Murphy Oil Announces Preliminary Quarterly Earnings

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Murphy Oil Corporation (NYSE: MUR) announced today that net income in the third quarter of 2010 was $202.8 million ($1.05 per diluted share) compared to net income of $188.9 million ($0.98 per diluted share) in the third quarter of 2009. The Company had higher income in 2010 compared to 2009 primarily due to better earnings from U.S. retail marketing and ethanol production operations.

For the first nine months of 2010, net income totaled $624.0 million ($3.24 per diluted share) compared to $518.8 million ($2.70 per diluted share) for the same period in 2009. The 2010 nine months had better earnings than 2009 mostly due to a combination of higher oil and natural gas sales volumes and sales prices, and improved profits in the U.S. retail marketing business. The first nine months of 2009 included income from discontinued operations of $97.8 million ($0.51 per diluted share) which arose primarily from a gain on sale of the Company's operations in Ecuador in March 2009.

Third Quarter 2010 vs. Third Quarter 2009

Exploration and Production (E&P)

Reviewing quarterly results by type of business, the Company's income contribution from E&P continuing operations was $186.7 million in the third quarter of 2010 compared to $184.1 million in the same quarter of 2009. The earnings improvement in 2010 compared to 2009 was mainly attributable to higher crude oil and natural gas sales prices and higher natural gas sales volumes, but these were partially offset by lower crude oil sales volumes and higher exploration and extraction costs. Total crude oil and gas liquids production from continuing operations was 119,899 barrels per day in the third quarter 2010 compared to 131,637 barrels per day in the 2009 quarter, with the decrease primarily attributable to lower gross production in 2010 at the Kikeh field, offshore Sabah, Malaysia. Crude oil sales volumes from continuing operations averaged 122,574 barrels per day in the third quarter of 2010 compared to 128,187 barrels per day in the 2009 period. The Company's worldwide crude oil, condensate and natural gas liquids sales prices averaged $65.45 per barrel for the 2010 third quarter compared to $61.13 per barrel in the same quarter of 2009. Natural gas sales volumes were 371 million cubic feet per day in the third quarter 2010 compared to 182 million cubic feet per day in the third quarter of 2009, with the increase due to ramp up of production at natural gas fields offshore Sarawak, Malaysia, where the first gas field commenced production in the third quarter of 2009, and higher 2010 production at the Tupper area in Western Canada. North American natural gas volumes were sold at an average of $4.24 per thousand cubic feet (MCF) during the 2010 third quarter compared to $3.01 per MCF during the 2009 quarter. Natural gas produced from Sarawak fields in Malaysia was sold at an average of $5.71 per MCF in the 2010 quarter compared to $3.31 per MCF in 2009. Exploration expenses were $62.0 million in the 2010 quarter compared to $37.9 million in the same period of 2009, with the increase primarily attributable to higher undeveloped leasehold amortization expense in 2010 associated with the Eagle Ford shale play in South Texas and recent leasehold acquisitions in Canada. Additionally, the 2010 quarter included 3D seismic costs covering a portion of the MPS and MPN blocks offshore Republic of the Congo, as well as costs associated with a dry hole offshore the United Kingdom.

Refining and Marketing (R&M)

The Company's refining and marketing operations generated a quarterly profit of $50.6 million in the third quarter 2010 compared to a profit of $37.2 million in the 2009 third quarter. U.S. manufacturing operations earned $10.2 million in the 2010 period compared to $1.6 million in the 2009 period; the earnings improvement in 2010 was primarily attributable to profits generated at the Hankinson, North Dakota, ethanol plant that was acquired in the fourth quarter 2009. U.S. marketing operations had earnings in the 2010 quarter of $54.2 million compared to earnings of $44.7 million in the 2009 quarter with the improvement primarily resulting from higher merchandising and fuel margins for the retail marketing business during the 2010 quarter. The U.K. results in both the 2010 and 2009 third quarters were below break-even due to weak refining margins in each period.

