

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)



QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2023

OR



TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-1513



Marathon Oil Corporation

(Exact name of registrant as specified in its charter)

Delaware

25-0996816

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

990 Town and Country Boulevard, Houston, Texas

77024-2217

(Address of principal executive offices)

(713) 629-6600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$1.00	MRO	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 605,687,177 shares of Marathon Oil Corporation common stock outstanding as of July 31, 2023.

MARATHON OIL CORPORATION

Unless the context otherwise indicates, references to "Marathon Oil," "we," "our," or "us" in this Form 10-Q are references to Marathon Oil Corporation, including its wholly owned and majority-owned subsidiaries, and its ownership interests in equity method investees (corporate entities, partnerships, limited liability companies and other ventures over which Marathon Oil exerts significant influence by virtue of its ownership interest).

For certain industry specific terms used in this Form 10-Q, please see "Definitions" in our 2022 Annual Report on Form 10-K.

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Part I – FINANCIAL INFORMATION

Item 1. Financial Statements

MARATHON OIL CORPORATION
Consolidated Statements of Income (Unaudited)

(In millions, except per share data)	Three Months Ended		Six Months Ended	
	June 30,	2023	June 30,	2023
	2023	2022	2023	2022
Revenues and other income:				
Revenues from contracts with customers	\$ 1,484	\$ 2,168	\$ 3,051	\$ 3,929
Net gain (loss) on commodity derivatives	3	(27)	18	(170)
Income from equity method investments	22	152	102	279
Net gain (loss) on disposal of assets	—	(1)	5	(1)
Other income	4	11	17	19
Total revenues and other income	1,513	2,303	3,193	4,056
Costs and expenses:				
Production	214	164	415	316
Shipping, handling and other operating	161	191	323	376
Exploration	11	8	26	19
Depreciation, depletion and amortization	559	436	1,079	859
Impairments	—	2	—	2
Taxes other than income	43	140	138	244
General and administrative	71	68	153	141
Total costs and expenses	1,059	1,009	2,134	1,957
Income from operations				
Net interest and other	(92)	(54)	(174)	(76)
Other net periodic benefit credits	3	5	6	9
Income before income taxes				
Provision (benefit) for income taxes	78	279	187	(238)
Net income	\$ 287	\$ 966	\$ 704	\$ 2,270
Net income per share:				
Basic	\$ 0.47	\$ 1.37	\$ 1.13	\$ 3.17
Diluted	\$ 0.47	\$ 1.37	\$ 1.13	\$ 3.16
Weighted average common shares outstanding:				
Basic	614	703	622	717
Diluted	615	705	623	719

The accompanying notes are an integral part of these consolidated financial statements .

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MARATHON OIL CORPORATION
Consolidated Statements of Comprehensive Income (Unaudited)

(In millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net income	\$ 287	\$ 966	\$ 704	\$ 2,270
Other comprehensive income (loss), net of tax				
Change in actuarial gain (loss) and other for postretirement and postemployment plans	(8)	1	(13)	(3)
Change in derivative hedges unrecognized gain	3	4	1	16
Other	—	(1)	—	(1)
Other comprehensive income (loss)	(5)	4	(12)	12
Comprehensive income	\$ 282	\$ 970	\$ 692	\$ 2,282

The accompanying notes are an integral part of these consolidated financial statements .

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MARATHON OIL CORPORATION
Consolidated Balance Sheets (Unaudited)

	June 30,	December 31,
	2023	2022
(In millions, except par value and share amounts)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 215	\$ 334
Receivables, net	1,294	1,146
Inventories	136	125
Other current assets	58	66
Total current assets	1,703	1,671
Equity method investments	430	577
Property, plant and equipment, net of accumulated depreciation, depletion and amortization of \$ 24,888 and \$ 23,876	17,524	17,377
Other noncurrent assets	262	315
Total assets	\$ 19,919	\$ 19,940
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,537	\$ 1,279
Payroll and benefits payable	50	90
Accrued taxes	102	171
Other current liabilities	305	364
Long-term debt due within one year	131	402
Total current liabilities	2,125	2,306
Long-term debt	5,724	5,521
Deferred tax liabilities	278	167
Defined benefit postretirement plan obligations	105	100
Asset retirement obligations	299	295
Deferred credits and other liabilities	144	154
Total liabilities	8,675	8,543
Commitments and contingencies (Note 21)		
Stockholders' Equity		
Preferred stock – no shares issued or outstanding (no par value, 26 million shares authorized)	—	—
Common stock:		
Issued – 937 million shares (par value \$ 1 per share, 1.925 billion shares authorized at June 30, 2023 and December 31, 2022)	937	937
Held in treasury, at cost – 331 million shares and 304 million shares	(8,188)	(7,512)
Additional paid-in capital	7,159	7,203
Retained earnings	11,242	10,663
Accumulated other comprehensive income	94	106
Total stockholders' equity	11,244	11,397
Total liabilities and stockholders' equity	\$ 19,919	\$ 19,940

The accompanying notes are an integral part of these consolidated financial statements .

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MARATHON OIL CORPORATION
Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended	
	June 30,	
(In millions)	2023	2022
<i>Increase (decrease) in cash and cash equivalents</i>		
Operating activities:		
Net income	\$ 704	\$ 2,270
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,079	859
Impairments	—	2
Exploratory dry well costs and unproved property impairments	24	14
Net (gain) loss on disposal of assets	(5)	1
Deferred income taxes	155	(319)
Unrealized loss on derivative instruments, net	2	71
Pension and other post retirement benefits, net	(11)	(16)
Stock-based compensation	21	18
Equity method investments, net	113	(85)
Changes in:		
Current receivables	(158)	(376)
Inventories	(11)	(16)
Current accounts payable and accrued liabilities	37	278
Other current assets and liabilities	10	(7)
All other operating, net	(19)	51
Net cash provided by operating activities	1,941	2,745
Investing activities:		
Additions to property, plant and equipment	(1,166)	(687)
Acquisitions, net of cash acquired	9	2
Disposal of assets, net of cash transferred to the buyer	(1)	4
Equity method investments - return of capital	34	7
All other investing, net	(1)	—
Net cash used in investing activities	(1,125)	(674)
Financing activities:		
Proceeds from revolving credit facility	980	—
Repayments of revolving credit facility	(980)	—
Borrowings	200	—
Debt repayments	(270)	(32)
Shares repurchased under buyback programs	(706)	(1,352)
Dividends paid	(125)	(108)
Purchases of shares for tax withholding obligations	(30)	(21)
All other financing, net	(4)	24
Net cash used in financing activities	(935)	(1,489)
Net increase (decrease) in cash and cash equivalents	(119)	582
Cash and cash equivalents at beginning of period	334	580
Cash and cash equivalents at end of period	\$ 215	\$ 1,162

The accompanying notes are an integral part of these consolidated financial statements .

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MARATHON OIL CORPORATION
Consolidated Statements of Stockholders' Equity (Unaudited)

(In millions)	Total Equity of Marathon Oil Stockholders								Accumulated Other Comprehensive Income		Total Equity
	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings						
	Six Months Ended June 30, 2022										
December 31, 2021 Balance	\$ —	\$ 937	\$ (4,825)	\$ 7,221	\$ 7,271	\$ 82	\$ 10,686				
Shares repurchased under buyback programs	—	—	(592)	—	—	—	—				(592)
Stock-based compensation	—	—	55	(43)	—	—	—				12
Net income	—	—	—	—	1,304	—	—				1,304
Other comprehensive income	—	—	—	—	—	8	8				
Dividends paid (per share amount of \$ 0.07)	—	—	—	—	(52)	—	—				(52)
March 31, 2022 Balance	\$ —	\$ 937	\$ (5,362)	\$ 7,178	\$ 8,523	\$ 90	\$ 11,366				
Shares repurchased under buyback programs	—	—	(760)	—	—	—	—				(760)
Stock-based compensation	—	—	4	8	—	—	—				12
Net income	—	—	—	—	966	—	—				966
Other comprehensive income	—	—	—	—	—	—	4	4			
Dividends paid (per share amount of \$ 0.08)	—	—	—	—	(56)	—	—				(56)
June 30, 2022 Balance	\$ —	\$ 937	\$ (6,118)	\$ 7,186	\$ 9,433	\$ 94	\$ 11,532				
Six Months Ended June 30, 2023											
December 31, 2022 Balance	\$ —	\$ 937	\$ (7,512)	\$ 7,203	\$ 10,663	\$ 106	\$ 11,397				
Shares repurchased under buyback programs	—	—	(334)	—	—	—	—				(334)
Excise tax on shares repurchased	—	—	(3)	—	—	—	—				(3)
Stock-based compensation	—	—	35	(54)	—	—	—				(19)
Net income	—	—	—	—	417	—	—				417
Other comprehensive loss	—	—	—	—	—	—	(7)	(7)			
Dividends paid (per share amount of \$ 0.10)	—	—	—	—	(63)	—	—				(63)
March 31, 2023 Balance	\$ —	\$ 937	\$ (7,814)	\$ 7,149	\$ 11,017	\$ 99	\$ 11,388				
Shares repurchased under buyback programs	—	—	(372)	—	—	—	—				(372)
Excise tax on shares repurchased	—	—	(3)	—	—	—	—				(3)
Stock-based compensation	—	—	1	10	—	—	—				11
Net income	—	—	—	—	287	—	—				287
Other comprehensive loss	—	—	—	—	—	—	(5)	(5)			
Dividends paid (per share amount of \$ 0.10)	—	—	—	—	(62)	—	—				(62)
June 30, 2023 Balance	\$ —	\$ 937	\$ (8,188)	\$ 7,159	\$ 11,242	\$ 94	\$ 11,244				

The accompanying notes are an integral part of these consolidated financial statements.

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MARATHON OIL CORPORATION

Notes to Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

These consolidated financial statements are unaudited; however, in the opinion of management, these statements reflect all adjustments necessary for a fair statement of the results for the periods reported. All such adjustments are of a normal recurring nature unless disclosed otherwise. These consolidated financial statements, including notes, have been prepared in accordance with the applicable rules of the SEC and do not include all of the information and disclosures required by U.S. GAAP for complete financial statements.

These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2022 Annual Report on Form 10-K. The results of operations for the second quarter and first six months of 2023 are not necessarily indicative of the results to be expected for the full year.

2. Accounting Standards

Accounting Standards Updates Adopted

No accounting standards were adopted in the second quarter of 2023 that had a material impact on our consolidated financial statements.

Accounting Standards Updates Not Yet Adopted

There were no issued but pending accounting standards expected to have a material impact on our consolidated financial statements.

3. Income and Dividends per Common Share

Basic income per share is based on the weighted average number of common shares outstanding. Diluted income per share assumes exercise of stock options in all periods, provided the effect is not antidilutive. The per share calculations below exclude 1 million of antidilutive stock options for the three and six months ended June 30, 2023 and 2 million of antidilutive stock options for the three and six months ended June 30, 2022, respectively.

<i>(In millions, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 287	\$ 966	\$ 704	\$ 2,270
Weighted average common shares outstanding	614	703	622	717
Effect of dilutive securities	1	2	1	2
Weighted average common shares, diluted	615	705	623	719
Net income per share:				
Basic	\$ 0.47	\$ 1.37	\$ 1.13	\$ 3.17
Diluted	\$ 0.47	\$ 1.37	\$ 1.13	\$ 3.16
Dividends per share	\$ 0.10	\$ 0.08	\$ 0.20	\$ 0.15

4. Revenues

The majority of our revenues are derived from the sale of crude oil and condensate, NGLs and natural gas under spot and term agreements with our customers in the United States and Equatorial Guinea.

As of June 30, 2023 and December 31, 2022, receivables from contracts with customers, included in receivables, less reserves for credit losses, were \$ 892 million and \$ 875 million, respectively.

