UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2022

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	**71-0361522**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
9805 Katy Fwy, Suite G-200 **Houston, Texas**	**77024**
(Address of principal executive offices)	**(Zip Code)**

(281) 675-9000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $1.00 Par Value	MUR	New York Stock Exchange

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

Number of shares of Common Stock, $1.00 par value, outstanding at July 31, 2022 was 155,452,838.

MURPHY OIL CORPORATION

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED BALANCE SHEETS (unaudited)

(Thousands of dollars)		June 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	$	**432,019**	521,184
Accounts receivable, net		**522,023**	258,150
Inventories		**63,886**	54,198
Prepaid expenses		**33,392**	31,925
Assets held for sale		**15,561**	15,453
Total current assets		**1,066,881**	880,910
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization of $12,751,486 in 2022 and $12,457,851 in 2021		**8,295,655**	8,127,852
Operating lease assets		**855,975**	881,389
Deferred income taxes		**326,706**	385,516
Deferred charges and other assets		**26,994**	29,273
Total assets	$	**10,572,211**	10,304,940
LIABILITIES AND EQUITY			
Current liabilities			
Current maturities of long-term debt, finance lease	$	**670**	654
Accounts payable		**910,009**	623,129
Income taxes payable		**25,452**	19,951
Other taxes payable		**30,698**	20,306
Operating lease liabilities		**167,953**	139,427
Other accrued liabilities		**483,430**	360,859
Total current liabilities		**1,618,212**	1,164,326
Long-term debt, including finance lease obligation		**2,267,934**	2,465,414
Asset retirement obligations		**863,892**	839,776
Deferred credits and other liabilities		**439,404**	570,574
Non-current operating lease liabilities		**706,016**	761,162
Deferred income taxes		**188,523**	182,892
Total liabilities		**6,083,981**	5,984,144
Equity			
Cumulative Preferred Stock, par $100, authorized 400,000 shares, none issued		**—**	—
Common Stock, par $1.00, authorized 450,000,000 shares, issued 195,100,628 shares in 2022 and 195,100,628 shares in 2021		**195,101**	195,101
Capital in excess of par value		**883,368**	926,698
Retained earnings		**5,405,400**	5,218,670
Accumulated other comprehensive loss		**(554,727)**	(527,711)
Treasury stock		**(1,616,340)**	(1,655,447)
Murphy Shareholders' Equity		**4,312,802**	4,157,311
Noncontrolling interest		**175,428**	163,485
Total equity		**4,488,230**	4,320,796
Total liabilities and equity	$	**10,572,211**	10,304,940

See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(Thousands of dollars, except per share amounts)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenues and other income				
Revenue from production	$ **1,146,299**	758,829	$ **1,980,827**	1,351,356
Sales of purchased natural gas	**49,939**	—	**86,785**	—
Total revenue from sales to customers	**1,196,238**	758,829	**2,067,612**	1,351,356
Loss on crude contracts	**(103,068)**	(226,245)	**(423,845)**	(440,630)
Gain on sale of assets and other income	**7,887**	17,059	**10,251**	18,902
Total revenues and other income	**1,101,057**	549,643	**1,654,018**	929,628
Costs and expenses				
Lease operating expenses	**147,352**	126,413	**284,177**	273,577
Severance and ad valorem taxes	**17,565**	11,314	**32,200**	20,545
Transportation, gathering and processing	**49,948**	49,696	**96,871**	92,608
Costs of purchased natural gas	**47,971**	—	**81,636**	—
Exploration expenses, including undeveloped lease amortization	**15,151**	13,543	**62,717**	25,323
Selling and general expenses	**27,130**	29,113	**60,659**	58,616
Depreciation, depletion and amortization	**195,856**	227,288	**359,980**	425,566
Accretion of asset retirement obligations	**11,563**	12,164	**23,439**	22,656
Impairment of assets	**—**	—	**—**	171,296
Other operating expense	**36,913**	70,328	**142,855**	91,407
Total costs and expenses	**549,449**	539,859	**1,144,534**	1,181,594
Operating income (loss) from continuing operations	**551,608**	9,784	**509,484**	(251,966)
Other income (loss)				
Other income (expense)	**5,308**	(4,525)	**2,813**	(9,866)
Interest expense, net	**(41,385)**	(43,374)	**(78,662)**	(131,474)
Total other (loss)	**(36,077)**	(47,899)	**(75,849)**	(141,340)
Income (loss) from continuing operations before income taxes	**515,531**	(38,115)	**433,635**	(393,306)
Income tax (benefit) expense	**105,084**	(11,177)	**88,123**	(99,336)
Income (loss) from continuing operations	**410,447**	(26,938)	**345,512**	(293,970)
(Loss) income from discontinued operations, net of income taxes	**(943)**	(102)	**(1,494)**	106
Net income (loss) including noncontrolling interest	**409,504**	(27,040)	**344,018**	(293,864)
Less: Net income attributable to noncontrolling interest	**58,947**	36,042	**106,797**	56,656
NET INCOME (LOSS) ATTRIBUTABLE TO MURPHY	$ **350,557**	(63,082)	$ **237,221**	(350,520)
INCOME (LOSS) PER COMMON SHARE – BASIC				
Continuing operations	$ **2.27**	(0.41)	$ **1.54**	(2.27)
Discontinued operations	**(0.01)**	—	**(0.01)**	—
Net income (loss)	$ **2.26**	(0.41)	$ **1.53**	(2.27)
INCOME (LOSS) PER COMMON SHARE – DILUTED				
Continuing operations	$ **2.24**	(0.41)	$ **1.51**	(2.27)
Discontinued operations	**(0.01)**	—	**(0.01)**	—
Net income (loss)	$ **2.23**	(0.41)	$ **1.50**	(2.27)
Cash dividends per Common share	$ **0.175**	0.125	**0.325**	0.250
Average Common shares outstanding (thousands)				
Basic	**155,389**	154,395	**155,121**	154,153
Diluted	**157,455**	154,395	**157,852**	154,153

See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of dollars)	**2022**	**2021**	**2022**	**2021**
Net income (loss) including noncontrolling interest	**$ 409,504**	(27,040)	**$ 344,018**	(293,864)
Other comprehensive (loss) income, net of tax				
Net (loss) gain from foreign currency translation	**(51,545)**	17,945	**(33,525)**	37,842
Retirement and postretirement benefit plans	**3,173**	4,146	**6,509**	8,282
Deferred loss on interest rate hedges reclassified to interest expense	**—**	—	**—**	1,690
Other comprehensive (loss) income	**(48,372)**	22,091	**(27,016)**	47,814
Comprehensive income (loss) including noncontrolling interest	**$ 361,132**	(4,949)	**317,002**	(246,050)
Less: Comprehensive income attributable to noncontrolling interest	58,947	36,042	106,797	56,656
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MURPHY	**$ 302,185**	(40,991)	**$ 210,205**	(302,706)

See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(Thousands of dollars)	Six Months Ended June 30, 2022	2021
Operating Activities		
Net income (loss) including noncontrolling interest	$ **344,018**	(293,864)
Adjustments to reconcile net income (loss) to net cash provided by continuing operations activities		
Loss (income) from discontinued operations	**1,494**	(106)
Depreciation, depletion and amortization	**359,980**	425,566
Unsuccessful exploration well costs and previously suspended exploration costs	**34,102**	633
Amortization of undeveloped leases	**7,980**	8,882
Accretion of asset retirement obligations	**23,439**	22,656
Deferred income tax (benefit) expense	**66,691**	(101,195)
Mark to market loss on contingent consideration	**129,818**	76,677
Mark to market loss on crude contracts	**100,343**	284,360
Long-term non-cash compensation	**40,467**	25,318
Impairment of assets	**—**	171,296
(Gain) from sale of assets	**(35)**	—
Net (increase) decrease in noncash working capital	**(121,598)**	26,565
Other operating activities, net	**(27,458)**	39,494
Net cash provided by continuing operations activities	**959,241**	686,282
Investing Activities		
Property additions and dry hole costs [1]	**(552,825)**	(422,841)
Acquisition of oil and gas properties [1]	**(46,491)**	(22,473)
Property additions for King's Quay FPS	**—**	(17,734)
Proceeds from sales of property, plant and equipment	**47**	269,363
Net cash (required) by investing activities	**(599,269)**	(193,685)
Financing Activities		
Borrowings on revolving credit facility	**100,000**	165,000
Repayment of revolving credit facility	**(100,000)**	(365,000)
Retirement of debt	**(200,000)**	(576,358)
Debt issuance, net of cost	**—**	541,974
Early redemption of debt cost	**(3,438)**	(34,177)
Distributions to noncontrolling interest	**(94,854)**	(75,238)
Contingent consideration payment	**(81,742)**	—
Cash dividends paid	**(50,491)**	(38,590)
Withholding tax on stock-based incentive awards	**(16,697)**	(3,895)
Capital lease obligation payments	**(320)**	(371)
Net cash (required) by financing activities	**(447,542)**	(386,655)
Effect of exchange rate changes on cash and cash equivalents	**(1,595)**	1,552
Net (decrease) increase in cash and cash equivalents	**(89,165)**	107,494
Cash and cash equivalents at beginning of period	**521,184**	310,606
Cash and cash equivalents at end of period	$ **432,019**	418,100

[1] Certain prior-period amounts have been reclassified to conform to the current period presentation.
See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of dollars)	**2022**	**2021**	**2022**	**2021**
Cumulative Preferred Stock – par $100, authorized 400,000 shares, none issued	$ —	—	$ —	—
Common Stock – par $1.00, authorized 450,000,000 shares, issued 195,100,628 shares at June 30, 2022 and 195,100,628 shares at June 30, 2021				
Balance at beginning of period	**195,101**	195,101	**195,101**	195,101
Exercise of stock options	—	—	—	—
Balance at end of period	**195,101**	195,101	**195,101**	195,101
Capital in Excess of Par Value				
Balance at beginning of period	**880,537**	914,303	**926,698**	941,692
Exercise of stock options, including income tax benefits	**(3,415)**	(587)	**(10,635)**	(626)
Restricted stock transactions and other	—	(5,347)	**(45,169)**	(38,347)
Share-based compensation	**6,246**	6,812	**12,474**	12,462
Balance at end of period	**883,368**	915,181	**883,368**	915,181
Retained Earnings				
Balance at beginning of period	**5,082,034**	5,062,813	**5,218,670**	5,369,538
Net income (loss) attributable to Murphy	**350,557**	(63,082)	**237,221**	(350,520)
Cash dividends paid	**(27,191)**	(19,303)	**(50,491)**	(38,590)
Balance at end of period	**5,405,400**	4,980,428	**5,405,400**	4,980,428
Accumulated Other Comprehensive Loss				
Balance at beginning of period	**(506,355)**	(575,610)	**(527,711)**	(601,333)
Foreign currency translation (loss) gain, net of income taxes	**(51,545)**	17,945	**(33,525)**	37,842
Retirement and postretirement benefit plans, net of income taxes	**3,173**	4,146	**6,509**	8,282
Deferred loss on interest rate hedges reclassified to interest expense, net of income taxes	—	—	—	1,690
Balance at end of period	**(554,727)**	(553,519)	**(554,727)**	(553,519)
Treasury Stock				
Balance at beginning of period	**(1,618,478)**	(1,661,416)	**(1,655,447)**	(1,690,661)
Awarded restricted stock, net of forfeitures	—	4,339	**32,297**	33,545
Exercise of stock options	**2,138**	486	**6,810**	525
Balance at end of period – 39,677,584 shares of Common Stock in 2022 and 40,665,675 shares of Common Stock in 2021, at cost	**(1,616,340)**	(1,656,591)	**(1,616,340)**	(1,656,591)
Murphy Shareholders' Equity	**4,312,802**	3,880,600	**4,312,802**	3,880,600
Noncontrolling Interest				
Balance at beginning of period	**171,451**	164,418	**163,485**	179,810
Net income attributable to noncontrolling interest	**58,947**	36,042	**106,797**	56,656
Distributions to noncontrolling interest owners	**(54,970)**	(39,232)	**(94,854)**	(75,238)
Balance at end of period	**175,428**	161,228	**175,428**	161,228
Total Equity	**$ 4,488,230**	4,041,828	**$ 4,488,230**	4,041,828

See Notes to Consolidated Financial Statements, page 7.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of the financial statements of Murphy Oil Corporation and Consolidated Subsidiaries (the Company or Murphy) on pages 2 through 6 of this Form 10-Q report.