Corporate

The after-tax costs of corporate functions were $34.5 million in the 2010 quarter compared to costs of $32.4 million in the 2009 quarter. The Company had higher administrative costs and lower income tax benefits in the 2010 third quarter compared to the same quarter of 2009. Net after-tax losses on transactions denominated in foreign currencies in the current quarter were $15.8 million compared to net losses of $17.0 million in the comparable 2009 period.

First Nine Months 2010 vs. First Nine Months 2009

Exploration and Production (E&P)

The Company's E&P continuing operations earned $652.8 million in the first nine months of 2010 compared to $352.7 million in the same period of 2009. The primary reasons for the improved 2010 earnings were higher crude oil and natural gas sales prices and higher crude oil and natural gas sales volumes in the current period. Continuing operations excludes the results of discontinued operations in Ecuador, which had income of $97.8 million in the 2009 period primarily associated with a gain on sale of these assets in March 2009. Crude oil and gas liquids production from continuing operations during the nine months of 2010 averaged 130,244 barrels per day compared to 127,911 barrels per day in the similar 2009 period. The crude oil production increase in 2010 was primarily attributable to higher oil production at the Thunder Hawk field in the Gulf of Mexico and the Azurite field, offshore Republic of the Congo. Higher 2010 oil production at these two fields was partially offset by lower volumes produced at Kikeh and mature fields in the Gulf of Mexico. Natural gas sales were 354 million cubic feet per day in 2010 compared to 147 million cubic feet per day in 2009, with the 140% increase attributable to volumes produced at gas fields offshore Sarawak, continued ramp-up of production at the Tupper field, and more third party gas demand from the Kikeh field. Crude oil, condensate and gas liquids sales prices from continuing operations averaged $65.06 per barrel in the 2010 period compared to $52.59 per barrel in 2009. North American natural gas was sold at an average of $4.48 per MCF in 2010 compared to $3.50 per MCF in 2009. Sarawak natural gas was sold at an average price of $5.20 per MCF in 2010, while 2009 volumes averaged $3.31 per MCF. Exploration expenses were $181.5 million in 2010 compared to $184.0 million in 2009. The 2010 period included higher costs for 3D seismic offshore Republic of the Congo and in the Eagle Ford shale area in South Texas. Higher amortization expense in 2010 for undeveloped acreage in the Eagle Ford shale area was partially offset by lower amortization for Tupper West properties in British Columbia. The 2010 period included lower dry hole costs mostly associated with unsuccessful exploration drilling in the prior year offshore Australia. Additionally, the 2010 period had lower expense associated with the redetermination of Terra Nova working interests. The Company expects its interest in Terra Nova to decline from 12.0% to 10.5% upon completion of the redetermination process, which is anticipated by year-end 2010.

Refining and Marketing (R&M)

The Company's refining and marketing operations generated a profit of $104.7 million in the first nine months of 2010 compared to a profit of $75.8 million in 2009. U.S. manufacturing operations lost $3.6 million in 2010 compared to earnings of $24.2 million in 2009. The unfavorable manufacturing results in 2010 were primarily attributable to weaker refining margins and a complete turnaround at the Meraux, Louisiana, refinery during the 2010 period. Manufacturing results in 2010 benefited, however, from profitable operations at the Company's Hankinson, North Dakota, ethanol facility. U.S. marketing operations had 2010 earnings of $132.7 million compared to earnings of $58.1 million in 2009. The Company's average retail marketing margins in the 2010 period were $0.04 per gallon higher than in 2009. R&M results in the United Kingdom were losses in both years due to weak refining margins at the Milford Haven, Wales, refinery. Additionally, Milford Haven was shut down for approximately two months during 2010 for a plant-wide turnaround and a significant upgrade. The Company had previously announced its intention to sell its U.S. refining and U.K. downstream operations.

