

Scotia Howard Weil Energy Conference

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

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Marathon Oil Playbook



*Strengthened
balance
sheet*

*Relentless
focus on
costs*

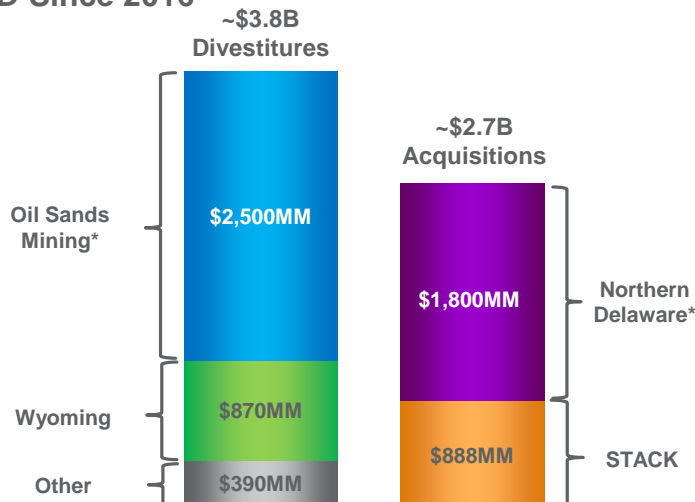
*Simplifying
and
concentrating
portfolio*

*Profitable
growth
within
cash flows*

Significant Capital Allocation Shift to Resource Plays

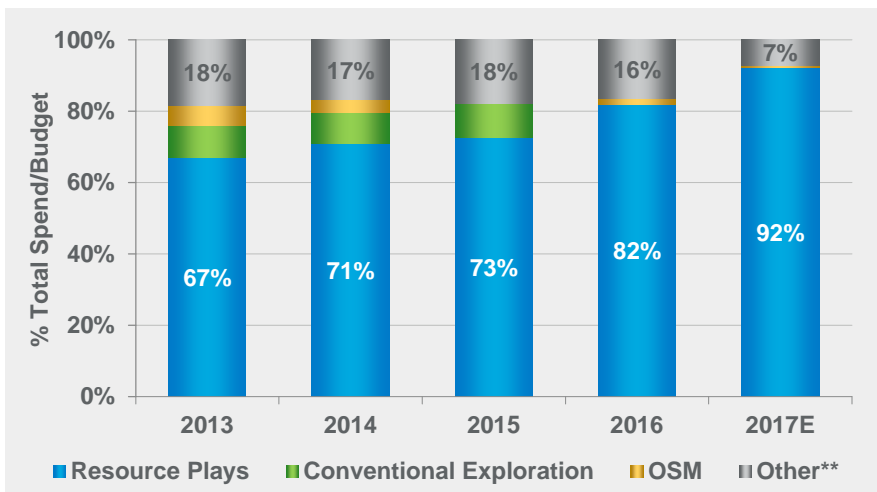
Successful portfolio management and strategic decisions driven by returns

A&D Since 2016



- Continued portfolio shift to lower cost, higher margin U.S. resource plays
- 2013/2014: Exited Angola and Norway
- 2015: Strategic decision to exit conventional exploration
- 2016: Non-core asset sales exceeded guidance
- 2016: STACK acquisition
- 2017: Oil Sands Mining divestiture
- 2017: Northern Delaware acquisitions

