Murphy Oil Announces First Quarter 2006 Earnings

April 25, 2006

EL DORADO, Ark.--(BUSINESS WIRE)--April 25, 2006--Murphy Oil Corporation (NYSE:MUR) announced today that net income in the first quarter of 2006 was $113.9 million ($.60 per diluted share), comparable to net income of $113.2 million ($.60 per diluted share) in the first quarter of 2005. In 2006, substantially higher income for the Company's exploration and production operations was mostly offset by losses in the refining and marketing business caused by downtime and unrecoverable repair costs at the Meraux, Louisiana refinery following Hurricane Katrina. The 2006 period included unsuccessful exploration drilling costs for the Rohu #1 well drilled in Block P, offshore Sabah, which encountered noncommercial quantities of hydrocarbons and was plugged and abandoned.

Murphy's income from exploration and production operations was $161.6 million in the first quarter of 2006 compared to $124.9 million in the same quarter of 2005. Higher realized sales prices for crude oil and natural gas were the primary reasons for improved earnings. In addition, the 2006 period included lower exploration expenses and $15.7 million of insurance proceeds related to Gulf of Mexico production lost in the fourth quarter 2005 following Hurricane Katrina. Partially offsetting these improvements were lower oil and natural gas sales volumes and higher production expenses. Exploration expense in the 2006 period was $63.2 million, down from $70.3 million in 2005. Dry hole expense was lower by $14.2 million in the 2006 period mostly due to less costs in the Republic of Congo and the United States that were partially offset by higher costs in Malaysia. Geological and geophysical expense increased $8.7 million in 2006 compared to 2005 with higher costs in the United States and Malaysia for seismic and special studies. The Company's worldwide crude oil and condensate sales prices averaged $49.11 per barrel for the 2006 first quarter compared to $39.90 per barrel in the 2005 first quarter. Total crude oil and gas liquids production was 98,074 barrels per day in the first quarter of 2006 compared to 108,738 barrels per day in the 2005 quarter. The decrease in crude oil volumes in 2006 was mostly attributable to lower production at Terra Nova, offshore eastern Canada, caused by operational problems with production equipment, lower entitlement due to higher oil prices at West Patricia, offshore Sarawak, Malaysia, and lower production from the Habanero and Medusa fields in the deepwater Gulf of Mexico. Heavy oil production in Canada in 2006 exceeded the prior year due to an ongoing development drilling program in the Seal area of northern Alberta. North American natural gas sales prices averaged $9.38 per thousand cubic feet (MCF) in the 2006 first quarter compared to $6.71 per MCF in the same quarter of 2005. Natural gas sales volumes of 84 million cubic feet per day in the first quarter of 2006 were down from 113 million cubic feet per day in the 2005 period primarily due to the sale in mid-2005 of most properties located on the continental shelf of the Gulf of Mexico, for which sales volumes were 20 million cubic feet per day in the 2005 first quarter. The remaining reduction in natural gas sales volumes was mostly attributable to lower production at the Habanero field and onshore in Vermilion Parish, Louisiana. The Seventeen Hands field in the deepwater Gulf of Mexico commenced production on March 1 and averaged 12 million cubic feet per day net to the Company during the start-up period in March.

Murphy's refining and marketing operations incurred a loss of $37.3 million in the 2006 quarter compared to a loss of $5.5 million in the 2005 quarter. In North America, downstream operations lost $37.1 million in 2006 and $8.3 million in 2005. The larger loss in 2006 was mostly caused by foregone refining margins, coupled with expenses for ongoing costs and $13.0 million of unrecoverable Hurricane Katrina-related repairs at the Meraux, Louisiana refinery, which was shut down for the entire first quarter. Although most repair costs are recoverable from insurance, damages caused by flooding have certain coverage limits. Additional pretax repair costs of approximately $37 million are projected to be expensed in the second quarter 2006. Commissioning and start up, which are anticipated to last several weeks, should commence at Meraux beginning the first week of May. The Company's Superior, Wisconsin refinery ran well during the first quarter 2006 and had improved margins compared to the 2005 period. Similar to the 2005 first quarter, the 2006 quarter's results for U.S. retail marketing operations were unfavorably affected by generally rising wholesale gasoline prices that squeezed margins. Refining and marketing operations in the United Kingdom lost $0.2 million in the first quarter of 2006, down from a $2.8 million profit in the same quarter of 2005, with the weaker results caused by operating margins that were hurt by higher crude prices during the 2006 period.

Corporate functions reflected a loss of $10.4 million in the 2006 first quarter compared to a loss of $6.2 million in 2005. The 2006 period included lower interest income, unfavorable foreign exchange effects and higher equity compensation expense compared to 2005, but these were partially offset by lower net interest expense. The 2005 period included interest income on a U.S. tax settlement. Lower net interest expense in 2006 was primarily due to more interest being capitalized on oil development projects.

Claiborne P. Deming, President and Chief Executive Officer, commented, "In the second quarter 2006, we will continue our exploratory drilling programs offshore Sarawak and the deepwater Gulf of Mexico as well as open a new exploration office in Jakarta, Indonesia. In the downstream business, Meraux starts back up and we continue our build out of retail gasoline stations at Wal-Mart Supercenters. Production volumes are expected to average about 113,000 barrels of oil equivalent per day in the second quarter. Sales volumes should average about 8,000 barrels more than production, primarily due to settlement of a portion of the crude oil owed to the Company by partners in Block 16 Ecuador since 2004. Thus far in April, crude oil sales prices have risen, but U.S. retail gasoline margins continue to be weak because of the unrelenting rise in wholesale gasoline prices. We currently expect earnings in the second quarter to be between $.75 and $1.00 per diluted share. Results could vary based on commodity prices, drilling results, timing of oil sales, the pace of the Meraux refinery start up and refining and marketing margins."

The public is invited to access the Company's conference call to discuss first quarter 2006 results on Wednesday, 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 1-800-257-6566. The telephone reservation number for the call is 11058405. 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 April 30 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	2006	2005
Revenues	$2,991,263,000	$2,414,872,000
Net income	$ 113,872,000	$ 113,153,000
Net income per Common share		
Basic	$ .61	.61
Diluted	$ .60	.60
Average shares outstanding		
Basic	185,713,673	184,248,272
Diluted	188,636,321	187,806,028

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SOURCE: Murphy Oil Corporation