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PRESENTATION

Operator

Good morning. My name is Fern and I will be your conference operator today. (Operator Instructions)

Thank you. I will now turn it over to Atif Riaz, Vice President of Investor Relations and Treasurer.

Atif Riaz - *Murphy Oil Corp - Vice President - Investor Relations, Treasurer*

Thank you, Fern. Good morning, and welcome to our second-quarter 2026 earnings conference call. Joining me today are Eric Hambly, President and CEO; Tom Mireles, Executive Vice President and CFO; and Chris Lorino, Senior Vice President of Operations.

Yesterday, after market close, we issued our second quarter earnings release, a slide presentation and a stockholder update. These documents can be found on Murphy's website, and we will reference them today throughout our call. As a reminder, today's call contains forward-looking statements as defined under US securities laws. No assurances can be given that these events will occur or that the projections will be attained.

A variety of factors exist that may cause actual results to differ. For further discussion of risk factors, please refer to our most recent annual report filed with the SEC. Murphy takes no duty to publicly update or revise any forward-looking statements, except as required by law. Throughout today's call, production numbers, reserves and financial amounts are adjusted to exclude noncontrolling interest in the Gulf of America.

I will now turn the call over to Eric for opening remarks.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Thank you, Atif, and thanks to everyone for joining us. We released detailed earnings materials yesterday, so I will keep my comments focused this morning. I want to spend most of my time on the key developments in the quarter, including what we learned through our exploration and appraisal program, how those learnings are shaping our capital allocation and why we believe these investments strengthen Murphy's long-term outlook.

The most important development this quarter was the Bubale discovery in Côte d'Ivoire. Just as important as the result itself is the disciplined exploration process that led us here. We entered Côte d'Ivoire with a clear thesis and a 3-well exploration strategy. And although the first 2 wells were noncommercial, we remain confident in Bubale's prospectivity and continuing to execute the plan. That patience and technical conviction paid off as the well encountered oil in both the Turonian and Cenomanian reservoirs.

Now we want to be very clear about where we are in the process. While Bubale has the potential to become a significant growth driver for Murphy, there is still important appraisal work ahead. The next step is to understand the scale, quality, continuity and economics of the resource. That work is now underway with the Bubale West-1X, which we spud in July to begin appraisal of the Turonian reservoir. It is the first of up to 5 potential appraisal wells. I emphasize potential because this will be a staged data-driven process over the next 18 to 24 months with each well determining the scope and direction of the remaining appraisal program.

An 18- to 24-month appraisal program may sound lengthy, but this is how we protect value. In our business, value can be destroyed long before a development well is ever drilled by misunderstanding the resource, overbuilding the project or committing capital too early. Appraisal helps us avoid those mistakes by giving us the technical confidence to rightsize the development and make disciplined capital decisions.

Hai Su Vang in Vietnam exemplifies the importance of that discipline. Hai Su Vang-4X was a dry hole. And based on the new data, we have reduced our resource estimate. There is no sugar coating it. This is not the outcome we were hoping for. However, the appraisal program gave us critical insights, allowing us to now calibrate the field development plan before we commit significant capital in the coming years. Following the Hai Su Vang resource estimate revision, I want to emphasize two important points.

First, even at the revised estimate, Hai Su Vang remains a material 200 million to 300 million barrel oil equivalent opportunity, approximately 2 to 3 times the size of Lac Da Vang. And second, our Vietnam peak production outlook of 30,000 to 50,000 barrels of oil equivalent per day remains unchanged. We may come closer to the lower end based just on what we know today, but the final outcome will depend on what additional tieback opportunities we identify as we move forward. The key takeaway is that we now have greater clarity around our opportunity set with many compelling projects competing for capital. That brings me to our revised capital program and how we're thinking about investments going forward.

We're increasing the midpoint of our 2026 capital expenditure estimate from $1.25 billion to $1.55 billion. This is not about chasing activity or reacting to price. It's a deliberate decision to fund specific high-value opportunities now in front of us with almost all of the increase supporting Murphy's organic growth. Roughly $190 million relates to Bubale, including $100 million of incremental spend on the discovery well and $90 million for the first appraisal well. Another $70 million is going into the Eagle Ford, which is expected to add approximately 5,000 to 6,000 barrels of oil equivalent per day in 2027.

