

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

FORM 10-K

(Mark One)

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

For the fiscal year DECEMBER 31, 1997

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-8590

MURPHY OIL CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction  
of incorporation or organization)

71-0361522

(I.R.S. Employer  
Identification Number)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
COMMON STOCK, \$1.00 PAR VALUE	NEW YORK STOCK EXCHANGE THE TORONTO STOCK EXCHANGE
SERIES A PARTICIPATING CUMULATIVE PREFERRED STOCK PURCHASE RIGHTS	NEW YORK STOCK EXCHANGE THE TORONTO STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Aggregate market value of the voting stock held by non-affiliates of the registrant, based on average price at February 27, 1998 as quoted by the New York Stock Exchange, was approximately \$1,655,470,000.

Number of shares of Common Stock, \$1.00 Par Value, outstanding at February 27, 1998, was 44,956,718.

Documents incorporated by reference:

The Registrant's definitive Proxy Statement relating to the Annual Meeting of Stockholders on May 13, 1998 (Part III)

MURPHY OIL CORPORATION

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PART I

ITEMS 1. AND 2. BUSINESS AND PROPERTIES.

SUMMARY

Murphy Oil Corporation is a worldwide oil and gas exploration and production company with refining and marketing operations in the United States and the United Kingdom as well as pipeline and crude oil trading operations in Canada. As used in this report, the terms Murphy, Murphy Oil, we, our, its and Company may refer to Murphy Oil Corporation or any one or more of its consolidated subsidiaries.

The Company was originally incorporated in Louisiana in 1950 as Murphy Corporation; reincorporated in Delaware in 1964, at which time it adopted the name Murphy Oil Corporation; and reorganized in 1983 to operate solely as a holding company of its various businesses. Its activities are classified into two business segments: (1) "Exploration and Production," and (2) "Refining, Marketing and Transportation." Additionally, "Corporate" activities include interest income, interest expense and overhead not allocated to either of the business segments. On December 31, 1996, Murphy completed a spin-off to its stockholders of its wholly owned farm, timber and real estate subsidiary, Deltic Farm & Timber Co., Inc. (reincorporated as "Deltic Timber Corporation").

The information appearing in the 1997 Annual Report to Security Holders (1997 Annual Report) is incorporated in this Annual Report on Form 10-K as Exhibit 13 and is deemed to be filed as part of this 10-K report as indicated under Items 1, 2, 5, 6, 7, 8 and 14. A narrative of the graphic and image information that appears in the paper format version of Exhibit 13 is included in the electronic Form 10-K document as an appendix (pages Ex. 13A-1 through Ex. 13A-8) to Exhibit 13.

In addition to the following information about each business segment, data relative to Murphy's operations, properties and industry segments, including revenues by class of products and financial information by geographic area, are described on pages 1, 30 through 38, 45, 52, 53, 56 and 57 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

EXPLORATION AND PRODUCTION

During 1997, Murphy's principal exploration and/or production activities were conducted in the United States and Ecuador by wholly owned Murphy Exploration & Production Company (Murphy Expro) and its subsidiaries, in western Canada and offshore eastern Canada by wholly owned Murphy Oil Company Ltd. (MOCL) and its subsidiaries and in the U.K. North Sea and the Atlantic Margin by wholly owned Murphy Petroleum Limited. Murphy's crude oil and natural gas liquids production in 1997 was in the United States, Canada, the U.K. North Sea and Ecuador; its natural gas was produced and sold in the United States, Canada and the U.K. North Sea. MOCL also has a five-percent interest in Syncrude Canada Ltd., which extracts synthetic crude oil from oil sand deposits in northern Alberta. In addition, subsidiaries of Murphy Expro conducted exploration activities in various other areas including China, the Faroe Islands, Ireland, the Falkland Islands, Venezuela, Bangladesh, Brazil, Pakistan, Denmark and the Caspian Sea.

Murphy's estimated net quantities of proved oil and gas reserves and proved developed oil and gas reserves at December 31, 1994, 1995, 1996 and 1997 by geographic area are reported on page 55 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13. Murphy has not filed and is not required to file any estimates of its total proved net oil or gas reserves on a recurring basis with any federal or foreign governmental regulatory authority or agency other than the U.S. Securities and Exchange Commission. Annually, Murphy reports gross reserves of properties operated in the United States to the U.S. Department of Energy; such reserves are derived from the same data from which estimated net proved reserves of such properties are determined.

Net crude oil, condensate, and gas liquids production and net natural gas sales by geographic area with weighted average sales prices for each year in the five-year period ended December 31, 1997 are shown on page 59 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

EXPLORATION AND PRODUCTION (Contd.)

Production costs for the last three years in U.S. dollars per equivalent barrel produced, including natural gas volumes converted to equivalent barrels of crude oil on the basis of approximate relative energy content (6 MCF = 1 bbl.), are discussed on page 33 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

Supplemental disclosures about oil and gas producing activities are reported on pages 54 through 58 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

At December 31, 1997, Murphy held leases, concessions, contracts or permits on nonproducing and producing acreage as shown by geographic area in the following table. Gross acres are those in which all or part of the working interest is owned by Murphy; net acres are the portions of the gross acres applicable to Murphy's working interest. All amounts shown are in thousands of acres.

Area	Nonproducing		Producing		Total	
	Gross	Net	Gross	Net	Gross	Net
United States - Onshore	10	5	38	20	48	25
- Gulf of Mexico	805	499	389	151	1,194	650
- Frontier	81	47	-	-	81	47
<b>Total United States</b>	<b>896</b>	<b>551</b>	<b>427</b>	<b>171</b>	<b>1,323</b>	<b>722</b>
Canada - Onshore	954	632	396	166	1,350	798
- Offshore	109	15	2	-	111	15
- Oil sands	219	51	13	4	232	55
<b>Total Canada</b>	<b>1,282</b>	<b>698</b>	<b>411</b>	<b>170</b>	<b>1,693</b>	<b>868</b>
United Kingdom	1,186	312	66	9	1,252	321
Ecuador	-	-	494	99	494	99
China	563	253	-	-	563	253
Falkland Islands	401	100	-	-	401	100
Ireland	896	224	-	-	896	224
Pakistan	9,545	7,850	-	-	9,545	7,850
Peru	2,486	2,486	-	-	2,486	2,486
Spain	434	136	-	-	434	136
Tunisia	109	36	-	-	109	36
<b>Totals</b>	<b>17,798</b>	<b>12,646</b>	<b>1,398</b>	<b>449</b>	<b>19,196</b>	<b>13,095</b>

Oil and gas wells producing or capable of producing at December 31, 1997 are summarized in the following table. Gross wells are those in which all or part of the working interest is owned by Murphy. Net wells are the portions of the gross wells applicable to Murphy's working interest.

Country	Oil Wells		Gas Wells	
	Gross	Net	Gross	Net
United States	342	153.9	277	115.5
Canada	4,160	793.0	813	274.0
United Kingdom	85	11.3	21	1.5
Ecuador	47	9.4	-	-
<b>Totals</b>	<b>4,634</b>	<b>967.6</b>	<b>1,111</b>	<b>391.0</b>

Wells included above with multiple completions and counted as one well each

	91	42.6	90	65.7
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EXPLORATION AND PRODUCTION (Contd.)

Murphy's net wells drilled in the last three years are summarized in the following table.

	United States		Canada		United Kingdom		Ecuador		Other		Totals	
	Pro-ductive	Dry	Pro-ductive	Dry	Pro-ductive	Dry	Pro-ductive	Dry	Pro-ductive	Dry	Pro-ductive	Dry
1997												
Exploratory Development	7.6	6.8	15.8	8.3	.5	.6	-	-	.4	1.0	24.3	16.7
	2.9	-	83.0	-	.9	.3	1.6	-	-	-	88.4	.3
1996												
Exploratory Development	13.8	3.9	5.3	4.0	-	1.1	-	-	.4	-	19.5	9.0
	4.6	-	70.2	2.5	1.0	.1	2.2	-	-	-	78.0	2.6
1995												
Exploratory Development	4.6	1.9	6.0	4.3	.3	.1	-	-	-	.5	10.9	6.8
	2.0	-	25.9	1.6	.8	-	2.8	-	-	-	31.5	1.6

Murphy's drilling wells in progress at December 31, 1997 are summarized as follows.

Country	Exploratory		Development		Totals	
	Gross	Net	Gross	Net	Gross	Net
United States	4	2.0	1	.5	5	2.5
Canada	2	2.0	-	-	2	2.0
United Kingdom	-	-	2	.1	2	.1
China	1	.5	-	-	1	.5
Totals	7	4.5	3	.6	10	5.1

Additional information about current exploration and production activities is reported on pages 2 through 19 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

REFINING, MARKETING AND TRANSPORTATION

Murphy Oil USA, Inc. (MOUSA), a wholly owned subsidiary, owns and operates two refineries in the United States. The refinery at Superior, Wisconsin is located on fee land. The Meraux, Louisiana refinery is located on fee land and two leases that expire in 2010 and 2021, at which times the Company has options to purchase the leased acreage at fixed prices. Murco Petroleum Limited (Murco), a wholly owned U.K. subsidiary serviced by Murphy Eastern Oil Company, has an effective 30-percent interest in a 108,000-barrel-a-day refinery at Milford Haven, Wales. Refinery capacities at December 31, 1997 are shown in the following table.

## REFINING, MARKETING AND TRANSPORTATION (Contd.)

	Meraux, Louisiana	Superior, Wisconsin	Milford Haven, Wales (Murco's 30%)	Totals
Crude capacity - b/sd*	100,000	35,000	32,400	167,400
Process capacities - b/sd*				
Vacuum distillation	50,000	20,500	16,500	87,000
Catalytic cracking - fresh feed	38,000	11,000	9,960	58,960
Pretreating cat-reforming feeds	22,000	9,000	5,490	36,490
Catalytic reforming	18,000	8,000	5,490	31,490
Distillate hydrotreating	15,000	7,800	20,250	43,050
Gas oil hydrotreating	27,500	-	-	27,500
Solvent deasphalting	18,000	-	-	18,000
Isomerization	-	2,000	2,250	4,250
Production capacities - b/sd*				
Alkylation	8,500	1,500	1,680	11,680
Asphalt	-	7,500	-	7,500
Crude oil and product storage capacities - bbls.	4,453,000	2,852,000	2,638,000	9,943,000

\*Barrels per stream day.

Murphy distributes refined products from 57 terminal locations in the United States to retail and wholesale accounts in the United States (by MOUSA) and in Canada (by a MOCL subsidiary) under the brand names SPUR(R) and Murphy USA(R) and to unbranded wholesale accounts. Ten terminals are wholly owned and operated by MOUSA, 16 are jointly owned and operated by others and the remaining 31 are owned by others. Of the terminals wholly owned or jointly owned, four are marine terminals, two are supplied by truck, two are adjacent to MOUSA's refineries and 18 are supplied by pipeline. MOUSA receives products at the terminals owned by others in exchange for deliveries from the Company's wholly owned and jointly owned terminals. At the end of 1997, refined products were marketed at wholesale and/or retail through 585 branded stations in 17 southeastern and upper-midwestern states and six branded stations in the Thunder Bay area of Ontario, Canada.

At the end of 1997, Murco distributed refined products in the United Kingdom from the Milford Haven refinery; three wholly owned, rail-fed terminals; seven terminals owned by others where products are received in exchange for deliveries from the Company's wholly owned terminals; and 396 branded stations under the brand names MURCO and EP.

Murphy owns a 20-percent interest in a 120-mile, 165,000-barrel-a-day refined products pipeline that transports products from the Meraux refinery to two common carrier pipelines serving Murphy's marketing area in the southeastern United States. The Company also owns a 22-percent interest in a 312-mile crude oil pipeline in Montana and Wyoming with a capacity of 120,000 barrels a day and a 3.2-percent interest in LOOP Inc., which provides deepwater off-loading accommodations off the Louisiana coast for oil tankers and onshore facilities for storage of crude oil. In addition, Murphy owns 29.4 percent of a 22-mile, 300,000-barrel-a-day crude oil pipeline between LOOP storage at Clovelly, Louisiana and Alliance, Louisiana and 100 percent of a 24-mile, 200,000-barrel-a-day crude oil pipeline from Alliance to the Meraux refinery. The pipeline from Alliance to Meraux is also connected to another company's pipeline system, allowing crude oil transported by that system to be shipped to the Meraux refinery.

REFINING, MARKETING AND TRANSPORTATION (Contd.)

At December 31, 1997, MOCL operated the following Canadian crude oil pipelines, with the ownership percentage, extent and capacity in barrels a day of each as shown. MOCL also operated and owned all or most of several short lateral connecting pipelines.

Name	Description	Percent	Miles	Bbls./Day	Route
Manito	Dual heavy oil	52.5	101	65,000	Dulwich to Kerrobert, Sask.
North-Sask	Dual heavy oil	36.1	40	24,000	Paradise Hill to Dulwich, Sask.
Cactus Lake	Dual heavy oil	13.1	40	55,000	Cactus Lake to Kerrobert, Sask.
Bodo	Dual heavy oil	41.3	15	18,000	Bodo, Alta. to Cactus Lake, Sask.
Milk River	Dual medium/light oil	100	10.5	118,000	Milk River, Alta. to U.S. border
Wascana	Single light oil	100	108	45,000	Regina, Sask. to U.S. border
Eyehill	Dual heavy	100	28	15,000	Eyehill to Unity, Sask.

Additional information about current refining, marketing and transportation activities and a statistical summary of key operating and financial indicators for each year in the five-year period ended December 31, 1997 are reported on pages 2, 3, 5 through 7, 20 through 27 and 60 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

EMPLOYEES

Murphy had 1,338 full-time employees at December 31, 1997.

COMPETITION AND OTHER CONDITIONS WHICH MAY AFFECT BUSINESS

Murphy operates in the oil industry and experiences intense competition from other oil and gas companies, many of which have substantially greater resources. In addition, the oil industry as a whole competes with other industries in supplying energy requirements around the world. Murphy is a net purchaser of crude oil and other refinery feedstocks and occasionally purchases refined products and may therefore be required to respond to operating and pricing policies of others, including producing country governments from whom it makes purchases. Additional information concerning current conditions of the Company's business is reported under the caption "Outlook" on page 37 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

The operations and earnings of Murphy have been and continue to be affected by worldwide political developments. Many governments, including those that are members of the Organization of Petroleum Exporting Countries (OPEC), unilaterally intervene at times in the orderly market of crude oil and natural gas produced in their countries through such actions as fixing prices and determining rates of production and who may sell and buy the production. In addition, prices and availability of crude oil, natural gas and refined products could be influenced by political unrest and by various governmental policies to restrict or increase petroleum usage and supply. Other governmental actions that could affect Murphy's operations and earnings include tax changes and regulations concerning: currency fluctuations, protection and/or remediation of the environment (See the caption "Environmental" on page 36 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.), preferential and discriminatory awarding of oil and gas leases, restraints and controls on imports and exports, safety, and relationships between employers and employees. Because these and other government-influenced factors too numerous to list are subject to constant changes dictated by political considerations and are often made in great haste in response to changing internal and worldwide economic conditions and to actions of other governments or specific events, it is not practical to attempt to predict the effects of such factors on Murphy's future operations and earnings.

Murphy's policy is to insure against known risks when insurance is available at costs and terms Murphy considers reasonable. Certain existing risks are insured by Murphy only through Oil Insurance Limited, which is operated as a mutual insurance company by certain participating oil companies including Murphy and was organized to insure against risks for which commercial insurance is unavailable or for which the cost of commercial insurance is prohibitive.

EXECUTIVE OFFICERS OF THE REGISTRANT

The age (at January 1, 1998), present corporate office and length of service in office of each of the Company's executive officers and persons chosen to become executive officers are reported in the following listing. Executive officers are elected annually but may be removed from office at any time by the Board of Directors.

R. Madison Murphy - Age 40; Chairman of the Board since October 1994. Mr. Murphy had been Executive Vice President and Chief Financial and Administrative Officer, Director and Member of the Executive Committee since 1993. Prior to that, he was Executive Vice President and Chief Financial Officer from 1992 to 1993; Vice President, Planning/Treasury, from 1991 to 1992; and Vice President, Planning, from 1988 to 1991, with additional duties as Treasurer from 1990 until August 1991.

Claiborne P. Deming - Age 43; President and Chief Executive Officer since October 1994 and Director and Member of the Executive Committee since 1993. In 1992, he became Executive Vice President and Chief Operating Officer. Mr. Deming was President of MOUSA from 1989 to 1992.

Steven A. Cosse' - Age 50; Senior Vice President since October 1994 and General Counsel since August 1991. Mr. Cosse' was elected Vice President in 1993. For the eight years prior to August 1991, he was General Counsel for Murphy Expro, at that time named Ocean Drilling & Exploration Company (ODECO), a majority-owned subsidiary of Murphy.

Herbert A. Fox Jr. - Age 63; Vice President since October 1994. Mr. Fox has also been President of MOUSA since 1992. He served with MOUSA as Vice President, Manufacturing, from 1990 to 1992.

Bill H. Stobaugh - Age 46; Vice President since May 1995, when he joined the Company. Prior to that, he had held various engineering, planning and managerial positions, the most recent being with an engineering consulting firm.

Odie F. Vaughan - Age 61; Treasurer since August 1991. From 1975 through July 1991, he was with ODECO as Vice President of Taxes and Treasurer.

Ronald W. Herman - Age 60; Controller since August 1991. He was Controller of ODECO from 1977 through July 1991.

Walter K. Compton - Age 35; Secretary since December 1996. He has been an attorney with the Company since 1988 and became Manager, Law Department, in November 1996.

ITEM 3. LEGAL PROCEEDINGS.

Murphy and its subsidiaries are engaged in a number of legal proceedings, all of which Murphy considers routine and incidental to its business and none of which is material as defined by the rules and regulations of the U.S. Securities and Exchange Commission.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of security holders during the fourth quarter of 1997.



PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock is traded on the New York Stock Exchange and the Toronto Stock Exchange. Other information required by this item is reported on page 38 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

ITEM 6. SELECTED FINANCIAL DATA.

Information required by this item appears on page 30 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

Information required by this item appears on pages 31 through 37 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Information required by this item appears on pages 38 through 58 of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Certain information regarding executive officers of the Company is included in Part I, page 8, of this 10-K report. Other information required by this item is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders on May 13, 1998, under the caption "Election of Directors."

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders on May 13, 1998, under the captions "Compensation of Directors," "Executive Compensation," "Option Exercises and Fiscal Year-End Values," "Option Grants," "Compensation Committee Report for 1997," "Shareholder Return Performance Presentation" and "Retirement Plans."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information required by this item is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders on May 13, 1998, under the caption "Certain Stock Ownerships."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this item is incorporated by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders on May 13, 1998, under the caption "Compensation Committee Interlocks and Insider Participation."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) 1. FINANCIAL STATEMENTS

The following consolidated financial statements of Murphy Oil Corporation and consolidated subsidiaries are included on the pages indicated of the 1997 Annual Report, which is filed in this 10-K report as Exhibit 13.

Exhibit 13  
Page Nos.  
-----

Independent Auditors' Report	39
Consolidated Statements of Income	40
Consolidated Balance Sheets	41
Consolidated Statements of Cash Flows	42
Consolidated Statements of Stockholders' Equity	43
Notes to Consolidated Financial Statements	44 through 53

2. FINANCIAL STATEMENT SCHEDULES

Financial statement schedules are omitted because either they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

3. EXHIBITS

The Exhibit Index on page 12 of this 10-K report lists the exhibits that are hereby filed or incorporated by reference.

(b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter ended December 31, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MURPHY OIL CORPORATION

By CLAIBORNE P. DEMING Date: March 26, 1998  
-----  
Claiborne P. Deming, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 26, 1998 by the following persons on behalf of the registrant and in the capacities indicated.

R. MADISON MURPHY MICHAEL W. MURPHY  
-----  
R. Madison Murphy, Chairman and Director Michael W. Murphy, Director

CLAIBORNE P. DEMING WILLIAM C. NOLAN JR.  
-----  
Claiborne P. Deming, President and Chief William C. Nolan Jr., Director  
Executive Officer and Director  
(Principal Executive Officer)

B. R. R. BUTLER CAROLINE G. THEUS  
-----  
B. R. R. Butler, Director Caroline G. Theus, Director

GEORGE S. DEMBROSKI LORNE C. WEBSTER  
-----  
George S. Dembroski, Director Lorne C. Webster, Director

H. RODES HART STEVEN A. COSSE'  
-----  
H. Rodes Hart, Director Steven A. Cosse', Senior Vice President  
and General Counsel  
(Principal Financial Officer)

VESTER T. HUGHES JR. RONALD W. HERMAN  
-----  
Vester T. Hughes Jr., Director Ronald W. Herman, Controller  
(Principal Accounting Officer)

C. H. MURPHY JR.  
-----  
C. H. Murphy Jr., Director

EXHIBIT INDEX

Exhibit No. -----		Page Number or Incorporation by Reference to -----
3.1	Certificate of Incorporation of Murphy Oil Corporation as of September 25, 1986	Exhibit 3.1, Page Ex. 3.1-1, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1996.
3.2	Bylaws of Murphy Oil Corporation at January 24, 1996	Page Ex. 3.2-1
4	Instruments Defining the Rights of Security Holders. Murphy is party to several long-term debt instruments in addition to the one in Exhibit 4.1, none of which authorizes securities exceeding 10 percent of the total consolidated assets of Murphy and its subsidiaries. Pursuant to Regulation S-K, item 601(b), paragraph 4(iii)(A), Murphy agrees to furnish a copy of each such instrument to the Securities and Exchange Commission upon request.	
4.1	Credit Agreement among Murphy Oil Corporation and certain subsidiaries and the Chase Manhattan Bank et al as of November 13, 1997	Page Ex. 4.1-0
4.2	Rights Agreement dated as of December 6, 1989 between Murphy Oil Corporation and Harris Trust Company of New York, as Rights Agent	Exhibit 4.1, Page Ex. 4.1-0, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1994
10.1	1987 Management Incentive Plan (adopted May 13, 1987, amended February 7, 1990 retroactive to February 3, 1988)	Exhibit 10.2, Page Ex. 10.2-0, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1994
10.2	1992 Stock Incentive Plan amended May 14, 1997	Exhibit 10.2, Page Ex. 10.2-1, of Murphy's Report on Form 10-Q for the quarterly period ended June 30, 1997
10.3	Employee Stock Purchase Plan	Exhibit 99.01 of Murphy's Form S-8 Registration Statement under the Securities Act of 1933 dated May 19, 1997
13	1997 Annual Report to Security Holders Appendix - Narrative to Graphic and Image Material	Page Ex. 13-0 Page Ex. 13A-1 (only in electronic filing)
21	Subsidiaries of the Registrant	Page Ex. 21-1
23	Independent Auditors' Consent	Page Ex. 23-1
27.1	Financial Data Schedule for 1997	Only in electronic filing
27.2	Restated Financial Data Schedules for the year ended December 31, 1995, six months ended June 30, 1997, and nine months ended September 30, 1997	Only in electronic filing
99.1	Undertakings	Page Ex. 99.1-1
99.2	Form 11-K, Annual Report for the fiscal year ended December 31, 1997 covering the Thrift Plan for Employees of Murphy Oil Corporation	To be filed as an amendment of this Annual Report on Form 10-K not later than 180 days after December 31, 1997
99.3	Form 11-K, Annual Report for the fiscal year ended December 31, 1997 covering the Thrift Plan for Employees of Murphy Oil USA, Inc. Represented by United Steelworkers of America, AFL-CIO, Local No. 8363	To be filed as an amendment of this Annual Report on Form 10-K not later than 180 days after December 31, 1997
99.4	Form 11-K, Annual Report for the fiscal year ended December 31, 1997 covering the Thrift Plan for Employees of Murphy Oil USA, Inc. Represented by International Union of Operating Engineers, AFL-CIO, Local No. 305	To be filed as an amendment of this Annual Report on Form 10-K not later than 180 days after December 31, 1997
99.5	Form 11-K, Annual Report for the fiscal year ended December 31, 1997 covering the Thrift Plan for Hourly Employees of Deltic Farm & Timber Co., Inc.	To be filed as an amendment of this Annual Report on Form 10-K not later than 180 days after December 31, 1997

Exhibits other than those listed above have been omitted since they either are not required or are not applicable.

BYLAWS

OF

MURPHY OIL CORPORATION

(A Delaware corporation)

As Amended January 24, 1996

ARTICLE I.

Offices.

Section 1. Offices. Murphy Oil Corporation (hereinafter called the Company) may have, in addition to its principal office in Delaware, a principal or other office or offices at such place or places, either within or without the State of Delaware, as the board of directors may from time to time determine or as shall be necessary or appropriate for the conduct of the business of the Company.

ARTICLE II.

Meetings of Stockholders.

Section 1. Place of Meetings. The annual meeting of the stockholders shall be held at the place therein determined by the board of directors and stated in the notice thereof, and other meetings of the stockholders may be held at such place or places, within or without the State of Delaware, as shall be fixed by the board of directors and stated in the notice thereof.

Section 2. Annual Meetings. The annual meeting of stockholders for the election of directors and the transaction of such other business as may come before the meeting shall be held in each year on the second Wednesday in May. If this date shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. At each annual meeting the stockholders entitled to vote shall elect a board of directors and they may transact such other corporate business as shall be stated in the notice of the meeting.

Section 3. Special Meetings. Special meetings of the stockholders for any purpose or purposes may be called by the Chairman of the Board or by order of the board of directors and shall be called by the Chairman of the Board or the Secretary upon the written request of stockholders holding of record at least a majority of the outstanding shares of stock of the Company entitled to vote at such meeting. Such written request shall state the purpose or purposes for which such meeting is to be called.

Ex. 3.2-1

Section 4. Notice of Meetings. Except as otherwise expressly required by law, notice of each meeting of stockholders, whether annual or special, shall be given at least 10 days before the date on which the meeting is to be held to each stockholder of record entitled to vote thereat by delivering a notice thereof to him personally, or by mailing such notice in a postage prepaid envelope directed to him at his address as it appears on the books of the Company, unless he shall have filed with the Secretary of the Company a written request that notices intended for him be directed to another address, in which case such notice shall be directed to him at the address designated in such request. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy; and if any stockholder shall in person or by attorney thereunto authorized, in writing or by telegraph, cable, radio or wireless and confirmed in writing, waive notice of any meeting of the stockholders, whether prior to or after such meeting, notice thereof need not be given to him. Notice of any adjourned meeting of the stockholders shall not be required to be given except where expressly required by law.

Section 5. Quorum. At each meeting of the stockholders the holders of record of a majority of the issued and outstanding stock of the Company entitled to vote at such meeting, present in person or by proxy, shall constitute a quorum for the transaction of business except where otherwise provided by law, the certificate of incorporation or these bylaws. In the absence of a quorum, any officer entitled to preside at or act as secretary of such meeting shall have the power to adjourn the meeting from time to time until a quorum shall be constituted. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally called.

Section 6. Voting. At every meeting of stockholders each holder of record of the issued and outstanding stock of the Company entitled to vote at such meeting shall be entitled to one vote in person or by proxy, but no proxy shall be voted after three years from its date unless the proxy provides for a longer period, and, except where the transfer books of the Company have been closed or a date has been fixed as the record date for the determination of stockholders entitled to vote, no share of stock shall be voted directly or indirectly. At all meetings of the stockholders, a quorum being present, all matters shall be decided by majority vote of those present in person or by proxy, except as otherwise required by the laws of the State of Delaware or the certificate of incorporation. The vote thereat on any question need not be by ballot unless required by the laws of the State of Delaware.

#### ARTICLE III.

##### Board of Directors.

Section 1. General Powers. The property, business and affairs of the Company shall be managed by the board of directors.

Section 2. Number and Term of Office. The number of directors shall be eleven, but may from time to time be increased or diminished to not less than three by amendment of these bylaws. Directors need not be stockholders. Each director shall hold office until the annual meeting of the stockholders next following his election and until his successor shall have been elected and shall qualify, or until his death, resignation or removal.

Section 3. Quorum and Manner of Acting. Unless otherwise provided by law the presence of six members of the board of directors shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. At all meetings of directors, a quorum being present, all matters shall be decided by the affirmative vote of a majority of the directors present, except as otherwise required by the laws of the State of Delaware.

Section 4. Place of Meetings, etc. The board of directors may hold its meetings and keep the books and records of the Company at such place or places within or without the State of Delaware as the board may from time to time determine.

Section 5. Annual Meeting. Promptly after each annual meeting of stockholders for the election of directors and on the same day the board of directors shall meet for the purpose of organization, the election of officers and the transaction of other business. Notice of such meeting need not be given. Such meeting may be held at any other time or place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors or in a consent and waiver of notice thereof signed by all the directors.

Section 6. Regular Meetings. Regular meetings of the board of directors may be held at such time and place, within or without the State of Delaware, as shall from time to time be determined by the board of directors. After there has been such determination and notice thereof has been once given to each member of the board of directors, regular meetings may be held without further notice being given.

Section 7. Special Meetings; Notice. Special meetings of the board of directors shall be held whenever called by the Chairman of the Board or by a majority of the directors. Notice of each such meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least 10 days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable, radio or wireless, or be delivered personally or by telephone, not later than the day before the day on which such meeting is to be held. Each such notice shall state the time and place of the meeting but need not state the purposes thereof. Notice of any meeting of the board of directors need not be given to any director, however, if waived by him in writing or by telegraph, cable, radio or wireless and confirmed in writing, whether before or after such meeting, or if he shall be present at such meeting. Any meeting of the board of directors shall be a legal meeting without any notice thereof having been given if all the directors then in office shall be present thereat.

Section 8. Resignation. Any director of the Company may resign at any time by giving written notice to the Chairman of the Board or the Secretary of the Company. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. Any director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the issued and outstanding class of stock of the Company entitled to vote for the election of such director, given at a special meeting of the stockholders called for that purpose. The vacancy in the board of directors caused by any such removal may be filled by the stockholders at such meeting.

Section 10. Vacancies. Any vacancy that shall occur in the board of directors by reason of death, resignation, disqualification or removal or any other cause whatever, unless filled as provided in Section 9 hereof, shall be filled by the majority (even if that be only a single director) of the remaining directors theretofore elected by the holders of the class of capital stock which elected the directors whose office shall have become vacant. If any new directorship is created by increase in the number of directors, a majority of the directors then in office may fill such new directorship. The term of office of any director so chosen to fill a vacancy or a new directorship shall terminate upon the election and qualification of directors at any meeting of stockholders called for the purpose of electing directors.

Section 11. Compensation of Directors. Directors may receive a fee, as fixed by the Chairman of the Board, for their services, together with expenses for attendance at regular or special meeting of the board. Members of committees of the board of directors may be allowed compensation for attending committee meetings. Nothing herein contained shall be construed to preclude any director from serving the Company or any subsidiary thereof in any other capacity and receiving compensation therefor.

#### ARTICLE IV.

##### Committees of the Board.

Section 1. Executive Committee. The board of directors shall elect from the directors an executive committee.

The board of directors shall fill vacancies in the executive committee by election from the directors.

The executive committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the board of directors, but in every case the presence of at least three members of the committee shall be necessary to constitute a quorum for the transaction of business.

In every case the affirmative vote of a majority of all of the members of the committee present at the meeting shall be necessary for the adoption of any resolution.

Section 2. Membership and Powers. The executive committee shall consist of five members in addition to the Chairman of the Board, who by virtue of his office shall be a member of the executive committee and chairman thereof. Unless otherwise ordered by the board of directors, each elected member of the executive committee shall continue to be a member thereof until the expiration of his term of office as a director.



The executive committee, subject to any limitations prescribed by the board of directors, shall have special charge of all financial accounting, legal and general administrative affairs of the Company. During the intervals between the meetings of the board of directors the executive committee shall have all the powers of the board in the management of the business and affairs of the Company, including the power to authorize the seal of the Company to be affixed to all papers which require it, except that said committee shall not have the power of the board (i) to fill vacancies in the board, (ii) to amend the bylaws, (iii) to adopt a plan of merger or consolidation, (iv) to recommend to the stockholders the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Company otherwise than in the usual and regular course of its business, or (v) to recommend to the stockholders a voluntary dissolution of the Company or a revocation thereof.

Section 3. Other Committees. The board of directors may, by resolution or resolutions passed by a majority of the whole board, designate one or more other committees, each committee to consist of two or more of the directors of the Company, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the Company, and may have power to authorize the seal of the Company to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

#### ARTICLE V.

##### Officers.

Section 1. Number. The principal officers of the Company shall be a Chairman of the Board, President, one or more Vice Presidents (which may be designated as Executive or Senior Vice President(s)), a Secretary, a Treasurer, and a Controller. No officers except the Chairman of the Board and President need be directors. One person may hold the offices and perform the duties of any two or more of said offices.

Section 2. Election and Term of Office. The principal officers of the Company shall be chosen annually by the board of directors at the annual meeting thereof. Each such officer shall hold office until his successor shall have been chosen and shall qualify, or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Subordinate Officers. In addition to the principal officers enumerated in Section 1 of this Article V, the Company may have one or more Assistant Vice Presidents, one or more Assistant Treasurers, one or more Assistant Secretaries and such other officers, agents and employees as the board of directors may deem necessary, each of whom shall hold office for such period, have such authority, and perform such duties as the board or the President may from time to time determine. The board of directors may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

Ex. 3.2-5

Section 4. Compensation of Principal Officers. The salaries of the principal officers shall be fixed from time to time either by the board of directors or by a committee of the board to which such power may be delegated. The salaries of any other officers shall be fixed by the President or by a committee or committees to which he may delegate such power.

Section 5. Removal. Any officer may be removed, either with or without cause, at any time, by resolution adopted by the board of directors at any regular meeting of the board or at any special meeting of the board called for the purpose at which a quorum is present.

Section 6. Vacancies. A vacancy in any office may be filled for the unexpired portion of the term in the manner prescribed in these bylaws for election or appointment to such office for such term.

Section 7. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the stockholders and directors at which he may be present. He shall have such other authority and responsibility and perform such other duties as may be determined by the board of directors.

Section 8. President. The President shall be the chief executive officer of the Company and as such shall have general supervision and management of the affairs of the Company subject to the control of the board of directors. He may enter into any contract or execute any deeds, mortgages, bonds, contracts or other instruments in the name and on behalf of the Company except in cases in which the authority to enter into such contract or execute and deliver such instrument, as the case may be, shall be otherwise expressly delegated. In general he shall perform all duties incident to the office of President as herein defined and all such other duties as from time to time may be assigned to him by the board of directors. In the absence of the Chairman of the Board, the President shall preside at meetings of the stockholders and directors.

Section 9. Vice Presidents. The Vice Presidents, in order of their seniority unless otherwise determined by the board of directors, shall in the absence or disability of the President perform the duties and exercise the powers of such offices. The Vice Presidents shall perform such other duties and have such other powers as the President or the board of directors may from time to time prescribe.

Section 10. Secretary. The Secretary shall attend all sessions of the board and all meetings of the stockholders, and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for the committees of the board of directors when required. He shall give or cause to be given, notice of all meetings of the stockholders and of special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors, or the President, under whose supervision he shall be. He shall keep in safe custody the seal of the Company and, when authorized by the board of directors, affix the same to any instrument requiring it, and when so affixed it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

Section 11. Treasurer. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in the books belonging to the Company, and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated from time to time by the Board of Directors.

He shall disburse the funds of the Company as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the President and board of directors at the regular meetings of the board, or whenever they may require it, an account of the financial condition of the Company.

If required by the board of directors, he shall give the Company a bond, in such sum and with such surety or sureties as shall be satisfactory to the board, for the faithful performance of the duties of his office, and for the restoration to the Company, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Company.

Section 12. Controller. The Controller shall be in charge of the accounts of the Company and shall perform such duties as from time to time may be assigned to him by the President or by the board of directors.

#### ARTICLE VI.

##### Shares and Their Transfer.

Section 1. Certificates for Stock. Certificates for shares of capital stock of the Company shall be numbered, and shall be entered in the books of the Company, in the order in which they are issued.

Section 2. Regulations. The board of directors may make such rules and regulations as it may deem expedient, not inconsistent with the certificate of incorporation or these bylaws, concerning the issue, transfer and registration of certificates for shares of capital stock of the Company. It may appoint, or authorize any principal officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all such certificates to bear the signature or signatures of any of them.

Section 3. Stock Certificate Signature. The certificates for shares of the respective classes of such stock shall be signed by, or in the name of the Company by, the Chairman of the Board, the President or any Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, and where signed (a) by a transfer agent or an assistant transfer agent or (b) by a transfer clerk acting on behalf of the Company and a registrar, the signature of any such Chairman of the Board, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be facsimile. Each such certificate shall exhibit the name of the holder thereof and number of shares represented thereby and shall not be valid until countersigned by a transfer agent.

The board of directors may, if it so determines, direct that certificates for shares of any class or classes of capital stock of the Company be registered by a registrar, in which case such certificates will not be valid until so registered.

In case any officer of the Company who shall have signed, or whose facsimile signature shall have been used on, any certificate for shares of capital stock of the Company shall cease to be such officer, whether because of death, resignation or otherwise, before such certificate shall have been delivered by the Company, such certificate shall nevertheless be deemed to have been adopted by the Company and may be issued and delivered as though the person who signed such certificate or whose facsimile signature shall have been used thereon had not ceased to be such officer.

Section 4. Designations, Preferences, etc. on Certificates for Stock. Certificates for shares of capital stock of the Company shall state on the face or back thereof that the Company will furnish without charge to each stockholder who so requests (which request may be addressed to the Secretary of the Company or to a transfer agent) a statement of the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof which the Company is authorized to issue and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 5. Stock Ledger. A record shall be kept by the Secretary or by any other officer, employee or agent designated by the board of directors of the name of the person, firm, or corporation holding the stock represented by such certificates, the number of shares represented by such certificates, respectively, and the respective dates thereof, and in case of cancellation the respective dates of cancellation.

Section 6. Cancellation. Every certificate surrendered to the Company for exchange or transfer shall be canceled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so canceled.

Section 7. Transfers of Stock. Transfers of shares of the capital stock of the Company shall be made only on the books of the Company by the registered holder thereof or by his attorney thereunto authorized on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon. The person in whose name shares of stock stand on the books of the Company shall be deemed the owner thereof for all purposes as regards the Company; provided, however, that whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact, if known to the Secretary or the transfer agent making such transfer, shall be so expressed in the entry of transfer.

Section 8. Closing of Transfer Books. The board of directors may by resolution direct that the stock transfer books of the Company be closed for a period not exceeding 60 days preceding the date of any meeting of the stockholders, or the date for the payment of any dividend, or the date for the allotment of any rights, or the date when any change or conversion or exchange of capital stock of the company shall go into effect, or for a period not exceeding 60 days in connection with obtaining the consent of stockholders for any purpose. In lieu of such closing of the stock transfer books, the board may fix in advance a date, not exceeding 60 days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect or a date in connection with obtaining such consent, as a record

date for the determination of the stockholders entitled to notice of, and to vote at, such meeting, and any adjournment thereof, or to receive payment of any such dividend, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion, or exchange of capital stock or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Company after any record date so fixed.

#### ARTICLE VII.

##### Miscellaneous Provisions.

Section 1. Corporate Seal. The board of directors shall provide a corporate seal which shall be in the form of a circle and shall bear the name of the Company and words and figures showing that it was incorporated in the State of Delaware in the year 1964. The Secretary shall be the custodian of the seal. The board of directors may authorize a duplicate seal to be kept and used by any other officer.

Section 2. Fiscal Year. The fiscal year of the Company shall be fixed by resolution of the board of directors.

Section 3. Voting of Stocks Owned by the Company. The board of directors may authorize any person in behalf of the Company to attend, vote and grant proxies to be used at any meeting of stockholders of any corporation in which the Company may hold stock.

Section 4. Dividends. Subject to the provisions of the certificate of incorporation, the board of directors may, out of funds legally available therefor, at any regular or special meeting declare dividends upon the capital stock of the Company as and when they deem expedient. Dividends may be paid in cash, in property, or in shares of capital stock of the Company, subject to the provisions of the certificate of incorporation. Before declaring any dividend there may be set apart out of any funds of the Company available for dividends such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors shall deem conducive to the interests of the Company.

#### ARTICLE VIII.

##### Indemnification of Officers, Directors, Employees and Agents; Insurance.

##### Section 1. Indemnification.

(a) The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the Company) by reason of the fact that he is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) and, except for an action by or in the right of the Company, judgments, fines and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be

in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Except for an action by or in the right of the Company, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. With respect to an action by or in the right of the Company, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Company unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(b) To the extent that a director, officer, employee or agent of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (a) or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(c) Any indemnification under subsection (a) (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsection (a). Such determination shall be made (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

(d) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors in the manner provided in subsection (c) upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Company as authorized in this section.

(e) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in other capacities while holding such offices, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 2. Insurance. The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of either the General Corporation Law of the State of Delaware or of these bylaws.

ARTICLE IX.

Amendments.

The bylaws of the Company may be altered, amended or repealed either by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote in respect thereof and represented in person or by proxy at any annual or special meeting of the stockholders, or by the affirmative vote of a majority of the directors then in office given at any regular or special meeting of the board of directors. Bylaws, whether made or altered by the stockholders or by the board of directors, shall be subject to alteration or repeal by the stockholders as in this Article provided.

Ex. 3.2-11

US \$300,000,000

CREDIT AGREEMENT

among

MURPHY OIL CORPORATION,  
as Borrower and Guarantor

MURPHY OIL USA, INC.,  
MURPHY OIL COMPANY LTD.,  
MURPHY EXPLORATION & PRODUCTION COMPANY,  
MURPHY PETROLEUM LIMITED,  
as Subsidiary Borrowers

and

THE CHASE MANHATTAN BANK,  
as Domestic Administrative Agent

and

THE CHASE MANHATTAN BANK OF CANADA,  
as Canadian Administrative Agent

and

THE LENDERS NAMED HEREIN,  
as Lenders

AS OF NOVEMBER 13, 1997

CHASE SECURITIES, INC.,  
as Arranger

Ex. 4.1-0



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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is entered into as of November 13, 1997, among MURPHY OIL CORPORATION ("MURPHY"), MURPHY OIL USA, INC., MURPHY OIL COMPANY LTD., MURPHY EXPLORATION & PRODUCTION COMPANY, and MURPHY PETROLEUM LIMITED (each a "SUBSIDIARY BORROWER" and collectively, the "SUBSIDIARY BORROWERS"), the Lenders (hereinafter defined), THE CHASE MANHATTAN BANK, as Domestic Administrative Agent (hereinafter defined), and THE CHASE MANHATTAN BANK OF CANADA, as Canadian Administrative Agent (hereinafter defined).

SECTION 1.

DEFINITIONS AND ACCOUNTING TERMS

1.1 CERTAIN DEFINED TERMS. As used in this Agreement, capitalized terms used in this Agreement shall, unless otherwise indicated, have the respective meanings set forth below:

"ADJUSTED CONSOLIDATED CAPITALIZATION" means, for Murphy, on a consolidated basis, as of any date, (a) the aggregate amount of all Debt, plus (b) the aggregate amount of paid-up capital, shareholders' capital, and retained earnings (if any), minus (c) the aggregate amount of accumulated deficit (if any), minus (d) the lesser of (i) the net equity investment in any asset financed or encumbered by Non-Recourse Debt, and (ii) the amount of Non-Recourse Debt related to such asset. In determining Adjusted Consolidated Capitalization, the calculation set forth above shall be adjusted for any amounts in such amount which are attributable to (A) assets that would be treated as intangible assets such as goodwill, trademarks, trade names, copyrights, patents, and unamortized debt discount, (B) deferred taxation, and (C) any amount referred to in this definition that relates to a minority interest. All determinations required by this definition shall be made in accordance with GAAP.

"ADVANCE" means an advance by a Lender to a Borrower pursuant to SECTION 2.1 of this Agreement or the acceptance of a Draft by a Canadian Lender pursuant to SECTION 2.16.

"AFFILIATE" of a Person means any other individual or entity who directly or indirectly controls, is controlled by, or is under common control with that Person. For purposes of such definition, "control," "controlled by," and "under common control with" mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting securities or other interests, by contract, or otherwise).

"AGENTS" means Domestic Administrative Agent and Canadian Administrative Agent, and "AGENT" means any one of the Agents.

"AGREEMENT" means this Agreement, as modified, amended, renewed, extended, supplemented, and restated from time to time.

"ALTERNATE BASE RATE" means, for any day, a rate per annum equal to the lesser of (a) the Maximum Rate and (b) the greater of (i) the Prime Rate in effect on such day, and (ii) the Federal Funds Effective Rate in effect on such day plus one half of one percent (.5%). For purposes hereof, "PRIME RATE" means in the case of (A) any U.S. Dollar Base Rate Advance made or to be made by any Domestic Lender, the rate of interest per annum publicly announced from time to time by Domestic Administrative Agent as its prime rate in effect at its principal office in New York City (which prime rate may not necessarily represent the lowest or best rate actually charged by Domestic Administrative Agent in connection with extensions of credit to debtors), and (B) any U.S. Dollar Base Rate Advance made or to be made by any Canadian Lender, the rate

of interest quoted or announced from time to time by Canadian Administrative Agent as its U.S. Dollar base rate in effect at its principal office in Toronto, Canada (which base rate may not necessarily represent the lowest or best rate actually charged by Canadian Administrative Agent in connection with extensions of credit in U.S. Dollars to debtors); each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. For purposes hereof, "FEDERAL FUNDS EFFECTIVE RATE" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/16 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded upwards, if necessary, to the next 1/16 of 1%) of the quotations for the day of such transactions received by Domestic Administrative Agent from three (3) Federal funds brokers of recognized standing selected by it. If for any reason Domestic Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability of Domestic Administrative Agent to obtain sufficient quotations in accordance with the terms hereof, then the Alternate Base Rate shall be determined without regard to SUBSECTION (II) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Maximum Rate, Prime Rate, or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Maximum Rate, Prime Rate, or the Federal Funds Effective Rate, respectively.

"APPLICABLE AGENT" means (a) in the case of Domestic Advances or Borrowings consisting of Domestic Advances, Domestic Administrative Agent, and (b) in the case of Canadian Advances or Borrowings consisting of Canadian Advances, Canadian Administrative Agent.

"APPLICABLE CANADIAN PENSION LEGISLATION" means, at any time, any pension legislation then applicable to Canadian Borrower, including the Employment Pension Plans Act (Alberta), and all regulations made thereunder, each as amended from time to time.

"APPLICABLE COMMITMENT PERCENTAGE" means, for any Lender, (a) in the case of a Borrowing to Canadian Borrower, the Canadian Commitment Percentage, and (b) in the case of a Borrowing to a Domestic Borrower, the Domestic Commitment Percentage.

"APPLICABLE CURRENCY" means (a) in the case of a U.S. Dollar Base Rate Advance or a U.S. Dollar Eurocurrency Advance, U.S. Dollars, (b) in the case of a Canadian Dollar Base Rate Advance or a Bankers' Acceptance, Canadian Dollars, and (c) in the case of a Pounds Sterling Eurocurrency Rate Advance, Pounds Sterling.

"APPLICABLE LENDERS" means (a) in the case of Domestic Advances or Borrowings consisting of Domestic Advances, Domestic Lenders, and (b) in the case of Canadian Advances or Borrowings consisting of Canadian Advances, Canadian Lenders.

"APPLICABLE LENDING OFFICE" means, with respect to each Lender, (a) such Lender's Domestic Lending Office in the case of a Domestic Advance that is a Base Rate Advance, (b) such Lender's Eurocurrency Lending Office in the case of a Domestic Advance that is a U.S. Dollar Eurocurrency Rate Advance, (c) such Lender's U.K. Lending Office in the case of a Domestic Advance that is a Pounds Sterling Eurocurrency Rate Advance, and (d) such Lender's Canadian Lending Office in the case of a Canadian Advance.

"APPLICABLE MARGIN" means, on any date of determination of the interest rate for any Eurocurrency Rate Advances, Facility Fees, and any BA Fees, the applicable percentage set forth in the table below for Eurocurrency Rate Borrowings, Facility Fees, or Bankers' Acceptances, as appropriate, which corresponds to

the ratings (or implied ratings) established by both S&P and Moody's applicable to Murphy's senior, unsecured, non-credit-enhanced, long-term indebtedness for borrowed money ("INDEX DEBT") on such date of determination:

RATINGS	APPLICABLE MARGIN FOR EURO CURRENCY RATE BORROWINGS AND BA FEE	APPLICABLE MARGIN FOR FACILITY FEES
-----		
CATEGORY 1		
Equal to or higher than A+ by S&P;	.13%	.07%
Equal to or higher than A1 by Moody's		
-----		
CATEGORY 2		
A- by S&P;	.145%	.08%
A3 by Moody's		
-----		
CATEGORY 3		
BBB+ by S&P;	.175%	.10%
Baa1 by Moody's		
-----		
CATEGORY 4		
BBB by S&P;	.215%	.11%
Baa2 by Moody's		
-----		
CATEGORY 5		
BBB- by S&P;	.25%	.15%
Baa3 by Moody's		
-----		
CATEGORY 6		
Lower than BBB- by S&P;	.30%	.20%
Lower than Baa3 by Moody's		
-----		

For purposes of the foregoing: (a) if neither Moody's nor S&P shall have in effect a rating for Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then both such rating agencies will be deemed to have established ratings for Index Debt in Category 6; (b) if only one of Moody's or S&P shall have in effect a rating for Index Debt, then Murphy and Lenders will negotiate in good faith to agree upon another rating agency to be substituted by an amendment to this Agreement for the rating agency which shall not have a rating in effect, and in the absence of such amendment the Applicable Margin will be determined by reference to the available rating; (c) if the ratings established by Moody's and S&P shall fall within different Categories, then the Applicable Margin shall be determined by reference to the numerically lower Category (for example, if the rating from S&P is in Category 1 and the rating from Moody's is in Category 2, then the Applicable Margin shall be determined by reference to Category 1); and (d) if any rating established by Moody's or S&P shall be changed (other than as a result of a change in the rating system of either Moody's or S&P), then such change shall be effective as of the date on which such change is first announced by the rating agency making such change. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of either Moody's or S&P shall change prior to the Maturity Date, then Murphy and Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system. If both Moody's and



S&P shall cease to be in the business of rating corporate debt obligations, then Murphy and Lenders shall negotiate in good faith to agree upon a substitute rating agency and to amend the references to specific ratings in this definition to reflect the ratings used by such substitute rating agency.

"APPLICABLE RATE" means:

(a) with respect to U.S. Dollar Base Rate Advances, the Alternate Base Rate;

(b) with respect to Canadian Dollar Base Rate Advances, the Canadian Dollar Base Rate;

(c) with respect to U.S. Dollar Eurocurrency Rate Advances, the Eurocurrency Rate plus the Applicable Margin for Eurocurrency Rate Borrowings; and

(d) with respect to Pounds Sterling Eurocurrency Rate Advances, the Eurocurrency Rate plus the Applicable Margin for Eurocurrency Rate Borrowings.

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an assignee pursuant to SECTION 10.7, and accepted by Domestic Administrative Agent, in substantially the form of EXHIBIT B hereto.

"AUTHORIZATIONS" means all filings, recordings, and registrations with, and all validations or exemptions, approvals, orders, authorizations, consents, franchises, licenses, certificates, and permits from, any Governmental Authority.

"BA DISCOUNT RATE" means, in respect of a Bankers' Acceptance, the rate quoted by Canadian Administrative Agent at or about 10:00 a.m. (Toronto, Canada time) on the date of acceptance of such Bankers' Acceptance (based on a year of 365 days), as the discount rate at which it would purchase on such date its own bankers' acceptances having terms and amounts similar to the terms and amounts of such Bankers' Acceptance.

"BA FACILITY" means the bankers' acceptance facility established under SECTION 2.16.

"BA FEE" means, in respect of a Bankers' Acceptance, a stamping fee calculated on the Face Amount and duration of such Bankers' Acceptance at a rate per annum equal to the Applicable Margin, payable on the date of creation of such Bankers' Acceptance, calculated on the basis of a 365-day year.

"BA USAGE" means, as at any date of determination, the aggregate Face Amount (in Dollar Equivalents) of all Bankers' Acceptances created by Canadian Lenders pursuant to SECTION 2.16 that have not been repaid by Canadian Borrower, whether or not due and whether or not held by any Canadian Lender. For purposes of this definition, any Bankers' Acceptance that has been fully cash collateralized in a manner satisfactory to Agents shall be deemed to have been repaid.

"BANKERS' ACCEPTANCE" means a Draft that has been accepted by a Canadian Lender as provided in SECTION 2.16.

"BANKERS' ACCEPTANCE PURCHASE PRICE" means, in respect of any Bankers' Acceptance to be purchased by a Canadian Lender, the result (rounded to the nearest whole cent, with one-half of one percent being rounded up) obtained by dividing the Face Amount of such Bankers' Acceptance by the sum of one plus the product of (a) the applicable BA Discount Rate multiplied by (b) a fraction, the numerator of which is the term of maturity of such Bankers' Acceptance and the denominator of which is 365.

"BORROWERS" means Murphy and Subsidiary Borrowers, and "BORROWER" means any one of the Borrowers.

"BORROWING" means simultaneous Advances of the same Type made ratably by all Domestic Lenders or Canadian Lenders, as the case may be, pursuant to SECTION 2.1, or the acceptance of Drafts by all Canadian Lenders pursuant to SECTION 2.16.

"BUSINESS DAY" means (a) for all purposes other than as covered by CLAUSES (b) and (c), a day of the year on which banks are not required or authorized to close in New York City, (b) with respect to all notices, determinations, fundings, and payments in connection with any Eurocurrency Rate Advances, any day that is a Business Day described in CLAUSE (a) above and that is also a day for trading by and between banks in U.S. Dollar deposits in the London interbank market, and (c) with respect to all notices, determinations, fundings and payments in connection with Canadian Dollar Base Rate Advances and Bankers' Acceptances, any day (i) that is a Business Day described in CLAUSE (a) above, (ii) that is not a legal holiday in the Province of Ontario, Canada, and (iii) that is not a day on which banking institutions located in such Province are authorized or required by law or other governmental action to close.

"CANADIAN ADMINISTRATIVE AGENT" means The Chase Manhattan Bank of Canada and its permitted successor or successors as an administrative agent for Canadian Lenders under this Agreement.

"CANADIAN ADVANCE" means an Advance to Canadian Borrower.

"CANADIAN BORROWER" means Murphy Oil Company Ltd., a Canadian corporation.

"CANADIAN COMMITMENT PERCENTAGE" means, for any Canadian Lender as of any date, the percentage equivalent of the ratio of (a) such Canadian Lender's Maximum Canadian Commitment to (b) the Maximum Canadian Commitments.

"CANADIAN DOLLAR BASE RATE" means, with respect to any Canadian Dollar Base Rate Advances as of any date of determination the lesser of (a) the Maximum Rate, and (b) the greater of (i) the fluctuating interest rate per annum which Canadian Administrative Agent has announced as its reference rate for determining interest chargeable by it on loans denominated in Canadian Dollars made in Canada, as in effect on such date of determination, and (ii) the BA Discount Rate for such day for bankers' acceptances having an aggregate face amount approximately equal to the aggregate amount of such Canadian Dollar Base Rate Advances and a term of thirty (30) days plus 0.625%. As to any Canadian Dollar Base Rate Advance, the Canadian Dollar Base Rate is a reference rate that varies from time to time and does not necessarily represent the lowest or best rate actually charged to any customer by Canadian Administrative Agent or any Lender for loans denominated in Canadian Dollars. Canadian Administrative Agent and Lenders may make commercial loans or other loans denominated in Canadian Dollars at rates of interest at, above or below the Canadian Dollar Base Rate. The Canadian Dollar Base Rate shall automatically change, without notice to any Borrower, upon any date that Canadian Administrative Agent announces any change in said reference rate or determines that the prevailing BA Discount Rate for such thirty (30) day bankers' acceptances has changed to the extent necessary to reflect any such change.

