



MURPHY OIL ANNOUNCES PRELIMINARY QUARTERLY AND ANNUAL FINANCIAL RESULTS

January 29, 2014



EL DORADO, Arkansas, January 29, 2014 - Murphy Oil Corporation (NYSE: MUR) announced today highlights for the fourth quarter and year of 2013 as follow:

- Continued Company transition to pure play E&P enterprise by spin-off of Murphy USA Inc. in 3rd quarter and continued progress toward sale of the U.K. downstream business.
- Organic proved reserves replacement in excess of 240% in 2013, and more than 100% replacement for the eighth consecutive year.
- Second highest annual Net Income and Income from Continuing Operations in Company history.
- Achieved Company record annual production of 205,700 barrels of oil equivalent per day, with oil production growth in 4th quarter 2013 compared to the prior year of more than 6,700 barrels per day.
- Made three natural gas discoveries in Brunei Block CA-2 and brought four new oil fields on production in Malaysia during 2013.
- Repurchased an additional \$250 million of Company shares in 4th quarter, thereby, totaling \$500 million for full year.

Murphy Oil Corporation is now presenting U.K. downstream operating results as discontinued operations. The Company's income from continuing operations in the fourth quarter of 2013 was \$180.5 million (\$0.96 per diluted share) compared to income of \$123.9 million (\$0.64 per diluted share) in the fourth quarter of 2012. Income from continuing operations in the fourth quarter of 2013 was above the 2012 quarter due to higher recognized U.S. income tax benefits associated with investments in two foreign countries the Company is exiting, an impairment charge in the prior year's quarter that did not repeat in 2013, and higher oil sales volumes. These favorable variances were partially offset in the current quarter by lower oil sales prices and higher expenses for abandonment operations at the Azurite field in Republic of the Congo, interest on borrowed funds and administration. Net income included a loss from discontinued operations of \$105.1 million (\$0.56 per diluted share) in the 2013 fourth quarter, compared to income from discontinued operations of \$34.8 million (\$0.18 per diluted share) in the 2012 quarter. The just completed quarter included a \$73.0 million charge to writedown the carrying value of U.K. refining and marketing operations. Additionally, normal operating results for this U.K. operation were significantly weaker in 2013 than 2012.

Net income for the full year 2013 amounted to \$1.12 billion (\$5.94 per diluted share) compared to net income of \$970.9 million (\$4.99 per diluted share) a year ago. Income from continuing operations for the years of 2013 and 2012 totaled \$888.1 million (\$4.69 per diluted share) and \$806.5 million (\$4.14 per diluted share), respectively. Income from discontinued operations was \$235.4 million (\$1.25 per diluted share) in 2013 and \$164.4 million (\$0.85 per diluted share) in 2012.

	Net Income			
	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
(Millions of Dollars)				
Exploration and Production ⁽¹⁾	\$ 242.5	145.0	1,028.8	905.0
Corporate ⁽²⁾	<u>(62.0)</u>	<u>(21.1)</u>	<u>(140.7)</u>	<u>(98.5)</u>
Income from continuing operations	180.5	123.9	888.1	806.5
Income (loss) from discontinued operations ⁽³⁾	<u>(105.1)</u>	<u>34.8</u>	<u>235.4</u>	<u>164.4</u>
Net income	<u>\$ 75.4</u>	<u>158.7</u>	<u>1,123.5</u>	<u>970.9</u>
Income per Common share - Diluted:				
Income from continuing operations	\$ 0.96	0.64	4.69	4.14
Net income	0.40	0.82	5.94	4.99
Includes after-tax income (expense) items affecting comparability as follows:				
(1) Tax benefits with respect to foreign oil				

and gas investments	133.5	108.3	133.5	108.3
Azurite abandonment and exit costs	(82.5)	-	(82.5)	-
Asset impairments	-	(200.0)	(16.0)	(200.0)
Syncrude royalty adjustment	(7.7)	-	(7.7)	-
(2)Foreign currency exchange gains	12.2	3.5	70.3	-
MUSA spin-off expenses	(0.8)	(0.4)	(14.6)	(2.0)
(3)Asset writedowns/impairments	(73.0)	(39.6)	(73.0)	(39.6)

Fourth Quarter 2013 vs. Fourth Quarter 2012

Exploration and Production (E&P)

