan or risk participation pursuant to this **Section 2.05** to refinance such Lender's Pro Rata Share of any U.S. Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the U.S. Swing Line Lender.~~

~~(f) Payments Directly to U.S. Swing Line Lender. The U.S. Borrower shall make all payments of principal and interest in respect of the U.S. Swing Line Loans directly to the U.S. Swing Line Lender.~~

2.06. Prepayments.

~~(a) The U.S. Borrower may, upon notice to the Administrative Agent, at any time or from time to time, voluntarily prepay U.S. Committed Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 11:00 a.m. (A) two Business Days prior to any date of prepayment of U.S. Eurodollar Rate Committed Loans and (B) on the date of prepayment of U.S. Base Rate Committed Loans; (ii) any prepayment of U.S. Eurodollar Rate Committed Loans shall be in a principal amount of U.S. \$5,000,000 or a whole multiple of U.S. \$1,000,000 in excess thereof; and (iii) any prepayment of U.S. Base Rate Committed Loans shall be in a principal amount of U.S. \$1,000,000 or a whole multiple of U.S. \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) of U.S. Committed Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Pro Rata Share of such prepayment. If such notice is given by the U.S. Borrower, the U.S. Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a U.S. Dollar Eurodollar Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to **Section 5.05**. Each such prepayment shall be applied to the U.S. Committed Loans of the Lenders in accordance with their respective Pro Rata Shares.~~

~~(b) No U.S. Bid Loan may be prepaid without the prior consent of the applicable U.S. Bid Loan Lender.~~

~~(c) The U.S. Borrower may, upon notice to the U.S. Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay U.S. Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the U.S. Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of U.S. \$1,000,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the U.S. Borrower, the U.S. Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.~~

~~(d) If for any reason the Total U.S. Outstandings at any time exceed the Aggregate U.S. Commitments then in effect, the U.S. Borrower shall immediately prepay Loans and/or Cash Collateralize the U.S. L/C Obligations in an aggregate amount equal to such excess; provided, however, that the U.S. Borrower shall not be required to Cash Collateralize the U.S. L/C Obligations pursuant to this **Section 2.06(d)** unless after the prepayment in full of the U.S. Committed Loans and U.S. Swing Line Loans the Total U.S. Outstandings exceed the Aggregate U.S. Commitments then in effect.~~

2.07.-Repayment of U.S. Loans:

(a) The U.S. Borrower shall repay to the Administrative Agent for the account of the Lenders on the Maturity Date the aggregate principal amount of the U.S. Committed Loans and all other U.S. Obligations owing to the Lenders outstanding on such date.

(b) The U.S. Borrower shall repay each U.S. Swing Line Loan on the earlier to occur of (i) the date ten Business Days after such U.S. Loan is made and (ii) the Maturity Date.

(c) The U.S. Borrower shall repay each U.S. Bid Loan on the last day of the Interest Period in respect thereof.

ARTICLE 3.

CANADIAN SUBFACILITY

~~3.01. Canadian Committed Loans.~~ Subject to the terms and conditions set forth herein, each Canadian Lender severally agrees to make loans in Canadian Dollars or U.S. Dollars (each such loan, a "Canadian Committed Loan") to the Canadian Borrower from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of the Canadian Commitment of such Canadian Lender; provided, however, that after giving effect to any Canadian Committed Borrowing, (i) the Total Canadian Outstandings (calculated, as necessary, at the U.S. Dollar Equivalent thereof) shall not exceed the Aggregate Canadian Commitments, and (ii) the aggregate Outstanding Amount of the Canadian Committed Loans of any Canadian Lender, plus such Canadian Lender's Pro Rata Share of the Outstanding Amount of all Canadian L/C Obligations, plus such Canadian Lender's Pro Rata Share of the Outstanding Amount of all Canadian Swing Line Loans plus such Canadian Lender's Bankers' Acceptances (in each case, calculated, as necessary, at the U.S. Dollar Equivalent thereof) shall not exceed the Canadian Commitment of such Canadian Lender. Within the limits of the Canadian Commitment of each Canadian Lender, and subject to the other terms and conditions hereof, the Canadian Borrower may borrow under this ~~Section 3.01~~, prepay under ~~Section 3.06~~, and reborrow under this ~~Section 3.01~~. Canadian Committed Loans may be Canadian Prime Rate Committed Loans, Canadian Base Rate Committed Loans, Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans, as further provided herein.

~~3.02. Canadian Borrowings, Conversions and Continuations of Canadian Committed Loans.~~

~~(a) Each Canadian Committed Borrowing, each conversion of Canadian Committed Loans from one Type to another, and each continuation of Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans shall be made upon the Canadian Borrower's irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Canadian Committed Borrowing Notice. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Canadian Borrowing of, conversion to or continuation of Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans or of any conversion of Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans to Canadian Prime Rate Committed Loans or Canadian Base Rate Committed Loans, and (ii) on the requested date of any Canadian Borrowing of Canadian Base Rate Committed Loans or Canadian Prime Rate Committed Loans. Each telephonic notice by the Canadian Borrower pursuant to this ~~Section 3.02(a)~~ must be confirmed promptly by delivery to the Administrative Agent of a written Canadian Committed Borrowing Notice, appropriately completed and signed by a Responsible Officer of the Canadian Borrower. Each Canadian Borrowing of, conversion to or continuation of Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate~~

Committed Loans shall be in a principal amount of \$5,000,000 in the Applicable Currency or a whole multiple of \$1,000,000 of the Applicable Currency in excess thereof. Each Canadian Committed Borrowing Notice (whether telephonic or written) shall specify (i) whether the Canadian Borrower is requesting a Canadian Committed Borrowing, a conversion of Canadian Committed Loans from one Type to another, or a continuation of Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans, (ii) the requested date of the Canadian Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Canadian Committed Loans to be borrowed, converted or continued, (iv) the Type of Canadian Committed Loans to be borrowed or to which existing Canadian Committed Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Canadian Borrower fails to specify a Type of Canadian Committed Loan in a Canadian Committed Borrowing Notice or if the Canadian Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Canadian Loans denominated in Canadian Dollars shall be made as, or converted to, Canadian Prime Rate Committed Loans and the applicable Canadian Loans denominated in U.S. Dollars shall be made as, or converted to, Canadian Base Rate Committed Loans. Any such automatic conversion shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Canadian Dollar CDOR Rate Committed Loans or the applicable Canadian U.S. Eurodollar Rate Committed Loans. If the Canadian Borrower requests a Canadian Committed Borrowing of, conversion to, or continuation of Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loan in any such Canadian Committed Borrowing Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. No Canadian Committed Loan may be converted into or continued as a Canadian Committed Loan denominated in a different currency, but instead must be prepaid in the original currency of such Canadian Committed Loan and reborrowed in the other currency.

(b) Following receipt of a Canadian Committed Borrowing Notice, the Administrative Agent shall promptly notify each Canadian Lender of the amount of its Pro Rata Share of the applicable Canadian Committed Loans, and if no timely notice of a conversion or continuation is provided by the Canadian Borrower, the Administrative Agent shall notify each Canadian Lender of the details of any automatic conversion to Canadian Prime Rate Committed Loans or Canadian Base Rate Committed Loans described in the preceding subsection. In the case of a Canadian Committed Borrowing, each Canadian Lender shall make the amount of its Canadian Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Canadian Committed Borrowing Notice. Upon satisfaction of the applicable conditions set forth in *Section 6.02* (and, if such Canadian Borrowing is the initial Canadian Credit Extension, *Section 6.01*), the Administrative Agent shall make all funds so received available to the Canadian Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Canadian Borrower on the books of Bank of America, acting through its Canadian Branch with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Canadian Borrower; provided, however, that if, on the date the Canadian Committed Borrowing Notice with respect to such Canadian Borrowing is given by the Canadian Borrower, there are Canadian L/C Borrowings outstanding, then the proceeds of such Canadian Borrowing, first, shall be applied, to the payment in full of any such Canadian L/C Borrowings, and second, shall be made available to the Canadian Borrower as provided above.

(c) Except as otherwise provided herein, a Canadian Dollar CDOR Rate Committed Loan or a Canadian U.S. Eurodollar Rate Committed Loan may be continued or converted only on the last day of an Interest Period for such Committed Loan. During the existence of an Event of Default, no Loans may be requested as, converted to or continued as Canadian Dollar CDOR Rate Committed Loans or a Canadian U.S. Eurodollar Rate Committed Loan without the consent of the Canadian Required Lenders.

(d) The Administrative Agent shall promptly notify the Canadian Borrower and the Canadian Lenders of the interest rate applicable to any Interest Period for a Canadian Dollar CDOR Rate Committed Loan or a Canadian U.S. Eurodollar Rate Committed Loan upon determination of such interest rate. The determination of the Canadian Dollar CDOR Rate or U.S. Dollar Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Canadian Prime Rate Loans or Canadian Base Rate Committed Loans are outstanding, the Administrative Agent shall notify the Canadian Borrower and the Canadian Lenders of any change in the prime rate or base rate used in determining the Canadian Prime Rate Loans or Canadian U.S. Dollar Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Canadian Committed Borrowings, all conversions of Canadian Committed Loans from one Type to another, and all continuations of Canadian Committed Loans as the same Type, there shall not be more than ten Interest Periods in effect with respect to Canadian Committed Loans for the Canadian Borrower.

(f) Except as otherwise provided herein, a Canadian Bankers' Acceptance may be rolled over or converted only on its maturity date. During the existence of a Default, no Canadian Borrowings may be requested as or converted to, and no Canadian Bankers' Acceptances may be rolled over as new Canadian Bankers' Acceptances without the consent of Canadian Required Lenders.

~~3.03. Canadian Bid Loans:~~

~~(a) General:~~

Subject to the terms and conditions set forth herein, each Canadian Lender agrees that the Canadian Borrower may from time to time request the Canadian Lenders to submit offers to make loans in Canadian Dollars (each such loan, a "**Canadian Bid Loan**") for requested maturities of thirty (30) days or more to such requesting Canadian Borrower prior to the Maturity Date pursuant to this **Section 3.03**; provided, however, that after giving effect to any Canadian Bid Borrowing, the Total Canadian Outstandings shall not exceed the Aggregate Canadian Commitments. There shall not be more than five different Interest Periods in effect with respect to Canadian Bid Loans at any time.

~~(b) Requesting Canadian Competitive Bids:~~

The Canadian Borrower may request the submission of Canadian Competitive Bids by delivering a Canadian Bid Request to the Administrative Agent not later than 12:00 noon (i) one Business Day prior to the requested date of any Canadian Bid Borrowing that is to consist of Canadian Absolute Rate Loans, or (ii) four Business Days prior to the requested date of any Canadian Bid Borrowing that is to consist of Canadian Margin Bid Loans. Each Canadian Bid Request shall specify (i) the requested date of the Canadian Bid Borrowing (which shall be a Business Day), (ii) the aggregate principal amount of Canadian Bid Loans requested (which must be C\$5,000,000 or a whole multiple of C\$1,000,000 in excess thereof), (iii) the Type of Canadian Bid Loans requested, and (iv) the duration of the Interest Period with respect thereto, and shall be signed by a Responsible Officer of the Canadian Borrower. No Canadian Bid Request shall contain a request for (i) more than one Type of Canadian Bid Loan or (ii) Canadian Bid Loans having more than three different Interest Periods. Unless the Administrative Agent otherwise agrees in its sole and absolute discretion, the Canadian Borrower may not submit a Canadian Bid Request if it has submitted another Canadian Bid Request within the prior five Business Days.

~~(e) Submitting Canadian Competitive Bids.~~

~~(i) The Administrative Agent shall promptly notify each Canadian Lender of each Canadian Bid Request received by it from the Canadian Borrower and the contents of such Canadian Bid Request.~~

~~(ii) Each Canadian Lender may (but shall have no obligation to) submit a Canadian Competitive Bid containing an offer to make one or more Canadian Bid Loans in response to such Canadian Bid Request. Such Canadian Competitive Bid must be delivered to the Administrative Agent not later than 10:30 a.m. (A) on the requested date of any Canadian Bid Borrowing that is to consist of Canadian Absolute Rate Loans, and (B) three Business Days prior to the requested date of any Canadian Bid Borrowing that is to consist of Canadian Margin Bid Loans; provided, however, that any Canadian Competitive Bid submitted by Bank of America in its capacity as a Canadian Lender in response to any Canadian Bid Request must be submitted to the Administrative Agent not later than 10:15 a.m. on the date on which Canadian Competitive Bids are required to be delivered by the other Canadian Lenders in response to such Canadian Bid Request. Each Canadian Competitive Bid shall specify (A) the proposed date of the Canadian Bid Borrowing; (B) the principal amount of each Canadian Bid Loan for which such Canadian Competitive Bid is being made, which principal amount (x) may be equal to, greater than or less than the Canadian Commitment of the bidding Canadian Lender, (y) must be C\$5,000,000 or a whole multiple of C\$1,000,000 in excess thereof, and (z) may not exceed the principal amount of Canadian Bid Loans for which Canadian Competitive Bids were requested; (C) if the proposed Canadian Bid Borrowing is to consist of Canadian Absolute Rate Loans, the Absolute Rate offered for each such Canadian Bid Loan and the Interest Period applicable thereto; (D) if the proposed Canadian Bid Borrowing is to consist of Canadian Margin Bid Loans, the Canadian Bid Margin with respect to each such Canadian Margin Bid Loan and the Interest Period applicable thereto; and (E) the identity of the bidding Canadian Lender.~~

~~(iii) Any Canadian Competitive Bid shall be disregarded if it (A) is received after the applicable time specified in *clause (ii)* above, (B) is not substantially in the form of a Canadian Competitive Bid as specified herein, (C) contains qualifying, conditional or similar language, (D) proposes terms other than or in addition to those set forth in the applicable Canadian Bid Request, or (E) is otherwise not responsive to such Canadian Bid Request. Any Canadian Lender may correct a Canadian Competitive Bid containing a manifest error by submitting a corrected Canadian Competitive Bid (identified as such) not later than the applicable time required for submission of Canadian Competitive Bids. Any such submission of a corrected Canadian Competitive Bid shall constitute a revocation of the Canadian Competitive Bid that contained the manifest error. The Administrative Agent may, but shall not be required to, notify any Canadian Lender of any manifest error it detects in such Canadian Lender's Canadian Competitive Bid.~~

~~(iv) Subject only to the provisions of *Sections 5.02, 5.03 and 6.02* and *clause (iii)* above, each Canadian Competitive Bid shall be irrevocable.~~

~~(d) Notice to Canadian Borrower of Canadian Competitive Bids. Not later than 11:00 a.m. (i) on the requested date of any Canadian Bid Borrowing that is to consist of Canadian Absolute Rate Loans, or (ii) three Business Days prior to the requested date of any Canadian Bid Borrowing that is to consist of Canadian Margin Bid Loans, the Administrative Agent shall notify the Canadian Borrower of the identity of each Canadian Lender that has submitted a Canadian Competitive Bid that complies with *Section 3.03(e)* and of the terms of the offers contained in each such Canadian Competitive Bid.~~

~~(e) Acceptance of Canadian Competitive Bids. Not later than 11:30 a.m. (i) on the requested date of any Canadian Bid Borrowing that is to consist of Canadian Absolute Rate Loans, and (ii) three Business Days prior to the requested date of any Canadian Bid Borrowing that is to consist of Canadian Margin Bid Loans, the Canadian Borrower shall notify the Administrative Agent of its acceptance or rejection of the offers notified to it pursuant to **Section 3.03(d)**. The Canadian Borrower shall be under no obligation to accept any Canadian Competitive Bid and may choose to reject all Canadian Competitive Bids. In the case of acceptance, such notice shall specify the aggregate principal amount of Canadian Competitive Bids for each Interest Period that is accepted. The Canadian Borrower may accept any Canadian Competitive Bid in whole or in part; provided that:~~

~~(i) the aggregate principal amount of each Canadian Bid Borrowing may not exceed the applicable amount set forth in the related Canadian Bid Request;~~

~~(ii) the principal amount of each Canadian Bid Loan must be C\$5,000,000 or a whole multiple of C\$1,000,000 in excess thereof;~~

~~(iii) the acceptance of offers may be made only on the basis of ascending Absolute Rates or Canadian Bid Margins within each Interest Period; and~~

~~(iv) the Canadian Borrower may not accept any offer that is described in **Section 3.03(e)(iii)** or that otherwise fails to comply with the requirements hereof.~~

~~(f) Procedure for Identical Canadian Bids. If two or more Canadian Lenders have submitted Canadian Competitive Bids at the same Absolute Rate or Canadian Bid Margin, as the case may be, for the same Interest Period, and the result of accepting all of such Canadian Competitive Bids in whole (together with any other Canadian Competitive Bids at lower Absolute Rates or Canadian Bid Margins, as the case may be, accepted for such Interest Period in conformity with the requirements of **Section 3.03(e)(iii)**) would be to cause the aggregate outstanding principal amount of the applicable Canadian Bid Borrowing to exceed the amount specified therefor in the related Canadian Bid Request, then, unless otherwise agreed by the Canadian Borrower, the Administrative Agent and such Canadian Lenders, such Canadian Competitive Bids shall be accepted as nearly as possible in proportion to the amount offered by each such Canadian Lender in respect of such Interest Period, with such accepted amounts being rounded to the nearest whole multiple of C\$1,000,000.~~

~~(g) Notice to Canadian Lenders of Acceptance or Rejection of Canadian Bids. The Administrative Agent shall promptly notify each Canadian Lender having submitted a Canadian Competitive Bid whether or not its offer has been accepted and, if its offer has been accepted, of the amount of the Canadian Bid Loan or Canadian Bid Loans to be made by it on the date of the applicable Canadian Bid Borrowing. Any Canadian Competitive Bid or portion thereof that is not accepted by the Canadian Borrower by the applicable time specified in **Section 3.03(e)** shall be deemed rejected.~~

~~(h) Notice of Canadian Dollar CDOR Rate. If any Canadian Bid Borrowing is to consist of Canadian Margin Bid Loans, the Administrative Agent shall determine the Canadian Dollar CDOR Rate for the relevant Interest Period, and promptly after making such determination, shall notify the Canadian Borrower and the Canadian Lenders that will be participating in such Canadian Bid Borrowing of such Canadian Dollar CDOR Rate.~~

~~(i) Funding of Canadian Bid Loans. Each Canadian Lender that has received notice pursuant to **Section 3.03(g)** that all or a portion of its Canadian Competitive Bid has been accepted by the Canadian Borrower shall make the amount of its Canadian Bid Loan(s) available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the~~

date of the requested Canadian Bid Borrowing. Upon satisfaction of the applicable conditions set forth in **Section 6.02**, the Administrative Agent shall make all funds so received available to the Canadian Borrower in like funds as received by the Administrative Agent.

~~(j) Notice of Range of Canadian Bids. After each Canadian Competitive Bid auction pursuant to this **Section 3.03**, the Administrative Agent shall notify each Canadian Lender that submitted a Canadian Competitive Bid in such auction of the ranges of bids submitted (without the bidder's name) and accepted for each Canadian Bid Loan and the aggregate amount of each Canadian Bid Borrowing.~~

2.04. 3.04. Canadian Letters of Credit.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) each ~~Canadian~~ L/C Issuer agrees, in reliance upon the agreements of the ~~Canadian~~other Lenders set forth in this **Section 3.04.2.04**, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue ~~Canadian~~ Letters of Credit denominated in ~~Canadian Dollars or~~ U.S. Dollars for the account of the ~~Canadian~~ Borrower, and to amend or renew ~~Canadian~~ Letters of Credit previously issued by it, in accordance with **subsection (b)** below, and (2) to honor drawings under the ~~Canadian~~ Letters of Credit; and (B) the ~~Canadian~~ Lenders severally agree to participate in ~~Canadian~~ Letters of Credit issued for the account of the ~~Canadian~~ Borrower and any drawings thereunder; provided that after giving effect to any ~~Canadian~~ L/C Credit Extension with respect to any Letter of Credit, (w) the Total ~~Canadian~~ Outstandings shall not exceed the Aggregate ~~Canadian~~ Commitments, (x) the aggregate Outstanding Amount of the ~~Canadian~~ Committed ~~Borrowings~~Loans of any ~~Canadian~~ Lender, plus such ~~Canadian~~ Lender's Pro Rata Share of the Outstanding Amount of all ~~Canadian~~ L/C Obligations, plus such ~~Canadian~~ Lender's Pro Rata Share of the Outstanding Amount of all ~~Canadian~~ Swing Line Loans shall not exceed such ~~Canadian~~ Lender's ~~Canadian~~ Commitment, (y) the sum of the Outstanding Amount of the ~~Canadian~~ L/C Obligations ~~plus the Outstanding Amount of the U.S. L/C Obligations shall not exceed the Letter of Credit Sublimit~~, and (z) the Outstanding Amount of such L/C Issuer's ~~(and, if applicable, its U.S. Affiliate's)~~ L/C Obligations shall not exceed ~~the such L/C Issuer's~~ such L/C Issuer's L/C Issuer Global Commitment ~~of such L/C Issuer~~ unless such L/C Issuer agrees otherwise in writing with the ~~Canadian~~ Borrower. Each request by the ~~Canadian~~ Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the ~~Canadian~~ Borrower that the ~~Canadian~~ L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the ~~Canadian~~ Borrower's ability to obtain ~~Canadian~~ Letters of Credit shall be fully revolving, and accordingly the ~~Canadian~~ Borrower may, during the foregoing period, obtain ~~Canadian~~ Letters of Credit to replace ~~Canadian~~ Letters of Credit that have expired or that have been drawn upon and reimbursed. All Existing ~~Canadian~~ Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) No ~~Canadian~~ L/C Issuer shall issue any Letter of Credit, if the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the ~~Canadian~~ Lenders have approved such expiry date.

(iii) No ~~Canadian~~ L/C Issuer shall be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such ~~Canadian~~ L/C Issuer from issuing such Letter of Credit, or any Law applicable to such ~~Canadian~~ L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such ~~Canadian~~ L/C Issuer shall prohibit, or request that such ~~Canadian~~ L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such ~~Canadian~~ L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such ~~Canadian~~ L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such ~~Canadian~~ L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such ~~Canadian~~ L/C Issuer in good faith deems material to it, unless the ~~Canadian~~ Borrower confirms that it will pay the foregoing;

(B) the issuance of such Letter of Credit would violate any Laws;

(C) except as otherwise agreed by the Administrative Agent and such ~~Canadian~~ L/C Issuer, such Letter of Credit is in an initial face amount less than ~~€U.S. \$10,000 or U.S. \$10,000, as the case may be;~~

(D) such Letter of Credit is to be denominated in a currency other than ~~Canadian Dollars~~ or U.S. Dollars;

(E) the issuance of such Letter of Credit would violate one or more policies of such ~~Canadian~~ L/C Issuer applicable to the issuance of letters of credit generally and applied by such ~~Canadian~~ L/C Issuer to other similarly situated borrowers under similar credit facilities; provided that (x) upon request of the ~~Canadian~~ Borrower, such ~~Canadian~~ L/C Issuer shall provide the ~~Canadian~~ Borrower a reasonably detailed description of such policy and (y) such policy shall not be predicated on the credit strength of the Loan Parties or the Lenders; or

(F) any ~~Canadian~~ Lender is at that time a Defaulting Lender, unless such ~~Canadian~~ L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such ~~Canadian~~ L/C Issuer (in its reasonable discretion) with the ~~Canadian~~ Borrower or such ~~Canadian~~ Lender to eliminate such ~~Canadian~~ L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 4.10(a)(iv)) with respect to the Defaulting Lender arising from either the ~~Canadian~~ Letter of Credit then proposed to be issued or that ~~Canadian~~ Letter of Credit and all other ~~Canadian~~ L/C Obligations as to which such ~~Canadian~~ L/C Issuer has actual or potential Fronting Exposure, as it may elect in its reasonable discretion.

(iv) No ~~Canadian~~ L/C Issuer shall amend any Letter of Credit if such ~~Canadian~~ L/C Issuer would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof.

(v) No ~~Canadian~~ L/C Issuer shall be under any obligation to amend any Letter of Credit if (A) such ~~Canadian~~ L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(b) Procedures for Issuance and Amendment of ~~Canadian~~ Letters of Credit.

(i) Each ~~Canadian~~ Letter of Credit shall be issued or amended, as the case may be, upon the request of the ~~Canadian~~ Borrower delivered to the applicable ~~Canadian~~ L/C Issuer (with a copy to the Administrative Agent) in the form of a ~~Canadian~~ Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the ~~Canadian~~ Borrower. Such ~~Canadian~~ Letter of Credit Application may be sent by facsimile, by ~~Canadian~~ or United States mail, by overnight courier, by electronic transmission using the system provided by such ~~Canadian~~ L/C Issuer, by personal delivery or by any other means acceptable to such ~~Canadian~~ L/C Issuer. Such ~~Canadian~~ Letter of Credit Application must be received by such ~~Canadian~~ L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least two Business Days (or such later date and time as the Administrative Agent and such ~~Canadian~~ L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a ~~Canadian~~ Letter of Credit, such ~~Canadian~~ Letter of Credit Application shall specify in form and detail satisfactory to such ~~Canadian~~ L/C Issuer: (A) the proposed issuance date of the requested ~~Canadian~~ Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as such ~~Canadian~~ L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding ~~Canadian~~ Letter of Credit, such ~~Canadian~~ Letter of Credit Application shall specify in form and detail satisfactory to such ~~Canadian~~ L/C Issuer (A) the ~~Canadian~~ Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as such ~~Canadian~~ L/C Issuer may require. Additionally, the ~~Canadian~~ Borrower shall furnish to such ~~Canadian~~ L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as such ~~Canadian~~ L/C Issuer or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any ~~Canadian~~ Letter of Credit Application, the applicable ~~Canadian~~ L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such ~~Canadian~~ Letter of Credit Application from the ~~Canadian~~ Borrower and, if not, such ~~Canadian~~ L/C Issuer will provide the Administrative Agent with a copy thereof. Unless such ~~Canadian~~ L/C Issuer has received written notice from any ~~Canadian~~ Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in *Article 6* shall not then be satisfied, then, subject to the terms and conditions hereof, such ~~Canadian~~ L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the ~~Canadian~~ Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with such ~~Canadian~~ L/C Issuer's usual and customary business practices. Immediately upon the issuance of each ~~Canadian~~ Letter of Credit, each ~~Canadian~~ Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from such ~~Canadian~~ L/C Issuer a risk participation in such ~~Canadian~~ Letter of Credit in an amount equal to the product of such ~~Canadian~~ Lender's Pro Rata Share times the amount of such ~~Canadian~~ Letter of Credit.

(iii) Promptly after its delivery of any ~~Canadian~~ Letter of Credit or any amendment to a ~~Canadian~~ Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the applicable ~~Canadian~~ L/C Issuer will also deliver to the ~~Canadian~~ Borrower and the Administrative Agent a true and complete copy of such ~~Canadian~~ Letter of Credit or amendment.

(c) Drawings and Reimbursements: Funding of Participations.

(i) Upon receipt from the beneficiary of any ~~Canadian~~ Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable ~~Canadian~~ L/C Issuer shall examine such drawing documents. After examination L/C Issuer shall notify the ~~Canadian~~ Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the Business Day immediately following the date of any payment by such ~~Canadian~~ L/C Issuer under a Letter of Credit (each such date, ~~an~~ “Canadian Honor Date”), the ~~Canadian~~ Borrower shall reimburse such ~~Canadian~~ L/C Issuer in an amount equal to the amount of such drawing ~~whether by way of Canadian Prime Rate Committed Loans or Canadian~~ by means of a Borrowing of Base Rate Committed Loans or otherwise. If the ~~Canadian~~ Borrower fails so to reimburse such ~~Canadian~~ L/C Issuer by such time, the Administrative Agent shall promptly notify each ~~Canadian~~ Lender of the ~~Canadian~~ Honor Date, the amount of the unreimbursed drawing (the “Canadian Unreimbursed Amount”), and the amount of such ~~Canadian~~ Lender’s Pro Rata Share thereof. In such event, the ~~Canadian~~ Borrower shall be deemed to have requested a ~~Canadian~~ Committed Borrowing of ~~Canadian Prime Rate Committed Loans or Canadian~~ Base Rate ~~Committed Loans, if applicable~~, to be disbursed on the ~~Canadian~~ Honor Date in an amount equal to the ~~Canadian~~ Unreimbursed Amount, without regard to the minimum and multiples specified in Section 3.022.02 for the principal amount of ~~Canadian Prime Rate Committed Loans or Canadian~~ Base Rate ~~Committed Loans~~, but subject to the amount of the unutilized portion of the Aggregate ~~Canadian~~ Commitments and whether or not the conditions set forth in Section 6.02 are satisfied, provided that no Event of Default under Sections 10.01(h)(i) or 10.01(h)(ii) has occurred and is continuing. Any notice given by such ~~Canadian~~ L/C Issuer or the Administrative Agent pursuant to this Section 3.042.04(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each ~~Canadian~~ Lender (including the ~~Canadian~~ Lender acting as the applicable ~~Canadian~~ L/C Issuer) shall upon any notice pursuant to Section 3.042.04(c)(i) make funds available to the Administrative Agent for the account of such ~~Canadian~~ L/C Issuer at the Administrative Agent’s Office in an amount equal to its Pro Rata Share of the ~~Canadian~~ Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 3.042.04(c)(iii), each ~~Canadian~~ Lender that so makes funds available shall be deemed to have made a ~~Canadian Loan in the form of a Canadian Prime Rate Committed Loan or Canadian~~ Base Rate Committed ~~Loans~~ Loan to the ~~Canadian~~ Borrower in such amount. The Administrative Agent shall remit the funds so received to such ~~Canadian~~ L/C Issuer.

(iii) With respect to any ~~Canadian~~ Unreimbursed Amount that is not fully refinanced by ~~Canadian Prime Rate~~ a Committed ~~Loans or~~ ~~Canadian~~ Borrowing of Base Rate ~~Committed~~ Loans for any reason, the ~~Canadian~~ Borrower shall be deemed to have incurred from such ~~Canadian~~ L/C Issuer ~~a Canadian~~ an L/C Borrowing in the amount of the ~~Canadian~~ Unreimbursed Amount that is not so refinanced, which ~~Canadian~~ L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a ~~rate~~ per annum rate equal to (i) for the first three (3) Business Days after the date of such ~~Canadian~~ L/C Borrowing, the ~~Canadian Prime Rate or the Canadian U.S. Dollar~~ Base Rate, ~~as applicable~~, and (ii) thereafter ~~such rate~~, the Base Rate plus two percent (2%). In such event, each ~~Canadian~~ Lender’s payment to the Administrative Agent for the account of such ~~Canadian~~ L/C Issuer pursuant to Section 3.042.04(c)(ii) shall be deemed payment in respect of its participation in such ~~Canadian~~ L/C Borrowing and shall constitute ~~a Canadian~~ an L/C Advance from such ~~Canadian~~ Lender in satisfaction of its participation obligation under this Section 3.042.04.

(iv) Until each ~~Canadian~~ Lender funds its ~~Canadian~~ Committed Loan or ~~Canadian~~ L/C Advance pursuant to this **Section 3.042.04(c)** to reimburse ~~such Canadian~~ L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such ~~Canadian~~ Lender's Pro Rata Share of such amount shall be solely for the account of such ~~Canadian~~ L/C Issuer.

(v) Each ~~Canadian~~ Lender's obligation to make ~~Canadian~~ Committed Loans or ~~Canadian~~ L/C Advances to reimburse ~~such Canadian~~ L/C Issuer for amounts drawn under ~~Canadian~~ Letters of Credit, as contemplated by this **Section 3.042.04(c)**, shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such ~~Canadian~~ Lender may have against such ~~Canadian~~ L/C Issuer, the ~~Canadian~~ Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing. No such making of a ~~Canadian~~ L/C Advance shall relieve or otherwise impair the obligation of the ~~Canadian~~ Borrower to reimburse such ~~Canadian~~ L/C Issuer for the amount of any payment made by such ~~Canadian~~ L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any ~~Canadian~~ Lender fails to make available to the Administrative Agent for the account of ~~such Canadian~~ L/C Issuer any amount required to be paid by such ~~Canadian~~ Lender pursuant to the foregoing provisions of this **Section 3.042.04(c)** by the time specified in **Section 3.042.04(c)(ii)**, then, without limiting the other provisions of this Agreement, such ~~Canadian~~ L/C Issuer shall be entitled to recover from such ~~Canadian~~ Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such ~~Canadian~~ L/C Issuer at a rate per annum equal to the greater of the ~~Canadian Prime Rate or the Canadian U.S. Dollar Base Rate, as applicable, from time to time in effect~~ Federal Funds Rate and a rate determined by such ~~Canadian~~ L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by such ~~Canadian~~ L/C Issuer in connection with the foregoing. If such ~~Canadian~~ Lender pays such amount (with interest and fees as aforesaid), the amount so paid (excluding, for the avoidance of doubt, the aforesaid interest and fees) shall constitute such ~~Canadian~~ Lender's ~~Canadian~~ Committed Loan included in the relevant ~~Canadian~~ Committed Borrowing or ~~Canadian~~ L/C Advance in respect of the relevant ~~Canadian~~ L/C Borrowing, as the case may be. A certificate of ~~such Canadian~~ L/C Issuer submitted to any ~~Canadian~~ Lender (through the Administrative Agent) with respect to any amounts owing under this **clause (vi)** shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after a ~~Canadian~~ L/C Issuer has made a payment under any Letter of Credit and has received from any ~~Canadian~~ Lender such ~~Canadian~~ Lender's ~~Canadian~~ L/C Advance in respect of such payment in accordance with **Section 3.042.04(c)**, if the Administrative Agent receives for the account of such ~~Canadian~~ L/C Issuer any payment in respect of the related ~~Canadian~~ Unreimbursed Amount or interest thereon (whether directly from the ~~Canadian~~ Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such ~~Canadian~~ Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such ~~Canadian~~ Lender's ~~Canadian~~ L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of any ~~Canadian~~ L/C Issuer pursuant to ~~Section 3.042.04(c)(i)~~ is required to be returned under any of the circumstances described in ~~Section 12.08~~ (including pursuant to any settlement entered into by such ~~Canadian~~ L/C Issuer in its discretion), each ~~Canadian~~ Lender shall pay to the Administrative Agent for the account of such ~~Canadian~~ L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such ~~Canadian~~ Lender, at a rate per annum equal to the ~~Canadian Prime Rate or Canadian U.S. Dollar Base Rate, as applicable~~, Federal Funds Rate from time to time in effect. The obligations of the ~~Canadian~~ Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the ~~Canadian~~ Borrower to reimburse a ~~Canadian~~ L/C Issuer for each drawing under each Letter of Credit and to repay each ~~Canadian~~ L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the ~~Canadian~~ Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), such ~~Canadian~~ L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) waiver by such ~~Canadian~~ L/C Issuer of any requirement that exists for such ~~Canadian~~ L/C Issuer's protection and not the protection of the ~~Canadian~~ Borrower or any waiver by such ~~Canadian~~ L/C Issuer which does not in fact materially prejudice the ~~Canadian~~ Borrower;

(v) any payment made by such ~~Canadian~~ L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable, to the extent the UCC, the ISP or the UCP applies to such Letter of Credit and the applicable provision in the UCC, the ISP or the UCP that would otherwise permit such presentation was not overridden by the terms of such Letter of Credit;

(vi) any payment by such ~~Canadian~~ L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by such ~~Canadian~~ L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver, receiver-manager or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the ~~Canadian~~ Borrower or any Subsidiary.

The ~~Canadian~~ Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the ~~Canadian~~ Borrower's instructions or other irregularity, the ~~Canadian~~ Borrower will promptly notify ~~such Canadian~~ the L/C Issuer. The ~~Canadian~~ Borrower shall be conclusively deemed to have waived any such claim against the ~~Canadian~~ L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of Canadian L/C Issuer. Each ~~Canadian~~ Lender and the ~~Canadian~~ Borrower agree that, in paying any drawing under a Letter of Credit, ~~no Canadian~~ an L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the ~~Canadian~~ L/C Issuers, the Administrative Agent, any of their respective Related Parties nor any ~~of the respective correspondents, participants or assignees of any Canadian~~ correspondent, participant or assignee of any L/C Issuer shall be liable to any ~~Canadian~~ Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the ~~Canadian~~ Lenders or the ~~Canadian~~ Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or ~~Letter of Credit Application. The Canadian~~ Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the ~~Canadian~~ Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the ~~Canadian~~ L/C Issuers, ~~any the Administrative~~ Agent, any of their respective Person Parties, nor any of the respective correspondents, participants or assignees of any ~~Canadian~~ L/C Issuer, shall be liable or responsible for any of the matters described in *clauses (i) through (vii) of Section 3.04* ~~2.04(e)~~; provided, however, that anything in such clauses to the contrary notwithstanding, the ~~Canadian~~ Borrower may have a claim against ~~a Canadian~~ the L/C Issuer, and such ~~Canadian~~ L/C Issuer may be liable to the ~~Canadian~~ Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the ~~Canadian~~ Borrower which the ~~Canadian~~ Borrower proves were caused by such ~~Canadian~~ L/C Issuer's willful misconduct or gross negligence or such ~~Canadian~~ L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, ~~such Canadian~~ an L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and such ~~Canadian~~ L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. A ~~Canadian~~ L/C Issuer may send a ~~Canadian~~ Letter of Credit or conduct any communication to or from the beneficiary via SWIFT message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) Cash Collateral. Upon the request of the Administrative Agent or, in the case of the succeeding *clause (ii)*, any ~~Canadian~~ L/C Issuer (with a copy to the Administrative Agent) (i) if ~~a Canadian~~ such L/C Issuer has honored any full or partial drawing request under any ~~Canadian~~ Letter of Credit and such drawing has resulted in ~~a Canadian~~ an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any ~~Canadian~~ Letter of Credit for any reason remains outstanding and partially or wholly undrawn, the ~~Canadian~~ Borrower shall immediately Cash Collateralize the then Outstanding

Amount of all ~~Canadian~~ L/C Obligations in an amount equal to one hundred percent (100%) of such Outstanding Amount determined as of the date of such ~~Canadian~~ L/C Borrowing or the Letter of Credit Expiration Date, as the case may be. ~~Sections 2.04, 2.06, 3.06, 4.10, 4.10, and 10.02(c)~~ set forth certain additional requirements to deliver Cash Collateral hereunder. The ~~Canadian~~ Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the ~~Canadian~~ L/C Issuers and the Lenders, a first priority security interest in all such cash, deposit accounts and all balances therein and in all other property so provided as collateral pursuant to this Agreement, and in all proceeds of the foregoing, all as security for the obligations to which Cash Collateral may be applied. Cash Collateral shall be maintained in blocked deposit accounts held by the Administrative Agent.

If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent as herein provided which has priority over the Administrative Agent's claim, the ~~Canadian~~ Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency.

Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Agreement in respect of ~~Canadian~~ Letters of Credit or ~~Canadian~~ Swing Line Loans shall be held and applied to the satisfaction of the specific ~~Canadian~~ L/C Obligations, ~~Canadian~~ Swing Line Loans, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or other obligations shall be released in whole or in part, as applicable, promptly following (i) the elimination of the applicable Fronting Exposure or payment in full of all other obligations giving rise thereto (including, if applicable, by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with **Section 12.09(b)(vi)**)); or (ii) the Administrative Agent's determination that there exists excess Cash Collateral; provided, however, that Cash Collateral furnished by or on behalf of a Loan Party shall not be released during the continuance of a Default or Event of Default (and following application as provided in this ~~Section 3.04 or 2.04, in Section 4.10, 4.10,~~ or as may be otherwise applied in accordance with ~~Section 10.03 10.04~~).

(h) **Applicability of ISP98 and UCP.** Unless otherwise expressly agreed by ~~the applicable Canadian~~ an L/C Issuer and the ~~Canadian~~ Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing ~~Canadian~~ Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, no ~~Canadian~~ L/C Issuer shall be responsible to the ~~Canadian~~ Borrower for, and such ~~Canadian~~ L/C Issuer's rights and remedies against the ~~Canadian~~ Borrower shall not be impaired by, any action or inaction of such ~~Canadian~~ L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where such ~~Canadian~~ L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, to the extent such law or practice is applicable to such ~~Canadian~~ Letter of Credit.

