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# EDITED TRANSCRIPT

MUR.N - Murphy Oil Corp at Barclays CEO Energy Power Conference

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## CORPORATE PARTICIPANTS

**Roger Jenkins** *Murphy Oil Corp - Chief Executive Officer, Director*

## PRESENTATION

### Unidentified Participant

Our next speaker is Roger Jenkins, CEO of Murphy Oil. And Roger, we'll have your presentation, there's some material -- new material that came out last night. And I'll let you do that, and then we'll do Q&A after that. Thanks.

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**Roger Jenkins** - *Murphy Oil Corp - Chief Executive Officer, Director*

Good afternoon everyone. It's great to be at Barclays today, many, many decades of Murphy attending this conference after Labor Day. It's a great pleasure to be today, and thank you, Betty, for having Murphy here today. We do have a new slide deck that was 8-K yesterday, primarily adjusting -- discussing what happened new in the quarter, which we typically do. So I'll walk through a few things with you today. I'm very excited about the quarter we're having and how well our company is doing.

We have a cautionary statement to be the same for any executive here speaking today. Forward-looking statements will be used in a normal fashion. As we go through the agenda, take through some Murphy at a glance, what's going on with our current quarter our 2024 plans update on exploration, which is a key differentiator for our company and is always looking ahead, and there's many items in the appendix for our investors to review their leisure.

This is a new slide the kind of repackage what we do. What is Murphy, what do we do at a glance. I was recently at another conference and a peer of mine, a more senior executive like me. So if you're in a single basin, you'll be in business for a decade, if you multi-basins, you'll be in the business for multi-decades. And Murphy is a multi-decade company, and we'll be in business for a very long time.

We operate in four different places. We've been a historic player in the Gulf of Mexico. We're a significant operator there with a very advantaged execution ability, formulated out of the Gulf and used practically all over the world. We've been a 30-year-plus veteran in the East Coast Canada from a nonoperated perspective and have a long history of experience there. We have two significant onshore places in which we work on the Eagle Ford Shale with over 1,200 locations to go there, Tupper Montney, a long futuristic view at LNG there and long-term gas, that's our long-term gas focus.

Kaybob Duvernay are placed with a lot of activity and rig activity and activity by us. So we have three very good onshore businesses and two very successful long-term offshore businesses. What's unique to Murphy is a high-potential exploration business. We today are drilling a well in the Gulf of Mexico that we just announced yesterday. We have two very exceptional wells coming up in Vietnam spudding at the end of this month and a very unique position in Côte d'Ivoire Africa.

We have one of the leading balance sheets in all of E&P. We're going to be measured at [0.6] debt EBITDA in our company. I believe only one company we have a better balance sheet in that simple regard to Murphy we have the balance sheet that we need and a long-term history of rewarding shareholders at Murphy. We've been paying a dividend since the year that was born in 1961. Since the last 11 years when I've been CEO, we've returned \$3.7 billion to shareholders, including \$1.8 billion of buybacks.

And we've bought back \$200 million of stock this year and buying stock today. Another unique thing about our company is meaningful board and management ownership.

If you look at the insider lift, which will be our full board, including myself and our named executive officers. -- we own 6% of our equity. Only Matador, a company has the same ownership as Murphy. Over 24 E&P companies, 20 of those companies inside our list own less than 2% of their equity. This is, again, another differentiator of our company, a long history of paying dividends and buying back stock and explore in a multi-basin company.

I worked with Kelly this week, my Vice President of IR, a long-term worker, he had Murphy us on the IR side about a new slide and say, kind of how do we allocate capital. So we just talked about Murphy at a glance on how are we allocating capital capital is on the development of all the assets that we hold today. We execute accretive Gulf of Mexico projects usually on the top of the list, but we run probably about 1.5 dual ships a year in the Gulf of Mexico to do that. We maintain a very solid business in the -- in the onshore businesses to maximize free cash flow, fixing our production in the Eagle Ford Shale, which is an oil-weighted basin at 30,000 to 35,000 equivalents per day and long-term \$500 million a day gross, which rolls our plant in the Tupper Montney. And of course, we have an exploration business as well.

But today, as I've been meeting with investors all day, I'm trying to reiterate and explain to investors that in this -- when we say Gulf of Mexico projects, these are real, known, real projects and development that we've known today. And by 2030, we will execute 29 projects turning around all the fields that we operate. And these fields -- these projects are named and have the exact amount of CapEx, the exact amount of production, how much free cash flow and what these fields make, so these projects should be filed out as a location in the Bakken, a location in the Eagle Ford, a location in Delaware and location in the Midland Basin. This is the same thing that just happened to be offshore, and we have loads of them at very low breakeven prices. As you know, since COVID, we've had three expanded to four strategic priorities.