"CANADIAN DOLLAR BASE RATE ADVANCE" means an Advance denominated in Canadian Dollars that bears interest based upon the Canadian Dollar Base Rate.

"CANADIAN DOLLARS" or "Cdn. \$" means lawful currency of Canada.

"CANADIAN LENDERS" means the financial institutions (and their respective Canadian Lending Offices) on SCHEDULE 1 having a Maximum Canadian Commitment and their respective assigns who become parties to this Agreement pursuant to the terms and conditions of SECTION 10.7.

"CANADIAN LENDING OFFICE" means, in relation to each Lender, the office or Affiliate of such Lender specified as its "Canadian Lending Office" opposite its name on SCHEDULE 1 or in the Assignment and Acceptance pursuant to which it became a Lender or such other office or Affiliate of such Lender as such Lender may from time to time specify to Murphy and Agents.

"CANADIAN USAGE" means, as of any date, the sum of (a) the aggregate principal amount of all outstanding Canadian Advances, and (b) the BA Usage.

"CHANGE IN CONTROL" means either: (a) any Person or group of related Persons (other than members of the Murphy Family) shall have acquired beneficial ownership of more than thirty-five percent (35%) of the outstanding voting shares of Murphy (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder); or (b) during any period of twelve (12) consecutive calendar months, individuals who were Directors of Murphy on the first (1st) day of such period shall cease to constitute at least sixty-six and two-thirds percent (66-2/3%) of the members of the Board of Directors of Murphy.

"CODE" means the Internal Revenue Code of 1986, as the same may be amended from time to time.

"COMMITMENTS" means, for any Lender, such Lender's Global Commitment, Domestic Commitment, Current Canadian Commitment, and Maximum Canadian Commitment.

"COMPANIES" means Borrowers and their Material Subsidiaries, and "COMPANY" means any one of the Companies.

"COMPLIANCE CERTIFICATE" means a certificate substantially in the form of EXHIBIT H.

"CONSOLIDATED RECOURSE DEBT" means, as of any date, all Debt of Murphy, on a consolidated basis, that is not Non-Recourse Debt.

"CONSTITUENT DOCUMENTS" means, for any Person, such Person's articles or certificate of incorporation, articles or certificate of organization or formation, certificate of limited partnership, bylaws, regulations, partnership agreement, constitution, and other instruments or documents evidencing the incorporation, organization, or formation of such Person.

"COST OF FUNDS RATE" means, with respect to any amounts payable by a Canadian Lender to Canadian Administrative Agent pursuant to SECTION 2.2(c) or SECTION 2.13(e), the rate of interest charged Canadian Administrative Agent in respect of such amounts by its direct clearing bank in Canada.

"CURRENT CANADIAN COMMITMENT" means, for any Canadian Lender as of any date, the product of (a) the Designated Canadian Commitment times (b) such Canadian Lender's Canadian Commitment Percentage.

"CUSTOMARY PERMITTED LIENS" means (a) pledges or deposits made to secure payment of worker's compensation (or to participate in any fund in connection with worker's compensation insurance), unemployment insurance, pensions, or social security programs, (b) encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of real property, provided that such items do not materially impair the use of such property for the purposes intended and none of which is violated in any

material respect by existing or proposed structures or land use, (c) Liens imposed by mandatory provisions of any Legal Requirement such as for materialmen's, mechanic's, warehousemen's, and other like Liens arising in the ordinary course of business, securing payment of any liability whose payment is not yet due or that is being contested in good faith by appropriate proceedings diligently conducted, and for which reserves in accordance with GAAP or other security have been provided, (d) Liens for taxes, assessments, and governmental charges that are not yet due and payable or that are being contested in good faith by appropriate proceedings diligently conducted, and for which reserves in accordance with GAAP or other security have been provided, and (e) any Lien arising pursuant to any order of attachment, distraint, or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings diligently conducted, and for which reserves in accordance with GAAP or other security have been provided.

"CUSTOMARY RECOURSE EXCEPTIONS" means, with respect to any Non-Recourse Debt, exclusions from the exculpation provisions with respect to such Non-Recourse Debt for fraud, misapplication of cash, and other circumstances customarily excluded by institutional lenders from exculpation provisions.

"DEBT" means (a) indebtedness for borrowed money, (b) obligations evidenced by or pursuant to bonds, debentures, notes, bankers' acceptances, or other similar instruments, (c) obligations to pay the deferred purchase price of property (excluding obligations under agreements for the purchase of goods in the normal course of business) (d) obligations as lessee under leases which shall have been or should have been recorded as capital leases, (e) obligations as account party under all drawn and unpaid drafts under letters of credit, and (f) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in SUBSECTIONS (a) through (e) above. Debt, as determined in (A) through (E) above, shall be reduced by any portion of any amounts that relate to minority interests and shall be determined in accordance with GAAP.

"DEBTOR RELIEF LAWS" means Title 11 of the United States Code, the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), and all other applicable federal, state, provincial, or territorial liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar Legal Requirements affecting creditors' rights in effect from time to time.

"DESIGNATED CANADIAN COMMITMENT" means, as of any date, the amount (denominated in U.S. Dollars) of the Global Commitments allocated by Murphy pursuant to SECTION 2.1(b) to be available from Canadian Lenders to Canadian Borrower in Canada.

"DOLLAR EQUIVALENT" means, on or as of a particular date, (a) in the case of Pounds Sterling, the amount of U.S. Dollars, as conclusively determined by Domestic Administrative Agent, that is required by Domestic Administrative Agent to purchase the relevant amount of Pounds Sterling on or as of such date on the basis of the spot exchange rate therefor in the interbank Eurocurrency market where the foreign currency and exchange operations of Domestic Administrative Agent's Applicable Lending Office are customarily conducted with respect to Pounds Sterling at 11:00 a.m. (or as near thereto as may be practicable), London, England time, on or as of such date, and (b) in the case of Canadian Dollars, the amount of U.S. Dollars, as conclusively determined by Canadian Administrative Agent, that is required by Canadian Administrative Agent to purchase the relevant amount of Canadian Dollars on or as of such date on the basis of the spot exchange rate therefor in the interbank Eurocurrency market where the foreign currency and exchange operations of Canadian Administrative Agent's Applicable Lending Office are customarily conducted with respect to Canadian Dollars as of 11:00 a.m. (or as near thereto as may be practicable), Toronto, Ontario time, on or as of such date.

"DOMESTIC ADMINISTRATIVE AGENT" means The Chase Manhattan Bank, and its permitted successor or successors as an administrative agent for Lenders under this Agreement.

"DOMESTIC ADVANCE" means an Advance to a Domestic Borrower.

"DOMESTIC BORROWERS" means all Borrowers other than Canadian Borrower.

"DOMESTIC COMMITMENT" means, for any Lender (in the aggregate for its Domestic Lending Office and its U.K. Lending Office) as of any date, (a) such Lender's Global Commitment, minus (b) such Lender's (and its Canadian Lending Office) Current Canadian Commitment, and "DOMESTIC COMMITMENTS" means the Domestic Commitment of all Lenders.

"DOMESTIC COMMITMENT PERCENTAGE" means, for any Domestic Lender as of any date, the percentage equivalent of the ratio of (a) such Domestic Lender's Domestic Commitment to (b) the Domestic Commitments.

"DOMESTIC LENDERS" means the financial institutions (and their respective Domestic Lending Offices and U.K. Lending Offices) on SCHEDULE 1 having a Domestic Commitment and their respective assigns who become parties to this Agreement pursuant to the terms and conditions of SECTION 10.7.

"DOMESTIC LENDING OFFICE" means, with respect to each Lender, the office of such Lender or an Affiliate of such Lender specified as its "Domestic Lending Office" opposite its name on SCHEDULE 1 or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender or an Affiliate of such Lender as such Lender may from time to time specify to Murphy and Domestic Administrative Agent.

"DOMESTIC USAGE" means, as of any date, the aggregate principal amount of all outstanding Domestic Advances.

"DRAFT" means, at any time, a bill of exchange in substantially the form of EXHIBIT D, or in substantially the form customarily used by Canadian Administrative Agent, in each case drawn by Canadian Borrower on a Canadian Lender and bearing such distinguishing letters and numbers as such Canadian Lender may determine, but which at such time, except as otherwise provided herein, has not been accepted by such Canadian Lender as a Bankers' Acceptance.

"DRAWING DATE" means any Business Day fixed pursuant to SECTION 2.16 for the creation of Bankers' Acceptances.

"DRAWING NOTICE" has the meaning assigned to that term in SECTION 2.16.

"ENVIRONMENTAL LAWS" means any and all Legal Requirements pertaining to health or the environment in effect in any and all jurisdictions in which any Company is conducting or at any time has conducted business, or where any property of any Company is located, including without limitation, the Oil Pollution Act of 1990, as amended ("OPA"), the Clean Air Act, as amended, the Comprehensive Environmental, Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"), the Federal Water Pollution Control Act, as amended, the Occupational Safety and Health Act of 1970, as amended, the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), the Safe Drinking Water Act, as amended, the Toxic Substances Control Act, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Hazardous Materials Transportation Act, as amended, the Canadian Environmental Protection Act, as amended, the Transportation of Dangerous Goods Act (Canada), as amended, the Canada Water Act, as amended, the National Energy Board Act, as amended, the

Canada Petroleum Resources Act, as amended, the Oil and Gas Operations Act (Canada), as amended, the Hazardous Products Act (Canada), as amended, the Environmental Protection and Enhancement Act (Alberta), as amended, the Water Act (Alberta), as amended, the Natural Resources Conservation Board Act (Alberta), as amended, and the Oil and Gas Conservation Act (Alberta), as amended, and other environmental conservation or protection laws. The term "oil" has the meaning specified in OPA, the terms "hazardous substance" and "release" (or "threatened release") have the meanings specified in CERCLA, and the terms "solid waste" and "disposal" (or "disposed") have the meanings specified in RCRA; provided, however, that (a) in the event either OPA, CERCLA, or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment, and (b) to the extent the laws of the state, province, or other jurisdiction in which any property of any Company is located establish a meaning for "oil," "hazardous substance," "release," "solid waste," or "disposal" which is broader than that specified in either OPA, CERCLA or RCRA, such broader meaning shall apply.

"ERISA" means the Employee Retirement Income Security Act of 1974 and all regulations thereunder, as amended from time to time.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) which is a member of a group of which any Borrower is a member and which is under common control within the meaning of the regulations under Section 414 of the Code or under any Applicable Canadian Pension Legislation, as the context may require.

"EUROCURRENCY LIABILITIES" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System (or any successor regulation), as in effect from time to time.

"EUROCURRENCY LENDING OFFICE" means, with respect to each Lender, the office or Affiliate of such Lender specified as its "Eurocurrency Lending Office" opposite its name on SCHEDULE 1 or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office or Affiliate is specified, its Domestic Lending office), or such other office or Affiliate of such Lender as such Lender may from time to time specify to Murphy and Domestic Administrative Agent.

"EUROCURRENCY RATE" means, for each Eurocurrency Rate Advance comprising part of the same Borrowing, an interest rate per annum equal to the lesser of (a) the Maximum Rate and (b) in the case of (i) U.S. Dollar Eurocurrency Rate Advances, the U.S. Eurocurrency Rate, and (ii) Pounds Sterling Eurocurrency Rate Advances, the U.K. Eurocurrency Rate. Each determination of the Eurocurrency Rate shall be conclusive and binding, absent manifest error, and may be computed using any reasonable averaging and attribution method.

"EUROCURRENCY RATE ADVANCE" means any U.S. Dollar Eurocurrency Rate Advance or Pounds Sterling Eurocurrency Rate Advance.

"EUROCURRENCY RATE RESERVE PERCENTAGE" of any Lender for any Eurocurrency Rate Advance means the reserve percentage applicable to such Lender under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) under Regulation D promulgated by the Board of Governors of the Federal Reserve System, or any successor or supplemental regulations, applicable to such Lender on the later of (a) the first (1st) day of the Interest Period then applicable to such Eurocurrency Rate Advance, and (b) the effective date of any such reserve requirement under applicable regulations, with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"EVENT OF DEFAULT" has the meaning set forth in SECTION 7.1.

"FACE AMOUNT" means, in respect of a Draft or Bankers' Acceptance, as the case may be, the amount payable to the holder thereof on its maturity.

"FACILITY FEE" means the fees payable pursuant to SECTION 2.5(a).

"FEDERAL FUNDS EFFECTIVE DATE" has the meaning set forth in the definition of "Alternate Base Rate" in this SECTION 1.1.

"FINANCIAL OFFICER" of any Company means an officer of such Company who is authorized to execute the Loan Documents on behalf of such Company as set forth on a current incumbency certificate delivered to Domestic Administrative Agent.

"GAAP" means generally accepted accounting principles in the United States of America in effect on the date of determination.

"GLOBAL COMMITMENT" means, for each Lender (in the aggregate for its Domestic Lending Office, its U.K. Lending Office, and its Canadian Lending Office), the amount set opposite such Lender's name on SCHEDULE 1 as its "Global Commitment," as such amount may be reduced pursuant to SECTION 2.6 or SECTION 2.12, or reduced or increased as a result of an assignment permitted by SECTION 10.7, and "GLOBAL COMMITMENTS" means the Global Commitment for all Lenders in the original amount of \$300,000,000, as such amount may be reduced pursuant to SECTION 2.6 or SECTION 2.12.

"GOVERNMENTAL AUTHORITY" means any nation or government, any state or other political subdivision thereof, and any Person exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government.

"GUARANTEED DEBT" means (a) the several Obligation of all Subsidiary Borrowers, and (b) all costs, expenses, and fees, including, but not limited to, court costs and attorneys' fees, arising in connection with the collection of the several Obligation of all Subsidiary Borrowers.

"GUARANTY AGREEMENT" has the meaning set forth in SECTION 9.1.

"HAZARDOUS SUBSTANCE" means (a) any substance that is designated, defined, or classified as a hazardous waste, hazardous material, pollutant, contaminant, or toxic or hazardous substance under any Environmental Law, including without limitation, any hazardous substance within the meaning of Section 101(14) of CERCLA, (b) petroleum, oil, gasoline, natural gas, fuel oil, motor oil, waste oil, diesel fuel, jet fuel, and other petroleum hydrocarbons, (c) regulated asbestos and asbestos-containing materials in any form, (d) polychlorinated biphenyls, or (e) urea formaldehyde foam.

"INDEX DEBT" has the meaning set forth in the definition of "Applicable Margin" in this SECTION 1.1.

"INTEREST PERIOD" means, for each Advance comprising part of the same Borrowing, the period commencing on the date of such Advance or on the last day of the immediately preceding Interest Period applicable to such Advance, as the case may be, and ending on the last day of the period selected by a Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one (1) month or two (2), three (3), or six (6) months, as a Borrower may select by notice to the Applicable Agent pursuant to SECTION 2.2(a) or 2.3; provided, however, that whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day in New York City, London, and Toronto, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day in all such cities;

provided that in the case of any Interest Period for a Eurocurrency Rate Advance, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, then the last day of such Interest Period shall occur on the next preceding Business Day in all such cities.

"LEGAL REQUIREMENT" means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, Authorization, or other directive or requirement (whether or not having the force of law), including, without limitation, Environmental Laws, ERISA requirements, Applicable Canadian Pension Legislation, energy regulations, and occupational, safety, and health standards or controls, of any Governmental Authority.

"LIEN" means any mortgage, pledge, lien, encumbrance, charge, or security interest of any kind, granted, assumed, or created to secure Debt.

"LENDERS" means Domestic Lenders and Canadian Lenders, and "LENDER" means any one of the Lenders.

"LITIGATION" means any suit, action, or proceeding by or before any Governmental Authority.

"LOAN DOCUMENTS" means (a) this Agreement and the EXHIBITS and SCHEDULES thereto, (b) the notes, if any, Drafts, Bankers' Acceptances, certificates, and other documents delivered pursuant to this Agreement, and (c) all modifications, amendments, renewals, extensions, restatements, or supplements of any of the foregoing.

"MATERIAL ADVERSE EVENT" means any set of one or more circumstances or events which, individually or collectively, could reasonably be expected to result in any (a) material impairment of the ability of Borrowers to perform any of their payment or other material obligations under the Loan Documents or the ability of any Agent or any Lender to enforce any such obligations or any of their respective rights under the Loan Documents, (b) material and adverse effect on the business, properties, condition (financial or otherwise), or results of operations of Murphy, on a consolidated basis, or (c) Potential Default or Event of Default. The phrase "could be a Material Adverse Event" (and any similar phrase herein) means that there is a material probability of such Material Adverse Event occurring, and the phrase "could not be a Material Adverse Event" (and any similar phrase herein) means that there is not a material probability of such Material Adverse Event occurring.

"MATERIAL PLAN" means, as of any date, a Plan having aggregate Unfunded Liabilities in excess of ten million dollars (\$10,000,000).

"MATERIAL SUBSIDIARY" means, as of any date, one or more Subsidiaries of any Borrower having individually or in the aggregate assets equal to or greater than five percent (5%) of the consolidated assets of Murphy.

"MATURITY DATE" means December 31, 2002.

"MAXIMUM AMOUNT" and "MAXIMUM RATE" means, for each Lender, the maximum non-usurious amount and the maximum non-usurious rate of interest which, under applicable law, such Lender is permitted to contract for, charge, take, reserve, or receive on the Obligation owed to such Lender.

"MAXIMUM CANADIAN COMMITMENT" means, for any Lender, the amount (denominated in U.S. Dollars) set forth opposite such Lender's name on SCHEDULE 1 as its "Maximum Canadian Commitment," as such amount may be reduced pursuant to SECTION 2.6 or SECTION 2.12 or reduced or increased as a result of an assignment permitted by SECTION 10.7, and "MAXIMUM CANADIAN DOLLAR COMMITMENTS" means the



Maximum Canadian Commitment of all Lenders in the amount of \$150,000,000, as such amount may be reduced pursuant to SECTION 2.6 or SECTION 2.12.

"MOODY'S" means Moody's Investors Service, Inc. or any successor thereto.

"MULTI-EMPLOYER PLAN" means a "Multi-employer plan" as defined in Section 4001(a)(3) of ERISA or in any Applicable Canadian Pension Legislation to which any Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding three (3) plan years made or accrued an obligation to make contributions.

"MURPHY FAMILY" means (a) individuals related by blood or marriage to C. H. Murphy, Jr., and (b) any trust controlled by or for the benefit of any such individuals.

"NON-RECOURSE DEBT" means, for any Person, any Debt of such Person in respect of which the holder of such Debt may not look to such Person personally for repayment, other than pursuant to Customary Recourse Exceptions.

"NOTICE OF ALLOCATION" means a notice in the form of EXHIBIT E.

"NOTICE OF BORROWING" means a notice in substantially the form of EXHIBIT A.

"OBLIGATION" means all present and future indebtedness, liabilities, and obligations, and all renewals and extensions thereof, or any part thereof, now or hereafter owed to any Agent or any Lender by Borrowers arising from, by virtue of, or pursuant to any Loan Document, together with all interest accruing thereon, and all fees, costs, and expenses payable under the Loan Documents.

"OECD" means the Organization for Economic Cooperation and Development.

"PBGC" means the Pension Benefit Guaranty Corporation, and any entity succeeding to any or all of its functions under ERISA, and any pension commission or similar Governmental Authority constituted under any Applicable Canadian Pension Legislation, as the context may require.

"PERCENTAGE SHARE" means, when determined for any Lender, the proportion (stated as a percentage) that such Lender's Global Commitment bears to the Global Commitments, or, if the Global Commitments shall have been terminated, then the proportion (stated as a percentage) that the Total Utilization of Commitments owing to such Lender bears to the Total Utilization of Commitments owing to all Lenders.

"PERSON" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company, or other entity, or a government or any political subdivision or agency thereof.

"PLAN" means an employee benefit plan (other than a Multi-employer Plan) maintained for employees of any Borrower or any ERISA Affiliate and covered by Title IV of ERISA or by any Applicable Canadian Pension Legislation, as the context may require.

"POTENTIAL DEFAULT" means the occurrence of any event that would, upon notice or lapse of time or both, become an Event of Default.

"POUNDS STERLING" and the sign "(Pounds)" mean lawful currency of the United Kingdom.

"POUNDS STERLING EURO CURRENCY RATE ADVANCE" means an Advance denominated in Pounds Sterling that bears interest based upon the Eurocurrency Rate.

"PRIME RATE" has the meaning set forth in the definition of Alternate Base Rate in this SECTION 1.1.

"REGISTER" has the meaning set forth in SECTION 10.7(c).

"REPORTABLE EVENT" means an event described in Section 4043(b) of ERISA or in any Applicable Canadian Pension Legislation, as the context may require, with respect to which any applicable notice requirement has not been waived by the PBGC.

"REQUIRED LENDERS" means at any time Lenders that in the aggregate (a) hold at least sixty-six and two-thirds (66-2/3%) of the Global Commitments, and (b) after the expiry or termination of the Global Commitments, are owed at least sixty-six and two-thirds percent (66-2/3%) of the Total Utilization of Commitments.

"SOLVENT" means, as to a Person, that (a) the aggregate fair market value of such Person's assets exceeds its liabilities (whether contingent, subordinated, unmatured, unliquidated, or otherwise), (b) such Person has sufficient cash flow to enable it to pay its liabilities as they mature, and (c) such Person does not have unreasonably small capital to conduct such Person's business. In computing the amount of contingent liabilities at any time; for purposes of determining solvency, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"S&P" means Standard and Poor's Rating Group, a division of McGraw Hill, Inc., a New York corporation, or any successor thereto.

"SUBSIDIARY" of a Person means any corporation or other similar entity of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation or entity (irrespective of whether or not at the time capital stock of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

"SUBSIDIARY BORROWERS" and "SUBSIDIARY BORROWER" have the meaning set forth in the preamble.

"TAXES" means, for any Person, taxes, assessments, or other governmental charges or levies imposed upon such Person, its income, or any of its properties, franchises, or assets.

"TERMINATION DATE" means the Maturity Date or any earlier date of termination in whole of the Global Commitments pursuant to SECTION 2.6 or 7.2.

"TERMINATION EVENT" means (a) a "Reportable Event" described in Section 4043 of ERISA and the regulations issued thereunder (other than a "Reportable Event" not subject to the provision for 30-day notice to the PBGC under such regulations), or (b) the withdrawal of any Borrower or any of its ERISA Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (c) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (d) the institution of proceedings to terminate a Plan by the PBGC, or (e) any other event or condition which might constitute grounds under Section 4042 of ERISA or under any Applicable Canadian Pension Legislation for the windup (in whole or in part) or termination of, or the appointment of a trustee or administrator to administer, any Plan.

"TOTAL UTILIZATION OF COMMITMENTS" means, as at any date of determination, the sum of (a) the Domestic Usage (valued in Dollar Equivalents), and (b) the Canadian Usage (valued in Dollar Equivalents).

"TYPE", when used in respect of any Advance or Borrowing, refers to the Rate by reference to which interest on such Advance or on the Advances comprising such Borrowing is determined. For purposes hereof, "RATE" shall include the Alternate Base Rate, the Canadian Dollar Base Rate, and the Eurocurrency Rate.

"U.K. EUROCURRENCY RATE" means the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the rate at which Domestic Administrative Agent is offered deposits in Pounds Sterling in the Paris interbank market at or about 11:00 a.m. (Paris, France time) two (2) Business Days prior to the first (1st) day of such Interest Period for a term comparable to such Interest Period and in an amount equal to (or as nearly equal as may be) to the Eurocurrency Rate Borrowing to which such Interest Period relates.

"U.K. LENDING OFFICE" means, with respect to each Lender, the office of such Lender or an Affiliate of such Lender specified as its "U.K. Lending Office" opposite its name on SCHEDULE 1 or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender or an Affiliate of such Lender as such Lender may from time to time specify to Murphy and Domestic Administrative Agent.

"UNFUNDED LIABILITIES" means, with respect to any Plan at any time, the amount (if any) by which (a) the value of all benefit liabilities under such Plan, determined on a plan determination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (b) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most-recent valuation for such Plan, but only to the extent that such excess represents a potential liability of Borrower or an ERISA Affiliate to the PBGC or any other Person under Title IV of ERISA, including, in the case of any Plan governed by or subject to any Applicable Canadian Pension Legislation, any going concern unfunded liability, past service unfunded liability, or solvency deficiency for purposes of any such Applicable Canadian Pension Legislation.

"U.S. DOLLAR BASE RATE ADVANCE" means an Advance denominated in U.S. Dollars that bears interest based upon the Alternate Base Rate.

"U.S. DOLLAR EUROCURRENCY RATE ADVANCE" means an Advance denominated in U.S. Dollars that bears interest based upon the Eurocurrency Rate.

"U.S. DOLLARS and the sign "\$" mean lawful currency of the United States of America.

"U.S. EUROCURRENCY RATE" means, for each Eurocurrency Rate Advance comprising part of the same Borrowing for any Interest Period, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Dow Jones Markets Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. Dollars at approximately 11:00 a.m. (London, England time) two (2) Business Days prior to the first (1st) day of such Interest Period for a term comparable to such Interest Period. If for any reason any such rate is not available, then the term "U.S. Eurocurrency Rate" means for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) quoted by the Applicable Agent at or before 11:00 a.m. (London, England time) two (2) Business Days prior to the first (1st) day of such Interest Period to be the arithmetic average of the prevailing rates per annum at the time of determination in accordance with the then existing practice in the applicable market for the offering to the Applicable Agent by one (1) or more prime banks selected by the Applicable Agent in its sole discretion, in the London interbank market of deposits in U.S. Dollars for delivery on the first (1st) day of such Interest Period and having a maturity equal (or as nearly equal as may be) to the length of such Interest Period and in an amount equal (or as nearly equal as may be) to the U.S. Dollar Eurocurrency Rate Borrowing to which

such Interest Period relates.

"WITHHOLDING TAXES" has the meaning set forth in SECTION 2.14.

1.2 ACCOUNTING TERMS. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All financial reports furnished to any Agent or any Lender hereunder shall be prepared in accordance with GAAP. All comparative reports will have prior periods restated, if necessary, to reflect any material differences in reported results of operations or financial position.

1.3 OTHER REFERENCES. Unless otherwise specified in the Loan Documents: (a) "or" is not exclusive; (b) a reference to a Legal Requirement includes any amendment or modification to such Legal Requirement; (c) a reference to a Person includes its permitted successors and permitted assigns; (d) except as provided otherwise, all references to the singular shall include the plural and vice versa; (e) except as provided in this Agreement, a reference to an agreement, instrument, or document shall include such agreement, instrument, or document as the same may be amended, modified, or supplemented from time to time in accordance with its terms and as permitted by the Loan Documents; (f) all references to SECTIONS, SCHEDULES, or EXHIBITS in a Loan Document shall be to Sections, Schedules, or Exhibits of such Loan Document, unless otherwise indicated; and (g) all EXHIBITS to this Agreement shall be incorporated into this Agreement.

## SECTION 2.

### AMOUNTS AND TERMS OF THE ADVANCES

#### 2.1 COMMITMENTS; LOANS.

(a) COMMITMENTS. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of Borrowers set forth herein, each Lender hereby severally agrees to make Advances as described in this SECTION 2.1 that are, pursuant to the terms of this SECTION 2.1, to be made by such Lender. The commitments of Lenders to make such Advances consist of the Domestic Commitments of Domestic Lenders and the Maximum Canadian Commitments of Canadian Lenders.

(b) ALLOCATION OF COMMITMENTS. Murphy shall allocate the aggregate amount of the Global Commitments so that the sum of Designated Canadian Commitment and the Domestic Commitments, in each case in Dollar Equivalents, equals the Global Commitments then in effect. The initial amount of the Designated Canadian Commitment and the Domestic Commitments and of each Lender's Global Commitment, Maximum Canadian Commitment, Current Canadian Commitment, and Domestic Commitment are set forth opposite its name on SCHEDULE 1. Murphy shall, effective as of the first (1st) day of each calendar quarter, commencing on January 1, 1998, be entitled to change the amount of the Global Commitments allocated in Dollar Equivalents to the Designated Canadian Commitment and the Domestic Commitments by delivering a Notice of Allocation to Domestic Administrative Agent at least ten (10) days prior to date upon which such allocation is to be effective; provided that:

(i) the sum of (A) the Designated Canadian Commitment, plus (B) the Domestic Commitments, shall always equal the amount of the Global Commitments then in effect;

(ii) the Designated Canadian Commitment may not be reduced to an amount that is less than the outstanding Canadian Usage;

(iii) the Domestic Commitments may not be reduced to an amount that is less than the outstanding Domestic Usage;

(iv) the Designated Canadian Commitment shall not exceed the Maximum Canadian Commitments then in effect.

Domestic Administrative Agent shall promptly notify each Lender of any change in such Lender's Current Canadian Commitment and Domestic Commitment. If Murphy shall request that the Designated Canadian Commitment be increased or decreased at any other time, then Domestic Administrative Agent and Lenders agree to consider such request within ten (10) Business Days of such request.

(c) DOMESTIC ADVANCES. Each Domestic Lender severally agrees, subject to the limitations set forth herein, to make Advances in U.S. Dollars and/or Pounds Sterling to Domestic Borrowers from time to time on any Business Day during the period from the date hereof to but excluding the Termination Date.

(d) CANADIAN ADVANCES. Each Canadian Lender severally agrees, subject to the limitations set forth herein, to make Advances in U.S. Dollars and/or Canadian Dollars to Canadian Borrower from time to time on any Business Day during the period from the date hereof to but excluding the Termination Date.

(e) ADDITIONAL LIMITATIONS ON ADVANCES. Anything contained in this Agreement to the contrary notwithstanding, the Commitments, and the Advances made pursuant thereto, shall be subject to the following limitations:

(i) each Borrowing by a Borrower shall be in an aggregate amount of not less than the Dollar Equivalent of U.S. \$7,500,000 (except as provided in SECTION 2.16(A)) and shall consist of Advances of the same Type made on the same day by Lenders ratably according to their Applicable Commitment Percentage;

(ii) The amounts of the Global Commitments, the Maximum Canadian Commitments, the Designated Canadian Commitment, and the Domestic Commitments shall be reduced from time to time by the amount of any reductions thereto made pursuant to SECTION 2.6;

(iii) Each Lender's Global Commitment, Maximum Canadian Commitment, Current Canadian Commitment, and Domestic Commitment shall expire on the Termination Date;

(iv) the Total Utilization of Commitments shall not at any time exceed the Global Commitments then in effect;

(v) the sum of (A) each Lender's Canadian Commitment Percentage times the Canadian Usage plus (B) such Lender's Domestic Commitment Percentage times the Domestic Usage, shall not at any time exceed such Lender's Global Commitment then in effect;

(vi) the product of each Canadian Lender's Canadian Commitment Percentage times the Canadian Usage shall not exceed the lesser of such Lender's (A) Maximum Canadian Commitment, and (B) Current Canadian Commitment; and

(vii) the product of each Domestic Lender's Domestic Commitment Percentage times the Domestic Usage shall not exceed such Lender's Domestic Commitment.

(f) REVOLVING FACILITY. Within the limits and on the conditions set forth in this Agreement, Borrowers may from time to time borrow under this SECTION 2.1, prepay under SECTION 2.7(b) and SECTION 2.7(c) or SECTION 2.16(h)(ii), and reborrow under this SECTION 2.1.

(g) CURRENCY OPTIONS. The Advances may from time to time be (i) U.S. Dollar Base Rate Advances, (ii) U.S. Dollar Eurocurrency Rate Advances, (iii) Canadian Dollar Base Rate Advances, or (iv) Pounds Sterling Eurocurrency Rate Advances, or a combination thereof, as determined by the applicable Borrower and notified to the Applicable Agent in accordance with SECTIONS 2.1, 2.2, or 2.3.

## 2.2 MAKING ADVANCES.

(a) NOTICE OF BORROWING. Each Borrowing (other than Borrowings made pursuant to SECTION 2.16 for the purpose of reimbursing any Lender for the Face Amount of any matured Bankers' Acceptance) shall be made pursuant to a Notice of Borrowing, given (i) in the case of a Borrowing consisting of U.S. Dollar Base Rate Advances made or to be made by Domestic Lenders, not later than 11:00 a.m. (New York City time) on the date of the proposed Borrowing, (ii) in the case of a Borrowing consisting of U.S. Dollar Eurocurrency Rate Advances made or to be made by Domestic Lenders, not later than 11:00 a.m. (New York City time) three (3) Business Days prior to the date of the proposed Borrowing, (iii) in the case of a Borrowing consisting of Canadian Dollar Base Rate Advances, not later than 11:00 a.m. (Toronto, Ontario time) on the date of the proposed Borrowing, (iv) in the case of a Borrowing consisting of U.S. Dollar Base Rate Advances made or to be made by Canadian Lenders, not later than 11:00 a.m. (Toronto, Ontario time) on the date of the proposed Borrowing, (v) in the case of a Borrowing consisting of U.S. Dollar Eurocurrency Rate Advances made or to be made by Canadian Lenders, not later than 11:00 a.m. (Toronto, Ontario time) three (3) Business Days prior to the date of the proposed Borrowing, and (vi) in the case of a Borrowing consisting of Pounds Sterling Eurocurrency Rate Advances, not later than 11:00 a.m. (London, England time) three (3) Business Days prior to the date of the proposed Borrowing, by the requesting Borrower to the Applicable Agent, which shall give to each Applicable Lender prompt notice thereof by cable or teletype. Each Notice of a Borrowing shall specify (A) the Borrower requesting the Borrowing, (B) the date of such Borrowing, (C) whether such Borrowing will be denominated in Canadian Dollars, U.S. Dollars, or, in the case of a Domestic Borrower, Pounds Sterling, (D) the Type of Advances comprising such Borrowing, (E) the amount of such Borrowing, and (F) if applicable, the Interest Period. Each Domestic Lender shall, before 12:00 noon (New York City time) on the date of any such Borrowing, make available for the account of its Applicable Lending Office to Domestic Administrative Agent at its address referred to in SECTION 10.2, in same day funds, such Domestic Lender's Applicable Commitment Percentage of such Borrowing in the Applicable Currency. Each Canadian Lender shall, before 12:00 noon (Toronto, Ontario time) on the date of any such Borrowing, make available for the account of its Applicable Lending Office to Canadian Administrative Agent at its address referred to in SECTION 10.2, in same day funds, such Canadian Lender's Applicable Commitment Percentage of such Borrowing in the Applicable Currency. Upon the Applicable Agent's receipt of such funds and upon fulfillment of the conditions precedent set forth in SECTION 3.2, the Applicable Agent will make such funds available to the applicable Borrower at the Applicable Agent's aforesaid address.

(b) NOTICES IRREVOCABLE. Each Notice of Borrowing shall be irrevocable and binding on the requesting Borrower. In the case of any Borrowing which the related Notice of Borrowing specifies is to be comprised of Eurocurrency Rate Advances, the requesting Borrower shall indemnify each Lender against any loss, cost, or expense incurred by such Lender as a result of any failure by such Borrower to complete such Borrowing, which losses, costs, and expenses include, without limitation, any loss (including loss of anticipated profits), cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance is not made on such date.

(c) FUNDING; FAILURE TO FUND. Unless the Applicable Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Applicable Agent such Lender's Applicable Commitment Percentage of such Borrowing in the Applicable Currency, the Applicable Agent may assume that each Applicable Lender has made such portion available to the Applicable

Agent on the date of such Borrowing in accordance with SECTION 2.2(a), and the Applicable Agent may, in reliance upon such assumption, make available to the requesting Borrower on such date a corresponding amount. If and to the extent that any Applicable Lender shall not have so made such Applicable Commitment Percentage available to the Applicable Agent, then such Applicable Lender and the requesting Borrower (following such Applicable Lender's failure to pay following demand by the Applicable Agent) severally agree to repay to the Applicable Agent forthwith on demand such corresponding amount, together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Applicable Agent, at a rate per annum equal to (i) in the case of such Borrower, the interest rate applicable at the time to Advances comprising such Borrowing, (ii) in the case of any Domestic Lender, an interest rate equal at all times to the Federal Funds Effective Rate, and (iii) in the case of any Canadian Lender, an interest rate equal at all times to the Cost of Funds Rate. If such Applicable Lender shall advance to the Applicable Agent such corresponding amount, then such amount so repaid shall constitute such Applicable Lender's Advance as part of such Borrowing for purposes of this Agreement. If such Borrower shall repay such corresponding amount, then the Applicable Lender shall remain liable to pay to the Applicable Agent an amount equal to the difference, if any, between the amount payable by such Applicable Lender pursuant to (ii) or (iii) of this SECTION 2.2(c), as the case may be, and the amount so repaid by such Borrower. The interest payable by any Lender to any Agent pursuant to this SECTION shall not affect the interest otherwise payable by the applicable Borrower pursuant to SECTION 2.8.

(d) OBLIGATIONS SEVERAL. The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing; provided that no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

2.3 CONVERSION AND CONTINUATION OF BORROWINGS. Any Domestic Borrower shall have the right at any time upon prior irrevocable notice to Domestic Administrative Agent (a) not later than 12:00 noon (New York City time) on the date of conversion, to convert any Borrowing consisting of U.S. Dollar Eurocurrency Rate Advances into a Borrowing consisting of U.S. Dollar Base Rate Advances, (b) not later than 11:00 a.m. (New York City time) three (3) Business Days prior to conversion or continuation, to convert any Borrowing consisting of U.S. Dollar Base Rate Advances into a Borrowing consisting of U.S. Dollar Eurocurrency Rate Advances or to continue any Borrowing consisting of U.S. Dollar Eurocurrency Rate Advances for an additional Interest Period, and (c) not later than 11:00 a.m. (London, England time) three (3) Business Days prior to continuation, to continue any Borrowing consisting of Pounds Sterling Eurocurrency Rate Advances for an additional Interest Period. Canadian Borrower shall have the right at any time upon prior irrevocable notice to Canadian Administrative Agent (a) not later than 11:00 a.m. (Toronto, Ontario time) on the date of conversion, to convert any Borrowing consisting of U.S. Dollar Eurocurrency Rate Advances into a Borrowing consisting of U.S. Dollar Base Rate Advances, and (b) not later than 11:00 a.m. (Toronto, Ontario time) three (3) Business Days prior to conversion or continuation, to convert any Borrowing consisting of U.S. Dollar Base Rate Advances into a Borrowing consisting of U.S. Dollar Eurocurrency Rate Advances or to continue any Borrowing consisting of U.S. Dollar Eurocurrency Rate Advances for an additional Interest Period. Each conversion or continuation described above is subject to the following:

(i) each conversion or continuation shall be made pro rata among Lenders in accordance with the respective principal amounts of the Advances comprising the converted or continued Borrowing;

(ii) if less than all the outstanding principal amount of any Borrowing shall be converted or continued, the aggregate principal amount of such Borrowing converted or continued shall be an amount equal to or greater than \$7,500,000;

(iii) accrued interest on an Advance being converted shall be paid by such Borrower at the time of conversion;

(iv) if any Borrowing consisting of Eurocurrency Rate Advances is converted at a time other than the end of the Interest Period applicable thereto, then the applicable Borrower shall pay, upon demand, any amounts due to Lenders pursuant to SECTION 2.10(C) as a result of such conversion;

(v) no Interest Period may be selected for any Borrowing consisting of Eurocurrency Rate Advances that would end later than the Maturity Date; and

(vi) no more than ten (10) Interest Periods shall be in effect with respect to U.S. Dollar Eurocurrency Rate Advances to Domestic Borrowers, no more than ten (10) Interest Periods shall be in effect with respect to U.S. Dollar Eurocurrency Rate Advances to Canadian Borrower, and no more than six (6) Interest Periods shall be in effect with respect to Pounds Sterling Eurocurrency Rate Advances to Domestic Borrowers.

Each notice pursuant to this SECTION 2.3 shall be irrevocable and shall refer to this Agreement and specify (A) the applicable Borrower, (B) the identity and amount of the Borrowing that the applicable Borrower requests be converted or continued, (C) whether such Borrowing is to be converted to or continued as a Borrowing consisting of U.S. Dollar Base Rate Advances or Eurocurrency Rate Advances, as the case may be, (D) if such notice requests a conversion, the date of such conversion (which shall be a Business Day), and (E) if such Borrowing is to be converted to or continued as a Borrowing consisting of Eurocurrency Rate Advances, then the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Borrowing consisting of Eurocurrency Rate Advances, then such Borrower shall be deemed to have selected an Interest Period of one (1) month's duration. The Applicable Agent shall advise Lenders of any notice given pursuant to this SECTION 2.3 and of each Lender's Applicable Commitment Percentage of any converted or continued Borrowing. If any Borrower shall not have given notice in accordance with this SECTION 2.3 to continue any Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this SECTION 2.3 to convert such Borrowing), then (x) in the case of U.S. Dollar Eurocurrency Rate Advances, such Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a Borrowing consisting of U.S. Dollar Base Rate Advances, and (y) in the case of Pounds Sterling Eurocurrency Rate Advances, the applicable Borrower shall be deemed to have requested a U.S. Dollar Base Rate Advance in an amount equal to the Dollar Equivalent of such Pounds Sterling Eurocurrency Rate Advances, the proceeds of which shall, subject to the conditions precedent in SECTION 3.2, be applied to the repayment of such Pounds Sterling Eurocurrency Rate Advances at the end of the Interest Period applicable thereto (unless otherwise repaid pursuant to the terms hereof).

#### 2.4 LOAN ACCOUNTS.

(a) BY EACH LENDER. Each Lender shall maintain on its books loan accounts in the name of each Borrower in which shall be recorded all Advances made by such Lender to each Borrower, the interest rate, the currency, and the maturity date of each such Advance and all payments of principal and interest made by each Borrower with respect to such Advances.

(b) BY AGENTS. Domestic Administrative Agent shall maintain on its books a set of accounts in which shall be recorded all Advances made by Domestic Lenders to each Domestic Borrower, the interest rates, the currency, and maturity dates of such Advances and all payments of principal and interest made thereon. Canadian Administrative Agent shall maintain on its books a set of accounts in which shall be recorded all Advances made by Canadian Lenders to Canadian Borrower, the interest rates, the currency, and



maturity dates of such Advances and all payments of principal and interest made thereon.

(c) EVIDENCE OF AMOUNT. The loan accounts or records maintained by Agents and each Lender shall be conclusive evidence absent manifest error of the amount of the Advances made by Lenders to Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of any Borrower hereunder to pay any amount owing by such Borrower with respect to the Advances received by such Borrower.

(d) NOTES. Upon the request of any Lender made through the Applicable Agent, the Advances made by such Lender may be evidenced by one or more notes in substantially the form of EXHIBIT F, instead of or in addition to loan accounts. Each such Lender shall endorse on the schedules annexed to its note(s) the date, amount, and maturity of each Advance made by it and the amount of each payment of principal made by Borrowers with respect thereto. Each such Lender is irrevocably authorized by Borrowers to endorse its note(s) and each Lender's record shall be conclusive absent manifest error; provided, however, that the failure of a Lender to make, or an error by a Lender in making, a notation thereon with respect to any Advance shall not limit or otherwise affect the obligation of any Borrower hereunder or under any such Note to such Lender with respect to any Advances received and not repaid.

## 2.5 FEES.

(a) FACILITY FEES. Murphy shall pay to Domestic Administrative Agent, for the benefit of Domestic Lenders, a facility fee on the average daily amount of the Domestic Commitments (whether used or unused) for the period from and including the date hereof up to but excluding the Termination Date at a rate per annum equal to the Applicable Margin for Facility Fees. Murphy (on behalf of Canadian Borrower) shall pay to Canadian Administrative Agent, for the benefit of Canadian Lenders, a facility fee on the average daily amount of the Current Canadian Commitments (whether used or unused) for the period from and including the date hereof up to but excluding the Termination Date at a rate per annum equal to the Applicable Margin for Facility Fees. Accrued facility fees shall be payable in arrears, commencing on December 31, 1997, and thereafter, quarterly on the last day of each March, June, September, and December during the term hereof and on the Termination Date.

(b) FEES OF DOMESTIC ADMINISTRATIVE AGENT AND ARRANGER. Murphy shall pay to Domestic Administrative Agent and Arranger, solely for their own respective accounts, the fees described in the separate letter agreement dated September 30, 1997 among Murphy, Domestic Administrative Agent, and Arranger on the dates specified therein.

2.6 OPTIONAL REDUCTION OF THE COMMITMENTS. Murphy shall have the right, upon at least two (2) Business Days' irrevocable notice to Agents, to terminate in whole or reduce ratably in part the Global Commitments; provided, however, that (a) each partial reduction shall be in the aggregate amount of \$10,000,000 or a greater integral multiple of \$1,000,000, (b) no such termination or reduction shall be made which would reduce the Global Commitments to an amount less than the Total Utilization of Commitments, and (c) any partial reduction of the Global Commitments shall reduce the Maximum Canadian Commitments by an amount equal to fifty percent (50%) of the amount of the reduction in the Global Commitments. Agents shall promptly thereafter notify each Lender of such termination or reduction. No reduction shall reduce the Maximum Canadian Commitments to an amount that is less than the Canadian Usage, or the Domestic Commitments to an amount that is less than the Domestic Usage. Murphy's notice to Agents shall designate the date (which shall be a Business Day) of such termination or reduction and the amount of any partial reduction. Any such termination or reduction of the Global Commitments shall be effective on the date specified in Murphy's notice and shall reduce the Global Commitment of each Lender, the Domestic Commitment of each Domestic Lender, and, if necessary, the Canadian Commitment of each Canadian Lender, ratably in accordance with its Percentage Share.

## 2.7 REPAYMENT OF ADVANCES; PREPAYMENT.

(a) **TERMINATION DATE.** On the Termination Date, each Domestic Borrower shall repay to Domestic Administrative Agent, in the Applicable Currency and for the account of each Domestic Lender, the unpaid principal amount of each Domestic Advance to such Domestic Borrower made by each Domestic Lender. On the Termination Date, each Canadian Borrower shall repay to Canadian Administrative Agent, in the Applicable Currency and for the account of each Canadian Lender, the unpaid principal amount of each Canadian Advance to such Canadian Borrower made by each Canadian Lender.

(b) **VOLUNTARY PREPAYMENTS.** Any Borrower may, on notice given to the Applicable Agent (i) in the case of U.S. Dollar Base Rate Advances made by Domestic Lenders, not later than 11:00 a.m. (New York City time) on the date of the proposed prepayment, (ii) in the case of U.S. Dollar Eurocurrency Rate Advances made by Domestic Lenders, not later than 11:00 a.m. (New York City time) three (3) Business Days prior to the day of the proposed prepayment, (iii) in the case of U.S. Dollar Base Rate Advances made by Canadian Lenders, not later than 11:00 a.m. (Toronto, Ontario time) on the date of the proposed prepayment, (iv) in the case of U.S. Dollar Eurocurrency Rate Advances made by Canadian Lenders, not later than 11:00 a.m. (Toronto, Ontario time) three (3) Business Days prior to the date of the proposed prepayment, (v) in the case of Canadian Dollar Base Rate Advances, not later than 11:00 a.m. (Toronto, Ontario time) on the date of the proposed prepayment, and (vi) in the case of Pounds Sterling Eurocurrency Rate Advances, not later than 11:00 a.m. (New York City time) three (3) Business Days prior to the day of the proposed prepayment, stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given, then such Borrower shall prepay the outstanding principal amounts of the Advances constituting part of the same Borrowing in whole or ratably in part; provided, however, that any such partial prepayment shall be in an aggregate principal amount not less than the Dollar Equivalent of U.S. \$7,500,000 (or, if less, the unpaid principal of such Advance), and provided further, that any such prepayment of Eurocurrency Rate Advances shall be subject to the provisions of SECTION 2.10(c). The Applicable Agent shall promptly notify each Lender of any prepayments pursuant to this SECTION 2.7(b) promptly after receipt of any such prepayment. Borrowers shall have no right to prepay any principal amount of any Advance except as expressly set forth in this SECTION 2.7(b) and as required by SECTION 2.7(c). If any Borrower shall repay all or any portion of any Eurocurrency Rate Advance on the last day of the Interest Period therefor, then such repayment shall be considered to be a prepayment pursuant to this SECTION 2.7(b).

(c) **MANDATORY PREPAYMENTS.** If as of the last day of any calendar quarter or the date of any Advance (i) the sum of (A) the outstanding amount of all Borrowings (valued in Dollar Equivalents), plus (B) the BA Usage (valued in Dollar Equivalents) exceeds the Global Commitments in effect on such date, (ii) the Canadian Usage exceeds the Designated Canadian Commitment, or (iii) the Domestic Usage exceeds the Domestic Commitments, then Borrowers shall prepay Borrowings in an amount equal to any such excess.

2.8 **INTEREST.** Each Borrower shall pay interest on each Advance to such Borrower made by each Lender from the date of such Advance until paid in full, as follows:

(a) **RATE ON ADVANCES.** The unpaid principal of each Advance shall bear interest from the date of Advance to the date of repayment thereof at a rate per annum that shall be equal to the Applicable Rate.

(b) **DEFAULT AMOUNTS.** All past-due amounts of the principal of, and (to the fullest extent permitted by law) interest on, any Advance or the Face Amount of any Bankers' Acceptance not reimbursed in full on the maturity date of such Bankers' Acceptance shall bear interest from the date such amount becomes due until paid in full, payable on demand, at a rate per annum equal at all times to the lesser of: (i) the Maximum Rate; and (ii) in the case of (A) Canadian Dollar Base Rate Advances and the unreimbursed Face Amount of any Bankers' Acceptance, the sum of the Canadian Dollar Base Rate in effect from time to time plus one percent (1%), (B) Pounds Sterling Eurocurrency Rate Advances, the sum of the Applicable

Rate plus one percent (1%), and (C) all other Advances, the sum of the Alternate Base Rate in effect from time to time plus one percent (1%).

(c) PAYMENT OF INTEREST ON ADVANCES. Interest on each Eurocurrency Rate Advance shall be due and payable as it accrues on the last day of its respective Interest Period; provided that if any Interest Period is a period greater than three (3) months, then accrued interest shall also be due and payable on the date that is three (3) months after the commencement of such Interest Period. Interest on each U.S. Dollar Base Rate Advance and each Canadian Dollar Base Rate Advance shall be due and payable as it accrues on the last day of each March, June, September, and December, commencing on December 31, 1997, and on the Termination Date.

#### 2.9 LIMITATION ON EUROCURRENCY RATE ADVANCES.

(a) INADEQUACY. If the Required Lenders shall notify the Applicable Agent that the Eurocurrency Rate for any Eurocurrency Rate Borrowing will not adequately reflect the cost to the Required Lenders of making or funding their respective Eurocurrency Rate Advances for such Eurocurrency Rate Borrowing, then the right of Borrowers to select Eurocurrency Rate Advances for any subsequent Borrowing shall be suspended until the Applicable Agent notifies Murphy and Lenders that the circumstances causing such suspension no longer exist, and any request by any Borrower for a Eurocurrency Rate Advance shall be deemed to be a request for a U.S. Dollar Base Rate Advance.

(b) BASIS UNAVAILABLE. If, on or prior to the determination of any Eurocurrency Rate for any Interest Period, the Applicable Agent determines (which determination shall be conclusive, absent manifest error) that quotations of interest rates provided in the definition of "Eurocurrency Rate" in SECTION 1.1 are not being provided for the relevant maturities for purposes of determining rates of interest for Eurocurrency Rate Advances as provided herein, then the Applicable Agent shall give Murphy prompt notice thereof, and so long as such condition remains in effect, the Applicable Lenders shall be under no obligation to make additional Eurocurrency Rate Advances or continue or convert into Eurocurrency Rate Advances.

#### 2.10 INCREASED COSTS; INCREASED CAPITAL; PREPAYMENTS.

(a) INCREASED COSTS. If due to either (i) the passage of or any change after the date hereof (other than any change by way of imposition or increase of reserve requirements included in the Eurocurrency Rate Reserve Percentage) in or in the interpretation of any Legal Requirement, or (ii) the compliance with any guideline received from any central bank or other Governmental Authority after the date hereof (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding, or maintaining Eurocurrency Rate Advances, then the applicable Borrowers shall from time to time, upon demand by such Lender (with a copy of such demand to the Applicable Agent), pay to the Applicable Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. Increased costs shall not include income, stamp, or other taxes, imposts, duties, charges, fees, deductions, or withholdings imposed, levied, collected, withheld, or assessed by the United States of America or Canada or any political subdivision or taxing authority thereof or therein (including Puerto Rico) or of the country in which any Lender's principal office or Applicable Lending office may be located or any political subdivision or taxing authority thereof or therein. Each Lender agrees that, upon the occurrence of any event giving rise to a demand under this SECTION 2.10(a) with respect to the Eurocurrency Lending Office of such Lender, it will, if requested by any Borrower and to the extent permitted by law or the relevant Governmental Authority, endeavor in good faith and consistent with its internal policies to avoid or minimize the increase in costs resulting from such event by endeavoring to change its Eurocurrency Lending Office; provided, however, that such avoidance or minimization can be made in such a manner that such Lender, in its sole determination, incurs no economic, legal, or regulatory disadvantage. A certificate as to the amount of and specifying in reasonable detail the basis for such increased cost, submitted to such Borrower and the Applicable Agent by such Lender, shall constitute such demand and shall, in the absence of manifest error, be

conclusive and binding for all purposes.

(b) CAPITAL. If either (i) the passage of or any change after the date hereof in or in the interpretation of, any Legal Requirement, or (ii) the compliance by any Lender with any guideline received from any central bank or other Governmental Authority after the date hereof (whether or not having the force of law), affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and such Lender determines that the amount of such capital is increased by or based upon the existence of its Advances or Commitment, then the applicable Borrowers shall, from time to time, upon demand by such Lender (with a copy of such demand to the Applicable Agent), immediately pay to the Applicable Agent for the account of such Lender additional amounts sufficient to compensate such Lender to the extent that such Lender determined such increase in capital to be allocable to the existence of such Lender's Advances or Commitment. Each Lender agrees that, upon the occurrence of any event giving rise to a demand under this SECTION 2.10(b) with respect to the Applicable Lending Office of such Lender, it will, if requested by any Borrower and to the extent permitted by law or the relevant Governmental Authority, endeavor in good faith and consistent with its internal policies to avoid or minimize the increase in cost resulting from such event by endeavoring to change its Applicable Lending Office; provided, however, that such avoidance or minimization can be made in such a manner that such Lender, in its sole determination, incurs no economic, legal, or regulatory disadvantage. A certificate as to the amount of such increased capital and specifying in reasonable detail the basis therefor, submitted to such Borrower and the Applicable Agent by such Lender, shall constitute such demand and shall, in the absence of manifest error, be conclusive and binding for all purposes.

(c) FUNDING LOSSES. If any payment of principal of any Eurocurrency Rate Advance is made by a Borrower to or for the account of a Lender other than on the last day of the Interest Period for a Eurocurrency Rate Advance or as a result of a payment pursuant to SECTION 2.7(b) or SECTION 2.7(c), or as a result of acceleration of the maturity of the Advances pursuant to SECTION 7.2, or for any other reason, or if any Borrower fails to convert or continue any Advance hereunder after irrevocable notice of such conversion or continuation has been given pursuant to SECTION 2.3, Borrowers shall, upon demand by such Lender (with a copy of such demand to the Applicable Agent), pay to the Applicable Agent for the account of such Lender any amounts required to compensate such Lender for any losses, costs, or expenses which it may reasonably incur as a result of such payment or failure, including, without limitation, any loss (including loss of anticipated profits), cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund or maintain such Advance. A certificate of such Lender setting forth the amount demanded hereunder and the basis therefor shall, in the absence of manifest error, be conclusive and binding for all purposes.

