

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

FORM 10-Q

(Mark one)

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

For the quarterly period ended MARCH 31, 1998

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

(State or other jurisdiction of
incorporation or organization)

71-0361522

(I.R.S. Employer
Identification Number)

200 PEACH STREET

P. O. BOX 7000, El DORADO, ARKANSAS
(Address of principal executive offices)

71731-7000

(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.

Yes No

Number of shares of Common Stock, \$1.00 par value, outstanding at March 31,
1998 was 44,956,718.

PART I - FINANCIAL INFORMATION

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

	(unaudited) March 31, 1998	December 31, 1997
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,312	24,288
Accounts receivable, less allowance for doubtful accounts of \$13,483 in 1998 and \$13,530 in 1997	245,791	272,447
Inventories		
Crude oil and blend stocks	50,902	55,075
Finished products	60,977	64,394
Materials and supplies	39,382	38,947
Prepaid expenses	47,025	47,323
Deferred income taxes	13,916	15,278
	-----	-----

Total current assets	474,305	517,752
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization of \$2,816,220 in 1998 and \$2,762,805 in 1997	1,699,919	1,655,838
Deferred charges and other assets	65,376	64,729
Total assets	<u>\$2,239,600</u>	<u>2,238,319</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term obligations	\$ 7,965	6,227
Notes payable	-	2,175
Accounts payable and accrued liabilities	380,738	435,390
Income taxes	25,078	25,627
Total current liabilities	<u>413,781</u>	<u>469,419</u>
Notes payable and capitalized lease obligations	75,524	28,367
Nonrecourse debt of a subsidiary	178,089	177,486
Deferred income taxes	141,895	136,390
Reserve for dismantlement costs	153,813	153,021
Reserve for major repairs	44,150	43,038
Deferred credits and other liabilities	146,299	151,247
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	511,016	509,615
Retained earnings	622,340	622,532
Accumulated other comprehensive income - foreign currency translation	7,270	891
Unamortized restricted stock awards	(3,539)	(944)
Treasury stock, 3,818,596 shares of Common Stock in 1998, 3,883,883 shares in 1997, at cost	(99,813)	(101,518)
Total stockholders' equity	<u>1,086,049</u>	<u>1,079,351</u>
Total liabilities and stockholders' equity	<u>\$2,239,600</u>	<u>2,238,319</u>

See Notes to Consolidated Financial Statements, page 4.

The Exhibit Index is on page 12.

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

	Three Months Ended March 31,	
	----- 1998 -----	----- 1997 -----
REVENUES		
Sales	\$418,820	493,489
Other operating revenues	20,716	13,683
Interest, income from equity companies and other nonoperating revenues	1,115	1,144
	-----	-----
Total revenues	440,651	508,316
	-----	-----
COSTS AND EXPENSES		
Crude oil, products and related operating expenses	329,421	363,270
Exploration expenses, including undeveloped lease amortization	18,054	28,550
Selling and general expenses	16,768	14,305
Depreciation, depletion and amortization	50,272	48,725
Interest expense	3,876	2,914
Interest capitalized	(2,550)	(2,896)
	-----	-----
Total costs and expenses	415,841	454,868
	-----	-----
Income before income taxes	24,810	53,448
Federal and state income taxes	7,733	10,971
Foreign income taxes	1,536	11,861
	-----	-----
NET INCOME	\$ 15,541	30,616
	=====	=====
Net income per Common share - basic	\$.35	.68
	=====	=====
Net income per Common share - diluted	\$.35	.68
	=====	=====
Cash dividends per Common share	\$.35	.325
	=====	=====
Average Common shares outstanding - basic	44,940,128	44,873,856
Average Common shares outstanding - diluted	45,016,395	44,939,247

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(Thousands of dollars)

	Three Months Ended March 31,	
	----- 1998 -----	----- 1997 -----
Net income	\$ 15,541	30,616
Other comprehensive income - net gain (loss) from foreign currency translation	6,379	(12,867)
	-----	-----
COMPREHENSIVE INCOME	\$ 21,920	17,749
	=====	=====

See Notes to Consolidated Financial Statements, page 4.

