UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission File Number 1-8590

MURPHY OIL CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	71-0361522
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
200 PEACH STREET P. O. Box 7000, El Dorado, Arkansas	71731-7000
(Address of principal executive offices)	(Zip Code)

(870) 862-6411
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

Number of shares of Common Stock, $1.00 par value, outstanding at September 30, 1997 was 44,886,865.

PART I - FINANCIAL INFORMATION

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED BALANCE SHEETS
(Thousands of dollars)

	(unaudited) September 30, 1997	December 31, 1996
ASSETS		
Current assets		
Cash and cash equivalents	$ 69,571	109,707
Accounts receivable, less allowance for doubtful accounts of $15,320 in 1997 and $15,267 in 1996	243,995	319,661
Inventories		
Crude oil and raw materials	55,012	42,811
Finished products	48,854	44,310
Materials and supplies	41,679	44,234
Prepaid expenses	38,468	29,820
Deferred income taxes	18,410	19,626
Total current assets	515,989	610,169
Property, plant, and equipment, at cost less accumulated depreciation, depletion, and amortization of $2,691,741 in 1997 and $2,573,606 in 1996	1,639,972	1,556,830

Deferred charges and other assets	67,010	76,787
	$ 2,222,971	2,243,786
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term obligations	$ 19,211	13,635
Accounts payable and accrued liabilities	414,225	503,013
Income taxes	50,775	37,393
Total current liabilities	484,211	554,041
Notes payable and capitalized lease obligations	29,557	20,871
Nonrecourse debt of a subsidiary	180,319	180,957
Deferred income taxes	138,786	127,319
Reserve for dismantlement costs	152,337	152,528
Reserve for major repairs	36,567	29,776
Deferred credits and other liabilities	131,502	150,816
Stockholders' equity		
Capital stock		
Cumulative Preferred Stock, par $100, authorized 400,000 shares, none issued	-	-
Common Stock, par $1.00, authorized 80,000,000 shares, issued 48,775,314 shares	48,775	48,775
Capital in excess of par value	509,760	509,008
Retained earnings	606,332	550,699
Currency translation adjustments	7,805	22,573
Unamortized restricted stock awards	(1,341)	(1,298)
Treasury stock, 3,888,449 shares of Common Stock in 1997, 3,912,971 shares in 1996, at cost	(101,639)	(102,279)
Total stockholders' equity	1,069,692	1,027,478
	$ 2,222,971	2,243,786

See Notes to Consolidated Financial Statements, page 4.

The Exhibit Index is on page 13.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Thousands of dollars, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1997	1996	1997	1996
REVENUES				
Sales	$ 540,307	477,875	1,527,914	1,364,319
Other operating revenues	14,897	47,069	40,835	73,138
Interest, income from equity companies, and other nonoperating revenues	1,110	2,255	3,605	5,229
Total revenues	556,314	527,199	1,572,354	1,442,686
COSTS AND EXPENSES				
Crude oil, products, and related operating expenses	391,954	378,545	1,131,421	1,067,942
Exploration expenses, including undeveloped lease amortization	19,734	19,084	71,508	43,945
Selling and general expenses	18,660	16,107	47,691	45,638
Depreciation, depletion, and amortization	56,565	42,221	156,073	134,243
Impairment of long-lived assets	5,100	-	5,100	-
Interest expense	3,263	3,187	9,207	9,504
Interest capitalized	(3,227)	(2,452)	(9,126)	(6,998)
Total costs and expenses	492,049	456,692	1,411,874	1,294,274
Income (loss) from continuing operations before income taxes	64,265	70,507	160,480	148,412
Federal and state income taxes	15,832	16,792	37,172	31,956
Foreign income taxes	6,108	13,189	22,811	30,842
Income from continuing operations	42,325	40,526	100,497	85,614
DISCONTINUED FARM, TIMBER, AND REAL ESTATE OPERATIONS				
Income from discontinued operations	-	3,879	-	10,877
Costs of spin-off transaction	-	(2,100)	-	(2,100)
Total discontinued operations	-	1,779	-	8,777
NET INCOME	$ 42,325	42,305	100,497	94,391
Average Common shares outstanding	45,031,706	45,008,387	45,034,455	44,944,594
Income per Common share				
Continuing operations	$ .94	.90	2.23	1.90
Discontinued operations	-	.04	-	.20
Net income	$ .94	.94	2.23	2.10
Cash dividends per Common share	$ .35	.325	1.00	.975

See Notes to Consolidated Financial Statements, page 4.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Thousands of dollars)

