

MARATHON OIL CORP  
Form 10-Q  
November 07, 2007

**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 September 30, 2007**

**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 1-5153

**Marathon Oil Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**25-0996816**  
(I.R.S. Employer Identification No.)

**5555 San Felipe Road, Houston, TX 77056-2723**  
(Address of principal executive offices)

**(713) 629-6600**  
(Registrant's telephone number)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer  Accelerated filer  Non-accelerated filer

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 710,279,884 shares of Marathon Oil Corporation common stock outstanding as of October 31, 2007.

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MARATHON OIL CORPORATION

Form 10-Q

Quarter Ended September 30, 2007

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Unless the context otherwise indicates, references in this Form 10-Q to Marathon, we, our, or us 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 exerts significant influence by virtue of its ownership interest).



**Part I - Financial Information****Item 1. Financial Statements***MARATHON OIL CORPORATION**Consolidated Statements of Income (Unaudited)*

<i>(Dollars in millions, except per share data)</i>	<b>Third Quarter Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Revenues and other income:</b>				
Sales and other operating revenues (including consumer excise taxes)	\$ 16,345	\$ 15,837	\$ 45,096	\$ 44,699
Revenues from matching buy/sell transactions	2	237	125	5,249
Sales to related parties	415	418	1,146	1,141
Income from equity method investments	170	109	394	298
Net gain on disposal of assets	2	12	20	28
Other income	20	21	62	48
<b>Total revenues and other income</b>	<b>16,954</b>	<b>16,634</b>	<b>46,843</b>	<b>51,463</b>
<b>Costs and expenses:</b>				
Cost of revenues (excludes items below)	12,994	11,260	34,291	32,647
Purchases related to matching buy/sell transactions	2	222	147	5,205
Purchases from related parties	59	61	160	159
Consumer excise taxes	1,352	1,297	3,856	3,739
Depreciation, depletion and amortization	409	361	1,198	1,130
Selling, general and administrative expenses	336	300	950	895
Other taxes	95	92	286	280
Exploration expenses	88	97	264	234
<b>Total costs and expenses</b>	<b>15,335</b>	<b>13,690</b>	<b>41,152</b>	<b>44,289</b>
<b>Income from operations</b>	<b>1,619</b>	<b>2,944</b>	<b>5,691</b>	<b>7,174</b>
Net interest and other financing costs (income)	(19)	(7)	(58)	7
Gain on foreign currency derivative instruments	(120)		(120)	
Loss on early extinguishment of debt	11		14	
Minority interests in loss of Equatorial Guinea LNG Holdings Limited		(2)	(3)	(7)
<b>Income from continuing operations before income taxes</b>	<b>1,747</b>	<b>2,953</b>		