



FOREIGN CORRUPT
PRACTICES ACT
POLICY AND PROCEDURES

October 6, 2009



	FOREIGN CORRUPT PRACTICES ACT POLICY AND PROCEDURES	
OWNER: Executive Vice President and General Counsel	REVISION DATE: 10/06/2009	REVISION NO.: 4.1

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I. POLICY

The nature of the oil and gas industry requires Devon to operate in a wide range of legal and business environments, many of which challenge our firm commitment to conduct business with honesty and integrity. The purpose of this Foreign Corrupt Practices Act Compliance Policy (the "Policy") is to reiterate that commitment, and to explain the specific requirements and prohibitions of the U.S. laws that reinforce and police this commitment, no matter where in the world Devon operates.


The Foreign Corrupt Practices Act of 1977, as amended (the "FCPA" or the "Act"), makes it illegal for U.S. citizens and companies, their officers, directors, employees and agents, and any stockholders acting on their behalf, as well as foreign companies and persons acting in the United States, to bribe foreign officials. Although the concept is simple, the law directly affects every day business relationships with foreign governments and government-owned oil companies in the many countries in which Devon operates.

The FCPA also requires accurate and complete books and records and the maintenance of proper internal accounting controls. All Devon personnel are expected to conduct Devon business legally and ethically. The use of Devon funds or assets for any unlawful, improper or unethical purpose is prohibited. Improper gifts, payments or offerings of anything of value to foreign officials could jeopardize Devon's growth and reputation, and will not be tolerated.

Violations of the FCPA can run afoul of other U.S. laws as well, including, but not limited to U.S. anti-money laundering laws, mail and wire fraud, conspiracy, RICO, and other laws. Specifically, it is Devon's policy to comply fully with the FCPA and all other relevant U.S. laws.

The penalties for FCPA violations are severe. Any employee who violates Devon policies relating to the FCPA, or the FCPA itself, will be disciplined and may be terminated. The FCPA imposes criminal and civil liability on both individuals and corporations. Under a recent case, a company paid nearly US\$580 million in criminal and civil fines and disgorgements in connection with alleged and admitted corrupt acts on a single project over a ten-year period. Since 1994, nearly all individuals prosecuted for FCPA violations have been sentenced to prison and/or probation. Moreover, in addition to civil and criminal penalties, a person or company found in violation of the FCPA may be disqualified from U.S. government contracts, export licenses, and other government financing and insurance programs.

This Policy should be read in conjunction with Devon's Code of Business Conduct and Ethics and other general management policies.

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II. WORLDWIDE APPLICATION

This Policy extends to all of Devon's domestic and foreign operations, including operations conducted by any departments, subsidiaries, agents, consultants or other representatives. It extends to all of Devon's majority-owned affiliates, including joint ventures. Devon will undertake in good faith to communicate this Policy to minority-owned affiliates.

This Policy also extends to all of Devon's financial record-keeping activities and is integrated with the obligations to which Devon is already subject by virtue of the federal and state securities laws, including the U.S. Securities and Exchange Act of 1934.

Devon's FCPA Guide, which sets forth Devon's FCPA policies and procedures in detail, extends to those individuals in Devon whose job duties are likely to lead to an involvement in or exposure to any of the areas covered by the FCPA.

III. RESPONSIBILITIES OF ALL COMPANY EMPLOYEES INVOLVED IN INTERNATIONAL MATTERS


Although on the surface the FCPA's requirements and prohibitions seem straightforward, in practice FCPA issues are often difficult. Every Devon employee, agent or representative whose duties are likely to lead to involvement in or exposure to any of the areas covered by the FCPA is expected to become familiar with and comply with the FCPA Guide to avoid inadvertent violations and to recognize potential issues in time for them to be appropriately addressed.

Each Devon employee whose duties are likely to lead to involvement in any of the areas covered by the FCPA will be requested annually to: (1) attend a training session; and (2) complete, sign and return an Annual Certification to the Legal Department.

If you have questions or problems concerning this Policy, interactions with foreign officials, or payment practices, you should contact Devon's Legal Department at:

Devon Energy Corporation
Attn: Legal Department
20 N. Broadway
Oklahoma City, Oklahoma 73102
Telephone: (405) 228-2800
Facsimile: (405) 552-1400

Alternatively, you may direct questions or concerns to Devon's Confidential Ethics and Compliance Helpline at 1-800-882-8622 (for international calls, call collect: 1-503-726-3223).

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DEVON ENERGY CORPORATION

FCPA GUIDE

I. INTRODUCTION

The U.S. Foreign Corrupt Practices Act ("FCPA") prohibits the bribery of "foreign officials," and also requires U.S. companies to maintain internal accounting controls and keep books and records that accurately reflect all transactions.

Every Devon employee and agent whose duties are likely to lead to exposure to international business activities is required to read and comply with both Devon's FCPA policy and the following implementing procedures.

