

# IPAA OGIS 2012 Energy Conference

April 17, 2012

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Executive Vice President and CFO

*Marathon Oil Corporation*



# Forward-Looking Statement

Except for historical information, this presentation contains forward-looking information including, but not limited to, the timing and levels of the Company's worldwide liquid hydrocarbon and natural gas production available for sale, integrated gas sales volumes, synthetic crude volumes, the Eagle Ford, Anadarko Woodford, Bakken, DJ Basin (Niobrara), Birchwood, Oil Sands Mining, Angola, Poland, and other existing and potential development projects, anticipated future exploratory and development drilling activity, projections of rig activity, the possibility of a new significant resource base in Iraqi Region of Kurdistan, the capital spending forecast, reserve replacement, F&D cost and rate life, the possibility of additional divestitures by the end of 2013, resource estimates, and estimated effective tax rates. Resource estimates are good faith estimates, and therefore, subject to change. Initial production rates may not be indicative of future production rates. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied from such information. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Marathon Oil Corporation has included in its Annual Report on Form 10-K for the year ended December 31, 2011, and subsequent form 8K, and cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

See definitions of terms used throughout this presentation in the Appendix.

*Cautionary Note to U.S. Investors – The United States Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable, or possible reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. Marathon Oil Corporation uses certain terms in this presentation to refer to presentations refer to resources, which the SEC's guidelines strictly prohibit us from including in filings with SEC. These terms include P50 net resource, P50 resource, P50 resource potential, net resource potential, net unrisksed mean resource, gross unrisksed mean potential and other similar terms, which are not yet classified as proved, probable, or possible reserves. U.S. investors are urged to consider closely the disclosures in Marathon Oil Corporation's periodic filings with the SEC, available from us at 5555 San Felipe Street, Houston, Texas 77056 and the Company's website at [www.marathonoil.com](http://www.marathonoil.com). You can also obtain this information from the SEC by calling 1-800-SEC-0330.*



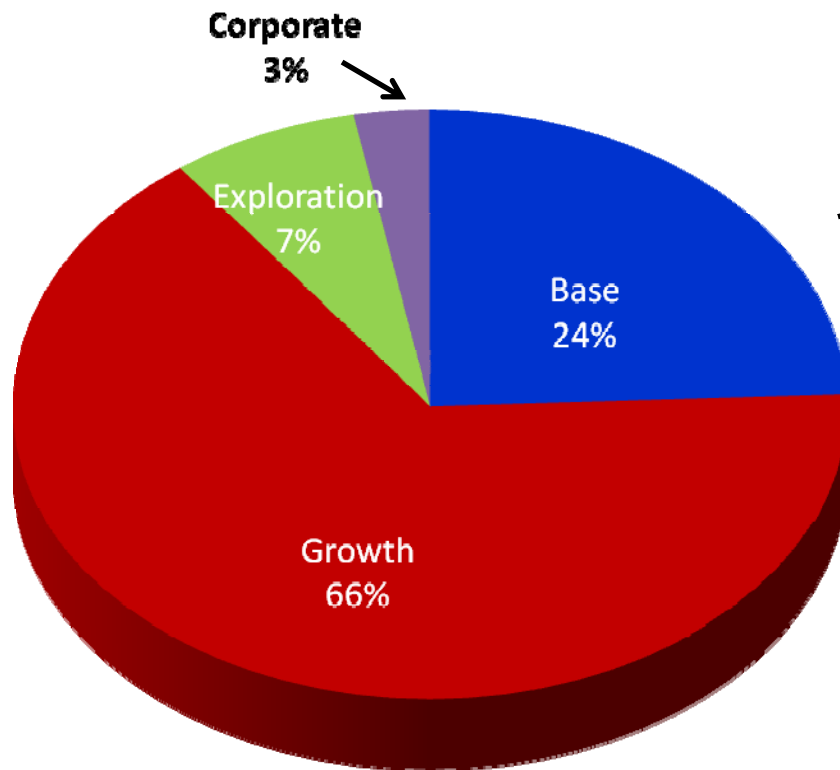
# Marathon Oil – A Strong New E&P Company

- **Strong and stable base assets generate significant cash**
  - 2011 Net cash provided by continuing operations - ~\$5.4 B
  - 2011 Proved reserves - 1.8 BBOE, 75% liquids
- **Profitable growth in reserves and production**
  - 5-7% CAGR 2010-2016
  - Low risk growth ~80% liquids and driven by US resource plays
  - 2011 to 2012 Projected ~5% growth excluding Libya
- **Impact exploration provides significant upside potential**
- **Focused on total shareholder return**
  - Top quartile execution
  - Capital discipline

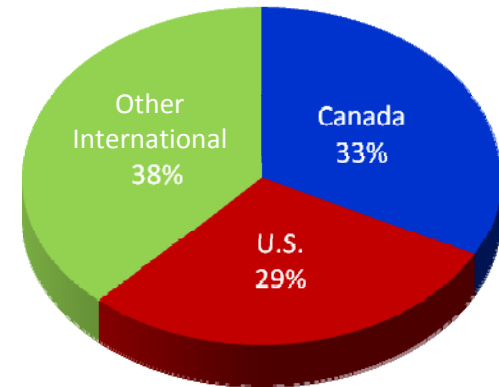
# 2012 - 2016 Expected Capital Allocation

2012 CAPEX \$4.8B

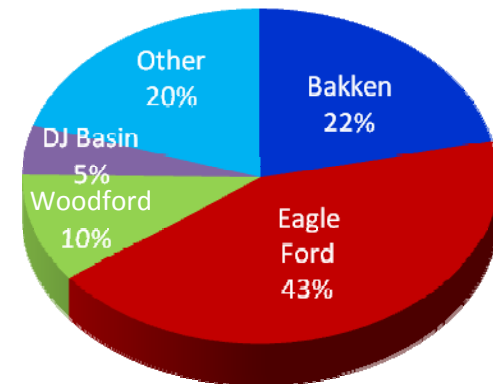
## 2012 - 2016 Estimated CAPEX \$24-\$27.5 B



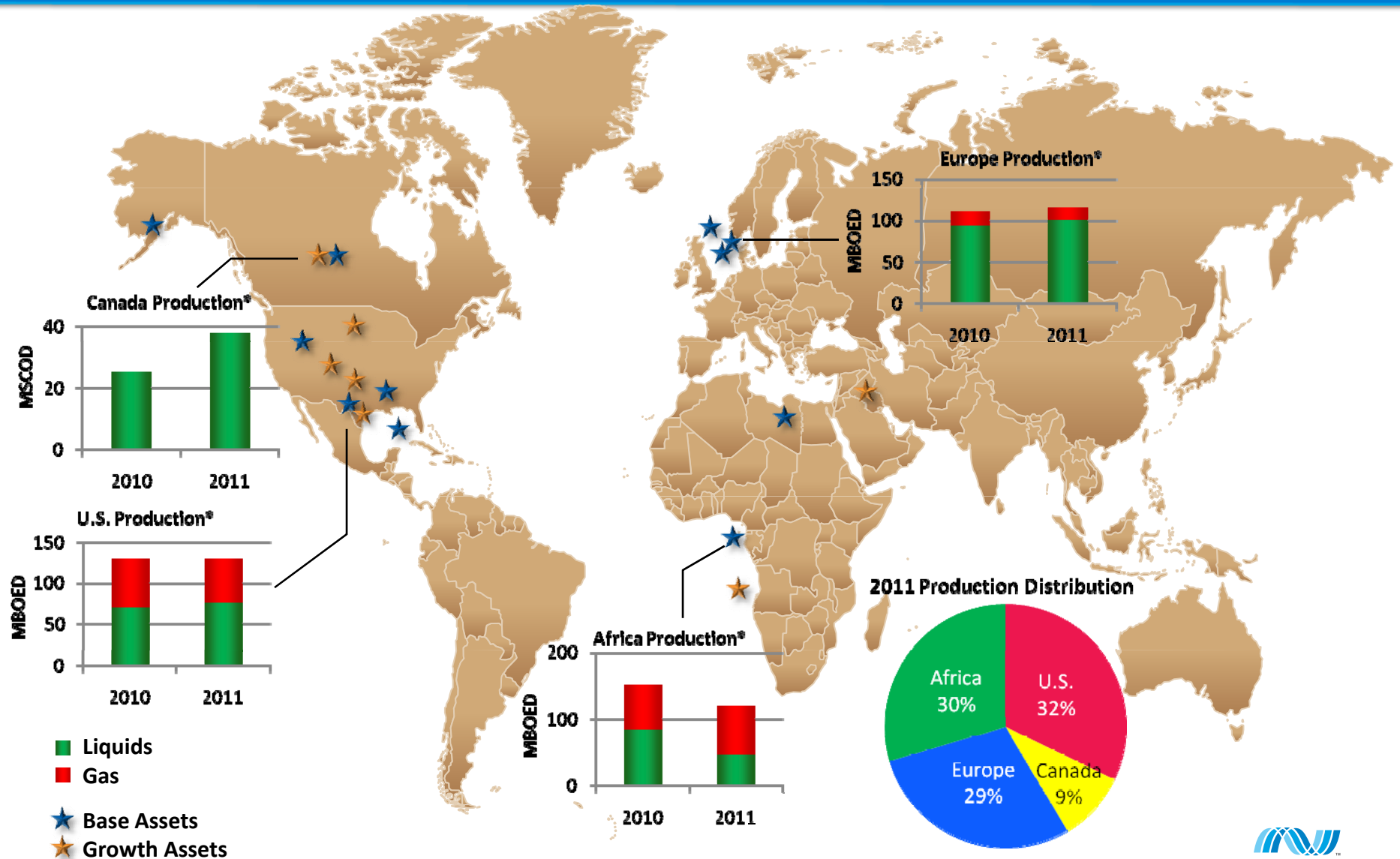
### Base CAPEX



### Growth CAPEX



# Strong Base Assets and Growth Portfolio



\* Production = Available for Sale

# Base Assets

*Large Stable Base Generates Substantial Free Cash Flow*

- Characterized by safe and reliable operations
- Stable base production 2012-2016 ~340 MBOED
  - Libyan production ramping up in 2012
- CAPEX ~\$1.3 B per year
- Constantly seek to reduce costs and optimize portfolio

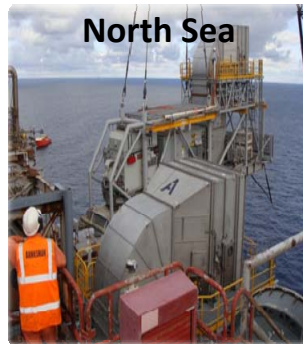
U.S. Conventional



Equatorial Guinea



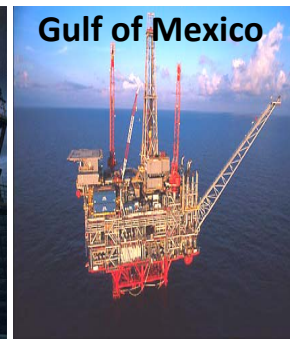
North Sea



Oil Sands Mining



Gulf of Mexico

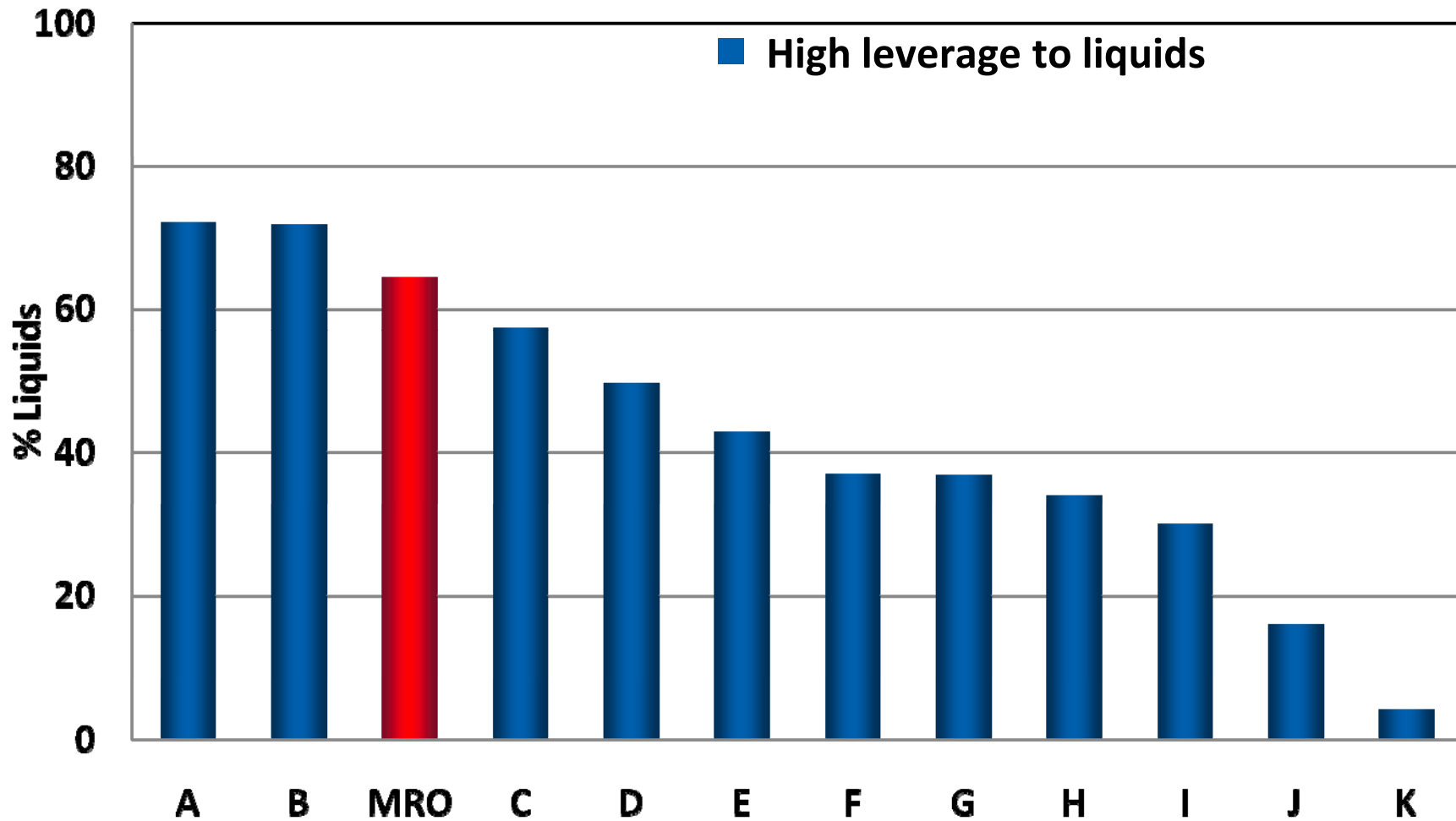


Libya



# High Liquids Content

2011 Liquids as % of Total Production



Source: Company annual reports

Includes OSM results for applicable companies

Comparator group contains: APA, APC, CHK, DVN, ECA, EOG, HES, MRO, MUR, NBL, OXY, TLM

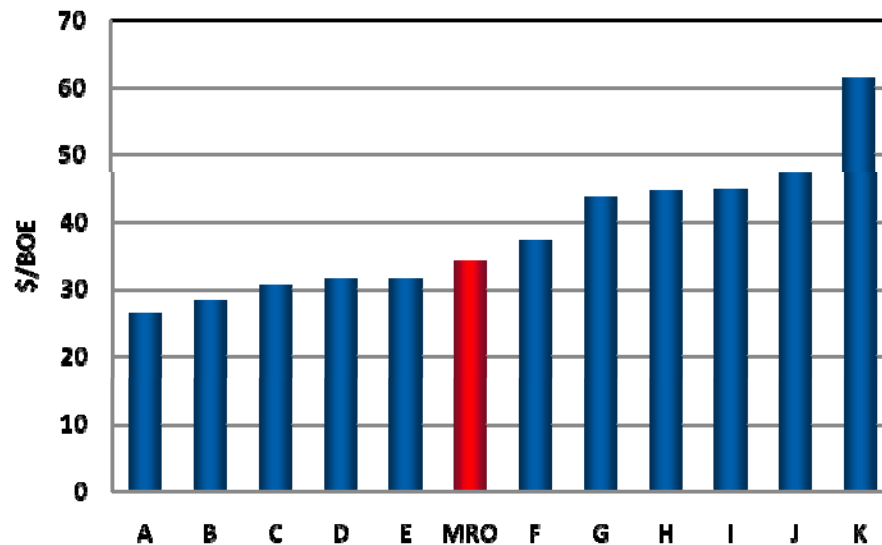


# Very Competitive E&P Cost Structure

- MRO #6 on Total Expenses
- MRO #1 on Total Expenses excluding non-cash items

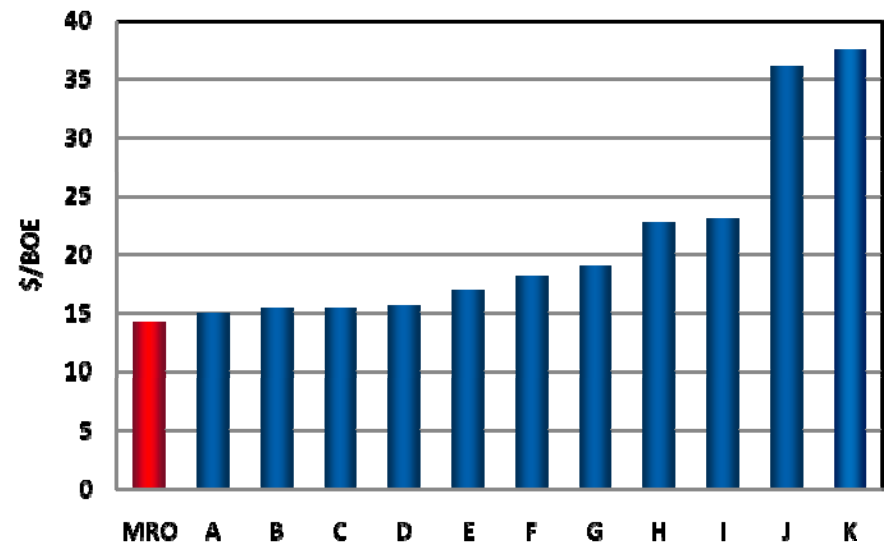
- High leverage to liquids
- Competitive cost structure

**Total Expenses  
(Yr. 2011)**



Total Expense = Production + S&H + Exploration + DD&A expense + Taxes other than income  
 Source: Company annual reports. Oil/Gas ratio of 6:1  
 Excludes OSM results from applicable companies  
 Comparator group contains: APA, APC, CHK, DVN, ECA, EOG, HES, MRO, MUR, NBL, OXY, TLM

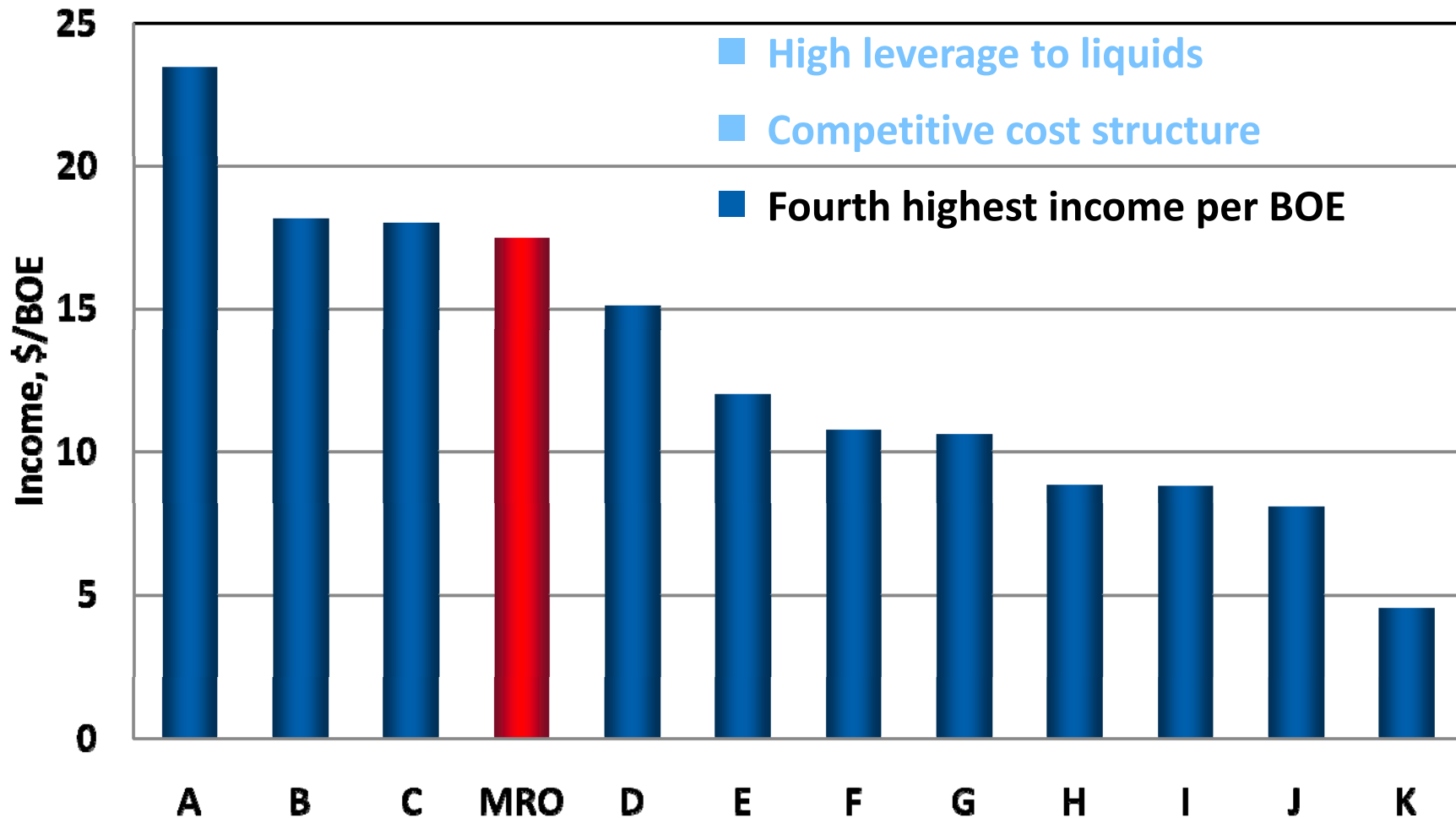
**Total Expenses excluding non-cash items  
(Yr. 2011)**