I want to take a minute to talk about the Eagle Ford decision because it highlights the key role this asset plays in our portfolio. As our offshore opportunity set expands, we can fund part of that growth through near-term, high-return production and cash flow. Eagle Ford is one of our best assets to do that. It is flexible, oil-weighted and capable of efficiently translating capital into production. Going forward, we expect the Eagle Ford to become an increasingly important source of cash flow and financial flexibility across the business. This is the strength of our multi-basin portfolio in action, not a change in capital discipline.

Our ability to fund growth through our base business while maintaining financial strength was evident this quarter. We generated $110 million of free cash flow, returned $50 million to shareholders through the dividend, maintain leverage below 1 times and ended with approximately $2.5 billion of liquidity. Even with the revised capital program at current commodity prices, we expect to generate positive free cash flow for the full year.

Operationally, second quarter production averaged 169,000 barrels of oil equivalent per day, above the midpoint of our guidance, led by stronger performance at Tupper Montney and continued outperformance in the Eagle Ford. In the Gulf of America, Chinook number eight is now through drilling after reaching a total depth of 26,000 feet and remains on track to come online in the fourth quarter. Lac Da Vang is also on schedule for first oil in the fourth quarter with the pipeline, topsides and FSO milestones now complete.

As we look ahead, years of capital discipline and technical rigor are beginning to translate into a portfolio with multiple exciting pathways to growth. This is the Murphy model in action, identify the opportunity, test it with discipline, develop it safely and efficiently and fund it through resilient cash flow and financial strength. This full cycle capability and track record across geographies, asset types and development stages sets Murphy apart and positions us to convert the opportunity ahead into lasting shareholder value.

With that, we are ready to take your questions.

QUESTIONS AND ANSWERS

Operator

We will now begin the question-and-answer session. (Operator Instructions)

Arun Jayaram, JP Morgan Securities.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Eric, good morning. I appreciate the comments in the shareholder letter. Exploration as is investing can be humbling, but did want to maybe get your thoughts on next steps at HSV, what needs to happen in terms of kind of moving to that FID decision in 2027? And can you give us a little bit of an update on how you are thinking about kind of the development options for HSV?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Arun, thanks for that. Great question. Obviously, we're disappointed that the 4X well was a dry hole. But I will say that we're still very excited about what is a very significant development for us, 200 million to 300 million barrel field in shallow water will have very attractive economics. I would have loved for it to be larger. We now have a lot of confidence in the size of the resource and gaining increasing knowledge about how we're going to develop the field in terms of the well count, well spacing and the type of facility concept is something we'll be evolving over the coming year or so.

We are looking at a number of options for the development. One option would be an FPSO. The other option would be a processing platform with a series of wellhead platforms tied to an FSO similar to our Lac Da Vang project. Those are things that we will assess as we plan a development of the field over the coming 12 months or so. We're going to work closely with our partners on a series of approvals required to achieve an approved field development in Vietnam. And after we do that, we will take the project to our Board for a final investment decision.

As we highlighted in our letter, we're targeting that in the fourth quarter of 2027. And I think we're well on track to do that. Really happy with this significant discovery that will help us build a really material business in Vietnam. And I think we're going to create a lot of value for our shareholders. And I don't think we're getting a lot of recognition of that value creation today, and we're happy to demonstrate our ability to continue to execute developing projects 40% faster than the industry.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Great. And maybe my follow-up, you've spud now Bubale West in July. It looks like you'll be appraising the Turonian. Maybe just give us a sense of what your concept is for this appraisal well? And what will be the governor of the next -- the development or the appraisal program, which could include up to five wells?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Yeah, thanks for that. As we've featured before, we drilled the discovery well in a position where the Turonian and the Cenomanian cross. There was one location where we could test both reservoirs. We were fortunate to be able to find oil in both Turonian and Cenomanian. And that leaves us with a need to understand the lateral extent of the field, the variability in reservoir quality and thickness across 2 different reservoir intervals and also importantly, learn how much of those structures are oil field.

So the next well that we moved to Bubale West-1X is moving down dip in the Turonian. The main objective of the well is to test for continuity and variability of reservoir sands and also hopefully determine to prove a deeper oil level than is proven at the base of the Bubale-1X well. We're very intentionally targeting the well to give us high confidence that we have a resource in the Turonian that is in line with or in excess of the volume we need to have a commercial development.

