
(Atrush Block PSC)

THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ

IN FAVOR OF

MARATHON OIL CORPORATION

BY

GUARANTEE

GUARANTEE

THIS GUARANTEE, dated _____ October 2010, is by:

- (1) MARATHON OIL CORPORATION, a corporation incorporated under the laws of the State of Delaware, United States of America (the "Guarantor")

in favor of

- (2) THE KURDISTAN REGIONAL GOVERNMENT OF IRAQ (the "Beneficiary").

The Beneficiary has entered into a Production Sharing Contract (the "Contract") dated 10 November 2007 with General Exploration Partners, Inc. (the "Atrush Operator") as amended by that First Amendment Agreement dated 1 August 2010 (the "First Amendment") and has further entered into that certain TPI Assignment, Novation and Second Amendment Agreement concurrently dated herewith (the "TPI Assignment"; together with the First Amendment and the Contract being the "PSC") with the Atrush Operator and Marathon Petroleum KDV B.V. (the "PSC Company"), an indirect subsidiary of the Guarantor, in respect of the Third Party Interest (as defined in the PSC) in the Atrush block in the Kurdistan Region of Iraq. The PSC Company is an indirect subsidiary of the Guarantor. The delivery of this Guarantee is a requirement of, and is delivered pursuant to, the TPI Assignment and as an inducement for the Beneficiary to enter into the TPI Assignment with the PSC Company.

1. Definitions; Interpretation

1.1 Definitions

- 1.1.1 Unless defined in this Guarantee, terms defined in the PSC have the same meaning in this Guarantee.

- 1.1.2 As used in this Guarantee:

"Beneficiary" is defined in the preamble.

"Business Day" means a day on which banks are open for general business in London, England and New York City, United States of America;

"Demand" is defined in clause 2.2.

"Guaranteed Obligations" is defined in clause 2.1.

"person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"PSC" is defined in the Recital.

"PSC Company" is defined in the Recital.

- 1.2 Construction and Interpretation
- 1.2.1 Any reference to a clause or annex is, unless otherwise stated, to a clause or annex of this Guarantee.
 - 1.2.2 Any reference to an "Article" is to an "Article" of the PSC.
 - 1.2.3 Headings and sub-headings are for ease of reference only.

2. Guarantee

2.1 Guaranteed Obligations

The Guarantor guarantees, to the Beneficiary, the due and punctual payment and in the manner and currency prescribed by the PSC for payments by the PSC Company, within 5 Business Days after receipt of written demand for payment as provided in clause 2.2 (*Demand*), of all sums payable by the PSC Company pursuant to Article 7.5 of the PSC with respect to the Minimum Exploration Obligations in the First Sub-Period and Article 32.10 of the PSC with respect to the Marathon Exploration Tranche (together the "Guaranteed Obligations" and each a "Guaranteed Obligation") together with any interest due with respect thereto as provided in the PSC.

2.2 Demand

The Guarantor will have no obligation in respect of any Guaranteed Obligations unless the Guarantor has received a written demand for payment (the "Demand"). The Guarantor shall make payment to the Beneficiary by wire transfer of cleared funds within 5 Business Days after receipt of a Demand. A Demand must:

- (a) make specific reference to this Guarantee;
- (b) state the amount that is demanded and which components of the Guaranteed Obligations are the subject of the Demand;
- (c) state that the Beneficiary has not received payment of the relevant Guaranteed Obligation from the PSC Company on the date on which it became due and payable; and
- (d) provide the Beneficiary's wire instructions for the payment of the Demand.

3. Nature of Guarantee

3.1 This Guarantee is an absolute, unconditional, and irrevocable guarantee of payment when due and not of collection, and whether by acceleration or otherwise.

3.2 The Beneficiary is not required to exercise any right, assert any claim or demand, or enforce any remedy whatsoever against the PSC Company or any other person before, or as a condition to, exercising any of the rights, powers, or remedies conferred upon the Beneficiary by this Guarantee or by applicable law. Without limiting the generality of the foregoing, the

Beneficiary will not be required to (i) take any action or obtain judgment in any court against the PSC Company, or (ii) to make or file any claim or proof in a winding up or dissolution of the PSC Company.

