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 2011 was $406.1 million ($2.09 per diluted share) compared to net income of $202.8 million ($1.05 per diluted share) in the third quarter of 2010. Net income in the third quarter of 2011 included income from discontinued operations of $70.4 million ($0.36 per diluted share), while the 2010 third quarter included income from discontinued operations of $5.4 million ($0.03 per diluted share). The Company's wholly-owned subsidiary sold the Superior, Wisconsin and Meraux, Louisiana refineries on September 30, 2011 and October 1, 2011, respectively. Beginning in the third quarter of 2011, the results of operations related to the Superior and Meraux refineries have been reported as discontinued operations for all periods presented. The after-tax net gain from disposal of the two refineries netted to $16.9 million.

Excluding discontinued operating results, income from continuing operations was $335.7 million ($1.73 per diluted share) in the third quarter of 2011 and $197.4 million ($1.02 per diluted share) in the same quarter of 2010. Results in 2011 improved in comparison to 2010 due to higher sales prices for crude oil production, stronger U.S. retail gasoline station profits and favorable impacts from transactions denominated in foreign currencies.

For the first nine months of 2011, net income totaled $986.6 million ($5.07 per diluted share) compared to $624.0 million ($3.24 per diluted share) for the same period in 2010. Net income included discontinued operations income of $132.4 million ($0.68 per diluted share) in the 2011 period and a loss from discontinued operations of $6.1 million ($0.03 loss per diluted share) in 2010. Income from continuing operations in the nine-month periods of 2011 and 2010 totaled $854.2 million ($4.39 per diluted share) and $630.1 million ($3.27 per diluted share), respectively.

Net Income

	Three Mos. Ended September 30		Nine Mos. Ended September 30	
	2011	2010	2011	2010
(Millions of Dollars)				
Exploration and Production	$ 261.9	186.7	765.6	652.8
Refining and Marketing	68.9	45.2	129.3	110.8
Corporate	4.9	(34.5)	(40.7)	(133.5)
Income from continuing operations	335.7	197.4	854.2	630.1
Income (loss) from discontinued operations	70.4	5.4	132.4	(6.1)
Net income	$ 406.1	202.8	$ 986.6	624.0
Income per Common share - Diluted:				
Income from continuing operations	$ 1.73	1.02	4.39	3.27
Net income	$ 2.09	1.05	5.07	3.24

Third Quarter 2011 vs. Third Quarter 2010

Exploration and Production (E&P)

The Company's income contribution from E&P operations was $261.9 million in the third quarter of 2011 compared to $186.7 million in the same quarter of 2010. The $75.2 million increase in earnings in the 2011 quarter compared to 2010 was primarily attributable to higher sales prices for crude oil and Sarawak natural gas. The 2011 quarter also benefited by $11.1 million from net income tax matters. A tax benefit of $25.6 million was recorded in Malaysia in the 2011 quarter based on a determination that past costs incurred in Block P are deductible against taxable income of Block K. Also, in the third quarter 2011 the U.K. government enacted a 12% supplemental tax on earnings of oil and gas companies retroactive to April 1, 2011. The impact of this tax increase was a charge of $14.5 million, primarily due to an increase in recorded deferred income tax liabilities.

E&P Metrics

	Three Mos. Ended September 30		Nine Mos. Ended September 30	
	2011	2010	2011	2010
Oil Production Volume - Bbls. per day	96,437	119,899	101,269	130,244
Natural Gas Sales Volume - MCF per day	470,183	371,005	447,044	354,038
Total BOE Production Volume - BOE per day	174,801	181,733	175,776	189,250
Average Realized Oil Sales Price - $ per Bbl.	$ 95.95	65.45	94.36	65.06
Average Realized North American Natural Gas Sales Price - $ per MCF	$ 4.20	4.24	4.26	4.48
Average Realized Sarawak Natural Gas Sales Price - $ per MCF	$ 7.54	5.71	6.76	5.20

Exploration expenses totaled $85.7 million in the third quarter 2011, up from $62.0 million in the 2010 quarter. The increase was primarily attributable to a dry hole and 3D seismic acquired on Block CA-2, offshore Brunei, plus other geophysical costs on the Central Dohuk and Baranan licenses in the Kurdistan Region of Iraq. These exploration expenses were partially offset by lower 3D seismic costs in Republic of the Congo in 2011 and no repeat of dry hole costs incurred in 2010 in the U.K.