(i) Letter of Credit Fees. The ~~Canadian~~ Borrower shall pay to the Administrative Agent for the account of each ~~Canadian~~ Lender in accordance, subject to Section 4.104.10, with its Pro Rata Share a Letter of Credit fee (the "~~Canadian Letter of Credit Fee~~") for each Letter of Credit equal to the Applicable Rate ~~times~~ the daily maximum amount available to be drawn under such Letter of Credit (~~whether or not such maximum amount is then in effect under such Letter of Credit~~). ~~Canadian~~ Letter of Credit Fees shall be (i) computed on a quarterly basis in arrears (and, for the avoidance of doubt, calculated for the calendar-day period for which such ~~Canadian~~ Letter of Credit was outstanding during such quarterly period, with each quarter starting with and including the first calendar date of the quarter and ending on and including the last calendar date of such quarter) and (ii) due and payable within three Business Days of receipt of an invoice from the Administrative Agent properly setting forth the amounts due and payable, with such invoice being provided on or after the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily maximum amount of each ~~standby~~ Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(j) Fronting Fee and Documentary and Processing Charges Payable to ~~Canadian~~ L/C Issuer. The ~~Canadian~~ Borrower shall pay directly to the applicable ~~Canadian~~ L/C Issuer for its own account a fronting fee with respect to each Letter of Credit at the rate per annum specified in the applicable Fee Letter, payable on the actual daily maximum amount available to be drawn under such Letter of Credit (~~whether or not such maximum amount is then in effect under such Letter of Credit~~). Such fronting fee shall be computed on a quarterly basis in arrears (and, for the avoidance of doubt, calculated for the calendar-day period for which such ~~Canadian~~ Letter of Credit was outstanding during such quarterly period, with each quarter starting with and including the first calendar date of the quarter and ending on and including the last calendar date of such quarter). Such fronting fee shall be due and payable within three Business Days of receipt of an invoice from the applicable ~~Canadian~~ L/C Issuer properly setting forth the amounts due and payable, with such invoice being provided on or after the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. In addition, the ~~Canadian~~ Borrower shall pay directly to such ~~Canadian~~ L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such ~~Canadian~~ L/C Issuer relating to letters of credit as agreed to by the ~~Canadian~~ Borrower and the applicable ~~Canadian~~ L/C Issuer. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(l) Designation of Subsidiaries as Account Parties. Notwithstanding anything to the contrary set forth in this Agreement, including without limitation Section 3.042.04(a), a ~~Canadian~~ Letter of Credit issued hereunder shall, upon the request of the ~~Canadian~~ Borrower, be issued for the account of any Subsidiary of the ~~Canadian~~ Borrower, provided that notwithstanding such request, the ~~Canadian~~ Borrower shall be the actual account party for all purposes of this Agreement for such ~~Canadian~~ Letter of Credit, and such request shall not affect the ~~Canadian~~ Borrower's reimbursement obligations hereunder with respect to such ~~Canadian~~ Letter of Credit.

(m) ~~Canadian~~ L/C Issuer Reports to the Administrative Agent. Unless otherwise agreed by the Administrative Agent, each ~~Canadian~~ L/C Issuer shall, in addition to its notification obligations set forth elsewhere in this Section, report in writing to the Administrative Agent (i) periodic activity (for such period or recurrent periods as shall be requested by the Administrative Agent) in respect of

~~Canadian~~ Letters of Credit issued by such ~~Canadian~~ L/C Issuer, including issuances, extensions, amendments and renewals, expirations and cancellations and disbursements and reimbursements, (ii) at least one Business Day prior to the time that such ~~Canadian~~ L/C Issuer issues, amends, renews or extends a ~~Canadian~~ Letter of Credit, the date of such issuance, amendment, renewal or extension, and the stated amount of the applicable ~~Canadian~~ Letters of Credit after giving effect to such issuance, amendment, renewal or extension (and whether the amounts thereof shall have changed), (iii) on each Business Day on which such ~~Canadian~~ L/C Issuer makes a payment pursuant to a ~~Canadian~~ Letter of Credit, the date and amount of such payment, (iv) on any Business Day on which the ~~Canadian~~ Borrower fails to reimburse a payment made pursuant to a ~~Canadian~~ Letter of Credit required to be reimbursed to such ~~Canadian~~ L/C Issuer on such day, the date of such failure and the amount of such payment and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request as to the ~~Canadian~~ Letters of Credit issued by such ~~Canadian~~ L/C Issuer.

2.05. 3.05. Canadian Swing Line Loans.

(a) The Canadian Swing Line. Subject to the terms and conditions set forth herein, the ~~Canadian~~ Swing Line Lender, in reliance upon the agreements of the ~~Canadian~~ other Lenders set forth in this ~~Section 3.05.2.05~~, agrees to make loans in ~~Canadian Dollars or~~ U.S. Dollars (each such loan, a "~~Canadian Swing Line Loan~~") to the ~~Canadian~~ Borrower from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the ~~Canadian~~ Swing Line Sublimit, notwithstanding the fact that such ~~Canadian~~ Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of ~~Canadian~~ Committed Borrowings Loans and ~~Canadian~~ L/C Obligations of the ~~Canadian~~ Lender acting as ~~Canadian~~ Swing Line Lender, may exceed the amount of such ~~Canadian~~ Lender's ~~Canadian~~ Commitment; provided, however, that (x) after giving effect to any ~~Canadian~~ Swing Line Loan, (i) the Total ~~Canadian~~ Outstandings shall not exceed the Aggregate ~~Canadian~~ Commitments, (ii) the aggregate Outstanding Amount of the ~~Canadian~~ Committed Loans of any ~~Canadian~~ Lender, plus such ~~Canadian~~ Lender's Pro Rata Share of the Outstanding Amount of all ~~Canadian~~ L/C Obligations, plus such ~~Canadian~~ Lender's Pro Rata Share of the Outstanding Amount of all ~~Canadian~~ Swing Line Loans plus such Canadian Lender's Bankers' Acceptances shall not exceed such ~~Canadian~~ Lender's ~~Canadian~~ Commitment, and (iii) the aggregate Outstanding Amount of ~~Canadian Swing Line Loans plus the aggregate Outstanding Amount of U.S.~~ Swing Line Loans shall not exceed \$50,000,000, (y) that the ~~Canadian~~ Borrower shall not use the proceeds of any ~~Canadian~~ Swing Line Loan to refinance any outstanding ~~Canadian~~ Swing Line Loan, and (z) the ~~Canadian~~ Swing Line Lender shall not be obligated to make ~~any Canadian Swing Line Loan if it shall determine (after giving effect to Section 4.10(a) a Swing Line Loan if it shall determine (after giving effect to Section 4.10(a)(iv))~~ that it has, or by such Credit Extension may have, Fronting Exposure. Within the foregoing limits, and subject to ~~any~~ the other terms and conditions hereof, the ~~Canadian~~ Borrower may borrow under this ~~Section 3.05.2.05~~ prepay under ~~Section 3.06.2.06~~ and reborrow under this ~~Section 3.05(a).2.05~~. Immediately upon the making of a ~~Canadian~~ Swing Line Loan, each ~~Canadian~~ Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the ~~Canadian~~ Swing Line Lender a risk participation in such ~~Canadian~~ Swing Line Loan in an amount equal to the product of such ~~Canadian~~ Lender's Pro Rata Share times the amount of such ~~Canadian~~ Swing Line Loan.

(b) Canadian Borrowing Procedures. Each ~~Canadian~~ Swing Line Borrowing shall be made upon the ~~Canadian~~ Borrower's irrevocable notice to the ~~Canadian~~ Swing Line Lender and the Administrative Agent, which may be given by (A) telephone or (B) by a ~~Canadian~~ Swing Line Loan Notice. Each such notice must be received by the ~~Canadian~~ Swing Line Lender and the Administrative Agent not later than 3:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which ~~may be in Canadian Dollars or in U.S. Dollars and~~ shall be a minimum of ~~\$1,000,000 of such currency~~ U.S. \$1,000,000, and (ii) the requested borrowing date, which shall be a Business Day.

Each such telephonic notice must be confirmed promptly by delivery to the ~~Canadian~~ Swing Line Lender and the Administrative Agent of a written ~~Canadian~~ Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the ~~Canadian~~ Borrower. Promptly after receipt by the ~~Canadian~~ Swing Line Lender of any telephonic ~~Canadian~~ Swing Line Loan Notice, the ~~Canadian~~ Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such ~~Canadian~~ Swing Line Loan Notice and, if not, the ~~Canadian~~ Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the ~~Canadian~~ Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any ~~Canadian~~ Lender) prior to 4:00 p.m. ~~for Canadian Swing Line Borrowings made in U.S. Dollars and 3:00 p.m. for Canadian Swing Line Borrowings made in Canadian Dollars, in each case~~ on the date of the proposed ~~Canadian~~ Swing Line Borrowing (A) directing the ~~Canadian~~ Swing Line Lender not to make such ~~Canadian~~ Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of ~~Section 3.052.05(a)~~, or (B) that one or more of the applicable conditions specified in ~~Article 6~~ is not then satisfied, then, subject to the terms and conditions hereof, the ~~Canadian~~ Swing Line Lender will, not later than 5:00 p.m. on the borrowing date specified in such ~~Canadian~~ Swing Line Loan Notice, make the amount of its ~~Canadian~~ Swing Line Loan available to the ~~Canadian~~ Borrower at its office either by (i) crediting the account of the ~~Canadian~~ Borrower on the books of the ~~Canadian~~ Swing Line Lender in immediately available funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the ~~Canadian~~ Borrower.

(c) Refinancing of ~~Canadian~~ Swing Line Loans.

(i) The ~~Canadian~~ Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the ~~Canadian~~ Borrower (which hereby irrevocably authorizes the ~~Canadian~~ Swing Line Lender to so request on its behalf), that each ~~Canadian~~ Lender make a ~~Canadian Prime Rate Committed Loan or a Canadian~~ Base Rate Committed Loan, ~~as applicable~~, in an amount equal to such ~~Canadian~~ Lender's Pro Rata Share of the amount of ~~Canadian~~ Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a ~~Canadian~~ Committed Borrowing Loan Notice for purposes hereof) and in accordance with the requirements of ~~Section 3.02.2.02~~, without regard to the minimum and multiples specified therein for the principal amount of ~~Canadian Prime Rate Committed Loans or Canadian~~ Base Rate ~~Committed Loans~~, but subject to the unutilized portion of the Aggregate ~~Canadian~~ Commitments and the conditions set forth in ~~Section 6.02~~. The ~~Canadian~~ Swing Line Lender shall furnish the ~~Canadian~~ Borrower with a copy of the applicable ~~Canadian~~ Committed Borrowing Loan Notice promptly after delivering such notice to the Administrative Agent. Each ~~Canadian~~ Lender shall make an amount equal to its Pro Rata Share of the amount specified in such ~~Canadian~~ Committed Borrowing Loan Notice available to the Administrative Agent in immediately available funds (and the Administrative Agent may apply Cash Collateral available with respect to the applicable ~~Canadian~~ Swing Line Loan) for the account of the ~~Canadian~~ Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such ~~Canadian~~ Committed Borrowing Loan Notice, whereupon, subject to ~~Section 3.052.05(c)(ii)~~, each ~~Canadian~~ Lender that so makes funds available shall be deemed to have made a ~~Canadian Prime Rate Committed Loan or Canadian~~ Base Rate Committed Loan, ~~as applicable~~, to the ~~Canadian~~ Borrower in such amount. The Administrative Agent shall remit the funds so received to the ~~Canadian~~ Swing Line Lender.

(ii) If for any reason any ~~Canadian~~ Swing Line Loan cannot be refinanced by such a ~~Canadian~~ Committed Borrowing in accordance with ~~Section 3.052.05(c)(i)~~, the request for ~~Canadian Prime Rate Committed Loans or Canadian~~ Base Rate Committed Loans, ~~as applicable~~, submitted by the ~~Canadian~~ Swing Line Lender as set forth herein shall be deemed to be a request

by the ~~Canadian~~ Swing Line Lender that each of the ~~Canadian~~ Lenders fund its risk participation in the relevant ~~Canadian~~ Swing Line Loan and each ~~Canadian~~ Lender's payment to the Administrative Agent for the account of the ~~Canadian~~ Swing Line Lender pursuant to **Section 3.052.05(c)(i)** shall be deemed payment in respect of such participation.

(iii) If any ~~Canadian~~ Lender fails to make available to the Administrative Agent for the account of the ~~Canadian~~ Swing Line Lender any amount required to be paid by such ~~Canadian~~ Lender pursuant to the foregoing provisions of this **Section 3.052.05(c)** by the time specified in **Section 3.052.05(c)(i)**, the ~~Canadian~~ Swing Line Lender shall be entitled to recover from such ~~Canadian~~ Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the ~~Canadian~~ Swing Line Lender at a rate per annum equal to the greatest greater of the (i) ~~Canadian Prime Rate~~ (ii) ~~Canadian U.S. Dollar Base Rate~~, Federal Funds Rate and (iii) a rate determined by the ~~Canadian~~ Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the ~~Canadian~~ Swing Line Lender in connection with the foregoing. If such ~~Canadian~~ Lender pays such amount (with interest and fees as aforesaid), the amount so paid (excluding, for the avoidance of doubt, the aforesaid interest and fees) shall constitute such ~~Canadian~~ Lender's ~~Canadian~~ Committed Loan included in the relevant ~~Canadian~~ Committed Borrowing or funded participation in the relevant ~~Canadian~~ Swing Line Loan, as the case may be. A certificate of the ~~Canadian~~ Swing Line Lender submitted to any ~~Canadian~~ Lender (through the Administrative Agent) with respect to any amounts owing under this **clause (iii)** shall be conclusive absent manifest error.

(iv) Each ~~Canadian~~ Lender's obligation to make ~~Canadian~~ Committed Loans or to purchase and fund risk participations in ~~Canadian~~ Swing Line Loans pursuant to this **Section 3.052.05(c)** shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such ~~Canadian~~ Lender may have against the ~~Canadian~~ Swing Line Lender, the ~~Canadian~~ Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each ~~Canadian~~ Lender's obligation to make ~~Canadian~~ Committed Loans pursuant to this **Section 3.052.05(c)** is subject to the conditions set forth in Section 6.02. No such funding of risk participations shall relieve or otherwise impair the obligation of the ~~Canadian~~ Borrower to repay ~~Canadian~~ Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any ~~Canadian~~ Lender has purchased and funded a risk participation in a ~~Canadian~~ Swing Line Loan, if the ~~Canadian~~ Swing Line Lender receives any payment on account of such ~~Canadian~~ Swing Line Loan, the ~~Canadian~~ Swing Line Lender will distribute to such ~~Canadian~~ Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such ~~Canadian~~ Lender's risk participation was funded) in the same funds as those received by the ~~Canadian~~ Swing Line Lender.

(ii) If any payment received by the ~~Canadian~~ Swing Line Lender in respect of principal or interest on any ~~Canadian~~ Swing Line Loan is required to be returned by the ~~Canadian~~ Swing Line Lender under any of the circumstances described in **Section 12.08** (including pursuant to any settlement entered into by the ~~Canadian~~ Swing Line Lender in its discretion), each ~~Canadian~~ Lender shall pay to the ~~Canadian~~ Swing Line Lender its Pro Rata Share thereof on

demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the ~~Canadian Prime Rate or Canadian U.S. Dollar Base Rate, as applicable~~ Federal Funds Rate. The Administrative Agent will make such demand upon the request of the ~~Canadian~~ Swing Line Lender. The obligations of the ~~Canadian~~ Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of ~~Canadian~~ Swing Line Lender. The ~~Canadian~~ Swing Line Lender shall be responsible for invoicing the ~~Canadian~~ Borrower for interest on the ~~Canadian~~ Swing Line Loans. Until each ~~Canadian~~ Lender funds its ~~Canadian Prime Rate Committed Loan, its Canadian~~ Base Rate Committed Loan or ~~its~~ risk participation pursuant to this Section 3.052.05 to refinance such ~~Canadian~~ Lender's Pro Rata Share of any ~~Canadian~~ Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the ~~Canadian~~ Swing Line Lender.

(f) Payments Directly to ~~Canadian~~ Swing Line Lender. The ~~Canadian~~ Borrower shall make all payments of principal and interest in respect of the ~~Canadian~~ Swing Line Loans directly to the ~~Canadian~~ Swing Line Lender.

2.06. 3.06. Prepayments.

(a) The ~~Canadian~~ Borrower may, upon notice to the Administrative Agent, at any time or from time to time, voluntarily prepay ~~Canadian~~ Committed Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Administrative Agent not later than 11:00 a.m. (A) ~~three two~~ Business Days prior to any date of prepayment of ~~Canadian U.S. Eurodollar Rate Committed Loans and (B) on the date of prepayment of Canadian Prime Rate Committed Loans, Canadian~~ Base Rate Committed Loans ~~and Canadian Dollar CDOR Rate Committed Loans;~~; (ii) any prepayment of ~~Canadian Dollar CDOR Rate Committed Loans shall be in a principal amount of C\$5,000,000 or a whole multiple of C\$1,000,000 in excess thereof;~~ (iii) ~~any prepayment of Canadian U.S. Eurodollar Rate Committed Loans shall be in a principal amount of U.S. \$5,000,000 or a whole multiple of U.S. \$1,000,000 in excess thereof;~~ (iv) ~~any prepayment of Canadian Prime Rate Committed Loans shall be in a principal amount of C\$1,000,000 or a whole multiple of C\$100,000 in excess thereof;~~ and (v) and (iii) any prepayment of ~~Canadian~~ Base Rate Committed Loans shall be in a principal amount of U.S. \$1,000,000 or a whole multiple of U.S. \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) of ~~Canadian~~ Committed Loans to be prepaid. The Administrative Agent will promptly notify each ~~Canadian~~ Lender of its receipt of each such notice, and of the amount of such ~~Canadian~~ Lender's Pro Rata Share of such prepayment. If such notice is given by the ~~Canadian~~ Borrower, the ~~Canadian~~ Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a ~~Canadian U.S. Eurodollar Rate Committed Loan or a Canadian Dollar CDOR Rate Committed~~ Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 5.05. Each such prepayment shall be applied to the ~~Canadian~~ Committed Loans of the ~~Canadian~~ Lenders in accordance with their respective Pro Rata Shares.

(b) No ~~Canadian~~ Bid Loan may be prepaid without the prior consent of the applicable ~~Canadian~~ Bid Loan Lender.

(c) The ~~Canadian~~ Borrower may, upon notice to the ~~Canadian~~ Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay ~~Canadian~~ Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the ~~Canadian~~ Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on

the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of ~~€ \$1,000,000 or~~ U.S. \$1,000,000, as applicable 1,000,000. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the ~~Canadian~~ Borrower, the ~~Canadian~~ Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(d) If for any reason the Total ~~Canadian~~ Outstandings at any time exceed the Aggregate ~~Canadian~~ Commitments then in effect, the ~~Canadian~~ Borrower shall immediately prepay Loans and/or Cash Collateralize the ~~Canadian~~ L/C Obligations in an aggregate amount equal to such excess ~~(on a proportionate basis having regard to the Loans and Canadian L/C Obligations of the Canadian Borrower)~~; provided, however, that the ~~Canadian~~ Borrower shall not be required to Cash Collateralize the ~~Canadian~~ L/C Obligations pursuant to this ~~Section 3.06~~ 2.06(d) unless after the prepayment in full of the ~~Canadian~~ Committed Loans and ~~Canadian~~ Swing Line Loans the Total ~~Canadian~~ Outstandings exceed the Aggregate ~~Canadian~~ Commitments then in effect.

~~(e) Any Canadian Borrowing made by way of Bankers' Acceptances may be prepaid in whole or in part prior to the expiry date of the applicable Interest Period provided that the Canadian Borrower provides for the funding in full of such unmatured Bankers' Acceptances to be prepaid by paying to and depositing Canadian Escrow Funds in accordance with Section 3.08(e). Any such prepayment of an outstanding Bankers' Acceptance shall be applied against the face amount (or undiscounted amount) thereof.~~

2.07. 3.07. Repayment of Canadian Loans.

(a) The ~~Canadian~~ Borrower shall repay to the Administrative Agent for the account of the ~~Canadian~~ Lenders on the Maturity Date the aggregate principal amount of the ~~Canadian~~ Committed Loans and all other ~~Canadian~~ Obligations owing to the ~~Canadian~~ Lenders outstanding on such date.

(b) The ~~Canadian~~ Borrower shall repay each ~~Canadian~~ Swing Line Loan on the earlier to occur of (i) the date ten Business Days after such ~~Canadian~~ Loan is made and (ii) the Maturity Date.

(c) The ~~Canadian~~ Borrower shall repay each ~~Canadian~~ Bid Loan ~~made to it~~ on the last day of the Interest Period in respect thereof.

3.08. Bankers' Acceptances.

~~(a) Creation of Bankers' Acceptances. Upon receipt of a Canadian Committed Borrowing Notice requesting purchase or acceptance of Bankers' Acceptances, and subject to the provisions of this Agreement, each Canadian Lender shall accept, in accordance with its Pro Rata Share of the requested Canadian Committed Borrowing from time to time such Bankers' Acceptances as the Canadian Borrower shall request.~~

~~(b) Terms of Acceptance by the Canadian Lenders.~~

~~(i) Delivery and Payment. Subject to Sections 3.08(c) and 3.08(d) and only if a valid appointment pursuant to Section 3.08(b)(v) is not in place, the Canadian Borrower shall pre-sign and deliver to each Canadian Lender bankers' acceptance drafts in sufficient quantity to meet their requirements for anticipated Canadian Committed Borrowings by way of Bankers' Acceptances. The Canadian Borrower shall, at its option, provide for payment to Administrative Agent for the benefit of Canadian Lenders of each Bankers' Acceptance on the date on which a Bankers' Acceptance matures, either by payment of the full face amount thereof or through~~

utilization of a conversion to another Type of Canadian Committed Borrowing in accordance with this Agreement, or through a combination thereof. The Canadian Borrower waives presentment for payment of Bankers' Acceptances by Canadian Lenders and shall not claim from Canadian Lenders any days of grace for the payment at maturity of Bankers' Acceptances. Any amount owing by the Canadian Borrower in respect of any Bankers' Acceptance which is not paid in accordance with the foregoing, shall, as and from the date on which such Bankers' Acceptance matures, be deemed to be outstanding hereunder as a Canadian Prime Rate Loan owing by the Canadian Borrower.

(ii) ~~No Liability.~~ Administrative Agent and Canadian Lenders shall not be liable for any damage, loss or improper use of any bankers' acceptance draft endorsed in blank except for any loss arising by reason of Administrative Agent or a Canadian Lender failing to use the same standard of care in the custody of such bankers' acceptance drafts as Administrative Agent or such Canadian Lender use in the custody of their own property of a similar nature.

(iii) ~~Bankers' Acceptances Purchased by Canadian Lenders.~~ Where the Canadian Borrower so elects in the Canadian Committed Borrowing Notice, each Canadian Lender shall purchase Bankers' Acceptances accepted by it for an amount equal to the Canadian Discount Proceeds.

(iv) ~~Marketing.~~ Where the Canadian Borrower so elects in the Canadian Committed Borrowing Notice, it shall be responsible for, and shall make its own arrangements with respect to, the marketing of Bankers' Acceptances, except for (A) Bankers' Acceptances that are BA Equivalent Advances in which case they will be dealt with in accordance with **Section 3.08(f)** or (B) Bankers' Acceptances that are accepted by Canadian Lenders ("**Old System Issuers**") who are not able to issue Bankers' Acceptances as depository bills under the Depository Bills and Notes Act (Canada), which Bankers' Acceptances shall in all instances be purchased by such Old System Issuer.

(v) ~~Power of Attorney.~~ To facilitate the procedures contemplated in this Agreement, the Canadian Borrower appoints each Canadian Lender from time to time as the attorney-in-fact of the Canadian Borrower to execute, endorse and deliver on behalf of the Canadian Borrower drafts or depository bills in the form or forms prescribed by such Canadian Lender for Bankers' Acceptances denominated in Canadian Dollars. Each Bankers' Acceptance executed and delivered by a Canadian Lender on behalf of the Canadian Borrower shall be as binding upon the Canadian Borrower as if it had been executed and delivered by a Responsible Officer of the Canadian Borrower. The foregoing appointment shall cease to be effective, in respect of any Canadian Lender regarding the Canadian Borrower, three Business Days following receipt by such Canadian Lender of a written notice from the Canadian Borrower revoking such appointment (which notice shall be copied to the Administrative Agent); provided that any such revocation shall not affect Bankers' Acceptances previously executed and delivered by such Canadian Lender pursuant to such appointment.

(vi) ~~Market.~~ If the Canadian Required Lenders determine, which determination shall be final conclusive and binding on the Canadian Borrower, that there does not exist at the applicable time a normal market in Canada for the purchase and sale of Bankers' Acceptances, the Administrative Agent shall so notify the Canadian Borrower, and the Canadian Lenders' obligation to accept Bankers' Acceptances under this Agreement shall be suspended until such time as the Administrative Agent (upon the instruction of the Canadian Required Lenders) revokes such notice. During any such suspension, a request for a Bankers' Acceptance will be deemed to be a request for a Canadian Prime Rate Committed Loan.

(vii) Pro-Rata Treatment of Canadian Borrowings:

(A) In the event it is not practicable to allocate Bankers' Acceptances to each Canadian Lender such that the aggregate amount of Bankers' Acceptances required to be purchased by such Canadian Lender hereunder is in a whole multiple of C\$100,000, the Administrative Agent is authorized by the Canadian Borrower and each Canadian Lender to make such allocation as the Administrative Agent determines in its sole and unfettered discretion may be equitable in the circumstances and, if the aggregate amount of such Bankers' Acceptances is not a whole multiple of C\$100,000, then the Administrative Agent may allocate (on a basis considered by it to be equitable) the excess of such Bankers' Acceptances over the next lowest whole multiple of C\$100,000 to one Canadian Lender, which shall purchase a Bankers' Acceptance with a face amount equal to the excess and having the same term as the corresponding Bankers' Acceptances. In no event shall the portion of the outstanding Canadian Committed Borrowings by way of Bankers' Acceptances of a Canadian Lender exceed such Canadian Lender's Pro Rata Share of the aggregate Canadian Committed Borrowings by way of Bankers' Acceptances by more than C\$100,000 as a result of such exercise of discretion by the Administrative Agent.

(B) If during the term of any Bankers' Acceptance accepted by a Canadian Lender hereunder the Canadian Stamping Fee Rate changes as a result of a change in the Applicable Rate or an Event of Default occurs and is continuing, the fee paid to such Canadian Lender by the Canadian Borrower pursuant to **Section 4.02** (in this paragraph called the "**Initial Fee**") with respect to such Bankers' Acceptance shall be recalculated based upon such change in the Canadian Stamping Fee Rate or the existence of such Event of Default for the number of days during the term of such Bankers' Acceptance that such change is applicable or such Event of Default exists. If such recalculated amount is in excess of the Initial Fee then the Canadian Borrower shall pay to such Canadian Lender the amount of such excess, and if such recalculated amount is less than the Initial Fee, then the amount of such reduction shall be credited to other amounts payable by the Canadian Borrower to such Canadian Lender.

(c) General Procedures for Bankers' Acceptances:

(i) Notice. The Canadian Borrower may in a Canadian Committed Borrowing Notice (which notice must be received by the Administrative Agent not later than 11:00 a.m. one Business Day prior to the date of the requested Canadian Borrowing by way of Bankers' Acceptances) request a Canadian Borrowing by way of Bankers' Acceptances. If the Canadian Borrower is responsible for marketing of such Bankers' Acceptances under **Section 3.08(b)** (iv), the Canadian Borrower by subsequent notice to Administrative Agent by 11:00 a.m. on the day of the requested Canadian Borrowing by way of Bankers' Acceptances shall provide Administrative Agent (which shall in turn promptly notify each Canadian Lender) with information as to the discount proceeds payable by the purchasers of the Bankers' Acceptances and the party to whom delivery of the Bankers' Acceptances by each Canadian Lender is to be made against delivery to each Canadian Lender of the applicable discount proceeds. Such discount proceeds less the fee calculated in accordance with **Section 4.02(b)** shall promptly be delivered to the Administrative Agent. Any telephone advice given under this Section shall be subject to **Section 3.02** and shall be confirmed by a written notice of the Canadian Borrower to Administrative Agent prior to 2:00 p.m. on the same day.

(ii) Rollover. In the case of a rollover of maturing Bankers' Acceptances issued by a Canadian Lender, such Canadian Lender, in order to satisfy the continuing liability of the Canadian Borrower to the Canadian Lender for the face amount of the maturing Bankers' Acceptances issued by the Canadian Borrower, shall retain for its own account the Canadian Net Proceeds of each new Bankers' Acceptance issued by it in connection with such rollover; and the Canadian Borrower shall, on the maturity date of the maturing Bankers' Acceptances issued by the Canadian Borrower, pay to Administrative Agent for the benefit of Canadian Lenders an amount equal to the difference between the face amount of the maturing Bankers' Acceptances and the aggregate Canadian Net Proceeds of the new Bankers' Acceptances.

(iii) Conversion from Canadian Prime Rate Loans. In the case of a conversion from a Canadian Prime Rate Committed Loan into a Canadian Committed Borrowing by way of Bankers' Acceptances to be accepted by a Canadian Lender pursuant to *Sections 3.08(a), (b) and (c)*, such Canadian Lender, in order to satisfy the continuing liability of the Canadian Borrower to it for the principal amount of the Canadian Prime Rate Loans owing by the Canadian Borrower being converted, shall retain for its own account the Canadian Discount Proceeds of each new Bankers' Acceptance issued by it in connection with such conversion; and the Canadian Borrower shall, on the date of issuance of the Bankers' Acceptances, pay to Administrative Agent for the benefit of Canadian Lenders an amount equal to the difference between the aggregate principal amount of the Canadian Prime Rate Loans owing by the Canadian Borrower being converted owing to the Canadian Lenders and the aggregate Canadian Discount Proceeds of such Bankers' Acceptances.

(iv) Conversions to Canadian Prime Rate Loans. In the case of a conversion of a Canadian Committed Borrowing by way of Bankers' Acceptances into Canadian Prime Rate Loan, each Canadian Lender, in order to satisfy the liability of the Canadian Borrower to it for the face amount of the maturing Bankers' Acceptances, shall record the obligation of the Canadian Borrower to it as a Canadian Prime Rate Loan, unless the Canadian Borrower provides for payment to Administrative Agent for the benefit of Canadian Lenders of the face amount of the maturing Bankers' Acceptance in some other manner acceptable to Canadian Lenders, including conversion to another Type of Canadian Borrowing.

(v) Authorization. The Canadian Borrower hereby authorizes each Canadian Lender to complete, stamp, hold, sell, rediscount or otherwise dispose of all Bankers' Acceptances accepted by it pursuant to this Section in accordance with the instructions provided by the Canadian Borrower pursuant to *Sections 3.01 and 3.02*, as applicable.

(vi) Depository Notes. The parties agree that in the administering of Bankers' Acceptances, each Canadian Lender may avail itself of the debt clearing services offered by a clearing house for depository notes pursuant to the Depository Bills and Notes Act (Canada) and that the procedures set forth in *Section 3.02* be deemed amended to the extent necessary to comply with the requirements of such debt clearing services.

(d) Execution of Bankers' Acceptances. The signatures of any authorized signatory on Bankers' Acceptances may, at the option of the Canadian Borrower, be reproduced in facsimile and such Bankers' Acceptances bearing such facsimile signatures shall be binding on the Canadian Borrower as if they had been manually signed by such authorized signatory. Notwithstanding that any person whose signature appears on any Bankers' Acceptance as a signatory may no longer be an authorized signatory of the Canadian Borrower at the date of issuance of a Bankers' Acceptance, and notwithstanding that the signature affixed may be a reproduction only, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and as if such

signature had been manually applied, and any such Bankers' Acceptance so signed shall be binding on the Canadian Borrower.

(e) Eserow Funds. Upon the occurrence of an Event of Default and an acceleration of the Canadian Committed Loans under *Section 10.02* or upon a prepayment permitted under *Section 3.06* the Canadian Borrower shall forthwith pay to Administrative Agent for deposit into an eserow account maintained by and in the name of Administrative Agent for the benefit of Canadian Lenders in accordance with their Pro Rata Shares an amount equal to the Canadian Lenders' maximum potential liability (as determined by Administrative Agent) under then outstanding Bankers' Acceptances for the Canadian Borrower (the "*Canadian Eserow Funds*"). The Canadian Eserow Funds shall be held by Administrative Agent for set-off against future amounts owing by the Canadian Borrower in respect to such Bankers' Acceptances and pending such application shall bear interest at the rate declared by Administrative Agent from time to time as that payable by it in respect of deposits for such amount and for such period relative to the maturity date of the Bankers' Acceptances, as applicable. If such Event of Default is either waived or cured in compliance with the terms of this Agreement, then the Canadian Eserow Funds, together with any accrued interest to the date of release, shall be forthwith released to the Canadian Borrower.

(f) BA Equivalent Advances. Each Canadian Lender that is unable to accept BAs or does not customarily accept BAs may, in lieu of accepting a BA on the date of any Canadian Committed Borrowing, make a BA Equivalent Advance. The amount of each BA Equivalent Advance shall be equal to the Canadian Discount Proceeds (with reference to the applicable BA Discount Rate) which would be realized from a hypothetical sale of those BAs which, but for this subsection, would have been sold to such Canadian Lender. If such Canadian Lender does not otherwise have a BA Discount Rate applicable to it, the applicable BA Discount Rate will be calculated as though such Canadian Lender was listed on *Schedule III* of the Bank Act (Canada). Any BA Equivalent Advance shall be made on the relevant date of any Canadian Committed Borrowing, and shall remain outstanding for the term of the corresponding BA. On the maturity date of the corresponding BA, such BA Equivalent Advance shall be repaid in an amount equal to the face amount of a draft that would have been accepted by such Canadian Lender if such Canadian Lender had accepted and purchased a BA hereunder. Each BA Equivalent Advance made pursuant to this subsection shall be deemed to be a BA accepted and purchased by such Canadian Lender pursuant to the terms hereof, and except in this subsection, any reference to a BA shall include such BA Equivalent Advance.

~~3.09. Currency Fluctuations~~. Notwithstanding any other provision of this Agreement, Administrative Agent shall have the right at any time and from time to time to calculate the Total Canadian Outstandings at the U.S. Dollar Equivalent thereof in U.S. Dollars for any purposes including making a determination from time to time of the available undrawn portion of the Aggregate Canadian Commitments. If following such calculation, Administrative Agent determines that the Total Canadian Outstandings are greater than 105% of the Aggregate Canadian Commitments at such time, then Administrative Agent shall so advise the Canadian Borrower and the Canadian Borrower shall following such advice repay, on the later of (a) five Business Days after such advice and (b) the earlier of (i) the next Interest Payment Date for Canadian Prime Rate Loans, (ii) the next Interest Payment Date for Canadian U.S. Eurodollar Rate Committed Loans or Canadian Dollar CDOR Rate Committed Loans, and (iii) the next maturity date of any outstanding Bankers' Acceptance, an amount equal to the amount by which the Total Canadian Outstandings exceeds the Aggregate Canadian Commitments, together with all accrued interest on the amount so paid.

~~3.10. Currency Conversion and Currency Indemnity:~~

~~(a) The Canadian Borrower shall make payment relative to any Canadian Borrowings (other than Canadian Base Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans) or Canadian Letter of Credit denominated in Canadian Dollars in Canadian Dollars and shall make payment relative to Canadian U.S. Base Rate Committed Loans, Canadian U.S. Eurodollar Rate Committed Loans, and Canadian Letters of Credit denominated in U.S. Dollars, in U.S. Dollars. If any payment is received on account of any such Canadian Borrowings or Letter of Credit in any currency (the “*Other Currency*”) other than the Applicable Currency (whether voluntarily, pursuant to any conversion of a Canadian Borrowing or pursuant to an order or judgment or the enforcement thereof or the realization of any security or the liquidation of the Canadian Borrower or otherwise howsoever), such payment shall constitute a discharge of the liability of the Canadian Borrower hereunder and under the other Loan Documents in respect thereof only to the extent of the amount of the Applicable Currency which the Administrative Agent or relevant Canadian Lenders are able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.~~

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

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

~~3.11. Funding Source.~~ (a) Each Canadian Lender may, at its option, make any Canadian Loan available to the Canadian Borrower by causing any foreign or domestic branch or Affiliate of such Canadian Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Canadian Borrower to repay such Canadian Loan in accordance with the terms of this Agreement.

~~ARTICLE 3. ARTICLE 4.~~

~~[Reserved]~~

ARTICLE 4.

**GENERAL PROVISIONS APPLICABLE TO SENIOR
CREDIT FACILITY ~~AND CANADIAN SUBFACILITY~~**

4.01. Interest on Loans.

~~(a) Subject to the provisions of *subsection (d)* below, (i) each U.S. Eurodollar Rate Committed Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the U.S. Dollar Eurodollar Rate for such Interest Period plus the Applicable Rate; (ii) each U.S. Base Rate Committed Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the U.S. Base Rate plus the Applicable Rate; (iii) each U.S. Bid Loan shall bear interest on the outstanding principal amount thereof for the Interest Period therefor at a rate per annum equal to the U.S. Dollar Eurodollar Rate for such Interest Period plus (or minus) the U.S. Eurodollar Bid Margin, or at the Absolute Rate for such Interest Period, as the case may be; and (iv) each U.S. Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the U.S. Swing Line Rate.~~

~~(a) ~~(b)~~ Subject to the provisions of *subsection (d)* below, (i) each ~~Canadian Dollar CDOR~~Eurodollar Rate Committed Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the ~~Canadian Dollar CDOR~~Eurodollar Rate for such Interest Period ~~plus~~ the Applicable Rate; (ii) each ~~Canadian U.S. Eurodollar~~Base Rate Committed Loan shall bear interest on the outstanding principal amount thereof ~~for each Interest Period from the applicable borrowing date~~ at a rate per annum equal to the ~~U.S. Dollar Eurodollar Rate for such Interest Period~~Base Rate ~~plus~~ the Applicable Rate; (iii) each ~~Canadian Prime Rate Committed Loan~~ shall bear interest on the outstanding principal amount thereof ~~from the applicable borrowing date at a rate per annum equal to the Canadian Prime Rate plus the Applicable Rate;~~ (iv) each Canadian Base Rate Committed Loan shall bear interest on the outstanding principal amount thereof ~~from the applicable borrowing date at a rate per annum equal to the Canadian U.S. Dollar Base Rate plus the Applicable Rate;~~ (v) each Canadian Bid Loan shall bear interest on the outstanding principal amount thereof for the Interest Period therefor at a rate per annum equal to the ~~Canadian Dollar CDOR~~Eurodollar Rate for such Interest Period plus (or minus) the ~~Canadian~~Eurodollar Bid Margin, or at the Absolute Rate for such Interest Period, as the case may be; and ~~(vi)~~(v) each ~~Canadian~~ Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the ~~Canadian~~ Swing Line Rate.~~

~~(b) [Reserved].~~

~~(c) (i) If any amount of principal of any Loan is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the rate two percent (2%) above the rate that was applicable to such Loan before a principal payment on such Loan became past due, to the fullest extent permitted by applicable Laws.~~

~~(ii) If any amount (other than principal of any Loan) payable by the ~~applicable~~ Borrower under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of ~~(x)~~ the U.S. Required Lenders, ~~in the case of a U.S. Obligation, or (y) the Canadian Required~~~~

~~Lenders, in the case of a Canadian Obligation, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to; in the case of a U.S. Obligation, the U.S. the Base Rate plus two percent (2%), and, in the case of a Canadian Obligation, the Canadian Prime Rate plus two percent (2%) to the fullest extent permitted by applicable Laws.~~

(iii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(d) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

~~(e) For the purposes of the Interest Act (Canada), whenever interest payable pursuant to this Agreement with respect to the Canadian Borrowings, Canadian L/C Obligations and other amounts payable hereunder or under the other Loan Documents with respect thereto is calculated on the basis of a period other than a calendar year (the “**Relevant Period**”), each rate of interest determined pursuant to such calculation expressed as an annual rate is equivalent to such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the Relevant Period.~~

~~(f) To the extent permitted by law, the provisions of the Judgment Interest Act (Alberta) shall not apply to the Loan Documents and are hereby expressly waived by the Canadian Borrower.~~

~~(g) For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest shall not apply to any interest calculation under the Loan Documents with respect to the Canadian Borrowings, Canadian L/C Obligations, Bankers’ Acceptances and other amounts payable hereunder or under the other Loan Documents with respect thereto, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.~~

4.02. Fees. In addition to certain fees described in *subsections (i) and (j) of Section 2.04* ~~and *subsections (i) and (j) of Section 3.04*~~:

(a) Commitment Fee.

(i) The ~~U.S.~~ Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its ~~U.S.~~ Pro Rata Share, a commitment fee equal to the Applicable Rate times the actual daily amount by which the Aggregate ~~U.S.~~ Commitments exceed the sum of (A) the Outstanding Amount of ~~U.S.~~ Committed Loans and (ii) the Outstanding Amount of ~~U.S.~~ L/C Obligations, subject to adjustment as provided in **Section 4.10**. For the avoidance of doubt, the Outstanding Amount of ~~U.S.~~ Swing Line Loans shall not be counted towards or considered usage of the Aggregate ~~U.S.~~ Commitments for purposes of determining the commitment fee.