3.3 Except as provided in clause 2.2 (*Demand*), the Guarantor hereby expressly waives presentment, demand, protest, and notice of dishonour in respect of each Guaranteed Obligation.

3.4 Subject to Article 8, the obligations of the Guarantor:

- (a) constitute continuing obligations, notwithstanding any settlement of account or other matter or thing whatsoever;
- (b) will not be considered satisfied by any intermediate payment of the PSC Company's obligations in respect of the Guaranteed Obligations and
- (c) will continue in full force and effect until the Guaranteed Obligations have been paid in full to, and received by, the Government in accordance with the PSC.

3.5 Subject to Article 8, neither the obligations of the Guarantor pursuant to, nor the rights, powers, and remedies conferred upon the beneficiary by, this Guarantee or by law will be discharged, impaired, or otherwise affected by:

- (a) the winding up, dissolution, administration, reorganisation or moratorium of the PSC Company or any change in its status, function, control, or ownership;
- (b) time or other indulgence, including any composition, being granted or agreed to be granted to the PSC Company in respect of any of the Guaranteed Obligations;
- (c) any change in the time, manner, or place of payment of, or any other term of, all or any of the Guaranteed Obligations, or any other extension or, compromise of the PSC Company, provided that none of the foregoing increases the amount of the Guaranteed Obligations;
- (d) any reduction, limitation, impairment, or termination of any part of the Guaranteed Obligations for any reason, including any claim of waiver, release, surrender, alteration, or compromise;
- (e) any increase in the amount payable in respect of any Guaranteed Obligation, provided that the Guarantor has provided its prior written consent to any such increase which expressly states Guarantor's intention that this Guarantee will apply to such increased amount;
- (f) the termination of the PSC or termination of the PSC Company's rights under the PSC, or any withdrawal or abandonment by the PSC Company of its interests under the PSC;
- (g) any direct or indirect change in the ownership of the PSC Company, including by merger, amalgamation, by law, or otherwise;
- (h) any transfer all or any part of the PSC Company's interests under or in respect of the PSC;

- (i) any dispute or claim the PSC Company may have against the Beneficiary;
- (i) the insolvency or bankruptcy of, or similar event affecting, the PSC Company;
- (j) any other circumstance or combination of circumstances which might otherwise constitute a defense available to, or a legal or equitable discharge of, the PSC Company.
- 3.6 The Guarantor waives any right to or claim of any defense or setoff, counterclaim, recoupment or termination by reason of (i) the invalidity, illegality, non-genuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Guaranteed Obligation; (ii) any claims, set-offs, or liabilities of the PSC Company to the Guarantor or the Beneficiary; (iii) any claims, set-offs, or liabilities of the Guarantor in respect of the Beneficiary; (iv) or any other reason whatsoever.
- 3.7 This Guarantee will continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Guaranteed Obligations is rescinded or must otherwise be restored by the Beneficiary upon the insolvency, bankruptcy, or reorganization of the PSC Company or otherwise, all as though such payment had not been made. Any settlement or discharge between the Guarantor and the Beneficiary will be conditional upon no payment by the PSC Company, or any other person, to the Beneficiary on the PSC Company's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation, or similar laws.
4. Taxes
- 4.1 The Guarantor shall make all payments to the Beneficiary in accordance with the PSC and free and clear of, and without deduction for, any present or future taxes, withholdings, or other charges of any nature whatsoever imposed by any taxing authority.
- 4.2 If any withholding or deduction from any payment to be made by the Guarantor is required in respect of any taxes, then the Guarantor shall:
- (a) pay directly to the relevant authority the full amount required to be so withheld or deducted;
- (b) promptly forward to the Beneficiary an official receipt or other documentation satisfactory to the Beneficiary evidencing such payment to such authority; and
- (c) pay to the Beneficiary such additional amount or amounts as is necessary to ensure that the net amount actually received by the Beneficiary will equal the full amount the Beneficiary would have received had no such withholding or deduction been required.

