CAPITAL PROPERTIES INC /RI/
Form 10-Q
April 25, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2013

OR

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

For the transition period from _____ to _____

Commission File Number 001-08499

CAPITAL PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Rhode Island	**05-0386287**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
100 Dexter Road	
East Providence, Rhode Island	**02914**
(Address of principal executive offices)	**(Zip Code)**

(401) 435-7171

(Registrant s telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company x

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

As of March 31, 2013, the Company had 3,790,249 shares of Class A Common Stock and 2,809,663 shares of Class B Common Stock outstanding.

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CAPITAL PROPERTIES, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2013

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PART I

Item 1. Consolidated Financial Statements

CAPITAL PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2013 (unaudited)	December 31, 2012
ASSETS		
Properties and equipment (net of accumulated depreciation)	$ 21,146,000	$ 21,359,000
Cash	3,350,000	2,678,000
Prepaid and other	450,000	522,000
	$ 24,946,000	$ 24,559,000
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Notes payable:		
Bank ($288,000 due within one year)	$ 5,653,000	$ 5,725,000
Dividend notes	11,787,000	11,787,000
Accounts payable and accrued expenses:		
Property taxes	375,000	303,000
Environmental remediation	81,000	81,000
Other	314,000	331,000
Income taxes payable	148,000	
Deferred income taxes, net	5,306,000	5,390,000
	23,664,000	23,617,000
Shareholders equity:		
Class A common stock, $.01 par; authorized 10,000,000 shares; issued and outstanding, 3,790,249 shares at March 31, 2013 and 3,789,778 shares at December 31, 2012	38,000	38,000
Class B common stock, $.01 par; authorized 3,500,000 shares; issued and outstanding, 2,809,663 shares at March 31, 2013 and 2,810,134 shares at December 31, 2012	28,000	28,000
Excess stock, $.01 par; authorized 1,000,000 shares; none issued and outstanding		
Capital in excess of par	782,000	782,000
Retained earnings	434,000	94,000
	1,282,000	942,000
	$ 24,946,000	$ 24,559,000

See notes to consolidated financial statements.

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CAPITAL PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(Unaudited)

	2013	2012
Revenues:		
Leasing	$ 1,064,000	$ 1,012,000
Petroleum storage facility	999,000	976,000
	2,063,000	1,988,000
Expenses:		
Leasing	283,000	270,000
Petroleum storage facility	661,000	551,000
General and administrative	355,000	263,000
Interest on notes:		
Bank	49,000	61,000
Dividend notes	152,000	
	1,500,000	1,145,000
Income before income taxes	563,000	843,000
Income tax expense (benefit):		
Current	307,000	397,000
Deferred	(84,000)	(65,000)
	223,000	332,000
Net income	340,000	511,000
Retained earnings, beginning	94,000	2,743,000
Dividends on common stock in 2012 based upon 6,599,912 shares outstanding at $.03 per common share		(198,000)
Retained earnings, ending	$ 434,000	$ 3,056,000
Basic income per share based upon 6,599,912 shares outstanding	$ .05	$ .08

See notes to consolidated financial statements.

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CAPITAL PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(Unaudited)

	2013	2012
Cash flows from operating activities:		
Net income	$ 340,000	$ 511,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	213,000	213,000
Amortization of deferred financing fees	1,000	2,000
Deferred:		
Income taxes	(84,000)	(65,000)
Leasing revenues		(70,000)
Other, principally net changes in prepaids, accounts payable, accrued expenses and current income taxes	274,000	297,000
Net cash provided by operating activities	744,000	888,000
Cash flows from investing activities:		
Payments for properties and equipment		(73,000)
Related party transaction:		
Advance		(100,000)
Repayment		152,000
Net cash used in investing activities		(21,000)
Cash flows from financing activities:		
Payments:		
Note payable	(72,000)	(75,000)
Dividends		(198,000)
Cash used in financing activities	(72,000)	(273,000)
Increase in cash	672,000	594,000
Cash, beginning	2,678,000	2,178,000
Cash, ending	$ 3,350,000	$ 2,772,000
Supplemental disclosures:		
Cash paid for:		
Income taxes	$ 159,000	$ 229,000
Interest	$ 48,000	$ 61,000

See notes to consolidated financial statements.

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CAPITAL PROPERTIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(Unaudited)

1. Description of business:

Capital Properties, Inc. and its wholly-owned subsidiaries, Tri-State Displays, Inc., Capital Terminal Company and Dunellen, LLC (collectively referred to as the Company), operate in two segments, leasing and petroleum storage.

The leasing segment consists of the long-term leasing of certain of its real estate interests in downtown Providence, Rhode Island (upon the commencement of which the tenants are required to construct buildings thereon, with the exception of a parking garage and Parcels 6B and 6C), the leasing of a portion of its building (Steeple Street Building) under short-term leasing arrangements and the leasing of locations along interstate and primary highways in Rhode Island and Massachusetts to Lamar Outdoor Advertising, LLC (Lamar) which has constructed outdoor advertising boards thereon. The Company anticipates that the future development of its remaining properties in and adjacent to the Capital Center area will consist primarily of long-term ground leases. Pending this development, the Company leases these parcels for public parking under short-term leasing arrangements to Metropark, Ltd. (Metropark).

The petroleum storage segment consists of operating the petroleum storage terminal (the Terminal) and the Wilkesbarre Pier (the Pier), both of which are owned by the Company and are collectively referred to as the Facility, located in East Providence, Rhode Island, for Global Companies, LLC (Global) which stores and distributes petroleum products. The Global lease expires on April 30, 2013. Thereafter, the Company plans to offer the Terminal for lease to one or more petroleum storage and distribution users.

The principal difference between the two segments relates to the nature of the operations. In the leasing segment, the tenants under long-term land leases incur substantially all of the development and operating costs of the assets constructed on the Company s land, including the payment of real property taxes on both the land and any improvements constructed thereon. In the petroleum storage segment, the Company is responsible for the operating and maintenance expenditures, including insurance and a portion of the real property taxes, as well as certain capital improvements at the Facility; however, after April 30, 2013, the Company will be responsible for all of the real property taxes.

2. Principles of consolidation and basis of presentation:

The accompanying condensed consolidated financial statements include the accounts and transactions of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying condensed consolidated balance sheet as of December 31, 2012, has been derived from audited financial statements and the unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with United States generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. It is suggested that these condensed financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company s latest Form 10-K. In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position as of March 31, 2013 and the results of operations and cash flows for the three months ended March 31, 2013 and 2012.

The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Environmental incidents:

The Company accrues a liability when an environmental incident has occurred and the costs are estimable. The Company does not record a receivable for recoveries from third parties for environmental matters until it has determined that the amount of the collection is reasonably

assured. The accrued liability is relieved when the Company pays the liability or a third party assumes the liability. Upon determination that collection is reasonably assured or a third party assumes the liability, the Company records the amount as a reduction of expense.

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The Company charges to expense those costs that do not extend the life, increase the capacity or improve the safety or efficiency of the property owned or used by the Company.

New accounting standards:

The Company reviews new accounting standards as issued. Although some of these accounting standards may be applicable to the Company, the Company has not identified any standards that it believes merit further discussion. The Company expects that none of the new standards would have a significant impact on its consolidated financial statements.

3. Use of estimates:

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements. Estimates also affect the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

4. Properties and equipment:

Properties and equipment consists of the following:

	March 31, 2013	December 31, 2012
Properties on lease or held for lease:		
Land and land improvements	$ 4,701,000	$ 4,701,000
Building and improvements, Steeple Street	5,545,000	5,545,000
	10,246,000	10,246,000
Petroleum storage facility, on lease:		
Land and land improvements	5,561,000	5,561,000
Buildings and structures	1,846,000	1,846,000
Tanks and equipment	14,626,000	14,626,000
	22,033,000	22,033,000
Office equipment	83,000	83,000
	32,362,000	32,362,000
Less accumulated depreciation:		
Properties on lease or held for lease	632,000	581,000
Petroleum storage facility, on lease	10,510,000	10,349,000
Office equipment	74,000	73,000
	11,216,000	11,003,000
	$ 21,146,000	$ 21,359,000

5. Notes payable:

Bank loan:

In 2010, the Company borrowed $6,000,000 from a bank. The loan bore interest at an annual rate of 6% and had a term of ten years with repayments on a 20-year amortization schedule (monthly principal payments of $25,000 plus interest) and a balloon payment due in April 2020 when the loan was due to mature. The note contained the customary covenants, terms and conditions and permitted prepayment, in whole or in part, at any time without penalty if the prepayment is made from internally generated funds. As collateral for the loan, the Company granted the Bank a mortgage on Parcels 3S and 5 in the Capital Center. In June 2012, the Company made a principal prepayment of $1,000,000.

