



Living Our Values

2014 Corporate Social Responsibility Report

[PDF Format](#)



Marathon Oil is committed to keeping stakeholders informed on our performance on governance, workplace, the environment and society.

Marathon Oil Corporation's CSR report is issued in a digital-only format for expanded reporting. This allows stakeholders to assemble and print specific sections into a customized report that meets their individual information needs. As a result of this customization, PDFs that are created will not include a table of contents or page numbers. For the complete version of Marathon Oil's 2014 CSR report, please visit: http://www.marathonoil.com/Social_Responsibility/Reporting/

ABOUT THIS REPORT

Marathon Oil Corporation's 2014 Living Our Values Corporate Social Responsibility Report illustrates our efforts to advance our **nonfinancial performance** and to promote greater economic, social and environmental sustainability where we live and work. We provide examples of how we are “**living our values**” – to be healthy and safe, environmental stewards, open and honest, community partners and results focused – through our business activities.

Unless otherwise stated, all information and performance data relate to exploration and production operations. In some cases, we include information on our non-operated assets, such as Equatorial Guinea LNG Holdings Limited (EG LNG) that is material to our corporate social responsibility performance.

Our reporting follows the *Oil & Gas Industry Guidance on Voluntary Sustainability Reporting*, a joint publication of IPIECA, the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (OGP). This common framework for the petroleum industry helps Marathon Oil select indicators to demonstrate our sustainability performance. Our approach to reporting is also informed by the *Global Reporting Initiative* (GRI) G4 Sustainability Reporting Guidelines. We include quantitative and qualitative metrics to provide relevant and meaningful information about our operations and nonfinancial performance.

This report has not been evaluated by any third party or external assurance agency, with the exception of the financial and operational highlights excerpted from the [2014 Annual Report on Form 10-K](#).

MATERIALITY DETERMINATION

This report focuses on our metrics, actions and performance regarding nonfinancial issues of relevance to our stakeholders. Materiality was determined through engagements with Marathon Oil managers and subject matter experts; business partners; industry associations; socially responsible investors (SRIs) and other investors; nongovernmental organizations; and nonprofit and community partners. Investment reports and media coverage also informed the materiality determination. These internal and external perspectives help us identify, understand and consider the risks and opportunities associated with new and emerging issues, regulations, standards and leadership practices. Marathon Oil managers prioritized the identified issues, challenges and examples to report.

INQUIRIES OR COMMENTS

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MARATHON OIL AT A GLANCE



Marathon Oil Corporation (NYSE: MRO) is an independent global energy company. Based in Houston, Texas, the Company has activity in North America, Europe and Africa. The Company has three reportable operating segments, each of which is organized and managed based primarily upon geographic location and the nature of the products and services it offers. The three segments are as follows:

- **North America Exploration and Production (E&P)** – explores for, produces and markets liquid hydrocarbons and natural gas in North America.
- **International E&P** – explores for, produces and markets liquid hydrocarbons and natural gas outside of North America and produces and markets products manufactured from natural gas, such as liquefied natural gas (LNG) and methanol in Equatorial Guinea.
- **Oil Sands Mining** – mines, extracts and transports bitumen from oil sands deposits in Alberta, Canada, and upgrades the bitumen to produce and market synthetic crude oil and vacuum gas oil.

TO OUR STAKEHOLDERS

At Marathon Oil, we are committed to our [seven strategic imperatives](#), which are important to the long-term sustainability of our business. Along with our corporate social responsibility commitments, they are essential to earning our license to operate every day and to driving business performance, regardless of commodity price cycles. These fundamental aspects of the Marathon Oil culture and business strategy guide our efforts to address challenges thoughtfully and in collaboration with stakeholders to develop meaningful solutions.



I am proud to present Marathon Oil Corporation's 2014 *Living Our Values Corporate Social Responsibility Report*. It demonstrates our progress in meeting our corporate social responsibility (CSR) commitments, as well as our accountability in managing and reporting our nonfinancial performance to our workforce, communities, business partners, regulators and investors. Marathon Oil continues to believe that a company must address its responsibilities for governance, society, the environment and its workforce in order to achieve sustainable business success. While market conditions, geopolitics and macroeconomic factors are ever changing, Marathon Oil focuses on the actions and behaviors within our control that allow us to continue to be a responsible, ethical, growing and sustainable enterprise.

SEEKING EFFECTIVE, EFFICIENT SOLUTIONS

Marathon Oil is a global exploration and production (E&P) company. Our U.S. operations include, among others, three core unconventional resource plays – the [South Texas Eagle Ford Shale](#), [North Dakota Bakken Shale](#) and [Oklahoma Resource Basins](#), and conventional resources in Wyoming. Outside of the United States, we have operations in Canada, [Equatorial Guinea](#), the [Kurdistan Region of Iraq](#), Libya and the United Kingdom. Our exploration activities are focused in the U.S. Gulf of Mexico, Ethiopia, Gabon and Kenya.

Our strategic imperatives and [values](#) guide our actions and influence how we are moving forward to deliver strong operational and financial results. We continue to set corporate-level CSR commitments and empower our assets to develop the most effective, efficient programs to address local challenges.

Importantly, Marathon Oil will not cut corners when it comes to the health and safety of our employees, our contractors and the communities near our operations. As stewards of the environment, we will use proven technologies and strategies to minimize our impacts to air, water, land and wildlife, and will comply with existing laws and regulations. We will be open and honest with our stakeholders, and treat people with dignity and respect. We will be community partners and invest in projects and programs that make a demonstrably positive difference in our communities. Marathon Oil will be results focused, investing in our people so they can create shareholder value in any economic climate, while collaborating with industry and others to solve problems.

MAKING PROGRESS ON OUR COMMITMENTS

In this report, we describe our 2014 CSR efforts designed to make us even stronger, safer and more environmentally responsible. The starting point for everything we do is safety, environmental responsibility and regulatory compliance, all of which are non-negotiable. To provide an accident- and injury-free workplace, we focus on risk assessments, individual safety leadership and contractor engagements at the field and management levels. We also voluntarily enhanced our process safety standard to prevent significant hydrocarbon releases in our operations worldwide. We continue to drive a [process safety mindset](#) of constant diligence and attention to detail in our operations to keep our workforce, assets and surrounding communities safe.

Marathon Oil is mindful of our stakeholders' concerns about the environment, particularly climate change and water use. We continue to evaluate and [implement air emissions reduction strategies and technologies](#), particularly in our U.S. unconventional resources. In addition, we increased our air emissions disclosures in this report as part of our ongoing efforts to

be responsive to our stakeholders. We have significantly decreased the amount of fresh water used in our hydraulic fracturing operations in the Eagle Ford, and continuously pursue ways to conserve water in our operations. This report provides specific information on our [water management practices](#), as well as our [efforts to prevent spills and releases](#), and [manage waste](#).

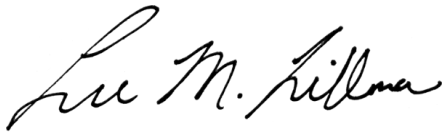
In the communities where we work and live, Marathon Oil [met with various stakeholders](#) in 2014 to understand the impacts of our operations and issues of importance to them, and to develop solutions together. Because communities – and our industry – need an educated workforce to grow and prosper, opportunities to enhance education are a priority for us. We expanded science, technology, engineering and math (STEM) programs that improved math and science test scores for children in the Eagle Ford, and we offered college scholarships for employees in Equatorial Guinea and students in the U.S. and the Kurdistan Region of Iraq.

A FACT-BASED, SOLUTION-DRIVEN APPROACH TO COLLABORATION

Whatever the challenge, Marathon Oil leverages our experience and expertise to solve it. For example, we aligned with other independent E&P companies in the U.S. to form [Producers for American Crude Oil Exports \(PACE\)](#), a coalition that advocates for the lifting of the U.S. crude oil export ban that prevents U.S. producers from selling crude oil on the global market. Access to global markets would encourage further investments in oil and gas production, create jobs, benefit consumers and provide incentives for drilling. We collaborate with industry and trade organizations on a range of issues, from seismicity to transportation to the advancement of best practices in human rights and security. With fact-based, solution-driven input and engagement, we believe most any challenge can be overcome.

Marathon Oil's goal is to be recognized as the premier independent E&P company. Fundamental to achieving this is our belief that we must be a responsible operator, as well as deliver strong operational and financial results. I hope you find this CSR report informative and illustrative of our commitment to responsible operations. Thank you for giving us this opportunity to put our challenges and solutions into context and describe our approach to addressing stakeholder concerns.

Sincerely,

A handwritten signature in black ink, reading "Lee M. Tillman". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Lee M. Tillman
President and Chief Executive Officer

PERFORMANCE SUMMARY

Corporate Social Responsibility Performance Highlights			
	2014	2013	Change
Fatalities (employee and contractor workforce)	0	0	N/A
Global Safety Performance – Total Recordable Incident Rate (TRIR)	0.75	0.71	5.6%
Social Investments – Philanthropic and Sustainable (million dollars)	\$29.3	\$30.7	-4.6%
Global Greenhouse Gas Emissions (million tonnes CO ₂ e) ^{a, b, c}	4.49	4.39	2.3%
Global Greenhouse Gas Intensity (tonnes CO ₂ e on a weighted basis/production) ^{a, b}	23.91	24.55	-2.6%
Methane Emissions (million tonnes CO ₂ e) ^{a, b}	0.72	0.81	-11.1%
Methane Intensity (tonnes CO ₂ e on a weighted basis/production) ^{a, b}	3.83	4.51	-15.1%
Energy Use (trillion BTU)	56.2	74.9	-25.0%
Global Fluid Spills – Number ^d	56	77	-27.3%
Global Fluid Spills – Total Volume of Fluid Spilled (thousand barrels) ^d	1.15	4.18	-72.5%
Employees – Minorities as a Percentage of Workforce (U.S.) ^{e, f, g}	23.1%	20.6%	12.1%
Employees – Females as a Percentage of Workforce (global) ^{e, g}	27.9%	27.7%	0.7%

a Greenhouse Gas (GHG) carbon dioxide equivalent (CO₂e) emissions are based on carbon dioxide, methane and nitrous oxide from Marathon Oil-operated facilities only.

b Discontinued assets (Norway, and Green River and Powder River Basins in Wyoming) were removed from previous years' data for comparing year-on-year performance.

c Gross production of all hydrocarbons increased by 5 percent in 2014.

d Data includes spills outside of secondary containment greater than or equal to 1 barrel.

e Workforce statistics reflect year-end data.

f As defined by U.S. Equal Employment Opportunity Commission.

g 2013 restated to reflect Success Factors methodology.

Financial and Operating Highlights(dollars in millions, except per share data) ^a		
Category	2014	2013
Total Revenues and Other Income	\$11,258	\$11,783
Income from Operations	\$1,599	\$2,671
Income Tax Expense on Continuing Operations	\$392	\$1,462
Income from Continuing Operations	\$969	\$931
Discontinued Operations	\$2,077	\$822
Net Income	\$3,046	\$1,753
Income from Continuing Operations – Basic	\$1.42	\$1.32
Discontinued Operations – Basic	\$3.06	\$1.17
Net Income – Basic	\$4.48	\$2.49
Income from Continuing Operations Per Common Share – Diluted	\$1.42	\$1.31
Discontinued Operations Per Common Share – Diluted	\$3.04	\$1.16
Net Income Per Common Share – Diluted	\$4.46	\$2.47
Dividends Paid	\$0.80	\$0.72
Long-term Debt ^b	\$5,323	\$6,394
Stockholders' Equity ^b	\$21,020	\$19,344
Capital Expenditures ^{c, d}	\$5,495	\$4,449

Average Daily Net Sales: ^d		
North America Exploration and Production Segment (mboed)	238	201
International Exploration and Production Segment (mboed) ^e	127	155
LNG (mtd) ^f	6,535	6,548
Methanol (mtd) ^f	1,092	1,249
Oil Sands Mining Segment Synthetic Crude (mbbld) ^g	50	48
Net Proved Reserves: ^{b, h}		
Crude Oil and Condensate, Natural Gas Liquids, Natural Gas and Synthetic Crude Oils (mmboe)	2,198	2,171
Number of Employees ^b	3,330	3,359

a Marathon Oil closed the sale of its Angola assets in the first quarter of 2014 and its Norway business in the fourth quarter of 2014. The Angola assets and Norway business are reflected as discontinued operations in all periods presented.

b Reflects year-end data.

c Capital expenditures includes accruals.

d Excludes discontinued operations.

e Includes natural gas acquired for injection and subsequent resale of 6 and 7 mmcf in the years ended December 31, 2014 and 2013, respectively.

f Reflects net share of equity method investee volumes.

g Includes blendstocks.

h Includes discontinued operations.

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CSR IN CONTEXT

Marathon Oil Corporation's Board of Directors has been particularly pleased with the commitment, efficacy and zeal demonstrated by the Company's relatively new senior management regarding "[Living Our Values](#)," our longstanding central tenet. As I trust this report demonstrates, this is not a rhetorical slogan, or simply an argument for our license to operate. These words are an authentic reference to specific objectives, policies and practices.



The purpose of this publication is to summarize Marathon Oil's record and progress on articulated issues of governance, our interactions with society, the environment and our workplace. This approach conforms with the common framework of the petroleum industry's corporate social responsibility reporting. Yet we hope that you will note how – in specificity and commitments – our presentation exceeds general practice.

Marathon Oil's leadership strives, of course, to control risks, meet regulatory requirements and improve performance. *Exceeding* such standards, amid the demands of exploration and production operations and in the extraordinary places where we work, is tough. There are, however, significant benefits to our fellow workers, the industry more broadly and the communities where we operate.

The strategies, initiatives and commitments articulated in this report show, we hope, that directors and management alike are focused on doing, said simply, what is right for all our stakeholders.

In this year's reporting – in response to feedback – we have sought, through data, narrative and compelling case studies:

- To increase significantly the degree of transparency on environmental performance, detailing air emissions, water and waste management, spills and releases and biodiversity.
- To reflect our updated management system.
- To provide more disclosure on political and lobbying contributions.
- To challenge ourselves about whether and how we might do more.

As the Company focuses on our seven strategic imperatives, Marathon Oil's health, environment, safety and security (HES&S), social and political challenges – both recurring and new – warrant, and are getting, management's and the Board's close scrutiny. We are determined to optimize our shareholders' economic value. But also uppermost in the minds and everyday efforts of our people are environment, safety, workplace and community responsibilities. Our stewardship, citizenship and sustainability are irrevocably intertwined with our financial performance.

We invite our stakeholders, and all observers, to look beyond our Company's bold objectives and to focus on the details of what we have done and where we are heading. We invite comments on our progress and suggestions as to how these efforts may be strengthened.

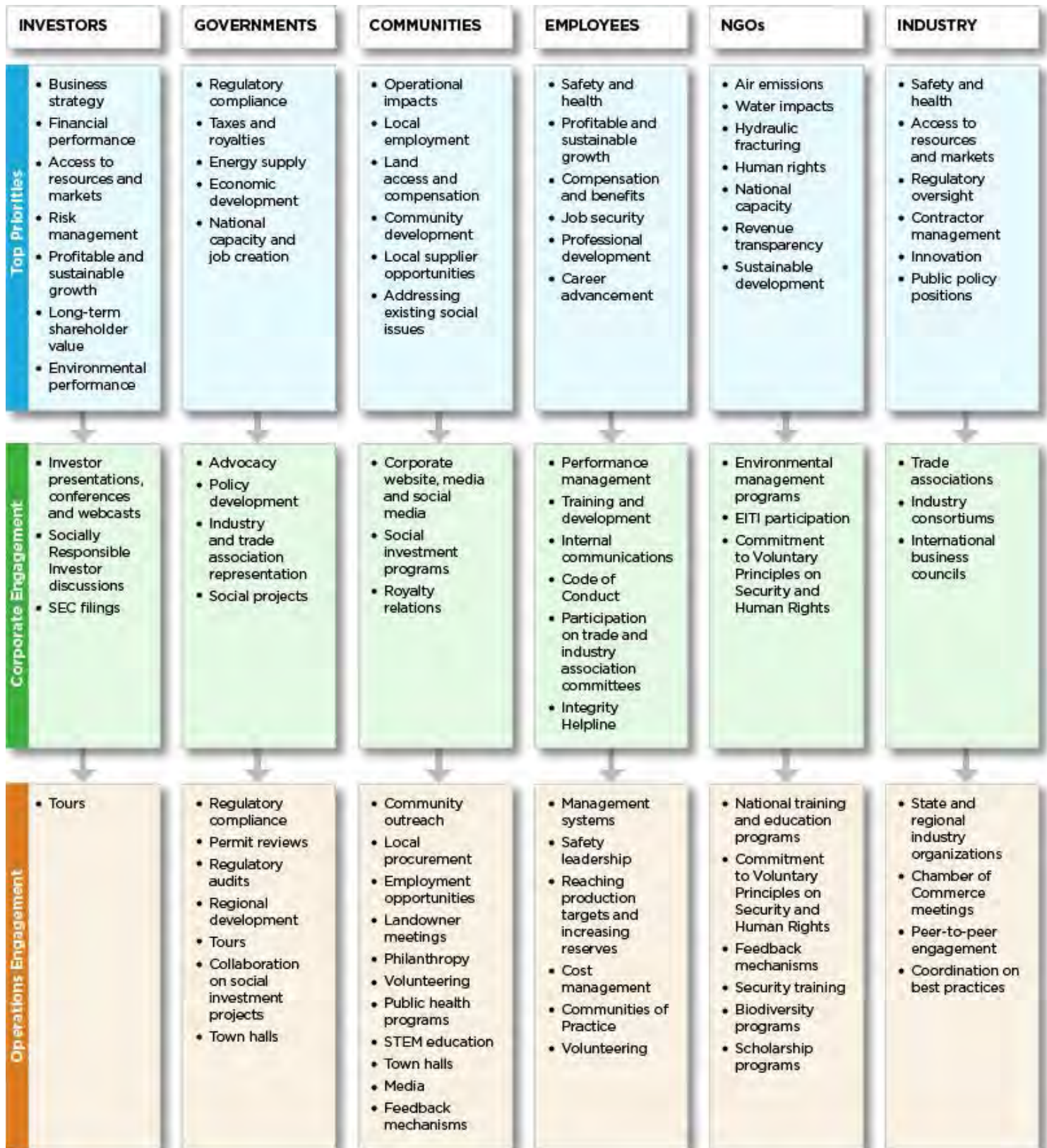
We ask that we be held accountable. To that end, we invite your consideration of this report and welcome your comments.

A handwritten signature in blue ink, appearing to read "Philip Lader". The signature is fluid and cursive.

Philip Lader
Chairman, HES&CR Committee, Marathon Oil Corporation Board of Directors

STAKEHOLDER ENGAGEMENT MAP

Marathon Oil engages with stakeholders through formal and informal means. Our stakeholders voice concerns, provide suggestions and help us in our efforts to seek continuous improvement in conducting our business in a more responsible and productive manner. Below is a snapshot of the priorities and mechanisms we use to discuss and resolve issues.



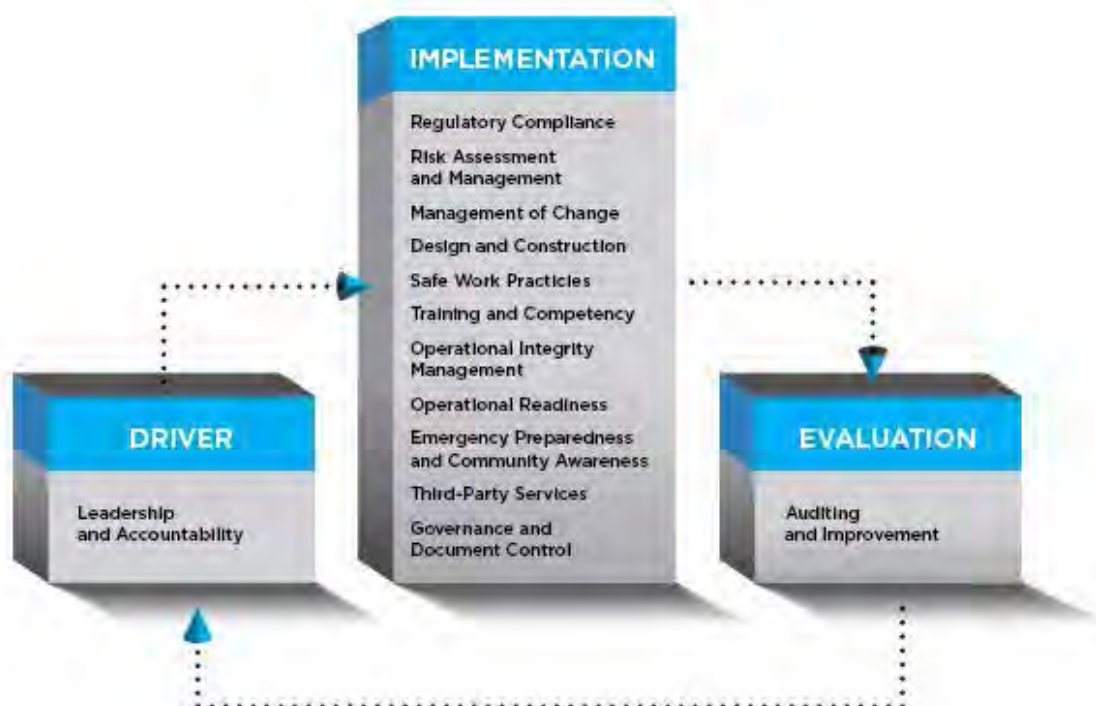
MANAGEMENT SYSTEMS

Marathon Oil uses the Enterprise Risk Management process to identify and monitor our risks and mitigation activities. Executive management, business units and internal audit provide input to identify critical risks and assess their mitigation. Internal champions are assigned for critical enterprise risks, which include health, environment, safety and security (HES&S). These champions, in conjunction with the business units, are responsible for assessing current and future risks, including nonfinancial risks, discovered through research or stakeholder feedback. The most significant risks are reported in our [2014 Annual Report on Form 10-K](#), and identified risks are reported regularly to the Board of Directors and executive management. Reported risks include issues impacting commodity prices, reserve replacement, operational execution, compliance with regulations and laws, portfolio/strategy, geopolitical and economic developments, risk management, human capital, cyber security and information management, competition, business interruption, financial strength, taxation and stockholder concerns.

HES&S MANAGEMENT SYSTEM

We developed a risk-based HES&S management system internally to control risks, meet regulatory requirements and improve HES&S and social performance. It is aligned with international standards and formalizes a best practices approach to HES&S and social performance as well as other processes. Risk assessment and risk management are fundamental to our management system and are integrated into business and operating planning cycles. In 2014, Marathon Oil began work to revise our HES&S management system to mirror our corporate structure and streamline HES&S accountability. A corporate owner and technical advisor is appointed for each element to strengthen operations accountability across the Company and drive continuous improvement. The HES&S management system elements help us focus on the right things by:

- Identifying and prioritizing risks.
- Establishing sustainable processes to control the risks.
- Assessing our performance.
- Driving continuous improvement.



HES&S STANDARDS AND PRACTICES

HES&S standards set expectations for organizational performance to drive consistency across the Company. We review standards periodically and update them to reflect changes in laws or regulations, to incorporate recommendations arising from audits and incident investigations, and to continuously improve performance.

To ensure adherence to Company standards and regulatory compliance, Marathon Oil employs a tiered HES&S audit program. Business units develop plans to address audit findings, track the plans through the completion of corrective actions and share lessons learned. Key audit findings and trends are communicated to HES&S leadership and executive management, who then set priorities to seek solutions for those identified gaps or issues.

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CORPORATE COMMITMENTS

Corporate-level commitments covering governance, society, the environment and our workforce guide our corporate social responsibility activities. Marathon Oil's local operations are responsible for working with key stakeholders to identify and implement programs to fulfill these commitments at the local level and to drive continuous improvement. Highlights of our 2014 commitments and progress and 2015 focus areas are summarized below.

Governance		
Commitments	2014 Progress	2015 Focus
Participate in the public policy process and maintain employee awareness on issues relevant to our company and industry.	<ul style="list-style-type: none">Continued promoting state regulation and enforcement of oil and gas operations.Actively participated in legislative and regulatory processes at all levels of government where we have operations.Hosted legislative and regulatory official tours in U.S. locations.Aligned with other independent U.S. producers in PACE (Producers for American Crude Oil Exports), a coalition to advocate for the repeal of the U.S. ban on crude oil exports to global markets.	<ul style="list-style-type: none">Promote responsible, state-based regulation of hydraulic fracturing; safe and reliable infrastructure; tax regimes that encourage investment; regulations that promote clean air and water while enabling energy development; and reliable permitting processes.Advocate, along with other producers in PACE, for U.S. oil producers' access to global markets (crude oil exports).Conduct legislative and regulatory education sessions on oil and gas, and tours of our U.S. operations.
Conduct our business with high standards for responsible operations, business ethics and integrity, corporate governance and transparency.	<ul style="list-style-type: none">Initiated revisions to the health, environment, safety and security (HES&S) management system elements and appointed corporate element owners to strengthen operations accountability.Implemented a redesigned HES&S audit program that focuses on high-priority compliance areas and critical risks in assets.Provided live anti-corruption training to designated employees around the world and offered online anti-corruption training for the first time.Assigned two employees as members of the multi-stakeholder National Commission being formed to oversee Equatorial Guinea's efforts to implement the Extractive Industries Transparency Initiative (EITI).Conducted emergency response drills in all of our assets, a major drill simulating a deepwater well control event in the Gulf of Mexico and a spill response exercise in the Kurdistan Region of Iraq.	<ul style="list-style-type: none">Implement the revised HES&S Management System at the enterprise level.Implement a new audit standard to drive consistency across the Company.Conduct Company-wide mandatory Code of Business Conduct training.Implement an assessment process to continually improve the effectiveness of our compliance program.Continue our ongoing transparency commitments (USEITI, UKEITI, EG and Kurdistan Region of Iraq).Conduct emergency response tabletop drills in all assets and hold a major corporate response exercise.



Society

Commitments	2014 Progress	2015 Focus
Work with stakeholders to understand how our operations impact local communities.	<ul style="list-style-type: none">• Hired two West African contractors to perform key activities for the Alba compression project in Equatorial Guinea to fulfill our commitment to local content, and employed two Equatoguinean engineers on the project team in our Houston office.• Resolved residents' concerns about our operations in the Kurdistan Region of Iraq by assigning a CSR representative to accompany all seismic teams.• Joined four other operators in South Texas to fund a truck and crew to gather and dispose of roadside trash in Karnes and DeWitt counties five days a week, addressing a primary community concern.• Designed a method to capture, track and resolve external stakeholder issues.	<ul style="list-style-type: none">• Use an Equatoguinean firm to fabricate the bridge and flare structures for the Alba project, and support the primary contractor's efforts in seeking local suppliers for installation and startup.• Develop and execute a stakeholder engagement strategy for Croatia, contingent upon finalizing the production sharing agreement (PSA).• Develop a Company-wide stakeholder engagement standard.• Pilot a Company-wide mechanism for gathering stakeholder feedback, and tracking resulting actions and responses, based on lessons learned from its preliminary design.
Partner with community organizations to develop and support projects that address existing social issues related to education, health and the environment.	<ul style="list-style-type: none">• Continued Phase III of the Bioko Island Malaria Control Project (BIMCP) in Equatorial Guinea, including initiating island-wide bed net distribution and testing a new long-lasting insecticide with the potential to reduce intervention costs. We committed to support trials of a candidate malaria vaccine aimed at eliminating malaria from Bioko Island; the first vaccine trial started in March 2015. We addressed the Ebola virus threat and outbreaks of polio and hepatitis.• Invested approximately U.S. \$1.2 million in school assistance projects in Equatorial Guinea.• Awarded five Marathon Oil Diversity Scholarships to increase the number of qualified diverse hires.• Continued to strengthen STEM educational initiatives in the Eagle Ford and selected two additional core science education initiatives to pilot. Based on higher Texas standardized test scores in math and science at the pilot school, we added the Reasoning Mind program to another grade level at the pilot school and to a second school in Karnes City.	<ul style="list-style-type: none">• Continue supporting malaria vaccine trials.• Build a school, support a nurse training program, and build a hospital and reference laboratory in Equatorial Guinea.• Develop a social investment strategy for Gabon and provide recognized educational training to two Gabonese nationals.• Expand the Reasoning Mind program to additional school districts in Eagle Ford.• Fund training of an additional five students at the Instituto Tecnológico Nacional de Hidrocarburos de Guinea Ecuatorial.