	Nine Months Ended September 30, 1997	1996
OPERATING ACTIVITIES		
Income from continuing operations	$ 100,497	85,614
Adjustments to reconcile above income to net cash provided by operating activities		
Depreciation, depletion, and amortization	156,073	134,243
Impairment of long-lived assets	5,100	-
Provisions for major repairs	17,402	18,677
Expenditures for major repairs and dismantlement costs	(12,749)	(8,931)
Exploratory expenditures charged against income	63,733	36,897
Amortization of undeveloped leases	7,775	7,048
Deferred and noncurrent income tax charges	7,268	17,751
Pretax gains from disposition of assets	(6,247)	(31,997)
Other - net	5,701	3,712
	344,553	263,014
Net (increase) decrease in operating working capital other than cash and cash equivalents	(21,362)	45,535
Other adjustments related to continuing operations	(8,228)	14,160
Net cash provided by continuing operations	314,963	322,709
Net cash provided by discontinued operations	-	9,727
Net cash provided by operating activities	314,963	332,436
INVESTING ACTIVITIES		
Capital expenditures requiring cash	(335,596)	(289,246)
Proceeds from sale of property, plant, and equipment	14,277	51,685
Other continuing operations - net	196	(1,082)
Investing activities of discontinued operations	-	(7,810)
Net cash required by investing activities	(321,123)	(246,453)
FINANCING ACTIVITIES		
Increase (decrease) in notes payable and capitalized lease obligations	8,686	(3)
Increase in nonrecourse debt of a subsidiary	4,938	23,602
Cash dividends paid	(44,864)	(43,717)
Net cash required by financing activities	(31,240)	(20,118)
Effect of exchange rate changes on cash and cash equivalents	(2,736)	294
Net increase (decrease) in cash and cash equivalents	(40,136)	66,159
Increase applicable to discontinued operations	-	(4,017)
Net increase (decrease) in cash and cash equivalents of continuing operations	(40,136)	62,142
Cash and cash equivalents of continuing operations at January 1	109,707	60,853
Cash and cash equivalents of continuing operations at September 30	$ 69,571	122,995
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES		
Cash income taxes paid, net of refunds	$ 56,146	25,964
Interest paid, net of amounts capitalized	(2,728)	(90)

See Notes to Consolidated Financial Statements, page 4.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of the financial statements of Murphy Oil Corporation and Consolidated Subsidiaries (Murphy/the Company) on pages 1 through 3 of this report on Form 10-Q.

NOTE A - INTERIM FINANCIAL STATEMENTS

The consolidated financial statements of the Company presented herein have not been audited by independent auditors, except for the Consolidated Balance Sheet at December 31, 1996. In the opinion of the Company's management, the unaudited financial statements presented herein include all adjustments (consisting only of normal, recurring accruals) necessary to present fairly the Company's financial position at September 30, 1997, and the results of operations and cash flows for the three-month and nine-month periods ended September 30, 1997 and 1996, in conformity with generally accepted accounting principles.

Financial statements and notes to consolidated financial statements included in this report on Form 10-Q should be read in conjunction with the Company's 1996 Annual Report on Form 10-K, as certain notes and other pertinent information have been abbreviated in or omitted from this report. Financial results for the nine months ended September 30, 1997 are not necessarily indicative of future results.

NOTE B - DISCONTINUED OPERATIONS

On December 31, 1996, Murphy completed a tax-free spin-off to its stockholders of all common stock of its wholly owned farm, timber, and real estate subsidiary Deltic Farm & Timber Co., Inc. (reincorporated as "Deltic Timber Corporation"). The spin-off resulted in a net charge of $172.6 million to "Retained Earnings" in 1996. As a result of the transaction, activities of the farm, timber, and real estate segment have been accounted for as discontinued operations, with prior periods restated. Selected operating results for these activities, presented as net amounts in the Consolidated Statements of Income for the three-month and nine-month periods ended September 30, 1996 were as follows.

Discontinued Operations	Periods Ended September 30, 1996	
(Millions of dollars, except per share amounts)	Three Months	Nine Months
Revenues	$25.5	65.6
Income tax provisions	2.4	6.9
Income from operations	3.9	10.9
Cost of spin-off transaction	(2.1)	(2.1)
Income from operations per share	.09	.24
Cost of spin-off transaction per share	(.05)	(.05)

NOTE C - ENVIRONMENTAL CONTINGENCIES

The Company's worldwide operations are subject to numerous laws and regulations intended to protect the environment and/or impose remedial obligations. In addition, the Company is involved in personal injury and property damage claims, allegedly caused by exposure to or by the release or disposal of materials manufactured or used in the Company's operations. The Company operates or has previously operated certain sites or facilities, including refineries, oil and gas fields, service stations, and terminals, for which known or potential obligations for environmental remediation exist.