In December 2012, the Company and the Bank entered into an Amended and Restated Loan Agreement (the Loan Agreement) pursuant to which the Company refinanced the $2,700,000 remaining balance of the 2010 debt to the Bank and borrowed an additional $3,025,000, which was used to pay part of an extraordinary dividend of $2.25 per share to shareholders (see Note 9). The existing note to the Bank was amended and now bears interest at the annual rate of 3.34% for the first five years. Thereafter, the note will bear interest on either (a) a floating rate basis at LIBOR plus 215 basis points with a floor of 3.25% or (b) a fixed rate of 225 basis points over the five-year Federal

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Home Loan Bank of Boston Classic Advance Rate, which the Company will select at that time. The loan has a term of ten years with repayments on a 20-year amortization schedule (monthly principal payments of $24,000 plus interest) and a balloon payment of $2,869,000 in December 2022 when the loan matures. The Loan Agreement requires the Company to maintain at the Bank at least $1 Million in cash and marketable securities. The Loan Agreement further contains customary covenants, terms and conditions and permits prepayment, in whole or in part, at any time without penalty if the prepayment is made from internally generated funds. Parcels 3S and 5 in the Capital Center continue to serve as collateral for the loan. Despite the $3,025,000 increase in the bank loan, the principal and interest payments on an annual basis remain approximately the same due to a reduction in the interest rate.

In connection with the 2010 borrowing, the Company incurred financing fees totaling $55,000, which were being amortized by the straight-line method, resulting in a balance of $40,000 at the date of refinancing. In connection with the 2012 borrowing, the Company incurred an additional $31,000 in financing fees. The total of $71,000 is being amortized by the straight-line method over the 10-year term of the note (which approximates holder. 32 DESCRIPTION OF THE SECURITIES We issued the unregistered securities and will issue the exchange securities under an indenture, dated as of October 3, 2001, among us, Devon Energy and The Chase Manhattan Bank, as trustee. The terms of the exchange securities to be issued are identical in all material respects to the unregistered securities, except that the exchange securities have been registered under the Securities Act, the certificates for the exchange securities will not bear legends restricting their transfer and the exchange securities will not have registration rights or any rights to additional interest. The terms of the securities include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939. The following description is a summary of the material provisions of the indenture. It does not restate those agreements in their entirety. We urge you to read the indenture and the registration rights agreement because they, and not this description, define your rights as holders of the securities. The securities will be our unsecured and unsubordinated obligations and will rank equally with our other outstanding unsecured and unsubordinated indebtedness. Our obligations under the securities will be fully and unconditionally guaranteed by Devon Energy. The indenture contains no restrictions on the amount of additional indebtedness that we may issue or that Devon Energy may guarantee under the indenture in the future. Terms and Conditions of the Securities Interest on the securities will begin to accrue upon their date of issuance at the rate of: . 6.875% per annum for the notes due September 30, 2011; and . 7.875% per annum for the debentures due September 30, 2031. Interest will be payable semiannually on March 30 and September 30 of each year, beginning March 30, 2002, to the person in whose names the securities are registered at the close of business on the preceding March 15 and September 15, respectively. Interest on the securities will be computed on the basis of a 360-day year comprised of twelve 30-day months. On October 3, 2001, we issued $1.75 billion aggregate principal amount of unregistered notes and $1.25 billion aggregate principal amount of unregistered debentures. The notes and debentures constitute separate series of securities under the indenture. Without the consent of the holders of the securities, we may issue and Devon Energy may guarantee additional securities under the indenture having the same ranking and the same interest rate, maturity and other terms as either series of securities. Any additional securities will, together with the securities of the applicable series, constitute a single series of securities under the indenture. No additional securities may be issued or guaranteed if an event of default has occurred with respect to either series of the securities. Guarantee Devon Energy will fully and unconditionally guarantee the due and punctual payment of the principal of, premium, if any, additional amounts, if any, and interest on the securities and any other obligations of ours under the securities when and as they become due and payable, whether at maturity, upon redemption, by acceleration or otherwise, if we are unable to satisfy these obligations. Devon Energy's guarantee of our obligations under the securities will be an unsecured and unsubordinated obligation of Devon Energy and will rank equally with all of its other unsecured and unsubordinated obligations. The guarantee provides that, in the event of a default in payment by us on the securities, the holders of the securities may institute legal proceedings directly against Devon Energy to enforce the guarantee without first proceeding against us. 33 Optional Redemption The securities will be redeemable by us, in whole or in part, at any time at a redemption price equal to the greater of: . 100% of the principal amount of the securities then outstanding to be redeemed; or . the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of the interest accrued to the date of redemption) computed by discounting such payments to the redemption date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at a rate equal to the sum of 30 basis points plus the adjusted treasury rate, as that term is generally used in the industry, on the third business day prior to the redemption date, as calculated by an independent investment banker. We will mail notice of redemption at least 30 days but not more than 60 days before the applicable redemption date to each holder of the securities to be redeemed. If we elect to redeem the securities in part, the trustee will select the securities to be redeemed in a fair and appropriate manner. Upon the payment of the redemption price, premium, if any, additional amounts, if any, plus accrued and unpaid interest, if any, to the date of redemption, interest will cease to accrue on and after the applicable redemption date on the securities or portions thereof called for redemption. Optional Redemption for Changes in Canadian Withholding Taxes The securities will be subject to redemption by us in whole, but not in part, at our option and at any time, on not fewer than 30 nor more than 60 days prior written notice, at 100% of their principal amount, plus accrued and unpaid interest, if any, up to, but not including, the redemption date, in the event that either we, Devon Energy or any other obligor under the securities, as the case may be, has become, or would become, obligated to pay, on the next date on which any amount would be payable with respect to the securities, any additional amounts relating to any present or future tax, duty, levy, impost, assessment or other governmental charge imposed or levied by or on behalf of Canada or any of its provinces or territories or by any authority or agency therein having power to tax, and provided that the obligation to pay additional amounts results from a change in the taxing laws and/or regulations of Canada that is announced or becomes effective on or after the date of initial issuance of the securities. Provided, however: . no notice of redemption will be given earlier than 60 days prior to the earliest date on which we, Devon Energy or any other obligor under the securities, as the case may be, would be obligated to pay any of these additional amounts if a payment with respect to the securities were then due; . at the time any redemption notice is given, the obligation to pay these additional amounts must remain in effect through the redemption date; and . we cannot avoid paying