Note A – Nature of Business and Interim Financial Statements

NATURE OF BUSINESS – Murphy Oil Corporation is an international oil and natural gas exploration and production company that conducts its business through various operating subsidiaries. The Company primarily produces oil and natural gas in the United States and Canada and conducts oil and natural gas exploration activities worldwide.

In connection with the LLOG Exploration Offshore L.L.C. and LLOG Bluewater Holdings, L.L.C., (LLOG) acquisition, we hold a 0.5% interest in two variable interest entities (VIEs), Delta House Oil and Gas Lateral LLC and Delta House Floating Production System (FPS) LLC (collectively Delta House). These VIEs have not been consolidated because we are not considered the primary beneficiary. These non-consolidated VIEs are not material to our financial position or results of operations. As of June 30, 2022, our maximum exposure to loss was $3.2 million (excluding operational impacts), which represents our net investment in Delta House. We have not provided any financial support to Delta House other than amounts previously required by our membership interest.

INTERIM FINANCIAL STATEMENTS – In the opinion of Murphy's management, the unaudited financial statements presented herein include all accruals necessary to present fairly the Company's financial position at June 30, 2022 and December 31, 2021, and the results of operations, cash flows and changes in stockholders' equity for the interim periods ended June 30, 2022 and 2021, in conformity with accounting principles generally accepted in the United States of America (U.S.). In preparing the financial statements of the Company in conformity with accounting principles generally accepted in the U.S., 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.

Consolidated financial statements and notes to consolidated financial statements included in this Form 10-Q report should be read in conjunction with the Company's 2021 Form 10-K report, as certain notes and other pertinent information have been abbreviated or omitted in this report. Financial results for the three-month and six-month periods ended June 30, 2022, are not necessarily indicative of future results.

Note B – New Accounting Principles and Recent Accounting Pronouncements

Accounting Principles Adopted

Income Taxes. In December 2019, the FASB issued ASU 2019-12, which removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Implementation on a prospective or retrospective basis varies by specific topics within the ASU. The Company adopted this guidance in the first quarter of 2021 and it did not have a material impact on its consolidated financial statements.

Recent Accounting Pronouncements

None affecting the Company.

Note C – Revenue from Contracts with Customers

Nature of Goods and Services

The Company explores for and produces crude oil, natural gas and natural gas liquids (collectively oil and natural gas) in select basins around the globe. The Company's revenue from sales of oil and natural gas production activities are primarily subdivided into two key geographic segments: the U.S. and Canada. Additionally, revenue from sales to customers is generated from three primary revenue streams: crude oil and condensate, natural gas liquids, and natural gas.

For operated oil and natural gas production where the non-operated working interest owner does not take-in-kind its proportionate interest in the produced commodity, the Company acts as an agent for the working interest owner and recognizes revenue only for its own share of the commingled production. The exception to this is the reporting of the noncontrolling interest in MP GOM as prescribed by ASC 810-10-45.

U.S. - In the United States, the Company primarily produces oil and natural gas from fields in the Eagle Ford Shale area of South Texas and in the Gulf of Mexico. Revenue is generally recognized when oil and natural gas are transferred to the customer at the delivery point. Revenue recognized is largely index based with price adjustments for floating market differentials.

Canada - In Canada, contracts include long-term floating commodity index priced and natural gas physical forward sales fixed-price contracts. For the offshore business in Canada, contracts are based on index prices and revenue is recognized at the time of vessel load based on the volumes on the bill of lading and point of custody transfer. The Company also purchases natural gas in Canada to meet certain sales commitments.

Note C – Revenue from Contracts with Customers *(Contd.)*

Disaggregation of Revenue

The Company reviews performance based on two key geographical segments and between onshore and offshore sources of revenue within these geographies.

For the three-month period ended June 30, 2022, and 2021, the Company recognized $1,196 million and $758.8 million, respectively, from total revenue from sales to customers, from sales of oil, natural gas liquids and natural gas.

For the six-month period ended June 30, 2022, and 2021, the Company recognized $2,067.6 million and $1,351.4 million, respectively, from total revenue from sales to customers, from sales of oil, natural gas liquids and natural gas.

			Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of dollars)			**2022**	**2021**	**2022**	**2021**
Net crude oil and condensate revenue						
	United States	Onshore	$ **264,841**	183,267	$ **436,537**	297,757
		Offshore	**612,526**	411,076	**1,078,147**	739,417
	Canada	Onshore	**40,417**	30,695	**77,114**	60,598
		Offshore	**38,354**	31,772	**67,186**	49,834
	Other		**13,636**	—	**13,636**	—
Total crude oil and condensate revenue			**969,774**	656,810	**1,672,620**	1,147,606
Net natural gas liquids revenue						
	United States	Onshore	**18,062**	9,596	**34,747**	17,124
		Offshore	**18,093**	10,766	**32,072**	20,820
	Canada	Onshore	**5,001**	3,240	**9,868**	7,227
Total natural gas liquids revenue			**41,156**	23,602	**76,687**	45,171
Net natural gas revenue						
	United States	Onshore	**19,034**	6,872	**30,403**	13,315
		Offshore	**43,567**	17,273	**69,768**	39,411
	Canada	Onshore	**72,768**	54,272	**131,349**	105,853
Total natural gas revenue			**135,369**	78,417	**231,520**	158,579
Revenue from production			**1,146,299**	758,829	**1,980,827**	1,351,356
Sales of purchased natural gas						
	United States	Offshore	**181**	—	**181**	—
	Canada	Onshore	**49,758**	—	**86,604**	—
Total sales of purchased natural gas			**49,939**	—	**86,785**	—
Total revenue from sales to customers			**1,196,238**	758,829	**2,067,612**	1,351,356
Loss on crude contracts			**(103,068)**	(226,245)	**(423,845)**	(440,630)
Gain on sale of assets and other income			**7,887**	17,059	**10,251**	18,902
Total revenues and other income			$ **1,101,057**	549,643	$ **1,654,018**	929,628

In 2022, the Company included additional line items on the face of the Consolidated Statements of Operations to report Sales of purchased natural gas and Costs of purchased natural gas. Sales and purchases of natural gas are reported on a gross basis when Murphy takes control of the products and has risks and rewards of ownership.

Contract Balances and Asset Recognition

As of June 30, 2022, and December 31, 2021, receivables from contracts with customers, net of royalties and associated payables, on the balance sheet from continuing operations, were $292.4 million and $169.8 million, respectively. Payment terms for the Company’s sales vary across contracts and geographical regions, with the majority of the cash receipts required within 30 days of billing. Based on a forward-looking expected loss model in accordance with ASU 2016-13, the Company did not recognize any impairment losses on receivables or contract assets arising from customer contracts during the reporting periods.

The Company has not entered into any revenue contracts that have financing components as of June 30, 2022.

The Company does not employ sales incentive strategies such as commissions or bonuses for obtaining sales contracts. For the periods presented, the Company did not identify any assets to be recognized associated with the costs to obtain a contract with a customer.

Performance Obligations

The Company recognizes oil and natural gas revenue when it satisfies a performance obligation by transferring control over a commodity to a customer. Judgment is required to determine whether some customers simultaneously receive and consume the benefit of commodities. As a result of this assessment for the Company, each unit of measure of the specified commodity is considered to represent a distinct performance obligation that is satisfied at a point in time upon the transfer of control of the commodity.

For contracts with market or index-based pricing, which represent the majority of sales contracts, the Company has elected the allocation exception and allocates the variable consideration to each single performance obligation in the contract. As a result, there is no price allocation to unsatisfied remaining performance obligations for delivery of commodity product in subsequent periods.

The Company has entered into several long-term, fixed-price contracts in Canada. The underlying reason for entering a fixed price contract is generally unrelated to anticipated future prices or other observable data and serves a particular purpose in the Company's long-term strategy.

As of June 30, 2022, the Company had the following sales contracts in place which are expected to generate revenue from sales to customers for a period of more than 12 months starting at the inception of the contract:

Current Long-Term Contracts Outstanding at June 30, 2022

Location	Commodity	End Date	Description	Approximate Volumes
U.S.	Natural Gas and NGL	Q2 2023	Deliveries from dedicated acreage in Eagle Ford	As produced
Canada	Natural Gas	Q4 2022	Contracts to sell natural gas at USD index pricing	8 MMCFD
Canada	Natural Gas	Q4 2022	Contracts to sell natural gas at CAD fixed prices	5 MMCFD
Canada	Natural Gas	Q4 2022	Contracts to sell natural gas at USD fixed pricing	20 MMCFD
Canada	Natural Gas	Q4 2023	Contracts to sell natural gas at USD index pricing	25 MMCFD
Canada	Natural Gas	Q4 2023	Contracts to sell natural gas at CAD fixed prices	38 MMCFD
Canada	Natural Gas	Q4 2024	Contracts to sell natural gas at USD index pricing	31 MMCFD
Canada	Natural Gas	Q4 2024	Contracts to sell natural gas at CAD fixed prices	100 MMCFD
Canada	Natural Gas	Q4 2024	Contracts to sell natural gas at CAD fixed prices	34 MMCFD
Canada	Natural Gas	Q4 2024	Contracts to sell natural gas at USD fixed pricing	15 MMCFD
Canada	Natural Gas	Q4 2026	Contracts to sell natural gas at USD index pricing	49 MMCFD
Canada	NGL	Q3 2023	Contracts to sell natural gas liquids at CAD pricing	952 BOED

Fixed price contracts are accounted for as normal sales and purchases for accounting purposes.

Note D – Property, Plant and Equipment

Exploratory Wells

Under FASB guidance exploratory well costs should continue to be capitalized when the well has found a sufficient quantity of reserves to justify its completion as a producing well and the Company is making sufficient progress assessing the reserves and the economic and operating viability of the project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note D – Property, Plant and Equipment *(Contd.)*

As of June 30, 2022, the Company had total capitalized exploratory well costs for continuing operations pending the determination of proved reserves of $178.4 million. The following table reflects the net changes in capitalized exploratory well costs during the six-month periods ended June 30, 2022 and 2021.

(Thousands of dollars)	2022	2021
Beginning balance at January 1	**$ 179,481**	181,616
Additions pending the determination of proved reserves	**9,412**	15,921
Capitalized exploratory well costs charged to expense	**(10,472)**	—
Balance at June 30	**$ 178,421**	197,537

The capitalized well costs charged to expense during 2022 represent expenditures related to the Cutthroat-1 exploration well in block SEAL-M-428 in the Sergipe-Alagoas Basin offshore Brazil. There were no hydrocarbons found in this well.

The following table provides an aging of capitalized exploratory well costs based on the date the drilling was completed for each individual well and the number of projects for which exploratory well costs have been capitalized. The projects are aged based on the last well drilled in the project.

	June 30,					
	2022			2021		
(Thousands of dollars)	Amount	No. of Wells	No. of Projects	Amount	No. of Wells	No. of Projects
Aging of capitalized well costs:						
Zero to one year	**$ 4,268**	**2**	**2**	13,881	3	3
One to two years	**2,813**	**2**	**2**	23,811	3	3
Two to three years	**26,848**	**3**	**2**	30,562	2	2
Three years or more	**144,492**	**8**	**2**	129,283	6	—
	$ 178,421	**15**	**8**	197,537	14	8

Of the $174.2 million of exploratory well costs capitalized more than one year at June 30, 2022, $94.7 million is in Vietnam, $48.5 million is in the U.S., $15.5 million is in Mexico, $10.6 million is in Brunei, and $4.8 million is in Canada. In all geographical areas, either further appraisal or development drilling is planned and/or development studies/plans are in various stages of completion.

Impairments

There were no impairments in the first six months of 2022. In the first quarter of 2021, the Company recorded an impairment charge of $171.3 million for Terra Nova due to the status, including agreements with partners, of operating and production plans at end of the first quarter 2021. Later in 2021, the Company sanctioned an asset life extension project and acquired an additional 7.525% working interest at Terra Nova following a commercial agreement to extend the life of the field.

