MURPHY
OIL CORPORATION

BASICS OF A PRODUCTION SHARING CONTRACT

2026 Webinar Series, Part 3

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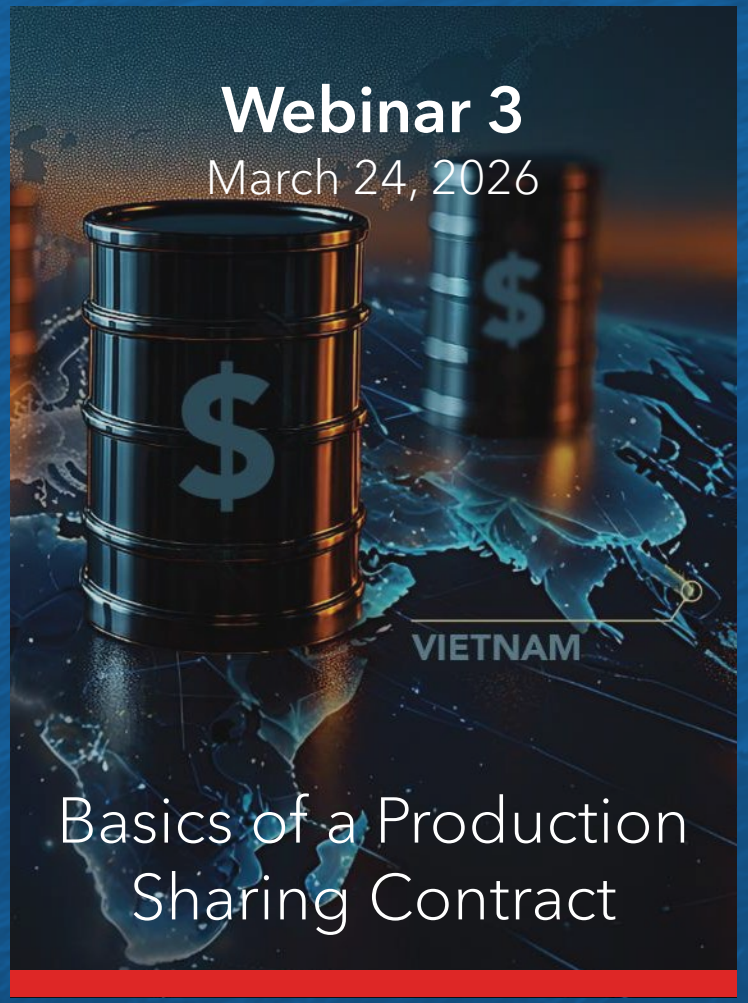
ERIC HAMBLY

President and Chief Executive Officer

MURPHY WEBINAR SERIES

MURPHY OIL CORPORATION

WEBINAR 3 – PRODUCTION SHARING CONTRACTS (PSCs)



1. Overview of PSCs
2. PSC Components and Framework
3. Illustrative PSC
4. Entitlement Production & Cash Flows

CHRIS OLSON

Senior Vice President of Exploration and Subsurface

HISTORY OF PRODUCTION SHARING CONTRACTS

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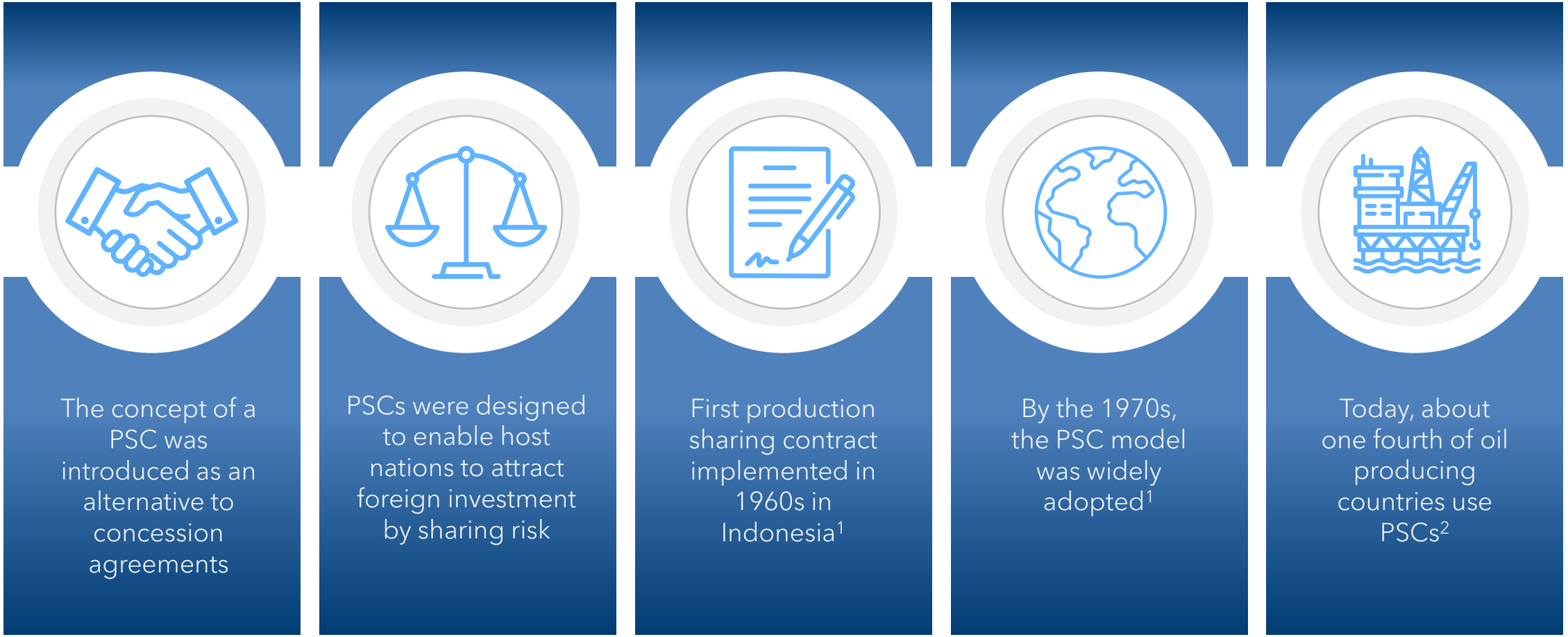


