Murphy Oil Announces Sale of Various North Sea Properties and Year End 2002 Reserves

March 13, 2003 8:57 AM ET

EL DORADO, Ark., Mar 13, 2003 (BUSINESS WIRE) -- Murphy Oil Corporation (NYSE:MUR) announced that its U.K. subsidiary, Murphy Petroleum Limited, has agreed to sell its interests in certain United Kingdom North Sea properties for consideration of $36 million. The North Sea assets include a 13.82% interest in the Ninian field, along with an 8.6% interest in an associated pipeline and a 2.3% interest in a shipping terminal in the Shetland Islands, interests of 3.7%-5.8% in the Columba fields and adjacent exploration acreage. During the fourth quarter of 2002, Murphy's combined net daily production from these properties was slightly over 4,000 barrels of oil equivalent a day. The effective date of the transaction is January 1, 2003, with closing expected in May, 2003.

Murphy Oil Corporation also announced that the Company's year-end 2002 proved reserves totaled 460 million barrels of oil equivalent (BOE), including Syncrude reserves of 136 million barrels, reflecting a decrease of 8% from the year-end 2001 level. While reserve additions were booked for discoveries made at Quatrain (37.5%) in the Gulf of Mexico and various natural gas discoveries in Western Canada, bookings from the large Kikeh field (80%) discovered in deepwater Malaysia in 2002 have been deferred until the field is production tested in 2003. Five year finding and development costs for the Company total approximately $8.25 per equivalent barrel.

Claiborne Deming, Murphy President and Chief Executive Officer, commented, "It is ironic that in a year in which we made one of the largest discoveries in Company history, we report a decrease in reserve levels. During 2002, Murphy spent a large amount of capital exploring our Block K acreage in deepwater Malaysia and achieved success at Kikeh; however, we do not expect to book proved reserves until we complete production testing in 2003. Our current estimates indicate Kikeh contains 400 to 700 million barrels of oil equivalent, which should provide notable reserve contributions in later years."

"The sale of Ninian and Columba is part of our ongoing efforts to divest mature fields with associated high lifting and near-term abandonment costs and redeploy the capital into emerging basins providing superior growth prospects. We will be concentrating our capital on completing our development projects around the world, and continuing our deepwater exploration programs, both in the Gulf of Mexico and Malaysia. In fact, as previously announced, we have stepped up our presence in Malaysia by signing two additional deepwater concessions on Blocks L (60%) and M (70%) and look forward to aggressively pursuing further discoveries on our deepwater acreage in 2003."

Cautionary Note to U.S. Investors - The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this news release, such as reserve estimates, that the SEC's rules strictly prohibit us from including in filings with the SEC.

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.

CONTACT: Murphy Oil Corporation
Investor Relations: Mindy West, 870/864-6315
or Public Relations: Betty LeBrescu, 870/864-6222
http://www.murphyoilcorp.com

URL: http://www.businesswire.com

Copyright (C) 2003 Business Wire. All rights reserved.