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

	Three Months Ended March 31,	
	1998	1997
OPERATING ACTIVITIES		
Net income	\$ 15,541	30,616
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization	50,272	48,725
Provisions for major repairs	5,526	5,610
Expenditures for major repairs and dismantlement costs	(6,126)	(3,872)
Exploratory expenditures charged against income	15,337	25,948
Amortization of undeveloped leases	2,717	2,602
Deferred and noncurrent income taxes	3,732	6,562
Pretax gains from disposition of assets	(484)	(3,000)
Other - net	2,368	357
	88,883	113,548
Net increase in operating working capital other than cash and cash equivalents	(19,730)	(2,347)
Other adjustments related to operating activities	(5,806)	(9,261)
	63,347	101,940
INVESTING ACTIVITIES		
Capital expenditures requiring cash	(102,039)	(117,125)
Proceeds from sale of property, plant and equipment	1,213	4,361
Other investing activities - net	(2,296)	(181)
	(103,122)	(112,945)
FINANCING ACTIVITIES		
Increase (decrease) in notes payable and capitalized lease obligations	44,982	(1)
Increase (decrease) in nonrecourse debt of a subsidiary	2,341	(854)
Sale of treasury shares under employee stock purchase plan	184	-
Cash dividends paid	(15,733)	(14,580)
	31,774	(15,435)
Effect of exchange rate changes on cash and cash equivalents	25	(1,903)
	(7,976)	(28,343)
Cash and cash equivalents at January 1	24,288	109,707
	\$ 16,312	81,364
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES		
Cash income taxes paid, net of refunds	\$ 10,188	25,947
Interest paid, net of amounts capitalized	711	(1,148)

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, 1997. In the opinion of Murphy'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 March 31, 1998, and the results of operations and cash flows for the three-month periods ended March 31, 1998 and 1997, 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 1997 Annual Report on Form 10-K, as certain notes and other pertinent information have been abbreviated or omitted in this report. Financial results for the three months ended March 31, 1998 are not necessarily indicative of future results.

NOTE B - 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 is used. 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.

The Company has received notices from the U.S. Environmental Protection Agency (EPA) that it is a Potentially Responsible Party (PRP) at eight 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 these sites may be substantial. Based on currently available information, the Company has reason to believe that it is no longer considered a PRP by the EPA at five of these sites and that it is a "de minimus" party as to ultimate responsibility at the other four sites. The Company does not expect that its related remedial costs will be material to its financial condition or its results of operations, and it has not provided any reserve for remediation costs on Superfund sites. 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.

Certain liabilities for environmentally related obligations and prior environmental expenditures are expected to be recovered by the Company from other sources, primarily environmental funds maintained by the various states. Since no assurance can be given that recoveries from other sources will occur, the Company has not recognized a benefit for these potential recoveries at March 31, 1998.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE C - 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; promotion of safety; governmental support for other forms of energy; 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 March 31, 1998, the Company had contingent liabilities of \$17 million on outstanding letters of credit and \$13 million under certain financial guarantees.

NOTE D - DERIVATIVE INSTRUMENTS

Derivative instruments are used by the Company on a limited basis to manage well-defined risks related to interest rates, foreign currency exchange rates and commodity prices. The use of derivative instruments is closely monitored by the Company's senior management, and all such transactions are designed to address risk-management objectives. The Company does not hold any derivatives for trading purposes, and it does not use derivatives with leveraged features. Derivative instruments are traded either with creditworthy major financial institutions or over national exchanges. Instruments that reduce the exposure of assets, liabilities or anticipated transactions to price, currency or interest rate risks are accounted for as hedges. Gains and losses on derivatives that cease to qualify as hedges are recognized in income or expense.