~~(ii) The Canadian Borrower shall pay to the Administrative Agent for the account of each Canadian Lender in accordance with its Canadian Pro Rata Share, a commitment fee equal to the Applicable Rate *times* the actual daily amount by which the Aggregate Canadian Commitments exceed the sum of (A) the Outstanding Amount of Canadian Committed Loans and (ii) the Outstanding Amount of Canadian L/C Obligations, subject to adjustment as provided in **Section 4.10**. For the avoidance of doubt, the Outstanding Amount of Canadian Swing Line Loans shall not be counted towards or considered usage of the Aggregate Canadian Commitments for purposes of determining the commitment fee. [Reserved].~~

(iii) The commitment fees shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in **Article 6** is not met, and shall be due and payable within three Business Days of receipt of an invoice from the Administrative Agent properly setting forth the amounts due and payable, with such invoice being provided on or after the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The commitment fees shall be calculated quarterly in arrears (and, for the avoidance of doubt, calculated based on the number of calendar days of the Availability Period during such quarterly period, with each quarter starting with and including the first calendar date of the quarter and ending on and including the last calendar date of such quarter), and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect.

(b) ~~Canadian Stamping Fee. In consideration of each Canadian Lender's commitment to accept Bankers' Acceptances under this Agreement, the Canadian Borrower will pay to Administrative Agent for the account of each Canadian Lender the Canadian Stamping Fee Rate multiplied by the face amount of each Bankers' Acceptance accepted by such Canadian Lender under this Agreement calculated for the number of days in the term of such Bankers' Acceptance. Such fee shall be due and payable on the date on which such Bankers' Acceptances are accepted and if such Canadian Lender is purchasing such Bankers' Acceptance, such fee shall be deducted from the Canadian Discount Proceeds paid to the Canadian Borrower. [Reserved].~~

(c) **Other Fees.** The ~~Borrowers~~ Borrower shall pay to the Joint Lead Arrangers and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the applicable Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

4.03. Computation of Interest and Fees on Loans. All computations of ~~(a) interest for (i) U.S. Base Rate Loans, (ii) Canadian Base Rate Committed Loans, (iii) Canadian Prime Rate Loans, and (iv) Canadian Dollar CDOR Rate Loans, and (b) stamping fees for Bankers' Acceptances~~ Base Rate Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest on Loans shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to **Section 4.05(a)**, bear interest for one day.

4.04. Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained with respect to ~~each applicable~~ the Borrower by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the ~~Borrowers~~ Borrower and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the ~~applicable~~ Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any

Lender made through the Administrative Agent, the ~~applicable~~ Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records; provided that if such Note is requested by any Lender on the Closing Date, such request shall comply with **Section 6.01(a)(ii)**. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in **subsection (a)**, each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

4.05. Payments Generally.

(a) All payments to be made by ~~any~~the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by ~~any~~the Borrower hereunder shall be made to the Administrative Agent ~~or in the case of Canadian Borrowings or Canadian Letters of Credit to the Administrative Agent at the Canadian Payment Office~~, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office ~~or the Canadian Payment Office, as applicable, in the Applicable Currency, and~~, in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent or the Administrative Agent's office, as applicable, will promptly distribute to each applicable Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) If any payment to be made by ~~any~~the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) Unless ~~any~~the Borrower or any Lender has notified the Administrative Agent, prior to the time any payment is required to be made by it to the Administrative Agent hereunder, that ~~such~~the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that ~~such~~the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if ~~any~~the Borrower failed to make such payment, each applicable Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds at the greater of the Federal Funds Rate ~~(or in the case of the Canadian Loans or Canadian Letters of Credit, the Canadian Prime Rate)~~ from time to time in effect and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the applicable Borrower to the date such amount is recovered by the Administrative Agent (the “*Compensation Period*”) at a rate per annum equal to the greater of the Federal Funds Rate ~~(or in the case of the Canadian Loans or Canadian Letters of Credit, the Canadian Prime Rate)~~ from time to time in effect and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender’s Committed Loan or Bid Loan, as the case may be, included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent’s demand therefor, the Administrative Agent may make a demand therefor upon the applicable Borrower, and ~~such~~the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or ~~any~~the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or ~~any~~the Borrower with respect to any amount owing under this *subsection (c)* shall be conclusive, absent manifest error.

(d) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this *Article 4*, and such funds are not made available to the applicable Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in *Article 6* are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) The obligations of the Lenders hereunder to make ~~U.S.~~ Committed Loans and to fund participations in ~~U.S.~~ Letters of Credit and ~~U.S.~~ Swing Line Loans and to make payments pursuant to Section 11.08 are several and not joint. The failure of any Lender to make any ~~U.S.~~ Committed Loan, to fund any such participation and to make any payment under Section 11.08 on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its ~~U.S.~~ Committed Loan, to purchase its participation or to make its payment under Section 11.08.

~~(f) The obligations of the Canadian Lenders hereunder to make Canadian Committed Loans, to accept or purchase Bankers’ Acceptances, to fund participations in Canadian Letters of Credit and Canadian Swing Line Loans and to make payments pursuant to Section 11.08 are several and not joint. The failure of any Canadian Lender to make any Canadian Committed Loan, to accept or purchase any Bankers’ Acceptance, or to fund any such participation on any date required hereunder shall not relieve any other Canadian Lender of its corresponding obligation to do so on such date, and no Canadian Lender shall be responsible for the failure of any other Canadian Lender to so make its Canadian Committed Loan, purchase its participation or to make its payment under Section 11.08. [Reserved]~~

(g) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

4.06. Sharing of Payments.

(a) If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the ~~U.S.~~ Committed Loans made by it, or the participations in ~~U.S.~~ L/C Obligations or in ~~U.S.~~ Swing Line Loans held by it, any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (i) notify the Administrative Agent of such fact, and (ii) purchase from the other Lenders such participations in the ~~U.S.~~ Committed Loans made by them and/or such subparticipations in the participations in ~~U.S.~~ L/C Obligations or ~~U.S.~~ Swing Line Loans held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such ~~U.S.~~ Committed Loans or such participations, as the case may be, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the applicable purchasing Lender under any of the circumstances described in Section 12.08 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other applicable Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. The ~~U.S.~~ Borrower agrees that any Lender so purchasing a participation from the other Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 12.11) with respect to such participation as fully as if such Lender were the direct creditor of the ~~U.S.~~ Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this subsection and will in each case notify the applicable Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this subsection shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the ~~U.S.~~ Obligations purchased to the same extent as though the purchasing Lender were the original owner of the ~~U.S.~~ Obligations purchased.

(b) If, other than as expressly provided elsewhere herein, any Canadian Lender shall obtain on account of the Canadian ~~Committed Loans made by it, the Bankers' Acceptances accepted by it, or the participations in Canadian L/C Obligations or in~~ Obligations due and payable to it by the Canadian ~~Swing Line Loans held by it~~ Borrower, any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Canadian Lender shall immediately (i) notify the Administrative Agent of such fact, and (ii) purchase from the other Canadian Lenders such participations ~~in the Canadian Committed Loans and Bankers' Acceptances made by them~~ and/or such subparticipations in the participations in Canadian ~~L/C Obligations or Canadian Swing Line Loans held by~~ due and payable to them, as the case may be, as shall be necessary to cause such purchasing Canadian Lender to share the excess payment in respect of such Canadian ~~Committed Loans and Bankers' Acceptances or such participations, as the case may be~~ Obligations, pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the applicable purchasing Canadian Lender under any of the circumstances described in **Section 12.08** (including pursuant to any settlement entered into by the purchasing Canadian Lender in its discretion), such purchase shall to that extent be rescinded and each other applicable Canadian Lender shall repay to the purchasing Canadian Lender the purchase price paid therefor, together with an amount equal to such paying Canadian Lender's ratable share (according to the proportion of (i) the amount of such paying Canadian Lender's required repayment to (ii) the total amount so recovered from the purchasing Canadian Lender) of any interest or other amount paid or payable by the purchasing Canadian Lender in respect of the total amount so recovered, without further interest thereon. The Canadian Borrower agrees that any Canadian Lender so purchasing a participation

from another Canadian Lender may, to the fullest extent permitted by law, exercise all its rights of payment ~~(including the right of set-off, but subject to Section 12.11)~~ with respect to such participation as fully as if such Canadian Lender were the direct creditor of the Canadian Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this subsection and will in each case notify the applicable Canadian Lenders following any such purchases or repayments. Each Canadian Lender that purchases a participation pursuant to this subsection shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Canadian Obligations purchased to the same extent as though the purchasing Canadian Lender were the original owner of the Canadian Obligations purchased.

~~**4.07. Canadian Reallocation of the Commitments. [Reserved].** The Borrowers, collectively, may by notice to the Administrative Agent reallocate a portion of the Aggregate Commitments specified therein as part of the Aggregate Canadian Commitments or the Aggregate U.S. Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five Business Days prior to the date such reallocation shall become effective, (ii) any such reallocation shall be in an aggregate amount of U.S. \$50,000,000 if the amount of the Aggregate Canadian Commitments at the time of such reallocation is zero, and otherwise in an aggregate amount of U.S. \$10,000,000 or in each case any whole multiple of U.S. \$1,000,000 in excess thereof, or shall be a reallocation to zero, (iii) after any such reallocation, the amount of the Aggregate Canadian Commitments shall be equal to or greater than U.S. \$50,000,000 or shall be zero, but in no event more than the sum of the Canadian Maximum Commitments of all Canadian Lenders, (iv) after any such reallocation, the amount of the Aggregate U.S. Commitments may be equal to the amount of the Aggregate Commitments, and in such case, the amount of the Aggregate Canadian Commitments shall be zero, (v) the Borrowers shall not reallocate any portion of the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder (a) the Total Outstandings would exceed the Aggregate Commitments, (b) the Total Canadian Outstandings would exceed the Aggregate Canadian Commitments, (c) the Total U.S. Outstandings would exceed the Aggregate U.S. Commitments, (d) the sum of any Lender's outstanding U.S. Committed Loans plus such Lender's Pro Rata Share of outstanding U.S. L/C Obligations and U.S. Swing Line Loans would exceed such Lender's U.S. Commitment, (e) the sum of any Canadian Lender's outstanding Canadian Committed Loans and Bankers' Acceptances plus such Canadian Lender's Pro Rata Share of outstanding Canadian L/C Obligations and Canadian Swing Line Loans would exceed such Canadian Lender's Canadian Commitment, or (f) any Canadian Lender's Canadian Commitment would exceed its Canadian Maximum Commitment, and (vi) the Borrowers, collectively, shall make no more than four reallocations of the Commitments in any calendar year. The Administrative Agent will promptly notify the Lenders and their Canadian branches or affiliates with Canadian Commitments of any such notice of reallocation of the Commitments and the amount of their respective U.S. Commitments and Canadian Commitments, and shall notify all Lenders of the Commitments, the Aggregate U.S. Commitments and the Aggregate Canadian Commitments upon the effectiveness of such reallocation.~~

4.08. Extension of Maturity Date.

(a) Not earlier than 90 days prior to, nor later than 30 days prior to, each anniversary of the Closing Date, the ~~U.S.~~ Borrower may, upon notice to the Administrative Agent (which shall promptly notify the Lenders), request a one-year extension of the Maturity Date then in effect. Within 30 days of delivery of such notice, each Lender shall notify the Administrative Agent whether or not it consents to such extension (which consent may be given or withheld in such Lender's sole and absolute discretion). Any Lender not responding within the above time period shall be deemed not to have consented to such

extension. The Administrative Agent shall promptly notify the ~~U.S.~~ Borrower and the Lenders of the Lenders' responses. The ~~U.S.~~ Borrower may not extend the Maturity Date pursuant to this **Section 4.08** more than two times [\(it being understood and agreed that the extension of the Maturity Date applicable to the Lenders party to the First Amendment and Extension Agreement pursuant to this Section 4.08 on the First Amendment and Extension Effective Date shall not count against the two extensions permitted under this clause \(a\)\).](#)

(b) The Maturity Date shall be extended only if Lenders holding more than 50% of the Aggregate Commitments (calculated excluding Defaulting Lenders and prior to giving effect to any replacements of Lenders permitted herein) (the "**Consenting Lenders**") have consented thereto. If so extended, the Maturity Date, as to the Consenting Lenders, shall be extended to the same date in the following year, effective as of the date of such extension by the Consenting Lenders (such effective date being the "**Extension Effective Date**"). The Administrative Agent and the ~~U.S.~~ Borrower shall promptly confirm to the Lenders such extension and the Extension Effective Date. As a condition precedent to such extension, the ~~U.S.~~ Borrower shall deliver to the Administrative Agent a certificate of each Loan Party dated as of the Extension Effective Date signed by a Responsible Officer of such Loan Party (i) certifying that such extension has been duly authorized by such Loan Party and (ii) in the case of ~~each~~ the Borrower, certifying that, (A) before and after giving effect to such extension, the representations and warranties contained in **Article 7** and the other Loan Documents made by it are true and correct in all material respects on and as of the Extension Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, (B) before and after giving effect to such extension no Default exists or will exist, and (C) no event has occurred since the date of the most recent audited financial statements of the ~~U.S.~~ Borrower delivered pursuant to **Section 8.02(a)** that has had, or could reasonably be expected to have, a Material Adverse Effect. The ~~U.S.~~ Borrower shall prepay ~~U.S.~~ Committed Loans outstanding on the Maturity Date with respect to any Lender that did not consent to an extension of such Maturity Date pursuant to **Section 4.08(a)** (and pay any additional amounts required pursuant to **Section 5.05**) to the extent necessary to keep outstanding ~~U.S.~~ Committed Loans ratable with any revised and new Pro Rata Shares of all the Lenders effective as of such Maturity Date. ~~The Canadian Borrower shall prepay any Canadian Committed Loans owing by it outstanding on the Maturity Date with respect to any Lender that did not consent to an extension of such Maturity Date pursuant to Section 4.08(a) (and pay any additional amounts required pursuant to Section 5.05) to the extent necessary to keep outstanding Canadian Committed Loans ratable with any revised and new Pro Rata Shares of all the Canadian Lenders effective as of such Maturity Date.~~

(c) If any Lender does not consent to the extension of the Maturity Date as provided in this **Section 4.08**, the ~~U.S.~~ Borrower shall have the right to replace such Lender in accordance with **Section 12.17**.

(d) This Section shall supersede any provisions in **Section 4.06** or **12.01** to the contrary.

4.09. Increase in Commitments.

(a) The ~~U.S.~~ Borrower shall have the right (in consultation with the Administrative Agent), without the consent of any of the Lenders, to cause from time to time an increase in the Aggregate Commitments by adding to this Agreement one or more additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent and its counsel or by allowing one or more Lenders to increase their respective Commitments, provided, however, (i) no Default shall exist, (ii) no such increase shall result in the Aggregate Commitments exceeding U.S. \$3,750,000,000, (iii) no such increase shall be in an amount less than U.S. \$50,000,000, and (iv) no Lender's Commitment shall be increased without such Lender's consent (which consent may be given or withheld in such Lender's sole and absolute discretion) and any Lender which

does not respond to any such request to increase its Commitment within the applicable time period provided therefor shall be deemed to have declined to increase its Commitment.

(b) If the Aggregate Commitments are increased in accordance with this Section, the Administrative Agent and the ~~U.S.~~ Borrower shall determine the effective date (the “**Increase Effective Date**”) and the final allocation of such increase. The Administrative Agent shall promptly notify the ~~U.S.~~ Borrower and the Lenders of the final allocation of such increase and the Increase Effective Date. As a condition precedent to such increase, the ~~U.S.~~ Borrower shall deliver to the Administrative Agent a certificate of the ~~U.S.~~ Borrower, if the Aggregate ~~U.S. Commitments are being increased, and/or the Canadian Borrower, if the Aggregate Canadian~~ Commitments are being increased, and each Guarantor dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (i) certifying and attaching the resolutions (or governing board minutes) adopted by such Loan Party authorizing such increase, and (ii) in the case of each certificate from ~~the~~ Borrower, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in **Article 7** (other than **Section 7.14**) and the other Loan Documents made by it are true and correct in all material respects on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, provided that in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof, and (B) no Default exists. The ~~U.S.~~ Borrower shall prepay any ~~U.S.~~ Committed Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to **Section 5.05**) to the extent necessary to keep the outstanding ~~U.S.~~ Committed Loans ratable with any revised Pro Rata Shares arising from any nonratable increase in the ~~U.S.~~ Commitments under this Section. ~~The Canadian Borrower shall prepay any Canadian Committed Loans owing by it and outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 5.05) to the extent necessary to keep the outstanding Canadian Committed Loans ratable with any revised Pro Rata Shares arising from any nonratable increase in the Canadian Commitments under this Section.~~

(c) This Section shall supersede any provisions in **Section 4.06** or **12.01** to the contrary.

4.10. Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender’s right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of ~~“Canadian-Required Lenders”~~, ~~“Required Lenders”~~ and **Section 12.01**.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to **Article 10** or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to **Section 12.11**, shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the L/C Issuers or Swing Line Lenders hereunder; *third*, to Cash Collateralize any L/C Issuer’s Fronting Exposure with respect to such Defaulting Lender in accordance with

~~Sections~~ Section 2.04(g) and 3.04(g); *fourth*, as the ~~applicable~~ Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the ~~U.S.~~ Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize any L/C Issuer's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with ~~Sections~~ Section 2.04(g) and 3.04(g); *sixth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the ~~applicable~~ Borrower as a result of any judgment of a court of competent jurisdiction obtained by ~~such the~~ Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 6.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments hereunder without giving effect to **Section 4.10(a)(iv)**. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this

Section 4.10(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any fee payable under **Section 4.02(a)** for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Pro Rata Share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to ~~Sections~~ Section 2.04(g) and 3.04(g), as applicable.

(C) With respect to any fee payable under **Section 4.02(a)** or any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to *clause (A)* or *(B)* above, the ~~applicable~~ Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations or Swing Line Loans that has been reallocated to such Non-Defaulting Lender pursuant to *clause (iv)* below, (y) pay to the L/C Issuers

and Swing Line Lenders, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's or such Swing Line Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Pro Rata Shares to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in **Section 6.02** are satisfied at the time of such reallocation (and, unless the ~~Borrowers~~Borrower shall have otherwise notified the Administrative Agent at such time, the ~~Borrowers~~Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. Subject to **Section 12.25**, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swing Line Loans. If the reallocation described in **clause (a)(iv)** above cannot, or can only partially, be effected, the ~~applicable~~ Borrower shall within two (2) Business Days, without prejudice to it hereunder or under applicable Law, (x) first, prepay Swing Line Loans in an amount equal to the Swing Line Lenders' Fronting Exposure and (y) second, Cash Collateralize the L/C Issuers' Fronting Exposure in accordance with the procedures set forth in ~~Sections~~Section 2.04(g) and 3.04(g) (other than with respect to the timing of such Cash Collateralization by the ~~applicable~~ Borrower), as applicable.

(b) Defaulting Lender Cure. If the ~~Borrowers~~Borrower, the Administrative Agent, Swing Line Lenders and the L/C Issuers agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Committed Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by the Lenders in accordance with their Pro Rata Share (without giving effect to **Section 4.10(a)(iv)**), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the ~~Borrowers~~Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

4.11. Termination or Reduction of Commitments. The ~~U.S.~~ Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Commitments ~~(including the Aggregate Canadian Commitments)~~; or from time to time permanently reduce the Aggregate Commitments ~~(and proportionately reduce the Aggregate Canadian Commitments)~~; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. two Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of U.S. \$10,000,000 or any whole multiple of U.S. \$1,000,000 in excess thereof, (iii) the ~~U.S.~~ Borrower shall not

terminate or reduce the Aggregate Commitments (~~and the Aggregate Canadian Commitments, if applicable~~) if, after giving effect thereto and to any concurrent prepayments hereunder, ~~(1) the Total Outstandings would exceed the Aggregate Commitments, (2) the Total U.S. Outstandings would exceed the Aggregate U.S. Commitments, or (3) the Total Canadian Outstandings would exceed the Aggregate Canadian~~the Total Outstandings would exceed the Aggregate Commitments, (iv) if, after giving effect to any reduction of the Aggregate Commitments, the Letter of Credit Sublimit exceeds the amount of the Aggregate Commitments, such ~~Sublimit~~sublimit shall be automatically reduced by the amount of such excess, and (v) if, after giving effect to any reduction of the Aggregate Commitments, the ~~U.S. Swing Line Sublimit~~ exceeds the amount of the Aggregate ~~U.S. Commitments or the Canadian Swing Line Sublimit~~Sublimit exceeds the Aggregate Canadian Commitments, such ~~sublimits~~sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Commitments. Any reduction of the Aggregate Commitments shall be applied to the ~~U.S.~~ Commitment of each Lender according to such Lender's Pro Rata Share. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

ARTICLE 5. TAXES, YIELD PROTECTION AND ILLEGALITY

5.01. Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Loan Party, then the Administrative Agent or such Loan Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to **subsection (e)** below.

(ii) If any Loan Party or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) such Loan Party or the Administrative Agent shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to **subsection (e)** below, (B) such Loan Party or the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this **Section 5.01**) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Loan Party or the Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to **subsection (e)** below, (B) such Loan Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and

(C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this **Section 5.01**) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrowers/Borrower. Without limiting the provisions of **subsection (a)** above, the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications.

(i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this **Section 5.01**) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the applicable Borrower by a Lender or an L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or an L/C Issuer, shall be conclusive absent manifest error.

(ii) Each Lender and L/C Issuer shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender or such L/C Issuer (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (y) the Administrative Agent and the Loan Parties, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of **Section 12.09(d)** relating to the maintenance of a Participant Register and (z) the Administrative Agent and the Loan Parties, as applicable, against any Excluded Taxes attributable to such Lender or such L/C Issuer, in each case, that are payable or paid by the Administrative Agent or a Loan Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this **clause (ii)**.

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower or by the Administrative Agent to a Governmental Authority as provided in this **Section 5.01**, such the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to such the Borrower, as the case may be, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to such the Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders: Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the ~~U.S.~~ Borrower and the Administrative Agent, at the time or times reasonably requested by the ~~U.S.~~ Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the ~~U.S.~~ Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the ~~U.S.~~ Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the ~~U.S.~~ Borrower or the Administrative Agent as will enable the ~~U.S.~~ Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Sections 5.01(e)(ii)(A), 5.01(e)(ii)(B) and 5.01(e)(ii)(D)** below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that ~~a~~the Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the ~~U.S.~~ Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the ~~U.S.~~ Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the ~~U.S.~~ Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the ~~U.S.~~ Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under *Section 881(c)* of the Code, (x)

a certificate substantially in the form of **Exhibit H-1** to the effect that such Foreign Lender is not a “bank” within the meaning of *Section 881(c)(3)(A)* of the Code, a “10 percent shareholder” of the Borrower within the meaning of *Section 881(c)(3)(B)* of the Code, or a “controlled foreign corporation” described in *Section 881(c)(3)(C)* of the Code (a “**U.S. Tax Compliance Certificate**”) and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of **Exhibit H-2** or **Exhibit H-3**, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit H-4** on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the ~~U.S.~~ Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the ~~U.S.~~ Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the ~~U.S.~~ Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in *Section 1471(b)* or *1472(b)* of the Code, as applicable), such Lender shall deliver to the ~~U.S.~~ Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the ~~U.S.~~ Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by *Section 1471(b)(3)(C)(i)* of the Code) and such additional documentation reasonably requested by the ~~U.S.~~ Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this **clause (D)**, “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this **Section 5.01** expires or becomes obsolete or inaccurate in any respect, it shall

update such form or certification or promptly notify the ~~U.S.~~ Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or an L/C Issuer, or have any obligation to pay to any Lender or any L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or such L/C Issuer, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this **Section 5.01**, it shall pay to the Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this **Section 5.01** with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to the Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the Loan Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to any Loan Party or any other Person.

(g) Survival. Each party's obligations under this **Section 5.01** shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender or an L/C Issuer, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

5.02. Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund ~~U.S. Dollar Eurodollar Rate Loans or Canadian Dollar CDOR Rate Loans, as applicable~~, or to determine or charge interest rates based upon the ~~U.S. Dollar Eurodollar Rate or the Canadian Dollar CDOR Rate~~, then, on notice thereof by such Lender to ~~each applicable~~the Borrower through the Administrative Agent, any obligation of such Lender (a) to make or continue ~~U.S. Dollar Eurodollar Rate Loans or Canadian U.S. Eurodollar Rate Committed Loans~~, or (b) to convert (i) ~~U.S. Base Rate Committed Loans to U.S. Eurodollar Rate Committed Loans or Canadian Prime Rate Committed Loans or Canadian Base Rate Committed Loans to Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans~~, shall be suspended until such Lender notifies the Administrative Agent and ~~each applicable~~ Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, ~~each applicable~~ Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, (a) convert all ~~U.S. Dollar Eurodollar Rate Loans or Canadian U.S. Eurodollar Rate Committed Loans~~ of such Lender to ~~U.S. Base Rate Loans, or Canadian Base Rate Committed Loans~~, as the case may be, ~~and~~ (b) convert all ~~Canadian Dollar CDOR Rate Loans of such Lender to Canadian Prime Rate Committed Loans~~, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such ~~U.S. Dollar Eurodollar Rate Loans or Canadian Dollar CDOR Rate Loans, as the case may be~~; to such day, or immediately, if such Lender may not lawfully continue to maintain such ~~U.S. Dollar Eurodollar Rate Loans or Canadian Dollar CDOR Rate Loans, as the case may be~~. Upon any such prepayment or

conversion, ~~each applicable~~ Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

5.03. Inability to Determine Rates; Market Disruption.

(a) If the ~~U.S.~~ Required Lenders determine that for any reason adequate and reasonable means do not exist for determining the ~~U.S. Dollar~~ Eurodollar Rate for any requested Interest Period with respect to a proposed ~~U.S.~~ Eurodollar Rate Committed Loan, or that the ~~U.S. Dollar~~ Eurodollar Rate for any requested Interest Period with respect to a proposed ~~U.S.~~ Eurodollar Rate Committed Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the ~~U.S.~~ Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain ~~U.S. Dollar~~ Eurodollar Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the ~~U.S.~~ Required Lenders) revokes such notice. Upon receipt of such notice, the ~~U.S.~~ Borrower may revoke any pending request for a ~~U.S.~~ Borrowing of, conversion to or continuation of ~~U.S.~~ Eurodollar Rate Committed Loans or, failing that, will be deemed to have converted such request into a request for a ~~U.S.~~ Committed Borrowing of ~~U.S.~~ Base Rate Loans in the amount specified therein.

~~(b) If the Canadian Required Lenders determine that for any reason adequate and reasonable means do not exist for determining the U.S. Dollar Eurodollar Rate or the Canadian Dollar CDOR Rate for any requested Interest Period with respect to a proposed Canadian Committed Loan, or that the U.S. Dollar Eurodollar Rate or the Canadian Dollar CDOR Rate for any requested Interest Period with respect to a proposed Canadian Committed Loan does not adequately and fairly reflect the cost to such Canadian Lenders of funding such Loan, the Administrative Agent will promptly so notify each Canadian Borrower and each Canadian Lender. Thereafter, the obligation of the Canadian Lenders to make or maintain Canadian Dollar CDOR Rate Loans and/or Canadian U.S. Eurodollar Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Canadian Required Lenders) revokes such notice. Upon receipt of such notice, the Canadian Borrower may revoke any pending request for a Canadian Borrowing of, conversion to or continuation of such Canadian Committed Loans or, failing that, will be deemed to have converted such request into a request for a Canadian Committed Borrowing of Canadian Base Rate Committed Loans or Canadian Prime Rate Committed Loans in the amount specified therein. Reserved.~~

~~(c) If for any reason in connection with any request for a U.S. Eurodollar Rate Committed Loan or a Canadian U.S. Eurodollar Rate Committed Loan, Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination will be conclusive absent manifest error), or any of the ~~Borrowers or U.S. Required Lenders or Canadian~~ Borrower or Required Lenders notify the Administrative Agent (with, in the case of the ~~U.S. Required Lenders or Canadian~~ Required Lenders, a copy to the ~~applicable~~ Borrower) that the ~~Borrowers~~ Borrower or ~~U.S. Required Lenders or Canadian Required Lenders (as applicable)~~ have determined, that:~~

(i) adequate and reasonable means do not exist for ~~determining the U.S. Dollar Eurodollar Rate~~ ascertaining LIBOR for any requested Interest Period ~~with respect to a proposed U.S. Eurodollar Rate Committed Loan or a Canadian U.S. Eurodollar Rate Committed Loan~~, including, without limitation, because LIBOR is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the administrator of LIBOR or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after

which LIBOR will no longer be made available, or used for determining the interest rate of loans, provided that, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide LIBOR after such specific date (such specific date, the “**Scheduled Unavailability Date**”);

then ~~(A)~~, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, ~~at the request of the Administrative Agent or the U.S. Borrower~~, the Administrative Agent and ~~Borrowers~~ Borrower shall endeavor to amend this Agreement ~~to replace LIBOR with an~~ solely for the purpose of replacing LIBOR in accordance with this Section 5.03 with (x) one or more SOFR-Based Rates or (y) another alternate benchmark rate ~~(including any mathematical or other adjustments to the benchmark (if any) incorporated therein)~~, giving due consideration to any evolving or then-existing convention for similar U.S. Dollar-denominated syndicated credit facilities for such alternative benchmarks ~~(and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (the “Adjustment”); and any such proposed rate, a “LIBOR Successor Rate”)~~, ~~together with any proposed LIBOR Successor Rate Conforming Changes (as defined below)~~ and any such amendment will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the ~~Borrowers~~ Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to Administrative Agent written notice that such Required Lenders ~~do not accept such amendment; and~~ (A) in the case of an amendment to replace LIBOR with a rate described in clause (x), object to the Adjustment; or (B) in the case of an amendment to replace LIBOR with a rate described in clause (y), object to such amendment; provided that for the avoidance of doubt, (i) in the case of clause (A), the Required Lenders shall not be entitled to object to any SOFR-Based Rate contained in any such amendment, and (ii) such LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent in consultation with the Borrower.

~~(B)~~ if no LIBOR Successor Rate has been determined and the circumstances under *clause (c)(i)* above exist or the Scheduled Unavailability Date has occurred (as applicable), then the Administrative Agent will promptly so notify the ~~Borrowers~~ Borrower and each Lender; and ~~(C)~~ thereafter, (x) the obligation of the Lenders to make or maintain ~~U.S. Eurodollar Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans, as applicable;~~ will be suspended (to the extent of the impacted ~~U.S. Eurodollar Rate Committed Loans, Canadian U.S. Eurodollar Rate Committed Loans or Interest Periods~~), and (y) the ~~U.S. Dollar Eurodollar Rate component will no longer be used to determine U.S. Base Rate and Canadian U.S. Dollar Base Rate~~ Base Rate. Upon receipt of any such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Committed Loans or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans (subject to the foregoing clause (y)) in the amount specified therein.

For purposes hereof, “**LIBOR Successor Rate Conforming Changes**” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of ~~U.S. Base Rate, Canadian U.S. Dollar~~ Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters as may be appropriate, in the

discretion of Administrative Agent, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the ~~Borrowers~~ Borrower).

~~Upon receipt of any such notice under *clause (e)(i)* or *(e)(ii)(B)* above, the applicable Borrower (A) may revoke any pending request for a U.S. Borrowing of, conversion to or continuation of U.S. Eurodollar Rate Committed Loans or, failing that, will be deemed to have converted such request into a request for a U.S. Committed Borrowing of U.S. Base Rate Loans (subject to *clause (e)(ii)(C)(y)* above) in the amount specified therein or (B) may revoke any pending request for a Canadian Borrowing of, conversion to or continuation of such Canadian U.S. Eurodollar Rate Committed Loans or, failing that, will be deemed to have converted such request into a request for a Canadian Committed Borrowing of Canadian Base Rate Committed Loans (subject to *clause (e)(ii)(C)(y)* above) in the amount specified therein, as applicable.~~

Notwithstanding anything else herein, any definition of LIBOR Successor Rate will provide that in no event may such LIBOR Successor Rate be less than zero for purposes of this Agreement.

In connection with the implementation of a LIBOR Successor Rate, the Administrative Agent will have the right, subject to the consultation rights of the Borrower referenced above in the definition of LIBOR Successor Rate Conforming Changes, to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment effected, the Administrative Agent shall post each such amendment implementing such LIBOR Successor Conforming Changes to the Lenders reasonably promptly after such amendment becomes effective.

~~5.04. Increased Cost and Reduced Return; Capital Adequacy; Reserves on U.S. Dollar Eurodollar Rate Loans, Canadian Dollar CDOR Rate Loans, and Canadian U.S. Eurodollar Rate Committed Loans.~~

(a) If any Lender determines that as a result of a Change in Law, or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining ~~U.S. Dollar Eurodollar Rate Loans, Canadian Dollar CDOR Rate Loans, or Canadian U.S. Eurodollar Rate Committed~~ Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (excluding for purposes of this *subsection (a)* any such increased costs or reduction in amount resulting from (i) Indemnified Taxes, (ii) Taxes described in *clause (a)* of the definition of Excluded Taxes to the extent resulting from changes in tax rates, and Taxes described in *clauses (b)* through *(d)* of the definition of Excluded Taxes, (iii) Connection Income Taxes, ~~(iv) capital taxes imposed under Canadian law, and (v) and (iv)~~ reserve requirements contemplated by *Section 5.04(c)*), then from time to time within 20 days following delivery by such Lender of a certificate described in *Section 5.06* (with a copy of such demand to the Administrative Agent), ~~each applicable~~ the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction.

(b) If any Lender determines that a Change in Law regarding capital adequacy or liquidity or compliance by such Lender (or its Lending Office) therewith, has the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such

Lender's obligations hereunder to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time upon demand of such Lender (with a copy of such demand to the Administrative Agent), ~~each applicable~~ Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such reduction.

(c) The ~~U.S.~~ Borrower shall pay to each ~~Lender, and the Canadian Borrower shall pay to each Canadian~~ Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits, additional interest on the unpaid principal amount of each ~~U.S. Dollar Eurodollar Rate Loan or Canadian Dollar CDOR Rate Loan, as applicable~~, equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the ~~applicable~~ Borrower shall have received at least 15 days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be due and payable 15 days from receipt of such notice.

5.05. Compensation for Losses. Within 20 days following delivery by any Lender of a certificate described in *Section 5.06*, upon demand of such Lender (with a copy to the Administrative Agent) from time to time, ~~each applicable~~ the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a ~~U.S. Base Rate Loan, a Canadian Prime Rate Committed Loan or a Canadian Base Rate Committed~~ Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by the ~~applicable~~ Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a ~~U.S. Base Rate Loan, a Canadian Prime Rate Loan or a Canadian Base Rate Committed Loan, as the case may be~~, on the date or in the amount notified by the ~~applicable~~ Borrower; or

(c) any assignment of a ~~U.S. Dollar Eurodollar Rate Loan, a Canadian Dollar CDOR Rate Loan or a Canadian U.S. Eurodollar Rate Committed Loan, as the case may be~~, on a day other than the last day of the Interest Period therefor as a result of a request by the ~~applicable~~ Borrower pursuant to *Section 12.17*;

excluding any loss of anticipated profits but including any actual loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained.

5.06. Matters Applicable to all Requests for Compensation.

(a) A certificate of the Administrative Agent or any Lender claiming compensation under this *Article 5* and setting forth in reasonable detail the manner in which the additional amount or amounts to be paid to it hereunder and the basis and calculation thereof were determined and certifying that the Administrative Agent or such Lender is generally charging such amounts to similarly situated borrowers under comparable credit facilities shall be delivered to the Borrower and shall be conclusive in the absence of manifest error. In determining such amount, the Administrative Agent or such Lender may use

any reasonable averaging and attribution methods. The ~~applicable~~ Borrower may reasonably request copies of documentation supporting such methods.

(b) Upon any Lender's making a claim for compensation under *Section 5.01* or *5.04* or providing a notice under *Section 5.02*, the ~~U.S.~~ Borrower may replace such Lender in accordance with *Section 12.17*.

(c) Notwithstanding any other provision of this Agreement to the contrary, no Borrower shall be under any obligation to compensate the Administrative Agent or any Lender under *Section 5.01*, *5.04* or *5.05* with respect to any request to be compensated for any losses, costs, expenses or other amounts relating to any period prior to the date that is 180 days prior to such request if such Lender or the Administrative Agent, as the case may be, knew of the circumstances giving rise to such losses, costs, expenses or amounts.

5.07. Mitigation Obligations. If any Lender requests compensation under *Section 5.04*, or requires ~~any~~the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to *Section 5.01*, then such Lender shall (at the request of ~~such~~the Borrower) use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to *Section 5.04* or *Section 5.01*, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The ~~applicable~~ Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

5.08. Survival. All of the ~~Borrowers~~Borrower's obligations under this *Article 5* shall survive termination of the Aggregate Commitments and repayment of all other Obligations hereunder.

ARTICLE 6. CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

6.01. Conditions to Effectiveness of this Agreement. This Agreement is being executed and delivered on the Closing Date and shall become effective upon the satisfaction of the following conditions precedent:

(a) The Administrative Agent's (or its counsel's) receipt of the following, each of which shall be originals or facsimiles (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Administrative Agent and each of the Lenders:

(i) executed counterparts of (A) this Agreement, sufficient in number for distribution to the Administrative Agent, each Lender and each Borrower and (B) the Guaranties;

(ii) a Note executed by each Borrower, as applicable in favor of each Lender requesting a Note, to the extent requested at least 3 Business Days prior to the Closing Date;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer

thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(iv) such documents and certificates as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, validly existing and in good standing issued by appropriate public officials of the jurisdiction of such Loan Party's organization or formation;

(v) favorable opinions of (i) Skadden, Arps, Slate, Meagher & Flom LLP, New York counsel to the Loan Parties and (ii) Bennett Jones LLP, Canadian counsel to the Canadian Borrower, in each case addressed to the Administrative Agent and each Lender, as applicable, and such other matters concerning the Loan Parties and the Loan Documents as the Required Lenders may reasonably request;

(vi) a certificate signed by a Responsible Officer of the U.S. Borrower certifying (A) that the conditions specified in **Sections 6.02(a)** and (b) have been satisfied, (B) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or would be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, and (C) the current Debt Ratings;

(vii) a copy of the duly completed compliance certificate as of June 30, 2018, signed by a Responsible Officer of the U.S. Borrower and delivered in connection with the Existing Credit Agreement; and

(viii) evidence of termination of the Commitments as defined in the Existing Credit Agreement and repayment or refinancing of all loans thereunder simultaneously with the Closing Date.

(b) (i) All documentation and other information as the Lenders may require in order to enable compliance with applicable AML/KYC Laws, including the Act, shall have been delivered 3 Business Days prior to the Closing Date to the extent requested by the Lenders not less than 7 Business Days prior to the Closing Date and (ii) a Beneficial Ownership Certification for any Borrower that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall have been delivered 3 Business Days prior to the Closing Date, to each Lender that so requests not less than 7 Business Days prior to the Closing Date.

(c) All accrued but unpaid interest, facility fees, utilization fees, letter of credit fees, and other fees and expenses due and payable under the Existing Credit Agreement shall be paid on the Closing Date.

(d) Any fees required to be paid on or before the Closing Date shall have been paid.

(e) Unless waived by the Administrative Agent, the Borrowers shall have paid all reasonable and documented Attorney Costs of the Administrative Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of Attorney Costs as shall constitute its reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings; provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Administrative Agent; and provided further that, as used in this **Section 6.01(e)**, "**Attorney Costs**" shall include (i) all fees, expenses and disbursements of only one law firm constituting U.S. counsel to the Administrative Agent, and (ii) all fees, expenses and disbursements of only one law firm constituting Canadian counsel to the Administrative Agent.

Without limiting the generality of the provisions of the last paragraph of *Section 11.03*, for purposes of determining compliance with the conditions specified in this *Section 6.01*, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

6.02. Conditions to all Credit Extensions. The obligations of each Lender to honor any Request for Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type or a continuation of Loans) are subject to the following conditions precedent:

(a) The representations and warranties of ~~each~~ the Borrower and each other Loan Party (i) which are contained in *Article 7* (other than *Section 7.14*), any other Loan Document, such Request for Credit Extension or the most recent Compliance Certificate delivered to Administrative Agent prior to the requested date for such Credit Extension, or (ii) which are contained in any other document furnished at any time under or in connection herewith or therewith that specifically states therein that such representations and warranties are being made for the benefit of the Lenders and the Administrative Agent, shall be true and correct (in the case of each representation and warranty described in *clause (i)* or *(ii)* immediately preceding) in all material respects on and as of the date of such ~~U.S.~~ Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, provided that in each case, such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof.

(b) No Default shall exist, or would result from such proposed Credit Extension.

(c) The Administrative Agent and the applicable L/C Issuer or ~~U.S.~~ Swing Line Lender ~~or Canadian Swing Line Lender (as applicable)~~ shall have received a Request for ~~U.S.~~ Credit Extension ~~or Request for Canadian Credit Extension, as the case may be,~~ in accordance with the requirements hereof. Each Request for ~~U.S. Credit Extension and Request for Canadian~~ Credit Extension (other than a Committed Loan Notice requesting only a conversion of Committed Loans to the other Type or a continuation of Loans) submitted by ~~any~~ the Borrower shall be deemed to be a representation and warranty that the conditions specified in *Sections 6.02(a)* and *(b)* have been satisfied on and as of the date of the applicable Credit Extension.

6.03. Confirmation of Conditions to Effectiveness of this Agreement. The Administrative Agent shall provide prompt written notice to the Borrowers and the Lenders of the satisfaction (or waiver) of the conditions precedent set forth in *Section 6.01* and the effectiveness of this Agreement.

