Murphy Oil Announces Quarterly Earnings

July 26, 2005

EL DORADO, Ark.--(BUSINESS WIRE)--July 26, 2005--Murphy Oil Corporation (NYSE:MUR) announced today that net income in the second quarter of 2005 was $347.7 million, $1.85 per diluted share, compared to income of $349.9 million, $1.87 per diluted share, in the second quarter of 2004. The 2005 second quarter results included an after-tax gain of $106.8 million, $.57 per share, on sale of mature oil and gas properties on the continental shelf of the Gulf of Mexico. Excluding the gain on property sale, normalized earnings in the second quarter 2005 were at record levels. Net income in the 2004 period included income from discontinued operations of $181.8 million, $.97 per share, $166.7 million of which was an after-tax gain on sale of most conventional oil and gas assets in Western Canada.

For the first six months of 2005, net income totaled $460.9 million, $2.46 per share, compared to $448.1 million, $2.40 per share, for the 2004 period.

Earnings per share amounts for all periods presented reflect the two-for-one common stock split effective June 3, 2005.

Second Quarter 2005 vs. Second Quarter 2004

Reviewing quarterly results by type of business, the Company's income contribution from exploration and production operations was $289.9 million in the second quarter of 2005 compared to $139.8 million in the same quarter of 2004. The earnings improvement in 2005 was primarily caused by a $106.8 million after-tax gain on sale of oil and gas properties in the Gulf of Mexico, higher oil and natural gas sales prices and higher oil sales volumes. These were somewhat offset by higher exploration expense and lower natural gas sales volumes in the 2005 quarter. The Company's worldwide crude oil and condensate sales prices averaged $43.10 per barrel for the current quarter compared to $34.14 per barrel in the second quarter of 2004. Total crude oil and gas liquids production from continuing operations was a record 111,030 barrels per day in the second quarter of 2005 compared to 97,375 barrels per day in the 2004 quarter, with the increase primarily attributable to production at the Front Runner field in the deepwater Gulf of Mexico, which commenced production in the fourth quarter of 2004, and higher heavy oil production at the Seal area in Western Canada. Crude oil sales volumes from continuing operations averaged 114,526 barrels per day in the second quarter of 2005 compared to 99,819 barrels per day in the 2004 period. North American natural gas sales prices averaged $7.25 per thousand cubic feet (MCF) in the most recent quarter compared to $6.22 per MCF in the same quarter of 2004. Natural gas sales volumes from continuing operations decreased from 123 million cubic feet per day in the second quarter of 2004 to 107 million cubic feet per day in the just completed quarter, primarily due to production lost in 2005 for downtime subsequent to Hurricane Ivan at Viosca Knoll Block 783 (Tahoe field) and lower production from fields in the Gulf of Mexico that were sold in June 2005. All Tahoe wells were back on production at the end of June. Exploration expenses were $40 million in the second quarter of 2005 compared to $23.2 million in the same period of 2004, with the increase mostly due to higher 3-D seismic programs and dry hole costs in Malaysia and exploration expenses in 2005 in the Republic of Congo.

The Company's refining and marketing operations generated a record quarterly profit of $67.4 million in the 2005 second quarter compared to a profit of $39.5 million in the same quarter of 2004. The improvement was due to significantly better refining margins in the United States in the 2005 quarter.

The after-tax costs of the corporate function were $9.6 million in the 2005 quarter compared to $11.2 million in the 2004 quarter as lower net interest expense and higher foreign exchange gains more than offset higher administrative expenses in 2005.