Under the Company's accounting policies, liabilities for environmental obligations are recorded when such obligations are probable and the cost can be reasonably estimated. If there is a range of reasonably estimated costs, the most likely amount will be recorded, or if no amount is most likely, the minimum of the range. Recorded liabilities are reviewed quarterly and adjusted as needed. Actual cash expenditures often occur one or more years after recognition of the liabilities.

The Company's reserve for remedial obligations, which is included in "Deferred Credits and Other Liabilities" in the Consolidated Balance Sheets, contains certain amounts that are based on anticipated regulatory approval for proposed remediation of former refinery waste sites. If regulatory authorities require more costly alternatives than the proposed processes, future expenditures could exceed the amount reserved by up to an estimated $3 million.

NOTE C - ENVIRONMENTAL CONTINGENCIES (CONTD.)

The Company is currently identified by the U.S. Environmental Protection Agency as a Potentially Responsible Party (PRP) at five Superfund sites and has been assigned responsibility by defendants at another Superfund site. The potential total cost to all parties to perform necessary remedial work at the Superfund sites is substantial; however, current information indicates that the Company is a "de minimus" party, with assigned or potentially assigned responsibility of less than two percent at all but two of the sites. At those two sites, the Company has not determined either its potentially assigned responsibility percentage or its potential total remedial cost. Based on currently available information about the Superfund sites, the Company does not expect that its related remedial costs will be material to its financial condition or its results of operations. Additional information may become known in the future that would alter this assessment, including any requirement to bear a pro rata share of costs attributable to nonparticipating PRPs or indications of additional responsibility by the Company.

Although the Company is not aware of any environmental matters that might have a material effect on its financial condition, there is the possibility that expenditures could be required at currently unidentified sites, and new or revised regulatory requirements could necessitate additional expenditures at known sites. Such expenditures could materially affect the results of operations in a future period.

The Company believes that certain environmentally related liabilities and prior environmental expenditures are either covered by insurance or will be recovered from other sources. The outcome of potential insurance recoveries is the subject of ongoing litigation, including the appeal of a judgment awarded the Company in 1995. Since no assurance can be given that the judgment will be upheld upon appeal or that recoveries from other sources will occur, the Company has not recognized a benefit for these potential recoveries at September 30, 1997.

NOTE D - OTHER CONTINGENCIES

The Company's operations and earnings have been and may be affected by various other forms of governmental action both in the U.S. and throughout the world. Examples of such governmental action include, but are by no means limited to: tax increases and retroactive tax claims; restrictions on production; import and export controls; price controls; currency controls; allocation of supplies of crude oil and petroleum products and other goods; expropriation of property; restrictions and preferences affecting issuance of oil and gas or mineral leases; laws and regulations intended for the promotion of safety; and laws and regulations affecting the Company's relationships with employees, suppliers, customers, stockholders, and others. Because governmental actions are often motivated by political considerations, may be taken without full consideration of their consequences, and may be taken in response to actions of other governments, it is not practical to attempt to predict the likelihood of such actions, the form the actions may take, or the effect such actions may have on the Company.

In the normal course of its business activities, the Company is required under certain contracts with various governmental authorities and others to provide letters of credit that may be drawn upon if the Company fails to perform under those contracts. At September 30, 1997, the Company had contingent liabilities of $17 million on outstanding letters of credit and $15 million under certain financial guarantees.

NOTE E - ACCOUNTING POLICIES FOR CERTAIN DERIVATIVE INSTRUMENTS

Derivative instruments are used by the Company on a limited basis to manage well-defined risks related to commodity prices, foreign currency exchange rates, and interest rates. The Company accounts for these instruments as hedges. To qualify as hedges, the instruments must reduce the exposure to price, currency, or interest rate risks of assets, liabilities, or anticipated transactions. The Company does not hold any derivatives for trading purposes.

NOTE E - ACCOUNTING POLICIES FOR CERTAIN DERIVATIVE INSTRUMENTS (CONTD.)

The Company has forward foreign exchange contracts to buy Cdn $56 million, fixing the U.S. dollar costs for certain Canadian dollar denominated nonrecourse debt. The unrealized difference between the contract exchange rates and the actual exchange rate at September 30, 1997 is recognized on the Consolidated Balance Sheet as an adjustment to "Nonrecourse Debt of a Subsidiary" with an offset to "Currency Translation Adjustments." When these contracts are settled, any adjustment to the difference previously recorded will be included in the same accounts.