II. PROHIBITED AND RESTRICTED PAYMENTS


Although on its face the FCPA appears to be a fairly simple statute, in practice it can be quite complex. The law recognizes that companies must interact with foreign officials in many ways to conduct business, and establishes guidelines for acceptable and unacceptable behavior in those interactions. Compliance with those guidelines, which are the basis for Devon's policies, requires vigilance on the part of all Devon employees.

The FCPA prohibits the offer, promise, authorization, or payment of a bribe or "anything of value" to a "foreign official" in order to secure improper influence over official actions that affect Devon. This prohibition is very broad, and covers: (1) cash payments; (2) non-cash "payments," benefits, and favors; and (3) in certain circumstances, otherwise legitimate business expenditures such as gifts, entertainment, and hosted travel or training. The FCPA prohibits these payments whether they are made directly or indirectly through third parties, such as consultants, agents, and joint venture partners.

A. Interactions with "Foreign Officials"

The FCPA applies to interactions with "foreign officials." For purposes of this Policy, a "foreign official" means any officer or employee of a foreign government (i.e., other than the United States) or any department, agency, or instrumentality thereof, or of a "public international organization," any person acting in an official capacity for or on behalf of a foreign government or government entity or of a public international organization, any foreign political party or party official, or any candidate for foreign political office. Thus, foreign officials include not only elected officials, but also consultants who hold government positions, employees of companies owned by foreign governments, political party officials, officials of public international organizations, and others.

Under this policy, "foreign officials" also include spouses and other immediate family members of foreign officials. Enforcement officials will treat payments to dependents of officials the same as payments directly to the officials themselves. Payments to other relatives must also be scrutinized in advance, and safeguards imposed, to protect against the risk that the relatives could act as conduits to the official.

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Critical to Devon's business is the very broad definition under U.S. law of "instrumentalities," which include state-owned or controlled oil companies and other such companies, such as Petróleo Brasileiro SA (PETROBRAS), the State Oil Company of Azerbaijan (SOCAR), the Chinese National Offshore Oil Company (CNOOC), and Tatneft, among others. In many instances, employees of such companies are not treated or thought of as government officials in their home country. Under the FCPA, however, they are "foreign officials." Any questions relating to whether an individual is a "foreign official" should be directed to Devon's Legal Department.

The term "public international organization" includes such organizations as the United Nations, the World Bank, the International Finance Corporation, the International Monetary Fund, and the Inter-American Development Bank. Devon's Legal Department should be contacted if there is a question as to whether an organization should be treated as a public international organization for the purpose of this Policy.

B. Cash and Non-Cash Payments: "Anything of Value"


Requests by foreign officials for payments that would violate the FCPA arise in varied settings and can be much more subtle than a direct request for a kickback or bribe. The FCPA prohibits the provision of "anything of value" to a foreign official for improper purposes. This term is very broad, and can include any item of pecuniary value, including, for example:

- Gifts
- Gift or sale of stock or other investment opportunities in other than an arm's length transaction for demonstrated fair market value, e.g., selling to an official at inflated prices or buying from an official at deflated prices
- Contracts or other business opportunities awarded to a company in which a foreign official holds a beneficial interest
- Medical, educational, or living expenses
- Travel, meals, lodging, shopping or entertainment expenses

C. Prohibited Payments

As a practical matter, past enforcement actions have shown that the FCPA's prohibition against improper payments to "obtain or retain business" or to "secure any other improper advantage" covers virtually any improper payment made in a business context. For example, Devon employees and agents must not pay or give things of value to foreign officials, directly or indirectly:

- to obtain an interest in a block or otherwise to acquire exploration or production interests;


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- to prevent some governmental action, such as the imposition of a large tax or fine, or the cancellation of an existing government contract or contractual obligation;
- to obtain a license or other authorization from a government (such as the right to import goods and equipment) where the issuance involves the foreign official's or his/her government's discretion;
- to obtain confidential information about business opportunities, bids or the activities of competitors;
- to obtain the right to open an office, to secure a zoning ruling or to influence the award of a government contract;
- to influence the rate of taxes that would be levied on Devon's business;
- to obtain relief from government controls;
- to resolve governmental disputes, e.g., the resolution of tax deficiencies or a dispute over duties payable;
- to resolve commercial litigation in foreign courts;
- to affect the nature of foreign regulations or the application of regulatory provisions; or
- to secure any improper advantage.

D. Third Party Payments

The FCPA prohibits both direct and indirect payments to foreign officials. Thus, a U.S. company can face FCPA liability based on improper payments made by its agents or other business partners, whether or not Devon knew of the payments. Devon's reputation for conducting its business using only legal and ethical means can be undone by a single act by a third party that Devon chose as its partner or representative. Thus, for business and legal reasons, Devon's practice of fairness and professionalism must extend to the activities of Devon's agents, consultants, representatives and business partners.

