



Murphy Oil Announces Preliminary Quarterly Earnings

October 29, 2008

EL DORADO, Ark., Oct 29, 2008 (BUSINESS WIRE) -- Murphy Oil Corporation (NYSE: MUR) announced today that net income in the third quarter of 2008 was \$584.4 million, \$3.04 per diluted share, compared to net income of \$199.5 million, \$1.04 per diluted share, in the third quarter of 2007. Income increased in 2008 compared to 2007 primarily due to significantly better earnings for exploration and production operations, and also due to improved earnings in the refining and marketing business.

For the first nine months of 2008, net income totaled \$1.613 billion, \$8.39 per diluted share, compared to \$560.4 million, \$2.94 per diluted share, for the same period in 2007.

At September 30, 2008, the Company had Cash and cash equivalents of \$828.1 million, Canadian government securities with maturities of greater than 90 days at purchase of an additional \$611.1 million, and Long-term debt of \$1.066 billion.

Third Quarter 2008 vs. Third Quarter 2007

Exploration and Production (E&P)

Reviewing quarterly results by type of business, the Company's income contribution from E&P operations was \$529.9 million in the third quarter of 2008 compared to \$150.8 million in the same quarter of 2007. The improved earnings in 2008 compared to 2007 were primarily based on higher oil sales prices and volumes. Total crude oil and gas liquids production was 118,797 barrels per day in the third quarter 2008 compared to 87,962 barrels per day in the 2007 quarter, with the increase primarily attributable to higher production at the Kikeh field, offshore Sabah, Malaysia, which began producing in August 2007. U.S. crude oil production declined in the 2008 period due to field shut-ins associated with Hurricanes Gustav and Ike. Canadian heavy oil production declined in 2008 mostly due to the sale of the Lloydminster property in the second quarter of the year. Lower 2008 oil production offshore eastern Canada was attributable to normal field decline and a higher royalty rate at Terra Nova, and synthetic oil production in Canada was lower in 2008 primarily due to a higher royalty rate and more downtime at Syncrude. Crude oil sales volumes averaged 117,891 barrels per day in the third quarter of 2008 compared to 78,702 barrels per day in the 2007 period. The Company's worldwide crude oil, condensate and natural gas liquids sales prices averaged \$107.98 per barrel for the 2008 third quarter compared to \$63.96 per barrel in the same quarter of 2007. Natural gas sales volumes were 46 million cubic feet per day in the third quarter 2008 compared to 56 million cubic feet per day in the third quarter of 2007, with the decline due to lower production in Canada and at fields in South Louisiana. Natural gas sales volumes in Canada were lower in the 2008 period primarily due to the sale of the Company's interest in Berkana Energy in January 2008. Gulf of Mexico natural gas sales volumes were lower due to most fields being shut-in by two hurricanes during the quarter. North American natural gas volumes were sold at an average of \$11.51 per thousand cubic feet (MCF) during the 2008 third quarter compared to \$6.22 per MCF during the 2007 quarter. Exploration expenses were \$83.4 million in the 2008 quarter compared to \$42.5 million in the same period of 2007, with the increase mostly attributable to higher dry hole costs in the Gulf of Mexico and offshore Malaysia, and higher undeveloped leasehold amortization expense for the Tupper property in British Columbia. Lower selling and general expense in the U.S. in 2008 compared to 2007 was primarily related to a donation of real estate during the 2007 quarter.

Refining and Marketing

The Company's refining and marketing operations generated a quarterly profit of \$85.8 million in the third quarter 2008 compared to a quarterly profit of \$73.2 million in the 2007 third quarter. North American earnings improved in the 2008 period compared to 2007 primarily due to better margins for U.S. marketing operations. The U.K. results in the 2008 third quarter were below break-even due mostly to weak refining margins.

Corporate

The after-tax costs of the corporate functions were \$31.3 million in the 2008 quarter compared to costs of \$24.5 million in the 2007 quarter. The Company incurred more net interest expense in the 2008 period due to lower levels of interest capitalized to development projects. The Company also had higher foreign exchange losses in 2008 compared to 2007.

