

Detroit Heavy Oil Upgrade Project

FACT SHEET

Project Overview

- Construction on Marathon's \$2.2 billion heavy oil upgrade project at its Detroit refinery began on June 20, 2008. The Detroit Heavy Oil Upgrade Project (HOUP) will help create jobs at Michigan's only refinery and provide a more secure supply of petroleum products for Michigan motorists.
- The project includes adding new equipment at the refinery to process heavy crude oils, such as those from Canada. Once the project is completed, the Detroit refinery will increase its capacity from approximately 102,000 barrels per day (bpd) to 115,000 bpd, adding more than 400,000 gallons of transportation fuels per day to the marketplace.
- The construction is expected to be completed in mid-2012 and includes:
 - 4 million field construction hours
 - 4,700 piles
 - 50,000 cubic yards of concrete
 - 15 million pounds of steels (7,500 tons)
 - 100 miles of pipe
 - 180 heat exchangers
 - 16 compressors
- Marathon selected Fluor Corporation to provide integrated engineering, procurement and construction (EPC) services for modifications at the Detroit refinery. The contract includes engineering services, the value of procured materials and the construction contracts under Fluor's direct management.

- Marathon is the nation's fifth largest refiner with 1,016,000 bpd capacity in its seven-refinery system.
- Marathon's Detroit refinery received the U.S. EPA's Energy Star Award for 2007 and 2008 for reducing energy usage at the facility and protecting the environment through energy efficiency.
- The company also earned the 2006 North American Refining & Energy Company of the Year award from Hart Energy Publishing for its excellence and dedication to:
 - Cleaner Environment
 - Investment & Growth
 - Vision
- Marathon will build a new section of pipeline in Monroe and Wayne counties. This new 29-mile section of pipeline will connect to the company's existing crude oil pipeline to deliver additional supplies of heavy crude oil to its Detroit refinery.
- Marathon owns, operates, leases or has an ownership interest in approximately 7,500 miles of pipeline in 15 states, and transports 136 million gallons of crude oil and refined products safely everyday.
 - High-speed computers, constantly evolving technology and satellite communications enable Marathon to monitor and safely operate and control its many pipeline systems throughout the nation from its state-of-the-art operations control center in Findlay, Ohio.
- The Detroit HOUP will link Marathon's recent acquisition of Canadian crude oil production to a Midwest refinery. Canada's Alberta Province, north of Montana, is a source of a heavy crude oil. The reserves contain 179 billion barrels of crude oil, placing Canada second only to Saudi Arabia in total proven oil reserves.
 - Canadian crude oil consists of a mixture of sand, clay, water and a hydrocarbon called bitumen – a black, asphalt-like substance that is very thick and cannot be moved through pipeline in its virgin state.

- This bitumen is partially processed or combined with diluents, such as condensate or lighter crude oil, in Canada so that it can be transported by pipeline.
- The Canadian crude oil will flow from the Alberta Province to Marathon's Samaria station in Monroe County's Bedford Township through a series of pipelines in the Mountain West and the upper Midwest regions of the U.S. The new section of pipeline will begin at the Samaria station, cross six townships in Monroe County and enter southern Wayne County en route to the Detroit refinery.

Economic Impact

- The project will create approximately 60 new full-time refinery jobs and 75 additional fulltime contractor positions in addition to the 320 people and 160 contractors already employed at the Detroit refinery. The new jobs will add more than \$16.5 million to the refinery's existing annual payroll of \$74 million.
- Modifications at the refinery will provide construction employment for an average of 600 workers per day, peaking at 900 workers. Total construction wages for the project will exceed \$350 million by the time the project is completed.
- Marathon's \$2.2 billion investment in the Detroit HOUP project will generate a projected \$174 million in new tax revenues for the City of Detroit through 2030 and millions of dollars in spin-off spending in Michigan and the local communities.
- Marathon will make a one-time payment to each property owner along the pipeline right of way for the right to use the land. Fair compensation, based on fair-market value, will be negotiated one-on-one with the individual property owners.
- The pipeline construction effort will also employ hundreds of temporary workers for the duration of the installation, which would last four to six months.
- Based on the anticipated cost of the pipeline, Marathon estimates it will pay \$1.7 million annually in property taxes beginning in the year when the pipeline is constructed. These

annual property tax payments will be allocated among the local governmental units, based on pipeline mileage, through which the pipeline crosses.

Safety & Environmental Commitment

- Marathon is committed to conducting all aspects of this project in a safe and an environmentally responsible manner. This commitment encompasses construction, design, operation and maintenance of the pipeline and refinery projects.

