devon

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Submitted electronically

March 18, 2019

Board of Governors of the Federal Reserve System
Ann E. Misback, Secretary
20th Street and Constitution Avenue NW
Washington, DC 20551

Federal Deposit Insurance Corporation
Robert E. Feldman, Executive Secretary
Attention: Comments/RIN 3064-AE80
550 17th Street NW
Washington, DC 20429

Office of the Comptroller of the Currency
Legislative and Regulatory Activities Division
400 7th Street SW, Suite 3E-218
Washington, DC 20219

Re: **Comment to Notice of Proposed Rulemaking - *Standardized Approach for Calculating the Exposure Amount of Derivative Contracts* [Docket No. R-1629 and RIN 7100-AF22; RIN 3064-AE80; Docket ID OCC-2018-0030]**

To Whom it May Concern:

Devon Energy Corporation, on behalf of itself and its subsidiaries and affiliates ("***Devon***"), appreciates this opportunity to comment on the proposal from the Board of Governors of the Federal Reverse System ("***Federal Reserve***"), the Federal Deposit Insurance Corporation ("***FDIC***"), and the Office of the Comptroller of the Currency ("***OCC***," collectively, the "***Agencies***") on the proposed new standardized approach for calculating the exposure amount for derivative contracts of financial holding companies (the "***Proposed Rule***"). The Proposed Rule, called the standardized approach for counterparty credit risk ("***SA-CCR***"), would replace the Current Exposure Method ("***CEM***"), which banks use to calculate counterparty credit risk exposure and risk-weighted assets on their derivatives transactions, for the purposes of capital requirements.

Devon is a leading independent energy company engaged primarily in the exploration, development and production of oil, natural gas and NGLs in various North American onshore areas. Devon and its consolidated subsidiaries have approximately 2,900 employees, and produce approximately 250,000 barrels of crude oil a day, 1.1 billion cubic feet of natural gas a day, and about 100,000 barrels of NGLs per day. Devon, headquartered in Oklahoma City, is a Fortune 500 company and is included in the S&P 500 Index.

Devon depends on cost-effective access to derivatives instruments in order to support its business and hedge commercial risks. We share many of the concerns of the Coalition for Derivatives End-Users as reflected in its Comment to Notice of Proposed Rulemaking sent to the Agencies on March 18, 2019, and urge the Agencies to reconsider the Proposed Rule as it relates to derivatives transactions with respect to its impact on commercial end-users such as Devon that would otherwise qualify for the end-user exception. We are concerned that the Proposed Rule, which would not be imposed directly on non-financial end-users such as Devon, is nevertheless likely to have a material and negative impact on the ability of such non-financial end-users to hedge commercial risk by indirectly increasing the cost of hedging. As drafted, Devon believes the Proposed Rule could substantially increase its cost of managing commercial risk.

Devon appreciates the opportunity to comment on the Proposed Rule and respectfully requests that the Agencies consider the comments set forth herein. If you have any questions or wish to discuss further, please contact me at (405) 552-8172 or Jeff.Ritenour@dvn.com.

Sincerely,

Devon Energy Corporation

By:______________________________
Name: Jeffrey L. Ritenour
Title: Executive Vice President and Chief Financial Officer