Murphy Oil Announces Preliminary Quarterly Earnings and Results of Drilling Wells

July 30, 2008

EL DORADO, Ark.--(BUSINESS WIRE)--July 30, 2008--Murphy Oil Corporation (NYSE: MUR) announced today that net income in the second quarter of 2008 was $627.0 million ($3.27 per diluted share) compared to net income of $250.3 million ($1.32 per diluted share) in the second quarter of 2007. 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 properties in Western Canada. Net income in the second quarter 2007 included after-tax costs of $24.0 million ($0.13 per diluted share) for closure of 55 retail gasoline stations in the U.S. and Canada.

For the first six months of 2008, net income totaled $1,036.0 million ($5.40 per diluted share) compared to net income of $360.9 million ($1.90 per diluted share) for the same period in 2007. The 2008 six-month period included after-tax gains from the sales of Canadian assets totaling $108.3 million ($0.57 per diluted share).

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Second Quarter 2008 vs. Second Quarter 2007

Exploration and Production (E&P)
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The Company's income from exploration and production operations was $585.0 million in the second quarter of 2008 compared to $149.3 million in the same quarter of 2007. Income for the 2008 quarter included an after-tax gain of $67.9 million from sale of the Lloydminster properties in Canada. Income in the 2008 quarter was favorably affected by higher crude oil prices and sales volumes compared to 2007. Natural gas sales prices increased in 2008 compared to 2007, but natural gas production volumes fell slightly. Total crude oil and gas liquids production was 111,493 barrels per day in the second quarter of 2008 compared to 79,949 barrels per day in the 2007 quarter, with the increase primarily attributable to production at the Kikeh field, offshore Sabah, Malaysia, which started up in the third quarter of 2007. Crude oil production was lower off the East Coast of Canada due to more downtime for maintenance at Terra Nova and field decline at Hibernia and Terra Nova. Crude oil sales volumes averaged 110,366 barrels per day in the second quarter of 2008 compared to 83,629 barrels per day in the 2007 period. The Company's worldwide crude oil and condensate sales prices averaged $110.14 per barrel for the second quarter of 2008 compared to $57.19 per barrel in the second quarter of 2007. Natural gas sales volumes decreased from 57 million cubic feet per day in the second quarter of 2007 to 55 million cubic feet per day in the 2008 quarter, primarily due to the sale of Berkana Energy in Canada in January 2008. North American natural gas sales prices averaged $11.70 per thousand cubic feet (MCF) in the 2008 quarter compared to $8.02 per MCF in the same quarter of 2007. Exploration expenses were $47.9 million in the second quarter of 2008 compared to $30.1 million in the same period of 2007, with the increase mainly attributable to undeveloped leasehold amortization expense for the Tupper properties in British Columbia, the first phase of which is under development for fourth quarter 2008 natural gas production.

Refining and Marketing (R&M)

The Company's refining and marketing operations generated income of $77.3 million in the second quarter 2008 compared to income of $124.2 million in the same quarter of 2007. The R&M earnings decline in the 2008 second quarter was primarily in North America, where earnings were $5.0 million in the 2008 quarter compared to $107.2 million in the 2007 quarter. U.S. refining and marketing margins in the 2008 quarter were much weaker than in the 2007 quarter, and the Company's Superior, Wisconsin refinery was shut down for a complete turnaround for five weeks during the 2008 quarter. The 2007 quarter included $24.0 million of after-tax charges associated with closure of 55 retail gasoline stations in the U.S. and Canada. Income for the United Kingdom R&M business improved from $17.0 million in the 2007 second quarter to $72.3 million in the 2008 quarter due to stronger refining margins and to the Company's larger U.K. refining system following the acquisition of 70% interest in the Milford Haven, Wales refinery in December 2007.

Corporate

Corporate functions had net costs of $35.3 million in the 2008 second quarter compared to net costs of $23.2 million in 2007. Net costs increased in 2008 due to a combination of higher administrative expenses and higher net interest expense, which was attributable to both higher borrowing levels and lower amounts capitalized to oil and gas development projects. The Company capitalized most of its interest expense to the Kikeh oil development project in the second quarter of 2007.

