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CORPORATE PARTICIPANTS

Roger W. Jenkins *Murphy Oil Corporation - CEO, President & Director*

PRESENTATION

Unidentified Analyst

Right on time. I'm very pleased to welcome Roger Jenkins, President and CEO of Murphy Oil, as our next speaker. Murphy is a diversified E&P with nearly half of the production in offshore, 1/3 onshore Canada and then the rest in the U.S. Eagle Ford.

In addition to development, there's also an exploration story, which I'm sure Roger will get into as well. So look forward to your presentation, and then we will have Q&A at the end. Thank you.

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Thank you, Betty. Great to be here today at Barclays in New York. It's always a pleasure to get going here in the fall with new investors and talking about our business. We're very happy about how our business is running. We had a great year and see the rest of the year outstanding for us as well.

Of course, you have a cautionary statement here. It's popular in all these type presentations. Agenda today, talk about the company at the glance at the highest level, talk about the priorities that we've had for the last couple of years, some talk on our portfolio and our exploration business that Betty highlighted and looking ahead in our business.

Murphy quite simply is an E&P company. We produce in 3 main areas: onshore Canada, onshore United States and the Eagle Ford Shale, and we're a significant player in the offshore Gulf of Mexico. In the second quarter, we made 184,000 barrels a day, guiding much higher than that this quarter, even with hurricanes, which is quite positive for us of around 700 million barrels of reserves and a very unique exploration portfolio for a company of our size.

Also, thousands of locations with low drilling per year, and we have a long way to go. We're not a degrading onshore location company, we're a company that's having business in the oil business and moving forward as we go into the future.

Why our company? We're a sustainable company in 2 different ways, we're multi-basin and conventional and unconventional. We also have a very big high ground on carbon intensity, top quartile carbon intensity and we feel these 2 things being carbon intensity focus and longevity focus and conventional, unconventional is a key advantage for us.

We have a high potential exploration portfolio that I mentioned. Make free cash flow in every asset that we have. We have a 60-year record and beyond of returning cash to shareholders. So dividend has been paid my entire life. And we, of course, have a multi-decade founding family on our Board and significant ownership with our Board around those last 2 bullets to make sure our company is around for a very long time, very profitable, doing all the right things for our investors.

Very proud of our sustainability efforts over the last few years, had a very detailed report just filed in August around the time of our earnings call, numerous positives and advantages here for our company, and we're now rated by Rystad as #1 in ESG performance, looking at the '21 data, our '22 data was simply better than '21. So very, very well positioned in this matter here today.

Our priorities for the last couple of years have been the same. We did add an additional priority this year is to delever our balance sheet, execute -- meaning putting the wells on at the rate they're supposed to make at the time they're supposed to make it big projects all online at a proper time to allow the delevering and also explore throughout the world. And in an added strategic effort this year is to return, return would be ever increasing our dividend, ever increasing our buybacks and a return to our very valuable shareholders.

On the delever side, we have a goal of $500 million debt paydown this year. It will be accomplished in the second half of the year. That's at $75 oil, but a much higher gas price. So we still have this as a target. I feel we can get close to this target. We're in 2.0 of our Murphy capital allocation framework, which has been out for over a year and executing on that and also doing some divestitures of some noncore assets to help along the way in this framework as well.

All of our wells onshore are performing well and on time, especially offshore as well. We did have a new approval of the field development plan in Vietnam that we're quite proud of and moving forward with that. In exploration we added a new focus area in Cote d'Ivoire, which I'll talk about in a minute, and a key well in the Gulf of Mexico in a real hot area of the Gulf around recent lease sales and new data acquisition a well called Oso in the middle of that, and I'm proud of that effort, too.

This is a real key slide in our slide deck today is a true differentiator of our company. I talked about some differentiating factors already. We have the high ground on carbon intensity for sure, #1 rating in ESG performance. We're a returner and this is a 10-year look back at our company and returned to shareholders through buybacks and dividends over $3 billion, significant level above every other $10 billion market cap.

Also only 3 companies in this group did not issue equity during this period. As a matter of fact, we've never issued equity since we went public in the 1950s. So it's just not even close. We're the provider here. We're the Conoco of this space, and I'm very, very proud of our situation here and some companies that are advancing returns also were restructured during this period.

