

Oil Sands Mining Divestiture and Permian Basin Entry

March 9, 2017



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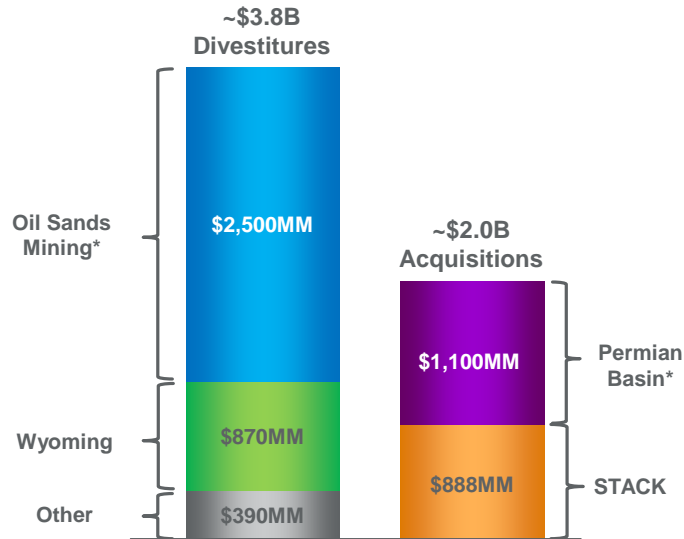
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Transformative Portfolio Shift

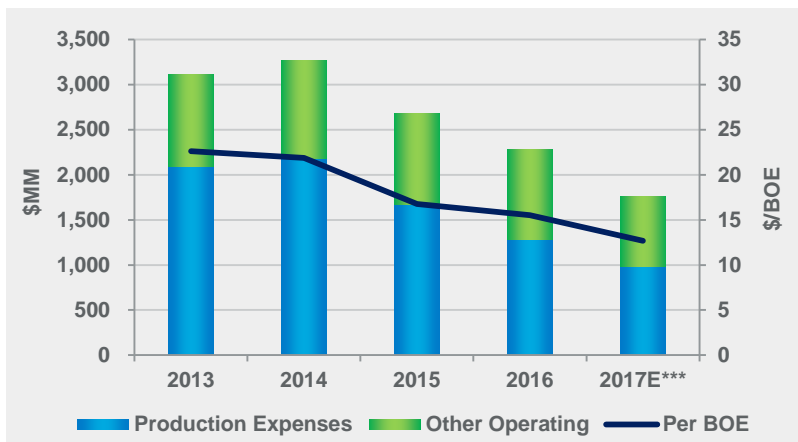
Exiting Canadian Oil Sands, entering the Permian basin

A&D Since 2016



- Substantially shifts portfolio to lower cost, higher margin U.S. resource plays
- **\$2.5B** Oil Sands Mining divestiture
 - Proceeds for **resource capture**, organic investment, gross debt reduction, and general corporate purposes
 - Anticipated **~25%** reduction in 2017 Company expenses (production and other operating)
 - Avoids material future capital requirements in non-operated business
 - Complete exit from Canada
- **\$1.1B** Permian basin acquisition
 - ~70,000 net surface acres w/ 51,500 in the Northern Delaware basin
 - ~350 MMBOE risked resource with **630** gross company operated locations
 - ~900 MMBOE total resource potential with **1,700** gross company operated locations

Total MRO Production & Other Operating Expenses**



*Permian acquisition expected to close in 2Q 2017, OSM divestiture expected to close mid-2017

**Excluding Libya; Other operating expense includes S&H, G&A and other operating expenses

***Pro-forma MRO including OSM divestiture and Permian acquisition

Acquisition Summary

~70,000 acres in Permian establishes foundation for new basin entry at \$13,900 / acre

Quality

- Competes at top of MRO's organic portfolio
- Outstanding recent well performance from offset operators
- Primary oil targets in world-class Wolfcamp and Bone Spring

Scale

- 51,500 net surface acres in the Northern Delaware basin
- ~350 MMBOE risked resource
- 630 gross company operated locations

Value

- \$1.1B transaction price
- \$18,900 / N. Delaware acre, adjusting for ~5 MBOED current production
- Risked resource acquired at ~\$2.80 / BOE
- Base case assumes up to 6 target benches