Worldwide production totaled 174,801 barrels of oil equivalent per day in the 2011 third quarter, down from 181,733 barrels of oil equivalent per day in the 2010 quarter. Crude oil, condensate and gas liquids production was 96,437 barrels per day in the 2011 quarter compared to 119,899 barrels per day in 2010. The reduction in oil production in the 2011 quarter was mostly attributable to the Kikeh field, offshore Sabah, Malaysia, where wells have been shut-in or curtailed for workovers. A workover program is in progress at Kikeh and results to date have been encouraging. Natural gas sales volumes averaged 470 million cubic feet per day in quarter three 2011, up from 371 million cubic feet per day in the prior year's quarter. The 2011 increase was primarily attributable to higher gas volumes produced at Tupper West in British Columbia and offshore Sarawak, Malaysia. Gas production commenced at Tupper West during the first quarter 2011.

The average sales price for the Company's crude oil, condensate and gas liquids was $95.95 per barrel in 2011 third quarter, up from $65.45 per barrel in the 2010 quarter. Natural gas sales prices in North America averaged $4.20 per thousand cubic feet (MCF) in the 2011 quarter, down slightly from $4.24 per MCF in the 2010 quarter. Natural gas sold from fields offshore Sarawak, Malaysia averaged $7.54 per MCF in the 2011 quarter compared to $5.71 per MCF in the 2010 quarter.

Refining and Marketing (R&M)

The Company's refining and marketing business generated a quarterly profit from continuing operations of $68.9 million in the third quarter 2011 compared to a profit of $45.2 million in the 2010 third quarter. As previously noted, the Company is now presenting the results of its U.S. refining and associated terminal assets sold as discontinued operations. Those results are excluded from the R&M results of continuing operations above. The U.S. R&M segment now includes retail marketing operations, two ethanol production facilities and continued wholesale marketing and trading operations retained after the sale of U.S. refining operations. U.S. R&M continuing operations generated earnings of $88.0 million in the third quarter of 2011 compared to earnings of $59.0 million in the 2010 quarter. The earnings increase for this business in 2011 was principally a result of stronger retail marketing margins compared to the prior year. U.S. retail marketing margins averaged 20.0 cents per gallon in the 2011 quarter compared to 13.7 cents per gallon in the 2010 quarter. The U.K. R&M operations continued to suffer from weak N.W. European refining margins and posted a net loss of $19.1 million in the 2011 quarter. The comparative 2010 net loss was $13.8 million in the U.K.

R&M Metrics

	Three Mos. Ended September 30		Nine Mos. Ended September 30	
	2011	2010	2011	2010
Total Refinery Inputs - Bbls. per day*	314,348	267,988	307,714	215,285
Total Petroleum Product Sales - Bbls. per day*	594,619	584,306	586,928	524,092
U.S. Refining Unit Margin - Per Bbl.*	$ 4.82	0.23	3.45	(0.68)
U.S. Retail Fuel Margin - Per Gallon	$ 0.200	0.137	0.165	0.128
U.K. R&M Unit Margin - Per Bbl.	$ (1.66)	(1.84)	(1.37)	(1.75)

*Includes discontinued operations associated with sold U.S. refineries.

Corporate

Corporate function results were net benefits of $4.9 million in the third quarter of 2011, significantly favorable to the net cost of $34.5 million in the 2010 third quarter. The favorable variance in 2011 was primarily related to markedly improved effects for transactions denominated in foreign currencies. The 2011 quarter included an after-tax benefit from foreign currencies of $28.3 million, compared to after-tax costs of $15.8 million in the 2010 quarter. The current period foreign currency benefit was primarily attributable to a weakening of the Malaysian ringgit against the U.S. dollar, which led to a reduction of income tax liabilities that are to be paid in the local currency. The favorable effect of foreign currencies was partially offset by higher net interest expense in the 2011 quarter, which was associated with both higher average borrowing levels and lower amounts of interest capitalized to oil and natural gas development projects.