The following tables present our revenues from contracts with customers disaggregated by product type and geographic areas for the three and six months ended June 30:

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MARATHON OIL CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

[United States](#)

(In millions)	Three Months Ended June 30, 2023						Total
	Eagle Ford	Bakken	Oklahoma	Permian	Other U.S.		
Crude oil and condensate	\$ 524	\$ 456	\$ 63	\$ 141	\$ 11	\$ 1,195	
Natural gas liquids	64	41	33	18	—	156	
Natural gas	37	14	28	7	—	86	
Other	1	—	—	—	2	3	
Revenues from contracts with customers	\$ 626	\$ 511	\$ 124	\$ 166	\$ 13	\$ 1,440	

(In millions)	Three Months Ended June 30, 2022						Total
	Eagle Ford	Bakken	Oklahoma	Permian	Other U.S.		
Crude oil and condensate	\$ 544	\$ 749	\$ 138	\$ 100	\$ 42	\$ 1,573	
Natural gas liquids	55	92	69	15	8	239	
Natural gas	56	46	95	21	10	228	
Other	1	—	—	—	48	49	
Revenues from contracts with customers	\$ 656	\$ 887	\$ 302	\$ 136	\$ 108	\$ 2,089	

(In millions)	Six Months Ended June 30, 2023						Total
	Eagle Ford	Bakken	Oklahoma	Permian	Other U.S.		
Crude oil and condensate	\$ 1,019	\$ 887	\$ 141	\$ 311	\$ 22	\$ 2,380	
Natural gas liquids	135	78	72	40	—	325	
Natural gas	93	49	64	18	1	225	
Other	3	—	—	—	10	13	
Revenues from contracts with customers	\$ 1,250	\$ 1,014	\$ 277	\$ 369	\$ 33	\$ 2,943	

(In millions)	Six Months Ended June 30, 2022						Total
	Eagle Ford	Bakken	Oklahoma	Permian	Other U.S.		
Crude oil and condensate	\$ 1,003	\$ 1,401	\$ 237	\$ 188	\$ 85	\$ 2,914	
Natural gas liquids	99	181	128	30	17	455	
Natural gas	89	89	151	33	17	379	
Other	3	—	—	—	52	55	
Revenues from contracts with customers	\$ 1,194	\$ 1,671	\$ 516	\$ 251	\$ 171	\$ 3,803	

[International \(E.G.\)](#)

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,			Total
	2023	2022	2023	2022			
Crude oil and condensate	\$ 39	\$ 71	\$ 96	\$ 111			
Natural gas liquids	—	—	1	1			
Natural gas	4	7	9	12			
Other	1	1	2	2			
Revenues from contracts with customers	\$ 44	\$ 79	\$ 108	\$ 126			

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MARATHON OIL CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

5. Segment Information

We have two reportable operating segments. Both of these segments are organized and managed based upon geographic location and the nature of the products and services offered.

- United States ("U.S.") – explores for, produces and markets crude oil and condensate, NGLs and natural gas in the United States; and
- International ("Int'l") – explores for, produces and markets crude oil and condensate, NGLs and natural gas outside of the United States as well as produces and markets products manufactured from natural gas, such as LNG and methanol, in Equatorial Guinea ("E.G.")

Segment income represents income that excludes certain items not allocated to our operating segments, net of income taxes. A portion of our corporate and operations general and administrative support costs are not allocated to the operating segments. These unallocated costs primarily consist of employment costs (including pension effects), professional services, facilities and other costs associated with corporate and operations support activities. Additionally, items which affect comparability such as: gains or losses on dispositions, impairments of proved and certain unproved properties, dry wells, changes in our valuation allowance, unrealized gains or losses on commodity and interest rate derivative instruments, effects of pension settlements and curtailments, expensed transaction costs for business combinations or other items (as determined by the chief operating decision maker ("CODM")) are not allocated to operating segments.

(In millions)	Three Months Ended June 30, 2023			
	U.S.	Int'l	Not Allocated to Segments	Total
Revenues from contracts with customers	\$ 1,440	\$ 44	\$ —	\$ 1,484
Net gain (loss) on commodity derivatives	7	—	(4) ^(c)	3
Income from equity method investments	—	22	—	22
Other income	1	3	—	4
Less costs and expenses:				
Production	191	23	—	214
Shipping, handling and other operating	161	—	—	161
Exploration	6	—	5	11
Depreciation, depletion and amortization	547	10	2	559
Taxes other than income	43 ^(b)	—	—	43
General and administrative	31	3	37	71
Net interest and other	—	—	92	92
Other net periodic benefit costs	—	—	(3)	(3)
Income tax provision (benefit)	104	3	(29)	78
Segment income (loss)	\$ 365	\$ 30	\$ (108)	\$ 287
Total assets	\$ 18,761	\$ 1,006	\$ 152	\$ 19,919
Capital expenditures ^(a)	\$ 620	\$ —	\$ 3	\$ 623

(a) Includes accruals and excludes acquisitions.

(b) Includes a nonrecurring Eagle Ford severance tax refund of \$ 47 million related to prior years.

(c) Unrealized loss on commodity derivative instruments (See [Note 12](#)).

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MARATHON OIL CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

<i>(In millions)</i>	Three Months Ended June 30, 2022				<i>Total</i>
	U.S.	Int'l	Not Allocated to Segments	Total	
Revenues from contracts with customers	\$ 2,089	\$ 79	\$ —	\$ 2,168	
Net gain (loss) on commodity derivatives	(70)	—	43 ^(b)	(27)	
Income from equity method investments	—	152	—	152	
Net loss on disposal of assets	—	—	(1)	(1)	
Other income	2	2	7	11	
Less costs and expenses:					
Production	150	14	—	164	
Shipping, handling and other operating	187	1	3	191	
Exploration	8	—	—	8	
Depreciation, depletion and amortization	415	16	5	436	
Impairments	—	—	2	2	
Taxes other than income	139	—	1	140	
General and administrative	27	3	38	68	
Net interest and other	—	—	54	54	
Other net periodic benefit costs	—	—	(5)	(5)	
Income tax provision (benefit)	249	39	(9)	279	
Segment income (loss)	\$ 846	\$ 160	\$ (40)	\$ 966	
Total assets	\$ 15,757	\$ 1,059	\$ 1,470	\$ 18,286	
Capital expenditures ^(a)	\$ 372	\$ 1	\$ 2	\$ 375	

(a) Includes accruals.

(b) Unrealized gain on commodity derivative instruments (See [Note 12](#)).

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MARATHON OIL CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

<i>(In millions)</i>	Six Months Ended June 30, 2023				
	U.S.	Int'l	Not Allocated to Segments	Total	
Revenues from contracts with customers	\$ 2,943	\$ 108	\$ —	\$ 3,051	
Net gain (loss) on commodity derivatives	20	—	(2) ^(c)	18	
Income from equity method investments	—	102	—	102	
Net gain on disposal of assets	—	—	5	5	
Other income	12	4	1	17	
Less costs and expenses:					
Production	369	46	—	415	
Shipping, handling and other operating	320	3	—	323	
Exploration	11	—	15 ^(d)	26	
Depreciation, depletion and amortization	1,052	22	5	1,079	
Taxes other than income	140 ^(b)	—	(2)	138	
General and administrative	66	6	81	153	
Net interest and other	—	—	174	174	
Other net periodic benefit costs	—	—	(6)	(6)	
Income tax provision (benefit)	227	18	(58)	187	
Segment income (loss)	\$ 790	\$ 119	\$ (205)	\$ 704	
Total assets	\$ 18,761	\$ 1,006	\$ 152	\$ 19,919	
Capital expenditures ^(a)	\$ 1,217	\$ 2	\$ 5	\$ 1,224	

(a) Includes accruals.

(b) Includes a nonrecurring Eagle Ford severance tax refund of \$ 47 million related to prior years.

(c) Unrealized loss on commodity derivative instruments (See [Note 12](#)).

(d) Includes \$ 10 million of dry well expense associated with wells in Permian (See [Note 9](#)).

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MARATHON OIL CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

<i>(In millions)</i>	Six Months Ended June 30, 2022			
	U.S.	Int'l	Not Allocated to Segments	Total
Revenue from contracts with customers	\$ 3,803	\$ 126	\$ —	\$ 3,929
Net loss on commodity derivatives	(99)	—	(71) ^(b)	(170)
Income from equity method investments	—	279	—	279
Net loss on disposal of assets	—	—	(1)	(1)
Other income	6	4	9	19
Less costs and expenses:				
Production	291	25	—	316
Shipping, handling and other operating	337	10	29	376
Exploration	19	—	—	19
Depreciation, depletion and amortization	819	31	9	859
Impairments	—	—	2	2
Taxes other than income	238	—	6	244
General and administrative	57	6	78	141
Net interest and other	—	—	76 ^(c)	76
Other net periodic benefit credit	—	—	(9)	(9)
Income tax provision (benefit)	442	62	(742) ^(d)	(238)
Segment income	\$ 1,507	\$ 275	\$ 488	\$ 2,270
Total assets	\$ 15,757	\$ 1,059	\$ 1,470	\$ 18,286
Capital expenditures ^(a)	\$ 718	\$ —	\$ 5	\$ 723

(a) Includes accruals.

(b) Unrealized loss on commodity derivative instruments (See [Note 12](#)).

(c) Includes a \$ 17 million gain on 2025 interest rate swaps (See [Note 12](#)).

(d) Includes a \$ 685 million benefit related to the partial release of our valuation allowance (See [Note 6](#)).

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MARATHON OIL CORPORATION Notes to Consolidated Financial Statements (Unaudited)

6. Income Taxes

Effective Tax Rate

The effective income tax rate is influenced by a variety of factors including the geographic and functional sources of income and the relative magnitude of these sources of income. The difference between the total provision and the sum of the amounts allocated to segments is reported in the "Not Allocated to Segments" column of the tables in [Note 5](#).

For the three and six months ended June 30, 2023 and 2022, our effective income tax rates were as follows:

	Three Months Ended June 30, 2023	2022	Six Months Ended June 30, 2023	2022
Effective income tax rate	21 %	22 %	21 %	(12)%

- **2022** — Our effective income tax rate was different from our U.S. statutory tax rate of 21% for the six months ended June 30, 2022, due to the first quarter 2022 release of the valuation allowance on certain U.S. and state deferred tax assets resulting in a non-cash deferred tax benefit of \$ 685 million.

In August 2022, the President signed the Inflation Reduction Act of 2022 ("IRA") into law. The IRA enacted various income tax provisions, including a 15% corporate book minimum tax. The corporate book minimum tax, which became effective on January 1, 2023, applies to corporations with an average annual adjusted financial statement income that exceeds \$1 billion for the preceding three years. Under current law and guidance, we do not anticipate being subject to the corporate book minimum tax in 2023. The U.S. Treasury is expected to publish further guidance and regulations that will be relevant to scoping considerations and the calculation of minimum income tax liabilities. As this guidance is issued, we will continue to evaluate and assess the impact the IRA may have on our current and future period income taxes. We have made an accounting policy election to consider the effects of the corporate book minimum tax on the realizability of our deferred tax assets, carryforwards and tax credits as a period cost when they arise.

7. Credit Losses

The majority of our receivables are from purchasers of commodities or joint interest owners in properties we operate, both of which are recorded at estimated or invoiced amounts and do not bear interest. The majority of these receivables have payment terms of 30 days or less. At the end of each reporting period, we assess the collectability of our receivables and estimate the expected credit losses using historical data, current market conditions, reasonable and supportable forecasts of future economic conditions and other data as deemed appropriate.

Changes in the allowance for credit losses were as follows:

(In millions)	June 30, 2023	December 31, 2022
Beginning balance as of January 1	\$ 10	\$ 15
Current period provision	4	(3)
Current period write offs	(1)	(2)
Recoveries of amounts previously reserved	(1)	—
Ending balance	\$ 12	\$ 10

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MARATHON OIL CORPORATION
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8. Inventories

Crude oil and natural gas liquids are recorded at weighted average cost and carried at the lower of cost or net realizable value. Supplies and other items consist principally of tubular goods and equipment which are valued at weighted average cost and reviewed periodically for obsolescence or impairment when market conditions indicate.

(In millions)	June 30, 2023	December 31, 2022
Crude oil and natural gas liquids	\$ 13	\$ 15
Supplies and other items	123	110
Inventories	\$ 136	\$ 125

9. Property, Plant and Equipment

(In millions)	June 30, 2023	December 31, 2022
United States	\$ 17,201	\$ 17,034
International	269	288
Corporate	54	55
Net property, plant and equipment	\$ 17,524	\$ 17,377

As of June 30, 2023 and December 31, 2022, we had \$ 10 million and \$ 20 million, respectively, of exploratory well costs capitalized greater than one year related to suspended wells. Management believes these wells exhibit sufficient quantities of hydrocarbons to justify potential development. All of the suspended wells require completion activities in order to classify the reserves as proved. The decrease during the six months ended June 30, 2023 included a reduction in suspended well costs as we recorded \$ 10 million of dry well expense associated with drilled and uncompleted exploratory wells in Permian.

