

# Marathon Oil Sets 2015 Capital, Investment and Exploration Budget of \$3.5 Billion; 70% Directed Toward High Return U.S. Resource Plays

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HOUSTON, Feb. 18, 2015 (GLOBE NEWSWIRE) -- [Marathon Oil Corp.](#) (NYSE: MRO) announced today a \$3.5 billion capital, investment and exploration budget for 2015, a further 20 percent decrease since the Company's December capital budget update. By reducing exploration spending by more than half and continuing to focus on the Company's three high-quality U.S. resource plays, Marathon Oil's budget will support profitable investments that are expected to generate a total Company production growth rate, excluding Libya, of 5 to 7 percent year-over-year.

"With continued uncertainty in commodity pricing, Marathon Oil has taken decisive action to protect our optionality and position us to be a stronger E&P in the long term. Our commitment to portfolio management means we're well prepared to respond to the current environment, with an opportunity set concentrated on higher-margin assets that compete across a broad range of commodity prices," Marathon Oil President and CEO Lee Tillman said.

"Nearly 70 percent of our 2015 capital spending will be directed toward our three core U.S. resource plays, which continue to be among our highest-return investment opportunities," he noted. "This budget reflects an emphasis on investment selectivity, balance sheet flexibility and positioning for price recovery."

"We're resolutely focused on the fundamentals of capital efficiency, expense management and operating reliability along with service cost reductions to protect and expand our margins. We're also prepared to exercise further flexibility in our spend levels as pricing and the macro environment warrant. Our objective is clear--to deliver long-term shareholder value, regardless of the commodity price cycle, by focusing on those elements of our business which we control."

2015 Capital, Investment and Exploration Spending	<i>(In millions)</i>	<i>Percent Of Total</i>
North America:		
Eagle Ford	\$1,449	41%
Bakken	760	22%
Oklahoma Resource Basins	226	6%
Other	325	9%
Total North America	2,760	78%
International	429	12%
Exploration*	232	7%
Total E&P	3,421	97%
North America E&P	2,885	82%
International E&P	536	15%
Total E&P	3,421	97%
Oil Sands Mining	21	1%
Other:		
Corporate	39	1%
Capitalized Interest	40	1%
Total Other	79	2%
Total Capital, Investment and Exploration Spending	\$3,521	100%

\*Includes spending on exploration in the deepwater Gulf of Mexico, Gabon, Ethiopia and the Kurdistan Region of Iraq.

**North America:** Approximately \$2.4 billion of the capital spending budget is allocated to the Company's three key U.S. resource plays. Activity plans are shown in the table below. Wells-to-sales ranges include wells drilled late in 2014 but not brought online until this year.

2015 Activity Plans	Net	Gross	Gross Operated
Eagle Ford:			
Wells to be drilled	141-152	245-260	215-225
Total wells brought to sales	176-192	285-320	255-275
Bakken:			
Wells to be drilled	42-53	100-120	38-48
Total wells brought to sales	71-83	168-198	68-78
Oklahoma Resource Basins:			
Wells to be drilled	17-20	41-50	16-20
Total wells brought to sales	18-21	43-52	18-22

More than \$1.4 billion in capital spending is earmarked for the Eagle Ford, where rig count is expected to drop from 18 in late 2014 to 10 by the end of the second quarter. Included in Eagle Ford spending is approximately \$1.0 billion for drilling and completions.

The Company plans to spend \$760 million in the Bakken in North Dakota. Drilling activity will be reduced to two rigs by the end of the first quarter, down from seven rigs at the end of 2014. Bakken spending includes approximately \$550 million for drilling, completions and recompletions.

Spending of \$226 million is targeted for the Oklahoma Resource Basins, which will also be down to two rigs by the end of the first quarter. This includes spending of approximately \$200 million for drilling and completions.

**International:** The Company plans to spend \$429 million on its international assets, primarily in Equatorial Guinea, the United Kingdom and the Kurdistan Region of Iraq.

**Exploration:** Marathon Oil has decreased exploration spending to \$232 million on a targeted exploration program. The 2015 spending program represents a more than 50 percent reduction from 2014 levels. For the Gulf of Mexico, the Company expects to drill one company-operated well and participate in a non-operated appraisal well at Shenandoah. Seismic surveys are planned in Gabon and Ethiopia.