Total Expense excluding non-cash items = Production + S&H + Exploration expense + Taxes other than income  
 Source: Company annual reports. Oil/Gas ratio of 6:1  
 Excludes OSM results from applicable companies  
 Comparator group contains: APA, APC, CHK, DVN, ECA, EOG, HES, MRO, MUR, NBL, OXY, TLM

# High Income per Barrel Business

2011 Income per BOE



Source: Company annual reports

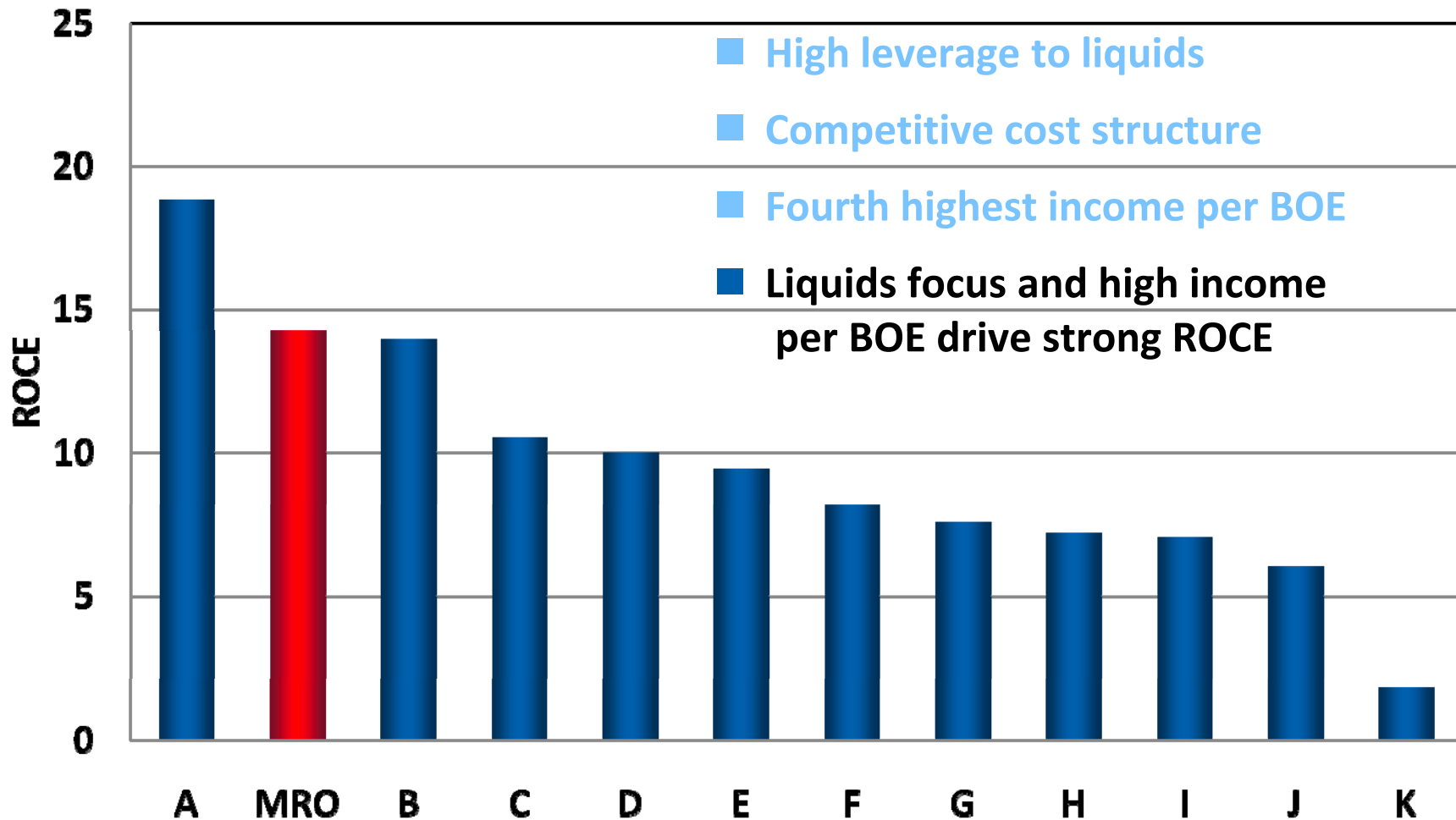
Includes OSM results and excludes R&M income and discontinued operations from applicable companies

Comparator group contains: APA, APC, CHK, DVN, ECA, EOG, HES, MRO, MUR, NBL, OXY, TLM



# Continued Focus on Returns

## 2011 ROCE



Source: Company annual reports

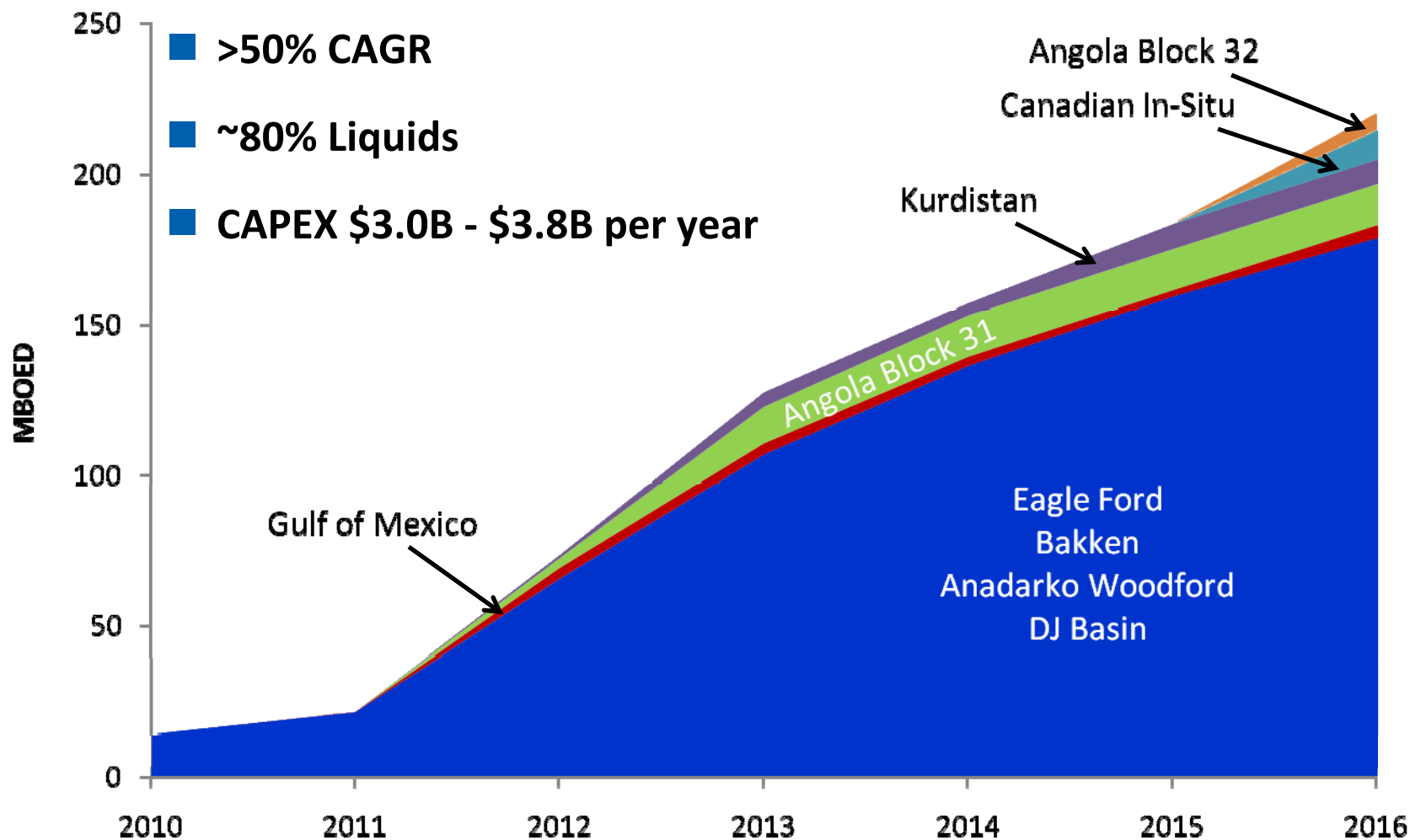
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# Growth Assets

Significant Low Risk Production Growth



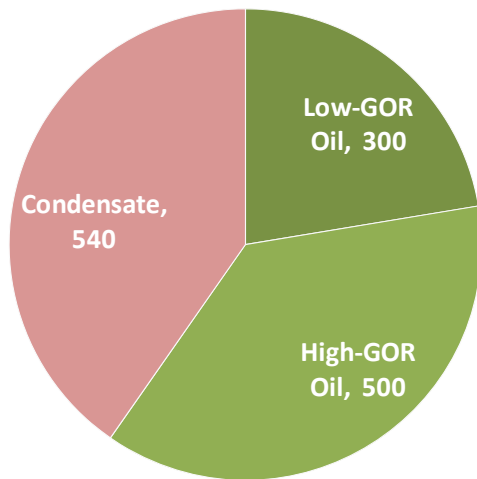
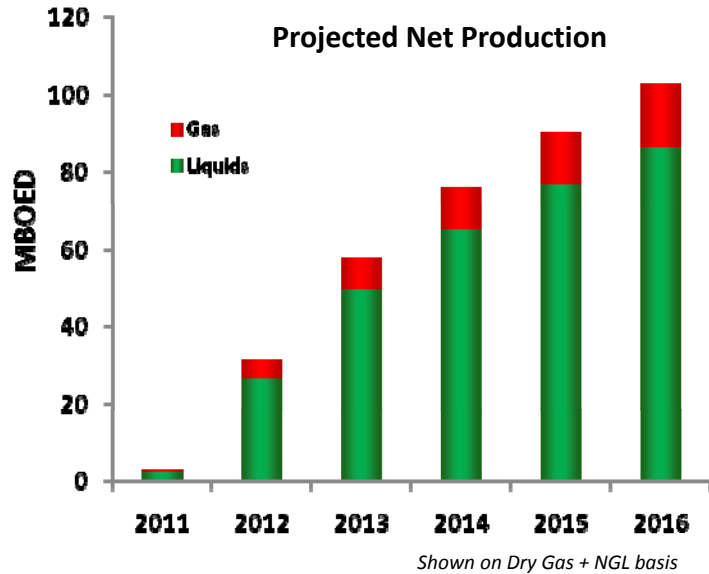
# Eagle Ford Shale

*Premier U.S. Resource Play*

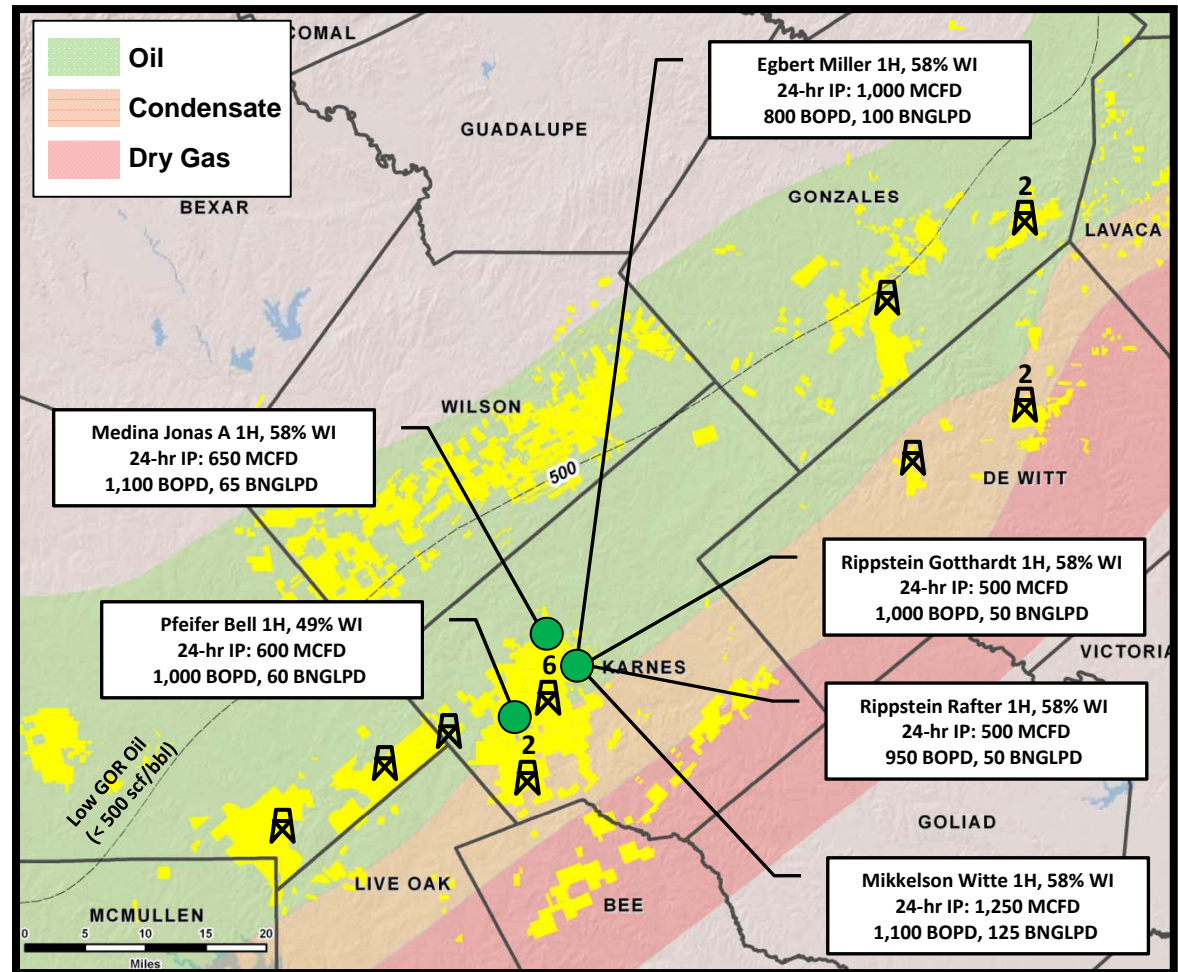
- **Strong operated position currently ~305,000 net acres**
  - **Approximately 90% operated with 80% average working interest**
- **17 Rigs currently operating**
  - **18 by May 2012, under contract**
- **4 Dedicated Frac crews**
- **CAPEX ~\$1.5B per year**
- **Significant take away capacity under contract**
- **Current discount to LLS ~\$6 per bbl**

# Eagle Ford Shale

## Current and Forecast Activity



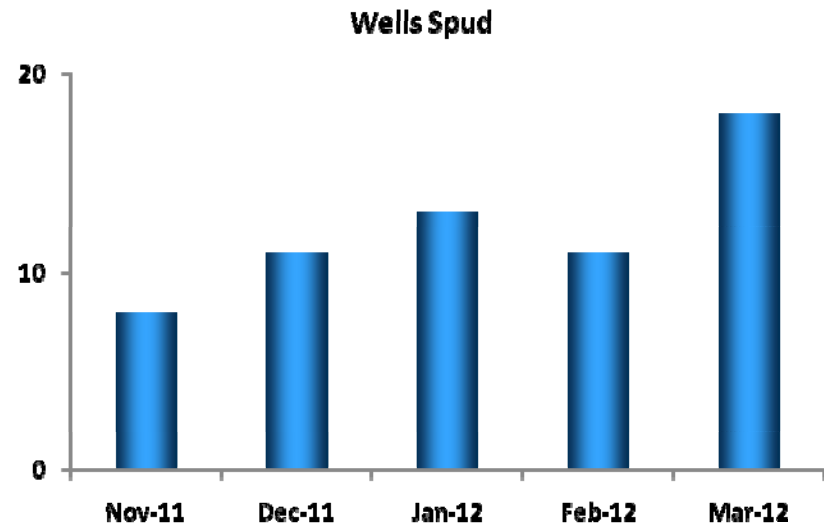
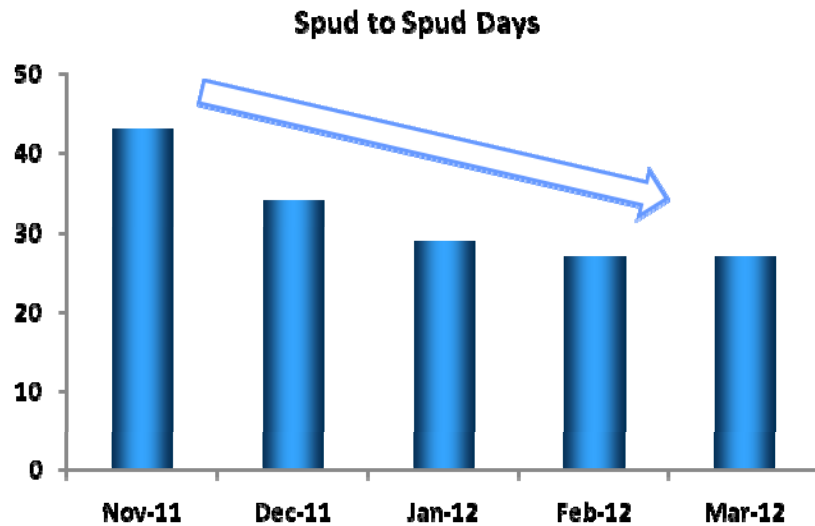
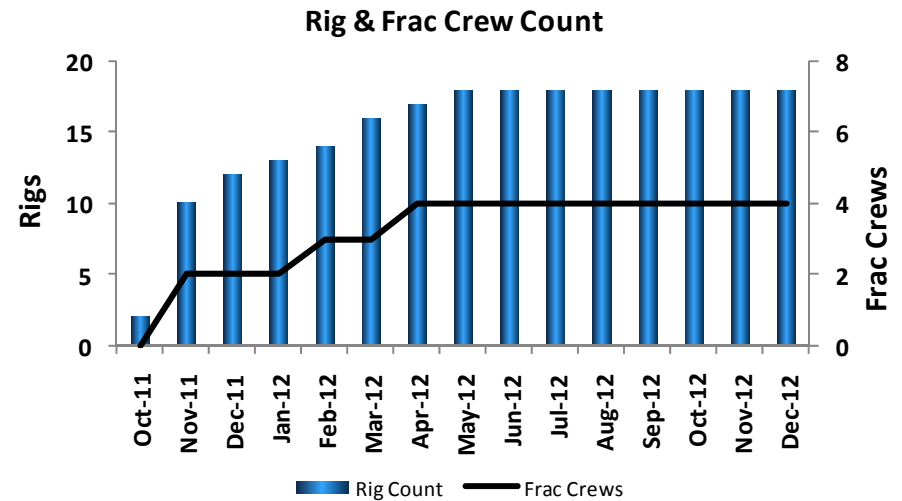
Plan Wells by Fluid Composition