10. Asset Retirement Obligations

Asset retirement obligations primarily consist of estimated costs to remove, dismantle and restore land or seabed at the end of oil and gas production operations. Changes in asset retirement obligations were as follows:

(In millions)	2023	2022
Beginning balance as of January 1	\$ 340	\$ 316
Incurred liabilities, including acquisitions	3	8
Settled liabilities, including dispositions	(20)	(3)
Accretion expense (included in depreciation, depletion and amortization)	7	7
Revisions of estimates	9	(5)
Ending balance as of June 30, total	\$ 339	\$ 323
Ending balance as of June 30, short-term	\$ 40	\$ 46

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MARATHON OIL CORPORATION Notes to Consolidated Financial Statements (Unaudited)

11. Leases

Lessee

Balance sheet information related to right-of-use ("ROU") assets and lease liabilities was as follows:

(In millions)	Balance Sheet Location:	June 30, 2023	December 31, 2022
ROU assets:			
Operating leases	Other noncurrent assets	\$ 118	\$ 123
Finance leases	Other noncurrent assets	21	24
Total ROU assets		\$ 139	\$ 147
Lease liabilities:			
Current liabilities			
Operating leases	Other current liabilities	\$ 83	\$ 94
Finance leases	Other current liabilities	6	6
Noncurrent liabilities			
Operating leases	Deferred credits and other liabilities	38	32
Finance leases	Deferred credits and other liabilities	15	18
Total lease liabilities		\$ 142	\$ 150

Operating Leases

We enter into various lease agreements to support our operations including drilling rigs, well fracturing equipment, compressors, buildings, vessels, vehicles and miscellaneous field equipment. We primarily act as a lessee in these transactions and the majority of our existing leases are classified as either short-term or long-term operating leases.

Finance Leases

In 2018, we signed an agreement with an owner/lessor to construct and lease a new build-to-suit office building in Houston, Texas. The initial lease term is five years and commenced in late September 2021 after the new Houston office was ready for occupancy. In March 2022, we made our first cash lease payment. During the six months ended June 30, 2023 and 2022, we have made cash lease payments totaling approximately \$ 10 million and \$ 2 million, respectively. At the end of the initial lease term, we can negotiate to extend the lease term for an additional five years, subject to the approval of the participants; purchase the property subject to certain terms and conditions; or remarket the property to an unrelated third party. The lease contains a residual value guarantee of 100 % of the total acquisition and construction costs.

Lessor

Our wholly owned subsidiary, Marathon E.G. Production Limited, is a lessor for residential housing in E.G., which is occupied by EGHoldings, a related party equity method investee – see [Note 20](#). The lease was classified as an operating lease and expires in 2024, with a lessee option to extend through 2034. Lease payments are fixed for the entire duration of the agreement at approximately \$ 6 million per year. Our lease income is reported in other income in our consolidated statements of income for all periods presented. The undiscounted cash flows to be received under this lease agreement are summarized below.

(In millions)	Operating Lease Future Cash Receipts
2023	\$ 3
2024	6
2025	6
2026	6
2027	6
Thereafter	42
Total undiscounted cash flows	\$ 69

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12. Derivatives

We may use derivatives to manage a portion of our exposure to commodity price risk, commodity locational risk and interest rate risk. For further information regarding the fair value measurement of derivative instruments, see [Note 13](#). All of our commodity derivatives and interest rate derivatives are subject to enforceable master netting arrangements or similar agreements under which we report net amounts.

The following tables present the gross fair values of our open derivative instruments and the reported net amounts along with their locations in our consolidated balance sheets.

(In millions)	June 30, 2023			Net Asset (Liability)	Balance Sheet Location
	Asset	Liability			
Not Designated as Hedges					
Commodity	\$ 9	\$ —	\$ 9	\$ 9	Other current assets
Total Not Designated as Hedges	\$ 9	\$ —	\$ 9	\$ 9	
Cash Flow Hedges					
Interest Rate	\$ 10	\$ —	\$ 10	\$ 10	Other current assets
Interest Rate	14	—	14	14	Other noncurrent assets
Total Designated Hedges	\$ 24	\$ —	\$ 24	\$ 24	
Total	\$ 33	\$ —	\$ 33	\$ 33	

(In millions)	December 31, 2022			Net Asset (Liability)	Balance Sheet Location
	Asset	Liability			
Not Designated as Hedges					
Commodity	\$ 10	\$ —	\$ 10	\$ 10	Other current assets
Total Not Designated as Hedges	\$ 10	\$ —	\$ 10	\$ 10	
Cash Flow Hedges					
Interest Rate	\$ 9	\$ —	\$ 9	\$ 9	Other current assets
Interest Rate	15	—	15	15	Other noncurrent assets
Total Designated Hedges	\$ 24	\$ —	\$ 24	\$ 24	
Total	\$ 34	\$ —	\$ 34	\$ 34	

Derivatives Not Designated as Hedges

Commodity Derivatives

We have entered into crude oil and natural gas derivatives indexed to their respective indices as noted in the table below, related to a portion of our forecasted U.S. sales through 2023. These derivatives are three-way collars. Three-way collars consist of a sold call (ceiling), a purchased put (floor) and a sold put. The ceiling price is the maximum we will receive for the contract volumes; the floor is the minimum price we will receive, unless the market price falls below the sold put strike price. In this case, we receive the NYMEX WTI price or the Henry Hub price plus the difference between the floor and the sold put price. These crude oil and natural gas derivatives were not designated as hedges.

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The following table sets forth outstanding derivative contracts as of June 30, 2023, and the weighted average prices for those contracts:

	2023	
	Third Quarter	Fourth Quarter
Crude Oil		
NYMEX WTI Three-Way Collars		
Volume (Bbls/day)	10,000	10,000
Weighted average price per Bbl:		
Ceiling	\$ 97.59	\$ 97.59
Floor	\$ 60.00	\$ 60.00
Sold put	\$ 45.00	\$ 45.00
Natural Gas		
Henry Hub Three-Way Collars		
Volume (MMBtu/day)	50,000	50,000
Weighted average price per MMBtu:		
Ceiling	\$ 11.14	\$ 11.14
Floor	\$ 4.00	\$ 4.00
Sold Put	\$ 2.50	\$ 2.50

The unrealized and realized gain (loss) impact of our commodity derivative instruments appears in the table below and is reflected in net gain (loss) on commodity derivatives in the consolidated statements of income.

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Unrealized gain (loss) on derivative instruments, net	\$ (4)	\$ 43	\$ (2)	\$ (71)
Realized gain (loss) on derivative instruments, net ^(a)	\$ 7	\$ (70)	\$ 20	\$ (99)

^(a) During the second quarter and first six months of 2023, net cash received for settled derivative positions was \$ 7 million and \$ 17 million, respectively. During the second quarter and first six months of 2022, net cash paid for settled derivative positions was \$ 61 million and \$ 89 million, respectively.

Interest Rate Swaps

During 2020, we entered into forward starting interest rate swaps with a notional amount of \$ 350 million to hedge variations in cash flows arising from fluctuations in the LIBOR benchmark interest rate related to forecasted interest payments of a future debt issuance in 2025. The expected proceeds of the future debt issuance were intended to refinance our \$ 900 million 3.85 % Senior Notes due 2025 ("2025 Notes"). In September 2021, we fully redeemed these 2025 Notes. In March 2022, we closed these positions and settled the interest rate swaps for proceeds of \$ 44 million. During the six months ended June 30, 2022, we recorded a cumulative \$ 17 million gain within net interest and other within our consolidated statements of income related to these swaps.

Derivatives Designated as Cash Flow Hedges

During 2019, we entered into forward starting interest rate swaps with a maturity date of September 9, 2026 to hedge variations in cash flows related to the interest rate component of future lease payments of our Houston office. As of June 30, 2023 and December 31, 2022, the notional amount of open interest rate swaps for the Houston office was \$ 295 million. The weighted average secured overnight financing rate ("SOFR") for the swaps was 1.43 % as of both June 30, 2023 and December 31, 2022.

The Houston office lease commenced in September 2021, however, our first cash lease payment for February 2022 rent was paid in March 2022. The first settlement date for the interest rate swaps was in January 2022. During the six months ended June 30, 2023, net cash received for the settled interest rate swap positions was \$ 5 million. As of June 30, 2023, we expect to reclassify a \$ 11 million gain from accumulated other comprehensive income into our consolidated statements of income over the next twelve months. See [Note 11](#) for further details regarding Houston office lease.

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MARATHON OIL CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

13. Fair Value Measurements

Fair Values – Recurring

The following tables present assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2023 and December 31, 2022 by hierarchy level.

(In millions)	June 30, 2023					Total
	Level 1	Level 2	Level 3			
Derivative instruments, assets						
Commodity ^(a)	\$ —	\$ 9	\$ —	\$ 9	\$ —	\$ 9
Interest rate - designated as cash flow hedges	—	24	—	—	—	24
Derivative instruments, assets	\$ —	\$ 33	\$ —	\$ 33	\$ —	\$ 33
 December 31, 2022						
(In millions)	Level 1	Level 2	Level 3			
	Level 1	Level 2	Level 3			Total
Derivative instruments, assets						
Commodity ^(a)	\$ —	\$ 10	\$ —	\$ 10	\$ —	\$ 10
Interest rate - designated as cash flow hedges	—	24	—	—	—	24
Derivative instruments, assets	\$ —	\$ 34	\$ —	\$ 34	\$ —	\$ 34

(a) Commodity derivative instruments are recorded on a net basis in our consolidated balance sheet. See [Note 12](#).

As of June 30, 2023, our commodity derivatives include three-way collars. These instruments are measured at fair value using either a Black-Scholes or a modified Black-Scholes Model. For three-way collars, inputs to the models include commodity prices and implied volatility and are categorized as Level 2 because predominantly all assumptions and inputs are observable in active markets throughout the term of the instruments.

The forward starting interest rate swaps are measured at fair value with a market approach using actionable broker quotes, which are Level 2 inputs. See [Note 12](#) for details on the forward starting interest rate swaps.

Fair Values – Financial Instruments

Our current assets and liabilities include financial instruments, the most significant of which are receivables, the current portion of our long-term debt and payables. We believe the carrying values of our receivables and payables approximate fair value. Our fair value assessment incorporates a variety of considerations, including (1) the short-term duration of the instruments, (2) our credit rating and (3) our historical incurrence of and expected future insignificant bad debt expense, which includes an evaluation of counterparty credit risk.

The following table summarizes financial instruments, excluding receivables, payables and derivative financial instruments, and their reported fair values by individual balance sheet line item at June 30, 2023 and December 31, 2022.

(In millions)	June 30, 2023			December 31, 2022		
	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial assets						
Other noncurrent assets	\$ 10	\$ 28	\$ 10	\$ 28	\$ 10	\$ 28
Total financial assets	\$ 10	\$ 28	\$ 10	\$ 28	\$ 10	\$ 28
Financial liabilities						
Other current liabilities	\$ 130	\$ 195	\$ 140	\$ 204	\$ 140	\$ 204
Long-term debt, including current portion ^(a)	5,742	5,878	5,806	5,948	5,806	5,948
Deferred credits and other liabilities	62	63	73	73	73	73
Total financial liabilities	\$ 5,934	\$ 6,136	\$ 6,019	\$ 6,225	\$ 6,019	\$ 6,225

(a) Excludes debt issuance costs.

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MARATHON OIL CORPORATION *Notes to Consolidated Financial Statements (Unaudited)*

Fair values of our financial assets included in other noncurrent assets, and of our financial liabilities included in other current liabilities and deferred credits and other liabilities, are measured using an income approach and most inputs are internally generated, which results in a Level 3 classification. Estimated future cash flows are discounted using a rate deemed appropriate to obtain the fair value.

