Murphy Oil Corporation (NYSE:MUR) announced today that its Kikeh #7 appraisal well has successfully confirmed the down dip limits of this field. Of the eight known oil reservoirs in the field, water limits have now been established in five. Additionally this well was deepened below known field pays and encountered oil in multiple sands previously undrilled in Block K. The Kikeh #7 well reached a total depth of 14,899 feet subsea and is the deepest penetration in this deepwater basin. The well has been abandoned and all costs capitalized. Kikeh #7 was drilled in 4,217 feet of water in Block K, offshore deepwater Sabah, Malaysia.

"We are very pleased with the results of this latest appraisal well, which was planned to test the down dip limits of the Kikeh Field. Of our eight oil reservoirs in this field, we now have established water limits in five, and have lowest known oil in three others," said Claiborne P. Deming, Murphy Oil Corporation President and CEO. "The results of the #7 well did not materially extend the downdip limits of the field. The Kikeh Field is a world class discovery and we are now moving through the sanction process with a target for first oil in the fourth quarter of 2007," he added.

"We continue to see excellent exploration potential across our deepwater Sabah acreage and took the advantage with this well to deepen it to test seismically defined horizons we thought held promise apart from the shallow reservoirs in the Kikeh Field. We are delighted with the results of this deepening and the subsequent sidetrack; we believe we have opened up a completely new play in the deepwater, offshore Sabah," Deming added. "The oil we encountered in the deep section is higher gravity than the Kikeh oil and is contained in good quality rocks. Our aim now is to fully incorporate all this information and to plan further appraisal of this new discovery as well as target prospects at this level in the future," he explained.

"We will now drill an exploration well on the Kakap prospect in Block K," said Deming. "These are active times for Murphy and our partner, PETRONAS Carigali, since we currently have three rigs operating across the main oil provinces in Malaysia," he further added.

Murphy, as operator, has an 80% working interest in Block K, which covers over four million acres. PETRONAS Carigali Sdn. Bhd., a wholly owned exploration and production arm of PETRONAS, holds the remaining 20%.

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.

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