2.11 ADDITIONAL INTEREST ON EUROCURRENCY RATE ADVANCES. Each Borrower shall pay to the Applicable Agent, for the account of each Lender, any costs which such Lender determines are attributable to such Lender's compliance with regulations of the Board of Governors of the Federal Reserve System requiring the maintenance of reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities. Such costs shall be paid to the Applicable Agent for the account of such Lender in the form of additional interest on the unpaid principal amount of each Eurocurrency Rate Advance of such Lender, from the later of (a) the date of such Advance, and (b) the effective date of such reserve requirement under applicable regulations, until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the Eurocurrency Rate for the applicable period for such Advance from (ii) the rate obtained by dividing such Eurocurrency Rate by a percentage equal to one-hundred percent (100%) minus the Eurocurrency Rate Reserve Percentage of such Lender for such period, payable on each date on which interest is payable on such Advance. Such additional interest shall be determined by such Lender and notified to the Applicable Agent. A certificate setting forth the amount of such additional interest, submitted to Borrowers and the Applicable Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

2.12 CHANGE IN LEGALITY. If any Lender shall notify the Applicable Agent that the passage of or any change after the date hereof in or in the interpretation of any Legal Requirement makes it unlawful, or that any central bank or other Governmental Authority asserts that it is unlawful, for such Lender or any of its lending offices to perform its obligations hereunder to make, fund, or maintain Eurocurrency Rate Advances hereunder, then the right of any Borrower to select Eurocurrency Rate Advances from such Lender for any Borrowing shall be suspended until such Lender shall notify the Applicable Agent that the circumstances causing such suspension no longer exist. If the obligation of any Lender to make, continue, or convert into Eurocurrency Rate Advances shall be suspended, then (a) all U.S. Dollar Eurocurrency Rate Advances that would otherwise be made by such Lender shall be made instead as U.S. Dollar Base Rate Advances, and (b) Pounds Sterling Eurocurrency Rate Advances from such Lender shall be unavailable. If such Lender so requests by notice to the Applicable Agent, then (i) all U.S. Dollar Eurocurrency Rate Advances of such Lender then outstanding shall be automatically converted into U.S. Dollar Base Rate Advances on the date specified by such Lender in such notice, and, to the extent that Eurocurrency Rate Advances are so made as (or converted into) U.S. Dollar Base Rate Advances, all payments of principal which would otherwise be applied to such Lender's Eurocurrency Rate Advances shall be applied instead to its U.S. Dollar Base Rate Advances, and (ii) the applicable Borrower shall be deemed to have requested U.S. Dollar Base Rate Advances in an amount equal to the Dollar Equivalent of all outstanding Pounds Sterling Eurocurrency Rate Advances, the proceeds of which shall be applied to the repayment of such Pounds Sterling Eurocurrency Rate Advances. Notwithstanding the foregoing, if any Lender shall notify the Applicable Agent of the occurrence of the circumstances described in this SECTION 2.12, then, provided that (A) no Event of Default exists, and (B) the circumstances resulting in such notice are not applicable to all Lenders, Borrowers may terminate the Commitments of such Lender in whole but not in part, by either (1) (x) giving such Lender and the Applicable Agent not less than five (5) Business Days' written notice thereof, which notice shall be irrevocable and effective only upon receipt thereof by such Lender and the Applicable Agent and shall specify the date of such termination, and (y) paying such Lender on such date the outstanding principal of, and interest on, all Advances made by such Lender and any other Obligation owed to such Lender, if any, or (2) pursuant to the provisions of SECTION 10.7, proposing the introduction of a replacement Lender satisfactory to Domestic Administrative Agent, or obtaining the agreement of one or more existing Lenders, to assume the entire amount of the Commitments of the Lender whose Commitments are being terminated, on the effective date of such termination. Upon the satisfaction of all of the foregoing conditions, such Lender that is being terminated shall cease to be a "Lender" for purposes of this Agreement, provided that Borrowers shall continue to be obligated to such Lender under SECTION 10.15 with respect to Indemnified Liabilities (as defined in such SECTION) arising prior to such termination. If Borrowers terminate the Commitments of any Lender pursuant to CLAUSE (1) above, then the Global Commitments and, as appropriate, the Maximum Canadian Commitments shall be reduced accordingly.

#### 2.13 PAYMENTS AND COMPUTATIONS.

(a) PAYMENTS. Domestic Borrowers shall make all payments in support of any Borrowing denominated in any currency in the same currency and shall make all payments not later than 11:00 a.m. (New York City time) on the date when due to Domestic Administrative Agent, for the ratable benefit of Domestic Lenders, at its address referred to in SECTION 10.2 in same-day funds. Canadian Borrower shall make all payments in support of any Borrowing or Bankers' Acceptance denominated in any currency in the same currency and shall make all payments not later than 11:00 a.m. (Toronto, Ontario time) on the date when due to Canadian Administrative Agent, for the ratable benefit of Canadian Lenders, at its address referred to in SECTION 10.2 in same-day funds. The Applicable Agent will promptly thereafter cause to be distributed like funds to all Lenders entitled thereto for the account of their respective Applicable Lending Offices, in each case to be applied in accordance with the terms of this Agreement.

(b) COMPUTATIONS. All computations of (i) interest on U.S. Dollar Base Rate Advances, Canadian Dollar Base Rate Advances, and Pounds Sterling Eurocurrency Rate Advances, and (ii) Facility

Fees shall be made by the Applicable Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest on U.S. Dollar Eurocurrency Rate Advances shall be made by the Applicable Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first (1st) day but excluding the last day) occurring in the period for which such interest or fees are payable. Each determination by the Applicable Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) INTEREST ACT (CANADA). Whenever interest is calculated on the basis of a year of 360 or 365 days, for the purposes of the Interest Act (Canada), the yearly rate of interest which is equivalent to the rate payable hereunder is the rate payable multiplied by the actual number of days in the year and divided by 360 or 365, as the case may be. All interest shall be calculated using the nominal rate method and not the effective rate method and the deemed reinvestment principle shall not apply to such calculations.

(d) BUSINESS DAYS. Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of payment of interest or fees, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurocurrency Rate Advances to be made in the next following calendar month, then such payment shall be made on the next preceding Business Day.

(e) DISTRIBUTION OF PAYMENTS. Unless the Applicable Agent shall have received notice from any Borrower prior to the date on which any payment is due to Lenders hereunder that such Borrower will not make such payment in full, the Applicable Agent may assume that such Borrower has made such payment in full to the Applicable Agent on such date and the Applicable Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent such Borrower shall not have so made such payment in full to the Applicable Agent, then (i) each Domestic Lender shall repay to Domestic Administrative Agent forthwith on demand such amount distributed to such Domestic Lender together with interest thereon, for each day from the date such amount is distributed to such Domestic Lender until the date such Domestic Lender repays such amount to Domestic Administrative Agent, at a per annum rate equal to the Federal Funds Effective Rate, and (ii) each Canadian Lender shall repay to Canadian Administrative Agent forthwith on demand such amount distributed to such Canadian Lender together with interest thereon, for each day from the date such amount is distributed to such Canadian Lender until the date such Canadian Lender repays such amount to Canadian Administrative Agent, at a per annum interest rate equal at all times to the Cost of Funds Rate. The interest payable by any Lender to any Agent pursuant to this SECTION shall not affect the interest otherwise payable by the applicable Borrower pursuant to SECTION 2.8.

#### 2.14 TAXES ON PAYMENTS.

(a) WITHHOLDING TAXES. All payments made by Borrowers under this Agreement shall be made free and clear of, and without reduction for or on account of, any income, stamp, or other taxes, imposts, duties, charges, fees, deductions, or withholdings, imposed, levied, collected, withheld, or assessed by the United States of America or Canada (or by any political subdivision or taxing authority thereof or therein) as a result of (i) the introduction after the date hereof of any law, regulation, treaty, directive, or guideline (whether or not having the force of law), or (ii) any change after the date hereof in any law, regulation, treaty, directive, or guideline (whether or not having the force of law), or (iii) any change after the date hereof in the interpretation or application of any law, regulation, treaty, directive, or guideline (whether or not having the force of law), or (iv) any such taxes, imposts, duties, charges, fees, deductions, or withholdings being imposed, levied, collected, withheld, or assessed at a greater rate than the rate that would have been applicable had such an introduction or change not been made, but only to the extent of the increase in such rate ("WITHHOLDING TAXES"). If any Withholding Taxes are required to be withheld from any amounts payable to or for the account of any Lender hereunder, then the amounts so payable to or for the account of

such Lender shall be increased to the extent necessary to yield to such Lender (after payment of all Withholding Taxes including Withholding Taxes on all such additional amounts) interest or any such other amounts payable hereunder at the rates or in the amounts payable to or for the account of such Lender under this Agreement prior to such introduction or change. Whenever any Withholding Taxes are payable by any Borrower, as promptly as possible thereafter such Borrower shall send to the Applicable Agent, for the account of such Lender, a certified copy of an original official receipt showing payment thereof. If such Borrower fails to pay any Withholding Taxes when due to the appropriate taxing authority or fails to remit to the Applicable Agent the required receipts or other required documentary evidence, then such Borrower shall indemnify such Lender or the Applicable Agent for any incremental taxes, interest, or penalties that may become payable by such Lender or the Applicable Agent as a result of any such failure.

(b) TAX FORMS. Within thirty (30) days after the date of execution of this Agreement, each Lender that is organized outside the United States agrees that it will deliver to Murphy and Agents two (2) duly completed copies of United States Internal Revenue Service Form 1001 (or such other documentation or information as may, under applicable United States federal income tax statutes or regulations, be required in order to claim an exemption or reduction from United States income tax withholding by reason of an applicable treaty with the United States, such documentation or other information being hereafter referred to as "FORM 1001") or Form 4224 (or such other documentation or information as may, under applicable United States federal income tax statutes or regulations, be required in order to claim an exemption from United States income tax withholding for income that is effectively connected with the conduct of a trade or business within the United States, such documentation or other information being hereafter referred to as "FORM 4224"), as the case may be, indicating in each case that such Lender is either entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes or, as the case may be, is subject to such limited deduction or withholding as it is capable of recovering in full from a source other than Borrower. Each Lender which delivers to Murphy and Agents a Form 1001 or Form 4224 pursuant to the next preceding sentence further undertakes to deliver to Murphy and Agents two (2) further copies of the said Form 1001 or 4224, or successor applicable form or certificate, as the case may be, as and when the previous form filed by it hereunder shall expire or shall become incomplete or inaccurate in any respect, unless in any of such cases an event has occurred prior to the date on which any such delivery would otherwise be required which renders such form inapplicable.

(c) CREDITS. If at any time any Lender by reason of payment by any Borrower of any Withholding Taxes obtains a credit against, or return or reduction of, any tax payable by it, or any other currently realized tax benefit, which it would not have enjoyed but for such payment ("TAX BENEFIT"), such Lender shall thereupon pay to such Borrower the amount which such Lender shall certify to be the amount that, after payment, will leave such Lender in the same economic position it would have been in had it received no such Tax Benefit ("EQUALIZATION AMOUNT"); provided, however, that if such Lender shall subsequently determine that it has lost the benefit of all or a portion of such Tax Benefit, then such Borrower shall promptly remit to such Lender the amount certified by such Lender to be the amount necessary to restore such Lender to the position it would have been in if no payment had been made pursuant to this SECTION 2.14(c); provided, further, however, that if such Lender shall be prevented by applicable law from paying Borrower all or any portion of the Equalization Amount owing to such Borrower, then such payment need not be made to the extent such Lender is so prevented and the amount not paid shall be credited to the extent lawful against future payment owing to such Lender; provided, further, however, that the aggregate of all Equalization Amounts paid by any Lender shall in no event exceed the aggregate of all amounts paid by such Borrower to such Lender in respect of Withholding Taxes plus, in the case of a Tax Benefit that occurs by reason of a refund, interest actually received from the relevant taxing authority with respect to such refund. A certificate submitted to the Applicable Agent and Murphy by such Lender pursuant to this SECTION 2.14(c) shall be conclusive and binding for all purposes, absent manifest error.

(d) LENDING OFFICE. In the event a Lender shall become aware that any Borrower is required to pay any additional amount to it pursuant to SECTION 2.14(a), such Lender shall promptly notify Agents and Murphy of such fact and shall use reasonable efforts, consistent with legal and regulatory restrictions, to change the jurisdiction of its Applicable Lending Office if the making of such change (i) would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue, (ii) would not, in the good faith determination of such Lender, be disadvantageous for regulatory or competitive reasons to such Lender, and (iii) would not require such Lender to incur any cost or forego any economic advantage for which such Borrower shall not have agreed to reimburse and indemnify such Lender.

(e) EFFECT OF PARTICIPANTS. Notwithstanding the foregoing provisions of this SECTION 2.14, in the event any Lender grants a participation in any Advance pursuant to SECTION 10.7, no Borrower shall be obligated to pay any taxes, imposts, duties, charges, fees, deductions, or withholdings to the extent that the aggregate amount thereof exceeds the aggregate amount for which such Borrower would have been obligated if such Lender had not granted such participation.

2.15 SHARING OF PAYMENTS, ETC. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of setoff, or otherwise) on account of the Advances by it (other than pursuant to SECTIONS 2.10, 2.11, 2.14, or 10.4) in excess of its Applicable Commitment Percentage of payments on account of the Advances or reimbursements on account of matured Bankers' Acceptances obtained by all relevant Lenders, then such Lender shall forthwith purchase from the other relevant Lenders through the Applicable Agent such participations in the Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them, such purchases to be made first of Advances in the same Type and currency as the payment received by such Lender, and thereafter in such Types and currencies as selected by such purchasing Lender; provided, however, that, if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, then such purchase from each Lender shall be rescinded, and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion that the (i) the amount of such Lender's required repayment bears to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this SECTION 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of setoff) with respect to such participation as fully as if such Lender were the direct creditor of the applicable Borrower in the amount of such participation.

#### 2.16 BANKERS' ACCEPTANCES.

(a) CREATION. Canadian Borrower may request pursuant to this SECTION 2.16, from time to time during the period from the date hereof to but excluding the Termination Date, that each Canadian Lender create Bankers' Acceptances by accepting Drafts from Canadian Borrower in an aggregate amount not exceeding such Canadian Lender's Canadian Commitment Percentage of the aggregate Face Amount of the Bankers' Acceptances to be created on any Drawing Date; provided that Canadian Borrower shall not request the creation of any Bankers' Acceptance if, after giving effect thereto, the Canadian Usage would exceed the Designated Canadian Commitment then in effect. Subject to the provisions of this SECTION 2.16 and the conditions precedent set forth in SECTION 3.2, each Canadian Lender shall accept and purchase Bankers' Acceptances created by it as more particularly specified in this SECTION 2.16 if such Bankers' Acceptances are not purchased by a third party on the relevant Drawing Date. The aggregate Face Amount of the Bankers' Acceptances to be created on any Drawing Date shall be equal to or greater than Cdn. \$7,500,000. If apportionment of Bankers' Acceptances among all Lenders cannot be made on a ratable basis in even multiples of Cdn.\$100,000, then Administrative Agent shall round the allocations among all Lenders up or down to the nearest Cdn.\$100,000.



(b) DRAWING NOTICE. Bankers' Acceptances shall be created on not less than two (2) Business Days' prior written notice given not later than 11:00 a.m. (Toronto, Ontario time), by Canadian Borrower to Canadian Administrative Agent, which shall give each Canadian Lender prompt notice thereof and of such Lender's Canadian Commitment Percentage of the aggregate Face Amount of the Drafts to be accepted (and purchased) by such Canadian Lender. Each such notice (a "DRAWING NOTICE") shall be in substantially the form of EXHIBIT G or by telephone confirmed promptly in writing, containing the same information as would be contained in a Drawing Notice, and shall specify (i) the Drawing Date, (ii) the aggregate Face Amount of the Drafts to be accepted (and purchased), and (iii) the maturity date for such Drafts (it being agreed and understood that Canadian Borrower shall not be entitled to request a maturity date for Drafts which would be subsequent to the Maturity Date).

(c) NOTICE IRREVOCABLE. Neither Canadian Administrative Agent nor any Canadian Lender shall incur any liability to Canadian Borrower in acting on any telephonic notice referred to above that Canadian Administrative Agent believes in good faith to have been given by a duly authorized officer or other person authorized to borrow on behalf of Canadian Borrower or for otherwise acting in good faith under this SECTION 2.16, and upon the creation and purchase of Bankers' Acceptances pursuant to any such telephonic notice, Canadian Borrower shall be liable with respect thereto as provided herein. Each Drawing Notice shall be irrevocable and binding on Canadian Borrower. Canadian Borrower shall indemnify each Canadian Lender against any loss or expense incurred by such Canadian Lender as a result of any failure by Canadian Borrower to fulfill or honor before the applicable Drawing Date the applicable conditions set forth in this SECTION 2.16 or SECTION 3.2 if, as a result of such failure, the requested Bankers' Acceptances are not created and/or purchased on such Drawing Date.

(d) DRAFTS. Each Draft presented by Canadian Borrower shall: (i) be an integral multiple of Cdn. \$100,000; (ii) be dated the date of acceptance thereof by the applicable Canadian Lender; (iii) mature and be payable by Canadian Borrower on a Business Day which occurs 30, 60, 90, or, if available, 180 days after the date thereof; (iv) be substantially in the form of EXHIBIT D; and (v) be otherwise consistent with the provisions of this Agreement relating to the amounts and maturity dates thereof. The acceptance endorsed by Canadian Lender on any Draft shall be substantially in the form as may be agreed by Canadian Borrower and such Canadian Lender.

(e) ACCEPTANCE OF DRAFTS. Not later than 11:00 a.m. (Toronto, Ontario time) on an applicable Drawing Date, each Canadian Lender shall complete Drafts, dated such Drawing Date, with the maturity date and denominations specified in the applicable Drawing Notice, and following fulfillment of the applicable conditions as set forth in SECTION 3.2 and as specified in the applicable Drawing Notice, shall accept such Drafts and purchase the Bankers' Acceptances thereby created for the applicable Bankers' Acceptance Purchase Price. Canadian Borrower hereby authorizes each Canadian Lender to deduct from the amount to be remitted by it to Canadian Administrative Agent in respect of the Bankers' Acceptance Purchase Price of any Bankers' Acceptance created by it the BA Fee in respect of such Bankers' Acceptance. The failure of any Canadian Lender to create and purchase or deliver Bankers' Acceptances shall not relieve such Canadian Lender of its obligation, if any, to create and purchase or deliver Bankers' Acceptances hereunder, but a Canadian Lender shall not be responsible for the failure of any other Canadian Lender to create and purchase or deliver Bankers' Acceptances on any Drawing Date.

(f) FUNDING. Subject to this SECTION 2.16, each Canadian Lender shall, (i) before 12:00 noon (Toronto time) on the applicable Drawing Date in the case of the Bankers' Acceptance Purchase Price for each Bankers' Acceptance purchased by it, or (ii) upon receipt by it on the applicable Drawing Date of the purchase price payable by a third party in respect of any Bankers' Acceptance created by it and purchased by such third party, make available to Canadian Administrative Agent at its address referred to in SECTION 10.2, in same day funds, such amount (less the applicable BA Fee as aforesaid). Upon Canadian Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in SECTION 3.2,

Canadian Administrative Agent will make such funds available to Canadian Borrower at Canadian Administrative Agent's aforesaid address.

(g) HOLDING OF BANKERS' ACCEPTANCES. Bankers' Acceptances purchased by a Canadian Lender hereunder may be held by it for its own account until maturity or sold by it at any time prior thereto in any relevant market therefor in Canada, in such Canadian Lender's sole discretion.

(h) REPAYMENT.

(i) REFUNDING. So long as no Potential Default or Event of Default exists, Canadian Borrower may give irrevocable telephonic (followed by written confirmation electronically transmitted to Canadian Administrative Agent on the same day) or written notice (or such other method of notification as may be agreed to by Canadian Administrative Agent and Canadian Borrower) to Canadian Administrative Agent at or before 11:00 a.m. (Toronto, Ontario time) two (2) Business Days prior to the maturity date of any Bankers' Acceptance of Canadian Borrower's intention to issue one or more Bankers' Acceptances on such maturity date (each a "REFUNDING BANKERS' ACCEPTANCE") to provide for the payment of such maturing Bankers' Acceptance (it being understood that the payment by Canadian Borrower and fundings by Canadian Lenders in respect of each maturing Bankers' Acceptance and each related Refunding Bankers' Acceptance shall be made on a net basis reflecting the difference between the face amount of such maturing Bankers' Acceptance and the Bankers' Acceptance Purchase Price (less the applicable BA Fee) of such Refunding Bankers' Acceptance).

(ii) REPAYMENT. Canadian Borrower shall pay to Canadian Administrative Agent, for the account of the applicable Canadian Lender, and there shall become due and payable, at 12:00 noon (Toronto, Ontario time) on the maturity date for each Bankers' Acceptance, an amount in Canadian Dollars in same day funds equal to the Face Amount of such Bankers' Acceptance. The obligation of Canadian Borrower to make such payment shall not be prejudiced by the fact that the holder of any such Bankers' Acceptance is the Canadian Lender that accepted such Bankers' Acceptance. Canadian Borrower hereby renounces, and shall not claim, any days of grace for the payment of any Bankers' Acceptances. Bankers' Acceptances may not be prepaid.

(iii) FAILURE TO REPAY. If Canadian Borrower fails to pay to Canadian Administrative Agent, for the account of the applicable Canadian Lender, the Face Amount of any Bankers' Acceptance as required by the preceding paragraph, then Canadian Borrower shall be deemed to have given a Notice of Borrowing to Canadian Administrative Agent requesting that such Canadian Lender make a Canadian Dollar Base Rate Advance on the date that such payment is due and payable, and thereupon such Lender shall, subject to the fulfillment of the applicable conditions set forth in SECTION 3.2, as of such date, make such Canadian Dollar Base Rate Advance to Canadian Borrower, the proceeds of which shall be applied directly to reimburse such Canadian Lender for the Face Amount of such Bankers' Acceptance paid by it. Canadian Administrative Agent will give to Canadian Borrower notice of any such action promptly after any such action; provided, however, that the failure to give such notice shall not limit or otherwise affect the obligations of Canadian Borrower under this Agreement or any other Loan Document.

(i) NUMBER OF DRAFTS. To enable Canadian Lenders to complete Drafts and create and purchase Bankers' Acceptances in the manner specified in this SECTION 2.16, Canadian Borrower shall supply each Canadian Lender with such number of Drafts as such Canadian Lender may reasonably request, duly endorsed and executed on behalf of Canadian Borrower. Each Canadian Lender shall exercise such care in the custody and safekeeping of Drafts as it would exercise in the custody and safekeeping of similar property

owned by it. Each Canadian Lender will, upon request by Canadian Borrower, promptly advise Canadian Borrower of the number and designations, if any, of the Drafts then held by it. The signatures of any officers of Canadian Borrower may be mechanically reproduced in facsimile, and Drafts and Bankers' Acceptances bearing such facsimile signatures shall be binding upon Canadian Borrower as if they had been manually signed by such officers. Notwithstanding that any of the individuals whose manual or facsimile signature appears on any Draft or Bankers' Acceptance as one of such officers may no longer hold office at the date thereof or at the date of its acceptance by a Canadian Lender hereunder or at any time thereafter, any Draft or Bankers' Acceptance so signed shall be valid and binding upon Canadian Borrower.

(j) LIMITATION ON BANKERS' ACCEPTANCES. If Canadian Administrative Agent determines in good faith, which determination shall be final, conclusive, and binding upon Borrowers, and notifies Murphy and each Canadian Lender that, by reason of circumstances affecting the money market (i) there is no market for Bankers' Acceptances, or (ii) the demand for Bankers' Acceptances is insufficient to allow the sale or trading of the Bankers' Acceptances created and purchased hereunder; then:

(i) the right of Canadian Borrower to request that Bankers' Acceptances be created hereunder shall be suspended until Canadian Administrative Agent determines that the circumstances causing such suspension no longer exist and Canadian Administrative Agent so notifies Murphy; and

(ii) any Drawing Notice which is outstanding shall be canceled and the Bankers' Acceptances requested therein shall not be created.

(k) COLLATERAL ACCOUNT. Canadian Borrower agrees that, if the Obligation is accelerated pursuant to SECTION 7.2, then if requested by Canadian Administrative Agent or by the Required Lenders (through any Agent), it will pay to Canadian Administrative Agent an amount in immediately available funds equal to the BA Usage, which funds shall be held by Canadian Administrative Agent in an interest bearing collateral account and are hereby collaterally assigned to Canadian Administrative Agent, for the ratable benefit of Canadian Lenders until the BA Usage shall have been fully satisfied or no Event of Default exists, at which time all funds in such collateral account (including all interest on amounts held therein) shall be released to Canadian Borrower.

### SECTION 3.

#### CONDITIONS OF CLOSING AND LENDING

3.1 CONDITIONS PRECEDENT TO CLOSING. The obligation of each Lender to execute and deliver this Agreement and the other Loan Documents is subject to the conditions precedent that Domestic Administrative Agent shall have received, on or before the date hereof (unless otherwise indicated), the following, each dated the same day (unless otherwise indicated), in form and substance satisfactory to Domestic Administrative Agent and in sufficient copies for each Lender:

(a) Receipt by Domestic Administrative Agent of a Certificate of the Secretary or an Assistant Secretary of each Borrower setting forth (i) resolutions of its board of directors with respect to the authorization of such Borrower to execute and deliver the Loan Documents to which it is a party and to enter into the transactions contemplated in those documents, (ii) the officers of such Borrower (A) who are authorized to sign the Loan Documents to which such Borrower is a party, and (B) who will, until replaced by another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with this Agreement and the transactions contemplated hereby, (iii) specimen signatures of the authorized officers of such Borrower, and (iv) the Constituent Documents of such Borrower, certified as being true, correct, and complete. Agents and Lenders may conclusively rely on each such certificate until Domestic Administrative Agent receives notice in writing from Murphy to the contrary.

(b) Copies of the currently-effective Constituent Documents of each Borrower, and all amendments thereto, accompanied by certificates that such copies are true, correct, and complete, dated a date not more than thirty (30) days prior to the date of this Agreement, issued by the appropriate Governmental Authority of the jurisdiction of incorporation, organization, or formation of such Borrower.

(c) Favorable opinions of counsel of each Borrower, substantially in the forms of EXHIBIT C-1 through EXHIBIT C-3 respectively, and as to such matters as any Lender through Domestic Administrative Agent may reasonably request.

(d) Executed copies of this Agreement and all other Loan Documents.

(e) Evidence that all fees payable on or prior to the Closing Date have been paid to Domestic Administrative Agent and Arranger as provided for in SECTION 2.5(b).

3.2 CONDITIONS PRECEDENT TO EACH BORROWING. The obligation of each Lender to make an Advance to any Borrower in connection with any Borrowing shall be subject to the conditions precedent that on the date of such Borrowing: (a) all of the conditions precedent to closing set forth in SECTION 3.1 have been satisfied; (b) the Applicable Agent shall have received a Notice of Borrowing or Drawing Notice, as the case may be, executed and completed by a Financial Officer of such Borrower; and (c) the following statements shall be true and correct (and each of the giving of the applicable Notice of Borrowing or Drawing Notice, as the case may be, and the acceptance by such Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by such Borrower that on the date of such Borrowing such statements are true): (i) the representations and warranties contained in SECTIONS 4.1, 4.2, 4.3, and 4.4 are true and correct on and as of the date of such Borrowing, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and (ii) no Potential Default or Event of Default exists or would result from such Borrowing or from the application of the proceeds therefrom.

#### SECTION 4.

##### REPRESENTATIONS AND WARRANTIES

To induce Lenders to enter into this Agreement, Borrowers represent and warrant as of the date hereof (except for SECTIONS 4.1, 4.2, 4.3, and 4.4, which are as of the date hereof and as of the date of each Advance hereunder) to Agents and Lenders as follows:

4.1 EXISTENCE; QUALIFICATION. Each Company is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation, formation, or organization. Each Company is duly qualified to do business in each jurisdiction in which any such failure to so qualify could be a Material Adverse Event.

4.2 POWER. The execution, delivery, and performance by each Borrower of this Agreement and the other Loan Documents to which such Borrower is a party are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (a) any Borrower's Constituent Documents, or (b) any Legal Requirement or contractual restriction binding on or affecting any Borrower.

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4.3 AUTHORIZATIONS. No Authorization or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery, and performance by Borrowers of this Agreement and the other Loan Documents, except for such Authorizations that have been duly obtained or made and that are in full force and effect.

4.4 ENFORCEABILITY. This Agreement and the other Loan Documents are the legal, valid, and binding obligation of each Borrower enforceable against each Borrower in accordance with their respective terms.

4.5 FINANCIAL INFORMATION. The consolidated financial statements of Murphy dated as of June 30, 1997, are complete and correct and fairly present the financial condition of Murphy, on a consolidated basis, as of said date and the results of operations and cash flows of Murphy, on a consolidated basis, for the stated periods then-ended, all in accordance with GAAP. As of the date hereof, no Material Adverse Event has occurred since June 30, 1997, and no Company has any material direct or contingent liabilities which are not disclosed by or reserved against in the financial statements referred to above or otherwise disclosed in writing to Domestic Administrative Agent.

4.6 LITIGATION, JUDGMENTS, ETC. No Company is subject to, or aware of the threat of, any Litigation which is reasonably likely to be determined adversely to any Company, and, if so adversely determined, could (individually or collectively with other Litigation) be a Material Adverse Event. There are no outstanding orders or judgments for the payment of money in excess of \$35,000,000 (individually or collectively) or any warrant of attachment, sequestration, or similar proceeding against any Company's assets having a value (individually or collectively) of \$35,000,000 or more which is not either (a) stayed on appeal, or (b) being diligently contested in good faith by appropriate proceedings and adequate reserves have been set aside on the books of such Company in accordance with GAAP. There are no formal complaints, suits, claims, investigations, or proceedings initiated at or by any Governmental Authority pending or, to any Borrower's knowledge, threatened by or against any Company which could be a Material Adverse Event, nor any judgments, decrees, or orders of any Governmental Authority outstanding against any Company that could be a Material Adverse Event.

#### 4.7 REGULATION U.

(a) After applying the proceeds of each Advance, not more than twenty-five percent (25%) of the value of the assets of Murphy, on a consolidated basis, (as determined in good faith by Murphy) that are subject to SECTION 6.1 or 6.2 will consist of or be represented by margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(b) No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used for any purpose which violates the provisions of the regulations of said Board. If requested by Domestic Administrative Agent or any Lender, Borrowers will furnish to Domestic Administrative Agent and each Lender a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U, the statements made in which shall be such, in the opinion of each Lender, as to permit the transactions contemplated hereby in accordance with Regulation U.

4.8 ERISA. No Termination Event has occurred nor is reasonably expected to occur with respect to any Material Plan. No Company or any ERISA Affiliate has incurred nor reasonably expects to incur any withdrawal liability under ERISA or any Applicable Canadian Pension Legislation to any Multi-employer Plan which could be a Material Adverse Event. Schedule B (Actuarial Information) to the 1996 annual report (Form 5500 Series) with respect to each Plan, copies of which have been filed with the Internal Revenue Service and furnished to Domestic Administrative Agent, is complete and accurate in all material

respects and in all material respects fairly presents the funding status of each Plan as of the date of such schedule.

4.9 TAXES. All tax returns of each Company required to be filed have been filed (or extensions have been granted) prior to delinquency, except for any such returns for which the failure to so file could not be a Material Adverse Event, and all Taxes imposed upon each Company which are due and payable have been paid prior to delinquency, other than Taxes for which non-payment thereof could not be a Material Adverse Event. The charges, accruals, and reserves on the books of the Companies in respect of Taxes or other governmental charges are, in the opinion of Borrowers, adequate.

4.10 ENVIRONMENTAL MATTERS. No (a) environmental condition or circumstance, such as the presence or release of any Hazardous Substance, exists on any property presently or previously owned by any Company that could be a Material Adverse Event, (b) violation by any Company of any Environmental Law has occurred, except for such violations that could not be a Material Adverse Event, or (c) Company is under any obligation to remedy any violation of any Environmental Law, except for such obligations that could not be a Material Adverse Event. Each Company has (i) in full force and effect all environmental permits, licenses, and approvals required to conduct its operations and is operating in substantial compliance thereunder, and (ii) taken prudent steps to determine that its properties and operations are not in violation of any Environmental Law.

4.11 RIGHTS IN PROPERTIES; LIENS. Each Company has good and indefeasible title to or valid leasehold interests in their respective material properties and assets, real and personal, including the properties, assets, and leasehold interests reflected in the financial statements described in SECTION 4.5, and none of the material properties, assets, or leasehold interests of any Borrower is subject to any Lien, except as permitted by SECTION 6.1.

4.12 SOLVENCY. On the Closing Date (and after giving effect to the transactions contemplated by the Loan Documents), each Borrower is Solvent.

4.13 FULL DISCLOSURE. There is no material fact or condition relating to the Loan Documents or the financial condition, business, or property of any Company which could be a Material Adverse Event and which has not been related, in writing, to Domestic Administrative Agent. All information heretofore furnished by any Borrower to any Lender or any Agent in connection with the Loan Documents was, and all such information hereafter furnished by any Company to any Lender or any Agent will be, true, correct, and complete in all material respects or based on reasonable estimates on the date as of which such information is stated or certified.

4.14 NO POTENTIAL DEFAULT. No event has occurred and is continuing which constitutes a Potential Default or an Event of Default.

#### SECTION 5.

##### AFFIRMATIVE COVENANTS

So long as any Obligation shall remain unpaid or any Lender shall have any Global Commitment hereunder, unless Required Lenders shall otherwise consent in writing:

5.1 REPORTING REQUIREMENTS. Murphy shall deliver, or cause to be delivered, to Domestic Administrative Agent (with copies for each Lender):

(a) QUARTERLY FINANCIAL STATEMENTS. As soon as available and in any event within sixty (60) days after the last day of each of the first three (3) fiscal quarters of each fiscal year of Murphy, a statement

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of the consolidated financial condition of Murphy, on a consolidated basis, as of the last day of such fiscal quarter and the related statements of income and retained earnings of Murphy, on a consolidated basis, for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, accompanied by a certificate executed by a Financial Officer of Murphy stating that such statements are true and correct and have been prepared in accordance with GAAP, subject to year-end audit adjustments.

(b) ANNUAL FINANCIAL STATEMENTS. As soon as available and in any event within one hundred and twenty (120) days after the last day of each fiscal year of Murphy, a copy of the annual report for such fiscal year for Murphy, on a consolidated basis, containing the audited consolidated financial statements of Murphy, on a consolidated basis, for such year and accompanied by an unqualified opinion of a firm of nationally-recognized independent certified public accountants, based on an audit using generally accepted auditing standards, that such financial statements were prepared in accordance with GAAP and present fairly the consolidated financial condition and results of operations of Murphy, on a consolidated basis.

(c) COMPLIANCE CERTIFICATE. Concurrently with the delivery of the financial statements referred to in SECTIONS 5.1(A) and (B), a Compliance Certificate of a Financial Officer of Murphy, stating that, to the best of such officer's knowledge, the Companies during such period have observed or performed all of their covenants and other agreements, and satisfied every condition, contained in this Agreement and the other Loan Documents to be observed, performed, or satisfied by them, and that such officer has obtained no knowledge of any Potential Default or Event of Default, except as specified in such Compliance Certificate.

(d) OTHER REPORTS. Promptly after the sending or filing thereof, copies of all reports which Murphy sends to its stockholders generally, and copies of any material report, registration statement, and prospectus that Murphy files with the Securities and Exchange Commission or any national securities exchange.

(e) ERISA REPORTS. Promptly after the filing or receiving thereof, copies of any notices (with respect to a Material Plan) of any of the events set forth in Section 4043(b) of ERISA or in any Applicable Canadian Pension Legislation, or the regulations thereunder which any Company files with the PBGC, or which any Borrower receives from the PBGC to the effect that proceedings or other action by the PBGC is to be instituted.

(f) OTHER INFORMATION. Such other information respecting the condition or operations, financial or otherwise, of any Company as any Lender through Domestic Administrative Agent may from time to time reasonably request.

5.2 NOTICES. Murphy shall promptly give to Domestic Administrative Agent notice of (a) the occurrence of any Potential Default or Event of Default, (b) the commencement of any Litigation, investigation, or proceeding affecting any Company before any Governmental Authority, court, or arbitrator which could, if adversely determined, be a Material Adverse Event, (c) the occurrence of any Reportable Event or Termination Event. Each notice pursuant to this SECTION 5.2 shall be accompanied by a statement of Murphy, setting forth details of the occurrence referred to therein and stating what action the appropriate Company has taken and proposes to take with respect thereto.

5.3 MAINTENANCE OF EXISTENCE, BOOKS AND RECORDS, PROPERTIES, AND INSURANCE. Each Company shall: (a) preserve and keep in full force and effect its existence, and preserve and keep in full force and effect its licenses, rights, and franchises to the extent it deems necessary to carry on its business; (b) keep proper books of record and account, all in accordance with GAAP and permit representatives of Domestic Administrative Agent and each Lender to examine its books and records of account and to discuss its affairs, finances, and accounts with its officers and employees, all upon reasonable notice and at such reasonable times and as often as may reasonably be requested; (c) maintain and keep, or cause to be maintained and kept,

its properties in good repair, working order, and condition, and from time to time make or cause to be made all needful and proper repairs, renewals, replacements, and improvements, in each case to the extent it deems necessary to carry on its business; and (d) at its cost and expense, maintain insurance with financially sound and reputable insurers, in such amounts, and covering such risks, as shall be ordinary and customary for similar companies in the industry.

5.4 USE OF PROCEEDS. Each Borrower shall use the proceeds of Advances and Bankers' Acceptances solely for general corporate purposes and in a manner that does not violate SECTION 4.7.

5.5 COMPLIANCE WITH LEGAL REQUIREMENTS; AUTHORIZATIONS. Each Company shall comply in all material respects with all applicable Legal Requirements of all Governmental Authorities in respect of the conduct of its business and the ownership of its properties. Each Company shall do all things necessary to obtain, renew, extend, and continue in effect all Authorizations issued by any Governmental Authorities that may at any time and from time to time be necessary for each Company to operate its business in compliance with all Legal Requirements, where the failure to so renew, extend, or continue in effect could be a Material Adverse Event.

5.6 PAYMENT OF OBLIGATIONS. Each Borrower shall pay the Obligation payable by such Borrower in accordance with the terms and provisions of the Loan Documents. Each Company shall promptly pay all of its material obligations as the same become due, except where the failure to pay such obligations could not be a Material Adverse Event.

5.7 TAXES. Each Company shall timely file all tax returns prior to delinquency and promptly pay when due any and all Taxes other than (a) Taxes the applicability, amount, or validity of which is being contested in good faith by appropriate proceedings diligently conducted and for which reserves in accordance with GAAP or other security have been provided, and in respect of which levy and execution of any Lien securing same have been and continue to be stayed, and (b) Taxes in respect of which the failure to pay when due could not be a Material Adverse Event.

5.8 PRESERVATION AND PROTECTION OF RIGHTS. Each Company shall perform the acts and duly authorize, execute, acknowledge, deliver, file, and record any additional writings as any Agent may reasonably deem necessary or appropriate to preserve and protect the rights of Agents and Lenders under any Loan Document.

#### SECTION 6.

##### NEGATIVE COVENANTS

So long as any Obligation shall remain unpaid or any Lender shall have any Global Commitment hereunder, without the written consent of Required Lenders:

6.1 LIENS, ETC. No Company shall create, incur, or suffer to exist any Lien upon any of its property, except:

(a) Liens existing on the date of execution of this Agreement and described on SCHEDULE 6.1;

(b) Customary Permitted Liens;

(c) Liens created in favor of any Agent and/or Lenders to secure all or any part of the Obligation;

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(d) Liens upon property owned or leased by any Person existing at the time such Person becomes a Subsidiary of any Company, so long as such Lien covers the assets so encumbered immediately prior to the acquisition of such Subsidiary and was not incurred in anticipation of such acquisition;

(e) Liens upon property existing at the time of acquisition thereof or to secure the payment of all or any part of the purchase price thereof or to secure any Debt incurred prior to, at the time of, or within one hundred and twenty (120) days after, the acquisition of such property for the purpose of financing all or any part of the purchase price thereof, so long as such Lien is limited to the property so acquired and the Debt secured thereby is not increased after the incurrence thereof or at the time of any refinancing thereof;

(f) any extension, renewal, or replacement (or successive extensions, renewals, or replacements) in whole or in part of any Lien referred to in the foregoing SUBSECTIONS (a) to (e); provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal, or replacement; and provided further, that such Lien shall be limited to all or such part of the property which secured the Lien so extended, renewed, or replaced; and

(g) additional Liens securing Debt so long as (i) no Potential Default or Event of Default exists on the date any such Lien is granted or created, and (ii) the aggregate amount of all Debt secured by all such additional Liens does not at any time exceed \$35,000,000.

6.2 RESTRICTION ON FUNDAMENTAL CHANGES. No Company will, directly or indirectly, merge or consolidate with any other Person, other than (a) mergers or consolidations involving a Company if such Company is the surviving entity so long as no Event of Default exists or arises as a result of such merger or consolidation, (b) mergers of any Borrower (other than Murphy) into another Borrower, (c) mergers of any Subsidiary of a Borrower into another Subsidiary of a Borrower. No Borrower may sell, assign, lease, transfer, or otherwise dispose of the capital stock (or other ownership interests) of any other Borrower, except for (i) sales, leases, transfers, or other such distributions to another Company, and (ii) a Subsidiary Borrower who has no outstanding Obligation payable by it hereunder and who agrees in writing that such Subsidiary Borrower no longer has any right to any Advances hereunder.

6.3 SALE OF ASSETS. Murphy shall not sell, assign, transfer, or otherwise dispose of all or substantially all of its consolidated assets.

6.4 TRANSACTIONS WITH AFFILIATES. No Company shall enter into any transaction with any of its Affiliates, other than transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than such Company could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

6.5 FISCAL YEAR AND ACCOUNTING METHODS. No Company shall change its fiscal year or its method of accounting (other than immaterial changes in methods or as required by GAAP).

6.6 RATIO OF MAXIMUM TOTAL DEBT TO TOTAL CAPITAL. Murphy shall not permit, as of the last day of any fiscal quarter during the term hereof, the ratio of (a) the aggregate amount of Consolidated Recourse Debt, to (b) Adjusted Consolidated Capitalization, to exceed sixty percent (60%).

SECTION 7.

EVENTS OF DEFAULT

7.1 EVENTS OF DEFAULT. One or more of the following events shall constitute an "EVENT OF DEFAULT":

(a) any Borrower shall fail to pay any principal of or interest on any Advance or any fee payable hereunder or under any other Loan Document, in any case when the same becomes due and payable and such failure shall continue for five (5) days after such payment became due; or

(b) any representation or warranty made by any Borrower herein or in any of the other Loan Documents or by any Borrower (or any of its officers) in connection with this Agreement proves to have been incorrect in any material respect when made; or

(c) any Borrower, that has a requirement to perform or observe, shall fail to perform or observe (i) the covenant contained in SECTION 6.6, (ii) any term, covenant, or agreement contained in SECTIONS 5.1, 5.2, or 6.3, or (iii) any other term, covenant, or agreement contained in this Agreement or any other Loan Document and, in the case of (II), such failure shall continue unremedied for ten (10) days after such failure occurred, and in the case of (III), such failure shall continue unremedied for ten (10) days after written notice thereof shall have been given to Murphy by Domestic Administrative Agent; or

(d) the failure to pay, when due, all or any portion of any Debt of any Company or Companies in excess of \$35,000,000 (individually or in the aggregate); or

(e) any default shall occur with respect to any Debt of any Company or Companies in excess of \$35,000,000 (individually or in the aggregate) and such default shall result in the acceleration of any such Debt; or

(f) any Company (i) is not Solvent, (ii) fails to pay its liabilities generally as they become due, (iii) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Law, (iv) becomes a party to or is made the subject of any proceeding provided for by any Debtor Relief Law, other than as a creditor or claimant, that could suspend or otherwise adversely affect the rights of any Agent or any Lender granted in the Loan Documents (unless, if the proceeding is involuntary, the applicable petition is dismissed within forty-five (45) days after its filing), or (v) is adjudicated bankrupt or an interim receiver or receiver is appointed in respect of such Company or all or substantially all of its property or assets; or

(g) a Material Plan shall fail to maintain the minimum funding standards required by Section 412 of the Code or by any Applicable Canadian Pension Legislation for any plan year or a waiver of such standard is sought or granted with respect to a Material Plan under Section 412(d) or under any Applicable Canadian Pension Legislation, or a Material Plan is, shall have been, or will be wound up or terminated or the subject of winding up or termination proceedings under ERISA or any Applicable Canadian Pension Legislation, or any Company or any ERISA Affiliate has incurred or will incur a liability to or on account of a Material Plan under Sections 4062, 4063, or 4064 of ERISA or under any Applicable Canadian Pension Legislation, and there shall result from any such event either a liability or a material risk of incurring a liability to the PBGC or a Material Plan (or a related trust) which could be a Material Adverse Event; or

(h) any Company or any ERISA Affiliate shall have incurred withdrawal liability to a Multi-employer Plan in an amount which, when aggregated with all other amounts required to be paid to Multi-employer Plans in connection with withdrawal liabilities (determined as of the date of such incurrence), could be a Material Adverse Event; or

(i) one or more judgments or orders for payment of money in excess of \$35,000,000 (individually or in the aggregate) shall be rendered against any Company and such judgments or orders shall continue unsatisfied and unstayed for ten (10) days after such judgments or orders are rendered; or

(j) any Loan Document (including the Guaranty Agreement in SECTION 9) at any time after its execution and delivery ceases to be in full force and effect in any material respect, or its validity or enforceability is contested by any Company, or any Company denies that it has any further liability or obligations under any Loan Document (including the Guaranty Agreement in SECTION 9) to which it is a party; or

(k) any Borrower shall be prevented or relieved by any Governmental Authority from performing or observing any material term, covenant, or covenant, or condition of this Agreement (including the Guaranty Agreement in SECTION 9) or any other Loan Document and such event continues remedied for thirty (30) days; or

(l) Murphy ceases to own, legally and beneficially, one hundred percent (100%) of the issued and outstanding capital stock of all Subsidiary Borrowers, (i) except as a result of a merger permitted by SECTION 6.2, and (ii) except for a Subsidiary Borrower who has no outstanding Obligation payable by it hereunder and who agrees in writing that such Subsidiary Borrower no longer has any right to any Advances hereunder; or

(m) a Change in Control occurs.

7.2 REMEDIES. Upon the occurrence of an Event of Default, Domestic Administrative Agent shall at the request of Required Lenders (a) declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, (b) declare the Obligation to be forthwith due and payable, whereupon the Obligation shall become and be forthwith due and payable, without presentment, demand, protest, notice of intention to accelerate, notice of acceleration, or further notice of any kind, all of which are hereby expressly waived by Borrowers, and (c) exercise any and all other legal and equitable rights afforded by the Loan Documents, applicable law, or in equity, including, but not limited to, the right to bring suit or other proceedings for specific performance or otherwise in aid of any right granted to any Agent or any Lender hereunder; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Company under any Debtor Relief Law, (i) the obligation of each Lender to make Advances shall automatically be terminated, and (ii) the Obligation shall automatically become and be due and payable, without presentment, demand, protest, notice of intention to accelerate, notice of acceleration, or further notice of any kind, all of which are hereby expressly waived by Borrowers.

## SECTION 8.

### AGENTS

8.1 APPOINTMENT, POWERS, AND IMMUNITIES. Each Lender hereby irrevocably appoints and authorizes The Chase Manhattan Bank, as Domestic Administrative Agent and The Chase Manhattan Bank of Canada, as Canadian Administrative Agent, to act as its agents hereunder and under the other Loan Documents with such powers as are specifically delegated to such Agents by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Arranger, in such capacity, shall not have any duties or responsibilities or incur any liabilities under the Loan Documents. Each Agent: (a) shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not by reason of this Agreement be a trustee or fiduciary for any Lender; (b) makes no representation or warranty to any Lender and shall not be responsible to any Lender for any recitals,

statements, representations, or warranties contained in this Agreement, any other Loan Document, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any other Loan Document, or for the value, validity, effectiveness, genuineness, execution, effectiveness, legality, enforceability, or sufficiency of this Agreement or any other Loan Document, or any other document referred to or provided for herein or for any failure by any Borrower or any other Person (other than such Agent) to perform any of its obligations hereunder or thereunder or for the existence, value, perfection, or priority of any collateral security, or the financial or other condition of any Borrower or any other obligor or guarantor; (c) except pursuant to SECTION 8.7, shall not be required to initiate or conduct any litigation or collection proceedings hereunder; and (d) shall not be responsible for any action taken or omitted to be taken by it hereunder or under any other Loan Document, including its own ordinary negligence, except for its own gross negligence or willful misconduct. Each Agent may employ agents, accountants, attorneys, and experts and shall not be responsible for the negligence or misconduct of any such agents, accountants, attorneys, or experts selected by it in good faith or any action taken or omitted to be taken in good faith by it in accordance with the advice of such agents, accountants, attorneys, or experts. Each Agent may deem and treat the payee of any Advance as the holder thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof permitted hereunder shall have been filed with Domestic Administrative Agent (who shall provide notice to Canadian Administrative Agent).

8.2 RELIANCE BY AGENTS. Each Agent shall be entitled to rely upon any certification, notice, or other communication (including any thereof by telephone, telex, telecopier, telegram, or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants, and other experts selected by such Agent.

8.3 NOTICES; DEFAULTS. Each Agent agrees to give the other Agent and each Lender prompt notice of each notice and a copy of each document, certificate, or instrument given to such Agent by each Borrower pursuant to this Agreement or the other Loan Documents. No Agent shall be deemed to have knowledge of the occurrence of any Potential Default or any Event of Default (other than such Agent's notice of the non-payment of principal of, or interest on, the Obligation or of fees). In the event that any Agent receives a notice of the occurrence of a Potential Default or an Event of Default specifying such Potential Default or Event of Default and stating that such notice is a "Notice of Default," such Agent shall give prompt notice thereof to the other Agent and Lenders. In the event of a payment default, each Agent shall give each Lender prompt notice of each such payment default.

#### 8.4 RIGHTS AS A LENDER.

(a) AGENTS AS LENDERS. With respect to its Commitments and the Advances made by it, each Agent (and any successor acting as an Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as an Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include each Agent in its individual capacity.

(b) OTHER ACTIVITIES. Each Agent (and any successor acting as an Agent) and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, and generally engage in any kind of banking, trust, or other business with any Borrower (and any of their Affiliates) as if it were not acting as an Agent, and each Agent and its Affiliates may accept fees and other consideration from any Borrower for services in connection with this Agreement or otherwise without having to account for the same to Lenders. Each Agent may now or hereafter be engaged in one or more loan, letter of credit, leasing, or other financing transactions with any Borrower, act as trustee or depository for any Borrower, or otherwise be engaged in other transactions with any Borrower (collectively, the "OTHER ACTIVITIES") not the subject of the Loan Documents. Without limiting the rights of Lenders specifically set forth in the Loan Documents, no Agent shall be responsible to account to Lenders for such Other Activities, and no Lender shall have any

interest in any Other Activities, any present or future guaranties by or for the account of any Borrower which are not contemplated or included in the Loan Documents, any present or future offset executed by any Agent in respect of such Other Activities, any present or future property taken as security for any such Other Activities, or any property now or hereafter in the possession or control of any Agent which may be or become security for the obligations of any Borrower arising under the Loan Documents by reason of the general description of debt secured or of property contained in any other agreements, documents, or instruments relating to any such Other Activities; provided that if any payments in respect of such guaranties or such property or the proceeds thereof shall be applied to the reduction of the obligations of any Borrower arising under the Loan Documents, then each Lender shall be entitled to share in such application ratably.

8.5 INDEMNIFICATION. EACH LENDER AGREES TO INDEMNIFY EACH AGENT AND EACH OF ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, ATTORNEYS, ACCOUNTANTS, AND EXPERTS (THE "AGENT PARTIES"), RATABLY IN ACCORDANCE WITH SUCH LENDER'S PERCENTAGE SHARE FOR THE INDEMNITY MATTERS AS DESCRIBED IN SECTION 10.15 TO THE EXTENT NOT INDEMNIFIED OR REIMBURSED BY BORROWERS AS REQUIRED UNDER SECTION 10.15, (BUT WITHOUT LIMITING THE OBLIGATIONS OF BORROWERS UNDER SECTION 10.15) AND FOR ANY AND ALL OTHER LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS OF ANY KIND AND NATURE WHATSOEVER WHICH MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST ANY AGENT PARTY IN ANY WAY RELATING TO OR ARISING OUT OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR ANY OTHER DOCUMENTS CONTEMPLATED BY OR REFERRED TO HEREIN OR THEREIN OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY; PROVIDED THAT NO LENDER SHALL BE LIABLE FOR ANY OF THE FOREGOING TO THE EXTENT THEY ARISE FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY AGENT PARTY.

8.6 NON-RELIANCE ON AGENTS AND OTHER LENDERS. Each Lender acknowledges and agrees that it has, independently and without reliance on any Agent (or any Agent's Affiliates, officers, directors, employees, attorneys, accountants, experts, representatives, or agents) or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of Borrowers and its decision to enter into this Agreement, and that it shall, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement. No Agent shall be required to keep itself informed as to the performance or observance by Borrowers of this Agreement, the other Loan Documents, or any other document referred to or provided for herein or to inspect the properties or books of Borrowers. Except for notices, reports, and other documents and information expressly required to be furnished to Lenders by an Agent hereunder or provided to an Agent with copies for Lenders, no Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of Borrowers (or any of their Affiliates) which may come into the possession of any Agent or any of its Affiliates.

8.7 ACTION BY AGENTS. Except for action or other matters expressly required of an Agent hereunder, each Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall (a) receive written instructions from Required Lenders (or if this Agreement requires, all Lenders) specifying the action to be taken, and (b) be indemnified to its satisfaction by Lenders against any and all liability and expenses which may be incurred by it by reason of taking or continuing to take any such action, except for such Agent's gross negligence or willful misconduct. The instructions of Required Lenders (or if this Agreement requires, all Lenders) and any action taken or failure to act pursuant thereto by any Agent shall be binding on all Lenders. If an Event of Default exists, then each Agent shall take such action with respect to such Event of Default as shall be directed by Required Lenders (or if this Agreement requires, all Lenders) in the written instructions (with indemnities) described in this SECTION 8.7; provided that, unless and until an Agent shall have received such directions, such Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default as it shall deem advisable in the best interests of Lenders. In no event, however, shall any Agent be required to take any action which exposes such

Agent to personal liability or which is contrary to this Agreement and the other Loan Documents or applicable law.

8.8 RESIGNATION OR REMOVAL OF AGENTS. Subject to the appointment and acceptance of a successor as provided below, each Agent may resign at any time by giving notice thereof to Lenders and Murphy, and any Agent may be removed at any time with cause by Required Lenders. Upon any such resignation or removal, Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation or Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of Lenders, appoint a respective successor Administrative Agent. Upon the acceptance of such appointment hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges, and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation or removal hereunder as an Agent, the provisions of this SECTION 8 and SECTION 10.4 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as an Agent.