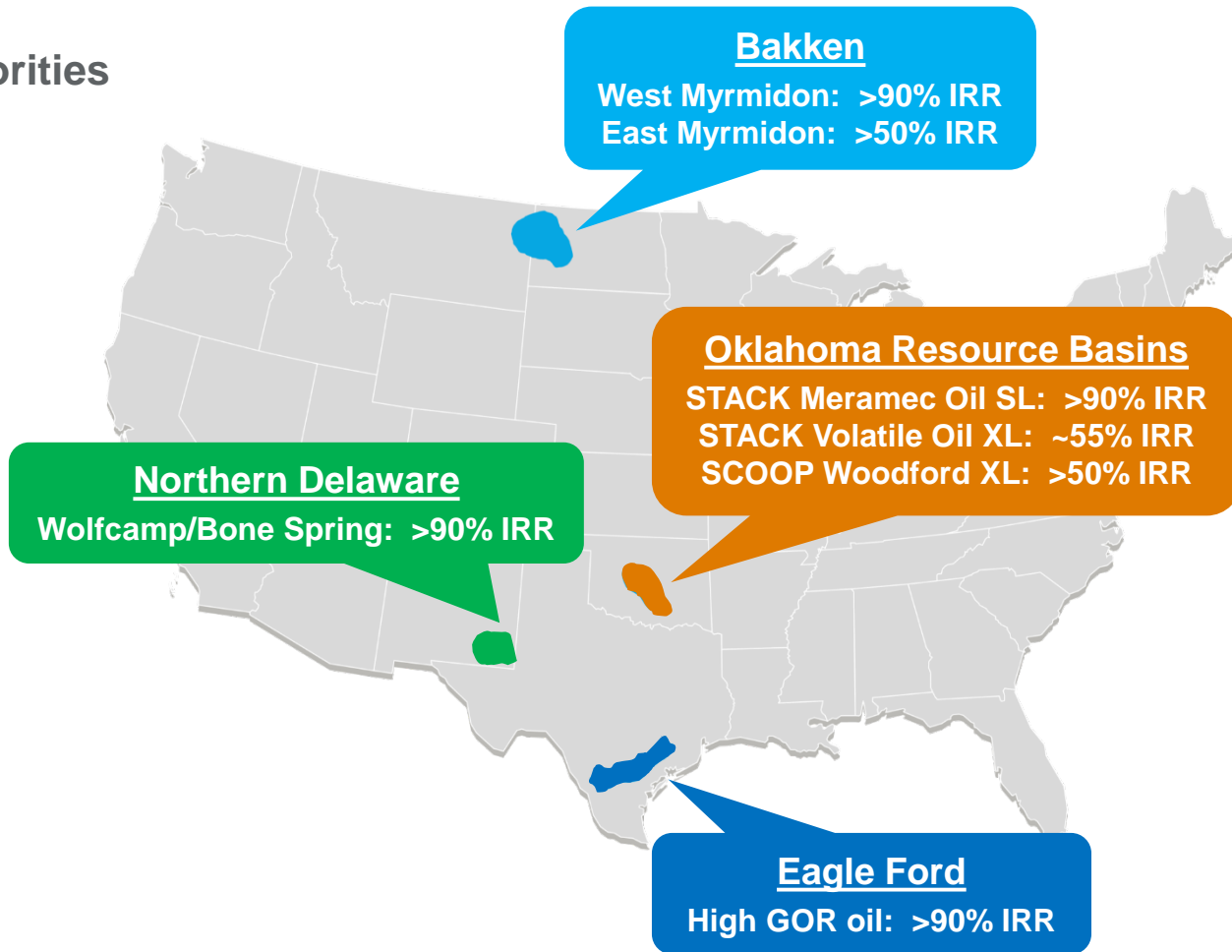
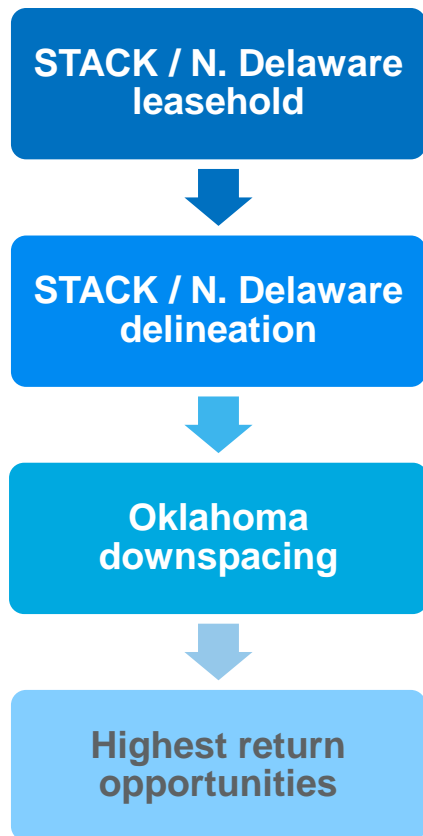
MRO Capital Allocation



Diverse High Return Opportunities

Material position in four of the best oil rich U.S. resource plays

2017 Capital Allocation Priorities



Permian Acquisitions Summary

Combined ~91,000 acres in Permian basin at \$18,400 / acre

Quality

- Competes at top of MRO's organic portfolio
- Outstanding recent offset well performance
- Primary oil targets in world-class Wolfcamp and Bone Spring

Scale

- 71,500 net surface acres in the Northern Delaware basin
- ~580 MMBOE risked resource
- 1,070 risked gross company operated locations

Value

- \$1.8B for both transactions
- \$23,400 / N. Delaware acre, adjusting for ~5 MBOED current production
- Risked resource acquired at ~\$2.90 / BOE
- Base case assumes up to 6 target benches