As we sit today, we think what we found is a commercial, but we don't have high confidence because we have 1 penetration in 2 reservoirs, very large reservoirs to test, very large lateral extent, and we're hoping this well gives us high confidence that we'll be able to then move forward with the development as quickly as possible while we continue to assess and appraise the full size and value of the field.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Great. Thanks, Eric.

Operator

Neil Mehta, Goldman Sachs.

Neil Mehta - *Goldman Sachs Group Inc - Analyst*

Yeah. Eric, I want you to unpack a little bit of the decision to pull forward activity in the Eagle Ford. You alluded to it a little bit in your comments, but maybe you talk about why you thought this was the right environment and what kind of incremental returns you're going to get on the incremental CapEx associated with the $70 million acceleration.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Before I get just into the Eagle Ford, I want to back up a bit and talk about how we've been thinking about our overall company business. What we said over the last few years is we thought we could develop our kind of base business, continue to develop that and also our emerging and growing Vietnam business with a capital program that's sort of in a $1.2 billion to $1.3 billion range. And that any additional spending to develop something like Bubale would likely be additive or largely additive.

And I would say where we sit today, that is still true. So as we look forward and think we want to maintain our Canadian onshore business effectively flat, maintain the scale of our Gulf of America business relatively flat through the rest of this decade. We look at additional need for CapEx for appraising and developing Bubale and the place that we found was most optimal to help provide part of that is through accelerating our Eagle Ford. If you look at our Eagle Ford business, we've had increasingly strong well performance over the last few years, generating strong free cash flows even in periods of fairly low oil price in the past couple of years.

And so the reliability of it and the flexibility of it, we look at it and say, this is a great place to invest a little bit more that will generate more free cash flow next year and likely through the end of the decade that will help us fund the appraisal of Bubale. And then as we move into additional volume growth out of Vietnam, we'll have even stronger cash flows. So it's the best place to find oily production, and we can do it scalably, and we've had very strong returns and increasing well performance from Eagle Ford. So it's kind of the go-to place to do it.

And I think you'll see us, as we highlighted in our materials, increased spending this year, which leads to increased free cash flow next year. And while we haven't formulated a plan that we've released for '28 through 2030, I think you'll see us increasingly lean into that if it allows us to continue to generate more free cash flow. So really about creating shareholder value. I think it's nice to be able to generate incremental oily production growth in the short run. But the primary reason is it's free cash flow generative and can help us fund what we think is an exciting opportunity in Côte d'Ivoire.

Neil Mehta - *Goldman Sachs Group Inc - Analyst*

Yes, Eric, that's the follow-up. So the new CapEx plan is $1.5 billion, $1.6 billion in accrued CapEx for this year. Any advice on what we should put in as a placeholder for '27? I know there's a lot of moving pieces, but just any thoughts on the market there so we can calibrate accordingly.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Yes, that's a fair question. We don't have a number to give you for next year's CapEx, but I'll talk just about how I think about it. I think that you should expect us to increase slightly more in the Eagle Ford than in the past. With that alone without any change to investing in Côte d'Ivoire, that would likely put our typical capital program toward the high end of our kind of previous $1.2 billion to $1.3 billion range, maybe slightly above. That's still something we're going to work on. And then spending on Bubale is likely additive to that. So we'll probably see a higher CapEx in '27 than you've seen from us recently. I don't know the number.

And importantly, I want to kind of go back to the comment we made about the appraisal program. We're going to drill -- we're drilling a well in Bubale West-1X now. Depending on what we find, we may have no appraisal program or a limited appraisal program. We're going to learn from every well. And next year's capital spending will be materially driven by what we continue to find. If we keep finding more oil at Bubale, we'll likely keep spending. If we have less wells required to define the size, scope and quality of Bubale, then we'll spend less.

And so there's a pretty big range around that. We're going to still work on that. The results from the Bubale West-1X well will probably materially shape our view of likely spending and spending ranges for 2027. But I think I don't want to try to make you feel like we're likely to come in below $1.25 billion next year. It's going to be higher. I don't know how much higher, but we're going to be disciplined, focused on creating shareholder value and investing in things that are going to be very valuable for our company and our shareholders.