the additional amounts by taking reasonable measures available to us that we determine would not have an adverse impact on us. Prior to any redemption of the securities under these provisions, we will deliver to the trustee or any paying agent an officer's certificate stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred. Covenants Various capitalized terms used within this "Covenants" subsection are defined at the end of this subsection. 34 Liens Neither Devon Energy nor any of its Restricted Subsidiaries may incur, issue, assume or guarantee any Debt that is secured by a Mortgage on any Principal Property or on any shares of stock or Indebtedness of any Restricted Subsidiary of Devon Energy, without first effectively providing that the securities (together with, if Devon Energy so determines, any other indebtedness of Devon Energy or its Restricted Subsidiaries that is not subordinate in right of payment to the prior right of payment in full of the securities) will be secured equally and ratably with, or prior to, the incurred, issued, assumed or guaranteed secured Debt, for so long as this secured Debt remains so secured. This limitation on the incurrence, issuance, assumption or guarantee of any Debt secured by a Mortgage will not apply to, and there will be excluded from any secured Debt in any computation under this covenant, Debt secured by: . Mortgages existing at the date of the indenture; . Mortgages on property of, or on any shares of stock or Indebtedness of, any entity existing at the time the entity is merged into or consolidated with us or Devon Energy or becomes a Restricted Subsidiary of Devon Energy; . Mortgages in favor of Devon Energy or any of its Restricted Subsidiaries; . Mortgages on property, shares of stock or Indebtedness: . existing at the time of acquisition thereof, including acquisitions through merger, consolidation or other reorganization; . to secure the payment of all or any part of the purchase price thereof or construction thereon; or . to secure any Debt incurred prior to, at the time of, or within one year after the later of the acquisition, the completion of construction or the commencement of full operation of the property or within one year after the acquisition of the shares or Indebtedness for the purpose of financing all or any part of the purchase price thereof or construction thereon; provided that, if a commitment for the financing is obtained prior to or within this one-year period, the applicable Mortgage will be deemed to be included in this clause whether or not the Mortgage is created within this one-year period; . Mortgages in favor of the United States, any state thereof, Canada, or any province thereof, or any department, agency or instrumentality or political subdivision of any of the foregoing, or in favor of any other country or any political subdivision thereof; . Mortgages on minerals or geothermal resources in place, or on related leasehold or other property interests, that are incurred to finance development, production or acquisition costs, including but not limited to Mortgages securing advance sale obligations; . Mortgages on equipment used or usable for drilling, servicing or operating oil, gas, coal or other mineral properties or geothermal properties; . Mortgages required by any contract or statute in order to permit Devon Energy or any of its subsidiaries to perform any contract or subcontract made with or at the request of the United States, any state thereof, Canada, any province thereof, or in favor of any other country or any political subdivision thereof, or any department, agency or instrumentality of any of the foregoing; . any Mortgage resulting from the deposit of moneys or evidence of indebtedness in trust for the purpose of defeasing Debt of Devon Energy or any of its Restricted Subsidiaries or secured Debt of Devon Energy or any of its Restricted Subsidiaries the net proceeds of which are used, substantially concurrent with the funding thereof, and taking into consideration, among other things, required notices 35 to be given to the holders of the outstanding securities in connection with the refunding, refinancing or repurchase thereof, and the required corresponding durations thereof, to refund, refinance or repurchase all of the outstanding securities, including the amount of all accrued interest thereon and reasonable fees and expenses and premiums, if any, incurred by Devon Energy or any of its Restricted Subsidiaries in connection therewith; and . any extension, renewal or replacement, or successive extensions, renewals or replacements, of any Mortgage referred to in the foregoing clauses of this covenant, so long as the extension, renewal or replacement Mortgage is limited to all or a part of the same property, including any improvements on the property, shares of stock or Indebtedness that secured the Mortgage so extended, renewed or replaced. Notwithstanding anything mentioned above, Devon Energy and any one or more of its Restricted Subsidiaries may incur, issue, assume or guarantee Debt secured by Mortgages that would otherwise be subject to the above restrictions if the aggregate amount of the Debt secured by the Mortgages, together with the outstanding principal amount of all other secured Debt of Devon Energy and its Restricted Subsidiaries that would otherwise be subject to the above restrictions, does not at any time exceed 10% of Consolidated Net Tangible Assets. The following transactions shall not be deemed to create Debt secured by a Mortgage: . the sale or other transfer of oil, gas, coal or other minerals in place for a period of time until, or in an amount such that, the transferee will realize therefrom a specified amount of money, however determined, or a specified amount of oil, gas, coal or other minerals, or the sale or other transfer of any other interest in property of the character commonly referred to as an oil, gas, coal or other mineral payment or a production payment, and including in any case, overriding royalty interests, net profit interests, reversionary interests and carried interests and other similar burdens on production; and . the sale or other transfer by Devon Energy or any of its Restricted Subsidiaries of properties to a partnership, joint venture or other entity whereby Devon Energy or the Restricted Subsidiary would retain partial ownership of the properties. Consolidation, merger, conveyance of assets The indenture provides, in general, that neither we nor Devon Energy will consolidate with or merge into any other entity or convey, transfer or lease our or its properties and assets substantially as an entirety to any person, unless: . the entity formed by the consolidation or into which we or Devon Energy are merged, or the person who acquires the assets, shall be organized under the laws of the United States, any state thereof, or the District of Columbia and, in our case, Canada or any province thereof, and expressly assumes our or Devon Energy's obligations under the indenture, the securities and the guarantee; and . immediately after giving effect to that type of transaction, no event of default, and no event that, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing. In addition, we may assign our obligations under the securities and the indenture to Devon Energy or any other wholly owned subsidiary of Devon Energy organized under the laws of the United States, any state thereof, the District of Columbia, Canada or any province thereof, at any time, provided that the assignee agrees to be bound by the terms of the securities and the indenture and that Devon Energy's full and unconditional guarantee remains in full force and effect if the assignee is not Devon Energy. 36 Event risk Except for the limitations described above under the subsection "Liens," neither the indenture, the guarantee nor the securities affords holders of the securities protection in the event of a highly leveraged transaction involving us or Devon Energy or contains any restrictions on the amount of additional indebtedness that we or Devon Energy may incur. Definitions "Consolidated Net Tangible Assets" means, calculated as of the date of the financial statements for the most recently ended fiscal quarter or fiscal year, as applicable, prior to the date of determination, the aggregate amount of assets of Devon Energy and its consolidated subsidiaries, less applicable reserves and other properly deductible items but including investments in non-consolidated entities, after deducting therefrom: . all current liabilities, excluding any portion thereof constituting Funded

Debt by reason of being renewable or extendible at the option of the obligor beyond 12 months from the date of determination; and . all goodwill, trade names, trademarks, patents, unamortized debt discount and expenses and other like intangibles, all as set forth on a consolidated balance sheet of Devon Energy and its consolidated subsidiaries and computed in accordance with accounting principles generally accepted in the United States. "Debt" means indebtedness for money borrowed. "Funded Debt" means all Debt of Devon Energy or any of its subsidiaries for money borrowed which is not by its terms subordinated in right of payment to the prior payment in full of the securities or to Devon Energy's full and unconditional guarantee in respect thereof, as applicable, having a maturity of more than 12 months from the date as of which the amount thereof is to be determined or having a maturity of fewer than 12 months but by its terms being: . renewable or extendible beyond 12 months from such date at the option of the obligor; or . issued in connection with a commitment by a bank or other financial institution to lend so that the indebtedness is treated as though it had a maturity in excess of 12 months pursuant to accounting principles generally accepted in the United States. "Indebtedness" means Debt and the deferred purchase price of property or assets purchased. "Mortgage" means and includes any mortgage, pledge, lien, security interest, conditional sale or other title retention agreement or other similar encumbrance. "Offshore" means the lands beneath the navigable waters of the U.S. or Canada, or the continental shelf of the U.S. or Canada. "Principal Property" means any oil, gas or mineral producing property, or any refining, processing, smelting or manufacturing facility located in the U.S., Canada or Offshore, other than: . property employed in transportation, distribution or marketing; . information and electronic data processing equipment; or . any property that, in the opinion of the Board of Directors of Devon Energy, is not materially important to the total business conducted by Devon Energy and its subsidiaries as an entirety. "Restricted Subsidiary" means us and any other subsidiary of Devon Energy: . a substantial portion of the property of which is located, or a substantial portion of the business of which is carried on, within the U.S., Canada or Offshore; 37 . that owns or leases under a capital lease any Principal Property; and . that has Stockholders' Equity exceeding 2% of Consolidated Net Tangible Assets. "Stockholders' Equity" means, with respect to any corporation, partnership, joint venture, association, joint stock company, limited liability company, unlimited liability company, trust, unincorporated organization or government, or any agency or political subdivision thereof, stockholders' equity, as computed in accordance with accounting principles generally accepted in the U.S. Sinking Fund We are not required to make sinking fund payments with respect to the securities. Book Entry, Delivery and Form The securities will initially be issued only in registered, book-entry form, in denominations of $1,000 and any integral multiples of $1,000 as described under "--Book-Entry Only Issuance." We will issue global notes in denominations that together equal the total principal amount of the exchange securities issued in the exchange offer. The securities require that payment with respect to the global notes be made by wire transfer of immediately available funds to the accounts specified by the holders of the securities. If no account is specified, we may choose to make payment at the office of the trustee or by mailing a check to the holder's registered address. Modification of the Indenture Modifications and amendments of the indenture may be made by us, Devon Energy and the trustee with the consent of the holders of a majority in principal amount of the outstanding securities of a series affected thereby; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding security affected thereby: . extend the final maturity of the principal of any of the securities; . reduce the principal amount of any of the securities; . reduce the rate or extend the time of payment of interest or additional amounts, if any, on any of the securities; . reduce any amount payable on redemption of any of the securities; . change the currency in which the principal of or interest on any of the securities is payable; . impair the right to institute suit for the enforcement of any payment on any of the securities when due; or . make any change in the percentage in principal amount of the securities, the consent of the holders of which is required for any such modification. Without the consent of any holder of outstanding securities, we may amend or supplement the indenture and each series of securities: . to cure any ambiguity or inconsistency; . to make the other modifications resulting from that addition described in this prospectus and to make other modifications not inconsistent therewith that do not adversely affect the rights of any holder of outstanding securities; or . to make other provisions that do not adversely affect the rights of any holder of outstanding securities. 38 The holders of a majority in principal amount of the outstanding securities of any series may, on behalf of the holders of all securities of that series, waive any past default under the indenture with respect to that series, except a default in the payment of the principal of, premium, if any, additional amounts, if any, or interest on any securities of that series or in respect of a provision which under the indenture cannot be modified or amended without the consent of the holder of each outstanding securities of that series affected. Events of Default In general, the indenture defines an event of default with respect to the securities of either series as being a: (1) default in payment of any principal or premium, if any, on the securities of that series, either at maturity, upon any redemption, by declaration or otherwise; (2) default for 30 days in payment of any interest or additional amounts, if any, on the securities of that series; (3) default for 90 days after written notice from the trustee or holders of at least 25% in principal amount of the outstanding securities of that series in the observance or performance of any covenant in the securities or the indenture other than if the events of default described in this clause (3) are the result of changes in accounting principles generally accepted in the U.S.; (4) default in the payment of any principal of our or Devon Energy's Funded Debt outstanding in an aggregate principal amount in excess of $50 million at the stated final maturity thereof or the occurrence of any other default the effect of which is to cause the stated final maturity of this Funded Debt to be accelerated, and if: . the default in payment is not cured within 60 days after written notice of the default from the trustee or holders of at least 25% in principal amount of the outstanding securities of that series; or . the acceleration is not rescinded or annulled or the default that caused the acceleration is not cured within 60 days after written notice of the acceleration or default from the trustee or holders of at least 25% in principal amount of the outstanding securities of that series; (5) an event of our or Devon Energy's bankruptcy, insolvency or reorganization; or (6) failure to keep Devon Energy's full and unconditional guarantee in place; If an event of default with respect to securities of either series at the time outstanding shall occur and be continuing, either the trustee or the holders of at least 25% in principal amount of the outstanding securities of such series may declare the principal amount of all securities of that series to be due and payable immediately. However, any time after a declaration of acceleration with respect to securities of either series has been made, but before judgment or decree based on such acceleration has been obtained, the holders of a majority in principal amount of outstanding securities of that series may, under some circumstances, rescind and annul such acceleration. The majority holders, however, may not annul or waive a continuing default in payment of principal of, premium, if any, additional amounts, if any, or interest on the securities. The indenture provides that the holders of the securities will indemnify the trustee before the trustee exercises any of its rights or powers under the indenture. This indemnification is subject to the trustee's duty to act with the required standard of care during a default. The holders of a majority in aggregate principal amount of the outstanding securities of either series affected may direct the time, method and place

