Marathon Oil Sets 2013 Capital, Investment and Exploration Budget

HOUSTON, Dec. 4, 2012 (GLOBE NEWSWIRE) -- Marathon Oil Corporation (NYSE: MRO) announced today a $5.2 billioncapital, investment and exploration budget for 2013, approximately 65 percent of which is targeted to the Company's liquids-rich growth assets.

"Our 2013 capital budget of nearly $5.2 billion highlights Marathon Oil's continued focus on value growth, which we expect will generate a 6 to 8 percent year-over-year increase in total Company production, driven by our activity in liquids-rich U.S. resource plays," said Clarence P. Cazalot Jr., Marathon Oil's chairman, president and CEO. "About one-third of our overall budget, or$1.9 billion, is allocated to the Eagle Ford shale play in south Texas where we demonstrated our ability to deliver very strong results in 2012 and recently raised our 2013 production target there to 85,000 net barrels of oil equivalent per day (boed). The economics and well performance we're achieving in the Eagle Ford, along with our ability to drive efficiencies, make this play a focal point of our growth strategy. The Bakken shale in North Dakota and the Oklahoma resource basin are our other two critical plays in the U.S.

"We plan to spend approximately $1.1 billion on base assets across North America, Africa and Europe, including Oil Sands Mining. These large, stable assets are an integral part of our global portfolio and enable us to generate substantial cash flow for investing in our future growth. At the same time, we are constantly working to reduce costs and optimize the portfolio to maximize returns from our base assets.

"Additionally, our 2013 plans to participate in drilling 10 to 13 impact exploration wells in some of the most prospective basins in the world are expected to provide further upside potential," Cazalot said.

"With this budget, Marathon Oil remains committed to financial discipline, a strong balance sheet and creating and delivering value for our shareholders."

Exploration & Production (E&P)

Marathon Oil's 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 balanced exploration program targeting significant value creation. The Company expects 2013 E&P net production available for sale to average 395,000 to 420,000 boed (excluding Libya).

Base Assets: The Company plans to spend approximately $870 million on its base E&P assets to provide stable production, income and cash flow. These assets include production operations in Norway, the Gulf of Mexico, U.S. conventional oil and gas plays, Equatorial Guinea, the United Kingdom and Libya. With a continued emphasis on high operational reliability, Marathon Oil will continue to stress a disciplined investment plan and maintain a competitive cost structure for its base assets.

Growth Assets: Approximately $3.4 billion of the capital spending budget is allocated to E&P growth projects. Of that,$1.9 billion is allocated toward the Eagle Ford with plans for drilling 215 - 250 net wells (275 - 320 gross, all company operated) in 2013. Included in Eagle Ford spending is $190 million for central batteries and pipeline construction.

Additionally, the Company plans to spend nearly $800 million in the Bakken shale in North Dakota and $150 million in the Oklahoma resource basin. With that, Marathon Oil plans to drill 65 - 70 net wells (190 - 220 gross, 60 - 70 Company operated) in the Bakken and 15 - 19 net wells (42 - 50 gross, 12 - 14 Company operated) in the Oklahoma resource basin.

Approximately $540 million is allocated toward other development activities, such as Angola Blocks 31 and 32, the Kurdistan Region of Iraq and Canadian in-situ development.

Exploration: Marathon Oil plans to spend approximately $450 million selectively investing in a balanced exploration program. Activity will include conducting seismic surveys and drilling 3 - 5 net wells (10 - 13 gross, 3 - 4 Company operated) across the deepwater Gulf of Mexico, Ethiopia, Kenya, Gabon, the Kurdistan Region of Iraq and Norway.

Oil Sands Mining

Marathon Oil has budgeted $262 million for its Oil Sands Mining segment. The 2013 budget includes funds for debottlenecking projects, a carbon capture and sequestration project and other capital expenditures. Marathon Oil holds a 20 percent outside-operated interest in the Athabasca Oil Sands Project.

Corporate and Other

The corporate budget is expected to total approximately $180 million, of which $119 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 2011 of 1.8 billion barrels of oil equivalent in North America, 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 U.S. 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 the capital, investment and exploration budget, the timing and levels of the Company's worldwide and Eagle Ford shale play liquid hydrocarbon and natural gas production, expected drilling activity in 2013, and investments in development projects. The capital, investment and exploration 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 liquid hydrocarbons 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 and levels of the Company's worldwide and Eagle Ford shale play liquid hydrocarbon and natural gas production, expected drilling activity in 2013, and investments in development projects include pricing, supply and demand for liquid hydrocarbons, 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, 2011, 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.*

2013 Capital, Investment and Exploration (non-capital) Spending
(dollars in millions)

	2013 Budget	Percent Of Total
Worldwide Exploration and Production (E&P)		
Base Assets	$872	17%
Growth Assets	3,418	66%
Exploration*	450	9%
Total Worldwide E&P	4,740	92%
U.S. E&P	3,438	67%
International E&P	1,302	25%
Total Worldwide E&P	4,740	92%
Oil Sands Mining	262	5%
Integrated Gas	1	0%
Total Upstream	5,003	97%
Other		
Corporate	61	1%
Capitalized Interest	119	2%
Total Other	180	3%
Total Capital, Investment and Exploration Spending	$5,183	100%

* Includes spending on exploration in the deepwaterGulf of Mexico, Ethiopia, Kenya, Gabon, the Kurdistan Region of Iraq, Norway and Poland. It does not include all exploration and exploitation spending, which is expected to be $958 million in 2013.

Capital, investment and exploration spending includes capital expenditures, cash investments in equity method investees and other investments, exploration costs that are expensed as incurred rather than capitalized, such as geological and geophysical costs and certain staff costs, and other miscellaneous investment expenditures. The components of capital, investment and exploration spending are as follows:

	2013 Budget
Capital Expenditures	$4,920
Investments in Equity Method Investees and Other	1
Other Exploration Costs	262
Capital, Investment and Exploration Spending	5,183

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