1 Bansal, A. K. (2017); International Petroleum Fiscal System – Production Sharing Contracts
2 S&P and Welligence

PSCs REDUCE EARLY-STAGE RISK THROUGH COST RECOVERY

Designed to Attract Investment through Limiting Investor Cost Exposure

Early-Life Protection

Priority access to production for cost recovery improves payback timing and limits capital at risk

Progressive Terms Align Risk with Returns

Government participation increases only after costs are recovered and profitability is established

Under PSCs, contractors trade some upside for materially lower early-stage risk and more predictable cash flows

	Concession (Tax and Royalty)	PSC (Production Sharing Contract)
Ownership of Hydrocarbons	Contractor owns hydrocarbons once produced	State retains ownership of hydrocarbons
Fiscal Regime	Contractor pays royalties plus taxes regardless of profitability	Government take largely comes from profit share pool, not gross revenue
State Involvement	Limited; State acts as a regulator and tax collector	Higher participation; NOC often a partner
Commodity Price Upside	Contractor benefits from higher prices	Contractor upside is limited with profit share tiering
Commodity Price Downside	Contractor bears risk	Contractor is protected with cost recovery

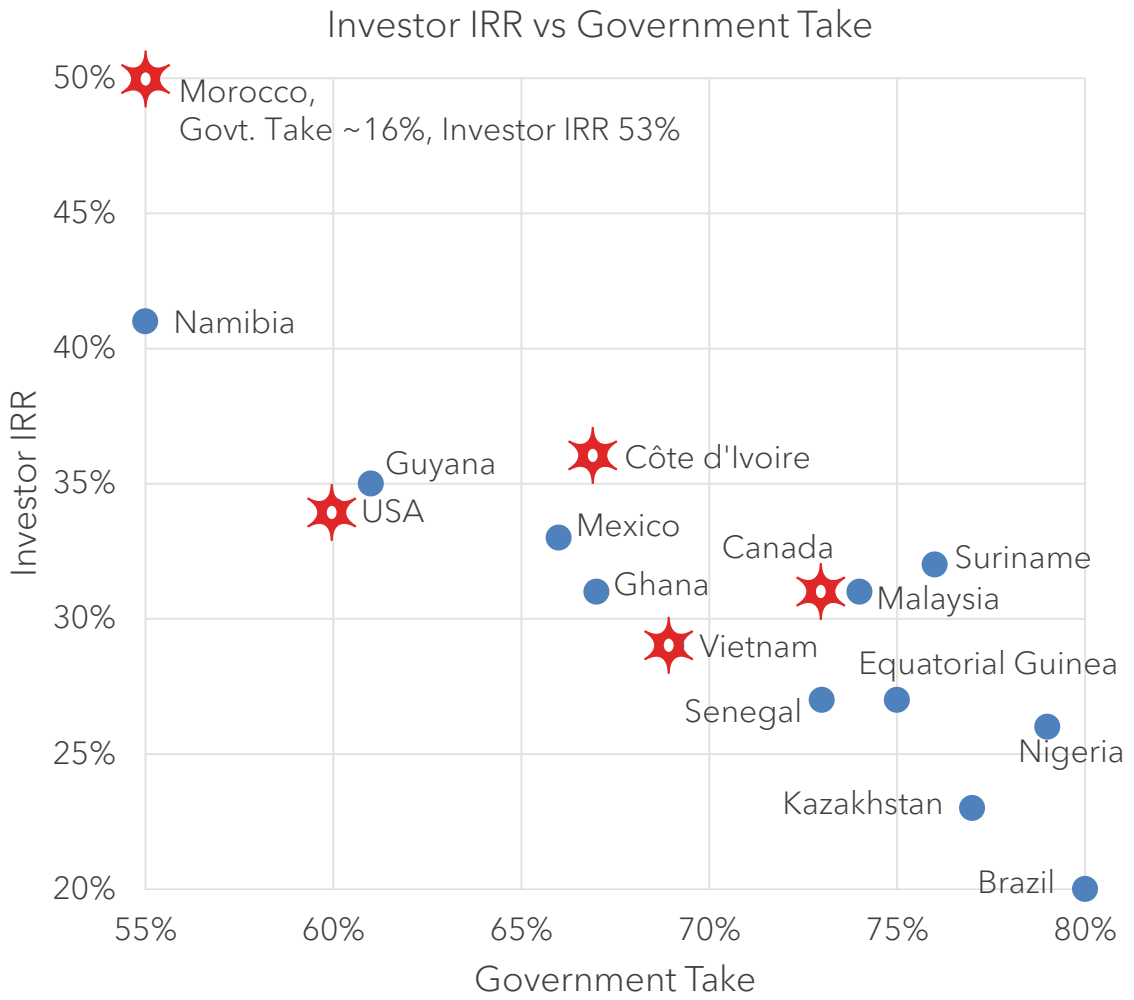
GOVERNMENT TAKE: BALANCING RISK AND REWARD

Timing Matters – Basin Maturity Influences Fiscal Terms

- Mature Basins – perceived lower risk, tightened terms with higher government take
- Early Stage – perceived higher risk with softer fiscal terms to attract investment

