

APPENDIX: NON-GAAP FINANCIAL MEASURES

Drill-bit capital is defined as costs incurred less proved acquisition costs, unproved acquisition costs resulting from business combinations and other significant similar transactions, and the net difference of accrued future asset retirement costs less actual cash retirement expenditures. Drill-bit capital is a non-GAAP measure. Devon believes drill-bit capital is relevant because it provides additional insight into costs associated with current year drilling, facilities and unproved acreage acquisitions unrelated to business combinations and other significant similar transactions. It should be noted that the actual costs of reserves added through Devon's drilling program will differ, sometimes significantly, from the direct comparison of capital spent and reserves added in any given period due to the timing of capital expenditures and reserve bookings. Certain securities analysts also use this methodology to measure Devon's performance.

RECONCILIATION TO GAAP INFORMATION

Year Ended December 31, 2007

(in millions)

Costs Incurred (GAAP)	\$ 6,101
Less:	
Proved acquisition costs	10
Unproved portion of Chief acquisition	(13)
Accrued asset retirement costs	365
Plus: Actual retirement expenditures	73
Drill-bit capital (Non-GAAP)	\$ 5,812

RECONCILIATION TO GAAP INFORMATION

(in millions)

Estimated Range for Year Ended
December 31, 2008

	Low		High
Costs Incurred (GAAP)	\$ 6,100	to	\$ 6,500
Less:			
Unproved acquisition costs resulting from business combinations	-	to	-
Accrued asset retirement costs	40	to	150
Plus: Actual retirement expenditures	40	to	50
Drill-bit capital (Non-GAAP)	\$ 6,100	to	\$ 6,400