At September 30, 1997, the Company had several interest rate swap agreements, under each of which the Company pays interest at a fixed rate and receives interest at a quarterly U.S. dollar LIBOR rate. These contracts fix the interest rate for $85 million of the Company's floating rate long-term obligations during the next five to seven years. Cash received or paid at the time of each quarterly settlement is accounted for as an adjustment of "Interest Expense" in the Consolidated Statement of Income.

NOTE F - NEW ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share," effective for periods ending after December 15, 1997. After the effective date, any prior period earnings per share (EPS) data in subsequent reports must be restated to conform to the new standard. The following table compares pro forma basic EPS and pro forma diluted EPS for net income as computed under the provisions of SFAS No. 128 to the EPS as reported on the Consolidated Statements of Income for the three-month and nine-month periods ended September 30, 1997 and 1996.

Earnings per Share (EPS) for Net Income	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars per share of Common Stock)	1997	1996	1997	1996
EPS as reported.	$ .94	.94	2.23	2.10
Pro forma basic EPS.	.94	.94	2.24	2.10
Pro forma diluted EPS.	.94	.94	2.23	2.10

The FASB issued SFAS No. 130, "Reporting Comprehensive Income," in June 1997. This statement will require the Company to disclose comprehensive income for all periods reported beginning with the quarter ended March 31, 1998. For the three-month and nine-month periods ended September 30, 1997 and 1996, the Company's only item of other comprehensive income as defined by SFAS No. 130 relates to foreign currency translation adjustments. The following table shows the Company's pro forma comprehensive income for these periods.

Pro Forma Comprehensive Income	Three Months Ended September 30,		Nine Months Ended September 30,	
(Million of dollars)	1997	1996	1997	1996
Net income	$ 42.3	42.3	100.5	94.4
Other comprehensive income - net gain (loss) from foreign currency translation, net of taxes.	(6.9)	2.4	(14.8)	2.3
Pro forma comprehensive income	$ 35.4	44.7	85.7	96.7

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE G - BUSINESS SEGMENTS (UNAUDITED)

	Three Months Ended September 30, 1997		Three Months Ended September 30, 1996	
(Millions of dollars)	Revenues	Income	Revenues	Income
Exploration and production*				
United States	$ 66.1	13.5	53.4	11.4
Canada	44.7	6.4	42.7	7.5
United Kingdom	30.5	1.8	31.1	1.8
Ecuador	9.3	3.1	8.8	3.5
Other international	.2	(3.7)	2.3	(.4)
	150.8	21.1	138.3	23.8
Refining, marketing, and transportation				
United States	357.9	19.2	322.0	(.8)
United Kingdom	76.1	3.9	83.1	1.2
Canada	6.6	1.5	6.0	1.5
	440.6	24.6	411.1	1.9
	591.4	45.7	549.4	25.7
Intrasegment transfers elimination	(36.1)	-	(52.3)	-
	555.3	45.7	497.1	25.7
Corporate	1.1	(3.3)	2.2	(2.9)
Revenues/income from continuing operations before special items	556.4	42.4	499.3	22.8
Refund of U.K. income taxes	-	3.2	-	-
Impairment of long-lived assets	-	(3.3)	-	-
Gain on sale of U.S. onshore producing properties	-	-	27.9	17.7
Revenues/income from continuing operations	556.4	42.3	527.2	40.5
Income from discontinued operations	-	-	-	1.8
	$ 556.4	42.3	527.2	42.3

	Nine Months Ended September 30, 1997		Nine Months Ended September 30, 1996	
(Millions of dollars)	Revenues	Income	Revenues	Income
Exploration and production*				
United States	$ 196.7	34.4	175.6	39.7
Canada	123.2	15.5	118.3	20.2
United Kingdom	90.7	10.1	92.7	9.1
Ecuador	26.1	8.4	24.2	8.3
Other international	1.3	(10.9)	7.6	(2.1)
	438.0	57.5	418.4	75.2
Refining, marketing, and transportation				
United States	1,004.7	37.9	903.2	(4.1)
United Kingdom	195.2	6.0	224.7	.4
Canada	19.1	4.5	17.0	3.9
	1,219.0	48.4	1,144.9	.2
	1,657.0	105.9	1,563.3	75.4
Intrasegment transfers elimination	(88.2)	-	(153.7)	-
	1,568.8	105.9	1,409.6	75.4
Corporate	3.6	(5.3)	5.2	(7.5)
Revenues/income from continuing operations before special items	1,572.4	100.6	1,414.8	67.9
Refund of U.K. income taxes	-	3.2	-	-
Impairment of long-lived assets	-	(3.3)	-	-
Gain on sale of U.S. onshore				

producing properties	-	-	27.9	17.7
Revenues/income from continuing operations	1,572.4	100.5	1,442.7	85.6
Income from discontinued operations ..	-	-	-	8.8
	$ 1,572.4	100.5	1,442.7	94.4