PSC Regimes are Competitive

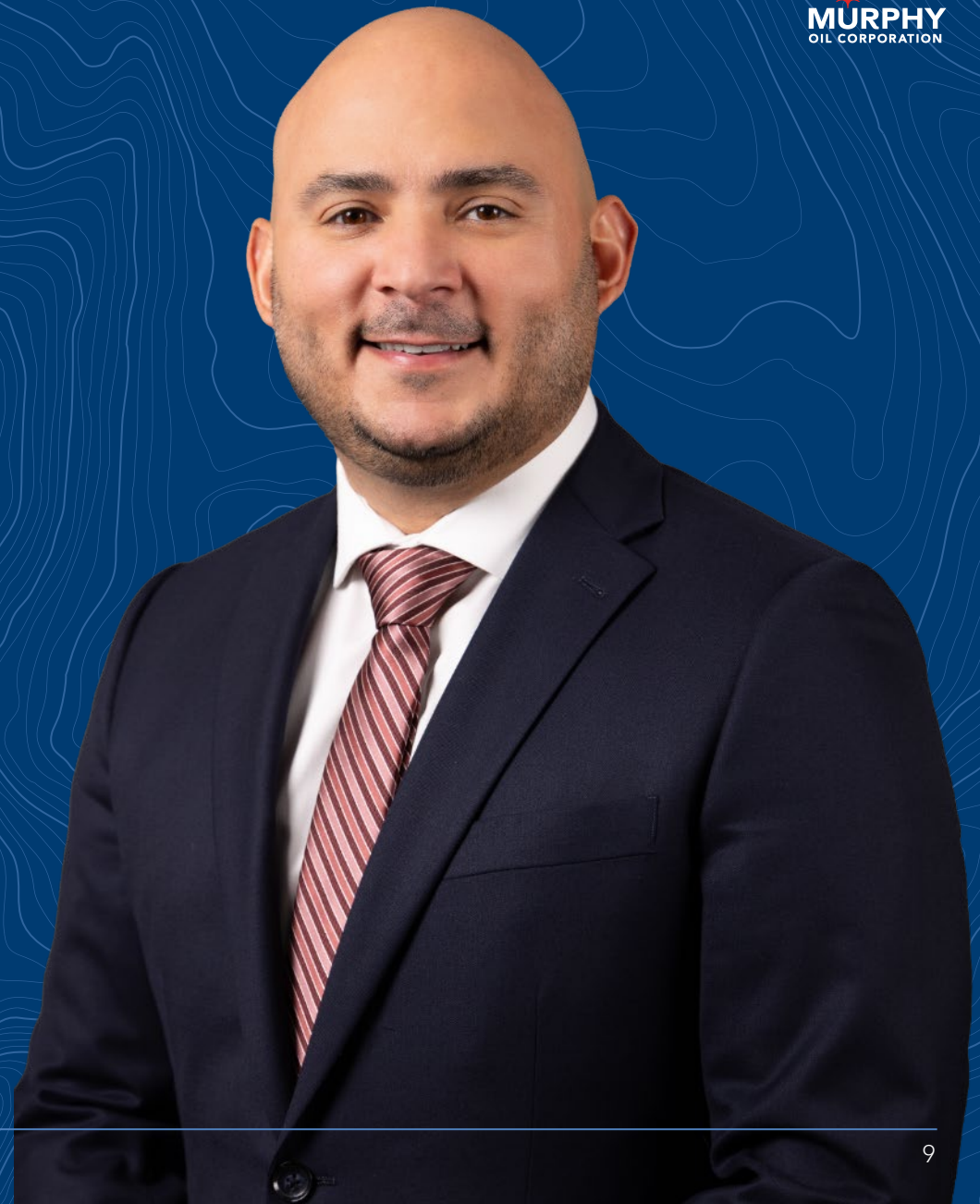
- Strong partnership with the national oil company (NOC) leads to better negotiation outcomes throughout the life of the PSC
- PSCs can deliver attractive investor returns (IRRs > 20%) even when government take seems relatively high
- Effective and disciplined operators can thrive in a PSC structure



Source: S&P; Generic 250 MMBOE case at $75 WTI price with 3% inflation; For countries with multiple fiscal regimes, deepwater fiscal terms are shown; Government Take includes royalties, production sharing and taxes

FRANCISCO GARCIA

Senior Vice President of Development and Engineering



STRUCTURAL COMPONENTS OF VIETNAM MODEL PSC

In Vietnam, PSC fiscal mechanisms are applied at the block level, not on a field-by-field basis

Royalty

- Incremental sliding scale tied to daily production

Cost Recovery

- Eligible costs are 100% recoverable over life of PSC; annual recovery capped at certain percentage of gross annual production[1]