# Eagle Ford Shale

## Ahead of Schedule on Activity Growth

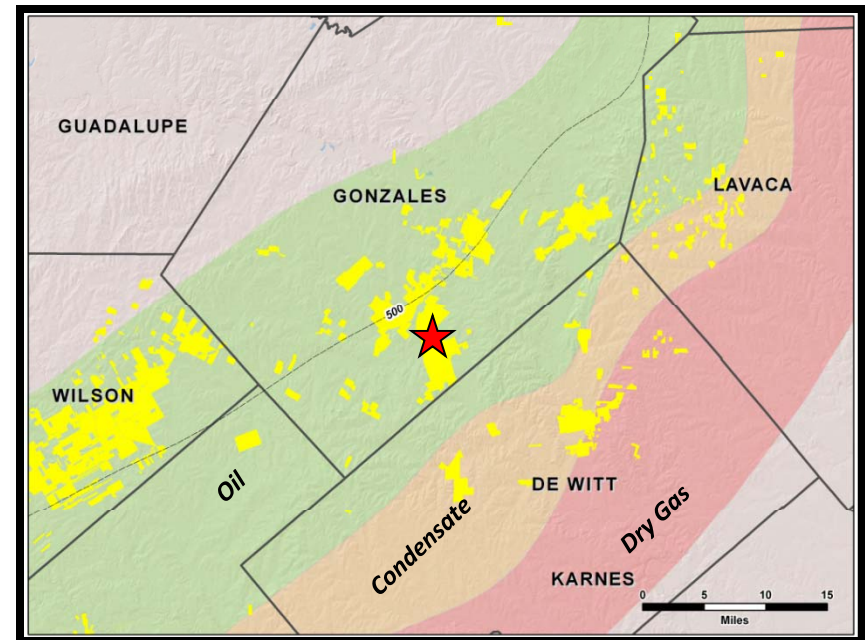
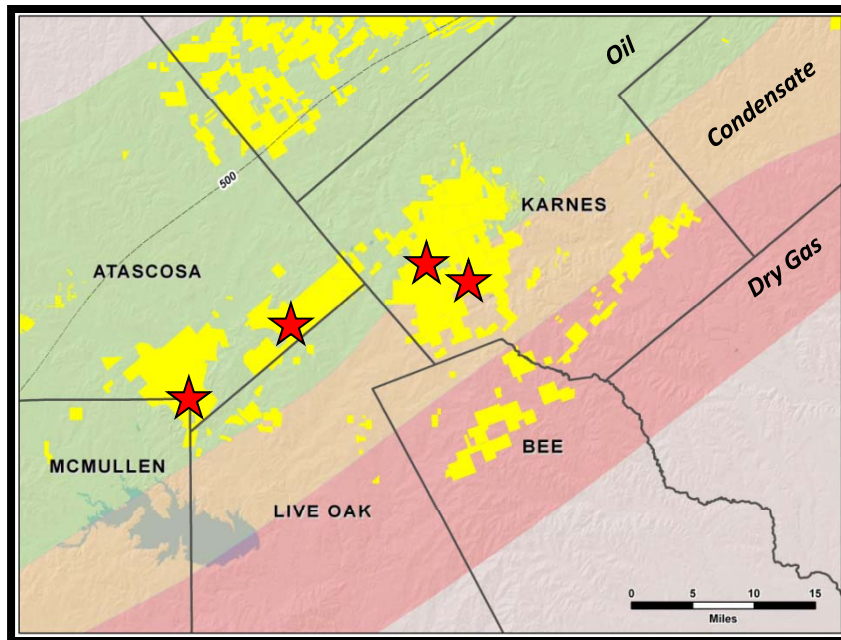
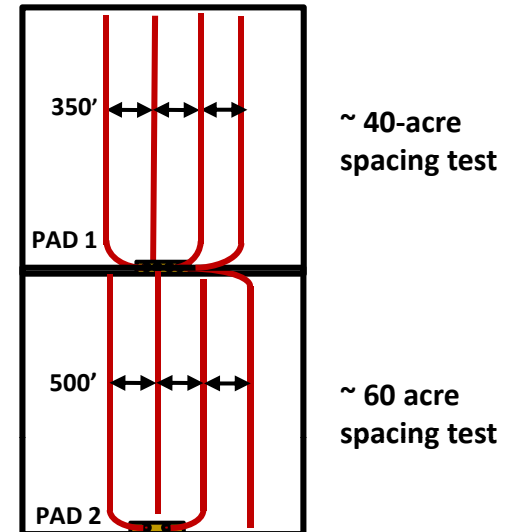
- Basin entry and rapid activity growth
- Optimization of activity will drive production
- Adjusting efficiency
  - Early improvement in drilling cycle times
- Anticipate 220+ gross wells in 2012
- Average lateral lengths increasing
  - 2011: ~5,000 ft
  - 2012: ~5,600 ft
- Increased proppant concentration by 25% from 2011 to 2012



# Eagle Ford Shale

## 2012 Spacing Pilot Program

- Five spacing pilots planned in 2012
  - 20+ producing wells in 2012
  - Vertical observation wells in pilot test to monitor pressure depletion
- Testing well performance and recovery of in-place volumes at 40, 60 and 80-acre well spacing across core acreage position
- Realize capital efficiencies of pad drilling & completions
- Anticipate results in early 2013



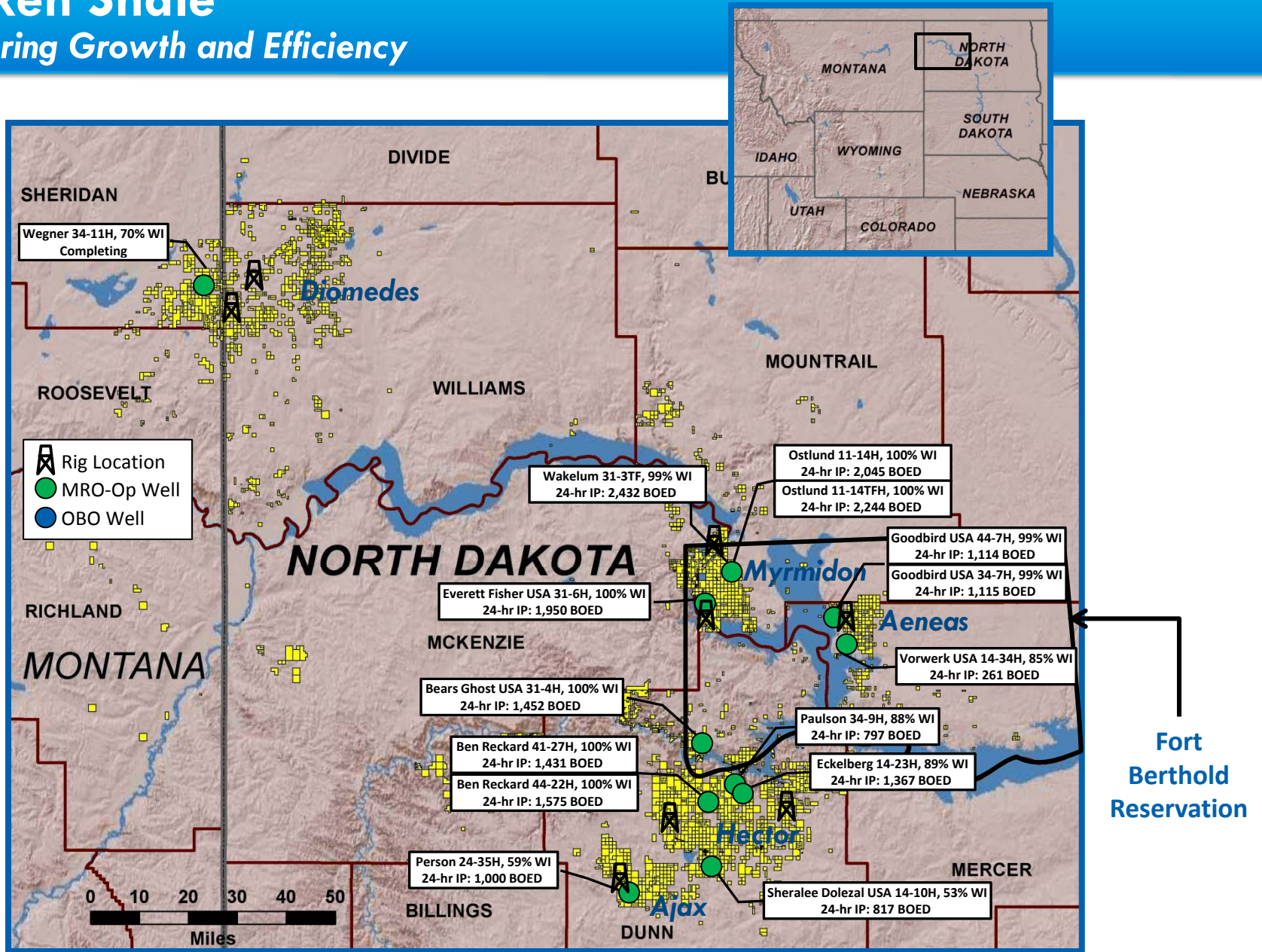
# Bakken Shale

## *Delivering Growth and Efficiency*

- **~416,000 net acres**
- **Average MRO-op WI 81% / OBO WI 11%**
- **P50 Net resource ~350 MMBOE**
  - **420-640 acre average well spacing**
- **Increased program activity**
  - **8 Rigs currently drilling**
  - **2 Dedicated frac crews secured; 3<sup>rd</sup> part-time crew**
  - **Adopted 30-stage completions as standard**
- **Expect 2012 average rate ~27,500 net BOED**

# Bakken Shale

## Delivering Growth and Efficiency



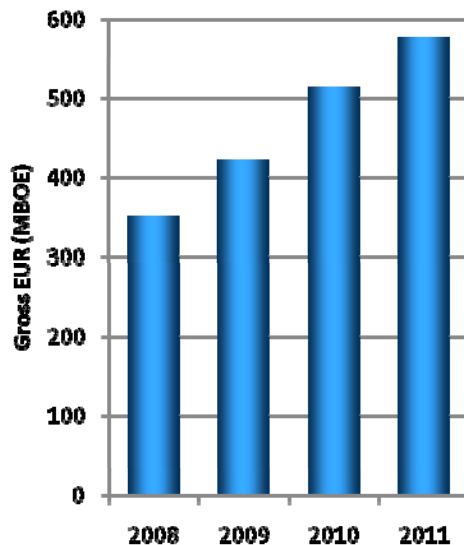
# Bakken Shale

## Continual Improvement – Reserves & Production

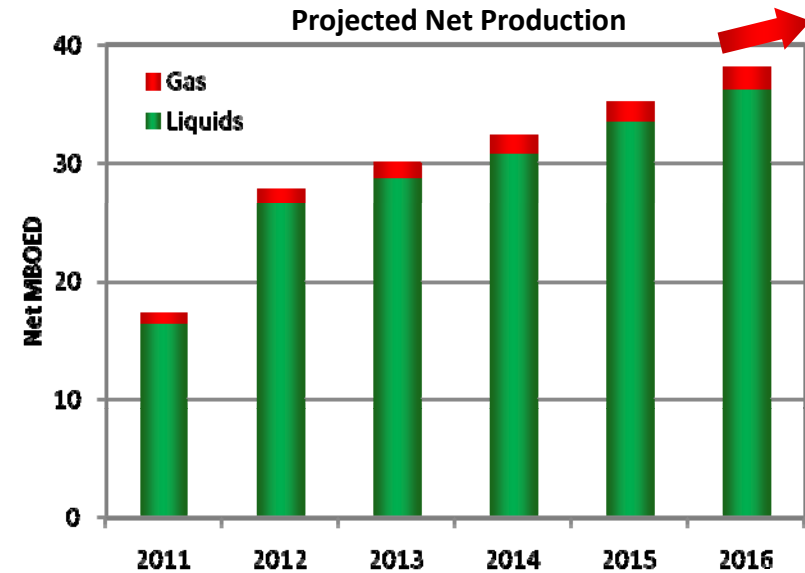
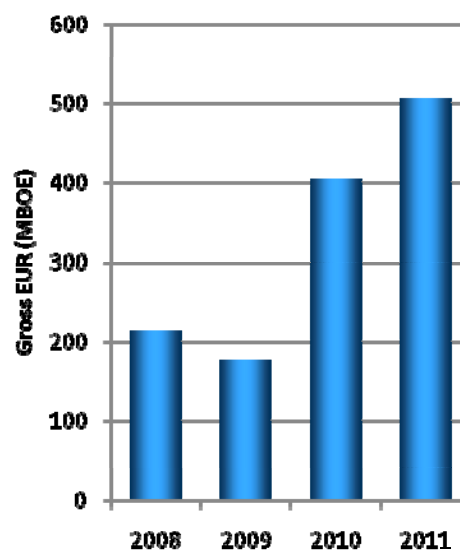
### ■ Increased EUR estimates

- Adopted 30-stage completions as standard
- Modified frac fluid volumes
- Total P50 resource increased from ~133 MMBOE to ~350 MMBOE

Myrmidon Avg. EUR By Year



Ajax Avg. EUR By Year

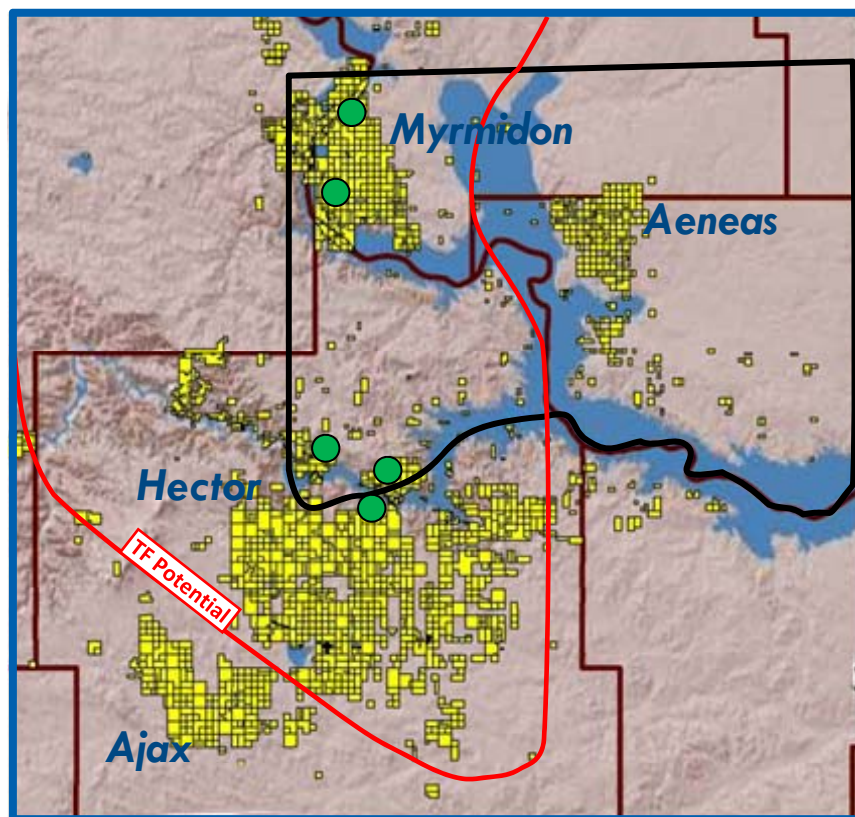


### ■ Increased production guidance

- 2012 avg. 24 hr IP = 1,352 BOED ; 330% increase over 2011 avg
- New MRO record 24 hr IP's
  - Wakelum 31-3TF - 2,432 BOED; 99% WI
  - Ostlund 11-14TFH - 2,244 BOED; 100% WI
  - Ostlund 11-14H - 2,045 BOED; 100% WI

# Bakken Shale

## Three Forks – Results & Forward Plans



Well	Date 1 <sup>st</sup> Prod.	BOPD 24 hr IP	MCFD 24 hr IP	BOED 24 hr IP
Bears Ghost USA 31-4TFH	Jan-12	1259	1397	1492
Boy Chief USA 11-15TFH	Jan-12	730	792	862
Jessica USA 21-6TFH	Mar-12	1600	1159	1924
Ostlund 11-14TFH	Feb-12	1921	1943	2244
Paulson 34-9TFH	Jan-12	535	464	612

- **Three Forks (TF) being de-risked**
  - 13 TF successful tests
    - Record 24 hr IP > 2,200 BOED
  - P50 Three Forks net resource ~100 MMBOE
- **Continued Three Forks definition**
  - TF drilling underway to utilize ring fencing to accelerate reserve bookings
  - Plans to test lower TF following successful East Hector pilot hole
  - Data acquisition programs underway to evaluate TF 2<sup>nd</sup> Bench

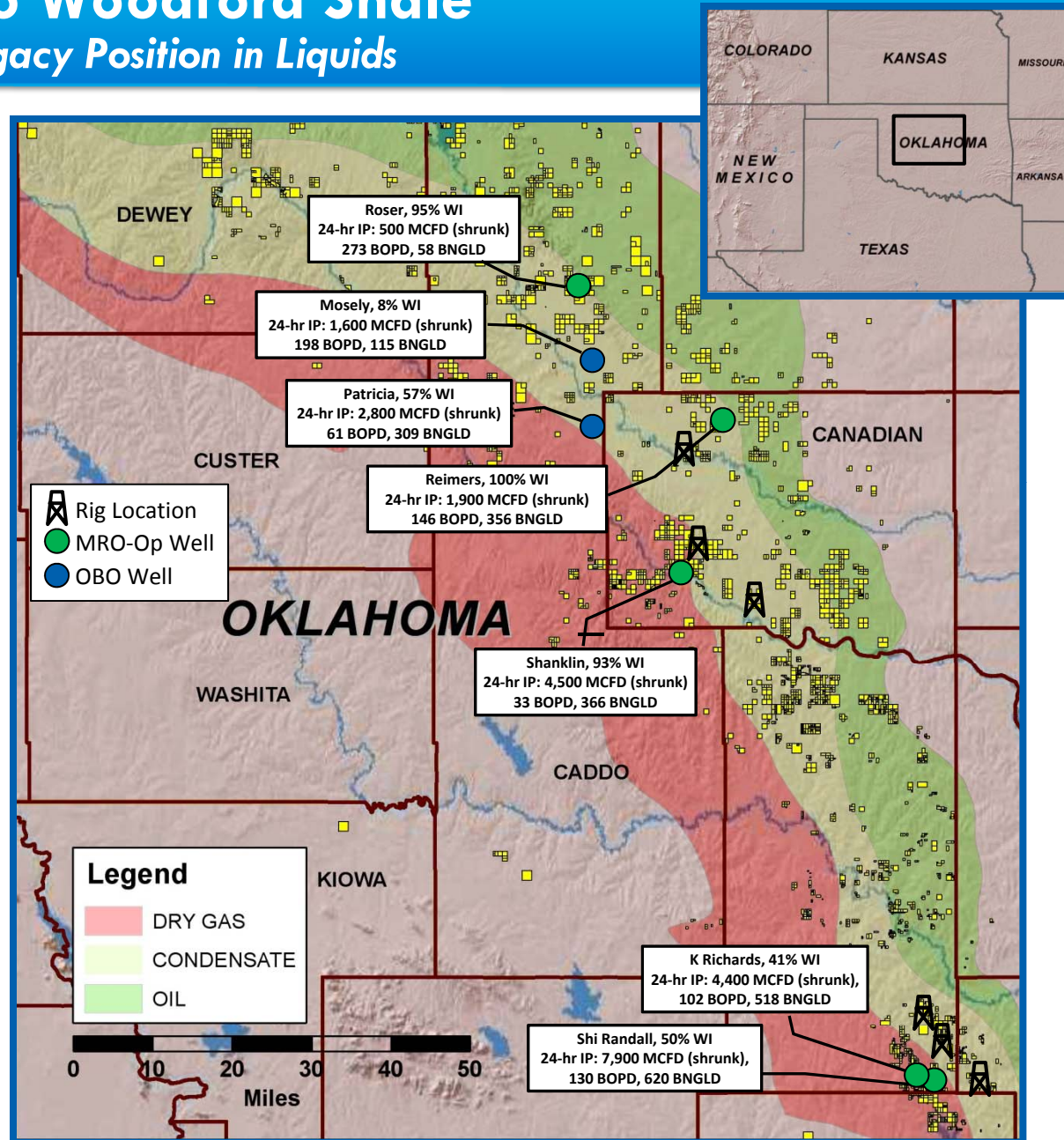
# Anadarko Woodford Shale

*Expanding Legacy Position in Liquids*

- ~164,000 net acres
- Average MRO-op WI 55% / OBO WI 20%
- P50 Resource potential 300 MMBOE
  - 160 acre average well spacing
- Planned program activity
  - 6 rigs currently drilling
  - 30-35 net wells in 2012
- Well costs \$8-10MM
- March production ~4,900 BOED
- Expect to average ~30,000 net BOED by 2016