Divestments

There were no divestments in the first six months of 2022. During the first quarter of 2021, the King's Quay FPS was sold to ArcLight Capital Partners, LLC (ArcLight) for proceeds of $267.7 million, which reimbursed the Company for previously incurred capital expenditures.

Acquisitions

In June 2022, the Company acquired an additional working interest of 11.0% in the Kodiak field for a purchase price of $46.5 million, net of post-closing adjustments.

In the second quarter of 2021, the Company acquired an additional 3.5% working interest in the Lucius field for a purchase price of $22.5 million, net of post-closing adjustments.

Note E – Assets Held for Sale and Discontinued Operations

The Company has accounted for its former U.K. and U.S. refining and marketing and Malaysian exploration and production operations as discontinued operations for all periods presented. The results of operations associated with discontinued operations for the three-month and six-month periods ended June 30, 2022 and 2021 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(Thousands of dollars)	**2022**	**2021**	**2022**	**2021**
Revenues	$ —	246	$ **10**	658
Costs and expenses				
Other costs and expenses (benefits)	**943**	348	**1,504**	552
(Loss) income before taxes	**(943)**	(102)	**(1,494)**	106
Income tax expense	—	—	—	—
(Loss) income from discontinued operations	$ **(943)**	(102)	$ **(1,494)**	106

As of June 30, 2022 and December 31, 2021, assets held for sale on the Consolidated Balance Sheet include the carrying value of the net property, plant and equipment of the CA-2 project in Brunei and the Company's former headquarters office building in El Dorado, Arkansas.

(Thousands of dollars)	**June 30, 2022**	**December 31, 2021**
Current assets		
Property, plant, and equipment, net	**15,561**	15,453
Total current assets associated with assets held for sale	$ **15,561**	15,453

Note F – Financing Arrangements and Debt

As of June 30, 2022, the Company had a $1.6 billion revolving credit facility (RCF). The RCF is a senior unsecured guaranteed facility which expires in November 2023. At June 30, 2022, the Company had no outstanding borrowings under the RCF and $27.6 million of outstanding letters of credit, which reduce the borrowing capacity of the RCF. At June 30, 2022, the interest rate in effect on borrowings under the facility was 3.46%. At June 30, 2022 and 2021, the Company was in compliance with all covenants related to the RCF.

On June 2, 2022, the Company redeemed $200.0 million aggregate principal amount of its 6.875% senior notes due 2024 (2024 Notes). The cost of the debt extinguishment of $4.3 million is included in Interest expense, net on the Consolidated Statement of Operations for the three months and six months ended June 30, 2022. The cash costs of $3.4 million are shown as a financing activity on the Consolidated Statement of Cash Flows for the six months ended June 30, 2022.

In March 2021, the Company issued $550.0 million of new notes that bear interest at a rate of 6.375% and mature on July 15, 2028. The Company incurred transaction costs of $8.1 million on the issuance of these new notes and the Company will pay interest semi-annually on January 15 and July 15 of each year, beginning July 15, 2021. The proceeds of the $550.0 million notes, along with cash on hand, were used to redeem and cancel $259.3 million of the Company's 4.00% notes due June 2022 and $317.1 million of the Company's 4.95% notes due December 2022 (originally issued as 3.70% notes due 2022; collectively the 2022 Notes). The cost of the debt extinguishment of $36.9 million is included in Interest expense, net on the Consolidated Statement of Operations for the three months and six months ended June 30, 2021. The cash costs of $34.2 million are shown as a financing activity on the Consolidated Statement of Cash Flows for the six months ended June 30, 2021.

The Company also has a shelf registration statement on file with the U.S. Securities and Exchange Commission that permits the offer and sale of debt and/or equity securities through October 15, 2024.

On July 20, 2022, the Company issued a notice of redemption with respect to all of its outstanding, $42.4 million aggregate principal amount, 6.875% senior notes due 2024. The Company will redeem the 2024 Notes at the applicable redemption price set forth in the indenture governing the 2024 Notes, plus accrued and unpaid interest, if any, to, but not including, the date of redemption. The redemption date of the 2024 Notes will be August 19, 2022.

On August 1, 2022, the Company announced the commencement of cash tender offers (the "Tender Offers") to purchase up to $200.0 million in aggregate purchase price of its outstanding 5.750% senior notes due 2025, 6.375% senior notes due 2028 and

5.875% senior notes due 2027. Details of the Tender Offers can be found as part of the Company’s Form 8-K filed on August 1, 2022.

Note G – Other Financial Information

Additional disclosures regarding cash flow activities are provided below.

(Thousands of dollars)		Six Months Ended June 30, 2022	2021
Net decrease (increase) in operating working capital, excluding cash and cash equivalents:			
(Increase) in accounts receivable [1]	$	**(263,104)**	(104,775)
(Increase) decrease in inventories		**(10,092)**	8,938
(Increase) in prepaid expenses		**(1,693)**	(1,945)
Increase in accounts payable and accrued liabilities [1]		**147,790**	124,699
Increase (decrease) in income taxes payable		**5,501**	(352)
Net decrease (increase) in noncash operating working capital	$	**(121,598)**	26,565
Supplementary disclosures:			
Cash income taxes paid, net of refunds	$	**1,783**	1,474
Interest paid, net of amounts capitalized of $10.4 million in 2022 and $7.4 million in 2021		**78,747**	80,546
Non-cash investing activities:			
Asset retirement costs capitalized [2]	$	**9,007**	6,669
(Increase) decrease in capital expenditure accrual		**(1,929)**	20,614

[1] Excludes receivable/payable balances relating to mark-to-market of derivative instruments and contingent consideration relating to acquisitions.

[2] 2021 Excludes non-cash capitalized cost offset by Terra Nova impairment of $74.4 million.

Note H – Employee and Retiree Benefit Plans

The Company has defined benefit pension plans that are principally noncontributory and cover most full-time employees. All pension plans are funded except for the U.S. and Canadian nonqualified supplemental plan and the U.S. director's plan. All U.S. tax qualified plans meet the funding requirements of federal laws and regulations. Contributions to foreign plans are based on local laws and tax regulations. The Company also sponsors health care and life insurance benefit plans, which are not funded, that cover most retired U.S. employees. The health care benefits are contributory; the life insurance benefits are noncontributory.

The table that follows provides the components of net periodic benefit expense for the three-month and six-month periods ended June 30, 2022 and 2021.

	Three Months Ended June 30,			
	Pension Benefits		Other Postretirement Benefits	
(Thousands of dollars)	2022	2021	2022	2021
Service cost	$ **2,129**	1,768	**292**	327
Interest cost	**5,139**	4,300	**574**	521
Expected return on plan assets	**(7,954)**	(6,155)	**—**	—
Amortization of prior service cost (credit)	**579**	156	**(133)**	—
Recognized actuarial loss (gain)	**3,822**	5,281	**(78)**	(8)
Net periodic benefit expense	$ **3,715**	5,350	**655**	840

	Six Months Ended June 30,			
	Pension Benefits		Other Postretirement Benefits	
(Thousands of dollars)	2022	2021	2022	2021
Service cost	$ **4,258**	3,536	**584**	653
Interest cost	**10,382**	8,586	**1,148**	1,042
Expected return on plan assets	**(16,092)**	(12,288)	**—**	—
Amortization of prior service cost (credit)	**1,179**	312	**(266)**	—
Recognized actuarial loss (gain)	**7,644**	10,560	**(155)**	(15)
Net periodic benefit expense	$ **7,371**	10,706	**1,311**	1,680

The components of net periodic benefit expense, other than the service cost, are recorded in Other income (expense) in the Consolidated Statements of Operations.

During the six-month period ended June 30, 2022, the Company made contributions of $18.4 million to its defined benefit pension and postretirement benefit plans. Remaining funding in 2022 for the Company's defined benefit pension and postretirement plans is anticipated to be $24.4 million.

Note I – Incentive Plans

The costs resulting from all share-based and cash-based incentive plans are recognized as an expense in the Consolidated Statements of Operations using a fair value-based measurement method over the periods that the awards vest.

The Annual Incentive Plan (AIP) authorizes the Executive Compensation Committee (the Committee) to establish specific performance goals associated with annual cash awards that may be earned by officers, executives and certain other employees. Cash awards under the AIP are determined based on the Company's actual financial and operating results as measured against the performance goals established by the Committee.

The 2020 Long-Term Incentive Plan (2020 Long-Term Plan) authorizes the Committee to make grants of the Company's Common Stock to employees. These grants may be in the form of stock options (nonqualified or incentive), stock appreciation rights (SAR), restricted stock, restricted stock units (RSU), performance units, performance shares, dividend equivalents and other stock-based incentives. The 2020 Long-Term Plan expires in 2030. A total of five million shares are issuable during the life of the 2020 Long-Term Plan. Shares issued pursuant to awards granted under this Plan may be shares that are authorized and unissued or shares that were reacquired by the Company, including shares purchased in the open market. Share awards that have been canceled, expired, forfeited or otherwise not issued under an award shall not count as shares issued under this Plan.

During the first six months of 2022, the Committee granted the following awards from the 2020 Long-Term Plan:

2020 Long-Term Incentive Plan

Type of Award	Number of Awards Granted	Grant Date		Grant Date Fair Value	Valuation Methodology
Performance Based RSUs [1]	580,600	February 1, 2022	$	47.37	Monte Carlo
Time Based RSUs [2]	273,400	February 1, 2022	$	32.12	Average Stock Price
Cash Settled RSUs [3]	674,300	February 1, 2022	$	32.12	Average Stock Price

[1] Performance based RSUs are scheduled to vest over a three year performance period.
[2] Time based RSUs are generally scheduled to vest over three years from the date of grant.
[3] Cash settled RSUs are generally scheduled to vest over three years from the date of grant.

The Company also has a Stock Plan for Non-Employee Directors that permits the issuance of restricted stock, restricted stock units and stock options or a combination thereof to the Company's Non-Employee Directors.

The 2021 Stock Plan for Non-Employee Directors (2021 NED Plan) permits the issuance of restricted stock, restricted stock units and stock options or a combination thereof to the Company's Non-Employee Directors. The Company currently has outstanding incentive awards issued to Directors under the 2021 NED Plan and the 2018 Stock Plan for Non-Employee Directors. All awards on or after May 12, 2021, were made under the 2021 NED Plan.

During the first six months of 2022, the Committee granted the following awards to Non-Employee Directors:

2021 Stock Plan for Non-Employee Directors

Type of Award	Number of Awards Granted	Grant Date		Grant Date Fair Value	Valuation Methodology
Time Based RSUs [1]	73,092	February 2, 2022	$	32.84	Closing Stock Price

[1] Non-employee directors time-based RSUs are scheduled to vest in February 2023.

All stock option exercises are non-cash transactions for the Company. The employee receives net shares, after applicable withholding obligations, upon each stock option exercise. The actual income tax benefit realized from the tax deductions related to stock option exercises of the share-based payment arrangements were immaterial for the six-month period ended June 30, 2022.

Amounts recognized in the financial statements with respect to share-based plans are shown in the following table:

	Six Months Ended June 30,		
(Thousands of dollars)		**2022**	**2021**
Compensation charged against income before tax benefit	**$**	**34,016**	18,045
Related income tax benefit recognized in income		**5,822**	2,478

Certain incentive compensation granted to the Company's named executive officers, to the extent their total compensation exceeds $1.0 million per executive per year, is not eligible for a U.S. income tax deduction under the Tax Cuts and Jobs Act (2017 Tax Act).

Note J – Earnings Per Share

Net loss attributable to Murphy was used as the numerator in computing both basic and diluted income per Common share for the three-month and six-month periods ended June 30, 2022 and 2021. The following table reports the weighted-average shares outstanding used for these computations.