	E&P Metrics			
	Three Months Ended		Years Ended	
	December 31		December 31	
	2013	2012	2013	2012
Oil Production Volume - Bbls. per day	139,660	132,918	135,078	112,591
Natural Gas Sales Volume - MCF per day	399,570	473,487	423,846	490,124
Total BOE Production Volume - BOE per day	206,255	211,833	205,719	194,278
Average Realized Oil Sales Price - Per Bbl.	\$ 90.77	92.82	93.60	95.58
Average Realized North American Natural Gas Sales Price - Per MCF	\$ 3.36	3.34	3.26	2.65
Average Realized Sarawak Natural Gas Sales Price - Per MCF	\$ 6.24	6.78	6.66	7.50

Income for the Company's E&P continuing operations was \$242.5 million in the fourth quarter of 2013 compared to income of \$145.0 million in the same quarter of 2012. The improvement in earnings in the fourth quarter 2013 compared to the same period in 2012 was primarily attributable to lower costs in Republic of the Congo in 2013 and higher income tax benefits recognized in the current year associated with investments in foreign locations that the Company is exiting. The current quarter included \$82.5 million of abandonment and other exit costs related to the Azurite field in Republic of the Congo. Azurite ceased production earlier than expected in October 2013, and the costs associated with shutting down operations have been reported as production expenses in Congo. The Congo abandonment charge increased the Company's worldwide production expense by \$4.30 per barrel equivalent sold during the fourth quarter of 2013. The prior year quarter included an impairment charge of \$200.0 million at the Azurite field. Extraction costs in the U.S. and Malaysia were higher in the current year, with the former due to higher oil volumes produced in the Eagle Ford Shale area of South Texas, while the latter was due primarily to a well workover at the Kikeh field and higher depreciation unit rates associated with ongoing capital development activities. Income tax benefits recognized on investments in foreign upstream operations were \$133.5 million, \$25.2 million higher than the prior year, primarily due to larger tax benefits in Republic of the Congo.

Exploration expenses totaled \$157.1 million in the fourth quarter 2013, up from \$137.2 million in the 2012 quarter. The increase was primarily attributable to higher dry hole costs of \$10.1 million, mostly associated with unsuccessful exploratory drilling in the 2013 quarter at prospects known as Madagascar in the Gulf of Mexico and Dufresne in Australia. Dry hole costs in the 2013 quarter also included write-off of two wells at the Endau discovery offshore Sarawak, Malaysia due to the Company deciding not to move forward with development activities. Additionally, the 2013 quarter included higher seismic acquisition costs totaling \$14.8 million, with the increase mostly in Africa and Asia, with somewhat offsetting savings attributable to lower undeveloped lease amortization in the U.S., Canada and Asia.

Worldwide production totaled 206,255 barrels of oil equivalent per day in the 2013 fourth quarter, a 3% decline from the 211,833 barrels of oil equivalent per day produced in the 2012 quarter. Crude oil, condensate and gas liquids production was 139,660 barrels per day in the 2013 quarter compared to 132,918 barrels per day in 2012. Oil production increased 5% in the current quarter primarily due to higher volumes produced in the Eagle Ford Shale area where significant drilling operations are ongoing. Heavy oil production in Western Canada increased in the 2013 quarter due to volumes attributable to properties acquired in late 2012. Natural gas sales volumes averaged 399 million cubic feet per day in the 2013 quarter, down 16% from the 473 million cubic feet per day sold in the prior year's quarter. The 2013 reduction was primarily attributable to lower gas volumes produced at both the Tupper area in Western Canada and at the Kikeh field offshore Sabah, Malaysia. Tupper gas volumes were lower following a voluntary curtailment of drilling activities caused by low sales prices, while at Kikeh customer demand fell as a third-party onshore gas receiving facility was off-line for maintenance during much of the quarter.

The average sales price for the Company's crude oil, condensate and gas liquids was \$90.77 per barrel for continuing operations in the 2013 fourth quarter, down from \$92.82 per barrel in the 2012 quarter. Natural gas sales prices in North America averaged \$3.36 per thousand cubic feet (MCF) in the 2013 quarter, up slightly from \$3.34 per MCF in the 2012 quarter. Natural gas sold from fields offshore Sarawak, Malaysia, averaged \$6.24 per MCF in the 2013 quarter compared to \$6.78 per MCF a year ago. The decline in Sarawak gas price in 2013 was primarily related to contractually required revenue sharing for a higher percentage of gas sold.