So this is a key thing about our company and with our ownership and with our Board being the same over a 10-year basis. We will want to do this again and again. And we feel that our assets are positioned to execute on this same 10-year period again or more.

This is the details of our capital allocation framework as we pay down debt with returning some of our adjusted free cash flow to shareholders via dividends and buybacks, primarily buybacks. We're setting up our dividend policy on a yearly basis. We're in the middle, if you will, today. We have $1.8 billion of debt, and until we get to $1 billion, we'll be returning 75% to debt reduction of our balance sheet and 25% through primarily buybacks because our dividend levels were set earlier in the year.

And next year, at this time, hopefully, be in Murphy 3.0 and returning 50% of our free cash flow adjusted to our shareholders, very serious about this framework and 1 of the key attributes of running our company today. In our portfolio, very proud of our long staying Eagle Ford, a place where we kind of keep our production between 30,000 and 35,000 and made 35,000 in the second quarter, doing very well in the third quarter as well.

We work across 3 areas: Karnes, Tilden, Catarina. We're all weighted here in the oil window of the Eagle Ford. Moved into Tyler this year where a place we haven't drilled in a while with some new fracturing techniques, had an incredible year here, significant outperformance to prior years and are doing very, very well in the Eagle Ford.

Tupper Montney, a dry gas position we have in British Columbia, been in this position for about 12 years. Made about $340 million in the second quarter, making more than that this quarter. Some of the highest IP wells we've ever had in this space, again, unique and new fracture designs, both in Eagle Ford and Montney taking shape here. And there are some record wells here and doing extremely well in our Tupper Montney business.

Recently, on our last earnings call around August 5, we announced a sale. So if you look at this picture, how to think about the Duvernay for us is the upper right-hand corner is a heavily delineated oil-weighted system with over 70% oil here. The bottom left would be a gassier area, some of which was non-op to Murphy. So we made a move out of this area that we would not probably drill to 2040 at a very, very nice price that we're quite proud of, and we're progressing closing that, anticipate closing that within a couple of weeks.

So diversified out of something, then we take those proceeds move into a new acreage position in Cote d'Ivoire, a new field development plan approval process in Vietnam and still have some cash to help alleviate the shortage of gas prices in our company to execute our plan of return. Still ample locations here. You can picture this Duvernay oil-weighted areas taking the place of the Eagle Ford over time as we allocate capital between our 2 oil-weighted assets in Eagle Ford and Duvernay and with the Montney continuing on at its pace as a dry gas play in North America.

Doing really well offshore, makes a lot of free cash, a lot of money in the Gulf, top 5 operator there. Made about 87,000 in the second quarter, making more than that this quarter even with hurricane assumptions here. Rig on dalmation, getting ready to flow that well in about a month or 2. Marmalard follows that operation, doing extremely well.

Significant non-op business also at Murphy, Terra Nova is a big project that today would have incredible high oil prices being hooked up there by Suncor, making good progress there and look to flow that at the end of the year. So doing extremely well across all 3 of our major assets.

Last quarter was a quarter of outperformance, anticipating that again this quarter as well. Vietnam is a place we've been in business for a very long time. We were sought after by the government of Vietnam to enter this area. This is in the Cuu Long Basin, which is the basin of oil production by Vietnam, discovered by Mobile before the Vietnam War. We came into this area around 2016. We're a very big player in Malaysia, very near this area. We were known in there, not only as a deepwater player but a very significant and very really good shallow water operator, too.

We built a nice oil business. This is an area that we farmed into Total. This has been late in giving the approval of PetroVietnam. Now PetroVietnam has come forward with the approval of executing this Lac Da Vang or LDV field. We're doing our work to sanction that with our Board later this year, hopefully, and be moving forward. Here also have a discovery nearby and then 2 exploration opportunities now that we have the field development plan approved that would offer us low risk and bolt-on opportunities for exploration here to build a very nice, very accretive business for us.