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First Six Months 2008 vs. First Six Months 2007

Exploration and Production (E&P)
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The Company's E&P business earned $1,013.0 million in the first six months of 2008 compared to earnings of $238.1 million in the same period of 2007. Earnings in 2008 were favorably affected by higher crude oil sales prices and sales volumes. The Company also benefited from higher natural gas sales prices, slightly higher natural gas sales volumes, and 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 2008 averaged 112,416 barrels per day compared to 82,241 barrels per day in 2007. The production increase in 2008 was mostly caused by crude oil produced at the Kikeh field, offshore Sabah, Malaysia. Natural gas sales volumes were 62 million cubic feet per day in 2008 compared to 59 million cubic feet per day in 2007, with the increase mostly resulting from 2008 production at the Mondo NW field in the Gulf of Mexico following its start-up in July 2007, but partially offset by lower natural gas sales volumes in Canada following the early 2008 sale of Berkana Energy. Crude oil and condensate sales prices averaged $96.73 per barrel in the 2008 period compared to $52.47 per barrel in 2007. North American natural gas was sold at an average of $9.83 per MCF in 2008, compared to $7.64 per MCF in 2007. Exploration expenses were $114.4 million in 2008 compared to $78.5 million in 2007. The increase in the 2008 period primarily resulted from higher undeveloped lease amortization expense, which was mostly attributable to the Tupper natural gas field in British Columbia, and higher geophysical costs, but these were partially offset by lower dry hole costs in the U.S.

Refining and Marketing (R&M)

The Company's refining and marketing operations had earnings of $87.5 million in the first six months of 2008, compared to earnings of $159.9 million in the same 2007 period. The 2007 period included an after-tax charge of $24.0 million related to closing 55 retail gasoline stations in the U.S. and Canada. Income from North American R&M operations declined from $141.7 million in the 2007 period to $6.0 million in 2008 due to lower refining and marketing margins in the current period. Income from R&M operations in the U.K. improved in 2008 to $81.5 million compared to 2007 income of $18.2 million due to better margins for both refining and marketing operations, and due to the Company's larger U.K. refining system related to full ownership of the Milford Haven, Wales refinery.

Corporate and Other

Corporate after-tax costs were $64.5 million in the first six months of 2008 compared to costs of $37.1 million in the 2007 period. The increased costs in 2008 were caused by higher net interest expense after capitalization to development projects, higher foreign currency exchange losses and higher administrative expenses during the current period. Total after-tax costs for foreign currency exchange were $10.7 million in the 2008 period compared to costs of $5.5 million in the same period of 2007.

Claiborne P. Deming, President and Chief Executive Officer, commented, "Overall financial results have been strong and our operating businesses have been quite active. The ramp-up of the Kikeh field offshore Malaysia is continuing, with 10 wells now on production at a gross rate of 85,000 barrels of oil per day. At the Tupper field development in Canada, 26 wells have been drilled to date, with the drilling program ongoing and first natural gas production slated for the fourth quarter. In Gulf of Mexico drilling, we have made a modest natural gas discovery at the Diamond prospect, but the Sapphire well was unsuccessful. In our downstream business, the Milford Haven acquisition in late 2007 showed its value in the second quarter by contributing greatly to the strong earnings in the U.K. Refining margins in the U.S. remain under pressure and U.K. refining margins have retrenched compared to the second quarter. We continue to see increases in per-station U.S. retail fuel and non-fuel sales volumes versus a year ago.

Total production volumes in the third quarter 2008 should average 128,000 barrels of oil equivalent per day, but sales volumes are projected to average 117,000 barrels of oil equivalent per day. We currently expect earnings in the third quarter to be between $2.80 and $3.10 per diluted share. This earnings projection includes a contribution from our refining and marketing business ranging from $50 million to $65 million, and total exploration expense ranging from $55 million to $110 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 2008 results on Thursday, July 31, 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 1-800-218-9073. The telephone reservation number for the call is 11116776. 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 4 by calling 1-800-405-2236. Audio downloads of the conference will be available on Murphy's website through September 1, 2008.

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)

SECOND QUARTER	2008	2007
Revenues	$ 8,363,150,000	$4,613,627,000
Net income	$ 627,004,000(a)	$ 250,242,000
Net income per Common share		
Basic	$ 3.31	$ 1.33
Diluted	$ 3.27	$ 1.32
Average shares outstanding		
Basic	189,564,247	187,615,633
Diluted	191,731,267	190,160,989
FIRST SIX MONTHS		
Revenues	$14,895,881,000	$8,048,511,000
Net income	$ 1,035,996,000(a)	$ 360,876,000
Net income per Common share		
Basic	$ 5.47	$ 1.93
Diluted	$ 5.40	$ 1.90

Average shares outstanding		
Basic	189,372,416	187,361,136
Diluted	191,832,034	189,954,414

(a) The second quarter and first six months of 2008 include an after-tax gain of $64.2 million on sale of an oil field in Western Canada.

CONTACT: Murphy Oil Corporation
Dory Stiles, 870-864-6496

SOURCE: Murphy Oil Corporation