8.9 RELATIONSHIP OF LENDERS. Nothing herein shall be construed as creating a partnership or joint venture among any Agent and any Lender or among any Agent or Lenders.

8.10 BENEFITS OF AGREEMENT. None of the provisions of this SECTION 8 shall inure to the benefit of any Borrower or any other Person other than Agents and Lenders; consequently, no Borrower nor any other Person shall be entitled to rely upon, or to raise as a defense, in any manner whatsoever, the failure of any Lender to comply with such provisions.

#### SECTION 9.

##### GUARANTY AGREEMENT

9.1 GUARANTY OF OBLIGATION. Murphy hereby irrevocably and unconditionally guarantees to Agents and Lenders and their respective successors and permitted assigns the due and punctual payment and performance of the Guaranteed Debt. Murphy hereby irrevocably and unconditionally covenants and agrees that it is liable for the Guaranteed Debt as primary obligor. The agreement of Murphy in this SECTION 9 (the "GUARANTY AGREEMENT") is intended to be an irrevocable, absolute, continuing guaranty of payment and is not a guaranty of collection. This Guaranty Agreement may not be revoked by Murphy. This Guaranty Agreement may be enforced by any Agent or any Lender and any subsequent holder of the Guaranteed Debt and shall not be discharged by the assignment or negotiation of all or part of the Guaranteed Debt.

9.2 GUARANTEED DEBT NOT REDUCED BY OFFSET. The Guaranteed Debt and the liabilities and obligations of Murphy to Agents and Lenders hereunder, shall not be reduced, discharged, or released because or by reason of any existing or future offset, claim, or defense of any Subsidiary Borrower, or any other party, against any Agent or any Lender, or against payment of the Guaranteed Debt, whether such offset, claim, or defense arises in connection with the Guaranteed Debt (or the transactions creating the Guaranteed Debt) or otherwise. Without limiting the foregoing or Murphy's liability hereunder, to the extent that any Agent or any Lender advances funds or extends credit to any Subsidiary Borrower, and does not receive payments or benefits thereon in the amounts and at the times required or provided by applicable agreements or laws, Murphy is absolutely liable to make such payments to (and confer such benefits on) Agents and Lenders on a timely basis.

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9.3 PAYMENT BY MURPHY. If all or any part of the Guaranteed Debt shall not be punctually paid when due, whether at maturity or earlier by acceleration or otherwise, Murphy shall, immediately upon demand by the Applicable Agent, and without presentment, protest, notice of protest, notice of nonpayment, notice of intention to accelerate or acceleration, or any other notice whatsoever, pay in the Applicable Currency, the amount due on the Guaranteed Debt to the Applicable Agent, for the benefit of the Applicable Agent and Lenders.

9.4 NO DUTY TO PURSUE OTHERS. It shall not be necessary for any Agent or any Lender (and Murphy hereby waives any rights which Murphy may have to require any Agent or any Lender), in order to enforce such payment by Murphy, first to (a) institute suit or exhaust its remedies against any Subsidiary Borrower or others liable on the Guaranteed Debt or any other Person, (b) join any Subsidiary Borrower or any others liable on the Guaranteed Debt in any action seeking to enforce this Guaranty Agreement, or (c) resort to any other means of obtaining payment of the Guaranteed Debt.

9.5 WAIVER OF NOTICES, ETC. Murphy hereby waives notice of (a) any Advance or other loans made by any Agent or any Lender to any Subsidiary Borrower, (b) acceptance of this Guaranty Agreement, (c) the execution and delivery by any Subsidiary Borrower and any Agent or any Lender of any other loan or credit agreement or of any Subsidiary Borrower's execution and delivery of any promissory notes or other documents in connection therewith, (d) except for notices required in SECTION 10.7, any Lender's assignment of or granting of a participation in the Guaranteed Debt, or any part thereof, (e) any protest, proof of nonpayment, or default by any Subsidiary Borrower, or (f) any other action at any time taken or omitted by any Agent or any Lender, and, generally, all demands and notices of every kind in connection with this Guaranty Agreement, this Agreement, and any other Loan Documents and the obligations hereby guaranteed.

9.6 EFFECT OF BANKRUPTCY; OTHER MATTERS. If, pursuant to any Debtor Relief Law, or any judgment, order, or decision thereunder, or for any other reason, (a) any Agent or any Lender must rescind or restore any payment, or any part thereof, received by such Agent or such Lender in satisfaction of the Guaranteed Debt, as set forth herein, any prior release or discharge from the terms of this Guaranty Agreement given to Murphy by such Agent or such Lender shall be without effect, and this Guaranty Agreement shall remain in full force and effect, or (b) any Subsidiary Borrower shall cease to be liable to any Agent or any Lender for any of the Guaranteed Debt (other than by reason of the indefeasible payment in full thereof by such Subsidiary Borrower), then the obligations of Murphy under this Guaranty Agreement shall remain in full force and effect. It is the intention of Agents, Lenders, and Murphy that Murphy's obligations hereunder shall not be discharged except by Murphy's performance of such obligations and then only to the extent of such performance. Without limiting the generality of the foregoing, it is the intention of Agents, Lenders and Murphy that the filing under any Debtor Relief Law by or against any Subsidiary Borrower or any other person or party obligated on any portion of the Guaranteed Debt shall not affect the obligations of Murphy under this Guaranty Agreement or the rights of any Agent or any Lender under this Guaranty Agreement, including, without limitation, the right or ability of any Agent or any Lender to pursue or institute suit against Murphy for the entire Guaranteed Debt.

9.7 ADDITIONAL EVENTS AND CIRCUMSTANCES NOT REDUCING OR DISCHARGING MURPHY'S OBLIGATIONS. Murphy hereby consents and agrees to each of the following, and agrees that Murphy's obligations under this Guaranty Agreement shall not be released, diminished, impaired, reduced, or adversely affected by any of the following, and waives any common law, equitable, statutory, or other rights (including without limitation rights to notice) which Murphy might otherwise have as a result of or in connection with any of the following: (a) any renewal, waiver, or amendment of all or any part of the Guaranteed Debt, this Agreement, or the other Loan Documents; (b) any adjustment, indulgence, forbearance, or compromise that might be granted or given by any Agent or any Lender to any Subsidiary

Borrower or Murphy; (c) the insolvency, bankruptcy, arrangement, adjustment, composition, structure, liquidation, disability, dissolution, or lack of power of any Subsidiary Borrower under any Debtor Relief Law; (d) any dissolution of any Subsidiary Borrower or Murphy, or any sale, lease, or transfer of any or all of the assets of any Subsidiary Borrower or Murphy, or any changes in name, business, location, composition, structure, or changes in the shareholders, partners, or members (whether by accession, secession, cessation, death, dissolution, transfer of assets, or other matter) of any Subsidiary Borrower or Murphy; (e) the invalidity, illegality, or unenforceability of all or any part of the Guaranteed Debt or Loan Document, for any reason whatsoever; (f) any full or partial release of the liability of any Subsidiary Borrower on the Guaranteed Debt or any part thereof, or Murphy or any other person or entity now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee, or assure the payment of the Guaranteed Debt or any part thereof; (g) the failure of any Agent or any Lender to exercise diligence or reasonable care or act, fail to act or comply with any duty in the administration, preservation, enforcement, or other handling or treatment of all or any part of Guaranteed Debt; (h) any existing or future right of offset, claim, or defense of any Subsidiary Borrower against any Agent or any Lender, or any other party, or against payment of the Guaranteed Debt, whether such right of offset, claim, or defense arises in connection with the Guaranteed Debt (or the transactions creating the Guaranteed Debt) or otherwise; (i) the reorganization, merger, or consolidation of any Subsidiary Borrower or Murphy into or with any other corporation or entity; or (j) any payment by any Subsidiary Borrower to any Agent or any Lender is held to constitute a preference under any Debtor Relief Laws, or for any reason any Agent or any Lender is required to refund such payment or pay such amount to such Subsidiary Borrower or someone else.

9.8 SUBORDINATION OF GUARANTOR CLAIMS. As used herein, the term "GUARANTOR CLAIMS" shall mean all debts and liabilities of each Subsidiary Borrower to Murphy, whether such debts and liabilities now exist or are hereafter incurred or arise, or whether the obligations of any Subsidiary Borrower thereon be direct, contingent, primary, secondary, several, joint and several, or otherwise, and irrespective of whether such debts or liabilities be evidenced by note, contract, open account, or otherwise, and irrespective of the person or persons in whose favor such debts or liabilities may, at their inception, have been, or may hereafter be created, or the manner in which they have been or may hereafter be acquired by Murphy. Guarantor Claims shall include, without limitation, all rights and claims of Murphy against each Subsidiary Borrower (arising as a result of subrogation or otherwise) as a result of Murphy's payment of all or a portion of the Guaranteed Debt. Until the Guaranteed Debt shall be paid and satisfied in full and Murphy shall have performed all of its obligations hereunder, Murphy shall not receive or collect, directly or indirectly, from any Subsidiary Borrower or any other party any amount upon Guarantor Claims. In the event that, notwithstanding the terms of this Guaranty Agreement, Murphy should receive any funds, payment, claim, or distribution which is prohibited by this Guaranty Agreement, Murphy agrees to hold in trust for Agents and Lenders, in kind, all funds, payments, claims, or distributions so received, and agrees that it shall have absolutely no dominion over such funds, payments, claims, or distributions so received except to pay them promptly to Domestic Administrative Agent, for the benefit of Agents and Lenders, and Murphy covenants promptly to pay the same to Domestic Administrative Agent, for the benefit of Agents and Lenders.

9.9 CLAIMS IN BANKRUPTCY. In the event of receivership, bankruptcy, reorganization, arrangement, debtor's relief, or other insolvency proceedings under any Debtor Relief Law involving any Subsidiary Borrower as debtor, Agents and Lenders shall have the right to prove its claim in any such proceeding so as to establish its rights hereunder and receive directly from the receiver, trustee, or other court custodian dividends and payments which would otherwise be payable upon Guarantor Claims. Murphy hereby assigns such dividends and payments to Agents and Lenders. Should any Agent or any Lender receive, for application upon the Guaranteed Debt, any such dividend or payment which is otherwise payable to Murphy, and which, as between any Subsidiary Borrower and Murphy, shall constitute a credit upon Guarantor Claims, then upon payment to Agents and Lenders in full of the Guaranteed Debt, Murphy shall become subrogated to the rights of Agents and Lenders to the extent that such payments to Agents and Lenders on Guarantor Claims have contributed toward the liquidation of the Guaranteed Debt, and such subrogation shall be with respect to that proportion of the Guaranteed Debt which would have been unpaid if Agents and Lenders had not received dividends or payments upon Guarantor Claims.



9.10 WITHHOLDING TAXES. All payments made or to be made by Murphy under this Guaranty Agreement shall be made free and clear of, and without reduction for or on account of, any Withholding Taxes. If any Withholding Taxes are required to be withheld from any amount payable to or for the account of any Agent or any Lender under this Guaranty Agreement, including any further amount payable by Murphy pursuant to this SECTION 9.10, then the amount so payable to or for the account of the Applicable Agent or the Applicable Lender shall be increased to the extent necessary to yield to the Applicable Agent or the Applicable Lender (after payment of all Withholding Taxes including Withholding Taxes on all such additional amounts) the full amount payable to or for the account of the Applicable Agent or the Applicable Lender under this Guaranty Agreement. Whenever any Withholding Tax is payable by Murphy, as promptly as possible thereafter Murphy shall send to Domestic Administrative Agent, for the account of the Applicable Agent or the Applicable Lender, a certified copy of an original official receipt showing payment thereof. If Murphy fails to pay any Withholding Taxes when due to the appropriate taxing authority or fails to remit to the Domestic Administrative Agent the required receipts or other required documentary evidence, then Murphy shall indemnify the Applicable Agent or the Applicable Lender for any incremental taxes, interest, or penalties that may become payable by the Applicable Agent or the Applicable Lender as a result of any such failure. The provisions of SECTION 2.14(c) apply to this SECTION 9.10 to the same extent that they apply to the provisions of SECTION 2.14(a).

#### SECTION 10.

#### MISCELLANEOUS

10.1 AMENDMENTS, ETC. No amendment or waiver of any provision of this Agreement, nor consent to any departure by any Borrower therefrom, shall in any event be effective, unless the same shall be in writing and signed by Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver, or consent shall, unless in writing and signed by all Lenders, do any of the following: (a) waive any of the conditions specified in SECTION 3.1 or 3.2 (if and to the extent that the Borrowing which is the subject of such waiver would involve an increase in the Total Utilization of Commitments over the Total Utilization of Commitments outstanding immediately prior to such Borrowing); (b) increase the Global Commitment or Maximum Canadian Commitment of any Lender or subject Lenders to any additional obligations; (c) reduce the principal of, or interest on, the Advances or change the BA Discount Rate or the BA Fees, or reduce any other fees or other amounts payable hereunder; (d) postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder; (e) make any change which would alter the percentage of the Global Commitments or of the Total Utilization of Commitments, or the number of Lenders, which shall otherwise be required for Lenders or any of them to take any action hereunder; (f) amend this SECTION 10.1; or (g) release Murphy from any of its obligations under the Guaranty Agreement; and provided further, that no amendment, waiver, or consent affecting the rights or duties of any Agent under this Agreement shall be effective unless in writing and signed by such Agent in addition to Lenders required to take such action.

10.2 NOTICES. All notices and other communications provided for herein and in the other Loan Documents (including, without limitation, any modifications of, or waivers or consents under, this Agreement or the other Loan Documents) shall be given or made by telex, telecopy, telegraph, cable, courier, or U.S. Mail or Canada Post in writing and telexed, telecopied, telegraphed, cabled, mailed, or delivered to the intended recipient at the "Address for Notices" specified on SCHEDULE 1 or in the other Loan Documents or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement or in the other Loan Documents, all such communications shall be deemed to have been duly given when transmitted by telex or telecopier, delivered to the telegraph or cable office or personally delivered, or, in the case of a mailed notice, when actually received.

10.3 NO WAIVER; REMEDIES. No failure on the part of any Lender or any Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

10.4 COSTS, EXPENSES AND TAXES. Each Borrower hereby agrees to pay on demand: (a) all reasonable costs and expenses of each Agent and Arranger in connection with the preparation, negotiation, syndication, execution, and delivery of this Agreement and the other Loan Documents including, without limitation, the reasonable legal fees and expenses of legal counsel for each Agent; (b) all reasonable costs and expenses of each Agent in connection with any and all amendments, modifications, renewals, extensions, and supplements of any of the Loan Documents; (c) all reasonable costs and expenses of each Agent and Lenders in connection with any Potential Default or Event of Default and the enforcement of this Agreement or any other Loan Document, including, without limitation, the fees and expenses of legal counsel for each Agent and Lenders; and (d) all transfer, stamp, documentary, or other similar taxes, assessments, or charges levied by any Governmental Authority in respect of this Agreement or any of the other Loan Documents (other than costs, expenses, taxes, assessments, or charges levied with regard to any Assignment or Participation).

10.5 RIGHT OF SET-OFF. Upon (a) the occurrence and during the continuance of any Event of Default, and (b) the making of the request specified by SECTION 7.2 to authorize Domestic Administrative Agent to declare the Obligation due and payable pursuant to the provisions of SECTION 7.2, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Borrower against any and all of the Obligation of such Borrower now or hereafter existing under this Agreement and the Advances made by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmaturing. Each Lender agrees promptly to notify such Borrower and the Applicable Agent after any such set-off and application made by such Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this SECTION 10.5 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

10.6 BINDING EFFECT. This Agreement shall become effective when it shall have been executed by Borrowers and Agents and when Domestic Administrative Agent shall have been notified by each Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of Borrowers, Agents, and each Lender and their respective successors and assigns.

#### 10.7. ASSIGNMENTS AND PARTICIPATIONS.

(a) Each Lender may assign to one or more banks or other entities all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments and the Advances owing to it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all of the rights and obligations of Lenders under this Agreement, (ii) the amount of the Commitments of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000 and shall be an integral multiple of \$1,000,000 (or, if less, the unpaid Obligation to such Lender), (iii) each such assignment shall be to an assignee approved in writing by Domestic Administrative Agent and, so long as no Event of Default exists, Murphy, and (iv) the parties to each such assignment shall execute and deliver to Domestic Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with a processing fee of \$2,500. Upon such execution, delivery, acceptance, and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least (3) three Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned

to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder, and (B) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties, or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency, or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) the assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in SECTION 4.5 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) the assignee will, independently and without reliance upon any Agent, the assigning Lender, or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) the assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to each Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vi) the assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) Domestic Administrative Agent shall maintain at its address referred to in SECTION 10.2 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of each Lender and the Commitments of, and principal amount of the Advances owing to, each Lender from time to time (the "REGISTER"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrowers, Agents, and Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Murphy or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, Domestic Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of EXHIBIT B hereto, and if the processing fees required by this SECTION 10.7 have been paid to Domestic Administrative Agent, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register, (iii) give prompt notice thereof to Murphy, and (iv) send a copy thereof to Murphy.

(e) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments and the Advances owing to it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitments to Borrowers hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Borrowers, Agents, and each other Lender shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (iv) after giving effect to such participation, the aggregate amount of all participations of such Lender does not exceed fifty percent (50%) of such Lender's Commitments or Obligation, or if the Commitments have been

terminated, then of the aggregate amount of the Obligation payable to such Lender; and provided further, however, that such Lender shall not agree with any such bank or other financial institution to permit such bank or other financial institution to enforce the obligations of Borrowers relating to the Obligation or to approve of any amendment, modification, or waiver of any provision of this Agreement (other than amendments, modifications, or waivers with respect to any decrease in any fees payable hereunder or the amount of principal or rate of interest which is payable in respect of the Obligation or any extension of the dates fixed for the payment thereof).

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this SECTION 10.7, disclose to the assignee or participant or proposed assignee or participant, any information relating to Borrowers furnished to such Lender by or on behalf of Borrowers; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any confidential information relating to Borrowers received by it from such Lender .

(g) Notwithstanding the foregoing, any Lender may assign all or any portion of its rights and obligations under this Agreement to an Affiliate of such Lender. In addition, any Lender may at any time assign as collateral all or any portion of its rights under this Agreement to a Federal Reserve Bank or to Bank of Canada or the Canada Deposit Insurance Corporation; provided that no such assignment shall release a Lender from any of its obligations hereunder. In connection with any such assignment or proposed assignment to a Federal Reserve Bank or to Bank of Canada or the Canada Deposit Insurance Corporation, each Borrower will, promptly upon the request of any Lender, execute and deliver to such Lender a note in substantially the form of EXHIBIT F.

(h) This SECTION 10.7 sets forth the exclusive manner by which a Lender may assign its rights and obligations hereunder or sell participations in or to its rights and obligations hereunder.

(i) No Borrower may assign or delegate any rights or obligations hereunder without the prior written consent of each Lender.

#### 10.8 GOVERNING LAW; SUBMISSION TO JURISDICTION.

(A) THIS AGREEMENT AND ANY NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND ANY NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(B) THE PARTIES AGREE THAT NEW YORK, NEW YORK SHALL BE A PROPER PLACE OF VENUE FOR ALL SUITS TO ENFORCE PERFORMANCE OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AND EACH PARTY EXPRESSLY AGREES TO THE EXERCISE OF PERSONAL JURISDICTION OVER IT IN ANY COURT OF APPROPRIATE SUBJECT MATTER JURISDICTION IN NEW YORK, NEW YORK IN ANY SUCH SUIT.

10.9 EXCEPTIONS TO COVENANTS. Borrower may not take or fail to take any action that is permitted as an exception to any of the covenants contained in any Loan Document if that action or omission would result in the breach of any other covenant contained in any Loan Document.

10.10 SURVIVAL. All covenants, agreements, undertakings, representations, and warranties made in any of the Loan Documents survive all closings under the Loan Documents until payment in full of the Obligation and termination of this Agreement, except that SECTIONS 2.10, 2.11, 2.14, 8.5, 10.4, and 10.15 (together with any other provisions in the Loan Documents which expressly provides that it shall survive termination of this Agreement as to matters arising or accruing prior to termination of this Agreement) shall

survive termination of this Agreement; and such covenants, agreements, undertakings, representations, and warranties, except as otherwise indicated, are not affected by any investigation made by any party.

10.11 INVALID PROVISIONS. Any provision in any Loan Document held to be illegal, invalid, or unenforceable is fully severable; the appropriate Loan Document shall be construed and enforced as if that provision had never been included; and the remaining provisions shall remain in full force and effect and shall not be affected by the severed provision. Each Agent, each Lender, and each Borrower party to the affected Loan Document agree to negotiate, in good faith, the terms of a replacement provision as similar to the severed provision as may be possible and be legal, valid, and enforceable.

10.12 MAXIMUM RATE. Regardless of any provision contained in any Loan Document, no Lender shall ever be entitled to contract for, charge, take, reserve, receive, or apply, as interest on the Obligation, or any part thereof, any amount in excess of the Maximum Rate, and, if any Lender ever does so, then any excess shall be deemed a partial prepayment of principal and treated hereunder as such and any remaining excess shall be refunded to Borrowers. In determining if the interest paid or payable exceeds the Maximum Rate, Borrowers and Lenders shall, to the maximum extent permitted under applicable law, (a) treat all Borrowings as but a single extension of credit (and Lenders and Borrowers agree that such is the case and that provision herein for multiple Borrowings is for convenience only), (b) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (c) exclude voluntary prepayments and the effects thereof, and (d) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the Obligation; provided that if the Obligation is paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for its actual period of existence thereof exceeds the Maximum Amount, then Lenders shall refund any excess (and Lenders shall not, to the extent permitted by law, be subject to any penalties provided by any laws for contracting for, charging, taking, reserving, or receiving interest in excess of the Maximum Amount).

10.13 EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

10.14 NOT IN CONTROL. Nothing in any Loan Document gives or may be deemed to give to any Agent or any Lender the right to exercise control over any Company, assets, affairs, or management or to preclude or interfere with any Company's compliance with any Legal Requirement or require any act or omission by any Company that may be harmful to Persons or property. Any materiality or substantiality qualifier of any representation, warranty, covenant, agreement, or other provision of any Loan Document is included for credit documentation purposes only and does not imply, and shall not be deemed to mean, that any Agent or any Lender acquiesces in any non-compliance by any Company with any Legal Requirement, document, or otherwise or does not expect any Company to promptly, diligently, and continuously carry out all appropriate removal, remediation, compliance, closure, or other activities required or appropriate in accordance with all Legal Requirements, including all Environmental Laws.

10.15 INDEMNIFICATION. EACH BORROWER SHALL INDEMNIFY, PROTECT, AND HOLD EACH AGENT, ARRANGER, EACH LENDER, AND THEIR RESPECTIVE AFFILIATES, PARENTS, AND SUBSIDIARIES, AND EACH OF THE FOREGOING PARTIES' RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS, AND ASSIGNS (COLLECTIVELY, THE "INDEMNIFIED PARTIES") HARMLESS FROM AND AGAINST ANY AND ALL PRESENT AND FUTURE, KNOWN AND UNKNOWN, FIXED AND CONTINGENT, LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, CLAIMS, AND PROCEEDINGS AND ALL REASONABLE AND NECESSARY COSTS, EXPENSES (INCLUDING, WITHOUT LIMITATION, ALL REASONABLE ATTORNEYS' FEES AND LEGAL EXPENSES, AND AMOUNTS PAID IN SETTLEMENT WHETHER OR NOT SUIT IS BROUGHT), AND DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER (THE "INDEMNIFIED LIABILITIES") WHICH MAY AT ANY TIME BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE INDEMNIFIED PARTIES, IN ANY WAY RELATING TO OR ARISING OUT OF ANY LOAN DOCUMENT OR TRANSACTION CONTEMPLATED BY ANY LOAN

DOCUMENT, OR ANY TRANSACTION CONTEMPLATED BY ANY LOAN DOCUMENT; PROVIDED THAT BORROWERS SHALL HAVE NO OBLIGATION HEREUNDER TO ANY INDEMNIFIED PARTY WITH RESPECT TO ANY INDEMNIFIED LIABILITY ARISING FROM THE FRAUD, GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY OR ANY ASSOCIATED PERSON OF SUCH INDEMNIFIED PARTY. AS USED IN THIS PARAGRAPH, THE TERM "ASSOCIATED PERSON" MEANS, WITH RESPECT TO ANY PERSON, THE AFFILIATES, PARENTS, SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS, AND ASSIGNS OF SUCH PERSON, OR OF ANOTHER PERSON OF WHICH SUCH PERSON IS ALSO AN ASSOCIATED PERSON. THE PROVISIONS OF AND UNDERTAKINGS AND INDEMNIFICATION SET FORTH IN THIS SECTION SHALL SURVIVE THE SATISFACTION AND PAYMENT OF THE OBLIGATION AND TERMINATION OF THIS AGREEMENT.

10.16 ENTIRETY. THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN BORROWERS, LENDERS, AND ADMINISTRATIVE AGENT AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY SUCH PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN SUCH PARTIES.

[Remainder of Page Intentionally Blank. Signature Pages Follow.]

Ex. 4.1-49

SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

MURPHY OIL CORPORATION,  
as a Borrower and Guarantor

By:

-----  
Odie F. Vaughan  
Treasurer

MURPHY OIL USA, INC.,  
as a Subsidiary Borrower

By:

-----  
Odie F. Vaughan  
Treasurer

MURPHY OIL COMPANY LTD.,  
as a Subsidiary Borrower

By:

-----  
Odie F. Vaughan  
Treasurer

MURPHY EXPLORATION & PRODUCTION COMPANY,  
as a Subsidiary Borrower

By:

-----  
Odie F. Vaughan  
Treasurer

SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

MURPHY PETROLEUM LIMITED,  
as a Subsidiary Borrower

By: \_\_\_\_\_

Odie F. Vaughan  
Authorized Officer

Ex. 4.1-51



SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

THE CHASE MANHATTAN BANK,  
as Domestic Administrative Agent and a  
Domestic Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-52

THE CHASE MANHATTAN BANK OF CANADA,  
as Canadian Administrative Agent and a  
Canadian Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-53

SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

NATIONSBANK OF TEXAS, N.A.,  
as a Domestic Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-54

SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

SUNTRUST BANK, NASHVILLE, N.A.,  
as a Domestic Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-55

SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

ROYAL BANK OF CANADA,  
as a Domestic Lender and a Canadian Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-56

SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,  
as a Domestic Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-57

SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

J.P. MORGAN CANADA,  
as a Canadian Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-58

THE BANK OF NOVA SCOTIA, ATLANTA AGENCY,  
as the Domestic Lending Office of a  
Domestic Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-59



THE BANK OF NOVA SCOTIA,  
as the Canadian Lending Office of a  
Canadian Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-60

SIGNATURE PAGE TO CREDIT AGREEMENT  
DATED AS OF NOVEMBER 13, 1997

THE BANK OF NOVA SCOTIA,  
as the U.K. Lending Office of a Domestic  
Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-61

SCHEDULE 1

AGENTS, LENDERS, LENDING OFFICES, COMMITMENTS, AND COMMITMENT ALLOCATIONS

AGENTS

AGENT	ADDRESS FOR NOTICE
DOMESTIC ADMINISTRATIVE AGENT	The Chase Manhattan Bank One Chase Plaza, Third Floor New York, New York 10081 Attention: Ms. Martha Fetner Telecopy No.: 212-552-1687  With a Copy to: Loan and Agency Services Group One Chase Plaza, 8th Floor New York, New York 10081 Attention: Ms. Sandra Miklave Telecopy No.: 212-552-5658
CANADIAN ADMINISTRATIVE AGENT	The Chase Manhattan Bank of Canada 1 First Canadian Place 100 King Street West, Suite 6900 Toronto, Ontario M5X 1A4 CANADA Attention: Funding Officer Telecopy No.: 416-216-4162

Ex. 4.1-SE1

LENDERS

LENDER	GLOBAL COMMITMENT	MAXIMUM CANADIAN COMMITMENT	CURRENT CANADIAN COMMITMENT	DOMESTIC COMMITMENT
THE CHASE MANHATTAN BANK	\$60,000,000			
. Domestic Lending Office and U.K. Lending Office		\$0	\$0	\$54,166,666.67
. Canadian Lending Office		\$35,000,000	\$5,833,333.33	\$0

ADDRESS FOR NOTICE:

The Chase Manhattan Bank  
 One Chase Plaza, Third Floor  
 New York, New York 10081  
 Attention: Ms. Martha Fetner  
 Telecopy No.: 212-552-1687

DOMESTIC LENDING OFFICE:

The Chase Manhattan Bank  
 270 Park Avenue  
 New York, New York 10017

EUROCURRENCY LENDING OFFICE:

The Chase Manhattan Bank  
 270 Park Avenue  
 New York, New York 10017

U.K. LENDING OFFICE:

Chase Manhattan International Limited  
 International Loans Services Group  
 Trinity Tower  
 9 Thomas More Street  
 London, E1 9YT

CANADIAN LENDING OFFICE:

The Chase Manhattan Bank of Canada  
 1 First Canadian Place  
 100 King Street West, Suite 6900  
 Toronto, Ontario M5X 1A4

LENDER	GLOBAL COMMITMENT	MAXIMUM CANADIAN COMMITMENT	CURRENT CANADIAN COMMITMENT	DOMESTIC COMMITMENT
ROYAL BANK OF CANADA	\$50,000,000	\$40,000,000	\$6,666,666,67	\$43,333,333.33

ADDRESS FOR NOTICE:

Royal Bank of Canada  
 1 Financial Square  
 23rd Floor  
 New York, New York 10005-3531  
 Telecopy No.: 212-428-2372

WITH A COPY TO:

Royal Bank of Canada  
 12450 Greenspoint Drive, Suite 1450  
 Houston, Texas 77060  
 Attention: Ms. Linda M. Stephens  
 Telecopy No.: 281-874-0081

DOMESTIC LENDING OFFICE:

Royal Bank of Canada  
 1 Financial Square  
 23rd Floor  
 New York, New York 10005-3531

EUROCURRENCY LENDING OFFICE:

Royal Bank of Canada  
 1 Financial Square  
 23rd Floor  
 New York, New York 10005-3531

U.K. LENDING OFFICE:

Royal Bank of Canada  
 71 Queen Victoria Street  
 London EC4D 4DE

CANADIAN LENDING OFFICE:

Royal Bank of Canada  
 180 Wellington Street West  
 Toronto, Ontario M5J 1J1

LENDER	GLOBAL COMMITMENT	MAXIMUM CANADIAN COMMITMENT	CURRENT CANADIAN COMMITMENT	DOMESTIC COMMITMENT
MORGAN GUARANTY TRUST COMPANY OF NEW YORK	\$50,000,000			
. Domestic Lending Office and U.K. Lending Office		\$0	\$0	\$44,166,666.67
. Canadian Lending Office		\$35,000,000	\$5,833,333.33	\$0

ADDRESS FOR NOTICE:

Morgan Guaranty Trust Company of  
New York  
60 Wall Street  
New York, New York 10260-0060  
Attention: Mr. John Kowalczyk  
Telecopy No.: 212-648-5014

DOMESTIC LENDING OFFICE:  
Morgan Guaranty Trust Company of  
New York  
60 Wall Street  
New York, New York 10260-0060

EUROCURRENCY LENDING OFFICE:  
Morgan Guaranty Trust Company of  
New York  
c/o J.P. Morgan Services  
Loan Operations -3rd Floor  
500 Stanton Christiana Road  
Newark, Delaware 19713

CANADIAN LENDING OFFICE:  
J.P. Morgan Canada  
Suite 1800, South Tower  
Royal Bank Plaza  
Toronto, Ontario M5J 2J2

U.K. LENDING OFFICE:  
Morgan Guaranty Trust Company of  
New York  
60 Victoria Embankment  
London EC4Y 0JP

LENDER	GLOBAL COMMITMENT	MAXIMUM CANADIAN COMMITMENT	CURRENT CANADIAN COMMITMENT	DOMESTIC COMMITMENT
THE BANK OF NOVA SCOTIA	\$50,000,000			
. Domestic Lending Office and U.K. Lending Office		\$0	\$0	\$43,333,333.33
. Canadian Lending Office		\$40,000,000	\$6,666,666.67	\$0

ADDRESS FOR NOTICE:

The Bank of Nova Scotia, Atlanta  
Agency  
600 Peachtree Street, N.E.  
Suite 2700  
Atlanta, Georgia 30308  
Attention: Mr. Jeff Lents  
Telecopy No.: 404-888-8998

DOMESTIC LENDING OFFICE:  
The Bank of Nova Scotia, Atlanta  
Agency  
600 Peachtree Street, N.E.  
Suite 2700  
Atlanta, Georgia 30308

EUROCURRENCY LENDING OFFICE:  
The Bank of Nova Scotia, Atlanta  
Agency  
600 Peachtree Street, N.E.  
Suite 2700  
Atlanta, Georgia 30308

U.K. LENDING OFFICE:  
The Bank of Nova Scotia  
London Banking Division  
Scotia House  
33 Finsbury Square  
London England

CANADIAN LENDING OFFICE:  
The Bank of Nova Scotia  
Scotia Centre, Suite 3820  
700-2nd Street S.W.  
Calgary, Alberta T2P 2n7

LENDER	GLOBAL COMMITMENT	MAXIMUM CANADIAN COMMITMENT	CURRENT CANADIAN COMMITMENT	DOMESTIC COMMITMENT
NATIONS BANK OF TEXAS, N.A.	\$50,000,000	\$0	\$0	\$50,000,000

ADDRESS FOR NOTICE:

NationsBank of Texas, N.A.  
 Energy Finance Division  
 303 West Wall  
 Midland, Texas 79701-4761  
 Attention: Mr. Dale T. Wilson  
 Telecopy No.: 915-685-2009

DOMESTIC LENDING OFFICE:

NationsBank of Texas, N.A.  
 303 West Wall  
 Midland, Texas 79701-4761

EUROCURRENCY LENDING OFFICE:

NationsBank of Texas, N.A.  
 901 Main Street  
 Dallas, Texas 75202

U.K. LENDING OFFICE:

NationsBank of Texas, N.A.  
 901 Main Street  
 Dallas, Texas 75202



LENDER	GLOBAL COMMITMENT	MAXIMUM CANADIAN COMMITMENT	CURRENT CANADIAN COMMITMENT	DOMESTIC COMMITMENT
SUNTRUST BANK, NASHVILLE, N.A.	\$40,000,000	\$0	\$0	\$40,000,000
ADDRESS FOR NOTICE:				
SunTrust Bank, Nashville, N.A. 201 Fourth Avenue North Nashville, Tennessee 37219 P.O. Box 305110 Nashville, Tennessee 37230-5110 Attention: Mr. James L. Mosby Telecopy No.: 615-259-4119				
DOMESTIC LENDING OFFICE: SunTrust Bank, Nashville, N.A. 201 Fourth Avenue North Nashville, Tennessee 37219				
EUROCURRENCY LENDING OFFICE: SunTrust Bank, Nashville, N.A. 25 Park Place - 14th Floor Atlanta, Georgia 30303				
U.K. LENDING OFFICE: SunTrust Bank, Nashville, N.A. 25 Park Place - 14th Floor Atlanta, Georgia 30303				
Total	\$300,000,000	\$150,000,000	\$25,000,000	\$275,000,000

Ex. 4.1-SE7

SCHEDULE 6.1

EXISTING LIENS

1. Lien to the Province of Alberta, Canada on Murphy Oil Company Ltd.'s five percent (5%) interest in Syncrude. This lien secures a non-recourse loan given at the time of purchase of the interest. The outstanding balance payable on the debt as of September 30, 1997, was U.S. \$42,148,000. Final payment on the debt is due December, 1998.
2. Lien to National Trust Company on Murphy Oil Company Ltd.'s six and one quarter percent (6 1/4%) interest in the Hibernia field offshore Newfoundland. This lien secures a non-recourse Canadian Government's guarantee of Murphy Oil Company Ltd.'s borrowing to finance the development of the field. The amount of debt secured by the lien fluctuates due to additional facilities available, payment on facilities and the rate of exchange between the Cdn\$ and the U.S.\$. As of September 30, 1997, the outstanding balance payable was U.S. \$157,378,000. The retirement schedule of the guarantee varies but will not extend beyond 2008.
3. No attempt has been made to list liens related to capital leases which have resulted in assets being recorded in the consolidated financial statements. These assets consist of various items ranging from computer equipment to refinery land. The outstanding balance of this imputed debt as of September 30, 1997, was U.S. \$872,000. It is Murphy Oil Corporation's position that even though a legal document may exist, if use and enjoyment of our assets can not be interrupted by the enforcement of the document for non-payment of recorded debt, then a reportable lien does not exist under this Agreement.

Ex. 4.1-SE8

EXHIBIT A

FORM OF NOTICE OF BORROWING

\_\_\_\_\_, 199\_

\_\_\_\_\_, a \_\_\_\_\_ (the "COMPANY"), pursuant to the Credit Agreement dated as of November 13, 1997, among the Company, the other Borrowers defined therein, The Chase Manhattan Bank, as Domestic Administrative Agent, The Chase Manhattan Bank of Canada, as Canadian Administrative Agent, and the Lenders defined therein (together with all amendments or supplements thereto, the "CREDIT AGREEMENT"), hereby makes the requests indicated below in connection with Advances to the Company. Unless otherwise defined herein, capitalized terms shall have the meanings set forth in the Credit Agreement.

- [ ] 1. New Borrowing:
- (a) Amount of Borrowing to be \$ \_\_\_\_\_;
  - (b) Requested funding date is \_\_\_\_\_, 199\_;
  - (c) Type of Advances (check one): \_\_\_\_\_ U.S. Dollar Base Rate Advances  
\_\_\_\_\_ U.S. Dollar Eurocurrency Rate Advances  
\_\_\_\_\_ Pounds Sterling Eurocurrency Rate Advances  
\_\_\_\_\_ Canadian Dollar Base Rate Advances
  - (d) Length of Interest Period for Eurocurrency Rate Advances is: \_\_\_\_\_.
- [ ] 2. Continuation of Eurocurrency Rate Advances maturing on \_\_\_\_\_ for a successive Interest Period:
- (a) Aggregate amount to be continued as Eurocurrency Rate Advances is \$ \_\_\_\_\_;
  - (b) Length of Interest Period for Eurocurrency Rate Advances is \_\_\_\_\_.
- [ ] 3. Conversion of outstanding U.S. Dollar Base Rate Advances to U.S. Dollar Eurocurrency Rate Advances:
- Convert \$ \_\_\_\_\_ of outstanding U.S. Dollar Base Rate Advances to U.S. Dollar Eurocurrency Rate Advances on \_\_\_\_\_ with an Interest Period of \_\_\_\_\_.
- [ ] 4. Conversion of outstanding U.S. Dollar Eurocurrency Rate Advances to U.S. Dollar Base Rate Advances:
- Convert \$ \_\_\_\_\_ of the outstanding U.S. Dollar Eurocurrency Rate Advances with Interest Period maturing on \_\_\_\_\_, 199\_, to U.S. Dollar Base Rate Advances.

The undersigned is authorized to execute this request on behalf of the Company. The undersigned further represents and warrants that no Potential Default or Event of Default exists either before or after the Borrowing, Continuation, or Conversion, as the case may be, requested hereby.

-----

By:

-----

Name:

-----

Title:

-----

Ex. 4.1-SE10

EXHIBIT B

FORM OF ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (this "AGREEMENT") dated as of \_\_\_\_\_, 199\_\_, is executed by and between \_\_\_\_\_ ("ASSIGNOR") and \_\_\_\_\_ ("ASSIGNEE").

R E C I T A L S

A. Assignor is a party to the Credit Agreement dated as of November 13, 1997, among Murphy Oil Corporation ("MURPHY"), Murphy Oil USA, Inc., Murphy Oil Company Ltd., Murphy Exploration & Production Company, and Murphy Petroleum Limited (collectively, "BORROWERS"), The Chase Manhattan Bank, as Domestic Administrative Agent, The Chase Manhattan Bank of Canada, as Canadian Administrative Agent, and the Lenders defined therein (as modified, amended, renewed, extended, or restated from time to time, the "CREDIT AGREEMENT").

B. Assignor proposes to sell, assign, and transfer to Assignee, and Assignee proposes to purchase and assume from Assignor, [all][a portion] of Assignor's Commitments and outstanding Advances, all on the terms and conditions of this Agreement.

C. In consideration of the foregoing and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1

DEFINITIONS

1.1 DEFINITIONS. All capitalized terms used but not defined herein have the respective meanings given to such terms in the Credit Agreement.

1.2 OTHER DEFINITIONS. As used herein, the following terms have the following respective meanings:

"ASSIGNED INTEREST" shall mean all of Assignor's (in its capacity as a "Lender") rights and obligations (a) under the Credit Agreement and the other Loan Documents in respect of the Global Commitment of Assignor in the principal amount equal to \$\_\_\_\_\_, (b) to make Advances under the Commitments, (c) any right to receive payments of the U.S. Dollar Base Rate Advances outstanding under the Commitments assigned hereby of \$\_\_\_\_\_, (d) any right to receive payments of U.S. Dollar Eurocurrency Rate Advances outstanding under the Commitments assigned hereby of \$\_\_\_\_\_, (e) any right to receive payments of Pounds Sterling Eurocurrency Rate Advances outstanding under the Commitments assigned hereby of \$\_\_\_\_\_, (f) any right to receive payments of Canadian Dollar Base Rate Advances outstanding under the Commitments assigned hereby of \$\_\_\_\_\_, and (g) any right to receive payments in respect of Bankers' Acceptances outstanding under the Commitments assigned hereby of Cdn. \$\_\_\_\_\_, plus in each case the interest and fees thereon which will accrue from and after the Assignment Date.

"ASSIGNMENT DATE" shall mean \_\_\_\_\_, 199\_.

## SECTION 2

### SALE AND ASSIGNMENT

2.1 SALE AND ASSIGNMENT. On the terms and conditions set forth herein, effective on and as of the Assignment Date, Assignor hereby sells, assigns, and transfers to Assignee, and Assignee hereby purchases and assumes from Assignor, all of the right, title, and interest of Assignor in and to, and all of the obligations of Assignor in respect of, the Assigned Interest. Such sale, assignment, and transfer is without recourse to and, except as expressly provided in this Agreement, without representation or warranty by Assignor.

2.2 ASSUMPTION OF OBLIGATIONS. Assignee agrees with Assignor (for the express benefit of Assignor and Borrowers) that Assignee will, from and after the Assignment Date, perform all of the obligations of Assignor in respect of the Assigned Interest. From and after the Assignment Date: (a) Assignor shall be released from Assignor's obligations in respect of the Assigned Interest; and (b) except as provided in the Credit Agreement Assignee shall be entitled to all of Assignor's rights, powers, and privileges under the Credit Agreement and the other Loan Documents in respect of the Assigned Interest.

2.3 CONSENT BY THE COMPANY. By executing this Agreement as provided below, in accordance with SECTION 10.7 of the Credit Agreement, Murphy hereby acknowledges notice of the transactions contemplated by this Agreement and consents to such transactions.

## SECTION 3

### PAYMENTS

3.1 PAYMENTS. As consideration for the sale, assignment, and transfer contemplated by SECTION 2.1 hereof, Assignee shall, on the Assignment Date, assume Assignor's obligations in respect of the Assigned Interest and pay to Assignor an amount equal to \$\_\_\_\_\_ in U.S. Dollars, \$\_\_\_\_\_ in Canadian Dollars, and (Pounds)\_\_\_\_\_ in Pounds Sterling. An amount equal to all accrued and unpaid interest and fees shall be paid to Assignor as provided in SECTION 3.2(C) below. Except as otherwise provided in this Agreement, all payments hereunder shall be made in the Applicable Currency and in immediately available funds, without setoff, deduction, or counterclaim.

3.2 ALLOCATION OF PAYMENTS. Assignor and Assignee agree that (a) Assignor shall be entitled to any payments of principal with respect to the Assigned Interest made prior to the Assignment Date, together with any interest and fees with respect to the Assigned Interest accrued prior to the Assignment Date, (b) Assignee shall be entitled to any payments of principal with respect to the Assigned Interest made from and after the Assignment Date, together with any and all interest and fees with respect to the Assigned Interest accruing from and after the Assignment Date, and (c) each Agent is authorized and instructed to allocate payments received by it for account of Assignor and Assignee as provided in the foregoing clauses. Each party hereto agrees that it will hold any interest, fees, or other amounts that it may receive to which the other party hereto shall be entitled pursuant to the preceding sentence for account of and in trust for such other party and pay, in like money and funds, any such amounts that it may receive to such other party promptly upon receipt.

3.3 FURTHER ASSURANCES. Assignor and Assignee hereby agree to execute and deliver such other instruments, and take such other actions, as either party may reasonably request in connection with the transactions contemplated by this Agreement.

SECTION 4

CONDITIONS PRECEDENT

4.1 CONDITIONS PRECEDENT. The effectiveness of the sale, assignment, and transfer contemplated hereby is subject to the satisfaction of each of the following conditions precedent:

- (a) the execution and delivery of this Agreement by Assignor and Assignee;
- (b) the receipt by Assignor of the payment required to be made by Assignee under SECTION 3.1 hereof; and
- (c) the acknowledgment and consent by Murphy contemplated by SECTION 2.3 hereof.

SECTION 5

REPRESENTATIONS AND WARRANTIES

5.1 REPRESENTATIONS AND WARRANTIES OF ASSIGNOR. Assignor represents and warrants to Assignee as follows:

(a) it has all requisite power and authority, and has taken all action necessary, to execute and deliver this Agreement and to fulfill its obligations under, and consummate the transactions contemplated by, this Agreement;

(b) the execution, delivery, and compliance with the terms hereof by Assignor and the delivery of all instruments required to be delivered by it hereunder do not and will not violate any Legal Requirement applicable to it;

(c) this Agreement has been duly executed and delivered by it and constitutes the legal, valid, and binding obligation of Assignor, enforceable against it in accordance with its terms;

(d) all Authorizations of, all filings with, and all actions by any Governmental Authority necessary for the validity or enforceability of its obligations under this Agreement have been obtained;

(e) Assignor has good title to, and is the sole legal and beneficial owner of, the Assigned Interest, free and clear of all Liens, claims, participations, or other charges or interest of any nature whatsoever; and

(f) the transactions contemplated by this Agreement are commercial banking transactions entered into in the ordinary course of the banking business of Assignor.

5.2 DISCLAIMER. Except as expressly provided in SECTION 5.1 hereof, Assignor does not make any representation or warranty, nor shall it have any responsibility to Assignee, with respect to the accuracy of any recitals, statements, representations, or warranties contained in the Credit Agreement or in any certificate or other document referred to or provided for in, or received by any Lender under, the Credit Agreement, or for the value, validity, effectiveness, genuineness, execution, effectiveness, legality, enforceability, or sufficiency of the Credit Agreement, or any certificate or other document referred to or provided for therein or for any failure by any Borrower or any other Person (other than Assignor) to perform any of its obligations thereunder or for the existence, value, perfection, or priority of any collateral security or the financial or other condition of any Company or any other matter relating to the Credit Agreement, any other Loan Documents, or any extension of credit thereunder.

5.3 REPRESENTATIONS AND WARRANTIES OF ASSIGNEE. Assignee represents and warrants to Assignor as follows:

(a) it has all requisite power and authority, and has taken all action necessary, to execute and deliver this Agreement and to fulfill its obligations under and consummate the transactions contemplated by, this Agreement;

(b) the execution, delivery, and compliance with the terms hereof by Assignee and the delivery of all instruments required to be delivered by it hereunder do not and will not violate any Legal Requirement applicable to it;

(c) this Agreement has been duly executed and delivered by it and constitutes the legal, valid, and binding obligation of Assignee, enforceable against it in accordance with its terms;

(d) all Authorizations of, all filings with and all action by, any Governmental Authority necessary for the validity or enforceability of its obligations under this Agreement have been obtained;

(e) Assignee has fully reviewed the terms of the Credit Agreement and the other Loan Documents and has independently and without reliance upon Assignor or any other Lender, and based on such information as Assignee has deemed appropriate, made its own credit analysis and decision to enter into this Agreement; and

(f) the transactions contemplated by this Agreement are commercial banking transactions entered into in the ordinary course of the banking business of Assignee.

## SECTION 6

### MISCELLANEOUS

6.1 NOTICES. All notices and other communications provided for herein (including, without limitation, any modifications of, or waivers, requests, or consents under, this Agreement) shall be given or made in writing (including, without limitation, by telex or telecopy) to the intended recipient at its "Address for Notices" specified below its name on the signature pages hereof or, as to either party, at such other address as shall be designated by such party in a notice to the other party.

6.2 AMENDMENT, MODIFICATION OR WAIVER. No provision of this Agreement may be amended, modified, or waived except by an instrument in writing signed by Assignor and Assignee, and consented to by Domestic Administrative Agent.

6.3 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The representations and warranties made herein by Assignee are also made for the benefit of Agents and Borrowers, and Assignee agrees that Agents and Borrowers are entitled to rely upon such representations and warranties.

6.4 ASSIGNMENTS. Neither party hereto may assign any of its rights or obligations hereunder except in accordance with the terms of the Credit Agreement.

6.5 CAPTIONS. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Ex. 4.1-SE14



6.6 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be identical and all of which, taken together, shall constitute one and the same instrument and each of the parties hereto may execute this Agreement by signing any such counterpart.

6.7 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

6.8 EXPENSES. Assignor and Assignee shall bear their own expenses in connection with the execution, delivery, and performance of this Agreement.

6.9 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Ex. 4.1-SE15

ASSIGNOR:

[NAME]

By:

-----  
Name:

-----  
Title:

Address for Notice:

-----  
-----  
-----

ASSIGNEE:

[NAME]

By:

-----  
Name:

-----  
Title:

Address for Notice:

-----  
-----  
-----

ACKNOWLEDGED AND CONSENTED TO:

MURPHY OIL CORPORATION

By:

-----  
Name:

-----  
Title:

ACKNOWLEDGED BY:

THE CHASE MANHATTAN BANK, as Domestic Administrative Agent

By:

-----  
Name:

-----  
Title:

FORM OF OPINION OF BORROWERS' ARKANSAS COUNSEL

Walter K. Compton, General Counsel to Borrowers, is to opine to Agents and Lenders as to the following matters, which opinion may only be based upon assumptions and subject to exceptions and qualifications, and must otherwise be in form and substance, as may be acceptable to Agents (based upon advice of their counsel).

Capitalized terms used herein shall, unless otherwise indicated, have the respective meanings set forth in the Credit Agreement.

1. Murphy Oil Corporation, Murphy Oil USA, Inc., and Murphy Exploration & Production Company (the "U.S. BORROWERS") are each a corporation duly incorporated, validly existing, and in good standing under the laws of the State of Delaware with corporate power to own and operate its business and properties and to carry on its business as presently conducted and to execute and perform the Credit Agreement, as amended, and to borrow thereunder, and, in the case of Murphy, to guaranty the obligations of the Subsidiary Borrowers referred to in the Credit Agreement.

2. Murphy is the owner, either directly or through a wholly-owned subsidiary, of all of the outstanding Common Stock of each of the Subsidiary Borrowers and all of such Common Stock is fully paid and non-assessable; none of the Subsidiary Borrowers has any class of stock outstanding other than Common Stock.

3. The Credit Agreement (including the Guaranty referred to therein) has been duly authorized, approved, and adopted by all necessary corporate action of the U.S. Borrowers.

4. The execution, delivery, and performance by Murphy and the Subsidiary Borrowers of the Credit Agreement and borrowing thereunder will not contravene any applicable provision of law, and will not conflict with or result in the breach of or accelerate the performance required by any of the terms, conditions, or provisions of the Certificate of Incorporation or Bylaws of the U.S. Borrowers or any covenant, agreement, or understanding known to me to which Murphy or any of the Subsidiary Borrowers is a party or any order, ruling, decree, judgment, arbitration award, or stipulation known to me to which Murphy or any of the Subsidiary Borrowers is subject.

5. The Loan Documents to which each U.S. Borrower is a party have been duly executed, presented, and delivered.

6. No Authorization of any Governmental Authority or of any other Person is required in connection with the execution, delivery, and performance of the Loan Documents or the borrowing and repayment of money by each U.S. Borrower thereunder.

7. The Loan Documents constitute the legal and binding obligations of each Borrower, enforceable against each Borrower in accordance with their respective terms (except as enforcement may be subject to any applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally).

8. There are no actions, suits, or proceedings pending or threatened against any Borrower, which, if adversely determined, could be a Material Adverse Event.

9. An Arkansas court or a federal court in the State of Arkansas, in a case properly presented, would uphold the New York choice of law provisions in the Loan Documents.

10. The submission in the Credit Agreement by Borrowers to the nonexclusive jurisdiction of the courts of the State of New York is binding and enforceable against Borrowers.

11. To the best of my knowledge, no Borrower is an "investment company" or a company "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended, or subject to regulation under the Public Utility Holding Company Act of 1935, as amended, the Federal Power Act, as amended, the Interstate Commerce Act, as amended, or any federal or state Legal Requirement limiting its ability to incur Debt or to create Liens on any of its properties or assets to secure such Debt.

12. The Obligation of each U.S. Borrower will rank at least pari passu with the claims of all other unsecured and unsubordinated creditors of each U.S. Borrower.

Ex. 4.1-SE18

FORM OF OPINION OF BORROWERS' CANADIAN COUNSEL

Bennett Jones Verchere, Special Canadian Counsel to Canadian Borrower,  
is to opine to Agents  
and Lenders as to the following matters, which opinion  
may only be based upon assumptions and subject to exceptions  
and qualifications, and must otherwise be in form and substance, as may  
be acceptable to Agents (based upon advice of their counsel).

Capitalized terms used herein shall, unless otherwise indicated, have the  
respective meanings set forth in the Credit Agreement.

1. Canadian Borrower is a corporation duly created by amalgamation and  
validly existing under the laws of Canada with corporate power to own and  
operate its business and properties, to carry on its business as presently  
conducted in the Provinces of Alberta and Saskatchewan, to execute, deliver, and  
perform the Credit Agreement and to borrow monies from you thereunder.

2. Murphy is the owner of record of all outstanding common shares of  
Canadian Borrower, all such common shares are fully paid and non-assessable and  
there are no other outstanding shares of any class of Canadian Borrower.

3. The Credit Agreement has been duly authorized, approved, and adopted  
by all necessary corporate action of Canadian Borrower, and has been duly  
executed and delivered, and the Credit Agreement constitutes a valid and legally  
binding obligation of Canadian Borrower, enforceable in accordance with its  
terms.

4. The execution, delivery, and performance by Canadian Borrower of the  
Credit Agreement and borrowings by Canadian Borrower thereunder will not  
contravene any applicable provision of Alberta law or the laws of Canada  
applicable in Alberta, and will not conflict with or result in the breach of or  
accelerate the performance required by any of the terms, conditions, or  
provisions of the constating documents of Canadian Borrower, being its articles  
of amalgamation, any articles of amendment and its by-laws, or any covenant,  
agreement, or understanding known to us to which Canadian Borrower is a party or  
any order, ruling, decree, judgment, arbitration award, or stipulation known to  
us to which Canadian Borrower is subject.

5. Neither the execution and delivery by Canadian Borrower of the Credit  
Agreement, nor the performance by Canadian Borrower of its obligations  
thereunder, nor compliance by Canadian Borrower with the terms and provisions  
thereof will require the payment of any taxes, fees, or other governmental  
charges in Alberta.

6. No Authorization of any Governmental Authority or of any other Person  
is required in connection with the execution, delivery, and performance by  
Canadian Borrower of the Credit Agreement or the borrowing and repayment of  
money by Canadian Borrower thereunder.