Profit Sharing

- Incremental sliding scale tied to daily production

Crude Oil Export Tax

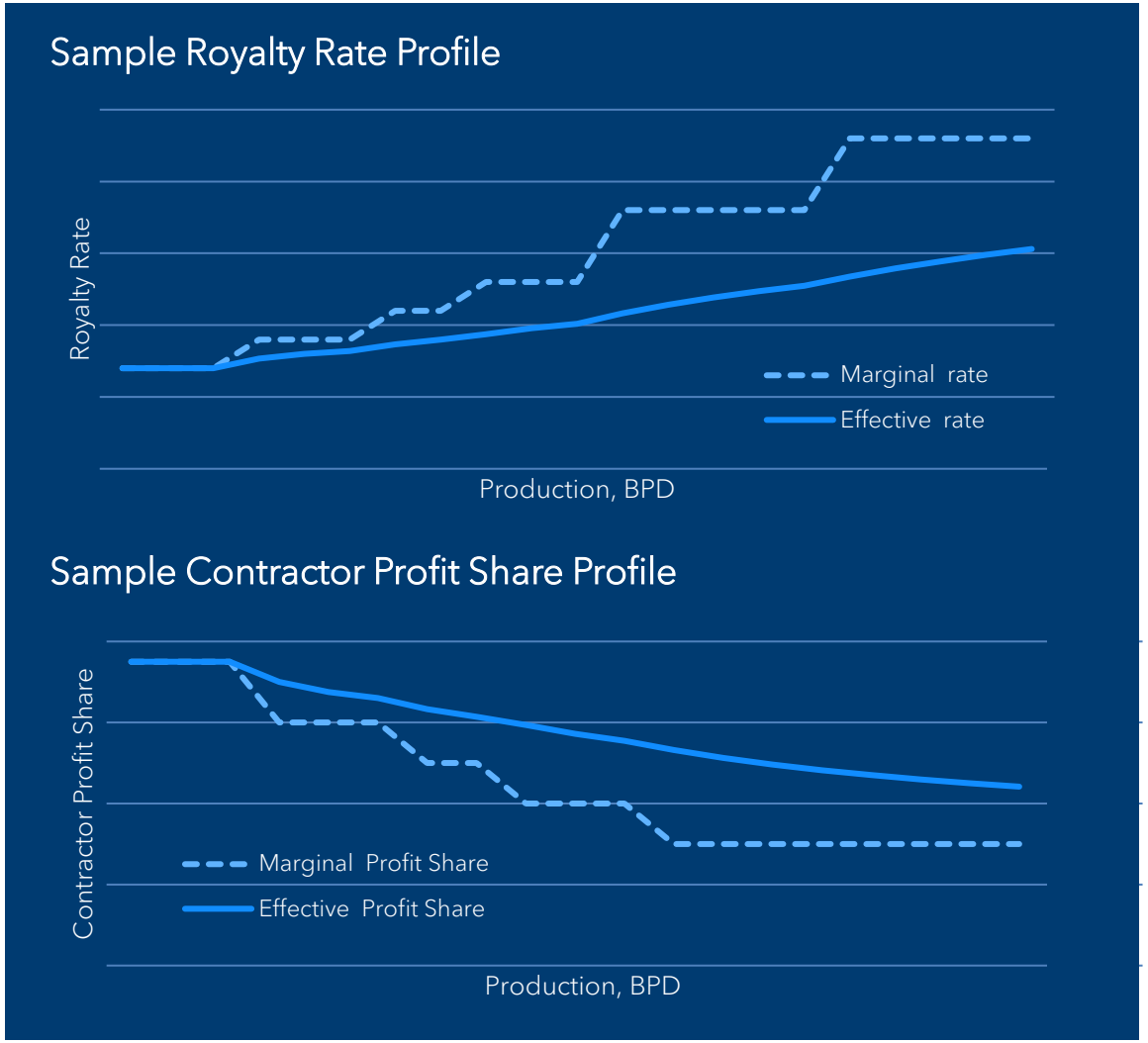
- Levied on oil exported outside Vietnam

Environmental Protection Charges

- Levied on oil and gas production

Corporate Tax

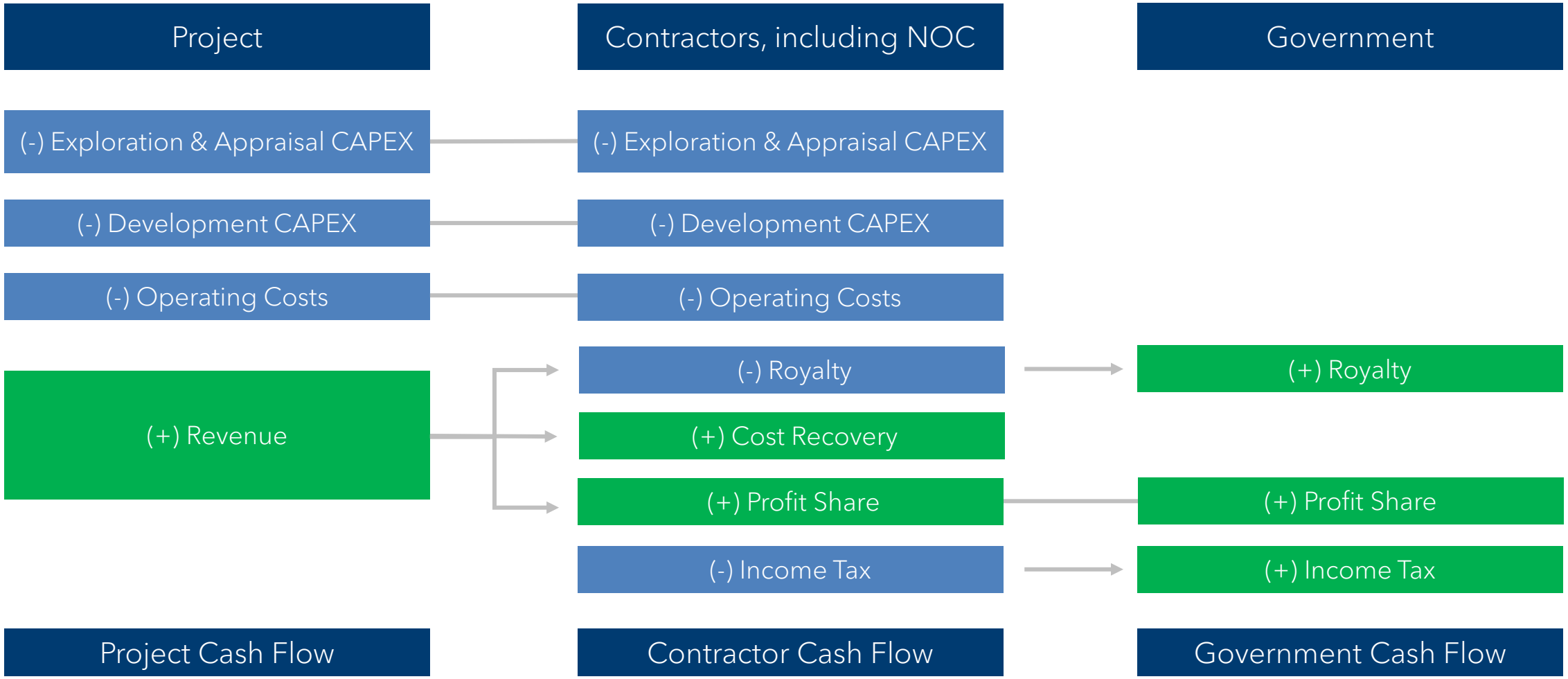
- Levied on taxable income[2]