- The Beneficiary shall:
- (a) make any Demand or provide any notice and other communication to the Guarantor in respect of this Guarantee in writing;
 - (b) address such Demand, notice, or other communication as provided in clause 7.1(c); and
 - (c) use one of the following methods to deliver such Demand or other notice or communication, each of which, for purposes of this agreement, is a writing: (i) personal delivery; (ii) email (followed by delivery of the Demand, notice or communication by air courier); or (iii) a reputable, internationally recognised air courier, with all fees prepaid, and sent to the Guarantor;

7. Notices

7.1 Address for notices to Guarantor

If at any time any provision of this Guarantee is determined to be illegal, invalid, or unenforceable in any respect under the laws of any jurisdiction, neither (i) the legality, validity or enforceability of the remaining provisions hereof nor (ii) the legality, validity or enforceability of such provision under the laws of any other jurisdiction will, in any such case, in any way be affected or impaired thereby.

6. Severability

5.2 The Guarantor is not entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. The Beneficiary is entitled to assign all or any of its rights and benefits hereunder.

5. Benefit; Assignment

5.1 This Guarantee ensures to the benefit of the Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled to enforce this Guarantee against the Guarantor.

(a) the Beneficiary may pay such taxes; and

(b) the Guarantor shall indemnify the Beneficiary against any claim, demand, action, liability, damages, cost, loss, or expense (including legal fees and any applicable value added tax) which the Beneficiary incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of any such tax, and promptly pay such additional amounts (including, if incurred as a result of Guarantor's or the PSC Company's action, omission or delay, any penalties, interest or expenses) as necessary so that the net amount received by the Beneficiary, after the payment of such taxes (including any taxes on such additional amount), will equal the amount the Beneficiary would have received had such taxes not been asserted.

4.3

If any taxes are directly asserted against the Beneficiary with respect to any payment received by the Beneficiary from the Guarantor pursuant to this Guarantee, then:

Marathon Oil Corporation

Attention: Treasurer

Address:

5555 San Felipe Road

Houston, Texas 77056

United States of America

(Telephone for air courier: +1 (713) 296-1959)

Email: PCReinbolt@MarathonOil.com

7.2 Effectiveness as to Guarantor

7.2.1 A Demand, notice or other communication will be effective as to the

Guarantor only if (i) the Beneficiary has complied with this clause 7 and (ii) the Guarantor has received the Demand, notice, or other communication.

7.2.2 If a Demand, notice or other communication is delivered in person, it

will be deemed received by the Guarantor by the date set forth in the signed receipt.

7.2.3 If the Beneficiary sends a Demand, notice, or other communication by

a reputable, internationally recognized air courier in accordance with clause 7.1, the Demand, notice, or other communication will be deemed received by the Guarantor by the date set forth in the signed receipt.

7.2.4 If Beneficiary sends a Demand, notice, other communication by email

and the email transmission is followed by delivery of the Demand, notice, or other communication by air courier in accordance with clause 7.1, the Demand, notice, or other communication shall be deemed to have been delivered to the Guarantor when the email is received by the Guarantor.

7.3 Notices to Beneficiary

The Guarantor shall give all notices or other communications to the Beneficiary in connection with this Guarantee in the same manner as prescribed in the PSC for notices to the Beneficiary.

7.4 Change of Address

The Guarantor or the Beneficiary may change its address as set forth in clause 7 by a notice to the other in accordance with this clause 7.

8. Term

This Guarantee is effective as of the Effective Date of the PSC. Subject to clause 3.7, this Guarantee shall cease to be effective upon discharge of all of the Guaranteed Obligations.