7. There are no actions, suits, or proceedings pending or threatened  
against Canadian Borrower in the Judicial District of Calgary, Province of  
Alberta, which, if adversely determined, could be a Material Adverse Event.

8. A court in Alberta, if it assumed jurisdiction to render judgment in  
respect of the Credit Agreement, would uphold the New York choice of law  
provisions in the Credit Agreement.

9. A final and conclusive judgment in personam granted by a court of competent jurisdiction in the State of New York, which is not impeachable as void or voidable under the internal laws of New York, may be enforced in a court in Alberta by an action or counterclaim for the sum certain under such judgment.

10. The submission in the Credit Agreement by Canadian Borrower to the nonexclusive jurisdiction of the courts of the State of New York is binding and enforceable against Canadian Borrower.

11. The Obligation of Canadian Borrower will rank at least pari passu in the terms of payment with all indebtedness which is not secured or the subject of any statutory trust or preference or which is not expressly and effectively subordinated in right of payment to any other indebtedness of Canadian Borrower.

12. Canadian Borrower is not entitled to claim immunity from legal process of the enforcement of any judgment of a court of competent jurisdiction, whether generally or in relation to any specific assets.

Ex. 4.1-SE20

FORM OF OPINION OF BORROWERS' UK COUNSEL

J. N. Copeland, Special U.K. Counsel to U.K. Borrower, is to opine to Agents and Lenders as to the following matters, which opinion may only be based upon assumptions and subject to exceptions and qualifications, and must otherwise be in form and substance, as may be acceptable to Agents (based upon advice of their special counsel).

Capitalized terms used herein shall, unless otherwise indicated, have the respective meanings set forth in the Credit Agreement.

1. U.K. Borrower is a company duly incorporated, validly existing, and in good standing under the laws of England, and has all power and authority required to own its property and carry on its business as presently conducted and proposed to be conducted. U.K. Borrower is duly qualified or licensed to do business in each jurisdiction where the nature of the business in which it is engaged makes such qualification or licensing necessary, including England.

2. U.K. Borrower has the requisite corporate power to execute, deliver, and perform the terms and provisions of the Loan Documents, and all other documents and instruments delivered pursuant to the terms of such Loan Documents, and has taken all appropriate corporate action necessary to duly authorize (a) the execution, delivery, and performance by U.K. Borrower of the terms and provisions of the Loan Documents, and (b) the performance by U.K. Borrower of its obligations under the Loan Documents.

3. The Loan Documents to which U.K. Borrower is a party have been duly executed and delivered by U.K. Borrower.

4. Neither the execution and delivery by U.K. Borrower of the Loan Documents, nor the performance by U.K. Borrower of its obligations thereunder, nor compliance by U.K. Borrower with the terms and provisions thereof, will (a) contravene any provision of any Legal Requirement of England, to which U.K. Borrower is subject, or to the best of my knowledge, after due inquiry, conflict with, or result in any breach of, any material agreement, mortgage, indenture, deed of trust, or other instrument known to me to which U.K. Borrower may be subject, or result in the creation of any Lien in respect of any property of U.K. Borrower (other than Liens in your favor), (b) contravene any English Authorization, judgment, or decree applicable to U.K. Borrower, (c) violate any provision of the Constituent Documents of U.K. Borrower, or (d) require the payment of any taxes, fees, or other governmental charges.

5. No Authorization of any English Governmental Authority or of any other English Person is required in connection with the execution, delivery, and performance by U.K. Borrower of the Loan Documents or the borrowing and repayment of money by U.K. Borrower thereunder.

6. To the best of my knowledge, after due inquiry, there are no actions, suits, or proceedings pending or threatened against U.K. Borrower, which, if adversely determined, could be a Material Adverse Event.

7. The choice of the laws of the State of New York as the law expressed to govern the Loan Documents is a valid choice of governing law, which would normally be applied by English courts.

8. On the assumption that the Loan Documents create valid and binding obligations under the laws of the State of New York, the provisions of the Loan Documents whereby U.K. Borrower submits to

the non-exclusive jurisdiction of the courts of the State of New York are binding and enforceable against U.K. Borrower.

9. The Obligation of U.K. Borrower will rank at least pari passu with the claims of all other unsecured and unsubordinated creditors of U.K. Borrower not being indebtedness of a preferential creditor.

10. U.K. Borrower is not entitled to claim immunity from legal process of the enforcement of any judgement of a court of competent jurisdiction, whether generally or in relation to any specific assets.

11. A final and conclusive judgment for a debt or sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) properly obtained against U.K. Borrower by a court of competent jurisdiction in the State of New York being recognized by the English courts as having jurisdiction to give that judgment in respect of any suit, action, or proceeding arising out of or in relation to the Loan Documents may be enforced against U.K. Borrower in the courts of England without re-examination or re-litigation of the merits of the substantive matters adjudicated upon.

Ex. 4.1-SE22



EXHIBIT D

FORM OF DRAFT

BANKERS' ACCEPTANCE Due \_\_\_\_\_ 19\_\_

BA No: \_\_\_\_\_

\_\_\_\_\_, 19\_\_

On \_\_\_\_\_, 19\_\_ (without grace) for value received, pay to the order of the undersigned drawer the sum of \$\_\_\_\_\_ Dollars.

To [Name of Lender] \_\_\_\_\_, Canada

MURPHY OIL COMPANY LTD.

Per: \_\_\_\_\_

[FORM OF ACCEPTANCE]

Date: \_\_\_\_\_, 19\_\_

Payable at [INSERT LOCATION]

[NAME OF LENDER]

Per: \_\_\_\_\_  
Authorized Signature

Per: \_\_\_\_\_  
Authorized Signature

Ex. 4.1-SE23

EXHIBIT E

FORM OF NOTICE OF ALLOCATION

\_\_\_\_\_, 19\_\_

The Chase Manhattan Bank, as Domestic Administrative Agent  
One Chase Plaza, Third Floor  
New York, New York 10081  
Attention: Ms. Sandra Miklave

Ladies and Gentlemen:

Reference is hereby made to that certain Credit Agreement dated as of November 13, 1997, among Murphy Oil Corporation, Murphy Oil USA, Inc., Murphy Oil Company Ltd., Murphy Exploration & Production Company, and Murphy Petroleum Limited, The Chase Manhattan Bank, as Domestic Administrative Agent, The Chase Manhattan Bank of Canada, as Canadian Administrative Agent, and the Lenders defined therein (as modified, amended, renewed, extended, or restated from time to time, the "CREDIT AGREEMENT"). Capitalized terms used herein shall, unless otherwise indicated, have the respective meanings set forth in the Credit Agreement. This notice represents Murphy's notice, given pursuant to SECTION 2.1(b) of the Credit Agreement, requesting a change in the amount of the Global Commitments allocated in Dollar Equivalents to the Designated Canadian Commitment from \$ \_\_\_\_\_ to \$ \_\_\_\_\_ and the Domestic Commitments from \$ \_\_\_\_\_ to \$ \_\_\_\_\_, effective \_\_\_\_\_, 19\_\_.

MURPHY OIL CORPORATION

By:

-----  
Name: \_\_\_\_\_  
-----  
Title: \_\_\_\_\_  
-----

Ex. 4.1-SE24

EXHIBIT F

FORM OF NOTE

\$ \_\_\_\_\_, 1997

FOR VALUE RECEIVED, \_\_\_\_\_, a \_\_\_\_\_ ("MAKER"), hereby promises to pay to \_\_\_\_\_ ("LENDER"), at the office of [THE CHASE MANHATTAN BANK] [THE CHASE MANHATTAN BANK OF CANADA] ("ADMINISTRATIVE AGENT"), the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (or such lesser amount as shall equal the aggregate unpaid principal amount of the Advances made by Lender to Maker under the Credit Agreement as hereinafter defined), in the Applicable Currency (as defined in the Credit Agreement) and in immediately available funds, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the unpaid principal amount of each such Advance, at such office, in like money and funds, for the period commencing on the date of such Advance until such Advance shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

The date, amount, Type, interest rate, Interest Period, if any, and maturity of each Advance made by Lender to Maker, and each payment made on account of the principal thereof, may be recorded by Lender on its books and/or endorsed by Lender on the schedules attached hereto or any continuation thereof.

This Note is issued pursuant to the Credit Agreement dated as of November 13, 1997, executed by Maker, the other Borrowers defined therein, The Chase Manhattan Bank, as Domestic Administrative Agent, The Chase Manhattan Bank of Canada, as Canadian Administrative Agent, and the Lenders defined therein (as modified, amended, renewed, extended, or restated from time to time, the "CREDIT AGREEMENT"), and is entitled to the benefits provided for in the Credit Agreement and the other Loan Documents. The Credit Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and other provisions relevant to this Note.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

-----

By: -----

Name: -----

Title: -----

EXHIBIT G

FORM OF DRAWING NOTICE

\_\_\_\_\_, 19\_\_

The Chase Manhattan Bank, as Domestic Administrative Agent  
One Chase Plaza, Third Floor  
New York, New York 10081  
Attention: Ms. Sandra Miklave

The Chase Manhattan Bank of Canada, as Canadian Administrative Agent  
1 First Canadian Place  
100 King Street West, Suite 6900  
Toronto, Ontario M5X 1A4  
Attention: Funding Officer

Ladies and Gentlemen:

Reference is hereby made to that certain Credit Agreement dated as of November 13, 1997, among Murphy Oil Corporation, Murphy Oil USA, Inc., Murphy Oil Company Ltd., Murphy Exploration & Production Company, and Murphy Petroleum Limited (collectively, "BORROWERS"), The Chase Manhattan Bank, as Domestic Administrative Agent, The Chase Manhattan Bank of Canada, as Canadian Administrative Agent, and the Lenders defined therein (as modified, amended, renewed, extended, or restated from time to time, the "CREDIT AGREEMENT"). Capitalized terms used herein shall, unless otherwise indicated, have the respective meanings set forth in the Credit Agreement. This notice represents Canadian Borrower's notice, given pursuant to SECTION 2.16 of the Credit Agreement, requesting a drawing under the Credit Agreement on the date, in the amount and having the term set forth below:

1. The Drawing Date, which is a Business Day, is \_\_\_\_\_, 199\_;
2. The aggregate Face Amount of Drafts to be accepted is Cdn. \$ \_\_\_\_\_; and
3. The maturity date for such Drafts is \_\_\_\_\_, 199\_, which represents a term to maturity of approximately [30/60/90/180] days.

The undersigned officer is authorized to execute this request on behalf of Canadian Borrower. The undersigned further represents and warrants that no event has occurred and is continuing or would result from the consummation of the drawing contemplated hereby that would constitute a Potential Default or an Event of Default.

MURPHY OIL COMPANY LTD.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT H

FORM OF COMPLIANCE CERTIFICATE

Reference is made to that certain Credit Agreement dated as of November 13, 1997, among Murphy Oil Corporation, Murphy Oil USA, Inc., Murphy Oil Company Ltd., Murphy Exploration & Production Company, and Murphy Petroleum Limited (collectively, "BORROWERS"), The Chase Manhattan Bank, as Domestic Administrative Agent, The Chase Manhattan Bank of Canada, as Canadian Administrative Agent, and the Lenders defined therein (as modified, amended, renewed, extended, or restated from time to time, the "CREDIT AGREEMENT"). The undersigned hereby certifies that [s]he is the \_\_\_\_\_ of Murphy Oil Corporation ("MURPHY"), and that as such [s]he is authorized to execute this certificate on behalf of Murphy. The undersigned represents and warrants, to the best of [his/her] knowledge, as follows (each capitalized term used herein having the same meaning given to it in the Credit Agreement unless otherwise specified):

(a) Each Company is in compliance with all terms, conditions, and agreements set forth in the Credit Agreement.

(b) There exists no Potential Default or Event of Default.

(c) The ratio of Consolidated Recourse Debt to Adjusted Consolidated Capitalization, all as determined in accordance with GAAP, is as follows:

(i) Consolidated Recourse Debt  
(see supporting schedule of  
Consolidated Recourse Debt): \$ \_\_\_\_\_

(ii) Adjusted Consolidated Capitalization  
(see supporting schedule of Adjusted  
Consolidated Capitalization): \$ \_\_\_\_\_

(iii) Ratio of (i) to (ii): \_\_\_\_\_

EXECUTED AND DELIVERED this \_\_\_\_ day of \_\_\_\_\_.

MURPHY OIL CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Ex. 4.1-SE27

MURPHY OIL CORPORATION

1997 ANNUAL REPORT TO SECURITY HOLDERS

Ex. 13-0

[GRAPHIC APPEARS HERE]

1997

MURPHY OIL CORPORATION

ANNUAL REPORT

[GRAPHIC APPEARS HERE]

[LOGO OF MURPHY OIL APPEARS HERE]

[GRAPHIC APPEARS HERE]

[PHOTOGRAPH APPEARS HERE]

1997  
ANNUAL REPORT - MURPHY OIL CORPORATION

As used in this report, the terms Murphy, Murphy Oil, we, our, its and Company may refer to Murphy Oil Corporation or any one or more of its consolidated subsidiaries. The Company's interest percentage in exploration and production projects and other jointly owned facilities is shown following the name of each field, block or facility.

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MURPHY OIL AT A GLANCE  
-----

[GRAPH - INCOME FROM CONTINUING OPERATIONS BEFORE SPECIAL ITEMS]

[GRAPH - CASH FLOW FROM CONTINUING OPERATIONS BEFORE SPECIAL ITEMS]

Murphy Oil Corporation is a worldwide oil and gas exploration and production company with refining and marketing operations in the United States and the United Kingdom.

Strong management, good strategic decisions and an entrepreneurial approach throughout the Company have enabled Murphy to stake its claim as one of the industry's strongest performers. In 1997, proved reserves grew for the seventh consecutive year. Production rose 14 percent to record levels and discoveries currently under development support continued growth well into the next century. Aggressive acreage acquisition efforts focused on securing a strong position in the deepwater Gulf of Mexico and the U.K. Atlantic Margin. Refining, marketing and transportation operations emerged from a prolonged downturn to post impressive operational and financial performances. The Company's commitment to workplace and environmental safeguards continued to result in safety performance well above general industry averages and operations that utilize cutting-edge technology and sound science to protect the world's natural resources.

Against the backdrop of 1997's success and given the Company's strength across an array of important indicators--a pristine balance sheet, growing production and reserves, a robust exploratory prospect portfolio and sound operating performance--Murphy is solidly positioned for future growth and increased shareholder value.

-----  
SUMMARY OF OPERATIONS  
-----

[GRAPH - CAPITAL EXPENDITURES]

[GRAPH - LONG-TERM OBLIGATIONS]

EXPLORATION AND PRODUCTION

Upstream operations are the premier long-term growth vehicle for Murphy Oil. The Company has substantial exploration acreage positions in its politically secure core areas of the Gulf of Mexico, Canada and the U.K., and in a number of frontier areas that provide potential for significant reserve additions. Core area exploration is highlighted by deepwater activity in the Gulf of Mexico, and a frontier area of particular interest is the emerging Atlantic Margin play, west of the U.K. and Ireland. Murphy's active and diversified exploration program is designed to add to an already growing production profile. The first of several significant additions to the Company's established core area production was realized in late 1997 with the start-up of the Hibernia oil field, offshore eastern Canada, the first field to be placed on stream in the Jeanne d'Arc Basin. U.K. oil production is set to double with a mid-1998 commencement of production from two fields, including the second field to be placed on stream in the Atlantic Margin. Murphy also has an interest in Syncrude, the world's largest producer of light, sweet crude oil from oil sands, where plans for significant increases in production have been announced. Finally, further oil production growth is assured with the recent approval of plans to develop the Terra Nova field, located to the southeast of Hibernia. All told, Murphy has one of the most attractive production profiles in the oil industry.

REFINING, MARKETING AND TRANSPORTATION

The resurgence of Murphy's downstream operations exemplifies the Company's dedication to lean, tough and smart management that produces bottom-line results. In 1997, record onstream efficiency and the ability to process less expensive crude oil enabled Murphy's U.S. downstream operation to record its most profitable year ever. A program with Wal-Mart to build retail stations in the parking lots of Wal-Mart Supercenters and SAM'S Clubs in selected markets is beginning to tap a market niche already established overseas but heretofore underdeveloped in the U.S. In the U.K., where Murphy has partial ownership in a refinery serving a marketing area covering much of England and Wales, profits were up 48 percent. The Company also purchases, transports and resells crude oil in Canada.

HIGHLIGHTS

FINANCIAL	1997	1996	1995
(Thousands of dollars except per share data)			
FOR THE YEAR/1/			
Revenues	\$ 2,137,767	2,022,176	1,631,780
Income (loss) from continuing operations	132,406	125,956	(127,919)
Net income (loss)	132,406	137,855	(118,612)
Cash dividends paid	60,573	58,294	58,257
Capital expenditures for continuing operations	468,031	418,056	287,151
Net cash provided by continuing operations	401,843	472,480	309,878
Average Common shares outstanding - diluted	44,960,907	44,904,636	44,832,463
AT YEAR-END			
Working capital	\$ 48,333	56,128	87,388
Total assets	2,238,319	2,243,786	2,098,466
Notes payable and capitalized lease obligations	28,367	20,871	21,647
Nonrecourse debt of a subsidiary	177,486	180,957	171,499
Stockholders' equity	1,079,351	1,027,478/2/	1,101,145
PER SHARE OF COMMON STOCK/1/			
Income (loss) from continuing operations - diluted	\$ 2.94	2.80	(2.85)
Net income (loss) - diluted	2.94	3.07	(2.65)
Cash dividends paid	1.35	1.30	1.30
Stockholders' equity	24.04	22.90	24.56

/1/ Includes special items that are detailed in Management's Discussion and Analysis, page 31.

/2/ Reflects \$172,561 charge for distribution of common stock of Deltic Timber Corporation to stockholders.

OPERATING	1997	1996	1995
Net crude oil and gas liquids produced - barrels a day	57,494	53,210	57,015
United States	10,760	11,645	13,736
International	46,734	41,565	43,279
Net natural gas sold - thousands of cubic feet a day	268,669	220,633	251,726
United States	211,207	155,017	189,250
International	57,462	65,616	62,476
Crude oil refined - barrels a day	161,560	157,886	155,503
United States	134,854	126,586	125,157
United Kingdom	26,706	31,300	30,346
Petroleum products sold - barrels a day	182,337	169,973	161,911
United States	153,116	136,104	130,394
United Kingdom	28,977	33,615	31,234
Canada	244	254	283

[GRAPH - NET HYDROCARBONS PRODUCED]

[GRAPH - REFINED PRODUCTS SOLD]

[PHOTOGRAPH APPEARS HERE]

Murphy is a thriving and vibrant company. Our performance shows we are a company that is making good--and tough--decisions based on a strategic vision of the future.

-----  
LETTER TO THE SHAREHOLDERS  
-----

Dear Fellow Shareholder:

This is the fourth time I have had the privilege to report to my fellow shareholders as President and CEO of Murphy Oil Corporation. It is with pride and great satisfaction that I tell you Murphy is a thriving and vibrant company, well positioned for continued growth and success. Naturally, the most tangible evidence is financial performance. In 1997, Murphy Oil Corporation earned \$132.4 million, \$2.94 a share, a net income record from exploration and production and refining and marketing operations, breaking a mark set in 1996. Return on capital employed of 10.4 percent in 1997 marked the second consecutive year that this important performance measure scored in double digits.

In my report to you last year, I noted that 1996 was "a turnaround year" for us and a year of significant

[GRAPH - RETURN ON CAPITAL EMPLOYED]

corporate change as Deltic Timber Corporation was spun off to shareholders as a debt-free, independent, market-valued company. The bottom-line results from 1997, which continued 1996's record performance, are a clear indication that our turnaround will, in fact, stay around. Your Company's long-term prospects and current value are stronger than ever.

Let's review the facts. Proved reserves increased for the seventh consecutive year as your Company replaced 165 percent of its worldwide hydrocarbon production in 1997. Production increased 14 percent on a barrel-equivalent basis, setting a Company record, primarily due to natural gas discoveries made in the Gulf of Mexico during 1996 that were promptly put on stream. There is much more to come. In November, the Hibernia field (6.5%) commenced production--on budget, ahead of schedule and bigger than originally advertised. Conservative reserve projections now put the field at 615 million barrels compared to our estimate of 485 million barrels when we acquired the field in 1992. Peak production will be 135,000 barrels a day, although plans are being studied to increase that figure substantially. Hibernia ownership ensures Murphy of a large production increase at very low equity cost and surprisingly low lifting costs.

Hibernia improves our already strong production profile that includes proven performers such as Syncrude (5%). Syncrude had a very positive financial impact on Murphy in 1997, as earnings from this operation totaled \$14.3 million. The project's owners are currently investing in technology designed to improve environmental protection and energy efficiency, while also increasing product yield. In fact, Syncrude announced plans during 1997 to more than double its production during the next 10 years to over 400,000 barrels a day or approximately 20,000 barrels a day net to Murphy. Further augmenting production growth is the midyear 1998 start-up of two U.K. fields--Schiehallion (5.9%) and Mungo/Monan (12.7%). These additions will bring our production in northwestern Europe to nearly 30,000 barrels a day. Lastly, but significantly, in January 1998 Canadian government approval was received to develop the Terra Nova field (12%), located 22 miles southeast of Hibernia. First oil at Terra Nova is anticipated no later than 2001.

What about production growth beyond this? Exploration efforts in 1997 led to discoveries at Ship Shoal Blocks 166/167 (33-50%) and Eugene Island Block 335 (60%). The latter comes on stream in the first quarter of 1999, adding approximately 25 million cubic feet a day to our U.S. natural gas production. Importantly, in 1997 we stepped up Gulf of Mexico deepwater exploration activity. After spending four years building an acreage position (we now own 80 deepwater leases) and forging drilling partnerships, we will spud four deepwater wildcats during the balance of 1998. Furthermore, we added to our Atlantic Margin position west of Britain and Ireland, and we now participate in six separate tranches in this high-potential play.

Historically, downstream has been a smaller part of the Murphy portfolio, but last year it was an extremely important one. In 1997, Murphy's downstream turned in a solid financial and operational performance. Worldwide downstream operations earned \$56.7 million in 1997 as compared to \$14.1 million in 1996. Our U.S. refining and marketing operation turned in its best year ever, earning \$41.3 million. Operationally, downstream continued its strong performance, with a composite 98 percent onstream time at the U.S. refineries. New records were also established for refinery throughputs and product sales volume.

[GRAPH - HYDROCARBON PRODUCTION REPLACEMENT]

At Murphy, we are building on a legacy of leadership and innovation. In today's world, that translates into a global perspective and a resolve to capitalize on opportunities.

Furthermore, downstream operations reflect the entrepreneurial spirit we have worked hard to foster throughout all facets of the Murphy enterprise. Murco Petroleum in the U.K., for example, came back from the scrapped merger with Chevron and Elf to revitalize promising stations, jettison nonperforming ones, claim new commercial business and make a handsome profit to boot. In the U.S., this entrepreneurship led to a pilot project with Wal-Mart to build service stations at selected Supercenters and SAM'S Clubs.

This Company continues to pursue with vigor and success our goals of long-term growth, market expansion, environmental stewardship and aggressive exploration. Through hard work, creativity and sometimes sheer stubbornness, we are performing better than ever in one of the most competitive industries in the world. Nonetheless, the challenges keep coming. The decline in crude oil prices at the end of 1997 and in early 1998 will exact a financial toll. As always, we will strive to convert this into opportunities to acquire appropriately priced assets.

As in most years, there were a number of personal milestones in 1997, two of which I would especially like to note. Barry Sales, who managed our U.K. marketing, retired in December after 23 years with Murphy. During his tenure, it was (and remains) a well-managed and profitable operation. Finally, all of us at Murphy, and indeed around the state of Arkansas, mourned the death of Johnie Murphy. She was a great lady, generous of spirit and warm of heart with an infectious charm. Her gifts to her family, to her community and to this Company endure.

We thank you for your continued support and confidence.

/s/ Claiborne P. Deming

Claiborne P. Deming  
President and Chief Executive Officer

March 12, 1998  
El Dorado, Arkansas

[PHOTOGRAPH APPEARS HERE]

Murphy continues to pursue its goals with vigor and success. We are up to the challenge of continuing that success in 1998 and beyond.

-----  
MURPHY OIL CORPORATION POSTED SIGNIFICANT ACHIEVEMENTS IN 1997  
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[FIVE PHOTOGRAPHS APPEAR ON THIS PAGE]

Income from continuing operations before special items was a record \$132.3 million, an increase of 27% over 1996.

U.S. downstream earned a record \$41.3 million.

Daily hydrocarbon production set a record at 102,272 barrels of oil equivalent.

Cash flow before special items increased 15% over 1996 to \$470 million.

Murphy realized a 10.4% return on capital employed for the second consecutive year.

Dividends increased 10 cents per share to an annualized rate of \$1.40 per share.

Proved reserves increased for the seventh consecutive year as Murphy replaced 165% of its worldwide hydrocarbon production in 1997.

[PHOTOGRAPH APPEARS HERE]

[WORLDWIDE OPERATIONS MAP--WESTERN HEMISPHERE]

-----  
EXPLORATION AND PRODUCTION  
-----

[PHOTOGRAPH APPEARS HERE]

Murphy Oil Corporation explores for and produces oil and natural gas throughout the world.

AN OVERVIEW

Murphy's exploration and production programs are the cornerstones of the Company's plans for growth. Murphy's upstream operations are characterized by profitable and consistent production growth and a diversified and efficient exploration program in strategically defined areas. The Company actively pursues exploration rights in the United States and around the globe, thereby spreading the risk, while maximizing its ability to identify and develop profitable fields.

Exploration and production activities earned \$85 million in 1997, or 60 percent of total Company earnings from operating segments. Murphy's proved reserves increased at year-end 1997 to 362 million barrels of oil equivalent. This is the seventh consecutive year that the Company's additions to proved reserves have more than replaced its production.

Worldwide production increased to a record 102,272 barrels of oil equivalent a day, up 14 percent from 1996 production levels.



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EXPLORATION AND PRODUCTION  
-----

(Thousands of dollars)	1997	1996
Income contribution*	\$ 84,984	101,831
Total assets	1,402,684	1,347,425
Capital expenditures	423,181	373,984
Crude oil and liquids produced - barrels a day	57,494	53,210
Natural gas sold - MCF a day	268,669	220,633
Net proved hydrocarbon reserves - thousands of barrels of oil equivalent	362,100	337,600

\*Before special items.

Murphy's core operating areas include four of the premier oil and natural gas basins in the world: the Gulf of Mexico, the Canadian Western Sedimentary Basin, the Jeanne d'Arc Basin off the east coast of Canada and the U.K. North Sea.

The Company's record production in 1997 is largely due to a 23-percent increase in barrel-equivalent production in the U.S. The increase was due primarily to the ability of the Company's innovative engineering staff to realize early production from discoveries made in 1996.

U.S. exploration activity focuses on three distinct areas: deepwater Gulf of Mexico, the Outer Continental Shelf of the Gulf and onshore South Louisiana. Murphy's strategic goals are to create significant reserve additions with its deepwater activity, to maintain production on the shelf while divesting high lifting cost properties, and to maximize cost efficiencies by realizing early production opportunities from the onshore program.

Murphy's investment in an emerging core area, offshore eastern Canada, began paying dividends in 1997 as the Hibernia oil field (6.5%) came on stream. The Company's interest in the Jeanne d'Arc Basin also includes the nearby Terra Nova oil field (12%). Industry interest in the exploration potential of the basin is high, and Murphy participated with nine other companies in a 3-D seismic study conducted over much of the more prospective areas. Murphy's activities in Canada also include an interest in Syncrude (5%), the world's largest producer of synthetic crude oil. Light, sweet crude oil from oil sands could eventually provide half of Canada's crude oil production.

Murphy's frontier exploration and production activities involve greater risk and potentially greater reward than those in core areas. Frontier areas include the U.K. Atlantic Margin, South America, China, Spain, the Philippines, Pakistan and Alaska.

The U.K. has long been an important part of Murphy's exploration and production activities, but during 1997, it assumed even greater significance. Production in the region is expected to double by mid-1998 with the

addition of two new fields. One of these, Schiehallion (5.9%), confirmed Murphy's assessment of the exploration potential of the Atlantic Margin. Following this success, the Company expanded its exploration presence in the area in 1997 by securing a 25-percent interest in more than 650,000 exploration acres.

South America is home to one of the industry's highest profile unexplored basins--the Falkland Islands. Murphy has a 25-percent interest in a block that will be the site of the first well drilled in the basin.

The history of Murphy's international frontier exploration and its development of significant production capacity in emerging basins has been guided by a commitment to seek out opportunities with the potential to build the Company. That entrepreneurial spirit is tempered and balanced by a continuing focus on the secure and established basins Murphy knows best. Murphy's management has developed a strategic and integrated approach to exploration and production that capitalizes on the Company's historic strengths and positions it for future growth.

A review by core and frontier areas of the Company's principal exploration and production activities is presented in the sections that follow. Unless otherwise indicated, average daily production rates are net to the Company after deduction for royalty interests. The terms crude oil production and oil production include natural gas liquids where applicable.

[PHOTOGRAPH APPEARS HERE]

[GRAPH - INCOME CONTRIBUTION--EXPLORATION AND PRODUCTION]

[GRAPH - CAPITAL EXPENDITURES--EXPLORATION AND PRODUCTION]

Murphy's exploration and production programs are the cornerstones of the Company's plans for growth.

[PHOTOGRAPH APPEARS HERE]

In 1997, Syncrude, the world's largest producer of light, sweet crude oil from oil sands, announced plans to more than double production during the next 10 years to over 400,000 barrels a day, approximately 20,000 barrels net to Murphy.

[PHOTOGRAPH APPEARS HERE]

When production commences in 1998, Schiehallion will be one of only two producing fields in the U.K. Atlantic Margin. Innovative use of a floating production system enhances project economics by significantly reducing capital and operating costs.

[PHOTOGRAPH APPEARS HERE]

Operations in the U.S. are a significant contributor to Murphy's exploration and production activities. In 1997, U.S. production averaged 45,961 barrels of oil equivalent a day--a 23-percent increase driven by a 36-percent increase in natural gas production. During the year, Murphy continued to strengthen its investment in U.S. exploration by further concentration on three major areas-- deepwater Gulf of Mexico, the Outer Continental Shelf of the Gulf of Mexico and onshore South Louisiana. The Company added 78 billion cubic feet of natural gas equivalent to its U.S. proved reserves in 1997.

During 1998, Murphy plans to invest 63 percent of its worldwide exploration budget in the U.S., with an ongoing emphasis in the Gulf of Mexico on both deepwater and continental shelf prospects. The Company will continue to pursue early production opportunities in South Louisiana in an effort to maximize production gains.

#### DEEPWATER GULF OF MEXICO

Due to the excellent producibility of the deepwater Gulf of Mexico reservoirs, progressive expansion of the infrastructure and royalty relief, discoveries in this area have been consistently profitable.

Murphy was an early entrant in the deepwater Gulf. With the addition of 27 leases (25-100%) in 1997, the Company has a total of 80 deepwater leases in the Gulf of Mexico. Eight prospects on 11 leases have been further delineated with 3-D seismic data. At least four of these wells should be drilled in 1998; Murphy is the operator of two.

One issue of importance in the deepwater Gulf of Mexico is rig availability, and Murphy has taken steps to ensure that it will have access to equipment to continue exploration activities in this area. Along with two other oil companies, Murphy has signed a five-year contract for a deepwater drilling rig. The agreement provides each company use of the rig for one-third of the contract. The rig, capable of drilling in depths up to 6,000 feet of water, is scheduled to be available in mid-1999.

#### OUTER CONTINENTAL SHELF OF THE GULF OF MEXICO

Murphy also has a major presence on the Outer Continental Shelf of the Gulf of Mexico. The continental shelf has an established infrastructure and allows for steady production with lower risk than deepwater exploration. During 1997, the Company added to its substantial shelf acreage position with the acquisition of 11 new leases (60-80%).

Natural gas production from West Cameron Block 631 (60%), located in 325 feet of water, began in February 1997, just 10 months after drilling of the second discovery well, due to the Company's ability to convert existing processing facilities. Natural gas production from the field averaged 33 million cubic feet a day for the year.

Similarly, Eugene Island Block 322 (50%), located in 254 feet of water, came on stream in June 1997, nine months after drilling of the second discovery well and with the use of an existing processing facility. The discovery on Ship Shoal Blocks 166/167 (33-50%) came on stream in December 1997. Eugene Island Block 323 (50%) commenced production in February 1998. A satellite structure was installed in this field, and production is piped to facilities at Eugene Island Block 322. Combined production from these discoveries averages 32 million cubic feet of natural gas equivalent a day.

The remaining development wells at Viosca Knoll Block 783 (30%) came on stream in 1997, and production at this field for the year averaged 25 million cubic feet of

[PHOTOGRAPH APPEARS HERE]

natural gas equivalent a day. One of Murphy's better discoveries of the year, Eugene Island Block 335 (60%), is expected to start producing natural gas in early 1999 at a rate of approximately 25 million cubic feet a day.

The Destin Dome Block 56 unit (33%) is one of the largest undeveloped natural gas discoveries remaining in the U.S. Located in federal waters 30 miles off the coast of Florida, three previously drilled exploratory wells have confirmed a significant reservoir of dry natural gas in the Norphlet sandstone. Murphy and its two partners filed a development plan with the U.S. Minerals Management Service in November 1996. A rigorous regulatory process designed to protect the environment and ensure compatibility with other uses of surrounding areas is under way. Completion of the process could extend into late 1999.

#### ONSHORE SOUTH LOUISIANA

Murphy is currently pursuing a program involving third-party review of the Company's existing 2-D seismic database to identify new prospects, thereby minimizing cost and spreading risk. Further delineation utilizing 3-D seismic data is expected to result in the drilling of two to three of these prospects each year. At year-end 1997, a well at the N.E. Wright field (50%) was in progress.

[GULF OF MEXICO MAP]

[GRAPH - CRUDE OIL AND NGL PRODUCTION]

[GRAPH - NATURAL GAS SALES]

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CORE EXPLORATION AND PRODUCTION: CANADA  
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Canada is Murphy's largest source of crude oil production, and the Company's portfolio includes some of the country's legacy properties.

During 1997, Murphy's Canadian production averaged 32,547 barrels of oil equivalent a day, an increase of 10 percent over 1996 levels. The Company's Canadian exploration and production operations are located in two primary geographic areas: the Jeanne d'Arc Basin off Canada's east coast and western Canada, including the Athabasca Oil Sand Deposit in Alberta.

THE JEANNE D'ARC BASIN -- HIBERNIA AND TERRA NOVA

The initiation of production at Hibernia (6.5%) in November marked a milestone for Canada and Murphy and provided a springboard for continued growth. Projects of this magnitude require creative problem-solving ideas and cutting-edge technological ability and equipment. The partnership that developed Hibernia brings together those attributes, as well as hundreds of years of exploration and production experience, making Hibernia a solid investment.

And it is an investment that provides Murphy with an exceptional rate of return. Due to a favorable financing package negotiated at the time Murphy acquired its interest, the Company's equity investment in the project as production commenced was approximately \$1.25 a barrel. With a 20-year life span, Hibernia is expected to be highly profitable well into the future.

Hibernia's production and drilling platform uses state-of-the-art environmental protection technology to tap one of the world's largest crude oil discoveries of the past quarter century. Recoverable reserves at Hibernia are conservatively estimated to be 615 million barrels of oil equivalent. Peak gross production of approximately 135,000 barrels a day will be reached as rapidly as possible consistent with high safety and environmental protection standards. Current estimates indicate that this production level will be achieved by early 1999. The operating company is studying alternatives whereby additional investment in equipment and technology could boost production well beyond designed rates.

Hibernia's platform, which is nearly one acre in size, is the first in North America to use a concrete gravity base structure and the first in the world designed to withstand

[PHOTOGRAPH APPEARS HERE]

Peak gross production at Hibernia should reach 135,000 barrels of oil a day by early 1999 and could increase substantially with additional investments of equipment and technology.

[OFFSHORE EASTERN CANADA MAP]

the impact of an iceberg. Two 850,000-barrel, double-hulled tankers, designed to operate in the harsh environment of the North Atlantic, will load from the platform and will initially shuttle crude oil directly to refineries until a Newfoundland onshore terminal is completed in late 1998.

The Company's holdings in the area also include a 12-percent interest in the Terra Nova oil field, located 22 miles southeast of Hibernia. With estimated reserves of 300 to 400 million barrels, Terra Nova is projected to come on stream late in the year 2000, at a gross production rate of approximately 115,000 barrels of oil a day. In early 1998, the Canadian government sanctioned the project, and the Terra Nova partners announced their decision to proceed with development.

The Company is actively seeking additional exploration opportunities in the Jeanne d'Arc Basin and continues to participate in bidding at crown land sales. Murphy has a 25-percent interest in Cape Race, a 34,000-acre exploration license located between Hibernia and Terra Nova. Seismic surveys conducted in 1997 are under evaluation. Should results prove encouraging, an exploratory well could be drilled in 1999.

#### WESTERN CANADA--SYNCRUDE

Long-life production in Canada is also provided by Murphy's five-percent working interest in the Syncrude project, located in the Athabasca Oil Sand Deposit in Alberta. Syncrude is the world's largest producer of light, sweet crude oil from oil sands and is the single largest source of oil in Canada. Syncrude combines mining, extraction and upgrading technologies to convert oil sands to synthetic crude oil.

Syncrude achieved record gross production during 1997, averaging over 207,000 barrels of oil a day. Murphy's 1997 earnings from the project totaled \$14.3 million. With investments in new technology to improve productivity and reduce costs, this project is expected to remain highly profitable well into the next century. Syncrude has announced plans to invest a total of \$4 billion in technology and projects that will double production by 2007 and generate an even lighter, lower sulfur crude oil than is currently being produced.

While Syncrude has historically invested heavily in environmental improvements, the planned new investments include more than \$420 million to improve environmental protection while increasing product yield. By 2006, sulfur dioxide emissions per barrel are projected to fall by 70 percent from 1990 levels. Similarly, Syncrude's production costs are projected to decrease significantly over the next decade.

#### WESTERN CANADA--CONVENTIONAL

Murphy's conventional hydrocarbon activities in western Canada are focused on increasing natural gas production and enhancing the profitability of the Company's vast heavy oil reserves.

In 1997, the Company was able to maintain its natural gas production through workovers and development drilling in existing fields. The Company is also developing a broad natural gas prospect portfolio in Canada and will drill at least three impact exploratory wells in 1998. In late 1997, a significant gas discovery at Josephine (50%) in the Peace River Arch added 7.5 billion cubic feet of proved reserves, augmenting previous reserve additions at Umbach (50%) and Boundary Lake South (50%). Delineation at these fields continues in 1998.

Murphy's strategy for profitable heavy oil production in Canada is focused on lowering production costs, which is made possible by the quality of Murphy's Canadian reserves and use of the best technology. This allows the Company to weather downturns in pricing, such as that being experienced in early 1998.

[PHOTOGRAPH APPEARS HERE]

Murphy is piloting the use of Steam Assisted Gravity Drainage technology to increase production at its heavy oil projects.

Productivity at Murphy's heavy oil projects in Canada has been significantly increased by the Company's ability to leverage new and existing technology. Murphy co-pioneered the first application of Steam Assisted Gravity Drainage (SAGD) technology in Saskatchewan by using horizontal wells at its Tangleflags project (50%). This project has commercially recovered eight million barrels of oil since 1987 from a quality channel sand that contains 95 million barrels.

New pumping technology has led to commercial primary production from the Lindbergh field (100%), where the Company has historically conducted only thermal operations, and peak production rates of 2,500 barrels a day were achieved during 1997. Also at Lindbergh, piloting of SAGD technology continued in the thicker sands. This oil is immobile at reservoir temperatures but flows readily once heated. Although Murphy has not yet developed commercially viable recovery techniques for current price levels, estimated oil in place of over one billion barrels encourages further technology development.

Murphy's light oil production in western Canada declined in 1997 due to the mature nature of the Company's producing property base. As production and income from Hibernia replace this historically important position in the portfolio, the Company will accelerate its disposition of these assets.

[TWO PHOTOGRAPHS APPEAR HERE]

Murphy's earnings from the Syncrude project increased 18% to \$14.3 million.



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The midyear start-up of the two U.K. fields will bring production in northwestern Europe close to 30,000 barrels a day.

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CORE EXPLORATION AND PRODUCTION: UNITED KINGDOM  
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Murphy's core area of exploration and production in the U.K. is in the North Sea, where production from the Ninian, "T" Block and Amethyst fields averaged 15,963 barrels of oil equivalent a day in 1997, essentially unchanged from a year ago. Industry activity in the area remains high. The key to success in the North Sea is access to acreage, and Murphy's strategy is to continue to participate actively in licensing rounds, with an emphasis on increasing ownership interest levels and securing operatorship.

#### NORTH SEA

Murphy's substantial U.K. North Sea production is set to increase with the mid-1998 start-up at Mungo/Monan (12.7%). Developed jointly with five other oil and gas fields as part of the Eastern Trough Area Project (ETAP) integrated development, Mungo will be produced from a normally unmanned platform, while Monan will use a subsea system. Both fields will produce to a two-platform central processing facility.

Jackets for all three ETAP platforms were set and pipelines and other subsea facilities were installed in 1997. Installation of the topsides will take place in the spring of 1998, and first oil is expected in mid-1998. Peak gross production is expected to reach 65,000 barrels of oil and gas liquids a day for Mungo and Monan combined.

Elsewhere in the North Sea, operatorship of the Ninian field (13.8%) changed in 1997, with a primary emphasis on cost control. As a result, operating costs were reduced 12 percent. Two new wells were drilled and completed during 1997 at Ninian, and increased drilling is planned for 1998. On the Ninian satellite fields, drilling of the second well was in progress at year-end 1997 at Columba B (5.4%), and drilling of an appraisal well is scheduled for early 1998 at Columba E (5.8%).

In 1997, the Company completed a successful exploration step-out well at Block 16/17, "T" Block (11.3%), on the north flank of the Tiffany field.

Successful exploratory drilling at Block 16/6b (the Dalmore discovery, 37.5%) found oil in shallow Paleocene-age sands. Reevaluation of 3-D seismic data covering this area will occur in 1998, and additional appraisal drilling will be required before commerciality can be determined.

Murphy acquired interests in an additional 196,000 exploration acres in the U.K. North Sea in 1997. In "Tranche 1," Blocks 38/9 and 38/10 (40%, Operator) located on the east end of the Mid North Sea High, 900 kilometers of seismic data will be evaluated during 1998. Blocks 29/20a and 30/21 (100%, Operator), located on the western flank of the Central Graben adjacent to the Auk field, were acquired through an equity swap.

#### ATLANTIC MARGIN

Murphy's philosophy that a presence in major hydrocarbon basins will lead to good things is reinforced by an interest in the Schiehallion field (5.9%). A well drilled in 1994 on acreage acquired as part of the Company's U.K. exploration efforts confirmed the viability of the emerging Atlantic Margin play. First production from Schiehallion is expected in mid-1998, and peak gross production is forecast in excess of 130,000 barrels of oil a day. In 1997, installation of infield pipelines was completed, while the construction of a floating production storage and offloading vessel was nearly complete at year end. Development drilling and completion operations will continue well beyond first oil.

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Murphy Oil developed Mungo/Monan in alliance with five other oil and gas fields as part of the Eastern Trough Area Project.

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EXPLORATION AND PRODUCTION: FRONTIER  
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Murphy's management believes the Company has the right geographic spread, the right risk spread, the right expertise and the right prospects for growing the Company long-term. As part of developing a strong exploration and production profile, Murphy has pursued an active and calculated interest in developing properties, obtaining acreage and entering joint-venture projects in areas where, though risky, high reward is possible. Exploration and production activities in these frontier areas are part of management's strategy to position the Company for substantial future growth.

U.K. ATLANTIC MARGIN

The Atlantic Margin is an area of intense industry activity, and Murphy, because of its early firsthand understanding of the geology in the Schiehallion field, has a strong acreage position in this developing frontier. The Company's strategy of acquiring quality acreage early has resulted in ownership of 24 full blocks and three partial blocks that encompass a total of 1.39 million acres. Murphy's average working interest is 25 percent.

In 1997, the Company acquired 25-percent interests in over 650,000 acres, including U.K. Tranches 36 and 48 and Ireland License 6/97. Murphy's 1998 exploration program is to acquire and evaluate seismic data on this acreage. Depending on the evaluation, drilling is expected to commence in 1999.

Murphy has also joined a study/bid group with several other oil companies to evaluate acreage on offer in the Faroe Islands First Licensing Round and in future U.K. licensing rounds.

[UNITED KINGDOM MAP]

CHINA

In 1996, Murphy participated in a well that discovered oil on Block 04/36 (45%) in Bohai Bay, northeastern China. The well tested at a combined gross rate in excess of 6,000 barrels of oil a day from two zones below 11,000 feet. Three appraisal wells were drilled in 1997, but commerciality is still uncertain. Murphy is acquiring 3-D seismic data over the discovery area to further define field limits.

[CHINA MAP]

SOUTH AMERICA

Murphy's production from Block 16 (20%) in Ecuador highlighted the Company's 1997 South American activities. In August, the Southern Production Facilities went on line, a year ahead of schedule. In addition, eight development oil wells were drilled, including three horizontal wells, with one completed at multiple depths. Results from the horizontal wells are very encouraging. Production was 7,802 barrels of oil a day in 1997 compared to 6,005 in 1996. A plan by the Ecuadoran government to expand pipeline capacity could allow for significant field production increases.

The Falkland Islands exemplifies Murphy's frontier strategy of "high risk, high reward" exploration. After acquiring a 25-percent interest in 400,000 acres in an unexplored sedimentary basin north of the Islands in 1996, the Company acquired and evaluated 2-D seismic data in 1997. The acreage contains several large structures and the first of two exploratory wells is scheduled to spud in mid-1998.

Murphy's production activities in Ecuador highlighted the Company's 1997 South American activities.

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Murphy submitted proposals on three exploration areas to the Brazilian government during 1997. The Company, as a 100-percent operator, will enter negotiations on one of the areas during 1998.

#### SPAIN

In early 1997, Murphy obtained a 35-percent working interest in two adjacent exploration permits covering 345,000 acres off the northern coast of Spain. In 1998, the Company will acquire 3-D seismic data on the West Fragata permit.

The platform, wells and offshore facilities from the depleted Gaviota field are utilized as part of Murphy's ALGA gas storage project (18%). ALGA handles third-party natural gas in consideration for a tariff that covers the operating cost of the gas storage operations and provides a return on capital invested. Murphy completed one additional injection/production well and installed additional onshore compression facilities during 1997.

#### PHILIPPINES

A Geophysical Survey and Exploration Contract (GSEC) (80%) covering approximately 3.1 million acres in the northern Sulu Sea has been negotiated and is awaiting signature by the Philippine president. The GSEC will involve the acquisition of seismic data, with an option to drill an exploratory well.

#### PAKISTAN

Murphy is renegotiating the Khara concession agreement (100%) of 1978, under which it obtained the rights to explore 6.7 million acres in the province of Baluchistan in the western part of the country. The acreage has long been held by force majeure. If negotiations are successful, the Company anticipates beginning seismic activities in 1998.

#### ALASKA

Murphy's formerly sizeable holdings in Alaska are now relatively minor, but they continue to position the Company in an area of renewed interest to the industry. Unresolved royalty and economic viability issues have delayed the development of the Sandpiper (58%) and Northstar (2%) projects. During 1997, Murphy acquired a 25-percent interest in 15 leases in Alaskan state waters on which new 3-D seismic data will be acquired in 1998.

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[WORLDWIDE OPERATIONS MAP--WESTERN HEMISPHERE]

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REFINING, MARKETING AND  
TRANSPORTATION  
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Murphy Oil conducts refining, marketing and transportation activities in the United States, the United Kingdom and Canada.

AN OVERVIEW

In 1997, Murphy's worldwide refining, marketing and transportation operations delivered its best operating performance ever. Compared to 1996, earnings increased over 300 percent to \$56.7 million, and combined throughputs at its U.S. refineries (Meraux, Louisiana and Superior, Wisconsin) reached record levels. Improved margins in the U.S. and the U.K. led the way to increased profitability. Canadian pipeline throughputs increased 25 percent and 21 percent for Manito and Cactus Lake, respectively.

Throughout its downstream operations, Murphy's commitment to improving the return on assets through strategic capital investments, lowering operating costs and appropriate joint ventures is proving effective and successful. The operating environment in which the refining, marketing and transportation segment competes

## REFINING, MARKETING AND TRANSPORTATION

(Thousands of dollars)	1997	1996
Income contribution	\$ 56,738	14,102
Total assets	750,626	739,072
Capital expenditures	37,483	42,880
Crude oil processed - barrels a day	161,560	157,886
Products sold - barrels a day	182,337	169,973
Average gross margin on products sold - dollars a barrel		
United States	\$ 1.57	.25
United Kingdom	2.90	2.08

is volatile, difficult and evolving, but the Company continues to pursue those activities and initiatives that will overcome these challenges.

Refining capital projects completed in the early and mid-1990s enable Murphy to process higher sulfur, lower cost crude oil in the U.S. and to produce ultra low-sulfur distillates in the U.K. As a result of these and other capital improvements in the Company's refining and marketing facilities, and through the realignment of operating departments, Murphy has lowered overhead and operating costs and increased its ability to produce and deliver quality products at competitive prices.

Refining capital expenditures declined 45 percent in 1997 as the Company's focus shifted to operational efficiency and reliability. During the same period, marketing capital expenditures increased by 86 percent, primarily due to expansion of U.S. retail marketing operations. Two years ago, Murphy announced plans to build high-volume retail gasoline stations in the parking lots of Wal-Mart Supercenters and SAM'S Clubs in selected markets in the southeastern U.S. Since then, 18 stations have been built, including 15 in 1997, under the Murphy USA(R) brand. The one-stop shopping convenience this endeavor provides to customers is a tried-and-true facet of European motor fuel marketing. In the U.S., Murphy is among the first to utilize its integrated downstream assets to leverage this type of marketing approach.

Following its withdrawal from negotiations to merge with two other companies, Murphy's U.K. refining and marketing company launched a wide-ranging program to refocus and further streamline its organization, reduce operating costs and strengthen its marketing network. A high-pressure distillate hydrotreating unit completed in 1996 allows the jointly owned Milford Haven refinery (30%) to supply the U.K. market with cleaner-burning diesel fuel. Successful implementation of strategic plans and operational changes together with the closing of a nearby competitor's refinery have helped Murphy's system become one of the most competitive in the U.K.

[TWO PHOTOGRAPHS APPEAR HERE]

Murphy's natural gas marketing division continues to move gas production further down the delivery system, and in 1997, 40 percent of the Company's daily volume of natural gas production was sold directly to end users such as utilities. The Company has made a commitment to carefully planned growth in this area. By entering into firm transportation agreements and term sales--in effect leasing pipeline space on an annual basis--Murphy has ensured that pipeline capacity is available to gather and transport its natural gas production.

Murphy owns interests in five crude oil pipeline systems in western Canada. In 1997, the Murphy-operated Manito and Cactus Lake pipelines were expanded for the second consecutive year in response to higher heavy oil production levels in western Saskatchewan and eastern Alberta. With this new capacity, Murphy is able to meet the increasing demands for reliable and economic transportation in the areas it serves.

[GRAPH - INCOME CONTRIBUTION--REFINING, MARKETING AND TRANSPORTATION]

[PHOTOGRAPH APPEARS HERE]

[GRAPH - CAPITAL EXPENDITURES--REFINING, MARKETING AND TRANSPORTATION]

[GRAPH - CANADIAN PIPELINE THROUGHPUTS]

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REFINING, MARKETING AND TRANSPORTATION: UNITED STATES  
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[UNITED STATES MAP]

Murphy's U.S. downstream operations posted earnings of \$41.3 million, a record financial performance. The 100,000-barrel-a-day refinery in Meraux, Louisiana anchors the Company's Gulf Coast market, which serves the southeastern region of the U.S. The refinery posted impressive throughput results in 1997, with average crude runs of 101,150 barrels a day, an eight-percent increase over the previous record achieved in 1996. The efficiency and reliability of this operation--the refinery recorded a composite 98 percent onstream time in 1997--is the result of prudent capital investment and careful management.

During 1997, Meraux completed the transition, begun in the early 1990s, from processing a more expensive light, sweet crude oil to processing a medium, sour crude oil imported from Latin America. Substantial cost savings resulted from the refinery's processing over 100,000 barrels a day of the lower cost crude in 1997. Additionally, significant freight savings were realized through the utilization of large capacity tankers that are offloaded at the Louisiana Offshore Oil Port (3.2%), which is connected to the Meraux refinery through a crude oil pipeline owned jointly with another company. Utilization of the refinery's key process units, including the crude distillation unit and the two fluid catalytic cracking units, exceeded 100 percent of rated capacities in 1997.

The petroleum products produced at the Meraux refinery are distributed via pipeline and barges throughout an 11-state marketing area. Murphy's southeastern distribution system includes 34 terminals, 22 of which are either wholly or jointly owned by Murphy. The distribution system supplies gasoline to 346 owned and branded wholesale stations, a net addition of 27 stations over year-end 1996. Products are marketed primarily under the SPUR(R) brand.

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The Company's refinery in Superior, Wisconsin processed 33,704 barrels a day of crude oil in 1997, its best performance since 1977. Taking advantage of the weakness in the pricing of low gravity crude oil, the refinery processed over 8,100 barrels a day of heavy Canadian asphaltic crude, an increase of more than 15 percent over recent years. Continued reliable operations, stable margins, and strong light products and asphalt demand supported the increased throughputs.

Murphy's upper-midwestern distribution and marketing system covers a six-state area. The distribution system includes 21 light products terminals, two of which are wholly owned by Murphy. This system supplies gasoline to 239 owned and SPUR(R) branded wholesale stations, a net addition of 31 stations for the year.

In 1997, a record 1.68 million barrels of asphalt were sold through three Murphy-owned terminals in the Upper Midwest. Fuel oil and marine diesel fuel were sold directly into the active Superior/Duluth marine fueling market.

[GRAPH - MERAUX REFINERY--HEAVIER CRUDE OIL PROCESSED]

[GRAPH - MERAUX REFINERY--HIGHER SULFUR CRUDE OIL PROCESSED]

Murphy's Meraux refinery posted record throughputs in 1997.

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REFINING, MARKETING AND TRANSPORTATION: UNITED KINGDOM  
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Murphy's U.K. downstream operations earned \$9.2 million in 1997, a 48-percent increase over 1996, largely due to improved margins in retail marketing.

By cutting expenses, closing nonviable service stations, upgrading remaining outlets and expanding into commercial fuels, the Company's marketing system has become one of the most competitive in the U.K. It consistently earned profits during the fierce retail price wars of the past two years, and its recently developed wide-ranging strategic program strives to ensure that Murphy will retain its position as a strong competitor.

Murphy has an effective 30-percent interest in the jointly owned Milford Haven refinery in Wales. Refined products are transported by rail to the Company's three cost-effective distribution terminals. The Company also receives products by exchange at seven terminals owned by others.

The refinery continued its reliable operation of past years. A new high-pressure distillate hydrotreating unit, commissioned in 1996, now enables the refinery to produce cleaner-burning diesel fuel with a sulfur content of less than 50 parts per million. The refinery processed a daily average of 26,706 barrels of crude oil for the Company's account. The refinery's crude runs were reduced from recent years, primarily due to a monthlong shutdown for planned maintenance.