Operator

Carlos Escalante, Wolfe Research.

Carlos Escalante - *Wolfe Research LLC - Equity Analyst*

Hey, good morning, Eric and team. Thank you for the update today. I want to go back to HSV very quickly to clarify a few things and then move on from there. So it looks like HSV-4 was a dry hole, which, in my view, it implies that you didn't find an oil-water contact that's presumably more up dip. So just wondering what's stopping you from testing an additional well that where you can find that threshold and what gives you the confidence that you don't need to? And perhaps we can speak more broadly about what you found in HSV -3 in terms of the discovery pay or any kind of really property around the well and the discovery.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Yeah, thanks Carlos. I'm happy to provide more context there.

Let me go back to where we were at the end of the 2X well. So we drilled 1X, 2X. We had extremely encouraging results, strong DSTs. We had a view at the time that the field was likely toward the high end of our previously guided, which was a predrilled range of resource. And we told everyone that because we wanted to inform and keep everyone appraised of how we were thinking about it. And we said at the time, we thought it was possible that the resource could be even larger.

But importantly, we had drilled a fairly central area of the field, and we needed to test the Northeast and Southwest extensions of the field, which is what the purpose of the 3X and 4X wells was. So with the 3X, we were testing for lateral extensions in the Northeast, how continuous are the sands, are they the same quality? We weren't really chasing a deeper oil-water contact there. We were just chasing for continuity. And then with the 4X well, we were testing what we thought would be an expanded reservoir section with potentially a deeper oil-water contact. And what we found from the program from the 3X and the 4X was that the reservoir thickness was not as extensive as we expected over the entire structure, which tightened up the resource estimate.

With the 4X, we found the interval we were looking for, but the reservoir quality was low. So we didn't have any net pay. So the story for 4X was not really about oil-water contact. It was really about the extent of productive reservoir being limited. So now that we have bounded the reservoir with these four wells, we have high confidence in developable resource that we're going to move forward with the field development plan.

Carlos Escalante - *Wolfe Research LLC - Equity Analyst*

Thank you. I appreciate that. So yes, presumably a 4-way closer. So you don't need to test the other bounds. And then my follow-up and maybe a follow-up to Neil's question. For next year, again, very difficult for you to talk about '27, where we are today. But can you at least frame for us how you're thinking on what is senior to what in terms of the levers you can pull if you needed to have a more lean program, if you will, in 2027? Obviously, it sounds like you're going to prioritize the appraisal at Bubale, if you find any kind of success. But wondering what it means for the broader onshore portfolio and maybe the Gulf of America, if you need to, again, be leaner on your '27 program?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Yeah. I think what you'll see from us is investing in our Gulf of America business to try to maintain production relatively stable there. And in our Eagle Ford, likely incrementally more spending than historical. And in Canada onshore, stable investment, stable production. Vietnam, obviously, we're working through additional development drilling in our Lac Da Vang project. We won't have likely additional drilling in Hai Su Vang next year. So we're moving to engineering studies, which is not a lot of spending.

And then in Côte d'Ivoire, what we spend will be driven by what we keep finding, as I mentioned before with Neil. And that's really driving a significant uncertainty in our spending. But as I said, we're going to learn from every appraisal well, and we'll decide what does that mean about the next well. And so there's a probably broad uncertainty.

If we needed to pull back spending for some reason, if oil prices went to be extremely low, we could change our plan for practically any part of our business. We are fortunate in Vietnam and in Côte d'Ivoire that we operate so we can control the pace of any spending. We believe it is valuable for shareholders to quickly appraise Bubale, determine if we have a commercial project definitively and determine the extent of it so we can move on for field development planning.

But if we needed to, we could slow the pace of appraisal. We could go as low as 0 appraisal wells in Bubale next year if we chose to. And so we have a lot of flexibility. We're going to continue to spend money where we think it's value creating for shareholders and maintain flexibility to spend less if it's necessary.

Carlos Escalante - *Wolfe Research LLC - Equity Analyst*

Thank you, Eric.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Appreciate it as always.

Operator

Phillip Jungwirth, BMO.