Commitments	2014 Progress	2015 Focus
<p>Manage security activities in a responsible and ethical manner in accordance with the best practices associated with the Voluntary Principles on Security and Human Rights.</p>	<ul style="list-style-type: none"> • Integrated social and security considerations into the environmental, social and health impact assessment (ESHIA) process to create one comprehensive safety, social, security, environmental and health impact assessment for planning oil and gas activities. • Revamped security training to incorporate ethical, legal and operational aspects, and provided scenario-based training for our contract and proprietary guard force personnel worldwide. • Launched and provided training on a new vetting program for all proprietary and contract security personnel. 	<ul style="list-style-type: none"> • Finalize the ESHIA process to support activities in new locations. • Conduct above-ground risk assessments as needed during the new country entry due diligence process. • Work with IPIECA's Responsible Security Task Force and several observers to the Voluntary Principles on Security and Human Rights to develop the process documentation associated with the Memorandum of Understanding on representing the full scope of security cooperation between a company and a host nation government.



Environment

Commitments	2014 Progress	2015 Focus
Reduce spills and releases, minimize wastes, and promote water management, conservation and biodiversity.	<ul style="list-style-type: none">• Progressed the implementation of more robust environmental compliance assurance systems, processes and tools.• Expanded air emissions disclosures in this report as part of our ongoing effort to be more responsive to stakeholders.• Identified and prioritized emissions sources and began evaluating and implementing emissions reduction projects for these sources, with an emphasis on our Oklahoma Resource Basins where 39 percent of our methane emissions company-wide were generated in 2014.• Implemented our Environmental Management Program Standard that requires our assets to report new environmental metrics such as water use and waste generation, as well as performance improvement projects.• Used approximately 85.5 percent non-fresh water in the Eagle Ford.• Enhanced biodiversity in collaborative projects in Wyoming, Equatorial Guinea and the Oklahoma Resource Basins.	<ul style="list-style-type: none">• Reduce equipment-related spills.• Develop a Mid-Continent Asset Team (MCAT) GHG emissions reduction strategy.• Implement a process to recycle oil-based drill cuttings in MCAT to reduce the amount of cuttings going to landfills.• Continue evaluating technology to develop fresh water alternatives in the Eagle Ford.



Workplace

Commitments	2014 Progress	2015 Focus
Strive for an accident and injury free workplace, with safe and healthy work practices and conditions throughout our operations.	<ul style="list-style-type: none">• Achieved Total Recordable Incident Rate (TRIR) for employees and contractors combined of 0.75, and Lost Time Incident Rate of 0.19.• Voluntarily enhanced a process safety standard to enhance reliability and help prevent hydrocarbon releases and other incidents in our operations worldwide.• Continued engaging contractors as partners in safety performance, including conducting almost 100 crew-level field audits in our U.S. onshore assets to ensure our contractors implement their safety programs effectively in the field.• Implemented a structured, modular safety leadership program in our operations worldwide, with ongoing training.• Identified global hand injury trend and in response distributed high impact gloves.• Addressed potential workforce health issues related to the Ebola virus, polio and hepatitis in Equatorial Guinea.• Held safety stand down in international assets in July addressing trends and potential actions.• Piloted mobility software applications in Tier 1 audits in the Oklahoma Resource Basins to improve action tracking.• Implemented safety awareness campaign, addressed top recordable injury trends, and focused on contractor engagements in the Eagle Ford.• Analyzed five years of safety incident data in our Equatorial Guinea asset and developed a plan to address underlying human factors.	<ul style="list-style-type: none">• Promote safety leadership (including the Personal Responsibility for Safety program) worldwide, with a focus on contract field supervisors and personnel with less than five years of experience.• Drive contractor HES performance improvements by identifying and managing contractors with poor safety performance.• Focus on hand safety by promoting awareness, ensuring the selection of the proper gloves for specific tasks and assessing existing practices.• Focus on the injury risk of dropped objects through heightened awareness.• Assess tank gauging practices and appropriate risk mitigation measures.
Maintain an inclusive work environment where we attract, develop and retain employees who actively contribute to growing our business.	<ul style="list-style-type: none">• Designed and implemented a new Performance Management System to recognize and reward employees based on relative individual performance.• Utilized our technician and petrotechnical workforce more effectively and efficiently, based on employee recommendations.• Delivered commercial skills class to mid- and senior-level national and expatriate employees in Equatorial Guinea.	<ul style="list-style-type: none">• Implement a web based field Qualifications Management System (QMS).• Develop a cohesive talent management program that combines performance management, goal setting, rewards and recognition, succession planning and employee development.• Launch the Mujeres de HACE Women's Leadership Program in the Houston market.

GOVERNANCE



Living Our Values for Ethical, Responsible Operations

Being open and honest is a core value at Marathon Oil. We hold ourselves to a high standard of business ethics and integrity and communicate openly and transparently in our operations.

MANAGEMENT APPROACH

The Marathon Oil Board of Directors oversees Company management to ensure high levels of governance, society, workplace and environmental performance, which benefit our shareholders. Our [Corporate Governance Principles](#) explain the composition and functions of the board, including director selection, evaluation, compensation, retirement and resignation.

To ensure proper oversight, Marathon Oil maintains an independent Board of Directors as defined in the *New York Stock Exchange Listed Company Manual* and our *Corporate Governance Principles*. Marathon Oil shareholders elect directors annually, with a majority of those voting required for election. In 2014, eight of nine directors qualified as independent. Women comprised 22 percent of our board (two directors) in 2014. Interested parties, including security holders, may [communicate with the board](#) through the Marathon Oil Secretary.

To maintain an independent board, director candidates are screened and evaluated by the [Corporate Governance and Nominating Committee](#), with input from the chairman of the board and the chief executive officer. A variety of qualifications are considered for potential board members, including executive and board experience, global business experience, international exposure, demonstrated leadership capabilities, integrity and judgment. Among other considerations, board candidates should be able to offer critical review and analysis and sound guidance on issues affecting the Company.

Executive Compensation

Through stock ownership, Marathon Oil directors, executives and senior managers have a financial stake in the Company and in organizational performance. Our Corporate Governance Principles detail guidelines for directors' stock ownership, as well as compensation. **Executive compensation**, which is reviewed by the board's [Compensation Committee](#), is designed to motivate long-term organizational and individual performance and is aligned with corporate goals and the long-term best interests of Marathon Oil. Executive compensation delivers competitive and performance-based compensation with base salary, annual incentives, long-term incentives and employee benefits.

The Compensation Committee considers the results of the most recent Say on Pay Vote of shareholders when reviewing and recommending compensation plans, policies and practices. At the 2014 Annual Meeting of Stockholders, stockholders approved Marathon Oil's executive compensation by over 90 percent of votes cast. Based on this result, the Compensation Committee concluded that our compensation program effectively aligns the interests of our named executive officers with the Company's long-term goals and did not make significant changes to our executive compensation program for 2014.

Marathon Oil bases executive compensation on operational, financial, safety and environmental performance, which aligns with our seven strategic imperatives. These metrics include spills to the environment, process safety incidents, total recordable incident rate, the serious event rate, production growth, cash costs, finding and development costs, and finding cost. Metrics for organizational, strategic and individual performance include production growth, portfolio management, share repurchases, operational availability and the proved reserve replacement rate.

Based on Marathon Oil's performance in 2014, the Compensation Committee awarded bonuses above target levels to our named executive officers for 2014. Additional information about executive compensation is available in the [Marathon Oil Corporation Proxy Statement and Notice of 2015 Annual Meeting](#).

Additional Governance Activities

The Audit and Finance Committee oversees Marathon Oil's policies, procedures and performance related to ethical, legal and regulatory compliance; financial disclosures and finance matters; enterprise risk assessment and risk management; and other matters.

Marathon Oil respects local laws wherever we operate. The [Audit and Finance Committee](#) reviews the Company's [Code of Business Conduct](#), one of the tools we provide to assist in upholding the rule of law. The Code applies to all Marathon Oil employees, managers, officers and directors.

PROGRESS ON OUR COMMITMENTS

Marathon Oil's commitment is to conduct our business with high standards for responsible operations, business ethics and integrity, corporate governance and transparency. We provide education, training and resources such as the Code of Business Conduct to promote awareness and maintain compliance with relevant laws, regulations and policies. To prevent unintentional reputational issues and other risks, Marathon Oil fosters an environment through our Code, training and other means, where employees can raise concerns or issues in good faith without retaliation. In 2014, we:

- Revised the elements of our [HES&S management system](#) and designated corporate element owners to define and strengthen accountability for performance, and implemented our redesigned HES&S audit program. In 2015, we will continue to enhance our HES&S management system, implement a new audit standard, and further develop HES regulatory compliance and compliance assurance processes.
- Conducted [emergency response drills](#) in all of our assets, a major U.S.-based drill simulating a deepwater well control event in the Gulf of Mexico and a non-U.S.-based spill response drill in the Kurdistan Region of Iraq.
- Provided live anti-corruption training to designated employees around the world and also offered online anti-corruption training for the first time.
- Evaluated third-party product transportation arrangements and began developing an internal process to better manage transportation of hazardous products.
- Assigned two employees as members of the multi-stakeholder National Commission formed to oversee Equatorial Guinea's efforts to implement the [Extractive Industries Transparency Initiative \(EITI\)](#).

Public policy related to regulations, taxation and other issues has a significant impact on Marathon Oil and our industry. To build a sustainable business, we are committed to participating in the public policy process and maintaining employee awareness of issues relevant to the Company and our industry. In 2014, we:

- Promoted responsible, state-based regulation of [hydraulic fracturing](#); safe and reliable infrastructure; tax regimes that encourage investment; reliable permitting processes; and regulations that promote clean air and water, while enabling energy development.
- Participated in [legislative and regulatory processes](#) at all levels of government where we have operations, including hosting tours of our U.S. locations for legislators.
- Aligned with other independent E&P companies in the U.S. to form [Producers for American Crude Oil Exports \(PACE\)](#), a coalition advocating to [allow U.S. producers to sell crude oil on the global market](#). This access would encourage further investments in oil and gas production, create jobs, benefit consumers and provide incentives for drilling.
- Focused on industry efforts to improve safety during transportation by participating on API committees developing a recommended practice for classification and testing of oil products. We also monitored the progress of proposed state and federal rules that apply to crude oil transportation by rail and pipeline.

BUSINESS ETHICS AND PREVENTING CORRUPTION

Key Words: [Integrity Helpline](#) | [Policy for Reporting Business Ethics Concerns](#)

We recognize that a reputation for integrity is one of the most important assets an individual or company can possess, and we promote high standards for business ethics and integrity. Our Business Integrity Office is led by the deputy general counsel for governance, compliance and corporate services. He is accountable to the Board of Directors for Marathon Oil's compliance program and reports to the Audit and Finance Committee annually on compliance activities.

Our Code of Business Conduct applies to every Marathon Oil employee, manager, officer and director, and must be applied in both letter and spirit. The Code sets forth our commitment to high ethical standards for accountability and responsibility, as well as our responsibility to one another, the public, shareholders, business partners, governments and the law.

To raise awareness about ethics and integrity, Marathon Oil provides training and resources. New employees are required to take ethics training, and all employees are required to take biannual ethics training on selected topics from the Code of Business Conduct. Biannual training will occur in 2015.

INTEGRITY HELPLINE

The **Integrity Helpline** is a confidential resource that Marathon Oil employees, vendors, contractors and the general public can call to anonymously report suspected unethical or illegal activity. Our [Code of Business Conduct](#) prohibits retaliation against an employee who reports an ethical concern in good faith.

Our Business Integrity Office leads the response to questions or reports to the Integrity Helpline. Efficient, thorough investigations can lead to earlier detection and resolution of valid issues. In 2014, we standardized the Helpline investigation process and took other steps to streamline our investigation and response time. As a result, we handled more submissions while substantially decreasing the time to conduct and close out investigations.

The Integrity Helpline is available at all times and in several languages via phone (1.877.713.8314 ) or [online](#).

POLICY FOR REPORTING BUSINESS ETHICS CONCERNS

The board's Audit and Finance Committee provides a [Policy for Reporting Business Ethics Concerns](#) to provide guidance on reporting concerns related to accounting, internal accounting controls or auditing matters. The policy establishes procedures for receiving, retaining and treating concerns raised through the Integrity Helpline, Business Integrity Office or other means.

PREVENTING CORRUPTION

The Company and our wholly owned and majority-owned subsidiaries comply with applicable anti-corruption laws in the countries where we operate, including the U.S. Foreign Corrupt Practices Act (FCPA) and the United Kingdom Bribery Act.

Our anti-corruption compliance program aligns with the recommendations of the U.S. Department of Justice and other government agencies worldwide, and we continuously refine our program to ensure we address government expectations. For example, in 2015 we will implement a tool to assess the effectiveness of our compliance program and resources.

Marathon Oil requires all designated employees to take either comprehensive live or on-line anti-corruption training, depending on their designation. Marathon Oil also has an annual anti-corruption compliance audit program for our operations outside the U.S. and outside-operated interests in countries not in the Organization for Economic Cooperation and Development (OECD).

TRANSPARENCY OF PAYMENTS

To combat bribery and corruption, Marathon Oil supports transparent reporting of revenue flows from oil and gas production. We believe that the Extractive Industries Transparency Initiative (EITI) strengthens governance, fosters stakeholder cooperation, aids development of civil society and assists in risk management. Since 2004, Marathon Oil has participated in the EITI process in various countries where we operate, and we continue to communicate our aggregated payments to governments.

COUNTRY	STATUS
Canada	The Canadian government achieved royal decree in December 2014 for the Extractive Sector Transparency Measures Act. It is estimated that this act will be signed into law in June 2015. Marathon Oil's Canadian entities will begin capturing any payment made to any government or government-like entity beginning calendar year 2016. The 2016 report will be filed as required under the act.
Equatorial Guinea	Two Marathon Oil employees sit on the multi-stakeholder National Commission formed to oversee EITI implementation as the country works toward readmission. The Minister of Mines, Industry and Energy was appointed president and the EITI Director General was appointed secretary of the National Commission.
Gabon	No longer recognized as an EITI implementing country, following delisting in February 2013.
Kurdistan Region of Iraq	Iraq is EITI compliant. In May 2013, it produced an update of its 2010 report, including a chapter on the Kurdistan Region of Iraq's oil and gas production from revenues from exports.
UK	EITI candidate since October 2014. The first data set will relate to cash payments for taxation and license fees for 2014. It is expected that oil, gas and mining companies operating in the UK (including Marathon Oil) will begin collecting data in July 2015. The first reports are due in 2016 for accounting periods beginning on or after Jan. 1, 2015.
U.S.	EITI candidate, but not yet meeting all requirements. The USEITI is scheduled to publish its first report in December 2015, disclosing payments made to certain regulators during calendar year 2013. The USEITI has requested that 44 extractive-industry companies submit their payment information to the Independent Administrator for reconciliation with the government-provided payment data, and to voluntarily report their payment data for inclusion in the December 2015 report.

PUBLIC POLICY AND POLITICAL CONTRIBUTIONS



Key Words: [Lobbying Activities](#) | [Political Contributions](#) | [Producers for American Crude Oil Exports \(PACE\)](#) | [Working with Regulators and Policy Makers](#)

Marathon Oil encourages responsible energy development and wants to contribute to economic progress and build a sustainable company. We promote sound, fact-based public policies that support these goals, and we believe that public/private sector collaboration is needed to resolve the significant issues facing our industry, communities and society.

Marathon Oil believes that compliance with laws and regulations is non-negotiable and essential to earning and preserving our license to operate. We want to have a voice in regulatory and legislative decisions that affect Marathon Oil and our ability to conduct business. Our challenge is to meet or surpass legal and regulatory requirements while being a cost-effective operator, adding value for shareholders, offering competitive employment opportunities, protecting the environment and positively impacting communities where we work. To achieve this, our commitment is to participate in the public policy process on issues relevant to our Company and industry.

WORKING WITH REGULATORS AND POLICY MAKERS

We believe that U.S. state governments are in the best position to formulate and enforce appropriate regulatory oversight for oil and gas operations due to their understanding of local and regional conditions and needs. Additionally, some proposed federal regulations are duplicative or conflict with existing state regulations, and would slow economic development if enacted.

We continue to **work with U.S. federal, state and local legislative and regulatory agencies** on issues affecting our significant holdings in unconventional resource plays. Marathon Oil subject matter experts in hydraulic fracturing, well integrity, drilling, completions, safety practices, air emissions and water management review proposed regulations and legislation, and provide testimony to legislative bodies. Our employees also collaborate with stakeholder groups and industry working groups to address concerns through mutually acceptable solutions.

In 2015, we will continue to promote responsible, state-based regulation of hydraulic fracturing; safe and reliable infrastructure; tax regimes that encourage investment; regulations that promote clean air and water while enabling energy development; and reliable permitting processes. Through our participation in the [Producers for American Crude Oil Exports \(PACE\)](#) coalition, we will advocate for access to global markets for crude oil produced in the U.S. In addition, we will conduct education sessions on oil and gas and tours of our U.S. operations for legislators and regulators.

POLITICAL CONTRIBUTIONS

Marathon Oil contributed a total of U.S. \$19,000 to candidates, political party organizations and political action committees, where allowed by law, in the U.S. and Canada in 2014. **Contributions** are made to candidates who support responsible energy development, are based solely on a candidate's position on business issues and are made without regard for the individual political preferences of executives.

Eligible employees may contribute to candidates for U.S. federal and state elected office through the Marathon Oil Company Employees Political Action Committee (MEPAC). In 2014, MEPAC donated approximately \$233,900 to 183 candidates, political party organizations and political action committees. MEPAC is registered with the U.S. Federal Election Commission (FEC) and complies with all FEC, state and local rules and reporting requirements. Our donations to candidates and political action committees at the state and local level in Texas are made through the Marathon Oil Company Political Action Committee of Texas (MOCPAC-TX). In 2014, MOCPAC-TX donated approximately \$68,250 to 54 candidates and political action committees. MOCPAC-TX is registered with the Texas Ethics Commission and complies with all Texas rules and reporting requirements.

For additional information on our political contributions, please see the [2014 Report of Lobbying and Political Contributions](#).

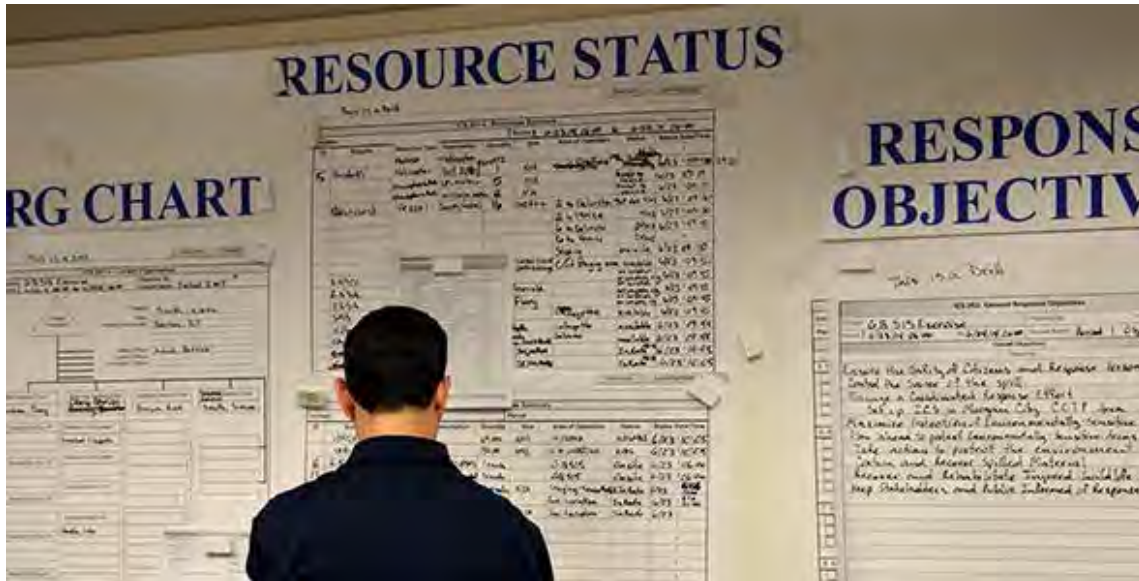
LOBBYING ACTIVITIES

During 2014, we made payments to other organizations and trade associations that engage in, among other things, **lobbying activities**. As part of our commitment to good governance and transparency, we are providing a voluntary report (the [2014 Report of Lobbying and Political Contributions](#)), which discusses in greater detail these payments, along with our policies and procedures for lobbying and political activities.

In the 2014 *Report*, we disclose our corporate contributions made to all tax-exempt 527 organizations that exceed \$35,000. We also disclose in the report, based upon information provided to us by the trade associations of which Marathon Oil is a member, the lobbying portion of our payments and dues to those trade organizations that if made directly by Marathon Oil, would not be deductible under section 162(e) of the Internal Revenue Code and that exceed \$35,000. The 2014 *Report* also describes Marathon Oil's policies, procedures and related board and management oversight of these activities.

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EMERGENCY PREPAREDNESS AND RESPONSE CAPABILITIES



Key Words: [Drills](#) | [Deepwater Response Capabilities and Industry Response Associations](#)

Marathon Oil believes conducting business with high standards for responsible operations demonstrates good governance, and that maintaining comprehensive emergency preparedness and response capabilities is a requirement for responsible operations. We are prepared to respond to a wide range of events that pose a risk to Marathon Oil, including natural disasters like hurricanes, civil unrest and other security-related incidents, and operational disruptions that may result in injuries, spills, fires or explosions.

To respond aggressively and in cooperation with all relevant stakeholders when an emergency arises, Marathon Oil:

- Maintains response teams at the local, regional and corporate levels, including the Corporate Emergency Response Team (CERT) that operates under the authority of our executive-level Crisis Management Team.
- Maintains a network of response contractors and consultants.
- Conducts annual training, drills and exercises with government agencies and key stakeholders.
- Participates in industry associations to share lessons learned and drive improvements.
- Employs a corporate Emergency Preparedness Group with professionals dedicated to full-time preparedness training, drills and industry participation.

2014 EMERGENCY PREPAREDNESS DRILLS

Every Marathon Oil asset conducted an **emergency drill** with its asset-level response team in 2014. Marathon Oil's annual North America CERT exercise emphasized our deepwater well control incident response capabilities in the Gulf of Mexico. The exercise started as a small regional scenario in Houston, Texas, using our Gulf of Mexico incident management team. As the scenario scope expanded to the corporate level, the team relocated to Lafayette, Louisiana. This was the first time we physically moved the location of a response team and command post in real time. Our annual international CERT exercise brought members of our International Emergency Response Team to Erbil, Kurdistan, to work with agencies.

SELECT DEEPWATER SOURCE CONTROL AND SPILL RESPONSE CAPABILITIES AND INDUSTRY RESPONSE ASSOCIATIONS

Oil Spill Response Limited (OSRL)	Provides resources for member companies with global resources to prepare for and respond to oil spills efficiently and effectively.
Clean Gulf Associates (CGA)	Not-for-profit oil spill response cooperative that provides the Gulf of Mexico E&P industry with state-of-the-art spill response equipment and highly trained responders to ensure protection of the Gulf and its ecosystems.
National Response Corporation (NRC)	Global service provider of environmental, industrial and emergency response solutions.
HWCG (founding member)	Gulf of Mexico mutual aid organization of deepwater operators with the common goal to quickly and comprehensively respond to a subsea spill to protect people, property and the environment.
OSRL Capping Ltd and OSRL Global Dispersant Stockpile	OSRL deepwater capping and containment branch with four international bases capable of responding to a deepwater well control incident. Stockpile contains 1.2 million gallons of dispersant.
API and IPIECA oil spill working groups	Participate in regulatory and technical development processes for new and innovative response techniques worldwide.
Industry spill response cooperative in the Kurdistan Region of Iraq	NRC provides oil spill response capabilities to all operators in the area. Marathon Oil was the catalyst to form this cooperative.
Sakakawea Area Spill Response, LLC	Oil, gas and pipeline operators in North Dakota that share and deploy emergency response and spill containment equipment and resources to respond quickly and comprehensively to an open water spill in the upper Missouri River and Lake Sakakawea region. The group trains member company employees on spill control and response to protect the area's water resources. Marathon Oil hosted the Sakakawea Area Spill Response 2014 winter drill, a combination of classroom training and hands-on training outside on ice in a protected area. We were a leader in establishing this organization.

CORPORATE SOCIAL RESPONSIBILITY OVERSIGHT

Corporate social responsibility (CSR) is fundamental to Marathon Oil's ability to do business in any community. We look beyond our office walls and operational facilities to consider how our decisions, actions and operations affect others, and how we can address our stakeholders' critical needs.

Our [Corporate Responsibility Policy](#) documents our commitment to our values, complements our Code of Business Conduct and drives continuous HES&S improvement. The policy includes 12 principles: incident prevention, environmental stewardship, community engagement, security, emergency preparedness, risk assessment, legislative and regulatory compliance, training and education, contractor performance, performance metrics, continual improvement and communication.

The Health, Environmental, Safety and Corporate Responsibility (HES&CR) Committee of our Board of Directors oversees CSR and is responsible for:

- Identifying, evaluating and monitoring HES, social, public policy and political trends, issues and concerns that could affect the Company's business activities and performance.
- Analyzing the Company's global reputation and developing recommendations to strategically position Marathon Oil to support our business objectives.

Our Corporate Alignment Decision Board (CADB), which comprises operating component and support function officers, is accountable to the Board of Directors. Its role is to:

- Ensure alignment on strategies/initiatives affecting the corporation.
- Review, approve, and/or monitor progress on strategies/initiatives with enterprise impact.
- Review and provide feedback on updates to the Enterprise Risk Management process; HES&S management review; legislative/regulatory update; and political, charitable and educational contributions prior to their presentation to the Board of Directors or committee of the Board.

We integrate CSR processes and activities into business planning and asset-level operations through the [HES&S Management System](#) framework. Marathon Oil sets corporate-level CSR commitments, and asset teams establish CSR activities that align with these commitments and their asset operational goals. Asset teams also assess the HES&S and social risks and objectives associated with CSR activities. As part of this assessment, business units determine the support they need from our corporate HES&S function, which subsequently evaluates the execution of CSR activities during audits.

During 2014, Marathon Oil continued to integrate social considerations into our management system to address identified gaps. Community feedback mechanisms, also known as grievance mechanisms, were a focus area as we examined how our Company receives information on issues and concerns. This is part of our effort to streamline feedback tracking to address community stakeholder concerns consistently and thoroughly.

SOCIETY



Living Our Values Toward Society

At Marathon Oil, we are community partners: We build stronger communities by developing relationships with our stakeholders and by investing our time, talent and resources.

MANAGEMENT APPROACH

Marathon Oil wants to have a positive impact in communities where we have operations. Our efforts start with an uncompromising focus on our core values to protect our license to operate and drive business performance. We fulfill our commitments to communities and society through assessment, stakeholder engagement, collaborative partnerships, monitoring and evaluation. Our assessment process encompasses safety, social, security, environmental and health impacts. Along with the associated engagement, this assessment informs our understanding of potential social and economic concerns, priorities, existing issues and opportunities.

PROGRESS ON OUR COMMITMENTS

Marathon Oil's commitment is to work with stakeholders to understand how our operations impact local communities. In 2014, we:

- Integrated social considerations into our HES&S management system.
- Hired two [West African contractors to perform key activities related to the Alba compression project](#) in Equatorial Guinea to fulfill our commitment to local content, and employed two Equatoguinean engineers on the project team in our Houston office.
- Led [stakeholder engagements](#) that included informational tours for legislators in our South Texas Eagle Ford and North Dakota Bakken assets, an educational rig tour for teachers in our Oklahoma Resource Basins, landowner meetings and our fifth community meeting in Eagle Ford since entering the area.