*Additional details are presented in the tables on page 11.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1996

Net income in the third quarter of 1997 totaled $42.3 million, $.94 a share, and included a charge of $3.3 million, $.07 a share, for an impairment of long-lived assets that was nearly offset by a gain of $3.2 million, $.07 a share, from a refund of U.K. income taxes. Earnings before these special items for the current quarter totaled $42.4 million, $.94 a share, which was up 86 percent from the $22.8 million, $.51 a share, of income from continuing operations before special items in the 1996 third quarter. Net income in the third quarter a year ago also totaled $42.3 million, $.94 a share, but included an after-tax gain of $17.7 million, $.39 a share, from sale of onshore producing properties in the U.S. and earnings of $1.8 million, $.04 a share, from the now independent Deltic Timber Corporation. Cash flow from operating activities, excluding changes in noncash working capital items, totaled $124.7 million in the third quarter of 1997, up 28 percent from a year ago.

Murphy's worldwide downstream operations earned $24.6 million in the third quarter compared to $1.9 million a year ago, with U.S. downstream operations turning in the best quarter since the fourth quarter of 1988. Earnings from exploration and production operations were $21.1 million compared to $23.8 million in the third quarter of 1996, as record natural gas sales in the U.S. and Canada and a 22-percent increase in crude oil production were offset by lower crude oil sales prices.

Exploration and production operations in the U.S. earned $13.5 million compared to $11.4 million in the third quarter of 1996. Operations in Canada earned $6.4 million, down from $7.5 million a year ago, and U.K. operations earned $1.8 million in the current quarter, unchanged from a year ago. Operations in Ecuador earned $3.1 million in the third quarter of 1997 compared to $3.5 million in 1996. Other international operations reported a loss of $3.7 million compared to a $.4 million loss a year earlier, which included the operations of a natural gas field in Spain that ceased production in late 1996. The Company's crude oil and condensate sales prices averaged $18.50 a barrel in the U.S. and $18.58 in the U.K., decreases of 13 percent each. In Canada, sales prices averaged $16.77 a barrel for light oil, down 17 percent, and $10.91 for heavy oil, a decrease of 33 percent. The average sales price for synthetic oil in Canada was $19.27 a barrel, down 11 percent from a year ago. In Ecuador, sales prices averaged $12.53 a barrel, down 24 percent. Total crude oil and gas liquids production averaged 61,194 barrels a day compared to 50,159 in the third quarter of 1996. U.S. production increased nine percent. In Canada, heavy oil production increased 24 percent, light oil production was down 10 percent, and net production of synthetic oil increased 24 percent. Production in the U.K. was up 34 percent, and production in Ecuador increased 36 percent. Murphy's average natural gas sales price in the U.S. was $2.35 a thousand cubic feet (MCF) in the current quarter compared to $2.31 a year ago. The average natural gas sales price in Canada increased from $.87 an MCF to $1.08. Total natural gas sales averaged 284 million cubic feet a day compared to 204 million a year ago. Sales of natural gas in the U.S. averaged 233 million cubic feet a day, up 57 percent from the third quarter of 1996. Exploration expenses totaled $19.7 million in the current quarter compared to $19 million in 1996. The tables on page 11 provide additional details of the results of exploration and production operations for the third quarter of each year.

Refining, marketing, and transportation operations in the U.S. had earnings of $19.2 million compared to a loss of $.8 million a year ago. Average gross margins per barrel of products sold were strong until late in the current quarter, and sales of refined products set a quarterly record at 161,321 barrels a day. The U.S. results included after-tax benefits of $.9 million in 1997 and $2.3 million in 1996 related to crude oil swap agreements. Operations in the U.K. earned $3.9 million compared to $1.2 million in the third quarter of 1996. Earnings from purchasing, transporting, and reselling crude oil in Canada were $1.5 million in the current quarter, unchanged from a year ago. The Company's refinery crude runs worldwide were 164,274 barrels a day compared to 162,415 in the third quarter of 1996. Worldwide petroleum product sales were 195,820 barrels a day, up from 177,176 a year ago.

Corporate functions reflected a loss of $3.3 million in the current quarter compared to a loss of $2.9 million in the third quarter of 1996.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTD.)

RESULTS OF OPERATIONS (CONTD.)