# Anadarko Woodford Shale

## Expanding Legacy Position in Liquids



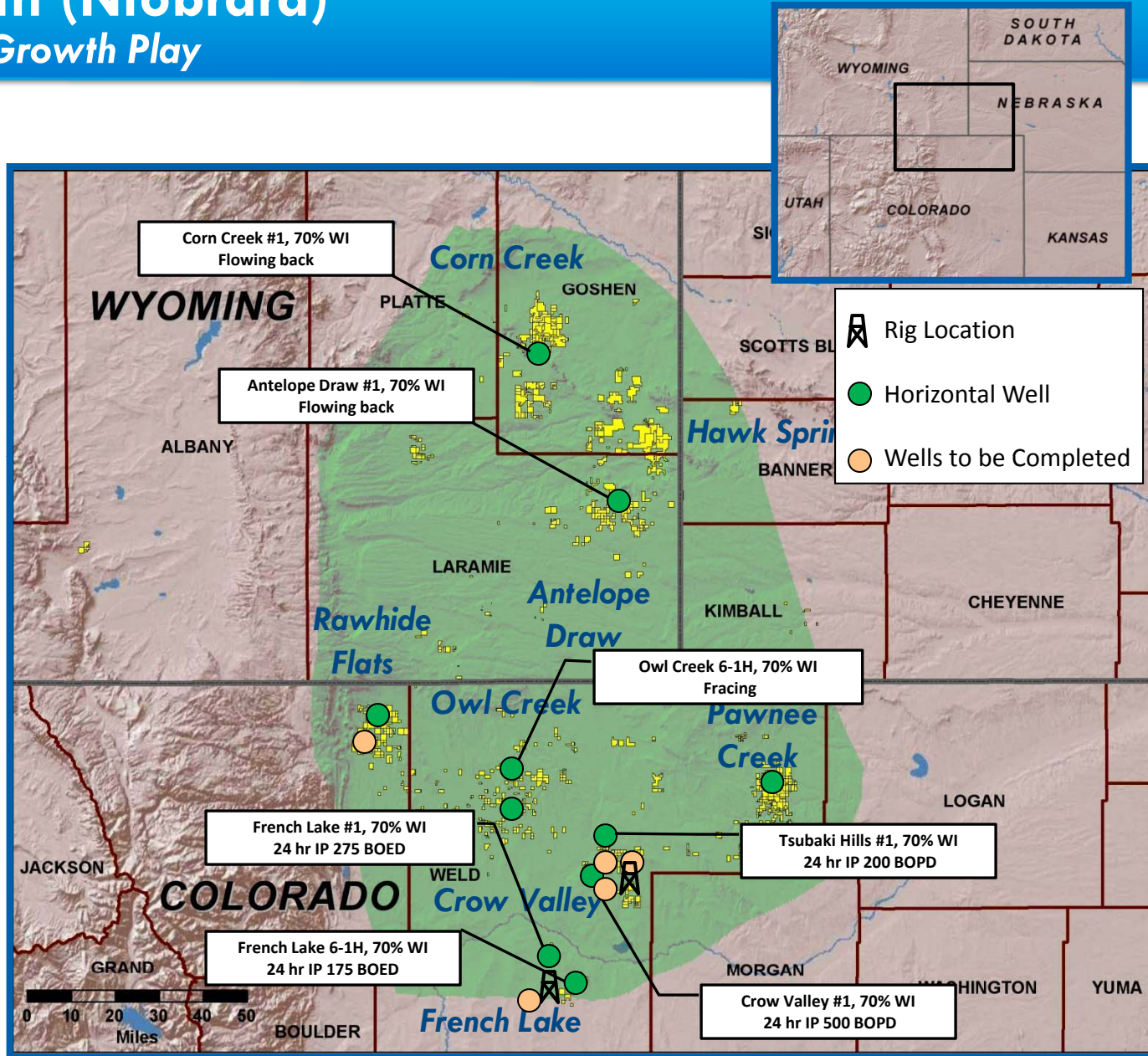
# DJ Basin (Niobrara)

## *Emerging Growth Play*

- ~144,000 net acres
- Successfully de-risked play through 70/30 joint venture
  - Joint venture recouped entire initial investment
- Average MRO-op WI 55% / OBO WI 15%
  - Continuing to core up acreage position through trades
- Planned Activities
  - Two active rigs drilling
  - 17-24 net wells in 2012
  - 6 Wells producing
  - 5 Wells to be completed
- Gas gathering infrastructure underway, expected first sales June 2012
- Focused on three areas in Weld County, Colorado

# DJ Basin (Niobrara)

## Emerging Growth Play



# Angola



## ■ Block 31, 10% WI

### ■ PSVM Development

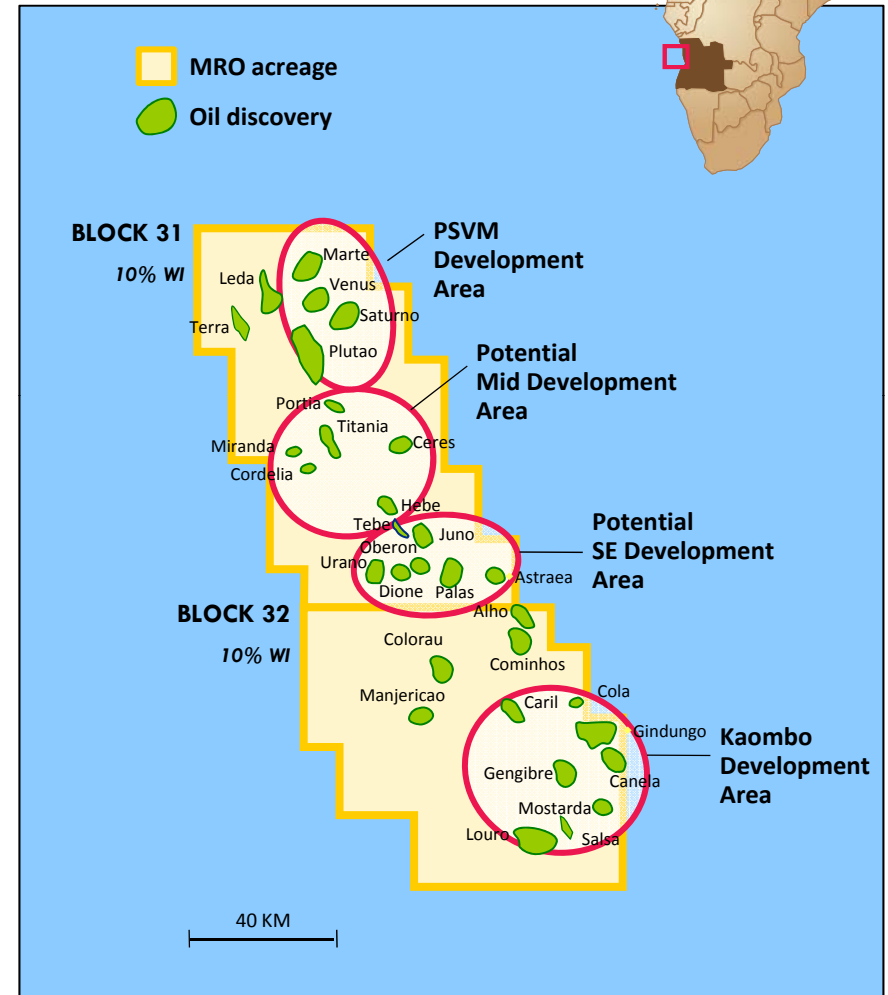
- Conversion FPSO, 150 MBOED
- FPSO integration and sail-away complete, vessel arrived in Angola February
- First production 2<sup>nd</sup> half 2012
- Reaches ~ 14 MBOPD plateau: 2013-2016

### ■ Evaluating other potential developments

## ■ Block 32, 10% WI

### ■ Kaombo Development

- SONAGOL and partners aligned on two FPSO option
- FEED entry approved Q4 2011
- First production 2016

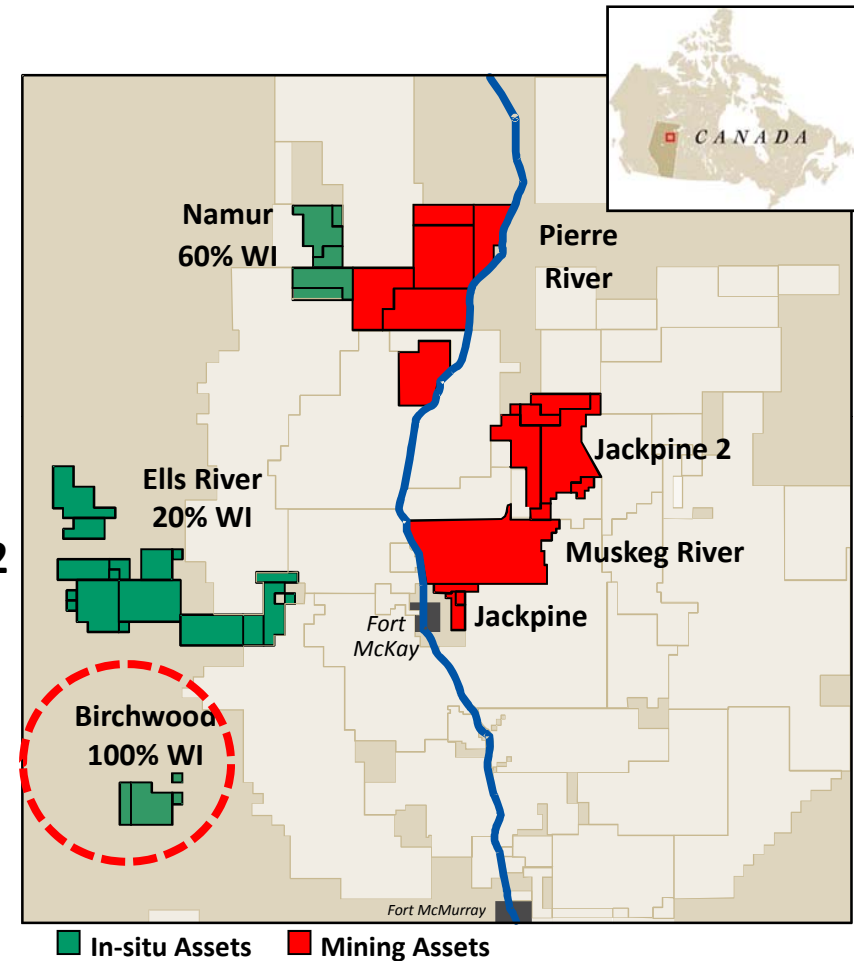


# Canada

## In-situ

### ■ Birchwood appraisal

- MRO-op, 100% WI
- ~14,000 net acres
- ~400 MMBBL Bitumen net P50 resource
- Appraisal drilling completed March 2011
  - ~100 wells drilled and evaluated
- 3-D seismic program completed Feb 2012
- Filed regulatory application in March 2012
- Project sanction: 2013
- First production: 2016
  - 12 MBD capacity demonstration project
  - Potential for ~40 MBD capacity plant



# Exploration Drilling

- The Gulf of Mexico has a portfolio of 20 prospects for drilling multiple opportunities
- Kurdistan has a portfolio of seven very large exploration prospects defined on four existing blocks
- Poland is a large frontier play with shale gas potential
- CAPEX ~\$0.5B\* per year

## 2012 Drilling Program



\* Does not include exploration/exploitation in base assets or growth assets, or development capital for exploration success

# Gulf of Mexico

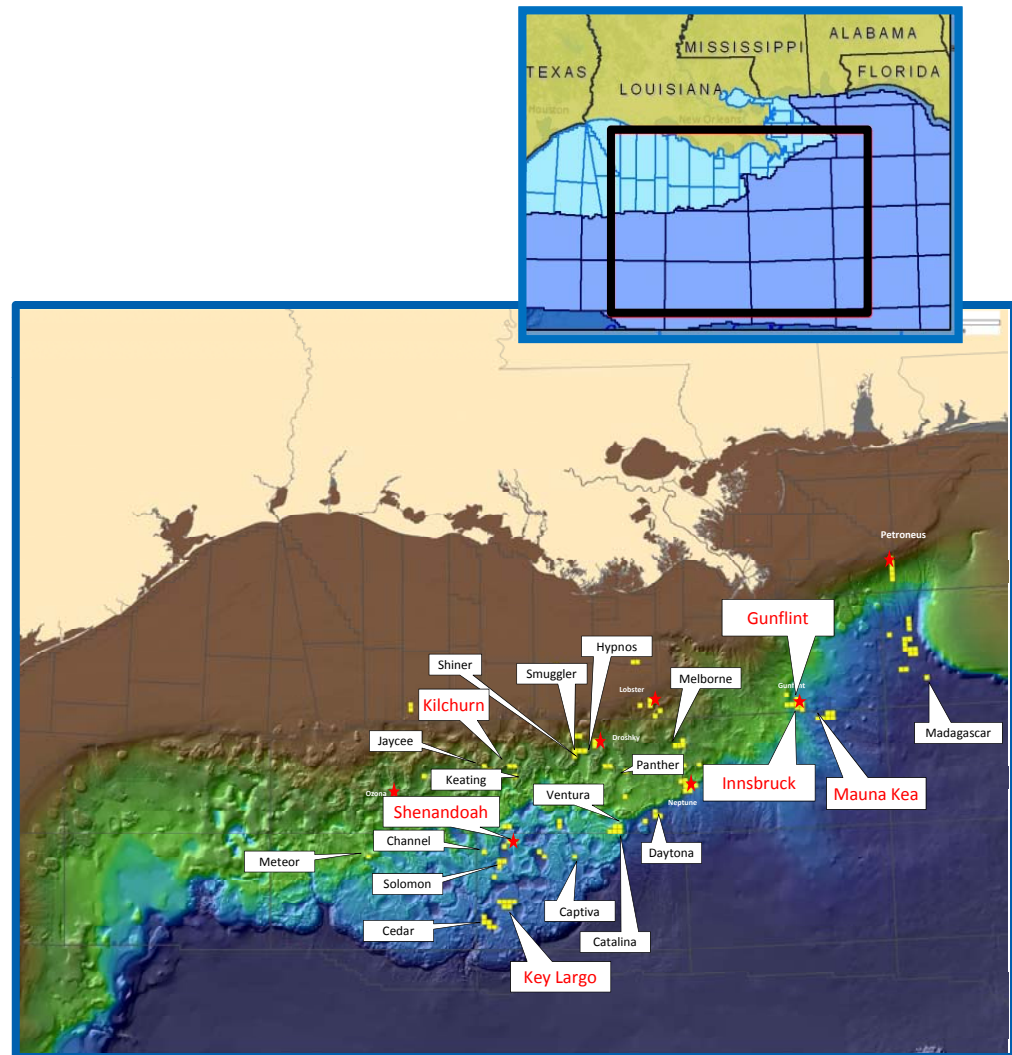
## Resuming Operations

### ■ 20 Prospects with ~1 BBOE net unrisked mean resource

- 42% Miocene
- 52% Paleogene
- 6% Jurassic
- Avg. WI - 50%
- 14 of the 20 prospects MRO operated

### ■ Post-moratorium drilling activity resumed

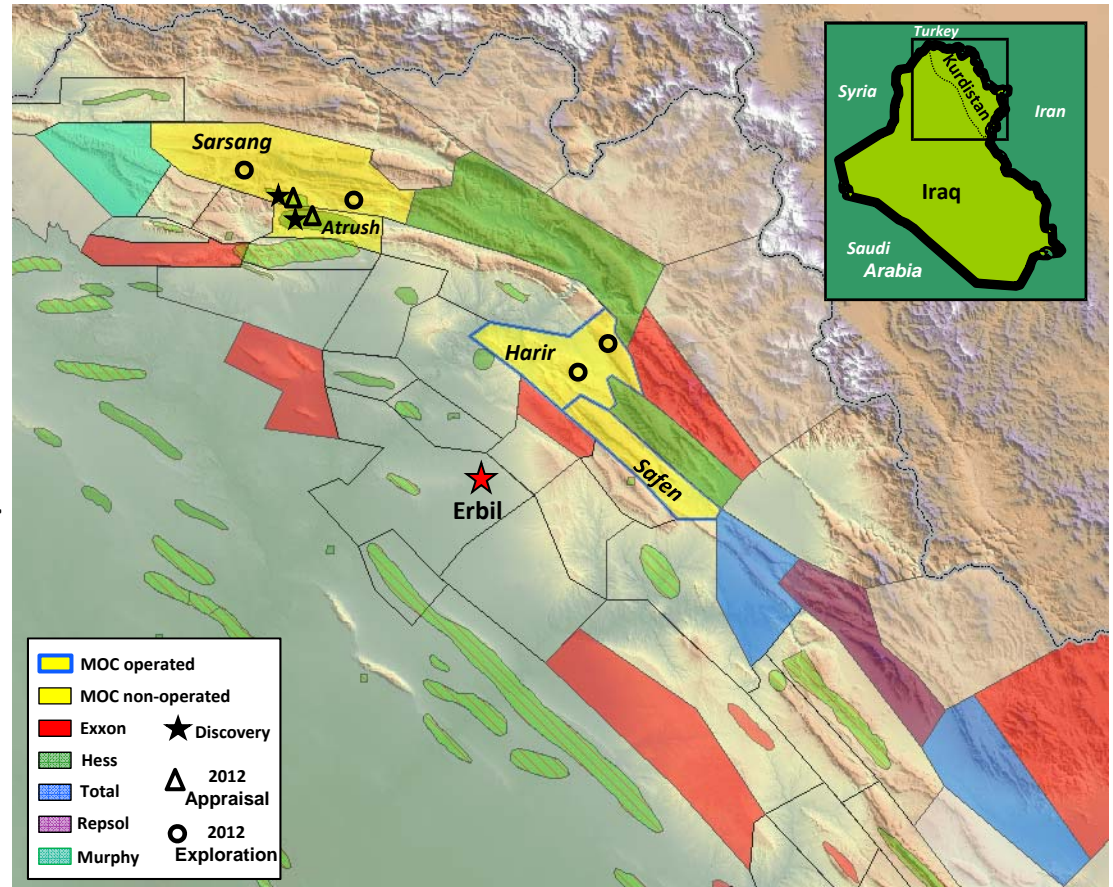
- Currently drilling OBO Kilchurn exploration well and OBO Gunflint appraisal well
- Rig secured for mid-year re-entry of Innsbruck (45% WI)
- Seeking additional rig commitments



# Iraqi Kurdistan Region

## Emerging Impact Play

- **High impact potential**
  - Underexplored surface anticlines
    - 70 % exploration success rate
  - Discovery sizes of 100 MMBOE to 2 BBOE
- **Early onshore entry for MRO**
  - 2010 MRO first sizable American company
    - 648,000 gross acres in 4 blocks
- **Planning extended well testing and early production systems on outside operated blocks with first production expected in Q1 2013**
- **Exploration portfolio drilling through 2014**
  - **Sarsang block: 4 exploration prospects**
    - Success in Swara Tika #1; tested 6,000 bopd gross from three horizons
    - Appraising now
    - Plan to drill 1-2 exploration prospects
  - **Atrush block: 1 exploration prospect**
    - Success in Atrush #1; tested 7,000 bopd gross from three horizons
    - 2012 appraisal
  - **Harir block: 3 exploration prospects**
    - 2012: Spud 2 wells
  - **Safen block: 1 exploration prospect**
    - Expected 2013 spud



# Poland

## Frontier Unconventional Play

### ■ Frontier high impact potential

- 3 basins of Ordovician-Silurian shales
- 100 – 600' thick, 6,500– 15,000' drill depth
- Total organic carbon (TOC) range of 2-6% identified from pre-1980 wells with cores
- 16 new wells drilled since 2009, including 2 by MRO

### ■ Very low cost, early entry

- 11 Licenses
  - Exploration phase: 2D seismic / 1 well commitment
  - 5+ years
- 2.3 MM acres gross (1.2 MM net)
- Opportunity for MRO to apply U.S. experience to European markets