Our commitment is to partner with community organizations to develop and support projects that address existing social issues related to education, health and the environment. In 2014, we:

- Continued [Phase III of the Bioko Island Malaria Control Project \(BIMCP\)](#) in Equatorial Guinea, including initiating island-wide bed net distribution and testing a new long-lasting insecticide with the potential to reduce costs. We committed to support a series of trials of a candidate [malaria](#) vaccine aimed at eliminating malaria from Bioko Island; the first vaccine trial started in March 2015. We also [addressed the Ebola virus threat and outbreaks of polio and hepatitis](#) in Equatorial Guinea.
- Spent approximately [U.S. \\$1.2 million to rehabilitate the Rilaja Primary School and Enrique Nvo Primary School on Bioko Island](#). In 2015, we plan to invest over U.S. \$2 million to build a school for approximately 500 children, support a nurse training program, and build a hospital and reference laboratory.
- Donated surplus breathing masks and gloves worth U.S. \$350,000 to [Project C.U.R.E.](#) that were sent to areas impacted by the Ebola virus.
- Funded the [first Marathon Oil Diversity Scholarships](#) for five U.S. students at three U.S. universities, with the intent to build a diverse workforce. In addition, students from the Kurdistan Region of Iraq and 11 students from Equatorial Guinea studied at various universities on Marathon Oil scholarships.

- Continued to strengthen educational initiatives in the Eagle Ford to address gaps identified in our 2013 integrated education study. We expanded the [Reasoning Mind science, technology, engineering and math \(STEM\) program](#), and selected two additional core science education initiatives to pilot.

Our commitment is to manage security activities in a responsible and ethical manner in accordance with the best practices associated with the Voluntary Principles on Security and Human Rights. In 2014, we:

- Integrated social and security considerations into the [environmental, social and health impact assessment \(ESHIA\) process](#) to create one comprehensive safety, social, security, environmental and health impact assessment for planning oil and gas activities.
- Revamped [security training](#) to incorporate ethical, legal and operational aspects and provided scenario-based training for our contract and proprietary guard force personnel worldwide. We also launched and provided training on a new vetting program for all proprietary and contract security personnel.
- Helped create an IPIECA task force to share best practices for security and human rights.

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STAKEHOLDER ENGAGEMENT



Proactive, ongoing dialogue with people interested in Marathon Oil projects or operations is a core element of how we conduct business. Stakeholder engagement strengthens our ability to access new resources, operate efficiently, avoid project delays and maintain effective relationships. Our commitment is to work with stakeholders to understand how our operations impact local communities and to develop strategies and plans designed to result in mutually beneficial outcomes. We engage with local residents, local and regional governments, industry, business partners, and nonprofit and nongovernmental organizations to understand concerns, priorities and opportunities. To engage with stakeholders, our employees hold and attend community meetings, join community and industry organizations, serve as volunteers, and participate on committees and task forces.

Marathon Oil identifies possible stakeholders, social risks and opportunities; evaluates their relative significance; and sets priorities. We encourage our local project teams to implement formal stakeholder engagement programs for consistent and transparent dialogue about our activities; to continuously solicit feedback; and to validate our understanding of stakeholder concerns and priorities.

Our challenge is to engage with an increasing number of stakeholders with different needs and expectations in new and existing asset areas. In 2014, we engaged a variety of stakeholders on road safety, water management, air emissions, product transportation, shale development, capacity building, education, public health and other issues. We hosted informational tours for legislators in our Eagle Ford and Bakken assets, an educational rig tour for teachers in our Oklahoma Resource Basins, landowner meetings and our fifth community meeting in Eagle Ford.

To ensure efficient resolution of concerns during seismic operations in 2014 in the Kurdistan Region of Iraq, a local CSR representative accompanied the seismic team every day to answer residents' questions and resolve grievances on the same day.

In 2015, we will develop and execute a stakeholder engagement strategy for Croatia, contingent upon finalizing the production sharing agreement (PSA).

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SOCIAL INVESTMENT



Key Words: [Environmental Stewardship](#) | [Education](#) | [Philanthropic Focus](#) | [Public Health Initiatives in Equatorial Guinea](#)

Marathon Oil wants to be a positive influence in the communities where we operate and to contribute to their long-term viability, even if we leave the area. Our commitment is to partner with community organizations to develop and support projects that address existing social issues related to education, health and the environment. As part of our business strategy, we promote responsible community interactions and provide direction to our operational assets on building sustainable programs. Marathon Oil frequently collaborates with business partners, nonprofit organizations and others on social investment programs.

In addition, ongoing stakeholder engagement drives the development of our corporate social responsibility plans and programs. Marathon Oil emphasizes capacity building to ensure local communities have the capabilities to sustain social programs beyond our initial investment and involvement. We have employed participatory consultation to enable local communities to organize and assess their own needs, and we offer training, materials and support so ultimately they can manage social projects on their own.

PHILANTHROPIC FOCUS

Philanthropy is part of Marathon Oil's business and corporate social investment strategies. Using stakeholder data, we identify innovative nonprofit programs that align with our business goals, broad objectives and strategies, and community needs. We support community-led development that focuses on education and training, health and human services, and protecting and conserving natural resources, habitats and environments.

Marathon Oil introduced a Workplace Giving Program in 2014 to expand the impact the Company and our employees can have on nonprofit organizations in our communities. During our annual Workplace Giving campaign, we match employee donations of U.S. \$50 or more to any nonprofit that we support, with no cap on the amount. In 2014, the program succeeded in broadening our impact to many organizations for the first time. This matching program is part of our Marathon Oil Gives initiative that also includes U.S. university matching gifts, our volunteer ambassador program,

Marathon Oil Social Investments by Giving Area

Total Social Investments: \$29.3 million*



* Total Philanthropic Giving: \$10.9 million in corporate giving and \$1.2 in employee giving. Total Sustainable Investments: \$17.2

volunteer hour tracking and our political action committee.

INVESTING IN EDUCATION TO STRENGTHEN COMMUNITIES AND BUILD THE WORKFORCE

Education from kindergarten through college is our primary area of social investment and philanthropy. In the Eagle Ford, we are strengthening our support for K-8th grade education and for teachers to address gaps we identified in an assessment of our Integrated Educational Funding Model. We support STEM programs to cultivate children's interests in, and readiness for, industry careers. In 2014, we expanded the [Reasoning Mind Program](#), introduced in 2013, to a second school in Karnes County, Texas, and added a grade level at the pilot school based on higher Texas standardized test scores in math and science. We plan to expand to additional school districts in Eagle Ford.

We are launching the [League of United Latin American Citizens \(LULAC\) National Educational Service Centers, Inc.](#), (LNESEC) Science Corps program at Kingsborough Middle School in San Antonio, Texas, based on the success of the pilot program at Terrell Wells Middle School in San Antonio. The 30-week, after school program includes interactive learning sessions and experience working in a science lab, with instruction by proven experts in their fields. Students also participate in projects related to physics, nanotechnology, engineering, environmental science, energy and sustainability. Students are exposed to 100 hours of STEM-focused curriculum that helps them develop problem solving and critical thinking skills. A total of 51 students, of which 53 percent were female, benefited from the STEM program in 2014.

To further address identified gaps, we are piloting two core educational initiatives in the Eagle Ford region. In [Science Fiction Workshops](#), early childhood and elementary school teachers learn how to ignite scientific imaginations of young learners using stories from children's literature to teach chemistry, physics and weather. Storytelling and easy-to-understand experiments remove the intimidation of learning complex concepts, making both teaching and studying science fun. In addition, we are connecting students in the classroom to real science and exploration through an online program, [JASON Learning](#). To date, 850 students at two schools in Karnes City and Kenedy, Texas, have access to project resources designed to inspire and motivate them to study and pursue STEM careers.

We support educational programs for primary school children near our operations in the [Kurdistan Region of Iraq](#). For the past two years, we have funded an adult literacy and basic skills program that has benefited approximately 500 people and distributed approximately 4,000 backpacks to primary school children.

PUBLIC HEALTH INITIATIVES IN EQUATORIAL GUINEA

We work with community leaders to advance **public health initiatives** that promote the common good and protect the public. The [Bioko Island Malaria Control Project \(BIMCP\)](#) in Equatorial Guinea, our primary social responsibility program for health, is one of the longest sustained malaria control campaigns in recent history. Marathon Oil and our partners in the BIMCP renewed the project for Phase III to extend through 2018 with a goal to eliminate malaria on Bioko Island. In addition to funding multiple tools to further reduce the level of the mosquito-borne infection, Marathon Oil, our partners and the government of Equatorial Guinea committed to support a series of vaccine trials on Bioko Island from 2015 through 2018. The trials will test a candidate vaccine developed by Sanaria, a U.S. biotechnology company, which to date is the only vaccine shown to prevent malaria infection, disease and transmission in human populations. The first vaccine trial started in March 2015. Two larger vaccine studies, involving 450, and then 3,000 volunteers, are planned over the next four years.

ENVIRONMENTAL STEWARDSHIP PROJECTS

Marathon Oil is supporting a conservation project in collaboration with the National University of Equatorial Guinea (UNGE), the Ministry of Forestry and Environmental Protection (INDEFOR-AP) and a Spanish NGO, ECOATONO. The Pico Basile Conservation Project aims to improve forest management, create a research center, develop environmental education programs and interventions, and train UNGE students to work in forestry management.

In the U.S., we began working with [Green Standards](#), a specialized sustainability firm that resells, recycles and donates surplus office equipment and materials to reduce waste and support community organizations. Surplus Marathon Oil materials were donated to two nonprofit organizations in western Colorado. The [in-kind donations resulted in the equivalent of reducing gasoline consumption by 4,035 gallons, growing 984 tree seedlings for 10 years and offsetting electricity use from five homes for one year](#). We will continue working with Green Standards to manage our surplus materials.

LOCAL CONTENT: WORKFORCE INTEGRATION



Key Words: [Equatorial Guinea](#) | [College Scholarships](#) | [Kurdistan Region of Iraq](#)

To build relationships and contribute to social and economic progress locally, Marathon Oil strives to hire workforces that reflect the communities where we operate.

Our activities may include developing training and workforce integration programs and building workforce capabilities through educational and vocational programs. Since entering [Equatorial Guinea](#), we have increased the percentage of national employees in our workforce through recruiting, training and development efforts. In 2014, we employed 728 Equatoguineans in our operations, comprising approximately 73 percent of our local workforce.

Marathon Oil has provided jobs for approximately 500 people from communities within our operating area in the Kurdistan Region of Iraq since 2011. Our focus on safety orientation and training resulted in more than 2 million work hours without a recordable injury, zero serious events and zero spills greater than 1 barrel outside of secondary containment in our production operations. In addition, driver training has reduced incidents and increased the use of seatbelts.

We offer **college scholarships** to students from the U.S., the Kurdistan Region of Iraq and Equatorial Guinea to study geosciences, engineering, geology, supply chain and other core disciplines for the exploration and production industry. In addition, we enable students from the **Kurdistan Region of Iraq** and Equatorial Guinea to take intensive English language courses before starting their university classes. In 2014, we funded Marathon Oil Diversity Scholarships for five U.S. students at three U.S. universities. We also provided scholarships for students from the Kurdistan Region of Iraq to attend Texas A&M University and 11 students from Equatorial Guinea to study at the University of Petronas, Malaysia, and one at the University of Houston in the U.S.

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LOCAL CONTENT: PROCUREMENT



Key Words: [Equatorial Guinea](#) | [Local Suppliers](#)

Marathon Oil wants to work with suppliers that share our commitment to safety, environmental stewardship, ethical business conduct, sound labor practices and human rights. Contracts address our expectation that contractors align with Marathon Oil values, adhere to our policies and comply with all relevant export laws and regulations, including the U.S. FCPA, UK Bribery Act and other applicable anti-corruption laws.

We evaluate and approve vendors before we begin working with them. Those that provide personnel for safety-sensitive work in North America must register with ISNetworld, a global online source to manage, evaluate and qualify contractors. We review significant suppliers' performance quarterly, discuss concerns and establish improvement plans for health, environmental and safety performance if needed.

In addition, we seek out suppliers that represent our diverse customer base, while assuring products and services are acquired competitively. Our supplier strategy includes capacity building, training, education, certification tracking and outreach.

INCREASING LOCAL CONTENT IN EQUATORIAL GUINEA

Marathon Oil is [extending the life of our Alba asset](#) in **Equatorial Guinea** with a project to build a new offshore compression platform (greenfield component) to be a bridge connected to our existing Alba offshore infrastructure. This requires modifications (brownfield component) to tie-in the new platform.

As part of our commitment to local content, we contracted with a West African engineering firm and an Equatoguinean construction company to perform key activities related to the Alba project. The engineering company associated with a global provider successfully completed the engineering, procurement and expediting work on the brownfield scope in 2014. The construction firm fabricated piping and other components for the brownfield scope and commenced installation in 2014. We required our primary greenfield contractor to use local content, resulting in subcontracting with this same local construction firm for the fabrication of the bridge and flare structures for the platform in 2015. These are the largest such structures fabricated by this Equatoguinean firm to date. The primary greenfield contractor is identifying local suppliers for logistics, catering and other services for Alba installation and startup. The compression project team also employs two Equatoguinean engineers in our Houston office.

EG LNG is building the capacity of the local small and medium enterprise (SME) sector. The focus is on further developing the capabilities of existing vendors through training, forging partnerships between local and multinational vendors, and improving access to capital for SMEs by working directly with local banks. The Company periodically meets with representatives of

government ministries, banks and the local business community to establish goals for building national business capacity and to consider how the government, EG LNG and others can work together to achieve the goals. Our *Energía Local* publication informs local suppliers of business opportunities within EG LNG and our procurement process.

LOCAL SUPPLIERS

Marathon Oil procures products and services from **Minority and Women Owned Business Enterprises (MWBEs)**. We register with MWBE organizations in communities where we have operations to identify and build relationships with local suppliers.

2014 SUPPLIER SPENDING			
Location	MWBE	Non-Certified American Indian (North Dakota Bakken asset only)	Grand Total
USA - Eagle Ford	\$231,236,241		\$231,236,241
USA - Other	\$44,628,863	\$57,032,651	\$101,661,514
International	\$8,347,968		\$8,347,968
Grand Total	\$284,213,072	\$57,032,651	\$341,245,723

SECURITY AND HUMAN RIGHTS

Key Words: [ESHIA Process](#) | [Training](#) | [Voluntary Principles on Security and Human Rights](#)

Marathon Oil respects the human, cultural and legal rights of individuals and communities where we operate and throughout our business relationships. We also work to prevent abuses and to advance human rights in the communities where we operate. This commitment stems from the [United Nations Universal Declaration of Human Rights \(UDHR\)](#) and the [International Labor Organization's \(ILO\) Declaration on Fundamental Principles and Rights at Work](#).

To underscore our commitment to the UDHR, Marathon Oil has participated in the **Voluntary Principles on Security and Human Rights** since 2005. This international initiative guides extractive companies in maintaining the safety and security of their operations globally within a framework that ensures respect for human rights and fundamental freedoms. Before entering new countries, Marathon Oil conducts risk assessments covering security and social risks associated with our business activities. The identified risks drive potential security and community liaison staffing, budgeting and specific mitigation measures. Marathon Oil implements the Voluntary Principles in locations where we have operating responsibility and identified risks. We have specific guidelines for conducting risk assessments, interacting with public security and managing contract security. In non-operated locations, Marathon Oil works to promote awareness of the Voluntary Principles among our business partners.

To reduce the likelihood and mitigate the potential impact of human rights abuses, we promote awareness of security and human rights issues during routine meetings with host government political officials, members of public security forces, security vendors and local communities.

Our commitment is to manage security activities in a responsible and ethical manner in accordance with the best practices associated with the Voluntary Principles on Security and Human Rights. Security is managed through our HES&S management system and is assessed for compliance in the Company's three-tiered audit program. In 2014, we integrated social and security considerations into the **environmental, social and health impact assessment (ESHIA) process** to create one comprehensive safety, social, security, environmental and health impact assessment for planning oil and gas activities. In 2015, we plan to roll out the ESHIA process and to continue conducting above-ground risk assessments as needed as part of Marathon Oil's new country entry due diligence process.

Based on a 2013 gap analysis, Marathon Oil held a week-long **training** course in 2014 to introduce our security professionals to a new program associated with security and human rights. The training included a framework for Marathon Oil security managers to evaluate and manage human rights risks. Our professionals worked with the training provider to update the instructor manual for guard force personnel and to improve the validation process, including compliance, operational effectiveness and governance. In 2015, we plan to introduce new security and human rights training and vetting for Marathon Oil proprietary and contract guard force personnel.

To promote and expand membership in the Voluntary Principles in our industry, Marathon Oil helped create an IPIECA task force for responsible security to share best practices for security and human rights among members. In 2014, this working group developed and delivered two workshops, one on the links between community liaisons and security activities and one discussing security incident case studies. The group plans to engage with the Geneva Centre for the Democratic Control of Armed Forces (DCAF) and the International Committee of the Red Cross (ICRC) in 2015 to create the process documentation associated with a Memorandum of Understanding on representing the full scope of security cooperation between a company and a host nation government. This documentation will be made available to the public to improve responsible security practices.

GRIEVANCE SYSTEM

We believe an inclusive workplace promotes an open exchange of ideas that creates value and supports the Company's profitable, sustainable growth. Marathon Oil reinforces a culture of treating fellow employees with dignity, fairness and respect. If issues arise, we encourage employees to work directly with their supervisors and management to resolve them. Confidential reporting resources are available through the Human Resources, Audit, HES&S, Law and Business Integrity departments.

Marathon Oil provides processes for employees, contractors and members of the public to report good faith concerns regarding our [Code of Business Conduct](#), including non-compliance, workplace harassment and violence, and safety, health and environmental concerns. The Code prohibits retaliation against an employee who reports concerns in good faith. Employees and external parties can call the [Integrity Helpline](#) at any time to make an anonymous, confidential report of suspected unethical or illegal activities.

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ENVIRONMENT



Living Our Values to Protect the Environment

We are environmental stewards, who responsibly grow and improve our business by effectively applying best-in-class technologies, training and processes to minimize our environmental impact

MANAGEMENT APPROACH

Marathon Oil believes protecting the environment is essential, and we reinforce with employees and contractors that compliance with regulations and laws is not negotiable. We have a long-standing commitment to environmental stewardship and continuous improvement in our environmental performance. We work to understand and manage our environmental risks to produce energy responsibly, while expanding our operations to meet growing global energy demand. Our efforts include using natural resources efficiently and actively managing potential impacts on air, water, land and wildlife.

Our [Health, Environment, Safety and Security \(HES&S\) Management System](#) provides a structured approach to managing our environmental risks. We strive to eliminate or reduce the environmental impacts of our operations by developing sound practices for managing emissions, water and waste at the regional and local levels. We employ environmental management strategies and processes to:

- Ensure compliance with all applicable regulations or, in the absence of fully developed regulatory regimes, with World Bank Guidelines in effect at the time of the engineering design of the facilities or equipment.
- Identify and prioritize significant sources of air emissions, waste generation and water use.
- Systematically identify, evaluate and implement potential emissions or waste reduction options, technological solutions to use alternatives to fresh water, and spill prevention measures.
- Systematically track and report environmental performance data and management practices to internal and external stakeholders.

PROGRESS ON OUR COMMITMENTS

Marathon Oil has an ongoing commitment to reduce spills and air emissions, minimize waste, and promote water management, conservation and biodiversity. We strive for an incident-free workplace and look to implement best management practices (BMPs) to reduce the impact of oil and gas production throughout our operations. In 2014 we:

- Progressed the implementation of more robust environmental compliance assurance systems, processes and tools.
- [Identified and prioritized emissions sources](#) and began evaluating and implementing emissions reduction projects for these sources, with an emphasis on our Oklahoma Resource Basins where 39 percent of our methane emissions Company-wide were generated in 2014.
- [Increased our air emissions disclosures](#) in this report as part of our ongoing efforts to be responsive to our stakeholders.
- Implemented our Environmental Management Program Standard that requires our assets to report new environmental metrics such as [water use](#) and [waste generation](#), as well as performance improvement projects.
- Used a dual diesel-wellhead gas fuel system on two rigs in drilling operations in the Eagle Ford.
- Used approximately 85.5 percent [non-fresh water in the Eagle Ford](#).
- Used best practices to identify and control pipeline corrosion caused by bacteria in the Eagle Ford.
- Enhanced [biodiversity in collaborative projects](#) in Wyoming, Equatorial Guinea and the Oklahoma Resource Basins.

AIR EMISSIONS MANAGEMENT



Key Words: [Criteria Pollutants](#) | [Emissions Overview, Methodology and Mitigation Strategies](#) | [GHG Emissions and Intensity](#) | [Methane Emissions and Intensity](#) | [Pneumatic Devices](#)

Marathon Oil recognizes the concern over global greenhouse gas (GHG) emissions and local air emissions. As a founding and continuing partner in the U.S. Environmental Protection Agency's (EPA) [Natural Gas STAR](#) and [Natural Gas STAR International](#) programs, Marathon Oil strives to reduce the emission intensity and increase the energy efficiency of our operations. Our corporate strategy for minimizing air emissions relies on each asset evaluating its air emissions, identifying and prioritizing potential emissions reduction options and implementing reductions where practical.

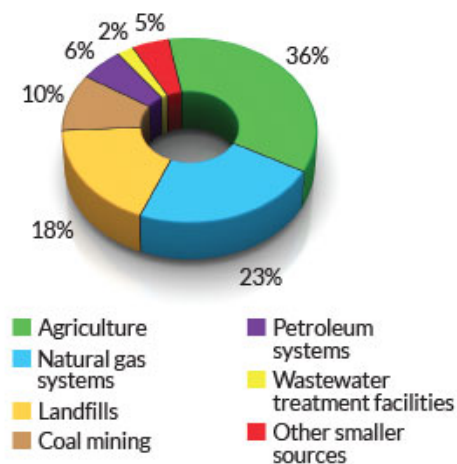
According to the Climate Action Plan Strategy to Reduce Methane Emissions released by the White House in March 2014, emissions of methane from human-related sources made up nearly 9 percent of all greenhouse gases emitted as a result of human activity in the U.S. Marathon Oil is focused on reducing the methane emissions from our operations as a means of reducing GHG emissions.

2014 AIR EMISSIONS PERFORMANCE

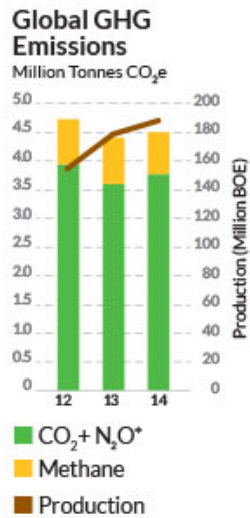
While we continue to grow the Company, Marathon Oil periodically evaluates air emissions reduction strategies and technologies for our operations. In 2014, GHG and [methane emission intensity](#) decreased or remained relatively constant for all operations due to operational efficiency and reliability, improved gas capture and initiatives to reduce flaring, venting and fugitive emissions. We achieved these results while increasing production. Marathon Oil primarily evaluates our performance using GHG and methane emissions intensity, expressed as carbon dioxide equivalent (CO₂e) emissions per all hydrocarbon production, because our business is focused primarily on hydrocarbon liquids.

Global GHG emissions (total CO₂e) remained relatively constant compared to 2013. Global GHG emissions primarily comprise CO₂ emissions, which increased by about 3 percent, and methane emissions, which decreased by 12 percent compared to 2013. Although gross production of all hydrocarbons increased by 5 percent, the **GHG emission intensity** decreased by 3 percent.

Sources of Human-Related Methane Emissions

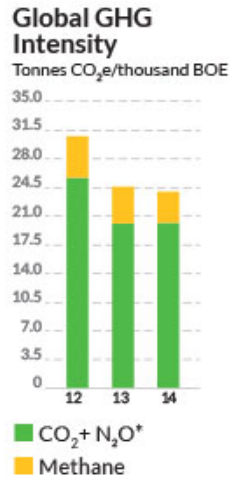


Source: President's Climate Action Plan Strategy to Reduce Methane Emissions



· N₂O Emissions are marginal and make up less than 1 percent of the CO₂ and N₂O emissions

· Discontinued assets (Norway, and Green River and Powder River Basins in Wyoming) were removed from previous years' data for comparing year on year performance.



· N₂O Emissions are marginal and make up less than 1 percent of the CO₂ and N₂O emissions

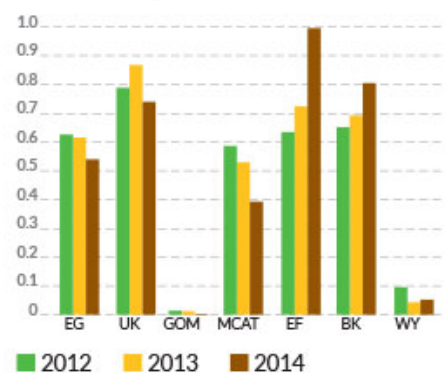
· Discontinued assets (Norway, and Green River and Powder River Basins in Wyoming) were removed from previous years' data for comparing year on year performance.

GHG emissions increased in our growth assets, and decreased or remained relatively constant in our legacy assets. Operational efficiencies resulted in lower GHG emission intensity for most assets.

- In Eagle Ford, while production increased by 39 percent and GHG emissions were up approximately 37 percent compared to 2013, GHG emissions intensity declined by 2 percent. Using central facilities to process more production contributed to this decrease by making our operations more efficient and reducing air emissions and the overall land footprint of our operations.
- In Bakken, improved gas capture efficiency resulted in a 5 percent GHG emissions intensity reduction while production increased by 23 percent.
- In the Mid-Continent Asset Team (MCAT) area, which includes operations in Oklahoma and East Texas/North Louisiana, GHG emissions were reduced by approximately 26 percent compared to 2013, and the GHG emissions intensity decreased 27 percent, while production increased by 1 percent.

GHG Emissions by Asset

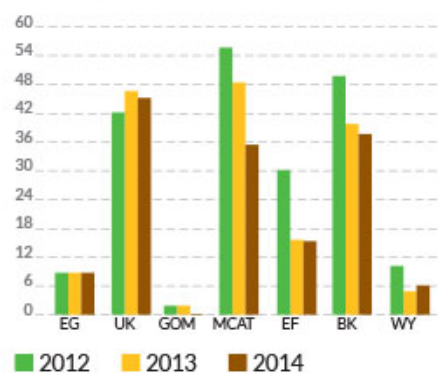
Million Tonnes CO₂e



EG: Equatorial Guinea
UK: United Kingdom
GOM: Gulf of Mexico
MCAT: Mid-Continent Asset
EF: Eagle Ford
BK: Bakken
WY: Wyoming

GHG Intensity by Asset

Tonnes CO₂e/thousand BOE



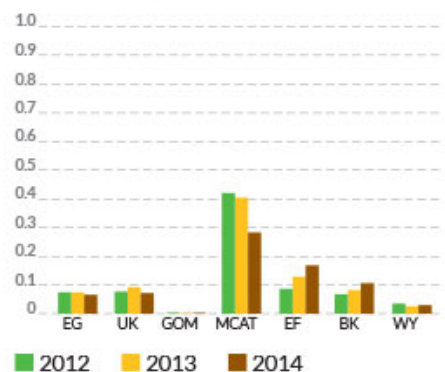
EG: Equatorial Guinea
UK: United Kingdom
GOM: Gulf of Mexico
MCAT: Mid-Continent Asset
EF: Eagle Ford
BK: Bakken
WY: Wyoming

Marathon Oil's methane intensity decreased in two onshore U.S. assets during 2014, while remaining relatively constant in the other two assets.

- Marathon Oil realized a 31 percent methane intensity reduction in the MCAT area. MCAT's methane emissions, which accounted for approximately 39 percent of Company-wide methane emissions in 2014, are largely driven by the use of pneumatic devices. In 2014, MCAT voluntarily evaluated use of **pneumatic controllers** at all of its facilities, and established that operational changes in recent years resulted in replacement of roughly 20 percent of the previously inventoried pneumatic devices with devices that have no associated emissions. In addition, almost 400 other high-bleed devices had been replaced with intermittent or low-bleed devices. In 2015, MCAT will use this information to develop a voluntary GHG emissions reduction strategy to address the remaining priority emissions sources.
- In the UK, an 11 percent methane intensity reduction resulted primarily from improved reliability that reduced flaring and venting in 2014 compared with 2013.

