

Marathon Oil Prioritizes Financial Strength with \$1.3 Billion Capital Budget

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HOUSTON, April 8, 2020 - In response to current market conditions, Marathon Oil (NYSE: MRO) has announced an updated capital spending budget and has also provided a hedging update. The revised capital budget of \$1.3 billion or less represents a cumulative budget reduction of \$1.1 billion from initial 2020 capital spending guidance. 2020 capital spending is now expected to be approximately 50% below actual capital spending in 2019.

In addition to previously announced actions to fully suspend Resource Play Exploration (REx) and Oklahoma activity, the Company now plans to suspend further drilling activity in the Northern Delaware, with only a limited number of wells to sales expected through the balance of the year. The Company will continue to optimize development plans in the Bakken and Eagle Ford. The revised 2020 capital budget of \$1.3 billion or less includes the implementation of second quarter frac holidays in the Bakken and Eagle Ford, before transitioning to a lower and more continuous drilling and completion program over the second half of the year in both Basins. Marathon Oil retains flexibility to adjust capital spending plans as necessary in response to a dynamic market environment.

"In light of extreme commodity price weakness and anticipated ongoing demand impacts, we have dramatically reduced REx, Oklahoma and the Northern Delaware, and plan to take frac holidays in both the Bakken and Eagle Ford during the second quarter. We're maintaining our returns-first mindset with a focus on preserving value through the cycle," said Marathon Oil Chairman, President, and CEO Lee Tillman. "We believe our high quality, multi-basin portfolio affords us ample flexibility to appropriately respond to changing market conditions, and we currently expect to transition to a more continuous budget of activity in both the Bakken and Eagle Ford during the second half of the year. Against a highly volatile and uncertain market environment, these decisive actions are designed first and foremost to protect our balance sheet and our hard earned financial strength. We remain investment grade at all primary rating agencies, with recent reviews by both Fitch and S&P, and maintain a strong liquidity position with no near-term debt maturities. Our financial strength, high quality portfolio, and ongoing focus on reducing our cost structure position us well to navigate this extraordinary time for our industry."

Marathon Oil has also provided a hedging update, with new and restructured hedges designed to protect near-term crude oil prices from downside and basis differentials.

Marathon Oil plans to provide a more comprehensive update to its revised 2020 business plan as part of its first quarter earnings release in May.

The following table sets forth outstanding derivative contracts as of April 7, 2020, and the weighted average prices for those contracts:

	2020				2021
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Crude Oil					
NYMEX WTI Three-Way Collars					
Volume (Bbls/day)	80,000	—	80,000	80,000	—
Weighted average price per Bbl:					
Ceiling	\$ 66.12	—	\$ 64.40	\$ 64.40	—
Floor	\$ 55.00	—	\$ 55.00	\$ 55.00	—
Sold put					

\$

47.75

—

€

48.00

\$

48.00

—

(a)	The basis differential price is indexed against Argus WTI Midland.
(b)	The basis differential price is indexed against Intercontinental Exchange ("ICE") Brent and NYMEX WTI.
(c)	The basis differential price is indexed against Argus WTI Houston.

Forward-looking Statements

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, including without limitation statements regarding the Company's future capital spending budgets and allocations (including development capital budget and resource play leasing and exploration spend), future performance, corporate-level cash returns on invested capital, business strategy, asset quality, drilling plans, production guidance, cash margins, leasing and exploration activities, production, oil growth and other plans and objectives for future operations, are forward-looking statements. Words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "outlook," "plan," "project," "seek," "should," "target," "will," "would," or similar words may be used to identify forward-looking statements; however, the absence of these words does not mean that the statements are not forward-looking. While the Company believes its assumptions concerning future events are reasonable, a number of factors could cause actual results to differ materially from those projected, including, but not limited to: conditions in the oil and gas industry, including supply/demand levels and the resulting impact on price; changes in expected reserve or production levels; changes in political or economic conditions in the U.S. and Equatorial Guinea; changes in foreign currency exchange rates, interest rates, inflation rates, and global and domestic market conditions; capital available for exploration and development; risks related to the Company's hedging activities; well production timing; drilling and operating risks; availability of drilling rigs, materials and labor, including the costs associated therewith; difficulty in obtaining necessary approvals and permits; non-performance by third parties of contractual obligations; hazards such as weather conditions, a prolonged health pandemic, acts of war or terrorist acts and the government or military response thereto; cyber-attacks; changes in safety, health, environmental, tax and other regulations, requirements or initiatives, including initiatives addressing the impact of global climate change, flaring, or water disposal; other geological, operating and economic considerations; and the risk factors, forward-looking statements and challenges and uncertainties described in the Company's 2019 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings and press releases, available at www.marathonoil.com. Except as required by law, the Company undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

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