Our fixed rate debt instruments are publicly traded. The fair value of our fixed rate debt is measured using a market approach, based upon quotes from major financial institutions, which are Level 2 inputs. Our floating rate debt is non-public and consists of borrowings under our Term Loan Facility and Revolving Credit Facility. The fair value of our floating rate debt approximates the carrying value and is estimated based on observable market-based inputs, which results in a Level 2 classification.

14. Debt

Term Loan Facility

In November 2022, we entered into a term credit agreement, which provides for a two-year \$ 1.5 billion term loan facility ("Term Loan Facility") and we borrowed the full amount thereunder in December 2022. Borrowings under the Term Loan Facility can be prepaid without penalty. As of June 30, 2023, we had \$ 1.5 billion in borrowings under our Term Loan Facility. The second quarter weighted average interest rate on borrowings under the Term Loan Facility was 6.84 %.

The Term Loan Facility includes a covenant requiring our total debt to total capitalization ratio not to exceed 65 % as of the last day of each fiscal quarter. In the event of a default, the lenders holding more than half of the commitments may terminate all of the commitments under the Term Loan Facility and require the immediate repayment of all outstanding borrowings under the Term Loan Facility. As of June 30, 2023, we were in compliance with this covenant with a ratio of 26 %.

Revolving Credit Facility

As of June 30, 2023, we had borrowings of \$ 450 million against our \$ 2.5 billion unsecured Revolving Credit Facility. The second quarter weighted average interest rate on borrowings under the Revolving Credit Facility was 6.96 %.

The Revolving Credit Facility includes a covenant requiring our total debt to total capitalization ratio not to exceed 65 % as of the last day of each fiscal quarter. In the event of a default, the lenders holding more than half of the commitments may terminate the commitments under the Revolving Credit Facility and require the immediate repayment of all outstanding borrowings and the cash collateralization of all outstanding letters of credit under the Revolving Credit Facility. As of June 30, 2023, we were in compliance with this covenant with a ratio of 26 %.

Commercial Paper Program

During the second quarter of 2023, we obtained ratings for our commercial paper from Moody's, Standard & Poor's and Fitch. Pursuant to our U.S. commercial paper program, we may issue unsecured notes in a maximum aggregate face amount of \$ 2.5 billion outstanding at any time, with maturities up to 365 days from the date of issuance. Our \$ 2.5 billion U.S. commercial paper program is backed by our \$ 2.5 billion Revolving Credit Facility and can be used to fund short-term working capital requirements. We did not issue commercial paper during the second quarter of 2023.

Debt Redemption

In March 2023, we repaid the \$ 70 million 8.5 % Senior Notes on the maturity date.

Long-term debt

At June 30, 2023, we had \$ 5.9 billion of total long-term debt outstanding. Long-term debt due within one year consists of \$ 131 million of 8.125 % Senior Notes, which were repaid in connection with their maturity on July 17, 2023. Refer to our 2022 Annual Report on Form 10-K for a listing of our long-term debt maturities.

Debt Remarketing

On April 3, 2023, we closed a \$ 200 million remarketing to investors of sub-series 2017A-1 bonds that are part of the \$ 1 billion St. John the Baptist Parish, State of Louisiana revenue refunding bonds Series 2017. The bonds are subject to an interest rate of 4.05 % and a mandatory purchase date of July 1, 2026. The repayment and new borrowing associated with the remarketed bonds are presented separately within Debt repayments and Borrowings, respectively, within the Consolidated Statements of Cash Flows.

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MARATHON OIL CORPORATION
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15. Stockholders' Equity

Our Board of Directors has authorized a share repurchase program. During the first six months of 2023, we repurchased approximately 29 million shares of our common stock pursuant to the share repurchase program at a cost of \$ 706 million. Our remaining share repurchase authorization was approximately \$ 1.8 billion at June 30, 2023. Purchases under the program are made at our discretion and may be in either open market transactions, including block purchases, or in privately negotiated transactions using cash on hand, cash generated from operations or proceeds from potential asset sales. This program may be changed based upon our financial condition or changes in market conditions and is subject to termination prior to completion.

Additionally, during the first six months of 2023 we repurchased \$ 30 million of shares related to our tax withholding obligation associated with the vesting of employee restricted stock awards and restricted stock units; these repurchases do not impact our share repurchase program authorization.

16. Incentive Based Compensation

Stock options, restricted stock and restricted stock units

The following table presents a summary of activity for the first six months of 2023:

	Stock Options		Restricted Stock & Units		
	Number of Shares	Weighted Average Exercise Price	Number of Shares & Units		Weighted Average Grant Date Fair Value
			Number of Shares	Units	
Outstanding at December 31, 2022	1,678,524	\$ 28.86	4,651,196	\$ 14.89	
Granted	—	\$ —	1,832,506	\$ 25.79	
Exercised/Vested	(10,417)	\$ 10.47	(2,597,783)	\$ 11.99	
Canceled	(122,054)	\$ 33.68	(116,259)	\$ 20.19	
Outstanding at June 30, 2023	1,546,053	\$ 28.61	3,769,660	\$ 22.02	

Stock-based performance unit awards

During the first six months of 2023, we granted 222,464 stock-based performance units to eligible officers, which are settled in shares. The grant date fair value per unit was \$ 32.97. During the first six months of 2023, we stock settled the units related to the 2020 grant. At June 30, 2023, there were 686,266 outstanding stock-based performance units to be settled in shares to officers.

During the first six months of 2023, we also granted 222,464 stock-based performance units to eligible officers, which are settled in cash. At the grant date for these performance units, each unit represents the value of one share of our common stock. The fair value of each cash-settled performance unit was \$ 23.22 as of June 30, 2023. During the first six months of 2023, we also cash settled the units related to the 2021 grant. At June 30, 2023, there were 389,507 units outstanding of the stock-based performance unit awards to be settled in cash to officers.

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17. Defined Benefit Postretirement Plans

The following table summarizes the components of net periodic benefit costs (credits):

(In millions)	Three Months Ended June 30,			
	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Service cost	\$ 4	\$ 3	—	\$ —
Interest cost	3	2	—	1
Expected return on plan assets	(2)	(3)	—	—
Amortization:				
– prior service credit	(1)	(1)	(4)	(4)
– actuarial loss	—	1	1	—
Net settlement loss ^(a)	—	—	—	—
Net periodic benefit costs (credits) ^(b)	\$ 4	\$ 2	\$ (3)	\$ (3)

(In millions)	Six Months Ended June 30,			
	Pension Benefits		Other Benefits	
	2023	2022	2023	2022
Service cost	\$ 7	\$ 7	—	\$ —
Interest cost	6	4	1	1
Expected return on plan assets	(4)	(5)	—	—
Amortization:				
– prior service credit	(3)	(3)	(8)	(8)
– actuarial loss	—	1	1	1
Net settlement loss ^(a)	1	—	—	—
Net periodic benefit costs (credits) ^(b)	\$ 7	\$ 4	\$ (6)	\$ (6)

(a) Settlements are recognized as they occur, once it is probable that lump sum payments from a plan for a given year will exceed the plan's total service and interest cost for that year.

(b) Net periodic benefit costs (credits) reflects a calculated market-related value of plan assets which recognizes changes in fair value over three years.

During the first six months of 2023, we made contributions of \$ 6 million to our funded pension plan and we expect to make additional contributions of \$ 6 million this year. We also made payments of \$ 3 million to each of our unfunded pension plan and other postretirement benefit plans.

18. Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

The following table presents a summary of amounts reclassified from accumulated other comprehensive income (loss):

(In millions)	Three Months Ended		Six Months Ended		Income Statement Line
	June 30, 2023	2022	June 30, 2023	2022	
Postretirement and postemployment plans					
Amortization of prior service credit	\$ 5	\$ 5	\$ 11	\$ 11	Other net periodic benefit credits
Amortization of actuarial loss	(1)	(1)	(1)	(2)	Other net periodic benefit credits
Net settlement loss	—	—	(1)	—	Other net periodic benefit credits
Income Tax	(1)	(1)	(2)	(2)	Provision (benefit) for income taxes
Total reclassifications of expense, net of tax	\$ 3	\$ 3	\$ 7	\$ 7	Net income

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Notes to Consolidated Financial Statements (Unaudited)

19. Supplemental Cash Flow Information

(In millions)	Six Months Ended June 30,	
	2023	2022
Included in operating activities:		
Interest paid ^(a)	\$ 139	\$ 99
Income taxes paid, net of refunds	\$ 97	\$ 93
Noncash investing activities:		
Increase in asset retirement costs	\$ 12	\$ 3

(a) The increase during the six months ended June 30, 2023 compared to the same period in 2022 was primarily related to interest paid on borrowings under the Term Loan Facility and Revolving Credit Facility.

Other noncash investing activities include accrued capital expenditures for the six months ended June 30, 2023 and 2022 of \$ 169 million and \$ 116 million, respectively.

20. Equity Method Investments

During the periods ended June 30, 2023 and December 31, 2022 our equity method investees were considered related parties. Our investment in our equity method investees are summarized in the following table:

(In millions)	Ownership as of June 30,		
	2023	June 30, 2023	December 31, 2022
EGHoldings ^(a)	56 %	\$ 118	\$ 287
Alba Plant LLC ^(b)	52 %	163	155
AMPCO ^(c)	45 %	149	135
Total		\$ 430	\$ 577

(a) EGHoldings is engaged in LNG production activity.

(b) Alba Plant LLC processes LPG.

(c) AMPCO is engaged in methanol production activity.

Summarized, 100% combined financial information for equity method investees is as follows:

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Income data:				
Revenues and other income	\$ 183	\$ 459	\$ 489	\$ 833
Income from operations	43	306	202	535
Net income	\$ 30	\$ 272	\$ 164	\$ 476

Revenues from related parties were \$ 5 million and \$ 11 million for the three and six months ended June 30, 2023 and \$ 7 million and \$ 15 million for the three and six months ended June 30, 2022, respectively, with the majority related to EGHoldings in both periods.

Cash received from equity investees is classified as dividends or return of capital on the Consolidated Statements of Cash Flows. Dividends from equity method investees are reflected in the Operating activities section in Equity Method Investments, net while return of capital is reflected in the Investing activities section. Dividends and return of capital received by us totaled \$ 249 million during the three and six months ended June 30, 2023 and \$ 146 million and \$ 200 million during the three and six months ended June 30, 2022, respectively.

Current receivables from related parties at June 30, 2023 and December 31, 2022 were \$ 15 million and \$ 36 million, respectively, which primarily related to EGHoldings in both periods. Payables to related parties at June 30, 2023 and December 31, 2022 were \$ 14 million and \$ 20 million, respectively, with the majority related to Alba Plant LLC in both periods.

MARATHON OIL CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

21. Commitments and Contingencies

Various groups, including the State of North Dakota and three Indian tribes (the "Three Affiliated Tribes") represented by the Bureau of Indian Affairs, have been involved in a dispute regarding the ownership of certain lands underlying the Missouri River and Little Missouri River (the "Disputed Land") from which we currently produce. As a result, as of June 30, 2023, we have a \$ 165 million current liability in suspended royalty and working interest revenue, including interest, of which \$ 144 million was included within accounts payable and \$ 21 million related to accrued interest and was included within other current liabilities on our consolidated balance sheet. Additionally, we have a long-term receivable of \$ 26 million for capital and expenses. The United States Department of the Interior ("DOI") has addressed the United States' position with respect to this dispute several times in recent years with conflicting opinions. In January 2017, the DOI issued an opinion that the Disputed Land is held in trust for the Three Affiliated Tribes, then in June 2018 and May 2020 the DOI issued opinions concluding that the State of North Dakota held title to the Disputed Land. Most recently, on February 4, 2022, the DOI issued an opinion ("M-Opinion") concluding the DOI's position that the Disputed Land is held in trust for the Three Affiliated Tribes. While the latest M-Opinion is binding on all agencies within the DOI, it is not legally binding on third parties, including Marathon Oil, or a court. Depending on the ultimate outcome of this title dispute, the Three Affiliated Tribes could challenge the validity of certain of our leases relating to a portion of the disputed land, and if such challenge were successful it could result in operational delays and additional costs to us. Given the uncertainty in matters such as these, we are unable to predict the ultimate outcome of this matter at this time; however, we believe the resolution of this matter will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

We are a defendant in a number of legal and administrative proceedings arising in the ordinary course of business including, but not limited to, royalty claims, contract claims, tax disputes and environmental claims. While the ultimate outcome and impact to us cannot be predicted with certainty, we believe the resolution of these proceedings will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. In addition, we may also be subject to retained liabilities with respect to certain divested assets by operation of law. For example, we are exposed to the risk that owners and/or operators of assets purchased from us become unable to satisfy plugging or abandonment obligations that attach to those assets. In that event, due to operation of law, we may be required to assume plugging or abandonment obligations for those assets. Although we have established reserves for such liabilities, we could be required to accrue additional amounts in the future and these amounts could be material.