Discontinued Operations

Income from discontinued operations was $70.4 million in the third quarter 2011, including operating profits of $53.5 million and a net gain on sale of the two U.S. refineries of $16.9 million, including a gain on the Superior refinery (including associated inventories) of $91.1 million and a loss on the Meraux refinery (including associated inventories) estimated at $74.2 million. A loss on the sale of Meraux has been recorded in the third quarter 2011 because the Meraux business unit qualified for accounting purposes as an asset held for sale, which requires losses to be recorded when they can be estimated based on net realizable sales proceeds. Operating profits in 2011 bested the 2010 profits of $5.4 million due to much stronger refining margins in the 2011 quarter. The net gain on disposal was based on refinery selling prices of $325 million for Meraux and $214 million for Superior, plus the sales of all associated inventories at fair value, which was significantly above the last-in, first-out carrying value of the inventories sold.

First Nine Months 2011 vs. First Nine Months 2010

Exploration and Production (E&P)

The Company's E&P operations earned $765.6 million in the first nine months of 2011 compared to $652.8 million in the same period of 2010. The improvement in year-to-date 2011 earnings versus 2010 was primarily attributable to higher crude oil sales prices and higher natural gas sales volumes and prices at Sarawak fields in the current period. The 2011 period also included a $13.1 million after-tax gain on sale of gas storage assets in Spain and $11.1 million of net income tax benefits. Unfavorable effects in 2011 included lower oil sales volumes and higher production and exploration expenses. Production expenses rose in 2011 due to an ongoing well workover program at the Kikeh field and higher production at onshore fields in the Eagle Ford Shale area in the U.S. and the Montney area of Western Canada.

Total exploration expense was $304.5 million in 2011, up from $181.5 million in 2010. The higher current-year costs were principally associated with unsuccessful wildcat drilling in Indonesia, Suriname and Brunei, plus higher geophysical and lease amortization costs for the Baranan and Central Dohuk licenses in the Kurdistan Region of Iraq. These were partially offset by lower 2011 exploration costs in Malaysia and Republic of the Congo.

Total worldwide production in 2011 was 175,776 barrels of oil equivalent per day, down from 189,250 barrel equivalents in 2010. Total crude oil, condensate and gas liquids production averaged 101,269 barrels per day in 2011, compared to 130,244 barrels per day in 2010. The decline was mostly attributable to lower gross production at Kikeh, where several wells were shut-in or curtailed for workovers. Oil volumes were lower in 2011 in the U.S. due to field decline at Thunder Hawk in the Gulf of Mexico. Natural gas sales volumes increased from 354 million cubic feet per day in 2010 to 447 million cubic feet per day in 2011. The 2011 increase was primarily attributable to start-up of gas production at Tupper West during the first quarter 2011. In addition, gas sales volumes increased in 2011 at fields offshore Sarawak, Malaysia.

The average sales price for crude oil and other liquids was $94.36 per barrel in 2011, compared to $65.06 per barrel in 2010. North American natural gas was sold at an average price of $4.26 per MCF in 2011, down from the 2010 average of $4.48 per MCF. However, natural gas volumes produced offshore Sarawak were sold for $6.76 per MCF in 2011, up from $5.20 per MCF in the prior year.

Refining and Marketing (R&M)

The Company's refining and marketing continuing operations generated a profit of $129.3 million in the first nine months of 2011 compared to a profit of $110.8 million in 2010. Operating results for the U.S. R&M business improved in 2011 versus the prior year due to better retail marketing margins. U.S. profits were $172.9 million in the first nine months of 2011 compared to $135.2 million in the 2010 period. Per gallon margins for retail operations were 16.5 cents in 2011 compared to 12.8 cents in 2010. The U.K. R&M business had a net loss of $43.6 million in the 2011 nine months compared to a loss of $24.4 million in 2010.