of: . the conduct of any proceeding for any remedy available to the trustee; or . the exercise of any trust or power conferred on the trustee. 39 This right of the holders of the securities is, however, subject to the provisions in the indenture providing for the indemnification of the trustee and other specified limitations. In general, the indenture provides that holders of either series of the securities may institute an action against us, Devon Energy or any other obligor under the securities under the indenture only if the following four conditions are fulfilled: . the holder previously has given to the trustee written notice of default and the default continues; . the holders of at least 25% in principal amount of the securities issued under the indenture and then outstanding have both requested the trustee to institute such action and offered the trustee reasonable indemnity; . the trustee has not instituted this action within 60 days of receipt of such request; and . the trustee has not received direction inconsistent with such written request by the holders of a majority in principal amount of the securities of such series then outstanding. The above four conditions do not apply to actions by holders of the securities under the indenture against us, Devon Energy or any other obligor under the securities for payment of principal of, premium, if any, additional amounts, if any, or interest on or after the due date provided, if any. The indenture contains a covenant that we, Devon Energy and any other obligor under the securities will file annually with the trustee a certificate of no default or a certificate specifying any default that exists. Discharge, Defeasance and Covenant Defeasance We may discharge or defease our obligations under the indenture as set forth below. Under terms satisfactory to the trustee, we may discharge certain obligations to holders of the securities of either series that have not already been delivered to the trustee for cancellation. The securities must also: . have become due and payable; . be due and payable by their terms within one year; or . be scheduled for redemption by their terms within one year. We may discharge the securities by irrevocably depositing an amount certified to be sufficient to pay at maturity, or upon redemption, the principal, premium, if any, additional amounts, if any, and interest on the securities. We may make the deposit in cash or U.S. Government Obligations, as defined in the indenture. We may also, upon satisfaction of the conditions listed below, discharge particular obligations to holders of any of the securities at any time. This is referred to as a defeasance. Under terms satisfactory to the trustee, we may be released with respect to any outstanding securities from the obligations imposed by sections 3.07 and 4.01 of the indenture. These sections contain the covenants described above limiting liens and consolidations, mergers and conveyances of assets. Also under terms satisfactory to the trustee, we may no longer be required to comply with these sections without the creation of an event of default. This is typically referred to as covenant defeasance. Defeasance or covenant defeasance may be effected by us only if, among other things: . we irrevocably deposit with the trustee cash or U.S. Government Obligations as trust funds in an amount certified to be sufficient to pay at maturity or upon redemption the principal of, premium, if any, additional amounts, if any, and interest on all outstanding securities; and 40 . we deliver to the trustee an opinion of counsel to the effect that the holders of the securities will not recognize income, gain or loss for United States federal income tax purposes as a result of our defeasance or covenant defeasance. This opinion must further state that these holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if our defeasance or covenant defeasance had not occurred. In the case of our defeasance, this opinion must be based on a ruling of the Internal Revenue Service or a change in United States federal income tax law occurring after the date of the indenture, since this result would not occur under current tax law. Payment of Additional Amounts Unless otherwise required by Canadian law, neither we nor Devon Energy will deduct or withhold from payments made with respect to the securities and the guarantee on account of any present or future taxes, duties, levies, imposts, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any political subdivisions or taxing authorities in Canada having the power to tax. In the event that either we or Devon Energy are required to withhold or deduct on account of any Canadian taxes due from any payment made under or with respect to the securities or the guarantee, as the case may be, we or Devon Energy, as the case may be, will pay additional amounts so that the net amount received by each holder of securities will equal the amount that the holder would have received if the Canadian taxes had not been required to be withheld or deducted. The amounts that we or Devon Energy are required to pay to preserve the net amount receivable by the holders of the securities are referred to as "additional amounts." Additional amounts will not be payable with respect to a payment made to a holder of the securities to the extent: . that any Canadian taxes would not have been so imposed but for the existence of any present or former connection between the holder and Canada or a province or territory of Canada, other than the mere receipt of the payment, acquisition, ownership or disposition of such securities or the exercise or enforcement of rights under the securities, the guarantee or the indenture; . of any estate, inheritance, gift, sales, transfer or personal property taxes imposed with respect to the securities, except described below or as otherwise provided in the indenture; . that any such Canadian taxes would not have been imposed but for the presentation of the securities, where presentation is required, for payment on a date more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for, whichever is later, except to the extent that the beneficiary or holder thereof would have been entitled to additional amounts had the securities been presented for payment on any date during such 30-day period; or . that the holder would not be liable or subject to such withholding or deduction of Canadian taxes but for the failure to make a valid declaration of non-residence or other similar claim for exemption, if: . the making of the declaration or claim is required or imposed by statute, treaty, regulation, ruling or administrative practice of the relevant taxing authority as a precondition to an exemption from, or reduction in, the relevant taxes; and . at least 60 days prior to the first payment date with respect to which we or Devon Energy shall apply this clause, we or Devon Energy shall have notified all holders of the securities in writing that they shall be required to provide this declaration or claim. We and Devon Energy will also: . withhold or deduct such Canadian taxes as required; . remit the full amount of taxes deducted or withheld to the relevant taxing authority in accordance with all applicable laws; 41 . use reasonable efforts to obtain from each relevant taxing authority imposing the taxes certified copies of tax receipts evidencing the payment of any taxes deducted or withheld; and . upon request, make available to the holders of the securities, within 60 days after the date the payment of any taxes deducted or withheld is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by us or Devon Energy and, notwithstanding our or Devon Energy's efforts to obtain the receipts, if the same are not obtainable, other evidence of such payments. In addition, we or Devon Energy will pay any stamp, issue, registration, documentary or other similar taxes and duties, including interest, penalties and additional amounts with respect thereto, payable in Canada or the United States or any political subdivision or taxing authority of or in the foregoing with respect to the creation, issue, offering, enforcement, redemption or retirement of the securities or guarantee. Concerning the Trustee The Chase Manhattan Bank, the trustee under the indenture, is one of a number of banks with which Devon Energy and its subsidiaries maintains ordinary banking relationships and with which Devon Energy and its subsidiaries maintains credit facilities. Governing Law The indenture, the securities and the guarantee will be governed by, and construed in accordance

