

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): September 25, 2006

MURPHY OIL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-8590
(Commission File Number)

71-0361522
(IRS Employer
Identification No.)

200 Peach Street
P.O. Box 7000, El Dorado, Arkansas
(Address of principal executive offices)

71731-7000
(Zip Code)

Registrant's telephone number, including area code 870-862-6411

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosures

The following information is furnished pursuant to Item 7.01, "Regulation FD Disclosures."

On September 25, 2006, Murphy Oil Corporation issued a press release announcing an agreement in principle to settle Hurricane Katrina oil spill class action litigation. The full text of this press release is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

99.1 A news release dated September 25, 2006 announcing an agreement in principle to settle Hurricane Katrina oil spill class action litigation attached hereto as Exhibit 99.1.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MURPHY OIL CORPORATION

By: /s/ John W. Eckart

John W. Eckart

Controller

Date: September 25, 2006

Exhibit Index

99.1 Press release dated September 25, 2006, as issued by Murphy Oil Corporation.

**MURPHY OIL ANNOUNCES AGREEMENT IN PRINCIPLE TO SETTLE
HURRICANE KATRINA OIL SPILL CLASS ACTION LITIGATION**

EL DORADO, Arkansas, September 25, 2006 – Murphy Oil Corporation (NYSE:MUR) announced today that its wholly owned subsidiary, Murphy Oil USA, Inc. (Company), has entered into a Memorandum of Understanding with the Plaintiffs' Steering Committee (PSC) to settle the consolidated class action litigation pending in U.S. District Court for the Eastern District of Louisiana. The litigation involves an oil spill from a crude oil storage tank at the Company's Meraux (St. Bernard Parish), Louisiana refinery that occurred in the wake of Hurricane Katrina.

Under the terms of the Memorandum, all residential and commercial properties in the Class Area will receive a cash payment pursuant to a fair and equitable allocation subject to Court approval following recommendations by a Court-appointed Special Master. The Company believes these payments will be covered by insurance.

The entire Class Area will have the benefit of a comprehensive remediation program as approved by the Court and regulatory bodies and to be overseen by regulatory authorities.

Additionally, the company has agreed to make bona fide offers to purchase, at fair market value, all residential and business properties located on the first four streets west of the refinery and north of St. Bernard Highway up to the Twenty Arpent Canal.

The proposed settlement is subject to approval of the U.S. District Court for the Eastern District of Louisiana, which has scheduled a hearing for the matter on October 10, 2006.

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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