First Six Months 2005 vs. First Six Months 2004

Income from continuing operations was $460.9 million in the first half of 2005 compared to $248.8 million in the same 2004 period. Income from both the exploration and production and refining and marketing businesses improved in 2005. The Company's exploration and production continuing operations earned $414.8 million in the first half of 2005 and $241 million in the same period of 2004. The earnings improvement in 2005 was caused by a $106.8 million after-tax gain on sale of oil and gas properties in the Gulf of Mexico, higher oil and natural gas sales prices and higher oil sales volumes, partially offset by lower natural gas sales volumes and higher exploration expenses. Crude oil and gas liquids production from continuing operations for the first six months of 2005 averaged 109,892 barrels per day compared to 96,255 barrels per day in 2004. The production increase in 2005 was mostly attributable to higher production in the deepwater Gulf of Mexico at the Front Runner and Medusa fields and in Malaysia at the West Patricia field. Natural gas sales from continuing operations were down from 124 million cubic feet per day in 2004 to 110 million cubic feet per day in 2005, with the decline due to lower sales volumes from Gulf of Mexico fields sold in June 2005 and production lost during downtime at the Tahoe field following Hurricane Ivan. Crude oil and condensate sales prices averaged $41.55 per barrel in the 2005 period compared to $32.58 per barrel in 2004. North American natural gas was sold for $6.98 per MCF in 2005, up from $6.05 per MCF in 2004. Exploration expenses were $110.3 million in 2005 compared to $72.3 million in 2004, with the increase in the 2005 period mostly due to higher dry hole and 3-D seismic costs in Malaysia and exploration expense incurred in the Republic of Congo in 2005.

The Company's refining and marketing operations generated a profit of $61.9 million in the first six months of 2005, compared to a $33.1 million profit in the same 2004 period. The improved current year result was based on stronger U.S. refining margins in 2005.

Corporate after-tax costs were $15.8 million in the first six months of 2005 compared to costs of $25.3 million in the 2004 period. Lower net interest expense in 2005 was partially offset by higher administrative costs in the current period.

Claiborne P. Deming, President and Chief Executive Officer, commented, "A combination of stronger commodity prices, record oil production and better downstream margins in the second quarter of 2005 led to record quarterly earnings for exploration and production and downstream, when gains from property sales are excluded. In the second half of 2005 we will continue our active exploratory drilling programs in the Republic of Congo and Malaysia. Our U.S. retail marketing business continues to expand, and we opened our 800th gasoline station at Wal-Mart stores in May. We currently expect earnings in the third quarter to be in the range of $1.00 to $1.10 per share. Total average production in the third quarter is projected to be 113,000 barrels of oil equivalent per day compared to 128,848 barrel equivalents per day in the second quarter 2005. Production volumes are expected to be lower in the third quarter compared to the just completed quarter because of planned maintenance downtime, Gulf of Mexico storm shut-ins, and sale of the properties in the Gulf of Mexico in June. Results will vary based on commodity prices, drilling results and timing of oil sales."

The public is invited to access the Company's conference call to discuss second quarter 2005 results on Wednesday, July 27, 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 1-800-257-1927. The telephone reservation number for the call is 11035334. 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 1 by calling 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)

SECOND QUARTER	2005	2004
Revenues	$2,949,942,000	$2,105,725,000
Income from continuing operations	$ 347,793,000	$ 168,135,000
Net income	$ 347,793,000	$ 349,873,000
Income from continuing operations per Common share		
Basic	$ 1.89	$ .91
Diluted	$ 1.85	$ .90
Net income per Common share		
Basic	$ 1.89	$ 1.90
Diluted	$ 1.85	$ 1.87
Average shares outstanding		
Basic	183,903,885	183,989,400
Diluted	187,682,605	186,682,352

FIRST SIX MONTHS	2005	2004
Revenues	$5,364,814,000	$3,765,419,000
Income from continuing operations	$ 460,946,000	$ 248,831,000
Net income	$ 460,946,000	$ 448,112,000
Income from continuing operations per Common share		
Basic	$ 2.51	$ 1.35
Diluted	$ 2.46	$ 1.33
Net income per Common share		
Basic	$ 2.51	$ 2.44
Diluted	$ 2.46	$ 2.40
Average shares outstanding		
Basic	183,902,337	183,915,930
Diluted	187,586,344	186,506,134

CONTACT: Murphy Oil Corporation, El Dorado
Investor/Media Relations:
Mindy West, 870-864-6315

SOURCE: Murphy Oil Corporation