It is Devon's policy to work directly with foreign governments and foreign officials. Devon generally does not need to rely on third parties for business development or government relations and, thus, discourages the use of third parties for these purposes. Devon recognizes, however, that there are circumstances, such as where participation in a block is conditioned on partnership with indigenous companies, that relationships with third parties will be required or prudent. In addition, there is a range of third parties, including oilfield services, equipment providers, and joint venture partners, with whom we must work to operate our business from day to day.

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In those circumstances where third party relationships are appropriate, to protect against the business and legal risks of dealing with third parties who do not share Devon's commitment to fair dealing, Devon must carefully choose its partners and representatives. Therefore, prior to entering into an agreement with any agent, consultant, joint venture partner or other representative who will act on behalf of Devon with regard to foreign governments on international business development or retention, Devon will perform appropriate FCPA-related due diligence and impose prudent safeguards against improper payments. Contracts with representatives who will interact with foreign governments on international business development or retention must be approved by an Executive Vice President.

Once any third-party relationship has been entered into, Devon will be vigilant in monitoring the relationship. Any questions regarding the policy or procedures, or their applicability to proposed third parties, should be directed to the Legal Department.

E. Guidelines for Common Risk Areas


The FCPA does not prohibit all payments to or on behalf of foreign officials. Under an affirmative defense to the FCPA, certain payments that are directly related to: (i) the promotion or demonstration of Devon's products or services; or (ii) the performance of a particular Devon contract with a foreign government or instrumentality, may be permissible. To be consistent with the FCPA and Devon policy, such payments must be bona fide, reasonable, fully documented, supported by original receipts, accurately recorded in Devon's books and records, and properly approved in advance by the Legal Department or Devon's Executive Vice President and General Counsel, as described below. Devon's approval process will consider not only the legal risks, but also, the public relations and business risks, that any proposed payment may present.

Because of the FCPA's strict prohibitions, Devon personnel should not make or authorize any gift, payment or offer of anything of value to any foreign official, whether on the local, regional or national level, unless approved under this Policy. This Guide specifically outlines the very limited circumstances - modest entertainment, meals, Devon promotional items, gifts of a nominal value and other business courtesies -- when items of value can be given to foreign officials. Such entertainment, meals, Devon promotional items, gifts of a nominal value and other business courtesies may not be made except in accordance with this Guide and unless the Legal Department has provided the approvals required in the Guide.

Devon personnel must complete the ["FCPA Pre-Approval Form"](#) (the "Request Form") and submit it to the appropriate Country Manager before: (1) making a payment or giving anything of value to a "foreign official;" or (2) making a charitable contribution outside of the US or Canada. The Request Form is attached hereto as Exhibit A. There are a limited number of situations where a Request Form is not required, and these are discussed below. Of course, in all cases, any expenses must be fully and accurately described in Devon's books and records.

1. Gifts to and Entertainment of Foreign Officials

Gifts can be provided to foreign officials only to the extent that they meet the criteria and approval requirements set forth in this section. Gifts of Devon promotional items do not require prior written approval from the Legal Department. Devon promotional items are: (1) corporate gifts with the Devon logo; and (2) event tickets (i.e. sporting, concert or rodeo tickets) that are regularly purchased by Devon for the use of its clients and employees (special purchases of tickets will still

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require pre-approval.) Even though a Request Form is not required, the value of a gift and the recipient(s) must be properly recorded in Devon's books and records.

Meals for foreign officials do not need prior written approval from the Legal Department and should not exceed what is generally considered a reasonable business courtesy.


Meals are reasonable when they are limited social invitations which are given to numerous foreign officials/business partners, and that do not carry business obligations or present potential for embarrassment. Generally, meals with a per-person value of less than US\$100.00, would be considered reasonable. A copy of the employee's expense report showing the (itemized) value of the meal (or other appropriate documentation) as well as the recipients must be recorded properly in Devon's books and records.

Expenses relating to gifts or meals to be given to foreign officials must be:

- directly related to either the promotion, demonstration or explanation of Devon's products or services, or the execution or performance of a contract with a foreign government, agency or instrumentality thereof;
- reasonable in light of customary gifts and entertainment;
- provided for a purpose other than to induce a foreign official to misuse his/her official position;
- certain not to create the appearance of being an improper payment or a conflict of interest;
- legal under the written foreign country's laws, rules or regulations (many foreign ministries or agencies or public international organizations have separate hospitality rules);
- fully disclosed, as appropriate, to the foreign government; and
- properly recorded in Devon's books and records. Devon employee responsible for overseeing the gift or entertainment expense must submit supporting documentation relating to the Accounting Department so that the payment or expense is accurately described and reflected in Devon's books and records.

2. Hosting Foreign Official Travel

On occasion, Devon may receive requests to host foreign officials for training, either at Devon facilities, or at training opportunities sponsored by outside vendors such as universities, language study organizations, and others. Similarly, Devon may also be asked to host foreign officials outside of their host country at technical or operational committee meetings, other project meetings, or negotiating sessions. These hostings may be required under contractual commitments, or requested or offered outside of those commitments.