Note: Vietnam's model PSC has evolved with its Petroleum Laws, with 3 public iterations of model (2005, 2013 and 2022). Each PSC's applicable laws are dependent on its execution date. Block 15-1/05 was executed in 2007 and Block 15-2/17 was signed in 2019

1 50% - 80% per Vietnam Petroleum Law 2022 (No. 12/2022/QH15) - Article 33
2 25% - 50% per Vietnam Petroleum Law 2022 (No. 12/2022/QH15) - Article 67

HOW REVENUE FLOWS IN A MODEL PSC



Note: Illustration reflects key components of a PSC model, and is not all inclusive. PSC structures vary by country.

ILLUSTRATIVE PSC CASH FLOW

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Fictional PSC Terms

Royalty: Sliding-scale royalty based on production
(*Model assumes 5%)*

Cost Recovery: 100% recoverable over life of PSC; annual recovery capped at a certain percentage of gross annual revenue
(*Model assumes 50% annual cap)*

Profit Share: Remaining revenue after royalty and cost recovery; shared on a sliding scale at the block level
(*Model assumes 50% contractor share)*

Corporate Tax: Applied to taxable portion of contractor profit share at the block level
(*Model assumes 50% tax)*

Sample PSC Cashflow Model Based on Fictional PSC Terms

First Production

Cost Current

		Yr 1	Yr 2-4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12
	Costs										
A	Exploration $MM	$100									
B	Appraisal $MM		$100								
C	Development $MM		$500	$100							
D	Operating Costs $MM ($10/BOE)			$55	$55	$55	$55	$55	$55	$55	$55
	Production & Revenue										
E	Price, $			$75	$75	$75	$75	$75	$75	$75	$75
F	Production MBOED			15	15	15	15	15	15	15	15
G	Gross Annual Production MMBOE			5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
H	Revenue $MM: Price (E) x Production (G)			$411	$411	$411	$411	$411	$411	$411	$411
	Cost Recovery										
I	Cumulative Cost Bank	$100	$700	$855	$910	$964	$1,019	$1,074	$1,129	$1,183	$1,238
J	Cost Recovery: 50% x Revenue (H), until cost current			$205	$205	$205	$205	$205	$102	$55	$55
K	Cumulative Cost Recovery (Cum. of J)			$205	$411	$616	$821	$1,027	$1,129	$1,183	$1,238
L	Remaining in Cost Bank (I-K)	$100	$700	$649	$499	$348	$198	$47	$0	$0	$0
	Royalties & Profit Share										
M	Royalties: 5% of Gross Revenue (H)			$21	$21	$21	$21	$21	$21	$21	$21
N	Gross Profit Share Pool (H-J-M)			$185	$185	$185	$185	$185	$288	$335	$335
O	Contractor Profit Share (50% x N)			$92	$92	$92	$92	$92	$144	$168	$168
	Contractor Cashflows										
P	Contractor Revenue (J+O) $MM			$298	$298	$298	$298	$298	$246	$222	$222
Q	Less Opex (D)			($55)	($55)	($55)	($55)	($55)	($55)	($55)	($55)
R	Less Taxes (50% x O)			($46)	($46)	($46)	($46)	($46)	($72)	($84)	($84)
S	After-tax Operating Cashflow (P-Q-R)	$0	$0	$197	$197	$197	$197	$197	$119	$84	$84
T	**After Tax Free Cashflow (S – sum of A + B + C)**	**($100)**	**($600)**	**$97**	**$197**	**$197**	**$197**	**$197**	**$119**	**$84**	**$84**
	Entitlement Production										
U	Entitlement Production MMBOE (P/E)			4.0	4.0	4.0	4.0	4.0	3.3	3.0	3.0
V	Entitlement Production % (U/G)			73%	73%	73%	73%	73%	60%	54%	54%

ENTITLEMENT PRODUCTION OVER THE PROJECT LIFE

Entitlement Production is Comprised of

- Cost Recovery
- Profit Share

Cost Recovery: Contractor recovers eligible exploration, development and operating costs from defined share of production revenue

Profit Share: Remaining production is allocated between government and contractor as defined by the PSC

Production Entitlement will Vary by Year Depending on Ratio of Cost Recovery and Profit Share

Sample Entitlement Production

Note: The barrel illustration depicts the allocation of gross production/revenue between parties; this is not an illustration of cash flow and does not include taxes