NINE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1996

For the first nine months of 1997, net income totaled $100.5 million, $2.23 a share, including the net charge of $.1 million in the third quarter for the previously mentioned special items. For the first nine months of 1996, income from continuing operations before special items totaled $67.9 million, $1.51 a share. Net income for the nine months ended September 30, 1996 totaled $94.4 million, $2.10 a share, and included the after-tax gain of $17.7 million, $.39 a share, from sale of onshore producing properties in the U.S. and earnings of $8.8 million, $.20 a share, from Deltic Timber Corporation.

The 48-percent increase in income from continuing operations before special items was primarily due to the Company's worldwide downstream operations, which earned $48.4 million in the first nine months of 1997 compared to only $.2 million a year ago, with the increase mainly attributable to a $42 million improvement in the U.S. Earnings from exploration and production operations decreased $17.7 million as the effects of higher exploration expenses and lower U.S. natural gas prices more than offset higher U.S. natural gas sales and higher crude oil production. Corporate functions reflected a loss of $5.3 million for the 1997 period compared to a loss of $7.5 million a year earlier.

Earnings from exploration and production operations for the nine months ended September 30, 1997 were $57.5 million, down from $75.2 million in 1996. Operations in the U.S. earned $34.4 million for the first nine months of 1997 compared to $39.7 million in the prior period, and Canadian operations earned $15.5 million compared to $20.2 million in 1996. Increased earnings from the prior year occurred in the U.K., up $1 million to $10.1 million, and in Ecuador, up $.1 million to $8.4 million. Other international operations reported losses of $10.9 million in the first nine months of 1997 and $2.1 million in the 1996 period; higher exploration expenses and the cessation of production in Spain accounted for the increased loss. The Company's crude oil and condensate sales prices averaged $19.56 a barrel in the U.S., up one percent, and $19.12 in the U.K., down six percent. In Canada, sales prices averaged $17.94 a barrel for light oil, down six percent from last year; $11.43 for heavy oil, down 20 percent; and $20.14 for synthetic oil, down one percent. The average crude oil sales price in Ecuador was $12.63 a barrel, down 18 percent. Crude oil and gas liquids production for the first nine months of 1997 averaged 56,870 barrels a day compared to 53,319 during the same period of 1996. Crude oil production in Ecuador was up 32 percent to 7,631 barrels a day, and heavy oil production in Canada increased 18 percent to 11,238. U.S. crude oil and gas liquids production of 11,128 barrels a day was down nine percent, primarily due to the sale of onshore producing properties in 1996. In other areas, production averaged 3,972 barrels a day for Canadian light oil, down 15 percent; 8,942 for Canadian synthetic crude, up eight percent; and 13,959 for crude oil and gas liquids in the U.K., also up eight percent. Natural gas sales prices for the first nine months of 1997 averaged $2.37 an MCF in the U.S., down six percent; $1.32 in Canada, up 33 percent; and $2.54 in the U.K., down two percent. Total natural gas sales averaged 268 million cubic feet a day in 1997 compared to 222 million in 1996. Sales of natural gas in the U.S. averaged 212 million cubic feet a day, up 34 percent. In other areas, average natural gas sales increased five percent in Canada but were down 10 percent in the U.K. Natural gas production in Spain ceased at the end of 1996. Exploration expenses totaled $71.5 million for the nine months ended September 30, 1997 compared to $43.9 million a year ago. Exploration expenses were down in the U.K., but were up in the U.S., Canada, and other international areas. The tables on page 11 provide additional details of the results of exploration and production operations for the first nine months of each year.

Refining, marketing, and transportation operations in the U.S. benefited from improved margins as well as higher volumes in the first nine months of 1997 and reported earnings of $37.9 million compared to a loss of $4.1 million for the same period last year. The U.S. results included after-tax benefits of $5 million in 1997 and $4.6 million in 1996 related to crude oil swap agreements. Operations in the U.K. earned $6 million in the nine months ended September 30, 1997 compared to $.4 million in the prior year. Earnings from purchasing, transporting, and reselling crude oil in Canada were $4.5 million in the current nine-month period compared to $3.9 million a year ago. The Company's refinery crude runs worldwide for the 1997 period were 159,583 barrels a day compared to 155,704 a year ago. Petroleum product sales worldwide were 178,355 barrels a day, up from 167,954 in 1996.