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When these hostings occur outside the foreign official's home country, extend over more than one day, and involve airfare, hotel, transportation, and meals expenses, these hostings will tend to involve more significant expense amounts. As such, they pose higher FCPA and public relations risks than routine in-country hosting and entertainment of foreign officials. Accordingly, Devon policy is to limit these types of hostings.

Guidelines governing all hostings outside an official's home country are contained in Exhibit B. As noted in Exhibit B, (1) the FCPA Pre-Approval Form; (2) a description of the business meetings, activities and entertainments; and (3) a schedule of expenses to be paid or reimbursed must be presented to the Legal Department as early as possible for consideration and approval.

In all cases, it is important to ensure that Devon communicates clearly in advance, and in writing to the foreign official, what expenses will and will not be covered by Devon. A failure to do so can increase legal risks as well as the potential for misunderstandings with the foreign official.


3. Facilitating or "Grease" Payments.

Petty corruption remains a significant problem in many countries, and the FCPA grants a narrow exception permitting certain "facilitating payments." Devon's policy is to only make these payments when it is lawful to do so under local law. Devon's Executive Vice President and General Counsel will determine, with the help of local experts, whether such payments are legal under local laws. No facilitating payments may be made before the Executive Vice President and General Counsel's determination.

4. Donations to Foreign Charities

Devon believes in contributing to the communities in which it does business and permits reasonable donations to foreign charities and to other recipients either ad hoc or under a social investment program. However, Devon needs to be certain that donations to foreign-based charities and other recipients are not disguised illegal payments to foreign officials in violation of the FCPA. Devon must also confirm that the charity does not act as a conduit to fund illegal activities in violation of U.S. anti-money laundering or other laws. Therefore, before making a donation to a charitable entity the following guidelines should be followed.

- Request for approval. A written request describing the charity, including the name of persons contacted and attaching any supporting documentation, should be submitted to and kept by the Legal Department. The donation should generate publicity or goodwill for Devon, demonstrate Devon's commitment to the community, whether local, regional or national, and also be approved under Devon's other guidelines on charitable giving and social investment.
- Background check on charitable organization. Before authorizing any payment to a foreign charity, Devon should confirm that the relevant charity is in fact a bona fide organization and not an entity controlled by or for the benefit of a foreign official or a conduit to fund terrorism. The verification of a charity's authenticity may include: (a) obtaining from the charity its articles of incorporation, statements from independent accountants, and information

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reflecting the charity's purpose and key management personnel; (b) requesting receipts, reports and other documents that demonstrate how the charity will use Devon's funds; (c) obtaining related information from the local office of the U.S. Embassy; (d) obtaining a written opinion from local counsel; and/or (e) checking that the charity is not suspected of supporting terrorism.

- Approval. Prior to Devon's donation to any foreign charity, the Legal Department or Devon's Executive Vice President and General Counsel should authorize, in writing, the donation and affirm that it does not violate local laws, rules or regulations.
- Record Retention. Documentation that substantiates Devon's donation, e.g., receipts, should be retained and recorded properly in Devon's books and records. Supporting documentation relating to the donation must also be forwarded to the Accounting and Corporate Communications Departments so that the payment or expense is accurately described and reflected in Devon's books and records.

5. Foreign Political Contributions

It is Devon's policy that under no circumstances shall Devon funds be used to make political contributions to political parties or candidates in countries, other than the US and Canada (and then only in accordance with Devon's other policies and procedures on political contributions), even if such contributions are permitted by a country's written laws.

Devon's policy is not intended to discourage or prohibit national employees of a host country from voluntarily making personal political contributions, from participating in the political process on their own time and at their own expense, from expressing their personal views on legislative or political matters or from otherwise personally engaging in political activities in such country. Expatriate employees should, as a rule, refrain from participating in the political process in foreign countries.


F. Emergency Health and Safety Payments

This policy does not affect a situation in which an employee is required to make a payment to avoid a risk to personal health or safety. Although any such situations should be avoided if possible, neither the FCPA nor Devon policy prohibits forced or extorted payments in such circumstances.

III. RECORD-KEEPING AND INTERNAL ACCOUNTING CONTROLS PROVISIONS

A. Record-Keeping, Accounting & Payment Practices

The record-keeping provisions of the FCPA require publicly held U.S. companies such as Devon to establish and maintain a system of internal controls that ensures that all transactions and dispositions of assets occur only with management's authorizations, and that all such transactions are recorded accurately and in reasonable detail in the companies' books, records and accounts. Thus, the

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FCPA prohibits the mischaracterization or omission of any transaction on a company's books, or any failure to maintain proper accounting controls that result in such a mischaracterization or omission. Adhering to Devon's internal controls, and keeping detailed, accurate descriptions of all payments and expenses is crucial for compliance with this component of the Act.

