

International Oil – The Next Five Years

PESA 2008 Annual Meeting

April 17, 2008



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Agenda



- ◆ Industry Environment / Outlook
- ◆ IOC Strategies
- ◆ Role of Service and Supply Sector

Industry Environment / Outlook



- ◆ Growth in energy demand / supply constrained
- ◆ Higher prices for longer
- ◆ Access to resources and markets critical
- ◆ High capital / operating costs
- ◆ Capacity constraints
- ◆ Technology development / deployment critical
- ◆ Governmental impacts

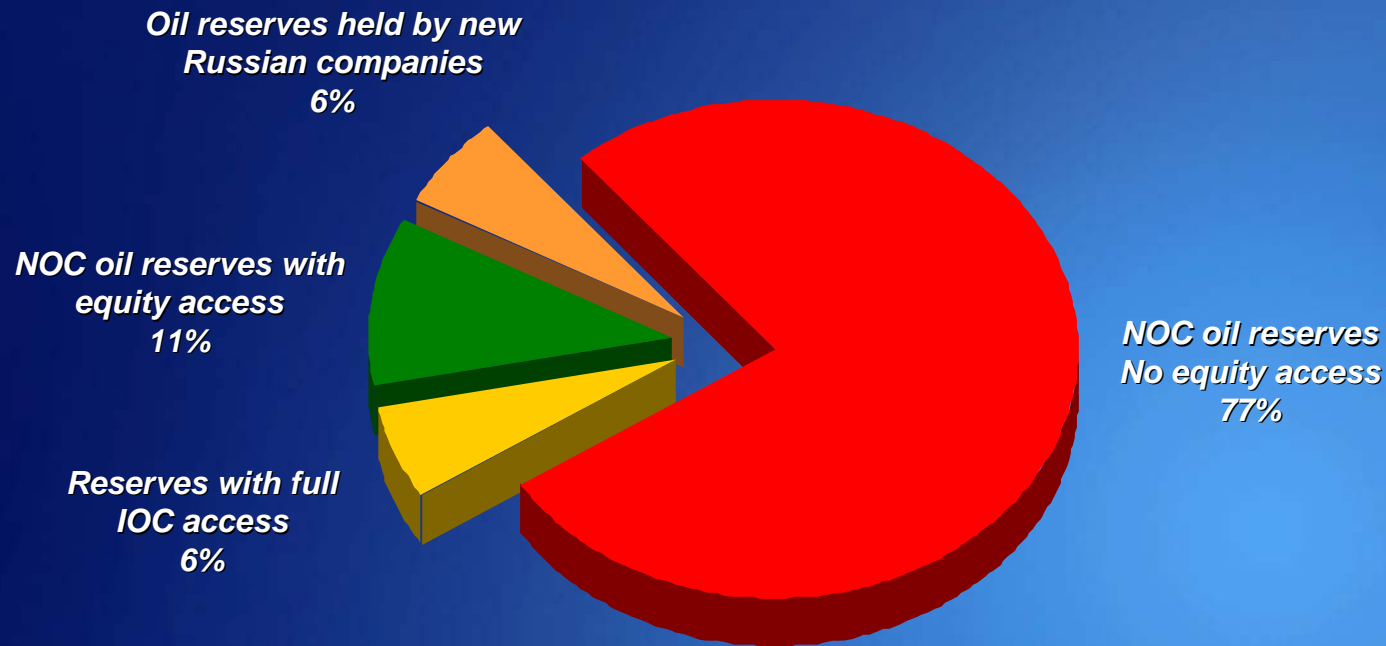
Increased energy supply / less carbon

International Oil Company (IOC) Strategies



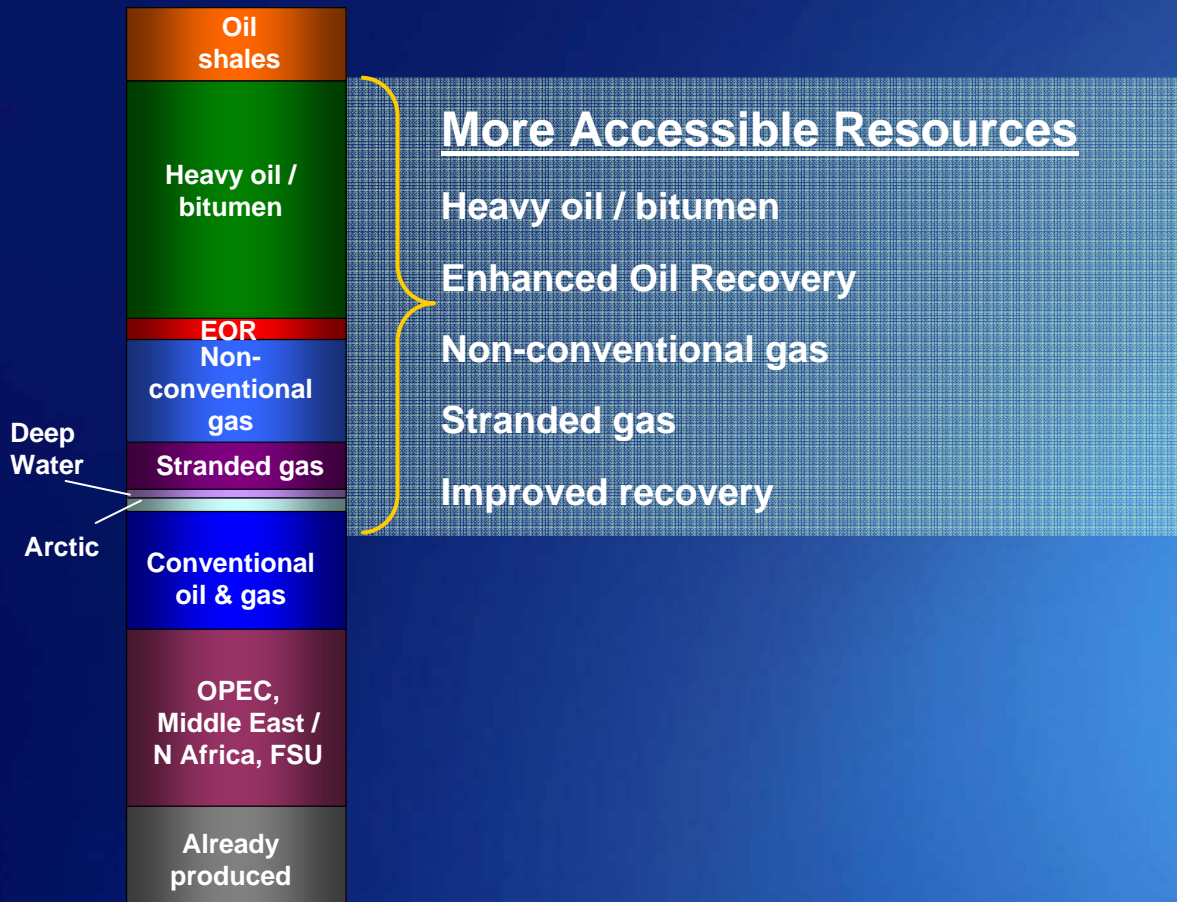
- ◆ Focus on less conventional resource

Restricted Access to Proven Oil Reserves



Less than 25% of worldwide reserves are accessible to private international capital