	Three Months Ended June 30,		Six Months Ended June 30,	
(Weighted-average shares)	2022	2021	2022	2021
Basic method	**155,388,555**	154,394,602	**155,121,098**	154,153,158
Dilutive stock options and restricted stock units	**2,066,575**	—	**2,730,624**	—
Diluted method	**157,455,130**	154,394,602	**157,851,722**	154,153,158

The following table reflects certain options to purchase shares of common stock that were outstanding during the periods presented but were not included in the computation of diluted shares above because the incremental shares from the assumed conversion were antidilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Antidilutive stock options excluded from diluted shares	—	1,379,481	**234,000**	1,592,812
Weighted average price of these options	**$ —**	$ 33.79	**$ 49.65**	$ 35.07

Note K – Income Taxes

The Company's effective income tax rate is calculated as the amount of income tax expense (benefit) divided by income (loss) from continuing operations before income taxes. For the three-month and six-month periods ended June 30, 2022 and 2021, the Company's effective income tax rates were as follows:

	2022	2021
Three months ended June 30,	**20.4%**	29.3%
Six months ended June 30,	**20.3%**	25.3%

The effective tax rate for the three-month period ended June 30, 2022 was below the U.S. statutory tax rate of 21% primarily due to no tax applied to the pre-tax income of the noncontrolling interest in MP GOM.

The effective tax rate for the three-month period ended June 30, 2021 was above the statutory tax rate of 21% primarily due to no tax applied to the pre-tax income of the noncontrolling interest in MP GOM, which has the impact of increasing the effective tax rate on an overall loss.

The effective tax rate for the six-month period ended June 30, 2022 was below the U.S. statutory tax rate of 21% primarily due to no tax applied to the pre-tax income of the noncontrolling interest in MP GOM offset by exploration expenses in certain foreign jurisdictions in which no income tax benefit is currently available.

The effective tax rate for the six-month period ended June 30, 2021 was above the statutory tax rate of 21% primarily due to loss generated in Canada, which has a higher tax rate, as well as no tax applied to the pre-tax income of the noncontrolling interest in MP GOM.

The Company's tax returns in multiple jurisdictions are subject to audit by taxing authorities. These audits often take years to complete and settle. Although the Company believes that recorded liabilities for unsettled issues are adequate, additional gains or losses could occur in future years from resolution of outstanding unsettled matters. Additionally, the Company could be required to pay amounts into an escrow account as any matters are identified and appealed with the relevant taxing authorities. As of June 30, 2022, the earliest years remaining open for audit and/or settlement in our major taxing jurisdictions are as follows: United States – 2016; Canada – 2016; and Malaysia – 2014. Following the sale in 2019, the Company has retained certain possible liabilities and rights to income tax receivables relating to the divested Malaysia business for the years prior to 2019. The Company believes current recorded liabilities are adequate.

Note L – Financial Instruments and Risk Management

Murphy uses derivative instruments, such as swaps and zero-cost commodity price collar contracts, to manage certain risks related to commodity prices, foreign currency exchange rates and interest rates. The use of derivative instruments for risk management is covered by operating policies and is closely monitored by the Company's senior management. The Company does not hold any derivatives for speculative purposes, and it does not use derivatives with leveraged or complex features. Derivative instruments are traded with creditworthy major financial institutions or over national exchanges such as the New York Mercantile Exchange (NYMEX). The Company has a risk management control system to monitor commodity price risks and any derivatives obtained to manage a portion of such risks. For accounting purposes, the Company has not designated commodity and foreign currency derivative contracts as hedges, and therefore, it recognizes all gains and losses on these derivative contracts in its Consolidated Statements of Operations.

Commodity Price Risks

The Company has entered into crude oil swaps and collar contracts. Under the swaps contracts, which mature monthly, the Company pays the average monthly price in effect and receives the fixed contract price on a notional amount of sales volume, thereby fixing the price for the commodity sold. Under the collar contracts, which also mature monthly, the Company purchased a put option and sold a call option with no net premiums paid to or received from counterparties. Upon maturity, collar contracts require payments by the Company if the NYMEX average closing price is above the ceiling price or payments to the Company if the NYMEX average closing price is below the floor price.

At June 30, 2022, volumes per day associated with outstanding crude oil derivative contracts and the weighted average prices for these contracts are as follows:

		2022
NYMEX WTI swap contracts:		
Volume per day (Bbl):		**20,000**
Price per Bbl:	**$**	**44.88**
NYMEX WTI collar contracts:		
Volume per day (Bbl):		**25,000**
Price per Bbl:		
Average Ceiling:	**$**	**75.20**
Average Floor:	**$**	**63.24**

Foreign Currency Exchange Risks

The Company is subject to foreign currency exchange risk associated with operations in countries outside the U.S. The Company had no foreign currency exchange derivatives outstanding at June 30, 2022 and 2021.

At June 30, 2022 and December 31, 2021, the fair value of derivative instruments not designated as hedging instruments are presented in the following table.

(Thousands of dollars)	Asset (Liability) Derivatives Fair Value			
Type of Derivative Contract	**Balance Sheet Location**		**June 30, 2022**	**December 31, 2021**
Commodity swaps	**Accounts payable**	**$**	**(239,382)**	(239,882)
Commodity collars	**Accounts payable**		**(146,780)**	(19,533)
Commodity collars	**Accounts receivable**		**—**	4,280

For the three-month and six-month periods ended June 30, 2022 and 2021, the gains and losses recognized in the Consolidated Statements of Operations for derivative instruments not designated as hedging instruments are presented in the following table.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note L – Financial Instruments and Risk Management ***(Contd.)***

(Thousands of dollars) **Type of Derivative Contract**	**Statement of Operations Location**	**Gain (Loss) Three Months Ended June 30,**		**Gain (Loss) Six months ended June 30,**	
		2022	**2021**	**2022**	**2021**
Commodity swaps	**Loss on crude contracts**	**$ (46,552)**	(226,245)	**$ (202,911)**	(440,630)
Commodity collars	**Loss on crude contracts**	**(56,516)**	—	**(220,934)**	—

Fair Values – Recurring

The Company carries certain assets and liabilities at fair value in its Consolidated Balance Sheets. The fair value hierarchy is based on the quality of inputs used to measure fair value, with Level 1 being the highest quality and Level 3 being the lowest quality. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1. Level 3 inputs are unobservable inputs which reflect assumptions about pricing by market participants.

The carrying value of assets and liabilities recorded at fair value on a recurring basis at June 30, 2022 and December 31, 2021, are presented in the following table.

(Thousands of dollars)	**June 30, 2022 Level 1**	**June 30, 2022 Level 2**	**June 30, 2022 Level 3**	**June 30, 2022 Total**	**December 31, 2021 Level 1**	**December 31, 2021 Level 2**	**December 31, 2021 Level 3**	**December 31, 2021 Total**
Assets:								
Commodity collars	**$ —**	**—**	**—**	**—**	—	4,280	—	4,280
	$ —	**—**	**—**	**—**	—	4,280	—	4,280
Liabilities:								
Commodity swaps	**$ —**	**239,382**	**—**	**239,382**	—	239,882	—	239,882
Commodity collars	**—**	**146,780**	**—**	**146,780**	—	19,533	—	19,533
Contingent consideration	**—**	**—**	**244,226**	**244,226**	—	—	196,151	196,151
Nonqualified employee savings plan	**17,167**	**—**	**—**	**17,167**	16,962	—	—	16,962
	$ 17,167	**386,162**	**244,226**	**647,555**	16,962	259,415	196,151	472,528

The fair value of commodity (WTI crude oil) swaps was based on active market quotes for WTI crude oil. The fair value of commodity (WTI crude oil) collars was determined using an option pricing model. The before tax income effect of changes in the fair value of crude oil derivative contracts is recorded in Loss on crude contracts in the Consolidated Statements of Operations.

The contingent consideration, related to 2018 and 2019 U.S. Gulf of Mexico acquisitions, is valued using a Monte Carlo simulation model. For the six months ended June 30, 2022 and 2021, the pre-tax income effect of changes in the fair value of the contingent consideration was an expense of $129.8 million and $76.7 million respectively and is recorded in Other operating expense in the Consolidated Statements of Operations. In the six months ended June 30, 2022, the pre-tax income effect of changes in the fair value of the contingent consideration exclude cash payments of $81.7 million, which reduced the value of the contingent consideration liability. Contingent consideration is payable annually in years 2022 to 2026.

The nonqualified employee savings plan is an unfunded savings plan through which participants seek a return via phantom investments in equity securities and/or mutual funds. The fair value of this liability was based on quoted prices for these equity securities and mutual funds. The pre-tax income effect of changes in the fair value of the nonqualified employee savings plan is recorded in Selling and general expenses in the Consolidated Statements of Operations.

The Company offsets certain assets and liabilities related to derivative contracts when the legal right of offset exists. There were no offsetting positions recorded at June 30, 2022 and December 31, 2021.

Note M – Accumulated Other Comprehensive Loss

The components of Accumulated other comprehensive loss on the Consolidated Balance Sheets at December 31, 2021 and June 30, 2022 and the changes during the six-month period ended June 30, 2022, are presented net of taxes in the following table.

(Thousands of dollars)	Foreign Currency Translation Gains (Losses)	Retirement and Postretirement Benefit Plan Adjustments	Total
Balance at December 31, 2021	$ (311,895)	(215,816)	(527,711)
Components of other comprehensive income (loss):			
Before reclassifications to income and retained earnings	(33,525)	—	(33,525)
Reclassifications to income	—	6,509 [1]	6,509
Net other comprehensive income (loss)	(33,525)	6,509	(27,016)
Balance at June 30, 2022	**$ (345,420)**	**(209,307)**	**(554,727)**

[1] Reclassifications before taxes of $8,256 are included in the computation of net periodic benefit expense for the six-month period ended June 30, 2022. See Note H for additional information. Related income taxes of $1,747 are included in Income tax expense (benefit) for the six-month period ended June 30, 2022.

Note N – Environmental and Other Contingencies

The Company’s operations and earnings have been and may be affected by various forms of governmental action both in the United States and throughout the world. Examples of such governmental action include, but are by no means limited to: tax legislation changes, including tax rate changes, and retroactive tax claims; royalty and revenue sharing increases; 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 the issuance of oil and natural gas or mineral leases; restrictions on drilling and/or production; laws and regulations intended for the promotion of safety and the protection and/or remediation of the environment; governmental support for other forms of energy; and laws and regulations affecting the Company’s relationships with employees, suppliers, customers, stockholders and others. Governmental actions are often motivated by political considerations and may be taken without full consideration of their consequences or 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.

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS – Murphy and other companies in the oil and natural gas industry are subject to numerous federal, state, local and foreign laws and regulations dealing with the environment and protection of health and safety. The principal environmental, health and safety laws and regulations to which Murphy is subject address such matters as the generation, storage, handling, use, disposal and remediation of petroleum products, wastewater and hazardous materials; the emission and discharge of such materials to the environment, including greenhouse gas emissions; wildlife, habitat and water protection; the placement, operation and decommissioning of production equipment; and the health and safety of our employees, contractors and communities where our operations are located. These laws and regulations also generally require permits for existing operations, as well as the construction or development of new operations and the decommissioning facilities once production has ceased.

Violation of environmental, health and safety laws, regulations and permits can result in the imposition of significant civil and criminal penalties, injunctions and construction bans or delays. A discharge of hazardous substances into the environment could, to the extent such event is not insured, subject the Company to substantial expense, including both the cost to comply with applicable laws and regulations and claims by neighboring landowners and other third parties for any personal injury and property damage that might result. Item 103 of SEC Regulation S-K requires disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that the Company reasonably believes will exceed a specified threshold. Pursuant to recent SEC amendments to this item, the Company will be using a threshold of $1.0 million for such proceedings.

The Biden administration has indicated that it intends to increase regulatory oversight of the oil and gas industry, with a focus on climate change and greenhouse gas emissions (including methane emissions). The Biden administration has issued a number of executive orders that address climate change, including creation of climate-related task forces, directives to federal agencies to procure carbon-free electricity, and a goal of a carbon pollution-free power sector by 2035 and a net-zero emissions U.S. economy by 2050. The Biden administration has also issued orders related to oil and gas activities on federal lands, infrastructure and environmental justice. In addition, an international climate agreement (the Paris Agreement) was agreed to at the 2015 United Nations Framework Convention on Climate Change in Paris, France. The Paris Agreement entered into force in November 2016. Although the U.S. officially withdrew from the Paris Agreement on November 4, 2020, under the Biden administration it rejoined the Paris Agreement, which became effective for the U.S. on February 19, 2021.