with, the laws of the State of New York. Book-Entry Only Issuance The exchange securities will be represented by one or more registered securities in global form, without interest coupons. The global securities will be deposited on the issue date with, or on behalf of, the DTC and registered in the name of Cede & Co., the DTC nominee, or will remain in the custody of the trustee pursuant to the FAST Balance Certificate Agreement between the DTC and the trustee. Investors may hold their beneficial interests in the global securities directly through the DTC, Euroclear or Clearstream, if they are participants in those systems, or, indirectly, through organizations that are participants in those systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of the DTC. Except as set forth below, the global securities may be transferred in whole, and not in part, solely to another nominee of the DTC or a successor to the DTC or its nominee. All interests in the global securities, including those held through Euroclear or Clearstream, may be subject to procedures and requirements of the DTC and its direct or indirect participants. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of those systems. Depositary Procedures The following description of the operations and procedures of the DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of the DTC and are subject to changes by the DTC. We take no responsibility for these operations and procedures and urge investors to contact the DTC directly to discuss these matters. The DTC has advised us that it is a: . limited purpose trust company organized under the laws of the State of New York; . banking organization within the meaning of the laws of the State of New York; 42 . member of the Federal Reserve System; . clearing corporation within the meaning of the New York Uniform Commercial Code; and . clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act. The DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants through electronic book-entry changes in their accounts, thereby eliminating the need for physical movement of securities represented by physical certificates. The DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. Banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant referred to as "indirect participants," also have access to the DTC's book-entry system. Upon deposit of the global securities with the DTC, the DTC will credit, on its book-entry registration and transfer system, the accounts of those participants designated by the initial purchasers with the principal amounts of the global securities held by or through the participants. The record of the DTC will show ownership and effect the transfer of ownership of the global securities by its participants. The records of the participants will show ownership and effect the transfer of ownership of the global securities by persons holding beneficial interests in the global securities through them. In the case of beneficial interests held by or though participants in Euroclear or Clearstream, the DTC will credit the accounts of Euroclear, Clearstream and their depositaries with the principal amounts of the global securities beneficially owned by or through Euroclear and Clearstream, respectively. These records of the DTC will show ownership and effect the transfer of ownership of the global securities by Euroclear, Clearstream and their depositaries. The records of Euroclear and Clearstream will show ownership and effect the transfer of ownership of the global securities by their participants, and the records of the participants will show ownership or transfer of ownership of the global securities by persons holding through them. So long as the DTC or its nominee is the registered owner of the global securities, the DTC or such nominee will be considered the sole owner and holder of the securities for all purposes under the indenture. Except as set forth below, if you own a beneficial interest in the global securities, you will not: . be entitled to have the securities registered in your name; . receive or be entitled to receive physical delivery of a certificate in definitive form representing the securities; or . be considered the owner or holder of the securities under the applicable indenture for any purpose, including with respect to the giving of any directions, approvals or instructions to the trustee. Therefore, if you are required by state law to take physical delivery of the securities in definitive form, you may not be able to own, transfer or pledge beneficial interests in the global securities. In addition, the lack of a physical certificate evidencing your beneficial interests in the global securities may limit your ability to pledge the interests to a person or entity that is not a participant in the DTC. If you own beneficial interests in a global security, you will have to rely on the procedures of the DTC and, if you are not a participant in the DTC, the procedures of the participant through which you hold your beneficial interests, to exercise your rights as a holder of the securities under the indenture. The DTC has advised us that it will take any action permitted to be taken by a holder of beneficial interests in the global securities only at the direction of one or more of the participants to whose accounts the interests are credited. We understand that, under existing industry practice, when a beneficial owner of a global security wants to give any notice or take any action that a registered holder is entitled to take, at our request or under the indenture, the DTC will authorize the participant to give the notice or take the action, and the participant will authorize its beneficial owners to give 43 the notice or take the action. Accordingly, we, the trustee and the paying agent will treat as a holder of beneficial interests in the global securities anyone designated as such in writing by the DTC for purposes of obtaining any consents or directions required under the indenture. We will pay the principal of, premium, if any, additional amounts, if any, and interest on, any of the securities through the trustee or paying agent to the DTC or its nominee, as the registered holder of the global securities, in immediately available funds. We expect the DTC or its nominee, upon receipt of any payments, to immediately credit each participant's account with payments in amounts proportionate to that participant's beneficial interest as shown on the records of the DTC or its nominee. We also expect each participant to pay each owner of beneficial interests in the global securities held through that participant in accordance with standing customer instructions and customary practices. These payments will be the sole responsibility of the participants. Neither we, the trustee nor paying agent will assume any responsibility or liability for any aspect of the records relating to, payments made on account of or actions taken with respect to the beneficial ownership interests in the global securities, or for any other aspect of the relationship between the DTC and its participants, Euroclear or Clearstream and their participants, or between the participants and the owners of beneficial interests. We, the trustee and the paying agent may conclusively rely on instructions from the DTC for all purposes. We obtained the above information about the DTC, Euroclear and Clearstream and their book-entry systems from sources we believe are reliable, but we take no responsibility for the accuracy of the information. Settlement Procedures Secondary market trading between the DTC participants will occur in the ordinary way in accordance with the DTC's rules and procedures and will be settled in immediately available funds using the DTC's same-day funds settlement system. Subject to compliance with the transfer restrictions applicable to the securities, secondary market trading between participants of Euroclear and/or Clearstream will occur in the ordinary way in accordance with each of its rules and procedures and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds. Euroclear or its depositaries will effect transfers in global securities

between the DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, in accordance with the DTC's procedures and will settle them in same-day funds. Euroclear or its depositaries, as the case may be, must deliver instructions to Euroclear or Clearstream in accordance with Euroclear's or Clearstream's procedures. If the transfer meets its settlement requirements, Euroclear or Clearstream will instruct Euroclear or its depositaries to effect final settlement on its behalf by delivering or receiving interests in the global securities in its accounts with the DTC and making or receiving payment in accordance with normal procedures of same-day funds settlement applicable to the DTC. Participants in Euroclear and Clearstream may not deliver instructions directly to Euroclear or its depositaries, as applicable. Because of time zone differences, the accounts of Euroclear and Clearstream participants purchasing beneficial interests in the global securities from the Depository Trust Company participants will be credited with the securities purchased, and the crediting will be reported to Euroclear and Clearstream participants, on the securities settlement processing day immediately following the DTC settlement processing day. Likewise, the accounts of Euroclear and Clearstream participants selling beneficial interests in the global securities to the DTC participants will be credited with the cash received on the DTC settlement processing day, but the cash will not be available in the relevant Euroclear or Clearstream cash account until the settlement processing day immediately following the DTC settlement processing day. Although the DTC, Euroclear and Clearstream have agreed to foregoing procedures to facilitate transfers of interests in the global securities among participants in the DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform these procedures. These procedures may be changed or 44 discontinued at any time. Neither we, the trustee nor the paying agent will have any responsibility for the performance by the DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations. Exchange of Global Securities for Certificated Securities We will exchange beneficial interests in global securities for certificated securities only if: . the DTC notifies us that it is unwilling or unable to continue as a depositary for the global securities; . the DTC ceases to be a clearing agency registered under the Securities Exchange Act; or . we decide at any time not to have the securities represented by global securities and so notify the trustee. If there is an exchange, upon the surrender by the DTC of the global securities, we will issue certificated securities in authorized denominations and registered in the names that the DTC directs. Neither we nor the trustee shall be liable for any delay by the DTC or any participant or indirect participant in identifying the beneficial owners of the related securities and each such person may conclusively rely on, and shall be protected in relying on, instructions from the DTC for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the securities to be issued. 45 MATERIAL UNITED STATES AND CANADIAN FEDERAL INCOME TAX CONSIDERATIONS The summaries below are for general information only and do not consider all aspects of U.S. and Canadian federal income taxation that may be relevant to the purchase, ownership and disposition of the securities by a holder in light of the holder's particular circumstances. United States The following summary of U.S. federal income tax consequences of the purchase, ownership and disposition of the securities is based upon the Internal Revenue Code of 1986, as amended, existing and proposed Treasury regulations, Internal Revenue Service rulings and pronouncements and administrative and judicial decisions currently in effect, all of which are subject to change, possibly with retroactive effect, and any change could affect the continuing validity of this summary. This summary of U.S. federal income tax consequences deals only with the securities held as "capital assets" as defined in the Internal Revenue Code by investors who purchase the securities in the initial offering at the initial offering price and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities or currencies, persons holding securities as a hedge against currency risk or as a position in a "straddle" or "conversion transaction" or persons whose functional currency is not the U.S. dollar. This summary does not address the effect of any applicable state, local or foreign tax laws or, except to the limited extent discussed under "non-U.S. holders," any estate and gift taxation laws. A "U.S. holder" is a beneficial owner of the securities that is for U.S. federal income tax purposes: . a citizen or resident of the United States; . a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof (other than a partnership that is not treated as a United States person under any applicable Treasury regulations); . an estate the income of which is subject to U.S. federal income tax regardless of its source; or . a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. As used in this prospectus, the term "non-U.S. holder" means a beneficial owner of the securities that is not a U.S. holder. Prospective investors (whether U.S. holders or non-U.S. holders) should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations, as well as any consequences of the purchase, ownership and disposition of the securities arising under the laws of any other taxing jurisdiction. For U.S. federal income tax purposes, we, Devon Financing Corporation, U.L.C., will not be treated as an entity separate from Devon Energy Corporation (Oklahoma). Accordingly, the term "Issuer," as used in the summary, refers to Devon Energy Corporation (Oklahoma) and includes, where appropriate, Devon Financing Corporation, U.L.C. Exchange Offer The exchange of unregistered securities for exchange securities pursuant to the exchange offer will not be a taxable event for U.S. federal income tax purposes. Accordingly, a holder will not recognize taxable gain or loss as a result of such exchange and will have the same adjusted tax basis and holding period in the exchange securities as such holder had in the unregistered securities immediately before the exchange. 46 Expected tax treatment of U.S. holders Interest on the securities will constitute "qualified stated interest" and generally will be includable in the income of a U.S. holder as ordinary interest income at the time such payments are accrued or received, in accordance with the U.S. holder's regular method of tax accounting. Upon the sale, exchange or retirement of any of the securities, a U.S. holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and such U.S. holder's adjusted tax basis in the securities. A U.S. holder's adjusted tax basis in the securities generally will equal such U.S. holder's initial investment in the securities decreased by the amount of any payments, other than qualified stated interest payments, received with respect to any of the securities. Such gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if any of the securities have been held by the U.S. holder for more than one year on the date of disposition. Foreign tax credit considerations As described below under "Canada," and subject to the limitations therein, payment of interest on the securities will not be subject to Canadian withholding tax. If, however, the interest payments become subject to Canadian withholding taxes as the result of a change in Canadian tax law, U.S. holders will be treated for U.S. federal income tax purposes as having actually received the amount of taxes paid to the Canadian taxing authority by the Issuer, and as having paid the taxes to the Canadian taxing authorities. As a result, the amount of interest income included in your gross income generally would be