Marathon Oil was named in a lawsuit alleging improper royalty deductions in certain of our Oklahoma operations, and after plaintiffs lost their attempt to certify a class action, a settlement was reached, and in the first quarter of 2023 such settlement was approved by the court and paid.

We have received Notice of Violations ("NOV")'s from the EPA related to allegations of violations of the Clean Air Act with respect to our operations on the Fort Berthold Indian Reservation between 2015 and 2019. We continue to actively negotiate a draft consent decree with the EPA and Department of Justice containing certain proposed injunctive terms relating to this enforcement action. The resolution of the enforcement action will likely include monetary sanctions and implementation of both environmental mitigation projects and injunctive terms, which would increase both our development costs and operating costs. We maintain an accrual for estimated future costs related to this matter regarding actions required to retrofit or replace existing equipment, which we expect to incur over multiple years. Our accrual does not include possible monetary sanctions or costs associated with mitigation projects as we are currently unable to estimate those amounts. Through the date of this filing, there exists substantial uncertainty as to the ultimate result of this matter and it is reasonably possible the result could be materially different from our expectations and our accrual.

The Company received NOV's from the EPA relating to alleged Clean Air Act violations following flyovers conducted in 2020 and 2022 over certain of the Company's oil and gas facilities in New Mexico. The notices involve alleged emission and permitting violations. We initiated discussions with the EPA to resolve these matters. As we are still investigating these allegations, we are unable to estimate the potential loss associated with these matters, however, it is reasonably possible that resolution of these matters may result in a fine or penalty in excess of \$ 300,000 .

We have incurred and will continue to incur capital, operating and maintenance and remediation expenditures as a result of environmental laws and regulations. If these expenditures, as with all costs, are not ultimately offset by the prices we receive for our products and services, our operating results will be adversely affected. We believe that substantially all of our competitors must comply with similar environmental laws and regulations. However, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, marketing areas and production processes. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for noncompliance.

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MARATHON OIL CORPORATION
Notes to Consolidated Financial Statements (Unaudited)

At June 30, 2023, accrued liabilities for remediation relating to environmental laws and regulations were not material. It is not presently possible to estimate the ultimate amount of all remediation cost that might be incurred or the penalties that may be imposed.

In the second quarter of 2019, Marathon E.G. Production Limited ("MEGPL"), a consolidated and wholly owned subsidiary, signed a series of agreements to process third-party Alen Unit gas through existing infrastructure located in Punta Europa, E.G. Our equity method investee, Alba Plant LLC, is also a party to some of the agreements. These agreements require (subject to certain limitations) MEGPL to indemnify the owners of the Alen Unit against injury to Alba Plant LLC's personnel and damage to or loss of Alba Plant LLC's automobiles, as well as third party claims caused by Alba Plant LLC and certain environmental liabilities arising from certain hydrocarbons in the custody of Alba Plant LLC. At this time, we cannot reasonably estimate this obligation as we do not have any history of prior indemnification claims or environmental discharge or contamination. Therefore, we have not recorded a liability with respect to these indemnities since the amount of potential future payments under these indemnification clauses is not determinable.

The agreements to process the third-party Alen Unit gas required the execution of third-party guarantees by Marathon Oil Corporation in favor of the Alen Unit's owners. Two separate guarantees were executed during the second quarter of 2020; one for a maximum of approximately \$ 91 million pertaining to the payment obligations of Equatorial Guinea LNG Operations, S.A. and another for a maximum of \$ 25 million pertaining to the payment obligations of Alba Plant LLC. Payment by us would be required if any of those entities fails to honor its payment obligations pursuant to the relevant agreements with the owners of the Alen Unit. Certain owners of the Alen Unit, or their affiliates, are also direct or indirect shareholders in Equatorial Guinea LNG Operations, S.A. and Alba Plant LLC. Each guarantee expires no later than December 31, 2027. We measured these guarantees at fair value using the net present value of premium payments we expect to receive from our investees. Our liability for these guarantees was approximately \$ 4 million as of June 30, 2023. Each of Equatorial Guinea LNG Operations, S.A. and Equatorial Guinea LNG Train 1, S.A. provided us with a pledge of its receivables as recourse against any payments we may make under the guaranty of Equatorial Guinea LNG Operations, S.A.'s performance.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

[Executive Overview](#)

[Outlook](#)

[Operations](#)

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[Results of Operations](#)

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[Liquidity and Capital Resources](#)

[Environmental Matters and Other Contingencies](#)

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the preceding consolidated financial statements and notes in [Item 1](#).

Executive Overview

We are an independent exploration and production company, focused on U.S. resource plays: Eagle Ford in Texas, Bakken in North Dakota, STACK and SCOOP in Oklahoma and Permian in New Mexico and Texas. Our U.S. assets are complemented by our international operations in E.G. Our overall business strategy is to responsibly deliver competitive corporate return levels, free cash flow and cash returns to shareholders, all of which are sustainable and resilient through long-term commodity price cycles. We expect to achieve our business strategy by adherence to a disciplined reinvestment rate capital allocation framework that limits our capital expenditures relative to our expected cash flow from operations. Keeping our workforce safe, maintaining a strong balance sheet, responsibly meeting global energy demand with a focus on continuously improving environmental performance, serving as a trusted partner in our local communities and maintaining best in-class corporate governance standards are foundational to the execution of our strategy.

In December 2022, we closed on a transaction to acquire approximately 130,000 net proved and unproved acres, with an average 97% working interest, in the Eagle Ford resource play from Ensign Natural Resources ("Ensign") for cash consideration of \$3.0 billion.

Compared to the same period of 2022, we experienced a decrease in revenue and net income from operations and operating cash flow, primarily as a result of lower commodity prices. Total company net sales volumes increased during the second quarter of 2023 when compared to prior year quarter. Below are certain key financial and operational highlights for the quarter:

Financial and operational results

- Our net income was \$287 million in the second quarter of 2023 as compared to net income of \$966 million in the same period last year. Included in our financial results for the current quarter:
 - Revenues from contracts with customers decreased \$684 million compared to the same quarter last year as a result of lower realized commodity prices, partially offset by increased sales.
 - We recorded a net gain of \$3 million on commodity derivatives as compared to a net loss of \$27 million during the same quarter last year.
 - Income from equity method investments decreased \$130 million compared to the same quarter last year as a result of lower realized commodity prices.
 - Depreciation, depletion and amortization was \$559 million, which was an increase of \$123 million as compared to the same quarter last year.
- Net sales volumes in the U.S. segment increased 26% compared to the same period last year, primarily driven by increased production from the acreage acquired from Ensign.

Prioritized return of capital to investors and maintained investment grade balance sheet

- In the first six months of 2023, we repurchased \$706 million of shares through our share repurchase program.
- As of June 30, 2023, we have \$215 million of cash on hand and \$2.3 billion of total liquidity.

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- Paid \$125 million of dividends, or \$0.20 per share, during the first six months of 2023, compared to dividends paid of \$0.15 per share during the first six months of 2022.
- All three primary credit rating agencies continue to rate us as investment grade, with Fitch and Moody's reaffirming our credit rating in June 2023.

Outlook

Capital Budget

In February 2023, we announced a 2023 capital budget of \$1.9 billion to \$2.0 billion that prioritizes free cash flow generation over production growth, consistent with our disciplined capital allocation framework. Approximately 60% of the 2023 capital budget is weighted to the first half of the year.

Operations

The following table presents a summary of our sales volumes for each of our segments. Refer to [Results of Operations](#) for a price-volume analysis for each of the segments.

Net Sales Volumes	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
United States (mboed)	356	283	26 %	349	282	24 %
International (mboed)	44	60	(27) %	50	60	(17) %
Total (mboed)	400	343	17 %	399	342	17 %

United States

The following tables provide additional details regarding net sales volumes, sales mix and operational drilling activity for our significant operations within this segment. Effective in 2023, the Texas Delaware oil play, which was previously included within Other United States as an exploration property, was integrated into the Permian resource play. The increase in net sales volumes in our U.S. segment compared to the same period in the prior year was primarily a result of our acquisition of the Eagle Ford assets of Ensign in December 2022.

Net Sales Volumes	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Equivalent Barrels (mboed)						
Eagle Ford	156	84	86 %	150	82	83 %
Bakken	108	114	(5) %	102	116	(12) %
Oklahoma	50	56	(11) %	52	54	(4) %
Permian	40	20	100 %	43	20	115 %
Other United States	2	9	(78) %	2	10	(80) %
Total United States	356	283	26 %	349	282	24 %

Sales Mix - U.S. Resource Plays	Three Months Ended June 30, 2023				
	Eagle Ford	Bakken	Oklahoma	Permian	Total
Crude oil and condensate	52 %	63 %	19 %	53 %	51 %
Natural gas liquids	25 %	23 %	35 %	25 %	26 %
Natural gas	23 %	14 %	46 %	22 %	23 %

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Drilling Activity - U.S. Resource Plays	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Gross Operated				
<i>Eagle Ford:</i>				
Wells drilled to total depth	30	32	65	62
Wells brought to sales	49	19	85	47
<i>Bakken:</i>				
Wells drilled to total depth	27	10	45	24
Wells brought to sales	23	20	40	40
<i>Oklahoma:</i>				
Wells drilled to total depth	3	—	4	3
Wells brought to sales	—	10	5	19
<i>Permian:</i>				
Wells drilled to total depth	6	3	14	5
Wells brought to sales	8	—	16	—

International

Net sales volumes were lower during the three and six months ended June 30, 2023 as compared to the same period in the prior year primarily due to the impact of a turnaround completed in April 2023 and natural decline. The following table provides details regarding net sales volumes for our operations within this segment:

Net Sales Volumes	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Equivalent Barrels (mboed)						
Equatorial Guinea	44	60	(27) %	50	60	(17) %
Equity Method Investees						
LNG (mtd)	1,716	2,601	(34) %	1,913	3,043	(37) %
Methanol (mtd)	1,047	964	9 %	1,212	973	25 %
Condensate and LPG (boed)	6,614	10,363	(36) %	7,709	8,648	(11) %

Market Conditions

Commodity prices are the most significant factor impacting our revenues, profitability, operating cash flows, the amount of capital we invest in our business, redemption of our debt, payment of dividends and funding of share repurchases. Commodity prices experienced significant volatility in 2022 and this has continued into 2023. Russia's invasion of Ukraine was a geopolitical shock that caused energy prices to spike significantly higher in early to mid-2022. However, Russian oil production has remained at higher levels than expected, European gas shortages were averted as record levels of LNG were imported into that market and an exceptionally warm winter in both the US and Europe has refilled gas inventories to multi year highs causing prices to fall back significantly. Economic headwinds, caused by increasing interest rates as central banks continue to fight inflation, are a threat to demand growth as we move forward. In addition, demand growth in China will continue to have an impact as they emerge from strict COVID restrictions. Price volatility was also exacerbated by ongoing OPEC+ petroleum supply limitations and economic sanctions involving producer countries. We continue to expect commodity price volatility given the complex global dynamics of supply and demand that exist in the market. Refer to Item 1A. Risk Factors in our 2022 Annual Report on Form 10-K for further discussion on how volatility in commodity prices could impact us.

