MURPHY OIL CORPORATION

Murphy Oil Announces Second Quarter Earnings

August 5, 2009

EL DORADO, Ark.--(BUSINESS WIRE)--Aug. 5, 2009-- Murphy Oil Corporation (NYSE: MUR) announced today that net income in the second quarter of 2009 was $158.8 million ($0.83 per diluted share) compared to net income of $619.2 million ($3.22 per diluted share) in the second quarter of 2008. Net income in the 2009 quarter included a $24.7 million after-tax charge ($0.13 per diluted share) associated with an anticipated reduction of the Company's working interest in the Terra Nova field, offshore Eastern Canada. The Terra Nova joint operating agreement requires a redetermination process to occur with resulting adjustments settled in cash and applied retroactively to the deemed date of payout which is approximately January 2005. The second quarter charge assumes a working interest reduction from the current 12.0% to approximately 11.5%. The redetermination process is expected to be arbitrated with completion anticipated in 2010. The final results of the arbitration could further reduce the Company's working interest percentage. The 2009 quarter also included $13.4 million of after-tax gains ($0.07 per diluted share) from insurance settlements for fire and hurricane damages in prior years at the Meraux, Louisiana, refinery, and a $2.1 million after-tax loss ($0.01 per diluted share in discontinued operations) for post-closing settlements and other adjustments on the sale of Ecuador properties that occurred in the first quarter 2009. Net income in the second quarter 2008 included a $67.9 million after-tax gain ($0.35 per diluted share) on sale of the Lloydminster property in Western Canada.

For the first six months of 2009, net income totaled $329.9 million ($1.72 per diluted share) compared to net income of $1,028.2 million ($5.36 per diluted share) for the same period in 2008. The six-month 2009 period included after-tax gains of $103.6 million ($0.54 per diluted share in discontinued operations) from the sale of Ecuador properties. The 2008 six-month period included after-tax gains from the sales of Canadian assets totaling $108.3 million ($0.57 per diluted share).

Second Quarter 2009 vs. Second Quarter 2008

Exploration and Production (E&P)

The Company's income from continuing exploration and production operations was $118.3 million in the second quarter of 2009 compared to $576.5 million in the same quarter of 2008. Income in the 2009 quarter was weaker primarily due to lower crude oil and natural gas sales prices compared to 2008. The 2009 quarter also included the $24.7 million after-tax charge for an anticipated redetermination of working interest at the Terra Nova field. Income for the 2008 quarter included an after-tax gain of $67.9 million from sale of the Lloydminster property in Canada. Total crude oil and gas liquids production was 118,145 barrels per day in the second quarter of 2009 compared to 111,493 barrels per day in the 2008 quarter, with the increase primarily attributable to production at the Kikeh field, offshore Sabah, Malaysia, where additional wells were brought on production after the second quarter 2008. Crude oil production was lower off the East Coast of Canada due to more downtime for maintenance at Hibernia, and was also lower in Western Canada due to the sale of the Lloydminster heavy oil property in 2008. Additionally, Syncrude oil production was lower in 2009 than 2008 due to more downtime for maintenance in the current period. Crude oil production from discontinued operations in 2008 was attributable to the Ecuador properties sold by Murphy in the first quarter 2009. Crude oil and gas liquids sales volumes averaged 112,538 barrels per day in the second quarter of 2009 compared to 110,366 barrels per day in the 2008 quarter. The Company's worldwide crude oil and condensate sales prices averaged $53.55 per barrel for the second quarter of 2009 compared to $115.35 per barrel in the second quarter of 2008. Natural gas sales volumes increased from 55 million cubic feet per day in the second quarter of 2008 to 147 million cubic feet per day in the 2009 quarter, with the increase primarily due to December 2008 start-ups of gas production in the Tupper area in British Columbia, Canada, and at the Kikeh field. North American natural gas sales prices averaged $3.25 per thousand cubic feet (MCF) in the 2009 quarter compared to $11.70 per MCF in the same quarter of 2008. Exploration expenses were $35.0 million in the second quarter of 2009 compared to $60.4 million in the same period of 2008, with the decrease mainly attributable to lower dry hole expense in Malaysia and lower geophysical expense in the U.S. in the just completed quarter compared to a year ago.