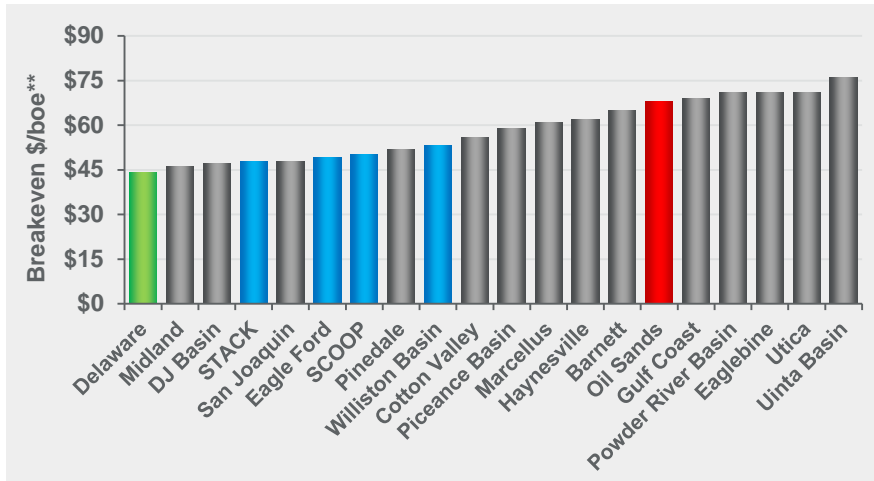
Upside

- Up to 10 target benches within ~5,000' of stacked pay
- ~1,450 MMBOE total resource potential and ~2,650 total gross company operated locations from downspacing and secondary targets
- Further upside opportunities from 18,500 net acres in Northwest Shelf

N. Delaware - Superior Returns w/ Lowest Breakeven Price

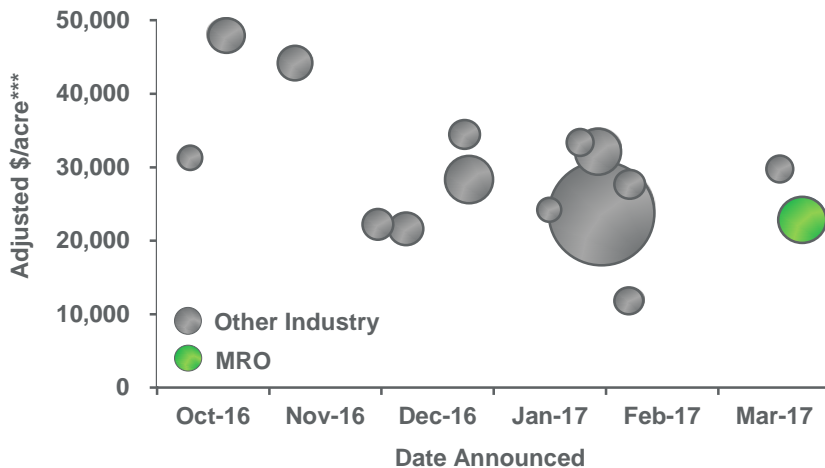
Excellent value achieved relative to recent transactions

Breakeven by Basins



- MRO now uniquely positioned in the **lowest breakeven** oil rich basins
 - Recent A&D shifting portfolio to lower costs and higher margins
- Anticipated **~25%* reduction** in 2017 Company expenses (production and other operating)
- Delaware position acquired at competitive per acre valuation relative to recent transactions
- Northern Delaware transactions combine to achieve scale and capture synergy

Last 15 Delaware Basin Transactions



*Pro-forma for OSM divestiture close in mid-2017 and Permian acquisitions in 2Q17

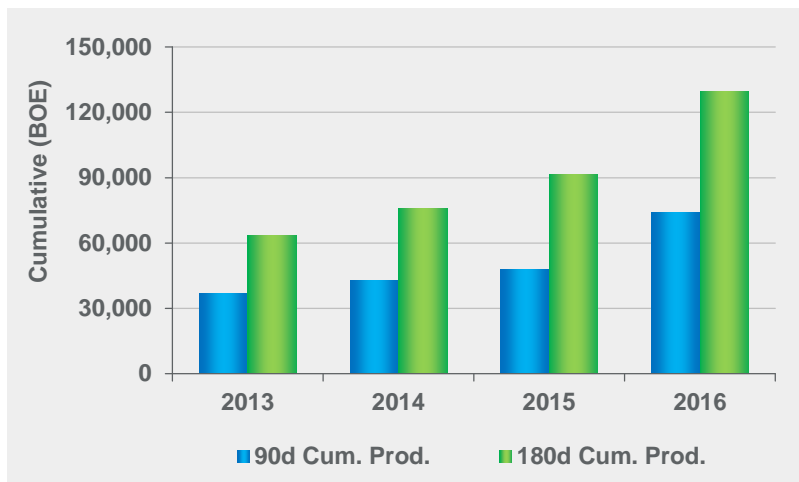
**Source: RSEG, L48+OSM, 2015-2016 average