FINANCIAL CONDITION

Cash provided by continuing operations was $315 million for the first nine months of 1997 compared to $322.7 million for the same period in 1996. Changes in operating working capital other than cash and cash equivalents required cash of $21.4 million for the first nine months of 1997 but provided cash of $45.5 million for the 1996 period. Cash provided by operating activities was reduced by expenditures for refinery turnarounds and abandonment of oil and gas properties totaling $12.7 million in the current year and $8.9 million in 1996. Investing activities included $51.7 million provided by proceeds from the sale of property, plant, and equipment in 1996, primarily from the sale of U.S. onshore producing properties, compared to $14.3 million in the 1997 period. Predominant uses of cash in both years were for capital expenditures (which, including amounts expensed, are summarized in the following table) and payment of dividends.

Capital Expenditures	Nine Months Ended September 30,	
(Millions of dollars)	1997	1996
Exploration and production.	$ 312.1	263.5
Refining, marketing, and transportation	22.3	25.1
Corporate	1.2	.6
	$ 335.6	289.2

Working capital at September 30, 1997 was $31.8 million, down $24.4 million from December 31, 1996. This level of working capital does not fully reflect the Company's liquidity position, because the lower historical costs assigned to inventories under LIFO accounting were $89.9 million below current costs at September 30, 1997.

At September 30, 1997, long-term nonrecourse debt of a subsidiary was $180.3 million, down slightly from December 31, 1996 due to changes in foreign currency exchange rates. Notes payable and capitalized lease obligations of $29.6 million were up $8.7 million due to additional borrowing for certain oil and gas development projects. A summary of capital employed at September 30, 1997 and December 31, 1996 follows.

Capital Employed	September 30, 1997		December 31, 1996	
(Millions of dollars)	Amount	%	Amount	%
Notes payable and capitalized lease obligations.	$ 29.6	2	20.9	2
Nonrecourse debt of a subsidiary. . .	180.3	14	180.9	15
Stockholders' equity.	1,069.7	84	1,027.5	83
	$ 1,279.6	100	1,229.3	100

OIL AND GAS OPERATING RESULTS* (UNAUDITED)

(Millions of dollars)	United States	Canada	United Kingdom	Ecuador	Other	Synthetic Oil - Canada	Total
THREE MONTHS ENDED SEPTEMBER 30, 1997							
Oil and gas sales and operating revenues . . .	$ 66.1	26.3	30.5	9.3	.2	18.4	150.8
Production costs	11.8	9.8	6.9	2.8	-	10.1	41.4
Depreciation, depletion, and amortization.	22.2	8.2	11.9	2.9	-	1.8	47.0
Exploration expenses							
Dry hole costs	1.9	.6	4.4	-	.8	-	7.7
Geological and geophysical costs	3.1	1.0	1.2	-	1.6	-	6.9
Other costs	.6	.3	.4	-	1.1	-	2.4
	5.6	1.9	6.0	-	3.5	-	17.0
Undeveloped lease amortization	1.6	1.0	-	-	.1	-	2.7
Total exploration expenses	7.2	2.9	6.0	-	3.6	-	19.7
Selling and general expenses.	4.0	1.3	.7	.1	.6	.1	6.8
Income tax provisions (benefits).	7.4	1.7	3.2	.4	(.3)	2.4	14.8
Results of operations (excluding corporate overhead and interest)	$ 13.5	2.4	1.8	3.1	(3.7)	4.0	21.1
THREE MONTHS ENDED SEPTEMBER 30, 1996							
Oil and gas sales and operating revenues. . . .	$ 53.4	26.2	31.1	8.8	2.3	16.5	138.3
Production costs	9.2	8.5	6.7	2.8	.1	9.3	36.6
Depreciation, depletion, and amortization.	13.8	6.4	8.3	2.2	1.4	1.4	33.5
Exploration expenses							
Dry hole costs	2.2	-	5.7	-	-	-	7.9
Geological and geophysical costs	4.6	1.4	.6	-	.3	-	6.9
Other costs	1.0	.1	.5	-	.4	-	2.0
	7.8	1.5	6.8	-	.7	-	16.8
Undeveloped lease amortization	1.4	.8	-	-	-	-	2.2
Total exploration expenses	9.2	2.3	6.8	-	.7	-	19.0
Selling and general expenses.	3.5	1.4	.7	-	.3	.1	6.0
Income tax provisions. . .	6.3	3.6	6.8	.3	.2	2.2	19.4
Results of operations (excluding corporate overhead and interest)	$ 11.4	4.0	1.8	3.5	(.4)	3.5	23.8
NINE MONTHS ENDED SEPTEMBER 30, 1997							
Oil and gas sales and operating revenues. . . .	$196.7	74.0	90.7	26.1	1.3	49.2	438.0
Production costs	33.5	28.0	25.0	8.4	-	28.2	123.1
Depreciation, depletion, and amortization.	59.4	22.7	33.5	8.3	-	4.8	128.7
Exploration expenses							
Dry hole costs	25.5	3.1	5.0	-	3.3	-	36.9
Geological and geophysical costs	8.6	5.6	1.4	-	4.4	-	20.0