### ■ Mitigated financial exposure

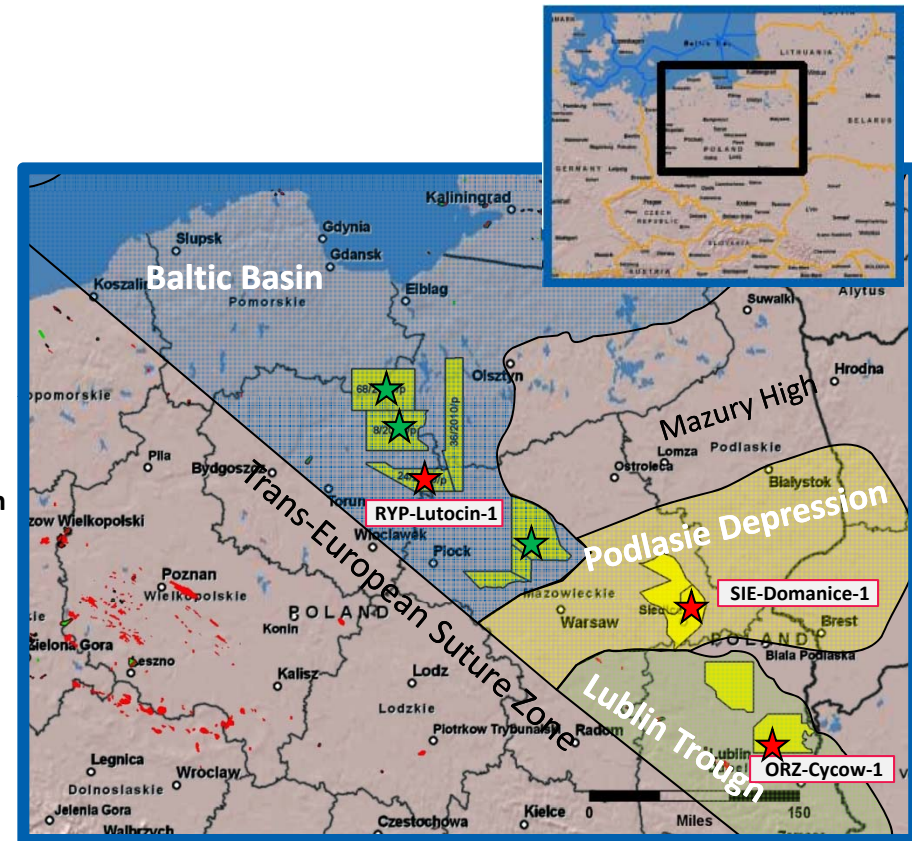
- Farmed down 49%
- Carry on 10 wells

### ■ 2011 / 2012 Acquiring 2D seismic across all blocks

- Expect completion of program May 2012 (1,460 km)

### ■ 6 Wells drilled by year-end 2012

- Will test initial concepts
- 2 wells TD'd to date – Lublin and Podlasie areas
- Rypin-Lutocin-1 spud March 31, Baltic basin
- Significant data collection and analysis
- Plan to test vertical wells and drill horizontal appraisal wells where zones identified with potential



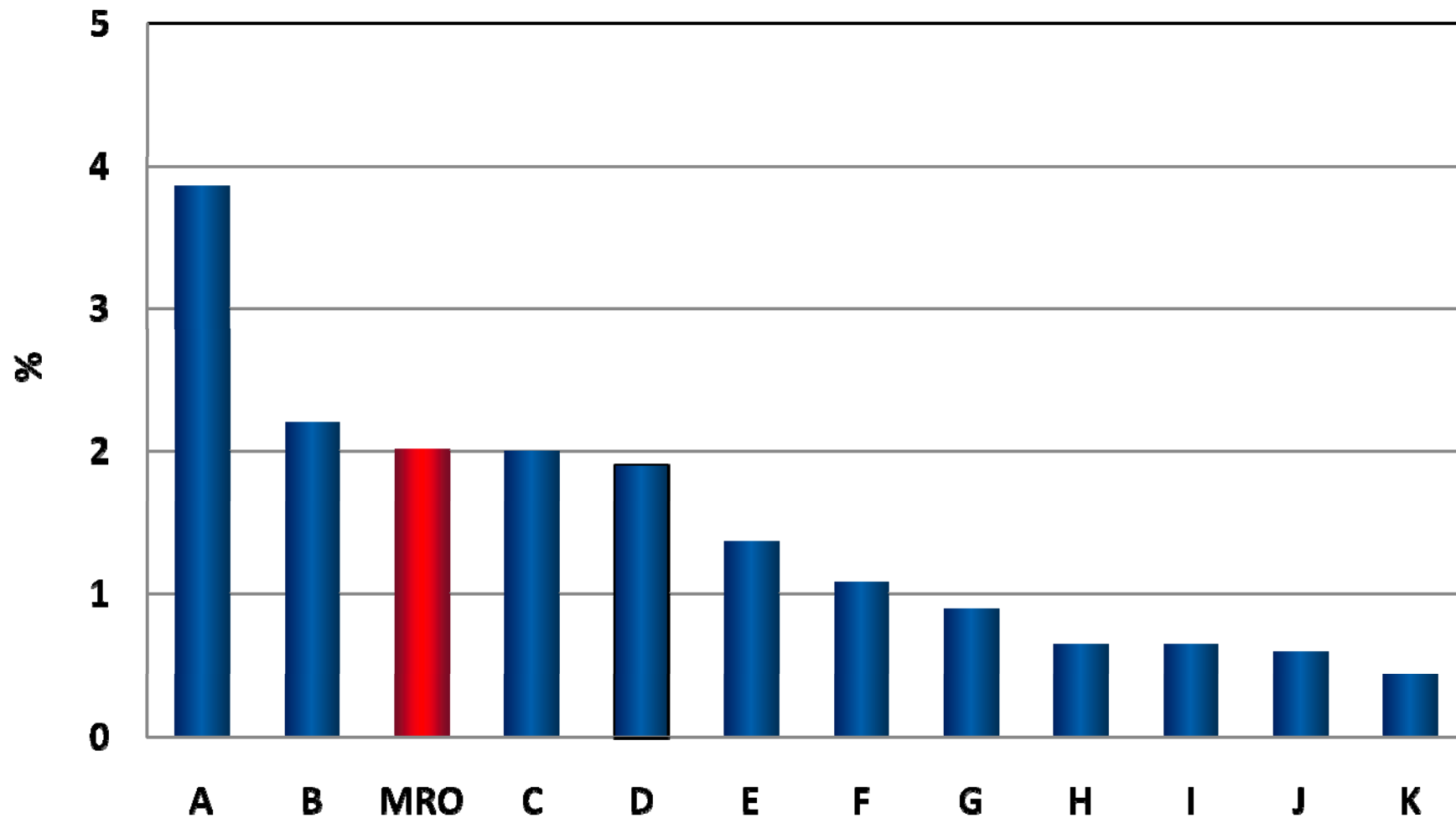
- ★ 2012 Drilled or drilling MRO well
- ★ Future MRO 2012 well

# Driving Growth and Value

- **Strong financial position**
  - Fund CAPEX from cash flows
- **Continued focus on high grading portfolio through divestitures**
  - \$3.5 Billion of transaction value divested 2006 – 2010
  - Target additional \$1.5 - \$3.0 billion by the end of 2013
    - Entered \$640MM in sales transactions in 2011
- **Dividends: an important part of total shareholder return**
  - Raised dividend 13% Q1 2012

# Strong Dividend Enhances Total Shareholder Return

Annualized Indicative Dividend Yield @ 3/20/12



Source: Bloomberg for competitors

Comparator group contains: APA, APC, CHK, DVN, ECA, EOG, HES, MRO, MUR, NBL, OXY, TLM



# Appendix

*Marathon Oil Corporation*



**Marathon Oil**  
Corporation

# Definitions

Term	Definition
<b>BBL</b>	Barrel
<b>BBOIP</b>	Billions of barrels of oil in place
<b>BNGLPD</b>	Barrels of NGL per day
<b>BOED</b>	Barrels of oil equivalent per day
<b>BOPD</b>	Barrels of oil per day
<b>EG</b>	Equatorial Guinea
<b>EG LNG</b>	Equatorial Guinea Liquefied Natural Gas production facility
<b>EOG</b>	EOG Resources
<b>EUR</b>	Estimated ultimate recoverable
<b>F&amp;D</b>	Finding & development
<b>FLC</b>	Field level controllable cost
<b>FOB</b>	Freight on board
<b>FPSO</b>	Floating production, storage and offloading vessel

# Definitions

Term	Definition
<b>GOR</b>	Gas to oil ratio
<b>HES</b>	Hess Corporation
<b>HH</b>	Henry Hub natural gas spot price
<b>IG</b>	Integrated Gas, one of MRO's three business segments
<b>In-situ</b>	Oil sands too deep for mining that require in-place treatment to achieve production
<b>IP</b>	Initial production rate
<b>K-HP</b>	Thousand horsepower
<b>km</b>	Kilometer
<b>LLS</b>	Louisiana Light Sweet crude, type of crude oil used as a benchmark in oil pricing
<b>LPG</b>	Liquefied petroleum gas
<b>LNG</b>	Liquefied natural gas
<b>M</b>	Thousand
<b>MBD</b>	Thousand barrels of bitumen per day

# Definitions

Term	Definition
<b>MBLHCD</b>	Thousand barrels of liquid hydrocarbons per day
<b>MBOED</b>	Thousand barrels of oil equivalent per day
<b>MBOPD</b>	Thousand barrels of oil per day
<b>MCFD</b>	Thousand cubic feet per day
<b>MM</b>	Million
<b>MMBBL</b>	Million barrels
<b>MMBOE</b>	Million barrels of oil equivalent
<b>MMCFD</b>	Million cubic feet equivalent per day
<b>MMTPA</b>	Million tonnes per annum
<b>MRO</b>	Marathon Oil Corporation
<b>MRO-OP</b>	Marathon Oil Corporation operated
<b>MSCOD</b>	Thousands of barrels of Synthetic Crude Oil per day
<b>MSL</b>	Mean sea level

# Definitions

Term	Definition
<b>MUR</b>	Murphy Oil Corporation
<b>NBL</b>	Noble Energy
<b>NGL</b>	Natural gas liquids
<b>NPV/I</b>	Net present value divided by investment
<b>OBO</b>	Operated by others
<b>Oil Sands Mining or OSM</b>	The business segment through which MRO's oil sands mining results are reported; MRO holds a 20% outside-operated interest in the Athabasca Oil Sands project, an oil sands mining joint venture located in Alberta, Canada
<b>OXY</b>	Occidental Petroleum Corporation
<b>Production</b>	Production available for sale
<b>Proved Reserves</b>	Proved oil, natural gas and bitumen reserves determined under SEC requirements
<b>PSVM</b>	Plutao, Saturno, Venus, Marte development area
<b>PV10</b>	Present value at 10% discount rate
<b>Reserves</b>	Proved, Probable and Possible oil and gas volumes as defined by the SEC

# Definitions

Term	Definition
<b>Resources</b>	Total Resource represents an optimistic estimate of quantities of recoverable oil, including both reserves and those volumes expected to be recovered but that cannot yet be classified as reserves, or the P90 on the cumulative distribution of results from probabilistic estimates
<b>Resource Potential</b>	Resource volumes based on publically available basin wide data that have not been thoroughly evaluated by Marathon
<b>ROCE</b>	Return on capital employed
<b>SCF</b>	Standard cubic foot
<b>S&amp;H</b>	Shipping & handling
<b>TLM</b>	Talisman Energy
<b>Total Shareholder Return or TSR</b>	Calculated as follows: (Change in share price between the beginning and ending months in the calculation, based upon the monthly average determined by the number of business days in the relevant month) + (Dividends paid during the calculation period) ÷ (Beginning month share price)
<b>U.S.</b>	United States

# Definitions

Term	Definition
<b>WAHA</b>	Libyan WAHA concession
<b>WTI</b>	West Texas Intermediate crude, type of crude oil used as a benchmark in oil pricing
<b>WI</b>	Working interest
<b>Yr.</b>	Year
<b>YE</b>	Year end
<b>YTD</b>	Year to date

# U.S. Resource Position – Backbone of Growth

	Eagle Ford*	Bakken	Anadarko Woodford*	DJ Basin (Niobrara)*
<b>Net acres</b>	~305,000	~416,000	~164,000	~144,000
<b>Potential gross wells</b>	2,200-4,400	2,000-2,250	1,800-2,000	600-800
<b>Average Working Interest</b>	~80%	81% MRO-OP 11% OBO	55% MRO-OP 20% OBO	55% MRO-OP 15% OBO
<b>Well Costs, \$MM (includes facilities costs)</b>	7.7-8.1	8.6	8.0-10.0	4.3
<b>30-Day IP, BOED</b>	375-1,700	325-700	400-900	200-300
<b>Gross EUR, MBOE / well</b>	425-1,000	350-570	350-1,000	250-300
<b>Net Resource Potential, MMBOE**</b>	500-900	350	300	50-60

\* Industry basin average resource per well

\*\* P50 Resource



# Net Liquid Hydrocarbon Sales

## MBOPD

Net Liquid Hydrocarbon sales (MBD)	Year 2009	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010	Year 2010	Qtr 1 2011	Qtr 2 2011	Qtr 3 2011	Qtr 4 2011	Year 2011
<b>United States</b>											
Bakken	9	11	11	12	14	12	13	15	15	21	16
Eagle Ford										8	2
Anadarko Woodford								1	1	1	1
Other	55	47	46	68	72	58	65	56	53	53	56
<b>Total United States</b>	<b>64</b>	<b>58</b>	<b>57</b>	<b>80</b>	<b>86</b>	<b>70</b>	<b>78</b>	<b>72</b>	<b>69</b>	<b>83</b>	<b>75</b>
<b>International</b>											
Equatorial Guinea	42	35	35	42	37	38	37	39	34	39	38
Gabon – disc ops	5										
Libya	45	48	44	47	43	45	21	0	0	0	5
Norway	68	70	80	78	65	73	86	72	82	78	80
United Kingdom	24	15	30	2	28	19	25	15	26	19	21
<b>Total International</b>	<b>184</b>	<b>168</b>	<b>189</b>	<b>169</b>	<b>173</b>	<b>175</b>	<b>169</b>	<b>126</b>	<b>142</b>	<b>136</b>	<b>144</b>
<b>Worldwide Liquid Hydrocarbons with disc ops</b>	<b>248</b>	<b>226</b>	<b>246</b>	<b>249</b>	<b>259</b>	<b>245</b>	<b>247</b>	<b>198</b>	<b>211</b>	<b>219</b>	<b>219</b>

# Net Natural Gas Sales

## MMCFD

Net Natural Gas Sales (MMCFD)	Year 2009	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010	Year 2010	Qtr 1 2011	Qtr 2 2011	Qtr 3 2011	Qtr 4 2011	Year 2011
<b>United States</b>											
Alaska	87	108	91	90	128	104	126	87	72	92	94
Bakken	4	4	4	5	4	4	6	6	6	5	6
Eagle Ford										8	2
Anadarko Woodford				5	6	3	5	5	7	9	7
Other	282	239	239	263	268	253	231	217	211	211	217
<b>Total United States</b>	<b>373</b>	<b>351</b>	<b>334</b>	<b>363</b>	<b>406</b>	<b>364</b>	<b>368</b>	<b>315</b>	<b>296</b>	<b>325</b>	<b>326</b>
<b>International</b>											
Equatorial Guinea	426	348	399	438	434	405	445	419	453	455	443
Ireland – disc ops	17										
Libya	4	5	3	4	4	4	1	1	0	0	0
Norway	30	31	35	37	36	35	43	34	41	51	42
United Kingdom	108	78	69	62	72	70	59	62	38	61	55
<b>Total International</b>	<b>585</b>	<b>462</b>	<b>506</b>	<b>541</b>	<b>546</b>	<b>514</b>	<b>548</b>	<b>516</b>	<b>532</b>	<b>567</b>	<b>540</b>
<b>Worldwide Natural Gas Sales with disc ops</b>	<b>958</b>	<b>813</b>	<b>840</b>	<b>904</b>	<b>952</b>	<b>878</b>	<b>916</b>	<b>831</b>	<b>828</b>	<b>892</b>	<b>866</b>

# Total Worldwide LHC & Natural Gas Sales

## MBOED

Sales (MBOED)	Year 2009	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010	Year 2010	Qtr 1 2011	Qtr 2 2011	Qtr 3 2011	Qtr 4 2011	Year 2011
<b>United States</b>											
Alaska	15	18	15	15	21	17	21	15	12	16	16
Bakken	10	11	12	13	15	13	14	16	16	22	17
Eagle Ford										9	2
Anadarko Woodford							1	1	2	2	2
Other	101	87	85	112	118	101	103	93	88	88	93
<b>Total United States</b>	<b>126</b>	<b>116</b>	<b>112</b>	<b>140</b>	<b>154</b>	<b>131</b>	<b>139</b>	<b>125</b>	<b>118</b>	<b>137</b>	<b>129</b>
<b>International</b>											
Equatorial Guinea	113	93	102	115	109	105	111	109	109	115	111
Gabon & Ireland – disc ops	7										
Libya	47	49	45	48	44	46	22	0	0	0	5
Norway	73	75	86	84	71	79	93	78	89	86	87
United Kingdom	42	28	41	12	39	30	35	25	33	30	30
<b>Total International</b>	<b>282</b>	<b>245</b>	<b>274</b>	<b>259</b>	<b>263</b>	<b>260</b>	<b>261</b>	<b>212</b>	<b>231</b>	<b>231</b>	<b>234</b>
<b>Worldwide LHC &amp; Natural Gas Sales with disc ops</b>	<b>407</b>	<b>361</b>	<b>386</b>	<b>399</b>	<b>417</b>	<b>391</b>	<b>400</b>	<b>337</b>	<b>349</b>	<b>368</b>	<b>363</b>

## Select Balance Sheet / Cash Flow Data

(\$B unless otherwise noted)

	2011			
	1Q	2Q	3Q	4Q
<b>As of quarter ended:</b>				
<b>Cash and cash equivalents</b>	<b>5.7</b>	<b>4.7</b>	<b>4.6</b>	<b>0.5</b>
<b>Total debt</b>	<b>8.3</b>	<b>5.0</b>	<b>5.0</b>	<b>4.8</b>
<b>Cash-adjusted total debt</b>	<b>2.6</b>	<b>0.3</b>	<b>0.4</b>	<b>4.3</b>
<b>Stockholders' equity</b>	<b>24.7</b>	<b>16.7</b>	<b>16.8</b>	<b>17.2</b>
<b>Cash-adjusted debt-to-capital ratio</b>	<b>10%</b>	<b>2%</b>	<b>2%</b>	<b>20%</b>
<b>Year-to-date:</b>				
<b>Net cash provided by continuing operations</b>	<b>1.6</b>	<b>3.3</b>	<b>4.4</b>	<b>5.4</b>
<b>Net cash provided by continuing operations before changes in working capital</b>	<b>1.4</b>	<b>2.8</b>	<b>3.8</b>	<b>4.9</b>

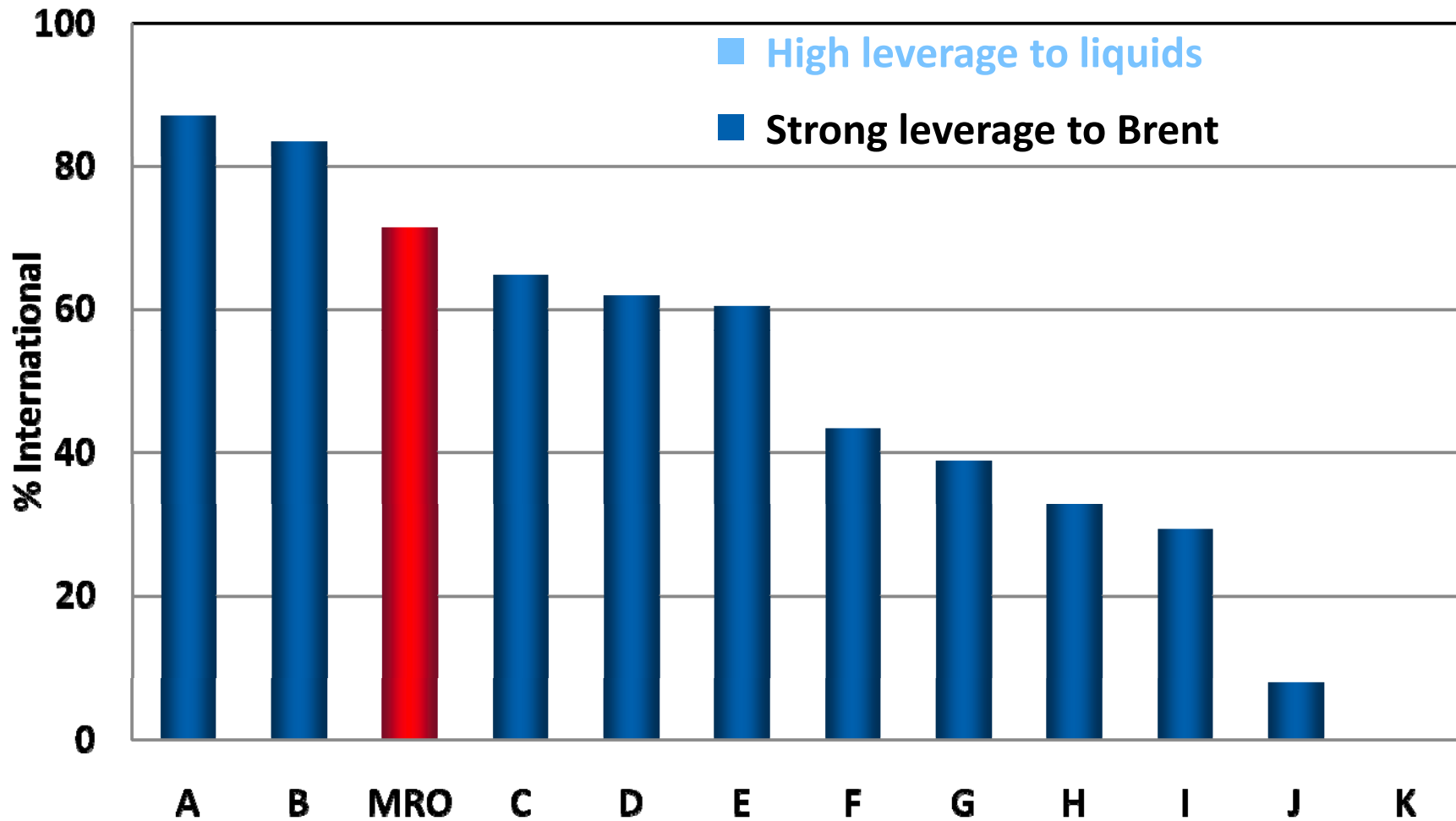
# Reserve Replacement

## Estimated Net Proved Reserves

Category	E&P			OSM	TOTAL	% Proved Developed of Total
	Liquids (mmbbl)	Natural Gas (bcf)	Total (mmboe)	Synthetic Crude Oil (mmbbl)	Total (mmboe)	
<b>As of Dec 31, 2010</b>	<b>630</b>	<b>2,617</b>	<b>1,066</b>	<b>572</b>	<b>1,638</b>	<b>75%</b>
Revisions + Additions	93	240	133	65	198	
Acquisitions	89	119	109	0	109	
Production	(79)	(310)	(131)	(14)	(145)	
<b>As of Dec 31, 2011</b>	<b>733</b>	<b>2,666</b>	<b>1,177</b>	<b>623</b>	<b>1,800</b>	<b>78%</b>
Reserve Replacement Ratio (including acquisitions)	230%	116%	185%	464%	212%	
Reserve Replacement Ratio (excluding acquisitions)	118%	77%	102%	464%	137%	