First Nine Months 2008 vs. First Nine Months 2007

Exploration and Production (E&P)

The Company's exploration and production operations earned \$1.535 billion in the first nine months of 2008 compared to \$388.9 million in the same period of 2007. The primary reasons for the higher earnings in this business in 2008 were higher crude oil and natural gas sales prices and higher crude oil sales volumes. Lower natural gas sales volumes and higher exploration expenses in 2008 partially offset the higher sales prices and crude oil sales volumes. Crude oil and gas liquids production for the nine months of 2008 averaged 114,559 barrels per day compared to 84,169 barrels per day in 2007. The production increase in 2008 was primarily attributable to higher volumes produced at the Kikeh field, offshore Malaysia, as the field continued to ramp up during the year. Natural gas sales were 57 million cubic feet per day in 2008 compared to 58 million cubic feet per day in 2007, with the reduction primarily caused by shut-in of Gulf of Mexico fields due to two hurricanes in the third quarter. Crude oil, condensate and gas liquids sales prices averaged \$100.53 per barrel in the 2008 period compared to \$56.10 per barrel in 2007. North American natural gas was sold for \$10.27 per MCF in 2008, up from \$7.16 per MCF in 2007. Exploration expenses were \$210.3 million in 2008 compared to \$121.0 million in 2007 as the current-year period primarily included higher expenses for dry holes offshore Malaysia and leasehold amortization at Tupper in Canada.

Refining and Marketing

The Company's refining and marketing operations generated a profit of \$173.3 million in the first nine months of 2008 compared to a profit of \$233.1 million in 2007. The lower 2008 result in North America was due to weaker U.S. refining margins during most of 2008 compared to 2007. Earnings for

U.K. operations improved in 2008 compared to 2007 mostly due to better refining margins in the first half of the current year, plus a larger U.K. refining operation due to the Company's purchase of the remaining 70% of the Milford Haven, Wales refinery in December 2007.

Corporate

Corporate after-tax costs were \$95.8 million in the first nine months of 2008 compared to \$61.6 million in the 2007 period. The 2008 period included higher net interest expense due to larger average debt levels and lower interest amounts capitalized to development projects. The current year also had higher foreign exchange losses and higher administrative expenses.

Claiborne P. Deming, President and Chief Executive Officer, commented, "With the extraordinary turmoil in the financial markets in recent weeks, our history of maintaining a strong balance sheet with low levels of debt is currently serving us well. In fact, our Company is financially strong with very low leverage. Our debt to total capital ratio at September 30 was 14%; we had about \$1.4 billion of cash and invested cash at September 30; and we have continued access to a nearly \$2 billion revolving loan facility from a diverse group of 25 U.S. and foreign banks, with nearly \$1.5 billion of this amount unused at September 30. Considering our cash position, our net company-wide leverage is virtually nil.

"Although the lower oil prices seen in recent weeks have curtailed exploration and production earnings, the decline has allowed the refining and marketing business to make a strong contribution to the company's results of operations in the third and early fourth quarters. Following Hurricanes Gustav and Ike, our Gulf of Mexico production has been hampered by delays in repairs to third-party pipelines. However, fourth quarter production benefits from start-up of the Tupper natural gas field in British Columbia and Kikeh natural gas offshore Sabah Malaysia. Our Gulf of Mexico drilling program included a discovery at Dalmatian in DeSoto Canyon Block 48. In the fourth quarter our drilling activities will be highlighted by wells in the Browse Basin offshore northwest Australia and offshore Sabah in Block P.

"We anticipate total worldwide production to be approximately 141,000 barrels of oil equivalent per day during the fourth quarter 2008. Sales volumes are expected to be about 135,000 barrels of oil equivalent per day during the quarter. We currently expect earnings in the fourth quarter to be in the range of \$1.00 to \$1.40 per diluted share. Results could vary based on 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 third quarter 2008 results on Thursday, October 30 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 the telephone by dialing 1-800-366-7640. The telephone reservation number for the call is 11120763. 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 November 3 by calling 1-800-405-2236. Audio downloads will also be available on the Murphy website through December 1 and via Thomson StreetEvents for their service subscribers.

The forward-looking statements reflected in this release are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. No assurance can be given that the results discussed herein will be attained, and certain important factors that may cause actual results to differ materially are contained in Murphy's January 15, 1997 Form 8-K report on file with the U.S. Securities and Exchange Commission.

MURPHY OIL CORPORATION CONSOLIDATED FINANCIAL DATA SUMMARY (Unaudited)

THIRD QUARTER	2008	2007
Revenues	\$ 8,186,033,000	4,780,732,000
Net income	\$ 584,422,000	199,535,000
Net income per Common share		
Basic	\$3.08	1.06
Diluted	\$3.04	1.04
Average shares outstanding		
Basic	189,787,636	188,239,267
Diluted	192,243,448	191,193,266
FIRST NINE MONTHS		
Revenues	\$ 23,081,914,000	12,829,243,000
Net income	\$ 1,612,618,000	560,411,000
Net income per Common share		
Basic	\$8.51	2.99
Diluted	\$8.39	2.94
Average shares outstanding		
Basic	189,499,657	187,716,385
Diluted	192,219,610	190,764,460

SOURCE: Murphy Oil Corporation

Murphy Oil Corporation
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