In the exploration business, also recently signed on some new acreage in Cote d'Ivoire, a place where we're looking at for several years. It's a very unique, unique advantaged asset that we added to the company. It has a mixture of 3 different types of plays. A (inaudible) play, shallow water in the 102 block. And in Block 531, it's a lookalike prospect to the very well-known Eni Baleine that just slowed this week, a very significant discovery in Cote d'Ivoire over the last couple of years.

And Block 103 as a project called Paon, which is discovered by Telo and ultimately delineated by Anadarko. Back in 2016, this fell away and was not executed upon by those 2 parties. The government of Cote d'Ivoire would like Murphy to supply field development plan for this project. That's why we're sought after by them to come here because that's our competitive advantage is executing Offshore.

And in Block 709 numerous prospects very similar to those seen in Guyana, the neighboring acreage. Very nice add-on for us, very low cost entry and a place we can do what we do, which is deepwater development. And so again, 2 developments and 2 exploration focus areas coming out of this recent change in our portfolio that's quite advantaged and we're quite proud of.

An exploration in the Gulf of Mexico, of course, we saw all of our blocks, a very significant player there. We have several facilities there that we operate, but a successful work called Longclaw, which is in the shadows of King's Key, which holds 3 producing fields that we operate. It's a very nice discovery that will flow in the next few years, drilling a major well called Oso, a very large opportunity and a very hot area of the Gulf around new seismic leasing, lot of activity here by super majors. They will be subject to a lease sale here in a couple of weeks, almost a lot of lease action in the last lease sales. So proud to be in the middle of that with a good prospect drilling with our partner, Anadarko, there, rather OXY. And moving forward, there I'm very happy about it.

As we look ahead in our business here, this is our guidance. maintaining that guidance today, of course, very positive. We were not to have a hurricane in the Gulf, of course, we're still subject to that risk, and we have an associated amount of production for that. Increased our guidance last quarter. I have a CapEx guidance here, I feel good about that. And also our '23 guidance was slightly increased as well. And our CapEx was raised to the higher end of our guidance on our last call due to some of the new opportunities that we have. But we're counterbalancing that with the sale of the assets in Canada and very -- real good about the plan we have and how we're executing.

Real part of our uniqueness of our company is we have ample locations to go for a very, very long time. So we have all these locations in the Montney upper of 1,000 locations at breakeven at $1.50 gas. I think this would benchmark very well in North America will be some of the best breakeven of all gas. We have a changing ever-moving royalty system there, but it starts off very low. So every day in BC, we're starting off at 5% royalty, while our gas peers in the United States are starting at 25%. So it's a big advantage a very nice business.

Eagle Ford and Duvernay are oil-weighted areas now post this sale that we just announced. And you can see hundreds and hundreds of locations here with 10% rate of return below $50. So 55 years of inventory here, 12 years in Eagle Ford at $40 or less breakeven and on top of an exploration business, an offshore Gulf business and a returner of capital, and you're seeing come forward the advantages that our company provides to our investors.

Offshore developments too. We name each 1 of those just like a well in the onshore. We feel we have 25 projects breakeven below $35. This can keep our production flat for several years in our offshore business. The gray area or Southeast Asia will be moving into the plan with Vietnam. And again, very ample locations of work to do contained capital spending, returning a lot of free cash flow to shareholders through buybacks is a unique story of our company.

This is our long-term strategy. We'll be readjusting this plan in January, which would be typical to us. But overall, the features of the plan remain. Trying to pay down $500 million of debt that I said that earlier this year, we're going to get real close to that. Real [lowering] investing rates across all of our business, maintaining production slightly below 200,000 near term, above 200,000 in the future with a pretty much leading CAGR there very solid offshore business and locations to remain at, trying to keep our average capital where we are now in the 900 range, working hard to do that. It's hard with the opportunities that we have.

And again, exploration wells to be drilled and to improve and allocate capital better into different projects and have a long-term businesses in very good shape with years and years and years and decades of drilling an opportunity ahead for us.

This is our closing line here. We're diverse multi-basin and I add conventional and unconventional player, significant inventory of low breakeven wells, low-cost exploration, you wouldn't believe the low-cost entry in both Vietnam and Cote d'Ivoire, very advantage for us going forward. We're a company that's building and having more oil in the future, not drilling out of business here at Murphy. Operational excellence is hurting, especially offshore, a big competitive advantage for our company and that we're building a durable return business to our shareholders here that models extremely well out there.