***Data sized by net acreage acquired, adjusted for production at \$25K/flowing boe

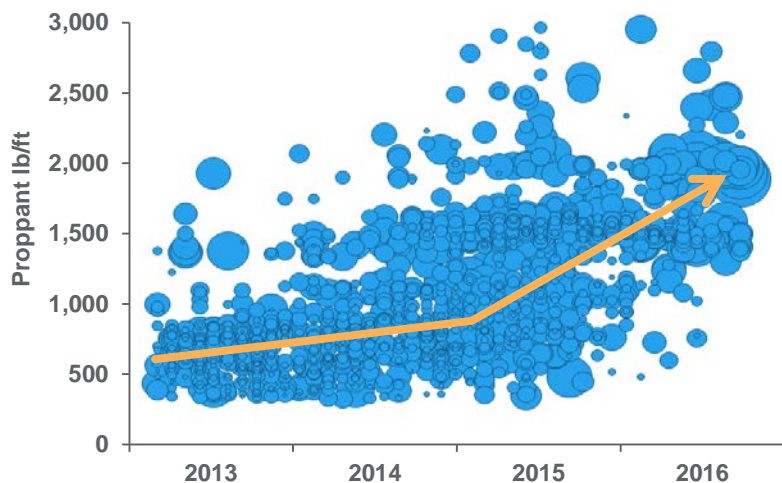
Compelling “Rate of Change” in Northern Delaware

Industry well performance rapidly improving via enhanced completions

Average Hz Well Performance (Lea & Eddy Co. NM)



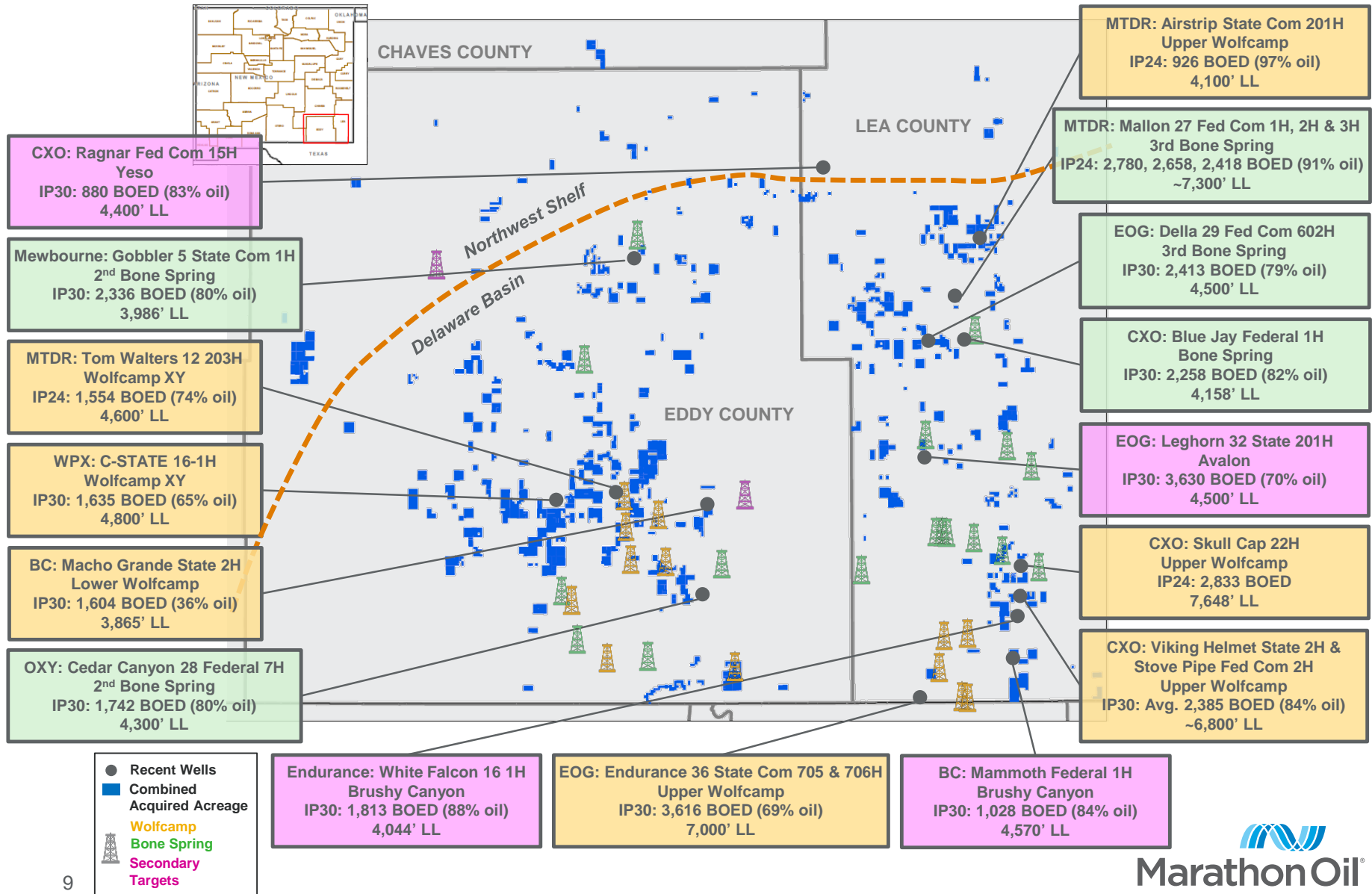
Completion Intensity Over Time (Lea & Eddy Co. NM)