Methane Emissions by Asset

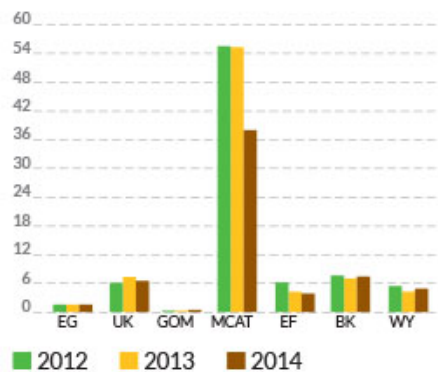
Million Tonnes CO₂e



EG: Equatorial Guinea
UK: United Kingdom
GOM: Gulf of Mexico
MCAT: Mid-Continent Asset
EF: Eagle Ford
BK: Bakken
WY: Wyoming

Methane Intensity by Asset

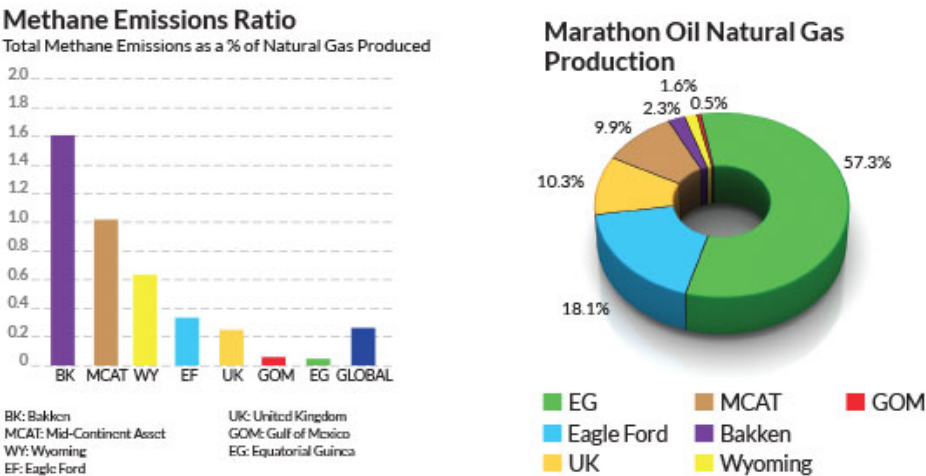
Tonnes CO₂e/thousand BOE



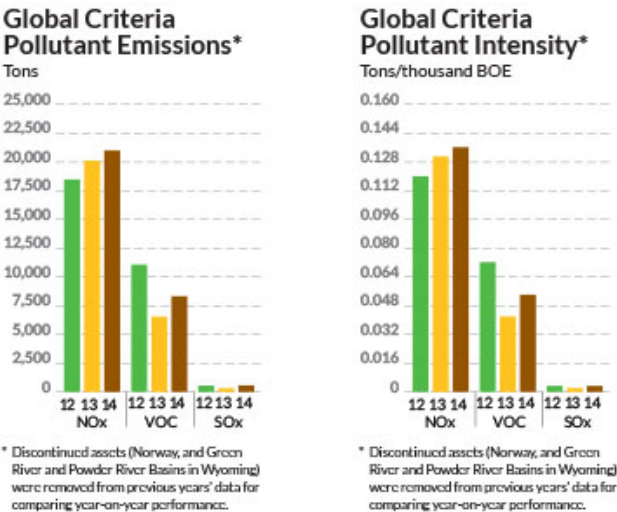
EG: Equatorial Guinea
UK: United Kingdom
GOM: Gulf of Mexico
MCAT: Mid-Continent Asset
EF: Eagle Ford
BK: Bakken
WY: Wyoming

Marathon Oil also evaluates our performance using a methane emissions ratio, expressed as total methane emissions as a percentage of natural gas produced. Our overall methane emissions ratio is 0.3 percent. Our operations in Equatorial Guinea, which account for 57 percent of our total natural gas production, have the Company's lowest methane emissions ratio of 0.05

percent, while Bakken’s operations, which account for 2.3 percent of our total natural gas portfolio, have a methane emissions ratio of 1.6 percent.



Criteria pollutant emissions, which include nitrogen oxides (NOx), volatile organic compounds (VOC) and sulfur oxides (SOx), increased from 2013 to 2014. Criteria pollutant emission intensity increased slightly, while production increased by approximately 5 percent. We manage our criteria pollutant emissions in accordance with applicable emissions control regulations. In countries that do not have emission control regulations, we comply with applicable World Bank Guidelines for air quality.



EMISSIONS OVERVIEW, METHODOLOGY AND MITIGATION STRATEGIES

Key Words: [Equipment Leaks](#) | [Liquids Unloading](#) | [Pneumatic Devices](#) | [Storage Tank Venting](#) | [Transportation Emissions](#) | [Well Completions](#) | [Well Drilling](#)

Air emissions from the oil and gas industry can be divided into two primary categories: fuel combustion and venting. Emissions from fuel combustion result from the operation of equipment such as engines, heaters and generators. Fuel combustion results in emissions of nitrogen oxides (NO_x), carbon monoxide (CO), sulfur dioxide (SO₂), particulate matter (PM), volatile organic compounds (VOCs) and carbon dioxide (CO₂).

Venting primarily results in VOCs and methane (CH₄) emissions, and generally comes from storage tanks, well venting, uncontrolled gas dehydrators and equipment leaks. Utilizing control equipment such as flares eliminates most of the VOCs and methane that would ultimately be vented, so it is often a better choice unless there are operational or safety restrictions on their use.

Our emissions methodology varies depending on the emissions source and the regulatory requirements in the country of origin. We include in this report [direct emissions \(Scope 1\)](#) and [indirect emissions \(Scope 2\)](#) on an operated basis. We exclude emissions from contractors' equipment and activities (such as drilling and completions) and temporary activities (such as well test flaring) in areas that do not have regulatory requirements to report those emissions. Direct emissions are measured and/or estimated, recorded and reported in accordance with applicable regulatory requirements for the respective operations.

For example, emissions from U.S. oil and gas operations are calculated using methodologies outlined in the Environmental Protection Agency's (EPA) GHG Mandatory Reporting Rule (MRR). While approximately 97 percent of our U.S. operations report to the EPA through this program on a barrel of oil equivalent basis, we use the same methodology for U.S. assets that are not required to report to the EPA under this regulation. We also report all of these emissions in this report. In the absence of applicable regulations, GHG emissions are calculated using the *API Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Gas Industry*. For indirect emissions, we track purchased electricity and calculate emissions using the *API Compendium*.

Some highlights of our air emissions mitigation strategies during the drilling and production lifecycle include:

Well Drilling

Well drilling: Most of the emissions associated with drilling a well come from the combustion of fuels in the engines and other portable equipment used during the drilling phase. To minimize these emissions, Marathon Oil strives for best-in-class drilling efficiency to drill wells faster, use fewer rigs to drill the same number of wells and use less fuel per well drilled.

- Eagle Ford used a dual diesel-wellhead gas fuel system on two rigs in drilling operations. The system can use diesel fuel or natural gas from the wellhead to generate power, which can reduce costs and greenhouse gas emissions.
- Bakken also piloted the dual fuel system on a drilling rig in 2014 and will evaluate expansion of the system in the future.



Well Completions

Well completions, including hydraulic fracturing: Emissions from well completions, including hydraulic fracturing, generally come from engine and on-site equipment fuel combustion, and venting and flaring that occurs during the flowback process. After a well is completed, the liquids and solids that were injected must be “flowed back” to the surface. During this time, some natural gas may vent as the liquids/solids return and the well is cleaned out for production. Once the flowback operation is completed, the well can be connected to the production process and the gas may be sold.

- In Oklahoma, we have performed [reduced emissions completions \(RECs\)](#), also known as green completions, for the last eight years.
- In our oil-focused Eagle Ford and Bakken assets, we continue to strive to complete connections to gas sales lines as soon as possible to reduce flaring and venting. In the Bakken, for example, all wells except those in the most remote locations have been connected to natural gas sales lines, which has reduced the amount of associated gas flared. We also strive to connect to electrical utility power as soon as possible to reduce the amount of diesel or natural gas used as fuel for power generation in the Bakken. In the Eagle Ford, we continue to build gas-gathering infrastructure and have approximately 800 miles of operated gathering lines.



Storage Tank Venting

Storage tank venting: Oil, condensate and [produced water](#) are stored in tanks until they can be transferred for sale or disposal. Storage tanks emit volatile organic compounds (VOCs) as a result of tank filling/emptying, temperature changes and pressure changes. The largest tank emissions typically occur when the oil/condensate undergoes a pressure drop between the wellhead and the tank. The pressure drop causes volatile compounds in the liquid to vaporize, or flash into gaseous form.

Marathon Oil determines the best emissions mitigation method for each site after evaluating the potential air emissions. Methods may include vapor recovery units (VRUs) to recover the gas for sale, and/or flares or combustors to combust the gas instead of venting it.

Even after vapor recovery and/or combustion control devices are installed, we continue to evaluate and optimize vapor recovery.

- We have invested a significant amount of money and resources in our Eagle Ford operations to maximize vapor recovery. In 2014, we undertook a facility review that identified opportunities for enhancing vapor recovery, and have begun upgrades to our vapor recovery systems at our central facilities as a result. The upgrades include replacing natural gas-driven VRUs to more reliable electric-driven VRUs.
- In Oklahoma, we developed a flare downtime monitoring program in 2014 to ensure that downtime is minimized.



Liquids Unloading

Liquids unloading: The accumulation of liquids in gas wells is a complex and well-specific problem that requires a variety of techniques to solve. We use several methods to help minimize emissions associated with unloading liquids from the well. One method is [plunger lifts](#), which utilize the reservoir's natural energy to build up pressure and allow the well to flow, reducing the number of times the well must be vented. We use plunger lifts in our East Texas/North Louisiana and Oklahoma assets. In Oklahoma, we have installed more than 30 plunger lifts over the past five years.

We also use other methods for liquids unloading. For example, pumping surfactant/foam down the well can reduce the gas velocity needed to overcome liquids in the well, which often helps to reduce the amount of venting needed to unload liquids.



Pneumatic Devices

Pneumatic devices: [Pneumatic controllers](#) are devices that help control different process variables, such as fluid levels in tanks or vessels, pressure or temperature. Marathon Oil uses different pneumatic devices based on site-specific needs.

- In areas that have access to a reliable electricity supply, such as several fields in Wyoming, we use compressed ambient air instead of natural gas to power pneumatic controllers. We are converting additional sites in Wyoming from natural gas-driven to ambient air-driven pneumatic controllers.
- In Eagle Ford and other assets, we now use low-bleed continuous bleed controllers or intermittent-vent controllers instead of high-bleed controllers. We also converted two sites in the Eagle Ford from natural gas-driven pneumatics to instrument-air pneumatics.
- Pumps may also vent if they are powered by natural gas. In Oklahoma, in 2014 we installed solar-powered or electric-driven chemical pumps at approximately 18 wells with dual pump heads, allowing us to pump two chemicals simultaneously and eliminating up to 36 natural gas-powered pumps.
- In addition, MCAT's methane emissions are largely driven by pneumatic devices. In 2014, MCAT thoroughly evaluated and recounted the pneumatic controllers on all of its facilities and will use the information to develop a GHG emissions reduction strategy to address the remaining priority emission sources.



Equipment Leaks

Equipment leaks: Gas leaks occur for a variety of reasons, including the failure of seals between connections and equipment corrosion. Marathon Oil assets have developed programs to use infrared cameras to survey our facilities and detect leaks from valves, vent lines, tank seals, compressors and other equipment .

- Eagle Ford uses infrared cameras to periodically review facilities, identify leaks, and prioritize those leaks for repair as appropriate.
- In Oklahoma, we surveyed more than 100 facilities with infrared cameras and made corrective actions for 31 identified issues in 2014.
- In the Bakken, our infrared camera program is used to support tank inspections required by the federal implementation plan on tribal lands.
- Internationally, our Equatorial Guinea asset also employs infrared cameras for periodic inspection.



Transportation Emissions

Transportation emissions: Marathon Oil uses alternative transportation solutions to reduce air emissions.

- In the Eagle Ford, we have invested more than \$40 million since 2011 to build 35 miles of pipelines, pond expansions, water supply well upgrades and new brackish water supply wells to transport and manage water more effectively.
- In the Bakken, approximately 80 well sites were connected to oil pipeline gathering infrastructure at year-end 2014, compared to 50 well sites in 2013. We also began construction of produced water pipeline infrastructure that will allow produced water to be transferred by pipeline. The benefits include decreasing air emissions and road traffic, enhancing safety and reducing the potential for spills.
- In the Bakken, we developed specific gas capture plans and captured approximately 77 percent of the natural gas for our operations by January 2015, meeting or exceeding state requirements to reduce natural gas flaring.
- In 2014, the Mid-Continent Asset Team (MCAT) purchased bi-fuel vehicles, which run on compressed natural gas (CNG) with gasoline back-up to replace five field vehicles that ran exclusively on gasoline. The bi-fuel vehicles reduced carbon emissions 20-30 percent, carbon monoxide emissions up to 75 percent, nitrogen oxide emissions up to 50 percent, particulate emissions up to 95 percent and volatile organic compound emissions up to 55 percent.

WATER MANAGEMENT

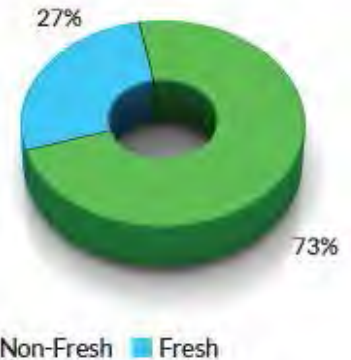
Key Words: [Hydraulic Fracturing](#) | [Water Use](#)

Marathon Oil recognizes water is a valuable resource that we share with the communities where we live and operate. Our use of water is guided by the core water stewardship practices of responsible sourcing, conservation, reuse and disposal. Our Environmental Management Program Standard that went into effect in 2014 requires annual reporting of water use and other aspects of water management.

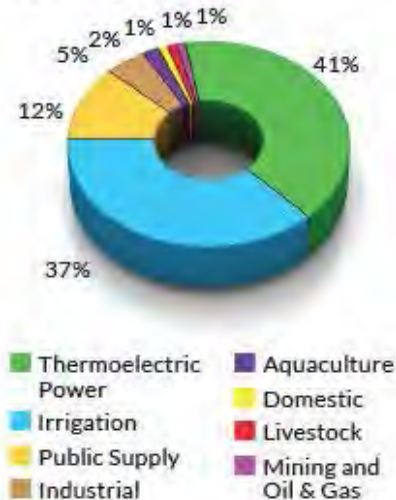
In 2014, we used an estimated 60.5 million barrels of water in our onshore U.S. operations, of which 73 percent was from non-fresh water sources (i.e., water that would not meet U.S. drinking water standards). This data excludes water usage from international operations, where process water is primarily sourced from seawater.

U.S. Onshore Water Usage

60.5 million barrels of water used



Percentage of Water Used by Category



As an example of our stewardship practices, in Wyoming we return approximately 87 million barrels of treated high quality produced water to the environment for beneficial uses such as livestock watering, irrigation, habitat creation and wildlife management. We leverage lessons learned across our U.S. resource plays, employ best practices, and participate in industry efforts to be good stewards of water resources and drive technological innovation in water management.

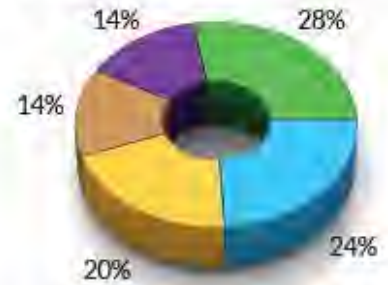
As noted in a report prepared for the Energy Water Initiative (EWI), [U.S. Onshore Unconventional Exploration and Production Water Management Case Studies](#), on a lifecycle basis, energy from unconventional formations remains one of the least water-intensive fuel sources for transportation and power generation, and only 1 percent of water used nationally is due to the combined mining/oil and gas exploration and production industries.

However, we are aware that [hydraulic fracturing](#) operations in our industry have increased concerns around **water use**. We consumed approximately 90 percent of the water during well completions. In addition, the majority of water volumes are associated with our North American shale plays in water-scarce regions. We have invested more than \$40 million in the Eagle Ford since 2011 to build 35 miles of pipelines, pond expansions, water supply well upgrades and new non-fresh water supply wells to transport and manage water more effectively. We continuously look for ways to use less water and have significantly decreased the amount of fresh water (Class 1) used in our hydraulic fracturing operations in the Eagle Ford.

Marathon Oil evaluates technology to develop fresh water alternatives for use in our operations. We operated a pilot water treatment unit in the Eagle Ford for more than a year and recovered approximately 900,000 barrels of water for re-use. Recycling continues to face serious challenges in the Eagle Ford because of the quality and relatively small volume of returned water; however, we plan to continue evaluating technology to develop fresh water alternatives in 2015. According to the EWI report, water management practices continue to evolve with advances in technology and approaches can be tailored to address unique issues associated with the locations where we operate.

* Source for Water Use Chart: [Estimated Use of Water in the United States 2005, USGS 2005](#)

Eagle Ford 2014 Water Usage by Quality



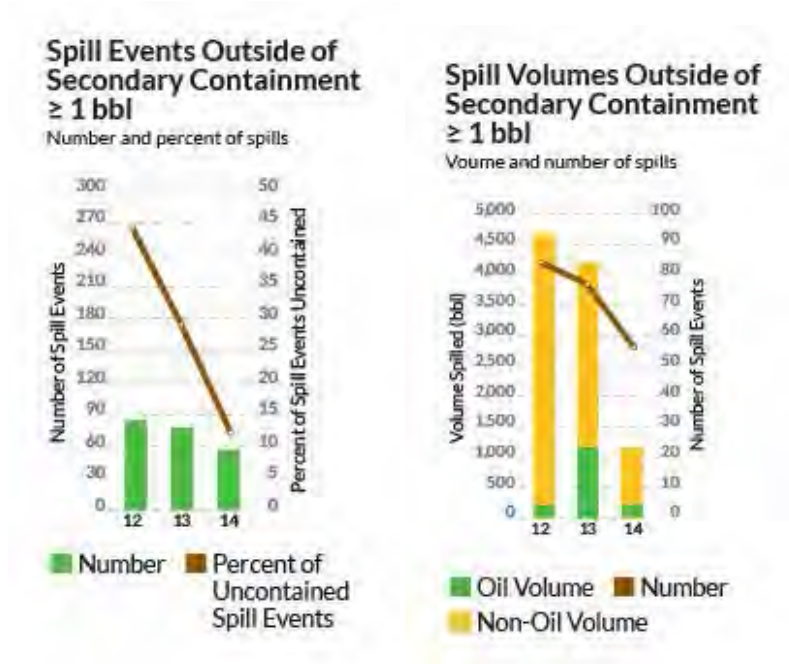
- Class 1 – Unrestricted use for drinking, agriculture or livestock
- Class 2a – Not recommended for drinking, but acceptable for all livestock and crops except sensitive plants (e.g. corn)
- Class 2b – Not recommended for drinking, usable for livestock but not preferred, usable for crops with moderate tolerance (e.g. rye)
- Class 2c – Not recommended except for very salt tolerant plants, but expect yield reduction (barley)
- Class 3 – Not recommended for use (permissible saltwater injection zone)

Source: Energy Water Initiative

SPILLS AND RELEASES

Preventing releases of oil and gas to the environment is of the utmost importance. While Marathon Oil's focus is on preventing spills from occurring, we also strive to prevent any incidents that do occur from impacting the environment.

The total number of spill events outside of secondary containment greater than or equal to a barrel decreased by 27 percent from 2013 to 2014. We reduced our impact to the environment by reducing the percentage of uncontained spill events and spill volumes from 2013 to 2014. Three spills were larger than 100 barrels. The largest spill was 232 barrels of primarily produced water, which leaked from corroded piping near a production tank in the Piceance Basin in Colorado. As a result, we implemented tank level trending and pressure testing programs to ensure equipment integrity. Two spills of approximately 150 barrels each of produced water came from flowlines in Wyoming. We identified and implemented corrective actions to prevent recurrences.



Marathon Oil develops procedures, installs mechanical safeguards, and conducts preventive maintenance and equipment inspections to prevent spills and releases. We periodically update our plans for storm water and spill prevention, control and countermeasures to ensure compliance and continuous improvement. We look at both the actual and potential spill severity to drive our investigation of spills and discharges to identify their cause. We take incident-specific actions and, if necessary, broad corrective actions including remediation. For example, due to corrosion identified through incident investigations, in the [Eagle Ford](#) we are using a methodology to identify and control corrosion caused by bacteria in non-regulated crude oil pipelines and vessels. This method helps create a more detailed description of the microbiological risk and allows Marathon Oil to optimize microbial induced corrosion (MIC) mitigation strategies. Marathon Oil is systematically testing our Eagle Ford pipeline segments, wells and vessels to identify and control corrosion.

The majority of spills occurred in our North American Production Operations (NAPO), where we had the highest levels of drilling, completions and production activity. To further reduce spills, in 2015 we will continue to identify trends from equipment-related spills to better concentrate our spill prevention efforts; communicate trends, lessons learned and opportunities for improvement; and engage contractors to reinforce expectations and areas for improvement.

WASTE MANAGEMENT

Key Words: [Green Standards](#) | [Vendor Approval Program](#)

We strive to minimize the environmental impact of generating, storing, transporting and disposing of waste generated in our operations. In 2014, Marathon Oil generated a total of approximately 156.5 million tons of waste. Of this amount, 99.9 percent was non-hazardous, and 99.4 percent of the non-hazardous waste was produced water.

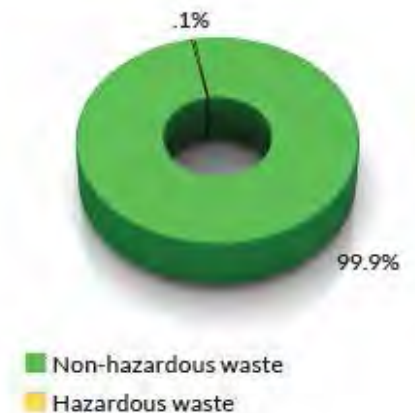
Company assets develop waste management programs targeting their specific operations. For example, the Mid-Continent Asset Team (MCAT) developed a program to reduce the volume of drilling cuttings going to landfills. This involves separating and recycling the oil from oil-based drill cuttings and then using the dry cuttings as landfill cover. When available, the oil removal process will use methane gas generated at the landfill for fuel to reduce the amount of purchased fuel. This process was fully implemented in the second quarter of 2015.

MCAT is also assessing water treatment and volume reduction technologies that are compatible with oil and gas production facilities, mobile and cost-effective compared to traditional deep well injection. The asset piloted water disposal technologies involving evaporation or treatment for reuse that would significantly reduce the volume of flowback water sent to deep injection wells for disposal.

To handle waste from our offices, Marathon Oil works with [Green Standards](#), which donates, recycles, resells and relocates surplus office equipment and materials to reduce waste and engage communities. Surplus Marathon Oil materials were donated to two nonprofit organizations in western Colorado: Hilltop Community Resources, a provider of compassionate and comprehensive human services, and Operation Revamp Veterans Art Center, whose mission is “Helping Vets Heal.” [The in-kind donations resulted in the equivalent of reducing gasoline consumption by 4,035 gallons, growing 984 tree seedlings for 10 years and offsetting electricity use from five homes for one year.](#) We will continue working with Green Standards to manage our surplus materials.

Additionally, we qualify and periodically reevaluate waste management vendors and individual disposal facilities to ensure proper management and disposal of waste and recyclable materials, as well as to reduce liability exposure and costs. Under our **Waste Management Vendor Approval Program**, Marathon Oil reviews vendors’ HES&S programs and past regulatory compliance performance. Vendors with the highest identified risk undergo an onsite audit, usually conducted by a third party. We then make a decision to approve or reject a vendor for use based on the results of the review and/or audit. Common reasons for rejecting vendors are significant prior fines and poor safety and environmental performance.

Waste Generation



BIODIVERSITY



Key Words: [Conservation Programs](#) | [Dry Creek Water Augmentation](#) | [Greater Sage Grouse](#) | [Lesser Prairie Chicken](#) | [Oklahoma](#) | [Wildlife Habitat Council](#) | [Wyoming](#)

Marathon Oil understands and appreciates the importance of biodiversity, and we continuously evaluate potential habitat management projects. In 2014, Marathon Oil supported numerous conservation projects associated with our North American and international operations.

We work closely with national, regional and local governments to ensure compliance with applicable laws that protect wildlife. This includes conducting endangered species assessments as part of our environmental reviews for permits, and changing or delaying operations to protect threatened or endangered species or their critical habitats.

CONSERVATION PROGRAMS

To conserve prairie habitat for a native bird species, Marathon Oil enrolled approximately 19,000 acres of our **Oklahoma** oil and gas leases in the voluntary **Lesser Prairie-Chicken Range-Wide Conservation Plan (RWP)**. We pay fees to support conservation programs and follow guidelines to minimize the impact of our operations on the species within the habitat area.

Marathon Oil is supporting a conservation project in collaboration with the National University of Equatorial Guinea (UNGE) and the Ministry of Forestry and Environmental Protection. The UNGE Pico Basile Conservation Project will help improve forest management, create a research center, develop environmental education programs and interventions, and train UNGE students to work in forestry management.

To promote habitat conservation throughout our operations, Marathon Oil continued our membership in the [Wildlife Habitat Council \(WHC\)](#). This nonprofit, non-lobbying group of corporations, conservation organizations and individuals is dedicated to restoring and enhancing wildlife habitat. WHC's Corporate Wildlife Habitat Certification/International Accreditation Program recognizes programs at company-owned properties that focus on wildlife habitat, biodiversity and conservation education. In Wyoming, the environmental stewardship program covering 4,648 acres of varying habitat types managed for wildlife was a WHC certified program.

WYOMING BIODIVERSITY EFFORTS

In **Wyoming**, Marathon Oil and a wide variety of other stakeholders in the Bighorn Basin actively manage all field activities in accordance with established best management practices (BMPs) geared toward **Greater Sage Grouse** conservation. In 2014, Marathon Oil continued our 10-year track record of funding Greater Sage Grouse habitat improvement, predation and other

peer-reviewed research projects. We also provide significant in-kind support to the local Sage Grouse Working Group that identifies and completes strategic habitat improvement projects within and peripheral to sage grouse core areas; works with land use agencies, and industrial, agricultural and recreational users to conserve or improve habitat; and provides input into state-wide policy and conservation efforts.

Marathon Oil continued working with The Nature Conservancy in Wyoming to implement and assess landscape-wide conservation initiatives. In 2014, through these collaborative projects we:

- Developed off-creek water sources in the Left Hand Creek drainage that will improve water quality by reducing the impacts of cattle watering from areas along the creek's banks.
- Completed baseline biodiversity surveys and subsequently treated invasive Russian olive trees at three sites along the Shoshone River.
- Recruited additional private landowners to voluntarily participate in the Shoshone River Russian olive tree control initiative.
- Conducted public outreach and education on invasive species control and revegetation techniques.
- Implemented water quality improvement practices in the Cottonwood Creek drainage, including off-creek water development, spring protection fencing and conifer control.

Our Wyoming asset continued its partnership in the **Dry Creek Water Augmentation** project in the McCullough Peaks Wild Horse Herd Management Area. We are working with the Bureau of Land Management (BLM) and Friends of a Legacy (FOAL) to manage the anticipated reduction of produced water availability and impacts of droughts. Activities in 2014 included surveying, installing and burying approximate 2.5 miles of pipeline to convey groundwater from a solar-powered well site near FOAL property to remotely located stock reservoirs and wildlife watering stations on BLM land. A nearly 5-mile long pipeline and series of watering stations will be constructed in 2015 and serviced by another solar-powered groundwater supply well that was drilled and tested in 2014.

