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Shale Driller Devon to Pay Biggest Dividend in Its History (2)
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By Joe Carroll and Rachel Adams-Heard
(Bloomberg) -- Devon Energy Corp. said it will pay a \$100 million special dividend and buy back as much as \$1.5 billion in debt as the shale driller funnels more cash to investors and trims expenses.

The surprise payout coincides with plans to close the sale of natural gas fields in the Barnett Shale region of North Texas about three months ahead of schedule, the Oklahoma City-based explorer said in a statement Tuesday. At 26 cents a share, it would be larger than any quarterly dividend the company ever has paid, according to data compiled by Bloomberg.

Devon's special payout and debt-reduction targets are the most aggressive efforts yet as shale explorers grapple with a virus-induced demand collapse and tumbling energy prices.

"We think it is the right business model, and certainly feel like we have moved to this model quickly and probably as quick as anybody in the industry," Devon Chief Executive Officer Dave Hager said during a conference call Wednesday. "Hopefully, others continue to follow it up with actions."

Devon also plans to trim \$300 million in annual overhead and other costs, and lowered its 2020 capital budget by another \$25 million. The company said it will "better align the workforce with go-forward activity levels," which is often shorthand for cutting jobs.

The debt buybacks will target an amount equivalent to about half of Devon's outstanding net debt, according to data compiled by Bloomberg. Devon stock was the best performer in the S&P 500 Energy Index, rising 8% at 12:42 p.m. in New York after earlier climbing 9.5%.

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