- Northern Delaware industry well performance consistently improving year over year
 - 180 day cumulative production **increased >100%** in three years
 - Outpacing other basins on rate of change
- Uplifted well results correlated to increased completion sizes
- Outstanding Wolfcamp and Bone Spring economics
 - **>90% IRRs** at flat \$55 WTI
 - Early stages of D&C technical advancements

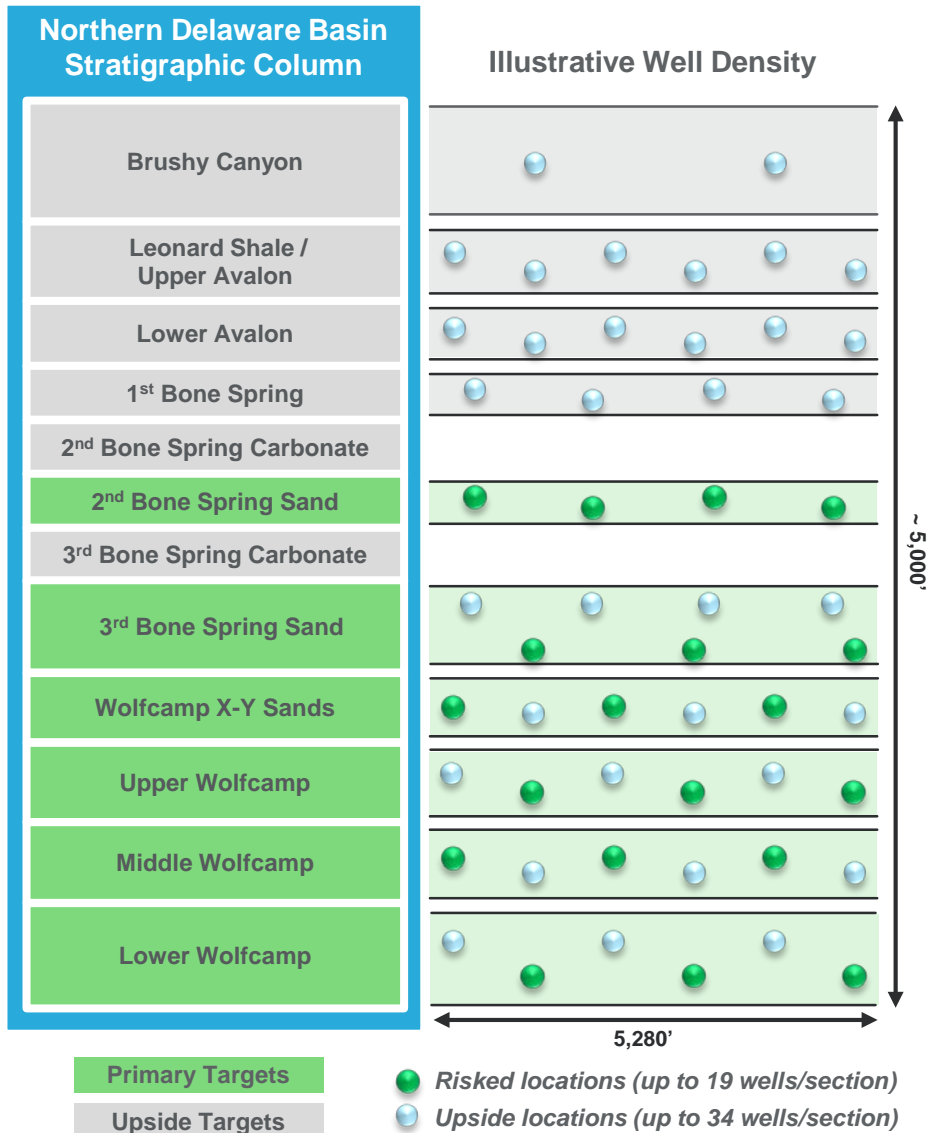
Northern Delaware Basin Recent Well Results