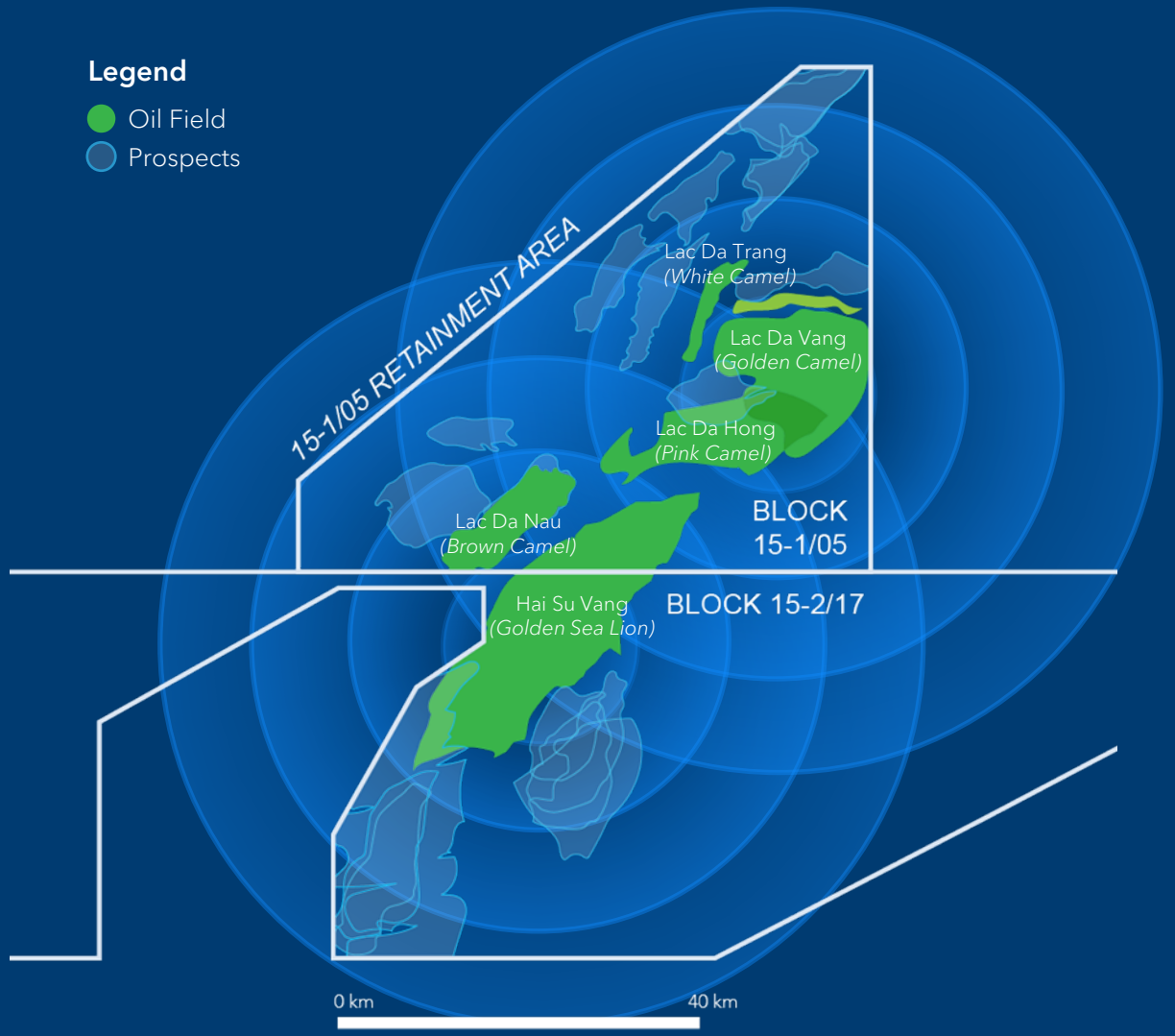
VIETNAM PSC VALUE OPTIMIZATION

Vietnam's PSCs are Structured at the Block Level

- Royalty, cost recovery, profit sharing, and corporate income tax apply at the block level

Contract/Block-Level Structure Supports Value Optimization

- Encourages investment by allowing a block with multiple fields (e.g. Block 15-1/05) to offset costs from one field against profits from another for tax or cost-recovery purposes
- Accelerates cash flow and value realization



