Marathon Oil Sets 2012 Capital, Investment and Exploration Budget

HOUSTON, Dec. 7, 2011 - Marathon Oil Corporation (NYSE: MRO) announced today a $4.822 billion capital, investment and exploration budget for 2012, approximately 65 percent of which is targeted to the Company's liquids-rich, growth assets.

"Our 2012 capital budget of $4.8 billion highlights our continued focus on the liquids-rich U.S. resource plays that will provide the greatest amount of the Company's projected 5 to 7 percent compound average production growth from 2010 to 2016," said Clarence P. Cazalot Jr., Marathon Oil's chairman, president and CEO. "Approximately two-thirds of our 2012 capital spending next year is allocated to our growth assets, and nearly half of that amount is designated to substantially ramping up our operations in the Eagle Ford shale. A large portion of our planned spending on these growth assets will also allow us to build on our substantial positions in the Bakken and Anadarko Woodford shale plays and continue to establish our business in the emerging Niobrara shale play of the DJ Basin.

"We plan to spend approximately one-quarter of our 2012 budget on our strong set of base assets in North America, Africa and Europe. These large, stable assets are an integral part of our global portfolio and provide the solid cash foundation for investing in our future growth.

"Additionally, our exploration prospects in the Gulf of Mexico, Iraqi Kurdistan Region and Poland provide further upside potential and drive value beyond our projected production growth in the coming years," Cazalot said.

Exploration & Production

Marathon's E&P strategy is based on three key elements: a solid portfolio of base assets that generates significant cash flow, a defined set of growth assets that provides low risk profitable growth and a focused exploration program targeting significant value creation.

Base Assets: The Company plans to spend approximately $900 million on its base E&P assets to provide stable production, income and cash flow. These assets include production operations in the Gulf of Mexico, Norway, U.S. conventional oil and gas plays, Equatorial Guinea, the United Kingdom and Libya. With a continued emphasis on high operational reliability, Marathon will continue to stress a disciplined investment plan and maintain a competitive cost structure for its base assets.

Growth Assets: Approximately $3.0 billion of the capital spending budget is allocated to E&P growth projects, with plans to drill approximately 250 - 300 net wells (500 - 530 gross, of which 335 - 365 will be Company operated) in 2012. Of that, $2.7 billion is concentrated on four key North America liquids-rich resource plays: the Eagle Ford shale in south Texas, North Dakota's Bakken shale, the Anadarko Woodford shale in Oklahoma and the emerging Niobrara shale formation within the DJ Basin of southeast Wyoming and northern Colorado. The Company's substantial plans for the Eagle Ford include ramping up to 17 rigs, drilling 155 - 170 net wells (200 - 210 gross, all company operated) and adding two additional hydraulic fracturing crews, bringing the total to four by mid-year 2012. Marathon plans to drill 55 - 70 net wells (165 - 175 gross, 65 - 75 Company operated) in the Bakken; 25 - 35 net wells (75 - 80 gross, 40 - 45 Company operated) in the Anadarko Woodford; and 15 - 25 net wells (60 - 65 gross, 30 - 35 Company operated) are projected for the Niobrara.

Other growth assets are offshore Angola, where first production from the Block 31 deepwater PSVM development is expected in the second quarter, the in situ project in Canada, and two non-operated developments in the Gulf of Mexico, Gunflint and Shenandoah.

Exploration: Marathon plans to spend approximately $430 million selectively investing in a targeted exploration program. Activity will include conducting seismic surveys and drilling 6 - 10 net wells (12 - 18 gross, 8 - 12 Company operated) this year across the deepwater Gulf of Mexico, the Iraqi Kurdistan Region and Poland.

Oil Sands Mining

Marathon has budgeted approximately $275 million for its Oil Sands Mining segment. The 2012 budget includes funds for the initiation of debottlenecking projects, a carbon sequestration project and other capital expenditures. Marathon holds a 20 percent interest in the Athabasca Oil Sands Project.

Corporate

The corporate budget is expected to total approximately $160 million, of which $82 million represents capitalized interest on assets under construction.

Marathon Oil Corporation is an independent international exploration and production company. Based in Houston, Texas, Marathon Oil had net proved reserves at the end of 2010 of more than 1.6 billion barrels in North America, the Europe and Africa.

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Note to investors: Marathon's capital, investment and exploration budget includes items that will not be reported as capital expenditures under generally accepted accounting principles. See the table at the end of this release for a reconciliation of forecasted capital expenditures to the capital, investment and exploration budget. In the above discussion, segment amounts do not include capitalized interest. Capitalized interest for all capital projects is budgeted in total as part of the Company's corporate capital spending budget.

This release contains forward-looking statements with respect to expected capital, investment and exploration spending, exploration and drilling plans, investments in new resource plays and development projects, the timing of first production from the Angola Block 31 development, other development projects, and projected spending in Oil Sands Mining. The capital, investment and exploration spending budget is based on current expectations, estimates and projections and is not a guarantee of future performance. Some factors that could cause actual results to differ materially include prices of and demand for crude oil and natural gas, actions of competitors, disruptions or interruptions of production operations due to the shortage of skilled labor and unforeseen hazards such as weather conditions, acts of war or terrorist acts and the governmental or military response, and other operating and economic considerations. Some factors that could potentially affect the timing of first production from the Angola Block 31 development, other developments, exploration and drilling activities, investments in new resource plays and development projects, and the projected spending in Oil Sands Mining include pricing, supply and demand for crude oil, natural gas and synthetic crude oil, the amount of capital available for exploration and development, occurrence of acquisitions or dispositions of oil and natural gas properties, regulatory constraints, inability or delay in obtaining government and third-party approvals and permits, timing of commencing production from new wells, drilling rig availability, unforeseen hazards such as weather conditions, acts of war or terrorist acts and the governmental or military response thereto, and other geological, operating and economic considerations. The foregoing factors (among others) could cause actual results to differ materially from those set forth in the forward-looking statements. 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, 2010, and subsequent

Forms 10-Q and 8-K, cautionary language identifying other 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.

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2012 Capital, Investment and Exploration (non-capital) Spending

(dollars in millions)