ARTICLE 7. REPRESENTATIONS AND WARRANTIES

To confirm each Lender's understanding concerning Restricted Persons and Restricted Persons' businesses, properties and obligations and to induce each Lender to enter into this Agreement and to extend credit hereunder, the ~~Canadian Borrower represents and warrants to each Lender with respect to the following matters applicable to it and its Subsidiaries that, and the U.S.~~ Borrower represents and warrants to each Lender with respect to all of the following matters that:

7.01. No Default. No event has occurred and is continuing which constitutes a Default.

7.02. Organization and Good Standing. Each Restricted Person is duly organized, validly existing and in good standing (or equivalent status in any foreign jurisdiction) under the Laws of its jurisdiction of organization, having all powers required to carry on its business and enter into and carry out the transactions contemplated hereby. Each Restricted Person is duly qualified, in good standing (or equivalent status in any foreign jurisdiction) and authorized to do business in all other jurisdictions within the United States ~~or Canada~~ where the failure to so qualify would have a Material Adverse Effect. Each Restricted Person has taken all actions and procedures customarily taken in order to enter, for the purpose of conducting business or owning property, each jurisdiction outside the United States ~~or Canada~~ where the failure to take such actions or procedures would have a Material Adverse Effect.

7.03. Authorization. ~~Each~~ The Borrower has duly taken all action necessary to authorize the execution and delivery by it of the Loan Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder. ~~The Borrowers are~~ Borrower is duly authorized to make Borrowings and request Letters of Credit hereunder.

7.04. No Conflicts or Consents. The execution and delivery by the various Restricted Persons of the Loan Documents to which each is a party, the performance by each of its obligations under such Loan Documents, and the consummation of the transactions contemplated by the various Loan Documents, do not and will not conflict with any provision of (A) any Law, (B) the ~~Organizational~~ Organization Documents of any Restricted Person, or (C) any agreement, judgment, license, order or permit applicable to or binding upon any Restricted Person unless with respect to *clause (A)* and *clause (C)* above such conflict would not reasonably be expected to have a Material Adverse Effect, or result in the acceleration of any Indebtedness owed by any Restricted Person which would reasonably be expected to have a Material Adverse Effect, or result in or require the creation of any Lien upon any assets or properties of any Restricted Person which would reasonably be expected to have a Material Adverse Effect, except as expressly contemplated or permitted in the Loan Documents. Except (A) as expressly contemplated in the Loan Documents or (B) for any filings required for compliance with any applicable requirements under securities laws or a national securities exchange, no consent, approval, authorization or order of, and no notice to or filing with, any Governmental Authority or third party is required in connection with the execution, delivery or performance by any Restricted Person of any Loan Document or to consummate any transactions contemplated by the Loan Documents, unless failure to obtain such consent, approval, authorization or order or provide such notice or filing would not reasonably be expected to have a Material Adverse Effect.

7.05. Enforceable Obligations. This Agreement is, and the other Loan Documents when duly executed and delivered will be, legal, valid and binding obligations of each Restricted Person which is a party hereto or thereto, enforceable in accordance with their terms except as such enforcement may be limited by applicable Debtor Relief Laws.

7.06. Full Disclosure. No certificate, statement or other information delivered herewith or heretofore by any Restricted Person to any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a material fact or omits to state any material fact known to any Restricted Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) necessary to make the statements contained herein or therein not misleading as of the date made or deemed made; provided that all such information is to be viewed in conjunction with all reports, statements, schedules and other information included in filings made by the ~~U.S.~~ Borrower and its Subsidiaries with the SEC (collectively, "*SEC Filings*"). There is no fact known to any Restricted Person (other than industry-wide risks normally associated with the types of businesses conducted by Restricted Persons) that has not been

disclosed in the SEC Filings or a Disclosure Report to each Lender in writing which would reasonably be expected to have a Material Adverse Effect.

7.07. Litigation. Except as disclosed in the SEC Filings or in the Disclosure Schedule or a Disclosure Report there are no actions, suits or legal, equitable, arbitral or administrative proceedings pending, or to the knowledge of any Restricted Person threatened, against any Restricted Person before any Governmental Authority which would reasonably be expected to have a Material Adverse Effect, and there are no outstanding judgments, injunctions, writs, rulings or orders by any such Governmental Authority against any Restricted Person which would reasonably be expected to have a Material Adverse Effect.

7.08. ERISA Plans and Liabilities. All ERISA Plans and Multiemployer Plans existing as of the date hereof are listed in the Disclosure Schedule. Except as disclosed in the Disclosure Schedule, in the SEC Filings or a Disclosure Report, no Termination Event when taken together with all other Termination Events, would reasonably be expected to have a Material Adverse Effect. Except as set forth in the Annual Report on Form 10-K or the Quarterly Report on Form 10-Q of [U.S. the Borrower](#) filed with the SEC, (i) no “at-risk status” (as defined in **Section 430(i)(4)** of the Internal Revenue Code) exists with respect to any ERISA Plan, whether or not waived by the Secretary of the Treasury or his delegate, (ii) the total amount of withdrawal liability that would be incurred by all ERISA Affiliates upon their complete withdrawal from all Multiemployer Plans would not reasonably be expected to exceed the Threshold Amount, and (iii) the total present value of all unfunded benefit liabilities within the meaning of Title IV of ERISA of all ERISA Plans (based upon the actuarial assumptions used to fund each such ERISA Plan) did not, as of the respective annual valuation dates for the most recently ended plan year of each such ERISA Plan, exceed the Threshold Amount. ~~Except as disclosed in the Disclosure Schedule, in the SEC Filings or a Disclosure Report, no Loan Party maintains, contributes to, permits to exist or incurs any obligations under, any Canadian Defined Benefit Plan. As used herein, “Canadian Defined Benefit Plan” means a pension plan registered under the Income Tax Act (Canada), the Pension Benefits Act (Ontario) or any other applicable pension standards legislation which contains a “defined benefit provision”, as such term is defined in subsection 147.1(1) of the Income Tax Act (Canada).~~

7.09. Environmental and Other Laws. Except as disclosed in the Disclosure Schedule, Restricted Persons are conducting their businesses in material compliance with all applicable Laws, including Environmental Laws, and have and are in compliance with all licenses and permits required under any such Laws, unless failure to so comply would not reasonably be expected to have a Material Adverse Effect; none of the operations or properties of any Restricted Person is the subject of federal, state or local investigation evaluating whether any material remedial action is needed to respond to a release of any Hazardous Materials into the environment or to the improper storage or disposal (including storage or disposal at offsite locations) of any Hazardous Materials, unless such remedial action would not reasonably be expected to have a Material Adverse Effect; and no Restricted Person (and to the best knowledge of [Borrowers the Borrower](#), no other Person) has filed any notice under any Law indicating that any Restricted Person is responsible for the improper release into the environment, or the improper storage or disposal, of any material amount of any Hazardous Materials or that any Hazardous Materials have been improperly released, or are improperly stored or disposed of, upon any property of any Restricted Person, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

7.10. Material Subsidiaries. As of the date hereof, ~~U.S. the~~ Borrower does not have any Material Subsidiary except those listed in the Disclosure Schedule, and [U.S. the](#) Borrower owns, directly or indirectly, the equity interest in each of its Material Subsidiaries which is indicated in the Disclosure Schedule.

7.11. Use of Proceeds; Margin Stock. The proceeds of the Credit Extensions will be used for general corporate purposes of the ~~Borrowers~~Borrower and ~~their~~its Subsidiaries and not in contravention of any Law or of any Loan Document. ~~No~~The Borrower is not engaged or will engage, principally or as one of its important activities, in extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Reg U).

7.12. Government Regulation. No Restricted Person owing Obligations is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

7.13. Solvency. Upon giving effect to the issuance of the Notes, the execution of each Loan Document by ~~each~~the Borrower and the consummation of the transactions contemplated hereby, ~~each~~the Borrower will be solvent (as such term is used in applicable Debtor Relief Laws ~~and, in the case of the Canadian Borrower, will not be an “insolvent person” as such terms is defined in the Bankruptcy and Insolvency Act (Canada).~~

7.14. No Material Adverse Effect. As of the Closing Date, there has been no event or circumstance since the date of the Audited Financial Statements that has had or would be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect.

7.15. OFAC. ~~No~~Neither the Borrower or any Subsidiary of ~~any~~the Borrower, nor, to the knowledge of the ~~Borrowers and~~Borrower or any ~~or their~~respectiveits Subsidiaries, any director, officer or employee thereof, is an individual or entity that is, or is owned 50% or more or controlled by any individual or entity that: (i) is currently the target of any Sanctions, (ii) included on the SDN List or (iii) is permanently located, organized or residing in any Designated Jurisdiction. ~~Each~~The Borrower is in compliance in all material respects with the Sanctions. No Credit Extension, nor the proceeds from any Credit Extension, has been used, directly or to the knowledge of the Borrower, indirectly, to lend, contribute, provide or be otherwise made available (i) to fund any activity or business in any Designated Jurisdiction that would cause a violation of the Sanctions, or (ii) to any Person on the SDN List in violation of Sanctions.

7.16. Anti-Corruption, Anti-Terrorism Laws. The ~~Borrowers~~Borrower and ~~their~~its Subsidiaries have instituted and maintain policies and procedures designed to promote and achieve compliance with Anti-Corruption Laws and applicable Sanctions, and the ~~Borrowers~~Borrower and ~~their~~its Subsidiaries are in compliance in all material respects with such Anti-Corruption Laws, such applicable Sanctions and the applicable provisions of the Act.

ARTICLE 8. AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder or any Loan or interest thereon or fee owed hereunder shall remain unpaid or unsatisfied, or any Letter of Credit or L/C Obligation shall remain outstanding, the ~~Canadian Borrower shall, and the U.S.~~ Borrower shall, and shall cause each applicable Restricted Subsidiary to, comply with the following covenants:

8.01. Payment and Performance. ~~Each~~The Borrower will pay all amounts due and payable by ~~such~~the Borrower under the Loan Documents in accordance with the terms thereof and will observe, perform and comply with every covenant and term in the Loan Documents applicable to it. ~~The U.S.~~ Borrower will cause each other Restricted Person to observe, perform and comply with every such term and covenant in any Loan Document applicable to it.

8.02. Books, Financial Statements and Reports. Each Restricted Person will at all times maintain full and accurate books of account and records. The ~~U.S.~~ Borrower will furnish the following statements and reports to Administrative Agent at the ~~U.S.~~ Borrower's expense:

(a) Within five (5) Business Days of being filed with the SEC, and in any event within ninety (90) days after the end of each Fiscal Year, complete consolidated financial statements of the ~~U.S.~~ Borrower for such Fiscal Year, together with all notes thereto, prepared in reasonable detail in accordance with GAAP, together with an unqualified opinion, based on an audit using generally accepted auditing standards, by KPMG, or other independent certified public accountants selected by the ~~U.S.~~ Borrower and reasonably acceptable to Administrative Agent, stating that such consolidated financial statements have been so prepared. These financial statements shall contain a consolidated balance sheet as of the end of such Fiscal Year and consolidated statements of earnings, of cash flows, and of changes in owners' equity for such Fiscal Year, each setting forth in comparative form the corresponding figures for the preceding Fiscal Year. In addition, together with each such set of financial statements, the ~~U.S.~~ Borrower will furnish to Administrative Agent a Compliance Certificate signed by a Responsible Officer of the ~~U.S.~~ Borrower, stating that such financial statements are accurate and complete, stating that such Person has reviewed or caused to be reviewed the Loan Documents, containing all calculations required to be made to show compliance or non-compliance with the provisions of **Section 9.08** at the end of such Fiscal Year, and further stating that to such Person's best knowledge there is no condition or event at the end of such Fiscal Year or at the time of such certificate which constitutes a Default or, if a Default exists, specifying the nature and period of existence of any such condition or event.

(b) Within five (5) Business Days of being filed with the SEC, and in any event within forty-five (45) days after the end of each Fiscal Quarter (other than the last Fiscal Quarter of each Fiscal Year), beginning with the Fiscal Quarter ending on September 30, 2018, the ~~U.S.~~ Borrower's consolidated and consolidating balance sheet and income statement as of the end of such Fiscal Quarter and a consolidated statement of cash flows for the period from the beginning of the then current Fiscal Year to the end of such Fiscal Quarter, all in reasonable detail and prepared in accordance with GAAP, subject to changes resulting from normal year-end adjustments. In addition the ~~U.S.~~ Borrower will, together with each such set of financial statements, furnish a Compliance Certificate signed by a Responsible Officer of the ~~U.S.~~ Borrower stating that such financial statements are accurate and complete (subject to normal year-end adjustments), stating that such Person has reviewed or caused to be reviewed the Loan Documents, containing all calculations required to be made by the ~~U.S.~~ Borrower to show compliance or non-compliance with the provisions of Section 9.08 and further stating that to such Person's best knowledge there is no condition or event at the end of such Fiscal Quarter or at the time of such certificate which constitutes a Default or if a Default exists, specifying the nature and period of existence of any such condition or event.

(c) Promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent by the ~~U.S.~~ Borrower to its stockholders and all registration statements, periodic reports and other statements and schedules filed by the ~~U.S.~~ Borrower with any securities exchange, the SEC or any similar Governmental Authority, including any information or estimates with respect to the ~~U.S.~~ Borrower's oil and gas business (including its exploration, development and production activities) which are required to be furnished in the ~~U.S.~~ Borrower's annual report pursuant to *Sections 13* or *15(d)* of the Securities Exchange Act of 1934, as amended, other than Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and any financial statements or other information included in such reports to the extent furnished pursuant to **Section 8.02(a) or (b)**; provided, however, that no financial statements, reports, notices, proxy statements, registration statements or any other documents or information shall be required to be furnished pursuant to this Section 8.02(c) to the extent that they are available on the SEC's EDGAR database.

Documents required to be delivered pursuant to this **Section 8.02** (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which the ~~U.S.~~ Borrower posts such documents, or provides a link thereto on the ~~U.S.~~ Borrower's website on the Internet at the website address listed on **Schedule 12.02**; or (ii) on which such documents are posted on the ~~U.S.~~ Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the ~~U.S.~~ Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the ~~U.S.~~ Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the ~~U.S.~~ Borrower shall notify (which may be by facsimile or electronic mail) the Administrative Agent and each Lender of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the ~~U.S.~~ Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

~~Each~~The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Joint Lead Arrangers may make available to the Lenders and the L/C Issuers materials and/or information provided by or on behalf of ~~such~~the Borrower hereunder (collectively, "**Borrower Materials**") by posting the Borrower Materials on Debt Domain, IntraLinks, Syndtrak or another similar electronic system (the "**Platform**") and (b) certain of the Lenders (each, a "**Public Lender**") may have personnel who do not wish to receive material non-public information with respect to ~~such~~the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market related activities with respect to such Person's securities. ~~Each~~The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "**PUBLIC**" which, at a minimum, shall mean that the word "**PUBLIC**" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "**PUBLIC**," ~~such~~the Borrower shall be deemed to have authorized the Administrative Agent, the Joint Lead Arrangers, the L/C Issuers and the Lenders to treat ~~such~~the Borrower Materials as not containing any material non-public information with respect to ~~such~~the Borrower or its securities for purposes of United States Federal and state securities ~~laws or similar Canadian~~ laws (provided, however, that to the extent ~~such~~the Borrower Materials constitute Information, they shall be treated as set forth in **Section 12.10**); (y) all Borrower Materials marked "**PUBLIC**" are permitted to be made available through a portion of the Platform designated "**Public Investor**;" and (z) the Administrative Agent and the Joint Lead Arrangers shall be entitled to treat ~~any~~the Borrower Materials that are not marked "**PUBLIC**" as being suitable only for posting on a portion of the Platform not designated "**Public Investor**." Notwithstanding any provision or implication herein to the contrary, ~~no~~the Borrower shall not be under any obligation to mark ~~any~~the Borrower Materials "**PUBLIC**".

The ~~Borrowers~~Borrower shall be deemed to have satisfied their respective obligations hereunder to provide notices and information to the Lenders by providing such notices and information to the Administrative Agent for distribution to the Lenders.

8.03. Other Information and Inspections. Each Restricted Person will furnish to each Lender any information which Administrative Agent may from time to time reasonably request concerning any covenant, provision or condition of the Loan Documents or any matter in connection with such Persons' businesses and operations. Each Restricted Person will permit representatives appointed by Administrative Agent (including independent accountants, auditors, agents, and attorneys) to visit and inspect upon prior written notice during normal business hours, at the Administrative Agent's expense

(except during the continuance of an Event of Default), any of such Restricted Person's property, including its books of account, other books and records, and any facilities or other business assets, and to make extra copies therefrom and photocopies and photographs thereof, and to write down and record any information such representatives obtain, and each Restricted Person shall permit Administrative Agent or its representatives to investigate and verify the accuracy of the information furnished to Administrative Agent or any Lender in connection with the Loan Documents and to discuss all such matters with its officers, employees and representatives; provided that unless an Event of Default shall have occurred and be continuing, inspections of facilities and business assets shall occur no more frequently than twice per calendar year. Notwithstanding anything to the contrary herein, ~~no~~the Borrower or any Subsidiary of the Borrower shall not be required to disclose, permit the inspection, examination or making of copies of or excerpts from, or any discussion of, any document, information, or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent (or any Lender (of their respective representatives or contractors)) is prohibited by applicable Law or any Contractual Obligation, or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product.

8.04. Notice of Material Events. ~~Each~~The Borrower will promptly notify (or notify in accordance with the period specified below, as applicable) each Lender in writing, stating that such notice is being given pursuant to this Agreement, of:

- (a) the occurrence of any event which would have a Material Adverse Effect;
- (b) within five (5) Business Days after a Responsible Officer of the Borrower becomes aware, the occurrence of any Default;
- (c) the acceleration of the maturity of any Indebtedness for borrowed money owed by any Restricted Person having a principal balance of more than U.S. \$150,000,000, or of any default by any Restricted Person under any indenture, mortgage, agreement, contract or other instrument to which any of them is a party or by which any of them or any of their properties is bound, if such default would have a Material Adverse Effect;
- (d) the occurrence of any Termination Event which could reasonably be expected to cause (i) the total amount of withdrawal liability that would be incurred by all ERISA Affiliates upon their complete withdrawal from all Multiemployer Plans to exceed the Threshold Amount, or (ii) the aggregate amount of unfunded benefit liabilities within the meaning of Title IV of ERISA with respect to ERISA Plans (based upon the actuarial assumption used to fund each such ERISA Plan) to exceed the Threshold Amount;
- (e) any claim that could reasonably be expected to result in liability equal to or greater than the Threshold Amount, any notice under any Environmental Laws that could reasonably be expected to result in liability which exceeds such amount, or any other material adverse claim asserted against any Restricted Person or with respect to any Restricted Person's properties that could reasonably be expected to have a Material Adverse Effect or result in liability equal to or greater than the Threshold Amount;
- (f) the filing of any suit or proceeding against any Restricted Person which could reasonably be expected to have a Material Adverse Effect;
- (g) any announcement by Moody's or S&P of any change in the Debt Rating; and
- (h) any change in its Fiscal Year.

8.05. Maintenance of Properties. Each Restricted Person will maintain, preserve, protect, and keep all property used or useful in the conduct of its business in good condition, and will from time to time make all repairs, renewals and replacements needed to enable the business and operations carried on in connection therewith to be promptly and advantageously conducted at all times except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

8.06. Maintenance of Existence and Qualifications. Subject to ~~Section 9.03 and Section 9.04, each~~ 9.03, the Borrower will maintain and preserve its existence; each other Restricted Person will maintain and preserve its existence except to the extent the failure to do so would not reasonably be expected to result in a Material Adverse Effect; and each Restricted Person will maintain its rights and franchises in full force and effect except to the extent the failure to do so would not reasonably be expected to result in a Material Adverse Effect and will qualify to do business in all states, provinces or jurisdictions where the failure to so qualify will have a Material Adverse Effect.

8.07. Payment of Taxes, etc. Each Restricted Person will timely file all required U.S. federal and other material tax returns; timely pay all taxes, assessments, and other governmental charges or levies imposed upon it or upon its income, profits or property; and maintain appropriate accruals and reserves for all of the foregoing in accordance with GAAP. Each Restricted Person may, however, delay paying or discharging any of the foregoing so long as (i) it is in good faith contesting the validity thereof by appropriate proceedings and has set aside on its books adequate reserves therefor, or (ii) the failure to pay or discharge such tax (or file any return with respect thereto) would not reasonably be expected to result in a Material Adverse Effect or a Lien that would violate *Section 9.02*.

8.08. Insurance. Each Restricted Person will keep or cause to be kept insured in accordance with industry standards by financially sound and reputable insurers, its surface equipment and other property of a character usually insured by similar Persons engaged in the same or similar businesses.

8.09. Compliance with Law. Each Restricted Person will conduct its business and affairs in compliance with all Laws applicable thereto except to the extent failure to do so would not reasonably be expected to have a Material Adverse Effect.

8.10. Environmental Matters.

(a) Each Restricted Person will comply in all material respects with all Environmental Laws now or hereafter applicable to such Restricted Person, as well as all contractual obligations and agreements with respect to environmental remediation or other environmental matters, and shall obtain, at or prior to the time required by applicable Environmental Laws, all environmental, health and safety permits, licenses and other authorizations necessary for its operations and will maintain such authorizations in full force and effect, unless such failure to so comply would not reasonably be expected to have a Material Adverse Effect.

(b) ~~Each~~ The Borrower will promptly furnish to Administrative Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by ~~such~~ the Borrower, or of which it has notice, pending or threatened against any Restricted Person, by any Governmental Authority with respect to any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations in connection with its ownership or use of its properties or the operation of its business which could reasonably be expected to result in a liability or claim in excess of the Threshold Amount.

8.11. Use of Proceeds. ~~Each~~ The Borrower shall use the proceeds of the Credit Extensions for general corporate purposes not in contravention in any material respect of any Law (including any

Anti-Corruption Law or applicable Sanction) or of any Loan Document. If proceeds of the Credit Extensions are used for a purpose which is governed by Reg U, ~~Borrowers~~the Borrower shall comply with Reg U in all respects.

8.12. Additional Guarantors. At its option, the ~~U.S.~~ Borrower may designate any Domestic Subsidiary as a Guarantor by giving the Administrative Agent revocable written notice thereof, and promptly after such notification (and in any event within ten (10) Business Days), cause such Domestic Subsidiary to (a) become a Guarantor by executing and delivering to the Administrative Agent a guaranty substantially in the form of ~~the U.S. Guaranty~~Exhibit G hereto or such other document as the Administrative Agent shall deem appropriate for such purpose, and (b) deliver to the Administrative Agent, with respect to such Guarantor, documents of the types referred to in *clauses (iii) and (iv) of Section 6.01(a)* and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in the preceding *clause (a)*), all in form, content and scope reasonably satisfactory to the Administrative Agent.

8.13. Anti-Corruption; Sanctions. The ~~Borrowers~~Borrower and ~~their~~its Subsidiaries will maintain and enforce policies and procedures designed to promote and achieve compliance with Anti-Corruption Laws and applicable Sanctions.

ARTICLE 9. NEGATIVE COVENANTS OF ~~BORROWERS~~THE BORROWER

So long as any Lender shall have any Commitment hereunder, any Loan or interest thereon or any fee hereunder shall remain unpaid or unsatisfied, or any Letter of Credit or L/C Obligation shall remain outstanding, the ~~U.S.~~ Borrower shall not, nor shall it permit any Restricted Subsidiary to, directly or indirectly:

9.01. Indebtedness. No Restricted Subsidiary will in any manner owe or be liable for Indebtedness except:

(a) the Obligations;

(b) capital lease obligations (excluding oil, gas or mineral leases) entered into in the ordinary course of such Restricted Subsidiary's business in arm's length transactions on market terms (including rate) and conditions in all respects, provided that such capital lease obligations required to be paid in any Fiscal Year do not in the aggregate exceed U.S. \$100,000,000 for all Restricted Subsidiaries;

(c) unsecured Indebtedness owed among the ~~U.S.~~ Borrower and its Subsidiaries, excluding any Indebtedness owed by a Restricted Subsidiary to an Unrestricted Subsidiary that has been transferred, assigned or pledged to a Person other than the ~~U.S.~~ Borrower or a Subsidiary of the ~~U.S.~~ Borrower; provided that Indebtedness owed by any such Subsidiary ~~(other than the Canadian Borrower)~~ to the ~~U.S.~~ Borrower may be secured by any and all assets of such Subsidiary;

(d) guaranties by one Restricted Subsidiary of liabilities owed by another Restricted Person, if such liabilities either are not Indebtedness or are allowed under *subsections (a), (b) or (c)* of this *Section 9.01*;

(e) Indebtedness of the Restricted Subsidiaries for plugging and abandonment bonds or for letters of credit issued in place thereof which are required by regulatory authorities in the area of operations, and Indebtedness of the Restricted Subsidiaries for other bonds or letters of credit which are required by such regulatory authorities with respect to other normal oil and gas operations;

(f) non-recourse Indebtedness as to which no Restricted Person provides any guaranty or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or is directly or indirectly liable (as a guarantor or otherwise); provided, that after giving effect to such Indebtedness outstanding from time to time, the ~~U.S.~~ Borrower is not in violation of **Section 9.08**;

(g) Indebtedness of ~~the Canadian Borrower or a~~ Guarantor that is subordinated to the Obligations of the ~~Canadian Borrower or~~ Guarantor on terms which, in the reasonable opinion of the Administrative Agent, are customary for such Indebtedness or are otherwise acceptable;

(h) Acquired Debt;

(i) Indebtedness under Swap Contracts;

(j) Indebtedness relating to the surety bond and letter of credit obligations (including replacements thereof) listed on the Disclosure Schedule and Indebtedness relating to the undrawn amount of surety bonds and letters of credit (exclusive of the surety bonds and letter of credit obligations listed on the Disclosure Schedule and replacements thereof) incurred in the ordinary course of business not to exceed 2% of Consolidated Assets at any time;

(k) Indebtedness owed by Devon Financing LLC, including Indebtedness of Devon Financing LLC with respect to guaranties of Indebtedness of the ~~U.S.~~ Borrower, to the extent the ~~U.S.~~ Borrower is in compliance with the terms of **Section 9.08** at the time such guaranties are executed and delivered, provided that, so long as Devon Financing LLC has not merged or consolidated with or into the ~~U.S.~~ Borrower, the Devon Financing LLC Guaranty remains valid, binding and enforceable obligations of Devon Financing LLC or, if the Devon Financing LLC Guaranty has been terminated, a replacement guaranty agreement on the same terms is executed by Devon Financing LLC and delivered to Administrative Agent, pursuant to this Agreement (along with documents with respect to Devon Financing LLC similar to those specified in *clauses (iii) and (iv) of Section 6.01(a)*);

(l) Indebtedness outstanding on the Closing Date or thereafter incurred pursuant to funding commitments in existence on the Closing Date and listed in the Disclosure Schedule, as the same may be amended, supplemented or modified from time to time or extended, renewed, restructured, refinanced or replaced, so long as no Restricted Subsidiary increases (except for the purpose of paying any prepayment premium or any fees and expenses incurred in connection with such extension, renewal, restructuring, refinancing or replacement) the aggregate principal amount thereof for which such Restricted Subsidiary (or any other Restricted Subsidiary) is then or may thereafter become liable;

(m) Indebtedness of Restricted Subsidiaries that are Guarantors to the extent the ~~U.S.~~ Borrower is in compliance with the terms of **Section 9.08** at the time such Indebtedness is incurred;

(n) Indebtedness of the Restricted Subsidiaries owed to a Guarantor arising under securities purchase or repurchase agreements between such Persons, which relate to securities evidencing equity interests in the Subsidiaries; and

(o) miscellaneous items of Indebtedness of all Restricted Subsidiaries not otherwise permitted in *subsections (a) through (n)* which do not exceed at any one time an aggregate outstanding amount equal to the greater of U.S. \$800,000,000 and five percent (5%) of Consolidated Net Worth determined as of the end of the most recent Fiscal Quarter.

9.02. Limitation on Liens. Except for Permitted Liens, no Restricted Person will create, assume or permit to exist any Lien upon any of the properties or assets which it now owns or hereafter acquires.

9.03. Fundamental Changes. The ~~U.S.~~ Borrower shall not liquidate or dissolve, consolidate with or merge or amalgamate with or into any other Person or convey, transfer or lease its properties and assets substantially (including, in each case, pursuant to a Delaware LLC Division) as an entirety unless:

(a) (i) in the case of a merger or amalgamation, the ~~U.S.~~ Borrower is the surviving entity; or

(ii) the Person formed by such consolidation or into which the ~~U.S.~~ Borrower is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the ~~U.S.~~ Borrower substantially as an entirety shall be a corporation, partnership, limited liability company or trust, shall (x) be organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, (y) (A) have non-credit enhanced, senior unsecured long-term Indebtedness rated "investment grade" by S&P or Moody's (or, in the event the ~~U.S.~~ Borrower did not have non-credit enhanced, senior unsecured long-term Indebtedness rated "investment grade" by S&P or Moody's immediately preceding such transaction, such Person shall have non-credit enhanced, senior unsecured long-term Indebtedness that is not rated lower by S&P or Moody's than S&P's or Moody's ratings, respectively, of the ~~U.S.~~ Borrower's non-credit enhanced, senior unsecured long-term Indebtedness immediately preceding such transaction), or (B) (1) have been formed solely for the purpose of effecting a change in the domicile of the ~~U.S.~~ Borrower by merger and (2) after giving effect to such merger, satisfy the requirements of *clause (y)(A)*, and (z) expressly assume, by an agreement supplemental hereto, executed and delivered to the Administrative Agent, in form reasonably satisfactory to the Administrative Agent, the obligations of the ~~U.S.~~ Borrower hereunder, including the due and punctual payment of the principal of and interest on all the ~~U.S.~~ Loans, the ~~U.S.~~ L/C Obligations, ~~the Canadian Guaranty~~ and the performance of every covenant of this Agreement on the part of the ~~U.S.~~ Borrower to be performed or observed; and

(b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

9.04. Fundamental Changes of Canadian Borrower. ~~Reserved. The Canadian Borrower shall not liquidate or dissolve, consolidate with or merge or amalgamate with or into any other Person or convey, transfer or lease its properties and assets substantially as an entirety unless:~~

(a) ~~(i) in the case of a merger or amalgamation, the Canadian Borrower is the surviving or continuing entity; or~~

~~(ii) all Canadian Obligations of the Canadian Borrower shall have been paid in full and the obligations of the Canadian Lenders to make Canadian Credit Extensions to the Canadian Borrower shall have been terminated; or~~

~~(iii) the Person formed by such consolidation or the Person continuing from such merger or amalgamation of the Canadian Borrower or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Canadian Borrower substantially as an entirety shall be a corporation, unlimited company, partnership or trust, shall be organized and existing under the laws of Canada or any province thereof, and shall assume by operation of law or expressly assume, by an agreement supplemental hereto, executed and delivered to the~~

~~Administrative Agent, in form reasonably satisfactory to the Administrative Agent, the Canadian Obligations of the Canadian Borrower, including the due and punctual payment of the principal of and interest on all of the Canadian Loans and all Canadian L/C Obligations and the performance of every covenant of this Agreement on the part of the Canadian Borrower to be performed or observed and the U.S. Borrower shall confirm that its Canadian Guaranty covers such obligations (it being understood that the Canadian Borrower may liquidate or dissolve in connection with a conveyance, transfer or lease of its property and assets which complies with the foregoing requirements of this *clause (a)(iii)*); and (b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.~~

9.05. Transactions with Affiliates. No Restricted Person will engage in any material transaction with any of its Affiliates on terms which are less favorable in any material respect to it than those which would have been obtainable at the time in arm's-length dealing with Persons other than such Affiliates, provided that such restriction shall not apply to transactions among the ~~U.S.~~ Borrower and its Subsidiaries (including such transactions among such Subsidiaries).

9.06. Sanctions. Permit any Credit Extension or the proceeds of any Credit Extension, directly or to the knowledge of the ~~Borrowers~~ Borrower, indirectly, to be lent, contributed or otherwise made available (i) to fund any activities of or business with any individual, or entity, or in any Designated Jurisdiction in violation of applicable Sanctions or (ii) to any Person on the SDN List in violation of applicable Sanctions or (iii) for any purpose that would violate any Anti-Corruption Law in any material respect.

9.07. Prohibited Contracts. Except as expressly provided in the Loan Documents and documents and instruments evidencing or governing Acquired Debt, no Restricted Person will, directly or indirectly, enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that limits the ability of any Subsidiary to make Restricted Payments to ~~such the~~ such the Borrower or otherwise to transfer property to ~~such the~~ such the Borrower, other than any limitation which would not be reasonably expected to materially impair the ability of the ~~U.S.~~ Borrower to perform its, ~~or the Canadian Borrower (and taking into account the U.S. Borrower Guaranty) to perform its;~~ monetary obligations hereunder.

9.08. Funded Debt to Total Capitalization. The ratio of the ~~U.S.~~ Borrower's Consolidated Total Funded Debt to the ~~U.S.~~ Borrower's Total Capitalization will not exceed sixty-five percent (65%) at the end of any Fiscal Quarter.

ARTICLE 10. EVENTS OF DEFAULT AND REMEDIES

10.01. Events of Default. Each of the following events constitutes an Event of Default under this Agreement:

(a) ~~Any~~ The Borrower or any Guarantor fails to pay any principal component of any Obligation payable by it when due and payable or fails to pay any interest thereon or fee payable by it within three (3) Business Days after the date when due and payable or fails to pay any other Obligation within ten (10) Business Days after the date when due and payable, whether at a date for the payment of

a fixed installment or as a contingent or other payment becomes due and payable or as a result of acceleration or otherwise;

(b) Any “default” or “event of default” occurs under any Loan Document which defines either such term, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document;

(c) Any Restricted Person fails (other than as referred to in subsections (a) or (b) above) to (i) duly comply with **Section 8.04(b)** or **8.11** of this Agreement or (ii) duly observe, perform or comply with any other covenant, agreement, condition or provision of any Loan Document, and such failure remains unremedied for a period of thirty (30) days after notice of such failure is given by Administrative Agent to the ~~U.S.~~ Borrower;

(d) Any representation or warranty previously, presently or hereafter made in writing by or on behalf of any Restricted Person (i) in any Loan Document, any Request for Credit Extension or the most recent Compliance Certificate delivered to Administrative Agent, or (ii) in any other document furnished at any time under or in connection herewith or therewith that specifically states therein that such representations and warranties are being made for the benefit of the Lenders and the Administrative Agent, shall (in the case of any representation or warranty described in **clause (i)** or **(ii)** immediately preceding) prove to have been false or incorrect in any material respect on any date on or as of which made, provided that if such falsity or lack of correctness is capable of being remedied or cured within a 30-day period, the ~~U.S.~~ Borrower shall (subject to the other provisions of this **Section 10.01**) have a period of 30 days after written notice thereof has been given to the ~~U.S.~~ Borrower by Administrative Agent within which to remedy or cure such falsity or lack of correctness; or this Agreement, any Note, or Guaranty executed by any Guarantor is asserted to be or at any time ceases to be valid, binding and enforceable in any material respect as warranted in **Section 7.05** for any reason other than in accordance with its terms or its release or subordination by Administrative Agent;

(e) Any Restricted Person (i) fails to duly pay any Indebtedness in an aggregate amount in excess of U.S. \$150,000,000 constituting principal or interest owed by it with respect to borrowed money or money otherwise owed under any note, bond, or similar instrument, or (ii) breaches or defaults in the performance of any agreement or instrument by which any such Indebtedness is issued, evidenced, governed, or secured, other than a breach or default described in **clause (i)** above, and any such failure, breach or default under this **clause (ii)** results in the acceleration of such Indebtedness; provided that notwithstanding any provision of this **subsection (e)** to the contrary, to the extent that the terms of any such agreement or instrument governing the sale, pledge or disposal of Margin Stock or utilization of the proceeds of such Indebtedness in connection therewith would result in such acceleration and in a Default or an Event of Default under this Agreement, and would cause this Agreement or any ~~U.S.~~ Loan to be subject to the margin requirements or any other restriction under Reg U, then such acceleration shall not constitute a Default or Event of Default under this **subsection (e)**;

(f) Either of the following occurs: (i) a Termination Event occurs and the total amount of withdrawal liability that would be incurred by all ERISA Affiliates upon their complete withdrawal from all Multiemployer Plans would reasonably be expected to exceed the Threshold Amount, or (ii) a Termination Event occurs and the total present value of all unfunded benefit liabilities within the meaning of Title IV of ERISA of all ERISA Plans (based upon the actuarial assumptions used to fund each such Plan) would reasonably be expected to exceed the Threshold Amount;

(g) Any Change of Control occurs;

(h) ~~Any~~The Borrower, any Guarantor or any other Restricted Person having assets with a book value equal to or greater than the Threshold Amount:

(i) institutes or consents to the institution of any proceeding, application arrangement, compromise, scheme or other action under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, receiver-manager, trustee, custodian, monitor, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, receiver-manager, trustee, custodian, monitor, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property having a book value equal to or greater than the Threshold Amount is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(ii) becomes unable or admits in writing its inability or fails generally to pay its debts as they become due; or

(iii) suffers a writ or warrant of attachment or similar process to be issued by any Governmental Authority against all or any part of its property having a book value equal to or greater than the Threshold Amount, and such writ or warrant of attachment or any similar process is not stayed or released within 30 days after the entry or levy thereof or after any stay is vacated or set aside; or

(iv) there is entered against any such Person a final judgment or order for the payment of money in an aggregate amount that exceeds (x) the valid and collectible insurance in respect thereof or (y) the amount of an indemnity with respect thereto reasonably acceptable to the Required Lenders by the Threshold Amount or more, unless the same is discharged within thirty days after the date of entry thereof or an appeal or appropriate proceeding for review thereof is taken within such period and a stay of execution pending such appeal is obtained.

10.02. Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans ~~or accept Bankers' Acceptances~~ and any obligation of each L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by ~~each~~the Borrower;

(c) require that the ~~applicable~~ Borrower Cash Collateralize the L/C Obligations ~~and Bankers' Acceptances~~ issued or owing by it (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law;

provided however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the ~~U.S.~~ Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans ~~or accept Bankers' Acceptances~~ and any obligation of any L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the ~~applicable~~ Borrower to Cash Collateralize the L/C Obligations ~~and Bankers' Acceptances~~ issued or owing by it as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any ~~Lender; and provided further that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Canadian Borrower under the applicable Debtor Relief Laws, the obligation of each Canadian Lender to make Canadian Loans or accept Bankers' Acceptances and any obligation of the Canadian L/C Issuers to make Canadian L/C Credit Extensions to the Canadian Borrower shall automatically terminate, the unpaid principal amount of all outstanding Canadian Borrowings and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Canadian Borrower to Cash Collateralize the Canadian L/C Obligations and Bankers' Acceptances issued or owing by it as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Canadian Lender.~~

10.03. Application of Funds Received from the Canadian Borrower. After the exercise of remedies provided for in **Section 10.02** (or after the Loans have automatically become immediately due and payable and the Canadian L/C Obligations and Bankers' Acceptances have automatically been required to be Cash Collateralized as set forth in the proviso to **Section 10.02**), any amounts received on account of the Canadian Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Canadian Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs and amounts payable under **Article 5**) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Canadian Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Canadian Lenders (including Attorney Costs and amounts payable under **Article 5**), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to payment of that portion of the Canadian Obligations constituting accrued and unpaid interest on the Canadian Loans and Canadian L/C Borrowings, ratably among the Canadian Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Canadian Obligations constituting unpaid principal of the Canadian Loans and Canadian L/C Borrowings, ratably among the Canadian Lenders in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of the Canadian Lenders to Cash Collateralize the outstanding Bankers' Acceptances; and

Sixth, to the Administrative Agent for the account of the Canadian L/C Issuers, to Cash Collateralize that portion of Canadian L/C Obligations comprised of the aggregate undrawn amount of Canadian Letters of Credit;

Last, the balance, if any, after all of the Canadian Obligations have been paid in full, to the Canadian Borrower or as otherwise required by Law.

Amounts used to Cash Collateralize the outstanding Bankers' Acceptances pursuant to clause Fifth above shall be applied to satisfy all Obligations with respect to such Bankers' Acceptances as they mature and, if any amount remains on deposit as Cash Collateral pursuant to clause Fifth above after all Bankers' Acceptances have matured (and all Obligations with respect thereto have been paid), such remaining amount shall be applied to the other Canadian Obligations, if any, in the order set forth above. Subject to **Section 3.04(c)**, amounts used to Cash Collateralize the aggregate undrawn amount of Canadian Letters of Credit pursuant to clause Sixth above shall be applied to satisfy reimbursement obligations with respect to drawings under such Canadian Letters of Credit as they occur and, if any amount remains on deposit as Cash Collateral pursuant to clause Sixth above after all Canadian Letters of Credit have been fully drawn or expired (and all Obligations with respect thereto have been paid), such remaining amount shall be applied to the other Canadian Obligations, if any, in the order set forth above.