At March 31, 1998, Murphy had interest rate swap agreements with notional amounts totaling \$100 million that serve to convert an equal amount of variable rate long-term debt to fixed rates. The swaps mature in 2002 and 2004 and have a weighted-average fixed interest rate of 6.46 percent. No interest rate swaps were outstanding at March 31, 1997. Using the accrual/settlement method of accounting, the net amount to be received or paid on a quarterly basis under the swap agreements is accrued as part of "Interest Expense" in the Consolidated Income Statement. Although the Company has never terminated an interest rate swap prior to maturity, if it did, any cash paid or received as settlement would be deferred and recognized as an adjustment to "Interest Expense" over the shorter of the remaining life of the debt or the remaining contractual life of the swap.

At March 31, 1998, the Company had a forward foreign currency exchange contract that serves to fix the U.S. dollar cost for Canadian dollar nonrecourse debt associated with the Company's investment in the Syncrude project. When the currency exchange contract matures in December 1998, Murphy will pay US \$28.5 million to acquire the Canadian dollars needed to meet the payment of Cdn \$38 million. The Company records the unrealized difference between the contract exchange rate and the actual period-ending exchange rate in the Consolidated Balance Sheet as an adjustment to "Nonrecourse Debt of a Subsidiary" with the offset to "Accumulated Other Comprehensive Income." When the contract is settled, any adjustment to the difference previously recorded will be included in the same accounts.

The Company previously used crude oil swap agreements to reduce a portion of the financial exposure of its U.S. refineries to crude oil price movements. Unrealized gains or losses on such swap contracts were generally deferred and recognized in connection with the associated crude oil purchase. If conditions indicated that the market price of finished products would not allow for recovery of the costs of the finished products, including any unrealized loss on the crude oil swap, a liability was provided for the nonrecoverable portion of the unrealized swap loss. The final swap matured in the third quarter of 1997. The Company recorded pretax operating results associated with crude oil swaps in "Crude Oil, Products and Related Operating Expenses" in the Consolidated Statement of Income. An after-tax gain of \$4.1 million in the three months ended March 31, 1997 was due to crude oil swaps.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE E - NEW ACCOUNTING STANDARDS

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 131, "Disclosures about Segments of an Enterprise and Related Information," in June 1997. This statement will alter the Company's disclosures about its operating segments beginning with the results for the year ending December 31, 1998 and for each period thereafter, with restated comparative disclosures for earlier periods. This statement does not amend any existing accounting procedures, but it requires disclosures about an enterprise's components for which separate financial information is available and regularly used by the chief operating decision maker in allocating resources and assessing performance. Although the Company has not fully determined the effects that the new statement will have on its future consolidated financial statements, it expects to provide certain additional segment information for revenues, expenses and assets on a geographical basis.

In February 1998, the FASB issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement standardizes the disclosure requirements for pensions and other postretirement benefits and requires additional information on changes in the benefit obligations and fair value of plan assets that is intended to facilitate financial analysis. SFAS No. 132 does not change the measurement or recognition rules related to these benefit plans. To comply with this statement, Murphy will change the benefit plan disclosures in its 1998 annual consolidated financial statements.

The American Institute of Certified Public Accountants' Accounting Standards Executive Committee issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities," in early 1998. This statement requires that start-up and organization costs be expensed as incurred and is effective January 1, 1999. Upon adoption, all start-up costs carried as assets must be written off to net income as a cumulative adjustment. The Company has not determined the amount of the cumulative adjustment that will be made upon adoption of the statement but believes it will be insignificant.

During 1997, the Securities and Exchange Commission amended Regulation S-K to require expanded disclosures concerning a broad range of market-sensitive instruments, including debt and equity securities and derivative instruments, beginning with the Company's 1998 Annual Report. Specifically, the new rules will require the Company to make disclosure outside of the consolidated financial statements of both quantitative and qualitative information concerning the market risks posed by risk-sensitive instruments. As described in Note D, the Company makes limited use of derivative instruments to hedge specific market risks. The Company has not determined which of several acceptable methods it will use to present the required quantitative and qualitative disclosures.