**Oil Sands Mining:** Marathon Oil expects to incur \$95 million of costs for sustaining capital projects in its Oil Sands Mining (OSM) segment. A substantial portion will be offset by a carbon sequestration credit, resulting in reportable capital expenditures of \$21 million. 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 \$79 million, of which \$40 million represents capitalized interest on assets under construction.

**Production Guidance:** For the full year, the Company forecasts 370,000 to 390,000 net boed for production available for sale from the combined North America E&P and International E&P segments, excluding Libya, and 35,000 to 45,000 net barrels per day (bbld) of synthetic crude oil for the OSM segment. Marathon Oil expects its resource plays to achieve production growth of approximately 20 percent in 2015, year over year.

First quarter production guidance reflects continued strong performance expected in the U.S. resource plays and the carry-in effect of 2014 investments, as well as a planned turnaround at the outside-operated methanol facility in Equatorial Guinea.

	Guidance (a)	Guidance (a)	Actual	Actual
	1Q	Full-Year	4Q	Full-Year
(mboed)	2015	2015	2014	2014
Net Production Available for Sale				
North America E&P	268-279		262	
International E&P excluding Libya (b)	107-116		126	
Combined North America & International E&P, excluding Libya (b)	375-395	370-390	388	358
Oil Sands Mining (c)	40-45	35-45	42	41

- (a) This guidance excludes the effect of acquisitions or dispositions not previously announced.  
(b) Libya is excluded because of uncertainty around future production and sales levels.  
(c) Upgraded bitumen excluding blendstocks.

The Company will hold a conference call, which will be webcast live, on Thursday, Feb.19, at 9 a.m. EST. Accompanying slides will be available on the Company's website approximately one hour prior to the conference call. The replay of the conference call will be available on the website through March 19, 2015. Additional financial information, including earnings releases and other investor-related material, is available online and on Marathon Oil's app for mobile devices.

[Marathon Oil Corp.](http://www.marathonoil.com) is a global exploration and production company. Based in Houston, Texas, the Company had net proved reserves at the end of 2014 of 2.2 billion barrels of oil equivalent in North America, Europe and Africa. For more information, please visit our website at <http://www.marathonoil.com>.

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Note to investors: Marathon Oil'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 within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including the Company's 2015 capital, investment and exploration budget and the planned allocation thereof; the Company's operational, financial and growth strategies, ability to successfully effect those strategies and the expected results therefrom; 2015 production guidance, growth expectations and the drivers thereof; expectations regarding future economic and market conditions and their effects on the Company; the Company's financial position, balance sheet, liquidity and capital resources, and the expected benefits thereof; resource and asset quality and the expected benefits and performance thereof; planned activities, including drilling, planned wells, rig count, exploration, turnarounds and seismic, and expected timing; the focus on delivering long-term shareholder value; and the Company's financial and operational outlook, and ability to fulfill that outlook. While the Company believes that the assumptions concerning future events are reasonable, a number of factors could cause results to differ materially from those indicated by such forward-looking statements including, but not limited to: conditions in the oil and gas industry, including the level of supply or demand for liquid hydrocarbons and natural gas and the impact on the price of liquid hydrocarbons and natural gas; changes in expected levels of reserves or production; changes in political or economic conditions in key operating markets, including international markets; the amount of capital available for exploration and development; timing of commencing production from new wells; drilling rig availability; availability of materials and labor; the inability to obtain or delay in obtaining necessary government or third-party approvals and permits; non-performance by third parties of their contractual obligations; unforeseen hazards such as weather conditions, acts of war or terrorist acts and the governmental or military response thereto; cyber-attacks that adversely affect operations; changes in safety, health, environmental and other regulations; and other geological, operating and economic considerations. These forward-looking statements are also affected by the risk factors, forward-looking statements and challenges and uncertainties described in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, and those set forth from time to time in the Company's filings with the Securities and Exchange Commission, which are currently available at [www.marathonoil.com](http://www.marathonoil.com). Except as required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking

statements whether as a result of new information, future events or otherwise.

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 in the 2015 budget are as follows:

2015 Budget	<i>(In millions)</i>
Capital Expenditures	\$3,381
Other Exploration Costs	140
Capital, Investment and Exploration Spending	\$3,521

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