Eddy and Lea counties attracting rigs and capital



Acquisition Basis and Upside Potential

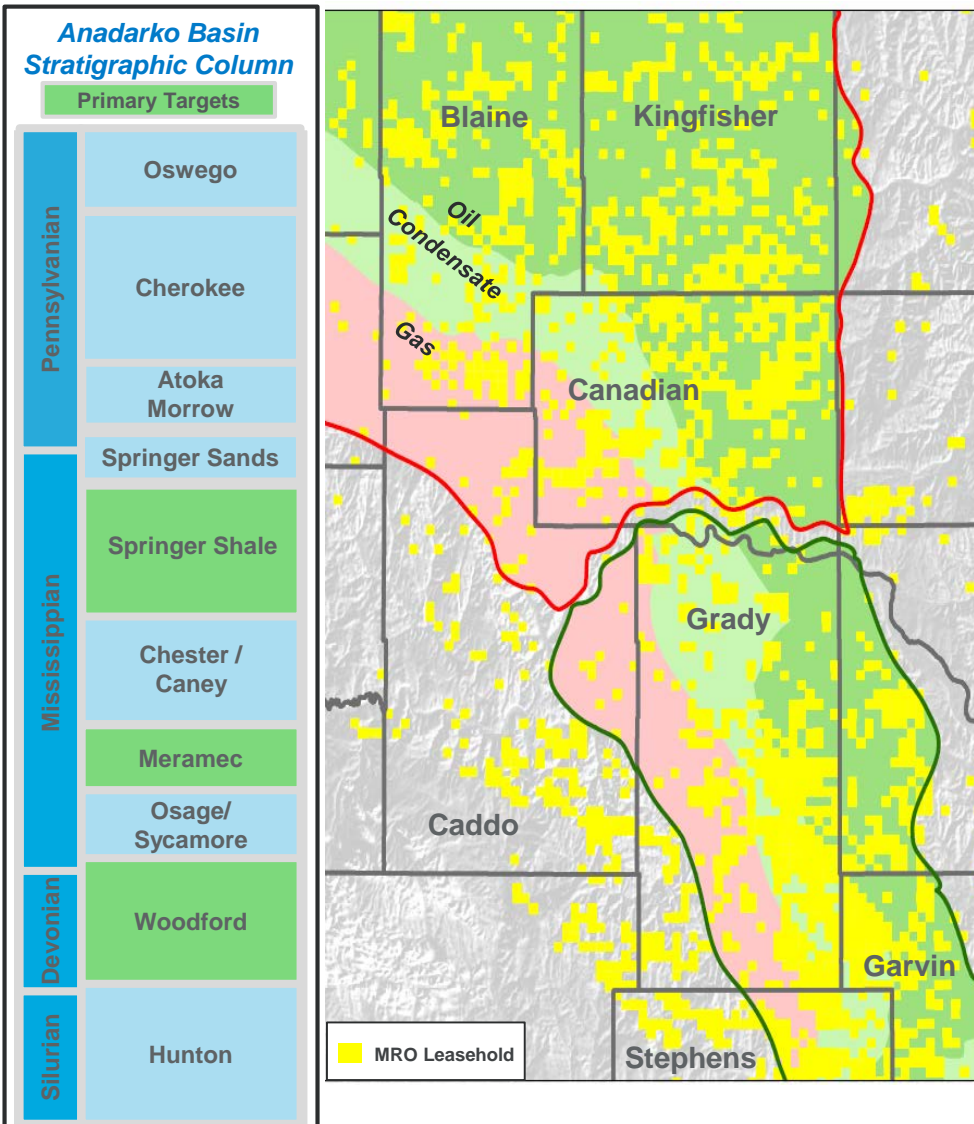
Stacked pay provides multiple high quality drilling targets



- ~5,000' of stacked pay with up to **10 target** benches
- Base case assumptions:
 - Up to 6 benches, up to 19 wells/section
 - **1,070 risky** gross company operated locations, including ~500 long laterals
 - Incremental capital to support 2 avg. rigs in 2017
- Upside potential from downspacing and secondary targets
 - Up to 10 benches, with up to 34 incremental wells/section
 - **2,650 total** gross company operated locations
- Further upside from 18,500 acres in Northwest Shelf

