Murphy Oil Announces 2005 Capital Program

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EL DORADO, Ark., Dec 13, 2004 (BUSINESS WIRE) -- Murphy Oil Corporation (NYSE:MUR) announces a capital program of approximately $1,066 million for 2005, comparable to total capital expenditures expected in 2004.

Expenditures for upstream operations are expected to be $887 million, approximately 83% of the 2005 capital budget. Murphy's exploration expenditures are expected to be $356 million and include increased spending in Malaysia as well as continued funding of its deepwater Gulf of Mexico drilling program, and two wells planned off the coast of the Republic of Congo. Murphy's development expenditures are expected to be $531 million and represent a decrease of 8% from 2004 levels with deepwater Gulf of Mexico development completed at Medusa (60%, Mississippi Canyon Blocks 538/582). The Medusa field, which was placed onstream during the fourth quarter of 2003, now has all six wells completed. The Front Runner field (37.5%, Green Canyon Blocks 338/339) was brought online in December of 2004 producing from the first of eight wells to be tied into the producing facility sequentially during 2005. The budget for 2005 reflects expenditures for the completion of the remaining Front Runner wells, continued Phase III expansion of Syncrude (5%) in western Canada, and initial major development work at Kikeh (80%) and preliminary development operations at Kakap (80%) in deepwater Malaysia. Production in 2005 will increase from 2004 levels most notably in the United States reflecting full production volumes at Medusa combined with the ramp up of production at Front Runner.

Capital expenditures for refining and marketing operations are budgeted to be $171 million in 2005, an increase of approximately 6% from 2004 levels. Expenditures for 2005 reflect continued decline in refinery expenditures following completion of the clean fuels project at the Company's refinery in Meraux, Louisiana, and the green gasoline unit installation at the refinery in Superior, Wisconsin. Marketing expenditures increase in 2005 due to a continuation of aggressive build out of the Murphy USA retail program at Wal-Mart stores, with approximately 150 sites expected to be constructed in 2005, and a modest expansion of our retail network in the United Kingdom.

Claiborne Deming, Murphy's President and Chief Executive Officer, commented, "The capital spending program for 2005 should approximate our projected cash flow levels allowing Murphy to enter our main Kikeh development phase in 2006 with extremely low debt levels. The proceeds received from the 2004 sale of most of our Western Canada conventional assets combined with low debt levels should help us easily finance our share of the $1.4 billion Kikeh development while maintaining flexibility to accommodate other development projects in Malaysia, deepwater Gulf of Mexico and Congo. We will also continue to build Murphy USA stations at an accelerated pace of as many as 150 new sites per year as the program has demonstrated consistently strong returns over the past two years."

The following table compares estimated capital expenditures for 2005 and 2004.

<table>
<thead>
<tr>
<th>In Millions</th>
<th>United States</th>
<th>Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration</td>
<td>$ 104</td>
<td>107</td>
<td>252</td>
</tr>
<tr>
<td>Development</td>
<td>67</td>
<td>94</td>
<td>464</td>
</tr>
<tr>
<td>Subtotal</td>
<td>171</td>
<td>201</td>
<td>716</td>
</tr>
<tr>
<td>Refining and marketing</td>
<td>146</td>
<td>148</td>
<td>25</td>
</tr>
<tr>
<td>Corporate</td>
<td>7</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>$ 324</td>
<td>365</td>
<td>742</td>
</tr>
</tbody>
</table>

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.

SOURCE: Murphy Oil Corporation