Phillip Jungwirth - *Bank of Montreal - Analyst*

Coming back to the Eagle Ford, which will be a larger part of the program. I know you've always had Austin Chalk in the location count, but it has gotten more attention late across both the East and West portions of the play. I was just hoping you could talk about how large a contributor the Chalk is to your program, go-forward program? Or is it largely lower Eagle Ford focused still and just how you see the opportunity set here overall?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Sure. Our Eagle Ford inventory has fairly limited amount of Austin Chalk. Our development programs in Karnes, over part of our Karnes position will include an occasional 1 or 2 Austin Chalk wells in a 10- to 12-well pad that is mostly Lower and upper Eagle Ford locations. So we have been developing them. They're limited to part of our Karnes position in terms of what we're investing in, in near term.

And so they're not a huge feature for us. We like them where the reservoir quality is good. So we co-develop them where it makes sense. I don't think it's a big driver for our program. So it's not something that is really worth calling out or highlighting as unique. It's fairly limited. But where we do have them in part of our Karnes position, we really like them.

Phillip Jungwirth - *Bank of Montreal - Analyst*

Okay. Great. And then on the Bubale West appraisal well, I was hoping you could kind of just speak to the confidence in the $90 million well cost or maybe just break down the incremental costs from the first well and why you think these won't repeat just to have confidence as the play moves forward in the overall well cost and ultimate F&D.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Sure. Before we drilled the Bubale-1X well, we estimated that a dry hole cost for the well was $65 million. When we drilled the well, we encountered section in the shallow Turonian above the discovered Turonian interval that was slow to drill. We had fairly slow rate of penetration as we drilled it. It's slower than we had anticipated. And we've incorporated that learning into our dry hole cost estimate for the Bubale West-1X well. So instead of assuming a $65 million, we're moving it to $90 million.

If we encounter hydrocarbons in the West-1X well, we're likely to spend additional funds with formation evaluation, logging core, fluid samples, et cetera. And that might push the well cost above $90 million, which is normal how we conduct our business.

Operator

Tim Rezvan, KeyBanc.

Tim Rezvan - *Keybanc Capital Markets Inc - Equity Analyst*

Thank you. Good morning. And I appreciate you taking our questions. I want to ask on Vietnam more broadly. You've now wrapped the HSV appraisal program. You talked about drilling LDT. I believe it's a 40 million to 80 million barrel resource potential area. Given the large size of your position across several blocks, can you talk about longer-term exploration aspirations in Vietnam, maybe 2027 and beyond? And do you ultimately see this asset sort of self-funding future exploration once you get LDV online?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Yes, that's a really good question. We are drilling the Lac Da Trang North-1X well now. And as you mentioned, it has a predrill mean to upward resource range of 40 million to 80 million barrels, which is a nice prospect to drill. And with success, it likely sets up a development as a tieback of Lac Da Trang North and Lac Da Trang to the infrastructure at Lac Da Vang. As Lac Da Vang comes online in the fourth quarter, we'll generate revenue over the course of a few years. We'll recover the costs of our historical investment in the block. That will be all of our exploration costs in Block 15-1/05 and also our development costs of Lac Da Vang.

And then we'll be able to use the revenue from Lac Da Vang to recover costs from the exploration that we're doing going forward, what we're doing now and in future years. We have significant remaining prospectivity on both Block 15-1/05 and 15-2/17 and we'll test those likely between now and the end of this decade and stage in a development with stand-alone developments where the resource size is large enough to be necessary or tiebacks to existing infrastructure in what are likely to be 2 key hubs, a Lac Da Vang and Hai Su Vang hub in kind of a north and south position.

So we're really excited about the potential there. We had a pretty strong record of having successful exploration here to keep finding oil, and we need to find about 8 million to 10 million barrels for an economic tieback. So if we can find 40 million to 80 million, we'll be very happy. It will be very value creating for us and will allow us to maintain a long production plateau of our overall Vietnam business. So we're creating a lot of value here with our shareholders, spending very little money to do it.

Tim Rezvan - *Keybanc Capital Markets Inc - Equity Analyst*

That's good context. Thank you. As my follow-up, I just wanted to go back to the Eagle Ford. You're spending $70 million. Can you just talk -- is this like a spot rig that's going to come and drill a couple of pads over six months? And then as we think about that, should we be thinking over the medium term that maybe you're going to run this at a 40,000 to 45,000 barrel a day level? Just trying to kind of contextualize the ramp you're anticipating.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Yeah. So where we sit today, we do not have a rig actively drilling in the Eagle Ford. We completed our drilling program that we had originally contemplated and are working through the last of our completions and well on lines. And what we've decided to do is resume drilling instead of resume drilling in January to pull that forward to begin in October, we'll drill a pad in Karnes and a pad in Catarina this year.