The Company's retail marketing system in the U.K. includes 396 MURCO branded stations.

[THREE PHOTOGRAPHS APPEAR ON THIS PAGE]

[UNITED KINGDOM MAP]

A high-pressure distillate hydrotreating unit at the jointly owned Milford Haven refinery enables the facility to produce cleaner-burning diesel fuel with a sulfur content of less than 50 parts per million.

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REFINING, MARKETING AND TRANSPORTATION: CANADA  
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Murphy's five crude oil pipeline systems in western Canada include two that supply Canadian crude oil to pipelines at the U.S. border. The Murphy-operated Manito (52.5%) and Cactus Lake (13.1%) pipelines increased throughputs by 25 percent and 21 percent, respectively, over 1996, while the North-Sask pipeline (36.1%), completed in 1996, exceeded expectations by delivering an average of 15,600 barrels a day into the Manito system.

As previously mentioned, both the Manito and Cactus Lake pipelines were expanded in 1996 and 1997 to meet the increasing demands for reliable and economic transportation in western Saskatchewan and eastern Alberta. These successes were counterbalanced, however, by nearly corresponding throughput reductions on the U.S.-connected Wascana pipeline (100%), which was exposed to significant new outside competition from third-party pipelines that commenced operations in 1997.

The Company also operates a fleet of crude oil and natural gas liquid haulers in Canada. The 70-unit SPUR(R) trucking fleet transported over 48,000 barrels a day in 1997, and earnings from the trucking operations improved by 30 percent due to increased utilization.

Overall Canadian downstream operations earned \$6.2 million in 1997, essentially flat with 1996.

[TWO PHOTOGRAPHS APPEAR ON THIS PAGE]

In all its operations around the globe, Murphy Oil accepts its responsibility for environmental stewardship, employee safety and training, emergency preparedness and community involvement.

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CORPORATE RESPONSIBILITY  
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The Company's record of responsible corporate citizenship is a tribute to the hard work, dedication and expertise of its employees and to clear, resolute and unyielding management practices that emphasize continuous improvement, establish high standards and encourage employees throughout the Murphy enterprise to pursue excellence in all facets of their work. The Company has a comprehensive set of standard operating procedures, a proven system of internal controls and a published code of conduct for employees and monitors compliance to environmental, safety, ethical and security policies using internal audit procedures.

ENVIRONMENTAL PROTECTION AND PERFORMANCE

Since 1990, Murphy has invested more than \$200 million in environmental improvement projects. These projects include an upgrade in equipment and the construction of a state-of-the-art waste water treatment plant at the Superior, Wisconsin refinery; a new distillate desulfurizer along with facilities for the production of reformulated gasoline at the Meraux, Louisiana refinery; and the construction of a distillate desulfurizer at the Milford Haven refinery in Wales. In Canada, a voluntary program of running corrosion survey tools on Company-operated pipelines to monitor line integrity enables Murphy to make repairs before a problem occurs.

Murphy's investments have produced results. The Superior refinery's waste water treatment plant effluent is, for most parameters, better than Wisconsin's standards for drinking water quality. In the U.K., Milford Haven produces cleaner-burning diesel fuel with a sulfur content of less than 50 parts per million, more than 90 percent below mandated limits. Overall, Murphy has reduced air emissions from its refineries by 40 percent in the past eight years.

Murphy's exploration and production operations have adopted cutting-edge, environmental and safety management policies and procedures that ensure the efficient production of oil and gas while also achieving high levels of compliance with all applicable government regulations. In the Gulf of Mexico, upstream operations have a 99 percent or better compliance record for meeting required aqueous discharge levels. As part of Murphy's dedication to continue conscientious environmental and safety practices, the Company is participating in a voluntary endeavor developed in conjunction with the Minerals Management Service to implement a Safety and Environmental Management Program. This program promotes management, training, design, construction, operating and maintenance initiatives intended to maximize environmental protection and worker safety.

The Company's proactive approach to environmental stewardship is also evident in its voluntary reclamation activities on U.S. onshore producing properties and in its active participation in surface reclamation of well sites, roadways and other facility sites as part of the ongoing Lloydminster Abandonment Program in western Canada.

[PHOTOGRAPH APPEARS HERE]

EMPLOYEE SAFETY AND TRAINING

Each year, Murphy provides nearly 30,000 hours of training worldwide for safety and emergency response programs. In addition, the Company offers a myriad of professional development and personal enrichment classes to employees.

International, national and industry organizations, including the National Petroleum Refiner's Association, the National Safety Council, the Gas Oil Pipeline Safety Council, the Canadian OSHA and the Gas Processors Safety Council have recognized Murphy's achievements with awards and commendations. Those achievements include seven consecutive years without a lost-time injury in Murphy's terminal operations. Murphy's exploration and production lost-time accident incidence rate averaged 0.71 per 200,000 manhours worked over the last eight years, well below industry norms. In addition, at the request of the Federal Emergency Management Agency, Murphy's well-regarded emergency response teams participated in a very successful disaster drill at the Meraux refinery.

COMMUNITY INVOLVEMENT

Murphy's employees and its management team are equal partners in efforts to contribute positively to the communities in which Murphy's facilities are located. Murphy and its employees are major contributors to the United Way, and Murphy is recognized as a pacesetter company in each community where operations are conducted. Employees volunteer countless hours in numerous educational, civic and charitable endeavors

including school boards, chambers of commerce, youth sports, girl and boy scouts, mentoring, battered women's shelters, senior citizens' centers, the American Red Cross and the American Cancer Society. In 1997, Murphy initiated a Community Spirit Award, presented by President and CEO Claiborne Deming at an annual awards dinner, to recognize outstanding volunteer efforts on the part of Murphy employees and local citizens.

Murphy is also a leader in efforts to reward and encourage academic excellence. The Company recently donated \$50,000 toward the purchase of new equipment for two science labs at the University of Wisconsin-Superior. The Murphy Education Program is an innovative incentive program in El Dorado, Arkansas, site of the Company's headquarters. The program awards financial stipends to high school students demonstrating outstanding academic achievement in Advanced Placement courses, SAT and ACT standardized testing and the National Merit Scholarship program. The Company also sponsors scholarship programs in Alberta and Louisiana.

[PHOTOGRAPH APPEARS HERE]

[GRAPH - SAFETY PERFORMANCE]

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SUMMARY OF PHOTOGRAPHS--Murphy's staff of over 1,300 employees has worked hard to make 1997 a successful and productive year. They are a team of trained, conscientious professionals who take pride in their work--helping to meet the increasing world demand for petroleum products safely, efficiently and in an environmentally responsible manner. Members of the Murphy team and various Murphy facilities are featured in photographs throughout our annual report. Below is a summary of the photographs and the people and facilities they highlight. The key below assigns a number to each Murphy unit. Where employees are referenced, the number corresponding to their unit follows their title. Photographs are listed top to bottom and names are listed left to right.

Front Cover: \*Hibernia platform

\*Superior refinery

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Contents: \*West Cameron Block 631 platform

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Page 4: \*Hibernia platform

\*Claiborne P. Deming,  
President and Chief Executive Officer (1)

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Page 6: \*Claiborne P. Deming,  
President and Chief Executive Officer (1)

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Page 7: \*Meraux refinery

\*Amanda E. Reagor, Supervisor, Blending/Laboratory (5) and  
Pat Dean, Environmental Chemist (5)

\*Bill H. Stobaugh, Vice President (1) and  
Mindy West, Planning Analyst (1)

\*George M. Shirley, General Manager, Negotiations & New Business  
Development (3),  
Maite B. Vail, Analyst (3),  
David M. Wood, Vice President, Frontier Exploration and  
Production (3),  
Robert F. Sawyer, Manager, Far East Exploration (3),  
Randall H. Skiff, Manager, South American Exploration (3) and  
Ralph M. DePauw, Manager, Frontier Operations (3)

\*West Cameron Block 631 platform  
S. J. "Vay" Carboni Jr., Vice President,  
Production - Domestic Operations (3) and  
Sherrod A. Wilder, Gauger (3)

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Page 8: \*West Cameron Block 631 platform  
Sherrod A. Wilder, Gauger (3)

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Page 10: \*Enoch L. Dawkins, President (3) and  
Woods W. Allen Jr., Executive Vice President, United Kingdom  
Exploration and Production and New Basin Analysis (3)

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Page 11: \*Syncrude facility

\*Schiehallion oil storage and offloading vessel

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Page 12: \*West Cameron Block 631 platform

\*James R. Murphy, Vice President, Geophysics (3),  
Larry Boudreau, Manager, Gulf of Mexico Exploration (3) and  
John C. Higgins, Vice President, U.S. Exploration (3)

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Page 14: \*Hibernia platform

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Page 15: \*Canadian heavy oil wells

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Page 16: \*Syncrude workers

\*Harvey Doerr, President (4)

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Page 17: \*Mungo/Monan jacket (top and bottom)

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Page 19: \*Block 16, Ecuador production facilities

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Page 20: \*Superior refinery  
\*King Sanchez, Operator, Area IV (5) and  
Brian Nunez, Operator, Area IV (5)  
-----  
Page 22: \*Milford Haven, Wales refinery  
\*Charles A. Ganus, Vice President, Marketing (2),  
Herbert A. "Herb" Fox Jr., Vice President (1), President (2) and  
Frederec C. "Fred" Green, Vice President, Manufacturing and  
Crude Oil Supply (2)  
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Page 23: \*Murphy USA(R) station, Stockbridge, Georgia  
Belinda Silvera, Store Manager (2) and  
Michelle Jones, District Manager-Retail (2)  
-----  
Page 24: \*Murphy USA(R) station, Muscle Shoals, Alabama  
-----  
Page 25: \*Liz Lundmark, Oil Movements Superintendent (6) and  
Jerald Swanson, Assistant Pumper, Oil Movements (6)  
\*Dave Podratz, Manager, Technical Services (5) and  
Sherwood J. Breaux, Refinery Manager (5)  
-----  
Page 26: \*Mike Hulse, President (7)  
\*Cas Francis, Stations Specialist, MURCO  
service station, Milton Keynes, England (7)  
\*Milford Haven, Wales refinery  
-----  
Page 27: \*Manito pipeline construction, Canada  
\*Canadian crude oil hauler  
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Page 28: \*Rescue training at Superior refinery  
-----  
Page 29: \*Claiborne P. Deming,  
President and Chief Executive Officer (1) and  
Leoncio "Chris" Roussel, citizen  
winner of the Community Spirit Award  
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Page 61: \*Board of Directors  
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Back Cover: \*Hibernia platform  
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Key to Murphy Units: (1) Murphy Oil Corporation; (2) Murphy Oil USA, Inc; (3)  
Murphy Exploration & Production Company; (4) Murphy Oil Company Ltd.; (5) Meraux  
refinery, Murphy Oil USA, Inc; (6) Superior refinery, Murphy Oil USA, Inc.; (7)  
Murphy Eastern Oil Company

FINANCIAL REVIEW

SELECTED FINANCIAL INFORMATION

(Thousands of dollars except per share data)	1997	1996	1995	1994	1993
<b>RESULTS OF OPERATIONS FOR THE YEAR/1/</b>					
Sales and other operating revenues	\$2,132,252	2,008,450	1,612,500	1,580,962	1,556,281
Net cash provided by continuing operations	401,843	472,480	309,878	312,251	347,731
Income (loss) from continuing operations	132,406	125,956	(127,919)	89,347	73,453
Income (loss) before cumulative effect of changes in accounting principles	132,406	137,855	(118,612)	106,628	86,798
Net income (loss)	132,406	137,855	(118,612)	106,628	102,136
Per Common share - diluted					
Income (loss) from continuing operations	2.94	2.80	(2.85)	1.99	1.64
Income (loss) before cumulative effect of changes in accounting principles	2.94	3.07	(2.65)	2.38	1.94
Net income (loss)	2.94	3.07	(2.65)	2.38	2.28
Cash dividends per Common share	1.35	1.30	1.30	1.30	1.25
Percentage return on					
Average stockholders' equity	12.7	12.2	(9.3)	8.6	8.4
Average borrowed and invested capital	10.4	10.4	(7.9)	8.0	8.4
Average total assets	6.0	6.2	(5.2)	4.8	5.1
<b>CAPITAL EXPENDITURES FOR THE YEAR</b>					
Exploration and production	\$ 423,181	373,984	231,718	286,348	520,086
Refining, marketing and transportation	37,483	42,880	53,602	94,697	86,885
Corporate	7,367	1,192	1,831	4,876	4,034
	\$ 468,031	418,056	287,151	385,921	611,005
<b>FINANCIAL CONDITION AT YEAR-END</b>					
Current ratio	1.10	1.10	1.22	1.14	1.27
Working capital	\$ 48,333	56,128	87,388	61,750	109,666
Net property	1,655,838	1,556,830	1,377,455	1,558,716	1,402,448
Total assets	2,238,319	2,243,786	2,098,466	2,297,459	2,156,272
Long-term obligations	205,853	201,828	193,146	172,289	109,164
Stockholders' equity	1,079,351	1,027,478/2/1,	1,011,455	1,270,679	1,222,350
Per share	24.04	22.90	24.56	28.34	27.28
Long-term obligations - percent of capital employed	16.0	16.4	14.9	11.9	8.2

/1/ Includes effects on income of special items in 1997, 1996 and 1995 that are detailed in Management's Discussion and Analysis, page 31. Also, special items in 1994 and 1993 resulted in increases to net income of \$20,236, \$.45 a diluted share, and \$10,367, \$.23 a diluted share, respectively.

/2/ Reflects \$172,561 charge for distribution of common stock of Deltic Timber Corporation to stockholders.

[GRAPH - INCOME FROM CONTINUING OPERATIONS BY FUNCTION]

[GRAPH - CASH FLOW FROM CONTINUING OPERATIONS BY FUNCTION]

[GRAPH - CAPITAL EXPENDITURES BY FUNCTION]

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Consolidated net income for 1997 was \$132.4 million, \$2.94 a diluted share, compared to net income in 1996 of \$137.9 million, \$3.07 a diluted share. In 1995, the Company lost \$118.6 million, \$2.65 a diluted share. Results of operations for the three years ended December 31, 1997 included certain special items that resulted in a net gain of \$.1 million, a nil per share effect, in 1997; a net gain of \$22.2 million, \$.49 a diluted share, in 1996; and a net charge of \$152 million, \$3.39 a diluted share, in 1995. The 1995 special items included an after-tax charge of \$168.4 million, \$3.75 a diluted share, from a write-down of assets determined to be impaired under Statement of Financial Accounting Standards (SFAS) No. 121. In addition, net income for 1996 and 1995 included earnings from discontinued operations of \$11.9 million, \$.27 a diluted share, and \$9.3 million, \$.20 a diluted share, respectively. Such amounts were attributable to the activities of the Company's farm, timber and real estate subsidiary, which was spun off to the Company's shareholders on December 31, 1996, as described in Note B to the consolidated financial statements.

1997 versus 1996 -- Excluding special items, income from continuing operations totaled \$132.3 million, \$2.94 a diluted share, in 1997, a Company record. The results for 1997 represented a \$28.5 million improvement compared to income from continuing operations in 1996, which totaled \$103.8 million, \$2.31 a diluted share. Earnings from the Company's exploration and production operations declined \$16.8 million in 1997, primarily due to higher exploration costs. Increases in crude oil production and natural gas sales led to record hydrocarbon production in 1997 of 102,272 barrels a day on an energy equivalent basis. However, lower worldwide crude oil sales prices nearly offset the benefit of higher production volumes. Income from the Company's refining, marketing and transportation segment was \$56.7 million in 1997, up \$42.6 million from 1996. The improvement occurred primarily in the U.S., where the effects of lower costs for crude oil and other feedstocks greatly exceeded the decline in sales realizations for the Company's finished products. The Company's Meraux refinery continued a trend of processing a lower gravity, higher sulfur crude oil in 1997, and operating results benefited from a favorable cost differential for this crude oil compared to lighter and sweeter crudes. An improved onstream rate also helped the Company's U.S. refineries achieve a record level of crude oil throughputs. Sales of finished products in the U.S. also were at record levels during 1997. The cost of corporate activities, which includes interest income and expense and corporate overhead not allocated to operating functions, decreased \$2.7 million in 1997 compared to 1996, primarily due to lower costs of awards under the Company's incentive plans.

1996 versus 1995 -- Income from continuing operations before special items totaled \$103.8 million in 1996, \$2.31 a diluted share, an increase of \$79.7 million from the \$24.1 million, \$.54 a diluted share, generated in 1995. The favorable results were primarily attributable to a \$72.3 million improvement in earnings from the Company's exploration and production operations. This improvement was caused by a significant increase in the average sales price for U.S. natural gas and higher worldwide crude oil sales prices. The Company's earnings from refining, marketing and transportation operations were up \$12.1 million in 1996, with the improvement being primarily a result of crude oil swap agreements in the U.S. The cost of corporate activities increased \$4.7 million in 1996 due to higher costs of awards under the Company's incentive plans.

In the following table, the Company's results of operations for the three years ended December 31, 1997 are presented by segment. Special items, which can obscure underlying trends of operating results and affect comparability between years, are set out separately. A more detailed review of operating results for the Company's exploration and production and refining, marketing and transportation segments follows the table.

(Millions of dollars)	1997	1996	1995
Exploration and production			
United States	\$ 56.5	50.4	4.8
Canada	18.8	27.6	21.7
United Kingdom	13.1	14.7	6.4
Ecuador	12.9	13.8	2.7
Other international	(16.3)	(4.7)	(6.1)
	85.0	101.8	29.5
Refining, marketing and transportation			
United States	41.3	1.8	(3.8)
United Kingdom	9.2	6.2	.3
Canada	6.2	6.1	5.5
	56.7	14.1	2.0
Corporate	(9.4)	(12.1)	(7.4)
Income from continuing operations before special items	132.3	103.8	24.1
Gain on sale of producing properties	11.5	17.7	-
Impairment of long-lived assets	(16.2)	-	(168.4)
Refund and settlement of income tax matters	3.2	5.1	13.6
Net recovery (loss) pertaining to 1996 modifications of foreign crude oil contracts	1.6	(.6)	-
Provision for reduction-in-force	-	-	(4.2)
Adjustment of estimates for self-insured liabilities	-	-	7.0
Income (loss) from continuing operations	132.4	126.0	(127.9)
Income from discontinued farm, timber and real estate operations	-	14.0	9.3



Costs of spin-off transaction	-	(2.1)	-
Net income (loss)	\$132.4	137.9	(118.6)

Exploration and Production -- Earnings from exploration and production operations before special items were \$85 million in 1997, \$101.8 million in 1996 and \$29.5 million in 1995. A \$24.6 million increase in exploration costs, primarily in the U.S. Gulf of Mexico and Bohai Bay, China, accounted for the decline in 1997. While crude oil and liquids production increased eight percent and natural gas sales increased 22 percent in 1997, these favorable production volumes were mostly offset by a 13-percent decline in the average worldwide crude oil sales price. The improvement in 1996 earnings was due to a 59-percent increase in the average sales price for U.S. natural gas and a 21-percent increase in the average worldwide crude oil sales price. A seven-percent reduction in crude oil and liquids production and a 12-percent decline in natural gas sales volumes provided partial offsets.

The results of operations for oil and gas producing activities for each of the last three years are shown by major operating area on pages 56 and 57. Daily production rates and weighted average sales prices are shown on page 59. A summary of oil and gas revenues is presented in the following table.

(Millions of dollars)	1997	1996	1995
United States			
Crude oil	\$ 74.9	86.1	82.2
Natural gas	196.7	147.1	112.8
Canada			
Crude oil	71.6	81.6	68.3
Natural gas	22.1	17.3	14.5
Synthetic oil	67.9	63.3	55.7
United Kingdom			
Crude oil	95.3	102.1	92.6
Natural gas	12.2	14.4	9.8
Ecuador -- crude oil	34.7	35.0	25.9
Other	-	7.8	11.3
<b>Total</b>	<b>\$575.4</b>	<b>554.7</b>	<b>473.1</b>

The Company's crude oil and gas liquids production averaged 57,494 barrels a day in 1997, 53,210 in 1996 and 57,015 in 1995. Crude oil and liquids production in the U.S. declined eight percent in 1997, with the reduction primarily due to the sale of onshore producing properties effective July 1, 1996. In 1996, production was down 15 percent from 1995, again due to the sale of onshore producing properties in mid-1996. Canadian production rose 12 percent in the current year compared to a two-percent decline in 1996. Production of heavy oil in Canada increased 19 percent in 1997 following a nine-percent increase in 1996. The Company's net interest in production of synthetic crude oil in Canada increased 14 percent in 1997, after declining eight percent in 1996. The increase in net synthetic oil production in 1997 was due to a three-percent increase in gross production and a decrease in the net profits royalty rate as a result of lower crude oil prices during the year. The decrease in net production in 1996 was due to a higher net profits royalty rate caused by higher oil prices. Before royalties, the Company's synthetic crude oil production was 10,371 barrels a day in 1997, 10,036 in 1996 and 10,118 in 1995. The first oil production from the Company's Hibernia field offshore Newfoundland commenced in the fourth quarter of 1997 and was averaging 3,800 barrels a day at year-end. The Company's U.K. oil production increased five percent in 1997 compared to a 12-percent decline in 1996. Oil production from the Thelma field in the North Sea began in late 1996 and contributed to an 11-percent increase in "T" Block production in 1997. Oil production at "T" Block was down 14 percent in 1996 as production from initial fields began to decline. Production from Ninian, the Company's other major oil-producing North Sea field, declined three percent in 1997 after having declined 12 percent in 1996. Production in Ecuador increased 30 percent in 1997 following a 14-percent increase in 1996; both increases resulted from new fields being placed on stream throughout 1996.

Worldwide sales of natural gas averaged 268.7 million cubic feet a day in 1997, 220.6 million in 1996 and 251.7 million in 1995. Sales of natural gas in the U.S. increased 36 percent in 1997 as new production came on stream from Gulf of Mexico fields discovered in recent years. An 18-percent decline in U.S. natural gas sales in 1996 was due to reduced deliverability in certain of the Company's maturing Gulf of Mexico fields and to the sale of onshore properties in mid-1996. Natural gas sales in Canada in 1997 were at record levels for the second straight year, as sales increased four percent in 1997 following a five-percent increase in 1996. Natural gas sales in the U.K. were down 17 percent in 1997 following a 43-percent increase in 1996. Production of natural gas in Spain ceased at the end of 1996, after decreasing 33 percent from the previous year.

[GRAPH - RANGE OF U.S. CRUDE OIL SALES PRICES]

As previously indicated, worldwide crude oil sales prices weakened during 1997 after strengthening during 1996. In the U.S., Murphy's 1997 average monthly sales prices for crude oil and condensate ranged from \$17.23 a barrel to \$24.61 a barrel, and averaged \$19.43 for the year, four percent below the average 1996 price. In Canada, the average sales price for light oil was \$17.74 a barrel in 1997, a decline of 11 percent. Heavy oil prices averaged \$10.76 a barrel, down 25 percent from 1996. The average sales price for synthetic crude oil in 1997 was \$19.92, off six percent from a year earlier. The sales price for crude oil from the Hibernia field, which came on stream in the fourth quarter of 1997, averaged \$15.15 a barrel. U.K. sales prices were down 10 percent in 1997 and averaged \$18.89 a barrel. Sales prices in Ecuador averaged \$12.17 a barrel in 1997, down 24 percent compared to a year ago. U.S. oil prices increased 22 percent in 1996 compared to 1995 and averaged \$20.31 for the year. In Canada, crude oil prices in 1996 were up 21 percent for light oil, 18 percent for heavy oil and 23 percent for synthetic oil. Sales prices in the U.K. were up 24 percent in 1996, and prices in Ecuador were up 22 percent. Worldwide crude oil prices began to decline in the fourth quarter of 1997, and the downward trend continued into the first quarter of 1998.

Average monthly natural gas sales prices in the U.S. ranged from \$1.82 an MCF to \$3.85 during 1997. For the year, U.S. sales prices averaged \$2.57 an MCF compared to \$2.60 a

[GRAPH - RANGE OF U.S. NATURAL GAS SALES PRICES]

year ago. The average price for natural gas sold in Canada during 1997 increased 23 percent to \$1.35 an MCF, while prices in the U.K. increased three percent to \$2.65. Average U.S. natural gas sales prices were up 59 percent in 1996, and prices were up in Canada and the U.K. by 13 percent and two percent, respectively, during the same period.

Based on 1997 volumes and deducting taxes at marginal rates, each \$1 a barrel and \$.10 an MCF fluctuation in prices would have affected annual exploration and production earnings by \$11.6 million and \$6.2 million, respectively. The effect of these price fluctuations on consolidated net income cannot be measured because operating results of the Company's refining, marketing and transportation segment could be affected differently.

Production costs were \$164.8 million in 1997, \$160.5 million in 1996 and \$167.5 million in 1995. These amounts are shown by major operating area on pages 56 and 57. Costs per equivalent barrel of production during the last three years were as follows.

(Dollars per equivalent barrel)	1997	1996	1995
United States	\$ 2.59	3.31	3.24
Canada			
Excluding synthetic oil	4.63	3.95	3.55
Synthetic oil	11.32	12.72	12.17
United Kingdom	5.58	6.00	5.88
Ecuador	3.87	4.96	6.01
Worldwide--excluding synthetic oil	3.72	4.09	3.90

The decrease in the U.S. cost per equivalent barrel in 1997 was attributable to the sale of high-cost onshore producing properties in mid-1996. The 1997 increase in Canada, excluding synthetic oil, was due to an increase in heavy oil production compared to light oil and to higher costs associated with an expansion of heavy oil thermal recovery projects. The decrease in the cost per equivalent barrel for Canadian synthetic oil in 1997 was due to higher gross production volumes and a decrease in royalty barrels caused by lower sales prices. Based on synthetic oil production before royalties, per-barrel cost declined two percent in 1997. A lower per-barrel cost in the U.K. in 1997 was due to a favorable impact from higher production at "T" Block. Higher per-barrel costs in the U.S. and the U.K. in 1996 were attributable to lower production volumes. The 1996 increase in Canada, excluding synthetic oil, was due to production mix, with light oil declining and heavy oil increasing. The increase in cost for synthetic oil in 1996 was due to lower net production volumes resulting from the increase in royalty barrels. Costs in Ecuador decreased each year due to higher production volumes.

Exploration expenses for each of the last three years are shown in total in the following table, and amounts are reported by major operating area on pages 56 and 57. Certain of the expenses are included in the capital expenditure totals for exploration and production activities.

(Millions of dollars)	1997	1996	1995
Included in capital expenditures			
Dry hole costs	\$48.3	28.5	30.9
Geological and geophysical costs	26.4	24.1	16.2
Other costs	9.6	7.9	8.0
	84.3	60.5	55.1
Undeveloped lease amortization	10.5	9.7	10.7
Total	\$94.8	70.2	65.8

Depreciation, depletion and amortization for exploration and production operations totaled \$172.4 million in 1997, \$147.6 million in 1996 and \$182.7 million in 1995. The increase in 1997 was primarily due to higher worldwide hydrocarbon production, while the decrease in 1996 was partially due to lower production volumes. In addition, a write-down of assets under SFAS No. 121 during the fourth quarter of 1995 resulted in a reduction in depreciation, depletion and amortization in 1996 of \$12.9 million (\$10.5 million after tax).

[GRAPH - WORLDWIDE EXTRACTION COSTS]

[GRAPH - EXPLORATION EXPENSES]

Refining, Marketing and Transportation -- Earnings from refining, marketing and transportation operations before special items were \$56.7 million in 1997, \$14.1 million in 1996 and \$2 million in 1995. Operations in the U.S. earned \$41.3 million in 1997 compared to income of \$1.8 million in 1996, as crude oil and other refinery feedstock costs declined more than average product realizations. Operations in the U.S. lost \$3.8 million in 1995. Crude oil swap agreements increased earnings by \$5 million in 1997 and \$9.2 million in 1996, but reduced earnings in 1995 by

\$3.9 million. Operations in the U.K. earned \$9.2 million in 1997, \$6.2 million in 1996 and \$.3 million in 1995. The improvement in the U.K. in 1997 was also caused by a larger decline for refining feedstock costs than for sales prices of finished products. Asset writedowns taken in 1995 under SFAS No. 121 resulted in a reduction in depreciation, depletion and amortization of \$4.6 million (\$3.1 million after tax) in 1996. Canadian operations contributed \$6.2 million to 1997 earnings compared to \$6.1 million in 1996 and \$5.5 million in 1995.

Unit margins (sales realizations less costs of crude, other feedstocks, refining and transportation to point of sale) averaged \$1.57 a barrel in the U.S. in 1997, \$.25 in 1996 and \$.46 in 1995. U.S. product sales were up 12 percent in 1997 following a four-percent increase in 1996. Margins in the U.S. were much improved during most of 1997 after being under pressure throughout 1996. Declines in the average costs of crude oil and other feedstocks more than offset a reduction in average sales realizations until late 1997, when unit margins experienced a substantial retreat from the mid-year highs. In 1996, the U.S. margin was down 46 percent compared to 1995.

Unit margins in the U.K. averaged \$2.90 a barrel in 1997, \$2.08 in 1996 and \$2.26 in 1995. Sales of petroleum products were down 14 percent in 1997 following an eight-percent increase in 1996. Sales through Company-owned and third-party terminals increased in 1997, but were more than offset by lower cargo sales caused by a planned turnaround early in the year. The increase in product sales in 1996 was due to higher cargo sales. Although margins increased in 1997, the Company's branded outlets still face stiff competition from supermarket sales of motor fuels.

Based on sales volumes for 1997 and deducting taxes at marginal rates, each \$.42 a barrel (\$.01 a gallon) fluctuation in unit margins would have affected annual refining and marketing profits by \$17.7 million. The effect of these unit margin fluctuations on consolidated net income cannot be measured because operating results of the Company's exploration and production segment could be affected differently.

Income from purchasing, transporting and reselling crude oil in Canada in 1997 was virtually unchanged as higher pipeline throughputs and better margins on crude oil trucking operations were offset by lower crude trading margins. The improvement in earnings in 1996 compared to 1995 was due to increases in crude trading volumes and margins and higher pipeline throughputs.

Special Items -- Net income for the last three years included the special items reviewed below; the quarter in which each item occurred is indicated. Certain other quarterly information is presented on page 38.

- . Gain on sale of producing properties -- An after-tax gain of \$11.5 million was recorded in the fourth quarter of 1997 from sale of a Canadian heavy oil property, and a \$17.7 million gain was recorded in the third quarter of 1996 from sale of 48 onshore producing oil and gas properties in the U.S.
- . Impairment of long-lived assets -- After-tax provisions of \$3.3 million and \$12.9 million were recorded in the third and fourth quarters, respectively, of 1997, and \$168.4 million was recorded in the fourth quarter of 1995 for the write-down of assets determined to be impaired under provisions of SFAS No. 121 (see Note D to the consolidated financial statements).
- . Refund and settlement of income tax matters -- A gain of \$3.2 million for refund of U.K. income taxes was recorded in the third quarter of 1997. A gain of \$5.1 million for settlement of income tax matters in Canada was recorded in the fourth quarter of 1996. A gain of \$4.9 million for refund of U.S. taxes was included in the third quarter of 1995. Gains for settlement of income tax matters in 1995 included \$3.2 million and \$3.5 million in the third and fourth quarters, respectively, for the U.K., and \$2 million in the fourth quarter for Gabon.
- . Net recovery (loss) pertaining to 1996 modifications of foreign crude oil contracts -- A gain of \$1.6 million was recorded in the fourth quarter of 1997 for a partial recovery of a 1996 loss resulting from modification to a crude oil production contract in Ecuador. A net loss of \$.6 million was recorded in the fourth quarter of 1996 resulting from modifications to contracts related to crude oil production in Ecuador and Gabon (See Note O to the consolidated financial statements).
- . Provision for reduction-in-force -- An after-tax provision of \$4.2 million was recorded in the fourth quarter of 1995 for the cost of enhanced early retirement and severance programs.
- . Adjustment of estimates for self-insured liabilities -- An after-tax gain of \$7 million was recorded in the first quarter of 1995 from an adjustment of amounts previously reserved related to matters for which the Company is self-insured.

The income (loss) effects of special items for the three years ended December 31, 1997 are summarized by segment in the following table.

(Millions of dollars)	1997/1/	1996	1995/2/
Exploration and production			
United States	\$ (4.9)	17.7	(1.1)
Canada	.2	5.1	-
United Kingdom	3.2	-	(18.4)
Ecuador	1.6	(8.8)	(100.0)
Other international	-	8.2	(.6)
	.1	22.2	(120.1)
Refining, marketing and transportation			
United Kingdom	-	-	(35.6)

Corporate	-	-	3.7
-----			
Total	\$ .1	22.2	(152.0)
=====			

- /1/ Includes after-tax effect of asset write-down under SFAS No. 121 as follows: exploration and production--U.S., \$4.9; Canada, \$11.3.
- /2/ Includes after-tax effect of asset write-down under SFAS No. 121 as follows: exploration and production--U.S., \$6; U.K., \$24.2; Ecuador, \$100; other international, \$2.6; refining, marketing and transportation--U.K., \$35.6.

Capital Expenditures

As shown in the selected financial information on page 30, capital expenditures were \$468 million in 1997 compared to \$418.1 million in 1996 and \$287.2 million in 1995. These amounts included \$84.3 million, \$60.5 million and \$55.1 million of exploration expenditures that were expensed.

Capital expenditures for exploration and production activities totaled \$423.2 million in 1997, 90 percent of the Company's total capital expenditures for the year. Exploration and production capital expenditures in 1997 included \$26.6 million for acquisition of undeveloped leases, \$22.2 million for acquisition of proved oil and gas properties, \$135.3 million for exploration activities and \$239.1 million for development projects. Development expenditures included \$47.5 million for the Hibernia and Terra Nova oil fields, offshore Newfoundland; \$31.3 million and \$26 million for the Schiehallion and Mungo/Monan fields, respectively, offshore U.K.; and \$10.4 million for oil fields in Ecuador. Exploration and production capital expenditures are shown by major operating area on pages 56 and 57. Amounts shown under "Other" in 1997 included \$18.3 million for exploration costs in China, including costs to evaluate a 1996 oil discovery on Block 04/36 in Bohai Bay. Exploration costs totaling \$15.1 million have been capitalized for Block 04/36 at year-end 1997 pending further evaluation expected to occur in 1998.

Refining, marketing and transportation expenditures, detailed in the following table, were \$37.5 million in 1997, or eight percent of total capital expenditures, compared to \$42.9 million in 1996 and \$53.6 million in 1995.

(Millions of dollars)	1997	1996	1995
<b>Refining</b>			
United States	\$12.5	13.2	22.9
United Kingdom	1.5	12.2	17.9
<b>Total refining</b>	<b>14.0</b>	<b>25.4</b>	<b>40.8</b>
<b>Marketing</b>			
United States	14.1	7.5	4.6
United Kingdom	2.2	1.3	4.6
<b>Total marketing</b>	<b>16.3</b>	<b>8.8</b>	<b>9.2</b>
<b>Transportation</b>			
United States	2.6	.3	.1
Canada	4.6	8.4	3.5
<b>Total transportation</b>	<b>7.2</b>	<b>8.7</b>	<b>3.6</b>
<b>Total</b>	<b>\$37.5</b>	<b>42.9</b>	<b>53.6</b>

Refining expenditures in the U.S. were primarily for capital projects necessary to keep the refineries operating efficiently and within industry standards. Marketing expenditures included the costs of new stations, primarily on land leased in the U.S. from Wal-Mart Stores, Inc., and improvements and normal replacements at existing stations and terminals.

[GRAPH - CAPITAL EXPENDITURES--EXPLORATION AND PRODUCTION]

[GRAPH - CAPITAL EXPENDITURES--REFINING, MARKETING AND TRANSPORTATION]

#### Cash Flows

Cash provided by continuing operations was \$401.8 million in 1997, \$472.5 million in 1996 and \$309.9 million in 1995. Special items increased cash flow from operations by \$3.8 million in 1997 and \$14.7 million in 1995, but reduced cash by \$12.8 million in 1996. Changes in operating working capital other than cash and cash equivalents required cash of \$72.4 million in 1997, provided cash of \$77.1 million in 1996 and required cash of \$36.6 million in 1995. Cash provided by continuing operations was further reduced by expenditures for refinery turnarounds and abandonment of oil and gas properties totaling \$14.4 million in 1997, \$10.8 million in 1996 and \$13.8 million in 1995.

Cash proceeds from property sales were \$43.8 million in 1997, \$55.5 million in 1996 and \$8.3 million in 1995. Additional borrowings under nonrecourse debt arrangements provided \$6.4 million of cash in 1997, \$23.1 million in 1996 and \$59.5 million in 1995. Other borrowings also provided \$9.7 million of cash in 1997.

Capital expenditures required \$468 million of cash in 1997, \$418.1 million in 1996 and \$287.2 million in 1995. Other significant cash outlays during the three years included \$17.3 million in 1997, \$11.4 million in 1996 and \$35.6 million in 1995 for debt repayment. Cash used for dividends to stockholders was \$60.6 million in 1997 and \$58.3 million in both 1996 and 1995.

#### Financial Condition

Year-end working capital totaled \$48.3 million in 1997, \$56.1 million in 1996 and \$87.4 million in 1995. The current level of working capital does not fully reflect the Company's liquidity position, as the relatively low historical costs assigned to inventories under LIFO accounting were \$76 million below current costs at December 31, 1997. Cash and equivalents at the end of 1997 totaled \$24.3 million compared to \$109.7 million a year ago and \$60.9 million at year-end 1995.

Long-term obligations increased \$4.1 million during 1997 to \$205.9 million at year-end, 16 percent of total capital employed, and included \$177.5 million of nonrecourse debt incurred in connection with the acquisition and development of proved properties. Long-term obligations totaled \$201.8 million at the end of 1996 compared to \$193.1 million at year-end 1995. Stockholders' equity was \$1.1 billion at the end of 1997 compared to \$1 billion a year ago and \$1.1 billion at the end of 1995. The decrease in 1996 was caused by the spin-off of the Company's farm, timber and real estate subsidiary to stockholders at year-end. A summary of transactions in the equity accounts is presented on page 43.

The primary sources of the Company's liquidity are internally generated funds, access to outside financing and working capital. The Company relies on internally generated funds to finance the major portion of its capital and other expenditures, but maintains lines of credit with banks and borrows as necessary to meet spending requirements. Current financing



arrangements are set forth in Note E to the consolidated financial statements. The Company does not anticipate any problem in meeting future requirements for funds.

The Company had commitments of \$228 million for capital projects in progress at December 31, 1997, including \$89 million related to a one-third interest in a five-year contract for a semisubmersible drilling rig capable of drilling in 6,000 feet of water. Delivery of the rig is scheduled for 1999.

#### Environmental

The Company's worldwide operations are subject to numerous laws and regulations intended to protect the environment and/or impose remedial obligations. In addition, the Company is involved in personal injury and property damage claims, allegedly caused by exposure to or by the release or disposal of materials manufactured or used in the Company's operations. The Company operates or has previously operated certain sites or facilities, including refineries, oil and gas fields, service stations, and terminals, for which known or potential obligations for environmental remediation exist.

Under the Company's accounting policies, liabilities for environmental obligations are recorded when such obligations are probable and the cost can be reasonably estimated. If there is a range of reasonably estimated costs, the most likely amount will be recorded, or if no amount is most likely, the minimum of the range is used. Recorded liabilities are reviewed quarterly and adjusted as needed. Actual cash expenditures often occur one or more years after recognition of the liabilities.

The Company's reserve for remedial obligations, which is included in "Deferred Credits and Other Liabilities" in the Consolidated Balance Sheets, contains certain amounts that are based on anticipated regulatory approval for proposed remediation of former refinery waste sites. If regulatory authorities require more costly alternatives than the proposed processes, future expenditures could exceed the amount reserved by up to an estimated \$3 million.

The Company has received notices from the U.S. Environmental Protection Agency (EPA) that it is a Potentially Responsible Party (PRP) at seven Superfund sites and has been assigned responsibility by defendants at another Superfund site. The potential total cost to all parties to perform necessary remedial work at these sites may be substantial. Based on currently available information, the Company has reason to believe that it is no longer considered a PRP by the EPA at five of these sites and that it is a "de minimus" party as to ultimate responsibility at the other three sites. The Company does not expect that its related remedial costs will be material to its financial condition or its results of operations, and it has provided no reserve for remediation costs on Superfund sites. Additional information may become known in the future that would alter this assessment, including any requirement to bear a pro rata share of costs attributable to nonparticipating PRPs or indications of additional responsibility by the Company.

Although the Company is not aware of any environmental matters that might have a material effect on its financial condition, there is the possibility that additional expenditures could be required at currently unidentified sites, and new or revised regulatory requirements could necessitate additional expenditures at known sites. Such expenditures could materially affect the results of operations in a future period.

Certain liabilities for environmentally related obligations and prior environmental expenditures are expected to be recovered by the Company from other sources, primarily environmental funds maintained by the various states. Since no assurance can be given that recoveries from other sources will occur, the Company has not recorded a benefit for these potential recoveries at December 31, 1997.

The Company's refineries also incur costs to handle and dispose of hazardous wastes and other chemical substances on a recurring basis. These costs are generally expensed as incurred and amounted to \$3.2 million in 1997.

In addition to remediation and other recurring expenditures, Murphy commits a portion of its capital expenditure program for compliance with environmental laws and regulations. Such capital expenditures were approximately \$25 million in 1997 and are expected to be \$33 million in 1998.

#### Other Matters

. Impact of inflation - General inflation was moderate during the last three years in most countries where the Company operates; however, the Company's revenues and capital and operating costs are influenced to a larger extent by specific price changes in the oil and gas and allied industries than by changes in general inflation. Crude oil and petroleum product prices generally reflect the balance between supply and demand, with crude oil prices being particularly sensitive to OPEC production levels and/or attitudes of traders concerning supply and demand in the near future. Natural gas prices are affected by supply and demand, which to a significant extent is weather-related, and by the fact that delivery of supplies is generally restricted to specific geographical areas. Higher crude oil and natural gas sales prices over most of the last two years have led to upward pressure on amounts paid by the Company for goods and services, particularly in offshore operations.

. Accounting matters - The Financial Accounting Standards Board (FASB) issued SFAS No. 130, Reporting Comprehensive Income, in June 1997. The statement requires the Company to report both comprehensive income and net income for all periods presented beginning with the quarter ending March 31, 1998. Through 1997, the Company's only item of other comprehensive income as defined by this statement has been foreign currency translation adjustments. The following table shows the Company's pro forma comprehensive income for the three years ended December 31, 1997.

(Millions of dollars)	1997	1996	1995
Net income (loss) as reported	\$132.4	137.9	(118.6)
Other comprehensive income--net gain (loss) from foreign currency translation	(21.7)	18.0	7.0
Pro forma comprehensive income	\$110.7	155.9	(111.6)

The FASB also issued SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, in June 1997. This statement will alter the Company's disclosures about its operating segments beginning with the results for the year ending December 31, 1998 and for each period thereafter, with restated comparative disclosures for earlier periods. Although this statement does not amend any existing accounting procedures, it requires disclosures about an enterprise's components for which separate financial information is available and regularly used by the chief operating decision maker in allocating resources and assessing performance. Although the Company has not fully determined the effects that the new statement will have on its 1998 consolidated financial statements, it expects to provide certain additional segment information for revenues, expenses and assets on a geographical basis.

During 1997, the Securities and Exchange Commission adopted amendments to Regulation S-K that will require expanded disclosures concerning a broad range of market sensitive instruments, including debt and equity securities and derivative instruments, beginning with the Company's 1998 Annual Report. Specifically, the new rules will require the Company to make disclosure outside of the consolidated financial statements of both quantitative and qualitative information concerning the market risks posed by risk-sensitive instruments. As described in Notes A and J, the Company makes limited use of derivative instruments to hedge specific market risks. The Company has not determined which of several acceptable methods it will use to present the required quantitative and qualitative disclosures.

. Year 2000 issues - The Company has assessed its electronic operating systems to identify those that are not Year 2000 compliant and is in the process of developing an implementation plan for noncompliant systems. Although the Company cannot predict with any degree of certainty the total amount that will be spent to address this issue, the assessment indicates that up to \$5 million of expense could be incurred through 1999 to modify systems to be Year 2000 compliant. Costs incurred and expensed in 1997 for the Year 2000 issue were insignificant. The Company is also in the process of communicating with significant vendors and business partners to determine its risks relative to these third parties' systems on which the Company relies. Although the Company expects to have all of its major systems compliant by year-end 1999, there can be no assurance that the Company will not be adversely affected by internal or third-party operating systems that encounter Year 2000 problems.

. Other - The Company's use of derivative financial instruments and the effects of exchange rate fluctuations on net income are reviewed in Notes J and M, respectively, to the consolidated financial statements.

#### Outlook

In planning for 1998, prices for the Company's products remain uncertain. Worldwide crude oil sales prices declined sharply in the fourth quarter of 1997, primarily caused by increasing oil production from OPEC producers and a softening of worldwide oil demand due to the economic downturn in Asia. The downward trend in oil prices has continued in early 1998, as the Company's average worldwide oil prices were as much as \$4 a barrel below the average price for the fourth quarter of 1997. The lower oil prices will exert downward pressure on the Company's operating results in early 1998. In such an environment, constant reassessment of spending plans is required. The Company's capital expenditure budget for 1998 was prepared during the fall of 1997 and provides for expenditures of \$539 million. A major portion of this amount, \$440 million or 82 percent, is allocated for exploration and production. Geographically, about 37 percent of the exploration and production budget is designated for the U.S.; 35 percent for Canada, including \$77 million for further development of the Hibernia and Terra Nova oil fields; 19 percent for the U.K., including \$44 million for development costs related to the Schiehallion and Mungo/Monan oil fields; four percent for continuing development of oil fields in Ecuador; and the remaining five percent for other overseas operations. Refining, marketing and transportation capital expenditures for 1998 are budgeted at \$97 million, including \$81 million in the U.S. and \$8 million each in the U.K. and Canada. Capital and other expenditures are under constant review, and these budgeted amounts may be adjusted to reflect changes in estimated cash flow.

#### Forward-Looking Statements

This Annual Report includes statements of the Company's expectations, intentions, plans and beliefs that are forward-looking and are dependent on certain events, risks and uncertainties that may be outside of the Company's control. These forward-looking statements are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results and developments could differ materially from those expressed or implied by such statements due to a number of factors including those described in the context of such forward-looking statements as well as those contained in the Company's January 15, 1997 Form 8-K on file with the U.S. Securities and Exchange Commission.

QUARTERLY INFORMATION

(Millions of dollars except per share amounts)	First Quarter	Second Quarter	1997/1/ Third Quarter	Fourth Quarter	Year
Sales and other operating revenues	\$507.2	506.3	555.2	563.6	2,132.3
Income before income taxes	53.4	42.8	64.3	51.2	211.7
Net income	30.6	27.6	42.3	31.9	132.4
Net income per Common share - basic	.68	.62	.94	.71	2.95
Net income per Common share - diluted	.68	.61	.94	.71	2.94
Cash dividends per Common share	.325	.325	.35	.35	1.35
Market Price/2/					
High	54 1/4	49 1/4	58 13/16	62 9/16	62 9/16
Low	46	43	48 3/4	53 5/16	43
			1996/1/		
Sales and other operating revenues	\$415.4	497.1	525.0	571.0	2,008.5
Income from continuing operations before income taxes	37.5	40.4	70.5	68.0	216.4
Income from continuing operations	20.3	24.8	40.5	40.4	126.0
Income from discontinued operations	3.7	3.3	1.8	3.1	11.9
Net income	24.0	28.1	42.3	43.5	137.9
Per Common share - basic					
Income from continuing operations	.45	.55	.90	.90	2.80
Income from discontinued operations	.09	.07	.04	.07	.27
Net income	.54	.62	.94	.97	3.07
Per Common share - diluted					
Income from continuing operations	.45	.55	.90	.90	2.80
Income from discontinued operations	.09	.07	.04	.07	.27
Net income	.54	.62	.94	.97	3.07
Cash dividends per Common share	.325	.325	.325	.325	1.30
Market Price/2,3/					
High	44	46 3/8	49	56 1/2	56 1/2
Low	40 3/4	42 5/8	42 1/4	47 1/4	40 3/4

/1/The effects of special gains (losses) on quarterly net income are reviewed in Management's Discussion and Analysis. Quarterly totals, in millions of dollars, and the effect per Common share of these special items are reported in the following table.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1997					
----					
Quarterly totals	\$ -	-	(.1)	.2	.1
Per Common share - basic	-	-	-	-	-
Per Common share - diluted	-	-	-	-	-
1996					
----					
Quarterly totals	-	-	17.7	4.5	22.2
Per Common share - basic	-	-	.39	.10	.49
Per Common share - diluted	-	-	.39	.10	.49

/2/Market prices of Common Stock are as quoted on the New York Stock Exchange. There were 3,899 stockholders of record at December 31, 1997.

/3/Stock prices in 1996 have not been restated to reflect the spin-off of Deltic Timber Corporation.

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REPORT OF MANAGEMENT  
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Preparation and integrity of the accompanying consolidated financial statements and other financial data are the responsibility of management. The statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and include some amounts based on informed estimates and judgments, with consideration given to materiality.

Management is also responsible for maintaining a system of internal accounting controls designed to provide reasonable, but not absolute, assurance that financial information is objective and reliable by ensuring that all transactions are properly recorded in the Company's accounts and records, written policies and procedures are followed and assets are safeguarded. The system is also supported by careful selection and training of qualified personnel. When establishing and maintaining such a system, judgment is required to weigh relative costs against expected benefits. The Company's audit staff independently and systematically evaluates and formally reports on the adequacy and effectiveness of the internal control system.

Our independent auditors, KPMG Peat Marwick LLP, have audited the consolidated financial statements. Their audit was conducted in accordance with generally accepted auditing standards and provides an independent opinion about the fair presentation of the consolidated financial statements. When performing their audit, KPMG Peat Marwick LLP considers the Company's internal control structure to the extent they deem necessary to issue their opinion on the financial statements. The Board of Directors appoints the independent auditors; ratification of the appointment is solicited annually from the shareholders.

The Board of Directors appoints an Audit Committee annually to perform an oversight role for the financial statements. This Committee is composed solely of directors who are not employees of the Company. The Committee meets periodically with representatives of management, the Company's audit staff and the independent auditors to review the Company's internal controls, the quality of its financial reporting, and the scope and results of audits. The independent auditors and the Company's audit staff have unrestricted access to the Committee, without management's presence, to discuss audit findings and other financial matters.

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INDEPENDENT AUDITORS' REPORT  
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The Board of Directors and Stockholders  
Murphy Oil Corporation:

We have audited the accompanying consolidated balance sheets of Murphy Oil Corporation and Consolidated Subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Murphy Oil Corporation and Consolidated Subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997, in conformity with generally accepted accounting principles.

As discussed in Note C to the consolidated financial statements, in 1995 the Company adopted the provisions of Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.

KPMG PEAT MARWICK LLP

Shreveport, Louisiana  
March 2, 1998

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CONSOLIDATED STATEMENTS OF INCOME  
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(Thousands of dollars except per share amounts)

Years Ended December 31	1997	1996	1995
<b>REVENUES</b>			
Sales	\$ 2,055,164	1,916,599	1,571,929
Other operating revenues	77,088	91,851	40,571
Interest, income from equity companies and other nonoperating revenues	5,515	13,726	19,280
<b>Total revenues</b>	<b>2,137,767</b>	<b>2,022,176</b>	<b>1,631,780</b>
<b>COSTS AND EXPENSES</b>			
Crude oil, products and related operating expenses	1,527,301	1,483,914	1,218,083
Exploration expenses, including undeveloped lease amortization	94,792	70,206	65,755
Selling and general expenses	65,928	66,402	63,788
Depreciation, depletion and amortization	209,419	182,381	221,871
Impairment of long-lived assets	28,056	-	198,988
Provision for reduction-in-force	-	-	6,610
Interest expense	12,717	13,120	14,428
Interest capitalized	(12,096)	(10,202)	(9,015)
<b>Total costs and expenses</b>	<b>1,926,117</b>	<b>1,805,821</b>	<b>1,780,508</b>
Income (loss) from continuing operations before income taxes	211,650	216,355	(148,728)
Federal and state income taxes (benefits)	49,062	43,860	(6,233)
Foreign income taxes (benefits)	30,182	46,539	(14,576)
<b>Income (loss) from continuing operations</b>	<b>132,406</b>	<b>125,956</b>	<b>(127,919)</b>
<b>DISCONTINUED FARM, TIMBER AND REAL ESTATE OPERATIONS</b>			
Income from discontinued operations	-	13,999	9,307
Costs of spin-off transaction	-	(2,100)	-
<b>Total discontinued operations</b>	<b>-</b>	<b>11,899</b>	<b>9,307</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 132,406</b>	<b>137,855</b>	<b>(118,612)</b>
<b>PER COMMON SHARE - BASIC</b>			
Continuing operations	\$ 2.95	2.80	(2.85)
Discontinued operations	-	.27	.20
<b>Net income (loss)</b>	<b>\$ 2.95</b>	<b>3.07</b>	<b>(2.65)</b>
<b>PER COMMON SHARE - DILUTED</b>			
Continuing operations	\$ 2.94	2.80	(2.85)
Discontinued operations	-	.27	.20
<b>Net income (loss)</b>	<b>\$ 2.94</b>	<b>3.07</b>	<b>(2.65)</b>
<b>Average Common shares outstanding - basic</b>	<b>44,881,225</b>	<b>44,858,115</b>	<b>44,832,463</b>
<b>Average Common shares outstanding - diluted</b>	<b>44,960,907</b>	<b>44,904,636</b>	<b>44,832,463</b>

See notes to consolidated financial statements, page 44.

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CONSOLIDATED BALANCE SHEETS  
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(Thousands of dollars)

December 31	1997	1996
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 24,288	109,707
Accounts receivable, less allowance for doubtful accounts of \$13,530 in 1997 and \$15,267 in 1996	272,447	319,661
Inventories		
Crude oil and raw materials	55,075	42,811
Finished products	64,394	44,310
Materials and supplies	38,947	44,234
Prepaid expenses	47,323	29,820
Deferred income taxes	15,278	19,626
<b>Total current assets</b>	<b>517,752</b>	<b>610,169</b>
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization of \$2,762,805 in 1997 and \$2,573,606 in 1996	1,655,838	1,556,830
Deferred charges and other assets	64,729	76,787
<b>Total assets</b>	<b>\$2,238,319</b>	<b>2,243,786</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current maturities of long-term obligations	\$ 6,227	13,635
Notes payable	2,175	-
Accounts payable	329,094	406,583
Withholdings and collections due governmental agencies	58,323	45,640
Other accrued liabilities	47,973	50,790
Income taxes	25,627	37,393
<b>Total current liabilities</b>	<b>469,419</b>	<b>554,041</b>
Notes payable and capitalized lease obligations	28,367	20,871
Nonrecourse debt of a subsidiary	177,486	180,957
Deferred income taxes	136,390	127,319
Reserve for dismantlement costs	153,021	152,528
Reserve for major repairs	43,038	29,776
Deferred credits and other liabilities	151,247	150,816
Stockholders' equity		
Cumulative Preferred Stock, par \$100, authorized 400,000 shares, none issued	-	-
Common Stock, par \$1.00, authorized 80,000,000 shares, issued 48,775,314 shares	48,775	48,775
Capital in excess of par value	509,615	509,008
Retained earnings	622,532	550,699
Currency translation adjustments	891	22,573
Unamortized restricted stock awards	(944)	(1,298)
Treasury stock	(101,518)	(102,279)
<b>Total stockholders' equity</b>	<b>1,079,351</b>	<b>1,027,478</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$2,238,319</b>	<b>2,243,786</b>

See notes to consolidated financial statements, page 44.

