Murphy Oil Announces Higher Quarterly Earnings

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EL DORADO, Arkansas, July 25, 2001 – Murphy Oil Corporation (NYSE: MUR) announced today that income before a special item in the second quarter of 2001 totaled $95 million, $2.08 a diluted share, compared to earnings of $71.6 million, $1.58 a diluted share, in the second quarter a year ago. Net income for the second quarter of 2001 totaled $162.6 million, $3.56 a diluted share, and included a gain on sale of Canadian pipeline assets of $67.6 million, $1.48 a diluted share. Net income in the second quarter of 2000 totaled $73.1 million, $1.61 a diluted share, and included a gain on sale of assets of $1.5 million ($0.03 a diluted share). Cash flow from operating activities, excluding changes in noncash working capital items, totaled $184.2 million, $4.04 a diluted share, in the current quarter compared to $153.1 million, $3.38 a share, a year ago.

Murphy’s exploration and production operations earned $60.6 million in the second quarter of 2001 compared to $56.1 million in the same quarter of 2000. Higher North American natural gas prices, record Canadian natural gas sales volumes and higher oil sales volumes more than offset lower oil prices and higher exploration expenses. The Company’s worldwide crude oil and condensate prices averaged $22.97 a barrel for the current quarter and $25.75 in the second quarter of 2000. Total crude oil and gas liquids production averaged 64,913 barrels a day in the second quarter of 2001 compared to 66,131 in the earlier quarter. North American natural gas sales prices averaged $4.33 an MCF in the second quarter, up 30% from the same quarter of 2000. Natural gas sales volumes increased 23% to 284 million cubic feet a day in the current quarter as a result of production from new fields in Western Canada.

The Company’s refining and marketing operations earned $37.1 million in the most recent quarter compared to $22.5 million in the similar quarter last year. Record quarterly earnings from the Company’s U.S. refining and marketing operations fueled the improvement in results. Stronger refining and marketing margins and higher petroleum product sales by the Company’s retail stations at Wal-Mart stores led to U.S. downstream earnings of $34.3 million, up from $14.5 million in the second quarter of 2000. Reduced margins and lower sales due to a refinery turnaround reduced the Company’s U.K. refining and marketing results from a profit of $5.7 million in the second quarter of 2000 to $2 million in the current quarter.

Corporate functions reflected a loss of $2.7 million in the current quarter compared to a loss of $7 million in the second quarter of 2000.

For the first six months of 2001, income excluding the special item totaled $192.8 million, $4.24 a diluted share, compared to $120.7 million, $2.67 a share, a year ago. Net income for the current six-month period was $260.4 million, $5.72 a diluted share, and included an after-tax benefit of $67.6 million, $1.48 a diluted share, from the gain on sale of the Company’s pipeline assets in Canada. The same period a year ago had net income of $113.5 million, $2.51 a share, when special items are included. Crude oil and gas liquids production for the first six months of 2001 totaled 66,973 barrels a day, up slightly from 2000. Natural gas sales averaged 266 million cubic feet a day, up 16% from the same period a year ago. Crude oil and condensate prices averaged $22.81 a barrel during the 2001 period, down 11% from the $25.66 price during the 2000 period. North American natural gas sales prices averaged $5.35 a thousand cubic feet in 2001 and $2.92 in 2000.

Summary financial data and operating statistics for the second quarter and first six months of 2001 with comparisons to 2000 are contained in the attached tables.

Claiborne P. Deming, President and Chief Executive Officer, commented, “For the third quarter of 2001, we expect worldwide production to average approximately 114,000 barrels of oil equivalent a day. Earnings are projected to decline, due to lower oil and natural gas prices, reduced downstream margins and higher Malaysian seismic activity in deepwater Blocks K and H.”

The public is invited to access the Company’s conference call to discuss second quarter 2001 results on Thursday, July 26, at 12:00 p.m. CDT either via the Internet through the Investor Relations section of Murphy’s website at www.murphyoilcorp.com or via the telephone by dialing 1-800-670-3536. The telephone reservation number for the call is 19287481.

The forward-looking statements reflected in this release are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. No assurance can be given that the results discussed herein will be attained, and certain important factors that may cause actual results to differ materially are contained in Murphy’s January 15, 1997 Form 8-K report on file with the U.S. Securities and Exchange Commission.
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For More Information

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