STACK: Expanding Quality and Scale

June 20, 2016
Forward-Looking Statements and Other Matters

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2P Resource Definition: Most likely or “2P” volumes represent most likely deterministic estimates of proved plus probable reserves as defined by the SEC, plus contingent or “2C” volumes with the same technical certainty as proved and probable reserves that are expected to be recovered but that cannot yet be classified as reserves, or the P50 on the cumulative distribution of results from probabilistic estimates.
## PayRock Energy Acquisition Summary

**Material addition in STACK oil window with upside potential**

### Quality
- Competes at top of MRO’s organic portfolio
- Superior oil well performance
- Low completed well costs from shallower depth
- Increases MRO’s average STACK liquids mix

### Scale
- 61,000 net surface acres primarily in oil window
- Materially expands delineated Meramec position
- 330 MMBOE 2P resource
- 490 gross company operated STACK locations

### Value
- $888MM transaction price
- 9.0 MBOED current production
- Implied acreage value of $11,800 / acre adjusting for PDP
- 2P resource acquired at $2.20 / BOE

### Upside
- 700 MMBOE total resource potential from increased well density in Meramec and Woodford, as well as Osage development
- Additional future potential within Oswego, Hunton and other adjacent formations
PayRock Overview

*Net surface acres

Increased scale in high-margin oil window

**PayRock detail**
- 90% of acreage in oil window
- >60% operated; ~70% avg WI on Co-Op
- 1.5 rigs required to hold term acreage

**STACK acreage**
- Pro-Forma STACK >200,000
- 2P STACK Resource (MMBOE) >1.0 BBOE
- Gross Co-Op STACK locations ~1,465
- STACK Production (BOED) ~17,000

**3P STACK Resource**
- 142,000
- 61,000
- 330
- 490
- 7,700
- 9,000

**Pro-Forma STACK**
- >200,000
- >1.0 BBOE
- ~1,465
- ~17,000

**Gross Co-Op STACK locations**
- 975
- 490
- 490
- 490

**STACK Production (BOED)**
- 7,700
- 9,000
- 9,000
- 9,000
High value target competes for capital today

STACK Meramec Oil Wells

Moffat 1406 1-2MH
IP30: 378 BOED, 87% Oil
5,000' LL ($4.2MM)

Eve 1506 1-20MH
IP30: 960 BOED, 86% Oil
4,666' LL ($4.3MM)

Murray 1-33H
IP30: 1,243 BOED, 67% Oil
4,209' LL

Mike Stroud 1-28H
IP30: 1,822 BOED, 34% Oil
4,263' LL

Compton 1-2-35XH
IP30: 2,019 BOED, 72% Oil
9,788' LL (2% WI)

Deep River 30-1MH
IP30: 956 BOED, 68% Oil
5,100' LL

Wile E Coyote 1607 1-2MH
IP30: 700 BOED, 57% Oil
4,125' LL ($3.7MM)

Cerny 1607 1-35MH
IP30: 1,121 BOED, 74% Oil
4,805' LL ($7.4MM) (17% WI)

Hansens 1607 1-12MH
IP30: 1,322 BOED, 58% Oil
4,880' LL ($4.0MM)

Scheffler 1H-9X
IP30: 1,843 BOED, 77% Oil
10,150' LL (49% WI)

Ludwig 1-22-15XH
IP30: 1,670 BOED, 70% Oil
9,711' LL (5% WI)

Porter 1307 1-22MH
IP30: 663 BOED, 51% Oil
4,946' LL ($3.5MM)

Stiles 1407 2-4MH
IP30: 1,468 BOED, 79% Oil
5,019' LL ($5.1MM)

Grellner 1408 2-1MH
IP30: 934 BOED, 71% Oil
4,887' LL ($3.7MM)

Petty 1H-6X
IP30: 1,706 BOED, 73% Oil
10,094' LL (16% WI)

Primary Targets

Secondary Targets

Stratigraphic Column

- Oswego
- Cherokee
- Morrow
- Springer
- Meramec
- Osage
- Woodford
- Hunton

MRMC HRZ Wells

- PAYROCK
- MARATHON
- INDUSTRY

Pennsylvanian

Mississippian

Devonian

Silurian
Meramec Well Performance and Economics

Superior well results in oil window

Well Performance

- 790 BOED avg gross 30-day IP
- 940 MBOE gross EUR
- Industry leading well results

Well Returns

- IRRs at $50 WTI:
  - 60% at $4.5MM CWC estimate
  - 80% at $4.0MM CWC estimate
- Payout at $50 WTI: ~1.5 years

Oil SL Type Curve

Excellent Oil-Levered Returns

*BFIT IRR. Gas & NGL price ratio of WTI
Active Portfolio Management

Concentrating asset base to lower cost, higher margin resource plays

- **$1.3B** sales announced or closed
  - East Texas, North Louisiana gas
  - Gulf of Mexico mature production
  - Wyoming waterfloods and midstream

- Exceeded high-end of non-core asset sale range by **$300MM**

- Provided flexibility to acquire high quality resource

- Non-core asset sale program continues
STACK: Expanding Quality and Scale

Quality

Meramec Oil Competes for Capital Today

60% to 80% IRR at $50 WTI

Scale

61,000 Net Surface Acres

Value

2016 Activity Funded Within $1.4B Budget

$11,800 / acre adjusting for PDP

Upside

Increased Well Density & Osage Development

700 MMBOE total resource potential

Further Upside From Oswego, Hunton, etc.

330 MMBOE STACK 2P resource

1.5 Rigs to Hold Term Acreage

MRO STACK Pro-Forma

>200,000 Net surface acres

>1 BBOE STACK 2P resource

Minimum 4 Rig STACK Activity in 2017