Accelerating Value in Oklahoma Resource Basins

Leasehold, delineation and downspacing prepare for 2018 full field development

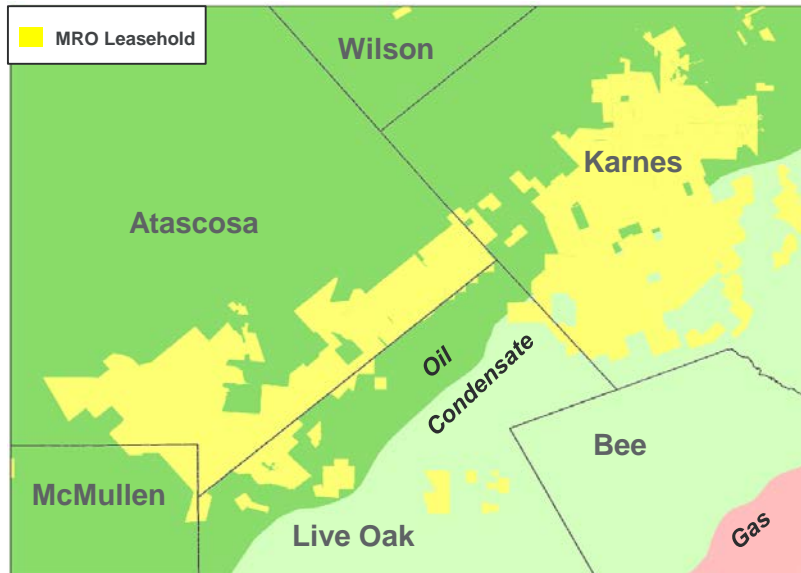
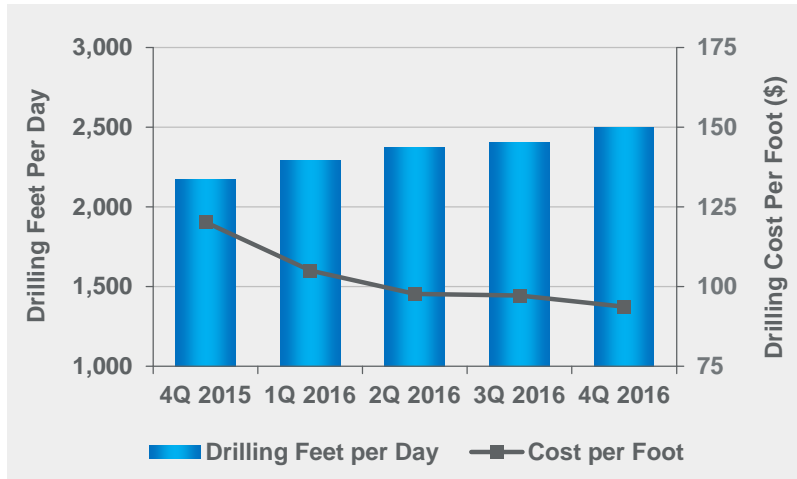


- Increasing activity to avg **~10 rigs** in 2017, currently at 7 rigs
 - ~80% STACK HBP'd by YE17
- **90 - 100** gross operated wells to sales (60 - 65 net working interest wells)
 - >85% in STACK
- 4 to 5 STACK infill pilots to sales
 - Yost infill wells online
 - Testing Upper and Lower Meramec benches
 - Testing 6 - 9 Meramec wells per section
- 2 SCOOP infill pilots to sales
- 5 - 10% of wells to test secondary targets

Eagle Ford Driving Efficiencies at Scale

Maintenance levels with free cash flow generation

Drilling Performance

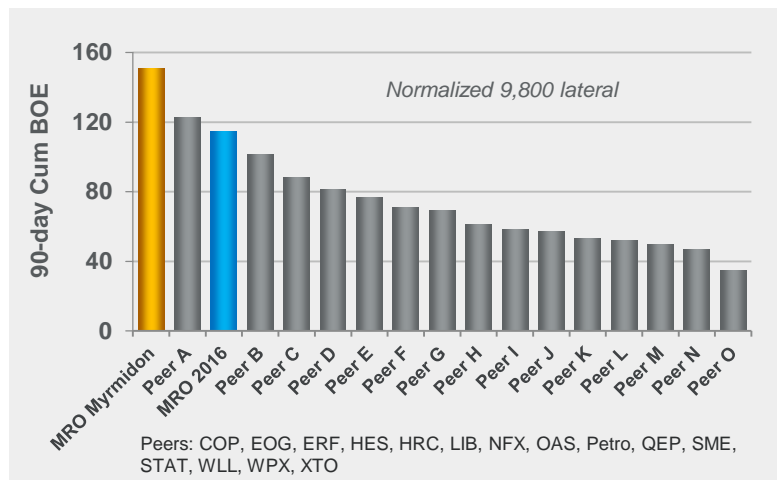


- Eagle Ford generates significant free cash flow with avg **6 rig** activity level
- **155 - 170** gross operated wells to sales (100 - 105 net working interest wells)
 - Two thirds in high margin oil window
- Focused on maintaining scale efficiencies
- Deploying enhanced completion designs
- Advanced SCADA and digital operating control center continuing to drive efficiencies across base business
- Expect **40 - 45** gross operated wells to sales in 1Q