In addition, Marathon Oil sponsored activities in Wyoming to reinforce our relationships with stakeholders, enhance communities and provide volunteer opportunities for our employees. Volunteer workdays in 2014 included:

- Installing interpretive signs along the publicly accessible Heart Mountain summit access trail on property owned by The Nature Conservancy.
- Dismantling and removing dilapidated fencing that posed a threat to wildlife and impacted elk migration routes in the Heart Mountain area.
- Working with the local Trout Unlimited chapter to rescue more than 1,300 native trout from area canals that were drained at the end of irrigation season.
- Constructing a new wildlife-friendly buck and rail fence along a re-surveyed alignment that provided public access to the Shoshone River; the old fence that ensnared wildlife was dismantled and removed.

WORKPLACE



Living Our Values in the Workplace

It is a core value of Marathon Oil to be healthy and safe. We conduct our business with a high regard for the health and safety of our employees, contractors and the communities in which we work.

Marathon Oil employees are results focused. We are passionate in what we do and achieve results through an inclusive, diverse and collaborative team culture that allows people to reach their full potential, helping create shareholder value.

MANAGEMENT APPROACH

Marathon Oil leaders are equipped with processes and tools to help them create high performance teams. To drive organizational value, organizations at all levels set goals aligned with our seven strategic imperatives. Performance is measured against each of our 12 leadership competencies to encourage unity in the way we conduct our business.

The Company's new method of performance management measures individual performance relatively across employees in similar roles, further strengthening our approach of driving and rewarding business results. This methodology allows the Company to identify and evaluate the breadth of talent across our business, including future leaders, and to formulate plans to address gaps in skills and knowledge.

Human Resources (HR) partners with our leaders to foster excellence in managing our people. Our management tools provide meaningful data enabling leaders to make informed decisions concerning our people and talent. The HR department structure reflects our focus on integrated talent management, with centers of excellence supporting HR business partners. Leaders, HR business partners and the centers of excellence work together to ensure that our diversity, recruiting, training, talent and compensation programs are fit for purpose and create the high performance teams needed to achieve our strategic imperatives.

Marathon Oil works diligently to achieve our health, environmental, safety and security (HES&S) vision of an accident- and injury-free workplace and continuous improvement through policies and standards. The framework to realize this vision is our HES&S management system, which provides a structured approach to control risk, meet regulatory standards and improve performance.

Risk management, a fundamental aspect of our HES&S management system, is integrated into our planning and decision-making processes. We identify and evaluate safety issues and hazards for their impacts to people, the environment and our business, and apply appropriate controls.

By proactively identifying and managing risk, Marathon Oil can develop more effective measures to prevent personal and process safety incidents. Our Event Reporting and Management Standard requires our operations to evaluate incidents and near misses (incidents that did not result in any harm) to determine their actual and potential consequences and to assess the effectiveness of existing hazard controls. These evaluations ensure that we investigate incidents and near misses appropriately, implement targeted corrective actions to prevent occurrence and recurrence, and learn from them.

Our [Statement of HES&S Beliefs](#) further articulates our expectations for all employees and contractors at every Marathon Oil location around the world. To reduce the potential for serious injury or fatality, we also communicate our [Life Critical Expectations](#) for hazard and risk identification.

PROGRESS ON OUR COMMITMENTS

Marathon Oil's workplace commitments drive programs and activities to keep employees safe, healthy, trained, engaged and well-prepared to run safe, reliable and profitable operations. Our commitment is to strive for an accident- and injury-free workplace, with safe and healthy work practices and conditions throughout our operations. Employees, contractors and third parties involved in our operations share responsibility for meeting our safety commitments. In 2014, we:

- Established and implemented a structured, modular safety leadership program in our operations worldwide, with ongoing training.
- Continued engaging [contractors](#) (approximately 77 percent of our field workforce) as partners in safety performance on the operational level and adjusted local engagements to continuously improve contractor safety performance.
- [Conducted almost 100 crew-level field audits](#) in our U.S. onshore assets to ensure our contractors implemented their safety programs effectively in the field.
- Identified a global hand injury trend and implemented a hand safety focus, including appropriate glove selection.
- Achieved a [Total Recordable Incident Rate \(TRIR\) for employees and contractors combined of 0.75](#), which was 25 percent below the exploration and production industry average as reported by the American Exploration and Production Council (AXPC). Our Lost Time Incident Rate was 0.19.
- [Voluntarily enhanced our process safety standard](#) Company-wide to prevent significant hydrocarbon releases from our operations worldwide.
- Achieved safety milestones in the Kurdistan Region of Iraq including 2 million work hours in non-drilling operations with no recordable incidents and two years without a lost time medical case on a rig. In Equatorial Guinea, safety milestones were achieved by Supply Chain, Onshore Operations, Fabrication and Facilities with nine, six, five and six years without a recordable incident, respectively. Marathon Equatorial Guinea Production Limited achieved 1 million work hours without a recordable incident and 3 million work hours without a lost time incident.
- [Addressed potential workforce health issues](#) related to the Ebola virus, polio and hepatitis in Equatorial Guinea.

As a results-focused organization, we are committed to maintaining an inclusive work environment where we attract, develop and retain employees who actively contribute to growing our business. Marathon Oil meets this commitment through our recruiting, training, development, compensation and benefits programs. In 2014, we:

- Implemented the recommendations of the [technician workforce development board](#) to more effectively and efficiently utilize our technician and petrotechnical workforce.
- Incorporated recruitment, performance management, learning, succession planning and career development metrics within our integrated talent management system.
- Designed and [implemented a new Performance Management System](#) to recognize and reward employees based on relative individual performance.

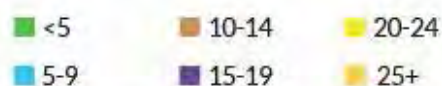
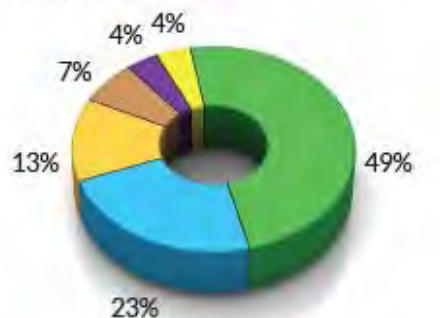
WORKFORCE PRACTICES AND STATISTICS



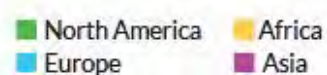
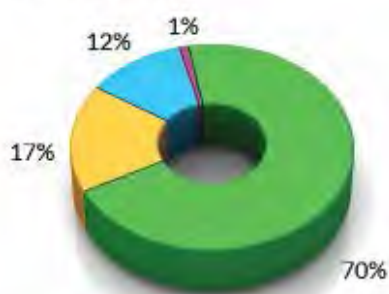
Marathon Oil is committed to maintaining an inclusive work environment where we attract, develop and retain employees who actively contribute to growing our business. We recruit employees representing a broad spectrum of experience levels, backgrounds and perspectives, and offer training, development and mentoring to ensure they have the skills and knowledge to be successful. At year-end 2014, Marathon Oil employed 3,330 men and women worldwide. Our 2014 turnover rate, excluding retirements, was 14.4 percent, compared to 8.8 percent in 2013. This rate includes employees of our Norwegian assets, which were sold in 2014.

Due to the dramatic drop in crude oil prices that started in June 2014 and the subsequent persistent low crude oil price environment, Marathon Oil reduced overall capital spending and the rig count in our three core U.S. unconventional resource plays for 2015. As a result, in February 2015 we took the difficult action of reducing organizational capacity to reflect our reduced operational activity levels.

Years of Service

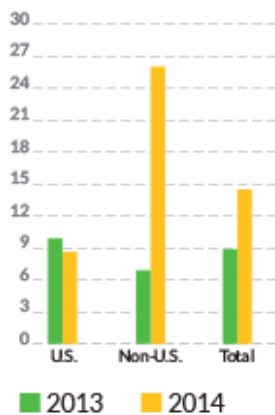


Who We Are



Company Turnover Rate

Percentage



Turnover rate methodology has been revised to align with Success Factors standards. This rate includes employees of our Norwegian assets, which were sold in 2014

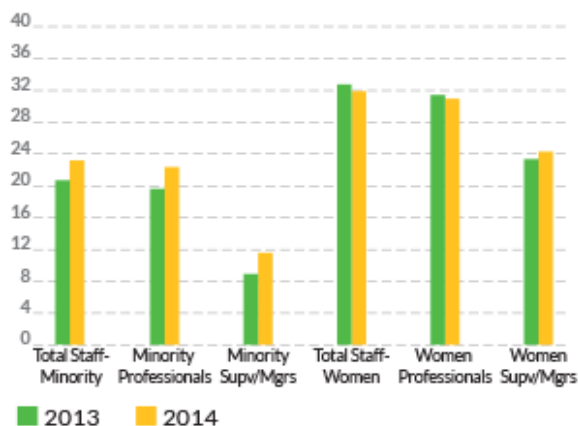
DIVERSITY AND INCLUSION

We believe that building a profitable global business requires a diverse workforce and inclusive workplace where employees feel respected for their unique talents, skills, viewpoints and experiences. Marathon Oil attracts, develops and retains talented people and strives to create an environment where employees are motivated to execute our strategy and drive business performance. We also provide opportunities for employees to share lessons learned and transfer knowledge to further enhance individual and business performance.

Marathon Oil and our industry are working to attract more women and minorities to all sectors of oil, natural gas and petrochemical jobs. To offer a sense of community for women at Marathon Oil, we enhanced our relationship with the [Women's Energy Network \(WEN\)](#), leading to a substantial increase in the Company's WEN membership in 2014. WEN's mission is to educate, attract, retain and develop professional women working across the value chain in the energy industry.

U.S. Workforce^{a, b, c}

Percentage by major categories: total staff, professionals and supervisors/managers



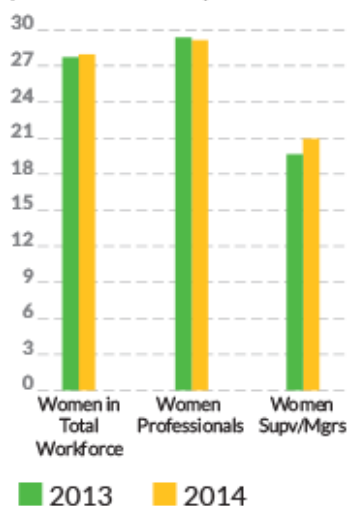
a. Workforce statistics reflect year-end data.

b. As defined by U.S. Equal Employment Opportunity Commission.

c. 2013 restated to reflect Success Factors methodology.

Global Workforce-Female^{a, b, c}

Percentage by major categories: total staff, professionals and supervisors/managers



a. Workforce statistics reflect year-end data.

b. 2013 restated to reflect Success Factors methodology.

To increase the number of minorities in our workforce, Marathon Oil works with local and national minority-based organizations such as the Tribal Employment Rights Offices, [Anti-Defamation League](#), [Human Rights Campaign](#) and [Urban League](#). To have access to minority candidates, we also maintain recruiting relationships with minority-focused educational institutions and professional organizations.

Marathon Oil has strong partnerships with the [League of United Latin American Citizens \(LULAC\)](#) and the [Hispanic Alliance for Career Advancement \(HACE\)](#) in Houston. We work with LULAC to provide science, technology, engineering and math (STEM) programs in the San Antonio, Texas, area. After the program helped raise Texas standardized test scores in math and science at our pilot school, we added a second school to the program in December 2014. We signed an alliance with HACE in 2014 and hosted its eight-week leadership academy for emerging Hispanic women at our Houston headquarters in spring 2015. As the event sponsor, Marathon Oil employees gave the keynote address and facilitated a session. The Company also engages with the [Congressional Black Caucus](#) and the [Congressional Hispanic Caucus](#) on areas that impact our business.

These diversity efforts align well with those of the American Petroleum Institute (API). A Marathon Oil employee participates in API's [Workforce of the Future](#) Committee focused on increasing the representation of women, Hispanics and African Americans in the oil and gas industry. The committee organized an industry awareness tour for minorities in 10 cities in 2014. In 2015, the tour focus will shift to women, and Marathon Oil employees will have the opportunity to be involved.

WOMEN AND MINORITY EMPLOYMENT STATISTICS (*From Minority and Female Employment in the Oil & Gas and Petrochemical Industries, March 2014, prepared for API)

	U.S. labor force (2010)*	Oil, natural gas and petrochemical industries (2010)*	Marathon Oil (2014)
Women	47%	19%	32%
Hispanics	15%	16%	9%
African Americans	11%	8%	7%

RECRUITING, TRAINING AND DEVELOPMENT



Key Words: [Field Operations Workforce](#) | [Recruiting](#) | [Technician Workforce](#) | [Training, Competency and Development](#)

RECRUITING

Marathon Oil seeks individuals with a variety of experience levels, backgrounds and perspectives to build a diverse workforce. We grow our pool of petrotechnical, veteran and diverse candidates by connecting with community groups, early education programs and diversity organizations. We also use an employee referral program, social media networking and online resources to **recruit** new employees. In addition, we recruit at universities offering diverse student bodies and degrees in the core areas that support our business strategy.

TRAINING, COMPETENCY AND DEVELOPMENT

One of Marathon Oil's strategic imperatives is to invest in our people. Our technical training and talent development teams are focused on building a high performance culture through the continuous improvement of our talent management practices. Our development programs start on an employee's first day with onboarding and acclimation training to provide an understanding of Marathon Oil's values, expectations, strategic priorities and culture. Marathon Oil has identified 12 core behavioral competencies that enhance individual, team and organizational impact. Through our integrated talent management systems, we can assess, design, develop, implement and evaluate programs and processes needed to attract, develop, engage and retain our industry's top talent. We understand that competency based development is the most efficient way to build the knowledge and skills needed to ensure long-term business success. Individual employee learning and development accomplishments are tracked in a learning management system (LMS). In 2014, the LMS offered employees more than 3,000 e-Learning and instructor led courses in a cloud based environment.

Competency Development for Field Operations Workforce

To operate effectively and responsibly around the world, Marathon Oil is dedicated to ensuring a safe and competent **field operations workforce**. Following the development of a **Competency Management System** in 2014, we began implementing our first ever web based field Qualifications Management System (QMS) in 2015 with competency analytics to help us better understand the needs, expertise and potential skill gaps of our field employees. This enables us to strategically adjust our workforce planning model and talent acquisition efforts to remain competitive in field recruiting. This provides a transparent view of employee and contractor job qualifications and safety learning needs that aids risk management. As we continue to introduce new technology and tools, the QMS allows us to anticipate just-in-time learning solutions, while field employees and contractors receive resources to develop technical job skills, and comply with our safety and regulatory training requirements.

Technician Workforce Development

To further support the development of our petrotechnical staff and elevate the overall performance of our technical workforce, in 2014 Marathon Oil continued to use Workforce Development Boards (WDBs). These included geosciences, surface engineering, petroleum engineering and technician WDBs. On the recommendation of our WDBs, in 2014 we hired additional technicians in Houston and reached our goal ratio of one technician to every four petrotechnical employees. In 2015, we will form a broader reaching Technical Development Team that will continue to focus Marathon Oil's top technical talent on knowledge management, including competency assessment, individual development planning, technical career development needs, mentoring and strategic workforce planning.

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COMPENSATION AND BENEFITS

Operational results, financial performance and our reputation in the industry and our communities help define success for Marathon Oil. To drive current performance and long-term results, we offer compensation and benefits programs based on the following principles:

- Provide competitive base pay, bonuses and long-term incentives to attract, retain and motivate our employees.
- Pay for performance.
- Align interests with shareholders.
- Foster a culture of safety and strong values.

We strive to engage employees in our business and success, to enhance and preserve their work/life balance, and to help them plan and prepare for the future. To remain competitive, Marathon Oil benchmarks our programs regularly and modifies them as needed.

In the U.S., UK and Canada, the Company offers employee retirement savings plans. In the U.S., these include a 401(k) plan and a cash balance pension plan. Eligible employees can contribute to their 401(k) plan starting with their first paycheck, which is especially attractive to professionals who join Marathon Oil in mid- or late-career. We match 401(k) plan contributions up to 7 percent of eligible earnings. In addition, participants in the cash pension plan accrue cash balance benefits of 7 to 11 percent of eligible earnings annually.

Marathon Oil values the health and wellness of our employees and their families, and we are committed to promoting and protecting their health on or off the job. Our voluntary wellness program, established in 2007, offers programs and incentives to employees to encourage healthy lifestyle behaviors and improve their overall health.

Depending on location, [additional benefits](#) can include health, dental and vision assistance plans for employees and their families, including domestic partners and children of domestic partners in the U.S.; adoption assistance; vacation; paid holidays; sick pay; flexible work arrangements; life and accident insurance; leaves of absence; educational reimbursement; matching gifts; workplace giving; and a volunteer incentive program.

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WORKFORCE PROTECTION



Key Words: [Contractor Safety](#) | [Product Stewardship](#) | [Safety Performance](#) | [TRIR](#)

It is a core value of Marathon Oil to conduct our business with a high regard for the health and safety of our employees, contractors and the communities where we work. Our commitment is to strive for an accident- and injury-free workplace, with safe and healthy work practices and conditions throughout our operations.

To reinforce our commitment to safety, we communicate clear expectations, analyze and manage risk, encourage reporting of incidents and near misses, investigate incidents and take corrective actions. To prevent accidents and injuries, the Company encourages sharing safety insights and issues in daily, weekly, monthly and corporate-wide quarterly employee meetings in field and office locations.

Company safety standards clarify our expectations for organizational performance to drive consistency across our operations. We provide safety training to promote individual responsibility for personal and process safety, safety leadership, specific high-risk tasks, hazard identification and emergency preparedness, as well as to meet regulatory requirements.

PRODUCT STEWARDSHIP

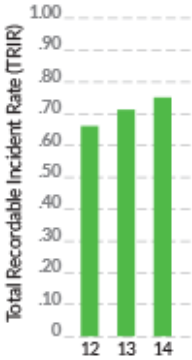
Marathon Oil produces and uses potentially hazardous materials such as crude oil, natural gas, diesel fuel and propane. To fulfill our commitment to be a responsible operator, **product stewardship** principles in our management system require that we supply information to, and work with, applicable parties to foster the safe use, handling, transportation, storage, recycling, reuse and disposal of materials, products and wastes. For example, [Safety Data Sheets \(SDS\)](#) covering health and safety aspects of products such as crude oil are available online to employees, customers, suppliers and others. All chemicals or additives used at a well site must have a corresponding SDS for use by our workforce and emergency services personnel. We voluntarily disclose the additives and other fluid components used in hydraulic fracturing fluids on [FracFocus](#).

SAFETY PERFORMANCE

Marathon Oil measures **safety performance**, strives for continuous improvement and periodically benchmarks our performance against industry peers. In 2014, we recorded 31.3 million exposure hours, 13 percent more than the prior year, primarily in our three U.S. onshore shale developments. **Contractors** accounted for approximately 77 percent of all hours worked in 2014. The Company's 2014 **Total Recordable Incident Rate (TRIR)** for employees and contractors combined was 0.75, which was 25 percent below the exploration and production industry average as reported by the American Exploration & Production Council (AXPC), and compared favorably to peer company rates. Our 2014 Lost Time Injury Rate (LTIR) was 0.19, compared to 0.23 in 2013.

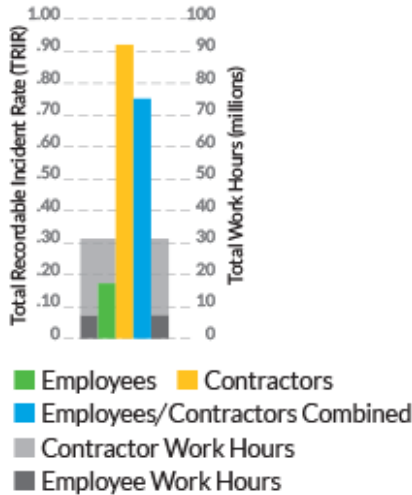
In early 2015, our North American operations analyzed its recordable injuries over the past year. The analysis showed that in 2014, more than 90 percent of recordable injuries were to contractors, approximately half of the injuries were among workers with one to five years of industry experience, and more than one-third of injuries were to hands and fingers. North American Production Operations (NAPO) is taking action to address these findings.

Global Safety Performance
Combined Employee and Contractor Workforce Incidents per 200,000 work hours



2014 In-Depth Global Safety Performance

Combined Employee and Contractor Workforce Incidents per 200,000 work hours



DRIVING SAFETY

The International Association of Oil & Gas Producers (OGP) has cited driving related incidents as the single largest cause of fatalities within the E&P industry. To reduce the likelihood and consequences of vehicle incidents for our employees, Marathon Oil revised our driving safety standard in 2014. The standard reinforces Marathon Oil rules to wear seat belts, drive within the speed limit and follow a prescribed journey management plan if required, as well as prohibits the use of mobile communication devices while driving.

It also sets minimum requirements for driver qualification and fitness, vehicle safety devices, security, Company vehicle specifications, maintenance and inspection, removal of driving distractions, event reporting and investigation, journey management and driving in challenging international locations. All employees who drive a vehicle for Company business are required to take driving safety awareness level training, and employees who frequently drive for Company business as part of their assigned duties are required to take skilled application level training. Organizations must track the completion of required training for their employees and the number of vehicle accidents.

CONTRACTOR SAFETY

We want every employee and contractor who works for Marathon Oil to go home safely every day. Contractors made up approximately 77 percent of our field workforce in 2014 and are important to our operations. Marathon Oil has strengthened our programs for verifying contractor HES&S performance during the qualification process. Contractors are required to disclose their written safety programs, OSHA injury and illness records and performance history. Vendors that provide personnel for safety-sensitive work in North America must register with [ISNetworld](#), a global online resource to manage, evaluate and qualify contractors. To work with Marathon Oil, contractors must meet a threshold score within ISNetworld. In addition, we take steps to ensure that contractors fulfill their contractual commitments and comply with our HES&S standards, the Code of Business Conduct and other programs.

The Marathon Oil Contractor Management Standard establishes processes to ensure that contractors are aware of our safety expectations and that their capability to meet them is verified before starting work. Company assets must establish a methodology for evaluating HES performance of safety-sensitive contractors. Our standard is consistent with API and OGP recognized good practices for contractor safety management and includes pre-qualification, selection, pre-job activities, performance evaluation and the waiver/exemption process. New field-based contractors receive formal orientation on Marathon Oil's safety culture, management expectations and specific safety requirements. Select contractors receive additional instruction on other life critical elements to enable them to issue safe work permits.

LOCAL ASSET CONTRACTOR SAFETY ACTIVITIES

We met our 2014 commitment to continue engaging contractors as partners in safety performance at the operational level and to adjust local engagements as needed to continuously improve [contractor safety](#) performance. Our [Eagle Ford asset](#) team increased one-on-one field safety engagements, introduced a safety awareness campaign and addressed the top causes of recordable injuries. As a result, contractor safety performance improved in 2014, and recordable and serious event rates were below target and better than 2013 performance. To improve contractor safety in our [Oklahoma Resource Basins](#), the team focused on core programs and developed plans to enhance core contractor management. Our safety priorities in our Bakken asset were orientation, training, field engagements, and reinforcing responsibility and accountability for safety. Our [Equatorial Guinea](#) asset analyzed incident data, conducted safety leadership training and implemented a plan to address underlying human factors of incidents.

CONTRACTOR FIELD VERIFICATION AUDITS

We committed to conduct 60 contractor field verification audits and exceeded our goal by making almost 100 unannounced crew-level field audits in our U.S. onshore assets in 2014. We initiated these audits in 2013 to ensure our contractors implement their safety programs and communicate their safety culture effectively. The audits are designed to determine if crew members understand Marathon Oil's expectations around life critical programs. Field verification audits will continue in 2015.

PROCESS SAFETY



Process safety includes programs intended to prevent unwanted hydrocarbon releases that have the potential to impact people, property and the environment. It is an integral component of Marathon Oil's [HES&S management system](#). We work continuously to improve our process safety culture and performance, track and investigate process safety incidents and near misses, develop corrective actions and share them across our operations.

Marathon Oil met our 2014 commitment to enhance our voluntary, risk-based process safety standard to:

- Ensure controls to manage process safety risks are implemented where necessary.
- Ensure process safety events are reported.
- Contribute to meeting our goals for safer and more efficient operations.
- Address increased stakeholder concerns about process safety.

The process safety standard now applies to all of our facilities worldwide, including those in Equatorial Guinea, which has no government requirements for process safety. In 2014, we risk-ranked our facilities and implemented aspects of process safety in the facilities identified as medium and high risk.

PROCESS SAFETY METRICS

In 2014, Marathon Oil recorded no high consequence process safety events and four medium consequence process safety events. All medium consequence events were releases of hydrocarbons on offshore platforms in our UK operations that resulted in no injuries or impact to the environment.

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WORKFORCE HEALTH



Key Words: [Equatorial Guinea](#) | [Field Emergency Services](#) | [Health Management System](#)

As a responsible operator, Marathon Oil collaborates with local leaders in communities where we operate to recognize and advance public health initiatives that promote the common good and protect the public. Ongoing initiatives in **Equatorial Guinea** include the Bioko Island Malaria Control Project and related vaccine trials, maternal and child health programs and [Project C.U.R.E.](#) In addition, we have a corporate partnership with the American Heart Association to spread awareness about cardiovascular health, a major cause of death in our U.S. and other operating areas.

Marathon Oil addresses key health challenges through an integrated **health management system** focused on seven core areas of operational interface. A health risk assessment to identify key risks is the initial step toward continuous improvement through ongoing evaluation and modification of our primary health programs and standards. The core health functions are:

- Occupational hygiene and exposure control.
- Medical emergency management.
- Fitness-for-duty and medical surveillance.
- Reporting and record keeping.
- Management of workplace injuries and illnesses.
- Public and community health impacts.
- Food, water and sanitation control.

Via the management system process, identifiable health-related risks for each asset are reviewed and prioritized for mitigation annually.

We responded to potential workforce health issues in Equatorial Guinea during 2014. Although the Ebola virus was not diagnosed or treated in Equatorial Guinea, we developed a comprehensive emergency response plan and collaborated on government and industry responses to the threat. In addition, we responded to a polio outbreak and to elevated levels of hepatitis with screenings and vaccinations. Our actions were designed to prevent employees and their families from contracting or spreading these illnesses and to protect public health.

EMERGENCY SERVICES FOR FIELD OPERATIONS

To reduce the stress on community health facilities in areas where we operate, Marathon Oil began contracting with an emergency services provider for employees and contractors in our South Texas Eagle Ford, North Dakota Bakken and

Oklahoma Resource Basins operations. In addition to providing emergency and telemedicine services for injured and ill workers, the provider can perform routine physical exams, drug and alcohol testing and other basic services.

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CASE STUDY: BAKKEN SHALE

Focusing on Contractor and HES Performance



Key Words: [Air Emissions](#) | [Economic Benefits](#) | [Flaring](#) | [Managing Environmental Impacts](#) | [NORM](#) | [Pipelines](#) | [Sakakawea Area Spill Response](#) | [Stakeholder Engagement](#) | [Water Use](#)

The North Dakota Bakken Shale play is one of Marathon Oil's core U.S. unconventional resource assets. While the **economic benefits** of industry activity in North Dakota are significant, Marathon Oil recognizes that oil and gas operations contribute to concerns about air emissions and water use, housing shortages, transportation safety and other potential impacts. We engage regularly with landowners, community members and leaders from townships, counties and tribes to understand their needs and encourage open dialogue.

In 2014, we hosted annual landowner meetings in Dunn Center and New Town, where our subject matter experts addressed pipeline plans, drilling technology, natural gas capture and other topics. Landowners and invited public officials had the opportunity to ask questions, try out completion tools and learn about how oil is prepared for production. We change the agenda topics each year based on **stakeholder** feedback.

Marathon Oil is active in the [North Dakota Petroleum Council](#) and works with regulators in the permitting and reporting processes. In addition, our personnel hosted a field tour in 2014 with state legislators that focused on infrastructure, housing, medical services and workforce competence.