NOTE F - YEAR 2000 ISSUES

The Company has assessed its electronic operating systems to identify those that are not Year 2000 compliant and is developing plans to correct noncompliant systems. Although the Company cannot predict with any degree of certainty the total amount that will be spent to address this issue, the assessment indicates that up to \$5 million of expense could be incurred through 1999 to modify systems to be Year 2000 compliant. The Company is also in the process of communicating with significant vendors and business partners to determine its risks relative to these third parties' systems on which the Company relies. Although the Company expects to have all of its major systems compliant by year-end 1999, there can be no assurance that the Company will not be adversely affected if internal or third-party operating systems encounter Year 2000 problems.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE G - BUSINESS SEGMENTS (UNAUDITED)

(Millions of dollars)	Three Months Ended March 31, 1998		Three Months Ended March 31, 1997	
	Revenues	Income	Revenues	Income

Exploration and production*				
United States	\$ 52.2	7.0	68.3	12.1
Canada	31.2	.5	44.5	7.2
United Kingdom	21.9	.6	34.0	6.1
Ecuador	5.7	1.4	9.0	2.6
Other international8	(3.5)	.3	(3.0)
	-----	-----	-----	-----
	111.8	6.0	156.1	25.0

Refining, marketing and transportation				
United States	268.6	6.0	318.3	5.7
United Kingdom	74.1	4.5	57.2	.4
Canada	7.0	1.9	6.7	1.7
	-----	-----	-----	-----
	349.7	12.4	382.2	7.8

Intrasegment transfers elimination . .	461.5	18.4	538.3	32.8
	(21.9)	-	(31.1)	-
	-----	-----	-----	-----
Corporate	439.6	18.4	507.2	32.8
	1.1	(2.9)	1.1	(2.2)
	-----	-----	-----	-----
	\$440.7	15.5	508.3	30.6
=====				

*Additional details are presented in the tables on page 10.

RESULTS OF OPERATIONS

Murphy Oil Corporation's net income in the first quarter of 1998 totaled \$15.5 million, \$.35 a diluted share, compared to \$30.6 million, \$.68 a diluted share, in the first quarter a year ago. Net cash from operating activities excluding changes in noncash working capital items totaled \$83.1 million in the first quarter of 1998 compared to \$104.3 million a year ago.

All three of the Company's downstream systems reported higher earnings in the current quarter, with refining operations in the U.S. and U.K. particularly benefiting from low crude oil prices. In total, worldwide downstream operations earned \$12.4 million, a 59-percent improvement over the \$7.8 million earned in the first quarter of 1997, which included a \$4.1 million after-tax benefit related to crude oil swap agreements. Exploration and production operations earned \$6 million in the current quarter compared to \$25 million a year ago, as a five-percent increase in U.S. natural gas sales and lower exploration expenses were more than offset by a decline of nearly \$7.00 a barrel in average worldwide crude oil sales prices and a 16-percent reduction in U.S. natural gas sales prices.