10.04. Application of Funds Received from the U.S. Borrower. After the exercise of remedies provided for in **Section 10.02** (or after the Loans have automatically become immediately due and payable and the U.S. L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to **Section 10.02**), any amounts received on account of the U.S. Obligations and on account of the Canadian Obligations under the U.S. Borrower Guaranty shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs and amounts payable under **Article 5**) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs and amounts payable under **Article 5**), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the U.S. Loans, Canadian Loans and L/C Borrowings, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the U.S. Loans, Canadian Loans and L/C Borrowings, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, (i) to the Administrative Agent for the account of the U.S. L/C Issuers, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of U.S. Letters of Credit, (ii) to the Administrative Agent for the account of the Canadian Lenders to Cash Collateralize the outstanding Bankers' Acceptances, and (iii) to the Administrative Agent for the account of the Canadian L/C Issuers, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Canadian Letters of Credit, ratably among the obligations described in the foregoing **clauses (i), (ii) and (iii)**, in proportion to the respective amounts described in this clause Fifth; and

Last, the balance, if any, after all of the Obligations have been paid in full, to the U.S. Borrower or as otherwise required by Law.

Subject to **Section 2.04(c)**, amounts used to Cash Collateralize the aggregate undrawn amount of U.S. Letters of Credit pursuant to clause Fifth above shall be applied to satisfy reimbursement obligations with respect to drawings under such U.S. Letters of Credit as they occur; amounts used to Cash Collateralize the aggregate undrawn amount of Canadian Letters of Credit pursuant to clause Fifth above

shall be applied to satisfy reimbursement obligations with respect to drawings under such Canadian Letters of Credit as they occur; and amounts used to Cash Collateralize outstanding Bankers' Acceptances shall be applied to satisfy Obligations with respect to amounts paid pursuant to such Bankers' Acceptances. If any amount held as Cash Collateral for U.S. Letters of Credit remains on deposit as Cash Collateral after all U.S. Letters of Credit have either been fully drawn or expired (and all Obligations with respect thereto have been paid), such remaining amount shall be applied to the other Obligations, if any, in the order set forth above. If any amount held as Cash Collateral for Canadian Letters of Credit remains on deposit as Cash Collateral after all Canadian Letters of Credit have either been fully drawn or expired (and all Obligations with respect thereto have been paid), such remaining amount shall be applied to the other Obligations, if any, in the order set forth above. If any amounts held as Cash Collateral for Bankers' Acceptances remains on deposit as Cash Collateral after all Bankers' Acceptance have matured (and all Obligations with respect thereto have been paid), such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

Calculation of amounts to be paid to the Administrative Agent and the Lenders pursuant to this *Section 10.04* shall take into account any payments made by the Canadian Borrower and applied to the Canadian Obligations under *Section 10.03*.

10.05. Application of Funds Received under Devon Financing LLC Guaranty. All amounts received by the Administrative Agent or any Lender under the Devon Financing LLC Guaranty shall be applied to the Obligations in the order provided in *Section 10.04*.

ARTICLE 11. ADMINISTRATIVE AGENT

11.01. Appointment and Authority. Each of the Lenders and each L/C Issuer hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuers, and the ~~Borrowers~~Borrower shall not have rights as third party beneficiaries of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

11.02. Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the ~~Borrowers~~Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

11.03. Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties

hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the ~~Borrowers~~Borrower or any of ~~their respective~~its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in *Sections 10.02* and *12.01*) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Borrower, a Lender or an L/C Issuer.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in *Article 6* or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

11.04. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such L/C Issuer unless the

Administrative Agent shall have received notice to the contrary from such Lender or such L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the ~~Borrowers~~Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

11.05. Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

11.06. Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuers and the ~~Borrowers~~Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States, which at all times other than during the existence of an Event of Default shall be selected by the ~~U.S.~~ Borrower in its reasonable discretion in consultation with the Required Lenders. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “*Resignation Effective Date*”), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders and the L/C Issuers, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable law, by notice in writing to the ~~Borrowers~~Borrower and such Person remove such Person as Administrative Agent and appoint a successor, which at all times other than during the existence of an Event of Default shall be selected by the ~~U.S.~~ Borrower in its reasonable discretion in consultation with the Required Lenders. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the “*Removal Effective Date*”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each L/C Issuer directly, until such time, if any, as the Required Lenders

appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than as provided in **Section 5.01(g)** and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the ~~Borrowers~~Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and **Section 11.08** shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

(d) Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as L/C Issuer and Swing Line Lender so long as one or more financial institutions reasonably acceptable to the ~~Borrowers~~Borrower has accepted its appointment as a successor L/C Issuer and/or Swing Line Lender. If Bank of America resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders to make ~~U.S. Base Rate Committed Loans, Canadian Prime Rate Committed Loans or Canadian Base Rate Committed Loans, as applicable,~~ or fund risk participations in Unreimbursed Amounts pursuant to ~~Sections~~Section 2.04(c) and 3.04(e). If Bank of America resigns as a Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make ~~U.S. Base Rate Committed Loans, Canadian Prime Rate Committed Loans or Canadian Base Rate Committed Loans, as applicable,~~ or fund risk participations in outstanding Swing Line Loans pursuant to ~~Sections~~Section 2.05(c) and 3.05(e). Upon the appointment by the ~~Borrowers~~Borrower of a successor L/C Issuer or Swing Line Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as applicable, (b) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

11.07. Non-Reliance on Administrative Agent and Other Lenders. Each Lender and L/C Issuer acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

11.08. Indemnification of Administrative Agent, Etc. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Administrative Agent, each L/C Issuer, each Swing Line Lender or any Related Party of any of the foregoing (each such Person being called an “*Agent/Issuer-Related Person*”) (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent/Issuer-Related Person from and against any and all Indemnified Liabilities incurred by it, provided, however, that no Lender shall be liable for the payment to any Agent/Issuer-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Agent/Issuer-Related Person’s own gross negligence or willful misconduct; provided, however, that such Indemnified Liabilities were incurred by or asserted against the Administrative Agent, such ~~Issuing Bank~~ L/C Issuer or such Swing Line Lender in its capacity as such, provided, however, that no action taken by the Administrative Agent in accordance with the directions of the Required Lenders, ~~U.S. Required Lenders, Canadian Required Lenders~~, or all the Lenders, as applicable, shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the ~~Borrowers~~ Borrower. The undertaking in this Section shall survive termination of the Aggregate Commitments, the payment of all other Obligations and the resignation of the Administrative Agent, any L/C Issuer or any Swing Line Lender. As used in this **Section 11.08**, “*Indemnified Liabilities*” means; ~~collectively, the~~ the “*Indemnified Liabilities*” as defined in ~~Section 12.05 and Section 12.06~~ Section 12.05.

11.09. Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the ~~applicable~~ Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under **Sections 2.04(i)** and **(j)**, **4.02** and **12.04**) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, receiver-manager, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under **Sections 4.02** and **12.04**.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

11.10. Guaranty Matters. The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Guarantor, ~~other than U.S. Borrower~~, from its obligations under its Guaranty ~~if such Person ceases upon consummation of any transaction or related series of transactions not prohibited under the Credit Agreement if as a result thereof such Guarantor shall cease~~ to be a Subsidiary ~~as a result of a transaction permitted hereunder of the Borrower~~. Upon request by the Administrative Agent at any time, (a) the ~~U.S.~~ Required Lenders will confirm in writing the Administrative Agent's authority to release any ~~U.S.~~ Guarantor, ~~(other than the Borrower)~~ and (b) the Canadian Required Lenders will confirm in writing ~~the~~ Administrative Agent's authority to release ~~any Canadian Guarantor (other than U.S. the~~ Borrower), from its obligations under the ~~applicable U.S. Borrower~~ Guaranty pursuant to this *Section 11.10*.

11.11. Arrangers and Managers. None of the Persons identified on the cover page or signature pages of this Agreement as a "bookrunner", "joint lead arranger" or "syndication agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of any such Person that is also a ~~Lender or a Canadian~~ Lender, those applicable to all Lenders ~~or Canadian Lenders, respectively~~, as such. Without limiting the foregoing, none of the Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE 12. MISCELLANEOUS

12.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document (other than the Fee Letters and the Issuer Documents), and no consent to any departure by any Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrowers and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that (x) to the extent an amendment or waiver only affects *Article 3* of this Agreement and the definitions in *Section 1.01* relating only to *Article 3*, such amendment or waiver shall be effective with the written consent of the Canadian Required Lenders and the Borrowers and the acknowledgement of the Administrative Agent, and (y) no such amendment, waiver or consent shall:

(a) waive any condition set forth in *Section 6.01(a)* without the written consent of each Lender directly affected thereby;

(b) extend or increase the Commitment or the Canadian Commitment of any Lender (or reinstate any Commitment terminated pursuant to *Section 10.02*) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest or fees due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Aggregate Commitments hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to *clause (iv)* of the second proviso to this *Section 12.01*) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to waive or amend any obligation of any Borrower to pay interest at the rate provided herein for past due Obligations;

(e) change *Section 4.06*, *Section 10.03*, *Section 10.04* or *Section 10.05* in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly and adversely affected thereby;

(f) change any provision of this Section or the definition of “*Required Lenders*” or “*Canadian Required Lenders*” or “*U.S. Required Lenders*” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender, or in the case of the definition of “*Canadian Required Lenders*”, all Canadian Lenders;

(g) release Devon Financing LLC from its Guaranty without the written consent of each Lender, unless expressly permitted by the Loan Documents (it being understood and agreed that such Guaranty will be automatically released in the event of any merger or consolidation of Devon Financing LLC with or into the U.S. Borrower); or

(h) release the U.S. Borrower from the Canadian Guaranty without the written consent of each Canadian Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the applicable L/C Issuer in addition to the Lenders required above, affect the rights or duties of any L/C Issuer under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the U.S. Swing Line Lender or Canadian Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the U.S. Swing Line Lender or Canadian Swing Line Lender, as applicable, under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of such Lender may not be increased or extended without the consent of such Lender, (y) the principal owing to such Lender may not be reduced or the final maturity thereof extended without the consent of such Lender, and (z) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

12.02. Notices and Other Communications; Facsimile Copies.

(a) General. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing and shall be delivered by hand or overnight courier service (including by facsimile transmission). All such written notices shall be mailed certified or registered mail, faxed or delivered to the applicable address, facsimile number or (subject to

subsection (c) below) electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to ~~any the~~ Borrower, Administrative Agent, any L/C Issuer, ~~U.S. Swing Line Lender, or Canadian~~ or Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on **Schedule 12.02** or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the ~~Borrowers~~ Borrower) or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the ~~Borrowers~~ Borrower , the Administrative Agent, L/C Issuers, ~~U.S. Swing Line Lender~~, and ~~Canadian~~ Swing Line Lender.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to ~~Article 2 or to any Canadian Lender pursuant to Article 32~~ if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, any Swing Line Lender, any L/C Issuer or ~~any the~~ Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing **clause (i)** of notification that such notice or communication is available and identifying the website address therefor; provided that, for both **clauses (i)** and **(ii)**, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE

PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUS.ES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of the Agent-Related Persons (collectively, the "Agent Parties"), or any other Indemnitee have any liability to the ~~Borrowers~~Borrower, any other Lender, any other L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any transmission of Borrower Materials or other information related to this Agreement or any other Loan Document through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided, however, that in no event shall any Agent Party or other Indemnitee have any liability to ~~any~~the Borrower any other Lender, any other L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of the ~~Borrowers~~Borrower, the Administrative Agent, the L/C Issuers and the Swing Line Lenders may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the ~~Borrowers~~Borrower, the Administrative Agent, the L/C Issuers and the Swing Line Lenders. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the ~~U.S.~~ Borrower or its securities for purposes of United States Federal or state securities laws.

(e) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on all Loan Parties, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(f) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic ~~U.S. Committed Loan Notices, Canadian Committed Borrowing Notices, U.S. Swing Line~~ Loan Notices and ~~Canadian~~ Swing Line Loan Notices) purportedly given by or on behalf of ~~any~~the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The ~~U.S.~~ Borrower shall indemnify each Agent-Related Person and each ~~Lender, and the Canadian Borrower shall indemnify each Agent-Related Person and each Canadian~~ Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice

purportedly given by or on its behalf, except to the extent determined by a court of competent jurisdiction by final judgment to have resulted from the gross negligence or willful misconduct of such Person. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

12.03. No Waiver; Cumulative Remedies; Enforcement.

(a) No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(b) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with **Section 10.02** for the benefit of all the Lenders and the L/C Issuers; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) each L/C Issuer or Swing Line Lenders from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with **Section 12.11** (subject to the terms of **Section 4.06**), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to **Section 10.02** and (ii) in addition to the matters set forth in **clauses (b), (c) and (d)** of the preceding proviso and subject to **Section 4.06**, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

12.04. Attorney Costs and Expenses. The ~~U.S.~~ Borrower agrees (a) to pay or reimburse the Administrative Agent for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the development, preparation, negotiation and execution of this Agreement and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, including all Attorney Costs (but not other costs of legal counsel), and (b) to pay or reimburse the Administrative Agent and each Lender for all reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any “workout” or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs ~~and Workout Attorney Costs~~ (but no other costs of legal counsel). All amounts due under this **Section 12.04** shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the termination of the Aggregate Commitments and repayment of all other Obligations. ~~As used in this section, “Workout Attorney Costs” means all fees, expenses and disbursements of one law firm for all Persons included in the definition of Canadian L/C Issuer if they believe in good faith that separate counsel is necessary, and one other law firm for the other Lenders, if they deem necessary; provided that if Required Lenders~~

~~reasonably determine that a conflict of interest exists with respect to any of such law firms, one additional law firm selected by Required Lenders:~~

12.05. Indemnification by the ~~U.S.~~ Borrower. Whether or not the transactions contemplated hereby are consummated, the ~~U.S.~~ Borrower shall indemnify and hold harmless the Administrative Agent, each Lender, each Person included in the definition of L/C Issuer and their respective Related Parties (in this section collectively called the “*Indemnitees*”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, and reasonable and documented costs, expenses and disbursements (including Attorney Costs, provided that in the case of an actual or potential conflict of interest the ~~U.S.~~ Borrower shall indemnify each affected Indemnitee and similarly situated Indemnitees, taken as a whole, for all fees, expenses and disbursements of one U.S. ~~outside counsel and one Canadian~~ outside counsel for such affected Indemnitee and similarly situated Indemnitees, taken as a whole) of any kind or nature whatsoever (other than those that are governed by *Sections 5.01, 5.04 or 5.05*, in which case those sections shall govern) which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby, (b) any Commitment, Loan, or Letter of Credit ~~or Bankers’ Acceptance accepted by a Lender~~ hereunder or the use or proposed use of the proceeds therefrom (including any refusal by an L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (c) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by any the Borrower, any Subsidiary or any other Loan Party, or any Environmental Liability related in any way to any the Borrower, any Subsidiary or any other Loan Party, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) whether brought by a the Borrower or by a third party and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the “*Indemnified Liabilities*”), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements (i) are determined by a court of competent jurisdiction by final judgment to have resulted from the gross negligence or willful misconduct of, or a material breach of any Loan Document by, such Indemnitee or (ii) arise from any loss asserted against such Indemnitee by another Indemnitee, except (A) in its capacity or in fulfilling its role as Administrative Agent, Joint Lead Arranger, L/C Issuer, Swing Line Lender or any similar role under this Agreement or (B) that are caused by a failure of any Loan Party to comply with the terms of any Loan Document or the breach by any Loan Party of any representation and warranty contained therein. All amounts due under this *Section 12.05* shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

~~**12.06. Indemnification by Canadian Borrower. Reserved.** Whether or not the transactions contemplated hereby are consummated, the Canadian Borrower shall indemnify and hold harmless the Administrative Agent, each Canadian Lender, each Person included in the definition of Canadian L/C Issuer and their respective Related Parties (in this section collectively called the “*Indemnitees*”) from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, and reasonable and documented costs, expenses and disbursements (including Attorney Costs, provided that in the case of an actual or potential conflict of interest the Canadian Borrower shall indemnify each affected Indemnitee and similarly situated Indemnitees, taken as a whole, for all fees,~~

expenses and disbursements of one U.S. outside counsel and one Canadian outside counsel for such affected Indemnitee and similarly situated Indemnitees, taken as a whole) of any kind or nature whatsoever (other than those that are governed by **Sections 5.01, 5.04 or 5.05**, in which case those sections shall govern) which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby, (b) any Canadian Commitment, Canadian Borrowing or Canadian Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by a Canadian L/C Issuer to honor a demand for payment under a Canadian Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (c) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Canadian Borrower, any Subsidiary or any other Loan Party, or any Environmental Liability related in any way to the Canadian Borrower, any such Subsidiary or any other Loan Party, or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the "**Indemnified Liabilities**"), in all cases, whether or not caused by or arising, in whole or in part, out of the negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements (i) are determined by a court of competent jurisdiction by final judgment to have resulted from the gross negligence or willful misconduct of, or a material breach of any Loan Document by such Indemnitee or (ii) arise from any loss asserted against such Indemnitee by another Indemnitee, except (A) in its capacity or in fulfilling its role as Administrative Agent, Joint Lead Arranger, L/C Issuer, Swing Line Lender or any similar role under this Agreement or (B) that are caused by a failure of any Loan Party to comply with the terms of any Loan Document or the breach by any Loan Party of any representation and warranty contained therein. All amounts due under this **Section 12.06** shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

12.07. Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, none of the ~~Borrowers~~ Borrower, the Lenders, the Administrative Agent nor any of their respective Related Parties shall assert, and each hereby waives, and acknowledges that no other Person shall have, any claim against any ~~the~~ Borrower, any Lender, the Administrative Agent or any of their respective Related Parties, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this **Section 12.07** shall relieve the Borrower of any obligation it may have to indemnify an Indemnitee under **Sections 12.05** ~~or 12.06, as applicable~~, against special, indirect, consequential or punitive damages asserted against such Indemnitee by a non-Affiliated third party.

12.08. Payments Set Aside. To the extent that any payment by or on behalf of any ~~the~~ Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to

be repaid to a trustee, receiver, receiver-manager or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders and the L/C Issuers under *clause (b)* of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

12.09. Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that, except as permitted under *Section 9.03* and *Section 9.04*, the ~~U.S.~~ Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each ~~Lender, the Canadian Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent, each Canadian L/C Issuer and each Canadian~~ Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of *subsection (b)* of this Section, (ii) by way of participation in accordance with the provisions of *subsection (d)* of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of *subsection (f)* of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in *subsection (d)* of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Subject to the following requirements of this *Section 12.09*, any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this *subsection (b)*, participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or contemporaneous assignments to related Approved Funds that equal at least the amount specified in *paragraph (b)(i)(B)* of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund (as defined in *subsection (g)* of this Section), no minimum amount need be assigned; and

(B) in any case not described in *subsection (b)(i)(A)* of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans ~~and Bankers' Acceptances~~ of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "*Trade Date*" is specified in the Assignment and Assumption, as of the Trade Date,

shall not be less than U.S. \$10,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the ~~U.S.~~ Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

(ii) Proportionate Amounts. Each assignment, whether partial or entire, shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Commitment ~~(including the Canadian Commitment of such Lender or its Affiliate, if any)~~ assigned (unless the Commitments have been terminated pursuant to **Article 10**) and the outstanding Loans (including its ~~U.S.~~ Loans, ~~U.S.-L/C Obligations, and~~ participations in ~~U.S.-Swing Line Loans, Canadian Loans, Canadian L/C Obligations, participations in Canadian Swing Line Loans and Bankers' Acceptances~~), except that this **clause (ii)** shall not apply to Bid Loans or a Swing Line Lender's rights and obligations in respect of Swing Line Loans.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by **subsection (b)(i)(B)** of this Section and, in addition:

(A) the consent of the ~~U.S.~~ Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default under **Section 10.01(a)** or **(h)(i)** has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the ~~U.S.~~ Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and

(C) the consent of each L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for an assignment if such assignment would increase the obligation of the assignee to participate in exposure under one or more Letters of Credit issued by such L/C Issuer (whether or not then outstanding); and

(D) the consent of the ~~U.S. Swing Line Lender and, if such Lender is a Canadian Lender, the Canadian~~ Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee (payable by the assignor Lender or the assignee Lender) in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to any the Borrower or any the Borrower's Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this **clause (B)**, or (C) to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the ~~U.S.~~ Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, any L/C Issuer or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Pro Rata Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to **subsection (c)** of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of **Sections 5.01, 5.04, 5.05, 12.04, ~~12.05~~, and ~~12.06~~ 12.05** with respect to facts and circumstances occurring prior to the effective date of such assignment; *provided*, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, ~~each applicable~~ the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with **subsection (d)** of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the (and such agency being solely for tax purposes) ~~Borrowers~~ Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the ~~Borrowers~~ Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The

Register shall be available for inspection by the ~~Borrowers~~Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the ~~Borrowers~~Borrower or the Administrative Agent, any L/C Issuer or the Swing Line Lender, sell participations to any Person (other than a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person) or ~~any~~the Borrower or of ~~any~~the Borrower's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the ~~Loans and Bankers' Acceptances~~ (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the ~~Borrowers~~Borrower, the Administrative Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under **Section 11.08** without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to **Section 12.01** that affects such Participant. Subject to **subsection (e)** of this Section, the ~~Borrowers agree~~Borrower agrees that each Participant shall be entitled to the benefits of **Sections 5.01, 5.04 and 5.05** through the participating Lender to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to **subsection (b)** of this Section (it being understood that the documentation required under **Section 5.01(e)** shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to **paragraph (b)** of this Section; provided that such Participant agrees to be subject to the provisions of **Sections 5.07 and 12.17** as if it were an assignee under **paragraph (b)** of this Section. Each Lender that sells a participation agrees, at the ~~Borrowers'~~Borrower's request and expense, to use reasonable efforts to cooperate with the ~~Borrowers~~Borrower to effectuate the provisions of **Section 5.07** with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of **Section 12.11** as though it were a Lender; provided that such Participant agrees to be subject to **Section 4.06** as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the ~~Borrowers~~Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under **Section 5f.103-1(c)** of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under **Sections 5.01, 5.04 or 5.05** than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant or be entitled to the benefits of **Section**

12.11, unless the sale of the participation to such Participant is made with the ~~Borrowers'~~ Borrower's prior written consent. A Participant that purchases a participation in a Lender's ~~U.S.~~ Commitment and/or ~~U.S.~~ Credit Extensions that would be (i) a Foreign Lender or (ii) a Lender that is a "United States person" within the meaning of *Section 7701(a)(30)* of the Code (unless it is an exempt recipient (within the meaning of Treasury Regulations Section 1.6049-4(c), without regard to the third sentence of clause (1)(ii) of such Treasury Regulations)) if it were a Lender shall not be entitled to the benefits of *Section 5.01* unless the ~~Borrowers are~~ Borrower is notified of the participation sold to such Participant and such Participant complies with *Section 5.01(e)* as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or other central bank having jurisdiction over such Lender; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Definitions. As used herein, the following terms have the following meanings:

"**Approved Fund**" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"**Assignee Group**" means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

"**Eligible Assignee**" means any Person that meets the requirements to be an assignee under *Section 12.09(b)(iii)* and (v) (subject to such consents, if any, as may be required under *Section 12.09(b)(iii)*).

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**Related Parties**" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

(h) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time a Lender that is an L/C Issuer or a Swing Line Lender assigns all of its Commitment and Loans pursuant to *subsection (b)* above, such Lender may, (i) upon 30 days' notice to the ~~Borrowers~~ Borrower and the Lenders, and, so long as one or more financial institutions reasonably acceptable to the ~~Borrowers~~ have Borrower has accepted their appointment as a successor L/C Issuer, resign as an L/C Issuer and/or (ii) upon 30 days' notice to the ~~Borrowers~~ Borrower, resign as ~~U.S. Swing Line Lender and Canadian~~ Swing Line Lender. In the event of any such resignation as L/C Issuer, ~~U.S. Swing Line Lender, or Canadian Swing Line Lender, the U.S. or~~ Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders a successor ~~U.S. L/C Issuer or U.S. Swing Line Lender hereunder, and the Canadian Borrower shall be entitled to appoint from among the Canadian Lenders a successor Canadian L/C Issuer or Canadian~~ L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by ~~any~~ the Borrower to appoint any such successor shall affect the resignation of such Lender as (except as provided above) L/C Issuer, ~~U.S. Swing Line Lender, or Canadian~~ or Swing Line Lender, as the case may be. If such Lender resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of

Credit outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make ~~U.S.~~ Base Rate Committed Loans or fund risk participations in ~~U.S.~~ Unreimbursed Amounts pursuant to ~~Section 2.04(c)~~ and to require the ~~Canadian Lenders to make Canadian Prime Rate Committed Loans or Canadian Base Rate Committed Loans or fund risk participations in Canadian Unreimbursed Amounts pursuant to Section 3.04(e)~~). If such Lender resigns as ~~U.S.~~ Swing Line Lender, it shall retain all the rights of the ~~U.S.~~ Swing Line Lender provided for hereunder with respect to ~~U.S.~~ Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make ~~U.S.~~ Base Rate Committed Loans or fund risk participations in outstanding Swing Line Loans pursuant to ~~Section 2.05(c)~~. ~~If such Lender resigns as Canadian Swing Line Lender, it shall retain all the rights of the Canadian Swing Line Lender provided for hereunder with respect to Canadian Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Canadian Lenders to make Canadian Prime Rate Committed Loans or Canadian Base Rate Committed Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 3.05(e)~~. Upon the appointment of a successor L/C Issuer and/or ~~U.S. Swing Line Lender or Canadian~~ Swing Line Lender,

(a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer, ~~U.S. Swing Line Lender or Canadian~~ Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession (provided that the respective beneficiaries thereof agree to such substitution) or make other arrangements satisfactory to such Lender to effectively assume the obligations of such Lender with respect to such Letters of Credit.

12.10. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential) and that the Lender providing any such Information shall be responsible for the breach thereof by any such Person, (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; provided that Administrative Agent or such Lender, as applicable, shall notify ~~U.S.~~ the Borrower if disclosure of such Information is so required, to the extent it is not prohibited from doing so by any Law or such subpoena or legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to **Section 4.09(a)** or (ii) any actual or prospective counterparty (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to ~~any~~ the Borrower and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating ~~any~~ the Borrower or its Subsidiaries or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, with the consent of ~~any~~ the Borrower, (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than ~~any~~ the Borrower unless Administrative Agent or such Lender, as applicable, shall know that such source was required to keep such information confidential, or (i) with the written consent of the ~~Borrowers~~ Borrower. In addition, the Administrative Agent and the Lenders may disclose the

existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the ~~Agents~~Administrative Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments. For purposes of this Section, “**Information**” means all information received from ~~any~~the Borrower or any of its Subsidiaries relating to ~~such~~the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by ~~such~~the Borrower or any Subsidiary, provided that, in the case of information received from ~~any~~the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

12.11. Bank Accounts; Offset. ~~(a)~~ The ~~U.S.~~ Borrower hereby agrees that each Lender shall have the right to offset (which shall be in addition to all other interests, liens, and rights of any Lender at common Law, under the Loan Documents, or otherwise) (i) any and all moneys, securities or other property (and the proceeds therefrom) of ~~such~~the Borrower now or hereafter held or received by or in transit to any Lender for the account of the ~~U.S.~~ Borrower, (ii) any and all deposits (general or special, time or demand, provisional or final) of the ~~U.S.~~ Borrower with any Lender, (iii) any other credits and balances of the ~~U.S.~~ Borrower at any time existing against any Lender, including claims under certificates of deposit, and (iv) any indebtedness owed or payable by any Lender to the ~~U.S.~~ Borrower at any time against Obligations due to it that have not been paid when due. At any time and from time to time after the occurrence of any Event of Default and during the continuance thereof, each Lender is hereby authorized to offset against the Obligations then due and payable to it (in either case without notice to the ~~U.S.~~ Borrower), any and all items hereinabove referred to. To the extent that the ~~U.S.~~ Borrower has accounts designated as royalty or joint interest owner accounts, the foregoing right of offset shall not extend to funds in such accounts which belong to, or otherwise arise from payments to the ~~U.S.~~ Borrower for the account of, third party royalty or joint interest owners. Each Lender agrees promptly to notify ~~each applicable~~the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

~~(b) The Canadian Borrower hereby agrees that each Canadian Lender shall have the right to offset (which shall be in addition to all other interests, liens, and rights of such Canadian Lender at common Law, in equity, under the Loan Documents, or otherwise) (a) any and all moneys, securities or other property (and the proceeds therefrom) of the Canadian Borrower now or hereafter held or received by or in transit to any Canadian Lender for the account of the Canadian Borrower, (b) any and all deposits (general or special, time or demand, provisional or final) of the Canadian Borrower with any Canadian Lender, (c) any other credits and balances of the Canadian Borrower at any time existing against any Canadian Lender, including claims under certificates of deposit, and (d) any indebtedness owed or payable by any Canadian Lender to the Canadian Borrower at any time against Canadian Obligations due to it that have not been paid when due. At any time and from time to time after the occurrence of any Event of Default and during the continuance thereof, each Canadian Lender is hereby authorized to offset against the Canadian Obligations then due and payable to it by the Canadian Borrower (in either case without notice to the Canadian Borrower), any and all items hereinabove referred to, and the Canadian Borrower hereby irrevocably and unconditionally consents to the same and authorizes and directs the Agent and each Canadian Lender (as applicable) to apply all such items listed above against such Canadian Obligations. To the extent that the Canadian Borrower has accounts designated as royalty or joint interest owner accounts, the foregoing right of offset shall not extend to funds in such accounts which belong to, or otherwise arise from payments to the Canadian Borrower for the account of, third party royalty or joint interest owners. Each Canadian Lender agrees promptly to~~

~~notify the Canadian Borrower and the Administrative Agent after any such set-off and application made by such Canadian Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.~~

12.12. Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the “*Maximum Rate*”). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the ~~applicable~~ Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder. ~~In no event shall the aggregate “interest” (as defined in section 347 of the Criminal Code (Canada)) payable with respect to any Canadian Obligations exceed the maximum effective annual rate of interest on the “credit advanced” (as defined in that section) permitted under that section and, if any payment, collection or demand pursuant to this Agreement in respect of “interest” (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection or demand shall be deemed to have been made by mutual mistake of Canadian Borrower, Administrative Agent and Lenders and the amount of such excess payment or collection shall be refunded to Canadian Borrower. For purposes of the Canadian Obligations, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term applicable to the Canadian Obligations on the basis of annual compounding of the lawfully permitted rate of interest and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Administrative Agent shall be prima facie evidence, for the purposes of such determination.~~

12.13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.14. Integration. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

12.15. Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any ~~U.S.~~ Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any ~~U.S.~~ Letter of Credit shall remain outstanding.

12.16. Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this **Section 12.16**, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the L/C Issuers or the Swing Line Lenders, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

12.17. Replacement of Lenders. In the event that any Lender shall (i) claim payment of any amount pursuant to **Section 5.01**; (ii) claim any increased cost pursuant to **Section 5.04** or the benefit of **Section 5.02, Section 5.03**; (iii) fail to agree to extend the Maturity Date pursuant to **Section 4.08**, if the requisite Lenders have agreed to do so; (iv) become and continue to be a Defaulting Lender; or (v) fail to consent to an election, consent, amendment, waiver or other modification to this Agreement or any other Loan Document that requires the consent of a greater percentage of the Lenders than the Required Lenders, ~~the U.S. Required Lenders or the Canadian Required Lenders, as the case may be,~~ and such election, consent, amendment, waiver or other modification is otherwise consented to by the Required Lenders, ~~the U.S. Required Lenders or the Canadian Required Lenders, as the case may be,~~ ~~(a) the U.S.~~ (a) the Borrower may, upon notice to such Lender and the Administrative Agent, replace such Lender by causing such Lender to assign its rights and obligations hereunder (with the assignment fee to be paid by the ~~U.S.~~ Borrower in such instance) pursuant to **Section 12.09(b)** to one or more Eligible Assignees procured by the ~~U.S.~~ Borrower, each of which shall assume a pro rata portion of the Commitment ~~(including the Canadian Commitment, if any, of such replaced Lender, whether held by such Lender or by its Affiliate)~~ and the Credit Extensions of such replaced Lender and such Affiliate, if any (and, if such Lender refuses to assign its rights and obligations hereunder, such assignment shall be deemed effected upon payment to such Lender in full of all of the outstanding Loans ~~and Bankers' Acceptances (as applicable)~~ of such Lender and all other Obligations owing to such Lender, together with accrued interest thereon to the date of prepayment and all other amounts owed by the ~~Borrowers~~ Borrower to such Lender accrued to the date of prepayment and, if any such Lender is an L/C Issuer and any Letters of Credit issued by such L/C Issuer remain outstanding, upon the deposit of cash collateral with such L/C Issuer in an amount equal to the aggregate face amount of such Letters of Credit, to secure the ~~Borrowers'~~ Borrower's obligations to reimburse for drawing under such Letters of Credit or make other arrangements reasonably satisfactory to such L/C Issuer with respect to such Letters of Credit); provided, however, that if the ~~U.S.~~ Borrower elects to exercise such right with respect to any Lender pursuant to **Section 5.01, Section 5.02, Section 5.03** or **Section 5.04**, it shall be obligated to replace all Lenders that have made similar requests for compensation or benefit or sent similar notices, as applicable, pursuant to **Section 5.01, Section 5.02, Section 5.03** or **Section 5.04**; or (b) the ~~applicable~~ Borrower may, upon three Business Days' notice to such Lender through the Administrative Agent, prepay in full all of the outstanding Loans ~~and Bankers' Acceptances (as applicable)~~ of such Lender and all other Obligations owing to such Lender, or its assignee, together with accrued interest thereon to the date of prepayment and all other amounts owed by the ~~Borrowers~~ Borrower to such Lender accrued to the date of prepayment, and concurrently therewith the ~~U.S.~~ Borrower may terminate the Commitment of such Lender by giving notice of such termination to Administrative Agent and such Lender; and in the case of the foregoing **clauses (a) or (b)**, if any such Lender is an L/C Issuer and any Letters of Credit issued by such L/C Issuer remain outstanding, the ~~Borrowers~~ Borrower shall deposit cash collateral with such L/C Issuer in an amount equal to the aggregate face amount of such Letters of Credit pursuant to arrangements satisfactory to such L/C Issuer, to secure the ~~Borrowers'~~ Borrower's obligations to reimburse for drawing under such Letters of Credit or make other arrangements satisfactory to such L/C

Issuer with respect to such Letters of Credit. Upon satisfaction of the requirements set forth above in *clause (a)* of the preceding sentence, payment to the Lender to be replaced of the purchase price in immediately available funds, and the payment by the ~~U.S.~~ Borrower of all requested costs accruing to the date of purchase which the ~~Borrowers are~~ Borrower is obligated to pay under *Sections 5.01, 5.03 and 5.04* and all other amounts owed by the ~~Borrowers~~ Borrower to such Lender (other than the principal of and interest on the Credit Extension of such Lender, and accrued commitment fees, purchased by the Eligible Assignee), and deposit of cash collateral as required in the preceding sentence, such Eligible Assignee shall constitute a “Lender” ~~and if applicable, a “Canadian Lender”~~; hereunder, as the case may be, and the Lender being so replaced shall no longer constitute a “Lender” ~~or “Canadian Lender”~~ hereunder, ~~as the case may be, and its Commitment, and if applicable, its Canadian Commitment,~~ shall be deemed terminated. If, however, (x) the Eligible Assignee fails to purchase such rights and interest on such specified date in accordance with the terms of such offer, the ~~Borrowers~~ Borrower shall continue to be obligated to pay amounts to such ~~Lender or Canadian~~ Lender pursuant to *Section 5.01* or increased costs pursuant to *Section 5.04*, as the case may be, or (y) the Lender proposed to be replaced fails to consummate such purchase offer, the ~~Borrowers~~ Borrower shall not be obligated to pay to such ~~Lender or Canadian~~ Lender such increased costs or additional amounts incurred or accrued from and after the date of such purchase offer.

12.18. Governing Law.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE ADMINISTRATIVE AGENT AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ~~EACH OF THE BORROWERS~~ BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER, ANY L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY, BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ~~ANY THE~~ BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION. ~~EACH OF THE BORROWERS~~ BORROWER, THE ADMINISTRATIVE AGENT AND EACH LENDER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON*

CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN **SECTION 12.02**. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

12.19. WAIVER OF RIGHT TO TRIAL BY JURY. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

12.20. Electronic Execution of Assignments and Certain Other Documents. The words “execute”, “execution”, “signed”, “signature”, and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

12.21. USA PATRIOT Act; KYC Notice.

(a) Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “*Act*”), and other AML/KYC Laws, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the Act. ~~Each~~The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide or cause to be provided all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable AML/KYC Laws, “know your customer” and anti-money laundering rules and regulations.

(b) If, upon the written request of any Lender, the Administrative Agent has ascertained the identity of a Loan Party or any authorized signatories of such person or the purposes of applicable AML/KYC Laws on such Lender's behalf, then the Administrative Agent:

(i) shall be deemed to have done so as an agent for such Lender, and this Agreement shall constitute a "written agreement" in such regard between such Lender and the Administrative Agent within the meaning of applicable AML/KYC Laws; and

(ii) shall provide to such Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

(c) Notwithstanding anything to the contrary in this **Section 12.21**, each of the Lenders agrees that the Administrative Agent has no obligation to ascertain the identity of any Loan Party or any authorized signatories of such person, on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from any such person or any such authorized signatory in doing so.

12.22. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, each Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) the credit facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrowers Borrower and their respective Affiliates, on the one hand, and the Administrative Agent and the Joint Lead Arrangers and the Lenders, on the other hand, and such Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, the Administrative Agent and each Joint Lead Arranger and each Lender is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary for such Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person; (iii) neither the Administrative Agent nor any Joint Lead Arranger nor any Lender has assumed or will assume an advisory, agency or fiduciary responsibility in favor of such Borrower or any other Loan Party with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether the Administrative Agent or any Joint Lead Arranger or any Lender has advised or is currently advising such Borrower, any other Loan Party or any of their respective Affiliates on other matters) and neither the Administrative Agent nor any Joint Lead Arranger nor any Lender has any obligation to such Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Administrative Agent and the Joint Lead Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of such Borrower, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent nor any Joint Lead Arranger nor any Lender has any obligation, by reason of the transactions contemplated hereby or the process leading thereto, to disclose of any of such interests to such Borrower or the other Loan Parties; and (v) the Administrative Agent and the Joint Lead Arrangers and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each of such Borrower and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of the Borrower and the other Loan Parties hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent and the

Joint Lead Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty arising out of or related to any of the transactions contemplated hereby or the process leading thereto.

12.23. Termination of Commitments Under Existing Credit Agreement. The ~~U.S.~~ Borrower has given, or contemporaneously with the execution and delivery of this Agreement is giving, to the administrative agent under the Existing Credit Agreement, notice of the termination of commitments of the lenders under the Existing Credit Agreement, so that such commitments terminate on the Closing Date. Execution of this Agreement by Lenders who are lenders and, to the extent applicable, letter of credit issuers under the Existing Credit Agreement shall constitute (a) a waiver of the notice provisions in **Section 4.11** of the Existing Credit Agreement that would otherwise be applicable to such termination, and the administrative agent under the Existing Credit Agreement may rely on this **Section 12.23** and (b) an agreement that from and after the Closing Date, the Existing ~~Canadian Letters of Credit and Existing U.S.~~ Letters of Credit shall cease to be “Letters of Credit” issued pursuant to the Existing Credit Agreement.

12.24. ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

12.25. Acknowledgement and Consent to Bail-In of EEA Financial Institutions Solely to the extent any Lender or L/C Issuer that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or L/C Issuer that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

12.26. Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of

the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “*U.S. Special Resolution Regimes*”) in respect of such Supported OFC and OFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported OFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States) in the event a Covered Entity that is party to a Supported OFC (each, a “*Covered Party*”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported OFC and the benefit of such OFC Credit Support (and any interest and obligation in or under such Supported OFC and such OFC Credit Support, and any rights in property securing such Supported OFC or such OFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported OFC and such OFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported OFC or any OFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported OFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported OFC or any OFC Credit Support.

FORM OF ~~U.S.~~ COMMITTED LOAN NOTICE

Date: _____, 20____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, ~~Devon Canada Corporation, an Alberta corporation,~~ each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned hereby requests (select one):

- A Borrowing of ~~U.S.~~ Committed Loans A conversion of ~~U.S.~~ Committed Loans
- A continuation of ~~U.S.~~ Eurodollar Rate Committed Loans

1. On _____ (a Business Day)

2. In the amount of U.S. \$ _____.

3. Comprised of _____.

[Type of ~~U.S.~~ Committed Loan requested]4. For ~~U.S. Dollar~~ Eurodollar Rate Loans: with an Interest Period of ____ months.The ~~U.S.~~ Committed Borrowing requested herein complies with clause (i) of the proviso to the first sentence of *Section 2.01* of the Agreement.