greater than the amount of cash you actually receive. Subject to generally applicable limitations, a foreign tax credit may be claimed or deduction taken for Canadian withholding taxes imposed on interest payments. Interest on the securities will be treated as income from sources within the United States for U.S. foreign tax credit purposes. Accordingly, these taxes would be creditable only to the extent of other foreign source income. Gain or loss on the sale, redemption, retirement at maturity or other taxable disposition of the securities generally will constitute U.S. source gain or loss for U.S. foreign tax credit purposes. Non-U.S. Holders Subject to the discussion below concerning backup withholding, a non-U.S. holder will not be subject to U.S. federal withholding taxes on payments of principal or interest on any of the securities, unless the non-U.S. holder: . constructively owns 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote; . is a controlled foreign corporation that is related to the Issuer through stock ownership; or . does not satisfy the statement requirement, described generally below. A non-U.S. holder generally will not be subject to U.S. federal income tax with respect to any gain or income realized by non-U.S. holders upon the sale, exchange, retirement or other disposition of any of the securities unless: . such gain or income is effectively connected with the conduct of a trade or business in the United States by the non-U.S. holder; or . in the case of a non-U.S. holder who is an individual, the individual is present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition of the securities, and certain other conditions are met. If a non-U.S. holder is engaged in a trade or business in the United States and interest on the securities is effectively connected with the conduct of such trade or business, or, in the case of an individual non-U.S. holder, 47 is present in the United States for 183 days or more, such non-U.S. holder will generally be treated in the same manner as a U.S. holder with respect to interest or other income and any gain realized on the sale, exchange, retirement or other disposition of any of the securities held by that non-U.S. holder. In addition, if such non-U.S. holder is a foreign corporation, it may be subject to a branch profits tax equal to 30%, or such lower rate provided by an applicable treaty, of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. To satisfy the statement requirement described above, either: . the beneficial owner of the securities must certify to the Issuer or its agent in compliance with applicable laws and regulations and under penalties of perjury, by submitting to the Issuer or its agent an Internal Revenue Service Form W-8BEN or other suitable form, that it is not a "United States person" as defined in the Internal Revenue Code and provide its name and address; or . a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its trade or business and that holds the securities on behalf of the beneficial owner provides a statement to the Issuer or its agent in which it certifies that an Internal Revenue Service Form W-8BEN or other suitable form has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof. Special rules apply to non-U.S. holders that are partnerships, estates, or trusts and, in certain circumstances, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof. If a non-U.S. holder cannot satisfy this statement requirement described above, payments of interest made to such non-U.S. holder will be subject to a 30% withholding tax unless the beneficial owner of the security provides the Issuer or its agent with a properly executed: . Internal Revenue Service Form W-8BEN claiming an exemption from withholding tax or a reduction in withholding tax under the benefit of a tax treaty; or . Internal Revenue Service Form W-8ECI stating that interest paid on the securities is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States. Securities beneficially owned by an individual who at the time of death is not a U.S. citizen or resident as specifically defined for U.S. estate tax purposes will not be subject to the U.S. federal estate tax as a result of such individual's death, provided that such individual does not constructively own 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote and provided that the interest payments with respect to such securities would not have been, if received at the time of such individual's death, effectively connected with the conduct of a U.S. trade or business by such individual. Backup Withholding Backup withholding of U.S. federal income tax may apply to payments made with respect to the securities to registered owners who are not "exempt recipients" and who fail to provide certain identifying information, such as the registered owner's taxpayer identification number, in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. The backup withholding tax rate of 30.5% will be reduced to 30% for payments made during the years 2002 and 2003, 29% for payments made during the years 2004 and 2005, and 28% for payments made during the years 2006 through 2010. For payments made after 2010, the backup withholding rate will be increased to 31%. 48 Payments made with respect to the securities to a U.S. holder must be reported to the Internal Revenue Service, unless the U.S. holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the preceding section would establish an exemption from backup withholding for non-U.S. holders. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's U.S. federal income tax, provided the required information is furnished to the Internal Revenue Service. Canada The following is a summary of the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) to a person who acquires beneficial ownership of securities pursuant to this offering and who for purposes of the Income Tax Act (Canada), and at all relevant times, is not resident or deemed to be resident in Canada, deals at arm's length with the issuer of the securities, and does not use or hold, and is not deemed to use or hold, the securities in carrying on business in Canada. For the purposes of the Income Tax Act (Canada), related persons (as defined therein) are deemed not to deal at arm's length and it is a question of fact whether persons not related to each other deal at arm's length. The discussion below is intended to be a general description of the Canadian income tax considerations applicable in respect of the securities acquired pursuant to this prospectus and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, prospective investors are urged to consult their own tax advisors with respect to the tax consequences of an investment in the securities. This summary is based on the current provisions of the Income Tax Act (Canada) and the regulations thereunder in force on the date hereof, specific proposals to amend the Income Tax Act (Canada) and the regulations thereunder publicly announced by the Minister of Finance (Canada) as of the date of this prospectus, and the current published administrative and assessing practices of the Canada Customs and Revenue Agency. This summary is not exhaustive of all possible Canadian income tax consequences and, except for publicly announced tax proposals, does not otherwise take into account or anticipate changes in the law or in the assessment and administrative practices of the Canada Customs and Revenue Agency, whether by judicial, governmental or legislative decision or action, nor does it take into account tax legislation or considerations of any province or territory of Canada or any jurisdiction other than Canada. No assurance can be given that tax proposals will become law in their present form or at all. This summary is not applicable to any person other than a person who acquires securities pursuant to this offering and may not be applicable after any