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CONSOLIDATED STATEMENTS OF CASH FLOWS  
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(Thousands of dollars)

Years Ended December 31	1997	1996	1995
<b>OPERATING ACTIVITIES</b>			
Income (loss) from continuing operations	\$ 132,406	125,956	(127,919)
Adjustments to reconcile above income (loss) to net cash provided by operating activities			
Depreciation, depletion and amortization	209,419	182,381	221,871
Impairment of long-lived assets	28,056	-	198,988
Provisions for major repairs	24,614	24,797	25,375
Expenditures for major repairs and dismantlement costs	(14,393)	(10,839)	(13,820)
Exploratory expenditures charged against income	84,320	60,532	55,055
Amortization of undeveloped leases	10,472	9,674	10,700
Deferred and noncurrent income tax charges (credits)	25,992	28,464	(46,961)
Pretax gains from disposition of assets	(29,061)	(34,369)	(3,136)
Other - net	7,969	5,889	17,201
	479,794	392,485	337,354
(Increase) decrease in operating working capital other than cash and cash equivalents	(72,391)	77,111	(36,609)
Net recoveries on insurance claim to repair hurricane damage	-	-	7,619
Other adjustments related to continuing operations	(5,560)	2,884	1,514
Net cash provided by continuing operations	401,843	472,480	309,878
Net cash provided by discontinued operations	-	18,158	13,061
Net cash provided by operating activities	401,843	490,638	322,939
<b>INVESTING ACTIVITIES</b>			
Capital expenditures requiring cash	(468,031)	(418,056)	(287,151)
Proceeds from sale of property, plant and equipment	43,776	55,536	8,281
Other continuing operations - net	673	(1,128)	(10,158)
Investing activities of discontinued operations	-	(17,402)	(8,596)
Net cash required by investing activities	(423,582)	(381,050)	(297,624)
<b>FINANCING ACTIVITIES</b>			
Additions to notes payable	9,675	-	-
Reductions of notes payable and capitalized lease obligations	(4)	(776)	(28,004)
Additions to nonrecourse debt of a subsidiary	6,397	23,089	59,489
Reductions of nonrecourse debt of a subsidiary	(17,276)	(10,628)	(7,604)
Sale of treasury shares under employee stock purchase plan	192	-	-
Cash dividends paid	(60,573)	(58,294)	(58,257)
Net cash required by financing activities	(61,589)	(46,609)	(34,376)
Effect of exchange rate changes on cash and cash equivalents	(2,091)	2,277	201
Net increase (decrease) in cash and cash equivalents	(85,419)	65,256	(8,860)
(Increase) decrease applicable to discontinued operations	-	(16,402)	913
Net increase (decrease) in cash and cash equivalents of continuing operations	(85,419)	48,854	(7,947)
Cash and cash equivalents of continuing operations at January 1	109,707	60,853	68,800
Cash and cash equivalents of continuing operations at December 31	\$ 24,288	109,707	60,853

See notes to consolidated financial statements, page 44.



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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
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(Thousands of dollars)

Years Ended December 31	1997	1996	1995
CUMULATIVE PREFERRED STOCK - par \$100, authorized 400,000 shares, none issued	\$ -	-	-
COMMON STOCK - par \$1.00, authorized 80,000,000 shares, issued 48,775,314 shares at beginning and end of year	48,775	48,775	48,775
<b>CAPITAL IN EXCESS OF PAR VALUE</b>			
Balance at beginning of year	509,008	507,758	507,797
Exercise of stock options	521	450	40
Restricted stock transactions	7	800	(79)
Sale of stock under employee stock purchase plan	79	-	-
Capital in excess of par value at end of year	509,615	509,008	507,758
<b>RETAINED EARNINGS</b>			
Balance at beginning of year	550,699	643,699	820,568
Net income (loss) for the year	132,406	137,855	(118,612)
Distribution of common stock of Deltic Timber Corporation to stockholders	-	(172,561)	-
Cash dividends - \$1.35 a share in 1997 and \$1.30 a share in 1996 and 1995	(60,573)	(58,294)	(58,257)
Retained earnings at end of year	622,532	550,699	643,699
<b>CURRENCY TRANSLATION ADJUSTMENTS</b>			
Balance at beginning of year	22,573	4,568	(2,403)
Translation gains (losses) during the year	(21,682)	18,005	6,971
Currency translation adjustments at end of year	891	22,573	4,568
<b>UNAMORTIZED RESTRICTED STOCK AWARDS</b>			
Balance at beginning of year	(1,298)	(592)	(993)
Stock awards	-	(1,023)	-
Amortization, forfeitures and changes in price of Common Stock	354	317	401
Unamortized restricted stock awards at end of year	(944)	(1,298)	(592)
<b>TREASURY STOCK</b>			
Balance at beginning of year	(102,279)	(103,063)	(103,065)
Exercise of stock options	526	543	67
Awarded restricted stock, net of forfeitures	122	241	(65)
Sale of stock under employee stock purchase plan	113	-	-
Treasury stock at end of year - 3,883,883 shares of Common Stock in 1997, 3,912,971 shares in 1996 and 3,942,800 shares in 1995, at cost	(101,518)	(102,279)	(103,063)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$1,079,351</b>	<b>1,027,478</b>	<b>1,101,145</b>

See notes to consolidated financial statements, page 44.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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NOTE A - SIGNIFICANT ACCOUNTING POLICIES

**NATURE OF BUSINESS** - Murphy Oil Corporation is an international oil and gas company that conducts business through various operating subsidiaries. The Company produces oil and natural gas in the U.S., Canada, the U.K. North Sea and Ecuador, and conducts exploration activities in numerous countries. The Company has an interest in a Canadian synthetic crude oil operation, the world's largest, and operates two oil refineries in the U.S. and shares ownership in a U.K. refinery. Murphy markets petroleum products under various brand names in the U.S., the U.K. and Canada and trades and transports crude oil in Canada.

**PRINCIPLES OF CONSOLIDATION** - The consolidated financial statements include the accounts of Murphy Oil Corporation and all majority-owned subsidiaries. Investments in affiliates in which the Company has 20- to 50-percent ownership are accounted for by the equity method. Other investments are generally carried at cost. All significant intercompany accounts and transactions have been eliminated.

**CASH EQUIVALENTS** - Short-term investments (which include government securities or other securities with government securities as collateral) that have a maturity of three months or less from the date of purchase are classified as cash equivalents.

**INVENTORIES** - Inventories of crude oil and refined products are generally valued at cost applied on a last-in, first-out (LIFO) basis, which in the aggregate is lower than market. Materials and supplies are valued at the lower of average cost or estimated value.

**PROPERTY, PLANT AND EQUIPMENT** - The Company uses the successful efforts method to account for exploration and development expenditures. Leasehold acquisition costs are capitalized. If proved reserves are found on an undeveloped property, leasehold cost is transferred to proved properties. Significant undeveloped leases are reviewed periodically and a valuation allowance is provided for any estimated decline in value. Cost of other undeveloped leases is expensed over the estimated average life of the leases. Cost of exploratory drilling is initially capitalized but is subsequently expensed if proved reserves are not found. Other exploratory costs are charged to expense as incurred. Development costs, including unsuccessful development wells, are capitalized.

In 1995 the Company adopted Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. Under SFAS No. 121, oil and gas properties are evaluated by field for potential impairment; other long-lived assets are evaluated on a specific asset basis or in groups of similar assets, as applicable. An impairment is recognized when the undiscounted estimated future net cash flows of an evaluated asset are less than the carrying value of the asset.

Depreciation and depletion of producing oil and gas properties are provided under the unit-of-production method. Unit rates are computed for unamortized development costs using developed reserves and for unamortized leasehold costs using proved reserves. Estimated dismantlement, abandonment and site restoration costs, net of salvage value, are considered in determining depreciation and depletion. Refining and marketing facilities are depreciated using the composite straight-line method. Other properties are depreciated by individual unit on the straight-line method.

Gains and losses on disposals or retirements that are significant or include an entire depreciable or depletable property unit are included in income. Costs of dismantling oil and gas production facilities and site restoration are charged against the related reserve. All other dispositions, retirements or abandonments are reflected in accumulated depreciation, depletion and amortization.

Provisions for refinery turnarounds are charged to expense monthly. Costs incurred are charged against the reserve. All other maintenance and repairs are expensed. Renewals and betterments are capitalized.

**ENVIRONMENTAL LIABILITIES** - A provision for environmental obligations is charged to expense when the Company's liability for an environmental assessment and/or cleanup is probable and the cost can be reasonably estimated. Related expenditures are charged against the reserve. Environmental remediation liabilities have not been discounted for the time value of future expected payments. Environmental expenditures that have future economic benefit are capitalized.

**INCOME TAXES** - The Company accounts for income taxes using the asset and liability method. Under this method, income taxes are provided for amounts currently payable, and for amounts deferred as tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and measured using the enacted tax rates that are assumed will be in effect when the differences reverse. Provision for U.K. petroleum revenue taxes is based on the estimated effective tax rate over the life of certain U.K. properties.

**FOREIGN CURRENCY** - Local currency is the functional currency used for recording operations in Canada and Spain and the majority of activities in the U.K. The U.S. dollar is the functional currency used to record all other operations. Gains or losses from translating foreign functional currency into U.S. dollars are included in "Currency Translation Adjustments" in "Stockholders' Equity." Exchange gains or losses from transactions in a currency other than the functional currency are included in income.

**DERIVATIVE INSTRUMENTS** - Derivative instruments are used by the Company on a limited basis to manage well-defined risks related to interest rates, foreign

currency exchange rates and commodity prices. Instruments that reduce the exposure of assets, liabilities or anticipated transactions to price, currency or interest rate risks are accounted for as hedges. Gains and losses on derivatives that cease to qualify as hedges are recognized in income or expense. The Company does not hold any derivatives for trading purposes. Net cash amounts paid or received

on interest rate swaps are recognized as an adjustment of interest expense over the life of the swap contract. Gains or losses on settlement of crude oil swaps are included in costs in the periods that the hedged oil purchases occur. A loss is recognized if the estimated cost of the future crude oil purchases, including projected settlement costs of these swap contracts, exceeds the estimated net realizable value of the related finished products. Gains or losses on foreign exchange contracts are recognized in income or as adjustments to the carrying amounts when the hedged transactions occur.

EXCISE TAXES ON REFINED PRODUCTS - Taxes collected on the sales of refined products and remitted to governmental agencies are not included in revenues or costs and expenses.

NET INCOME PER COMMON SHARE - Basic income per Common share is computed by dividing net income for each reporting period by the weighted average number of Common shares outstanding during the period. Diluted income per Common share is computed by dividing net income for each reporting period by the weighted average number of Common shares outstanding during the period plus the effects of potentially dilutive Common shares.

USE OF ESTIMATES - In the preparation of financial statements of the Company in conformity with generally accepted accounting principles, management has made a number of estimates and assumptions related to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from the estimates.

#### NOTE B - DISCONTINUED OPERATIONS

On December 31, 1996, Murphy completed a tax-free spin-off to its stockholders of all the common stock of its wholly owned farm, timber and real estate subsidiary, Deltic Farm & Timber Co, Inc. (reincorporated as "Deltic Timber Corporation"). The spin-off resulted in a net charge of \$172,561,000 to "Retained Earnings" in 1996. Farm, timber and real estate activities have been accounted for as discontinued operations. Selected operating results for these activities, presented as net amounts in the Consolidated Statements of Income, were as follows.

(Thousands of dollars except per share amounts)	1996	1995
Revenues	\$87,746	79,433
Income tax provisions	8,878	5,394
Income from operations	13,999	9,307
Costs of spin-off transaction	(2,100)	-
Income from operations per diluted share	.31	.20
Costs of spin-off transaction per diluted share	(.04)	-

#### NOTE C - ACCOUNTING CHANGES

Effective December 31, 1997, the Company adopted SFAS No. 128, Earnings per Share. In accordance with SFAS No. 128, the Company has restated income per Common share computations for the first three quarters of 1997 and for all prior periods presented. SFAS No. 128 requires that earnings per share be presented on both a basic (which assumes no dilution for potential stock issuances) and a diluted (assumes dilutive effects of potential stock issuances) basis. Adoption of this statement did not significantly change income per Common share as previously reported.

Effective October 1, 1995, the Company adopted SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. The effects of this accounting change are discussed in Note D.

#### NOTE D - PROPERTY, PLANT AND EQUIPMENT

(Thousands of dollars)	Investment December 31, 1997		Investment December 31, 1996	
	Cost	Net	Cost	Net
Exploration and production	\$3,476,167	1,235,373*	3,215,266	1,139,324*
Refining	649,374	254,032	639,152	264,588
Marketing	178,179	104,305	169,905	96,506
Transportation	80,819	42,125	75,582	39,715
Corporate	34,104	20,003	30,531	16,697
	\$4,418,643	1,655,838	4,130,436	1,556,830

\*Includes \$17,084 in 1997 and \$17,989 in 1996 related to administrative assets and support equipment.

In 1997 and 1995, the Company recorded noncash charges of \$28,056,000 and \$198,988,000, respectively, for impairment of certain long-lived assets in accordance with SFAS No. 121. After related income tax benefits, these write-downs reduced net income by \$16,224,000 in 1997, \$.36 a diluted share, and \$168,367,000 in 1995, \$3.75 a diluted share. The 1997 impairment charges related to certain investments in Canadian heavy oil fields that were not adequately supported by proven reserves and three natural gas fields in the Gulf of Mexico that depleted earlier than anticipated. The 1995 charge was taken upon adoption of SFAS No. 121 and resulted from management's expectation of a continuation of the low-price environment for crude oil, natural gas and petroleum products that

existed throughout most of 1995; the write-down included certain oil and gas assets in Ecuador, the U.K. North Sea and the U.S. Gulf of Mexico and U.K. refining and marketing assets. The carrying values for assets determined to be impaired were adjusted to fair values based on estimated future net cash flows for such assets, discounted at a market rate of interest.

#### NOTE E - FINANCING ARRANGEMENTS

At December 31, 1997, the Company had a committed credit facility with a major banking consortium for an equivalent US \$300,000,000 for a combination of U.S. dollar and Canadian dollar borrowings, of which US \$7,500,000 was outstanding at that date. In addition, the Company had committed facilities of US \$120,564,000 with major banks that are subject to drawdown based on the availability of loan guarantees from the Canadian government. Depending on the credit facility, borrowings bear interest at prime or varying cost of fund options. Facility fees are due at varying rates on certain of the commitments. The facilities expire at dates ranging from 1998 through 2002. At December 31, 1997 and 1996, U.S. dollar and Canadian dollar commercial paper and bankers' acceptances totaling an equivalent US \$118,834,000 and US \$114,496,000, supported by bank credit facilities, were classified as nonrecourse debt.

In addition, the Company had other lines of credit with banks at December 31, 1997 totaling an equivalent US \$129,578,000 for a combination of U.S. dollar and Canadian dollar borrowings. At December 31, 1997, US \$2,175,000 was outstanding under these lines, which could be withdrawn at any time.

At year-end 1997, the Company had a shelf registration on file with the Securities and Exchange Commission that would permit the offer and sale of \$250,000,000 in debt securities. No securities had been issued as of December 31, 1997.

NOTE F - LONG-TERM OBLIGATIONS

(Thousands of dollars)	1997	1996
December 31		
Notes payable		
Notes payable to bank, 10.1%, due 2004	\$ 20,000	20,000
Notes payable to bank, 5.75%, due 2002	7,500	-
Subtotal	27,500	20,000
Capitalized lease obligations due 1998-2021; 6%, 8%	871	875
Nonrecourse debt of a subsidiary		
Guaranteed credit facilities with bank		
Commercial paper, 3.61% to 5.91%, \$43,211 payable in Canadian dollars, supported by credit facility	112,611	114,496
Bankers' acceptance, 4.17%, payable in Canadian dollars, supported by credit facility, due 1998	6,223	-
Loan payable to Canadian government, interest-free, due 1999-2008, payable in Canadian dollars	36,358	37,944
Promissory note, 6.25%, due 1998, payable in Canadian dollars	28,517	42,148
Subtotal	183,709	194,588
Total	212,080	215,463
Current maturities	(6,227)	(13,635)
Total long-term obligations	\$205,853	201,828

Amounts becoming due for the four years after 1998 are: 1999, \$3,640,000; 2000, \$3,641,000; 2001, \$12,591,000; and 2002, \$49,657,000.

The nonrecourse guaranteed credit facilities were arranged to finance expenditures for the Hibernia oil field. Subject to certain conditions and limitations, the Canadian government has unconditionally guaranteed repayment of amounts drawn under/supported by the facilities to lenders having qualifying Participation Certificates. The Company has borrowed the maximum available under the Primary Guarantee Facility at December 31, 1997. The amount guaranteed declines quarterly beginning two years after cumulative production reaches 25 million barrels, which is now projected to occur near the end of 1998. No guaranteed financing is available after January 1, 2016. A guarantee fee of .5 percent is payable annually in arrears to the Canadian government. Quarterly repayment, projected to begin in 2001, is based on the greater of 30 percent of the field's after-tax free cash flow or an eight-year amortization. Since the Company intends to refinance outstanding debt under the Primary Guarantee Facility, the first debt payment is reflected as becoming due in 2001.

The 6.25-percent promissory note of Cdn \$37,972,000 (US \$28,517,000 at a hedged exchange rate) is payable to the province of Alberta and is secured by a debenture, which mortgages the Company's interest in the Syncrude project and its production therefrom. The province's right to recover the principal and interest on the note is limited to the mortgaged property and funds available from that production. This borrowing has been classified as long-term at December 31, 1997, since the Company intends to refinance this obligation under an existing committed credit facility during 1998.

NOTE G - INCOME TAXES

The components of income (loss) from continuing operations before income taxes and income tax expense (benefit) were as follows.

(Thousands of dollars)	1997	1996	1995
Income (loss) from continuing operations before income taxes			
United States	\$135,476	104,888	(5,574)
Foreign	76,174	111,467	(143,154)
	\$211,650	216,355	(148,728)
Income tax expense (benefit)			
Continuing operations			
Federal - Current*	\$ 31,278	16,445	5,619
Deferred	(1,751)	15,837	(20,800)
Noncurrent	14,946	8,762	9,008
	44,473	41,044	(6,173)
State - Current	4,589	2,816	(60)

Foreign - Current	12,912	46,130	22,929
Deferred	19,423	4,095	(19,580)
Noncurrent	(2,153)	(3,686)	(17,925)
	30,182	46,539	(14,576)
Total continuing operations	79,244	90,399	(20,809)
Discontinued operations	-	8,878	5,394
	\$ 79,244	99,277	(15,415)

\* Net of benefits of \$12,537 in 1997, \$1,035 in 1996 and \$4,273 in 1995 for alternative minimum tax credit.

Noncurrent taxes, classified in the Consolidated Balance Sheets as "Deferred Credits and Other Liabilities," relate to petroleum revenue taxes payable to the U.K. government (\$644,000 and \$2,774,000 at December 31, 1997 and 1996) and to matters not resolved with various taxing authorities. The significant components of deferred income tax expense (benefit) attributable to income (loss) from continuing operations before income taxes for the years ended December 31, 1997, 1996 and 1995 were as follows.

(Thousands of dollars)	1997	1996	1995
Deferred tax expense excluding the effects of the items below on deferred tax assets and liabilities	\$13,180	17,754	(36,053)
Estimated tax credit carryforward (increase) decrease	6,065	2,178	(4,327)
Effect of change in U.K. tax rate	(1,573)	-	-
Total deferred tax expense (benefit)	\$17,672	19,932	(40,380)

Following is a reconciliation of the U.S. statutory income tax rate to the Company's effective rates on income (loss) from continuing operations before income taxes.

	1997	1996	1995
U.S. statutory income tax rate	35%	35%	(35)%
Foreign asset impairment with no tax benefit	-	-	24
Foreign income subject to foreign taxes at greater than U.S. statutory rate	3	7	7
Refund and settlement of foreign taxes	(1)	(1)	(5)
Refund and settlement of U.S. taxes	-	-	(5)
State income taxes	1	1	-
Other, net	(1)	-	-
Effective income tax rates	37%	42%	(14)%

An analysis of the Company's deferred tax assets and deferred tax liabilities at December 31, 1997 and 1996 showing the tax effects of significant temporary differences follows.

(Thousands of dollars)	1997	1996
Deferred tax assets		
Property and leasehold costs	\$ 76,516	58,185
Reserves for dismantlements and major repairs	64,206	60,404
Federal alternative minimum tax credit carryforward	-	6,065
Postretirement and other employee benefits	21,146	20,486
Other deferred tax assets	24,873	30,524
Total gross deferred tax assets	186,741	175,664
Less valuation allowance	(47,228)	(33,609)
Net deferred tax assets	139,513	142,055
Deferred tax liabilities		
Property, plant and equipment	(41,069)	(43,198)
Accumulated depreciation, depletion and amortization	(194,540)	(184,445)
Other deferred tax liabilities	(25,117)	(22,105)
Total gross deferred tax liabilities	(260,726)	(249,748)
Net deferred tax liabilities	\$(121,213)	(107,693)

In management's judgment, the net deferred tax assets in the preceding table will more likely than not be realized as reductions of future taxable income or by utilizing available tax planning strategies. The valuation allowance for deferred tax assets relates primarily to tax assets arising in foreign tax jurisdictions, and in the judgment of management, these tax assets are not likely to be realized. The valuation allowance increased \$13,619,000 in 1997 after decreasing \$988,000 in 1996; the change in each year offset the change in certain deferred tax assets. Any subsequent reductions of the valuation allowance will be reported as reductions of income tax expense assuming no offsetting change in the deferred tax asset.

The Company has not recorded a deferred tax liability of \$25,700,000 related to undistributed earnings of certain foreign subsidiaries at December 31, 1997, because the earnings are considered permanently invested.

Income tax returns are subject to audit by the Internal Revenue Service and tax authorities of other countries. In 1997, 1996 and 1995, the Company recorded benefits to income of \$3,163,000, \$5,120,000 and \$13,603,000, respectively, from refunds and settlements of various U.S. and foreign tax issues primarily related to prior years. The Company believes that adequate accruals have been made for unsettled issues.

#### NOTE H - INCENTIVE PLANS

The Company's 1992 Stock Incentive Plan (the Plan) permits annual awards of shares of the Company's Common Stock to executives and other key employees. Under the Plan, the Executive Compensation and Nominating Committee (the Committee) is authorized to grant: (1) stock options (nonqualified or incentive), (2) stock appreciation rights (SAR) and (3) restricted stock awards. Total annual grants may not exceed .5 percent of shares outstanding at the end of the preceding year; any allowed shares not granted may be awarded in future years. The Company uses APB Opinion No. 25 to account for stock-based compensation plans. Accordingly, costs of options and restricted stock are accrued over the vesting/performance periods and are adjusted for subsequent changes in fair market value of the shares. Compensation cost charged against income for stock-based plans was \$2,026,000 in 1997, \$5,566,000 in 1996 and \$222,000 in 1995; outstanding awards were not significantly modified in the last three years. Had compensation cost of the Company's stock-based plans been based on the fair value of the instruments at the grant dates using the provisions of SFAS No. 123, Accounting for Stock-Based Compensation, the Company's net income and earnings per share would be the following pro forma amounts.

(Thousands of dollars except per share data)	1997	1996	1995
Net income (loss) - As reported	\$ 132,406	137,855	(118,612)
Pro forma	132,089	138,570	(118,979)
Earnings per share - As reported, basic	\$ 2.95	3.07	(2.65)



Pro forma, basic	2.94	3.09	(2.65)
As reported, diluted	2.94	3.07	(2.65)
Pro forma, diluted	2.94	3.09	(2.65)

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The pro forma effects on net income in the preceding table may not be representative of the pro forma effects on net income of future years because the SFAS No. 123 provisions used in these calculations were only applied to options and restricted stock granted after 1994.

STOCK OPTIONS - For each option granted under the Plan, the Committee fixes the option price at no less than fair market value (FMV) on the date of the grant and fixes the option term at no more than 10 years from such date. Each option granted to date has had a 10-year term, has been nonqualified, and has had an option price equal to grant-date FMV except for certain 1997 grants with option prices above grant-date FMV. One-half of each grant may be exercised after two years and the remainder after three years. At exercise, a grantee may pay cash for shares, or alternatively, not remit cash and only receive shares equal to the inherent value of options exercised on that date. The number of outstanding options at January 1, 1997 and the related option prices

were adjusted to preserve the existing economic values of the options at the time of the Deltic spin-off.

The pro forma net income calculations in the preceding table reflect the following weighted-average grant-date fair values of options granted in 1997, 1996 and 1995; these have been estimated by using the Black-Scholes option-pricing model and the assumptions as shown.

	1997 Above FMV	1997 FMV	1996 FMV	1995 FMV
Weighted-average grant-date fair value per share	\$8.25	9.75	7.27	10.21
Weighted-average assumptions				
Dividend yield	3.00%	3.00%	3.20%	3.04%
Expected volatility	17.37%	17.37%	17.64%	19.76%
Risk-free interest rate	6.37%	6.18%	5.26%	7.45%
Expected life	7 yr.	5 yr.	5 yr.	5 yr.

Changes in options outstanding, including shares issued under a prior plan, were as follows.

	Number of Shares	Average Exercise Price
Outstanding December 31, 1994	339,730	\$37.00
Granted at FMV	142,000	43.94
Exercised	(33,250)	35.86
Forfeited	(23,250)	39.20
Outstanding December 31, 1995	425,230	39.28
Granted at FMV	168,000	42.44
Exercised	(105,006)	36.47
Forfeited	(47,625)	42.82
Outstanding December 31, 1996	440,599	40.77
Deltic spin-off adjustment	17,407	-
Granted at FMV	180,250	50.38
Granted above FMV	231,750	60.45
Exercised	(68,022)	36.53
Forfeited	(31,295)	49.08
Outstanding December 31, 1997	770,689	48.04
Exercisable December 31, 1995	198,355	\$36.31
Exercisable December 31, 1996	153,223	36.92
Exercisable December 31, 1997	174,269	37.79

Additional information about stock options outstanding at December 31, 1997 follows.

Range of Exercise Prices	No. of Options	Options Outstanding Avg. Life in Years	Options Outstanding Avg. Price	Options Exercisable No. of Options	Options Exercisable Avg. Price
\$26.08 to \$34.92	63,420	4.0	\$33.93	63,420	\$33.93
\$36.42 to \$42.25	310,269	7.1	40.78	110,849	40.00
\$50.37 to \$65.49	397,000	9.1	55.97	-	-
\$26.08 to \$65.49	770,689	7.9	\$48.04	174,269	\$37.79

SAR - SAR may be granted in conjunction with or independent of stock options; the Committee determines when SAR may be exercised and the price. No SAR have been granted.

RESTRICTED STOCK - Since 1992, shares of restricted stock have been granted in alternate years. Each grant will vest if the Company achieves specific financial objectives at the end of a five-year performance period. Additional shares may be awarded if objectives are exceeded, but some or all shares may be forfeited if objectives are not met. During the performance period, a grantee may vote and receive dividends on the shares, but shares are subject to transfer restrictions and are all or partially forfeited if a grantee terminates, depending on the reason. The Company may reimburse a grantee up to 50 percent of the award value for personal income tax liability on stock awarded. For the pro forma net income calculation, the fair value per share of restricted stock granted in 1996 was \$42.44, the grant-date market price of the stock. On December 31, 1996, the performance period ended for shares granted in 1992; based on financial objectives achieved, 50 percent of eligible shares were awarded and the remainder were forfeited. The number of restricted shares outstanding at January 1, 1997 was adjusted to preserve the existing economic value of the stock at the time of the Deltic spin-off. Changes in restricted stock outstanding were as follows.

(Number of shares)	1997	1996	1995
Balance at beginning of year	36,512	38,011	40,511
Granted	-	24,250	-
Deltic spin-off adjustment	5,977	-	-
Awarded	(1,336)*	(10,563)	-
Forfeited	(1,297)	(15,186)	(2,500)

Balance at end of year 39,856 36,512 38,011

\*Adjustment of 1996 award for Deltic spin-off.

CASH AWARDS - The Committee also administers the Company's incentive compensation plans, which provide for annual or periodic cash awards to officers, directors and key employees if the Company achieves specific financial objectives. Compensation expense of \$3,894,000, \$3,100,000 and \$400,000 was recorded in 1997, 1996 and 1995, respectively, for these plans.

EMPLOYEE STOCK PURCHASE PLAN (ESPP) - In 1997, the Company's shareholders approved the ESPP, under which 50,000 shares of the Company's Common Stock could be sold to employees. Each quarter, an eligible U.S. employee may elect to withhold up to 10 percent of his or her salary to purchase shares of the Company's stock at a price equal to 90 percent of the fair value of the stock as of the first day of the quarter or, if appropriate, the last business day prior to such date. The ESPP will terminate at the earlier of the date that all 50,000 shares have been sold or June 30, 2002. In 1997, 4,326 shares of the Company's stock were sold under the ESPP at \$44.44 a share, and at year-end 45,674 shares remained available for sale. Compensation costs related to the ESPP were immaterial.

NOTE I - EMPLOYEE AND RETIREE BENEFITS

RETIREMENT PLANS - The Company has noncontributory defined benefit retirement plans that cover substantially all employees. Benefits are based on years of service and final-pay or career-average-pay formulas as defined by the plans. The Company also has a nonqualified supplemental plan for directors and supplemental plans that provide benefits to employees whose defined benefits under their retirement plan formula cannot be fully funded because of

statutory limitations on the amount of benefits that may be paid from qualified plans. As part of a reduction-in-force program, special termination benefits were offered certain U.S. employees in 1995; a curtailment gain resulted from reduced future service cost for employees accepting the offer.

Retirement expense (credit) and its components for 1997, 1996 and 1995 are shown in the following table.

U.S. Plans (Thousands of dollars)	1997	1996	1995
Service cost - benefits earned during the year	\$ 2,834	3,191	3,266
Interest accrued on benefits earned in prior years	11,948	11,609	10,984
Actual return on plan assets	(46,427)	(21,641)	(32,876)
Net amortization and deferral	29,209	4,739	18,456
Retirement expense reduction*	(2,436)	(2,102)	(170)
Special termination benefits	-	-	7,005
Curtailment gain	-	-	(2,494)
Net retirement expense (credit)	\$ (2,436)	(2,102)	4,341

\*Major assumptions were discount rates of 7.50% for 1997 and 1995 and 7.00% for 1996 and assumed long-term rate of return on plan assets of 8.50% for each year.

Net retirement expense (credit) included in "Income from Discontinued Operations" in the Consolidated Statements of Income was \$(69,000) in 1996 and \$(12,000) in 1995.

Non-U.S. Plans (Thousands of dollars)	1997	1996	1995
Service cost - benefits earned during the year	\$1,683	1,528	1,482
Interest accrued on benefits earned in prior years	2,941	2,620	2,173
Actual return on plan assets	(7,101)	(5,011)	(3,652)
Net amortization and deferral	2,500	910	811
Retirement expense*	\$ 23	47	814

\*Major assumptions were discount rates of 7.50-9.50% and assumed long-term rates of return on plan assets of 7.50-9.50% in each year.

Amounts contributed to U.S. funded plans are actuarially determined and are at least the minimum required by the Employee Retirement Income Security Act of 1974. Amounts contributed to non-U.S. plans are based on local laws. The supplemental plans are unfunded. Accumulated benefits in excess of assets in these plans were \$6,381,000 in 1997 and \$5,501,000 in 1996; these amounts have been netted in the following table, which sets forth the combined funded status of plans and amounts recognized in the Consolidated Balance Sheets.

(Thousands of dollars)	U.S. Plans 1997	U.S. Plans 1996	Non-U.S. Plans 1997	Non-U.S. Plans 1996
Present value of accumulated benefits based on years of service, applicable pay formula and present pay levels				
Vested	\$153,499	138,428	33,981	27,991
Nonvested	6,257	5,494	87	120
Accumulated benefit obligation/1/ Provision for future pay increases	159,756 18,354	143,922 15,592	34,068 8,500	28,111 6,298
Projected benefit obligation/1/ Plan assets - at market value/2/	178,110 220,780	159,514 185,355	42,568 48,697	34,409 44,935
Plan assets in excess of projected benefit obligation	42,670	25,841	6,129	10,526
Unrecognized net asset from transition to SFAS No. 87/3/	(11,524)	(13,529)	(1,801)	(2,143)
Unrecognized net gain from favorable actuarial experience	(20,212)	(4,740)	(10,098)	(14,612)
Unrecognized prior service cost	1,273	1,421	2,430	2,718
Additional minimum liability	(518)	(360)	-	-
Prepaid (accrued) retirement cost	\$ 11,689	8,633	(3,340)	(3,511)

1 Major assumptions for U.S. plans were discount rates of 7.00% for 1997 and 7.50% for 1996 and future pay rate increases of 4.60% for 1997 and 1996. Major assumptions for non-U.S. plans were discount rates of 7.00-7.50% for 1997 and 7.50-9.50% for 1996 and future pay rate increases of 5.50-6.00% for 1997 and 6.00-7.00% for 1996.

2 Primarily includes listed stocks and bonds, government securities, U.S. agency bonds, corporate bonds and group annuity contracts.

3 Being amortized over periods of 14 to 19.2 years.

THRIFT PLANS - Most employees of the Company in the U.S. and Canada may participate in thrift plans by allotting up to a specified percentage of their base pay. The Company matches contributions at a stated percentage of each employee's allotment based on length of participation in the plans. Company contributions to these plans were \$3,076,000 in 1997, \$2,784,000 in 1996 and

\$2,952,000 in 1995, including \$190,000 in 1996 and \$157,000 in 1995 that were included in "Income from Discontinued Operations" in the Consolidated Statements of Income.

POSTRETIREMENT BENEFITS - The Company sponsors plans that provide health care and life insurance benefits for most retired U.S. employees. Costs are accrued for these plans during the service lives of covered employees. Retirees contribute a portion of the cost of health care benefits; the Company contributes the remainder. The Company pays premiums for life insurance coverage, arranged through an insurance company. The health care plan is self-funded on a pay-as-you-go basis. The Company has the right to modify the benefits and/or costsharing provisions.

Based on actuarial computations, postretirement expense and its components for 1997, 1996 and 1995 were as follows.

(Thousands of dollars)	1997	1996	1995
Service cost	\$ 508	714	548
Amortization of net actuarial loss	67	17	476
Interest cost	2,466	2,175	2,706
Postretirement expense	\$3,041	2,906	3,730

Postretirement expense included in "Income from Discontinued Operations" in the Consolidated Statements of Income was \$433,000 in 1996 and \$466,000 in 1995.

A summary follows of postretirement benefit obligations recorded at December 31, 1997 and 1996. Calculation of the amount of accumulated unfunded postretirement benefit obligations (APBO) was based on discount rates of 7.00 percent in 1997 and 7.50 percent in 1996. Accrued APBO obligations were included in "Deferred Credits and Other Liabilities" in the Consolidated Balance Sheets.

(Thousands of dollars)	1997	1996
APBO - Retirees	\$ 26,444	18,450
Fully eligible active participants	1,659	2,680
Other active participants	8,152	7,931
Total unfunded APBO	36,255	29,061
Unrecognized net actuarial gain (loss)	(6,428)	611
Accrued APBO obligations	\$ 29,827	29,672

In determining the APBO at December 31, 1997, health care inflation cost was assumed to increase at an annual rate of 7.5 percent, gradually decreasing to 4.5 percent in 2002 and thereafter. A one-percent increase in the assumed health care cost trend would increase the 1997 postretirement benefit expense by 7.2 percent and the APBO at December 31, 1997 by 6.5 percent.

#### NOTE J - FINANCIAL INSTRUMENTS

**DERIVATIVE INSTRUMENTS** - Murphy utilizes derivative instruments on a limited basis to manage risks related to interest rates, foreign currency exchange rates and commodity prices. The use of derivative instruments is closely monitored by the Company's senior management, and all such transactions are designed to address certain risk-management objectives. The Company does not hold any derivatives for trading purposes, and it does not use derivatives with leveraged features. Derivative instruments are traded either with creditworthy major financial institutions or over national exchanges.

At December 31, 1997, the Company had interest rate swaps agreements with notional amounts totaling \$100,000,000 that serve to convert an equal amount of variable rate long-term debt to fixed rates. The swaps mature in 2002 and 2004 and have a weighted-average fixed interest rate of 6.46 percent. No interest rate swaps were outstanding at December 31, 1996. Using the accrual/settlement method of accounting, the net amount to be received or paid on a quarterly basis under the swap agreements is accrued as part of "Interest Expense" in the Consolidated Income Statement. Although the Company has never terminated an interest rate swap prior to maturity, if it did, any cash paid or received as settlement would be deferred and recognized as an adjustment to interest expense over the shorter of the remaining life of the debt or the remaining contractual life of the swap.

At December 31, 1997, the Company had a forward foreign currency exchange contract that serves to fix the U.S. dollar cost for Canadian dollar nonrecourse debt associated with the Company's Syncrude project. The currency exchange contract matures in December 1998, at which time the Company will pay US \$28,517,000 to acquire the Canadian dollars needed to meet the payment of Cdn \$37,970,000. The Company accounts for the unrealized difference between the contract exchange rate and the actual period-ending exchange rate on the Consolidated Balance Sheet as an adjustment to "Nonrecourse Debt of a Subsidiary" with the offset to "Currency Translation Adjustments." When the contract is settled, any adjustment to the difference previously recorded will be included in the same accounts.

The Company previously used crude oil swap agreements to reduce a portion of the financial exposure of its U.S. refineries to crude oil price movements. Unrealized gains or losses on such swap contracts were generally deferred and recognized in connection with the associated crude oil purchase. If conditions indicated that the market price of finished products would not allow for recovery of the costs of the finished products, including any unrealized loss on the crude oil swap, a liability was provided for the nonrecoverable portion of the unrealized swap loss. The final swap matured in the third quarter of 1997. The Company recorded operating results associated with crude oil swaps in "Crude Oil, Products and Related Operating Expenses" in the Consolidated Statements of Income. For 1997, 1996 and 1995, the after-tax results of crude oil swaps were gains (losses) of \$5,041,000, \$9,209,000 and \$(3,900,000), respectively.

**FAIR VALUE** - The following table presents the carrying amounts and estimated fair values of financial instruments held by the Company at December 31, 1997 and 1996. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The table excludes cash and cash equivalents, trade accounts receivable, investments and noncurrent receivables, trade accounts payable, and accrued expenses, all of which had fair values approximating carrying amounts.

1997	1996
Estimated	Estimated

(Thousands of dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
-----				
Financial liabilities				
Current and long-term debt	\$(214,255)	(205,240)	(215,463)	(203,848)
Off-balance-sheet exposures				
Interest rate swaps	-	(1,886)	-	-
Crude oil swaps	-	-	-	6,166
Financial guarantees and letters of credit	-	-	-	-
-----				

The carrying amounts of financial liabilities in the preceding table are included in the Consolidated Balance Sheets under "Current Maturities of Long-Term Obligations," "Notes Payable," "Notes Payable and Capitalized Lease Obligations" and "Nonrecourse Debt of a Subsidiary." The following methods and assumptions

were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

- . Current and long-term debt - The fair value is estimated based on current rates offered the Company for debt of the same maturities.
- . Interest rate and crude oil swaps - The fair value is an estimate of the amount, based on quotes from counterparties, that the Company would receive (pay) at the reporting date to cancel the contracts.
- . Financial guarantees and letters of credit - The fair value, which represents fees associated with obtaining the instruments, was nominal.

CREDIT RISKS - The Company's primary credit risks are associated with trade accounts receivable, cash equivalents and derivative instruments. Trade receivables arise mainly from sales of crude oil, natural gas and petroleum products to a large number of customers in the U.S., Canada and the U.K. The credit history and financial condition of potential customers are reviewed before credit is extended, security is obtained when considered appropriate based on a potential customer's financial condition, and routine follow-up evaluations are made. The combination of these evaluations and the large number of customers tend to limit the risk of credit concentration to an acceptable level. Cash equivalents are placed with several major financial institutions; this limits the Company's exposure to credit risk. The Company controls the credit risks on derivatives through credit approvals and monitoring procedures and believes such risks are minimal, as counterparties to the transactions are major financial institutions.

#### NOTE K - STOCKHOLDER RIGHTS PLAN

The Company's Stockholder Rights Plan provides for each Common stockholder to receive a dividend of one Right for each share of the Company's Common Stock held. The Rights will expire on December 6, 1999, unless earlier redeemed or exchanged. The Rights will detach from the Common Stock and become exercisable following a specified period of time after the first public announcement that a person or group of affiliated or associated persons (other than certain persons) has become the beneficial owner of 15 percent or more of the Company's Common Stock. The Rights have certain antitakeover effects and will cause substantial dilution to a person or group that attempts to acquire the Company without conditioning the offer on a substantial number of Rights being acquired. The Rights are not intended to prevent a takeover, but rather are designed to enhance the ability of the Board of Directors to negotiate with an acquiror on behalf of all shareholders. Other terms of the Rights are set forth in, and the foregoing description is qualified in its entirety by, the Rights Agreement between the Company and Harris Trust Company of New York, as Rights Agent.

#### NOTE L - EARNINGS PER SHARE

A reconciliation of the weighted-average shares outstanding for computation of basic and diluted income per Common share for the three years ended December 31, 1997 follows. No difference existed between net income used in computing basic and diluted income per Common share for these years.

(Weighted-average shares outstanding)	1997	1996	1995
Basic method	44,881,225	44,858,115	44,832,463
Dilutive stock options	79,682	46,521	-
Assuming dilution	44,960,907	44,904,636	44,832,463

Stock options representing the rights to acquire 346,306, 140,692 and 452,086 shares in 1997, 1996 and 1995, respectively, were not considered in the computation of diluted earnings per share because any effects of these options would have been antidilutive.

#### NOTE M - OTHER FINANCIAL INFORMATION

INVENTORIES - Inventories valued at cost under the LIFO method totaled \$82,709,000 and \$63,783,000 at December 31, 1997 and 1996, respectively. These amounts were \$76,008,000, and \$120,290,000 respectively, less than such inventories would have been valued using the FIFO method.

FOREIGN CURRENCY - Cumulative translation gains and losses are included in "Stockholders' Equity." At December 31, 1997, components of the net cumulative gain of \$891,000 were gains (losses) of \$37,320,000 for pounds sterling, \$(37,031,000) for Canadian dollars and \$602,000 for other currencies. Comparability of net income was not significantly affected by exchange rate fluctuations in 1997, 1996 or 1995. Net gains (losses) from foreign currency transactions included in the Consolidated Statements of Income were \$200,000 in 1997, \$(175,000) in 1996 and \$82,000 in 1995.

CASH FLOW DISCLOSURES - Cash income taxes paid, net of refunds, were \$86,962,000, \$51,983,000 and \$24,638,000 in 1997, 1996 and 1995. Interest paid, net of amounts capitalized, was \$269,000, \$1,659,000 and \$5,434,000 in 1997, 1996 and 1995.

(Increases) decreases in noncash operating working capital for the three years ended December 31, 1997 were as follows.

(Thousands of dollars)	1997	1996	1995
Accounts receivable	\$ 47,214	(89,453)	7,203
Inventories	(27,061)	22,558	(18,192)
Prepaid expenses	(17,503)	(1,679)	7,131
Deferred income tax assets	4,348	(2,234)	(2,551)



Accounts payable and accrued liabilities	(67,623)	131,774	(23,987)
Current income tax liabilities	(11,766)	16,145	(6,213)
-----			
	\$(72,391)	77,111	(36,609)
=====			

NOTE N - COMMITMENTS

The Company leases land, service stations and other facilities under operating leases. Future minimum rental commitments under noncancellable operating leases are not material. Commitments for capital expenditures were approximately \$228,000,000 at December 31, 1997, including \$89,000,000 related to a one-third interest in a

five-year contract for a semisubmersible drilling rig capable of drilling in 6,000 feet of water. Delivery of the rig is scheduled for 1999.

NOTE O - CONTINGENCIES

The Company's operations and earnings have been and may be affected by various forms of governmental action both in the U.S. and throughout the world. Examples of such governmental action include, but are by no means limited to: tax increases and retroactive tax claims; restrictions on production; import and export controls; price controls; currency controls; allocation of supplies of crude oil and petroleum products and other goods; expropriation of property; restrictions and preferences affecting issuance of oil and gas or mineral leases; laws and regulations intended for the protection and/or remediation of the environment; promotion of safety; governmental support for other forms of energy; and laws and regulations affecting the Company's relationships with employees, suppliers, customers, stockholders and others. Because governmental actions are often motivated by political considerations, they may be taken without full consideration of their consequences, and may be taken in response to actions of other governments, it is not practical to attempt to predict the likelihood of such actions, the form the actions may take or the effect such actions may have on the Company.

FOREIGN CRUDE OIL CONTRACTS - In August 1996, the Ecuadoran government notified the Company that its contractual arrangement for production of crude oil in Ecuador must be modified to give the government a larger share of future oil revenues. As a result, the Company's risk-service contract was replaced by a production-sharing contract effective January 1, 1997. While the state oil company, PetroEcuador, acknowledged that amounts were owed under the former contract and indicated its intention to pay, the Company considered the circumstances surrounding the contract replacement and recorded an \$8,876,000 provision for doubtful accounts at December 31, 1996. Based on amounts collected in 1997, the Company determined that a portion of the allowance for doubtful accounts was no longer required and recognized income of \$1,642,000 in 1997. Any collections of the remaining \$7,234,000 receivable will be recognized as income as received.

In late 1996, the Company negotiated a settlement of abandonment obligations with other joint owners of former oil properties in Gabon. As a result of this settlement, the Company recorded a net gain of \$8,201,000 in 1996 to adjust for the dismantlement reserve no longer required.

ENVIRONMENTAL MATTERS - The Company's environmental contingencies are reviewed in Management's Discussion and Analysis under the section entitled "Environmental" on page 36.

OTHER MATTERS - The Company and its subsidiaries are engaged in a number of legal proceedings, all of which the Company considers routine and incidental to its business and none of which is considered material. In the normal course of its business activities, the Company is required under certain contracts with various governmental authorities and others to provide letters of credit that may be drawn upon if the Company fails to perform under those contracts. At December 31, 1997, the Company had contingent liabilities of \$15,400,000 on outstanding letters of credit and \$14,000,000 under certain financial guarantees.

NOTE P - BUSINESS SEGMENTS

Information about business segments and geographic operations is summarized in the following tables. Excise taxes on petroleum products of \$679,953,000, \$550,116,000 and \$521,250,000 for the years 1997, 1996 and 1995 were excluded from revenues and costs and expenses. Intracompany and affiliated company transfers are at market prices. Companies accounted for by the equity method are primarily engaged in the transportation of crude oil and petroleum products.

(Thousands of dollars)	1997	1996	1995
<b>REVENUES FOR THE YEAR</b>			
Exploration and production			
United States	\$ 274,825	265,223	205,604
Canada	185,543	167,258	139,133
United Kingdom	121,602	130,989	110,789
Ecuador	36,034	34,977	26,096
Other international	2,453	8,799	11,885
	620,457	607,246	493,507
Refining, marketing and transportation			
United States	1,341,650	1,267,029	1,010,967
Canada	26,102	24,627	22,589
United Kingdom	268,609	317,941	254,746
	1,636,361	1,609,597	1,288,302
Intrasegment transfers elimination	2,256,818	2,216,843	1,781,809
	(124,566)	(208,393)	(169,309)
Total operating revenues	2,132,252	2,008,450	1,612,500
Corporate	5,515	13,726	19,280
	\$2,137,767	2,022,176	1,631,780

(Thousands of dollars)	1997	1996	1995
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## ASSETS AT YEAR-END

## Exploration and production

United States	\$ 400,708	400,964	317,422
Canada	595,979	552,745	502,830
United Kingdom	319,592	307,016	248,493
Ecuador	61,536	72,462	64,406
Other international	24,869	14,238	16,282

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 1,402,684 1,347,425 1,149,433  
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## Refining, marketing and transportation

United States	491,430	503,791	494,577
Canada	64,530	83,497	56,786
United Kingdom	194,666	151,784	128,952

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 750,626 739,072 680,315  
 -----

Corporate  
Net investment in discontinued operations

Corporate	85,009	157,289	123,978
Net investment in discontinued operations	-	-	144,740

-----  
 \$2,238,319 2,243,786 2,098,466  
 =====

(Thousands of dollars)	1997	1996	1995*
<b>OPERATING INCOME (LOSS) FOR THE YEAR</b>			
Exploration and production	\$136,470	205,734	(97,583)
Refining, marketing and transportation	91,452	23,361	(42,670)
Operating income (loss)	227,922	229,095	(140,253)
Nonoperating (charges) credits			
Income of equity companies	1,136	1,286	1,348
Income taxes	(79,244)	(90,399)	20,809
Corporate revenues (expenses) - net	(17,408)	(14,026)	(9,823)
Income from discontinued operations	-	11,899	9,307
Net income (loss)	\$132,406	137,855	(118,612)

(Thousands of dollars)	1997	1996	1995*
<b>NET INCOME (LOSS) FOR THE YEAR</b>			
Exploration and production			
United States	\$ 51,491	68,063	3,755
Canada	19,017	32,747	21,669
United Kingdom	16,301	14,729	(11,934)
Ecuador	14,543	4,874	(97,320)
Other international	(16,300)	3,542	(6,755)
	85,052	123,955	(90,585)
Refining, marketing and transportation			
United States	41,355	1,773	(3,767)
Canada	6,186	6,143	5,544
United Kingdom	9,197	6,186	(35,294)
	56,738	14,102	(33,517)
Corporate	(9,384)	(12,101)	(3,817)
Income (loss) from continuing operations	132,406	125,956	(127,919)
Income from discontinued operations	-	11,899	9,307
	\$132,406	137,855	(118,612)

\* As set forth in Note D to the consolidated financial statements, the effects of adopting SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, were:

Operating income (loss) - a loss of \$198,988, \$150,301 related to exploration and production and \$48,687 to refining, marketing and transportation.

Net income (loss) - a loss of \$168,367, \$132,798 related to exploration and production (\$5,986 United States, \$24,197 United Kingdom, \$100,000 Ecuador and \$2,615 other international) and \$35,569 related to refining, marketing and transportation - United Kingdom.

(Thousands of dollars)	1997	1996	1995
<b>ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR</b>			
Exploration and production			
United States	\$102,523	149,739	36,064
Canada	135,024	91,610	93,612
United Kingdom	79,998	55,929	27,527
Ecuador	10,422	11,732	17,553
Other international	10,893	4,442	1,907
	338,860	313,452	176,663
Refining, marketing and transportation			
United States	29,194	20,868	27,565
Canada	4,625	8,468	3,561
United Kingdom	3,664	13,544	22,476
	37,483	42,880	53,602
Corporate	7,367	1,192	1,831
	\$383,710	357,524	232,096

(Thousands of dollars)	1997	1996	1995
<b>DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSE FOR THE YEAR</b>			
Exploration and production			
United States	\$ 79,471	60,560	89,669

Canada	37,794	30,768	26,707
United Kingdom	43,718	40,768	50,426
Ecuador	11,418	8,945	10,728
Other international	-	6,581	5,195
	-----	-----	-----
	172,401	147,622	182,725
	-----	-----	-----
Refining, marketing and transportation			
United States	27,823	26,443	25,862
Canada	2,008	1,637	1,549
United Kingdom	4,671	3,767	9,062
	-----	-----	-----
	34,502	31,847	36,473
	-----	-----	-----
Corporate	2,516	2,912	2,673
	-----	-----	-----
	\$209,419	182,381	221,871
	=====	=====	=====

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SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)  
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The following schedules are presented in accordance with Statement of Financial Accounting Standards No. 69 (SFAS No. 69), Disclosures about Oil and Gas Producing Activities, to provide users with a common base for preparing estimates of future cash flows and comparing reserves among companies. Additional background information follows concerning four of the schedules.

SCHEDULES 1 AND 2 - ESTIMATED NET PROVED OIL AND NATURAL GAS RESERVES

Reserves of crude oil, condensate, and natural gas liquids and natural gas are estimated by the Company's engineers and adjusted to reflect contractual arrangements and royalty rates in effect at each year-end. Many assumptions and judgmental decisions are required to estimate reserves. Reported quantities are subject to future revisions, some of which may be substantial, as additional information becomes available. Such additional knowledge may result from: reservoir performance, new geological and geophysical data, additional drilling, technological advancements, price changes and other economic factors.

Regulations of the U.S. Securities and Exchange Commission define proved reserves as those volumes of crude oil, condensate, and natural gas liquids and natural gas that geological and engineering data demonstrate with reasonable certainty are recoverable from known reservoirs under existing economic and operating conditions. Proved developed reserves are volumes expected to be recovered through existing wells with existing equipment and operating methods. Proved undeveloped reserves are volumes expected to be recovered as a result of additional investments for drilling new wells on acreage offsetting productive units, recompleting existing wells, and/or installing facilities to collect and transport volumes produced.

Production quantities shown are net volumes withdrawn from reservoirs. These may differ from sales quantities due to inventory changes and, especially in the case of natural gas, volumes consumed for fuel and/or shrinkage from extraction of natural gas liquids. Such differences were insignificant for crude oil and liquids, but amounted to approximately 2.4 billion cubic feet in 1997, 1.5 billion in 1996 and .5 billion in 1995 for natural gas.

Synthetic oil reserves in Canada are attributable to Murphy's share, after deducting estimated net profit royalty, of the currently producing leases in the Syncrude project. Additional reserves will be added as development progresses on other Syncrude leases.

The Company has no proved reserves attributable to either long-term supply agreements with foreign governments or investees accounted for by the equity method.

SCHEDULE 4 - RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES

Results of operations from exploration and production activities by geographic area are reported on this schedule as if these activities were a separate corporate entity rather than part of an operation that also refines crude oil and sells refined products. Results of oil and gas producing activities include certain special items that are reviewed in Management's Discussion and Analysis (see page 34), and should be considered in conjunction with the Company's overall performance.

SCHEDULE 6 - STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS RELATING TO PROVED OIL AND GAS RESERVES

SFAS No. 69 requires calculation of future net cash flows using a 10-percent annual discount factor and year-end (1997 and 1996) prices, costs and statutory tax rates, except for known future changes such as contracted prices and legislated tax rates. Future net cash flows from the Company's interest in synthetic oil are excluded.

The reported value of proved reserves is not necessarily indicative of either fair market value or present value of future cash flows because prices, costs and governmental policies do not remain static; appropriate discount rates may vary; and extensive judgment is required to estimate the timing of production. Other logical assumptions would likely have resulted in significantly different amounts. Average crude oil prices at year-end 1997 used for this calculation were \$16.27 a barrel for the U.S., \$15.68 for Canadian light, \$6.28 for Canadian heavy, \$14.47 for Canadian offshore, \$15.83 for the U.K. and \$11.79 for Ecuador. Average natural gas prices were \$2.71 an MCF for the U.S., \$1.18 for Canada and \$2.60 for the U.K. Oil and natural gas prices have declined sharply in early 1998.

Schedule 6 also presents the principal reasons for change in the standardized measure of discounted future net cash flows for each of the three years ended December 31, 1997.