Other costs	1.7	.6	1.5	-	3.0	-	6.8
	35.8	9.3	7.9	-	10.7	-	63.7
Undeveloped lease amortization	5.0	2.7	-	-	.1	-	7.8
Total exploration expenses	40.8	12.0	7.9	-	10.8	-	71.5
Selling and general expenses.	10.6	3.9	1.8	.3	1.5	.1	18.2
Income tax provisions (benefits).	18.0	2.0	12.4	.7	(.1)	6.0	39.0
Results of operations (excluding corporate overhead and interest)	$ 34.4	5.4	10.1	8.4	(10.9)	10.1	57.5
NINE MONTHS ENDED SEPTEMBER 30, 1996							
Oil and gas sales and operating revenues. . . .	$175.6	72.5	92.7	24.2	7.6	45.8	418.4
Production costs	35.0	22.6	23.3	8.5	.7	28.4	118.5
Depreciation, depletion, and amortization.	45.8	18.4	29.3	6.5	4.5	4.1	108.6
Exploration expenses							
Dry hole costs	7.4	.7	9.4	-	-	-	17.5
Geological and geophysical costs	8.0	2.7	1.7	-	.9	-	13.3
Other costs	2.4	.4	1.3	-	2.0	-	6.1
	17.8	3.8	12.4	-	2.9	-	36.9
Undeveloped lease amortization	4.8	2.2	-	-	-	-	7.0
Total exploration expenses	22.6	6.0	12.4	-	2.9	-	43.9
Selling and general expenses.	10.1	4.0	2.2	.1	.9	.1	17.4
Income tax provisions. . .	22.4	9.5	16.4	.8	.7	5.0	54.8
Results of operations (excluding corporate overhead and interest)	$ 39.7	12.0	9.1	8.3	(2.1)	8.2	75.2

*Excludes special items.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company and its subsidiaries are engaged in a number of legal proceedings, all of which the Company considers routine and incidental to its business and none of which is material as defined by the rules and regulations of the U.S. Securities and Exchange Commission.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) The Exhibit Index on page 13 of this Form 10-Q report lists the exhibits that are hereby filed or incorporated by reference.

(b) No reports on Form 8-K have been filed for the quarter covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MURPHY OIL CORPORATION
(Registrant)

By /s/ Ronald W. Herman

Ronald W. Herman, Controller
(Chief Accounting Officer and Duly Authorized Officer)

November 12, 1997
(Date)

EXHIBIT INDEX

Exhibit No.		Page Number or Incorporation by Reference to
3.1	Certificate of Incorporation of Murphy Oil Corporation as of September 25, 1986	Exhibit 3.1, Page Ex. 3.1-1, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1996
3.2	Bylaws of Murphy Oil Corporation at October 4, 1995	Exhibit 3.3, Page Ex. 3.3-1, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1995
4	Instruments Defining the Rights of Security Holders. Murphy is party to several long-term debt instruments, none of which authorizes securities that exceed 10 percent of the total assets of Murphy and its subsidiaries on a consolidated basis. Pursuant to Regulation S-K, item 601(b), paragraph 4(iii)(A), Murphy agrees to furnish a copy of each such instrument to the Securities and Exchange Commission upon request.	
4.1	Rights Agreement dated as of December 6, 1989 between Murphy Oil Corporation and Harris Trust Company of New York, as Rights Agent	Exhibit 4.1, Page Ex. 4.1-0, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1994
10.1	1987 Management Incentive Plan (adopted May 13, 1987, amended February 1, 1990 retroactive to February 3, 1988)	Exhibit 10.2, Page Ex. 10.2-0, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1994
10.2	1992 Stock Incentive Plan amended May 14, 1997	Exhibit 10.2, Page Ex. 10.2-1, of Murphy's Report on Form 10-Q for the quarterly period ended June 30, 1997
10.3	Employee Stock Purchase Plan	Exhibit 99.01 of Murphy's Form S-8 Registration Statement under the Securities Act of 1933 dated May 19, 1997
27	Financial Data Schedule for the nine months ended September 30, 1997	Included only in electronic filing

Exhibits other than those listed above have been omitted since they either are not required or are not applicable.

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THIS FINANCIAL DATA SCHEDULE CONTAINS SUMMARY UNAUDITED FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 1997, AND THE CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS THEN ENDED OF MURPHY OIL CORPORATION AND CONSOLIDATED SUBSIDIARIES AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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SEP-30-1997
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