May 7, 2020

Chairman Todd Hiett  
Commissioner Bob Anthony  
Commissioner Dana Murphy  
Oklahoma Corporation Commission  
2101 N. Lincoln Blvd.  
Oklahoma City, OK 73105

RE: Public Comment for Cause CD #202000984

Dear Chairman Hiett, Commissioner Anthony, and Commissioner Murphy:

Devon Energy Corporation (Devon) asks the Oklahoma Corporation Commission (OCC) to reject the cause filed by the Oklahoma Energy Producers Alliance for government-mandated market manipulation through proration of oil production.

Maintaining a reliable regulatory environment is the most effective and efficient method for the OCC and other state agencies to support private sector solutions to the oil and gas industry challenges. Federal, state and local government mandates only serve to limit remedies available to companies, thereby removing their ability to customize business plans to best address their unique set of economic considerations.

U.S. production is slowing, and will continue to slow, not due to government mandated production curtailment, but as a result of measured, intentional, targeted business decisions made independent of government influence. In fact, on April 30, 2020, Colin Eaton of the Wall Street Journal reported one consulting firm is already forecasting a 20% decline in production resulting from voluntary industry actions:

Consulting firm Rystad Energy forecasts that U.S. output will fall from 12.8 million barrels a day in January to 10.9 million a day in June and as low as 10.3 million a day in September. In early April, before oil fell below $0 a barrel, the Energy Information Administration had predicted U.S. output would fall to 11.7 million barrels a day in June and about as low as 10.9 million a day in October.

Devon firmly believes that by defeating proration and providing stability, the OCC is “doing something” to address the latest challenges to the oil and natural gas industry. The market-
based decisions by producers to curtail production, combined with the economy slowly reopening, will be what gets us past the current market challenges. By defeating this petition, the OCC will be making a clear statement to future leaders – government intervention in the natural progression of the free market is not a viable solution, regardless of the severity of a decline.

Devon hereby requests that the OCC reject the proration petition scheduled for consideration on May 11, 2020.

Sincerely,

Dave Hager
Chief Executive Officer
Devon Energy