Marathon Oil employees are active in the community as well. For example, we hosted the Bakken Rocks CookFest, which included educational sessions presented by speakers from regulatory agencies, the business community and trade organizations on topics important to the community, such as impacts and technologies to address those impacts. Our employees also participate in community events such as Relay for Life, Pick Up the Patch, Diversity Week and the Walk to End Alzheimer's.

MANAGING OUR IMPACTS

The safety of all employees and contractors is a priority for Marathon Oil. Our activities in North Dakota in 2014 were focused on orientation, training, education and engagements to ensure field personnel understood our safety expectations. While the nature and severity of workforce injuries in this asset were minor, we were not satisfied with the overall safety performance. In 2015, we will continue our existing efforts, with an emphasis on reinforcing our expectations for safety and accountability with contractor leaders. We remain committed to retaining a well-trained workforce and keeping all employees and contractors focused on the risks at hand.

Natural gas flaring is a primary concern among our stakeholders. Factors unique to the Bakken contribute to flaring in the region, including the liquids-rich gas, weather constraints to building infrastructure, and play size. Our strategies to reduce the amount of gas flared from our Bakken wells include enabling third-party gas gatherers to build gas infrastructure by providing our drilling plans, assisting with landowner right-of-way acquisitions, and prioritizing connections to the gas infrastructure. By year-end 2014, all wells except those in the most remote locations had been connected to natural gas sales lines, which reduced the amount of associated gas flared. We also strive to connect to electrical utility power as soon as possible to minimize the need for portable generators, which reduces emissions from power generation. In 2014, we completed a required flare upgrade program that addressed safety issues and **environmental impacts** through higher efficiency and cleaner burning engineered flares. Marathon Oil strives to comply with North Dakota Industrial Commission rules on natural gas flaring. This includes working closely with third-party gas gatherers, submitting gas capture plans for individual wells and meeting gas capture goals.

We are working on multiple fronts to reduce **air emissions**. Many of our efforts also reduce road traffic, enhance safety and lower the potential for spills. In 2014, Marathon Oil:

- Piloted a dual diesel-wellhead gas fuel system on one drilling rig in the Bakken.
- Continued our leak inspection program as required by the tribal federal implementation plan (FIP) since its approval in 2012.
- Developed specific gas capture plans and captured approximately 77 percent of the natural gas from our operations by January 2015. This aligns with the North Dakota Petroleum Council's Flaring Task Force efforts to significantly reduce natural gas flaring in the Bakken.
- Had approximately 80 well sites connected to oil **pipeline** gathering infrastructure by year end, allowing oil to be sold at the location instead of trucking it off-site. Ongoing gathering system expansions over the next year will result in gathering approximately 90 percent of our oil by pipeline.
- Started construction of pipeline infrastructure to transfer produced water to disposal facilities to reduce air emissions and truck traffic.

Across the Company, Marathon Oil is leveraging our lessons learned and employing best practices while **managing water use** in our resource plays. In the Bakken, produced water has a high salt content that makes recycling difficult. We are considering using gels that would allow us to recycle some produced water and monitoring other options.

To ensure the protection of sensitive water sources in the Bakken operations area, Marathon Oil and other oil, gas and pipeline companies formed **Sakakawea Area Spill Response LLC** in 2011. Member companies share and deploy existing emergency response and spill containment equipment and other resources if there is an open water spill in the upper Missouri River or Lake Sakakawea regions. Marathon Oil hosted the Sakakawea Area Spill Response 2014 winter drill, which included a combination of classroom training and outdoor training on ice in a protected area. In 2015, operators will train on techniques for spills on and under ice.

To reduce our impact on land, the Bakken asset places heavy density plastic liners on the ground and rig matting over the liners to contain spills and releases while drilling is under way. To manage **normally occurring radioactive material (NORM)** waste, we provide dedicated receptacles in locations where there is potential for NORM waste and send all of our NORM waste to one injection facility. We expect our contractors to use the receptacles and hold them accountable for proper disposal of NORM waste.

To protect our position and investments in the Bakken, Marathon Oil is committed to being a responsible operator in this region.

CASE STUDY: EAGLE FORD

Managing Impacts in Our Premier Growth Engine



Key Words: [Air Emissions](#) | [Building Our Workforce](#) | [Community Investment](#) | [Economic Development](#) | [Environmental Stewardship](#) | [Flaring](#) | [Greenhouse Gas Emissions](#) | [Hydraulic Fracturing](#) | [Safety Performance](#) | [Spills and Releases](#) | [Stakeholder Engagement](#) | [STEER](#) | [STEM](#) | [Water Use](#)

The opportunities and challenges of delivering affordable energy are evident in the South Texas Eagle Ford Shale play, the largest area of investment for Marathon Oil. According to the [Institute for Economic Development Center for Community and Business Research at the University of Texas San Antonio](#), oil and gas development generated \$71.8 billion in total economic output, over 114,000 full-time jobs and roughly \$4.1 billion in payroll in the core 15-county producing area in 2013. Eagle Ford activity added more than \$2 billion in state revenues and \$2 billion in revenues to local governments for schools, hospitals, law enforcement and other services in 2013.

As a result of the dramatic drop in oil prices starting in June 2014, many oil and gas companies cut capital spending and drilling activity in the region. Although our activity level is reduced in 2015, we remain committed to Eagle Ford, our primary production growth engine.

STAKEHOLDER ENGAGEMENT

Our Eagle Ford asset team is committed to keeping people and workplaces safe, providing clean operations and being a responsible operator. Since entering the Eagle Ford in mid-2011, we have worked to understand the impacts and associated challenges of our operations, as well as to improve the communities where we live and work. We are committed to expanding our operations to create value for shareholders and further economic progress. At the same time, we will conduct our business with a high regard for the health and safety of our neighbors, communities, employees, contractors and the environment.

We **engage regularly with stakeholders** to identify and address issues related to our operations and to seek ways to help communities where we operate through social investments. Marathon Oil staff attended meetings with local, county and state officials, and engaged first responders, nonprofits, school districts, economic development organizations and other stakeholders in 2014. We held a town hall meeting in Kenedy, our fifth community meeting since entering the play, to share our drilling plans. We plan to hold a town hall meeting in the region in 2015.

Marathon Oil took a leadership role in 2012 in forming the [South Texas Energy & Economic Roundtable \(STEER\)](#), which works with stakeholders throughout the Eagle Ford Shale to ensure development of energy resources is accomplished in a manner that is mutually beneficial to the industry and communities where we operate. Our employees are active in STEER efforts

related to advocacy, communications, stakeholder relations and health, environmental and safety concerns. In 2014, STEER engaged with county judges, groundwater conservation districts, county commissioners, Chambers of Commerce, elected city officials and other stakeholders to promote alignment with South Texas communities. The organization also developed oil and gas education guides that member companies will distribute to middle and high school students during presentations to educate them about our industry and career opportunities.

FOCUSING ON SAFETY PERFORMANCE

Due to our large contractor workforce in the Eagle Ford, we work with contractor personnel at all levels to raise **awareness of our commitment to an accident- and injury-free workplace**. Marathon Oil managers meet annually with contractor company managers and safety personnel to communicate our HES expectations and performance metrics, and solicit feedback to continuously improve HES performance. In addition, Marathon Oil HES professionals and technicians met with contractor HES managers and supervisors at least quarterly in 2014 to share trends, lessons learned and ideas to improve HES performance in our Eagle Ford operations.

Marathon Oil also provides HES orientation for contractors performing safety-sensitive work, with refresher training every other year. In 2014, more than 6,000 contractor personnel in the Eagle Ford completed the orientation.

To address asset-specific safety trends, Eagle Ford implemented the “All In, All the Time” campaign in 2014. Relying on employee and contractor group forums and a consistent leadership focus on good decision making, the campaign was designed to increase awareness of our safety expectations and remind workers to remain constantly vigilant. As a result of the campaign, one-on-one safety leadership engagements and other activities, the recordable injury rate declined by 14 percent in 2014.

The Company performed 21 contractor field verification audits in the Eagle Ford in 2014. HES professionals made unannounced visits to field operations to determine if crew members understand Marathon Oil’s expectations. Based on the audit findings, we increased our focus on communicating about our life critical expectations and programs directly with contractor leadership and safety personnel in 2014.

Safetyfocus areas in Eagle Ford for 2015 include:

- Maintaining visible and values-focused HES leadership.
- Combining the "All In, All the Time" campaign with the Company’s Personal Responsibility for Safety program to continue fostering our safety leadership culture.
- Developing new or strengthening existing processes and tools to communicate safety lessons learned.
- Developing a key contractor alliance plan to drive HES improvements.
- Continuing to focus on quality incident investigations and effective corrective actions.
- Improving safe work permitting.

MANAGING OUR ENVIRONMENTAL IMPACTS

Consistent with our **commitment to environmental stewardship**, Marathon Oil pursues air emissions reductions, water conservation, well integrity and responsible waste management in the Eagle Ford. These strategies help us minimize the impacts of **hydraulic fracturing** and advanced horizontal drilling technology, which enable Marathon Oil and our industry to extract oil and gas from shale formations like the Eagle Ford. We recognize there are concerns about the impacts of these technologies and our operations, and we take seriously our responsibility to manage the risks and minimize our footprint.

AIR EMISSIONS

Emissions to the air are generated during the drilling and production of hydrocarbons. As one of the most efficient drillers in the Eagle Ford play, Marathon Oil is using fewer rigs to recover more oil and gas, thereby reducing emissions from drilling rigs. To further minimize emissions during drilling, we used a dual diesel-wellhead gas fuel system to power two rigs in 2014 and will expand the system to our completions operations.

In addition to crude oil, natural gas is produced during shale development. Marathon Oil is focused on producing crude oil and drilling wells with the highest possible crude oil content. To minimize the amount of natural gas that subsequently must be

flared, we continue to build gas-gathering infrastructure and connect wells as quickly as possible. We process and separate production in central facilities wherever feasible, instead of installing equipment at each well location for this purpose, to minimize the overall surface footprint and reduce air emissions. We have approximately 800 miles of operated gathering lines and 31 central gathering and treating facilities in Eagle Ford. We also own and operate the Sugarloaf gathering system, a 37-mile natural gas pipeline through our acreage in three counties.

Based on a 39.4 percent increase in production in Eagle Ford in 2014, our greenhouse gas emissions in the asset increased by 37 percent from 2013. However, overall **greenhouse gas emission intensity** dropped by 2 percent and methane intensity fell by 7 percent. One factor in this reduction is our use of central facilities to process more production, which makes our operations more efficient and reduces air emissions and the overall land footprint.

In 2014, Marathon Oil continued to identify and prioritize significant **flaring** sources and evaluate emissions reduction projects. We also used infrared cameras throughout our Eagle Ford operations to detect emissions from water tanks, oil tanks, flash tanks and other equipment. Based on our findings, Marathon Oil repaired equipment and initiated a project to replace certain tank hatches with more effective models. By March 2015, we had installed more than 100 new hatches.

As a responsible operator, Marathon Oil strives to meet or surpass regulatory requirements for our operations. After receiving Notices of Violation from the Texas Commission on Environmental Quality (TCEQ) in the Eagle Ford, we took corrective actions in 2013 and 2014 to improve equipment reliability at our facilities. We continue to provide refresher training for field operators to ensure they understand Marathon Oil's expectations and policies for reporting and managing air emissions.

WATER USE

In addition to mining operations such as oil and gas exploration and production, water is in high demand for irrigation, livestock, municipal and industrial uses in the Eagle Ford region. Marathon Oil is aware that **hydraulic fracturing** operations in our industry have increased concerns around water use. As part of our commitment to conserve and protect fresh water resources, we share lessons learned across our U.S. resource plays and employ best practices to be good stewards of water resources. We also participate in industry efforts to improve lifecycle water use and management in upstream unconventional resource plays.

We continuously look for ways to use less fresh water and have significantly reduced the amount of fresh water used in our operations. In the Eagle Ford, we have invested more than \$40 million since 2011 to build 35 miles of pipelines, pond expansions, water supply well upgrades and new brackish water supply wells to transport and manage water more effectively.

Marathon Oil used 49.7 million barrels of water in 2014 in our Eagle Ford drilling and hydraulic fracturing operations, compared to 29.5 million barrels in 2013. Approximately 85 percent of our Eagle Ford water supply came from non-fresh sources in 2014, and we continue to focus on brackish sourcing for new water supply wells.

In 2014, for the first time we included third-party sourced drill water into our water metrics. Drilling requires higher quality water than hydraulic fracturing operations and comprises the majority of the fresh water consumed by our Eagle Ford operations.

Marathon Oil evaluates technology to develop fresh water alternatives for use in our operations. We have operated a pilot water treatment unit in Eagle Ford for more than a year, and were able to reuse approximately 85 percent of the water sent for treatment (approximately 900,000 barrels) in 2014. Recycling continues to have serious challenges in the Eagle Ford due to the quality and relatively small volume of returned water usable for fracturing; however, we plan to continue evaluating technology to develop fresh water alternatives in 2015.

Eagle Ford 2014 Water Usage by Quality



- Class 1 – Unrestricted use for drinking, agriculture or livestock
- Class 2a – Not recommended for drinking, but acceptable for all livestock and crops except sensitive plants (e.g. corn)
- Class 2b – Not recommended for drinking, usable for livestock but not preferred, usable for crops with moderate tolerance (e.g. rye)
- Class 2c – Not recommended except for very salt tolerant plants, but expect yield reduction (barley)
- Class 3 – Not recommended for use (permissible saltwater injection zone)

Source: Energy Water Initiative

The Eagle Ford HES, facilities, design and construction teams will continue to explore water projects like increasing the number of facilities where produced water is directly piped to disposal instead of being hauled.

SPILLS AND RELEASES

To **prevent leaks and spills** of crude oil, we are using a proprietary technology to detect microbial populations in non-regulated crude oil pipelines and vessels in 10 minutes instead of the 28 days required to culture samples using industry standard methods. This method helps create a more detailed description of the microbiological risk and allows Marathon Oil to optimize microbial induced corrosion (MIC) mitigation strategies. Marathon Oil is systematically testing our Eagle Ford pipeline segments, wells and vessels to identify and control corrosion.

Eagle Ford recorded seven offsite spills greater than or equal to 1 barrel in 2014, compared to 30 in 2013. To continue decreasing spills, Eagle Ford will focus on preventing loss of primary containment (LOPC) and on contractor equipment. In addition, the asset will take actions recommended for all Marathon Oil operations, including reviewing and communicating lessons learned and trends from equipment-related spills, and engaging contractors to reinforce expectations and areas for improvement.

TRAINING OUR WORKFORCE

We believe **job creation is one of the benefits of oil and gas development**. While our industry is cyclical, it will need an educated, trained workforce for decades to come. Marathon Oil is building in-house capabilities to accelerate the training and development of our Eagle Ford employees in the technical skills they need to operate wells, equipment and facilities safely and efficiently.

Orientation, training and competency development for Eagle Ford field employees is aimed at meeting our HES and operational performance goals, and increasing organizational capacity. Our programs evolve continuously to ensure we have trained, qualified employees for our operations.

During new employee orientation, operators are introduced to the Company and our HES programs and practices. They are taught the importance of personal protective equipment (PPE), required to complete safe driver training and learn our Life Critical Safety Processes.

With our large investment in the Eagle Ford, we are focused on enabling field operators to achieve and maintain competency in their area of operations. Field operators participate in a structured skill- and competency-based technical training program designed specifically for Eagle Ford to develop and solidify their skill set. Supervisors and lead operators perform a baseline assessment of every new field operator to determine his or her knowledge of, and experience on, equipment used throughout the asset's operations. Subsequent training is intended to accelerate the development of the desired knowledge and skills necessary for the Eagle Ford processes.

As a part of the training program, we are partnering with our vendor subject matter experts for intensive, hands-on training covering the use and operation of their equipment. Marathon Oil assesses competencies through written and performance evaluations to ensure knowledge and skills are being applied in the field. In addition, operator competencies are continuously monitored and refreshed as needed.

In 2014, 240 field operators attended general operations classes covering nine equipment-specific topics and 31 front-line supervisor leadership training sessions were conducted for current and prospective leaders. The sessions were designed to improve the effectiveness of their daily interactions with team members and individuals in support of HES and best-in-class operations performance goals. We will continue providing these sessions in 2015.

CONTRIBUTING TO OUR COMMUNITIES

We support education and training programs to sustain economic development in communities where we operate. Our **social investments and philanthropic contributions** in the Eagle Ford are concentrated on education, from kindergarten through the 8th grade. In 2014, our Eagle Ford educational partners included the following:

- [LULAC National Education Service Centers Inc. \(LNESEC\)](#) brought an after school program focused on science, technology, engineering and math (STEM) for minority and female students to Kingsborough Middle School in San Antonio, Texas.

Marathon Oil and LNEESC already provided this program to Terrell Wells Middle School in San Antonio.

- [Texas Alliance for Minorities in Engineering \(TAME\)](#) brought their Trailblazer program to San Antonio and Karnes City students.
- Karnes City offered [Reasoning Mind](#) to classrooms to increase student knowledge of math. Based on higher Texas standardized test scores in math and science at the pilot school, in 2014 we added the program to another grade level at the pilot school and to a second school in Karnes County. We plan to expand Reasoning Mind to additional school districts in Eagle Ford in the future.



A 2013 review of our Integrated Education Funding Model in Eagle Ford identified education funding gaps that led us to commit to K-8th programs and teacher support to drive positive, meaningful change in academic performance, graduation rates and interest in STEM fields. As a result, we are piloting two science education programs in Eagle Ford in 2015: [Science Fiction Workshops](#) and [JASON Learning](#). If the pilots are successful, we will consider expanding these nonprofit programs to additional schools and school districts.

In other philanthropic programs, Marathon Oil joined four other operators in South Texas in 2014 to fund a full-time truck and crew to gather and dispose of roadside trash in Karnes and DeWitt counties five days a week. This initiative addresses a primary community concern in the region and helps keep our operating areas safe and clean.

In addition, in 2014 our employees participated in 21 volunteer activities, including Relay for Life-Karnes County, a riverbank cleanup day with the San Antonio River Authority and Habitat for Humanity.

The Eagle Ford is Marathon Oil's premier growth engine. We are committed to being a responsible operator in this region and will continue to identify and address the challenges to sustaining energy development and economic growth for our communities, our stakeholders and our nation.

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CASE STUDY: EQUATORIAL GUINEA

Developing the People Resources, Not Just Oil and Gas



Key Words: [Air Emissions](#) | [Alba Project](#) | [Books for Bioko](#) | [Capacity Building](#) | [Community Assistance](#) | [EITI](#) | [Flaring](#) | [Malaria](#) | [Medical Facilities](#) | [National Content](#) | [Pico Basile Conservation Project](#) | [Process Safety Management](#) | [Procurement](#) | [Public Health](#) | [Recruiting, Training and Development](#) | [Revenue Transparency](#) | [Safety Performance and Achievements](#) | [Scholarships](#) | [Schools](#) | [Vaccine](#)

Marathon Oil is committed to developing Equatorial Guinea's people resources as well as its oil and gas resources. Since entering the country in 2002, we have worked with local communities, government ministries, nongovernmental organizations (NGOs) and other stakeholders to address critical social issues in Equatorial Guinea. Our efforts are focused on strengthening national capacity, workforce development, public health, formal education and transparency.

We hold interests in the offshore Alba Field, the Alba liquefied petroleum gas (LPG) plant, Atlantic Methanol Production Company LLC (AMPCO) and a liquefied natural gas (LNG) production facility (EG LNG) at the Punta Europa industrial complex on Bioko Island. In addition to our operational focus on safety and high asset reliability, projects are under way to extend the life of the Alba Field and enhance the value of our assets in the country.

DEVELOPING OUR NATIONAL WORKFORCE

We continue to make progress toward our goal of nationalizing our workforce in Equatorial Guinea, where national employees comprised 73 percent of our workforce at year-end 2014. We have aggressive **recruitment, training and development programs** to identify national employees and help them develop the skills needed to succeed in positions traditionally held by expatriates. We have progressively added training and development courses, advanced-level training, internships, professional development opportunities such as international assignments, leadership development programs and university scholarships.

During 2014, four Equatoguinean employees worked in the U.S. full time in engineering and human resources positions as part of our expatriate program. Our intent is that these employees develop key skill sets and return to Equatorial Guinea prepared to move into positions of increased responsibility in our organization. In addition to growing our national workforce in the near term, building the capacity of Equatoguineans contributes to long-term development goals for the country by cultivating local expertise in the country's key oil and gas sector.

To build skills and competency in our growing number of Equatoguinean supervisors and professionals, we conducted the Marathon Oil Commercial Skills Program in Equatorial Guinea in 2014 for the first time. The content was developed specifically to address our operations in the country. Mid- to senior-level national and expatriate employees who interact with vendors and government agencies took part in the interactive program, learning negotiating skills, contract law and other

business skills. Holding this training in Equatorial Guinea enabled significantly more national employees to attend.

In addition, we held the third annual Leadership Supervisory Development Program in 2014. This year-long course combines training, projects, assigned readings, career planning and mentorship to advance the careers of approximately 25 national employees per class. So far, 72 employees have graduated from this program. We began offering a two-year refresher program in 2014 to engage program graduates in intermediate level courses and give them opportunities to network.

EG LNG has a robust performance management and development process for core behavioral competencies aimed at building leadership capability, as well as technical on-the-job training to deliver world class operational skills. The training and development organization provides over 30 behavioral-based programs and classes endorsed by the Institute of Leadership and Management of London, UK. All of our national employees follow their individually tailored development plans to ensure a sustainable national talent pool to fuel EG LNG's future performance.

DEVELOPING OUR HIGHEST POTENTIAL NATIONAL EMPLOYEES

To further develop national employees for future leadership positions, Marathon E.G. Production Limited (MEGPL) selected the first three recipients of full **scholarships** to earn degrees at U.S. universities. The program supports their career goals, and MEGPL's succession planning and integration goals. It is also consistent with the Equatoguinean government's vision to grow the intellectual capital of the national workforce. We plan to continue this program, based on our business needs and the applicants' qualifications. We are phasing out our previous scholarship program in Equatorial Guinea because we believe this new approach will be more effective at developing future leaders for Marathon Oil.

The scholarship recipients, who graduated from the Leadership Supervisory Development Program, were chosen from 48 applicants. Through a rigorous process, they were selected based on work performance, English language and aptitude scores, the Company's future needs and the employee's potential to succeed in an intense university program.

MEGPL will pay all costs associated with the degree, and the students will remain employees eligible for full pay and benefits while they are in the scholarship program. In the pilot program at the University of Houston in 2014, our employee was named an outstanding student for two semesters. In 2015, a new scholarship recipient pursuing a supply chain degree will join this employee at the University of Houston, and two employees will begin studying chemical engineering at Texas A&M University. After graduation, they will return to Equatorial Guinea ready to take on increased responsibilities and leadership roles.

In addition, 11 Equatoguineans studied at the University of Petronas in Malaysia on Marathon Oil scholarships in 2014.

BUILDING NATIONAL CAPACITY



Marathon Oil provides **capacity building** opportunities for government employees, primarily engineers, to enhance **national content** as part of our contracts in Equatorial Guinea. They spend at least one year working with Marathon Oil staff in the gas plant, offshore or in our Houston office. In 2014, nine government employees participated in this program and are expected to

support national content development when they return to their positions with the government. With the government's agreement, Marathon Oil hired two past participants who worked in our gas plant for two years.

Marathon Oil and other oil and gas companies in Equatorial Guinea support Instituto Tecnológico Nacional de Hidrocarburos de Guinea Ecuatorial (ITNHGE) for technical worker training. EG LNG and MEGPL hired a total of 77 ITNHGE graduates for operations, construction, engineering, document control, mechanical, plumbing, welding and other jobs from 2010 through 2014. Once hired, we continue to train them in English language skills, operations, maintenance, and health, environmental and safety (HES). Marathon Oil is providing 25 scholarships for Equatoguineans to attend ITNHGE.

In addition, Marathon Oil training personnel have developed training, testing and competency modules to ensure that our onshore and offshore technical and craft workers have the skills they need to operate and maintain our assets. Maintenance and operations training professionals are embedded in the plants to provide on-the-job training.

NEW ENGLISH LANGUAGE SCHOOL

To strengthen national capacity in and outside of Punta Europa, MEGPL is supporting the establishment of a language school within the National University of Equatorial Guinea (UNGE). The project started in 2013 with five instructors spending a year in the U.S. to develop a standardized, modern English as a Second Language (ESL) curriculum. When the intensive new ESL curriculum in Equatorial Guinea was launched, over 500 students applied and 85 were accepted. After the first semester, 42 students graduated from the first round of courses. [EAFIT University](#) in Medellin, Colombia, was contracted to continue the training and development of the in-country UNGE ESL program. In 2015, seven more instructors will be recruited and sent for academic training in Colombia and for linguistic training in the U.S. These instructors will be incorporated into the ESL department in 2016. We expect to see the first students graduate in 2015 with levels of English proficiency required to apply for positions in the petroleum industry in Equatorial Guinea.

OFFSHORE PROJECT IS INCREASING LOCAL CONTENT



Marathon Oil's [project to extend the life of our Alba asset](#) is increasing local content in engineering, manufacturing and other services. For this project, we engaged two West African contractors to perform key project activities, as well as requiring our primary contractor to hire local providers. These contractor relationships represent the first time Marathon Oil has hired a regional company to complete engineering work in Equatorial Guinea and also one of the largest fabrication projects executed by an Equatoguinean firm. In addition, two Equatoguinean employees worked on the project team at Marathon Oil's office in Houston.

EG LNG is building the capacity of the local small and medium enterprise (SME) sector through training, forging partnerships between local and multinational vendors, and improving access to capital for SMEs by working directly with local banks. The Company meets periodically with representatives of government ministries, banks and the local business community to establish goals for building national business capacity and consider how the government, EG LNG and others can work

together to achieve the goals. Our *Energía Local* publication informs local suppliers of business opportunities within EG LNG and our **procurement** process.

ENVIRONMENTAL AND SAFETY PERFORMANCE ENHANCEMENTS

Marathon Oil has voluntarily enhanced our unregulated operations in Equatorial Guinea to improve environmental and safety performance. Environmental programs reflect sound business practices in air, water and waste management. MEGPL follows an **air emissions** plan that quantifies emissions for industry-applicable sources, including fugitive emissions. These emissions are further categorized as criteria pollutants and greenhouse gases (carbon dioxide equivalent tonnes). To demonstrate compliance with World Bank or International Finance Corporation emission limits, emissions from point sources are measured periodically by a third-party contractor. In addition, Marathon Oil voluntarily uses an infrared camera to detect leaks within our processes at MEGPL, which aids repairs as well as preventive maintenance. The addition of the EG LNG facility and reinjection of excess natural gas back into wells has dramatically **reduced flaring emissions** in recent years.

To improve safety and reliability, in recent years we voluntarily brought our operations into compliance with U.S. Occupational Safety and Health Administration (OSHA) **process safety management (PSM)** elements. Our Equatorial Guinea facilities also are covered by Marathon Oil's voluntary, risk-based process safety standard. Based on a PSM facility assessment, we consolidated and moved all of our maintenance shops farther away from the processing operations. In addition, as a result of a PSM Layer of Protection Analysis (LOPA), we are upgrading our computerized distributed control system (DCS) to voluntarily comply with U.S. and global standards. We expect to complete the DCS for onshore facilities and our offshore platforms in 2015, improving our ability to monitor and manage process safety.

DEVELOPING CONSTANT SAFETY AWARENESS

While our workers have a strong safety record in Equatorial Guinea, our goal is zero injuries. We are focused on developing a safety culture where people maintain constant awareness of safety and hazards at work and at home. During quarterly and weekly safety meetings, and at daily pre-job safety meetings for significant work activity, we engage employees using different media, discussions and storytelling to encourage them to continuously identify and avoid hazards. We also define corrective actions to address potential hazards and track them to completion.

