Murphy Oil Announces Earnings and Dry Hole at Penaga

February 2, 2005

EL DORADO, Ark.--(BUSINESS WIRE)--Feb. 2, 2005--Murphy Oil Corporation (NYSE:MUR) announced today that net income in the fourth quarter of 2004 was $134.5 million, $1.44 per share, compared to net income of $58.7 million, $.63 per share, in the fourth quarter of 2003. Net income in the current period included income from discontinued operations of $2.7 million, $.03 per share, associated with conventional oil and gas assets in Western Canada that were sold in the second quarter 2004. Income from discontinued operations in the fourth quarter of 2003 was $2.3 million, $.02 per share. Income from continuing operations in the 2004 fourth quarter was $131.8 million, $1.41 per share, compared to $56.4 million, $.61 per share, in the same period of 2003.

For the year of 2004, net income totaled $701.3 million, $7.51 per share, compared to $294.2 million, $3.17 per share, for the 2003 period. Continuing operations earned $496.4 million, $5.31 per share, in 2004 and $278.4 million, $3.00 per share, in 2003. Income from discontinued operations was $204.9 million, $2.20 per share, in 2004, while the same period in 2003 totaled $22.8 million, $.25 per share. Income from discontinued operations in 2004 included a net gain on asset sale of $171.1 million.

Fourth Quarter 2004 Compared To Fourth Quarter 2003

Reviewing quarterly results by type of business, the Company's income from continuing exploration and production operations was $152.7 million in the fourth quarter of 2004 compared to $81.8 million in the same quarter of 2003. The earnings improvement in 2004 was primarily caused by higher tax benefits and higher oil and natural gas sales prices. These favorable variances were partially offset by lower oil and natural gas sales volumes. The 2004 fourth quarter included a $31.9 million income tax benefit related to Block K, Malaysia, while 2003 included a $10.1 million tax benefit from an enacted reduction in Canadian income tax rates. The Company's worldwide crude oil and condensate sales prices averaged $39.51 per barrel for the 2004 quarter compared to $26.53 per barrel in the fourth quarter of 2003. North American natural gas sales prices averaged $7.48 per thousand cubic feet (MCF) in the fourth quarter 2004 compared to $4.65 per MCF in the same quarter of 2003. Total crude oil and gas liquids production from continuing operations was 93,632 barrels per day in the fourth quarter of 2004 compared to 83,664 barrels per day in the 2003 quarter, with the net increase primarily attributable to production at the Medusa, Habanero and Front Runner fields in the deepwater Gulf of Mexico and in Block SK 309 in Malaysia. Front Runner commenced production in December 2004 and the other two deepwater Gulf of Mexico fields had a full quarter of production in 2004 compared to a partial quarter in 2003. Crude oil sales volumes from continuing operations averaged 81,282 barrels per day in the fourth quarter of 2004 compared to 85,658 barrels per day in the 2003 period. No sales occurred from Block 16 in Ecuador in the 2004 fourth quarter due to a dispute between the Company and the operator of the field over the Company's new transportation and marketing arrangements. The Company expects to make up this underlift position in Ecuador during 2005. Natural gas sales volumes from continuing operations were 92 million cubic feet per day in the 2004 quarter compared to 113 million cubic feet per day in the 2003 quarter. The bulk of the decline in natural gas sales in the 2004 quarter was caused by no production from Viosca Knoll Block 783 due to downtime for repair of damages from Hurricane Ivan. Murphy's share of sales from this field was 17 million cubic feet per day in the 2003 quarter. Exploration expenses were $21.8 million in the 2004 quarter compared to $24.5 million in the same period of 2003, with the decrease primarily due to lower dry hole costs in the U.S. and offshore Ireland, partially offset by higher dry holes in Malaysia.

The Company's refining and marketing operations generated a profit of $30.1 million in the most recent quarter compared to a loss of $12.9 million in the 2003 quarter. The improvement was due to significantly better margins in North America and the United Kingdom.

The after-tax costs of the corporate functions were $51 million in the 2004 quarter compared to $12.5 million in the 2003 quarter. Losses on foreign exchange due to a weaker U.S. dollar increased net after-tax costs in the 2004 period by $10 million. Higher income tax costs were the other primary reasons for increased corporate costs in 2004. A $27.5 million tax charge was incurred in the fourth quarter 2004 related to a 5% withholding tax on a cash dividend from a Canadian subsidiary.