So that's my presentation today, Betty, and we can go on from there.

QUESTIONS AND ANSWERS

Unidentified Analyst

We'll open up for Q&A, and we have 10, 15 minutes. And maybe I'll kick it off and raise your hand if you have questions.

Roger, I think the mix of conventional and unconventional assets really stood out from -- as a differentiator. As feels like sentiment is shifting increasingly into -- looking beyond the U.S. I guess how do you think about your value proposition and a competitive advantage, given your asset base, your ability to generate free cash flow sustainably and then the optionality that you pray for investors.

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Thanks for the question, Betty. A very good question. Internationally, we really bring a calling card of incredible successful execution on time. If you take this development in Cote d'Ivoire called Paon, a super major probably wouldn't want to Paon. And if they were, it would probably be longer and slower through their processes.

So we're sought after by the government because they want to have a development there or active as if they do, of course. And we bring the ability to do that. We were also bringing ability -- things are important to us because of our size, and we're able to do super major things in a small independent concept.

And we've done this many times executed in Malaysia, Gulf of Mexico all over the world. So we bring that advantage. And from a capital allocation perspective, we're trying to keep a lower CAGR and allocate capital between Tupper, Eagle Ford and Gulf of Mexico and other offshore businesses. We'll be soon filling our plan in the Montney next year, which is $500 million gross. So capital will slow down in maintenance mode.

We're trying to keep our Eagle Ford between 30,000 and 35,000 to maximize free cash flow from that asset. Then our offshore businesses when you're developing things with $10 CapEx per barrel, which is our goal, $10 to $15, Vietnam is that PON will be that all of our Gulf future businesses that allows for a very money-making early payout business and that we feel we can get payout in these offshore projects within 3 years, and that kicks off the free cash flow.

And if you look in our financials, the offshore businesses make significant free cash flow after you come with the lumpy hurdles of capital, that's just the way that business is. So it kind of allows us 3 different ways to allocate capital, but keeping growth stagnant and onshore, if you will, allows the locations to last longer and to move the offshore faster to the left and allocate capital among the better offshore. That's really how we're running the business.

Unidentified Analyst

Two parts to this question. The Middle East has become a kind of tractor beam for oilfield service capital. Two parts of this question on it. One, do you think that, that challenges your ability to get services middle part of the decade, later part of the decade at reason oil prices? And then second, do you have a fear that all this supply coming online from the Middle East will kind of trade up the market again in the second half of the decade.

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

From the macro perspective, I feel real good about the discipline of shale in the United States. I have only been in my presentation, but I'm sure most presentations were focused on return, which is a non-growth or low CAGR outset. That is the way companies are being executed in our peer group and the E&P in the U.S., that bodes a lot of help in oil prices.

We do see OPEC and Russia communicating and working together to help on the macro side. So all that would have to blow up for that to take place. And we all know that they would prefer to have higher oil prices in that region. But when you have 26 things to do offshore that breakeven at $35 and you have a thousand things to do in onshore the breakeven at $40. And you fixing to have a fortress balance sheet or net debt to EBITDA 0.1, we feel we can execute better after this delevering of our balance sheet and still return share -- and we model to still return to shareholders even at $50 oil. So I think we're positioning ourselves far better if that were to occur. I'm not a believer in that occurring.

But my ball in the fairway is this framework and executing what we're doing here, and I think we're building a company that can handle that. On the service side, it's my over 40 years of this. I never had or can't get services in the Gulf of Mexico. I don't anticipate that. It's a different type of business. It's all set up in Louisiana long term to work there.

There are still significant super majors working in the Gulf of Mexico with big projects there continuing to be a focus area of super majors and lease sales and major projects. Our big onshore position in the Eagle Ford is in Texas. I feel we'll have services for our equipment. If I understand what you're saying around the Middle East, taking the service sector there. But I believe that the Eagle Ford Shale in Texas and the Gulf of Mexico would be amply supplied by service, and that's not on my worry list today.