MEGPL designed a two-phase Safety Leadership Training Program in 2014 tailored to the site's safety history, culture and incident trends over the past five years. The interactive eight-hour session for 160 participants focused on visible safety leadership, a caring safety culture, human factors, complacency and safety communications. Senior managers and frontline supervisors in maintenance, operations and construction, as well as some embedded contractor leaders, participated in Phase I. In 2015, MEGPL will provide the training for task supervisors and permit issuers who require the cooperation of other employees to complete work. This Phase II training incorporates elements of Marathon Oil's Personal Responsibility for Safety program.

In 2014, MEGPL introduced the "Safety Stop" program, a proactive approach to checking on employees during the peak times for incidents to ensure they are focused on the job and not showing signs of fatigue. In addition, Equatoguineans who have job-related driving responsibilities on and off our complex attended driver training. Following classroom and behind-the-wheel instruction, 41 employees received their driver's licenses, and managers and supervisors have selected 15 students to take the training in 2015.

To champion safety on and off the job, the workforce and department managers selected 35 employees to participate in the EG National HES Committee. Members develop projects, organize activities and periodically present special topics, including malaria and typhoid awareness and home fire safety prevention. For the committee's 2014 National Safety Awareness Day on hand safety, members made presentations and distributed safety awards to employees. The committee also presented an HIV/AIDS awareness program and is looking for ways to deliver its Home Fire Safety Project to a wider audience in the communities outside of Punta Europa.

In addition to National Safety Awareness Day, MEGPL supported Marathon Oil's corporate hand safety awareness activities by developing a High Impact Glove Standard and distributing high impact gloves in early 2015. These gloves are available in the warehouse to employees and supervisors who identify the need for them through a job hazard risk analysis process.

2014 MEGPL DEPARTMENT SAFETY ACHIEVEMENTS	
Supply Chain	9 years without a recordable injury (RI)
Onshore Operations	6 years without an RI
Fabrication Shop	5 years without an RI
Facilities Group (Including Gas Plant and Maintenance safety teams)	6 years without an RI
MEGPL Site	<ul style="list-style-type: none"> • 1 million work hours without an RI • 3 million work hours without a Lost Time Injury (LTI)

ASSISTING PUBLIC HEALTH AND EDUCATIONAL PROJECTS



Marathon Oil partners with governmental and community organizations to address health care, education and other social issues in Equatorial Guinea.

Malaria accounted for more than one-third of deaths on Bioko Island when Marathon Oil acquired our assets in 2002. Realizing that the disease was the largest social risk to our business and the community, Marathon Oil established a public-private partnership to substantially reduce malaria transmission. The [Bioko Island Malaria Control Project \(BIMCP\)](#) is a collaborative effort of Marathon Oil, our business partners, the private NGO Medical Care Development International (MCDI) and the Government of Equatorial Guinea. The BIMCP is now in Phase III, which continues the use of standard anti-malaria control measures through 2018 and supports participation in trials of a promising **vaccine** to prevent malaria infection, disease and transmission.

As a result of our project, malaria infection rates on Bioko Island have declined over 50 percent and infant and maternal mortality rates related to malaria infection are down 85 percent. In addition, improved health and well-being is helping to reduce the economic burden of malaria and alleviate poverty on Bioko Island.

In 2014, the malaria infection rate averaged 19 percent of the island's population, down from a 28 percent infection rate the previous year. The project team tested a new long-lasting insecticide with the potential to reduce the cost and intrusion of indoor residual spraying in homes, a primary intervention method. Based on the test results, 190,000 bed nets impregnated with the new long-lasting insecticide will be distributed to all residents on Bioko Island in 2015. This distribution will follow

World Health Organization (WHO) standards by hanging the nets in recipients' homes. The bed net distribution will maintain progress made through the indoor insecticide-spraying program.

In preparation for vaccine trials, MEGPL, MCDI, Ifakara Health Institute, vaccine manufacturer Sanaria, Inc., La Paz Hospital and the Equatoguinean Ministry of Health and Social Welfare partnered to run the first human subjects trial of a medical product in Equatoguinean history. The project involved training an Equatoguinean team of two doctors, one nurse and a lab manager, as well as assisting in setting up and training the country's first independent ethics review committee. In addition, 33 adult volunteers were identified to participate in the trials.

The team established the first partnership between Equatorial Guinea and Tanzania through scientific research and cooperation. The Equatoguinean Ethics Review Committee, which complies with international scientific standards, approved the research group's study protocol, with the first vaccine trial starting in March 2015. Two increasingly larger vaccine studies are planned over the next four years to provide proof of concept that malaria can be eradicated in a highly endemic African setting.

RESPONDING TO PUBLIC HEALTH THREATS

Marathon Oil responded to potential workforce health issues in Equatorial Guinea during 2014. Although the Ebola virus was not diagnosed or treated in Equatorial Guinea, our staff developed a comprehensive emergency response plan because no in-country Ministry of Health and Social Welfare plan was available. Our plan applies to all Marathon Oil employees, expatriates, contractors and business travelers in Equatorial Guinea, and serves as a template for plans for other communicable disease outbreaks.

Marathon Oil participated in an Ebola response working group with other operators in Equatorial Guinea and is a member of an API committee developing a communicable disease response plan template for the U.S. petroleum industry. Additionally, the Ministry of Mines, Industry and Energy and a special commission on Ebola asked the petroleum sector to lend its expertise to secure and install a bio-safety laboratory to test samples for potential Ebola patients. MEGPL played a major role in securing the lab that ensures Equatorial Guinea is prepared in the event of an Ebola outbreak, which also advances the country's **medical services and capacity**.

MEGPL also donated U.S. \$14,000 to a national Ebola awareness campaign used during the African Cup of Nations soccer tournament hosted by Equatorial Guinea in early 2015. The campaign, which was approved by the local WHO representative, distributed 300,000 pamphlets, radio spots, street banners and billboards to inform the public about Ebola symptoms and how to seek help for a suspected case. In addition, Marathon Oil donated surplus breathing masks and gloves worth U.S. \$350,000 to [Project C.U.R.E.](#), which sent them to countries impacted by the Ebola virus.

Equatorial Guinea experienced a polio outbreak and an elevated level of hepatitis in 2014. Based on recommendations of the U.S. Centers for Disease Control, MEGPL voluntarily reviewed the vaccination histories of all expatriate staff and provided vaccinations as needed. We encouraged national staff to get polio vaccinations for themselves and their families to protect others from exposure to and possibly transmitting the polio virus. To prevent the spread of hepatitis, MEGPL quickly screened expatriates and provided hepatitis vaccines as needed to protect employees and their families. All new national employees receive hepatitis A and B vaccinations and all existing national staff are inoculated during their annual medical exams.

Investing in the health sector, EG LNG built the first health clinic of its kind in the Buena Esperanza urban area of Malabo. At a cost of over U.S. \$1 million, this clinic provides essential basic medical assistance for over 5,000 families. In addition, EG LNG contributed to the first trial of the malaria vaccine initiative and is extending our potable water well program to rural areas of Bioko Island and mainland Equatorial Guinea.

In 2015, our health assistance investments will total approximately US \$2 million to support the Comadronas nurse training program with several partners, rehabilitate a hospital and build a reference lab under the auspices of the Ministry of Health and Social Welfare.

SCHOOL AND COMMUNITY ASSISTANCE



Marathon Oil employees worldwide continued to support the **Books for Bioko** program that provides much-needed school supplies in the Malabo area of Bioko Island. Our employees created this program and raised U.S. \$68,000 in 2014, the highest amount ever, bringing the total to U.S. \$680,000 over the past decade. The Company assists with logistics, transportation and distribution of donated goods. With the adoption of the Claret School, Santa Teresita School and Virgen del Carmen School in 2014, Books for Bioko impacted more than 5,100 youths. The program continues to support the Awarding Excellence program that rewards students for academic achievements. All project schools hold annual planning meetings with MEGPL to determine their needs for the upcoming year. As the participating schools develop, they are sharing lessons learned and skill sets to strengthen other schools and expand the benefits of Books for Bioko.

In partnership with the Ministry of Education and Sciences and the Ministry of Mines, Industry and Energy, MEGPL invested approximately U.S. \$1.2 million in school assistance projects in 2014. We rehabilitated the Enrique Nvo Primary School that serves 750 pupils, working closely with local communities and ministry staff to secure buy-in for the school design and scope of work. The resulting building can function with and without electricity and has built-in features to reduce future maintenance needs. During the start of the school year, Colegio Maria Auxiladora, a Books for Bioko school, assisted the Enrique Nvo Primary School in conducting its annual registration while their new school was under construction.

After the Tortuga Rapida public school lost its roof in a storm, the Jesus Maria School, another Books for Bioko participant, opened its doors to 350 Tortuga Rapida students. Through MEGPL funding, Jesus Maria teachers are training the Tortuga Rapida teachers in classroom management, and student and parent engagement. MEGPL will continue to fund this training while the Tortuga Rapida School is being rebuilt in 2015 and 2016.

MEGPL's engineering and construction department collaborates on school and other construction projects with CSR's guidance. This collaboration gives national engineering staff the opportunity to help local communities, monitor construction quality, and ensure contractors apply high standards for health, environment and safety.

In addition, EG LNG continued to support the education sector by building three new primary schools for rural communities and installing two fully equipped labs to provide information technology training to Equatoguineans.

Our community assistance efforts also reflect Marathon Oil's commitment to environmental stewardship. We are collaborating with the National University of Equatorial Guinea (UNGE), the Ministry of Forestry and Environmental Protection (INDEFOR-AP) and a Spanish NGO, on the **Pico Basile Conservation Project**. This effort will improve forest management, create a research center, develop environmental education programs and interventions, and train UNGE students to work in forestry management.

Marathon Oil continues to engage regularly with stakeholders in Equatorial Guinea to identify and implement social investment projects within our sphere of influence.

SUPPORTING REVENUE TRANSPARENCY EFFORTS

Our governance commitment is to uphold high standards for safe, responsible operations, business ethics, integrity, corporate governance and transparency. Marathon Oil believes transparent reporting of revenue flows from oil and gas production is an important vehicle for combating bribery and corruption. We participate in the [Extractive Industries Transparency Initiative \(EITI\)](#) process to strengthen governance, foster stakeholder cooperation, aid development of civil society and assist in managing risk.

We support renewed efforts by the government of Equatorial Guinea to seek readmission as an EITI candidate country. Two Marathon Oil employees sit on a multi-stakeholder group in Equatorial Guinea referred to as the National Commission, which has been constituted to oversee implementation of the EITI as the country works toward readmission.

On behalf of the industry, Marathon Oil arranged for a third party to present an industry overview to civil society representatives at two conferences. The content, which Marathon Oil helped develop, covered exploration, extraction, processing and sales, including typical fiscal regimes with regard to contractor-government agreements.

MEGPL and EG LNG have been instrumental in promoting sustainable long-term social development projects in Equatorial Guinea. We view social development as a major commitment and a necessary investment that will return great benefit to the country and the industry as a whole.

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CASE STUDY: HYDRAULIC FRACTURING

Growing Production with Emphasis on Environmental Stewardship



Key Words: [Air Emissions](#) | [Drilling Efficiency](#) | [Flaring](#) | [Fracturing Fluids](#) | [FracFocus](#) | [Recycling](#) | [Seismicity](#) | [Venting](#) | [Water Use](#) | [Well Integrity](#)

Hydraulic fracturing is a key technology for producing oil and natural gas in unconventional resource plays across the U.S., and its use is emerging in other countries. In combination with advanced horizontal drilling technology, hydraulic fracturing makes it possible to develop oil and gas resources that were previously inaccessible.

These technologies have unlocked oil and gas deposits for Marathon Oil in the [South Texas Eagle Ford](#), [North Dakota Bakken Shale](#) and [Oklahoma Resource Basins](#). We understand we must manage our operations in these plays to minimize environmental impacts. In keeping with our commitment to environmental stewardship, we take steps to ensure well integrity, conserve water, reduce air emissions and manage waste responsibly.

WELL INTEGRITY

Proper well construction is essential to protect the environment, particularly fresh water aquifers. We use steel casing and cement in the wellbore to create physical barriers and protect drinking water resources. During well construction, we strive to use relevant industry best practices and to comply with state rules that apply to drilling and completions.

WATER USE

Hydraulic fracturing involves pumping a mixture of mostly water and sand, and a small amount of additives, under high pressure into the reservoir to create fractures, or cracks, in the target rock formation. This increases the production rate and ultimate recovery of oil and natural gas from a well.

Marathon Oil continuously looks for ways to use less water in our hydraulic fracturing operations and to minimize the environmental impacts of our operations on local watersheds. We actively pursue alternative sources for water, such as aquifers whose water supply does not meet standards for municipal or agricultural use, as well as evaluate technologies for [recycling](#) and treating produced water for reuse in our operations.

AIR EMISSIONS

Marathon Oil evaluates air emissions reduction strategies and technologies to reduce emission intensity and increase the energy efficiency of our operations. Our strategies include:

- Improving **drilling efficiency** to use fewer rigs and less fuel per well drilled.

- Using dual diesel-wellhead gas fuel systems on rigs to minimize drilling emissions.
- Connecting wells to gas sales lines prior to completion, where possible to minimize **flaring** and **venting**.
- Installing and using pipelines for produced water and oil gathering to reduce the need for truck transportation and related emissions, as well as the impacts of truck traffic on communities.
- Installing and using central facilities to process more production, improve efficiency and reduce air emissions.
- Developing and implementing natural gas capture plans in the Bakken to significantly reduce natural gas flaring caused by infrastructure constraints.

SEISMICITY

As a result of an apparent increase in seismic activity in Oklahoma, Texas and several other states, a number of regulatory bodies and public sector groups are studying potential links between the oil and gas extraction process and seismic events. Marathon Oil has been working with API and various state oil and gas trade associations on this issue, specifically efforts regarding the possible role of wells used to dispose of water associated with the oil and gas extraction process. We are monitoring the progress of these studies and complying with existing and new permitting requirements for injection of liquids into wells. In addition, Marathon Oil is prepared to respond appropriately to any regulatory changes that result from industry and regulatory investigations.

HYDRAULIC FRACTURING FLUIDS

We manage and dispose of our waste produced **fluids** from hydraulically fractured wells in accordance with all federal, state and local regulations to protect surface and ground water resources and natural habitat.

Marathon Oil took a leadership role in developing [FracFocus](#), an online chemical disclosure registry of wells drilled and hydraulically fractured.

Marathon Oil supports specific, state-level disclosure of fracturing fluid components, and participates voluntarily for all of our hydraulic fracturing activities worldwide. We have worked with other operators and trade organizations to develop and implement the registry. Marathon Oil has entered all of our wells drilled and hydraulically fractured in the U.S. in FracFocus, a total of 519 wells through December 2014. We encourage service companies that work with us to disclose their fracturing fluid components as well.

CASE STUDY: KURDISTAN REGION OF IRAQ

Meeting Local Needs While Developing Our Asset



Key Words: [Community Engagement](#) | [Consultative Engagement](#) | [Contractors](#) | [Drilling](#) | [Education](#) | [Health Services](#) | [Hydrogen Sulfide \(H₂S\)](#) | [Safety](#) | [Training](#)

Marathon Oil entered the Kurdistan Region of Iraq to apply our technical expertise in its world-class oil assets. We have drilled two oil discovery wells, the Mirawa-1 and Jisik-1, on our operated Harir Block northeast of Erbil, and we began drilling the Mirawa-2 exploratory well in late 2014. We also hold interests in the Atrush Block north-northwest of Erbil, where first oil is anticipated in 2015, and the Sarsang Block.

Through a **consultative engagement** process with communities near our operations, we share information about Marathon Oil, build relationships, and seek to understand local cultures and challenges. Based on what we have learned through discussions with local leaders, government authorities and citizens, Marathon Oil supports numerous programs aimed primarily at education, youth and culture, and the environment. Our efforts have been concentrated in the villages of Jisik, Tangabir, Basirma, Marzan, Khatibyan, Sherawa and Kuna Qir near our Mirawa operations.

PROTECTING COMMUNITIES DURING DRILLING

Our efforts to safeguard people living near our **drilling operations** start with a comprehensive assessment to identify potential risks during the exploration phase, including drilling and construction. Based on our drilling risk assessments for the Jisik-1 and Mirawa-2 wells, our drilling plans provided mitigations for operational risks, as well as preparedness and response procedures in the event of operational or medical emergencies.

Marathon Oil developed a community protection plan that included an evacuation in the unlikely event of a leak of **hydrogen sulfide (H₂S)** from the Jisik-1 well. The Company informed the community about what to expect during an emergency evacuation.

EMPLOYEE HEALTH SERVICES

Based on our health care assessment in the Kurdistan Region of Iraq, Marathon Oil contracted with a third party to build and staff facilities for our specific operational needs. Each Marathon Oil drill site is served by a medical clinic and a four-wheel drive ambulance with a dedicated driver. These clinics are supplied with advanced life support equipment and medical supplies and a certified medic is on hand at all times. The Erbil office has a fixed facility for handling minor illnesses. A doctor oversees care and case management, communicates with field medics, and establishes relationships with regional providers and facilities.

In addition, two ambulances and a clinic were located in the field during our 2014-2015 seismic project to supplement the existing services. First responder training was provided to all the contractor's field personnel, and medical drills were performed to identify further areas for improvement.

Fitness-for-duty medical programs for the drilling and seismic programs ensured the workforce was healthy and able to conduct the work. Additionally, we implemented an employee wellness program in 2014 to provide ongoing education and awareness on health related topics.

SAFETY AND ENVIRONMENTAL PROGRAMS

As part of our efforts to integrate our local workforce, Marathon Oil is committed to ensuring that our local **contractors** in drilling and non-drilling operations understand the hazards and are properly trained before they enter our sites. We work diligently with contractor company managers to help them develop and implement their **safety programs**, and require HES orientation for everyone who goes to a Company drilling location.

In August 2014, we celebrated 2 million work hours over the three preceding calendar years with no recordable injuries in our non-drilling operations, including construction, water distribution systems, transportation and field campsites. The drilling organization in the Kurdistan Region of Iraq achieved two years without a lost time medical treatment case on Performance Drilling Rig T221.

Our focus on 100 percent participation in safety observations has created a transparent reporting culture that affords the opportunity for continuous performance improvement. Operations and drilling have weekly meetings to discuss incidents and their potential consequences, assign an investigation team and determine any corrective actions. As a result of these efforts, 85 percent of all HES events in 2014 were associated with near misses and good catches. There was one serious event in drilling operations in the region in 2014. In addition, driver training has reduced incidents associated with driving in challenging terrain and conditions.

The Safety 24/7 and Personal Responsibility for Safety programs will be rolled out to all employees and supervisors in the Kurdistan Region of Iraq in 2015.

Our environmental stewardship programs include designing and installing strong containment in our camps and operations. For example, fuel tanks on drilling and construction sites are double-walled or have containment pads in place. During 2014, no spills greater than or equal to 1 barrel outside of secondary containment were recorded.

DEVELOPING A NATIONAL WORKFORCE



Marathon Oil continues to focus on integrating our local workforce in roles of increasing responsibility. The Company also has helped build capacity of HES employees in the Ministry of Natural Resources with on-site **training** opportunities and **educational outreach** to increase oil and gas foundational knowledge.

Along with our partner, Total, and the Kurdistan Ministry of Natural Resources, we sponsored the Kurdistan Merit Scholarship Program for petroleum-related studies in 2014. The first scholarship recipients arrived at Texas A&M University (TAMU), a U.S. university with world-renowned petroleum engineering programs, in January 2014. Following intensive instruction in English as a Second Language, those admitted to the TAMU freshman class will take petroleum-related engineering courses. Marathon Oil expects to employ the scholarship recipients after they graduate. Educational efforts near our local operations in 2013 and 2014 included distributing backpacks and school supplies to approximately 4,000 children in 11 Mirawa-area villages in the Harir and Safen blocks. In Shaqlawa District, we sponsored a literacy program in 2013 and 2014 to improve basic skills for 250 adults living in a rural area.

OTHER COMMUNITY IMPROVEMENT PROJECTS



In Basirma, the principal town in Marathon Oil's operating area, we furnished the local community gathering hall, contributed toys and supplies to approximately 150 kindergarten pupils, and donated 300 trees for planting. We also hosted a World Children's Day celebration in 2013 and 2014 in Basirma for approximately 1,000 children and their families. In 2014, Marathon Oil funded water purification systems for nine schools near the Jisik, Mirawa-1 and Mirawa-2 well sites.

Safety and security are top priorities for our CSR projects in the Kurdistan Region of Iraq. After building playgrounds in three villages in 2013, we built playgrounds in Jisik, Basirma and Tangabir in 2014 to give children a safe place to play. In 2014, we purchased 500 fruit and shade trees to be planted by villagers in Jisik. Ten picnic benches were installed along the new Shaqlawa Highway in 2014.

In 2013 and 2014, we supported a wheat improvement project in four villages that helped raise the income of local farmers and strengthened our community relationships. Marathon Oil provided high-quality seeds and fertilizer, and funded classroom and field training for farmers and students on internationally recognized good agricultural practices and techniques.

Due to the conflicts in the region, an estimated 250,000 Syrians and 800,000 Iraqis have fled to the Kurdistan Region of Iraq since 2013. A large number of refugees have settled in Erbil and other main cities and are struggling to meet basic needs for shelter, food and water. To support these displaced persons, in 2014 Marathon Oil donated U.S. \$100,000 to Save the Children, the International Rescue Committee and the Agency for Technical Cooperation and Development (ACTED), an international humanitarian relief nongovernmental organization.

For a short time in 2014, Marathon Oil suspended certain operations and implemented emergency response plans and security protocols due to security concerns in the region. We evacuated our expatriate employees safely and secured our assets, and then successfully returned employees to the region when conditions improved. We continue to monitor the situation to protect our employees and operations.

As we continue our exploration and development activities in the Kurdistan Region of Iraq, Marathon Oil will support corporate social responsibility efforts to meet local needs while aligning with our values and business interests.

MID-CONTINENT ASSET TEAM (MCAT)

Growing a Promising Asset in a Responsible Way



Key Words: [Air Emissions](#) | [Community](#) | [Contractor Management](#) | [Environmental Performance](#) | [Lesser Prairie-Chicken Range-wide Conservation Plan](#) | [Safety Accomplishments](#)

Marathon Oil reached a 100-year milestone of active exploration and production in Oklahoma in 2015. Now a key growth area for the Company, our Oklahoma Resource Basins unconventional fields are managed by our Mid-Continent Asset Team (MCAT), which also manages our operations in East Texas and North Louisiana. The Company is just beginning to assess the full potential of the South Central Oklahoma Oil Province (SCOOP) and Sooner Trend, Anadarko, Canadian and Kingfisher (STACK) areas of this valuable asset.

WORKING WITH CONTRACTORS TO IMPROVE SAFETY PERFORMANCE

Increased activity in 2014 resulted in an influx of contractors and employees new to Marathon Oil's SCOOP and STACK fields. MCAT managers and supervisors recognize their role in helping contractors **improve their safety culture and performance** and understand their accountability for contractors' safety performance. To maintain and improve a high level of safety awareness, the asset team focuses on core safety programs for employees and contractors, including incident reporting and investigation, safety leadership training and field engagement, and enhanced drilling rig compliance inspections. MCAT safety and health accomplishments included:

- Implementing a safety leadership training program for all front line supervisors.
- Conducting over 1,500 safety leadership engagements.
- Completing 107 investigations of incidents, potentially unsafe conditions and near misses.
- Developing and implementing guidelines across the Drilling & Completions organization for task-specific hand protection in response to Company and industry trends of hand-related incidents.
- Evaluating and developing a plan to pilot a third-party emergency medical service to improve the response time for workers to obtain medical care, especially in remote areas.
- Implementing an enhanced drilling rig compliance inspection program and piloting mobility software in field audits, resulting in best-in-class scores on third-party compliance audits.

MCAT continues to emphasize **contractor management** in the field to prevent incidents and injuries. We strive to create safe working environments through safety meetings, field leadership engagements, pre-planning, and incident reporting and investigations. MCAT employees take an active role in contractor safety meetings by discussing lessons learned, key HES

processes, hazard identification and risk mitigation. Our front line leaders are accountable for conducting and documenting high-quality safety leadership engagements with contractors to better ensure they understand and are aligned with Marathon Oil's safety beliefs and expectations.

During 2014, MCAT also developed a more comprehensive contractor enhancement program for implementation in 2015, focused on improving business efficiency and safety performance. The plan is aimed at continuous improvement in the production, facilities, and drilling and completions operations of core contract partners. It sets out measurable objectives for training, safety leadership, incident reporting and investigation, contractor recognition, pre-job planning/risk assessment, orientation, engagement and accountability processes. To ensure continuing alignment, MCAT and key contractors' management will review overall business and HES performance on these measures together at least twice a year.

FOCUSING ON ENVIRONMENTAL IMPROVEMENT



MCAT continuously strives not only to comply with all applicable regulatory and Marathon Oil requirements, but also to step beyond them to implement practical measures to **reduce the impact of our operations on the environment**.

For example, to conserve prairie habitat for a native bird species, approximately 19,000 acres of our Oklahoma oil and gas leases are now enrolled in the voluntary **Lesser Prairie-Chicken Range-Wide Conservation Plan (RWP)**. Developed by the Western Association of Fish and Wildlife Agencies (WAFWA) and endorsed by the U.S. Fish and Wildlife Service, the plan represents a broad coalition of government agencies, industry, agriculture and conservation organizations. In addition to paying fees to support conservation programs, Marathon Oil follows guidelines to minimize the impact of our operations on the species within the habitat area. In addition, we mitigate the impact of new construction and development projects within the Lesser Prairie-Chicken habitat recovery area by avoiding breeding areas and replacing impaired habitat.

In recent years, the asset has taken numerous steps to **decrease air emissions**. MCAT used technologies such as reduced emissions completions (RECs), also known as green completions, for more than eight years, and also installed solar-powered and electric-driven chemical pumps at 18 wells, eliminating up to 36 natural gas powered pumps.

In 2014, the asset continued to focus on lowering methane emissions as a means of reducing greenhouse gas emissions, as well as identifying and eliminating hydrocarbon leaks from equipment. Specific 2014 environmental accomplishments include:

- Attaining a 30 percent reduction in total methane emissions and a 34 percent reduction in methane intensity compared to 2013. The cuts resulted from operational changes implemented over the last several years, including a significant decrease in the number of high-bleed pneumatic devices, eliminating nearly 100 facilities since 2010 that accounted for a large percentage of high-bleed pneumatic devices; and designing new facilities using lower emitting devices.
- Completing a voluntary project to develop a comprehensive list of all pneumatic devices at all facilities and to categorize them by emission rates. The asset is using the data to develop a GHG emissions reduction strategy to address the remaining priority emissions sources.

- Reviewing more than 100 facilities using an infrared camera to identify hydrocarbon leaks and undertaking corrective actions for 31 identified issues.
- Purchasing field vehicles that run on compressed natural gas (CNG) with gasoline back-up to replace five vehicles that ran exclusively on gasoline. CNG vehicles result in significantly reduced emissions of carbon, carbon monoxide, nitrogen oxides, particulates and volatile organic compounds.
- Implementing a flare monitoring program to minimize flare down-time, thus ensuring complete combustion of all tank methane emissions.
- Developing a program to reduce the volume of drilling cuttings going to landfills. This includes separating and recycling oil from oil-based drill cuttings and then using the dry cuttings as landfill cover. The oil removal process will use methane gas generated at the landfill, when available, for fuel to reduce the amount of purchased fuel. This process was fully implemented in the second quarter of 2015.
- Piloting water disposal technologies involving evaporation or treatment for reuse that would significantly reduce the volume of flowback water sent to deep injection wells for disposal.
- Establishing a new facility organization staffed by facility engineers and construction experts to drive increased focus on surface facility operational and environmental performance.

TEAMING UP IN THE COMMUNITY



To have a positive influence in **communities** where we operate within the Oklahoma Resource Basins, MCAT looks for activities that align with our business goals, needs and operations. To create interest in science, technology, engineering and math (STEM) careers, Marathon Oil employees volunteer as Petro Pals. Using rocks, fossils, drill bits and maps, Petro Pals help students understand how oil and natural gas are formed, discovered and produced. The Oklahoma Energy Resources Board (OERB) sponsors this program and also organized a tour of a Marathon Oil rig for approximately 80 teachers in 2014. Our employees and technical experts gave the teachers a first-hand look at hydraulic fracturing and the drilling process.