Corporate

Corporate activities incurred after-tax costs of \$62.0 million in the fourth quarter of 2013, compared to net costs of \$21.1 million in the 2012 quarter.

The 2013 cost increase was primarily related to higher interest and administrative expenses and lower income tax benefits in the current period, but these were partially offset by more favorable impacts from foreign currency exchange. The Company's net interest expense in the 2013 quarter rose in association with higher average borrowing levels. Administrative expenses were higher in the 2013 quarter compared to a year earlier primarily due

to additional costs for employee compensation. The 2013 quarter had lower benefits associated with prior year taxes compared to 2012. The 2013 quarter included an after-tax benefit of \$12.2 million from foreign currencies, compared to an after-tax benefit of \$3.5 million in the 2012 quarter.

Discontinued Operations

The loss from discontinued operations was \$105.1 million (\$0.56 per diluted share) in the fourth quarter 2013, compared to income of \$34.8 million (\$0.18 per diluted share) in the 2012 fourth quarter. U.K. downstream operating results are now classified as discontinued operations for all periods presented. The 2013 quarterly loss was primarily generated by a \$73.0 million charge to reduce the recorded value of the U.K. downstream business, plus the effect of weak unit margins in the 2013 quarter that led to a reduction in operating results by \$40.0 million compared to the prior year for this business. The quarterly profit a year ago was principally generated by the U.S. retail marketing business, which was distributed by the Company to its shareholders on August 30, 2013.

Year 2013 vs. Year 2012

Exploration and Production (E&P)

The Company's E&P continuing operations earned \$1,028.8 million for the full year 2013 compared to a profit of \$905.0 million in 2012. The improvement in 2013 earnings versus 2012 was primarily attributable to higher oil production and lower impairment expense in the current year, plus larger income tax benefits associated with investments in foreign upstream operations where the Company is exiting. Unfavorable effects in 2013 included lower average realized oil prices and higher exploration and extraction expenses, with the latter caused by increased production levels, costs associated with early field abandonment at Azurite in Republic of the Congo, and higher overall per-unit depreciation rates associated with oil development activities.

Total exploration expense was \$502.2 million in 2013, up from \$380.9 million in 2012. Exploration costs were higher in the current year due to increased expense of \$81.0 million from unsuccessful drilling in 2013, plus higher geophysical expense of \$85.3 million, primarily in Australia, Asia, Africa and the United States in the current year, partially offset by lower undeveloped lease amortization expense in the U.S., Canada and Asia.

Total worldwide production in 2013 was a Company record at 205,719 barrels of oil equivalent per day, an increase of 6% from 2012. Total crude oil, condensate and gas liquids production averaged 135,078 barrels per day in 2013, an increase of 20% compared to the 2012 level of 112,591 barrels per day. The increase in current year oil volumes was mostly attributable to higher production in the Eagle Ford Shale area. Production also increased in 2013 in several other areas, including: the Seal area of Western Canada due to properties acquired in the fourth quarter of 2012; the Terra Nova field where the prior year had more downtime for maintenance; and in Malaysia where four new oil fields offshore Sarawak were brought on production during the second half of 2013 and, following a late 2012 start-up, higher volumes were produced through the early production system at the Kakap field. Oil production declined in 2013 at U.K. oil fields sold during the year and at the Azurite field. Natural gas sales volumes decreased from 490 million cubic feet per day in 2012 to 424 million cubic feet per day in 2013. The 14% decline in natural gas volumes in the current year was primarily attributable to lower production in the Tupper area of Western Canada and for associated gas at the Kikeh field in Malaysia.

The average sales price for crude oil and other liquids for continuing operations was \$93.60 per barrel in 2013 compared to \$95.58 per barrel in 2012. North American natural gas was sold at an average price of \$3.26 per MCF in 2013, well above the 2012 average of \$2.65 per MCF. Natural gas volumes produced offshore Sarawak were sold for \$6.66 per MCF in 2013, down from \$7.50 per MCF in the prior year.