The Company currently owns or leases, and has in the past owned or leased, properties at which hazardous substances have been or are being handled. Hazardous substances may have been disposed of or released on or under the properties owned or leased by the Company or on or under other locations where these wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes were not under Murphy's control. Under existing laws, the Company could be required to investigate, remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to investigate and clean up contaminated property (including contaminated groundwater) or to perform remedial plugging operations to prevent future contamination. Certain of these historical properties are in various stages of negotiation, investigation, and/or cleanup, and the Company is investigating the extent of any such liability and the availability of applicable defenses. The Company has retained certain liabilities related to environmental matters at formerly owned U.S. refineries that were sold in 2011. The Company also obtained insurance covering certain levels of environmental exposures related to past operations of these refineries. Murphy USA Inc. has retained any environmental exposure associated with Murphy's former U.S. marketing operations that were spun-off in August 2013. The Company believes costs related to these sites will not have a material adverse effect on Murphy's net income, financial condition or liquidity in a future period.

There is the possibility that environmental expenditures could be required at currently unidentified sites, and additional expenditures could be required at known sites. However, based on information currently available to the Company, the amount of future investigation and remediation costs incurred at known or currently unidentified sites is not expected to have a material adverse effect on the Company's future net income, cash flows or liquidity.

LEGAL MATTERS – Murphy and its subsidiaries are engaged in a number of other legal proceedings, all of which Murphy considers routine and incidental to its business. Based on information currently available to the Company, the ultimate resolution of environmental and legal matters referred to in this note is not expected to have a material adverse effect on the Company's net income, financial condition or liquidity in a future period.

Note O – Business Segments

Information about business segments and geographic operations is reported in the following table. For geographic purposes, revenues are attributed to the country in which the sale occurs. Corporate, including interest income, other gains and losses (including foreign exchange gains/losses and realized and unrealized gains/losses on commodity price derivatives), interest expense and unallocated overhead, is shown in the table to reconcile the business segments to consolidated totals.

(Millions of dollars)	Total Assets at June 30, 2022	Three Months Ended June 30, 2022 External Revenues	Three Months Ended June 30, 2022 Income (Loss)	Three Months Ended June 30, 2021 External Revenues	Three Months Ended June 30, 2021 Income (Loss)
Exploration and production [1]					
United States	**$ 7,034.9**	**978.0**	**491.5**	648.9	194.7
Canada	**2,250.1**	**206.6**	**47.2**	120.6	12.7
Other	**244.9**	**13.7**	**(3.5)**	—	(10.4)
Total exploration and production	**9,529.9**	**1,198.3**	**535.2**	769.5	197.0
Corporate	**1,041.3**	**(97.2)**	**(124.8)**	(219.9)	(223.9)
Continuing operations	**10,571.2**	**1,101.1**	**410.4**	549.6	(26.9)
Discontinued operations, net of tax	**1.0**	**—**	**(0.9)**	—	(0.1)
Total	**$ 10,572.2**	**1,101.1**	**409.5**	549.6	(27.0)

(Millions of dollars)	Six Months Ended June 30, 2022 External Revenues	Six Months Ended June 30, 2022 Income (Loss)	Six Months Ended June 30, 2021 External Revenues	Six Months Ended June 30, 2021 Income (Loss)
Exploration and production [1]				
United States	**1,685.4**	**744.4**	1,139.2	313.7
Canada	**372.7**	**69.9**	224.6	(111.6)
Other	**13.7**	**(47.7)**	—	(17.3)
Total exploration and production	**2,071.8**	**766.6**	1,363.8	184.8
Corporate	**(417.8)**	**(421.1)**	(434.2)	(478.8)
Continuing operations	**1,654.0**	**345.5**	929.6	(294.0)
Discontinued operations, net of tax	**—**	**(1.5)**	—	0.1
Total	**1,654.0**	**344.0**	929.6	(293.9)

[1] Additional details about results of oil and natural gas operations are presented in the tables on page 25 and 26.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary

In the second quarter of 2022, crude oil and natural gas benchmark prices increased compared to the same period of 2021. Prices were higher in the second quarter 2022 principally due to continued market concerns over supply shortfalls stemming from lack of investment in the exploration and production sector, demand recovery from COVID-19 as well as geopolitical uncertainty and market disruption following the Russian invasion of Ukraine.

Similar to the overall inflation in the wider economy, the oil and gas industry, and hence the Company, is observing higher costs for goods and services used in exploration and production operations. Murphy continues to manage input costs through its dedicated procurement department focused on managing supply chain and other costs.

For the three months ended June 30, 2022, West Texas Intermediate (WTI) crude oil prices averaged approximately $108.41 per barrel (compared to $94.29 in the first quarter of 2022 and $66.07 in the second quarter of 2021). The average price for WTI in June of 2022 was approximately $114.34 per barrel, reflecting a 60% increase from June of 2021 and a 6% increase from the average price from March of 2022. The average price in July 2022 was $99.38 per barrel. As of close on August 2, 2022, the NYMEX WTI forward curve prices for the remainder of 2022 and 2023 were $92.82 and $86.14 per barrel, respectively.

For the three months ended June 30, 2022, the Company produced 173 thousand barrels of oil equivalent per day (including noncontrolling interest) from continuing operations and invested $317.1 million in capital expenditures (on a value of work done basis), which included $46.5 million for an additional working interest in the GOM Kodiak field. The Company reported net income from continuing operations of $410.4 million for the three months ended June 30, 2022; this amount includes income attributable to noncontrolling interest of $58.9 million, after-tax gains on unrealized mark to market revaluations on commodity price swap and collar positions of $69.6 million and after-tax losses on contingent consideration of $25.1 million.

In the second quarter of 2022, the Company achieved first production from the first four wells at the Khaleesi, Mormont, Samurai field development project in the Gulf of Mexico; with production flowing through the Murphy-operated King's Quay floating production and storage facility.

In June 2022, the Company acquired an additional 11.0% working interest (there is no noncontrolling interest) in the Kodiak field in the Gulf of Mexico for a purchase price of $46.5 million.

For the three months ended June 30, 2021, the Company produced 182 thousand barrels of oil equivalent per day (including noncontrolling interest) from continuing operations and invested $207.1 million in capital expenditures (on a value of work done basis). The Company reported net loss from continuing operations of $26.9 million for the second quarter of 2021. This amount included income attributable to noncontrolling interest of $36.0 million and after-tax losses on unrealized mark to market revaluations on commodity price hedge positions and contingent consideration of $103.3 million and $48.8 million, respectively.

In the first quarter of 2021, the Company's subsidiary, Murphy Exploration & Production Company - USA, closed a transaction with ArcLight Capital Partners, LLC (ArcLight) for the sale of Murphy's entire 50% interest in the King's Quay FPS and associated export lateral pipelines. The transaction reimbursed Murphy for its share of project costs from inception to closing with proceeds of $267.7 million.

For the six months ended June 30, 2022, the Company produced 162 thousand barrels of oil equivalent per day (including noncontrolling interest) from continuing operations and invested $621.9 million in capital expenditures (on a value of work done basis), which included $46.5 million related to acquisition capital and $24.3 million related to the Cutthroat exploration well in Brazil deferred from 2021). The Company reported net income from continuing operations of $345.5 million for the six months ended June 30, 2022. This amount includes income attributable to noncontrolling interest of $106.8 million and after-tax losses on unrealized mark to market revaluations on commodity price derivative positions and contingent consideration of $79.3 million and $102.3 million, respectively.

For the six months ended June 30, 2021, the Company produced 174 thousand barrels of oil equivalent per day (including noncontrolling interest) from continuing operations and invested $458.2 million in capital expenditures (on a value of work done basis), which included $17.3 million to fund the development of the King's Quay floating production system (which was subsequently reimbursed by Arclight). The Company reported net loss from continuing operations of $294.0 million for the six months ended June 30, 2021. This amount included income attributable to noncontrolling interest of $56.7 million, after-tax impairment charges of $128.0 million and after-tax losses on unrealized mark to market revaluations on commodity price derivative positions and contingent consideration of $224.6 million and $60.6 million, respectively.

Summary (contd.)

During the six months ended June 30, 2022, crude oil and condensate volumes from continuing operations were lower than the prior year period. The decrease in production volumes is due to an ongoing focused effort to reduce capital expenditures that began in 2020 to prioritize corporate debt reduction and return funds to shareholders. Revenue from production was 47% higher during the first half of 2022 compared to the first half of 2021, primarily driven by the increase in price.

Results of Operations

Murphy's income (loss) by type of business is presented below.

	Income (Loss)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions of dollars)	**2022**	2021	**2022**	2021
Exploration and production	**$ 535.2**	197.0	**$ 766.6**	184.8
Corporate and other	**(124.8)**	(223.9)	**(421.1)**	(478.8)
Income (loss) from continuing operations	**410.4**	(26.9)	**345.5**	(294.0)
Discontinued operations [1]	**(0.9)**	(0.1)	**(1.5)**	0.1
Net income (loss) including noncontrolling interest	**$ 409.5**	(27.0)	**$ 344.0**	(293.9)

[1] The Company has presented its former U.K. and U.S. refining and marketing and Malaysian exploration and production operations as discontinued operations in its consolidated financial statements.

Exploration and Production

Results of E&P continuing operations are presented by geographic segment below.

	Income (Loss)			
	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions of dollars)	**2022**	2021	**2022**	2021
Exploration and production				
United States	**$ 491.5**	194.7	**$ 744.4**	313.7
Canada	**47.2**	12.7	**69.9**	(111.6)
Other	**(3.5)**	(10.4)	**(47.7)**	(17.3)
Total	**$ 535.2**	197.0	**$ 766.6**	184.8

Results of Operations (contd.)

Other key performance metrics

The Company uses other operational performance and income metrics to review operational performance. The table below presents Earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted EBITDA. Management uses EBITDA and adjusted EBITDA internally to evaluate the Company's operational performance and trends between periods and relative to its industry competitors. EBITDA and adjusted EBITDA are non-GAAP financial measures and should not be considered a substitute for Net income (loss) or Cash provided by operating activities as determined in accordance with accounting principles generally accepted in the United States of America. Also presented below is adjusted EBITDA per barrel of oil equivalent sold, a non-GAAP financial metric. Management uses EBITDA per barrel of oil equivalent sold to evaluate the Company's profitability of one barrel of oil equivalent sold in the period.

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions of dollars, except per barrel of oil equivalents sold)	**2022**	2021	**2022**	2021
Net income (loss) attributable to Murphy (GAAP)	**$ 350.6**	(63.1)	**$ 237.2**	(350.5)
Income tax expense (benefit)	**105.1**	(11.2)	**88.1**	(99.3)
Interest expense, net	**41.4**	43.4	**78.7**	131.5
Depreciation, depletion and amortization expense [1]	**188.2**	217.3	**344.8**	405.6
EBITDA attributable to Murphy (Non-GAAP)	**685.3**	186.4	**748.8**	87.3
Mark-to-market (gain) loss on derivative instruments	**(88.1)**	130.9	**100.4**	284.4
Mark-to-market loss on contingent consideration	**31.7**	61.8	**129.8**	76.7
Accretion of asset retirement obligations [1]	**10.2**	9.5	**20.7**	20.0
Discontinued operations loss (income)	**0.9**	0.1	**1.5**	(0.1)
Foreign exchange (gain) loss	**(8.0)**	—	**(8.0)**	1.3
Impairment of assets [1]	**—**	—	**—**	171.3
Unutilized rig charges	**—**	2.5	**—**	5.3
Adjusted EBITDA attributable to Murphy (Non-GAAP)	**$ 632.0**	391.2	**$ 993.2**	646.2
Total barrels of oil equivalents sold from continuing operations attributable to Murphy (thousands of barrels)	**14,884**	15,648	**27,449**	29,318
Adjusted EBITDA per barrel of oil equivalents sold	**$ 42.46**	25.00	**$ 36.18**	22.04

[1] Depreciation, depletion, and amortization expense, impairment of assets and accretion of asset retirement obligations used in the computation of Adjusted EBITDA exclude the portion attributable to the non-controlling interest.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)

Results of Operations (contd.)

