Murphy Oil Announces Preliminary First Quarter 2007 Earnings

April 25, 2007

EL DORADO, Ark.--(BUSINESS WIRE)--April 25, 2007--Murphy Oil Corporation (NYSE: MUR) announced today that net income in the first quarter of 2007 was $110.6 million ($0.58 per diluted share), compared to adjusted net income of $116.0 million ($0.61 per diluted share) in the first quarter of 2006. In 2007, increased income from the Company's refining and marketing operations was offset by lower income in exploration and production operations. The improvement in refining and marketing results in 2007 was mostly due to income at the Meraux, Louisiana refinery that operated throughout the most recent period, while during the 2006 period, the plant was shut-down for repairs and incurred significant uninsured repair costs as a result of Hurricane Katrina. The decline in exploration and production earnings in 2007 compared to 2006 was primarily caused by lower oil and natural gas production and lower sales prices in the just completed quarter.

The Financial Accounting Standards Board's (FASB) Staff Position No. AUG AIR-1, Accounting for Planned Major Maintenance Activities, which became effective on January 1, 2007, no longer permits the accrual in advance of estimated costs associated with future refinery turnarounds and other planned major maintenance. The Company has chosen to use the deferral method whereby actual turnaround costs are deferred and amortized to expense over the period until the next anticipated turnaround. The adoption of this change in accounting resulted in an increase to stockholders' equity of $68.6 million, which was recorded as of December 31, 2006. Prior period results presented have been adjusted to reflect the adoption of this new accounting method. Net income in the 2006 period increased by $2.1 million ($.01 per diluted share) due to this change in accounting principle.

Murphy's income from exploration and production operations was $88.8 million in the first quarter of 2007 compared to $161.9 million in the same quarter of 2006. Lower production volumes and lower realized sales prices for crude oil and natural gas were the primary reasons for reduced earnings in the 2007 period. In addition, the 2006 period included a pretax benefit of $15.7 million for insurance proceeds related to Gulf of Mexico production lost in the fourth quarter 2005 after Hurricane Katrina. The Company's worldwide crude oil and condensate sales prices averaged $47.86 per barrel for the 2007 first quarter compared to $49.11 per barrel in the 2006 first quarter. Total crude oil and gas liquids production was 84,555 barrels per day in the first quarter of 2007 compared to 98,074 barrels per day in the 2006 quarter. The decrease in crude oil volumes in 2007 was mostly attributable to lower production at the Medusa and Front Runner fields in the deepwater Gulf of Mexico. North American natural gas sales prices averaged $7.28 per thousand cubic feet (MCF) in the 2007 first quarter down from $9.38 per MCF in the same quarter of 2006. Natural gas sales volumes of 61 million cubic feet per day in the first quarter of 2007 were down from 84 million cubic feet per day in the 2006 period primarily due to lower production in the 2007 period at the Medusa field in the Gulf of Mexico and onshore in Vermilion Parish, Louisiana. Exploration expense in the 2007 period was $48.4 million, down from $63.2 million in 2006. Dry hole expense was lower by $22.7 million in the 2007 period mostly in deepwater Malaysia. Geological and geophysical expense increased $6.1 million in 2007 compared to 2006 due to greater activity in the Republic of Congo.

Murphy's refining and marketing operations generated income of $35.7 million in the 2007 quarter compared to a loss of $35.6 million in the 2006 quarter. In North America, downstream operations had income of $34.5 million in 2007 compared to a loss of $35.6 million in 2006. The North American earnings improvement was mostly due to favorable results at the Meraux refinery, which was operational during the 2007 quarter, while in the 2006 quarter, the refinery was shut-down and incurred significant repairs costs as a result of Hurricane Katrina. The Company's Superior, Wisconsin refinery ran well during the first quarter of each year, but had improved margins in 2007 compared to the 2006 period. Margins for North American retail marketing operations were unfavorably affected by generally rising wholesale gasoline prices in the 2007 first quarter. Even so, results in this business were somewhat improved compared to the 2006 period. Refining and marketing operations in the United Kingdom generated income of $1.2 million in the first quarter of 2007, compared to break-even results in the same quarter of 2006.

Corporate functions reflected a loss of $13.9 million in the 2007 first quarter compared to a loss of $10.3 million in 2006. The Company capitalized most of its interest expense to oil and natural gas development projects in the first quarter of both years.

Claiborne P. Deming, President and Chief Executive Officer, commented, "Our Kikeh development offshore Sabah continues on schedule with first production targeted for the third quarter this year. Crude oil sales prices have risen since the end of the first quarter, and our worldwide production volumes are expected to average about 88,000 barrels of oil equivalent per day in the second quarter. Margins at the Company's two U.S. refineries have been robust so far in April due to a combination of tight refining capacity, lower product inventories and strong fuel demand. The effect of higher wholesale fuel prices have resulted in tight U.S. retail fuel margins. We currently expect earnings in the second quarter to be between $0.75 and $0.95 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 first quarter 2007 results on Thursday, April 26, at 12:00 p.m. CDT either via the Internet through the Investor Relations section of Murphy's website at http://www.murphyoilcorp.com/ir or via the telephone by dialing 1-800-219-6110. The telephone reservation number for the call is 11087949. Replays of the call will be available through the same address on the Murphy website, and a recording of the call will be available through May 2 at 1-800-405-2236.

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)

FIRST QUARTER	2007	2006(a)

Revenues	$ 3,434,884,000	$ 2,991,263,000
Net income	$ 110,634,000	$ 115,983,000
Net income per Common share		
Basic	$ 0.59	$ 0.62
Diluted	$ 0.58	$ 0.61
Average shares outstanding		
Basic	187,147,870	185,713,673
Diluted	189,789,397	188,636,321

(a) Adjusted to reflect a change in accounting principle.

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SOURCE: Murphy Oil Corporation