Exploration and production operations in the U.S. earned \$7 million compared to \$12.1 million in the first quarter of 1997. Operations in Canada earned \$.5 million compared to \$7.2 million a year ago, and U.K. operations earned \$.6 million in the current quarter, down from \$6.1 million. Operations in Ecuador earned \$1.4 million in the first quarter of 1998 compared to \$2.6 million a year ago. Other international operations reported a loss of \$3.5 million compared to a \$3 million loss a year earlier. The Company's crude oil and condensate sales prices averaged \$14.60 a barrel in the U.S. and \$13.99 in the U.K., decreases of 33 percent and 32 percent, respectively. In Canada, sales prices averaged \$13.27 a barrel for light oil, down 34 percent; \$5.12 for heavy oil, down 61 percent; and \$15.30 for synthetic oil, down 31 percent. The average sales price for production from the Hibernia field, offshore Canada, which came on stream in the fourth quarter of 1997, was \$12.98 a barrel in the current quarter. In Ecuador, sales prices averaged \$8.67 a barrel, down 36 percent. Total crude oil and gas liquids production averaged 54,059 barrels a day compared to 55,078 in the first quarter of 1997. U.S. production declined 18 percent. In Canada, light oil production was down nine percent, synthetic oil production was up two percent, and production at Hibernia averaged 2,481 barrels a day. While heavy oil production in Canada was essentially unchanged from a year ago, production in the current quarter of 10,630 barrels a day was down 14 percent from the fourth quarter of 1997. The decline reflects a selective shut-in of production during the current quarter in response to the substantial drop in heavy oil sales prices. At the end of the first quarter of 1998, heavy oil production in Canada was averaging 8,500 barrels a day, and further reductions should be expected. Production in the U.K. was down 10 percent and production in Ecuador was up one percent. Murphy's average natural gas sales price in the U.S. was \$2.33 a thousand cubic feet (MCF) in the current quarter compared to \$2.76 a year ago. The average natural gas sales price in Canada was down from \$1.77 an MCF to \$1.11. Sales prices averaged \$2.09 an MCF in the U.K. compared to \$2.68 a year ago. Total natural gas sales averaged 249 million cubic feet a day compared to 246 million a year ago. Sales of natural gas in the U.S. averaged 189 million cubic feet a day, up from 180 million in the first quarter of 1997, with this increase principally offset in the U.K., where production from the Amethyst field was shut in during part of the current quarter to repair damages to the field's pipeline. Exploration expenses totaled \$18.1 million in the current quarter compared to \$28.6 million a year ago. The tables on page 10 provide additional details of the results of exploration and production operations for the first quarter of each year.

Refining, marketing and transportation operations in the U.S. earned \$6 million compared to \$5.7 million a year ago, which included the \$4.1 million benefit related to crude oil swap agreements. Operations in the U.K. earned \$4.5 million in the current quarter compared to \$.4 million in the first quarter of 1997. Earnings from purchasing, transporting and reselling crude oil in Canada were \$1.9 million in the current quarter compared to \$1.7 million in the first quarter of 1997. Refinery crude runs were 167,031 barrels a day compared to 151,610 in the first quarter of 1997. Refined product sales were 196,443 barrels a day, up from 159,667 a year ago.

Corporate activities, which include interest income and expense and corporate overhead not allocated to operating functions, reflected a loss of \$2.9 million in the current quarter compared to a loss of \$2.2 million in the first quarter of 1997.

FINANCIAL CONDITION

Net cash provided by operating activities was \$63.3 million for the first three months of 1998 compared to \$101.9 million for the same period in 1997. Changes in operating working capital other than cash and cash equivalents required cash of \$19.7 million in the first quarter of 1998 and \$2.4 million in the 1997 period. Cash provided by operating activities was reduced by expenditures for refinery turnarounds and abandonment of oil and gas properties totaling \$6.1 million in the current quarter compared to \$3.9 million a year ago. 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	Three Months Ended March 31,	
(Millions of dollars)	1998	1997

Exploration and production	\$ 92.7	110.3
Refining, marketing and transportation	9.0	6.6
Corporate3	.2
	-----	-----
	\$102.0	117.1
	=====	=====

Working capital at March 31, 1998 was \$60.5 million, up \$12.2 million from December 31, 1997. 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 \$52.6 million below current costs at March 31, 1998.

At March 31, 1998, long-term nonrecourse debt of a subsidiary was \$178.1 million, up slightly from December 31, 1997 due to changes in foreign currency exchange rates. Notes payable and capitalized lease obligations of \$75.5 million were up \$47.1 million due to additional borrowing for certain oil and gas development projects. A summary of capital employed at March 31, 1998 and December 31, 1997 follows.

Capital Employed	March 31, 1998		Dec. 31, 1997	
(Millions of dollars)	Amount	%	Amount	%

Notes payable and capitalized lease obligations	\$ 75.5	6	28.4	2
Nonrecourse debt of a subsidiary	178.1	13	177.5	14
Stockholders' equity	1,086.0	81	1,079.4	84
	-----	-----	-----	-----
	\$1,339.6	100	1,285.3	100
	=====	=====	=====	=====

OIL AND GAS OPERATING RESULTS (UNAUDITED)