DEVON ENERGY CORPORATION

By: _____
 Name:
 Title:

~~FORM OF CANADIAN COMMITTED BORROWING NOTICE~~

Date: _____, 20____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

~~Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "**Agreement**"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, Devon Canada Corporation, an Alberta corporation, each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.~~

1. ~~The undersigned hereby requests (select one):~~

- ~~A Committed Borrowing of Canadian Committed Loans~~ ~~A conversion of Canadian Committed Loans~~
- ~~A continuation of Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans~~
- a. ~~On _____ (a Business Day).~~
- b. ~~In the amount of [U.S./C] \$ _____.~~
- c. ~~Comprised of _____.~~
- ~~[Type of Canadian Committed Loans requested]~~
- d. ~~For Canadian Dollar CDOR Rate Committed Loans or Canadian U.S. Eurodollar Rate Committed Loans: with an Interest Period of _____ months.~~

2. ~~The undersigned hereby requests (select one):~~

- ~~A Canadian Committed Borrowing BAs~~ ~~A conversion of of BAs~~
- ~~A continuation of BAs~~
- a. ~~with a term of _____ days.~~
- b. ~~The undersigned [will] [will not] market the Bankers' Acceptance directly.~~

~~The Canadian Committed Borrowing requested herein complies with clause (i) of the proviso to the first sentence of *Section 3.01* of the Agreement.~~

Exhibit ~~A(C)~~B-1 to Devon Credit Agreement

By: _____

Name:

Title:

EXHIBIT B(U.S.)-1

FORM OF ~~U.S.~~ BID REQUEST

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "**Agreement**"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, ~~Devon-Canada Corporation, an Alberta corporation,~~ each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Lenders are invited to make ~~U.S.~~ Bid Loans:

1. On _____ (a Business Day).
2. In an aggregate amount not exceeding U.S. \$ _____ (with any sublimits set forth below).
3. Comprised of (select one):

- ~~U.S.~~ Bid Loans based on an Absolute Rate ~~U.S.~~ Bid Loans based on ~~U.S. Dollar~~ Eurodollar Rate

U.S. Bid Loan No.	Interest Period requested	Maximum principal amount requested
1	_____ day/mos	U.S. \$ _____
2	_____ day/mos	U.S. \$ _____
3	_____ day/mos	U.S. \$ _____

Exhibit ~~A(C)~~B-1 to Devon Credit Agreement

The ~~U.S.~~ Bid Borrowing requested herein complies with the requirements of the proviso to the first sentence of *Section 2.03(a)* of the Agreement.

The ~~U.S.~~ Borrower authorizes the Administrative Agent to deliver this ~~U.S.~~ Bid Request to the Lenders. Responses by the Lenders must be in substantially the form of *Exhibit B(~~U.S.~~)-2* to the Agreement and must be received by the Administrative Agent by the time specified in *Section 2.03* of the Agreement for submitting ~~U.S.~~ Competitive Bids.

DEVON ENERGY CORPORATION

By: _____
Name:
Title:

Exhibit ~~A(C)~~B-1 to Devon Credit Agreement

FORM OF ~~CANADIAN BID REQUEST~~

To: ~~Bank of America, N.A., as Administrative Agent~~

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "~~Agreement~~"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, Devon Canada Corporation, an Alberta corporation, each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Canadian Lenders are invited to make Canadian Bid Loans:

1. On _____ (a Business Day);
2. In an aggregate amount not exceeding C \$ _____ (with any sublimits set forth below);
3. Comprised of (select one):

- Canadian Bid Loans based on an Absolute Rate Canadian Bid Loans based on Canadian Dollar CDOR Rate

Canadian Bid Loan No.	Interest Period requested	Maximum principal amount requested
1	_____ day/mos	C \$ _____
2	_____ day/mos	C \$ _____
3	_____ day/mos	C \$ _____

The Canadian Bid Borrowing requested herein complies with the requirements of the proviso to the first sentence of *Section 3.03(a)* of the Agreement.

The Canadian Borrower authorizes the Administrative Agent to deliver this Canadian Bid Request to the Canadian Lenders. Responses by the Canadian Lenders must be in substantially the form of *Exhibit B(C)-2* to the Agreement and must be received by the Administrative Agent by the time specified in *Section 3.03* of the Agreement for submitting Canadian Competitive Bids.

Exhibit B(C)-1.2 to Devon Credit Agreement

By: _____

Name:

Title:

EXHIBIT B(U.S.)-2

FORM OF U.S. COMPETITIVE BID

_____, 20____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, ~~Devon Canada Corporation, an Alberta corporation,~~ each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Exhibit B(~~C~~)-12 to Devon Credit Agreement

In response to the ~~U.S.~~ Bid Request dated _____, 20__, the undersigned offers to make the following ~~U.S.~~ Bid Loan(s):

1. ~~U.S.~~ Borrowing date: _____ (a Business Day).
2. In an aggregate amount not exceeding U.S. \$ _____ (with any sublimits set forth below).
3. Comprised of:

U.S. Bid Loan No.	Interest Period offered	U.S. Bid Maximum	U.S. Absolute Rate Bid or U.S. Eurodollar Margin Bid ^{**}
1	_____ day/mos	U.S. \$ _____	(- +) _____%
2	_____ day/mos	U.S. \$ _____	(- +) _____%
3	_____ day/mos	U.S. \$ _____	(- +) _____%

* Expressed in multiples of 1/100th a basis point.

* Expressed in multiples of 1/100th a basis point.

Exhibit B(C)-12 to Devon Credit Agreement

Contact Person: _____ Telephone: _____

[LENDER]

By: _____
Name:
Title:

**THIS SECTION IS TO BE COMPLETED BY THE ~~U.S.~~ BORROWER IF IT WISHES TO
ACCEPT ANY OFFERS CONTAINED IN THIS COMPETITIVE BID:**

The offers made above are hereby accepted in the amounts set forth below:

<u>U.S. Bid Loan No.</u>	<u>Principal Amount Accepted</u>
_____	U.S. \$ _____
_____	U.S. \$ _____
_____	U.S. \$ _____

DEVON ENERGY CORPORATION

By: _____
Name:
Title:

Date: _____, 20__

Exhibit B(~~C~~)12 to Devon Credit Agreement

FORM OF CANADIAN COMPETITIVE BID

_____, 20__

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "~~Agreement~~"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, Devon Canada Corporation, an Alberta corporation ("~~Devon Canada~~"), each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

In response to the Canadian Bid Request dated _____, 20__, the undersigned offers to make the following Canadian Bid Loan(s) to Devon Canada:

- 1. Canadian Borrowing date: _____ (a Business Day).
- 2. In an aggregate amount not exceeding C\$ _____ (with any sublimits set forth below).
- 3. Comprised of:

Canadian Bid Loan No.	Interest Period offered	Canadian Bid Maximum	Canadian Absolute Rate Bid or Canadian Margin Bid*
1	_____ day/mos	C\$ _____	(- +) _____%
2	_____ day/mos	C\$ _____	(- +) _____%
3	_____ day/mos	C\$ _____	(- +) _____%

* Expressed in multiples of 1/100th a basis point.

Contact Person: _____

Telephone: _____

[LENDER]

By: _____

Name:

Title:

THIS SECTION IS TO BE COMPLETED BY THE CANADIAN BORROWER IF IT WISHES TO ACCEPT ANY OFFERS CONTAINED IN THIS COMPETITIVE BID:

The offers made above are hereby accepted in the amounts set forth below:

<u>Canadian Bid Loan No.</u>	<u>Principal Amount Accepted</u>
_____	€/\$
_____	€/\$
_____	€/\$

DEVON CANADA CORPORATION

By: _____

Name:

Title:

Date: _____, 20__

EXHIBIT C(U.S.)

FORM OF ~~U.S.~~ SWING LINE LOAN NOTICE

Date: _____, 20__

To: Bank of America, N.A., as ~~U.S.~~ Swing Line Lender
Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Page 2

Exhibit ~~B(C)-2~~ to Devon Credit Agreement

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, ~~Devon Canada Corporation, an Alberta corporation,~~ each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned hereby requests a ~~U.S.~~ Swing Line Loan:

1. On _____ (a Business Day).
2. In the amount of U.S. \$_____.

The ~~U.S.~~ Swing Line Borrowing requested herein complies with the requirements of clauses (x)(i) and (x)(iii) of the proviso to the first sentence of *Section 2.05(a)* of the Agreement.

DEVON ENERGY CORPORATION

By: _____
Name:
Title:

FORM OF CANADIAN SWING LINE LOAN NOTICE

Date: _____, 20____

To: Bank of America, N.A., as Canadian Swing Line Lender
Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "~~Agreement~~"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, Devon Canada Corporation, an Alberta corporation, each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned hereby requests a Canadian Swing Line Loan:

- 1. On _____ (a Business Day).
- 2. In the amount of [C \$][U.S. \$] _____.

The Canadian Swing Line Borrowing requested herein complies with the requirements of clauses (x)(i) and (x)(iii) of the proviso to the first sentence of Section 3.05(a) of the Agreement.

DEVON CANADA CORPORATION

By: _____
Name:
Title:

EXHIBIT

D-1 FORM OF U.S. NOTE

[DATE]

FOR VALUE RECEIVED, the undersigned (the "~~U.S. Borrower~~"), hereby promises to pay to _____ or registered assigns (the "~~Lender~~"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each ~~U.S.~~ Loan from time to time made by the Lender to the ~~U.S.~~ Borrower under that certain Credit Agreement, effective as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "~~Agreement~~"; the terms defined therein being used herein as therein defined), by and among the ~~U.S.~~ Borrower, ~~Devon Canada Corporation~~, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The ~~U.S.~~ Borrower promises to pay interest on the unpaid principal amount of each ~~U.S.~~ Loan from the date of such ~~U.S.~~ Loan until such principal amount is paid in full, at such interest rates and at

such times as provided in the Agreement. Except as otherwise provided in *Section 2.05(f)* of the Agreement with respect to ~~U.S.~~ Swing Line Loans, all payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in U.S. Dollars in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This ~~U.S.~~ Note is one of the ~~U.S.~~ Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. ~~This U.S. Note is also entitled to the benefits of the U.S. Guaranty.~~ Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this ~~U.S.~~ Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this ~~U.S.~~ Note and endorse thereon the date, amount and maturity of its ~~U.S.~~ Loans and payments with respect thereto.

The ~~U.S.~~ Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this ~~U.S.~~ Note.

Page 2

Exhibit ~~C~~D to Devon Credit Agreement

DEVON ENERGY CORPORATION

By: _____

Name:

Title:

U.S. LOANS AND PAYMENTS WITH RESPECT THERETO

<u>Date</u>	<u>Type of Loan Made</u>	<u>Amount of Loan Made</u>	<u>End of Interest Period</u>	<u>Amount of Principal or Interest Paid This Date</u>	<u>Outstanding Principal Balance This Date</u>	<u>Notation Made By</u>
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Exhibit ~~C~~D to Devon Credit Agreement

FORM OF CANADIAN NOTE

FOR VALUE RECEIVED, the undersigned (the "**Canadian Borrower**"), hereby promises to pay to _____ or registered assigns (the "**Canadian Lender**"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Canadian Loan from time to time made by the Canadian Lender to such Canadian Borrower under that certain Credit Agreement, effective as of October 5, 2018 (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "**Agreement**"; the terms defined therein being used herein as therein defined), among Canadian Borrower, Devon Energy Corporation, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Canadian Borrower promises to pay interest on the unpaid principal amount of each Canadian Loan from the date of such Canadian Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. Except as otherwise provided in *Section 3.05(f)* of the Agreement with respect to Canadian Swing Line Loans, all payments of principal and interest shall be made to the Administrative Agent for the account of the Canadian Lender in the same currency in which the applicable Canadian Loans were advanced, in immediately available funds at the Administrative Agent's Office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Canadian Note is one of the Canadian Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Canadian Note is also entitled to the benefits of the Canadian Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Canadian Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Canadian Lender shall be evidenced by one or more loan accounts or records maintained by the Canadian Lender in the ordinary course of business. The Canadian Lender may also attach schedules to this Canadian Note and endorse thereon the date, amount and maturity of its Canadian Loans and payments with respect thereto.

The Canadian Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Canadian Note.

~~DEVON CANADA CORPORATION~~

By: _____

Name:

Title:

CANADIAN LOANS AND PAYMENTS WITH RESPECT THERETO

<u>Date</u>	<u>Type of Loan Made</u>	<u>Amount of Loan Made</u>	<u>End of Interest Period</u>	<u>Amount of Principal or Interest Paid This Date</u>	<u>Outstanding Principal Balance This Date</u>	<u>Notation Made By</u>
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EXHIBIT E

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: _____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as [amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further](#) amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "*Agreement*"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation (the "*U.S. Borrower*"); ~~Devon Canada Corporation, an Alberta corporation~~, each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Page 3

Exhibit ~~D-2E~~ to Devon Credit Agreement

The undersigned Responsible Officer hereby certifies as of the date hereof that he/she is the _____ of the ~~U.S.~~ Borrower, and that, as such, he/she is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of the ~~U.S.~~ Borrower, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. The year-end audited financial statements required by *Section 8.02(a)* of the Agreement for the Fiscal Year of the ~~U.S.~~ Borrower ended as of the above date are [attached hereto as **Schedule 1**][available on the SEC's EDGAR database and the ~~U.S.~~ Borrower's website in the Annual Report on Form 10-K with respect to such Fiscal Year], together with the report and opinion of an independent certified public accountant required by such section. Such financial statements are accurate and complete.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. The unaudited financial statements required by *Section 8.02(b)* of the Agreement for the Fiscal Quarter of the ~~U.S.~~ Borrower ended as of the above date are [attached hereto as **Schedule 1**][available on the SEC's EDGAR database and the ~~U.S.~~ Borrower's website in the Quarterly Report on Form 10-Q with respect to such Fiscal Quarter]. Such financial statements fairly present the financial condition, results of operations and cash flows of the ~~U.S.~~ Borrower and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the ~~U.S.~~ Borrower during the accounting period covered by the attached financial statements.

3. A review of the activities of the ~~U.S.~~ Borrower during such fiscal period has been made, or has been caused to have been made, under the supervision of the undersigned with a view to determining whether during such fiscal period the ~~Borrowers~~ Borrower performed and observed all ~~their~~ its Obligations under the Loan Documents, and

[select one:]

[to the best knowledge of the undersigned, there is no condition or event which constitutes a Default as of the date hereof.]

—or—

[to the best knowledge of the undersigned, the following is a list of each condition or event which constitutes a Default as of the date hereof and its nature and status:]

4. The financial covenant analyses and information set forth on **Schedule 1** attached hereto are true and accurate on and as of the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, 20__.

DEVON ENERGY CORPORATION

Page 4

Exhibit ~~D-2E~~ to Devon Credit Agreement

By: _____

Name:

Title:

Page 5

Exhibit ~~D-2~~E to Devon Credit Agreement

SCHEDULE 1
to the Compliance Certificate
(U.S. \$ in 000’s)

I. CONSOLIDATED TOTAL FUNDED DEBT TO TOTAL CAPITALIZATION OF THE ~~U.S.~~ BORROWER

- a. Consolidated Total Funded Debt as of Statement Date U.S. \$ _____
- b. Shareholders’ Equity as of Statement Date U.S. \$ _____
- c. Total Capitalization (sum of (a) plus (b)) U.S. \$ _____
- d. Ratio ((a) divided by (c)) _____

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this “**Assignment and Assumption**”) is effective as of the Effective Date set forth below and is entered into by and between ~~[Insert name of Assignor] f, as to its U.S. Commitment, and [Insert name of Canadian Lender Assignor], as to its Canadian Commitment~~ ~~(collectively)~~ (the “**Assignor**”) and ~~[Insert name of Assignee]~~ (the “**Assignee**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the “**Credit Agreement**”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations as a ~~Lender and as a Canadian~~ Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including, without limitation, the ~~U.S. Committed Borrowings, U.S. L/C Credit Extensions, U.S. Swing Line Loans, Canadian Committed Borrowings, Canadian~~ L/C Credit Extensions and ~~Canadian~~ Swing Line Loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the “**Assigned Interest**”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____ f, as Lender
~~Assignor: _____ [, as Canadian Lender]~~
2. Assignee as Lender: _____ [and is an Affiliate/Approved Fund of [identify Lender]]
~~Assignee as Canadian Lender: _____ [and is an Affiliate/Approved Fund of [identify Lender]]~~

3. ~~U.S.~~ Borrower: Devon Energy Corporation

4. ~~Canadian Borrower: Devon Canada Corporation~~ Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement

~~6.5.~~ Credit Agreement: Credit Agreement, effective as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time), by and among Devon Energy Corporation, a Delaware corporation ("~~U.S. Borrower~~"), ~~Devon Canada Corporation, an Alberta corporation~~, each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

~~7.6.~~ Assigned Interest:

Aggregate Amount of U.S. Commitment/ U.S. Committed Borrowings for all Lenders	Amount of U.S. Commitment/ U.S. Committed Borrowings Assigned	Percentage Assigned of U.S. Commitment/ U.S. Committed Borrowings	CUSIP Number
U.S. \$ _____	U.S. \$ _____	_____ %	
Aggregate Amount of Canadian Commitment/ Canadian Committed Borrowings for all Canadian Lenders	Amount of Canadian Maximum Commitment Assigned	Amount of Canadian Commitment/ Canadian Committed Borrowings Assigned	Percentage Assigned of Canadian Commitment/ Canadian Committed Borrowings
U.S. \$. _____	U.S. \$ _____	_____ %	

~~8.7.~~ Trade Date: _____]

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

*ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Name:
Title:

*ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Name:
Title:

[Consented to and] Accepted:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name:
Title:

[Consented to:

ADD SIGNATURE BLOCKS FOR L/C ISSUERS AS
APPLICABLE]

Consented to:

BANK OF AMERICA, N.A.,
as ~~U.S.~~ Swing Line Lender ~~[and Canadian Swing Line
Lender]~~

By: _____
Name:
Title:

~~*Add additional signature blocks for Canadian Affiliates as necessary~~

[Consented to:

DEVON ENERGY CORPORATION,
as the ~~U.S.~~ Borrower

Exhibit F to Devon Credit Agreement

By: _____
Name:
Title:]

[]

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the ~~U.S.~~ Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by any Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a ~~Lender and a Canadian~~ Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a ~~Lender and a Canadian~~ Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to **Section 8.02** thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date. Notwithstanding the foregoing, the Administrative Agent shall make all payments of interest, fees or other amounts paid or payable in kind from and after the Effective Date to the Assignee.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

FORM OF ADDITIONAL GUARANTY ~~OF THE U.S. BORROWER~~

THIS GUARANTY is made effective as of ~~October 5, 2018, by Devon Energy Corporation, a Delaware corporation~~ [], 20 [], by [], a [] (“*Guarantor*”), in favor of Administrative Agent (as defined in the Credit Agreement described below).

RECITALS

1. ~~Guarantor, as U.S. Borrower, Devon Canada Energy Corporation, an Alberta Delaware corporation (the “Canadian Borrower”), Administrative Agent, and each Lender from time to time party thereto (collectively, “Lenders”) are parties to that certain Credit Agreement effective of even date herewith (as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, called the “Credit Agreement”). Pursuant to the Credit Agreement, the Canadian Lenders (as defined in the Credit Agreement) have agreed to advance funds to the Canadian Borrower.~~

2. Pursuant to the Credit Agreement, ~~Canadian~~ Borrower has executed in favor of the ~~Canadian~~ Lenders, to the extent requested by the ~~Canadian~~ Lenders, the ~~Canadian~~ Notes (as from time to time amended, substituted, renewed or extended, in whole or in part).

3. ~~It is a condition precedent to Canadian Lenders’ obligations to advance funds pursuant to the Credit Agreement that Guarantor shall execute and deliver this Guaranty to Administrative Agent.~~ As of the date hereof, Guarantor is a Domestic Subsidiary of Borrower.

4. ~~As of the date hereof, Guarantor owns directly, or indirectly through one or more subsidiaries, one hundred percent (100%) of the outstanding shares of common capital stock of the Canadian Borrower.~~ Borrower, Guarantor, and the other direct and indirect subsidiaries of Borrower are mutually dependent on each other in the conduct of their respective businesses under a holding company structure, with the credit needed from time to time by each often being provided by another or by means of financing obtained by one such affiliate with the support of the others for their mutual benefit and the ability of each to obtain such financing being dependent on the successful operations of the others.

5. ~~Canadian Borrower, Guarantor, and the other direct and indirect subsidiaries of Guarantor are mutually dependent on each other in the conduct of their respective businesses under a holding company structure, with the credit needed from time to time by each often being provided by another or by means of financing obtained by one such affiliate with the support of the others for their mutual benefit and the ability of each to obtain such financing being dependent on the successful operations of the others.~~ 6. The board of directors governing body of Guarantor has determined that Guarantor’s execution, delivery and performance of this Guaranty may reasonably be expected to benefit Guarantor, directly or indirectly, and are in the best interests of Guarantor.

NOW, THEREFORE, in consideration of the premises, of the benefits which will inure to Guarantor from ~~Canadian~~ Lenders' advancement of funds to ~~Canadian~~ Borrower under the Credit Agreement, and of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, and in order to induce ~~Canadian~~ Lenders to advance funds under the Credit Agreement, Guarantor hereby agrees with Administrative Agent, for the benefit of Administrative Agent and ~~Canadian~~ Lenders as follows:

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Exhibit G-~~1(U.S. Borrower)~~ to Devon Credit Agreement

AGREEMENTS

Section 1. **Definitions.** Reference is hereby made to the Credit Agreement for all purposes. All terms used in this Guaranty which are defined in the Credit Agreement and not otherwise defined herein shall have the same meanings when used herein. All references herein to this Guaranty, any Obligation Document, Loan Document, or other document or instrument refer to the same as from time to time amended, supplemented or restated. As used herein the following terms shall have the following meanings:

“**Obligations**” means collectively all of the indebtedness, obligations, and undertakings which are guaranteed by Guarantor and described in *subsections (a) and (b) of Section 2.*

“**Obligation Documents**” means the ~~Canadian~~ Notes, ~~the Bankers’ Acceptances~~, the Credit Agreement, the Loan Documents, and all other documents, instruments, agreements, certificates and other writings heretofore or hereafter delivered in connection herewith or therewith; provided that this Guaranty shall not be an “Obligation Document” for any purpose of this Guaranty.

“**Obligors**” means ~~Canadian~~ Borrower, ~~Devon Financing LLC~~; and any other endorsers, guarantors or obligors, primary or secondary (but in any case excluding Guarantor), of any or all of the Obligations.

Section 2. Guaranty.

(a) Guarantor hereby irrevocably, absolutely, and unconditionally guarantees, jointly with any other guarantors from time to time and severally, as a primary obligor and not merely as a surety and as a guaranty of payment and performance and not merely as a guaranty of collection, to Administrative Agent and each ~~Canadian~~ Lender the prompt, complete, and full payment when due, and no matter how the same shall become due, of:

(i) the ~~Canadian~~ Obligations, including all principal, all interest thereon and all other sums payable thereunder; and

(ii) ~~the Bankers’ Acceptances issued by Canadian Borrower and accepted by Canadian Lenders; and~~(iii) all other sums payable by ~~Canadian~~ Borrower under the other Obligation Documents, whether for principal, interest, fees or otherwise.

Without limiting the generality of the foregoing, Guarantor’s liability hereunder shall extend to and include all post-petition or post-bankruptcy interest, expenses, and other duties and liabilities of ~~Canadian~~ Borrower described above in this *subsection (a)*, or below in the following *subsection (b)*, which would be owed by ~~Canadian~~ Borrower but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization, or similar proceeding involving ~~the Canadian~~ Borrower.

~~(b) Guarantor hereby irrevocably, absolutely, and unconditionally guarantees, jointly with any other guarantors from time to time and severally, as a primary obligor and not merely as a surety and as a guaranty of payment and performance and not merely as a guaranty of collection, to Administrative Agent and each Lender the prompt, complete and full performance, when due, and no matter how the same shall become due, of all obligations and undertakings of Canadian Borrower to Administrative Agent or such Lender under, by reason of, or pursuant to any of the Obligation Documents. (c) If Canadian Borrower shall for any reason fail to pay any Obligation, as and when such Obligation shall become due and payable, whether at its stated maturity, as a result of the exercise of any power to accelerate, or otherwise, Guarantor will, forthwith upon demand by Administrative Agent, pay such Obligation in full to Administrative Agent for the benefit of Administrative Agent or the Canadian Lender to whom such~~

Obligation is owed. ~~If Canadian Borrower shall for any reason fail to perform promptly any Obligation, Guarantor will, forthwith upon demand by Administrative Agent, cause such Obligation to be performed or, if specified by Administrative Agent, provide sufficient funds, in such amount and manner as Administrative Agent shall in good faith determine, for the prompt, full and faithful performance of such Obligation by Administrative Agent or such other Person as Administrative Agent shall designate.~~

(d) If either ~~Canadian~~ Borrower or Guarantor fails to pay ~~or perform~~ any Obligation as described in the immediately preceding subsections (a) or (b) or (e) Guarantor will incur the additional obligation to pay to Administrative Agent, and Guarantor will forthwith upon demand by Administrative Agent pay to Administrative Agent, the amount of any and all reasonable and documented expenses, including reasonable and documented fees and disbursements of Administrative Agent's counsel and of any agents retained by Administrative Agent, which Administrative Agent may incur as a result of such failure.

(e) All payments by Guarantor hereunder shall be paid in full, without setoff or counterclaim or any deduction or withholding whatsoever, including, without limitation, for any and all present and future Taxes. If Guarantor shall be required by any Laws to deduct Taxes from or in respect of any payment under this Guaranty, or any other Taxes are at any time imposed on any payments under or in respect of this Guaranty, Guarantor shall comply with the procedures of, and make the additional payments required by, *Section 5.01* of the Credit Agreement in the same manner as if all references therein to Borrower were deemed to be references to Guarantor, and, for the avoidance of doubt, Guarantor shall be entitled to the benefits of the provisions of *Section 5.01(f)* and *Section 5.07* of the Credit Agreement as to all Taxes imposed with respect to this Guaranty and paid by Guarantor hereunder as if all references therein to Borrower were deemed to be references to Guarantor. Notwithstanding anything herein to the contrary, Guarantor shall not be required to pay any additional amounts in respect of Taxes to any Lender that is not a "United States person" within the meaning of *Section 7701(a)(30)* of the Code who does not comply with the provisions applicable to Foreign Lenders set forth in *Section 5.01(e)* of the Credit Agreement.

(f) Administrative Agent's books and records showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and, absent clearly demonstrable error, shall be binding upon Guarantor and conclusive for the purpose of establishing the amount of the Obligations.

(g) The liability of Guarantor hereunder shall be limited to the maximum amount of liability that can be incurred without rendering this Guaranty, as it relates to Guarantor, voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount.

Section 3. Unconditional Guaranty.

(a) No action which Administrative Agent or any ~~Canadian~~ Lender may take or omit to take in connection with any of the Obligation Documents, any of the Obligations (or any other indebtedness owing by ~~Canadian~~ Borrower to Administrative Agent or any ~~Canadian~~ Lender), and no course of dealing of Administrative Agent or any ~~Canadian~~ Lender with any Obligor or any other Person except Guarantor, shall release or diminish Guarantor's obligations, liabilities, agreements or duties hereunder, affect this Guaranty in any way, or afford Guarantor any recourse against Administrative Agent or any ~~Canadian~~ Lender, regardless of whether any such action or inaction may increase any risks to or liabilities of Administrative Agent or any ~~Canadian~~ Lender or any Obligor. Without limiting the foregoing, Guarantor hereby expressly agrees that Administrative Agent and ~~Canadian~~ Lenders may, from time to time, without notice to or the consent of Guarantor, do any or all of the following:

(i) Make an agreement with ~~any~~the Borrower to amend, change or modify, in whole or in part, any one or more of the Obligation Documents and give or refuse to give any waivers or other indulgences with respect thereto.

(ii) Neglect, delay, fail, or refuse to take or prosecute any action for the collection or enforcement of any of the Obligations, to foreclose or take or prosecute any action in connection with any Obligation Document, to bring suit against any Obligor or any other Person, or to take any other action concerning the Obligations or the Obligation Documents.

(iii) Accelerate, make an agreement with ~~any~~the Borrower to change, rearrange, extend, or renew the time, rate, terms, or manner for payment or performance of any one or more of the Obligations (whether for principal, interest, fees, expenses, indemnifications, affirmative or negative covenants, or otherwise).

(iv) Compromise or settle any unpaid or unperformed Obligation or any other obligation or amount due or owing, or claimed to be due or owing, under any one or more of the Obligation Documents.

(v) Discharge, release, substitute or make an agreement with ~~any~~the Borrower or any other Person to add Obligors.

(vi) Apply all monies received from Obligors or others as Administrative Agent or ~~Canadian~~ Lenders may determine to be in their best interest, without in any way being required to marshal assets or to apply all or any part of such monies upon any particular Obligations.

(b) No action or inaction of any Obligor or any other Person, and no change of law or circumstances, shall release or diminish Guarantor's obligations, liabilities, agreements, or duties hereunder, affect this Guaranty in any way, or afford Guarantor any recourse against Administrative Agent or any ~~Canadian~~ Lender. Without limiting the foregoing, the obligations, liabilities, agreements, and duties of Guarantor under this Guaranty shall not be released, diminished, impaired, reduced, or affected by the occurrence of any or all of the following from time to time, even if occurring without notice to or without the consent of Guarantor:

(i) Any voluntary or involuntary liquidation, dissolution, sale of all or substantially all assets, marshalling of assets or liabilities, receivership, conservatorship, assignment for the benefit of creditors, insolvency, bankruptcy, reorganization, arrangement, or composition of any Obligor or any other proceedings involving any Obligor or any of the assets of any Obligor under laws for the protection of debtors, or any discharge, impairment, modification, release, or limitation of the liability of, or stay of actions or lien enforcement proceedings against, any Obligor, any properties of any Obligor, or the estate in bankruptcy of any Obligor in the course of or resulting from any such proceedings.

(ii) The failure by Administrative Agent or any ~~Canadian~~ Lender to file or enforce a claim in any proceeding described in the immediately preceding subsection (i) or to take any other action in any proceeding to which any Obligor is a party.

(iii) The release by operation of law of any Obligor from any of the Obligations or any other obligations to Administrative Agent or any ~~Canadian~~ Lender.

(iv) The invalidity, deficiency, illegality, or unenforceability of any of the Obligations or the Obligation Documents, in whole or in part, any bar by any statute of limitations or other law of recovery on any of the Obligations, or any defense or excuse for failure to perform on account

of force majeure, act of God, casualty, impossibility, impracticability, or other defense or excuse whatsoever.

(v) The failure of any Obligor or any other Person to sign any guaranty or other instrument or agreement within the contemplation of any Obligor, Administrative Agent or any ~~Canadian~~ Lender.

(vi) The fact that Guarantor may have incurred directly part of the Obligations or is otherwise primarily liable therefor.

(vii) Without limiting any of the foregoing, any fact or event (whether or not similar to any of the foregoing) which in the absence of this provision would or might constitute or afford a legal or equitable discharge or release of or defense to a guarantor or surety other than the actual payment and performance by Guarantor under this Guaranty.

(c) Administrative Agent and ~~Canadian~~ Lenders may invoke the benefits of this Guaranty before pursuing any remedies against any Obligor or any other Person and before proceeding against any security now or hereafter existing for the payment or performance of any of the Obligations. Administrative Agent and ~~Canadian~~ Lenders may maintain an action against Guarantor on this Guaranty without joining any other Obligor therein and without bringing a separate action against any Obligor.

(d) If any payment to Administrative Agent or any Lender by any Obligor is held to constitute a preference or a voidable transfer under applicable state, provincial or federal laws, or if for any other reason Administrative Agent or any Lender is required to refund such payment to the payor thereof or to pay the amount thereof to any other Person, such payment to Administrative Agent or such ~~Canadian~~ Lender shall not constitute a release of Guarantor from any liability hereunder, and Guarantor agrees to pay such amount to Administrative Agent or such ~~Canadian~~ Lender on demand and agrees and acknowledges that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, to the extent of any such payment or payments. Any transfer by subrogation which is made as contemplated in **Section 6** prior to any such payment or payments shall (regardless of the terms of such transfer) be automatically voided upon the making of any such payment or payments, and all rights so transferred shall thereupon revert to and be vested in Administrative Agent and ~~Canadian~~ Lenders.

(e) This is a continuing guaranty and shall apply to and cover all Obligations and renewals and extensions thereof and substitutions therefor from time to time.

Section 4. Waiver. Guarantor hereby waives, with respect to the Obligations, this Guaranty, and the Obligation Documents:

(a) notice of the incurrence of any Obligation by ~~Canadian~~ Borrower, and notice of any kind concerning the assets, liabilities, financial condition, creditworthiness, businesses, prospects, or other affairs of ~~Canadian~~ Borrower (it being understood and agreed that: (i) Guarantor shall take full responsibility for informing itself of such matters, (ii) neither Administrative Agent nor any ~~Canadian~~ Lender shall have any responsibility of any kind to inform Guarantor of such matters, and (iii) Administrative Agent and ~~Canadian~~ Lenders are hereby authorized to assume that Guarantor, by virtue of its relationships with ~~Canadian~~ Borrower which are independent of this Guaranty, has full and complete knowledge of such matters whenever ~~Canadian~~ Lenders extend credit to ~~Canadian~~ Borrower or take any other action which may change or increase Guarantor's liabilities or losses hereunder);

(b) notice that Administrative Agent, any ~~Canadian~~ Lender, any Obligor, or any other Person has taken or omitted to take any action under any Obligation Document or any other agreement or instrument relating thereto or relating to any Obligation;

(c) demand, presentment for payment, and notice of demand, dishonor, nonpayment, or nonperformance; and

(d) notice of intention to accelerate, notice of acceleration, protest, notice of protest, notice of any exercise of remedies (as described in the following **Section 5** or otherwise), and all other notices of any kind whatsoever.

Section 5. Exercise of Remedies. Administrative Agent, on behalf of ~~Canadian~~ Lenders, shall have the right to enforce, from time to time, in any order and at Administrative Agent's sole discretion, any rights, powers and remedies which Administrative Agent or the ~~Canadian~~-Lenders may have under this Guaranty or the Obligation Documents or otherwise; and Guarantor shall be liable to Administrative Agent and each ~~Canadian~~-Lender hereunder for any deficiency resulting from the exercise by Administrative Agent, on behalf of ~~Canadian~~-Lenders, of any such right or remedy even though any rights which Guarantor may have against ~~Canadian~~ Borrower or others may be destroyed or diminished by exercise of any such right or remedy. No failure on the part of Administrative Agent, on behalf of ~~Canadian~~ Lenders, to exercise, and no delay in exercising, any right hereunder or under this Guaranty or any other Obligation Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights, powers and remedies of Administrative Agent, on behalf of ~~Canadian~~ Lenders, provided herein and in the Obligation Documents are cumulative and are in addition to, and not exclusive of, any other rights, powers or remedies provided by law or in equity. The rights of Administrative Agent, on behalf of ~~Canadian~~ Lenders, hereunder are not conditional or contingent on any attempt by Administrative Agent or any ~~Canadian~~-Lender to exercise any of its rights under this Guaranty or any Obligation Document against Guarantor, any Obligor or any other Person.

Section 6. Limited Subrogation. Until all of the Obligations have been paid and performed in full Guarantor shall have no right to exercise any right of subrogation, reimbursement, indemnity, exoneration, contribution or any other claim which it may now or hereafter have against or to any Obligor in connection with this Guaranty, and Guarantor hereby waives any rights to enforce any remedy in connection herewith which Guarantor may have against ~~Canadian~~ Borrower until such time. If any amount shall be paid to Guarantor on account of any such subrogation or other rights or any such other remedy is exercised in violation of the immediately preceding sentence, such amount shall be held in trust for the benefit of Administrative Agent, shall be segregated from the other funds of Guarantor and shall forthwith be paid over to Administrative Agent to be held by Administrative Agent, or then or at any time thereafter applied in whole or in part by Administrative Agent against, all or any portion of the Obligations, whether matured or unmatured, in such order as Administrative Agent shall elect. If Guarantor shall make payment to Administrative Agent of all or any portion of the Obligations and if all of the Obligations shall be finally paid in full, Administrative Agent will, at Guarantor's request and expense, execute and deliver to Guarantor (without recourse, representation or warranty) appropriate documents necessary to evidence the transfer by subrogation to Guarantor of an interest in the Obligations resulting from such payment by Guarantor; provided that such transfer shall be subject to **Section 3(d)** above.

Section 7. Successors and Assigns. Guarantor's rights or obligations hereunder may not be assigned or delegated (~~other than~~except, for avoidance of doubt, pursuant to a transaction not ~~in violation of Section 9.03 of prohibited by~~ the Credit Agreement), ~~but this Guaranty and such obligations shall pass to and be fully binding upon the successors of Guarantor, as well as Guarantor~~. This Guaranty shall (a) bind Guarantor and its successors and permitted assigns under the preceding sentence and (b) apply to and inure to the benefit of Administrative Agent and ~~Canadian~~-Lenders and their successors or assigns. Without limiting the generality of the immediately preceding sentence, Administrative Agent and each ~~Canadian~~ Lender may (subject to the provisions of the Credit Agreement) assign, grant a participation in, or otherwise transfer any Obligation held by it or any portion thereof, and Administrative Agent and each

~~Canadian~~ Lender may assign or otherwise transfer its rights or any portion thereof under this Guaranty and any Obligation Document, to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to Administrative Agent or such ~~Canadian~~ Lender hereunder unless otherwise expressly provided by Administrative Agent or such ~~Canadian~~ Lender in connection with such assignment or transfer.

Section 8. ~~Subordination and Offset~~. Guarantor hereby ~~subordinates and makes inferior to the Obligations any and all indebtedness now or at any time hereafter owed by Canadian Borrower to Guarantor. Guarantor agrees that upon and during the occurrence of any Event of Default it will neither permit Canadian Borrower to repay such indebtedness or any part thereof nor accept payment from Canadian Borrower of such indebtedness or any part thereof without the prior written consent of Administrative Agent and Lenders. If Guarantor receives any such payment without the prior written consent of Administrative Agent and Lenders, such amounts shall forthwith be paid over to Administrative Agent and applied in whole or in part by Administrative Agent against, all or any portions of the Obligations, whether matured or unmatured, in such order as Administrative Agent shall elect. Guarantor hereby agrees that each Canadian~~ agrees that each Lender shall have the right to offset (which shall be in addition to all other interests, liens, and rights of any ~~Canadian~~ Lender at common Law, under the Loan Documents, or otherwise) (a) any and all moneys, securities or other property (and the proceeds therefrom) of Guarantor now or hereafter held or received by or in transit to any ~~Canadian~~ Lender for the account of Guarantor, (b) any and all deposits (general or special, time or demand, provisional or final) of Guarantor with any ~~Canadian~~ Lender, (c) any other credits and balances of Guarantor at any time existing against any ~~Canadian~~ Lender, including claims under certificates of deposit, and (d) any indebtedness owed or payable by any ~~Canadian~~ Lender to Guarantor at any time against ~~Canadian~~ Obligations due to it that have not been paid when due. At any time and from time to time after the occurrence of any Event of Default and during the continuance thereof, each ~~Canadian~~ Lender is hereby authorized to offset against the ~~Canadian~~ Obligations then due and payable to it (in either case without notice to Guarantor), any and all items hereinabove referred to. To the extent that Guarantor has accounts designated as royalty or joint interest owner accounts, the foregoing right of offset shall not extend to funds in such accounts which belong to, or otherwise arise from payments to Guarantor for the account of, third party royalty or joint interest owners. Each ~~Canadian~~ Lender (by having the benefits of this Guaranty) agrees promptly to notify ~~the~~ Guarantor and the Administrative Agent after any such set-off and application made by such ~~Canadian~~ Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

Section 9. ~~Representations and Warranties~~. Guarantor hereby represents and warrants to Administrative Agent and each ~~Canadian~~ Lender as follows:

(a) The Recitals at the beginning of this Guaranty are true and correct in all respects.

(b) Each of the representations and warranties contained in *Article 7* of the Credit Agreement is true, insofar as it refers to Guarantor, or to the assets, operations, conditions, agreements, business or actions of Guarantor, or to the Loan Documents to which it is a party.

(c) The direct or indirect value of the consideration received and to be received by Guarantor in connection herewith is reasonably worth at least as much as the liability and obligations of Guarantor hereunder, and the incurrence of such liability and obligations in return for such consideration may reasonably be expected to benefit Guarantor, directly or indirectly.

(d) ~~The~~ Guarantor is solvent (as such term is used in applicable Debtor Relief Laws).

Section 10. ~~No Oral Change~~. No amendment of any provision of this Guaranty shall be effective unless it is in writing and signed by Guarantor and Administrative Agent on behalf of ~~Canadian~~

Lenders, and no waiver of any provision of this Guaranty, and no consent to any departure by Guarantor therefrom, shall be effective unless it is in writing and signed by Administrative Agent on behalf of ~~Canadian~~ Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 11. Invalidity of Particular Provisions. If any term or provision of this Guaranty shall be determined to be illegal or unenforceable, all other terms and provisions hereof shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable law.