# Advantaged Liquids Position

2011 International Liquids as % of Total Liquids Production



Source: Company annual reports

Includes OSM results for applicable companies

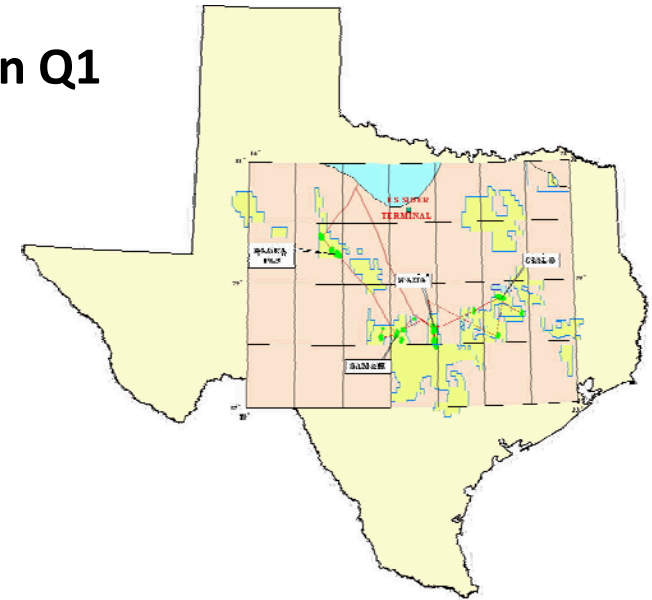
Comparator group contains: APA, APC, CHK, DVN, ECA, EOG, HES, MRO, MUR, NBL, OXY, TLM



# Libya

## Update Summary

- Production reinstated in November 2011
- Liftings resumed January 3<sup>rd</sup>, MRO had 3 liftings in Q1
- Currently producing from all major fields at an average daily rate of ~300 MBOPD gross (350 MBOPD pre-conflict)
- Access to work over rigs & electric submersible pumps improving
- Providing technical assistance to WAHA
- Tripoli office now fully functional and all Libyan national staff back at work
- Continue to monitor security on the ground
- Capitalize on current relationships with National Oil Company & WAHA management to conclude outstanding agreements

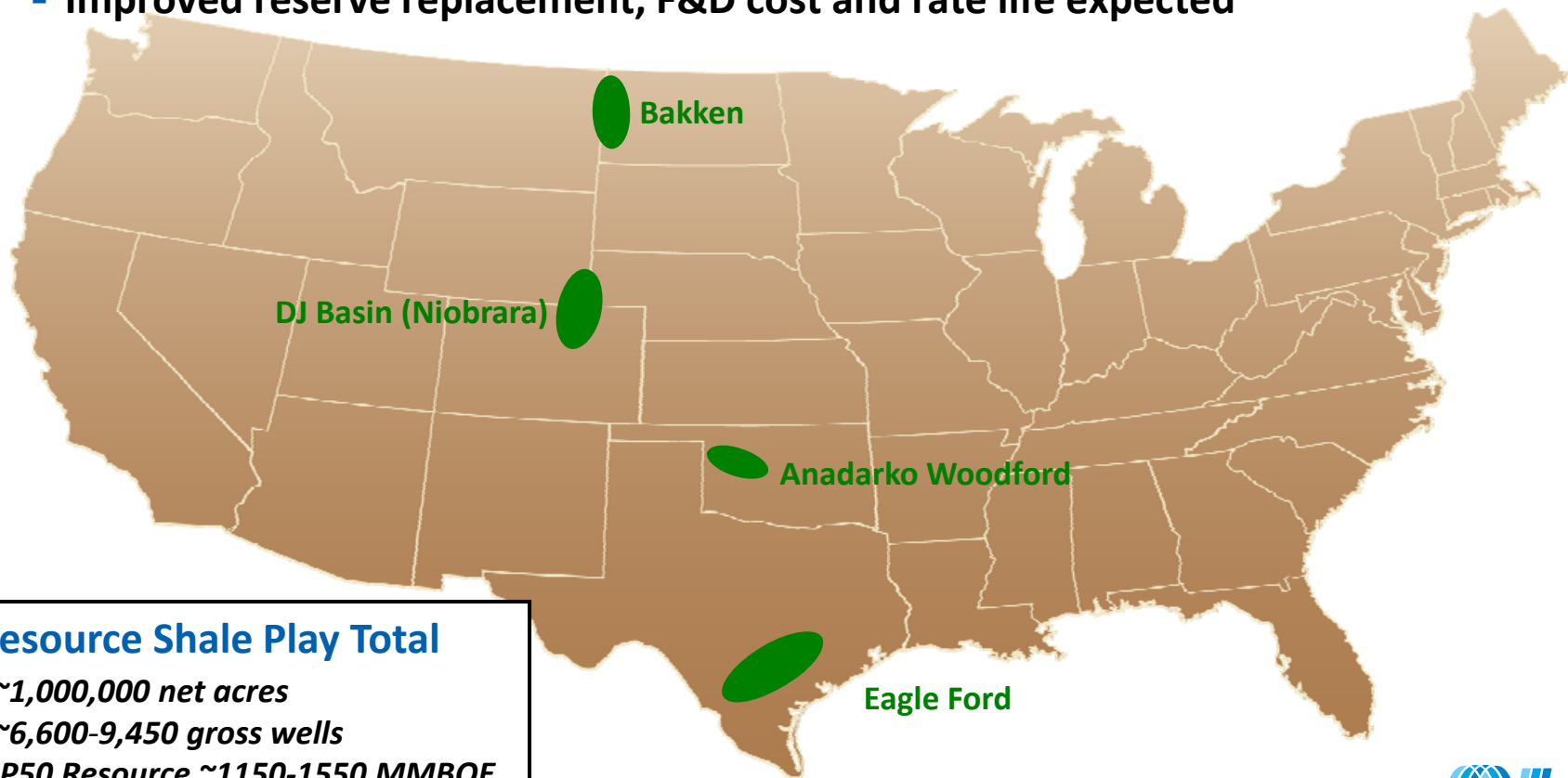


WAHA concessions 13MM acres  
MRO 16.33% W.I.

# Driving Growth and Value

## Liquids Rich Shale Resource Plays

- Focused on North America liquids growth
  - Developed low risk liquids rich shale play position
  - Established top-tier position in core of Eagle Ford play
  - Improved reserve replacement, F&D cost and rate life expected

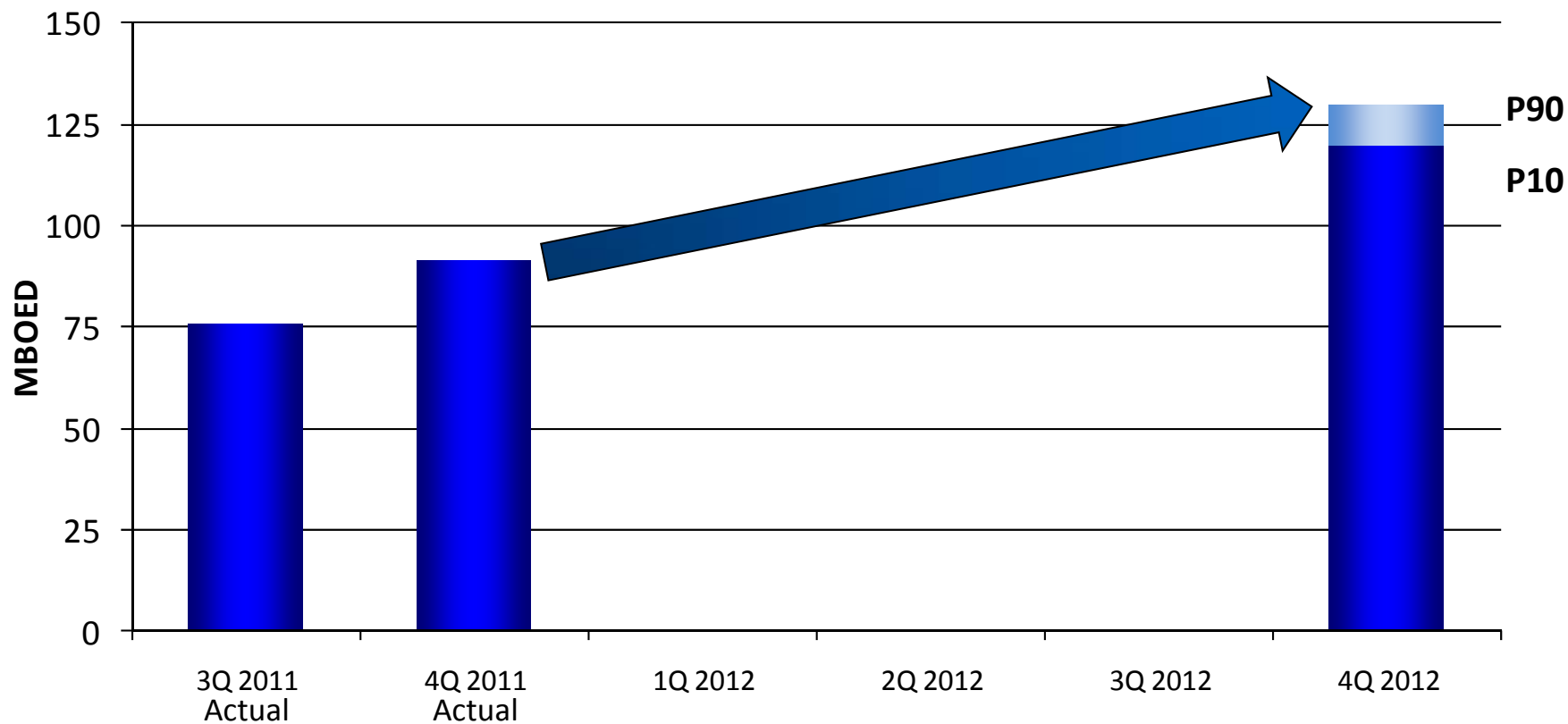


### Resource Shale Play Total

- ~1,000,000 net acres
- ~6,600-9,450 gross wells
- P50 Resource ~1150-1550 MMBOE
- Significant down-spacing upside

# Lower 48 Onshore Production Forecast

*Available for Sale*



# Eagle Ford Shale

## Single Well Economics

	Condensate (3,000-100,000 scf/BBL GOR)	High-GOR Oil (500-3,000 scf/BBL GOR)	Low-GOR Oil (<500 scf/BBL GOR)
IP 30 day (BOED)	1,650	675	385
EUR (MBOE)	965	645	445
% Liquids	72%	77%	95%
Liquid Revenue %	83%	87%	97%
Gross Cost \$MM (includes facility costs)	7.9	7.7-8.1	7.9
Acre Spacing	80 - 160	80 - 160	80 - 160
Lateral Length	5,000'	5,000'	5,000'
<b>Economics</b>			
BFIT IRR - %	100+	43-50	22
BFIT PV 10 - \$MM	13.8	7.4-7.8	3.3
NPV/I	1.7	0.9-1.0	0.4
Undiscounted Payout – Yrs	1.9	2.9-3.0	4.7

Note: \$85 WTI/ \$4.50 HH flat pricing

Shown on Dry Gas + NGL Basis

# Eagle Ford Shale

## Midstream Development to Support Growth

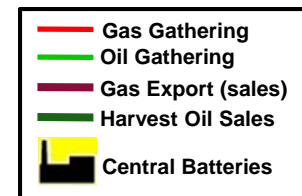
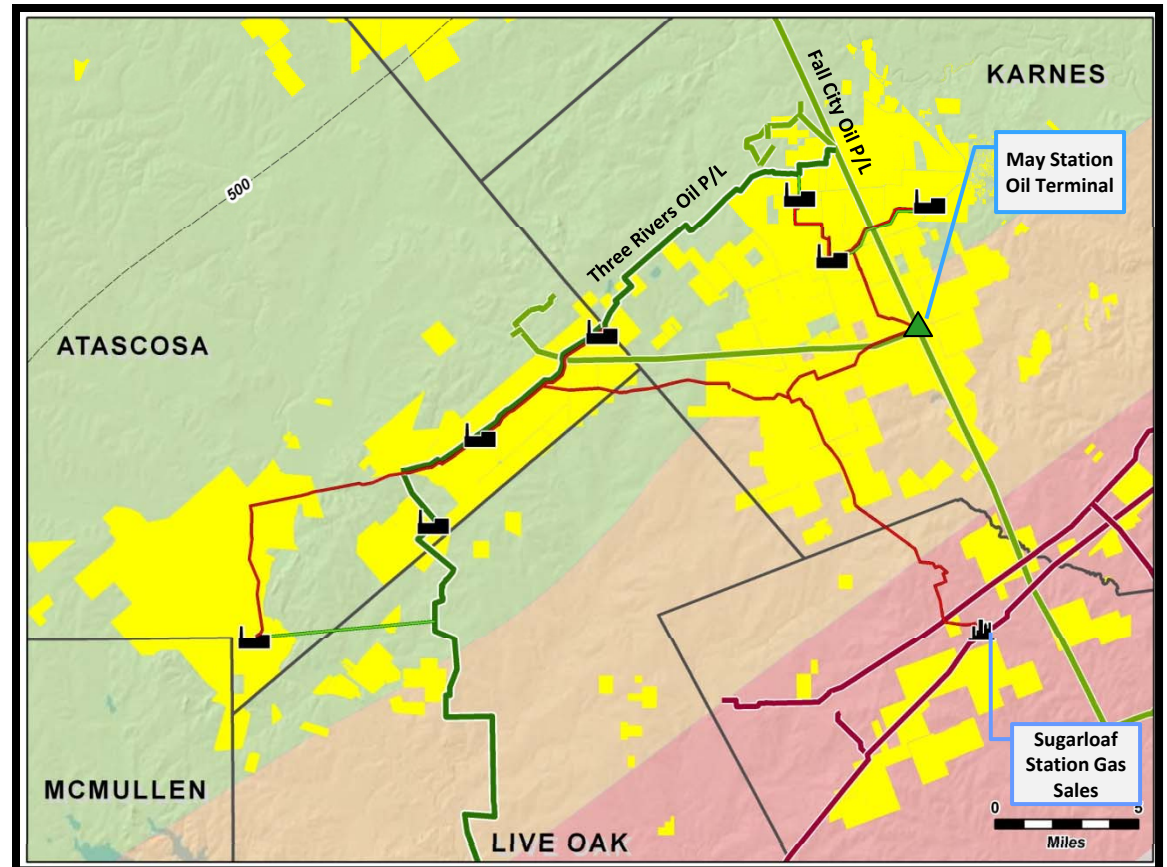
- Building out acquired midstream assets to support development activity
- Anticipate moving up to 60% of oil production into pipelines by Q2 2012
- Each centralized gathering facility will support 60-80 wells

### 2012 Facility Construction

Central Gathering Facilities	7
Stand Alone Facilities	35
Miles of Pipeline	343
Compression Horsepower (k-hp)	30-40

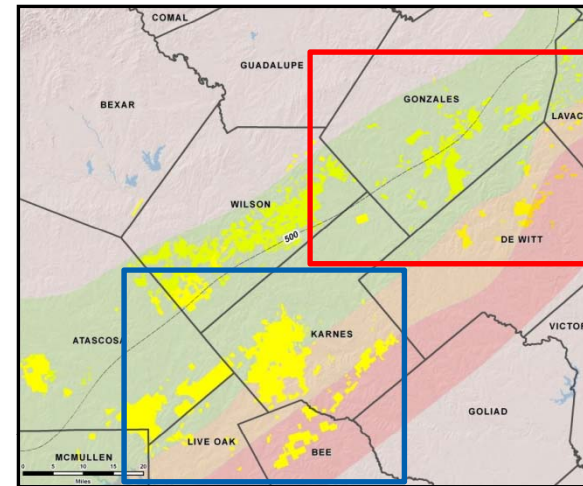
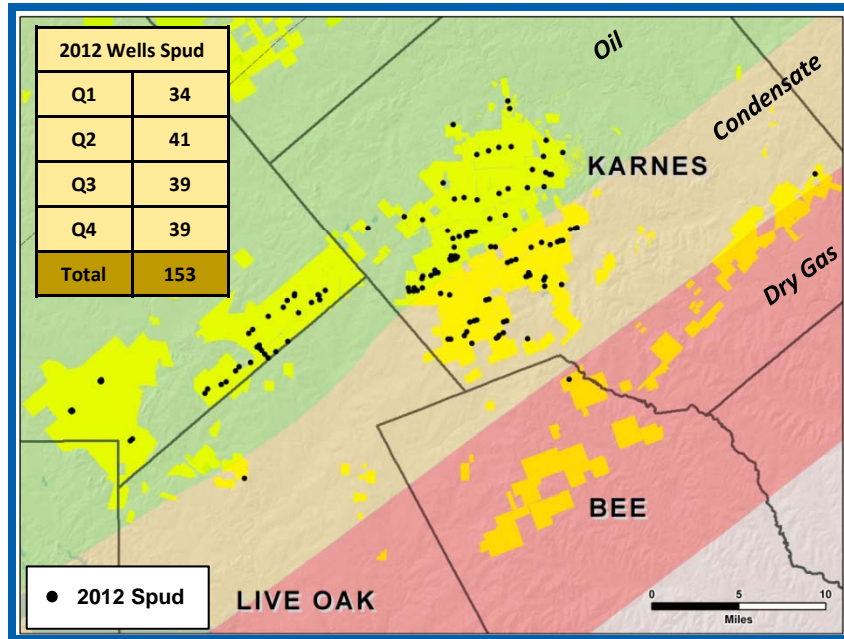


North Longhorn  
Central Facility



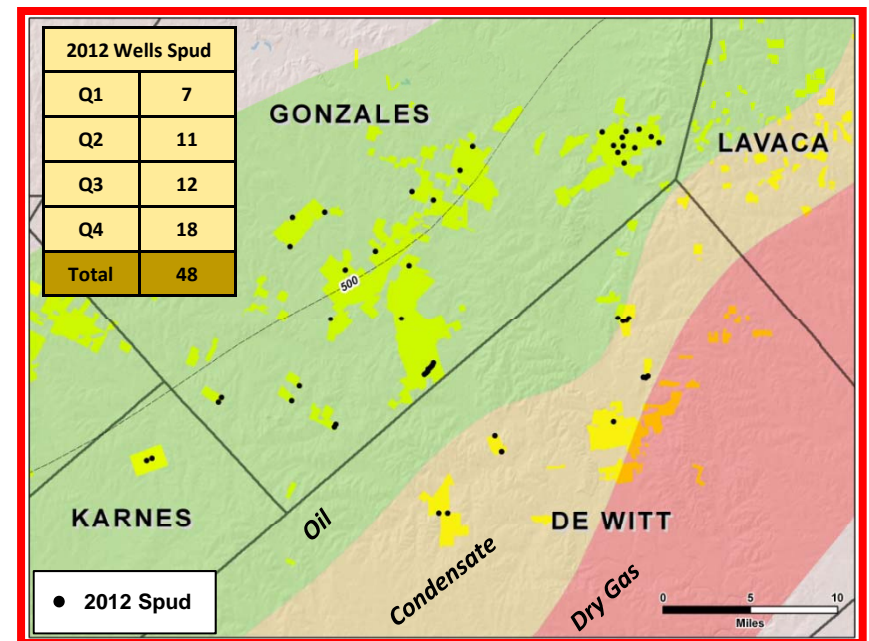
# Eagle Ford Shale

## Focus Activity in High-Value Areas



### Focused development strategy

- Early 2012 activity driven by lease retention
- 2H 2012 activity ~50% discretionary
- Accelerating development in core areas with proven performance & infrastructure
- Testing infill density with pilot program