MULTI-FIELD DEVELOPMENT UNDER VIETNAM MODEL PSC

Accelerated Cost Recovery and Earlier Free Cash Flow

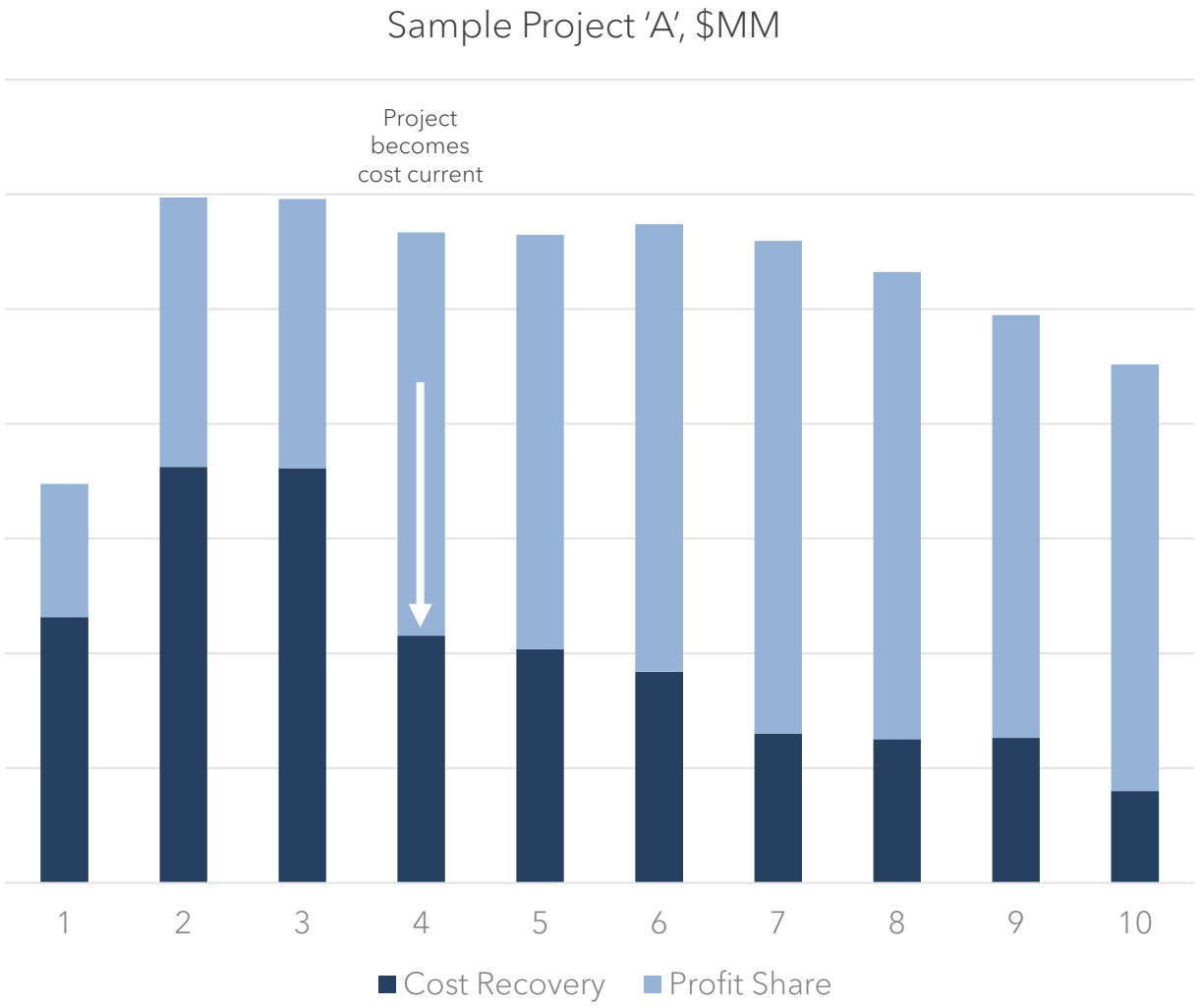
Improved timing of cashflows driven by cost recovery priority and cost balance

Value Optimization

Combining fields at different maturity stages allows cash flow from producing assets to support newer developments

Improved Project Economics and Returns

Future tieback projects benefit by achieving earlier cost recovery from anchor project volumes