Year 2004 Compared to Year 2003

The exploration and production and refining and marketing businesses showed significantly improved financial results in 2004 compared to 2003. The Company's exploration and production continuing operations earned $512.3 million in 2004 and $303.4 million in 2003. Higher oil and natural gas sales prices and higher oil sales volumes in 2004 were the primary reasons for better earnings in this business. Exploration expenses were $164.3 million in 2004 compared to $112.6 million in 2003, with the increase mostly due to higher costs for dry holes offshore Eastern Canada and in Malaysia. Crude oil and gas liquids production from continuing operations averaged 93,634 barrels per day in 2004 compared to 76,620 barrels per day in 2003. The 2004 oil production was an annual record for the Company, with the increase over 2003 primarily attributable to a full year of production at the Medusa and Habanero fields in the Gulf of Mexico and the West Patricia field in Malaysia. Natural gas sales from continuing operations were 109 million cubic feet per day in 2004 compared to 112 million cubic feet per day in 2003 as a decline in sales volumes in Canada and the U.K. was not fully offset by higher production at Medusa and Habanero in the Gulf of Mexico. Crude oil and condensate sales prices averaged $35.92 per barrel in the 2004 period compared to $26.15 per barrel in 2003. North American natural gas was sold for $6.34 per MCF in 2004, up from $5.13 in 2003. A $31.9 million income tax benefit was recognized in Malaysia in 2004 associated with inception-to-date Block K expenses.

The Company's refining and marketing operations generated a profit of $81.9 million in 2004 compared to a loss of $11.2 million in 2003. The improved result in the current year was based on better margins in both the North American and U.K. businesses. The 2003 results were unfavorably affected by a fire and planned turnaround at the Meraux, Louisiana refinery.

Corporate after-tax costs were $97.8 million in 2004 compared to $13.8 million in 2003. The 2004 period included after-tax foreign exchange losses of $18.6 million, while 2003 included net foreign exchange benefits of $5.4 million. The 2003 period included a benefit on U.S. tax settlements of $20.1 million, while 2004 included a tax cost of $27.5 million for a 5% withholding tax on a dividend paid from a Canadian subsidiary. Additional components of the increased costs in the 2004 period included lower capitalized interest credits and higher administrative expenses for corporate compliance and retirement expenses.

The Company sold most of its conventional oil and gas assets in Western Canada in the second quarter of 2004 for cash proceeds of $583 million. The gain on disposal and operating results of these assets prior to their sale has been reported as discontinued operations for all periods presented.

Claiborne P. Deming, President and Chief Executive Officer, commented, "Production commenced during the fourth quarter at the Front Runner field (37.5%) in Green Canyon Blocks 338 and 339. In January 2005, we announced a deepwater Gulf of Mexico natural gas discovery at South Dachshund in Lloyd Ridge Blocks 1 and 2 (50%) and a significant oil discovery at the Azurite Marine #1 (85%) in the deep waters of the Republic of Congo. We are currently drilling appraisal wells at Thunderhawk (37.5%) and Makalu (10%) in the deepwater Gulf of Mexico. The Penaga #1 well, the second exploration well drilled in Block H, Malaysia, has been plugged and abandoned after encountering non-commercial quantities of hydrocarbons. The Company utilized cash dividends from subsidiaries in Canada and the U.K. to pay down approximately $434 million of long-term debt during the fourth quarter 2004. At year-end 2004, long-term debt stood at slightly less than 19% of capital employed. We anticipate total worldwide production in the first quarter 2005 of 131,000 barrels of oil equivalent per day. We currently expect earnings in the current quarter to be in the range of $.90 to $1.25 per share. Results could vary based on oil, gas and product prices, drilling results and timing of oil sales."

The public is invited to access the Company's conference call to discuss fourth quarter 2004 results on Thursday, February 3, at 12:00 p.m. CST 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 1-800-257-3401. The telephone reservation number for the call is 11022152. 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 February 7 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
(2004 unaudited)

FOURTH QUARTER	2004	2003
Revenues	$2,300,965,000	$1,416,772,000
Income from continuing operations	$131,791,000	$56,411,000
Income from discontinued operations	2,689,000	2,251,000
Net income	$134,480,000	$58,662,000
Net income per Common share - Basic		
Continued operations	$1.43	$.61
Discontinued operations	.03	.03
Net income	$1.46	$.64
Net income per Common share - Diluted		
Continued operations	$1.41	$.61
Discontinued operations	.03	.02
Net income	$1.44	$.63
Average shares outstanding		
Basic	92,026,665	91,863,276
Diluted	93,651,334	93,071,471

YEAR	2004	2003
Revenues	$8,359,839,000	$5,164,657,000
Income from continuing operations	$496,395,000	$278,410,000
Income from discontinued operations	204,920,000	22,780,000
Cumulative effect of change in accounting principle	-	(6,993,000)
Net income	$701,315,000	$294,197,000

Net income per Common share - Basic		
Continuing operations	$5.39	$3.03
Discontinued operations	2.23	.25
Cumulative effect of change in accounting principle	-	(.08)
Net income	$7.62	$3.20
Net income per Common share - Diluted		
Continued operations	$5.31	$3.00
Discontinued operations	2.20	.25
Cumulative effect of change in accounting principle	-	(.08)
Net income	$7.51	$3.17
Average shares outstanding		
Basic	91,986,321	91,814,821
Diluted	93,443,511	92,742,766

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

SOURCE: Murphy Oil Corporation