amendment of the securities or the indenture. The payment of interest by Devon Financing Corporation, U.L.C. on the securities to such a person will be exempt from Canadian non-resident withholding tax under the Income Tax Act (Canada), provided that the terms of the securities do not require Devon Financing Corporation, U.L.C. to repay more than 25% of the principal amount payable thereunder before the fifth anniversary of the date of issue of the securities, except in the event of a default under the securities that is commercially reasonable and beyond the control of the holders of the securities or the trustee. Certain events of default under the securities can be triggered by a default under indebtedness other than the securities, and it is assumed that the events of default under such other indebtedness are commercially reasonable and beyond the control of the holders of the securities or the trustee. Subject to the foregoing, the payment of interest, premium, if any, and principal by Devon Financing Corporation, U.L.C. on the securities will be exempt from non-resident withholding tax under the Income Tax Act (Canada). If the terms of the securities do require Devon Financing Corporation, U.L.C. to repay more than 25% of the principal amount thereof before the fifth anniversary of the date of issue thereof, or if a holder thereof does not deal at arm's length with Devon Financing Corporation, U.L.C., the payment of interest thereon will be subject to Canadian non-resident withholding tax under the Income Tax Act (Canada) at a rate of 25% thereof (or, if applicable, such lower rate as is specified by a tax treaty between Canada and the holder's country of residence). 49 No other tax on income (including capital gains) will be payable under the Income Tax Act (Canada) in respect of the holding, repayment, redemption or disposition of the securities, or the receipt of interest, premium, if any, or principal thereon, except that in certain circumstances, a holder that has elected to have the securities treated as taxable Canadian property, or that uses, holds or is deemed to use or hold the securities in the course of carrying on a business in Canada may be subject to such taxes, as will a holder that is a non-resident insurer carrying on business in Canada and elsewhere in respect of which the securities are designated insurance property for purposes of the Income Tax Act (Canada). 50 PLAN OF DISTRIBUTION Each broker-dealer that receives exchange securities for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the exchange securities. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange securities received in exchange for unregistered securities where the unregistered securities were acquired as a result of market-making activities or other trading activities. We have agreed that for 180 days after the date of this prospectus we will make this prospectus, as amended or supplemented, available to any broker-dealer that requests these documents from the exchange agent for use in connection with resales of the exchange securities. In addition, until , 2002, all dealers affecting transactions in the exchange securities may be required to deliver a prospectus. We will not receive any proceeds from any sale of exchange securities by broker-dealers. Exchange securities received by broker-dealers for their own account in the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange securities or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any resale of the exchange securities may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such exchange securities. Any broker-dealer that resells exchange securities that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of the exchange securities may be deemed to be an "underwriter" within the meaning of the Securities Act. Any profit on any resale of exchange securities and any commissions or concessions received by any persons deemed to be underwriters may be deemed to be underwriting compensation under the Securities Act. The enclosed letter of transmittal states that by acknowledging that it will deliver and be delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. For a period of 180 days after the date of this prospectus, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of the unregistered securities) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the unregistered securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act. Following completion of the exchange offer, we may, in our sole discretion, commence one or more additional exchange offers to holders of unregistered securities who did not exchange their unregistered securities for exchange securities in the exchange offer on terms which may differ from those contained in the prospectus and the enclosed letter of transmittal. This prospectus, as it may be amended or supplemented from time to time, may be used by us in connection with any additional exchange offers. These additional exchange offers may take place from time to time until all outstanding unregistered securities have been exchanged for exchange securities, subject to the terms and conditions in the prospectus and letter of transmittal distributed by us in connection with these additional exchange offers. LEGAL MATTERS The validity of the exchange securities and the guarantees will be passed upon for us by Mayer, Brown & Platt. Mayer, Brown & Platt will rely upon the opinion of Stewart McKelvey Stirling Scales of Halifax, Nova Scotia, concerning matters of Canadian law. 51 EXPERTS The consolidated financial statements of Devon Energy and its subsidiaries as of December 31, 2000, 1999, and 1998 and for each of the years then ended have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The report of KPMG LLP expresses reliance on other auditors for 1999 and 1998. The consolidated financial statements of Northstar Energy Corporation as of and for the year ended December 31, 1998, not separately presented in this Registration Statement on Form S-4, have been audited by Deloitte & Touche LLP, Chartered Accountants, whose report thereon appears in Devon Energy's 2000 Annual Report on Form 10-K, incorporated by reference herein. Such consolidated financial statements, to the extent they have been included in the consolidated financial statements of Devon Energy, have been so included in reliance on the report of such independent accountants given on the authority of said firm as experts in accounting and auditing. The audited consolidated financial statements of Santa Fe Snyder Corporation as of December 31, 1999 and 1998 and for the years then ended, not separately presented in this Devon Financing Corporation, U.L.C. and Devon Energy Corporation Registration Statement on Form S-4, have been audited by PricewaterhouseCoopers LLP, independent accountants, whose report thereon appears in Devon Energy Corporation's 2000 Annual Report on Form 10-K, incorporated by reference herein. Such consolidated financial statements, to the extent they have been included in the consolidated financial statements of Devon Energy Corporation, have been so included in reliance on the report of such independent accountants given on the authority of said firm as experts in auditing and accounting. The consolidated financial statements of Anderson as of September 30, 2000 and 2001 and for each of the years in the three-year period ended September 30, 2001, have been incorporated by reference into this document in

reliance on the report of KPMG LLP, Chartered Accountants, incorporated by reference into this document, and upon the authority of said firm as experts in accounting and auditing. Certain information with respect to Devon Energy's oil and gas reserves derived from the reports of LaRoche Petroleum Consultants, Ltd., Ryder Scott Company, L.P., AMH Group, Ltd. and Paddock Lindstrom & Associates, Ltd., independent consulting petroleum engineers, has been included and incorporated by reference into this document on the authority of said firms as experts with respect to matters covered by such reports and in giving such reports. Certain information relating to Anderson's oil and gas reserves derived from the reports of Gilbert Laustsen Jung Associates Ltd., independent consulting petroleum engineers, has been included in this document on the authority of said firm as experts with respect to such reports and in giving such reports. 52 COMMONLY USED OIL AND GAS TERMS The following are abbreviations and definitions of terms commonly used in the oil and gas industry and in this document: "Bbl" means one stock tank barrel, or 42 U.S. gallons liquid volume of oil or NGLs. "Bcf" means one billion cubic feet. "Boe" means barrel of oil equivalent, determined by using the ratio of one Bbl of oil or NGLs to six Mcf of natural gas. "MBbls" means one thousand Bbls. "Mcf" means one thousand cubic feet. "MMBoe" means one million Boe. "net acres" or "net wells" means the sum of the fractional working interests owned in gross acres or gross wells. "NGL" or "NGLs" means natural gas liquids. "oil" includes crude oil and condensate. "proved reserves" are the estimated quantities of crude oil, natural gas and NGLs that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions (i.e., prices and costs as of the date the estimate is made). Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based on future conditions. . Reservoirs are considered proved if economic productibility is supported by either actual production or conclusive formation test. The area of a reservoir considered proved includes: . that portion delineated by drilling and defined by gas-oil and/or oil-water contacts, if any; and . the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir. . Reserves that can be produced economically through application of improved recovery techniques, such as fluid injection, are included in the "proved" classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based. . Estimates of proved reserves do not include the following: . oil that may become available from known reservoirs but is classified separately as "indicated additional reserves"; . crude oil, natural gas and NGLs, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics or economic factors; . crude oil, natural gas and NGLs that may occur in undrilled prospects; and . crude oil, natural gas and NGLs that may be recovered from oil shales, coal, gilsonite and other such sources. 53 PART II INFORMATION NOT REQUIRED IN PROSPECTUS Item 20. Indemnification of Directors and Officers Except to the extent indicated below, there is no charter provision, bylaw, contract, arrangement or statute under which any director or officer of Devon Financing Corporation, U.L.C. or Devon Energy Corporation is insured or indemnified in any manner against any liability that he or she may incur in his or her capacity as such. Devon Financing Corporation, U.L.C. Article 160 of Devon Financing's Memorandum and Articles of Association contain a provision, permitted by the Companies Act of Nova Scotia, to indemnify every director or officer, former director or officer, or person who acts or acted at Devon Financing's request, as a director or officer of Devon Financing, a body corporate, partnership or other association of which Devon Financing is or was a shareholder, partner, member or creditor, and the heirs and legal representatives of such person, in the absence of any dishonesty on the part of such person, against, and it shall be the duty of the directors out of the funds of Devon Financing to pay, all costs, losses and expenses, including an amount paid to settle an action or claim or satisfy a judgment, that such director, officer or person may incur or become liable to pay in respect of any claim made against such person or civil, criminal or administrative action or proceeding to which such person is made a party by reason of being or having been a director or officer of Devon Financing or such body corporate, partnership or other association, whether Devon Financing is a claimant or party to such action or proceeding or otherwise; and the amount for which such indemnity is proved shall immediately attach as a lien on the property of Devon Financing and have priority as against the shareholders over all other claims. Article 161 of Devon Financing's Memorandum and Articles of Association contain a provision, permitted by the Companies Act of Nova Scotia, to indemnify every director or officer, former director or officer, or person who acts or acted at Devon Financing's request, as a director or officer of Devon Financing, a body corporate, partnership or other association of which Devon Financing is or was a shareholder, partner, member or creditor, in the absence of any dishonesty on such person's part, from the acts, receipts, neglects or defaults of any other director, officer or such person, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to Devon Financing through the insufficiency or deficiency of title to any property acquired for or on behalf of Devon Financing, or through the insufficiency or deficiency of any security in or upon which any of the funds of Devon Financing are invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any funds, securities or effects are deposited, or for any loss occasioned by error of judgment or oversight on the part of such person, or for any other loss, damage or misfortune whatsoever which happens in the execution of the duties of such person or in relation thereto. Devon Energy Corporation Article VIII of Devon Energy's restated certificate of incorporation, as amended, contains a provision, permitted by Section 102(b)(7) of the Delaware General Corporation Law, limiting the personal monetary liability of directors for breach of fiduciary duty as a director. This provision and Delaware law provide that the provision does not eliminate or limit liability: . for any breach of the director's duty of loyalty to Devon Energy or its stockholders; . for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; . for unlawful payments of dividends or unlawful stock repurchases or redemptions, as provided in Section 174 of the Delaware General Corporation Law; or . for any transaction from which the director derived an improper benefit. II-1 Section 145 of the Delaware General Corporation Law permits indemnification against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with actions, suits or proceedings in which a director, officer, employee or agent is a party by reason of the fact that he or she is or was such a director, officer, employee or agent, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. However, in connection with actions by or in the right of the corporation, such indemnification is not permitted if such person has been adjudged liable to the corporation unless the court determines that, under all of the circumstances, such person is nonetheless fairly and reasonably entitled to indemnity for such expenses as the court deems proper. Article X of Devon Energy's restated certificate of incorporation, as amended, provides for such