We've got kind of a long way in delevering our balance sheet to be a leader in balance sheet in E&P. We've levered our long-term debt by 67% since COVID, lowered debt this year by \$50 million and possibly we'll continue to lower debt the rest of the year. We had a really exceptional year of executing in our onshore business, executing always to guidance and our production and at progressing a field development we have in Vietnam, the like the van field.

On the exploration side, we recently drilled the discovery well with Oxy in the Gulf of Mexico. We spud a new well today. and we're preparing the spud to very nice wells in Vietnam. But the added strategic priority is to return a return to our shareholders, which is historic part of our company. And I guess it just sums it up year-to-date -- we've got \$200 million of stock and about \$50 million of stock in our earnings call on August 6.

And we were purchasing this at \$39 a share, of course, trading lower than that today when the market again at this time. I think the real differentiator, again, we have a differentiated exploration business. We have a differentiated ownership. The differentiation here is a company that hasn't issued equity through the years. So when we're buying stock only seven E&P companies, primarily just four because the others are (inaudible), have reduced the share count in the last 11 years, only four people significantly being -- Murphy being one of them.

So when we repurchase the shares, we're really making a difference on our share count to have increased our cash flow per share and earnings per share and allow us in the future to have a dividend budget, if you will, to have very large dividend payments.

Again, I've summarized this earlier. This is our long-term debt reduction that we started post COVID, 66%. We have strong liquidity, very little bonds left in our business. bond market wide open to Murphy, as you would anticipate with this type of balance sheet and this type results. And we have almost \$1.3 billion of long-term debt at this time.

We had a capital allocation framework that we disclosed two years ago in August, so that our earnings call recent was a two-year anniversary of that disclosure. We moved down to Murphy 3.0, and we're at a debt level I just mentioned of \$1.3 billion of long-term debt. The key word in this page in that dark blue box is the word minimum. That's a minimum of 50% of our adjusted free cash flow will be allocated to primarily buybacks, and the rest will be allocated to our balance sheet through the reduction of debt or building cash on the balance sheet. So when we see our prices dislocated, we may hold back on paying down debt to maintain the same long-term debt goal. And our adjusted free cash flow from a shelter, and we also recently increased our share authorization. We're very, very serious about buying our equity at these depressed prices.

Another strong set of Murphy has really had high ground on sustainability. We have a very robust sustainability report that was also filed in August. Some highlights our reports on the highest water recycling ever in our history, the most emissions intensity ever in history. We have everything third-party assured and really making continued great progress here with our readers and everything around this part of the business. Murphy has had approximate proposal on over 12 years at Murphy Corporation.

What's new in the quarter in the third quarter. We built on a new well at our (inaudible) Mormont Samurai fields. This is Mormont number three. It's going very nicely today. We had a long-term workover project called Neidermeyer's online.

We had another workover to be done at Dalmatian 2, it's completed and online, and we're doing a new well at Mormont today. And the Eagle Ford has seen some very, very highly successful wells in the Tilden area with our new fracture techniques and our new plans, really bringing this out of the forefront back to the top asset and including two refrac wells that we've done with great success as well. And we have a lot of non-op activity until in this year with wells near our acreage. They too are performing very well. As I said a few minutes ago, we spud a new well in the Gulf.

We continue to buy stock. And of course, we're maintaining our production guidance and doing exceptionally well in that regard. As our '24 plan total overall for the third quarter, maintaining guidance there. We do have significant downtime anticipated by hurricanes.

Without having that downtime will improve our production. We've been very fortunate. I see you would knock on up here. It's just a credit, but I will go with that. And we have some planned downtime that we have from time to time.

And also been doing very well on CapEx guidance and keeping our CapEx for the whole year and of course, our range of production for 2024. As we look in North America, we did the only place where we guided production for the year, it's 98,000. Typically, you make near 100,000 barrels a day equivalent in our onshore business, 25% oil. In the Eagle Ford, we have 20 operated wells to do this year, almost all of them are online, except the one for the fourth quarter, and I mentioned necessarily extremely good results in Tilden. All of our business in Canada is completed for the year.

We're just in cash harvesting mode there. Our typical onshore budget is front-end loaded. We've been very successful with this at maximizing free cash flow, which has allowed us to lower all the debt on our balance sheet and increase our dividend and do stock buybacks post COVID, the long history of that.