Section 12. Headings and References. The headings used herein are for purposes of convenience only and shall not be used in construing the provisions hereof. The words "this Guaranty," "this instrument," "herein," "hereof," "hereby" and words of similar import refer to this Guaranty as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the subdivisions hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation". Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 13. Term. ~~This Guaranty shall be irrevocable until~~ Notwithstanding anything in this Guaranty or any Obligation Document to the contrary, Guarantor shall automatically be released from its obligations hereunder and the Guaranty shall be automatically released (a) upon consummation of any transaction or related series of transactions not prohibited under the Credit Agreement or (b) upon complete and final payment and performance of all of the Obligations have been completely and finally paid and performed, and no Canadian-Lender has any obligation to make any loans or other advances to Canadian Borrower, and; provided that this Guaranty is thereafter subject to reinstatement as provided in *Section 3(d)*. All extensions of credit and financial accommodations heretofore or hereafter made by Administrative Agent or ~~Canadian~~ Lenders to ~~Canadian~~ Borrower under any Obligation Document shall be conclusively presumed to have been made in acceptance hereof and in reliance hereon.

Section 14. Notices. Any notice or communication required or permitted hereunder shall be given ~~as provided in the Credit Agreement in writing, sent by personal delivery, by facsimile, by delivery service with proof of delivery, or by registered or certified Canadian or U.S. mail, as applicable, postage prepaid, or to the extent permitted under Section 12.02(b) of the Credit Agreement, by electronic communications, in each case addressed to the appropriate party as follows:~~

To Guarantor: _____ []

To Administrative Agent: _____ []

or to such other address or to the attention of such other individual as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in Section 12.02(b) of the Credit Agreement, shall be effective as provided in such Section 12.02(b) of the Credit Agreement.

Section 15. Limitation on Interest. Administrative Agent, ~~Canadian~~-Lenders and Guarantor intend to contract in strict compliance with applicable usury law from time to time in effect, and the provisions of the Credit Agreement limiting the interest for which Guarantor is obligated are expressly incorporated herein by reference.

Section 16. Loan Document. This Guaranty is a Loan Document, as defined in the Credit Agreement, and is subject to the provisions of the Credit Agreement governing Loan Documents. Guarantor hereby ratifies, confirms and approves the Credit Agreement and the other Loan Documents and, in particular, any provisions thereof which relate to Guarantor.

Section 17. Counterparts. This Guaranty may be executed in any number of counterparts, each of which when so executed shall be deemed to constitute one and the same Guaranty. This Guaranty may be validly executed and delivered by facsimile or other electronic transmission.

Section 18. Governing Law.

(a) THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT ADMINISTRATIVE AGENT AND EACH ~~CANADIAN~~ LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAWS OF THE UNITED STATES.

(b) GUARANTOR IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ADMINISTRATIVE AGENT, ANY LENDER, ANY L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY, BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ADMINISTRATIVE AGENT, ANY LENDER OR L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION. GUARANTOR, ADMINISTRATIVE AGENT AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS GUARANTY OR ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.

(c) GUARANTOR, ADMINISTRATIVE AGENT AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN *SECTION 12.02* OF THE CREDIT AGREEMENT. NOTHING IN THIS GUARANTY WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 19. WAIVER OF JURY TRIAL. GUARANTOR, ADMINISTRATIVE AGENT, AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH SUCH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY SUCH PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY AND ANY OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 20. Currency Conversion and Currency Indemnity.

~~(a) Guarantor shall make payment relative to any Obligation in the currency (the “**Agreed Currency**”) in which the underlying Obligation was incurred. If any payment is received on account of any Obligation in any currency (the “**Other Currency**”) other than the Agreed Currency (whether pursuant to an order or judgment or the enforcement thereof or the liquidation of Guarantor or otherwise howsoever), such payment shall constitute a discharge of the liability of Guarantor hereunder in respect of such Obligation only to the extent of the amount of the Agreed Currency which the relevant Lenders are able to purchase with the amount of the Other Currency received by it on the Business Day next following such receipt in accordance with its normal procedures and after deducting any premium and costs of exchange.~~

~~(b) If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the “**Judgment Currency**”) any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event Guarantor shall be obligated to pay the Lenders any deficiency in accordance with *Section 20(c)*. For the foregoing purposes “rate of exchange” means the rate at which the relevant Lenders, as applicable, in accordance with their normal banking procedures are able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.~~

~~(c) If any Lender receives any payment or payments on account of the liability of Guarantor hereunder pursuant to any judgment or order in any Other Currency, and the amount of the Agreed Currency which the relevant Lender is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after~~

~~deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such Obligations immediately prior to such judgment or order, then Guarantor shall within five Business Days after demand, and Guarantor hereby agrees to, indemnify and save such Lender harmless from and against any loss, cost or expense arising out of or in connection with such deficiency. The agreement of indemnity provided for in this **Section 20(e)** shall constitute an obligation separate and independent from all other obligations contained in this Guaranty, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lenders or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.~~**Section 21-Final Agreement. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

IN WITNESS WHEREOF, Guarantor has executed and delivered this Guaranty as of the date first written above.

~~DEVON ENERGY CORPORATION~~

[GUARANTOR]

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

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Exhibit G to Devon Credit Agreement

FORM OF GUARANTY OF DEVON FINANCING LLC

THIS GUARANTY is made effective as of October 5, 2018, by Devon Financing Company, L.L.C., a Delaware limited liability company (“**Guarantor**”), in favor of Administrative Agent (as defined in the Credit Agreement described below):

RECITALS

1. Devon Energy Corporation, a Delaware corporation (“**U.S. Borrower**”), Devon Canada Corporation, an Alberta corporation (the “**Canadian Borrower**” and, together with U.S. Borrower, “**Borrowers**”), Administrative Agent, and each lender from time to time party thereto (collectively, “**Lenders**”) are parties to that certain Credit Agreement of even date herewith (as amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the “**Credit Agreement**”). Pursuant to the Credit Agreement, the Lenders have agreed to advance funds to Borrowers:

2. Pursuant to the Credit Agreement, U.S. Borrower has executed in favor of Lenders, to the extent requested by the Lenders, the U.S. Notes (as from time to time amended, substituted, renewed or extended, in whole or in part):

3. Pursuant to the Credit Agreement, Canadian Borrower has executed in favor of Canadian Lenders (as defined in the Credit Agreement), to the extent requested by the Canadian Lenders, the Canadian Notes (as from time to time amended, substituted, renewed or extended, in whole or in part):

4. It is a condition precedent to Lenders’ obligations to advance funds pursuant to the Credit Agreement that Guarantor shall execute and deliver this Guaranty to Administrative Agent.

5. As of the date hereof, U.S. Borrower owns directly, or indirectly through one or more subsidiaries, one hundred percent (100%) of the outstanding equity interests in Guarantor.

6. U.S. Borrower, Guarantor, and the other direct and indirect subsidiaries of U.S. Borrower are mutually dependent on each other in the conduct of their respective businesses under a holding company structure, with the credit needed from time to time by each often being provided by another or by means of financing obtained by one such affiliate with the support of the others for their mutual benefit and the ability of each to obtain such financing being dependent on the successful operations of the others.

7. The governing body of Guarantor has determined that Guarantor’s execution, delivery and performance of this Guaranty may reasonably be expected to benefit Guarantor, directly or indirectly, and are in the best interests of Guarantor.

NOW, THEREFORE, in consideration of the premises, of the benefits which will inure to Guarantor from Lenders' advances of funds to Borrowers under the Credit Agreement, and of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, and in order to induce Lenders to advance funds under the Credit Agreement, Guarantor hereby agrees with Administrative Agent, for the benefit of Administrative Agent and Lenders as follows:

AGREEMENTS

Section 1. Definitions. Reference is hereby made to the Credit Agreement for all purposes.

All terms used in this Guaranty which are defined in the Credit Agreement and not otherwise defined herein shall have the same meanings when used herein. All references herein to this Guaranty, any Obligation Document, Loan Document, or other document or instrument refer to the same as from time to time amended, supplemented or restated. As used herein the following terms shall have the following meanings:

“Obligations” means collectively all of the indebtedness, obligations, and undertakings which are guaranteed by Guarantor and described in **subsections (a) and (b) of Section 2**:

“Obligation Documents” means the U.S. Notes, the Canadian Notes, the Bankers' Acceptances, the Credit Agreement, the Loan Documents, and all other documents, instruments, agreements, certificates and other writings heretofore or hereafter delivered in connection herewith or therewith; provided that this Guaranty shall not be an “Obligation Document” for any purpose of this Guaranty.

“Obligors” means each Borrower, and any other endorsers, guarantors or obligors, primary or secondary (but in any case excluding Guarantor), of any or all of the Obligations.

Section 2. Guaranty.

(a) Guarantor hereby irrevocably, absolutely, and unconditionally guarantees, jointly with any other guarantors from time to time and severally, as a primary obligor and not merely as a surety and as a guaranty of payment and performance and not merely as a guaranty of collection, to Administrative Agent and each Lender the prompt, complete, and full payment when due, and no matter how the same shall become due, of:

- (i) the U.S. Obligations, including all principal, all interest thereon and all other sums payable thereunder;
- (ii) the Canadian Obligations, including all principal, all interest thereon and all other sums payable thereunder;

(iii) the Bankers' Acceptances issued by Canadian Borrower and accepted by Canadian Lenders; and

(iv) all other sums payable under the other Obligation Documents, whether for principal, interest, fees or otherwise.

Without limiting the generality of the foregoing, Guarantor's liability hereunder shall extend to and include all post-petition or post-bankruptcy interest, expenses, and other duties and liabilities of Borrowers described above in this ~~subsection (a)~~, or below in the following ~~subsection (b)~~, which would be owed by Borrowers but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization, or similar proceeding involving any Borrower.

(b) If any Borrower shall for any reason fail to pay any Obligation, as and when such Obligation shall become due and payable, whether at its stated maturity, as a result of the exercise of any power to accelerate, or otherwise, Guarantor will, forthwith upon demand by Administrative Agent, pay such Obligation in full to Administrative Agent for the benefit of Administrative Agent or the Lender to whom such Obligation is owed.

(c) If any Borrower or Guarantor fails to pay any Obligation as described in the immediately preceding ~~subsections (a) or (b)~~ Guarantor will incur the additional obligation to pay to Administrative Agent, and Guarantor will forthwith upon demand by Administrative Agent pay to Administrative Agent, the amount of any and all reasonable and documented expenses, including reasonable and documented fees and disbursements of Administrative Agent's counsel and of any agents retained by Administrative Agent, which Administrative Agent may incur as a result of such failure.

(d) All payments by Guarantor hereunder shall be paid in full, without setoff or counterclaim or any deduction or withholding whatsoever, including, without limitation, for any and all present and future Taxes. If Guarantor shall be required by any Laws to deduct Taxes from or in respect of any payment under this Guaranty, or any other Taxes are at any time imposed on any payments under or in respect of this Guaranty, Guarantor shall comply with the procedures of, and make the additional payments required by, Section 5.01 of the Credit Agreement, and, for the avoidance of doubt, Guarantor shall be entitled to the benefits of the provisions of Section 5.01(f) and Section 5.07 of the Credit Agreement as to all Taxes imposed with respect to this Guaranty and paid by Guarantor hereunder as if all references therein to Borrower were deemed to be references to Guarantor. Notwithstanding anything herein to the contrary, Guarantor shall not be required to pay any additional amounts in respect of Taxes to any Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code who does not comply with the provisions applicable to Foreign Lenders set forth in Section 5.01(e) of the Credit Agreement.

(e) Administrative Agent's books and records showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and, absent clearly demonstrable error, shall be binding upon Guarantor and conclusive for the purpose of establishing the amount of the Obligations.

(f) The liability of Guarantor hereunder shall be limited to the maximum amount of liability that can be incurred without rendering this Guaranty, as it relates to Guarantor, voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount.

Section 3. Unconditional Guaranty:

(a) No action which Administrative Agent or any Lender may take or omit to take in connection with any of the Obligation Documents, any of the Obligations (or any other indebtedness owing by any Borrower to Administrative Agent or any Lender), and no course of dealing of Administrative Agent or any Lender with any Obligor or any other Person except Guarantor, shall release or diminish Guarantor's obligations, liabilities, agreements or duties hereunder, affect this Guaranty in any way, or afford Guarantor any recourse against Administrative Agent or any Lender, regardless of whether any such action or inaction may increase any risks to or liabilities of Administrative Agent or any Lender or any Obligor. Without limiting the foregoing, Guarantor hereby expressly agrees that Administrative Agent and Lenders may, from time to time, without notice to or the consent of Guarantor, do any or all of the following:

(i) Make an agreement with any Borrower to amend, change or modify, in whole or in part, any one or more of the Obligation Documents and give or refuse to give any waivers or other indulgences with respect thereto.

(ii) Neglect, delay, fail, or refuse to take or prosecute any action for the collection or enforcement of any of the Obligations, to foreclose or take or prosecute any action in connection with any Obligation Document, to bring suit against any Obligor or any other Person, or to take any other action concerning the Obligations or the Obligation Documents.

(iii) Accelerate, make an agreement with any Borrower to change, rearrange, extend, or renew the time, rate, terms, or manner for payment or performance of any one or more of the Obligations (whether for principal, interest, fees, expenses, indemnifications, affirmative or negative covenants, or otherwise).

(iv) Compromise or settle any unpaid or unperformed Obligation or any other obligation or amount due or owing, or claimed to be due or owing, under any one or more of the Obligation Documents.

(v) Discharge, release, substitute or make an agreement with any Borrower or any other Person to add Obligors.

(vi) Apply all monies received from Obligors or others as Administrative Agent or Lenders may determine to be in their best interest, without in any way being required to marshal assets or to apply all or any part of such monies upon any particular Obligations.

(b) No action or inaction of any Obligor or any other Person, and no change of law or circumstances, shall release or diminish Guarantor's obligations, liabilities, agreements, or duties hereunder, affect this Guaranty in any way, or afford Guarantor any recourse against Administrative Agent or any Lender. Without limiting the foregoing, the obligations, liabilities, agreements, and duties of Guarantor under this Guaranty shall not be released, diminished, impaired, reduced, or affected by the occurrence of any or all of the following from time to time, even if occurring without notice to or without the consent of Guarantor:

(i) Any voluntary or involuntary liquidation, dissolution, sale of all or substantially all assets, marshalling of assets or liabilities, receivership, conservatorship, assignment for the benefit of creditors, insolvency, bankruptcy, reorganization, arrangement, or composition of any Obligor or any other proceedings involving any Obligor or any of the assets of any Obligor under laws for the protection of debtors, or any discharge, impairment, modification, release, or limitation of the liability of, or stay of actions or lien enforcement proceedings against, any Obligor, any properties of any Obligor, or the estate in bankruptcy of any Obligor in the course of or resulting from any such proceedings;

(ii) The failure by Administrative Agent or any Lender to file or enforce a claim in any proceeding described in the immediately preceding **subsection (i)** or to take any other action in any proceeding to which any Obligor is a party;

(iii) The release by operation of law of any Obligor from any of the Obligations or any other obligations to Administrative Agent or any Lender;

(iv) The invalidity, deficiency, illegality, or unenforceability of any of the Obligations or the Obligation Documents, in whole or in part, any bar by any statute of limitations or other law of recovery on any of the Obligations, or any defense or excuse for failure to perform on account of force majeure, act of God, casualty, impossibility, impracticability, or other defense or excuse whatsoever;

(v) The failure of any Obligor or any other Person to sign any guaranty or other instrument or agreement within the contemplation of any Obligor, Administrative Agent or any Lender;

(vi) The fact that Guarantor may have incurred directly part of the Obligations or is otherwise primarily liable therefor;

(vii) Without limiting any of the foregoing, any fact or event (whether or not similar to any of the foregoing) which in the absence of this provision would or might constitute or afford a legal or equitable discharge or release of or defense to a guarantor or surety other than the actual payment and performance by Guarantor under this Guaranty.

(c) Administrative Agent and Lenders may invoke the benefits of this Guaranty before pursuing any remedies against any Obligor or any other Person and before proceeding against any security now or hereafter existing for the payment or performance of any of the Obligations. Administrative Agent and Lenders may maintain an action against Guarantor on this Guaranty without joining any Obligor therein and without bringing a separate action against any Obligor.

(d) If any payment to Administrative Agent or any Lender by any Obligor is held to constitute a preference or a voidable transfer under applicable state, provincial or federal laws, or if for any other reason Administrative Agent or any Lender is required to refund such payment to the payor thereof or to pay the amount thereof to any other Person, such payment to Administrative Agent or such Lender shall not constitute a release of Guarantor from any liability hereunder, and Guarantor agrees to pay such amount to Administrative Agent or such Lender on demand and agrees and acknowledges that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, to the extent of any such payment or payments. Any transfer by subrogation which is made as contemplated in **Section 6** prior to any such payment or payments shall (regardless of the terms of such transfer) be automatically voided upon the making of any such payment or payments, and all rights so transferred shall thereupon revert to and be vested in Administrative Agent and Lenders.

(e) This is a continuing guaranty and shall apply to and cover all Obligations and renewals and extensions thereof and substitutions therefor from time to time.

Section 4. Waiver. Guarantor hereby waives, with respect to the Obligations, this Guaranty, and the Obligation Documents:

(a) notice of the incurrence of any Obligation by any Borrower, and notice of any kind concerning the assets, liabilities, financial condition, creditworthiness, businesses, prospects, or other affairs of any Borrower (it being understood and agreed that: (i) Guarantor shall take full responsibility for informing itself of such matters, (ii) neither Administrative Agent nor any Lender shall have any responsibility of any kind to inform Guarantor of such matters, and (iii) Administrative Agent and Lenders are hereby authorized to assume that Guarantor, by virtue of its relationships with Borrowers which are independent of this Guaranty, has full and complete knowledge of such matters whenever Lenders extend credit to any Borrower or take any other action which may change or increase Guarantor's liabilities or losses hereunder);

(b) notice that Administrative Agent, any Lender, any Obligor, or any other Person has taken or omitted to take any action under any Obligation Document or any other agreement or instrument relating thereto or relating to any Obligation;

(c) demand, presentment for payment, and notice of default, demand, dishonor, nonpayment, or nonperformance; and

(d) notice of intention to accelerate, notice of acceleration, protest, notice of protest, notice of any exercise of remedies (as described in the following **Section 5** or otherwise), and all other notices of any kind whatsoever.

~~Section 5. Exercise of Remedies. Administrative Agent, on behalf of Lenders, shall have the right to enforce, from time to time, in any order and at Administrative Agent's sole discretion, any rights, powers and remedies which Administrative Agent or the Lenders may have under this Guaranty or the Obligation Documents or otherwise; and Guarantor shall be liable to Administrative Agent and each Lender hereunder for any deficiency resulting from the exercise by Administrative Agent, on behalf of Lenders, of any such right or remedy even though any rights which Guarantor may have against any Borrower or others may be destroyed or diminished by exercise of any such right or remedy. No failure on the part of Administrative Agent, on behalf of Lenders, to exercise, and no delay in exercising, any right hereunder or under this Guaranty or any other Obligation Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights, powers and remedies of Administrative Agent, on behalf of Lenders, provided herein and in the Obligation Documents are cumulative and are in addition to, and not exclusive of, any other rights, powers or remedies provided by law or in equity. The rights of Administrative Agent, on behalf of Lenders, hereunder are not conditional or contingent on any attempt by Administrative Agent or any Lender to exercise any of its rights under this Guaranty or any Obligation Document against Guarantor, any Obligor or any other Person.~~

~~Section 6. Limited Subrogation. Until all of the Obligations have been paid and performed in full Guarantor shall have no right to exercise any right of subrogation, reimbursement, indemnity, exoneration, contribution or any other claim which it may now or hereafter have against or to any Obligor in connection with this Guaranty, and Guarantor hereby waives any rights to enforce any remedy in connection herewith, which Guarantor may have against Borrowers until such time. If any amount shall be paid to Guarantor on account of any such subrogation or other rights or any such other remedy is exercised in violation of the immediately preceding sentence, such amount shall be held in trust for the benefit of Administrative Agent, shall be segregated from the other funds of Guarantor and shall forthwith be paid over to Administrative Agent to be held by Administrative Agent, or then or at any time thereafter applied in whole or in part by Administrative Agent against, all or any portion of the Obligations, whether matured or unmatured, in such order as Administrative Agent shall elect. If Guarantor shall make payment to Administrative Agent of all or any portion of the Obligations and if all of the Obligations shall be finally paid in full, Administrative Agent will, at Guarantor's request and expense, execute and deliver to Guarantor (without recourse, representation or warranty) appropriate documents necessary to evidence the transfer by subrogation to Guarantor of an interest in the Obligations resulting from such payment by Guarantor; provided that such transfer shall be subject to **Section 3(d)** above.~~

~~Section 7. Successors and Assigns. Guarantor's rights or obligations hereunder may not be assigned or delegated except (a) as permitted by the Credit Agreement, and (b) in connection with (i) an assignment to (or consolidation or merger with) U.S. Borrower referenced in **Section 13** (in which case, subject to the terms of **Section 13**, this Guaranty shall terminate automatically) or (ii) an assignment to a Subsidiary of U.S. Borrower of all (but not less than all) of Guarantor's rights and obligations in, to and under the Indebtedness referred to in Section 9.01(k) of the Credit Agreement, the release of Guarantor from all obligations and liabilities with respect to such Indebtedness, and termination of any and all commitments pursuant to which such Indebtedness could thereafter be borrowed or reborrowed by Guarantor (it being understood and agreed that, in the case of this clause (ii), the Administrative Agent shall be entitled to receive from such Subsidiary of U.S. Borrower a confirmation of its obligations under this Guaranty, in a form reasonably satisfactory to the Administrative Agent). This Guaranty shall (a) bind Guarantor and its successors and permitted assigns under the preceding sentence, and (b) apply to and inure to the benefit of Administrative Agent and Lenders and their successors or assigns. Without limiting the generality of the immediately preceding sentence, Administrative Agent and each Lender may (subject to the provisions of the Credit Agreement) assign, grant a participation in, or otherwise transfer any Obligation held by it or any portion thereof, and Administrative Agent and each Lender may assign or otherwise transfer its rights or any portion thereof under this Guaranty and any Obligation~~

Document, to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted to Administrative Agent or such Lender hereunder unless otherwise expressly provided by Administrative Agent or such Lender in connection with such assignment or transfer.

~~Section 8. Offset. Guarantor hereby agrees that each Lender shall have the right to offset (which shall be in addition to all other interests, liens, and rights of any Lender at common Law, under the Loan Documents, or otherwise) (a) any and all moneys, securities or other property (and the proceeds therefrom) of Guarantor now or hereafter held or received by or in transit to any Lender for the account of Guarantor, (b) any and all deposits (general or special, time or demand, provisional or final) of Guarantor with any Lender, (c) any other credits and balances of Guarantor at any time existing against any Lender, including claims under certificates of deposit, and (d) any indebtedness owed or payable by any Lender to Guarantor at any time against Obligations due to it that have not been paid when due. At any time and from time to time after the occurrence of any Event of Default and during the continuance thereof, each Lender is hereby authorized to offset against the Obligations then due and payable to it (in either case without notice to Guarantor), any and all items hereinabove referred to. To the extent that Guarantor has accounts designated as royalty or joint interest owner accounts, the foregoing right of offset shall not extend to funds in such accounts which belong to, or otherwise arise from payments to Guarantor for the account of, third party royalty or joint interest owners. Each Lender (by having the benefits of this Guaranty) agrees promptly to notify the Guarantor and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.~~

~~Section 9. Representations and Warranties. Guarantor hereby represents and warrants to Administrative Agent and each Lender as follows:~~

~~(a) The Recitals at the beginning of this Guaranty are true and correct in all respects.~~

~~(b) Guarantor is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization; and Guarantor has all requisite power and authority to execute, deliver and perform this Guaranty.~~

~~(c) The execution, delivery and performance by Guarantor of this Guaranty have been duly authorized by all necessary action and do not and will not contravene its Organizational Documents, unless such contravention would not reasonably be expected to have a Material Adverse Effect.~~

~~(d) The execution, delivery and performance by Guarantor of this Guaranty do not and will not contravene any law or governmental regulation or any contractual restriction binding on or affecting Guarantor or any of its Affiliates or properties, and do not and will not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties that would reasonably be expected to have a Material Adverse Effect.~~

~~(e) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or other regulatory body or third party is required for the due execution, delivery and performance by Guarantor of this Guaranty, unless failure to obtain such consent would not reasonably be expected to have a Material Adverse Effect.~~

(f) This Guaranty is a legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms except as limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights.

(g) There is no action, suit or proceeding pending or, to the knowledge of Guarantor, threatened against Guarantor before any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality which would reasonably be expected to have a Material Adverse Effect or which would materially and adversely affect Guarantor's ability to perform its obligations hereunder.

(h) The direct or indirect value of the consideration received and to be received by Guarantor in connection herewith is reasonably worth at least as much as the liability and obligations of Guarantor hereunder, and the incurrence of such liability and obligations in return for such consideration may reasonably be expected to benefit Guarantor, directly or indirectly.

(i) The Guarantor is solvent (as such term is used in applicable Debtor Relief Laws).

(j) The financial data and other information, taken as a whole, concerning the Guarantor which has been furnished to Administrative Agent and each Lender to induce it to accept this Guaranty (or otherwise furnished to Administrative Agent and each Lender in connection with the transactions contemplated hereby or associated herewith) does not contain any untrue statement of a material fact or omit to state any material fact known by Guarantor (other than industry-wide risks normally associated with the types of businesses conducted by the Guarantor) necessary to make the statements contained herein or therein not misleading as of the date made or deemed made; provided that all such information is to be viewed in conjunction with the SEC Filings.

(k) Neither Guarantor, nor, to the knowledge of the Guarantor, any director, officer or employee thereof, is an individual or entity that is, or is owned 50% or more or controlled by any individual or entity that is: (i) currently the target of any Sanctions, (ii) included on the SDN List or (iii) permanently located, organized or residing in any Designated Jurisdiction. Guarantor is in compliance in all material respects with the Sanctions.

Section 10. No Oral Change. No amendment of any provision of this Guaranty shall be effective unless it is in writing and signed by Guarantor and Administrative Agent on behalf of Lenders, and no waiver of any provision of this Guaranty, and no consent to any departure by Guarantor therefrom, shall be effective unless it is in writing and signed by Administrative Agent on behalf of Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 11. Invalidity of Particular Provisions. If any term or provision of this Guaranty shall be determined to be illegal or unenforceable, all other terms and provisions hereof shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable law.

Section 12. Headings and References. The headings used herein are for purposes of convenience only and shall not be used in construing the provisions hereof. The words "this Guaranty," "this instrument," "herein," "hereof," "hereby" and words of similar import refer to this Guaranty as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and

“this subsection” and similar phrases refer only to the subdivisions hereof in which such phrases occur. The word “or” is not exclusive, and the word “including” (in its various forms) means “including without limitation”. Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

~~Section 13. Term. This Guaranty shall be irrevocable until all of the Obligations have been completely and finally paid and performed, and no Lender has any obligation to make any loans or other advances to any Borrower, and this Guaranty is thereafter subject to reinstatement as provided in Section 3(d); provided, however, that (x) if Guarantor assigns to U.S. Borrower all (but not less than all) of its rights and obligations in, to and under the Indebtedness referred to in Section 9.01(k) of the Credit Agreement (provided Guarantor has provided to Administrative Agent written notice of such assignment and release and copies of such documentation with respect to such assignment and release as may be reasonably requested by Administrative Agent) and assigns to U.S. Borrower (or terminates) any and all commitments pursuant to which such Indebtedness could thereafter be borrowed or reborrowed and if Guarantor is released from all obligations and liabilities with respect to such Indebtedness, or (y) if Guarantor prepays, repays, redeems in full or otherwise ceases to be obligated with respect to such Indebtedness or to be the beneficiary of any such commitment, or (z) if Guarantor consolidates or merges with and into the U.S. Borrower, then this Guaranty shall terminate automatically and without any further action or consent of any other Person concurrently with, and the terms and provisions hereof shall have no further force or effect following, the consummation of such assignment, prepayment, repayment, redemption, consolidation, merger or other transaction. All extensions of credit and financial accommodations heretofore or hereafter made by Administrative Agent or Lenders to Borrowers under any Obligation Document shall be conclusively presumed to have been made in acceptance hereof and in reliance hereon.~~

~~Section 14. Notices. Any notice or communication required or permitted hereunder shall be given in writing, sent by personal delivery, by facsimile, by delivery service with proof of delivery, or by registered or certified Canadian or U.S. mail, as applicable, postage prepaid, or to the extent permitted under Section 12.02(b) of the Credit Agreement, by electronic communications, in each case addressed to the appropriate party as follows:~~

~~To Guarantor:~~

~~333 W. Sheridan Avenue
Oklahoma City, Oklahoma
73102-Attention: Alana
D. Tetrick
Telephone: (405) 228-2822
Facsimile: (405) 228-4854 Electronic
Mail: Alana.Tetrick@dvn.com~~

~~To Administrative Agent:~~

~~555 California St, 4th Floor
Mail Code: CA5-705-04-09
Dallas, Texas 75202-3714
Attention: Anthea Del Bianco
Telephone: (415) 436-2776
Facsimile: (415) 503-5101
Electronic Mail: anthea.del_bianco@baml.com~~

~~or to such other address or to the attention of such other individual as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Notices and other communications sent by~~

hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in Section 12.02(b) of the Credit Agreement, shall be effective as provided in such Section 12.02(b) of the Credit Agreement.

~~Section 15. Limitation on Interest. Administrative Agent, Lenders and Guarantor intend to contract in strict compliance with applicable usury law from time to time in effect, and the provisions of the Credit Agreement limiting the interest for which Guarantor is obligated are expressly incorporated herein by reference.~~

~~Section 16. Loan Document. This Guaranty is a Loan Document, as defined in the Credit Agreement, and is subject to the provisions of the Credit Agreement governing Loan Documents. Guarantor hereby ratifies, confirms and approves the Credit Agreement and the other Loan Documents and, in particular, any provisions thereof which relate to Guarantor.~~

~~Section 17. Counterparts. This Guaranty may be executed in any number of counterparts, each of which when so executed shall be deemed to constitute one and the same Guaranty. This Guaranty may be validly executed and delivered by facsimile or other electronic transmission.~~

~~Section 18. Governing Law.~~

~~(a) THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT ADMINISTRATIVE AGENT AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAWS OF THE UNITED STATES.~~

~~(b) GUARANTOR IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ADMINISTRATIVE AGENT, ANY LENDER, ANY L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY, BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ADMINISTRATIVE AGENT, ANY LENDER OR L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR~~

~~PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST GUARANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION. GUARANTOR, ADMINISTRATIVE AGENT AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS GUARANTY OR ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO.~~

~~(c) GUARANTOR, ADMINISTRATIVE AGENT AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 12.02 OF THE CREDIT AGREEMENT. NOTHING IN THIS GUARANTY WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.~~

~~Section 19. WAIVER OF JURY TRIAL. GUARANTOR, ADMINISTRATIVE AGENT, AND EACH LENDER (BY HAVING THE BENEFITS OF THIS GUARANTY) HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH SUCH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY SUCH PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY AND ANY OTHER LOAN DOCUMENTS TO WHICH IT IS A PARTY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.~~

~~Section 20. Currency Conversion and Currency Indemnity.~~

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

(b) If, for the purpose of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into a particular currency (the "**Judgment Currency**") any amount due in the Agreed Currency then the conversion shall be made on the basis of the rate of exchange prevailing on the next Business Day following the date such judgment is given and in any event Guarantor shall be obligated to pay the Lenders any deficiency in accordance with **Section 20(e)**. For the foregoing purposes "**rate of exchange**" means the rate at which the relevant Lenders, as applicable, in accordance with their normal banking procedures are able on the relevant date to purchase the Agreed Currency with the Judgment Currency after deducting any premium and costs of exchange.

(c) If any Lender receives any payment or payments on account of the liability of Guarantor hereunder pursuant to any judgment or order in any Other Currency, and the amount of the Agreed Currency which the relevant Lender is able to purchase on the Business Day next following such receipt with the proceeds of such payment or payments in accordance with its normal procedures and after deducting any premiums and costs of exchange is less than the amount of the Agreed Currency due in respect of such Obligations immediately prior to such judgment or order, then Guarantor shall within five Business Days after demand, and Guarantor hereby agrees to, indemnify and save such Lender harmless from and against any loss, cost or expense arising out of or in connection with such deficiency. The agreement of indemnity provided for in this **Section 20(c)** shall constitute an obligation separate and independent from all other obligations contained in this Guaranty, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lenders or any of them from time to time, and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

~~Section 21 - Final Agreement. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.~~

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IN WITNESS WHEREOF, Guarantor has executed and delivered this Guaranty as of the date first written above.

DEVON FINANCING COMPANY, L.L.C.

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:
BANK OF AMERICA, N.A.

By: _____
Name:
Title: **EXHIBIT H**

**FORM OF
U.S. TAX COMPLIANCE CERTIFICATE**

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "*Credit Agreement*"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, ~~Devon Canada Corporation, an Alberta corporation~~, each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Pursuant to the provisions of *Section 5.01(e)* of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on: (i) IRS Form W-8BEN or (ii) an IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 20__

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Exhibit G to Devon Credit Agreement

**FORM OF
U.S. TAX COMPLIANCE CERTIFICATE**
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as [amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further](#) amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "*Credit Agreement*"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, ~~Devon Canada Corporation, an Alberta corporation~~, each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Pursuant to the provisions of *Section 5.01(e)* of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on: (i) an IRS Form W-8BEN or (ii) an IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: ____, 20__

**FORM OF
U.S. TAX COMPLIANCE CERTIFICATE**
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as [amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further](#) amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "**Credit Agreement**"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, ~~Devon Canada Corporation, an Alberta corporation,~~ each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Pursuant to the provisions of *Section 5.01(e)* of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable) from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____, 20____

**FORM OF
U.S. TAX COMPLIANCE CERTIFICATE**
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to that certain Credit Agreement, effective as of October 5, 2018 (as amended by that certain First Amendment to Credit Agreement and Extension Agreement, dated as of December 13, 2019, and as further amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "**Credit Agreement**"; the terms defined therein being used herein as therein defined), by and among Devon Energy Corporation, a Delaware corporation, ~~Devon Canada Corporation, an Alberta corporation~~, each Lender from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

Pursuant to the provisions of *Section 5.01(e)* of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 881(c)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable) or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable) from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____, 20____

COMMITMENTS AND PRO RATA SHARES

<u>Lender</u>	<u>Commitment</u>	<u>Pro Rata Share</u>
Bank of America, N.A.	\$ 185,000,000.00	6.166666667%
The Bank of Nova Scotia, Houston Branch	\$ 185,000,000.00	6.166666667%
Citibank, N.A.	\$ 185,000,000.00	6.166666667%
JPMorgan Chase Bank, N.A.	\$ 185,000,000.00	6.166666667%
Mizuho Bank, Ltd.	\$ 185,000,000.00	6.166666667%
Royal Bank of Canada	\$ 185,000,000.00	6.166666667%
Wells Fargo Bank, National Association	\$ 185,000,000.00	6.166666667%
Bank of Montreal	\$ 170,500,000.00	5.683333333%
Barclays Bank PLC	\$ 170,500,000.00	5.683333333%
Branch Banking and Trust Company	\$ 170,500,000.00	5.683333333%
Canadian Imperial Bank of Commerce, New York Branch	\$ 170,500,000.00	5.683333333%
Export Development Canada	\$ 170,500,000.00	5.683333333%
Goldman Sachs Bank USA	\$ 170,500,000.00	5.683333333%
Morgan Stanley Bank, N.A.	\$ 170,500,000.00	5.683333333%
MUFG Bank, Ltd.	\$ 170,500,000.00	5.683333333%
The Toronto-Dominion Bank, New York Branch	\$ 170,500,000.00	5.683333333%
U.S. Bank National Association	\$ 170,500,000.00	5.683333333%
TOTAL	\$3,000,000,000.00	100.000000000%

**ADMINISTRATIVE AGENT'S OFFICE,
CERTAIN ADDRESSES FOR NOTICES**

DEVON ENERGY CORPORATION:

333 W. Sheridan Avenue
Oklahoma City, Oklahoma 73102-5015
Attention: Alana Tetrick
Telephone: (405) 228-2822
Facsimile: (405) 228-4854
Electronic Mail: Alana.Tetrick@dvn.com
Website Address: www.devonenergy.com

ADMINISTRATIVE AGENT:

Administrative Agent's Office
(for payments and Requests for Credit Extensions):

BANK OF AMERICA, N.A.

Mail Code: TX2-984-03-23
Building C
2380 Performance Dr.
Richardson, Texas 75082
Attention: Grant Brandon
Telephone: (469) 201-9581
Facsimile: (214) 290-9511
Electronic Mail: grant.brandon@baml.com

For payments related to the Borrower:

ABA#: 026009593
Account No. 1366072250600
ATTN: Wire Clearing Acct for Syn Loans
Ref: Devon Energy Corporation

Other Notices as Administrative Agent:

BANK OF AMERICA, N.A.

Agency Management
555 California St, 4th Floor
Mail Code: CA5-705-04-09
San Francisco, CA 94104
Attention: Anthea Del Bianco
Telephone: (415) 436-2776
Facsimile: (415) 503-5101
Electronic Mail: anthea.del_bianco@baml.com

SWING LINE LENDER:

BANK OF AMERICA, N.A.

Mail Code: TX2-984-03-23

Building C

2380 Performance Dr.

Richardson, Texas 75082

Attention: Grant Brandon

Telephone: (469) 201-9581

Facsimile: (214) 290-9511

Electronic Mail: grant.brandon@baml.com

L/C ISSUERS:

BANK OF AMERICA:

Bank of America, N.A., as an Issuing Bank

Bank of America, N.A.

Mail Code: PA6-580-02-30

One Fleet Way Scranton, PA 18507

Attention: Mike Grizzanti

Phone: 570.496.9621

Fax: 800.755.8743

Electronic Mail: michael.a.grizzanti@baml.com

THE BANK OF NOVA SCOTIA, HOUSTON BRANCH:

Bank of Nova Scotia

1 Queen Street East, 2nd Floor, Toronto, Ontario, Canada M5C 2W5

Attention: Linda Hu

Phone: 416-933-8025

Electronic Mail: Linda Hu <linda.hu@scotiabank.com>

CITIBANK, N.A.:

Citibank, N.A.

811 Main Street, Suite 4000

Houston, Texas 77002

Attention: Mario Duran

Phone: (713) 821-4772

Fax: (281) 407-3570

Electronic Mail: mario.duran@citi.com

and

1615 Brett Road, Ops III

New Castle, DE 19720

Attention: Gopinath Elangovan

Citi Letters of Credit Team

Phone: (201)751-7466

Fax: (646)274-5000

Email: global.loans.lcrecon@citi.com

JPMORGAN:

JPMorgan Chase Bank, N.A.
JPM-Delaware Loan Operations
Sarjapur Outer Ring Rd, Vathur Hobli,
Floor 1
Bangalore, 560 087, India
Attention: Shashank Jain
Telephone: (+91-80) 66764242
Facsimile: (201) 244-3885
Electronic Mail: shashank.m.jain@jpmorgan.com

MIZUHO BANK, LTD.:

Mizuho Bank, Ltd.
Eva Millas Russo
Director, Risk and Collateral Management Group
Attention: RCMGNY@mizuhocbus.com
Phone: 212-282-3224
Fax: 212-282-3294
Electronic Mail: eva.millasrusso@mizuhocbus.com

ROYAL BANK OF CANADA:

Royal Bank of Canada
30 Hudson Street, 28th floor
Jersey City, NJ 07302-4699
Attention: Credit Administration
Phone: 212-428-6298
Fax: 212-428-3015
Electronic Mail: CM-USA-NYCreditAdministration@rbc.com

WELLS FARGO BANK, NATIONAL ASSOCIATION:

Wells Fargo Bank, National Association
1000 Louisiana Street, 10th Floor
Houston, Texas 77002
Attention: Brandon Dunn
Phone: 713-319-1855
Fax: 713-319-1925
Electronic Mail: brandon.l.dunn@wellsfargo.com

INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT (this “Agreement”), is entered into as of [_____], by and between Devon Energy Corporation, a Delaware corporation (the “Company”), and [_____] (“Indemnitee”).