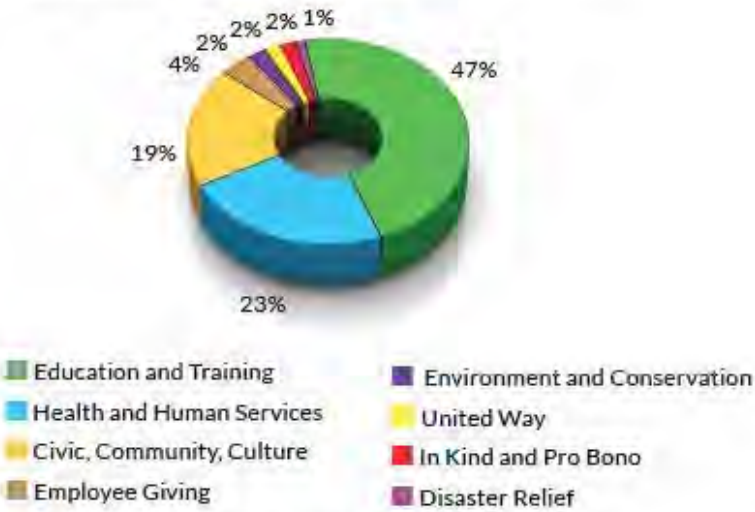
In addition, MCAT continued to sponsor and participate in community events across the asset. More than 30 employees, plus family members, participated in the OKC Memorial Marathon, of which Marathon Oil was a Finish Line Sponsor. MCAT employees also participated in Louisiana's Claiborne Parish Relay for Life, adopted families in need during the holiday season and supported other events with time and contributions throughout the year. In 2015, MCAT is committed to developing a more formal stakeholder engagement plan, which includes a process for identifying, tracking and addressing community and stakeholder concerns. As part of this plan, MCAT will establish a formal philanthropic/community relations committee.

Based on our successful drilling programs and production growth, Marathon Oil added 50,000 acres to our holdings in the Oklahoma Resource Basins in 2014. We plan to continue delineating and exploring this asset in 2015 while protecting our valuable leasehold.

SOCIETY METRICS

Marathon Oil Social Investments by Giving Area

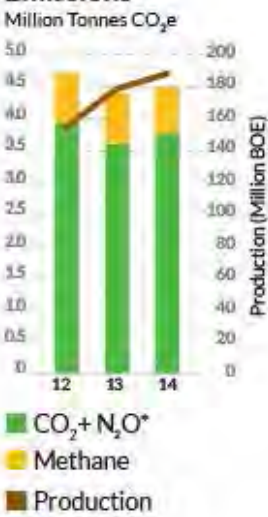
Total Social Investments: \$29.3 million*



* Total Philanthropic Giving: \$10.9 million in corporate giving and \$12 in employee giving; Total Sustainable Investments: \$17.2

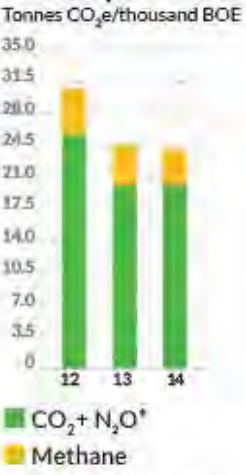
ENVIRONMENT METRICS

Global GHG Emissions



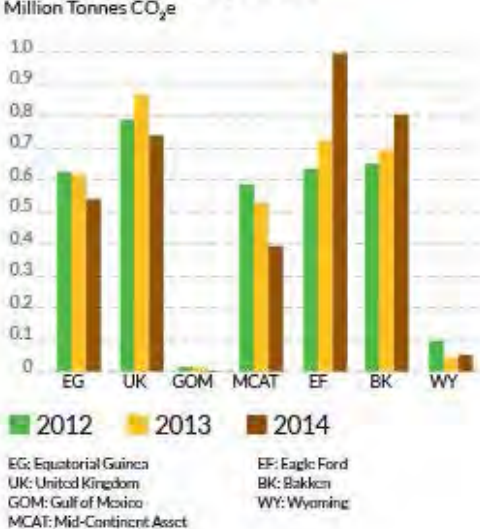
- N₂O Emissions are marginal and make up less than 1 percent of the CO₂ and N₂O emissions.
- Discontinued assets (Norway, and Green River and Powder River Basins in Wyoming) were removed from previous years' data for comparing year on year performance.

Global GHG Intensity

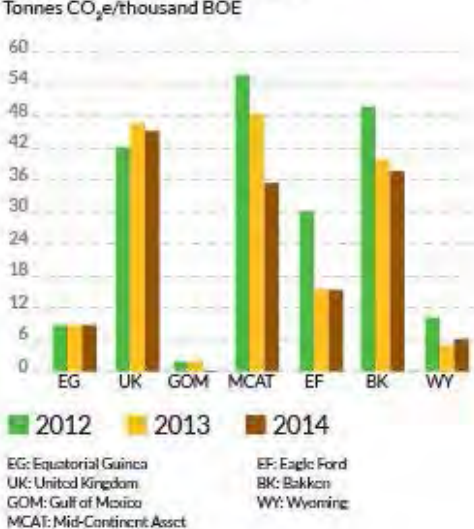


- N₂O Emissions are marginal and make up less than 1 percent of the CO₂ and N₂O emissions.
- Discontinued assets (Norway, and Green River and Powder River Basins in Wyoming) were removed from previous years' data for comparing year on year performance.

GHG Emissions by Asset

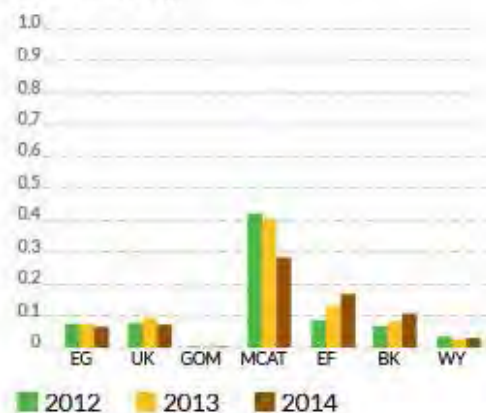


GHG Intensity by Asset



Methane Emissions by Asset

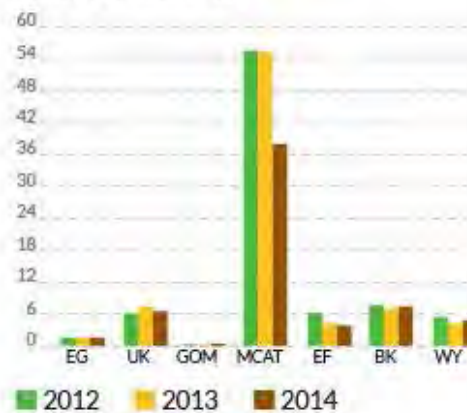
Million Tonnes CO₂e



EG: Equatorial Guinea
UK: United Kingdom
GOM: Gulf of Mexico
MCAT: Mid-Continent Asset
EF: Eagle Ford
BK: Bakken
WY: Wyoming

Methane Intensity by Asset

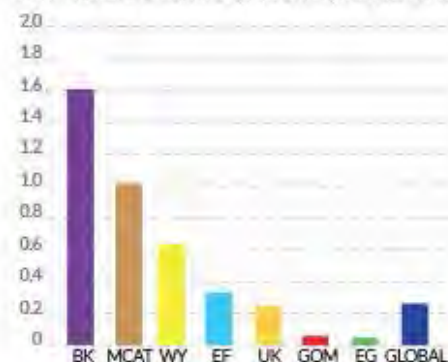
Tonnes CO₂e/thousand BOE



EG: Equatorial Guinea
UK: United Kingdom
GOM: Gulf of Mexico
MCAT: Mid-Continent Asset
EF: Eagle Ford
BK: Bakken
WY: Wyoming

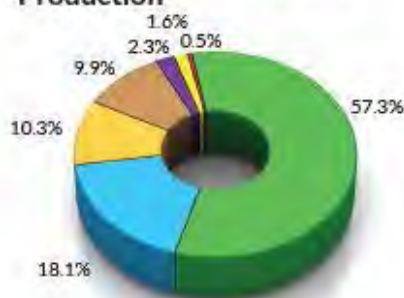
Methane Emissions Ratio

Total Methane Emissions as a % of Natural Gas Produced



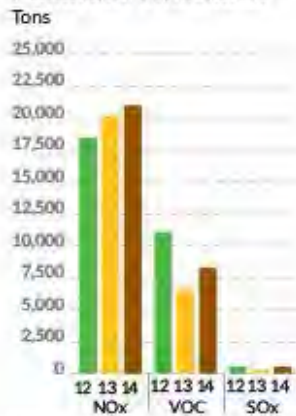
BK: Bakken
MCAT: Mid-Continent Asset
WY: Wyoming
EF: Eagle Ford
UK: United Kingdom
GOM: Gulf of Mexico
EG: Equatorial Guinea

Marathon Oil Natural Gas Production



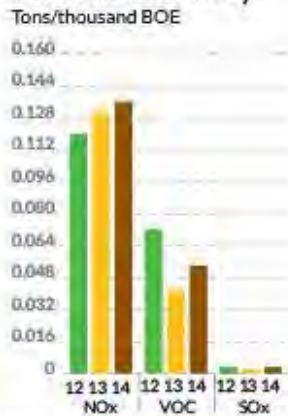
EG: Equatorial Guinea
EF: Eagle Ford
UK: United Kingdom
WY: Wyoming
BK: Bakken
MCAT: Mid-Continent Asset
GOM: Gulf of Mexico

Global Criteria Pollutant Emissions*



* Discontinued assets (Norway, and Green River and Powder River Basins in Wyoming) were removed from previous years' data for comparing year-on-year performance.

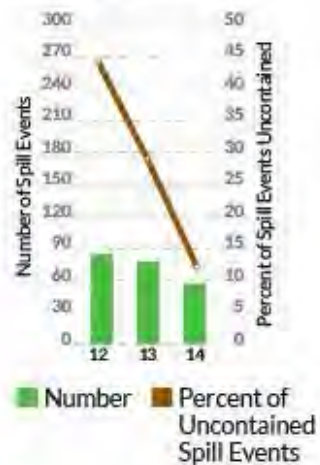
Global Criteria Pollutant Intensity*



* Discontinued assets (Norway, and Green River and Powder River Basins in Wyoming) were removed from previous years' data for comparing year-on-year performance.

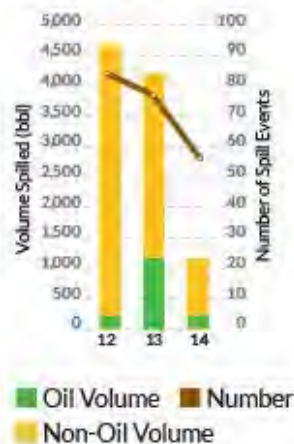
Spill Events Outside of Secondary Containment ≥ 1 bbl

Number and percent of spills



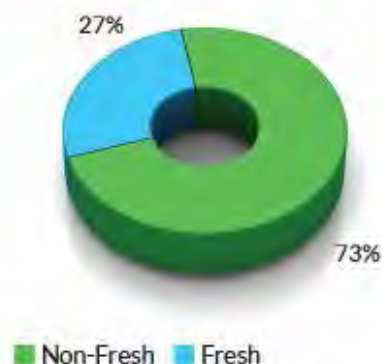
Spill Volumes Outside of Secondary Containment ≥ 1 bbl

Volume and number of spills

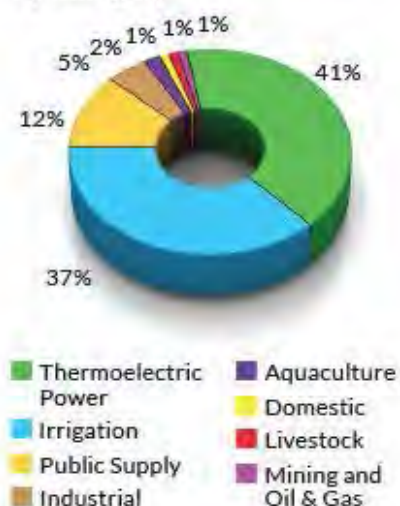


U.S. Onshore Water Usage

60.5 million barrels of water used



Percentage of Water Used by Category



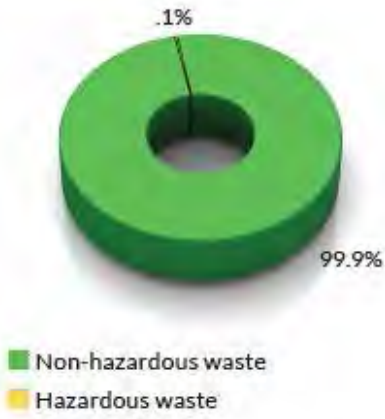
Eagle Ford 2014 Water Usage by Quality



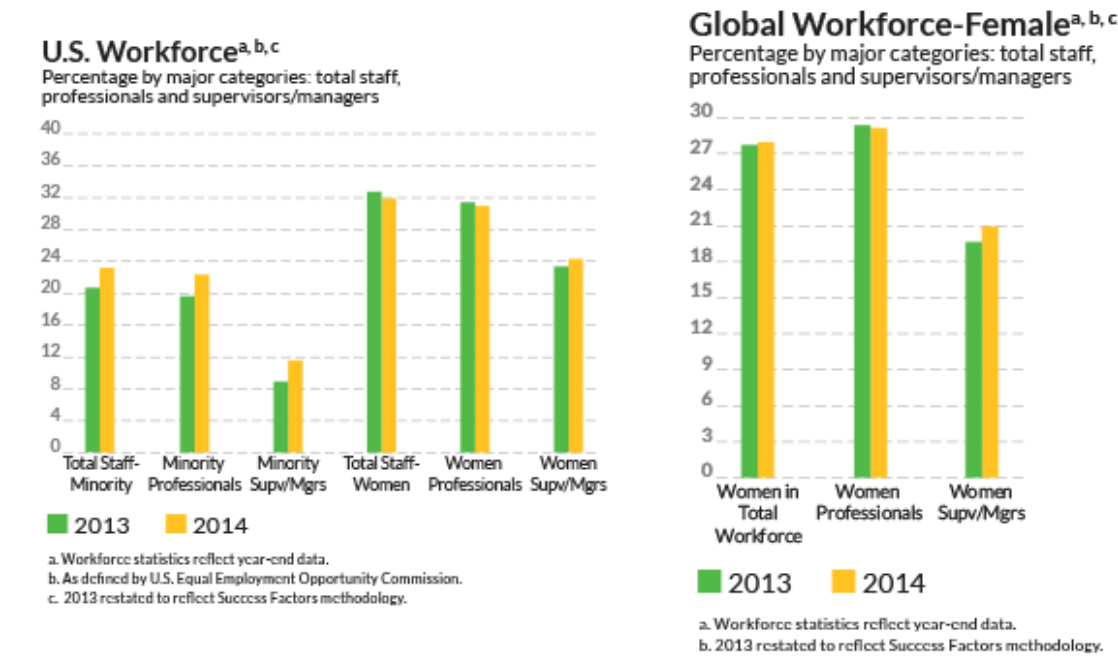
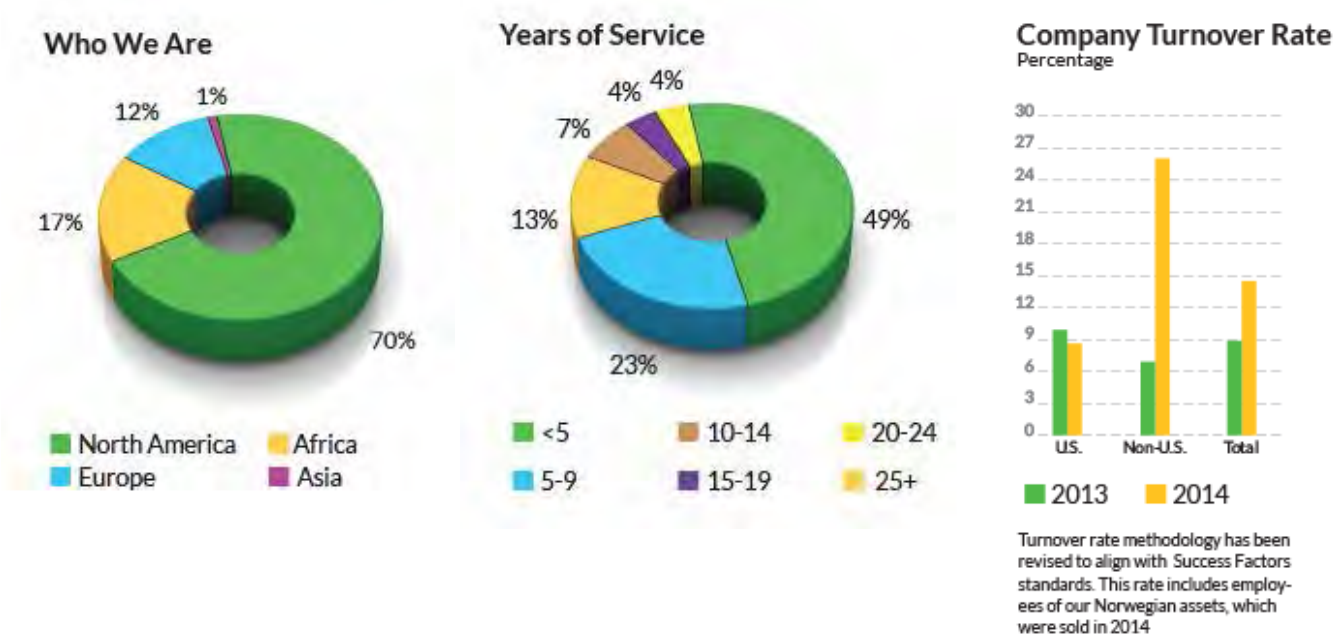
- Class 1 – Unrestricted use for drinking, agriculture or livestock
- Class 2a – Not recommended for drinking, but acceptable for all livestock and crops except sensitive plants (e.g. corn)
- Class 2b – Not recommended for drinking, usable for livestock but not preferred, usable for crops with moderate tolerance (e.g. rye)
- Class 2c – Not recommended except for very salt tolerant plants, but expect yield reduction (barley)
- Class 3 – Not recommended for use (permissible saltwater injection zone)

Source: Energy Water Initiative

Waste Generation

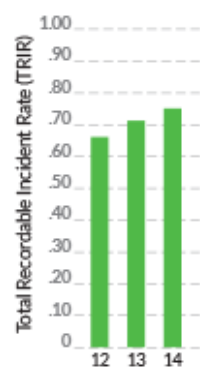


WORKPLACE METRICS



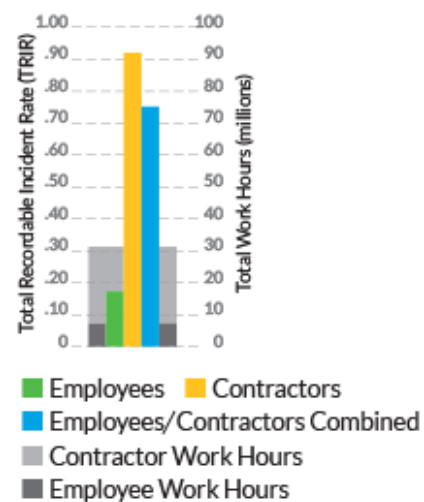
Global Safety Performance

Combined Employee and Contractor Workforce Incidents per 200,000 work hours



2014 In-Depth Global Safety Performance

Combined Employee and Contractor Workforce Incidents per 200,000 work hours



MARATHON OIL'S THREE YEAR PERFORMANCE DATA

This table contains data relevant to Marathon Oil's governance, society, environmental and workplace performance. We understand that the accuracy of the data is inherently constrained by differing reporting rules, definitions, estimating methods and other factors. Marathon Oil endeavors to strengthen global data reporting systems and methodologies but recognizes as accuracy is improved, corrections will be needed periodically. In this table, some totals may not equal the sum of their components and separate calculations of other data may be affected due to independent rounding. The metrics below are for operations under direct Marathon Oil management and operational control. Greenhouse gas (GHG) emissions are estimated using industry guidelines (API's *Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Gas Industry* and the IPIECA/API/OGP *Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions*). Except as noted, metrics in this table represent global performance.

PERFORMANCE AREA	2014	2013	2012
Governance			
Independent Board Members – percent	89	89	89
Political Contributions – thousand dollars	302	295	334
Society			
Social Investments – million dollars	29.3	30.7	29.8
Environment			
GHG Emissions (Global) ^{a,b}			
Direct Emissions – million tonnes CO ₂ e	3.52	3.50	3.63
Indirect Emissions – million tonnes CO ₂ e	0.97	0.89	1.09
Total GHG Emissions – million tonnes CO ₂ e ^c	4.49	4.39	4.72
Total Methane Emissions – million tonnes CO ₂ e	0.72	0.81	0.78
GHG Intensity – tonnes CO ₂ e on a weighted basis/production (MBOE)	23.91	24.55	30.71
Total Methane Intensity – tonnes CO ₂ e on a weighted basis/production (MBOE)	3.83	4.51	5.07
Methane Emissions Ratio – percent of natural gas produced	0.26	N/A	N/A
Energy Use – trillion BTU	56.2	74.9	69.0
Other Operational Air Emissions (Global) ^b			
Sulfur Dioxide (SO _x) – tons	530.8	287.6	504.7
Nitrogen Oxides (NO _x) – tons	20,973	20,064	18,459
Volatile Organic Compounds (VOCs) – tons	8,274	6,514	11,061
U.S. Onshore Water Usage – million barrels used	60.51	N/A	N/A
Global Fluid Spills – number ^d	56	77	84
Global Fluid Spills (Total volume of fluids spilled) – thousand barrels ^d	1.15	4.18	4.66
Workplace			
Safety – Global (combined employee and contractor) ^e			
Fatalities – number	0	0	0
Total Recordable Incident Rate (TRIR) – incidents/200,000 work hours	0.75	0.71	0.66
Process Safety Management			
Tier 1 Process Safety Events – number	0	0	1

Tier 2 Process Safety Events – number	4	2	2
Tier 3 Process Safety Events – number ^f	87	56	53
Employees (Global) – number ^e	3,330	3,359	3,367
Turnover – percent ^e	14.4	8.8	7.4
Minority Employees (U.S.) – percent ^{e, g, h}	23.1	20.6	20.1
Minority Professionals (U.S.) – percent ^{e, g, h}	22.2	19.4	18.9
Minority Supervisors/Managers (U.S.) – percent ^{e, g, h}	11.4	8.8	8.7
Female Employees (Global) – percent ^{e, h}	27.9	27.7	27.0
Female Professionals (Global) – percent ^{e, h}	29.1	29.3	27.3
Female Supervisors/Managers (Global) – percent ^{e, h}	20.9	19.7	18.5

a Greenhouse Gas (GHG) carbon dioxide equivalent (CO₂e) emissions are based on carbon dioxide, methane and nitrous oxide from Marathon Oil-operated facilities only.

b Discontinued assets (Norway, and Green River and Powder River Basins in Wyoming) were removed from previous years' data for comparing year-on-year performance.

c Gross production of all hydrocarbons increased by 5 percent in 2014.

d Data includes spills outside of secondary containment greater than or equal to 1 barrel.

e Workforce statistics reflect year-end data.

f Increase in 2014 consistent with Company's continued focus on reporting of "near miss" events.

g As defined by U.S. Equal Employment Opportunity Commission.

h 2012 and 2013 restated to reflect Success Factors methodology.

N/A Not Available

Tier 2 Process Safety Events – number	4	2	2
Tier 3 Process Safety Events – number ^f	87	56	53
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N/A Not Available

IPIECA/API/OGP AND GRI INDEX

This report is based on the IPIECA/API/OGP *Oil & Gas Industry Guidance on Voluntary Sustainability Reporting (2010)* with additional indicators informed by the Global Reporting Initiative (GRI) *G4 Sustainability Reporting Guidelines*. The index below lists indicators on which we have fully or partially reported.

	IPIECA/API/OGP Indicators	GRI G4 Indicators
Overview		
About This Report		G4-2, G4-7, G4-13, G4-20, G4-22, G4-28, G4-29, G4-30, G4-31, G4-33, G4-35
Materiality Determination		G4-18, G4-53
Marathon Oil at a Glance		G4-3, G4-4, G4-5, G4-6, G4-8, G4-9, G4-17
To Our Stakeholders	E1, E6, E7, E8, HS1, HS3, HS5	G4-1, G4-2, G4-13
Performance Summary		G4-9, G4-22, G4-EC1, G4-LA12
Performance Metrics	E1, E2, E8, HS3	G4-10, G4-22, G4-EN5, G4-EN8, G4-EN15, G4-EN16, G4-EN21, G4-EN24, G4-LA6, G4-LA12, G4-SO6
CSR In Context		G4-1, G4-2, G4-48
Stakeholder Engagement Map		G4-24, G4-26, G4-27
Management Systems		G4-34, G4-46, G4-47
Corporate Commitments	See sections below	See sections below
IPIECA/API/OGP and GRI Index		G4-32
Governance		
Management Approach		G4-DMA, G4-34, G4-37, G4-38, G4-39, G4-40, G4-41, G4-45, G4-49, G4-51, G4-53
Progress on Our Commitments	SE11, SE13, SE14	
Corporate Social Responsibility Oversight	SE1	G4-26, G4-34, G4-35, G4-36, G4-42, G4-43, G4-44, G4-46, G4-48
Business Ethics and Preventing Corruption	SE11, SE18	G4-56, G4-57, G4-58, G4-SO3, G4-SO4
Transparency of Payments	SE13	G4-15
Public Policy and Political Contributions	SE1, SE14	G4-16, G4-SO6
Emergency Preparedness	E8	G4-16
Society		
Management Approach	SE1	G4-DMA
Progress on Our Commitments	HS2, SE1, SE4, SE5, SE10	G4-26
Security and Human Rights	SE8, SE10	G4-15
Stakeholder Engagement	SE1	G4-25, G4-26, G4-SO1
Social Investment	E5, HS2, SE4	G4-EC7
Local Content: Workforce Integration	SE5, SE6	G4-EC8, G4LA-10
Local Content: Procurement	SE5, SE7, SE9, SE12	G4-EC9
Grievance System	SE16, SE18	

Environment		
Management Approach		G4-DMA, G4-26
Progress on Our Commitments		G4-EN3, G4-EN15, G4-EN16
Air Emissions	E1, E4, E7	G4-EN5, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN21
Water Management	E6	G4-EN8, G4-EN10
Spills and Releases	E8	G4-EN24
Waste Management	E10	
Biodiversity	E5	
Case Study: Hydraulic Fracturing	SE1	G4-15, G4-27, G4-EN27
Workplace		
Management Approach	HS1, SE17	G4-DMA, G4-LA11
Progress on Our Commitments	HS1, HS2, HS3, HS5, SE15, SE16	G4-LA6
Workforce Practices and Statistics	SE15	G4-10, G4-LA1
Diversity and Inclusion	SE15	G4-LA12
Recruiting, Training and Development	SE17	G4-LA10
Compensation and Benefits	SE16	G4-LA2
Workforce Protection	HS1, HS3, HS4, SE16	G4-LA6, G4-PR3
Contractor Safety	HS1	G4-LA6
Process Safety	HS5	G4-LA6
Workforce Health	HS1, HS2	G4-LA7
Case Studies		
Bakken Shale	SE1	G4-26, G4-EC8, G4-SO2
Eagle Ford Shale	E6, E8, HS1, SE1, SE4, SE7, SE16, SE17	G4-26, G4-EC8, G4-SO2
Equatorial Guinea	HS1, HS2, SE1, SE4, SE5, SE6, SE7, SE13, SE16, SE17	G4-26, G4-EC8, G4-EC9, G4-SO2
Hydraulic Fracturing	SE1	G4-15, G4-27, G4-EN27
Kurdistan Region of Iraq	HS2, SE1, SE4, SE5, SE17, SE18	G4-26, G4-EC8, G4-SO2
Mid-Continent Asset Team (MCAT)	E5, HS1, SE1, SE4, SE17, SE18	G4-26, G4-EC8, G4-SO2