In the offshore business, as I said earlier, this is a slide that we use each and every time about all the projects that we have and when they come online, we have a very good execution of late in the Gulf was online in the second quarter, another one at Mormont just slowed over the past weekend, a new well being drilled there. As you see yesterday in the press Chevron disclosed critical information about the prolific St. Malo field and the top fields in the world with the highest margin fields in the world, an enormous asset and a key part of our portfolio, we're a 20% owner of St. Malo water injection started there recently.

And over a period of time, this water injection will allow us to build up -- using the Chevron press release, of which mophyagrees of 175 million barrels of gross of which we Murphy also for everyone's knowledge is deeply experienced deepwater injection operator in Malaysia. We're one of the leaders anywhere in the world in deepwater offshore water injection experience and had really good new ships with our partner, Oxy as well. Keshav chop a water here.

As we get in Offshore Canada, it too had a really good quarter there been doing pretty well with late and those assets. They also marked to Brent pricing with extremely high margins and very, very high cash flow ability coming out of the East Coast of Canada. As you go dig back into the Gulf of Mexico and a lot of workovers this year, a real abnormal year from a workover expense perspective. It's all behind us now. All the work is complete. All the wells are flowing. I think oftentimes, we're asked about the workover expense. It's quite a fair question. It comes off the top of free cash flow. I think what people really need to be asking is there's a subsurface responding.

Are the wells flowing at the proper rate. Have you debooked reserves associated with these workovers. The answer is -- absolutely not. And then we continue to have a strong resource base in the Gulf of Mexico. The Neidermeyer to lead my wells flowing the donation wells flowing and the Kodiak wells flowing from a nonop perspective and the rig to work on Dalmatian, which has just been flowing about a week has moved to drill the new exploration well called Sebastian.

This is an update on our Lac Da Vang field. We're very proud of this field. It's a place we formed into probably 12 years ago. We're 40% operating. We have a small team on the ground there executing this.

The people not aware, Murphy had a very significant shallow water business in Malaysia, two people in our executive team, Eric Hanley and Tom Morais, both led efforts in our shallow water business there. That was -- that's what brought us to the Colong Basin. -- the top oil basin of Vietnam or almost all the energy of Vietnam it's produced. We have a 100 million-barrel field here. We've built reserves here.

we see a 10,000 to 15,000 barrel a day peak oil production coming out of this project with phase developments to make that last longer and that we are progressing all the contracts. We're very pleased about the capital estimates we had to sanction there. And we should have first oil in '26 and a limited amount of money spent this year as we award all these projects anticipating awarding another key and final project in the coming days. As we look at our exploration business, we have a nice well we're drilling at Sebastian. It's not very large in size.

It's very near our Delta House project, a platform that we bought from (inaudible) back in 2018. This is a block that had this prospect located for some time. came together with a partner group here after our earnings call and put this project together with us as operator. And we had a rig available from Dalmatian, we already (inaudible) finished drilling the well now. They're little over \$14 million in that to Murphy to drill this well.

And it's just one of these highly profitable, very accretive tiebacks to our Delta House facility, where we have time to infrastructure only three or four miles away. We also had a discovery we vacate early in the year with Oxy, were 33% of both Oxy and Chevron. We believe that Oxy is planning on the delineation well later this year. and we're very, very proud of that project too and has a lot of upside there and some other fault blocks. Again, in Vietnam, we just talked about the green area, which is the Lac Da Vang field, a very successful field that we're developing has been heavily delineated.

We doing very key wells near here that are very large in size. They just view wells and exploration well. They'll be spudding copper at the end of this month. It's a very large resource base here of 170 million barrels mean, which would be very significant. And then we're drilling another well to the north right next of the field, lithog LDH, which is a different type of prospect, a little bit more risk than the HSV well, and it will be drilled last in the program.

This is a jackpot country. A place that we're very expensive that due to our experience in Malaysia, the rigs in country coming to us soon, and we're very excited. -- long-term history is that PetroVietnam one that's in their country because of our execution ability. The United States government and the State Department wants us in this country that we came in and made through a series of events that did not have the capital to participate in the development plan. And then last May, they came forward and wanted to sign the field development plan, that allowed us to break off into very, very nice exploration.

We didn't want to explore about the field development plan approved. So this is part of the new business that we have that we're extremely proud of and very unique to us, and we're we're sought after in these countries because it's important to Murphy when we take on a 100 million-barrel field. It may not be as important to a super major, but we have super major execution ability, and we all worked at super majors earlier in our career.