We'll probably begin completing the Catarina pad at the end of the year, and we'll bring those new wells online early in 2027. And I think what you'll see is it's just the beginning of an active program next year. I think your range of rates for Eagle Ford next year is reasonable. I would assume we're a little toward the higher end of what you said than the lower end, but we still have to formulate exactly what our 2027 program is.

Tim Rezvan - *Keybanc Capital Markets Inc - Equity Analyst*

Okay, thanks Eric.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Thank you.

Operator

Josh Silverstein, UBS.

Josh Silverstein - *UBS AG - Analyst*

Yeah, thanks. Good morning, guys. I want to see how we should be thinking about using the balance sheet and the shareholder return profile in this period of higher spending. Are you willing to use the balance sheet to support all these projects getting incremental capital? And then as far as the shareholder return profile, is this really just limited to the base dividend going forward as you examine everything here? Thanks.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

That's a great question, Josh. The way I would frame it is we have not changed our capital allocation plan or framework at all. We still have the exact same priorities. We plan to prioritize investing in our assets to maintain or grow the scale, pay dividend, focus on balance sheet and occasionally share buybacks when it makes sense. And so we really have no change in that. Our plan, as we've been very clear about, is based on adjusted free cash flow, which is after our dividend and a few other things, including M&A.

We will likely, going forward, have modest free cash flow. There may be periods between now and first oil at HSV or potentially if we're so fortunate at all that we have periods of time of negative free cash flow for the whole company. We're going to be measured in our pace, and we're going to be very conscious of protecting our balance sheet.

We're not afraid of using our liquidity and our balance sheet as necessary, but we're going to keep ourselves in a strong balance sheet position at all times. That's a priority for us. So we will definitely be maintaining our dividend. That's core to us. We paid a dividend since 1961. We're going to continue to pay a dividend, I would imagine, going forward for the entire tenure of me being here.

And as -- if we encounter situations where we think our share price is significantly out of whack with intrinsic value, then we'll be active in share buyback. So I think that's the same story you've heard from us in the past. We're fortunate to have even more organic growth opportunities than we had a few years ago. It provides us more challenges in terms of how we choose to allocate capital, but we're in control of the pace as operator everywhere, and we're going to do what we think is best for shareholder value going forward. Again, not being afraid to use our balance sheet, but always with an eye toward protecting a strong balance sheet at all times.

Josh Silverstein - *UBS AG - Analyst*

Got it. And then I just wanted to see what's potentially on the exploration horizon next year since you've added some new exploration opportunities across West and North Africa and how you would classify them relative to what you've done in Vietnam and Côte d'Ivoire?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Yeah, thanks for that. I think you'll see next year that we'll invest in the Gulf of America and exploring in 1 or 2 wells. You'll likely see us invest in Vietnam and our Cuu Long blocks, most likely in 15-1/05, the inventory that we were just talking about a few minutes ago. And I don't expect other than appraisal drilling in West Africa, we'll have more West Africa drilling activity. We're intentionally phasing in opportunities in West Africa that have -- that are at different parts of our prospect maturation time frame. So we signed a block in Morocco recently. We're going to reprocess seismic there. That's very little spending.

We're hoping to finalize agreements for Cameroon and Mauritania in -- by the end of this year and next year, spend small money with studies, maybe the beginnings of seismic reprocessing, small dollar spending, drilling in Cameroon, Mauritania or Morocco is probably a 2028, 2029, 2030 thing depending on what we find. We're going to follow our recipe of very detailed regional study leading to detailed prospect maturation and drill or not drill based on the merits of the prospects. That takes some time. And as you saw, it led to some success here for us in Côte d'Ivoire.

So we think we're setting up for a repeatable business model of exploring in emerging on frontier basins and doing it with low entry cost, relatively low well cost, targeting large resource, and that's very value creating if we can continue to have some success.

Neil Mehta - *Goldman Sachs Group Inc - Analyst*

Thank you.