(Millions of dollars)	United States	United Canada	King- dom	Ecua- dor	Synthetic Oil - Other	Canada	Total
THREE MONTHS ENDED MARCH 31, 1998							
Oil and gas sales and operating revenues	\$52.2	18.8	21.9	5.7	.8	12.4	111.8
Production costs	9.9	9.6	7.9	1.8	-	7.1	36.3
Depreciation, depletion and amortization	18.3	8.7	9.9	2.5	-	1.5	40.9
Exploration expenses							
Dry hole costs	5.4	1.0	-	-	2.7	-	9.1
Geological and geophysical costs	2.1	2.0	.3	-	.3	-	4.7
Other costs	.3	.2	.4	-	.7	-	1.6
Undeveloped lease amortization	7.8	3.2	.7	-	3.7	-	15.4
Total exploration expenses	9.4	4.3	.7	-	3.7	-	18.1
Selling and general expenses	4.1	1.7	.8	-	.4	-	7.0
Income tax provisions (benefits)	3.5	(3.3)	2.0	-	.2	1.1	3.5
Results of operations (excluding corporate overhead and interest)	\$ 7.0	(2.2)	.6	1.4	(3.5)	2.7	6.0
THREE MONTHS ENDED MARCH 31, 1997							
Oil and gas sales and operating revenues	\$68.3	27.5	34.0	9.0	.3	17.0	156.1
Production costs	10.3	8.6	8.7	3.5	-	9.8	40.9
Depreciation, depletion and amortization	17.0	7.3	11.2	2.7	-	1.6	39.8
Exploration expenses							
Dry hole costs	14.8	2.2	-	-	-	-	17.0
Geological and geophysical costs	2.6	2.1	.1	-	1.9	-	6.7
Other costs	.5	.2	.6	-	1.0	-	2.3
Undeveloped lease amortization	17.9	4.5	.7	-	2.9	-	26.0
Total exploration expenses	19.7	5.3	.7	-	2.9	-	28.6
Selling and general expenses	3.1	1.3	.8	.1	.4	-	5.7
Income tax provisions	6.1	1.2	6.5	.1	-	2.2	16.1
Results of operations (excluding corporate overhead and interest)	\$12.1	3.8	6.1	2.6	(3.0)	3.4	25.0

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 12 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)

May 11, 1998
(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 January 24, 1996	Exhibit 3.2, Page Ex. 3.2-1, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1997
4 Instruments Defining the Rights of Security Holders. Murphy is party to several long-term debt instruments in addition to the one in Exhibit 4.1, none of which authorizes securities exceeding 10 percent of the total consolidated assets of Murphy and its subsidiaries. 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 Credit Agreement among Murphy Oil Corporation and certain subsidiaries and the Chase Manhattan Bank et al as of November 13, 1997	Exhibit 4.1, Page Ex. 4.1-0, of Murphy's Annual Report on Form 10-K for the year ended December 31, 1997
4.2 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
4.3 Amendment No. 1 dated as of April 6, 1998 to Rights Agreement dated as of December 6, 1989 between Murphy Oil Corporation and Harris Trust Company of New York, as Rights Agent	Exhibit 3 of Murphy's Form 8-A/A, Amendment No. 1, filed April 14, 1998 under the Securities Exchange Act of 1934
10.1 1987 Management Incentive Plan (adopted May 13, 1987, amended February 7, 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 filed May 19, 1997 under the Securities Act of 1933
27 Financial Data Schedule for the three months ended March 31, 1998	Only in electronic filing

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

THIS FINANCIAL DATA SCHEDULE CONTAINS SUMMARY UNAUDITED FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT MARCH 31, 1998, AND THE CONSOLIDATED STATEMENT OF INCOME FOR THE THREE 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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3-MOS	
DEC-31-1998	MAR-31-1998
	16,312
	0
	259,274
	13,483
	151,261
	474,305
	4,516,139
	2,816,220
	2,239,600
413,781	
	253,613
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	0
	48,775
	1,037,274
2,239,600	
	418,820
440,651	
	379,693
	379,693
	18,054
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	1,326
	24,810
	9,269
15,541	
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	0
	0
	15,541
	.35
	.35