# Bakken Shale

## Single Well Economics

	Aeneas / Myrmidon	Hector / Ajax
IP 30 day (BOED)	560	350
EUR (MBOE)	570	500
% Liquids	93%	95%
Liquid Revenue %	98%	98%
Gross Cost \$MM (includes facility costs)	8.6	8.6
Acre Spacing	420	420
Lateral Length	9,000'	9,000'
<b>Economics</b>		
BFIT IRR - %	27%	22%
BFIT PV 10 - \$MM	4.8	3.7
NPV/I	0.6	0.4
Undiscounted Payout – Yrs	4.2	4.6

Note: \$85 WTI oil \$4.50 HH Gas Price

# Bakken Shale

## Continuous Improvement - Drilling

### ■ Rigs setting new performance benchmarks

- H&P 257 – 9/11 Spud to Total Depth (TD) in 16.08 days
- H&P 258 – 10/11 Spud to TD in 16.19 days
- H&P 259 – 10/11 Spud to TD in 13.96 days
- H&P 386 – 1/12 Spud to TD in 17.58 days

### ■ Employed rotary steerable technology

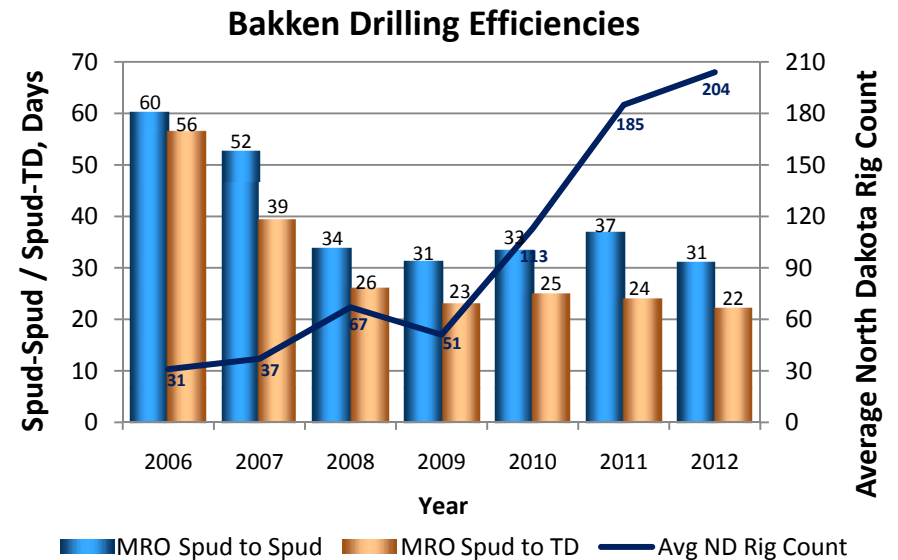
- Baker Hughes Inteq internal world record for 4-3/4" tools
  - Drilled lateral with single BHA (9,860')

### ■ Drilling cycle time improvement

- Dedicated rig-move contractor
- Rig skidding efficiencies on multi-well pads
- Elimination of dedicated reamer runs on liner installations

### ■ Supply chain enhancements

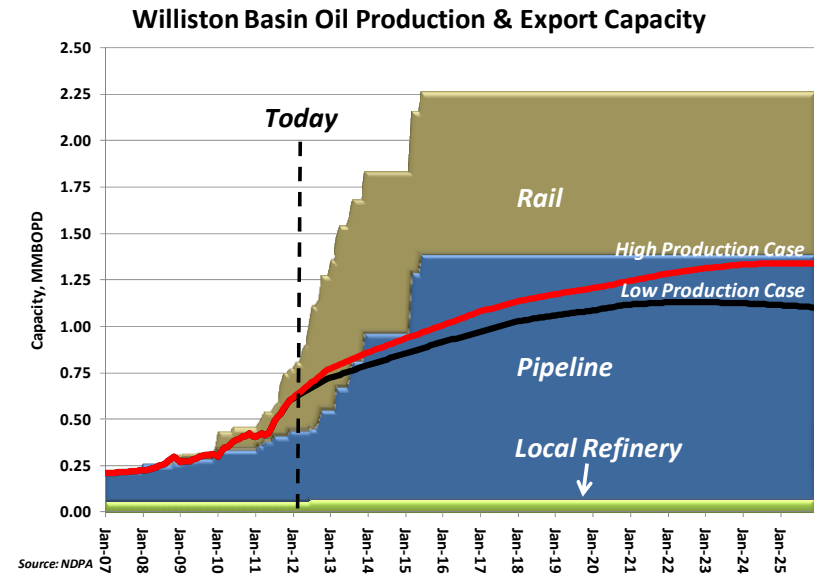
- Secured dedicated drill pipe agitators
- Drilling motors cost improvements
- Established new rig move supplier
- Added directional and cementing dedicated services



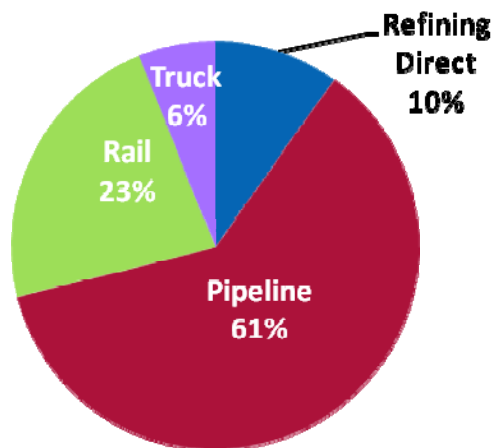
# Bakken Shale

## Export Capacity

- Current take away capacity tight
- However.... capacity increase progresses
  - 12 existing and 3 planned rail facilities in basin
  - Pipeline capacity expansion continues
- Marathon transport mix secured

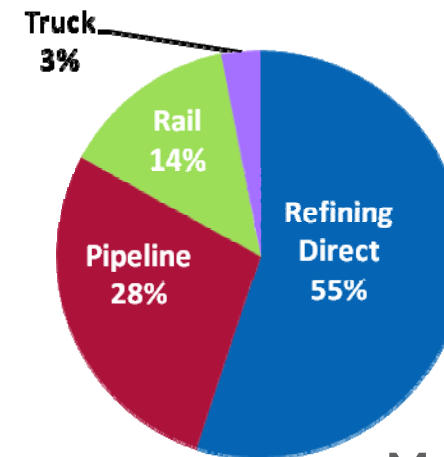


**Regional Transportation Mix**



Source: North Dakota Pipeline Authority

**MRO Transportation Mix**

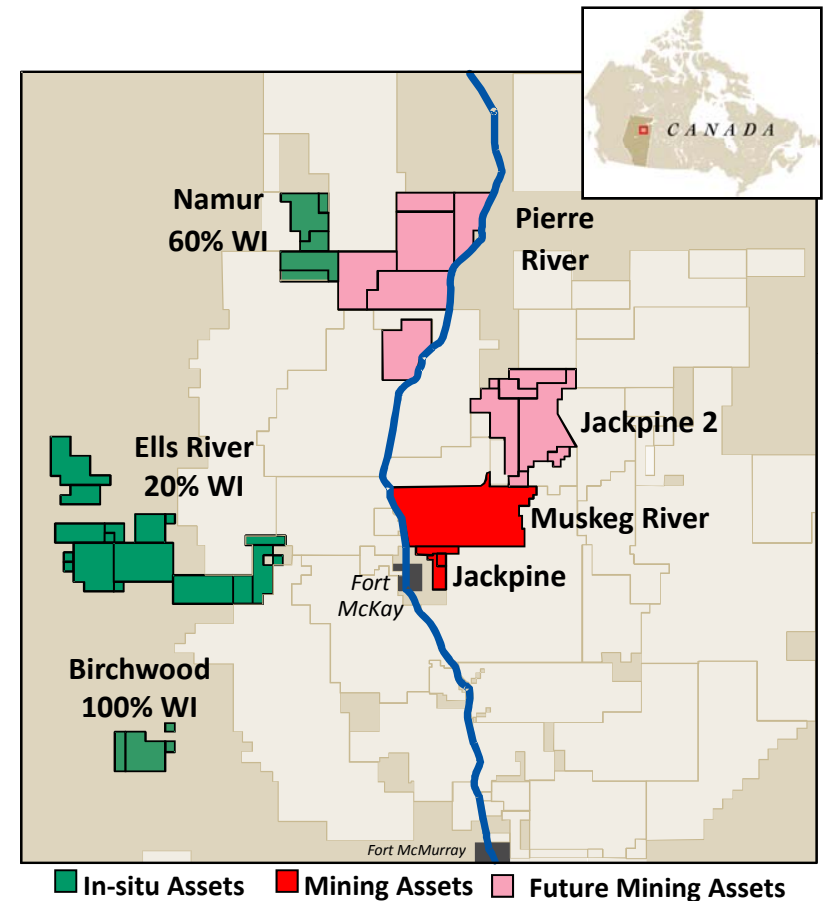


  
Marathon Oil

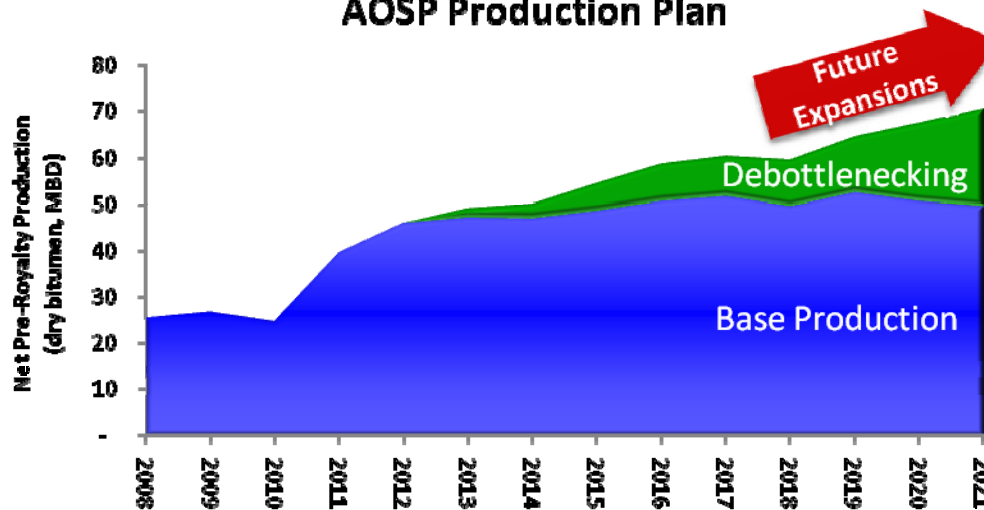
# Canada

## Athabasca Oil Sands Project (AOSP)

- **20% Working Interest**
  - Integrated mine & upgrader
- **~1.6 Billion BBLs Bitumen net P50 resource**
- **255 MBD gross production capacity**
  - 51 MBD net pre-royalty
- **Additional 21 MBD net de-bottlenecking opportunities**
  - Phase 1 first production Q4 2012 - 2 MBD net



**AOSP Production Plan**



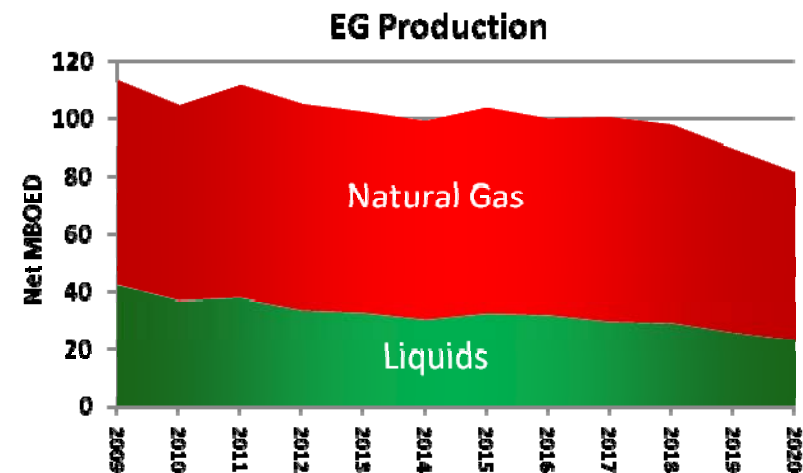
# Equatorial Guinea

## Alba Field & LPG, EGLNG, & Methanol - Long Lived Asset

- **2011 Net Sales**
  - 38 MBLHCD & 443 MMCFD
- **Alba Field**
  - 63% WI & Operator
  - 548 MMBOE P50 net resource
    - 379 MMBOE net proved reserves at 12/31/11
- **Alba LPG Plant**
  - 52% WI & Operator
- **3.7 MMTPA LNG Plant**
  - 60% Ownership
- **>1 MMTPA Methanol Plant**
  - 45% Ownership
  - One of the world's lowest cost producers



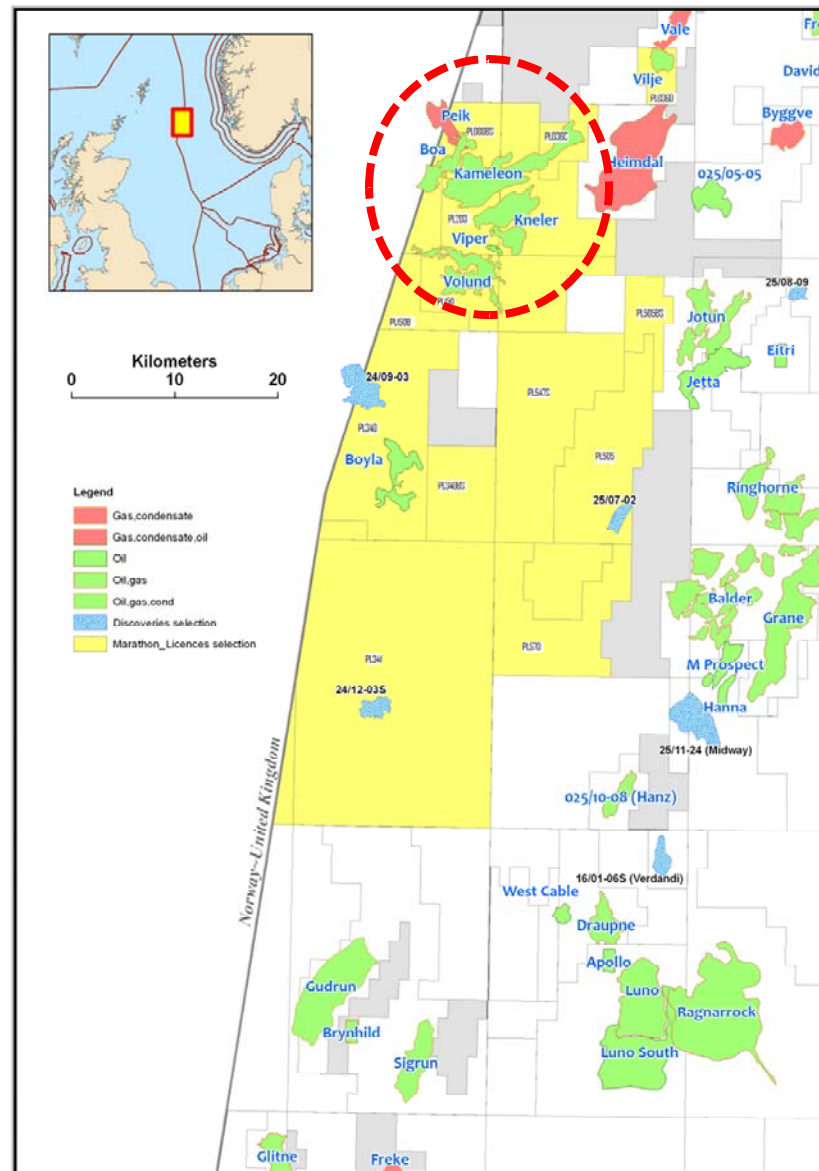
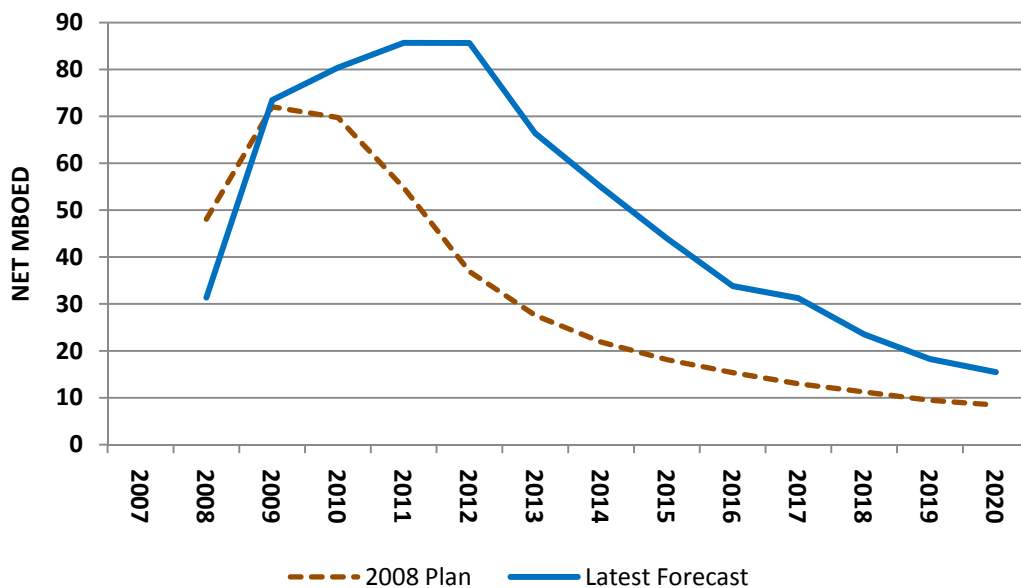
○ MRO Acreage   ● Gas Discovery   ● Oil & Gas Development



# Norway

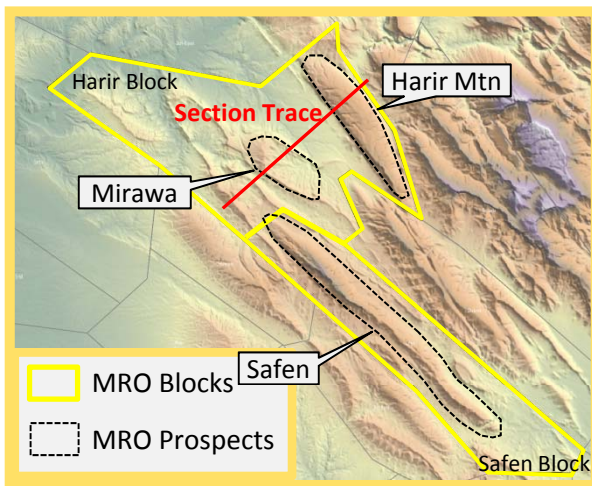
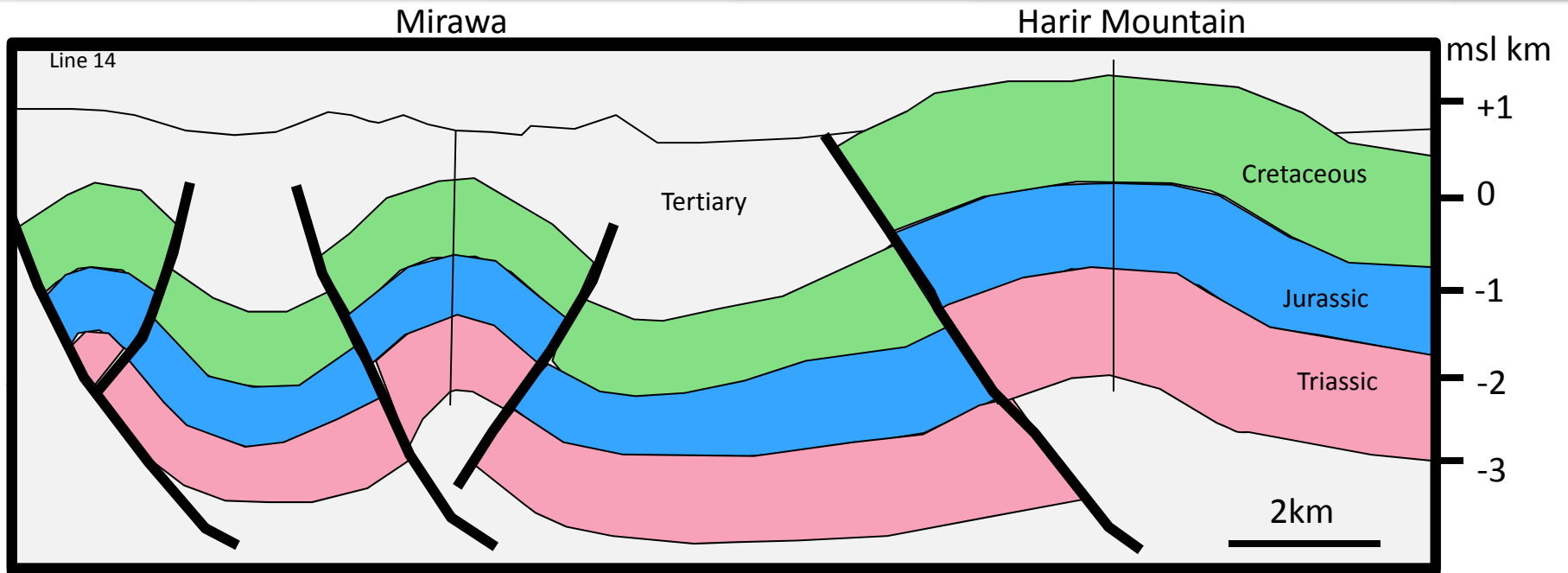
## Alvheim FPSO - Outperforming Expectations