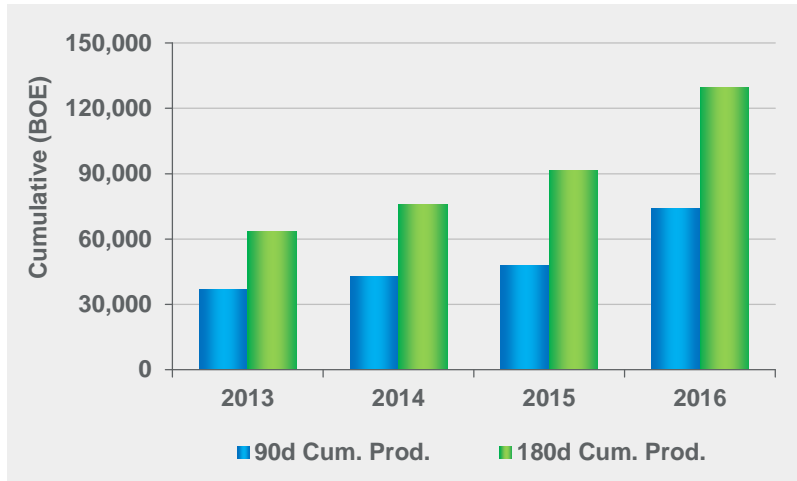
Upside

- Up to 10 target benches within ~5,000' of stacked pay
- ~900 MMBOE total resource potential and 1,700 total upside locations from downspacing and secondary targets
- Further growth opportunities from 18,500 net acres in Northwest Shelf and additional bolt-on acquisitions

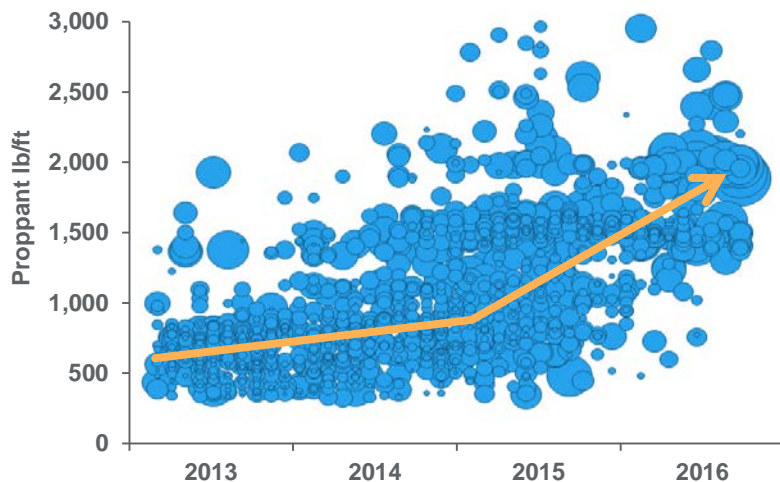
Compelling “Rate of Change” in Northern Delaware

Industry well performance rapidly improving via enhanced completions

Average Hz Well Performance (Lea & Eddy Co. NM)