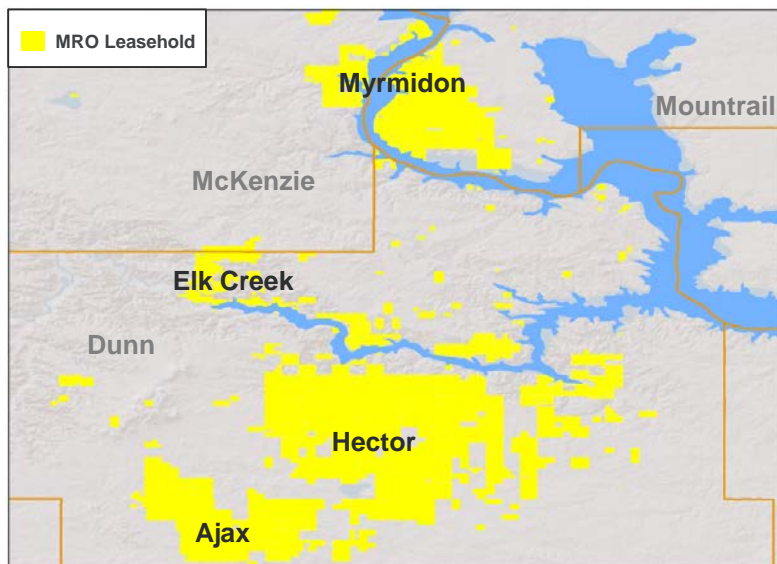
Bakken on Track for Myrmidon Development

Extending application of successful high intensity completions

2016 Bakken Peer Well Performance



- Increasing drilling activity avg to **~6 rigs** in 2017
- **70 - 75** gross operated wells to sales (60 - 65 net working interest wells)
 - Two thirds Myrmidon focused
- West and East Myrmidon (~60,000 net acres)
 - Expanding on record 2016 wells with enhanced completion designs
 - Utilizing 6 - 15 MMLBS of proppant with 45 - 50 stages
 - Applying optimized development approach, targeting Middle Bakken and Three Forks 1st & 2nd Benches
- Hector (~115,000 net acres)
 - Slickwater with plug and perf technology
 - **>100%** increase in proppant use and **>60%** increase in stage count relative to historic completions



Source: Drilling info with estimated NGL conversion to 3-stream

Data includes wells completed in 2016 in the Middle Bakken and Three Forks formations

Marathon Oil Takeaways

- Successful portfolio management enabling significant capital allocation shift and lower cost structure
- **>90%** of 2017 CAPEX to high return U.S. resource plays
 - STACK and Northern Delaware first priorities
 - Diverse set of high return opportunities
- \$2.5B OSM sale funds Permian Basin entry of **~91,000** net acres acquired at ~\$18,400 / acre
- Differentiated position in **4 of the lowest cost**, highest return oil rich U.S. resource plays



APPENDIX

Definitions

Term	Definition
A&D	Acquisitions and Divestitures
B	Billion
BBOE	Billions of barrels of oil equivalent
BFIT	Before federal income taxes
BOE	Barrels of oil equivalent
BOED	Barrels of oil equivalent per day
CAPEX	Capital investment and cash exploration expenditures
CUM	Cumulative
D&C	Drilling and completions
E&P	Exploration and Production
GOR	Gas to oil ratio
HBP	Held by production
HH	Henry Hub natural gas
HZ	Horizontal
IP	Initial production rate
IRR	Internal rate of return
MBOED	Thousand barrels of oil equivalent per day
MM	Million

Definitions

Term	Definition
MMBOE	Million barrels of oil equivalent
MMLBS	Million of pounds
MRO	Marathon Oil Corporation
NGL	Natural gas liquids
NM	New Mexico
Operated	Fields operated by MRO
OSM	Oil Sands Mining
Production	Production available for sale
PV	Present value
SCADA	Supervisory Control And Data Acquisition
SCOOP	South Central Oklahoma Oil Province
SL	Single lateral
STACK	Sooner Trend, Anadarko (Basin), Canadian and Kingfisher counties
U.S.	United States
WTI	West Texas intermediate crude, type of crude oil used as a benchmark in oil pricing
XL	Extended lateral
YE	Year end