Marathon 2007 History – One Year Ago Today

- Re-entered basin in May 2006
  - Hit the ground running with two conventional kelly rigs inherited with acquisition

- Ordered 5 New Generation Onshore Rigs
  - Rig 1 delivered in March 2007
  - Rig 5 delivered in September 2007

- Kept one conventional rig on payroll (released other 1/07)

- To date
  - Spudded 41 wells (TD’d 35)
  - Frac’d 30 wells
  - Have run tubing in 24
  - Have 12 wells on rod pump
Marathon 2008 History – Today

- Re-entered basin in May 2006 inheriting two conventional rigs
- Ordered 5 New Generation Onshore Rigs
  - Rig 1 delivered in March 2007 & Rig 5 in September 2007
- Kept one conventional rig on payroll (released other 1/07)
- Picked up a 7th rig – conventional in July 2008
- Td’d 73 wells in 2008
- Frac’d 65 wells in 2008
- To date
  - Drilled and TD’d 108 wells
  - Frac’d 95 wells
  - Have 40 wells on rod pump
2008 Areas of Activity

- Hector Area – Kildeer and Dunn Center
- Ajax Area – Manning
- Myrmidon Area - FBIR
Bakken Well Construction – No Changes in 2008

MOC Drilling Program:

- Set 16” Conductor at +/- 90’
- Drill 13-1/2” hole to +/- 2100’
- Set 9-5/8” Surface Casing
- Drill 8-3/4” Intermediate Hole
  - w/OBM, PDC bits, motors
  - Vertical to +/-10,200’ KOP
  - Drill curve w/12-13 deg./100’ BR
  - Land curve in MB interval at +/- 11,000’ (87-90 deg.)
- Set 7” production casing
  - Displace OBM w/ brine mud
- Drill +/- 9000’ of 6” lateral to +/- 20,000’ TMD
  - Employ vibration technology when req’d (16,000+)
Drilling Technologies – Use Where Appropriate

- Directional Drilling (ROP & Stay in Zone)
  - Rotary Steerables
  - Vibration vs Oscillation
  - Adjustable gauge stabilizers
  - Turbines (ROP)
- OBM in lateral
- High Pressure rotating heads for UBD
- PDC Bit / Motor Assemblies (ROP)
- Top Drive Casing Running Tool
- Even Wall / Hardened Rubber Motors
- Resistivity Steering
- RFID Circ Sub
Increasing Bakken Drilling Efficiency

Bakken Drilling Trends - 2006 to Present

- Reducing well cost, cycle times while providing superior safety culture / environment
  - >40% cost reduction
  - >50% drilling time reduction

<table>
<thead>
<tr>
<th>Metric</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Drlg. $MM</td>
<td>5.93</td>
<td>4.22</td>
<td>3.46</td>
</tr>
<tr>
<td>Avg. Ft/Day</td>
<td>376</td>
<td>525</td>
<td>811</td>
</tr>
</tbody>
</table>

*Hector/Ajax/Mymidon Areas based upon wells TD'd
MOC Performance Comparison

2008 Bakken - Hector/Ajax Drilling Benchmark Performance

82% of MOC Operated Wells in Top Quartile

Source: WI OBO wells and bit records
2008 Bakken - Myrmidon Drilling Benchmark Performance

100% of MOC Operated Wells in Top Quartile

Source: WI OBO wells and bit records
Marathon Bakken Drilling Milestones

- Vertical hole section footage in any 24 hour drilling report time period – 4500’+
- Lateral hole section footage in any 24 hour drilling report time period – 3000’+
- Numerous single BHA lateral runs
- Drilling Benchmark of 19824’ in 17.3 days for 1145 ft/day all in avg. ROP
- Drilling benchmark Spud to KOP at 10182’ in less than 7 days
- Numerous wells drilled for under $3MM
- Rig Move Benchmark – Rig Release to Spud of 2.3 days
- Technical Limit Curve of 14 days to 20,000’
- Improved Drilling Processes
  - 7” casing procedure proving very successful
  - Rigsite Teams in place with outstanding Teamwork
  - Solid/Sound Engineering
Bakken Challenges – Continuous Improvement