Worldwide Oil & Gas Resources

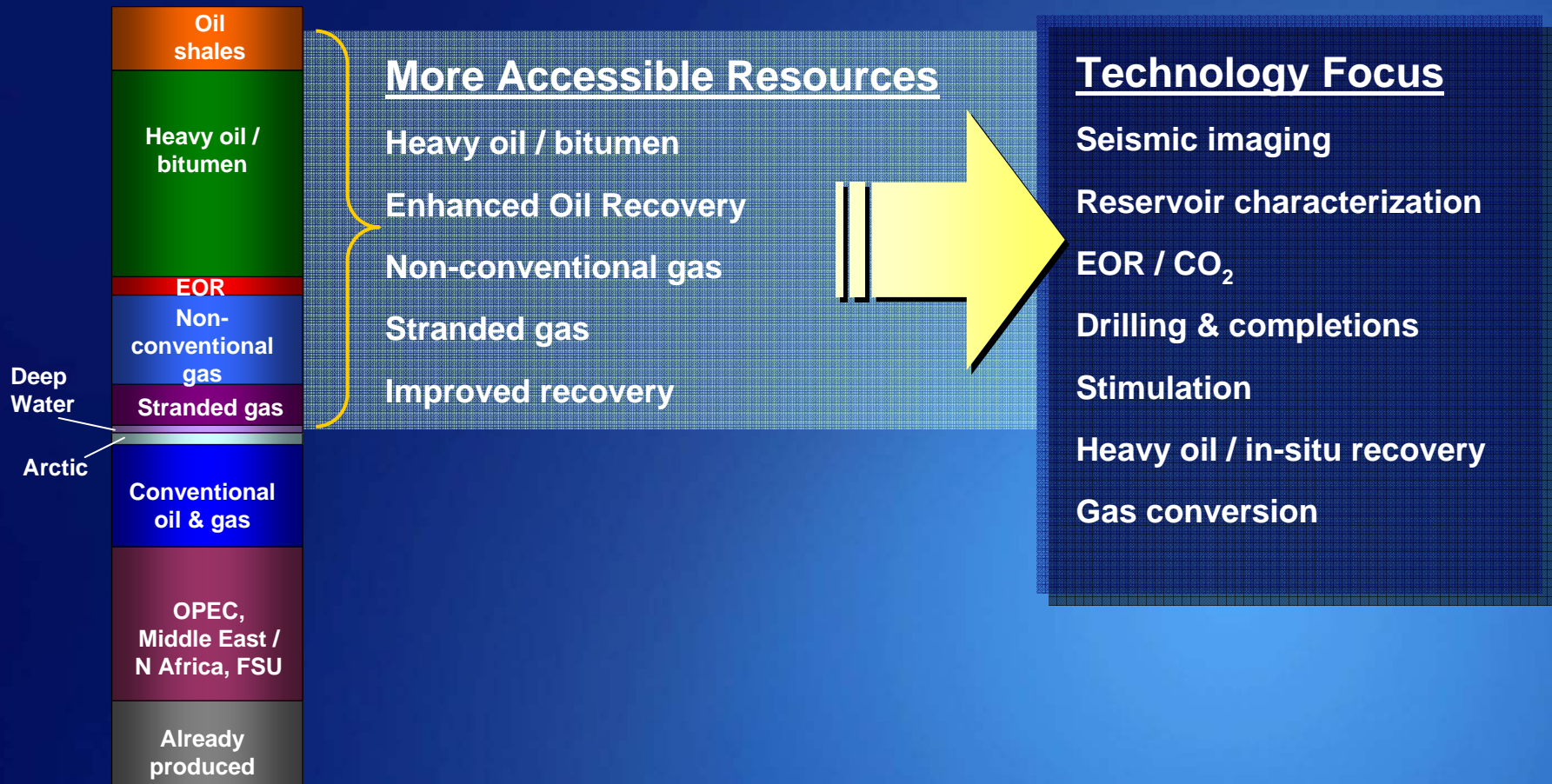


International Oil Company (IOC) Strategies



- ◆ Focus on less conventional resource
- ◆ Develop / Deploy key technologies

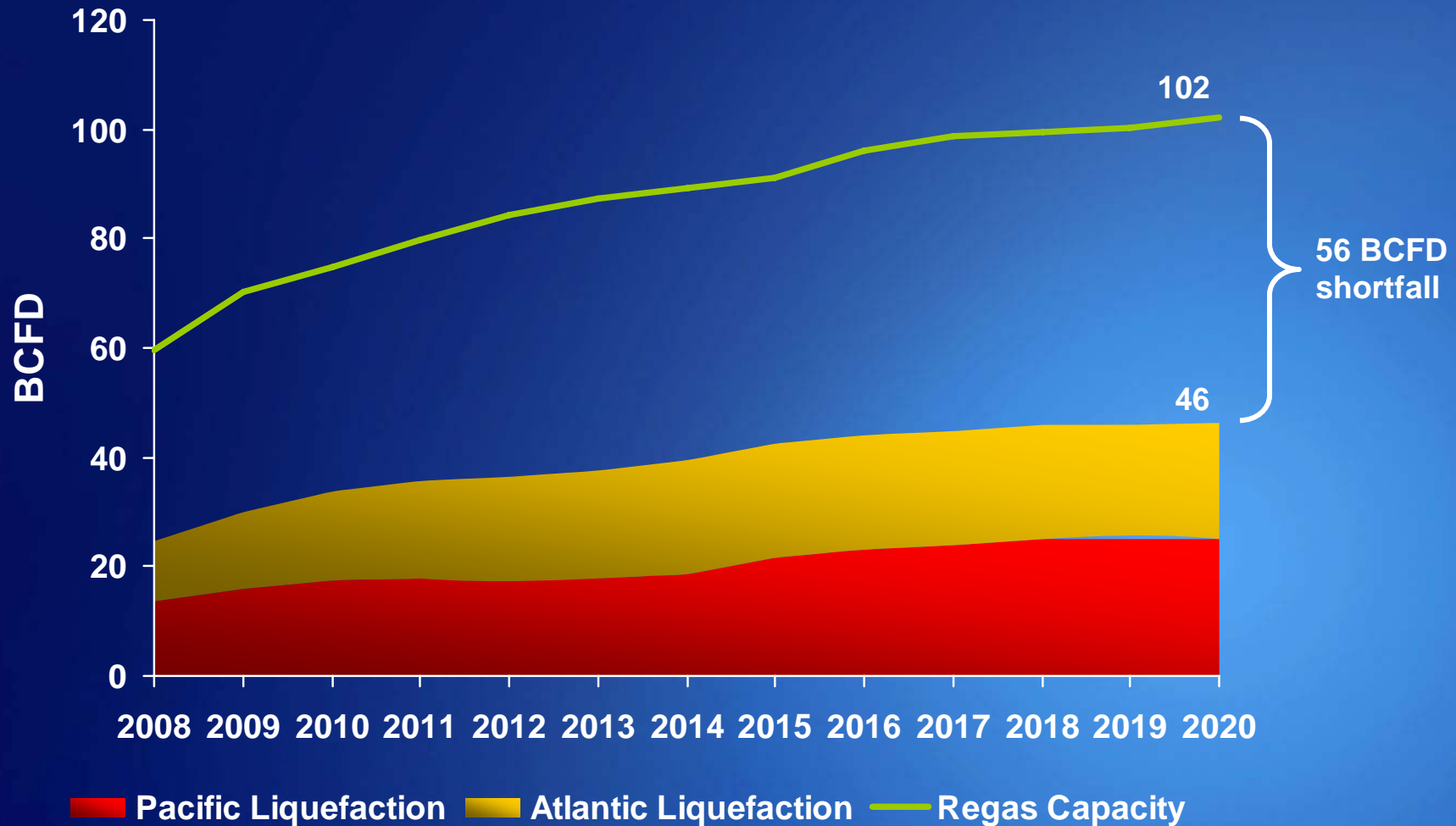
Technology Critical to Access Resource



Worldwide Oil & Gas Resources

Technology differentiation creates competitive advantage

LNG Liquefaction vs. Regasification

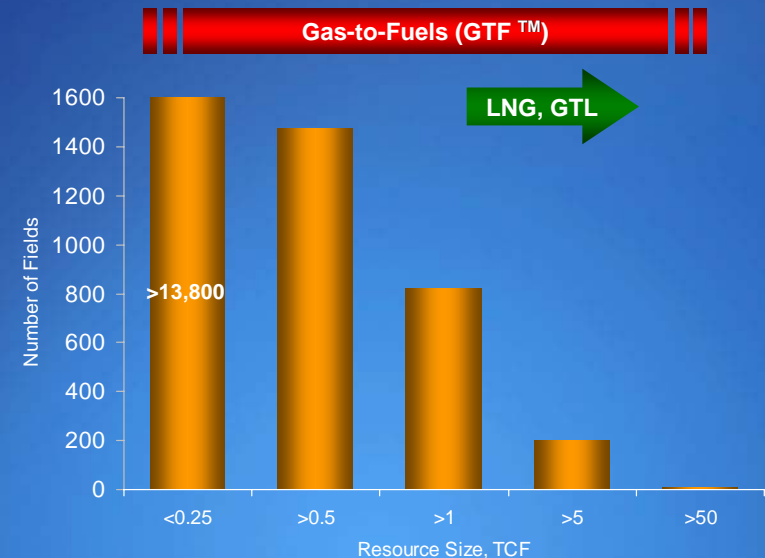


Gas-to-Fuels™

Marathon Proprietary Technology



- ◆ Direct (catalytic) conversion of natural gas
 - 110+ octane gasoline; diesel
 - Significant cost advantage to current GTL processes (no syngas step)
- ◆ The GTF™ advantage
 - Cheaper to build / operate
 - Higher carbon-conversion efficiencies
 - Wider resource size range applications (500 BCF+)
- ◆ Base patent received 2007
- ◆ Demonstrated operations
 - 2 years of lab and pilot tests
 - 10 BD demo plant under construction
 - Demo plant operations / commerciality decision 2008



Majority of opportunities exist at scales below GTL and LNG

A technology differentiator

International Oil Company (IOC) Strategies



- ◆ Focus on less conventional resource
- ◆ Develop / Deploy key technologies
- ◆ Breakthrough exploration technology needed
- ◆ New relationships / partnerships between NOC's and IOC's
- ◆ Create / enhance value through integration

Equatorial Guinea

World-Class Gas Processing



Acquired 2002



< 40,000 BOE/D
Gross



Condensate
>60,000 B/D
Gross



LPG
>20,000 B/D
Gross



Methanol
>20,000 BOE/D
Gross

First Cargo 2007



LNG
75,000 BOE/D
Gross

2007

Total
>175,000 BOE/D
Gross

Capturing the value of gas integration

Oil Sands Illustrative Value Chain



Downstream integration allows capture of entire value chain

Role of Service / Supply Sector



- ◆ Customer - supplier relationship no longer acceptable
- ◆ Aligned partnership with shared risk / reward
- ◆ Achieve new levels of performance in:
 - Safety
 - Environmental protection
 - Reliability
 - People performance
 - Technology development / deployment
 - Value creation

Dependent on each other for success!