Accordingly, Devon employees must follow applicable standards, principles, laws and Devon practices for accounting and financial reporting. In particular, employees must be timely and complete when preparing all reports and records required by management. In connection with dealings with public officials and with other international transactions explained in this FCPA Policy, employees must obtain all required approvals from the Legal Department and, when appropriate, from foreign governmental entities. Prior to paying or authorizing a payment to a foreign official, Devon employees or agents should be sure that no part of such payment is to be made for any purpose other than that to be fully and accurately described in Devon's books and records. All payments to a foreign official must be reported as such. No undisclosed or unrecorded accounts of Devon are to be established for any purpose. False or artificial entries are not to be made in the books and records of Devon for any reason. Finally, personal funds must not be used to accomplish what is otherwise prohibited by Devon policy.


1. Financial Control Systems and Accounting Requirements

- transactions are executed in accordance with management's general or specific authorization;
- transactions are recorded as necessary: (i) to permit preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") or any other criteria applicable to such statements; and (ii) to maintain accountability for assets;
- access to Devon assets is permitted only in accordance with management's general or specific authorization; and
- the recorded accountability for corporate assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

These requirements apply to Devon and all majority-owned affiliates, whether in the United States or in international locations. Thus, all affiliates in which Devon directly or indirectly owns more than 50% of the voting shares or in which Devon otherwise possesses corporate control, need to adopt the same - or equally adequate and similar - policies, accounting and financial control systems. Devon also will make a good-faith effort to ensure that affiliates in which Devon (or one of its subsidiaries) holds 50% or less of the voting shares comply with the FCPA record keeping and accounting provisions.

2. Responsibilities

Devon personnel shall not make any false or misleading entry in Devon's books and records for any reason, nor may they engage in any arrangement that results in such prohibited acts. Examples of improper record-keeping include: making records appear to show a payment to one person when, in

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fact, the payment was made to someone else; creating a "slush fund"; submitting false or inaccurate expense account reports; and creating records that inaccurately characterize the true nature of a transaction or payment (for example, reporting an "overhead expense" instead of "commission").

The Accounting Department and Internal Audit Department shall maintain accounting procedures, financial reporting and controls, and an internal audit program for Devon. Monitoring and auditing systems must be in place to detect violations of Devon policy and of applicable laws. In particular, Devon should monitor and review the records of personnel who have discretionary authority over Devon assets, who are likely to come into contact with government officials, or who submit financial data that affects Devon financial statements or reports.

Devon should ensure that its employees know that anyone having information or knowledge of any unrecorded or mischaracterized asset or fund must report that activity either directly to the Legal Department or by using Devon's Confidential Hotline at 1-800-882-8622 (for international calls, call collect: 1-704-556-7046).


B. FCPA AUDIT PROCEDURES TO VERIFY COMPLIANCE

Devon's Executive Vice President and General Counsel has directed the Internal Audit Department to periodically conduct confidential audits as described in this section. Reports of audit findings will be provided directly to the Legal Department in order to preserve and retain the attorney-client privilege.

These regular audits of Devon's records, books and accounts are designed to prevent and detect violations of the FCPA and Devon policies, practices and procedures. The audits should focus on the following items:

- Devon's strategy to ensure compliance with the FCPA;
- communication with and education of all pertinent employees and third-party representatives;
- establishment and implementation of monitoring mechanisms;
- review of all international business agreements;
- due diligence procedures taken prior to entering into arrangements with third-parties and international locations; and
- best efforts to ensure foreign entities comply with the FCPA.

Corporate FCPA audits should include interviews of key persons who are responsible for administering, implementing, and monitoring Devon's compliance program. The Internal Audit Department should focus, in particular, on the Legal Department's FCPA Compliance Files, as well as the personnel files, due diligence information, and agreements with international representatives, agents or consultants, international mergers or acquisitions, international joint ventures or other international equity investment transactions that may be material. The Internal Audit Department

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should also review Devon's FCPA policy, procedures and other published materials (such as training materials) pertaining to the FCPA. In addition, since Devon has established an emergency reporting system through its Confidential Hotline, auditors should review the reporting system and follow-up activities and related investigations, if any.

Both corporate and foreign office FCPA audits should include a review of Devon's books and records pertaining to the entertainment, gift, and travel expenditures of Devon on behalf of foreign officials. As necessary, the audits should encompass records pertaining to charitable donations. The review should encompass the certificate of compliance that certain employees are required to sign on a routine basis. Similarly, to the extent not otherwise covered, the Internal Audit Department should audit third-party representatives' certifications of compliance. The Internal Audit Department should also review the Accounting Department's records pertaining to international agents, consultants.

Internal Audit Department audits of Devon's international partners should focus on ensuring that partners have effective FCPA or anti-bribery compliance programs and procedures in place. Internal Audit shall seek Certificates of Compliance from international joint partners.