- **Alvheim & Volund 65% WI & Operator**
  - Vilje 47% WI
- **Full field development cost of \$13.5/BOE**
- **173 MMBOE P50 net resource at 12/31/11**
  - 84 % Liquids
- **99 MMBOE produced through 12/31/11**
- **Enhanced oil recovery on-going – development drilling through 2014+**



# Harir Mountain and Mirawa Prospects

Harir Block, Kurdistan

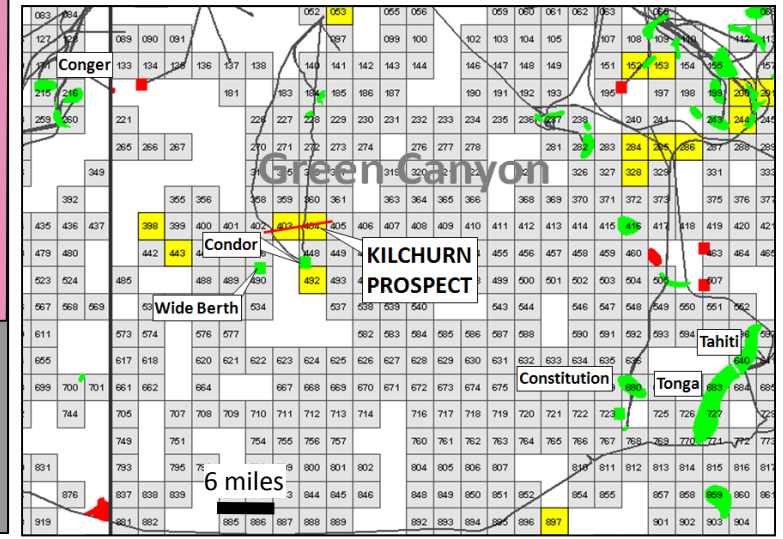
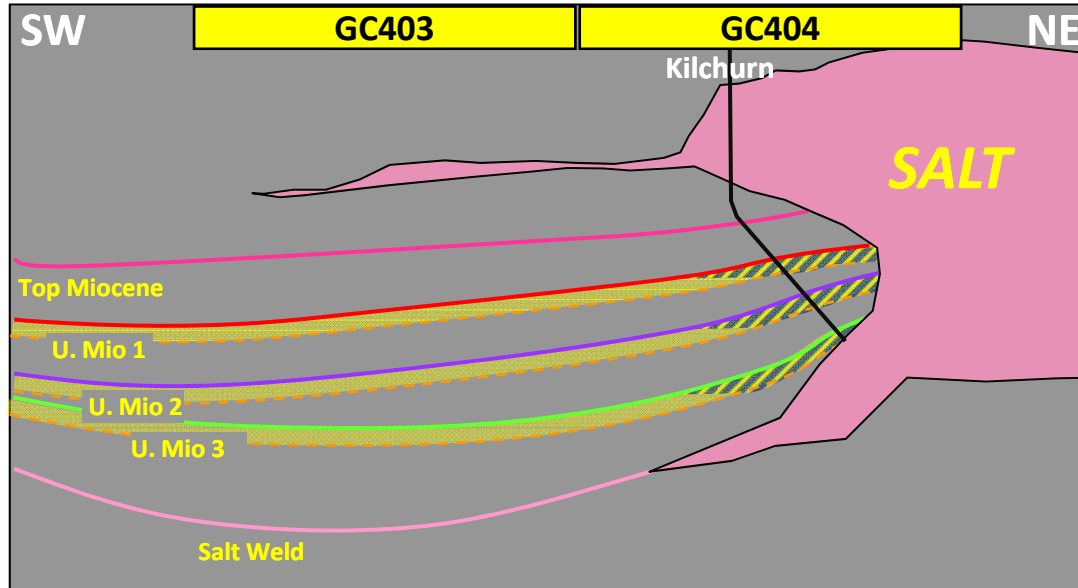


- 80% WI (100% Paying Interest) & operator
- Well cost ~\$35MM each, 3,700m to 4,000m TD
- Four-way closures above reverse faults
- Harir Mountain has Jurassic and Triassic reservoir targets
- Mirawa prospect has Cretaceous, Jurassic and Triassic targets
- Block upside potential of 5 BBOIP



# Gulf of Mexico Kilchurn Prospect

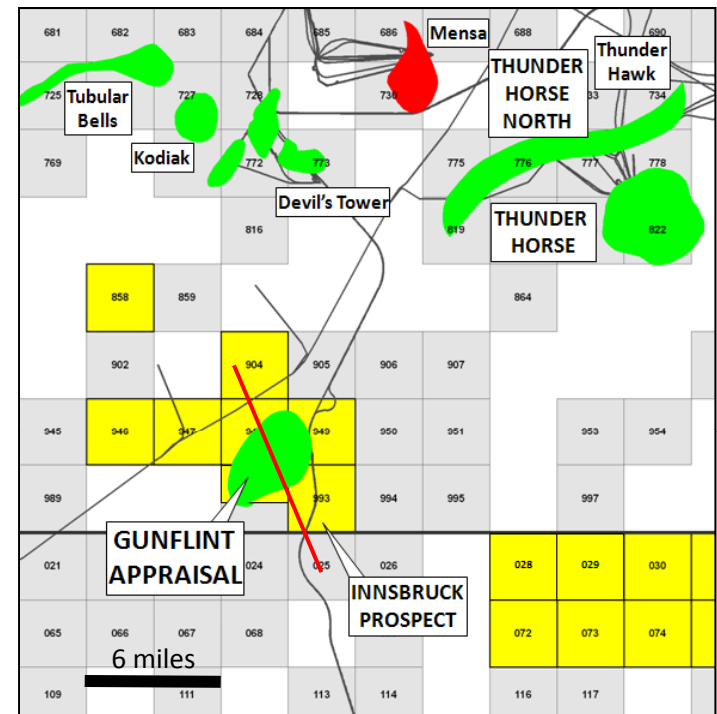
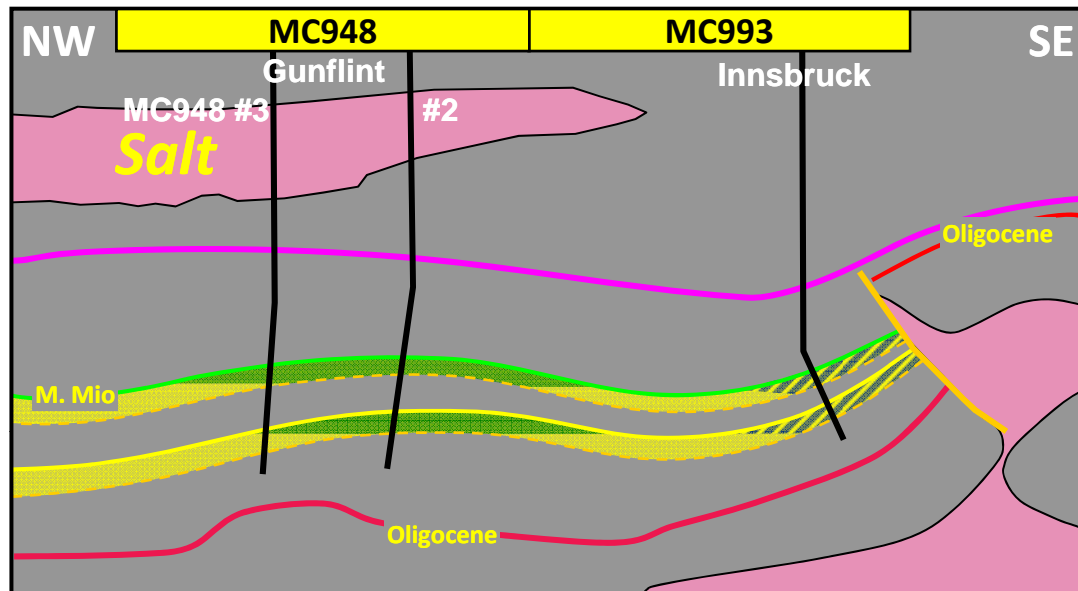
## Green Canyon Miocene



- 30% WI, Statoil operator, currently drilling
- WD 3,200', PTD 25,700'
- Three-way closure against massive salt
- SE of Conger, W of Tahiti
- Gross unrisked mean potential: 108 MMBOE

# Gulf of Mexico Gunflint Appraisal

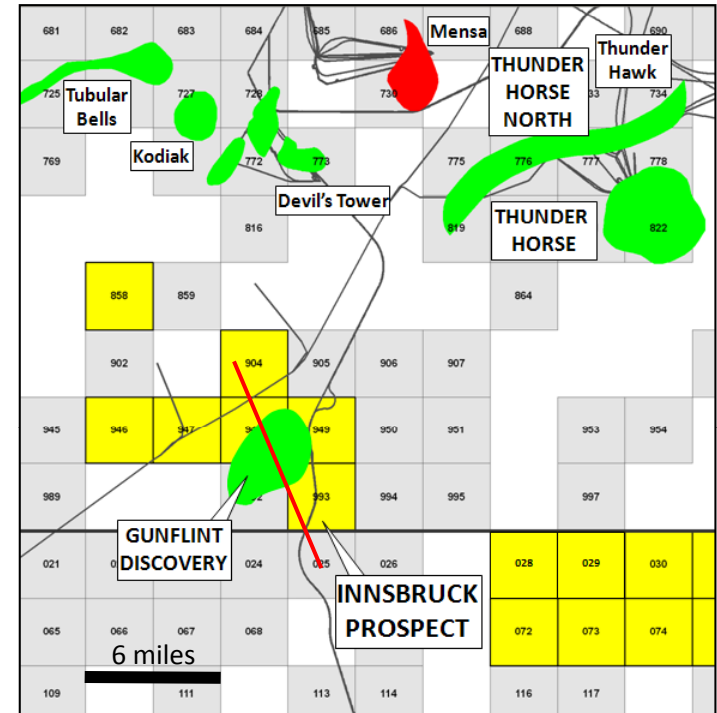
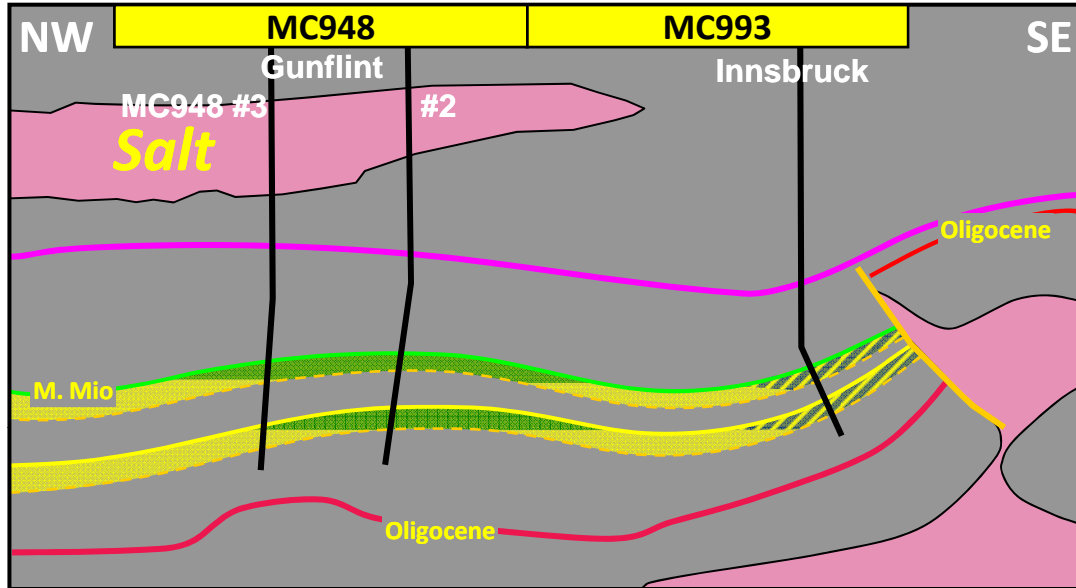
## Mississippi Canyon Miocene



- 15.25% WI, Noble operator, currently drilling
- WD 6,060', PTD 29,950'
- Four-way closure and three-way against salt
- Syncline separated from Innsbruck prospect
- Gross P10 – P90 resource range: 85-345 MMBOE

# Gulf of Mexico Innsbruck Prospect

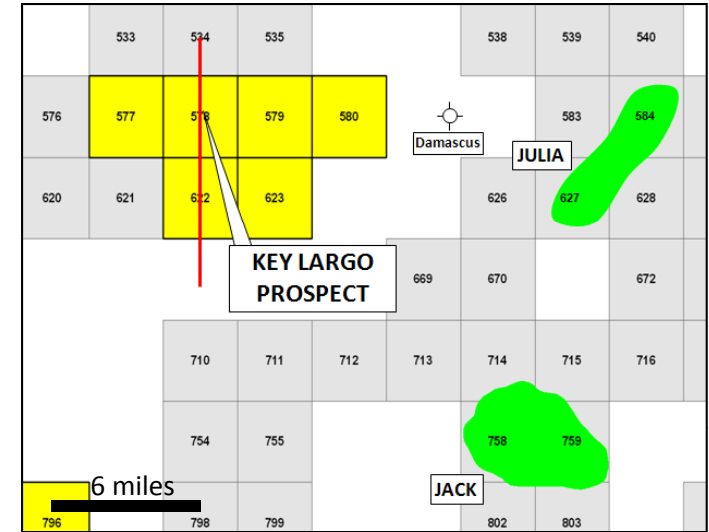
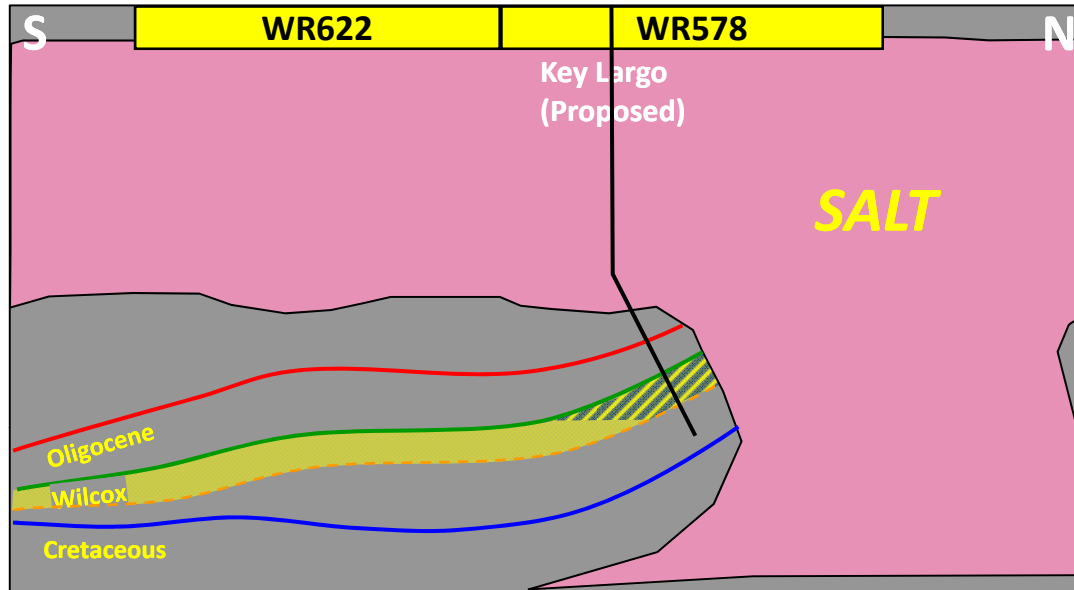
## Mississippi Canyon Miocene



- 45% WI and operator
- WD 6,290', PTD 29,000'
- Three-way closure with stratigraphic pinch out
- Syncline separated from Gunflint/Freedom discovery
- Gross unrisked mean potential: 115 MMBOE
- Temporarily abandoned at 20,000' due to moratorium

# Gulf of Mexico Key Largo Prospect

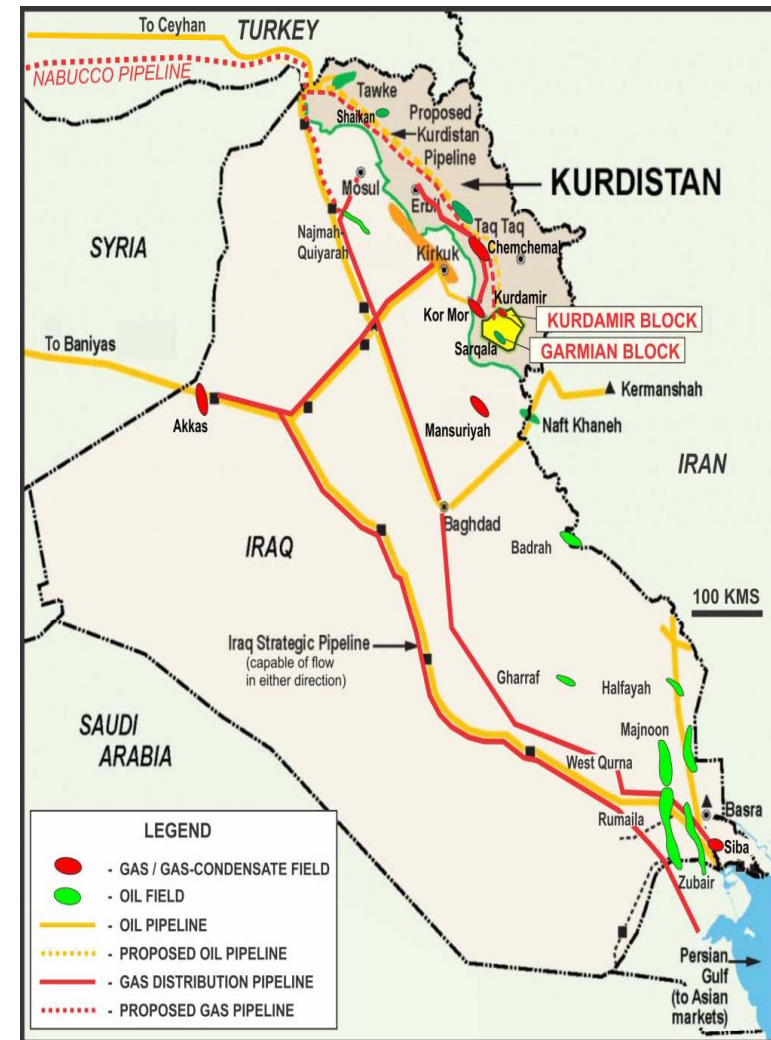
## Walker Ridge Paleogene



- 60% WI and operator
- WD 6,900', PTD 32,700'
- Three-way closure against massive salt
- W of Julia and NW of Jack discoveries
- Gross unrisked mean potential: 250 MMBOE

# Kurdistan Oil Sales and Logistics (as of April 2012)

- Exported Kurdish crude transported north to Turkey via Kirkuk-Ceyhan pipeline
- Central Government controlled SOMO (State Oil Marketing Company) holds export sales monopoly for all Iraqi crude (including Kurdistan) and sells at Ceyhan, Turkey
  - Sales revenues managed by Baghdad
- Plans for additional regional Kurdistan pipelines underway
- Interim political agreement for payments applies between Baghdad & Erbil pending Federal oil & gas law
- Extended well testing crude sold into trucks locally or exported via pipeline



## Estimated 2012 Production & Tax Rates by Jurisdiction

Jurisdiction	Approximate Production %	Effective Tax Rate	Statutory Tax Rate
U.S.	38	30% - 40%	35%
Norway	19	68% - 78%*	78%
EG	27	23% - 33%*	25%
Angola	1	45% - 55%	50%
UK	5	60% - 70%*	62%
Canada	10	25% - 35%	26.5%
<b>Total Upstream (excl. Libya)</b>	<b>100</b>		
Libya		93%*	93%

\*Mostly current