Refining and Marketing (R&M)

The Company's refining and marketing operations generated income of $27.8 million in the second quarter 2009 compared to income of $77.3 million in the same quarter of 2008. The R&M earnings decline in the 2009 second quarter was primarily in the United Kingdom, where quarterly earnings were $6.4 million in 2009 compared to $72.3 million in 2008. Income for the United Kingdom R&M business declined primarily due to much weaker refining margins which were hurt by rising crude oil prices that were not fully recovered through higher refined product prices. R&M operations in North America earned $21.4 million in the 2009 quarter, up from $5.0 million earned in the 2008 period. U.S. refining margins in the 2009 quarter were slightly improved compared to the 2008 quarter, and the 2009 quarter included the aforementioned insurance settlements at the Meraux refinery, which totaled $13.4 million after taxes. Additionally, the Company's Superior, Wisconsin refinery was shut down for a complete turnaround for five weeks during the 2008 quarter.

Corporate

Corporate functions had net benefits of $14.8 million in the 2009 second quarter compared to net costs of $35.3 million in the 2008 second quarter, with the improvement in 2009 related to favorable foreign exchange results and lower net interest expense. The weakening of the U.S. dollar versus certain foreign currencies during the second quarter 2009 led to foreign exchange gains, primarily in the United Kingdom. After-tax foreign currency effects were gains of $33.6 million in the 2009 quarter compared to losses of $4.8 million in the same 2008 quarter. Net interest expense was less in the 2009 quarter due to both lower interest rates paid on borrowed funds and more interest expense capitalized to oil and natural gas development projects.

First Six Months 2009 vs. First Six Months 2008

Exploration and Production (E&P)

The Company's E&P business earned $168.6 million from continuing operations in the first six months of 2009 compared to earnings of $1,003.7 million in the same period of 2008. Earnings in 2009 were negatively affected by significantly lower crude oil and natural gas sales prices compared to a year ago, and the aforementioned $24.7 million charge after taxes for an anticipated redetermination at the Terra Nova field. The Company benefited from higher crude oil and natural gas sales volumes in 2009 compared to 2008. The 2008 period included after-tax gains of $108.3 million on properties sold in Western Canada. Crude oil and gas liquids production for the first six months of 2009 averaged 128,673 barrels per day compared to 112,416 barrels per day in 2008. The production increase in 2009 was mostly caused by higher crude oil produced at the Kikeh field, offshore Sabah, Malaysia, due to additional wells coming onstream throughout 2008. Natural gas sales volumes were 129 million cubic feet per day in 2009 compared to 62 million cubic feet per day in 2008, with the increase resulting mostly from gas production at the Tupper area in British Columbia and the Kikeh field in Malaysia, both of which commenced production in December 2008. Crude oil and condensate sales prices averaged $47.09 per barrel in the 2009 period compared to $101.65 per barrel in 2008. North American natural gas was sold at an average of $3.89 per MCF in 2009, compared to $9.83 per MCF in 2008. Exploration expenses were $146.1 million in 2009 compared to $126.9 million in 2008 and the increase in the 2009 period primarily resulted from higher dry hole costs related to unsuccessful wildcat drilling in Australia and the United States. Geophysical expenses were significantly lower in the 2009 period as reduced seismic activities in the U.S., Canada and Malaysia more than offset 3-D seismic acquired offshore Suriname.

Refining and Marketing (R&M)

The Company's refining and marketing operations had earnings of $38.6 million in the first six months of 2009, compared to earnings of $87.5 million in the same 2008 period. Income from North American R&M operations improved from $6.0 million in the 2008 period to $36.0 million in 2009 due to better refining margins and insurance settlements in the current period. Income from R&M operations in the U.K. declined significantly in the 2009 period, totaling $2.6 million in the current year compared to $81.5 million in 2008, as this operation experienced significantly weaker refining margins in the current year.

