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VIA EMAIL: RRCconference@rrc.texas.gov

Chairman Wayne Christian
Commissioner Christi Craddick
Commissioner Ryan Sitton
Railroad Commission of Texas
1701 North Congress Avenue
Austin, Texas 78711

RE: DOCKET NO. OG-20-00003167; IN RE: MOTION FOR COMMISSION CALLED HEARING ON THE VERIFIED COMPLAINT OF PIONEER NATURAL RESOURCES U.S.A. INC. AND PARSLEY ENERGY INC. TO DETERMINE REASONABLE MARKET DEMAND FOR OIL IN THE STATE OF TEXAS

Dear Chairman Christian, Commissioner Craddick and Commissioner Sitton:

Thank you for the opportunity to provide written comments addressing the complaint referenced above. Devon respectfully asks the Commission to reject the applicants' request to determine reasonable market demand for oil in Texas.

Devon Energy Corporation is a leading independent oil and natural gas exploration and production company with operations focused onshore in the United States. Devon produces approximately 140,000 barrels of oil, 575 million cubic feet of natural gas and 80,000 barrels of natural gas liquids per day. Devon is proud to say that our position in Texas is one of the company's core assets, accounting for approximately 85,000 BOE per day of the company's total daily net production.

The U.S. and world economies are currently being devastated by the health and economic impacts of the global Covid-19 virus pandemic, which has led to an unprecedented reduction in global demand for oil. Although the current imbalance in supply and demand is primarily a function of pandemic-driven demand destruction, oil producers are also grappling with an increase in supply as a result of the Russian vs Saudi oil price war. A small number of Devon's peer companies contend that, considering these developments, government intervention by the Railroad Commission of Texas is warranted to help balance global supply and demand. While Devon believes that strong and decisive action will be required of U.S. producers in the face of this unprecedented situation, Devon does not support government intervention via production proration.

Each producer in the State of Texas is faced with its own unique set of circumstances and considerations to evaluate when gauging the most appropriate path forward in the current environment. Production curtailments, well shut-ins, capital expenditure cuts and drilling project cessations are all among options that the industry is already exercising and will continue to utilize. Determining exactly which actions are most appropriate should be left to the individual company, not handed down via blanket government mandate.

Capital expenditure cuts are one of the most visible examples of industry taking initiative to respond to current market conditions. Since the beginning of 2020, producers have announced dramatic capital expenditure cuts totaling approximately \$50 billion, a number that is expected to grow even larger as the year progresses resulting in significant reductions in oil and gas production. Although Devon possesses an enviable balance sheet and nearly \$5 billion of liquidity, Devon has taken prudent and decisive action by reducing its capital expenditure budget by approximately 45 percent, one of the largest decreases among our peer group.

The oil and gas industry relies on stable regulatory and governmental policies when making capital decisions. This is even more important during this challenging time. Any action by the Commission to intervene in markets could prove more harmful in the long run by introducing an additional level of investment uncertainty. Therefore, Devon respectfully requests that you deny the applicants' request to determine reasonable market demand.

Thank you for your consideration and your service to Texas and the country.

Sincerely,



Dave Hager
Chief Executive Officer
Devon Energy