As we look at going the Tenor basin Côte d'Ivoire, we're very fortunate to pick up this big lease before it became so famous here. We're booking around each side of our resell by significant discoveries by E&I in which they have numerous press releases, we're tying together all the 3D size and we process it from shore all the way out to deep water. We're very -- the lane is scored by and I, we have a look alike in the Block 531. We're very excited about that. And the marine exploration success recently by ENI as well, touches our block to the north, and we had a prospect in that lot, very similar to that one.

This also came with another development called PON. It was discovered by Telo and Anadarko several years ago. So a lot of information public about this. The government is very keen and that's developing PON. We are keen on it as well, and we're making a lot of progress on working with them on that.

So if you really take a look by , we have a historic offshore Gulf Mexico business, and were bookended by Cote d'Ivoire devoted beat. Cote d'Ivoire, we have a possible development in which the government wants us to submit a field development plan with numerous prospects of different sizes. And in Vietnam, we have a go-to development there that we fund into and developed. You gained field development plan approval, while having significant exploration activity there. So we have two things the same going on in two different companies that can really uplift the offshore production for years and years. Very, very pleased about PON, very pleased about future exploration here and Vietnam and the Gulf.

As you look ahead, we have a long-term plan here is filed every year at the beginning of the year, I think the long-term perspectives of the plan are fully in place. The debt target goes maintained the on production being maintained. But I look at fitness plan, I was looking at this today with many

investors. Now we'll be adding a new year of the plan in 2029. We're talking about a company about 2029 at \$75 oil has an ability to cash return over \$3 billion to shareholders and still have \$2.3 billion of cash on the balance sheet without exploration success.

We have plans in our company reviewed for our Board that goes to 2042. We're a multi-decade player with significant amount of assets yet to be developed and exploring for more in the Gulf and significant locations yet to be drilled in our onshore business. So accelerating returns, one of our goals this year, which have done so with increased dividend and more buybacks. We're exceeding production guidance across all of our onshore had an incredible year in onshore, a nice well program really coming to our own on operations in the Gulf. A little bit of struggle earlier in the year doing very well today. Have a discovery in the goal to drill another one here in a couple of weeks and a very significant exploration program in Vietnam on the backdrop of buying a lot of stock with a lot more stock purchase ahead.

So that's all I have today, Betty, if you'd like to ask some questions or all answer how do you like to proceed.

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## QUESTIONS AND ANSWERS

### Unidentified Participant

I'll start kick off with the Q&A. Maybe focusing on this new Chevron update as far as yesterday about the waterflood. What does that mean in terms of volume or CapEx for Murphy? When do you expect -- is that more of a 2025 event? Or will we start seeing some of that in '24?

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### Roger Jenkins - Murphy Oil Corp - Chief Executive Officer, Director

When we bought the Petrobras asset soon after that, Petrobras owned the part of St. Malo, 25%. And Today, Petrobras it on 5%, we've been on 20% through our MTGM NCI subsidiary. This is a very prolific field that got bigger the whole time. Every time we drill the water injection wells or production wells the oil in place in the field grow this a very successful field subsurface.

It's been a big part of our portfolio, and we're very, very proud of it. the water injection capital is behind us. So today, when Chevron noted yesterday, the water injection has become, that means they've put out massive water injection pumps, filtering systems, power generation, wells, pipelines. It also includes some subsea pumps to increase enhanced oil recovery as well. So all that's behind us, the CapEx behind us and all of it inside our guidance.

Next year, at Murphy, we hope to see our share go up 1,500 barrels a day. and the whole thing go up 3,000 to 5,000 barrels a day in '26 to '27. That would be in our long-term guidance, and we've been after this for a long time. So now post the drilling, more oil in place, a bigger field all data pointing to connectivity. It will take some period of time for that connectivity to be seen engages in these wells.

At that time, you can advance the reserve bookings which are quite large that I mentioned a few years ago. And we have major water injection, a big cohesive field like this. It raises and lowers the decline and raises up the plateau longer. So the plateau doesn't decline as much as normal. This become a very key asset.

It's a very key asset for Chevron. Chevron is doing extremely well in the Gulf of Mexico as noted in the release yesterday discussed, I'm sure, here. And we're very, very happy to be their partner and fortunate to be involved with St. Malo.

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### Unidentified Participant

Right. Are there similar water flow opportunities in (inaudible)? And how should we think about the capital the return of these type of projects versus mutuals?

**Roger Jenkins - Murphy Oil Corp - Chief Executive Officer, Director**

I was noted yesterday, Chevron has another plan at anchor. We are reviewing on a (inaudible) Marmont. We were very successful doing this in Asia. We're leading experience holder on this. It involves drilling down-dip water wells and buying equipment such as manifolds and Christmas trees and significant power generation on your platform.