Corporate

Corporate after-tax costs were $40.7 million in the first nine months of 2011 compared to costs of $133.5 million in the 2010 period. The significant favorable variance in 2011 compared to 2010 was mostly attributable to improved effects of transactions denominated in foreign currencies in the current period. The after-tax benefits from transactions in foreign currencies were $32.2 million in the 2011 nine months compared to after-tax costs of $58.8 million in 2010. The 2011 period had higher administrative costs compared to 2010, primarily associated with more employee compensation expense in the later period.

Discontinued Operations

Income from discontinued operations associated with the two U.S. refineries sold near the end of the third quarter 2011 was a profit of $132.4 million in the nine months of 2011 compared to a loss of $6.1 million in the 2010 period. The 2011 profit included a $16.9 million net gain on sale of the U.S. refineries, including associated marketing assets and inventories. The improvement in 2011 results was primarily due to significantly improved refining margins coupled with higher crude oil throughputs at the refineries in the 2011 period.

David M. Wood, President and Chief Executive Officer, commented, "We're pleased to have recently completed our entry into the Baranan exploration license, at a 25% working interest, in the Kurdistan Region of Iraq. Drilling plans are moving forward with operations expected to commence in early 2012. Following the first well in Brunei Block CA-2, which found hydrocarbons in noncommercial quantities, we are presently drilling the second well on that block, and have just commenced drilling on the first CA-1 well, with many promising prospects left to drill across this acreage. Activities on the Company's North American resource acreage will be further expanded in coming months with the addition of two rigs in the Eagle Ford Shale oil window. The workover program at Kikeh is proving successful with production from the field exceeding our anticipated volume in the just completed third quarter. Additionally, our U.S. retail marketing business contributed another quarter of strong profits. Murphy's partnership with Walmart to provide customers a deep discount gasoline offer continues through Christmas Eve and is being well received. We are pleased to have completed the sale of the two U.S. refineries at the end of the third quarter as this was an important step in our repositioning efforts. We will now refocus on selling our U.K. downstream assets in 2012.

"We anticipate total worldwide production volumes of 198,000 barrels of oil equivalent per day in the fourth quarter of 2011. Sales volumes of oil and natural gas are projected to average 193,000 barrels of oil equivalent per day in the fourth quarter 2011. We anticipate a year-end exit rate near 218,000 barrel equivalents per day. At the present time, we expect net income in the fourth quarter to range between $1.35 and $1.70 per diluted share. The fourth quarter estimate includes projected exploration expense ranging between $75 million and $150 million during the quarter, and earnings from our continuing downstream businesses of approximately $40 million. Results could vary based on commodity prices, drilling results, timing of crude oil and natural gas sales, refining and marketing margins, and foreign exchange movements."

The public is invited to access the Company's conference call to discuss third quarter 2011 results on Thursday, November 3 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 1-888-300-2343. The telephone reservation number for the call is 8833484. 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 7 by calling 1-888-203-1112 and referencing reservation number 8833484. 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, customer demand for our products, political and regulatory instability, and uncontrollable natural hazards.For further discussion of risk factors, see Murphy's 2010 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	**2011**	**2010***
Revenues	$ 7,240,443,000	5,200,334,000
Income from continuing operations	$ 335,741,000	197,437,000
Net income	$ 406,114,000	202,832,000
Income from continuing operations per Common share		
Basic	$ 1.74	1.03
Diluted	1.73	1.02
Net income per Common share		
Basic	$ 2.10	1.06
Diluted	2.09	1.05
Average shares outstanding		
Basic	193,517,785	191,943,813
Diluted	194,411,116	193,437,992
FIRST NINE MONTHS		
Revenues	$ 20,928,041,000	14,605,643,000
Income from continuing operations	$ 854,199,000	630,078,000
Net income	$ 986,630,000	624,012,000
Income from continuing operations per Common share		
Basic	$ 4.42	3.29
Diluted	4.39	3.27
Net income per Common share		
Basic	$ 5.10	3.26
Diluted	5.07	3.24
Average shares outstanding		
Basic	193,342,825	191,577,000
Diluted	194,548,846	192,866,485

*Reclassified to conform to current presentation.

SOURCE: Murphy Oil Corporation

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