- Top tier HES performance
- Drilling
  - Execution + step changes
  - ROP and flat time
  - Directional Tool reliability
  - Stay in zone – smoothly and while rotating
North Dakota Middle Bakken Stratigraphy – Not Always the Same

Bakken Interval Type Log

- Bakken
  - 50’ to 90’ in North Dakota
    - Middle Member 30’ to 70’
  - Consider the complete Bakken interval a hydrocarbon system (reservoir and source)
  - Mixed lithology
  - Oil saturated but very tight
  - Drilling target ~14’

- Mixed lithology
- Oil saturated but very tight
- Drilling target ~14’
Initial Bakken Completions – Evaluation

- Technology/Tools for Uncemented Liner Completion Evaluation
- Pressure Transient Analysis
- RA Tracers/Logs
- Tiltmeter Frac Mapping
- Frac Pump Curve Analysis
- Evaluation Results

- PTA indicated less than desired effective wellbore length
- Wells treated uniformly unlike Richland County, Montana
- Mapping indicated Toe to Heel self diverting treatment
- Little to no Net Pressure Build during Frac Jobs
- Liner w/Higher cost Fracfluids not required for diversion? Try open hole linerless water fracs.

9-5/8" 7" 16" UBS LBS

Klatt 31-14

50% Toe
40% Middle
10% Heel

Volume Distribution
20% Horizontal
35% Longitudinal
45% Transverse

Fracture Growth

<table>
<thead>
<tr>
<th>Fracture Growth</th>
<th>45%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transverse</td>
<td></td>
</tr>
<tr>
<td>Longitudinal</td>
<td>35%</td>
</tr>
<tr>
<td>Horizontal</td>
<td>20%</td>
</tr>
</tbody>
</table>

Some early diversion

Effective diversion

Richland County, MT

Typical MOC Frac job
Bakken Completions – Current Methodology

- Open Hole Linerless Water Frac Completions
  - 9000’ Single Lateral Well Construction
  - Cost savings of +/- $600M
  - Slick Water Frac Fluid at proppant conc. of .4-.8 ppg
  - Complex Frac Geometry along wellbore (Longitudinal and Transverse)
  - Completed 79 wells with this Methodology
Bakken Completions

Volume Distribution

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Heel</td>
<td>45%</td>
</tr>
<tr>
<td>Middle</td>
<td>30%</td>
</tr>
<tr>
<td>Toe</td>
<td>25%</td>
</tr>
</tbody>
</table>

Fracture Growth

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transverse</td>
<td>45%</td>
</tr>
<tr>
<td>Longitudinal</td>
<td>30%</td>
</tr>
<tr>
<td>Oblique</td>
<td>15%</td>
</tr>
<tr>
<td>Horizontal</td>
<td>10%</td>
</tr>
</tbody>
</table>

Klatt 31-14

Volume Distribution

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Heel</td>
<td>45%</td>
</tr>
<tr>
<td>Middle</td>
<td>30%</td>
</tr>
<tr>
<td>Toe</td>
<td>25%</td>
</tr>
<tr>
<td>Horizontal</td>
<td>10%</td>
</tr>
<tr>
<td>Oblique</td>
<td>15%</td>
</tr>
<tr>
<td>Longitudinal</td>
<td>30%</td>
</tr>
<tr>
<td>Transverse</td>
<td>45%</td>
</tr>
</tbody>
</table>

Fracture Growth

Klatt 31-14
Completions Challenges

- Completions
  - Effective wellbore length (optimized stimulation)
  - Refracs?

- Technology application to evaluate current methodology
  - Change if appropriate

- Cycle time
QUESTIONS?