C. AUDITS AND PRESERVATION OF ATTORNEY-CLIENT PRIVILEGE


In addition to the regular audits described above, there may also be individual instances where Devon wishes to investigate a certain matter. In these events, Devon's Executive Vice President and General Counsel shall, in the discretion of the Legal Department or when so directed by the Board of Directors, issue a written directive to the Legal Department to perform an audit of Devon's records, books and accounts to prevent and detect violations of the FCPA and to ensure compliance with Devon's policies, practices, and procedures. While performing this audit, the Legal Department may obtain the assistance of any Devon employee, and is authorized to retain accounting firms, outside counsel, or others, as deemed necessary in the discretion of the Legal Department. Devon employees rendering assistance shall at all times work under the direction and supervision of the Legal Department, and shall report directly to the Legal Department and not through their usual chain of command.

IV. RELATED FOREIGN LAWS

Although these Guidelines focus on compliance with the FCPA, it is necessary to remain equally attentive to compliance with applicable local laws of each of the countries in which Devon operates or seeks to operate. These laws include bribery laws, the laws, regulations, and policies that govern the activities of public officials, such as conflict of interest and ethics rules, tax laws, and others.

Following the entry into force of several important international conventions in recent years, more than 60 countries prohibit, as a matter of domestic law, illicit payments to government officials in other countries. As a result, the domestic laws in many of the countries where Devon does business or may have business partners now include their own versions of the FCPA.

In addition, the international movement against official corruption has spawned new cooperation mechanisms between U.S. enforcement officials and their foreign counterparts, which significantly increase the risk of investigation and prosecution. For example, the SEC has entered into bilateral information-sharing and/or cooperation agreements with more than 30 foreign securities regulators. The Department of Justice regularly teams with foreign enforcement officials to pursue

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corruption cases. The international conventions all require countries to cooperate on extradition, mutual assistance in obtaining evidence, asset freezes and records, and the like.

V. RELATED U.S. LAWS

The FCPA's prohibitions work in tandem with prohibitions and penalties under a range of other U.S. laws. These include mail and wire fraud, tax fraud, conspiracy laws, and, most recently, the Money Laundering Control Act.


Following September 11, the USA PATRIOT Act broadened requirements for U.S. companies to prevent and detect money laundering and terrorist financing in the conduct of legitimate business. In the course of conducting its business, Devon engages in financial transactions with foreign entities, including contracts with foreign companies, governments and foreign charitable organizations. To ensure that these transactions do not facilitate money laundering or other illegal activity, Devon will conduct reasonable due diligence into the identity and reputation of the organization or individual, the identity of its principals, and the nature of the organization's business and its ties to other entities.

VI. U.S. ANTI-MONEY LAUNDERING LAWS

U.S. anti-money laundering laws now require all U.S. companies to maintain an anti-money laundering compliance program to employ "Know Your Customer" or "KYC" principles to all business transactions to prevent and detect money laundering and terrorist financing. Devon is committed to ensuring that our operations and businesses do not further money laundering or terrorist financing activities.

In the course of conducting its business, Devon regularly engages in financial transactions with foreign entities, including contracts with foreign companies, governments and foreign charitable organizations. To ensure that these transactions do not facilitate money laundering or other illegal activity, employees should conduct reasonable due diligence into the identity and reputation of the organization or individual, the identity of its principals, and the nature of the organization's business and its ties to other entities. Although similar to a Foreign Corrupt Practices Act due diligence inquiry, the "Know Your Customer" or "KYC" review seeks to confirm, to the extent possible, the true identities and locations of the parties, as well as the lawful origin and purpose of the funds. Specifically, a KYC review should be conducted in consultation with the Legal Department, and include the following, as reasonable and practicable:

- Verification of the identities of persons and entities involved or potentially involved in the transaction by reviewing government photo I.D. or the organization formation documents, as applicable to individuals or businesses;
- Confirmation that none of the persons or entities involved in the transaction appear on any of the U.S. Government lists of denied, debarred, or blocked persons or entities;
- Confirmation that the source of funds involved in the transaction is not from a country that is embargoed by the United States government, as

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described on the U.S. Treasury Department's Office of Foreign Assets control website address (www.ustreas.gov/offices/enforcement/ofac);

- Confirmation that the person or entity does not finance any aspect of the transaction or activity with cash or currency of \$10,000 or more (wires, checks, credit cards are permissible – cash transactions of \$10,000 or more must be reported to the Legal Department);
- Resolution of any "red flags" uncovered by this review, which may require notification of U.S. government agencies of possible illegal activity; and
- Documentation of all efforts to verify the identities and source of funds of persons and entities involved in financial transactions with Devon, as well as efforts made to resolve any concerns, and the outcome of the review.

Devon employees must pay particular attention to transactions that involve senior foreign political figures, their immediate family members, or close associates. When these individuals are involved in a transaction, additional scrutiny of the transaction and the background of the senior foreign official is required.


If you detect any suspicious activities that reasonably cause you to believe that an activity is illegal or involves money laundering or terrorist financing, you should immediately advise your supervisor and the Legal Department so that a determination can be made regarding the need for Devon to report the suspicious activity to government authorities. In addition, you should report to the Legal Department any transaction in which cash or currency of \$10,000 or more is utilized. The Legal Department will then determine whether it is necessary to file a currency transaction report with the Treasury Department.