I think this will become more common in the Gulf. I think it will become more standard. But I always think about this, Betty, it's like anything in deepwater. If the amount of reserves that you're doing are developed for 15 barrels or less, that the uplift in the production or the reserve base is at a level of \$12 to \$15 per barrel and the project will be a very successful project. That's what St.

Malo is and that's how these things are to be judged. So the development cost in Vietnam is less than \$12 a barrel. Our development cost increase month same probably 9. So when you have these type of projects, that means their ultimate DD&A become at that rate, become very, very successful projects in any type of oil price. And it maintains the reserve base and it lowers the decline.

And I think you'll see more of it.

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**Unidentified Participant**

Got it. (inaudible) Sebastian exploration while is new on the program. Is there something that changed that you saw that like at added this well to this year's (inaudible).

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**Roger Jenkins - Murphy Oil Corp - Chief Executive Officer, Director**

We've known about this for a while. It's a block that we had another well in that was producing and over the long-term view of that field. There's some work we need to drill another well for that well. Then we decided, let's just drill the new prospect. When you're in the oil business, mostly in the oil business, you don't share everything on the call because I have private equity partners sometimes I need to be careful what I say.

If I say I'm doing something, I tell the world like I am today. that they may take advantage of me. And so sometimes we keep those things prove to we have all the -- everything lined up on the well, and the well is very inexpensive to us, but a very, very high rate of return upon success. We just snuck the well in past a rig that we had. That's what happens when you're in the business and you're able to be in the know and work on projects and people respect you as an operator. And those unique things come, Murphy's way, quite often, actually.

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**Unidentified Participant**

Right. When should we expect results from the Sebastian?

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**Roger Jenkins - Murphy Oil Corp - Chief Executive Officer, Director**

All that will be done in four weeks. I would imagine.

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**Unidentified Participant**

Okay. Great. Shifting to Cote d'Ivoire. This PON discovery at the PON gas development seems to be getting more traction both from the government side and how you guys are talking about it. What are the next steps around that project specifically? And then when will you start growing your own exploration well?

**Roger Jenkins** - *Murphy Oil Corp - Chief Executive Officer, Director*

Very good question. Thanks for asking it. PON, when we took on the blocks in Cote d'Ivoire and the government is a very close partner. You have to keep the mine and back up. We've worked all over the world.

We have unique relationships and national oil companies, again, do the importance it is to us. A great relationship with them. This is a discovery that's gas and oil, and they're working toward a lot of power generation in their company in their country and the light gas production. We're at to agree on the price of the gas. And we also have a requirement to submit a field development plan by the end of '25 to them as part of it, and we will have to let this go.

So we're in close discussions with them about a gas price to go forward. I would consider those the progression is going well, and they had a contingent of all their top industry and everything to do with their company in our office, we met with them two weeks ago, and we're very pleased about that, but we have to get that straight and then can go on as to the prospects we have and they're numerous, I would hope we drill a well at the end of next year and maybe follow on in the next year with another because we have different type of prospects that we can drill there. If we were to move forward on plan, we may need to drill an additional well there as well. These are not expensive wells. These are shallowing easier wells to drill than some of the deeper stuff in the Gulf of Mexico.

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**Unidentified Participant**

And then we will learn more about the size of the PON development project.

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**Roger Jenkins** - *Murphy Oil Corp - Chief Executive Officer, Director*

Right. Right.

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**Unidentified Participant**

Okay. Great.

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**Roger Jenkins** - *Murphy Oil Corp - Chief Executive Officer, Director*

Obviously, it has the size or we wouldn't be anticipating that.

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**Unidentified Participant**

Right. Right. Great. Well, I think the Vienna well good to hear that. It's that rig is almost on site, and then I'm sure there's -- looking forward to hear more about that. I imagine that's more likely a next year, early next year type of update on Vietnam exploration.

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**Roger Jenkins** - *Murphy Oil Corp - Chief Executive Officer, Director*

Probably so. Hard to say that probably so, yes.

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**Unidentified Participant**

Okay. Great. Well, thank you very much. I think --



**Roger Jenkins - Murphy Oil Corp - Chief Executive Officer, Director**

Thank you. Any other questions today?

**Unidentified Participant**

All right. Thank you.

**Roger Jenkins - Murphy Oil Corp - Chief Executive Officer, Director**

I appreciate it, Betty, thank you for having us. And everyone, have a good day. Thank you.

**Unidentified Participant**

Thank you.

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