OIL AND GAS OPERATING RESULTS – THREE MONTHS ENDED JUNE 30, 2022 AND 2021

(Millions of dollars)		United States [1]	Canada	Other	Total
Three Months Ended June 30, 2022					
Oil and gas sales and other operating revenues	$	**977.8**	**156.8**	**13.7**	**1,148.3**
Sales of purchased natural gas		**0.2**	**49.8**	**—**	**50.0**
Lease operating expenses		**109.5**	**36.9**	**0.9**	**147.3**
Severance and ad valorem taxes		**17.3**	**0.3**	**—**	**17.6**
Transportation, gathering and processing		**32.3**	**17.6**	**—**	**49.9**
Costs of purchased natural gas		**0.2**	**47.7**	**—**	**47.9**
Depreciation, depletion and amortization		**153.7**	**35.6**	**3.4**	**192.7**
Accretion of asset retirement obligations		**9.1**	**2.4**	**0.1**	**11.6**
Exploration expenses					
Dry holes and previously suspended exploration costs		**(0.7)**	**—**	**2.0**	**1.3**
Geological and geophysical		**—**	**0.1**	**0.8**	**0.9**
Other exploration		**2.9**	**0.3**	**6.0**	**9.2**
		2.2	**0.4**	**8.8**	**11.4**
Undeveloped lease amortization		**2.3**	**—**	**1.4**	**3.7**
Total exploration expenses		**4.5**	**0.4**	**10.2**	**15.1**
Selling and general expenses		**3.2**	**3.8**	**2.1**	**9.1**
Other		**35.3**	**(2.3)**	**—**	**33.0**
Results of operations before taxes		**612.9**	**64.2**	**(3.0)**	**674.1**
Income tax provisions		**121.4**	**17.0**	**0.5**	**138.9**
Results of operations (excluding Corporate segment)	**$**	**491.5**	**47.2**	**(3.5)**	**535.2**
Three Months Ended June 30, 2021					
Oil and gas sales and other operating revenues	$	648.9	120.6	—	769.5
Lease operating expenses		90.5	35.8	—	126.3
Severance and ad valorem taxes		10.9	0.5	—	11.4
Transportation, gathering and processing		33.6	16.1	—	49.7
Depreciation, depletion and amortization		180.0	43.5	0.5	224.0
Accretion of asset retirement obligations		9.2	3.0	—	12.2
Exploration expenses					
Dry holes and previously suspended exploration costs		(0.1)	—	—	(0.1)
Geological and geophysical		2.1	—	0.8	2.9
Other exploration		2.3	0.1	4.1	6.5
		4.3	0.1	4.9	9.3
Undeveloped lease amortization		2.5	—	1.8	4.3
Total exploration expenses		6.8	0.1	6.7	13.6
Selling and general expenses		5.3	3.9	2.1	11.3
Other		72.9	0.9	0.3	74.1
Results of operations before taxes		239.7	16.8	(9.6)	246.9
Income tax provisions		45.0	4.1	0.8	49.9
Results of operations (excluding Corporate segment)	$	194.7	12.7	(10.4)	197.0

[1] Includes results attributable to a noncontrolling interest in MP GOM.

Results of Operations (contd.)

OIL AND GAS OPERATING RESULTS – SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(Millions of dollars)	United States [1]	Canada	Other	Total
Six Months Ended June 30, 2022				
Oil and gas sales and other operating revenues	**$ 1,685.2**	**286.1**	**13.7**	**1,985.0**
Sales of purchased natural gas	**0.2**	**86.6**	**—**	**86.8**
Lease operating expenses	**209.4**	**73.8**	**0.9**	**284.1**
Severance and ad valorem taxes	**31.5**	**0.7**	**—**	**32.2**
Transportation, gathering and processing	**61.5**	**35.3**	**—**	**96.8**
Costs of purchased natural gas	**0.2**	**81.4**	**—**	**81.6**
Depreciation, depletion and amortization	**280.2**	**69.8**	**3.5**	**353.5**
Accretion of asset retirement obligations	**18.5**	**4.9**	**0.1**	**23.5**
Exploration expenses				
Dry holes and previously suspended exploration costs	**(0.7)**	**—**	**34.8**	**34.1**
Geological and geophysical	**2.6**	**0.1**	**1.0**	**3.7**
Other exploration	**4.4**	**0.4**	**12.1**	**16.9**
	6.3	**0.5**	**47.9**	**54.7**
Undeveloped lease amortization	**4.7**	**0.1**	**3.2**	**8.0**
Total exploration expenses	**11.0**	**0.6**	**51.1**	**62.7**
Selling and general expenses	**11.5**	**8.9**	**4.5**	**24.9**
Other	**138.1**	**2.8**	**0.4**	**141.3**
Results of operations before taxes	**923.5**	**94.5**	**(46.8)**	**971.2**
Income tax provisions (benefits)	**179.1**	**24.6**	**0.9**	**204.6**
Results of operations (excluding Corporate segment)	**$ 744.4**	**69.9**	**(47.7)**	**766.6**
Six months ended June 30, 2021				
Oil and gas sales and other operating revenues	$ 1,139.2	224.6	—	1,363.8
Lease operating expenses	206.6	66.6	0.3	273.5
Severance and ad valorem taxes	19.8	0.8	—	20.6
Transportation, gathering and processing	62.1	30.5	—	92.6
Depreciation, depletion and amortization	329.6	88.3	1.0	418.9
Accretion of asset retirement obligations	18.2	4.5	—	22.7
Impairment of assets	—	171.3	—	171.3
Exploration expenses				
Dry holes and previously suspended exploration costs	0.6	—	—	0.6
Geological and geophysical	2.7	—	1.0	3.7
Other exploration	2.9	0.1	9.1	12.1
	6.2	0.1	10.1	16.4
Undeveloped lease amortization	4.8	0.1	4.0	8.9
Total exploration expenses	11.0	0.2	14.1	25.3
Selling and general expenses	10.8	8.0	3.5	22.3
Other	94.4	4.0	(3.2)	95.2
Results of operations before taxes	386.7	(149.6)	(15.7)	221.4
Income tax provisions (benefits)	73.0	(38.0)	1.6	36.6
Results of operations (excluding Corporate segment)	$ 313.7	(111.6)	(17.3)	184.8

[1] Includes results attributable to a noncontrolling interest in MP GOM.

Results of Operations (contd.)

Exploration and Production

Second quarter 2022 vs. 2021

All amounts include amount attributable to a noncontrolling interest in MP GOM, unless otherwise noted.

United States E&P operations reported earnings of $491.5 million in the second quarter of 2022 compared to income of $194.7 million in the second quarter of 2021. Results were $296.8 million favorable in the 2022 quarter compared to the 2021 period primarily due to higher revenues ($328.9 million), lower depreciation, depletion and amortization (DD&A, $26.3 million) and other operating expense ($37.6 million), partially offset by higher income tax expense ($76.4 million), and lease operating expense ($19.0 million). Higher revenues were primarily due to higher commodity prices, partially off-set by lower volumes. Lower DD&A is a result of lower production volumes and lower rates driven by positive reserve revisions primarily in the Eagle Ford Shale. Lower other operating expense is primarily due to lower unfavorable mark to market revaluations on contingent consideration (as a result of commodity prices) related to prior Gulf of Mexico (GOM) acquisitions that occurred in the second quarter of 2021. Higher income tax expense is a result of pre-tax profits principally due to the recovering oil price. Higher lease operating expense is due to cost increases from inflationary pressures (mainly at our onshore businesses), higher severance taxes at Eagle Ford (due to higher commodity prices) and costs related to first production at the Khaleesi asset flowing to the King's Quay facility.

Canadian E&P operations reported earnings of $47.2 million in the second quarter 2022 compared to income of $12.7 million in the second quarter of 2021. Results were favorable $34.5 million compared to the 2021 period primarily due to higher revenues from production ($36.2 million) and lower DD&A ($7.9 million), partially offset by higher tax expense ($12.9 million). Higher revenue is primarily attributable to higher oil and gas prices and higher natural gas volumes at Tupper Montney. Lower DD&A is due primarily to lower production volumes at Kaybob Duvernay due to normal well decline. Higher income tax expense is a result of pre-tax profits principally due to the recovering oil price.

Other international E&P operations reported a loss from continuing operations of $3.5 million in the second quarter of 2022 compared to a loss of $10.4 million in the second quarter of 2021. The result was $6.9 million favorable in the 2022 period versus 2021 primarily due to higher revenue from Brunei.

Six months 2022 vs. 2021

All amounts include amount attributable to a noncontrolling interest in MP GOM, unless otherwise noted.

United States E&P operations reported earnings of $744.4 million in the first six months of 2022 compared to earnings of $313.7 million in the first six months of 2021. Results were $430.7 million favorable in the 2022 period compared to the 2021 period, driven by higher revenues ($546.0 million) and lower DD&A ($49.4 million), partially offset by higher income tax expense ($106.1 million) and higher other operating expense ($43.7 million). Higher revenues are primarily attributable to higher realized prices (oil and condensate, natural gas and NGLs) in 2022 compared to 2021, offset by lower oil sales and production volumes driven primarily by a focused effort to reduce capital expenditures to prioritize corporate debt reduction. Lower DD&A is a result of lower production volumes and lower rates driven by positive reserve revisions. Higher income tax expense is a result of higher pre-tax income. Higher other operating expense is primarily due to a higher unfavorable mark to market revaluation on contingent consideration ($129.8 million; as a result of higher commodity prices) from prior GOM acquisitions.

Canadian E&P operations reported earnings of $69.9 million in the first six months of 2022 compared to a loss of $111.6 million in the first six months of 2021. Results were $181.5 million favorable compared to the 2021 period. Prior year results included an impairment charge ($171.3 million) recorded in the first quarter of 2021 following notice from the operator of asset abandonment at Terra Nova at the time of the assessment and prior to the subsequent sanctioning of an asset life extension project in the third quarter of 2021. The current year results also include higher revenue from production ($61.5 million) and lower DD&A ($18.5 million) offset by higher income tax expense ($62.6 million), lease operating expenses ($7.2 million) and transportation, gathering and processing costs ($4.8 million). Higher revenue is primarily attributable to higher realized prices (oil and condensate, natural gas and NGLs). Lower DD&A is primarily due to lower production volumes at Kaybob Duvernay due to normal well decline. Higher income tax expense is a result of higher pre-tax income principally due to higher revenue and no repeat of the impairment charge. Higher lease operating expenses and transportation, gathering and processing costs are due to higher gas processing and downstream transportation rates and capacity. Higher capacity is expected to be utilized by growth at Tupper Montney in the future.

Other international E&P operations reported a loss of $47.7 million in the first six months of 2022 compared to a loss of $17.3 million in the prior year. Results were $30.4 million unfavorable compared to the 2021 period primarily due to the Cutthroat-1 exploration well in block SEAL-M-428 in the Sergipe-Alagoas Basin offshore Brazil being expensed because no hydrocarbons were discovered.

Corporate

Second quarter 2022 vs. 2021

Corporate activities, which include interest expense and income, foreign exchange effects, realized and unrealized gains/losses on derivative instruments (forward swaps and collars to hedge/fix the price of oil sold) and corporate overhead not allocated to Exploration and Production, reported a loss of $124.8 million in the second quarter of 2022 compared to a loss of $223.9 million in the second quarter of 2021. The $99.1 million favorable variance is principally due to lower losses on derivative instruments in 2022 ($123.2 million) compared to the 2021 period (2022: $103.1 million loss; 2021: $226.2 million loss), partially offset by higher tax expense ($27.3 million). Realized and unrealized losses on derivative instruments are due to an increase in oil prices for current (realized) and future (unrealized) periods whereby the swap contracts provide the Company with a fixed price and the collar contracts provide for a minimum (floor) and a maximum (ceiling) price. As of June 30, 2022, the average forward NYMEX WTI price for the remainder of 2022 was $100.49 (versus swap contract fixed hedge price of $44.88). The swap contracts provide the Company with a fixed price and the collar contracts provide for a minimum (floor) and a maximum (ceiling) price. Higher income tax benefit is a result of higher pre-tax loss driven by the higher realized and unrealized losses on derivative instruments.