indemnification. Section 145 of the Delaware General Corporation Law also permits a corporation to purchase and maintain insurance on behalf of its directors and officers against any liability that may be asserted against, or incurred by, such persons in their capacities as directors or officers of the corporation whether or not the corporation would have the power to indemnify such persons against such liabilities under the provisions of such sections. Devon Energy has purchased such insurance. Section 145 of the Delaware General Corporation Law further provides that the statutory provision is not exclusive of any other right to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or independent directors, or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. Article XIII of Devon Energy's bylaws contains provisions regarding indemnification that parallel those described above. The amended and restated merger agreement, dated as of May 19, 1999, between Devon Energy and PennzEnergy Company provides that for seven years after the effective time of the merger contemplated by that agreement, Devon Energy will indemnify and hold harmless each person who was a director or officer of Devon Energy or PennzEnergy prior to the effective time of that merger from their acts or omissions in those capacities occurring prior to the effective time of that merger to the fullest extent permitted by applicable law. The merger agreement, dated as of May 25, 2000, as amended, between Devon Energy and Santa Fe Snyder Corporation provides that for six years after the effective time of the merger contemplated by that agreement, Devon Energy will indemnify and hold harmless each person who was a director or officer of Santa Fe Snyder prior to the effective time of that merger from their acts or omissions in those capacities occurring prior to the effective time of that merger to the fullest extent permitted by applicable law. The amended and restated agreement and plan of merger, dated as of August 13, 2001, by and among Devon Energy, Devon NewCo Corporation, Devon Holdco Corporation, Devon Merger Corporation, Mitchell Merger Corporation and Mitchell Energy & Development Corp. provides that for six years after the effective time of the merger contemplated by that agreement, Devon Holdco Corporation will cause the surviving corporation of the merger to indemnify and hold harmless to the fullest extent permitted under applicable law each person who was a director or officer of Mitchell prior to the effective time of that merger. Item 21. Exhibits and Financial Statement Schedules (a) Exhibits See Index to Exhibits which is incorporated by reference in this item. (b) Financial Statement Schedule Not applicable. II-2 Item 22. Undertakings Each of the undersigned registrants, hereby undertakes: (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement; (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering. (4) That, for the purpose of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. (5) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request. (6) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective. (7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 20, or II-3 otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a registrant of expenses incurred or paid by a director, officer or controlling person of such registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue. II-4 SIGNATURES Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Oklahoma City, state of Oklahoma, on December 14, 2001. DEVON FINANCING CORPORATION, U.L.C. By: /s/ J. LARRY NICHOLS ---------- J. Larry Nichols President KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints J. Larry Nichols and Marian J. Moon, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Form S-4 Registration Statement, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as

fully and to all intents and purposes as he might or could do in person hereby ratifying and confirming that all said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated. Signature Title Date --------- ----- ---- /S/ J. LARRY NICHOLS President December 14, 2001 ---------- J. Larry Nichols /S/ WILLAIM T. VAUGHN Senior Vice President December 14, 2001 ---------- William T. Vaughn /S/ DANNY J. HEATLY Vice President December 14, 2001 ---------- Danny J. Heatly /S/ PAUL BRERETON Director December 14, 2001 ---------- Paul Brereton /S/ MURRAY T. BROWN Director December 14, 2001 ---------- Murray T. Brown /S/ J. M. LACEY Director December 14, 2001 ---------- J.M. Lacey /S/ JOHN RICHELS Director December 14, 2001 ---------- John Richels /S/ DARRYL G. SMETTE Director December 14, 2001 ---------- Darryl G. Smette II-5 SIGNATURES Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Oklahoma City, state of Oklahoma, on December 14, 2001. DEVON ENERGY CORPORATION By:_____ /S/ J. LARRY NICHOLS J. Larry Nichols Chairman, President and Chief Executive Officer KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints J. Larry Nichols and Marian J. Moon, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Form S-4 Registration Statement, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he might or could do in person hereby ratifying and confirming that all said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated. Signature Title Date --------- ----- ---- /S/ J. LARRY NICHOLS Chairman, President and Chief December 14, 2001 ---------- Executive Officer J. Larry Nichols /S/ WILLIAM T. VAUGHN Senior Vice President - Finance December 14, 2001 ---------- William T. Vaughn /S/ DANNY J. HEATLY Vice President - Accounting December 14, 2001 ---------- Danny J. Heatly /S/ THOMAS F. FERGUSON Director December 14, 2001 ---------- Thomas F. Ferguson /S/ DAVID M. GAVRIN Director December 14, 2001 ---------- David M. Gavrin /S/ MICHAEL E. GELLERT Director December 14, 2001 ---------- Michael E. Gellert /S/ JOHN A. HILL Director December 14, 2001 ---------- John A. Hill /S/ WILLIAM J. JOHNSON Director December 14, 2001 ---------- William J. Johnson /S/ MICHAEL M. KANOVSKY Director December 14, 2001 ---------- Michael M. Kanovsky /S/ ROBERT A. MOSBACHER, JR. Director December 14, 2001 ---------- Robert A. Mosbacher, Jr. /S/ ROBERT B. WEAVER Director December 14, 2001 ---------- Robert B. Weaver II-6 INDEX TO EXHIBITS Exhibit Number Description ------ ---------- 1.1 -- Purchase Agreement, dated September 28, 2001, by and among Devon Financing Corporation, U.L.C., Devon Energy Corporation, UBS Warburg LLC and Banc of America Securities LLC, as representatives of the initial purchasers. 3.1 -- Memorandum and Articles of Association of Devon Financing Corporation, U.L.C. 4.1 -- Indenture, dated October 3, 2001, by and among Devon Financing Corporation, U.L.C. (as issuer), Devon Energy Corporation (as guarantor) and The Chase Manhattan Bank (as trustee) (incorporated by reference to Exhibit 4.7 to Devon Energy Corporation's Form S-4 filed on October 31, 2001). 4.2 -- Registration Rights Agreement, dated October 3, 2001, by and among Devon Financing Corporation, U.L.C. (as issuer), Devon Energy Corporation (as guarantor) and UBS Warburg LLC, Banc of America Securities LLC, ABN AMRO Incorporated, BMO Nesbitt Burns Corp., Credit Suisse First Boston Corporation, Deutsche Banc Alex. Brown Inc., First Union Securities, Inc., J.P. Morgan Securities Inc., RBC Dominion Securities Corporation, Salomon Smith Barney Inc., as initial purchasers (incorporated by reference to Exhibit 4.8 to Devon Energy Corporation's Form S-4 filed on October 31, 2001). 4.3 -- Form of Exchange Note (included in Exhibit 4.1). 4.4 -- Form of Exchange Debenture (included in Exhibit 4.1). *5.1 -- Opinion and Consent of Mayer, Brown & Platt. *5.2 -- Opinion and Consent of Stewart McKelvey Stirling Scales. 12.1 -- Computation of Ratio of Earnings to Fixed Charges. *23.1 -- Consent of Mayer, Brown & Platt (included in Exhibit 5.1). *23.2 -- Consent of Stewart McKelvey Stirling Scales (included in Exhibit 5.2). 23.3 -- Consent of Deloitte & Touche LLP. 23.4 -- Consent of KPMG LLP (as to its report on the consolidated financial statements of Devon Energy Corporation). 23.5 -- Consent of PricewaterhouseCoopers LLP. 23.6 -- Consent of AMH Group, Ltd. 23.7 -- Consent of LaRoche Petroleum Consultants, Ltd. 23.8 -- Consent of Paddock Lindstrom & Associates, Ltd. 23.9 -- Consent of Ryder Scott Company, L.P. 23.10 -- Consent of Gilbert Laustsen Jung Associates Ltd. 23.11 -- Consent of KPMG LLP (as to its report on the consolidated financial statements of Anderson Exploration Ltd.). 24.1 -- Powers of Attorney (included in the signature page to this registration statement). 25.1 -- Statement of Eligibility and Qualification (as to Devon Financing Corporation, U.L.C.) of the Trustee on Form T-1. 25.2 -- Statement of Eligibility and Qualification (as to Devon Energy Corporation) of the Trustee on Form T-1. *99.1 -- Form of Letter of Transmittal. *99.2 -- Form of Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9. *99.3 -- Form of Notice of Guaranteed Delivery. *99.4 -- Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees. *99.5 -- Form of Letter to Clients. *99.6 -- Form of Exchange Agent Agreement. -------- * To be filed by amendment.