Unidentified Analyst

(inaudible).

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

I won't disclose that here. I think the constant focus on every number of math in the framework, regulatory concerns from United States. That's why we're moving to some other areas in case we need to do that. Continued picking by this administration a bit on our business in Ocean. Those are the factors, I think of, but the company is doing extremely well and now that we're focused on delevering.

When you get your balance sheet delevered, you can survive a lot of things. But we're a company that can work in different places and move very, very quickly. And that really sets us apart in this type of fear factor space. So like everything I want our company to run well and execute on our framework is the main thing I think about.

But overall positioning our company to handle things that would be on the word list, and I feel that we're every day progressing toward that, quite frankly.

Unidentified Analyst

(inaudible).

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Well, mostly long in onshore, yes.

Unidentified Analyst

Yes. And so they have different durations, they have different oil and gas sensitivities. And so if volatility stays relatively high, those higher volatility change your priorities because the durations are different. How are you thinking about that? What you think your priorities are what they are? Or do you think that when higher vol comes and you get a different profile that you then change your priorities as these -- as your portfolio of durations and the sensitivities now mixes again? How does that -- how does the strategy change?

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Right now, our focus has not change our priorities. So when I wake up in the morning in Bloomberg, oil is higher, I think of faster returns to shareholders with that, not more drilling, not more change in CapEx.

Unidentified Analyst

Yes, the fall could go both ways, though, right, I mean...

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Yes, it possibly could. But if we position our balance sheet, we'll be better for the low side and if oil prices go higher, we'll be positioned to return more to shareholders. So now it's our cost structure, the F&D per barrel that we focus on, the OpEx that we have, the G&A costs that we have, the delevering of the balance sheet, we'll be prepared for severe volatility, probably better ever in company history.

Unidentified Analyst

I want to ask about your the exploration budget, what is the right number of allocation for exploration? You already have a lot of projects at low breakeven. So how -- what makes -- what decides how aggressive you are on the exploration market.

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Probably never have our exploration budget more than 10% of what we do. But just keep in mind how super economic Samurai is even compared to Eagle Ford. And what great NAV Vietnam project will provide. These offshore projects, if they're going into right, and the F&D is right there are enormous return or better than on. And so we have both and execute both and maintain both businesses.

So if we target exploration, it will make a lot of money it will always work out for you. And then you just move inside your offshore bucket of opportunities in and out, and we have the long-term onshore business to back that up when you don't have those opportunities.

Unidentified Analyst

In the higher price environment, would that 10% still stay?

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Yes. Possibly 12% but not big earth-shattering change in that. Because we have too many projects today right now.

Unidentified Analyst

Yes. And as you alluded to earlier, the priority is still returning cash.

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Yes, ma'am.

Unidentified Analyst

Yes. Okay. Great. Any other questions? Sorry. What would be your plan to operate in like a Vietnam or Cote d'Ivoire, would you do that from Houston?

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Cote d'Ivoire, probably Houston, Vietnam, that type of time zone will have a small team there. We have a unique way, a proprietary way that we execute projects. We have done this before. We also have an ability to gather up our Malaysian staff that we use or consultants that we used to build our significant shallow water in Malaysia. They're ready to be hired again. And we have a way around how to execute this and very experienced international people in our company.

We never stopped offshore, never stopped with the ability, never let it go and also a very long-standing international experience. So really is not a difficult thing for us to execute these projects.

Unidentified Analyst

Maybe a follow-up on international opportunities. Given your expertise and not many companies seems to be looking at that.

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

Well, there's a lot of competition -- we got place this year.

Unidentified Analyst

Okay. Well, maybe just talk about the competition then. Are there places that you find interesting that's compelling that you're not in or were there other opportunities...

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

We can't afford in this plan to do a lot of that. We're also really trying to lean toward where we can operate in Houston, and I have every jurisdiction is complementary to that. So operating in Houston is very critical, not changing our footprint, not adding offices and working in better areas, not more areas should be our focus.

Unidentified Analyst

Great. Join me thanking Roger.

Roger W. Jenkins - *Murphy Oil Corporation - CEO, President & Director*

I appreciate, Betty. Thank you.