Six months 2022 vs. 2021

Corporate activities, which include interest expense and income, foreign exchange effects, realized and unrealized gains/losses on derivative instruments (forward swaps and collars to hedge the price of oil sold) and corporate overhead not allocated to Exploration and Production, reported a loss of $421.1 million in the first six months of 2022 compared to a loss of $478.8 million in the first six months of 2021. The $57.7 million favorable variance is primarily due to lower interest expense ($60.1 million) and lower losses on derivative instruments in 2022 ($16.8 million) compared to 2021 (2022: $423.8 million loss; 2021: $440.6 million loss), partially offset by lower tax benefits ($19.5 million). Interest charges are lower in the first six months of 2022 primarily due to lower debt redemption premiums ($3.4 million in 2022; $34.2 million in 2021) incurred by the Company and lower overall debt. In the first six months of 2022 the Company redeemed $200.0 million of notes compared to the 2021 redemption of $576.4 million. Realized and unrealized losses on derivative instruments are due to an increase in oil prices for current (realized) and future (unrealized) periods whereby the swap contracts provide the Company with a fixed price and the collar contracts provide for a minimum (floor) and a maximum (ceiling) price. As of June 30, 2022, the average forward NYMEX WTI price for the remainder of 2022 was $100.49 (versus swap contract fixed hedge price of $44.88). Lower income tax benefit is a result of lower pre-tax losses.

Production Volumes and Prices

Second quarter 2022 vs. 2021

Total hydrocarbon production from continuing operations averaged 173,173 barrels of oil equivalent per day in the second quarter of 2022, which was 5% lower than the 182,050 barrels per day produced in second quarter 2021. The decrease in production is principally due to an ongoing focused effort to reduce capital expenditures that began in 2020 to prioritize corporate debt reduction and return funds to shareholders; partially offset by first oil from the Khaleesi, Mormont, Samurai field development project in the second quarter.

Average crude oil and condensate production from continuing operations was 98,661 barrels per day in the second quarter of 2022 compared to 109,327 barrels per day in the second quarter of 2021. The decrease of 10,666 barrels per day was associated with lower volumes in the Gulf of Mexico (5,041 barrels per day) principally due to the focused effort to reduce capital expenditures and several planned downtime events at St. Malo and Chinook, partially offset by first production from the first four wells at the Khaleesi, Mormont, Samurai development. Canada production is lower (1,700 barrels per day) primarily attributable to Kaybob Duvernay well decline and temporary operational issues at Hibernia. Eagle Ford Shale production is lower (4,949 barrels per day) due to normal well decline. On a worldwide basis, the Company's crude oil and condensate prices averaged $109.25 per barrel in the second quarter 2022 compared to $65.57 per barrel in the 2021 period, an increase of 67% quarter over quarter.

Total production of natural gas liquids (NGL) from continuing operations was 10,950 barrels per day in the second quarter 2022 compared to 11,252 barrels per day in the 2021 period. The average sales price for U.S. NGL was $39.37 per barrel in the 2022 quarter compared to $22.18 per barrel in 2021. The average sales price for NGL in Canada was $63.99 per barrel in the 2022

Results of Operations (contd.)

quarter compared to $30.63 per barrel in 2021. NGL prices are higher in Canada due to the higher value of the product at the Kaybob Duvernay and Placid Montney assets.

Natural gas production volumes from continuing operations averaged 381.4 million cubic feet per day (MMCFD) in the second quarter 2022 compared to 368.8 MMCFD in 2021. The increase of 12.5 MMCFD was a result of higher volumes in Canada (20.8 MMCFD), partially offset by lower volumes in the Gulf of Mexico (8.3 MMCFD). Higher natural gas volumes in Canada are primarily due to bringing online 15 new wells at Tupper Montney in the second quarter of 2022.

Natural gas prices for the total Company averaged $3.90 per thousand cubic feet (MCF) in the 2022 quarter, versus $2.34 per MCF average in the same quarter of 2021. Average natural gas prices in the U.S. and Canada in the quarter were $7.37 and $2.78 per MCF, respectively.

Six months 2022 vs. 2021

Total hydrocarbon production from Exploration and Production averaged 161,579 barrels of oil equivalent per day in the first six months of 2022, which represented a 7.0% decrease from the 173,762 barrels per day produced in the first six months of 2021. The decrease in production is principally due to an ongoing focused effort to reduce capital expenditures that began in 2020 to prioritize corporate debt reduction and return funds to shareholders.

Average crude oil and condensate production was 91,154 barrels per day in the first six months of 2022 compared to 103,434 barrels per day in the first six months of 2021. The decrease of 12,280 barrels per day was principally due to lower Gulf of Mexico production (7,064 barrels per day) due to the focused effort to reduce capital expenditures and several planned downtime events including a facility upgrade which lowered current production at Neidermeyer and Marmalard as well as maintenance operations at St. Malo, Front Runner, Habanero and Chinook. Canada production is lower (2,434 barrels per day) due to normal field decline at Kaybob and temporary operational issues at Hibernia. Eagle Ford Shale production is lower (3,400 barrels per day) due to normal well decline. On a worldwide basis, the Company's crude oil and condensate prices averaged $102.86 per barrel in the first six months of 2022 compared to $62.14 per barrel in the 2021 period, an increase of 65.5% year over year.

Total production of natural gas liquids (NGL) was 10,150 barrels per day in the first six months of 2022 compared to 10,552 barrels per day in the 2021 period. The average sales price for U.S. NGL was $40.00 per barrel in 2022 compared to $22.41 per barrel in 2021. The average sales price for NGL in Canada was $59.23 per barrel in 2022 compared to $33.34 per barrel in 2021. NGL prices are higher in Canada due to the higher value of the product at the Kaybob Duvernay and Placid Montney assets.

Natural gas production volumes averaged 361.7 million cubic feet per day (MMCFD) in the first six months of 2022 compared to 358.7 MMCFD in 2021. The increase of 3.0 MMCFD was primarily the result of higher volumes in Canada 12.7 MMCFD) and Eagle Ford Shale (2.7 MMCFD), partially offset by the Gulf of Mexico (12.4 MMCFD). The higher natural gas volumes in Canada was the result of new wells on production in the first half of the year. Natural gas prices for the total Company averaged $3.54 per thousand cubic feet (MCF) in the first six months of 2022, versus $2.44 per MCF average in the same period of 2021. Average realized natural gas prices in the U.S. and Canada in the quarter were $6.26 per MCF and $2.66 per MCF, respectively. Average realized gas prices in Canada are lower as a result of certain fixed price sales volume contracts.

Additional details about results of oil and natural gas operations are presented in the tables on pages 25 and 26.

Results of Operations (contd.)

The following table reports hydrocarbons produced during the three-month and six-month periods ended June 30, 2022 and 2021.

		Three Months Ended June 30,		Six Months Ended June 30,	
Barrels per day unless otherwise noted		**2022**	2021	**2022**	2021
Net crude oil and condensate					
United States	Onshore	**26,304**	31,253	**23,334**	26,734
	Gulf of Mexico [1]	**63,427**	68,468	**59,363**	66,427
Canada	Onshore	**4,419**	5,558	**4,400**	5,921
	Offshore	**3,128**	3,689	**3,224**	4,137
Other		**1,383**	359	**833**	215
Total net crude oil and condensate - continuing operations		**98,661**	109,327	**91,154**	103,434
Net natural gas liquids					
United States	Onshore	**5,178**	5,327	**5,006**	4,634
	Gulf of Mexico [1]	**4,913**	4,763	**4,223**	4,721
Canada	Onshore	**859**	1,162	**921**	1,197
Total net natural gas liquids - continuing operations		**10,950**	11,252	**10,150**	10,552
Net natural gas – thousands of cubic feet per day					
United States	Onshore	**29,651**	29,653	**28,512**	25,855
	Gulf of Mexico [1]	**63,703**	71,962	**59,902**	72,308
Canada	Onshore	**288,019**	267,210	**273,237**	260,491
Total net natural gas - continuing operations		**381,373**	368,825	**361,651**	358,654
Total net hydrocarbons - continuing operations including NCI [2,3]		**173,173**	182,050	**161,579**	173,762
Noncontrolling interest					
Net crude oil and condensate – barrels per day		**(7,962)**	(9,800)	**(8,044)**	(9,489)
Net natural gas liquids – barrels per day		**(319)**	(370)	**(303)**	(362)
Net natural gas – thousands of cubic feet per day [2]		**(3,097)**	(4,024)	**(2,845)**	(4,091)
Total noncontrolling interest		**(8,797)**	(10,841)	**(8,821)**	(10,533)
Total net hydrocarbons - continuing operations excluding NCI [2,3]		**164,376**	171,209	**152,758**	163,229

[1] Includes net volumes attributable to a noncontrolling interest in MP Gulf of Mexico, LLC (MP GOM).
[2] Natural gas converted on an energy equivalent basis of 6:1
[3] NCI – noncontrolling interest in MP GOM.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)

Results of Operations (contd.)

The following table reports the weighted average sales prices excluding transportation cost deduction and sales of purchased natural gas for the three-month and six-month periods ended June 30, 2022 and 2021.

		Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	**2022**	2021
Weighted average Exploration and Production sales prices					
Continuing operations					
Crude oil and condensate – dollars per barrel					
United States	Onshore	$ **110.66**	64.55	$ **103.39**	61.60
	Gulf of Mexico [1]	**109.55**	65.95	**102.76**	62.56
Canada [2]	Onshore	**100.51**	60.69	**96.84**	56.55
	Offshore	**115.65**	73.20	**113.46**	67.51
Other		**86.51**	—	**86.51**	—
Natural gas liquids – dollars per barrel					
United States	Onshore	**38.29**	19.75	**38.30**	20.38
	Gulf of Mexico [1]	**40.46**	24.84	**41.95**	24.36
Canada [2]	Onshore	**63.99**	30.63	**59.23**	33.34
Natural gas – dollars per thousand cubic feet					
United States	Onshore	**7.06**	2.54	**5.89**	2.84
	Gulf of Mexico [1]	**7.52**	2.64	**6.43**	3.01
Canada [2]	Onshore	**2.78**	2.23	**2.66**	2.25

[1] Prices include the effect of noncontrolling interest share for MP GOM.
[2] U.S. dollar equivalent.

Financial Condition

Cash Provided by Operating Activities

Net cash provided by continuing operating activities was $959.2 million for the first six months of 2022 compared to $686.3 million during the same period in 2021. The increased cash from operating activities of $273.0 million is primarily attributable to higher revenue from production ($629.5 million), offset by the timing of working capital settlements ($148.2 million; primarily higher revenue received in cash following the end of the quarter), and higher realized losses on derivative instruments ($167.2 million).

Cash Required by Investing Activities

Net cash required by investing activities was $599.3 million for the first six months of 2022 compared to net cash provided by investing activities of $193.7 million during the same period in 2021. In the second quarter of 2022, the Company acquired an 11.0% additional working interest in Kodiak for $46.5 million (also see Note D). Property additions and dry hole costs (excluding King's Quay), which includes amounts expensed, were $552.8 million and $422.8 million in the first six months of 2022 and 2021, respectively. The first quarter of 2021 included sales proceeds for the King's Quay FPS of $267.7 million, which was sold to ArcLight Capital Partners, LLC (ArcLight).

Financial Condition ***(contd.)***

Total accrual basis capital expenditures were as follows:

(Millions of dollars)	Six Months Ended June 30, 2022	2021
Capital Expenditures		
Exploration and production	$ **611.4**	449.4
Corporate	**10.5**	8.8
Total capital expenditures	$ **621.9**	458.2

A reconciliation of property additions and dry hole costs in the Consolidated Statements of Cash Flows to total capital expenditures for continuing operations follows.

(Millions of dollars)	Six Months Ended June 30, 2022	2021
Property additions and dry hole costs per cash flow statements [1]	$ **552.8**	422.8
Property additions King's Quay per cash flow statements	—	17.7
Acquisition of oil and gas properties [1]	**46.5**	22.5
Geophysical and other exploration expenses	**16.3**	12.4
Capital expenditure accrual changes and other	6.3	(17.2)
Total capital expenditures	$ **621.9**	458.2

[1] Certain prior-period amounts have been reclassified to conform to the current period presentation

The increase in capital expenditures in the exploration and production business in 2022 compared to 2021 is primarily attributable to expenditures related to the Kodiak acquisition in Gulf of Mexico ($46.5 million), Cutthroat-1 exploration well in Brazil ($24.3 million), capital invested at the Khaleesi, Mormont, Samurai field development project and higher development drilling activities in Tupper Montney and Kaybob Duvernay assets.