[GRAPH - ESTIMATED NET PROVED OIL RESERVES]

[GRAPH - ESTIMATED NET PROVED NATURAL GAS RESERVES]

[GRAPH - ESTIMATED NET PROVED HYDROCARBON RESERVES]

SCHEDULE 1 - ESTIMATED NET PROVED OIL RESERVES

Crude Oil, Condensate and Natural Gas Liquids							
(Millions of barrels)	United States	Canada*	United Kingdom	Ecuador	Total	Synthetic Oil - Canada	Total
<b>PROVED</b>							
December 31, 1994	24.5	37.5	24.5	35.0	121.5	98.8	220.3
Revisions of previous estimates	3.9	-	.7	(3.5)	1.1	.7	1.8
Purchases	.2	2.0	-	-	2.2	-	2.2
Extensions and discoveries	1.0	3.6	20.3	-	24.9	-	24.9
Production	(5.0)	(5.1)	(5.5)	(1.9)	(17.5)	(3.3)	(20.8)
Sales	-	(1.7)	-	-	(1.7)	-	(1.7)
December 31, 1995	24.6	36.3	40.0	29.6	130.5	96.2	226.7
Revisions of previous estimates	.5	.6	.2	-	1.3	3.2	4.5
Extensions and discoveries	4.0	3.8	14.6	-	22.4	-	22.4
Production	(4.3)	(5.2)	(4.8)	(2.2)	(16.5)	(3.0)	(19.5)
Sales	(6.1)	(.3)	-	-	(6.4)	-	(6.4)
December 31, 1996	18.7	35.2	50.0	27.4	131.3	96.4	227.7
Revisions of previous estimates	1.6	(.4)	6.1	6.6	13.9	10.5	24.4
Improved recovery	-	.5	-	-	.5	-	.5
Purchases	.2	2.1	-	-	2.3	-	2.3
Extensions and discoveries	2.5	18.8	6.2	-	27.5	-	27.5
Production	(3.9)	(5.8)	(5.0)	(2.9)	(17.6)	(3.4)	(21.0)
Sales	-	(1.3)	-	-	(1.3)	-	(1.3)
December 31, 1997	19.1	49.1	57.3	31.1	156.6	103.5	260.1
<b>PROVED DEVELOPED</b>							
December 31, 1994	15.2	23.6	19.2	3.8	61.8	80.5	142.3
December 31, 1995	21.3	22.4	19.5	7.8	71.0	69.9	140.9
December 31, 1996	16.3	21.4	16.8	10.1	64.6	66.9	131.5
December 31, 1997	15.3	22.5	18.3	20.6	76.7	70.4	147.1

\*Excludes 50 million barrels of crude oil to be added to proved reserves as development of the Hibernia and Terra Nova oil fields proceeds.

SCHEDULE 2 - ESTIMATED NET PROVED NATURAL GAS RESERVES

(Billions of cubic feet)	United States	Canada	United Kingdom	Spain	Total
<b>PROVED</b>					
December 31, 1994	430.1	176.7	29.6	7.2	643.6
Revisions of previous estimates	3.8	(5.2)	1.9	.6	1.1
Purchases	2.8	5.8	-	-	8.6
Extensions and discoveries	64.1	2.0	19.8	-	85.9
Production	(69.3)	(15.2)	(3.9)	(4.0)	(92.4)
Sales	-	(4.0)	-	-	(4.0)
December 31, 1995	431.5	160.1	47.4	3.8	642.8
Revisions of previous estimates	19.8	(5.1)	2.1	(1.2)	15.6
Extensions and discoveries	85.0	15.6	-	-	100.6
Production	(58.3)	(15.8)	(5.6)	(2.6)	(82.3)
Sales	(13.6)	(3.7)	-	-	(17.3)
December 31, 1996	464.4	151.1	43.9	-	659.4
Revisions of previous estimates	(23.7)	(4.9)	(2.9)	-	(31.5)
Purchases	11.1	.4	-	-	11.5
Extensions and discoveries	63.2	17.0	-	-	80.2
Production	(79.4)	(16.4)	(4.6)	-	(100.4)
Sales	(.2)	(6.8)	-	-	(7.0)
December 31, 1997	435.4	140.4	36.4	-	612.2
<b>PROVED DEVELOPED</b>					
December 31, 1994	221.6	165.0	29.6	7.2	423.4
December 31, 1995	229.0	150.0	27.6	3.8	410.4
December 31, 1996	291.1	146.0	25.4	-	462.5
December 31, 1997	304.2	135.2	24.0	-	463.4

SCHEDULE 3 - COSTS INCURRED IN OIL AND GAS PROPERTY ACQUISITION, EXPLORATION AND DEVELOPMENT ACTIVITIES

1997								
(Millions of dollars)	United States	Canada	United Kingdom	Ecuador	Other	Subtotal	Synthetic Oil - Canada	Total
Property acquisition costs								
Unproved	\$ 20.5	5.9	.2	-	-	26.6	-	26.6
Proved	8.2	13.9	.1	-	-	22.2	-	22.2
Total acquisition costs	28.7	19.8	.3	-	-	48.8	-	48.8
Exploration costs	74.4	18.2	14.6	-	28.1	135.3	-	135.3
Development costs	43.9	96.0	76.0	10.4	-	226.3	12.8	239.1
Total capital expenditures	147.0	134.0	90.9	10.4	28.1	410.4	12.8	423.2
Charged to expense								
Dry hole expense	30.9	4.5	5.7	-	7.2	48.3	-	48.3
Geophysical and other costs	13.6	7.2	5.2	-	10.0	36.0	-	36.0
Total charged to expense	44.5	11.7	10.9	-	17.2	84.3	-	84.3
Expenditures capitalized	\$ 102.5	122.3	80.0	10.4	10.9	326.1	12.8	338.9

SCHEDULE 4 - RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES

1997								
(Millions of dollars)	United States	Canada	United Kingdom	Ecuador	Other	Subtotal	Synthetic Oil - Canada	Total
Revenues								
Crude oil and natural gas liquids								
Transfers to consolidated operations	\$ 64.1	13.7	-	-	-	77.8	46.8	124.6
Sales to unaffiliated enterprises	10.8	57.9	95.3	34.7	-	198.7	21.1	219.8
Natural gas	196.7	22.1	12.2	-	-	231.0	-	231.0
Total oil and gas revenues	271.6	93.7	107.5	34.7	-	507.5	67.9	575.4
Other operating revenues/1/	3.2	24.0	14.1	1.3	2.5	45.1	-	45.1
Total revenues	274.8	117.7	121.6	36.0	2.5	552.6	67.9	620.5
Costs and deductions								
Production costs	43.5	39.2	32.5	11.0	-	126.2	38.6	164.8
Exploration expenses	44.5	11.7	10.9	-	17.2	84.3	-	84.3
Undeveloped lease amortization	6.7	3.6	.1	-	.1	10.5	-	10.5
Depreciation, depletion and amortization	79.4	31.4	43.7	11.4	-	165.9	6.5	172.4
Impairment of long-lived assets	7.7	20.4	-	-	-	28.1	-	28.1
Selling and general expenses	14.3	5.2	2.7	.2	1.4	23.8	.1	23.9
Loss from modifications to foreign crude oil contracts	-	-	-	-	-	-	-	-
Total costs and deductions	196.1	111.5	89.9	22.6	18.7	438.8	45.2	484.0
Income tax provisions (benefits)	78.7	6.2	31.7	13.4	(16.2)	113.8	22.7	136.5
Results of operations/2/	\$ 51.5	4.8	16.3	14.5	(16.3)	70.8	14.3	85.1

/1/ Includes pretax gains of \$20.7 on sale of Canadian properties and \$1.6 on 1996 contract modification in Ecuador.

/2/ Excludes corporate overhead and interest.





Dry hole expense	25.9	2.9	.7	-	1.4	30.9	-	30.9
Geophysical and other costs	9.2	2.9	4.3	-	7.8	24.2	-	24.2
Total charged to expense	35.1	5.8	5.0	-	9.2	55.1	-	55.1
Expenditures capitalized	\$ 36.1	86.2	27.5	17.6	1.9	169.3	7.3	176.6

SCHEDULE 4 - RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES (Contd.)

(Millions of dollars)	1995							Synthetic Oil -	
	United States	Canada	United Kingdom	Ecuador	Other	Subtotal	Canada	Total	
<b>Revenues</b>									
Crude oil and natural gas liquids									
Transfers to consolidated operations	\$ 67.8	45.7	20.9	-	-	134.4	34.9	169.3	
Sales to unaffiliated enterprises	14.4	22.6	71.7	25.9	-	134.6	20.8	155.4	
Natural gas	112.8	14.5	9.8	-	11.3	148.4	-	148.4	
Total oil and gas revenues	195.0	82.8	102.4	25.9	11.3	417.4	55.7	473.1	
Other operating revenues	10.6	-	8.4	.2	.6	19.8	.6	20.4	
Total revenues	205.6	82.8	110.8	26.1	11.9	437.2	56.3	493.5	
<b>Costs and deductions</b>									
Production costs	53.5	27.0	36.1	11.6	.1	128.3	39.2	167.5	
Exploration expenses	35.1	5.8	5.0	-	9.2	55.1	-	55.1	
Undeveloped lease amortization	6.9	2.3	-	-	1.5	10.7	-	10.7	
Depreciation, depletion and amortization	89.7	21.9	50.4	10.7	5.3	178.0	4.7	182.7	
Impairment of long-lived assets	9.2	-	38.5	100.0	2.6	150.3	-	150.3	
Selling and general expenses	14.1	5.6	3.5	.1	1.4	24.7	.1	24.8	
Loss from modifications to foreign crude oil contracts	-	-	-	-	-	-	-	-	
Total costs costs and deductions	208.5	62.6	133.5	122.4	20.1	547.1	44.0	591.1	
Income tax provisions (benefits)	(2.9)	20.2	(22.7)	(96.3)	(8.2)	(109.9)	12.3	(97.6)	
	(6.6)	6.3	(10.8)	1.0	(1.4)	(11.5)	4.5	(7.0)	
Results of operations/1/	\$ 3.7	13.9	(11.9)	(97.3)	(6.8)	(98.4)	7.8	(90.6)	

/1/ Excludes corporate overhead and interest.

SCHEDULE 5 - CAPITALIZED COSTS RELATING TO OIL AND GAS PRODUCING ACTIVITIES

(Millions of dollars)	United States	Canada	United Kingdom	Ecuador	Other	Subtotal	Synthetic Oil - Canada	Total
December 31, 1997								
Unproved oil and gas properties	\$ 96.8	32.9	4.3	-	19.6	153.6	-	153.6
Proved oil and gas properties	1,468.9	732.9/1/	764.5	189.3	-	3,155.6	133.6	3,289.2
Gross capitalized costs	1,565.7	765.8	768.8	189.3	19.6	3,309.2	133.6	3,442.8
Accumulated depreciation, depletion and amortization								
Unproved oil and gas properties	(47.0)	(18.2)	(1.0)	-	(4.0)	(70.2)	-	(70.2)
Proved oil and gas properties/2/	(1,185.6)	(295.0)/1/	(520.0)	(134.9)	-	(2,135.5)	(18.8)	(2,154.3)
Net capitalized costs	\$ 333.1	452.6	247.8	54.4	15.6	1,103.5	114.8	1,218.3
December 31, 1996								
Unproved oil and gas properties	\$ 86.2	33.4	1.8	-	8.7	130.1	-	130.1
Proved oil and gas properties	1,384.1	659.5/1/	703.5	178.8	-	2,925.9	126.5	3,052.4
Gross capitalized costs	1,470.3	692.9	705.3	178.8	8.7	3,056.0	126.5	3,182.5
Accumulated depreciation, depletion and amortization								
Unproved oil and gas properties	(45.3)	(16.8)	(.9)	-	(3.9)	(66.9)	-	(66.9)
Proved oil and gas properties/2/	(1,102.4)	(264.1)	(490.6)	(123.5)	-	(1,980.6)	(13.7)	(1,994.3)
Net capitalized costs	\$ 322.6	412.0	213.8	55.3	4.8	1,008.5	112.8	1,121.3

/1/ Includes net costs of \$249 in 1997 and \$212.4 in 1996 related to Hibernia and Terra Nova oil fields.

/2/ Does not include reserve for dismantlement costs of \$153 in 1997 and \$152.5 in 1996.

SCHEDULE 6 - STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS RELATING TO PROVED OIL AND GAS RESERVES/1/

(Millions of dollars)	United States	Canada	United Kingdom	Ecuador	Total
December 31, 1997					
Future cash inflows	\$ 1,487.7	769.6	972.0	366.3	3,595.6
Future development costs	(154.6)	(253.1)	(104.2)	(49.7)	(561.6)
Future production and abandonment costs	(348.5)	(296.3)	(356.3)	(111.4)	(1,112.5)
Future income taxes	(286.0)	(6.8)	(145.7)	(26.7)	(465.2)
Future net cash flows	698.6	213.4	365.8	178.5	1,456.3
10% annual discount for estimated timing of cash flows	(214.7)	(115.2)	(104.0)	(59.4)	(493.3)
Standardized measure of discounted future net cash flows	\$ 483.9	98.2	261.8	119.1	963.0
December 31, 1996					
Future cash inflows	\$ 2,218.3	960.7	1,270.3	446.8	4,896.1
Future development costs	(158.1)	(112.3)	(153.4)	(52.4)	(476.2)
Future production and abandonment costs	(349.6)	(286.5)	(399.3)	(194.8)	(1,230.2)
Future income taxes	(551.7)	(119.1)	(203.2)	(68.8)	(942.8)
Future net cash flows	1,158.9	442.8	514.4	130.8	2,246.9
10% annual discount for estimated timing of cash flows	(346.3)	(164.7)	(166.5)	(48.4)	(725.9)
Standardized measure of discounted future net cash flows	\$ 812.6	278.1	347.9	82.4	1,521.0

/1/ Excludes discounted future net cash flows from synthetic oil of \$164.3 at December 31, 1997.

/2/ Excludes future net cash flows attributable to 50 million barrels of crude oil to be added to proved reserves as development of the Hibernia and Terra Nova oil fields proceeds.

Following are the principal sources of change in the standardized measure of discounted future net cash flows for the years shown.

(Millions of dollars)	1997	1996	1995
Net changes in prices, production costs and development costs	\$(1,437.3)	643.2	81.3
Sales and transfers of oil and gas produced, net of production costs	(230.8)	(324.9)	(226.2)
Net change due to extensions and discoveries	278.6	450.8	298.1
Net change due to purchases and sales of proved reserves	17.4	(121.4)	7.5
Development costs incurred	214.2	201.5	132.8
Accretion of discount	217.6	115.6	76.1
Revisions of previous quantity estimates	55.0	54.8	25.4
Net change in income taxes	327.3	(352.2)	(153.0)
Net increase	(558.0)	667.4	242.0
Standardized measure at January 1	1,521.0	853.6	611.6

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Standardized measure at December 31

\$ 963.0

1,521.0

853.6  
=====

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 STATISTICAL SUMMARY  
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	1997	1996	1995	1994	1993
<b>EXPLORATION AND PRODUCTION</b>					
Net crude oil and condensate production - barrels a day					
United States	9,565	10,614	12,772	12,503	12,864
Canada -light	3,351	3,774	4,417	4,775	4,546
heavy	11,538	9,670	8,864	6,840	7,449
offshore	224	-	-	-	-
synthetic	9,341	8,163	8,832	9,065	-
United Kingdom	13,438	12,918	14,588	13,389	6,342
Ecuador	7,802	6,005	5,274	1,967	-
Other international	-	-	117	1,038	1,550
Net natural gas liquids production - barrels a day					
United States	1,195	1,031	964	852	863
Canada	617	689	740	748	697
United Kingdom	423	346	447	151	-
<b>Total</b>	<b>57,494</b>	<b>53,210</b>	<b>57,015</b>	<b>51,328</b>	<b>34,311</b>
=====					
Net natural gas sold - thousands of cubic feet a day					
United States	211,207	155,017	189,250	195,555	215,471
Canada	44,853	43,031	40,907	37,945	36,792
United Kingdom	12,609	15,247	10,671	10,138	13,074
Spain	-	7,338	10,898	12,620	9,571
<b>Total</b>	<b>268,669</b>	<b>220,633</b>	<b>251,726</b>	<b>256,258</b>	<b>274,908</b>
=====					
Total hydrocarbons produced - equivalent barrels/1/ a day					
	102,272	89,982	98,969	94,038	80,129
-----					
Estimated net hydrocarbon reserves - million equivalent barrels/1,2/					
	362.1	337.6	333.8	327.6	311.3
-----					
Weighted average sales prices/3/					
Crude oil and condensate - dollars a barrel					
United States	\$19.43	20.31	16.61	15.36	16.60
Canada/4/ - light	17.74	19.97	16.45	14.61	15.01
heavy	10.76	14.27	12.10	10.56	9.84
offshore	15.15	-	-	-	-
synthetic	19.92	21.20	17.28	15.92	-
United Kingdom	18.89	21.08	16.96	15.77	16.63
Ecuador	12.17	15.96	13.03	12.07	-
Other international	-	-	15.12	14.80	14.14
Natural gas liquids - dollars a barrel					
United States	15.82	17.00	12.62	12.19	13.36
Canada/4/	14.87	13.69	9.70	9.21	9.59
United Kingdom	18.02	18.54	13.99	12.16	-
Natural gas - dollars a thousand cubic feet					
United States	2.57	2.60	1.64	1.91	2.10
Canada/4/	1.35	1.10	.97	1.42	1.22
United Kingdom/4/	2.65	2.58	2.53	2.43	2.31
Spain/4/	-	2.89	2.88	2.55	2.64
-----					
Net wells completed					
Oil wells - United States					
Canada	.8	3.7	3.0	2.6	3.0
Other	78.9	41.6	29.6	20.7	24.3
Gas wells - United States					
Canada	3.3	3.6	3.7	2.7	2.0
Other	9.7	14.7	3.6	4.0	8.5
Dry holes - United States					
Canada	19.9	33.9	2.3	14.5	4.1
Other	.1	-	.2	.4	-
Dry holes - Canada					
United States	6.8	3.9	1.9	4.1	6.5
Other	8.3	6.5	5.9	6.5	6.9
-----					
<b>Total</b>	<b>129.7</b>	<b>109.1</b>	<b>50.8</b>	<b>56.0</b>	<b>55.9</b>
=====					

/1/ Natural gas converted on an energy equivalent basis of 6:1.

/2/ At December 31.

/3/ Includes intracompany and affiliated company transfers at market prices.

/4/ U.S. dollar equivalent.

	1997	1996	1995	1994	1993
<b>REFINING</b>					
Crude capacity* of refineries - barrels per stream day	167,400	167,400	167,400	167,400	167,400
<b>Inputs/yields at refineries - barrels a day</b>					
Crude - Meraux, Louisiana	101,150	93,929	91,940	78,252	78,732
- Superior, Wisconsin	33,704	32,657	33,217	30,592	30,358
- Milford Haven, Wales	26,706	31,300	30,346	32,038	27,991
Other feedstocks	8,178	6,315	8,280	8,731	10,350
<b>Total inputs</b>	<b>169,738</b>	<b>164,201</b>	<b>163,783</b>	<b>149,613</b>	<b>147,431</b>
<b>Yields</b>					
Gasoline	72,672	69,658	73,964	67,746	66,460
Kerosine	14,959	14,965	15,113	16,989	16,024
Diesel and home heating oils	44,681	43,514	39,351	35,553	34,356
Residuals	20,852	19,756	19,641	15,444	16,441
Asphalt, LPG and other	13,139	12,513	10,158	10,077	9,627
Fuel and loss	3,435	3,795	5,556	3,804	4,523
<b>Total yields</b>	<b>169,738</b>	<b>164,201</b>	<b>163,783</b>	<b>149,613</b>	<b>147,431</b>
<b>Average cost of crude inputs to refineries - dollars a barrel</b>					
United States	\$ 18.54	21.05	17.34	15.81	16.81
United Kingdom	20.12	21.66	17.59	16.32	17.44
<b>MARKETING</b>					
<b>Products sold - barrels a day</b>					
United States - Gasoline	74,015	62,476	63,364	60,327	61,577
- Kerosine	9,569	9,831	9,945	11,911	11,682
- Diesel and home heating oils	43,060	39,374	33,495	30,172	29,252
- Residuals	16,527	15,415	14,775	10,454	11,812
- Asphalt, LPG and other	9,945	9,008	8,815	7,754	6,519
	153,116	136,104	130,394	120,618	120,842
United Kingdom - Gasoline	11,467	13,919	14,277	16,601	13,270
- Kerosine	3,795	4,353	4,387	6,044	4,660
- Diesel and home heating oils	7,638	8,981	6,647	9,200	7,525
- Residuals	4,215	4,351	4,993	5,157	5,068
- LPG and other	1,862	2,011	930	3,264	1,996
	28,977	33,615	31,234	40,266	32,519
Canada	244	254	283	246	234
<b>Total products sold</b>	<b>182,337</b>	<b>169,973</b>	<b>161,911</b>	<b>161,130</b>	<b>153,595</b>
<b>Average gross margin on products sold - dollars a barrel</b>					
United States	\$ 1.57	.25	.46	1.07	.82
United Kingdom	2.90	2.08	2.26	2.17	3.08
<b>Branded retail outlets*</b>					
United States	585	527	514	588	606
United Kingdom	396	424	465	470	428
Canada	6	7	7	8	8
<b>TRANSPORTATION</b>					
Pipeline throughputs of crude oil - Canada - barrels a day	188,685	183,130	173,720	159,517	151,722
<b>STOCKHOLDER AND EMPLOYEE DATA</b>					
Common shares outstanding* (thousands)	44,891	44,862	44,833	44,832	44,808
Number of stockholders of record*	3,899	4,093	4,873	4,778	5,265
Number of employees*	1,338	1,339	1,794	1,767	1,803
Average number of employees	1,342	1,679	1,786	1,778	1,787
Salaries, wages and benefits (thousands)	\$ 92,495	95,583	96,035	93,216	90,734

\*At December 31.

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DIRECTORS  
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R. MADISON MURPHY/1/  
Chairman  
Murphy Oil Corporation  
El Dorado, Arkansas  
Director since 1993

CLAIBORNE P. DEMING/1/  
President and Chief Executive Officer  
Murphy Oil Corporation  
El Dorado, Arkansas  
Director since 1993

B. R. R. BUTLER/3,4/  
Managing Director, Retired  
The British Petroleum Company p.l.c.  
Holbeton, Devon, England  
Director since 1991

GEORGE S. DEMBROSKI/2,3/  
Corporate Director,  
Until January 31, 1998, Vice Chairman  
RBC Dominion Securities  
Toronto, Ontario, Canada  
Director since 1995

H. RODES HART/1,3,4/  
Chairman and Chief Executive Officer  
Franklin Industries, Inc.  
Nashville, Tennessee  
Director since 1975

VESTER T. HUGHES Jr./2,4/  
Partner  
Hughes & Luce  
Dallas, Texas  
Director since 1973

C. H. MURPHY Jr./1,3/  
Former Chairman of the Board  
Murphy Oil Corporation  
El Dorado, Arkansas  
Director since 1950

MICHAEL W. MURPHY/1,2,3/  
President  
Marmik Oil Company  
El Dorado, Arkansas  
Director since 1977

WILLIAM C. NOLAN Jr./1,2,3/  
Partner  
Nolan and Alderson  
El Dorado, Arkansas  
Director since 1977

CAROLINE G. THEUS/3,4/  
President  
Inglewood Land and Development Company  
Alexandria, Louisiana  
Director since 1985

LORNE C. WEBSTER/2,3/  
Chairman and Chief Executive Officer  
Prenor Group Ltd.  
Montreal, Quebec, Canada  
Director since 1989

[PHOTOGRAPH OF MURPHY OIL CORPORATION'S BOARD OF DIRECTORS APPEARS HERE]

Murphy Oil Corporation's Board of Directors. Pictured seated left to right are: Claiborne P. Deming, Caroline G. Theus, Vester T. Hughes Jr., William C. Nolan, C. H. Murphy Jr. Standing left to right are: H. Rodes Hart, B. R. R. Butler, George S. Dembroski, Lorne C. Webster, William C. Nolan Jr., Michael W. Murphy, R. Madison Murphy.

-----  
OFFICERS  
-----

R. MADISON MURPHY  
Chairman

CLAIBORNE P. DEMING  
President and Chief Executive Officer

STEVEN A. COSSE'  
Senior Vice President and General Counsel

HERBERT A. FOX Jr.  
Vice President

BILL H. STOBAUGH  
Vice President

ODIE F. VAUGHAN  
Treasurer

RONALD W. HERMAN  
Controller

WALTER K. COMPTON  
Secretary

-----  
DIRECTORS EMERITI  
-----

WILLIAM C. NOLAN

GEORGE S. ISHIYAMA

Committees of the Board

- /1/ Member of the Executive Committee chaired  
by Mr. R. Madison Murphy.
- /2/ Member of the Audit Committee chaired by Mr. Hughes.
- /3/ Member of the Executive Compensation and Nominating Committee  
chaired by Mr. William C. Nolan Jr.
- /4/ Member of the Public Policy and Environmental Committee  
chaired by Mr. Butler.



-----  
PRINCIPAL SUBSIDIARIES  
-----

MURPHY EXPLORATION & PRODUCTION COMPANY  
131 South Robertson Street  
New Orleans, Louisiana 70112  
(504) 561-2811

Mailing Address:  
P. O. Box 61780  
New Orleans, Louisiana 70161-1780

Engaged worldwide in crude oil and natural gas exploration and production.

ENOCH L. DAWKINS  
President

WOODS W. ALLEN JR.  
Executive Vice President, United Kingdom Exploration and Production  
and New Basin Analysis

S. J. CARBONI JR.  
Vice President, Production - Domestic Operations

JOHN C. HIGGINS  
Vice President, U.S. Exploration

JAMES R. MURPHY  
Vice President, Geophysics

DAVID M. WOOD  
Vice President, Frontier Exploration and Production

STEVEN A. COSSE<sup>1</sup>  
Vice President and General Counsel

ODIE F. VAUGHAN  
Vice President and Treasurer

BOBBY R. CAMPBELL  
Controller

WALTER K. COMPTON  
Secretary

MURPHY OIL USA, INC.  
200 Peach Street  
El Dorado, Arkansas 71730  
(870) 862-6411

Mailing Address:  
P. O. Box 7000  
El Dorado, Arkansas 71731-7000

Engaged in refining, marketing and transporting of petroleum products in the  
United States.

HERBERT A. FOX JR.  
President

CHARLES A. GANUS  
Vice President, Marketing

FREDEREC C. GREEN  
Vice President, Manufacturing and Crude Oil Supply

STEVEN A. COSSE<sup>1</sup>  
Vice President and General Counsel

ODIE F. VAUGHAN  
Treasurer

RONALD W. HERMAN  
Controller

WALTER K. COMPTON  
Secretary

MURPHY OIL COMPANY LTD.  
2100-555-4th Avenue S.W.  
Calgary, Alberta T2P 3E7  
(403) 294-8000

Mailing Address:  
P. O. Box 2721, Station M  
Calgary, Alberta T2P 3Y3  
Canada

Engaged in crude oil and natural gas exploration and production; extraction and  
sale of synthetic crude oil; purchasing, transporting and reselling of crude  
oil; and marketing of petroleum products in Canada.

HARVEY DOERR  
President

W. PATRICK OLSON  
Vice President, Production

R. D. URQUHART  
Vice President, Supply and Transportation

ROBERT L. LINDSEY  
Vice President, Finance and Secretary

ODIE F. VAUGHAN  
Treasurer

MURPHY EASTERN OIL COMPANY  
Winston House, Dollis Park,  
Finchley  
London N3 1HZ, England  
181-371-3333

Provides technical and professional services to certain of Murphy Oil Corporation's subsidiaries engaged in crude oil and natural gas exploration and production in the Eastern Hemisphere and refining, marketing and transporting of petroleum products in the United Kingdom.

W. MICHAEL HULSE  
President

JAMES N. COPELAND  
Vice President, Legal and Personnel

IJAZ IQBAL  
Vice President

ODIE F. VAUGHAN  
Treasurer

WALTER K. COMPTON  
Secretary

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CORPORATE INFORMATION  
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CORPORATE OFFICES

200 Peach Street  
El Dorado, Arkansas 71730  
(870) 862-6411

MAILING ADDRESS

P. O. Box 7000  
El Dorado, Arkansas 71731-7000

INTERNET ADDRESS

<http://www.murphyoilcorp.com>

E-MAIL ADDRESS

[murphyoil@murphyoilcorp.com](mailto:murphyoil@murphyoilcorp.com)

STOCK EXCHANGE LISTINGS

Trading Symbol: MUR  
New York Stock Exchange  
The Toronto Stock Exchange

TRANSFER AGENTS

Harris Trust Company of New York  
77 Water Street  
New York, New York 10005  
Mailing address:  
c/o Harris Trust and Savings Bank  
P. O. Box 830  
Chicago, Illinois 60690-9972

Montreal Trust Company of Canada  
151 Front Street West  
Toronto, Ontario M5J 2N1

REGISTRAR

Harris Trust Company of New York  
77 Water Street  
New York, New York 10005

ANNUAL MEETING

The annual meeting of the Company's shareholders will be held at 10 a.m. on May 13, 1998, at the South Arkansas Arts Center, 110 East 5th Street, El Dorado, Arkansas. A formal notice of the meeting, together with a proxy statement and proxy form, will be mailed to all shareholders.

FORM 10-K

A copy of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission, may be obtained by writing to:

Murphy Oil Corporation  
Controller's Department  
P. O. Box 7000  
El Dorado, Arkansas 71731-7000

INQUIRIES

Inquiries regarding shareholder account matters should be addressed to:

Walter K. Compton  
Secretary  
Murphy Oil Corporation  
P. O. Box 7000  
El Dorado, Arkansas 71731-7000

Members of the financial community should direct their inquiries to:

Kevin G. Fitzgerald  
Director of Investor Relations  
Murphy Oil Corporation  
P. O. Box 7000  
El Dorado, Arkansas 71731-7000  
(870) 864-6272

ELECTRONIC PAYMENT OF DIVIDENDS

Shareholders may have dividends deposited directly into their bank accounts by electronic funds transfer. Authorization forms may be obtained from:

Harris Trust and Savings Bank  
P. O. Box 830  
Chicago, Illinois 60690-9972  
(312) 461-2457

1997  
ANNUAL REPORT

[GRAPHIC APPEARS HERE]

MURPHY OIL CORPORATION  
200 PEACH STREET  
P. O. BOX 7000  
EL DORADO, AR 71731-7000

[LOGO OF MURPHY OIL APPEARS HERE]

[GRAPHIC APPEARS HERE]

MURPHY OIL CORPORATION - CIK 0000717423

Appendix to Electronically Filed Exhibit 13  
 (1997 Annual Report to Security Holders,  
 Which is Incorporated in This Form 10-K)

Providing a Narrative of Graphic and Image Material Appearing on  
 Inside Front Cover Through Inside Back Cover of Paper Format

## Exhibit 13

Page No.	Map Narrative
8 & 9	Worldwide Operations - The locations of the Company's "core" and "frontier" exploration and production operations are shown by the placement of rowels on a stylized map.
13	Gulf of Mexico - The locations and areal extent of acreage leased by the Company in the Gulf of Mexico (offshore Texas, Louisiana, Mississippi, Alabama and Florida) are shown. Additionally, each lease is categorized as either: (1) producing or under development; or (2) nonproducing.
14	Offshore Eastern Canada - The locations of the Company's Hibernia and Terra Nova oil fields, in the Jeanne d'Arc Basin in the North Atlantic Ocean east of Newfoundland are shown. Also depicted is the Company's Cape Race exploration license, which is midway between the Hibernia and Terra Nova fields.
18	United Kingdom - The locations and areal extent of acreage under license by the Company are shown in the U.K. sector of the North Sea and the Atlantic Margin area west of Britain and Ireland. Additionally, each lease is categorized as either: (1) producing or under development; or (2) nonproducing.
18	China - The location of jointly owned Block 04/36 in Bohai Bay, offshore northeastern China, is shown. Three prospective areas within this block are identified, including prospect CFD 2-1, where a 1996 well tested at a combined gross rate in excess of 6,000 barrels of oil a day from two zones below 11,000 feet.
20 & 21	Worldwide Operations - The locations of the Company's refining, marketing and transportation operations are shown by the placement of rowels on a stylized map.
24	United States - The locations of the Company's refineries in Superior, Wisconsin and Meraux, Louisiana are shown along with depictions of the routes and means of moving finished products from the refineries into marketing areas, the terminal facilities used to store and/or distribute products to wholesalers and consumers, and the areal extent of the Company's marketing territories in 11 states in the Southeast and six states in the upper-Midwest.

## Appendix to Electronically Filed Exhibit 13 (Contd.)

## Exhibit 13

Page No. Map Narrative (Continued)

- 26 United Kingdom - The Company's jointly owned refinery in Milford Haven, Wales is shown along with depictions of the routes and means of moving finished products from the refinery into U.K. marketing areas, the locations of terminal facilities used to store and/or distribute products to wholesalers and consumers, and the areal extent of the Company's marketing territory, which covers most of England and southern Wales.

Picture Narrative  
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A summary of pictures contained in Exhibit 13 can be found on page 29 of Exhibit 13.

Graph Narrative  
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1	INCOME FROM CONTINUING OPERATIONS BEFORE SPECIAL ITEMS Scale 0 to 150 (millions of dollars).	1993 ----	1994 ----	1995 ----	1996 ----	1997 ----
		63	69	24	104	132
	This vertical bar graph has values printed above bars.					
1	CASH FLOW* FROM CONTINUING OPERATIONS BEFORE SPECIAL ITEMS Scale 0 to 525 (millions of dollars).	1993 ----	1994 ----	1995 ----	1996 ----	1997 ----
		306	331	332	408	470
	*Excludes changes in noncash working capital. This vertical bar graph has values printed above bars.					
2	CAPITAL EXPENDITURES Scale 0 to 700 (millions of dollars).	1993 ----	1994 ----	1995 ----	1996 ----	1997 ----
		611	386	287	418	468
	This vertical bar graph has values printed above bars.					
2	LONG-TERM OBLIGATIONS Scale 0 to 240 (millions of dollars).	1993 ----	1994 ----	1995 ----	1996 ----	1997 ----
		109	172	193	202	206
	This vertical bar graph has values printed above bars.					

## Appendix to Electronically Filed Exhibit 13 (Contd.)

Page No. Graph Narrative (Continued)

3	NET HYDROCARBONS PRODUCED	1993	1994	1995	1996	1997
	Scale 0 to 120 (thousands of oil equivalent barrels a day).	-----	-----	-----	-----	-----
	Other International (top)	3	5	7	7	8
	United Kingdom	8	15	17	16	16
	Canada	19	28	30	30	32
	United States (bottom)	50	46	45	37	46
	Totals	80	94	99	90	102
		=====	=====	=====	=====	=====

This stacked vertical bar graph has totals printed above bars.

3	REFINED PRODUCTS SOLD	1993	1994	1995	1996	1997
	Scale 0 to 200 (thousands of barrels a day).	-----	-----	-----	-----	-----
	United Kingdom (top)	33	40	31	34	29
	United States (bottom)	121	121	131	136	153
	Totals	154	161	162	170	182
		=====	=====	=====	=====	=====

This stacked vertical bar graph has totals printed above bars.

4	RETURN ON CAPITAL EMPLOYED	1993	1994	1995	1996	1997
	Scale (9) to 12 (percent).	-----	-----	-----	-----	-----
		8.4	8.0	(7.9)	10.4	10.4

This vertical bar graph has values printed above (below) bars.

5	HYDROCARBON PRODUCTION REPLACEMENT	1993	1994	1995	1996	1997
	Scale 0 to 500 (percent).	-----	-----	-----	-----	-----
		443	147	117	111	165

This vertical bar graph has values printed above bars.

10	INCOME CONTRIBUTION* - EXPLORATION AND PRODUCTION	1993	1994	1995	1996	1997
	Scale 0 to 120 (millions of dollars).	-----	-----	-----	-----	-----
		37	45	30	102	85

\*Before special items.

This vertical bar graph has values printed above bars.

10	CAPITAL EXPENDITURES - EXPLORATION AND PRODUCTION	1993	1994	1995	1996	1997
	Scale 0 to 600 (millions of dollars).	-----	-----	-----	-----	-----
	Other International (top)	74	62	29	21	38
	United Kingdom	175	34	33	69	91
	Canada	178	111	99	99	147
	United States (bottom)	93	79	71	185	147
	Totals	520	286	232	374	423
		=====	=====	=====	=====	=====

This stacked vertical bar graph has values printed above bars.

## Appendix to Electronically Filed Exhibit 13 (Contd.)

## Exhibit 13

Page No. Graph Narrative (Continued)

13	CRUDE OIL AND NGL PRODUCTION Scale 0 to 70 (thousands of barrels a day).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Other International (top)	1.6	3.0	5.4	6.0	7.8
	United Kingdom	6.3	13.5	15.0	13.3	13.9
	Canada - Synthetic Oil	-	9.1	8.9	8.2	9.3
	Canada - Other Oil	12.7	12.4	14.0	14.1	15.7
	United States (bottom)	13.7	13.3	13.7	11.6	10.8
		----	----	----	----	----
	Totals	34.3	51.3	57.0	53.2	57.5
		=====	=====	=====	=====	=====

This stacked vertical bar graph has rounded totals printed above bars.

13	NATURAL GAS SALES Scale 0 to 320 (millions of cubic feet a day).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Spain (top)	10	13	11	8	-
	United Kingdom	13	10	11	15	13
	Canada	37	38	41	43	45
	United States (bottom)	215	195	189	155	211
		----	----	----	----	----
	Totals	275	256	252	221	269
		=====	=====	=====	=====	=====

This stacked vertical bar graph has totals printed above bars.

22	INCOME CONTRIBUTION* - REFINING, MARKETING AND TRANSPORTATION Scale 0 to 70 (millions of dollars).	1993	1994	1995	1996	1997
		----	----	----	----	----
		31	30	2	14	57

\*Before special items.

This vertical bar graph has values printed above bars.

23	CAPITAL EXPENDITURES - REFINING, MARKETING AND TRANSPORTATION Scale 0 to 120 (millions of dollars).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Canada (top)	4	3	4	8	5
	United Kingdom	12	12	22	14	4
	United States (bottom)	71	80	28	21	29
		----	----	----	----	----
	Totals	87	95	54	43	38
		=====	=====	=====	=====	=====

This stacked vertical bar graph has totals printed above bars.

23	CANADIAN PIPELINE THROUGHPUTS Scale 0 to 210 (thousands of barrels a day).	1993	1994	1995	1996	1997
		----	----	----	----	----
		152	160	174	183	189

This vertical bar graph has values printed above bars.



## Appendix to Electronically Filed Exhibit 13 (Contd.)

## Exhibit 13

Page No. Graph Narrative (Continued)

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25	MERAUX REFINERY - HEAVIER CRUDE OIL PROCESSED Scale 28 to 34 (degrees of API gravity).	1993	1994	1995	1996	1997
		----	----	----	----	----
		32.8	33.6	32.8	30.7	29.6

This vertical bar graph has values printed above bars.

25	MERAUX REFINERY - HIGHER SULFUR CRUDE OIL PROCESSED Scale 0.5 to 1.0 (percent sulfur by weight).	1993	1994	1995	1996	1997
		----	----	----	----	----
		.57	.58	.74	.87	1.00

This vertical bar graph has values printed above bars.

29	SAFETY PERFORMANCE Scale 0 to 10 (recordable injuries per 200,000 manhours).	1991	1992	1993	1994	1995	1996	1997
		----	----	----	----	----	----	----
	Murphy Oil (left)	3.95	3.14	2.95	2.90	2.97	2.05	2.26
	Industry Average (right)	8.16	8.51	9.39	9.34	9.01	7.80	NA

This is a side-by-side bar graph. NA = not available.

30	INCOME FROM CONTINUING OPERATIONS BY FUNCTION* Scale 0 to 160 (millions of dollars).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Refining, Marketing and Transportation (top)	31	30	2	14	57
	Exploration and Production (bottom)	37	45	30	102	85
	Totals	68	75	32	116	142
		=====	=====	=====	=====	=====

\*Excludes special items and Corporate expenses.  
This stacked vertical bar graph has totals printed above bars.

30	CASH FLOW FROM CONTINUING OPERATIONS BY FUNCTION* Scale 0 to 500 (millions of dollars).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Refining, Marketing and Transportation (top)	60	38	51	59	100
	Exploration and Production (bottom)	238	316	270	343	365
	Totals	298	354	321	402	465
		=====	=====	=====	=====	=====

\*Excludes special items, Corporate expenses and changes in noncash working capital.  
This stacked vertical bar graph has totals printed above bars.

## Appendix to Electronically Filed Exhibit 13 (Contd.)

## Exhibit 13

Page No. Graph Narrative (Continued)

30	CAPITAL EXPENDITURES BY FUNCTION Scale 0 to 700 (millions of dollars).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Corporate (top)	4	5	2	1	7
	Refining, Marketing and Transportation	87	95	53	43	38
	Exploration and Production (bottom)	520	286	232	374	423
		----	----	----	----	----
	Totals	611	386	287	418	468
		====	====	====	====	====

This stacked vertical bar graph has totals printed above bars.

32	RANGE OF U.S. CRUDE OIL SALES PRICES Scale 10 to 28 (dollars a barrel).	1995	1996	1997
		----	----	----
	High Monthly Crude Oil Price (top of bar)	18.06	24.32	24.61
	Average Crude Oil Price for the Year (colored line)	16.61	20.31	19.43
	Low Monthly Crude Oil Price (bottom of bar)	15.42	17.41	17.23

This floating vertical bar graph has highs printed above bars, averages printed above contrasting-color lines and lows printed below bars.

33	RANGE OF U.S. NATURAL GAS SALES PRICES Scale 1.00 to 4.50 (dollars a thousand cubic feet).	1995	1996	1997
		----	----	----
	High Monthly Natural Gas Price (top of bar)	2.45	3.68	3.85
	Average Natural Gas Price for the Year (colored line)	1.64	2.60	2.57
	Low Monthly Natural Gas Price (bottom of bar)	1.39	2.01	1.82

This floating vertical bar graph has highs printed above bars, averages printed above contrasting-color lines and lows printed below bars.

33	WORLDWIDE EXTRACTION COSTS Scale 0 to 12 (dollars per equivalent barrel).	1995	1996	1997
		----	----	----
	Depreciation, Depletion and Amortization (top)	5.06	4.48	4.62
	Production Costs (bottom)	4.64	4.87	4.41
		----	----	----
	Totals	9.70	9.35	9.03
		====	====	====

This stacked vertical bar graph has values printed within segments and totals printed above bars.

33	EXPLORATION EXPENSES Scale 0 to 120 (millions of dollars).	1995	1996	1997
		----	----	----
	Undeveloped Lease Amortization (top)	11	10	11
	Geological, Geophysical and Other Costs	24	32	36
	Dry Hole Costs (bottom)	31	28	48
		----	----	----
	Totals	66	70	95
		====	====	====

This stacked vertical bar graph has totals printed above bars.

## Appendix to Electronically Filed Exhibit 13 (Contd.)

Exhibit 13  
Page No. Graph Narrative (Continued)

35	CAPITAL EXPENDITURES - EXPLORATION AND PRODUCTION Scale - 0 to 480 (millions of dollars).	1995	1996	1997
		----	----	----
	Proved Property Acquisitions (top)	7	-	22
	Development Costs	149	211	239
	Exploration Costs (bottom)	76	163	162
		----	----	----
	Totals	232	374	423
		=====	=====	=====

This stacked vertical bar graph has totals printed above bars.

35	CAPITAL EXPENDITURES - REFINING, MARKETING AND TRANSPORTATION Scale 0 to 60 (millions of dollars).	1995	1996	1997
		----	----	----
	Transportation (top)	4	9	7
	Marketing	9	9	17
	Refining (bottom)	41	25	14
		----	----	----
	Totals	54	43	38
		=====	=====	=====

This stacked vertical bar graph has totals printed above bars.

54	ESTIMATED NET PROVED OIL RESERVES Scale 0 to 300 (millions of barrels).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Other International (top)	35	35	30	27	31
	United Kingdom	27	24	40	50	57
	Canada	120	136	132	132	153
	United States (bottom)	20	25	25	19	19
		----	----	----	----	----
	Totals	202	220	227	228	260
		=====	=====	=====	=====	=====

This stacked vertical bar graph has totals printed above bars.

54	ESTIMATED NET PROVED NATURAL GAS RESERVES Scale 0 to 750 (billions of cubic feet).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Spain (top)	11	7	4	-	-
	United Kingdom	31	30	47	44	36
	Canada	183	177	160	151	140
	United States (bottom)	429	430	432	464	436
		----	----	----	----	----
	Totals	654	644	643	659	612
		=====	=====	=====	=====	=====

This stacked vertical bar graph has totals printed above bars.

## Appendix to Electronically Filed Exhibit 13 (Contd.)

Exhibit 13  
Page No.      Graph Narrative (Continued)  
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54	ESTIMATED NET PROVED HYDROCARBON RESERVES Scale 0 to 400 (millions of equivalent barrels).	1993	1994	1995	1996	1997
		----	----	----	----	----
	Other International (top)	37	36	30	27	31
	United Kingdom	32	30	48	58	63
	Canada	151	166	159	157	176
	United States (bottom)	91	96	97	96	92
		----	----	----	----	----
	Totals	311	328	334	338	362
		====	====	====	====	====

This stacked vertical bar graph has totals printed above bars.

EX. 13A-8

## MURPHY OIL CORPORATION

## SUBSIDIARIES OF THE REGISTRANT AS OF DECEMBER 31, 1997

Name of Company	State or Other Jurisdiction of Incorporation	Percentage of Voting Securities Owned by Immediate Parent
MURPHY OIL CORPORATION (REGISTRANT)		
A. El Dorado Engineering Inc.	Delaware	100.0
1. El Dorado Contractors Inc.	Delaware	100.0
B. Murphy Eastern Oil Company	Delaware	100.0
C. Murphy Exploration & Production Company (formerly Ocean Drilling & Exploration Company)	Delaware	100.0
1. Canam Offshore A. G. (Switzerland)	Switzerland	100.0
2. Canam Offshore Limited	Bahamas	100.0
a. Murphy Ireland Offshore Limited	Bahamas	100.0
b. Ocean Drilling Limited	Bahamas	100.0
3. El Dorado Exploration, S.A.	Delaware	100.0
4. Mentor Holding Corporation	Delaware	100.0
a. Mentor Excess and Surplus Lines Insurance Company	Delaware	100.0
b. Mentor Insurance and Reinsurance Company	Louisiana	100.0
c. Mentor Insurance Limited	Bermuda	99.993
(1) Mentor Insurance Company (U.K.) Limited	England	100.0
(2) Mentor Underwriting Agents (U.K.) Limited	England	100.0
5. MEPCO Venezuela, Ltd.	Bahamas	100.0
6. Murphy Bangladesh Oil Company	Delaware	100.0
7. Murphy Building Corporation	Delaware	100.0
8. Murphy Denmark Oil Company	Delaware	100.0
9. Murphy Ecuador Oil Company Ltd.	Bermuda	100.0
10. Murphy Equatorial Guinea Oil Company	Delaware	100.0
11. Murphy Faroes Oil Co., Ltd.	Bahamas	100.0
12. Murphy France Oil Company	Delaware	100.0
13. Murphy Indus Energy Ltd.	Bahamas	100.0
14. Murphy Ireland Oil Company	Delaware	100.0
15. Murphy Italy Oil Company	Delaware	100.0
16. Murphy New Zealand Oil Company	Delaware	100.0
17. Murphy Overseas Ventures Inc.	Delaware	100.0
18. Murphy Pacific Rim, Ltd.	Bahamas	100.0
19. Murphy Pakistan Oil Company	Delaware	100.0
20. Murphy Peru Oil Company, S.A.	Panama	100.0
21. Murphy Philippines Oil Co. Ltd.	Bahamas	100.0
22. Murphy Somali Oil Company	Delaware	100.0
23. Murphy South Asia Oil Co., Ltd.	Bahamas	100.0
24. Murphy South Atlantic Oil Company	Delaware	100.0
25. Murphy-Spain Oil Company	Delaware	100.0
26. Murphy Venezuela Oil Company, S.A.	Panama	100.0
27. Murphy Western Oil Company	Delaware	100.0
28. Murphy Yemen Oil Company	Delaware	100.0
29. Norske Murphy Oil Company	Delaware	100.0
30. Norske Ocean Exploration Company	Delaware	100.0
31. Ocean Exploration Company	Delaware	100.0
32. Ocean France Oil Company	Delaware	100.0
33. Ocean Gabon Oil Company	Delaware	100.0

## EXHIBIT 21 (CONTD.)

## MURPHY OIL CORPORATION

## SUBSIDIARIES OF THE REGISTRANT AS OF DECEMBER 31, 1997 (CONTD.)

Name of Company	State or Other Jurisdiction of Incorporation	Percentage of Voting Securities Owned by Immediate Parent
MURPHY OIL CORPORATION (REGISTRANT) - Contd.		
C. Murphy Exploration & Production Company - Contd.		
34. Ocean International Finance Corporation	Delaware	100.0
35. Odeco Gabon Oil Company	Delaware	100.0
36. Odeco International Corporation	Panama	100.0
37. Odeco Italy Oil Company	Delaware	100.0
38. Sub Sea Offshore (M) Sdn. Bhd.	Malaysia	60.0
D. Murphy Oil Company, Ltd.	Canada	100.0
1. 340236 Alberta Ltd.	Canada	100.0
2. Murphy Atlantic Offshore Finance Company Ltd.	Canada	100.0
3. Murphy Atlantic Offshore Oil Company Ltd.	Canada	100.0
4. Spur Refined Products Ltd.	Canada	100.0
5. Wascana Pipe Line Ltd.	Canada	100.0
E. Murphy Oil USA, Inc.	Delaware	100.0
1. Arkansas Oil Company	Delaware	100.0
2. Murphy Gas Gathering Inc.	Delaware	100.0
3. Murphy Latin America Refining & Marketing, Inc.	Delaware	100.0
4. Murphy LOOP, Inc.	Delaware	100.0
5. Murphy Oil Trading Company (Eastern)	Delaware	100.0
6. Spur Oil Corporation	Delaware	100.0
F. Murphy Ventures Corporation	Delaware	100.0
G. New Murphy Oil (UK) Corporation	Delaware	100.0
1. Murphy Petroleum Limited	England	100.0
a. Alnery No. 166 Ltd.	England	100.0
b. H. Hartley (Doncaster) Ltd.	England	100.0
c. Murco Petroleum Limited	England	100.0
(1) European Petroleum Distributors Ltd.	England	100.0
(2) Murco Petroleum (Ireland) Ltd.	Ireland	100.0
H. Rowel Corporation	Delaware	100.0

INDEPENDENT AUDITORS' CONSENT  
-----

The Board of Directors  
Murphy Oil Corporation:

We consent to incorporation by reference in the Registration Statements (Nos. 2-82818, 2-86749, 2-86760, and 333-27407) on Form S-8 and (No. 33-55161) on Form S-3 of Murphy Oil Corporation of our report dated March 2, 1998, relating to the consolidated balance sheets of Murphy Oil Corporation and Consolidated Subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1997, which report is included in the December 31, 1997, annual report on Form 10-K of Murphy Oil Corporation. Our report refers to changes in 1995 in the method of accounting for the impairment of long-lived assets and for long-lived assets to be disposed of.

KPMG PEAT MARWICK LLP

Shreveport, Louisiana  
March 26, 1998

Ex. 23-1





THIS FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE AUDITED CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1997, AND THE AUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1997, OF MURPHY OIL CORPORATION AND CONSOLIDATED SUBSIDIARIES AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR	
	DEC-31-1997
	DEC-31-1997
	24,288
	0
	285,977
	13,530
	158,416
	517,752
	4,418,643
	2,762,805
	2,238,319
469,419	205,853
0	0
	48,775
	1,030,576
2,238,319	2,055,164
	2,137,767
	1,736,720
	1,736,720
	122,848
	0
	621
	211,650
	79,244
132,406	0
	0
	0
	132,406
	2.95
	2.94

INCLUDES 28,056 FOR IMPAIRMENT OF LONG-LIVED ASSETS.



THIS FINANCIAL DATA SCHEDULE CONTAINS SUMMARY RESTATED FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND THE CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS AS INDICATED OF MURPHY OIL CORPORATION AND CONSOLIDATED SUBSIDIARIES AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AS RESTATED. OTHER PERIODS WERE NOT AFFECTED BY SFAS 128.

1,000

YEAR	6-MOS	9-MOS	
DEC-31-1995	DEC-31-1997	DEC-31-1997	
DEC-31-1995	JUN-30-1997	SEP-30-1997	
	60,853	29,237	69,571
	0	0	0
	235,974	259,321	259,315
	5,766	15,312	15,320
	153,913	138,693	145,545
	490,507	457,656	515,989
	4,024,598	4,275,515	4,331,713
	2,647,143	2,648,700	2,691,741
	2,098,466	2,155,560	2,222,971
403,119	416,121	484,211	484,211
	193,146	229,550	209,876
	0	0	0
	0	0	0
	48,775	48,775	48,775
	1,052,370	1,000,469	1,020,917
2,098,466	2,155,560	2,222,971	2,222,971
	1,571,929	987,607	1,527,914
1,631,780	1,016,040	838,975	1,572,354
	1,439,954	838,975	1,287,494
	1,439,954	838,975	1,287,494
	264,743	51,774	76,608
	0	0	0
	5,413	45	81
	(148,728)	96,215	160,480
	(20,809)	38,043	59,983
(127,919)	58,172	100,497	100,497
	9,307	0	0
	0	0	0
	0	0	0
	(118,612)	58,172	100,497
	(2.65)	1.30	2.24
	(2.65)	1.29	2.23

INCLUDES 198,988 FOR IMPAIRMENT OF LONG-LIVED ASSETS.  
INCLUDES 5,100 FOR IMPAIRMENT OF LONG-LIVED ASSETS.  
RESTATED TO CORRECT ERROR IN 9/30/96 RESTATEMENT.  
RESTATED AS REQUIRED BY SFAS 128.

## UNDERTAKINGS

To be incorporated by reference into Form S-8 Registration Statements No. 2-82818, 2-86749, 2-86760, and 333-27407, and Form S-3 Registration Statement No. 33-55161.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represents a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes:

(1) To deliver or cause to be delivered with the prospectus to each employee to whom the prospectus is sent or given a copy of the registrant's annual report to stockholders for its last fiscal year, unless such employee otherwise has received a copy of such report, in which case the registrant shall state in the prospectus that it will promptly furnish, without charge, a copy of such report on written request of the employee. If the last fiscal year of the registrant has ended within 120 days prior to the use of the prospectus, the annual report of the registrant for the preceding

fiscal year may be so delivered, but within such 120 day period the annual report for the last fiscal year will be furnished to each such employee.

(2) To transmit or cause to be transmitted to all employees participating in the plan who do not otherwise receive such material as stockholders of the registrant, at the time and in the manner such material is sent to its stockholders, copies of all reports, proxy statements and other communications distributed to its stockholders generally.

Where interests in a plan are registered herewith, the undersigned registrant and plan hereby undertake to transmit or cause to be transmitted promptly, without charge, to any participant in the plan who makes a written request, a copy of the then latest annual report of the plan filed pursuant to section 15(d) of the Securities Exchange Act of 1934 (Form 11-K). If such report is filed separately on Form 11-K, such form shall be delivered upon written request. If such report is filed as a part of the registrant's annual report on Form 10-K, that entire report (excluding exhibits) shall be delivered upon written request. If such report is filed as a part of the registrant's annual report to stockholders delivered pursuant to paragraph (1) or (2) of this undertaking, additional delivery shall not be required.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Ex. 99.1-2