9. Representations and Warranties

- The Guarantor represents and warrants:
- 9.1 This Guarantee has been authorised by all necessary corporate action, and the Guarantor has all necessary power and authority to sign and perform its obligations hereunder.
 - 9.2 This Guarantee is legal, valid, and binding.
 - 9.3 The Guarantor has received all authorisations and consents necessary for the provision of this Guarantee to the Beneficiary, and the validity and enforceability against it, of this Guarantee.
 - 9.4 Except as provided in the next sentence, there is no Law applicable to it or agreement to which it is a party that (i) conflicts with or prevents it from performing this Guarantee in accordance with its terms, or (ii) affects the validity and enforceability against it of this Guarantee in accordance with its terms. No representation is made in respect of the laws of the Kurdistan Region of Iraq or the Republic of Iraq.
 - 9.5 The Guarantor is not a party to any administrative or judicial proceeding, litigation, or arbitration that could affect the validity or enforceability of this Guarantee.

10. Arbitration; Indemnification

- 10.1 The Guarantor and the Beneficiary shall, exclusively, refer any dispute, claim or controversy arising out of or in connection with this agreement (including a dispute, claim or controversy relating to any non-contractual obligations arising out of or in connection with this agreement) to and to be finally resolved by arbitration under the rules of the London Court of International Arbitration, which rules are incorporated by reference into this clause.
- 10.2 The language of the arbitration will be English, and any award will be written in the English language.
- 10.3 The seat, or legal place, of the arbitration will be London, England.
- 10.4 The arbitral tribunal will comprise one arbitrator directly appointed by the London Court of International Arbitration.
- 10.5 The Beneficiary may seek enforcement of an arbitral award by any court of competent jurisdiction.
- 10.6 Any award must be expressed in United States dollars.
- 10.7 The arbitral award will be final and not subject to any appeal.
- 10.8 If any question of law arises during the arbitral proceedings or arises out of an award, neither the Beneficiary nor the Guarantor may make an application or bring an appeal to any court on a question of law, and both the Beneficiary and the Guarantor expressly waive their respective rights to make an application or bring an appeal under the English Arbitration Act 1997.

10.9 The Guarantor shall indemnify the Beneficiary from and against all costs and expenses (including legal fees and any taxes or duties) incurred by the Beneficiary in the enforcement and protection of its rights under this Guarantee.

11. Variation

11.1 This Guarantee may be amended only by a written agreement of the Beneficiary and the Guarantor that identifies itself as an amendment to this Guarantee.

11.2 The Beneficiary or the Guarantor may waive any provision in this Guarantee only by a writing executed by such party. A waiver or consent made on one occasion will be effective only in that instance and only for the purpose stated.


11.3 No failure or delay in exercising any right or remedy, or in requiring the satisfaction of any condition, under this Guarantee by the Guarantor or the Beneficiary, and no act, omission or course of dealing between the Beneficiary and the Guarantor, will operate as a waiver or estoppel of any right, remedy, or condition.

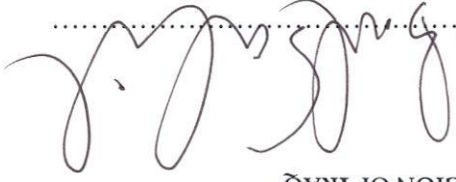
12. Governing Law

This Guarantee and all matters arising from or connected with it are governed by English law.

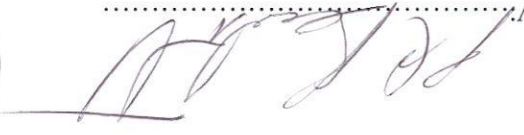
[Signature page follows.]

[Signature page to Guarantee of Marathon Oil Corporation in favor of the Government of the Kurdistan Region (Atrush).]

By: 
Ashti Hawrami
Minister of Natural Resources
Kurdistan Regional Government
On behalf of the MINISTRY OF NATURAL RESOURCES IN THE
KURDISTAN REGION

By: 
Barham Salih
Prime Minister
Kurdistan Regional Government
On behalf of the REGIONAL COUNCIL
FOR THE OIL AND GAS AFFAIRS OF THE KURDISTAN REGION - IRAQ
REGION OF IRAQ

Received and accepted for and on behalf of the GOVERNMENT OF THE KURDISTAN

By: 
Name: Paul C. Reinbolt
Its: Vice President, Finance and Treasurer
MARATHON OIL CORPORATION



Date: 20 October 2010