Cash Required by Financing Activities

Net cash required by financing activities was $447.5 million for the first six months of 2022 compared to $386.7 million during the same period in 2021. In 2022, the cash used in financing activities was principally for the early redemption of the notes due 2024 ($200.0 million), payment of contingent consideration related to prior Gulf of Mexico acquisitions ($81.7 million), distributions to the non-controlling interest (NCI) in the Gulf of Mexico ($94.9 million), and cash dividends to shareholders of $0.325 per share ($50.5 million). Subsequent to quarter end, the Company declared a quarterly cash dividend of $0.25 per share, or $1.00 per share on an annualized basis. This amount represents a 43% increase from the first quarter of 2022 and a 100% increase from fourth quarter 2021. Additionally, the Company announced a capital allocation framework, approved by the Board of Directors, that allows for further capital to be returned to the shareholders beyond the current dividend, while still advancing the Company's long-term debt reduction goals. Details of the framework can be found as part of the Company's Form 8-K filed on August 4, 2022.

As of June 30, 2022 and in the event it is required to fund investing activities from borrowings, the Company has $1,572.4 million available on its committed RCF.

In first six months of 2021, the cash used in financing activities was principally for the early redemption of the notes due 2022 ($576.4 million), early redemption cost (make whole payment) of the notes due 2022 ($34.2 million), repayment of the previously outstanding balance on the Company's unsecured RCF ($200.0 million), distributions to the non-controlling interest (NCI) in the Gulf of Mexico ($75.2 million), and cash dividends to shareholders ($38.6 million), partially offset by the issuance of new notes due 2028, net of debt issuance cost ($542.0 million).

Working Capital

Working capital (total current assets less total current liabilities, excluding assets and liabilities held for sale) as of June 30, 2022 was a deficit of $566.9 million, $268.0 million lower than December 31, 2021, with the decrease primarily attributable to higher accounts payable ($286.9 million), higher other accrued liabilities ($122.6 million), a lower cash balance ($89.2 million) and higher operating lease liabilities ($28.5 million), partially offset by higher accounts receivable ($263.9 million). Higher accounts payable is primarily due to the increase in unrealized losses on derivative instruments (commodity price swaps and collars) maturing (payable) over the remainder of 2022 as well as higher trade payables principally related to the Khaleesi, Mormont and Samurai field development project. Higher other accrued liabilities are associated with higher contingent consideration obligations (from prior Gulf of Mexico acquisitions), due to higher commodity prices. Higher operating lease liabilities are associated with a rig contract to support the Khaleesi, Mormont, Samurai field development project. Higher accounts receivable are principally due to higher crude oil pricing.

Capital Employed

At June 30, 2022, long-term debt of $2,267.9 million had decreased by $197.5 million compared to December 31, 2021, primarily as a result of the partial redemption of notes due 2024 ($200.0 million). The total of the fixed-rate notes had a weighted average maturity of 7.4 years and a weighted average coupon of 6.2%.

A summary of capital employed at June 30, 2022 and December 31, 2021 follows.

	June 30, 2022		December 31, 2021	
(Millions of dollars)	**Amount**	**%**	**Amount**	**%**
Capital employed				
Long-term debt	**$ 2,267.9**	**34.5 %**	$ 2,465.4	37.2 %
Murphy shareholders' equity	**4,312.8**	**65.5 %**	4,157.3	62.8 %
Total capital employed	**$ 6,580.7**	**100.0 %**	$ 6,622.7	100.0 %

Cash and invested cash are maintained in several operating locations outside the United States. As of June 30, 2022, Cash and cash equivalents held outside the U.S. included U.S. dollar equivalents of approximately $82.7 million in Canada. In addition, approximately $21.8 million of cash was held in Brunei, $17.7 million of cash was held in Mexico and $13.6 million of cash was held in Brazil. In certain cases, the Company could incur cash taxes or other costs should these cash balances be repatriated to the U.S. in future periods. Canada currently collects a 5% withholding tax on any earnings repatriated to the U.S.

Accounting changes and recent accounting pronouncements – see Note B to the Consolidated Financial Statements

Outlook

As discussed in the Summary section on page 22, several factors have continued to contribute to the higher average crude oil price during the second quarter, which directly impacts the Company’s product revenue from sales (Q2 2022; $108.41 Q1 2022; $94.29; Q2 2021: $66.07). Currently, recessionary concerns have placed some downward pressure on average crude oil prices. As of close on August 2, 2022, the NYMEX WTI forward curve price for the remainder of 2022 and 2023 were lower at $92.82 and $86.14 per barrel, respectively; however, we cannot predict what impact economic factors (including the ongoing COVID-19 pandemic, exploration and production sector investment, inflation and the Russia/Ukraine conflict) may have on future commodity prices. Lower prices, should they occur, will result in lower profits and operating cash-flows. For the third quarter, production is expected to average between 180.0 and 188.0 MBOEPD, excluding noncontrolling interest (NCI).

The Company’s capital expenditure spend for 2022 is expected to be between $900.0 million and $950.0 million, excluding acquisitions and noncontrolling interest. Capital expenditures and other expenditures are routinely reviewed and planned capital expenditures may be adjusted to reflect differences between budgeted and forecast cash flow during the year. Capital expenditures may also be affected by asset purchases or sales, which often are not anticipated at the time a budget is prepared. The Company plans to fund its remaining capital program in 2022 using operating cash flow and available cash. If oil and/or natural gas prices weaken, actual cash flow generated from operations could be reduced such that capital spending reductions are required and/or borrowings under available credit facilities might be required during the year to maintain funding of the Company’s ongoing development projects.

The Company plans to utilize surplus cash (not planned to be used by operations, investing activities, dividends or payment to noncontrolling interests) to repay outstanding debt.

The Company continues to monitor the impact of commodity prices on its financial position and is currently in compliance with the covenants related to the revolving credit facility (see Note F).

As of August 2, 2022, the Company has entered into derivative or forward fixed-price delivery contracts to manage risk associated with certain future oil and natural gas sales prices as follows:

Area	Commodity	Type	Volumes (Bbl/d)	Price (USD/Bbl)	Remaining Period	
					Start Date	End Date
United States	WTI[2]	Fixed price derivative swap	20,000	$44.88	7/1/2022	12/31/2022

Area	Commodity	Type	Volumes (Bbl/d)	Average Put (USD/Bbl)	Average Call (USD/Bbl)	Remaining Period	
						Start Date	End Date
United States	WTI[2]	Derivative collars	25,000	$63.24	$75.20	7/1/2022	12/31/2022

[1] West Texas Intermediate

Area	Commodity	Type	Volumes (MMcf/d)	Price/Mcf	Remaining Period	
					Start Date	End Date
Canada	Natural Gas	Fixed price forward sales	247	C$2.34	7/1/2022	10/31/2022
Canada	Natural Gas	Fixed price forward sales	266	C$2.36	11/1/2022	12/31/2022
Canada	Natural Gas	Fixed price forward sales	269	C$2.36	1/1/2023	3/31/2023
Canada	Natural Gas	Fixed price forward sales	250	C$2.35	4/1/2023	12/31/2023
Canada	Natural Gas	Fixed price forward sales	162	C$2.39	1/1/2024	12/31/2024
Canada	Natural Gas	Fixed price forward sales	45	US$2.05	7/1/2022	12/31/2022
Canada	Natural Gas	Fixed price forward sales	25	US$1.98	1/1/2023	10/31/2024
Canada	Natural Gas	Fixed price forward sales	15	US$1.98	11/1/2024	12/31/2024

Forward-Looking Statements

This Form 10-Q contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim", "anticipate", "believe", "drive", "estimate", "expect", "expressed confidence", "forecast", "future", "goal", "guidance", "intend", "may", "objective", "outlook", "plan", "position", "potential", "project", "seek", "should", "strategy", "target", "will" or variations of such words and other similar expressions. These statements, which express management's current views concerning future events or results, are subject to inherent risks and uncertainties. Factors that could cause one or more of these future events or results not to occur as implied by any forward-looking statement include, but are not limited to: macro conditions in the oil and gas industry, including supply/demand levels, actions taken by major oil exporters and the resulting impacts on commodity prices; increased volatility or deterioration in the success rate of our exploration programs or in our ability to maintain production rates and replace reserves; reduced customer demand for our products due to environmental, regulatory, technological or other reasons; adverse foreign exchange movements; political and regulatory instability in the markets where we do business; the impact on our operations or market of health pandemics such as COVID-19 and related government responses; other natural hazards impacting our operations or markets; any other deterioration in our business, markets or prospects; any failure to obtain necessary regulatory approvals; any inability to service or refinance our outstanding debt or to access debt markets at acceptable prices; or adverse developments in the U.S. or global capital markets, credit markets or economies in general. For further discussion of factors that could cause one or more of these future events or results not to occur as implied by any forward-looking statement, see "Risk Factors" in Murphy's 2021 Annual Report on Form 10-K on file with the U.S. Securities and Exchange Commission and on page 36 of this Form 10-Q report. Murphy undertakes no duty to publicly update or revise any forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risks associated with interest rates, prices of crude oil, natural gas and petroleum products, and foreign currency exchange rates. As described in Note L to this Form 10-Q report, Murphy makes use of derivative financial and commodity instruments to manage risks associated with existing or anticipated transactions.

There were commodity transactions in place at June 30, 2022, covering certain future U.S. crude oil sales volumes for the remainder of 2022. A 10% increase in the respective benchmark price of these commodities would have increased the net payable associated with these derivative contracts by approximately $78.5 million, while a 10% decrease would have decreased the recorded net payable by a similar amount.

There were no derivative foreign exchange contracts in place at June 30, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Under the direction of its principal executive officer and principal financial officer, controls and procedures have been established by the Company to ensure that material information relating to the Company and its consolidated subsidiaries is made known to the officers who certify the Company's financial reports and to other members of senior management and the Board of Directors.

Based on the Company's evaluation as of the end of the period covered by the filing of this Quarterly Report on Form 10-Q, the principal executive officer and principal financial officer of Murphy Oil Corporation have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by Murphy Oil Corporation in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

During the quarter ended June 30, 2022, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. 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. Based on information currently available to the Company, the ultimate resolution of matters referred to in this item is not expected to have a material adverse effect on the Company’s net income or loss, financial condition or liquidity in a future period.

ITEM 1A. RISK FACTORS

The Company’s operations in the oil and natural gas business naturally lead to various risks and uncertainties. These risk factors are discussed in Item 1A Risk Factors in its 2021 Form 10-K filed on February 25, 2022. The Company has not identified any additional risk factors not previously disclosed in its 2021 Form 10-K report.

ITEM 6. EXHIBITS

The Exhibit Index on page 38 of this Form 10-Q report lists the exhibits that are hereby filed or incorporated by reference.

SIGNATURE

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

MURPHY OIL CORPORATION
(Registrant)

By /s/ PAUL D. VAUGHAN
Paul D. Vaughan
Vice President and Controller
(Chief Accounting Officer and Duly Authorized Officer)

August 4, 2022
(Date)

EXHIBIT INDEX

The following is an index of exhibits that are hereby filed as indicated by asterisk (*), that are considered furnished rather than filed, or that are incorporated by reference. Exhibits other than those listed have been omitted since they are either not required or not applicable.

Exhibit No.	
*31.1	Certification required by Rule 13a-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification required by Rule 13a-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101. INS	XBRL Instance Document
101. SCH	XBRL Taxonomy Extension Schema Document
101. CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101. DEF	XBRL Taxonomy Extension Definition Linkbase Document
101. LAB	XBRL Taxonomy Extension Labels Linkbase Document
101. PRE	XBRL Taxonomy Extension Presentation Linkbase

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Roger W. Jenkins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Murphy Oil Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 4, 2022

/s/ Roger W. Jenkins
Roger W. Jenkins
Principal Executive Officer

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Mireles, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Murphy Oil Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal controls over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

Date: August 4, 2022

/s/ Thomas J. Mireles
Thomas J. Mireles
Principal Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Murphy Oil Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Roger W. Jenkins and Thomas J. Mireles, Principal Executive Officer and Principal Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2022

/s/ Roger W. Jenkins
Roger W. Jenkins
Principal Executive Officer

/s/ Thomas J. Mireles
Thomas J. Mireles
Principal Financial Officer