Corporate

Corporate after-tax costs were $133.5 million in the first nine months of 2010 compared to costs of $7.5 million in the 2009 period. The current period had foreign exchange losses of $58.8 million after taxes, whereas foreign exchange effects were net gains of $42.7 million in the 2009 period. The 2010 period also had increased net interest expense compared to 2009 due to higher average long-term borrowings and lower interest amounts capitalized to development projects during the current year. Additionally, the current year had higher administrative expenses compared to 2009 essentially related to higher staffing costs.

David M. Wood, President and Chief Executive Officer, commented, "Our exploration program is very active in the fourth quarter with three more wells offshore Republic of the Congo and our first drilling activities offshore Suriname and Indonesia. Additionally, we continue our development work in two North American resource plays - the Montney formation in Western Canada at Tupper and Tupper West and the Eagle Ford shale area in South Texas. During the quarter we completed the acquisition of our second ethanol plant at Hereford, Texas. We expect construction of the unfinished Hereford plant to be completed and the plant in operation by the end of the first quarter 2011. The process of selling our U.S. refining businesses, along with U.K. marketing operations, continues on track.

"Production in the fourth quarter of 2010 is expected to average 198,000 barrels of oil equivalent per day, but sales volumes are projected to average 188,000 barrels of oil equivalent per day. We currently expect earnings in the fourth quarter to be between $0.50 and $1.15 per diluted share, with the wide range due to a significant amount of exploration drilling in the three-month period. These earnings are based on total exploration expense ranging from $50 to $190 million and projected profits of $23 million from our refining and marketing business. Projected results for the fourth quarter could be affected by commodity prices, drilling results, timing of oil sales and refining and marketing margins."

The public is invited to access the Company's conference call to discuss third quarter 2010 results on Thursday, November 4 at 12:00 p.m. CDT either via the Internet through the Investor Relations section of Murphy Oil's Web Site at **http://www.murphyoilcorp.com/ir** or via the telephone by dialing **1-888-516-2446**. The telephone reservation number for the call is **2649284**. Replays of the call will be available through the same address on Murphy Oil's Web site, and a recording of the call will be available through November 8 by calling 1-888-203-1112. Audio downloads will also be available on the Murphy Web site through December 1 and via Thomson StreetEvents for their service subscribers.

This press release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995.These statements, which express management's current views concerning future events or results, are subject to inherent risks and uncertainties.Factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements include, but are not limited to, the volatility and level of crude oil and natural gas prices, the level and success rate of our exploration programs, our ability to maintain production rates and replace reserves, political and regulatory instability, and uncontrollable natural hazards.For further discussion of risk factors, see Murphy's 2009 Annual Report on Form 10-K on file with the U.S. Securities and Exchange Commission.Murphy undertakes no duty to publicly update or revise any forward-looking statements.

MURPHY OIL CORPORATION

CONSOLIDATED FINANCIAL DATA SUMMARY

(Unaudited)

THIRD QUARTER	2010	2009
Revenues	$6,063,783,000	5,183,757,000
Income from continuing operations	$202,832,000	188,877,000
Net income	$202,832,000	188,877,000
Income from continuing operations per Common share		
Basic	$1.06	0.99
Diluted	1.05	0.98
Net income per Common share		
Basic	$1.06	0.99
Diluted	1.05	0.98
Average shares outstanding		
Basic	191,943,813	190,811,162
Diluted	193,437,992	192,641,808
FIRST NINE MONTHS		
Revenues	$16,835,874,000	13,185,155,000
Income from continuing operations	$624,012,000	420,961,000
Net income	$624,012,000	518,751,000
Income from continuing operations per Common share		
Basic	$3.26	2.21
Diluted	3.24	2.19
Net income per Common share		
Basic	$3.26	2.72
Diluted	3.24	2.70

Average shares outstanding		
Basic	191,577,000	190,691,892
Diluted	192,866,485	192,375,146

SOURCE: Murphy Oil Corporation

Murphy Oil Corporation
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