- A. WHEREAS, it is essential to the Company to retain and attract as directors the most capable persons available;
- B. WHEREAS, Indemnitee is a director of the Company;
- C. WHEREAS, the Company and Indemnitee recognize the risk of litigation and other claims being asserted against directors of corporations;
- D. WHEREAS, the Company’s Restated Certificate of Incorporation (“Certificate of Incorporation”) and Amended and Restated Bylaws (“Bylaws”) require the Company to indemnify and advance expenses to its directors and officers to the fullest extent permitted by law, and Indemnitee serves as a director of the Company, in part, in reliance on such provisions;
- E. WHEREAS, the Company has determined that its inability to retain and attract as directors the most capable persons would be detrimental to the Company’s interests, and that the Company therefore should seek to assure such persons that indemnification and insurance coverage will be available in the future; and
- F. WHEREAS, in recognition of Indemnitee’s need for (i) substantial protection against personal liability in order to enhance Indemnitee’s continued service to the Company in an effective manner and Indemnitee’s reliance on the Company’s Certificate of Incorporation and Bylaws, (ii) specific contractual assurance that the protection promised by the Company’s Certificate of Incorporation and Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of the applicable provisions of the Company’s Certificate of Incorporation and Bylaws or any change in the composition of the governing bodies of the Company or any acquisition transaction relating to the Company), and (iii) an inducement to continue to provide effective services to the Company as a director, the Company wishes to provide in this Agreement for the indemnification of, and the advancement of expenses to, Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and, to the extent insurance is maintained, for the continued coverage of Indemnitee under the directors’ and officers’ liability insurance policies of the Company.

NOW, THEREFORE, in consideration of the premises and of Indemnitee continuing to serve the Company directly or, on its behalf or at its request, as a director, manager, member, partner, tax matters partner, fiduciary or trustee of, or in any other capacity with, another Person or any employee benefit plan, and intending to be legally bound hereby, the parties agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings given such terms in the attached Appendix A.

2. Agreement to Indemnify and Advance Expenses.

(a) General Agreement. In the event Indemnitee was, is or becomes subject to, a party to or witness or other participant in, or is threatened to be made subject to, a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee, or cause Indemnitee to be indemnified, to the fullest extent permitted by Delaware law in effect on the date hereof and as amended from time to time. No change in Delaware law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Delaware law as in effect on the date hereof (or as such benefits may improve as a result of amendments after the date hereof). The rights of Indemnitee provided in this Section 2 shall include, without limitation, the rights set forth in the other sections of this Agreement.

(b) Advancement of Expenses. If requested by Indemnitee, the Company shall advance, or cause to be advanced (within ten (10) business days of such request), any and all Indemnifiable Expenses incurred by Indemnitee (an "Expense Advancement"). The Company shall, in accordance with such request (but without duplication), either (i) pay, or cause to be paid, such Indemnifiable Expenses on behalf of Indemnitee, or (ii) reimburse, or cause the reimbursement of, Indemnitee for such Indemnifiable Expenses. However, the obligation of the Company to make an Expense Advancement pursuant to this Section 2(b) shall be subject to the condition that, if, when and to the extent that a final judicial determination is made (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnitee is not entitled to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid (it being understood and agreed that the foregoing agreement by Indemnitee shall be deemed to satisfy any requirement that Indemnitee provide the Company with an undertaking to repay any Expense Advancement if it is ultimately determined that Indemnitee is not entitled to indemnification under applicable law). Indemnitee's undertaking to repay such Expense Advancements shall be unsecured and interest-free.

(c) Indemnitee-Initiated Claims. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification or advancement of Indemnifiable Expenses pursuant to this Agreement in connection with any Claim initiated by Indemnitee unless (i) the Company has joined in or the Board has authorized or consented to the initiation of such Claim, (ii) the Claim is one to enforce Indemnitee's indemnification or advancement rights, or rights to insurance coverage, (including an action pursued by Indemnitee to secure a determination that Indemnitee should be indemnified under applicable law), or (iii) the Claim is instituted after a Potential Change in Control or a Change in Control (other than a Potential Change in Control or a Change in Control approved by a majority of the directors on the Board who were directors

immediately prior to such Potential Change in Control or Change in Control) and Independent Counsel has approved its initiation.

(d) Mandatory Indemnification. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Indemnifiable Expenses actually and reasonably incurred in connection therewith, notwithstanding an earlier determination by the Reviewing Party that Indemnitee is not entitled to indemnification under applicable law. If Indemnitee is successful in defending one or more but less than all such Claims (including dismissal without prejudice of certain Claims), the Company shall indemnify Indemnitee against all Indemnifiable Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in defending each such successfully resolved Claim.

(e) Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Indemnifiable Expenses in respect of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

(f) Indemnification for Additional Expenses. The Company shall indemnify, or cause the indemnification of, Indemnitee against any and all Indemnifiable Expenses and, if requested by Indemnitee, shall advance such Indemnifiable Expenses to Indemnitee, subject to and in accordance with Section 2(b), that are incurred by Indemnitee in connection with any action brought by Indemnitee, the Company, or any other Person with respect to Indemnitee's right to: (i) indemnification or an Expense Advancement by the Company under this Agreement or any provision of the Company's Certificate of Incorporation or Bylaws; or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, Expense Advancement, or insurance recovery, as the case may be; provided, however, that Indemnitee shall be required to repay to the Company such Indemnifiable Expenses in the event that a final judicial determination is made (as to which all rights of appeal therefrom have been exhausted or lapsed) that such action brought by Indemnitee, or the defense by Indemnitee of an action brought by the Company or any other Person, as applicable, was frivolous or in bad faith.

3. Reviewing Party. Prior to any Potential Change in Control or Change in Control, the "Reviewing Party" shall be any appropriate Person or body consisting of a member or members of the Board or any other Person or body appointed by the Board in accordance with applicable law who is not a party to the particular Claim with respect to which Indemnitee is seeking indemnification; after a Potential Change in Control or Change in Control, an Independent Counsel referred to below shall be the Reviewing Party. With respect to all matters arising after a Potential Change in Control or a Change in Control (other than as approved by a majority of the directors on the Board who were directors immediately prior to such Potential Change in Control or Change in Control)

concerning the rights of Indemnitee to indemnity payments and Expense Advancements under this Agreement or any other agreement or under applicable law or the Company's Certificate of Incorporation or Bylaws now or hereafter in effect relating to indemnification for an Indemnifiable Event, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). The Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee should be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the engagement of Independent Counsel pursuant hereto.

4. Indemnification Process and Appeal.

(a) Indemnification Payment. Indemnitee shall be entitled to indemnification of all Indemnifiable Expenses, and shall receive payment thereof, from the Company in accordance with this Agreement as soon as practicable after Indemnitee has made written demand on the Company for indemnification (following the final disposition of the applicable Claim), unless the Reviewing Party has determined (and, if the Reviewing Party is Independent Counsel, has determined in a written opinion to the Company) that Indemnitee is not entitled to indemnification under applicable law.

(b) Suit to Enforce Rights. In the event that (i) a determination is made pursuant to Section 4(a) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Indemnifiable Expenses is not timely made pursuant to Section 2(b) of this Agreement, (iii) except when the Reviewing Party is Independent Counsel pursuant to Section 3 hereof, no determination of entitlement to indemnification shall have been made pursuant to Section 4(a) of this Agreement within thirty (30) days after receipt by the Company of Indemnitee's written request for indemnification, (iv) if the Reviewing Party is Independent Counsel and no determination of entitlement to indemnification shall have been made pursuant to Section 4(a) hereof within sixty (60) days after receipt by the Company of Indemnitee's written request for indemnification, or (v) payment of indemnification is not made by the Company within ten (10) business days after a determination has been made by the Reviewing Party pursuant to Section 4(a) that Indemnitee is entitled to indemnification, then, in each case, Indemnitee shall be entitled to seek an adjudication by any court in the State of Oklahoma or the State of Delaware having subject matter jurisdiction thereof relating to Indemnitee's entitlement to such indemnification or Expense Advancement. The Company consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party not challenged within sixty (60) days by Indemnitee shall be binding on the Company and Indemnitee. The remedy provided for in this Section 4 shall not be exclusive and shall be in addition to any other remedies available to Indemnitee at law or in equity.

(c) Defense to Indemnification and Burden of Proof. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Indemnifiable Expenses incurred in defending a Claim in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed, but the burden of proving such defense shall be on the Company. In any judicial proceeding or other action, suit, or proceeding brought by Indemnitee to enforce rights to indemnification or to an Expense Advancement hereunder, or in any action, suit, or proceeding brought by the Company to recover an Expense Advancement (whether pursuant to the terms of an undertaking or otherwise), the burden shall be on the Company to prove that Indemnitee is not entitled to be indemnified, or to such an Expense Advancement, as the case may be.

5. Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event or to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee; provided, however, if Indemnitee reasonably believes, after consultation with counsel selected by Indemnitee, that (i) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict of interest, (ii) the named parties in any such Claim (including any impleaded parties) include the Company or any subsidiary of the Company and Indemnitee, and Indemnitee concludes that there may be one or more legal defenses available to him or her that are different from or in addition to those available to the Company or any subsidiary of the Company, or (iii) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Claim) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any Claim relating to an Indemnifiable Event effected without the Company's prior written consent. The Company shall not, without the prior written consent of Indemnitee, effect any settlement of any Claim relating to an Indemnifiable Event that Indemnitee is or could have been a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of Indemnitee from all liability on all claims that are the subject matter of such Claim. Subject to the foregoing limitations, neither the Company nor Indemnitee shall unreasonably withhold its, his or her consent to any proposed settlement.

6. Establishment of Trust. In the event of a Change in Control (other than a Change in Control approved by a majority of the directors on the Board who were directors immediately prior to such Change in Control), the Company shall, upon written request by Indemnitee, create a trust (the "Trust") for the benefit of Indemnitee and from time to time upon written request of Indemnitee shall fund the Trust in an amount sufficient to satisfy any and all Indemnifiable Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in, or defending any Claim. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by the Independent Counsel. The terms of the Trust shall provide that (i) the Trust shall not be revoked or the principal thereof invaded without the written consent of Indemnitee, (ii) to the extent Indemnitee has a right to Expense

Advancements pursuant to this Agreement, the trustee of the Trust (the “Trustee”) shall advance, within ten (10) business days of a request by Indemnitee in accordance with Section 2(b), any and all Indemnifiable Expenses to Indemnitee (and Indemnitee hereby agrees to reimburse the Trust under the same circumstances for which Indemnitee would be required to reimburse the Company under Section 2(b) of this Agreement), (iii) the Trust shall continue to be funded by the Company in accordance with the funding obligation set forth above, (iv) the Trustee shall promptly pay to Indemnitee all amounts for which Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise, and (v) all unexpended funds in the Trust shall revert to the Company upon a final determination by the Independent Counsel or a court of competent jurisdiction, as the case may be, that Indemnitee has been fully indemnified under the terms of this Agreement. The Trustee shall be chosen by the mutual agreement of Indemnitee and the Company. Nothing in this Section 6 shall relieve the Company of any of its obligations under this Agreement. All income earned on the assets held in the Trust shall be reported as income by the Company for federal, state, local, and foreign tax purposes. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the Trustee against any and all expenses (including attorneys’ fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

7. Contribution. To the fullest extent permitted by applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, for any and all Indemnifiable Expenses, in connection with any Claim, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Claim in order to reflect (i) the relative benefits received by the Company, on the one hand, and Indemnitee, on the other hand, as a result of the events or transactions giving cause to such Claim; and (ii) the relative fault of the Company (and its directors, officers, employees, and agents), on the one hand, and Indemnitee, on the other hand, in connection with such events or transactions.

8. Reliance as Safe Harbor. Indemnitee shall be entitled to indemnification for any action or omission to act undertaken (a) in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its subsidiaries in the course of their duties, or by committees of the Board, or by any other Person as to matters Indemnitee reasonably believed were within such other Person’s professional or expert competence, or (b) on behalf of the Company in furtherance of the interests of the Company in good faith in reliance upon, and in accordance with, the advice of legal counsel or accountants, provided such legal counsel or accountants were selected with reasonable care by or on behalf of the Company. In addition, the knowledge or actions, or failures to act, of any other director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

9. No Other Presumptions. For purposes of this Agreement, the termination of any Claim, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any

particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party or the Company (including its Board, independent counsel, or its stockholders) to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party or the Company (including its Board, independent counsel, or its stockholders) that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of legal proceedings by Indemnitee to secure a judicial determination that Indemnitee should be indemnified under applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has not met any particular standard of conduct or did not have any particular belief.

10. Non-exclusivity. Indemnitee's rights hereunder shall be in addition to any other rights Indemnitee may have under the Company's Certificate of Incorporation and Bylaws, the laws of the State of Delaware, or otherwise.

11. Changes in Law. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification than would be afforded currently under the Company's Certificate of Incorporation, Bylaws, applicable law, or this Agreement, it is the intent of the parties that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change.

12. Conflicts. To the extent that there is a conflict or inconsistency between the terms of this Agreement, the Company's Certificate of Incorporation or Bylaws or any other source of indemnification, it is the intent of the parties that Indemnitee shall enjoy the greater benefits regardless of whether contained herein, in the Company's Certificate of Incorporation or Bylaws or in such other source of indemnification. No amendment or alteration of the Company's Certificate of Incorporation or Bylaws or any other agreement or source of indemnification shall adversely affect Indemnitee's rights hereunder.

13. Liability Insurance. The Company shall maintain directors and officers liability insurance in commercially reasonable amounts (as reasonably determined by the Board), and Indemnitee shall be covered under such insurance to the same extent as other directors of the Company; provided, however, that the Company shall not be required to maintain such insurance coverage if the Board determines that it is unavailable at reasonable cost, provided that Indemnitee is given written notice of any such determination promptly after it is made. If the Company has such insurance in effect at the time the Company receives from Indemnitee any notice of the commencement of any Claim, the Company shall give prompt notice of the commencement of such Claim to the insurers in accordance with the procedures set forth in the policy. The Company shall use its reasonable efforts to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policy.

14. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a

continuing waiver. In the event the Company enters into an indemnification agreement with another director of the Company containing a term or terms more favorable to Indemnitee than the terms contained herein, Indemnitee shall be afforded the benefit of such more favorable term or terms and such more favorable term or terms shall be deemed incorporated by reference herein as if set forth in full herein. As promptly as practicable following the execution by the Company of each indemnity agreement with any such other director (i) the Company shall send a copy of the indemnity agreement to Indemnitee and (ii) if requested by Indemnitee, the Company shall prepare, execute and deliver to Indemnitee an amendment to this Agreement containing such more favorable term or terms.

15. Subrogation. In the event of payment by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy. Indemnitee shall execute all papers reasonably required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights. The Company shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

16. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, any provision of the Company's Certificate of Incorporation or Bylaws, or otherwise) of the amounts otherwise indemnifiable hereunder.

17. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties and their respective successors, (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director or officer of the Company or on behalf of or at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise. Neither this Agreement nor any duties or responsibilities pursuant hereto may be assigned by a party to any other Person without the prior written consent of the other party.

18. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of this Agreement containing any such provision held to be invalid, illegal, or unenforceable, that are not themselves invalid, illegal, or unenforceable) shall not in any way be affected or impaired thereby and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of this Agreement containing any such provision held to be invalid, illegal, or unenforceable) shall be

construed so as to give effect to the intent manifested by the provision held invalid, illegal, or unenforceable and to give effect to the terms of this Agreement.

19. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the parties hereto, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to seek to obtain damages, enforce specific performance, enjoin such violation, or obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

20. Notices. All notices, demands, and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if (a) delivered by hand, with evidence of receipt, (b) sent by certified or registered mail, postage prepaid and return receipt requested, or (c) sent by reputable overnight courier and

If to the Company, addressed to:

Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102-5015
Attn: Executive Vice President and Chief Legal Officer & Administrative
Attn: Corporate Secretary

and, if to Indemnitee, to the address indicated on the signature page of this Agreement.

Notice of change of address shall be effective only when given in accordance with this Section 20. All notices complying with this Section 20 shall be deemed to have been received on (a) the date of delivery, in the case of hand delivery, (b) on the third business day after mailing, in the case of certified or registered mail, or (c) on the following business day, in the case of reputable overnight courier.

21. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

22. Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

23. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

DEVON ENERGY CORPORATION

By:
Name:
Title:

[Indemnitee]

Address:

Appendix A

Definitions

Capitalized terms used in this Agreement shall have the following meanings when used in this Agreement:

“Affiliate” means, with respect to a Person, any other Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

“Agreement” has the meaning set forth in the introductory paragraph.

“Board” means the Board of Directors of the Company.

“Bylaws” has the meaning set forth in the recitals.

“Certificate of Incorporation” has the meaning set forth in the recitals.

“Change in Control” means the occurrence of any of the following: (i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or an entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company’s then outstanding Voting Securities, (ii) a change in the composition of the Board such that the individuals who are serving as members of the Board as of the date of this Agreement, together with any new member of the Board (other than a member of the Board whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation relating to the election of directors of the Company), whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least a majority of the members of the Board then still in office, who either were members of the Board on the date of this Agreement or whose appointment, election, or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority of the number of the members of the Board then serving, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other entity, other than a merger or consolidation that would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity or a direct or indirect successor entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity or a direct or indirect successor entity outstanding immediately after such merger or consolidation, or (iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company’s assets.

“Claim” means any threatened, asserted, pending, or completed civil, criminal, administrative, investigative, or other action, suit, or proceeding of any kind whatsoever, including any arbitration or other alternative dispute resolution mechanism, or any appeal of any kind thereof, or any inquiry or investigation, whether instituted by the Company, any governmental agency, or any other Person, that Indemnitee in good faith believes might lead to the institution of any such action, suit, or proceeding, whether civil, criminal, administrative, investigative, or other, including any arbitration or other alternative dispute resolution mechanism.

“Company” has the meaning set forth in the introductory paragraph.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expense Advancement” has the meaning set forth in Section 2(b).

“Indemnifiable Event” has the meaning set forth in the definition of Indemnifiable Expenses.

“Indemnifiable Expenses” means (i) all expenses and liabilities, including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Company, and counsel fees and disbursements (including, without limitation, experts’ fees, court costs, retainers, transcript fees, duplicating, printing and binding costs, as well as telecommunications, postage, and courier charges) paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to investigate, defend, be a witness in or participate in, any Claim by reason of the fact that Indemnitee is or was or has agreed to serve as a director, officer, employee, or agent of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve on behalf of or at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner, or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan, or other enterprise, or by reason of any action alleged to have been taken or omitted in any such capacity, whether occurring before, on or after the date of this Agreement (any such event, an “Indemnifiable Event”), (ii) any liability pursuant to a loan guaranty or otherwise, for any indebtedness of the Company or any subsidiary of the Company, including, without limitation, any indebtedness which the Company or any subsidiary of the Company has assumed or taken subject to, and (iii) any liabilities which an Indemnitee incurs as a result of acting on behalf of the Company (whether as a fiduciary or otherwise) in connection with the operation, administration, or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the United States Internal Revenue Service, penalties assessed by the Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise).

“Indemnitee” has the meaning set forth in the introductory paragraph.

“Independent Counsel” means an attorney or firm of attorneys, selected in accordance with the provisions of Section 3, who shall not have otherwise performed services for the Company or Indemnitee within the last five years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity, or other entity.

“Potential Change in Control” means any of the following shall have occurred: (i) any Person shall have announced publicly an intention to effect a Change in Control or commenced any action (such as the commencement of a tender offer for Voting Securities or the solicitation of proxies for the election of any of the Company’s directors) that, if successful, could reasonably be expected to result in the occurrence of a Change in Control; (ii) the Company enters into an agreement, the consummation of which would constitute a Change in Control; or (iii) any other event occurs which the Board declares to be a Potential Change in Control.

“Reviewing Party” means the Person or body appointed in accordance with Section 3.

“Trust” has the meaning set forth in Section 6.

“Trustee” has the meaning set forth in Section 6.

“Voting Securities” means any securities of the Company that vote generally in the election of directors.



Devon Energy Corporation
ID: 73-1567067
333 West Sheridan Avenue
Oklahoma City, Oklahoma 73102-5015

**NOTICE OF GRANT OF RESTRICTED STOCK AWARD
AND AWARD AGREEMENT**

Participant Name

Grant Date: **Grant Date**
Grant Type: **RSA**
Award No.: **Client Grant ID**

Effective **Grant Date**, you have been granted a Restricted Stock Award of **Number of Shares Granted** shares of Devon Energy Corporation (the "Company") Common Stock. These shares are restricted until the vesting date shown below.

Anniversary of Grant Date	% of Shares to Vest
1st Anniversary	100%

*Vesting Schedule

By accepting this agreement online, you and the Company agree that this award is granted under and governed by the terms and conditions of the Company's 2017 Long-Term Incentive Plan and the Award Agreement, both of which are attached and made a part of this document.

**DEVON ENERGY CORPORATION
2017 LONG-TERM INCENTIVE PLAN
NON-MANAGEMENT DIRECTOR
RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this “Agreement”) is entered into as of **Grant Date** (the “Date of Grant”), by and between Devon Energy Corporation, a Delaware corporation (the “Company”), and **Participant Name** (the “Participant”).

WITNESSETH:

WHEREAS, the Company has previously adopted the “Devon Energy Corporation 2017 Long-Term Incentive Plan” (the “Plan”); and

WHEREAS, the Participant is a nonemployee director of the Company and it is important to the Company that the Participant be encouraged to remain a director of the Company; and

WHEREAS, in recognition of such facts, the Company desires to award to the Participant **Number of Shares Granted** shares of the Company’s Common Stock under the Plan subject to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the Participant and the Company agree as follows:

1. The Plan. The Plan, a copy of which is attached hereto, is hereby incorporated by reference herein and made a part hereof for all purposes, and when taken with this Agreement shall govern the rights of the Participant and the Company with respect to the Award (as defined below).

2. Grant of Award. The Company hereby grants to the Participant an award (the “Award”) of **Number of Shares Granted** shares of the Company’s Common Stock (the “Restricted Stock”), on the terms and conditions set forth herein and in the Plan.

3. Terms of Award.

(a) Escrow of Shares. A certificate or book-entry registration representing the Restricted Stock shall be issued in the name of the Participant and shall be escrowed with the Secretary subject to removal of the restrictions placed thereon or forfeiture pursuant to the terms of this Agreement.

(b) Vesting. 100% of the shares of the Restricted Stock is scheduled to vest on the first anniversary date of the Date of Grant (the “Vesting Date”). If the Participant’s Date of Termination has not occurred as of a Vesting Date, then the Participant shall be entitled, subject to the applicable provisions of the Plan and this Agreement having been satisfied, to receive on or within a reasonable time after the Vesting Date, the shares scheduled to vest as of the Vesting Date. The portion of the Restricted Stock that has vested pursuant to the terms of this Agreement shall be deemed “Vested Stock.”

The Participant shall forfeit the unvested portion of the Award (including the underlying Restricted Stock and Accrued Dividends) upon the occurrence of the Participant's Date of Termination unless the Award becomes vested under the circumstances described in paragraphs (i), (ii), or (iii) below.

(i) The Award shall become fully vested upon the occurrence of a Change in Control Event that occurs prior to the Participant's Date of Termination.

(ii) The Award shall become fully vested upon the Participant's Date of Termination if the Participant's Date of Termination occurs by reason of the Participant's death. The Committee may, in its sole discretion, elect to accelerate vesting of all or any portion of the Award if the Date of Termination occurs by reason of the Participant's disability or occurs under other special circumstances (as determined by the Committee and permitted pursuant to the Plan).

(iii) The Award shall become fully vested upon the Participant's Date of Termination if the Participant's Date of Termination occurs by reason of the Participant's Mandatory Retirement.

(c) Voting Rights and Dividends. The Participant shall have all of the voting rights attributable to the shares of Restricted Stock. Any dividends declared and paid by the Company with respect to shares of Restricted Stock ("Accrued Dividends") shall not be paid to the Participant until such Restricted Stock becomes Vested Stock. Accrued Dividends shall be held by the Company as a general obligation of the Company and paid to the Participant reasonably promptly following the time the underlying Restricted Stock becomes Vested Stock (but in no event later than March 15 of the calendar year following the year in which such vesting occurs).

(d) Vested Stock - Removal of Restrictions. Upon Restricted Stock becoming Vested Stock, all restrictions shall be removed from the certificates or book-entry registrations and the Participant shall be provided a confirmation of the release of such Vested Stock, representing such Vested Stock as free and clear of all restrictions, except for any applicable securities laws restrictions. Reasonably promptly thereafter (but in no event later than March 15 of the calendar year following the year in which such vesting occurs), the Participant shall receive a payment in the amount of all Accrued Dividends attributed to such Vested Stock without interest thereon.

4. Legend. The shares of Restricted Stock covered by the Award shall be subject to the restrictions described in the following legend, which shall appear on any individual certificate or book-entry registration representing the Award:

"THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION ARE SUBJECT TO AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THAT CERTAIN RESTRICTED STOCK AWARD AGREEMENT DATED **GRANT DATE** UNDER THE DEVON ENERGY CORPORATION 2017 LONG-TERM INCENTIVE PLAN. ANY ATTEMPTED TRANSFER OF THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION IN VIOLATION OF SUCH AGREEMENT SHALL BE NULL AND VOID AND WITHOUT EFFECT. A COPY OF THE AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF DEVON ENERGY CORPORATION."

5. Delivery of Forfeited Shares. The Participant authorizes the Secretary to deliver to the Company any and all shares of Restricted Stock that are forfeited under the provisions of this Agreement.

6. Nontransferability of Award. The Participant shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber, or charge the Award or any Restricted Stock or any interest therein in any manner whatsoever.

7. Notices. All notices or other communications relating to the Plan and this Agreement as it relates to the Participant shall be in writing and shall be delivered electronically, personally, or mailed (U.S. mail) by the Company to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing.

8. Binding Effect and Governing Law. This Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns except as may be limited by the Plan, and (ii) governed by and construed under the laws of the State of Delaware.

9. Award Subject to Claims of Creditors. The Participant shall not have any interest in any particular assets of the Company, its parent, if applicable, or any Subsidiary or Affiliated Entity by reason of the right to earn an Award (including Accrued Dividends) under the Plan and this Agreement, and the Participant or any other person shall have only the rights of a general unsecured creditor of the Company, its parent, if applicable, or a Subsidiary or Affiliated Entity with respect to any rights under the Plan or this Agreement.

10. Captions. The captions of specific provisions of this Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope of this Agreement or the intent of any provision hereof.

11. Counterparts. This Agreement may be executed in any number of identical counterparts, each of which shall be deemed an original for all purposes, but all of which taken together shall form one agreement.

12. Definitions. Words, terms, or phrases used in this Agreement shall have the meaning set forth in this Section 12. Capitalized terms used in this Agreement but not defined herein shall have the meaning designated in the Plan.

(a) "Accrued Dividends" has the meaning set forth in Section 3(c).

(b) "Agreement" has the meaning set forth in the preamble.

(c) "Award" has the meaning set forth in Section 2.

(d) "Company" has the meaning set forth in the preamble.

(e) "Date of Grant" has the meaning set forth in the preamble.

(f) "Date of Termination" means the first day occurring on or after the Date of Grant on which the Participant is not a member of the Board.

(g) "Mandatory Retirement" means the Participant's mandatory retirement from the Board of Directors at the next annual meeting of shareholders following the date the Participant reaches his 73rd birthday.

(h) "Participant" has the meaning set forth in the preamble.

(i) "Plan" has the meaning set forth in the recitals.

(j) "Restricted Stock" has the meaning set forth in Section 2.

(k) "Vested Stock" has the meaning set forth in Section 3(b).

(l) "Vesting Date" has the meaning set forth in Section 3(b).

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

“COMPANY”

DEVON ENERGY CORPORATION,
a Delaware corporation

“PARTICIPANT”

Participant Name

DEVON ENERGY CORPORATIONList of Subsidiaries¹ as of December 31, 2019

1. Devon Energy Corporation (Oklahoma), an Oklahoma corporation
2. Devon OEI Holdings, L.L.C., a Delaware limited liability company
3. Devon OEI Operating, L.L.C., a Delaware limited liability company
4. Devon Energy Production Company, L.P., an Oklahoma limited partnership
5. Devon Financing Company, L.L.C., a Delaware limited liability company
6. Devon Canada Corporation, an Alberta corporation
7. Devon Gas Co., L.L.C., a Delaware limited liability company
8. Devon Gas Services, L.P., a Texas limited partnership
9. Devon Energy International, L.L.C., a Delaware limited liability company
10. Devon Headquarters, L.L.C., an Oklahoma limited liability company

¹ The names of certain subsidiaries have been omitted since, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary as of the end of the year covered by this report, as defined under Securities and Exchange Commission Regulation S-X, Rule 1-02(w).

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Devon Energy Corporation:

We consent to the incorporation by reference in the registration statement (File Nos. 333-218561, 333-68694, 333-47672, 333-44702, 333-104922, 333-104933, 333-103679, 333-127630, 333-159796, 333-179181, 333-182198 and 333-204666) on Form S-8 and the registration statement (File No. 333-220462) on Form S-3 of Devon Energy Corporation of our report dated February 19, 2020, with respect to the consolidated balance sheets of Devon Energy Corporation as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive earnings, equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2019, which report appears in the December 31, 2019 annual report on Form 10-K of Devon Energy Corporation.

Our report refers to a change in the method of accounting for leases in 2019 due to the adoption of Accounting Standards Update 2016-02, *Leases (Topic 842)*. Our report also refers to a change in the method of accounting for revenues from contracts with customers in 2018 due to the adoption of Accounting Standards Codification 606, *Revenue from Contracts with Customers (ASC606)*.

/s/ KPMG LLP

Oklahoma City, Oklahoma
February 19, 2020

ENGINEER'S CONSENT

We consent to the incorporation by reference in the registration statements (File Nos. 333-68694, 333-47672, 333-44702, 333-104922, 333-104933, 333-103679, 333-127630, 333-159796, 333-179181, 333-182198, 333-204666 and 333-218561) on Form S-8 and the registration statement (File No. 333-220462) on Form S-3 of Devon Energy Corporation (the "Company") of our report for the Company and the references to our firm and said report, in the context in which they appear, in this Annual Report on Form 10-K of the Company for the year ended December 31, 2019 (this "Form 10-K"), which report is included as an exhibit to this Form 10-K.

LaRoche Petroleum Consultants, Ltd.
By: LPC, Inc., as General Partner

By: /s/ William M. Kazmann
William M. Kazmann
President

February 19, 2020

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David A. Hager, certify that:

1. I have reviewed this annual report on Form 10-K of Devon Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2020

/s/ David A. Hager

David A. Hager

President and Chief Executive Officer

CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey L. Ritenour, certify that:

1. I have reviewed this annual report on Form 10-K of Devon Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2020

/s/ Jeffrey L. Ritenour

Jeffrey L. Ritenour

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Devon Energy Corporation (“Devon”) on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David A. Hager, President and Chief Executive Officer of Devon, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Devon.

/s/ David A. Hager

David A. Hager

President and Chief Executive Officer

February 19, 2020

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Report of Devon Energy Corporation (“Devon”) on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey L. Ritenour, Executive Vice President and Chief Financial Officer of Devon, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Devon.

/s/ Jeffrey L. Ritenour

Jeffrey L. Ritenour

Executive Vice President and Chief Financial Officer

February 19, 2020



February 7, 2020

Mr. Bob Fant
Director Reserves and Economics
Devon Energy Corporation
333 West Sheridan Avenue
Oklahoma City, OK 73102

Dear Mr. Fant:

At your request, LaRoche Petroleum Consultants, Ltd. (LPC) has audited the estimates of proved reserves and future net cash flow, as of December 31, 2019, to the Devon Energy Corporation (Devon) interest in certain properties located in Devon's US Division in the United States as prepared and completed by Devon on January 24, 2020. The reserve estimates were prepared by Devon for public disclosure according to the United States Security and Exchange Commission (SEC) guidelines, and our audit is to confirm the accuracy of those estimates and classifications within the applicable SEC rules, regulations, and guidelines. It should be understood that our audit described herein does not constitute a complete reserve study of the oil and gas properties of Devon. It is our understanding that the properties audited by LPC comprise approximately eighty-five percent (85%) of Devon's aggregate proved reserves for the US Division as estimated and reported by Devon. We prepared our own estimates of proved reserves and net cash flow for all of the properties audited and compared our estimates to those prepared by Devon to complete our audit of such properties. We believe the assumptions, data, methods, and procedures used are appropriate for the purpose of this audit. Estimates by Devon and LPC are based on constant prices and costs as set forth in this letter and conform to our understanding of the SEC guidelines, reserves definitions, and applicable accounting rules.

It is our understanding that the properties audited by LPC and reflected in this audit report comprise approximately eighty-five percent (85%) of Devon's aggregate, corporate proved reserves as estimated and reported by Devon.

The US Division reserves presented above are for the field areas designated by Devon's internal naming system. These areas include:

Anadarko Basin Sub-Division

Field Groups: Cana Other, Meramec Non-op, Meramec Op, Wet Gas Non-op, Woodford Non-op, Woodford Op

Delaware Basin Sub-Division

Field Groups: Catclaw Draw Area, Corbin Area, Diamond Mound, Hackberry, Potato Basin Area, Rattlesnake/Arena Roja Area, Thistle/Gaucha Area, Todd Area

Rocky Mountain Sub-Division

Field Groups: NPRB House Creek, NPRB Pine Tree, SPRB East, SPRB Other, SPRB South Dilts, SPRB West

Texas Sub-Division

Field Groups: De Witt, Eagle Ford Other

The oil reserves include crude oil and condensate. Oil and natural gas liquid (NGL) reserves are expressed in barrels which are equivalent to 42 United States gallons. Gas volumes are expressed in thousands of standard cubic feet (Mcf) at the contract temperature and pressure bases.

The estimated reserves and future cash flow are for proved developed producing, proved developed non-producing, and proved undeveloped reserves. Devon's estimates do not include any value for unproven reserves classified as probable or possible reserves that might exist for these properties, nor do they include any consideration that could be attributed to interests in undeveloped acreage beyond those tracts for which reserves have been estimated.

When compared on a field-by-field basis, some estimates determined by Devon are greater and some are less than the estimates determined by LPC. However, in our opinion, Devon's estimates of proved oil and gas reserves and future cash flow, as audited by LPC, are in the aggregate reasonable, are within ten (10) percent of our estimates, and have been prepared in accordance with generally accepted petroleum engineering and evaluation methods and procedures. These methods and procedures are set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserve Information promulgated by the Society of Petroleum Engineers. We are satisfied with the methods and procedures used by Devon in preparing the December 31, 2019 reserve and future cash flow estimates. We saw nothing of an unusual nature that would cause us to take exception with the estimates, in the aggregate, as prepared by Devon.

The estimated reserves and future cash flow amounts in this audit of the Devon report are related to hydrocarbon prices. The price calculation methodology specified by the SEC regulations was used in the preparation of those estimates; however, actual future prices may vary significantly from the SEC-specified pricing. In addition, future changes in taxation affecting oil and gas producing companies and their products and changes in environmental and administrative regulations may significantly affect the ability of Devon to operate and produce oil and gas at the projected levels. Therefore, volumes of reserves actually recovered and amounts of cash flow actually received may differ significantly from the estimated quantities presented in this audit.

Estimates of reserves for this audit were prepared using standard geological and engineering methods generally accepted by the petroleum industry. The reserves in this audit have been estimated using deterministic methods. The method or combination of methods utilized in the evaluation of each reservoir included consideration of the stage of development of the reservoir, quality and completeness of basic data, and production history. Recovery from various reservoirs and leases was estimated after consideration of the type of energy inherent in the reservoirs, the structural positions of the properties, and reservoir and well performance. In some instances, comparisons were made to similar properties where more complete data were available. We have used all methods and procedures that we considered necessary under the circumstances to prepare this audit. We have excluded from our consideration all matters as to which the controlling interpretation may be legal or accounting rather than engineering or geosciences.

Benchmark prices used in this audit are based on the twelve-month, unweighted arithmetic average of the first day of the month price for the period January through December 2019. Oil prices used by Devon are based on a Cushing West Texas Intermediate crude oil price of \$55.69 per barrel, as published in Platts Oilgram, adjusted by lease for gravity, crude quality, transportation fees, and regional price differentials. Gas prices are based on a Henry Hub gas price of \$2.58 per MMBtu, as published in Platts Gas Daily, adjusted by lease for energy content, transportation fees, and regional price differentials. NGL prices are based on a Mt. Belvieu composite product price of \$19.46 per barrel, as published in the OPIS daily price bulletin, adjusted by area for composition, quality, transportation fees, and regional price differentials. Price differentials and adjustments to physical spot prices as of December 2019 were furnished by Devon and were accepted as presented. Oil and gas prices are held constant throughout the life of the properties. The weighted average prices over the life of the properties audited are \$53.66 per barrel for oil, \$1.76 per Mcf for gas, and \$15.53 per barrel for NGL.

Lease and well operating expenses were furnished by Devon and were confirmed by LPC from a review of Devon accounting data on a Sub-Division or Division basis. As requested, expenses for the Devon-operated properties include only direct lease and field level costs. For properties operated by others, these expenses include the per-well overhead costs allowed under joint operating agreements along with direct lease and field level costs. Headquarters general and administrative overhead expenses of Devon are not included. Operating expenses are held constant throughout the life of the properties.

Capital costs and timing of all investments have been provided by Devon and are included as required for workovers, new development wells, and production equipment. Devon has represented to us that they have the ability and intent to implement their capital expenditure program as scheduled. Devon's estimates of the cost to plug and abandon the wells net of salvage value are included and scheduled at the end of the economic life of individual properties. These costs are held constant.

LPC has made no investigation of possible gas volume and value imbalances that may have been the result of overdelivery or underdelivery to the Devon interest. Our projections are based on Devon receiving its net revenue interest share of estimated future gross oil, gas, and NGL production.

An on-site inspection of the properties has not been performed nor has the mechanical operation or condition of the wells and their related facilities been examined by LPC. The costs associated with the continued operation of uneconomic properties are not reflected in the cash flows.

The evaluation of potential environmental liability from the operation and abandonment of the properties is beyond the scope of this audit. In addition, no evaluation was made to determine the degree of operator compliance with current environmental rules, regulations, and reporting requirements. Therefore, no estimate of the potential economic liability, if any, from environmental concerns is included in our projections.

In our audit, we accepted without independent verification the accuracy and completeness of the information and data furnished by Devon with respect to ownership interest, oil and gas production, well test data, oil and gas prices, operating and development costs, and any agreements relating to current and future operations of the properties and sales of production. However, if in the course of our examination something came to our attention which brought into question the validity or sufficiency of any such information or data, we did not rely on such information or data until we had satisfactorily resolved our questions relating thereto or had independently verified such information or data.

The reserves estimated in our audit process and those presented by Devon are estimates only and should not be construed as exact quantities. They may or may not be recovered; if recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. These estimates should be accepted with the understanding that future development, production history, changes in regulations, product prices, and operating expenses would probably cause us to make revisions in subsequent evaluations. A portion of these reserves are for behind-pipe zones, undeveloped locations, and producing wells that lack sufficient production history to utilize performance-related reserve estimates. Therefore, these reserves are based on estimates of reservoir volumes and recovery efficiencies along with analogies to similar production. These reserve estimates are subject to a greater degree of uncertainty than those based on substantial production and pressure data. It may be necessary to revise these estimates up or down in the future as additional performance data become available. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geological data; therefore, our conclusions represent informed professional judgments only, not statements of fact.

The results of our third-party study were prepared in accordance with the disclosure requirements set forth in the SEC regulations and intended for public disclosure as an exhibit in filings made with the SEC by Devon Energy Corporation.

Devon Energy Corporation makes periodic filings on Form 10-K with the SEC under the 1934 Securities Exchange Act. Furthermore, Devon Energy Corporation has certain registration statements filed with the SEC under the 1933 Securities Act into which any subsequently filed Form 10-K is incorporated by reference. We have consented to the incorporation by reference in the registration statements on Form S-3 and Form S-8 of Devon Energy Corporation of the references to our name together with references to our third-party audit for Devon Energy Corporation, which appears in the December 31, 2019 annual report on Form 10-K and/or 10-K/A of Devon Energy Corporation. Our written consent for such use is included as a separate exhibit to the filings made with the SEC by Devon Energy Corporation.

We have provided Devon Energy Corporation with a digital version of the original signed copy of this audit letter. In the event there are any differences between the digital version included in filings made by Devon

Energy Corporation and the original signed audit letter, the original signed audit letter shall control and supersede the digital version.

LPC's technical personnel responsible for preparing this audit meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserve Information promulgated by the Society of Petroleum Engineers. The technical person primarily responsible for overseeing the preparation of the LPC audit is William M. Kazmann. Mr. Kazmann is a Professional Engineer licensed in the State of Texas who has 45 years of engineering experience in the oil and gas industry. He has prepared and overseen preparation of reports for public filings for LPC for the past 24 years. We are independent petroleum engineers, geologists, and geophysicists and are not employed on a contingent basis. Data pertinent to the audit are maintained on file in our office.

Very truly yours,

LaRoche Petroleum Consultants, Ltd.
State of Texas Registration Number F-1360
By LPC, Inc. General Partner

/s/ William M. Kazmann

William M. Kazmann, President
Licensed Professional Engineer
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/s/ Joe A. Young

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LaRoche Petroleum Consultants, Ltd.