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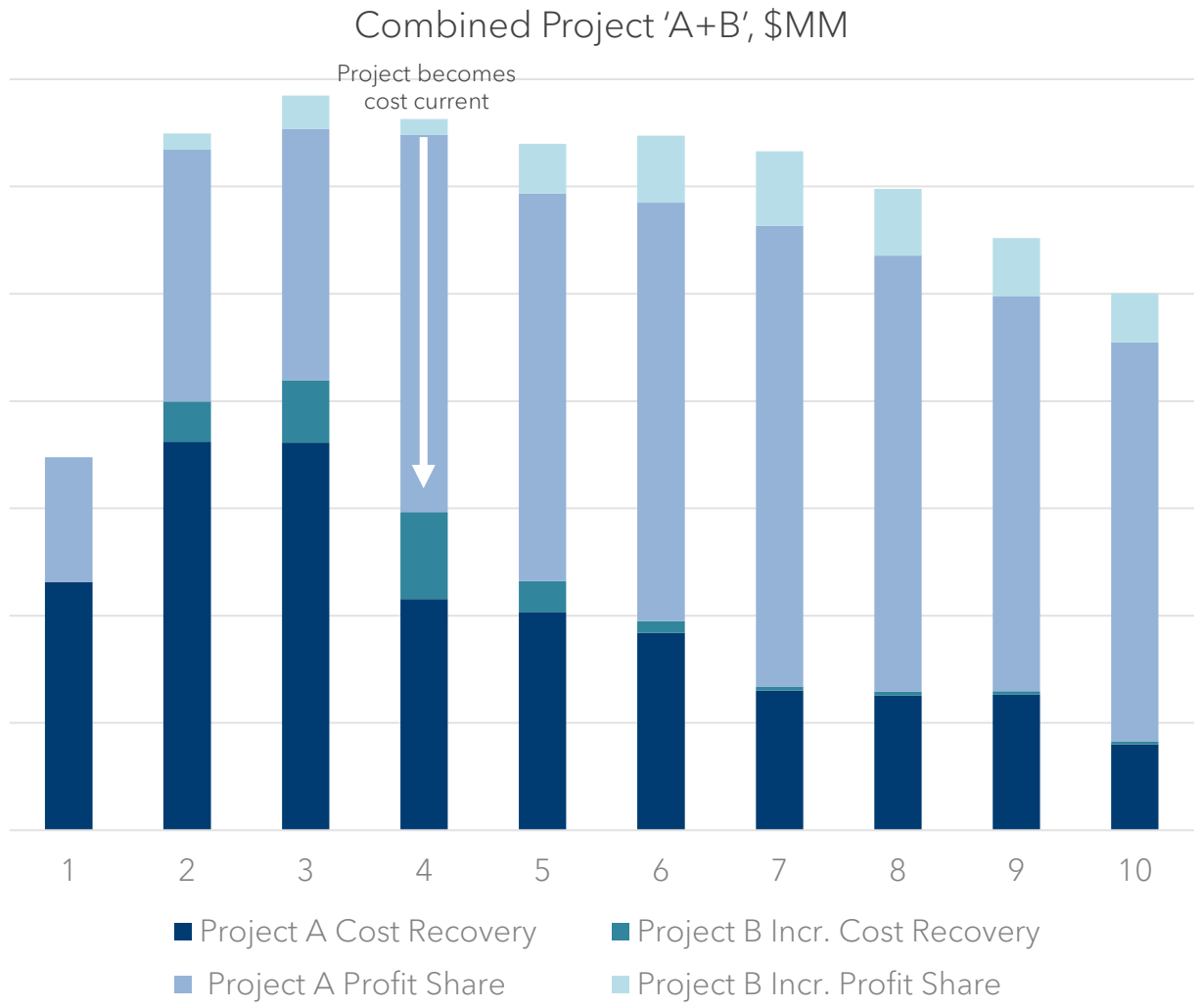
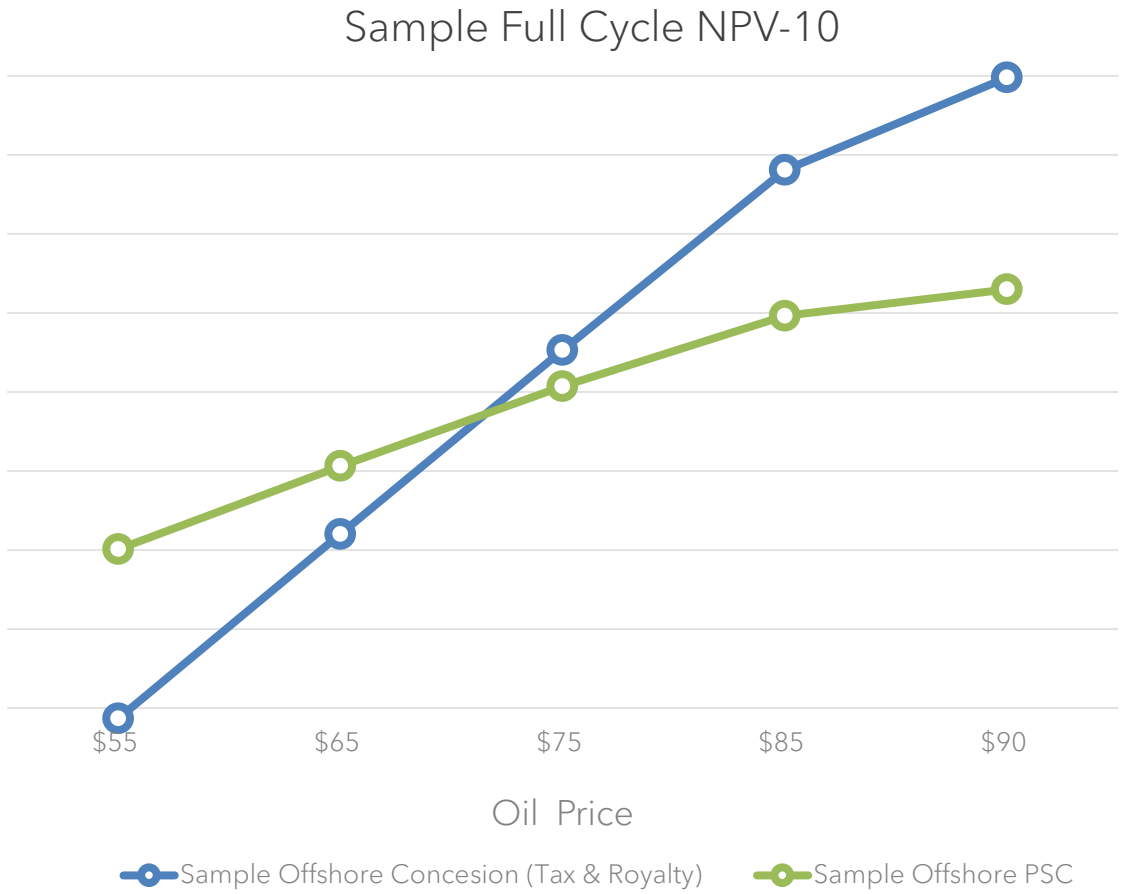


CASH FLOW RESILIENCE ACROSS OIL PRICE SCENARIOS

PSC Structure Delivers More Stable and Predictable Cash Flows During Price Cycles

In PSCs, cost recovery is prioritized up to a defined revenue threshold before government profit oil sharing, enabling:

- Indirect risk sharing with the government
- Improved early cashflows
- Tiered profit share, more progressive and less burdensome in low margin scenarios
- Limited project value variability under price volatility
- Lower minimum economic field size required for development



The World Needs Exploration Today To Meet Energy Demand Tomorrow

- With shale production expected to peak by the end of the decade, energy supply will drop sharply as demand rises
- Ongoing exploration is critical to replace shale production and meet the increased future energy demand
- Average annual discoveries have been shrinking, while time to first oil has increased
- Many companies today lack the capabilities and strategic focus to explore and develop internationally

Exploration Today is Critical to Meet Energy Demands Tomorrow

We Are Oil Finders, Providing Energy That Empowers People

- Murphy maintained focus on exploration as the industry shifted to shale
- Murphy has built a differentiated exploration culture and development capabilities that set it apart from peers
- Murphy has a 60% exploration success rate since 2024
- On average, Murphy can bring projects online 40% faster than peers
- Murphy is the only company of its size with the strategic focus and required skillset to explore and develop internationally

Exploration Today is Critical to Meet Energy Demands Tomorrow

We Are Oil Finders, Providing Energy That Empowers People

Vietnam Is the Next Growth Engine for Murphy Oil

- Vietnam offers a stable investment environment for foreign capital
- PSC provides downside protection through early cost recovery
- The Cuu Long Basin's shallow-water setting, Brent-linked pricing, and existing infrastructure delivers high-margin cash flow
- Murphy has a 100% exploration success rate in Vietnam, with current discoveries expected to lead to a 30 to 50 MBOEPD business
- Ongoing exploration and appraisal campaign represents future upside

Exploration Today is Critical to Meet Energy Demands Tomorrow

We Are Oil Finders, Providing Energy That Empowers People

Vietnam Is The Next Growth Engine For Murphy Oil


EXPLORE | DEVELOP | DELIVER
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