VII. RESPONSIBILITIES

It is the responsibility of every employee to ensure that no gifts, payments or offers of gifts, payments or anything of value are made or authorized to "foreign officials" without following the procedures set forth in this Policy and the FCPA Guide.

The Internal Audit Department is responsible for monitoring and reviewing payments to and made on behalf of foreign officials and for auditing Devon's compliance with this Guide and the related policies and procedures that comprise Devon's internal control system.

The Legal Department and Devon's Executive Vice President and General Counsel are responsible for reviewing requests for authorization of facilitating payments and promotional or marketing expenses and for approving such requests when such payment, gift or offer would not violate either the FCPA or Devon's FCPA Policy. The Legal Department is responsible for training appropriate employees, agents, consultants and business partners with respect to Devon's FCPA policy, for obtaining certifications of compliance from such personnel, and for maintaining proper FCPA compliance and oversight files.

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The Financial Accounting Department is responsible for maintaining and enforcing Devon's accounting and recordkeeping policies, and maintaining Devon's system of internal controls to ensure that assets of Devon are disbursed only as authorized by management, as set forth in this Guide.

Approved: November 20, 2003


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EXHIBIT A

FCPA PRE-APPROVAL FORM

This form is intended for use in obtaining management approval and legal endorsement before: (1) making a payment or giving anything of value to a "foreign official;" or (2) making a contribution for a charitable purpose.

SUBMITTING PERSON		DATE OF SUBMISSION	
TYPE OF INTERACTION (Mark an appropriate box)	<input type="checkbox"/>	GIFTS	
	<input type="checkbox"/>	ENTERTAINMENT/HOSTING/TRAVEL	
	<input type="checkbox"/>	CHARITABLE CONTRIBUTIONS/SOCIAL INVESTMENT/SCHOLARSHIPS	
	<input type="checkbox"/>	OTHER _____	
1. DETAILED DESCRIPTION OF THE PROPOSED TRANSACTION (Attach relevant supporting documentation, i.e., charitable contribution/social investment project descriptions, agendas, course schedules, and other communications)			
2. WHY SHOULD DEVON ENGAGE IN THIS ACTIVITY? (What is the business purpose?)			
3. WAS THE ACTIVITY SUGGESTED BY THE GOVERNMENT OR A GOVERNMENT OFFICIAL? (If required by contract or by law, please describe the contract or law/regulation requiring the activity.)			
4. PAYMENT AMOUNTS OR ESTIMATED EXPENSES			
	PER PERSON	TOTAL	
Airfare			
Transportation			
Hotel			
Meals			
Conference or Course Fees			
Per Diem Amount			
Gifts			
Entertainment			
Amount of Contribution			
TOTAL ESTIMATED EXPENSES			
5. DEVON ENTITY MAKING CONTRIBUTION(S)/PAYMENT(S)/REIMBURSING EXPENSES:			
6. DESCRIBE HOW AND TO WHOM PAYMENTS WILL BE MADE: (Attach any background information you have about the organization.)			
7. APPROVALS			
	Requestor	_____	
	Country Manager	_____	
	Country Finance Manager	_____	
	Division Operations	_____	
	Legal	_____	
8. CONTROL NUMBER (To be completed by Country Finance Manager.)			
9. INTERNAL ACCOUNT CODING (To be completed by Country Finance Manager)			
	802-750	Promotional Expense	
	802-746	Charitable Contribution	
		Other (please insert account number)	


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EXHIBIT B

DEVON ENERGY CORPORATION

GUIDELINES FOR HOSTING OFFICIALS OUTSIDE OF THEIR HOME COUNTRY

On occasion, Devon may receive requests to host foreign officials for training, either at Devon facilities, or at training opportunities sponsored by outside vendors such as universities, language study organizations, and others. Similarly, Devon may also be asked to host foreign officials outside of their host country at technical or operational committee meetings, other project meetings, or negotiating sessions. These hostings may be required under contractual commitments, or requested or offered outside of those commitments.

Because hostings involve the payment or reimbursement by Devon of travel and travel-related expenses (including, for example, transportation, lodging, meals, and incidental expenses) of individual government officials, they raise FCPA issues. Paying the travel expenses of any foreign official must be carefully structured to ensure consistency with the FCPA and applicable laws of the official's country. In addition to the FCPA, the laws or regulations of a foreign official's country will in most cases contain provisions that govern the payment or reimbursement of expenses incurred by the official. Even where the local laws permit Devon to pay an official's expenses, there may be legal requirements applicable to the handling, accounting, and reporting of such payments. These laws and regulations must also be considered when planning Devon-paid official travel.

Because of the many business and legal considerations that apply to official travel, proposals for Devon-paid travel are subject to the following procedures and review requirements.