Corporate

Corporate after-tax costs were \$140.7 million in the year of 2013 compared to costs of \$98.5 million in 2012. The unfavorable variance in 2013 compared to the prior year was mostly associated with higher interest and administrative expenses. Interest costs increased in the current year primarily due to higher average borrowing levels, while administrative costs rose due to both professional services related to the separation of Murphy USA Inc. and higher compensation costs. The after-tax effects from transactions denominated in foreign currencies provided income of \$70.3 million in 2013, while 2012 had a minimal impact from foreign exchange.

Discontinued Operations

Income from discontinued operations was \$235.4 million (\$1.25 per diluted share) in 2013 compared to \$164.4 million (\$0.85 per diluted share) in 2012. The 2013 results were higher primarily due to a \$216.1 million after-tax gain on sale of the U.K. oil and gas properties, but this was partially offset by weaker U.K. downstream operating margins and a \$73.0 million charge to reduce the carrying value of these U.K. downstream assets. Murphy Oil spun-off its U.S. retail marketing operations to shareholders on August 30, 2013, sold all of its U.K. oil and gas properties in the first half of 2013, and held for sale its U.K. refining and marketing business. The results of all these operations are reported as discontinued operations in each year.

Roger W. Jenkins, President and Chief Executive Officer, commented, "We have just completed a pivotal year for our Company. We distributed to our shareholders all the stock of our former U.S. downstream subsidiary, Murphy USA Inc., which created a significant value enhancement for our shareholders. We also repurchased \$500 million of Company stock, removing almost eight million shares from the market. Additionally, we continue to progress the disposition of the U.K. downstream business, which is expected in 2014; this will complete the transition of Murphy Oil to an independent exploration and production company. In 2013, we continued to grow production led by our onshore Eagle Ford Shale operation, where total production averaged 39,000 net barrels of oil equivalent per day for the year. For the eighth consecutive year we replaced more reserves than we produced on a company-wide basis, with an exceptional rate of replacement greater than 240% in 2013.

"We anticipate total worldwide production volumes of 205,000 barrels of oil equivalent per day in the first quarter of 2014. Sales volumes of oil and natural gas are projected to average only 196,000 barrels of oil equivalent per day during the quarter. Total exploration expense in the first quarter of 2014 is expected to be in a range of \$60 million to \$150 million. Results could vary based on the risk factors described below."

The public is invited to access the Company's conference call to discuss fourth quarter 2013 results on Thursday, January 30 at 12:00 p.m. CST either via the Internet through the Investor Relations section of Murphy Oil's Web site at <http://ir.murphyoilcorp.com> or via the telephone by dialing **1-866-454-4203**. The telephone reservation number for the call is **2007786**. Replays of the call will be available through the same address on Murphy Oil's Web site, and a recording of the call will be available through February 3 by calling 1-888-203-1112 and referencing reservation number 2007786. Audio downloads will also be available on the Murphy Web site through March 1 and via Thomson StreetEvents for their service subscribers.

Summary financial data and operating statistics for the fourth quarter and year of 2013 with comparisons to 2012 are contained in the attached tables. Additionally, a schedule indicating the impacts of items affecting comparability of earnings between years is included with these tables.

This press release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management's current views concerning future events or results, including Murphy's plans to divest its U.K. downstream operations, are subject to inherent risks and uncertainties. Factors that could cause one or more of these forecasted events not to occur include, but are not limited to, a failure to obtain necessary regulatory approvals, a deterioration in the business or prospects of Murphy or its U.K. refining and marketing business, adverse developments in Murphy or its U.K. refining and marketing business' markets, adverse developments in the U.S. or global capital markets, credit markets or economies in general, or a failure to execute a sale of the U.K. downstream operations on acceptable terms or in the timeframe contemplated. Factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements include, but are not limited to, the volatility and level of crude oil and natural gas prices, the level and success rate of our exploration programs, our ability to maintain production rates and replace reserves, customer demand for our products, adverse foreign exchange movements, political and regulatory instability, and uncontrollable natural hazards. For further discussion of risk factors, see Murphy's 2012 Annual Report on Form 10-K on file with the U.S. Securities and Exchange Commission. Murphy undertakes no duty to publicly update or revise any forward-looking statements.

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4Q 2013 earnings release schedules accessible at the link below.

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[4Q 2013 Earnings Schedules](#)

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