Murphy Oil Announces Record Quarterly Earnings

April 25, 2001 3:17 PM ET

EL DORADO, Arkansas, April 25, 2001 -- Murphy Oil Corporation (NYSE: MUR) announced today that net income in the first quarter of 2001 set a quarterly record and totaled $97.8 million, $2.16 a diluted share, compared to income before the cumulative effect of an accounting change of $49.1 million, $1.09 a diluted share, in the first quarter a year ago. Net income in the first quarter of 2000 totaled $40.4 million, $.90 a share, and included an after-tax charge of $8.7 million, $.19 a share, for an accounting change to carry the Company’s unsold crude oil production at cost rather than at market. Cash flow from operating activities, excluding changes in noncash working capital items and the aforementioned accounting change, totaled $203.6 million for the current quarter, $4.49 a share, compared to $144 million, $3.19 a share, in the same quarter last year.

Significantly higher North American natural gas sales prices in the current quarter led to earnings of $80.6 million for the Company’s exploration and production operations. These operations earned $51 million in the first quarter of 2000. Murphy’s downstream operations generated earnings of $19.6 million in the first quarter of 2001, a significant improvement from the $4.8 million earned in the same period of 2000. Financial results from the Company’s U.S. downstream operations were noticeably stronger in the 2001 quarter, generating income of $15 million.

The Company’s crude oil and condensate prices averaged $22.65 per barrel in the first quarter of 2001, a decrease of 11% from the 2000 period. Crude oil and gas liquids production averaged 69,054 barrels per day in the first three months of 2001 compared to 67,247 barrels per day in the same period of 2000. The 3% increase in oil production in the current quarter was due to higher total production in the Company’s Canadian operations. The Company’s average natural gas sales prices in North America improved by 168% in the current quarter and averaged $6.71 per MCF compared to $2.50 per MCF in the first quarter of 2000. The Company’s sales of natural gas averaged 249 million cubic feet per day in 2001, up 9% from the 2000 period as higher gas production in western Canada more than offset lower production in the Gulf of Mexico.

The Company’s U.S. refineries processed a record volume of crude oil, and refining margins per barrel were much improved in the current quarter compared to margins experienced in the first quarter of 2000. U.S. finished product sales totaled 164,556 barrels per day in the first quarter of 2001, a 21% increase from the first quarter of 2000.

Corporate functions reflected a loss of $2.4 million in the current quarter compared to a loss of $6.7 million in the first quarter of 2000.

Claiborne P. Deming, President and Chief Executive Officer, commented, “Natural gas production from our Ladyfern discovery in western Canada is accelerating. By mid-May, total daily Canadian natural gas production should reach 175 million cubic feet. Appraisal drilling at the Front Runner discovery sidetrack well (37.5%) and other exploratory wells at Mississippi Canyon Block 299 (Seventeen Hands, 37.5%) and offshore eastern Canada in the Laurentian Channel (Bandol, 32.5%) is under way. Results for each of these wells are expected in the second quarter. Drilling on our shallow-water blocks (85%) in Malaysia will start in May. As for our downstream business, refining margins remain extremely strong as we head towards the summer driving season and the build-out of our Wal-Mart program continues.

“We are currently expecting earnings before special items for the second quarter 2001 to be between $1.60 and $2.00 per share. This estimate assumes that current commodity prices and downstream margins persist for the balance of the quarter. Earnings may vary based on prices, volumes, margins, and the timing of actual liftings of some of our U.K. and Canadian crude production. Our worldwide production, on a barrel of oil equivalent basis (BOE), is expected to average approximately 110,000 BOE per day during the second quarter and approximately 115,000 BOE per day for the year.”

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

The public is invited to access the Company’s conference call to discuss first quarter 2001 results on Thursday, April 26, at 12:00 p.m. CDT either via the Internet through the Investor Relations section of Murphy’s website at http://www.murphyoilcorp.com or via the telephone by dialing 1-888-763-1754. The telephone reservation number for the call is 18506419.

The forward-looking statements reflected in this release are made in reliance upon the safe harbor provisions of the Private
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For More Information

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