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United States

The following table presents our average price realizations and the related benchmarks for crude oil and condensate, NGLs and natural gas for the second quarter and first six months of 2023 and 2022.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Average Price Realizations^(a)						
Crude oil and condensate (per bbl) ^(b)	\$ 72.49	\$ 110.10	(34) %	\$ 73.57	\$ 102.29	(28) %
Natural gas liquids (per bbl)	18.72	40.32	(54) %	21.25	38.84	(45) %
Natural gas (per mcf) ^(c)	1.89	6.84	(72) %	2.43	5.84	(58) %
Benchmarks						
WTI crude oil average of daily prices (per bbl)	\$ 73.56	\$ 108.52	(32) %	\$ 74.77	\$ 101.77	(27) %
Magellan East Houston ("MEH") crude oil average of daily prices (per bbl)	74.93	112.35	(33) %	76.14	104.51	(27) %
Mont Belvieu NGLs (per bbl) ^(d)	20.49	41.73	(51) %	22.91	39.99	(43) %
Henry Hub natural gas settlement date average (per mmbtu)	2.10	7.17	(71) %	2.76	6.06	(54) %

(a) Excludes gains or losses on commodity derivative instruments.

(b) Inclusion of realized gains (losses) on crude oil derivative instruments would have decreased average price realizations by \$4.43 per bbl for the second quarter of 2022.

Inclusion of realized gains (losses) on crude oil derivative instruments would have decreased average price realizations by \$3.22 per bbl for the first six months of 2022.

(c) Inclusion of realized gains (losses) on natural gas derivative instruments would have minimal impact on average price realizations for the second quarter and first six months of 2023 and 2022.

(d) Bloomberg Finance LLP: Y-grade Mix NGL of 55% ethane, 25% propane, 5% butane, 8% isobutane and 7% natural gasoline.

Crude oil and condensate – Price realizations may differ from benchmarks due to the quality and location of the product.

Natural gas liquids – The majority of our sales volumes are sold at reference to Mont Belvieu prices.

Natural gas – A significant portion of our volumes are sold at bid-week prices, or first-of-month indices relative to our producing areas.

International (E.G.)

The following table presents our average price realizations and the related benchmark for crude oil for the second quarter and first six months of 2023 and 2022.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Average Price Realizations						
Crude oil and condensate (per bbl)	\$ 53.64	\$ 79.74	(33) %	\$ 56.46	\$ 71.14	(21) %
Natural gas liquids (per bbl)	1.00	1.00	— %	1.00	1.00	— %
Natural gas (per mcf)	0.24	0.24	— %	0.24	0.24	— %
Benchmark						
Brent (Europe) crude oil (per bbl) ^(a)	\$ 78.32	\$ 113.54	(31) %	\$ 79.75	\$ 106.92	(25) %

(a) Average of monthly prices obtained from the United States Energy Information Agency website.

Crude oil and condensate – Alba field liquids production is primarily condensate. We generally sell our share of condensate in relation to the Brent crude benchmark. Alba Plant LLC processes the rich hydrocarbon gas which is supplied by the Alba field under a fixed-price long term contract. Alba Plant LLC extracts NGLs and condensate which is then sold by Alba Plant LLC at market prices, with our share of the revenue reflected in income from equity method investments on the consolidated statements of income. Alba Plant LLC delivers the processed dry natural gas to the Alba Unit Parties for distribution and sale to AMPCO and EG LNG.

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Natural gas liquids – Wet gas is sold to Alba Plant LLC at a fixed-price long term contract resulting in realized prices not tracking market price. Alba Plant LLC extracts and keeps NGLs, which are sold at market price, with our share of income from Alba Plant LLC being reflected in the income from equity method investments on the consolidated statements of income.

Natural gas – Dry natural gas, processed by Alba Plant LLC on behalf of the Alba Unit Parties, is sold by the Alba field to EG LNG and AMPCO at fixed-price contracts resulting in realized prices not tracking market price. The gas sales contracts between Alba Unit and EG LNG and AMPCO expire on December 31, 2023 and in 2026, respectively. We derive additional value from the equity investment in our downstream gas processing units EG LNG and AMPCO. EG LNG sells LNG on a market-based contract and AMPCO markets methanol at market prices. In March 2023, we announced the signing of a HOA to progress the development of the Equatorial Guinea Regional Gas Mega Hub. The next phase involves processing Alba Unit gas under new contractual terms effective January 1, 2024, that would increase our exposure to global LNG market prices. In addition to processing Alba Unit gas, Alba Plant LLC and EG LNG process third-party gas from the Alen field under a combination of a tolling and a market linked profit-sharing arrangement, the benefits of which are included in our respective share of income from equity method investees. This profit-sharing arrangement provides exposure to global LNG market prices.

Results of Operations

Three Months Ended June 30, 2023 vs. Three Months Ended June 30, 2022

Revenues from contracts with customers are presented by segment in the table below:

(In millions)	Three Months Ended June 30,	
	2023	2022
Revenues from contracts with customers		
United States	\$ 1,440	\$ 2,089
International	44	79
Segment revenues from contracts with customers	\$ 1,484	\$ 2,168

Below is a price/volume analysis for each segment. Refer to the preceding [Operations](#) and [Market Conditions](#) sections for additional detail related to our net sales volumes and average price realizations.

(In millions)	Three Months Ended June 30, 2022	Increase (Decrease) Related to		Three Months Ended June 30, 2023
		Price Realizations	Net Sales Volumes	
United States Price/Volume Analysis				
Crude oil and condensate	\$ 1,573	\$ (620)	\$ 242	\$ 1,195
Natural gas liquids	239	(179)	96	156
Natural gas	228	(227)	85	86
Other sales ^(a)	49			3
Total	\$ 2,089			\$ 1,440
International Price/Volume Analysis				
Crude oil and condensate	\$ 71	\$ (19)	\$ (13)	\$ 39
Natural gas liquids	—	—	—	—
Natural gas	7	—	(3)	4
Other sales	1			1
Total	\$ 79			\$ 44

^(a) Includes revenue from commodity volumes purchased for resale.

Net gain (loss) on commodity derivatives in the second quarter of 2023 was a net gain of \$3 million, compared to a net loss of \$27 million for the same period in 2022. We have commodity derivative contracts which settle against the NYMEX WTI and Henry Hub indexes. We record commodity derivative gains/losses as the index pricing and forward curves change each period. See [Note 12](#) to the consolidated financial statements for further information.

Income from equity method investments decreased \$130 million in the second quarter of 2023, when compared to the second quarter of 2022, primarily due to lower prices realized by our equity method investees during the second quarter of 2023, as well as lower production as a result of a turnaround at our E.G. facilities completed in April 2023.

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Production expenses increased \$50 million in the second quarter of 2023, when compared to the same period in 2022, primarily as a result of our acquisition of the Eagle Ford assets of Ensign in December 2022 and inflationary pressures when compared to the second quarter of 2022. In addition, in our International segment, production expenses were higher due to the April turnaround.

The following table provides production expense and production expense rates (expense per boe) for each segment:

(\$ in millions; rate in \$ per boe)	Three Months Ended June 30,						Increase (Decrease)
	2023	2022	Increase (Decrease)		2023	2022	
Production Expense and Rate	Expense			Rate			
United States	\$ 191	\$ 150	27	%	\$ 5.88	\$ 5.80	1 %
International	\$ 23	\$ 14	64	%	\$ 5.72	\$ 2.83	102 %

Shipping, handling and other operating decreased \$30 million in the second quarter of 2023 when compared to the same period in 2022, primarily due to lower purchases of commodity volumes for resale to satisfy transportation commitments as compared to the prior period. The decrease is partially offset by an increase in third party consultant fees associated with a nonrecurring Eagle Ford severance tax refund during the second quarter of 2023.

Depreciation, depletion and amortization increased \$123 million in the second quarter of 2023 primarily as a result of higher production volumes.

Our segments apply the units-of-production method to the majority of assets, including capitalized asset retirement costs; therefore, volumes have an impact on DD&A expense. The following table provides DD&A expense and DD&A expense rates for each segment:

(\$ in millions; rate in \$ per boe)	Three Months Ended June 30,						Increase (Decrease)
	2023	2022	Increase (Decrease)		2023	2022	
DD&A Expense and Rate	Expense			Rate			
United States	\$ 547	\$ 415	32	%	\$ 16.88	\$ 16.11	5 %
International	\$ 10	\$ 16	(38)	%	\$ 2.42	\$ 2.80	(14) %

Taxes other than income include production, severance and ad valorem taxes, primarily in the U.S., which tend to increase or decrease in relation to revenue and sales volumes. Taxes other than income decreased \$97 million in the second quarter of 2023 primarily due to a nonrecurring Eagle Ford severance tax refund of \$47 million related to prior years and lower sales revenue in the second quarter of 2023, when compared to the same period in 2022.

Net interest and other increased \$38 million in the second quarter of 2023 primarily as a result of increased interest expense associated with borrowings on our Term Loan Facility and Revolving Credit Facility. See [Note 14](#) to the consolidated financial statements for further information.

Provision for income taxes decreased \$201 million in the second quarter of 2023 primarily due to a decrease in income before income taxes for the current quarter when compared to the same period in 2022.

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[Segment Income](#)

Segment income represents income that excludes certain items not allocated to our operating segments, net of income taxes. See [Note 5](#) to the consolidated financial statements for further details regarding items not allocated to the operating segments.

The following table reconciles segment income to net income:

(In millions)	Three Months Ended June 30,	
	2023	2022
United States	\$ 365	\$ 846
International	30	160
Segment income	395	1,006
Items not allocated to segments, net of income taxes	(108)	(40)
Net income	\$ 287	\$ 966

United States segment income in the second quarter of 2023 was \$365 million of income versus \$846 million of income for the same period in 2022. The decrease in segment income is a result of the variances described above.

International segment income in the second quarter of 2023 was \$30 million of income versus \$160 million of income for the same period in 2022. The decrease was primarily due to lower price realizations and lower net sales volume by our equity method investees.

Items not allocated to segments, net of income taxes in the second quarter of 2023 was a loss of \$108 million versus a loss of \$40 million for the same period in 2022. The increase was primarily due to unrealized net losses on commodity derivatives in the second quarter of 2023 versus unrealized net gains on commodity derivatives in the same period of 2022, as well higher interest expense as a result of outstanding borrowings on our Term Loan Facility and Revolving Credit Facility.

[Results of Operations](#)

[Six Months Ended June 30, 2023 vs. Six Months Ended June 30, 2022](#)

Revenues from contracts with customers are presented by segment in the table below:

(In millions)	Six Months Ended June 30,	
	2023	2022
Revenues from contracts with customers		
United States	\$ 2,943	\$ 3,803
International	108	126
Segment revenues from contracts with customers	\$ 3,051	\$ 3,929

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Below is a price/volume analysis for each segment. Refer to [Operations](#) and [Market Conditions](#) for additional detail related to our net sales volumes and average price realizations.

(In millions)	Six Months Ended June 30, 2022	Increase (Decrease) Related to		Six Months Ended June 30, 2023
		Price Realizations	Net Sales Volumes	
United States Price/Volume Analysis				
Crude oil and condensate	\$ 2,914	\$ (929)	\$ 395	\$ 2,380
Natural gas liquids	455	(269)	139	325
Natural gas	379	(317)	163	225
Other sales ^(a)	55			13
Total	\$ 3,803			\$ 2,943
International Price/Volume Analysis				
Crude oil and condensate	\$ 111	\$ (25)	\$ 10	\$ 96
Natural gas liquids	1	—	—	1
Natural gas	12	—	(3)	9
Other sales	2			2
Total	\$ 126			\$ 108

^(a) Includes revenue from commodity volumes purchased for resale.

Net gain (loss) on commodity derivatives in the first six months of 2023 was a net gain of \$18 million, compared to a net loss of \$170 million for the same period in 2022. We have commodity derivative contracts that settle against the NYMEX WTI and Henry Hub indexes. We record commodity derivative gains/losses as the index pricing and forward curves change each period. See [Note 12](#) to the consolidated financial statements for further information.

Income from equity method investments decreased \$177 million for the first six months of 2023, primarily as a result of lower prices realized by our equity method investees during the first six months of 2023.

Production expenses for the first six months of 2023 increased by \$99 million compared to the same period in 2022, primarily as a result of our acquisition of the Eagle Ford assets of Ensign in December 2022 and inflationary pressures when compared to the same period of 2022. In addition, in our International segment, production expenses were higher due to the April turnaround.