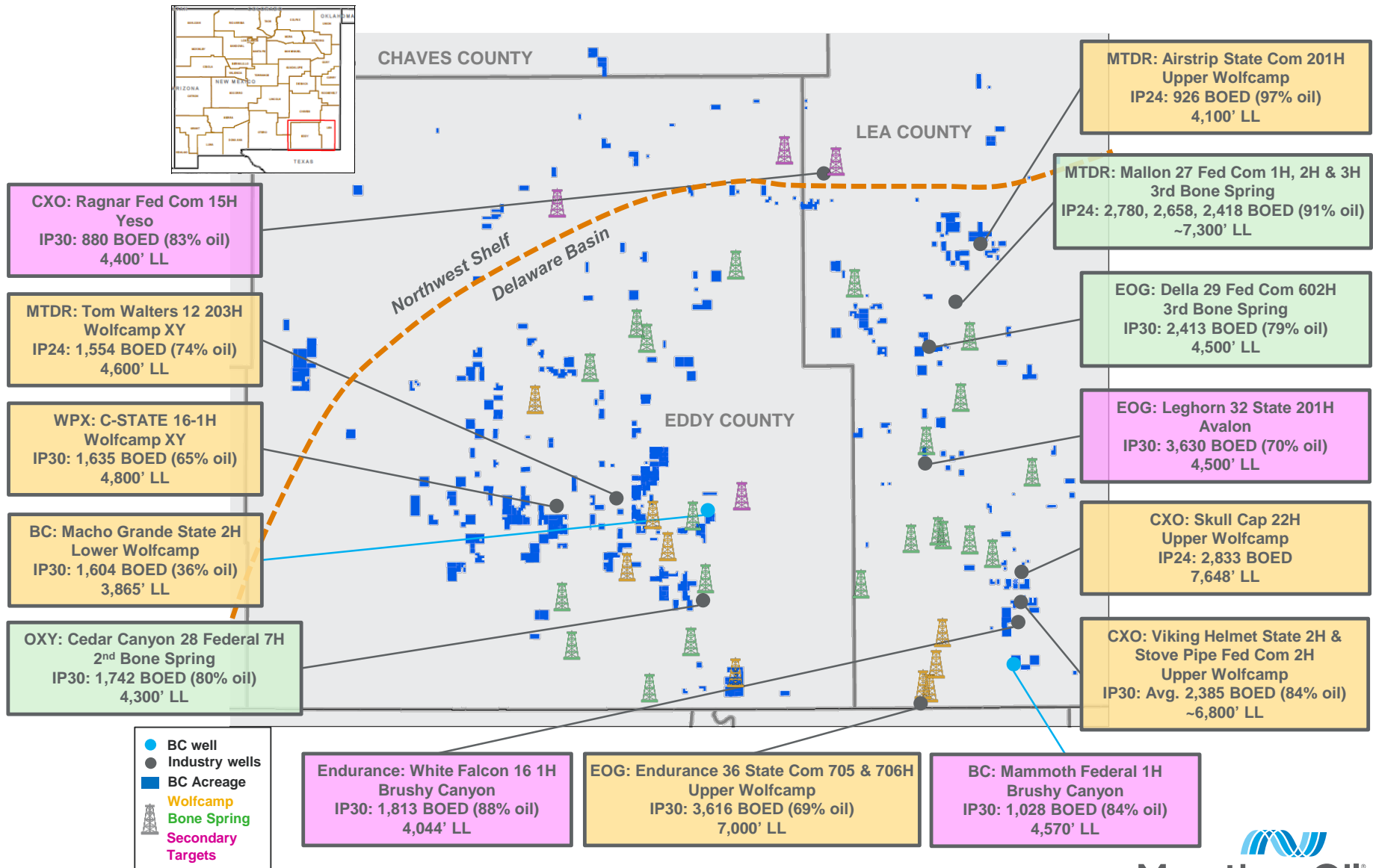
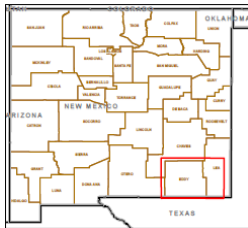
Completion Intensity Over Time (Lea & Eddy Co. NM)



- Northern Delaware industry well performance consistently improving year over year
 - 180 day cumulative production **increased >100%** in three years
 - Outpacing other basins on rate of change
- Uplifted well results correlated to increased completion sizes
- Outstanding Wolfcamp and Bone Spring economics
 - **>90% IRRs** at flat \$55 WTI
 - Early stages of D&C technical advancements

Northern Delaware Basin Recent Well Results

Greater than 75% operated, ~55% avg WI on company operated



Acquisition Basis and Upside Potential

Stacked pay provides multiple high quality drilling targets



- ~5,000' of stacked pay with up to **10 target** benches
- Base case assumptions:
 - Up to 6 benches, up to 19 wells/section
 - **630 risked** gross company operated locations, including 35% long laterals
 - Incremental capital to support 1.5 avg rigs in 2017
- Upside potential from downspacing and secondary targets
 - Up to 10 benches, with up to 34 incremental wells/section
 - **1,700 total** gross company operated locations
- Further upside from 18,500 acres in Northwest Shelf

Key Takeaways

Oil Sands Mining Divestiture

- \$2.5B** Proceeds available for resource capture, organic investment & debt reduction
- 15x** 2016 OSM operating cash flow
- ~25%** Reduction in Company expenses (production and other operating)

70,000 Acre Permian Basin Entry

Quality



>90% IRR in
Wolfcamp and Bone
Spring at \$55 WTI

Scale

NEW MEXICO

~350 MMBOE
risky resource

630 gross Co-op locations

Value



\$13,900 / acre
adjusting for ~5 MBOED
current production

Upside



~900 MMBOE
total resource

1,700 gross Co-op locations