Approval Process and Requirements

Advance approval from the Legal Department is required for all payments of travel and travel-related expenses for foreign officials. Unscheduled or special trips made to accommodate foreign officials, for example a ride on a Devon jet, must also be pre-approved by the Legal Department.

For travel outside the official's home country: (1) the "[FCPA Pre-Approval Form](#)" (Exhibit A), (2) a description of the business meetings, activities and entertainments scheduled during the trip, and (3) a schedule of expenses to be reimbursed or paid, must be presented to the Legal Department as early as possible in advance of the hosting for consideration and approval.

Each visitor will have a business sponsor who will coordinate all benefits to be received with Devon's Corporate Travel, International Administration and Human Resources Departments, as necessary. No department may incur charges before the Pre-Approval Request form has been approved.


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EXHIBIT B

Payments for Expenses

Airfare.

- Airfare expenses paid for by Devon should mirror Devon travel policies. The business sponsor will ensure that all airline travel is arranged by Devon's Corporate Travel Department.

Lodging Expenses.

- Lodging expenses paid for by Devon should include only accommodation costs (including reasonable expenditures for meals) actually incurred in business class hotels and only during the period of the particular meeting, facility visit, seminar, or event, or en route to those activities.
- Devon will follow standard Devon expense reimbursement policies with respect to incidental charges at hotels, including, for example, laundry, telephone usage, movies, mini-bar items, access to fitness facilities, and hotel spa services.
- The business sponsor will ensure that lodging arrangements are made by Devon's Corporate Travel Department and managed by Devon's International Administration Department.

Local Transportation Expenses.

- Devon should pay only for incidental and local transportation associated with the official's participation in the relevant Devon activities. Thus, for example, Devon may reasonably pay for a standard car (use of limousines and other extravagant transportation should be avoided) to transport an official to and from his hotel and the relevant Devon sites (including Devon-hosted entertainment), but may not reasonably pay for an official to have a car at his disposal for a long weekend of sightseeing.
- The business sponsor will ensure that transportation is arranged by Devon's International Administration Department.

Meals and Entertainment Expenses.

- Within the context of hosted travel, the appropriateness of Devon-paid meals and entertainment will be evaluated using the criteria set forth in the Guide and in consideration of the overall hosting agenda.
- The business sponsor is responsible for ensuring that meals and entertainments do not exceed what has been approved in advance by the Legal Department.

Form of Payment.

- Cash payments to officials to cover travel and travel-related expenses are prohibited. Exceptions may be granted where special circumstances require them and the payments are approved in advance by the Legal Department.
- Unless a per diem has been approved, payments to cover expenses should be paid directly to vendors (i.e., airlines, hotels, car rental companies) and not to the official. Where direct payment is not possible, reimbursement is contingent upon the official's provision of receipts for the expenses for which reimbursement is requested, and, wherever possible, should be paid to the official's government rather than to the


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individual official. This structure helps to ensure that Devon pays for only those expenses actually incurred.

Per Diems.

- Per diem allowances, which many foreign governments prefer and in some cases mandate as the means of expense reimbursement for their officials, present inherent FCPA risks as monies given directly to an individual official. The use of per diems is discouraged. Where per diems are required by the foreign government or government agency, or cannot otherwise be avoided without significant business disruption, they are permitted only with advance, written approval of the Legal Department.
- Per diems may be paid to cover the expenses of visiting officials, where consistent with local law, at a rate determined by Devon based on the reasonable cost of accommodation at the site visited or as required by local law. The suggested per diem rates for Texas, Washington, DC, and London are set forth as follows:

Locality	Lodging	Meals and Incidentals	Total
Texas	US\$250	US\$115	US\$365
Washington, DC	US\$375	US\$125	US\$500
London, UK	US\$600	US\$350	US\$950

- Per diems will not be paid in addition to direct payment or reimbursement for actual expenses. Costs paid directly to service providers will be deducted from daily per diem amounts.
- Per diems will not be provided in lump sum in advance of travel. No more than one week of per diem will be paid at any single time, unless inconsistent with local law. In situations where the travel duration is less than one month, and it is not practicable to make weekly payments of per diem, payment of up to one month of per diem may be paid in advance of the trip.
- Devon will pay a maximum of one travel day per diem for travel in each direction to and from the official's destination. As a general rule, additional per diem should not be necessary. If, however, the official's travel schedule is disrupted and an unexpected additional layover results, Devon will arrange for lodging and otherwise ensure that actual expenses are covered.
- The visitor's business sponsor is responsible for payment of the per diem amounts under the supervision of the International Accounting Manager.

Communication of Hosting Parameters

In all cases, it is important to ensure that Devon communicates clearly and in writing to the foreign official what expenses will and will not be covered by Devon. A failure to do so can increase legal risks as well as the potential for misunderstandings with the official. Accordingly, a letter memorializing all of the key terms of the hosting, including what expenses will and will not be covered, should be sent prior to the commencement of the hosting. The Legal Department will work with the business sponsor to draft this letter.