The following table provides production expense and production expense rates for each segment:

(\$ in millions; rate in \$ per boe)	2023	2022	Increase (Decrease)		2023	2022	Increase (Decrease)
			Expense	Rate			
Production Expense and Rate							
United States	\$ 369	\$ 291	27 %	\$ 5.85	\$ 5.70	3 %	
International	\$ 46	\$ 25	84 %	\$ 5.06	\$ 2.37	114 %	

Shipping, handling and other operating expenses decreased \$53 million in the first six months of 2023 when compared to the same period in 2022, primarily due to lower purchases of commodity volumes for resale to satisfy transportation commitments in 2023 as compared to 2022.

Depreciation, depletion and amortization increased \$220 million in the first six months of 2023 primarily as a result of higher production volumes.

Our segments apply the units-of-production method to the majority of their assets, including capitalized asset retirement costs; therefore volumes have an impact on DD&A expense. The following table provides DD&A expense and DD&A expense rates for each segment:

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(\$ in millions; rate in \$ per boe)	Six Months Ended June 30,					
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
DD&A Expense and Rate						Expense
United States	\$ 1,052	\$ 819	28 %	\$ 16.68	\$ 16.06	4 %
International	\$ 22	\$ 31	(29) %	\$ 2.41	\$ 2.80	(14) %

Net interest and other increased \$98 million in the first six months of 2023 primarily as a result of increased interest expense associated with borrowings on our Term Loan Facility and Revolving Credit Facility.

Taxes other than income include production, severance and ad valorem taxes, primarily in the U.S., which tend to increase or decrease in relation to revenue and sales volumes. Taxes other than income decreased \$106 million primarily due to lower sales revenue in the first six months of 2023, as well as a nonrecurring Eagle Ford severance tax refund of \$47 million related to prior years in the second quarter of 2023.

Provision (benefit) for income taxes reflects an effective income tax rate of 21% in the first six months of 2023. The tax benefit for income taxes in the first six months of 2022 included a non-cash tax benefit of \$685 million arising from the partial release of a valuation allowance on certain U.S. and state deferred tax assets. See [Note 6](#) to the consolidated financial statements for further information.

Segment Income

Segment income represents income that excludes certain items not allocated to our operating segments, net of income taxes. See [Note 5](#) to the consolidated financial statements for further details regarding items not allocated to the operating segments.

The following table reconciles segment income to net income:

(In millions)	Six Months Ended June 30,	
	2023	2022
United States	\$ 790	\$ 1,507
International	119	275
Segment income	909	1,782
Items not allocated to segments, net of income taxes	(205)	488
Net income	\$ 704	\$ 2,270

United States segment income for the first six months of 2023 was \$790 million of income versus a \$1.5 billion of income for the same period in 2022. The decrease in segment income is a result of the variances described above.

International segment income for the first six months of 2023 was \$119 million of income versus \$275 million of income for the same period in 2022. The decrease was primarily due to lower prices realized by our equity method investees.

Items not allocated to segments, net of income taxes for the first six months of 2023 was \$205 million of loss versus \$488 million of income for the same period in 2022. The change from income to loss was primarily due to the partial release of a valuation allowance on certain U.S. and state deferred tax assets in the first six months of 2022, which resulted in a non-cash deferred tax benefit of \$685 million. In addition, we had increased interest expense as a result of outstanding borrowings on our Term Loan Facility and Revolving Credit Facility, partially offset by a decrease in unrealized net losses on commodity derivatives in the first six months of 2023.

Critical Accounting Estimates

There have been no material changes or developments in the evaluation of the accounting estimates and the underlying assumptions or methodologies pertaining to our Critical Accounting Estimates disclosed in our Form 10-K for the year ended December 31, 2022.

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Cash Flows

The following table presents sources and uses of cash and cash equivalents:

(In millions)	Six Months Ended June 30,	
	2023	2022
Sources of cash and cash equivalents		
Net cash provided by operating activities	\$ 1,941	\$ 2,745
Proceeds from revolving credit facility	980	—
Borrowings ^(a)	200	—
Equity method investments - return of capital	34	7
Other	9	30
Total sources of cash and cash equivalents	\$ 3,164	\$ 2,782
Uses of cash and cash equivalents		
Additions to property, plant and equipment	\$ (1,166)	\$ (687)
Repayments of revolving credit facility	(980)	—
Debt repayment ^(a)	(270)	(32)
Shares repurchased under buyback programs	(706)	(1,352)
Dividends paid	(125)	(108)
Purchases of shares for tax withholding obligations	(30)	(21)
Other	(6)	—
Total uses of cash and cash equivalents	\$ (3,283)	\$ (2,200)

^(a) Includes repayment and new borrowing associated with April 2023 remarketing to investors of \$200 million sub-series 2017A-1 bonds. See [Note 14](#) to the consolidated financial statements for further information.

Sources of cash and cash equivalents

Cash flows generated from operating activities during the second quarter of 2023 were 29% lower compared to 2022, primarily as a result of lower realized commodity prices, partially offset by higher volumes resulting from our acquisition of the Eagle Ford assets of Ensign in December 2022.

During the first six months of 2023, we borrowed and repaid \$980 million under our Revolving Credit Facility. See the *Liquidity and Capital Resources* section below for further information.

Uses of cash and cash equivalents

During the first six months of 2023, we repurchased approximately 29 million shares of our common stock pursuant to the share repurchase program at a cost of \$706 million, paid dividends of \$125 million and repaid the \$70 million 8.5% Senior Notes on the maturity date. Additionally, we repurchased \$30 million of shares during the first six months of 2023 related to our tax withholding obligations associated with the vesting of employee restricted stock awards and restricted stock units; these repurchases do not impact our share repurchase program authorization.

The following table shows capital expenditures by segment and reconciles to additions to property, plant and equipment as presented in the consolidated statements of cash flows:

(In millions)	Six Months Ended June 30,	
	2023	2022
United States	\$ 1,217	\$ 718
International	2	—
Not Allocated to Segments (Corporate)	5	5
Total capital expenditures (accrued)	1,224	723
Change in capital expenditure accrual	(58)	(36)
Total use of cash and cash equivalents for property, plant and equipment	\$ 1,166	\$ 687

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The increase in our capital expenditures for the U.S. segment in the first six months of 2023 compared to the same period in 2022 was largely driven by increased investment and drilling related to the Eagle Ford acreage we acquired from Ensign in December 2022. Additionally, inflationary pressures related to oil field services, labor, drilling materials and equipment, as well as timing of capital spend and increased activities in the first six months of 2023 compared to the same period in 2022, contributed to the increase in capital expenditures.

Liquidity and Capital Resources

Capital Resources and Available Liquidity

Our main sources of liquidity are cash and cash equivalents, internally generated cash flow from operations, capital market transactions and our Revolving Credit Facility. During the second quarter of 2023, we obtained ratings for our commercial paper from Moody's, Standard & Poor's and Fitch. Pursuant to our U.S. commercial paper program, we may issue unsecured notes in a maximum aggregate face amount of \$2.5 billion outstanding at any time, with maturities up to 365 days from the date of issuance. Our \$2.5 billion U.S. commercial paper program is backed by our \$2.5 billion Revolving Credit Facility and can be used to fund short-term working capital requirements. We did not issue commercial paper during the second quarter of 2023. At June 30, 2023, we had approximately \$2.3 billion of liquidity consisting of \$215 million in cash and cash equivalents and \$2.1 billion available under our Revolving Credit Facility.

Our working capital requirements are supported by our cash and cash equivalents, U.S. commercial paper program and our Revolving Credit Facility. We may issue commercial paper, draw on our Revolving Credit Facility to meet short-term cash requirements or issue debt or equity securities through the shelf registration statement discussed below as part of our longer-term liquidity and capital management program. Because of the alternatives available to us as discussed above, we believe that our short-term and long-term liquidity are adequate to fund not only our current operations, but also our near-term and long-term funding requirements including our capital spending programs, defined benefit plan contributions, repayment of debt maturities, dividends and other amounts that may ultimately be paid in connection with contingencies. See [Note 21](#) to the consolidated financial statements for further discussion of how our commitments and contingencies could affect our available liquidity. General economic conditions, commodity prices, and financial, business and other factors could affect our operations and our ability to access the capital markets.

We maintain investment grade ratings at all three primary credit rating agencies. A downgrade in our credit ratings could increase our future cost of financing or limit our ability to access capital and could result in additional credit support requirements. We do not have any triggers on any of our corporate debt that would cause an event of default in the case of a downgrade of our credit ratings. See Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of how a downgrade in our credit ratings could affect us.

We may incur additional debt in order to fund our working capital requirements, capital expenditures, acquisitions or development activities or for general corporate or other purposes. A higher level of indebtedness could increase the risk that our liquidity and financial flexibility deteriorates. See Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022 for a further discussion of how our level of indebtedness could affect us.

Credit Arrangements and Borrowings

In November 2022, we entered into a two-year \$1.5 billion Term Loan Facility and borrowed the full amount thereunder in December 2022. The Term Loan Facility can be prepaid without penalty.

As of June 30, 2023, we had net borrowings of \$450 million against our \$2.5 billion Revolving Credit Facility and \$5.9 billion of total long-term debt outstanding. Long-term debt due within one year consists of \$131 million of 8.125% Senior Notes, which were repaid in connection with their maturity on July 17, 2023.

Both our Term Loan Facility and Revolving Credit Facility include a covenant requiring that our total debt to total capitalization ratio not exceed 65% as of the last day of the fiscal quarter. Our total debt-to-capital ratio was 26% at both June 30, 2023 and December 31, 2022. See [Note 14](#) to the consolidated financial statements for further information.

Refer to our 2022 Annual Report on Form 10-K for a listing of our long-term debt maturities.

On April 3, 2023, we closed a \$200 million remarketing to investors of sub-series 2017A-1 bonds that are part of the \$1 billion St. John the Baptist, State of Louisiana revenue refunding bonds Series 2017. The bonds are subject to an interest rate of 4.05% and a mandatory purchase date of July 1, 2026.

Other sources of liquidity

We have an effective universal shelf registration statement filed with the SEC pursuant to which we, as a "well-known seasoned issuer" for purposes of SEC rules, subject to market conditions, are permitted to issue and sell an indeterminate

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amount of various types of debt, equity securities and other capital instruments, if and when necessary or perceived by us to be opportune, in one or more public offerings.

[Capital Requirements](#)

[Share Repurchase Program](#)

Our Board of Directors has authorized a share repurchase program. Our remaining authorization at June 30, 2023 was approximately \$1.8 billion.

[Dividends](#)

On July 26, 2023, our Board of Directors approved a dividend of \$0.10 per share payable September 11, 2023 to stockholders of record at the close of business on August 16, 2023.

[Income Taxes](#)

As described in [Note 6](#) to the consolidated financial statements, the IRA was signed into law during 2022. Under current law and guidance, we do not anticipate being subject to the corporate book minimum tax in 2023. The U.S. Treasury is expected to publish further guidance and regulations that will be relevant to scoping considerations and the calculation of minimum income tax liabilities. As this guidance is issued, we will continue to evaluate and assess the impact the IRA may have on our current and future period income taxes. If we conclude that we do trigger the minimum income tax, we may have to make estimated tax payments.

[Other Contractual Cash Obligations](#)

As of June 30, 2023, there are no material changes to our consolidated cash obligations to make future payments under existing contracts, as disclosed in our 2022 Annual Report on Form 10-K.

[Environmental Matters and Other Contingencies](#)

We have incurred and will continue to incur capital, operating and maintenance and remediation expenditures as a result of environmental laws and regulations. If these expenditures, as with all costs, are not ultimately offset by the prices we receive for our products and services, our operating results will be adversely affected. We believe that substantially all of our competitors must comply with similar environmental laws and regulations. However, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, marketing areas and production processes. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for noncompliance.

Other than the items set forth in [Part II - Item 1. Legal Proceedings](#), there have been no significant changes to the environmental, health and safety matters under Item 1. Business or Item 3. Legal Proceedings in our 2022 Annual Report on Form 10-K. See [Note 21](#) to the consolidated financial statements for a description of other contingencies.