Corporate and Other

Corporate after-tax results were a $24.9 million benefit in the first six months of 2009 compared to $64.5 million of costs in the 2008 period. The improved results in 2009 were caused by favorable foreign exchange effects in 2009 compared to unfavorable effects in 2008 and lower net interest expense in 2009. Total after-tax effects for foreign currency exchange were gains of $59.7 million in the 2009 period compared to costs of $10.7 million in the same period of 2008. Less net interest expense in 2009 was attributable to a combination of lower interest rates on outstanding notes payable and higher interest amounts capitalized to ongoing oil and natural gas development projects.

David M. Wood, President and Chief Executive Officer, commented, "Murphy Oil's exploratory drilling program has been quite successful in recent weeks, with the Company making four announced discoveries since the issuance of the first quarter earnings release. In the second quarter 2009, the Company announced three discoveries, including Samurai in Green Canyon Block 432 in the Gulf of Mexico, Siakap North in Block K Malaysia, and East Patricia in Block SK Malaysia. In July 2009, a discovery was announced at the Turquoise Marine prospect in the MPS block, offshore the Republic of the Congo. We are currently engaged in follow-up drilling at the Siakap discovery. Further appraisal drilling is currently being planned for the other newly discovered resources. We have successfully initiated production at the Thunder Hawk field in the Gulf of Mexico in recent days – additionally, the Azurite field offshore the Republic of the Congo is set to come on production shortly. Also, we expect first natural gas production in the shallow-water Block SK fields offshore Malaysia during the third quarter. As these new fields ramp-up, they will further add to our growing production profile in the second half of 2009. Our downstream businesses in the United States and United Kingdom both showed improved operating profits in the second quarter compared to the previous quarter, but we anticipate continued tight refining margins for the remainder of 2009.

"Total production in the third quarter of 2009 should average 169,000 barrels of oil equivalent per day, but sales volumes are projected to average 162,000 barrels of oil equivalent per day. We currently expect earnings in the third quarter to be between $0.80 and $1.00 per diluted share. This earnings projection includes a contribution from our refining and marketing business of $35 to $45 million, and total exploration expense ranging from $25 to $55 million. Projected results for the third quarter could be affected by commodity prices, drilling results, timing of oil sales and refining and marketing margins."

The public is invited to access the Company's conference call to discuss second quarter 2009 results on Thursday, August 6, at 12:00 p.m. CDT either via the Internet through the Investor Relations section of Murphy Oil's website at **http://www.murphyoilcorp.com/ir** or via telephone by dialing 1-877-941-8610. The telephone reservation number for the call is 4112059. Replays of the call will be available through the same address on Murphy Oil's website, and a recording of the call will be available through August 10 by calling 1-800-406-7325. Audio downloads of the conference will be available on Murphy's website through September 1, 2009.

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, are subject to inherent risks and uncertainties. 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, political and regulatory instability, and uncontrollable natural hazards. For further discussion of risk factors, see Murphy's 2008 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.

MURPHY OIL CORPORATION
CONSOLIDATED FINANCIAL DATA SUMMARY
(Unaudited)

SECOND QUARTER	2009	2008
Revenues	$4,555,846,000	$ 8,344,218,000

Income from continuing operations	$ 160,844,000	$ 618,516,000
Net income	$ 158,770,000	$ 619,204,000
Income from continuing operations per Common share		
Basic	$ 0.84	$ 3.26
Diluted	$ 0.84	$ 3.22
Net income per Common share		
Basic	$ 0.83	$ 3.27
Diluted	$ 0.83	$ 3.22
Average shares outstanding		
Basic	190,746,583	189,564,247
Diluted	192,380,595	192,263,483

FIRST SIX MONTHS

Revenues	$8,001,398,000	$14,853,743,000
Income from continuing operations	$ 232,084,000	$ 1,026,722,000
Net income	$ 329,874,000	$ 1,028,196,000
Income from continuing operations per Common share		
Basic	$ 1.22	$ 5.42
Diluted	$ 1.21	$ 5.35
Net income per Common share		
Basic	$ 1.73	$ 5.43
Diluted	$ 1.72	$ 5.36
Average shares outstanding		
Basic	190,633,781	189,372,416
Diluted	192,189,238	191,832,034

Source: Murphy Oil Corporation

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