- The Michigan Department of Environmental Quality (MDEQ) issued Marathon's air permit for the Detroit HOUP on June 20, 2008.

- Marathon will invest more than \$270 million in air-pollution control technology and approximately \$275 million in clean fuels technology as part of the expansion. The company will also spend an additional \$50 million to upgrade the refinery's wastewater treatment facilities.

- Marathon met the stringent environmental requirements set out by the MDEQ permitting process. In addition, the company has committed to going beyond compliance with additional environmental enhancements that include:
 - Retrofitting 150 Detroit Public Schools' buses with diesel emissions controls;
 - Adding eight additional continuous air emission monitors on process unit stacks to further monitor compliance with permit requirements;
 - Installing at least four ambient air monitoring stations on the refinery perimeter to monitor air quality at a cost of more than \$2 million;
 - Capturing emissions from trucks hauling petroleum coke at the refinery;
 - Enhancing street sweeping of paved roads near the refinery;
 - Collaborating on the city/county emergency notification system; and

- Sharing emissions data with the refinery's Community Advisory Panel and community-based organizations near the refinery.
- The Detroit refinery currently operates well below EPA allowable limits for criteria pollutants (carbon monoxide, nitrogen oxides, sulfur dioxide, volatile organic compounds and particulate matter). The refinery will remain within the allowable limits after the expansion is complete. In fact, the refinery will have fewer actual emissions once the expansion is completed than it did in 2004, even though the facility's refining capacity will be increased.
- The Detroit refinery has reduced its annual emissions by 75 percent since 1999 and has invested more than \$43 million in pollution-control technology.
- Marathon is a Responsible Care[®] company and pledges to operate in accordance with the organization's principles. To learn more about Responsible Care, visit www.responsiblecare-us.com.
- The Detroit refinery was the first refinery in the world to receive RC14001[®] certification, a combination of Responsible Care Management System[®] and ISO 14001 certifications. The certification provides third-party validation of the company's implementation of its health, environment, safety and security management system.
- Marathon Pipe Line LLC earned the 2006 Distinguished Award for Outstanding Safety and Environmental Performance from the American Petroleum Institute. Marathon received this award for its outstanding pipeline performance, a low rate of safety incidents, community outreach efforts, a strong integrity management program, impressive training commitment and effective use of advanced technology.
- Marathon intends to follow the existing pipeline route corridor to the extent practical in order to balance and minimize environmental, cultural, safety and land-use concerns. Extensive surveys have been conducted to gather data that will help minimize environmental and cultural impacts along the route.

- Marathon monitors the operation of its pipeline systems 24/7 from a state-of-the-art control facility in Findlay, Ohio.
- As an operator of liquid pipelines, Marathon complies with federal regulations governing the pipeline's design, construction, operation and maintenance. These rules generally require that an integrity assessment of pipelines be made at a minimum of every five years.
- A variety of methods will be used to ensure the pipeline's long-term reliability and safety. This may include the periodic use of an inline inspection tool called a smart pig to the measure restrictions and deformations in the pipeline.
- Marathon will maintain clear rights of way to allow access for maintenance or emergency response activities and to avoid tree root damage to the pipeline. Periodic aerial inspections also will be conducted to make sure that unsafe activities are not occurring along the right of way.

Community Involvement

- Marathon is a good corporate citizen and actively participates in the economic, environmental and social fabric of Southeastern Michigan. The company contributes tens of thousands of dollars each year to a variety of programs that support youth initiatives, education and community environmental and safety programs.
- Detroit refinery representatives meet monthly with its Citizens Advisory Panel composed of representatives from the surrounding neighborhoods and communities.
- In 2007, Marathon's Detroit refinery received Southwest Detroit Environmental Vision's Community Builder Award for demonstrating consistent involvement with and support for community improvement efforts. In addition, the award recognized Marathon's initiative to provide a venue for ongoing dialogue with the community by establishing its Community Advisory Panel.

Pipeline Route Selection

- The new section of pipeline will cross six townships in Monroe County (Bedford, Ida, LaSalle, Raisinville, Frenchtown and Ash) and will enter southern Wayne County.
- The new 24-inch pipeline will parallel the existing Marathon right of way to the extent practical. Plans call for the route to follow existing utility corridors approximately 60 percent of the route.
- Re-routes are recommended in some cases to protect or maintain safe distances from environmentally sensitive areas, culturally sensitive areas, or homes and other structures that have been built near our existing pipeline route since it was originally constructed in 1960.

Media Contact:

Chris Fox

Office: 419-421-2850

cfox@marathonoil.com