[Forward-Looking Statements](#)

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). All statements, other than statements of historical fact, including without limitation statements regarding our future performance, business strategy, capital budget and allocations, reserve estimates, asset quality, production guidance, drilling plans, capital plans, future debt retirement, cost and expense estimates, asset acquisitions and dispositions, expected impacts of the IRA, tax assumptions and allowances, future financial position, statements regarding future commodity prices, anticipated benefits of the Ensign acquisition, and statements regarding management's other plans and objectives for future operations, are forward-looking statements. Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "outlook," "plan," "positioned," "project," "seek," "should," "target," "will," "would" or similar words may be used to identify forward-looking statements; however, the absence of these words does not mean that the statements are not forward-looking. While we believe that our assumptions concerning future events are reasonable, these expectations may not prove to be correct. A number of factors could cause results to differ materially from those indicated by such forward-looking statements including, but not limited to:

- conditions in the oil and gas industry, including supply and demand levels for crude oil and condensate, NGLs and natural gas and the resulting impact on price;
- changes in expected reserve or production levels;

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- changes in political or economic conditions in the U.S. and E.G., including changes in foreign currency exchange rates, interest rates, inflation rates and global and domestic market conditions;
- actions taken by the members of OPEC and Russia affecting the production and pricing of crude oil and other global and domestic political, economic or diplomatic developments;
- capital available for exploration and development;
- risks related to our hedging activities;
- voluntary or involuntary curtailments, delays or cancellations of certain drilling activities;
- well production timing;
- liabilities or corrective actions resulting from litigation, other proceedings and investigations or alleged violations of law or permits;
- drilling and operating risks;
- lack of, or disruption in, access to storage capacity, pipelines or other transportation methods;
- availability of drilling rigs, materials and labor, including the costs associated therewith;
- difficulty in obtaining necessary approvals and permits;
- the availability, cost, terms and timing of issuance or execution of, competition for, and challenges to, mineral licenses and leases and governmental and other permits and rights-of-way, and our ability to retain mineral licenses and leases;
- non-performance by third parties of their contractual obligations, including due to bankruptcy;
- administrative impediments or unexpected events that may impact dividends or other distributions, and the timing thereof, from our equity method investees;
- unforeseen hazards such as weather conditions, a health pandemic (including COVID-19), acts of war or terrorist acts and the governmental or military response thereto;
- the impacts of supply chain disruptions that began during the COVID-19 pandemic and the resulting inflationary environment;
- security threats, including cybersecurity threats and disruptions to our business and operations from breaches of our information technology systems, or breaches of the information technology systems, facilities and infrastructure of third parties with which we transact business;
- our ability to achieve, reach or otherwise meet initiatives, plans or ambitions with respect to ESG matters;
- our ability to pay dividends and make share repurchases;
- our ability to secure increased exposure to global LNG market prices;
- impacts of the IRA;
- the risk that the Ensign assets do not perform consistent with our expectations, including with respect to future production or drilling inventory;
- other geological, operating and economic considerations; and
- the risk factors, forward-looking statements and challenges and uncertainties described in our 2022 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the SEC.

All forward-looking statements included in this report are based on information available to us on the date of this report. Except as required by law, we undertake no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the normal course of business including commodity price risk and interest rate risk. We employ various strategies, including the use of financial derivatives to manage the risks related to commodity price and interest rate fluctuations. See [Note 12](#) and [Note 13](#) to the consolidated financial statements for detail relating to our open commodity derivative positions, including underlying notional quantities, how they are reported in our consolidated financial statements and how their fair values are measured.

Commodity Price Risk

As of June 30, 2023, we had open commodity derivatives related to crude oil and natural gas. Based on the June 30, 2023 published NYMEX WTI and natural gas futures prices, a hypothetical 10% change (per bbl for crude oil and per MMBtu for natural gas) would change the fair values of our commodity derivative positions to the following:

<i>(In millions)</i>	Fair Value at June 30, 2023	Hypothetical Price Increase		Hypothetical Price Decrease	
		of 10%	(1)	of 10%	8
Derivative asset (liability) - Crude Oil	\$ 2	\$ (1)	\$ 4	\$ 4	
Derivative asset (liability) - Natural Gas	\$ 7	\$ 6	\$ 8	\$ 8	
Total	\$ 9	\$ 5	\$ 12		

Interest Rate Risk

At June 30, 2023, our portfolio of current and long-term debt is comprised of floating rate debt and fixed-rate instruments. Our Term Loan Facility and Revolving Credit Facility are floating rate debt instruments, which expose us to the risk of earnings or cash flow losses as the result of potential increases in market interest rates. At June 30, 2023, we had \$2.0 billion outstanding borrowings under floating rate debt instruments. Assuming no change in the amount of floating rate debt outstanding, a hypothetical 100 basis point increase in the average interest rate under these borrowings would increase our annual interest expense by approximately \$20 million. Actual results may vary due to changes in the amount of floating rate debt outstanding.

At June 30, 2023, we had \$3.9 billion outstanding borrowings under fixed-rate debt instruments. Our sensitivity to interest rate movements and corresponding changes in the fair value of our fixed-rate debt portfolio affects our results of operations and cash flows only when we elect to repurchase or otherwise retire fixed-rate debt at prices different than carrying value.

At June 30, 2023, we had forward starting interest rate swap agreements with a total notional amount of \$295 million designated as cash flow hedges. We utilize cash flow hedges to manage our exposure to interest rate movements by utilizing interest rate swap agreements to hedge variations in cash flows related to the SOFR interest component of future lease payments on our Houston office. A hypothetical 10% change in interest rates would change the fair values of our cash flow hedges to the following as of June 30, 2023:

<i>(In millions)</i>	Fair Value at June 30, 2023	Hypothetical Interest Rate Increase of 10%		Hypothetical Interest Rate Decrease of 10%	
		\$ 24	\$ 28	\$ 21	
Interest rate asset (liability) - designated as cash flow hedges	\$ 24	\$ 28	\$ 21		

Item 4. Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. As of the end of the period covered by this Report based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of June 30, 2023.

During the first six months of 2023, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Part II – OTHER INFORMATION

Item 1. Legal Proceedings

We have received NOV's from the EPA related to allegations of violations of the Clean Air Act with respect to our operations on the Fort Berthold Indian Reservation between 2015 and 2019. We continue to actively negotiate a draft consent decree with the EPA and Department of Justice containing certain proposed injunctive terms relating to this enforcement action. The resolution of the enforcement action will likely include monetary sanctions and implementation of both environmental mitigation projects and injunctive terms, which would increase both our development costs and operating costs. We maintain an accrual for estimated future costs related to this matter regarding actions required to retrofit or replace existing equipment, which we expect to incur over multiple years. Our accrual does not include possible monetary sanctions or costs associated with mitigation projects as we are currently unable to estimate those amounts. While we do not believe resolution of this matter will have a material adverse effect on our business or operations, there exists substantial uncertainty as to the ultimate result of this matter and it is reasonably possible the result could be materially different from our expectations and our accrual.

The Company received NOV's from the EPA relating to alleged Clean Air Act violations following flyovers conducted in 2020 and 2022 over certain of the Company's oil and gas facilities in New Mexico. The notices involve alleged emission and permitting violations. The Company has initiated discussions with the EPA to resolve these matters. As we are still investigating these allegations, we are unable to estimate the potential loss associated with these matters, however, it is reasonably possible that the resolution of these matters may result in a fine or penalty in excess of \$300,000.

Marathon Oil was named in a lawsuit alleging improper royalty deductions in certain of our Oklahoma operations, and after plaintiffs lost their attempt to certify a class action, a settlement was reached, and in the first quarter of 2023 such settlement was approved by the court and paid.

Other than the items set forth above, there have been no significant changes to Item 3. Legal Proceedings in our 2022 Annual Report on Form 10-K. See [Note 21](#) to the consolidated financial statements included in Part I, Item I for a description of such legal and administrative proceedings and Item 3. Legal Proceedings in our 2022 Annual Report on Form 10-K.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. In addition to the other information set forth in this Quarterly Report on Form 10-Q, the reader should carefully consider the factors discussed in Item 1A. Risk Factors in our 2022 Annual Report on Form 10-K. There have been no material changes or updates to the risk factors previously disclosed in our 2022 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about purchases by Marathon Oil, during the quarter ended June 30, 2023, of equity securities that are registered by Marathon Oil pursuant to Section 12 of the Securities Exchange Act of 1934.

Period	Total Number of Shares Purchased ^(a)	Average Price Paid per Share ^(b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ^(c)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ^{(b)(c)}
04/01/2023 - 04/30/2023	3,811,086	\$ 24.93	3,811,086	\$ 2,041,000,432
05/01/2023 - 05/31/2023	5,853,037	\$ 22.98	5,853,037	\$ 1,906,501,938
06/01/2023 - 06/30/2023	6,173,567	\$ 22.96	6,173,567	\$ 1,764,769,042
Total	15,837,690	\$ 23.44	15,837,690	

(a) No shares of restricted stock were delivered by employees to Marathon Oil, upon vesting, to satisfy tax withholding requirements.

(b) Excludes 1% excise tax on share repurchases.

(c) Refer to our 2022 Annual Report on Form 10-K for historical share repurchase program authorizations and repurchase activity through December 31, 2022. As of June 30, 2023, we have approximately \$1.8 billion of authorization remaining under the share repurchase program. Purchases under the program are made at our discretion and may be in either open market transactions, including block purchases or in privately negotiated transactions using cash on hand, cash generated from operations or proceeds from potential asset sales. This program may be changed based upon our financial condition or changes in market conditions and is subject to termination prior to completion.

Shares repurchased as of June 30, 2023, were held as treasury stock.

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Item 5. Other Information

During the three months ended June 30, 2023, no director or officer adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Incorporated by Reference (File No. 001-05153, unless otherwise indicated)				
Exhibit Number	Exhibit Description	Form	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation of Marathon Oil Corporation	8-K	3.1	6/1/2018
3.2	Marathon Oil Corporation By-laws (amended and restated as of February 24, 2016)	10-Q	3.2	8/4/2016
3.3	Specimen of Common Stock Certificate	10-K	3.3	2/28/2014
4.1	Indenture, dated as of February 26, 2002, between Marathon Oil Corporation and The Bank of New York Trust Company, N.A., successor in interest to JPMorgan Chase Bank as Trustee, relating to senior debt securities of Marathon Oil Corporation. Pursuant to CFR 229.601(b)(4)(iii), instruments with respect to long-term debt issues have been omitted where the amount of securities authorized under such instruments does not exceed 10% of the total consolidated assets of Marathon Oil. Marathon Oil hereby agrees to furnish a copy of any such instrument to the SEC upon its request	10-K	4.2	2/28/2014
31.1*	Certification of President and Chief Executive Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934			
31.2*	Certification of Executive Vice President and Chief Financial Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934			
32.1**	Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350			
32.2**	Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350			
101.INS*	XBRL Instance Document - the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document			
101.SCH*	XBRL Taxonomy Extension Schema			
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF*	XBRL Taxonomy Extension Definition Linkbase			
101.LAB*	XBRL Taxonomy Extension Label Linkbase			
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase			
104*	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101			
*	Filed herewith.			
**	Furnished herewith. This certification will be treated as "accompanying" this report and not "filed" as part of such report for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act.			
†	Management contract or compensatory plan or arrangement.			

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

August 3, 2023

MARATHON OIL CORPORATION

By: /s/ Rob L. White

Rob L. White

*Vice President, Controller and Chief Accounting Officer
(Duly Authorized Officer)*

MARATHON OIL CORPORATION**CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Lee M. Tillman, certify that:

1. I have reviewed this report on Form 10-Q of Marathon Oil Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023

/s/ Lee M. Tillman

Lee M. Tillman

Chairman, President and Chief Executive Officer

MARATHON OIL CORPORATION**CERTIFICATION PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Dane E. Whitehead, certify that:

1. I have reviewed this report on Form 10-Q of Marathon Oil Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023

/s/ Dane E. Whitehead

Dane E. Whitehead

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Marathon Oil Corporation (the "Company") on Form 10-Q for the period ending June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lee M. Tillman, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 3, 2023

/s/ Lee M. Tillman

Lee M. Tillman

Chairman, President and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Marathon Oil Corporation (the "Company") on Form 10-Q for the period ending June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dane E. Whitehead, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 3, 2023

/s/ Dane E. Whitehead

Dane E. Whitehead

Executive Vice President and Chief Financial Officer