Operator

Leo Mariani, Roth.

Leo Mariani - *Roth Capital Partners LLC - Analyst*

Yeah, hi. You spoke to this a bit earlier, but clearly, you're making a decision to put more capital in the Eagle Ford to ramp it. Presumably, that is probably more of a higher oil price type of decision. I would venture a guess that if oil is lower for whatever reason, then perhaps that asset does not see a real increase in free cash flow from putting more capital into it, which obviously will generate more production.

Can you just provide any kind of thoughts around that? I mean it just seems like, obviously, now with higher oil prices, that investment will generate incremental free cash flow in the next couple of years, but perhaps there's some kind of breakeven where that starts to go away if oil is low enough.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Yes, Leo, our decision to invest more in Eagle Ford is not driven by near-term higher oil price. It's driven by ability to generate strong free cash flows with a significant range of oil prices. If we saw oil price below $50 for a year, we would probably pare back our investment in a lot of places, including Eagle Ford. But with even a significant range of oil prices in line with what we've seen over the last 3 years, we feel that Eagle Ford investment makes sense. We generate strong free cash flow over the last few years doing it. We have increasingly strong well performance. And at even modest oil prices, we'll be investing in it to generate strong free cash flows.

So we're not reacting to oil price. We're saying we now have a strong portfolio of organic growth to invest in. And part of the way we can fund that is by generating more free cash flow from the Eagle Ford by investing more in the Eagle Ford.

Leo Mariani - *Roth Capital Partners LLC - Analyst*

Okay. Appreciate that. And then just on Vietnam, obviously, you guys are going to have first oil here in the fourth quarter. Just looking at your guidance, you kind of expect a relatively small amount, but presumably, that's going to ramp nicely in 2027. Can you just provide maybe a little color around kind of the thoughts on that potential ramp on Vietnam oil next year?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Sure. As you mentioned, we'll have fairly limited contribution to production this year because of a fourth quarter online first oil for Lac Da Vang. We will continue to drill development wells through this year and into next year. If you look out towards the end of 2027, Lac Da Vang net production is probably in the 5,000 to 9,000 barrel a day range. And as we continue to drill the remaining development wells in our phase development program through '28 and '29, we'll ultimately ramp up to 10,000 to 15,000 barrels a day.

Leo Mariani - *Roth Capital Partners LLC - Analyst*

Okay. So just to be clear, is that 5,000 to 9,000 barrel a day kind of like a '27 exit rate and then obviously it continues to ramp in '28, '29?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

That's exactly right.

Leo Mariani - *Roth Capital Partners LLC - Analyst*

Okay, helpful for sure.

And then just last one for me, Eric. You talked about this a little bit, but you guys have really gotten into a number of new exploration plays recently, a lot of which are in Africa, and you kind of rattled off sort of the plans, which seem a little bit limited in terms of capital in the near term.

But presumably, those plays could require more capital as you get into '28, '29. I imagine there might be a shot clock on some of those to get some wells drilled eventually if you think prospects are maturing in the right way. Does this set up for like just a lot higher capital later this decade and kind of the success case? And then just if that's right, just thoughts on how you would kind of handle that, fund that.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

The way I would characterize that, Leo, is if we are conducting our typical sort of assessed opportunities and drill an exploration well occasionally, then that would not materially push our capital higher. Obviously, Bubale is likely to push our capital higher with success. Exploring and drilling an occasional well is something that fits into our overall exploration program kind of in line with what we've been spending. If we are fortunate to have a discovery in Morocco, Cameroon, Mauritania, then that would lead to additional appraisal drilling and then development drilling, which would be great. That's obviously a long way away.

And as you know, exploration wells tend to be dry holes. So I'm not too worried about it yet. I think we'll continue to expose ourselves to opportunities that are at various stages and I'm not concerned about a strong draw for capital between now and the end of this decade in any of those new entries, but excited for the potential that they may help us continue to have opportunities to develop and grow as we exit the 2030s and head into the 2040s.

Leo Mariani - *Roth Capital Partners LLC - Analyst*

Okay. Thank you.

Operator

(Operator Instructions)

Charles Meade, Johnson Rice.

Charles Meade - *Johnson Rice & Company LLC - Analyst*

Yes. Good morning, Eric, to you and your whole team there. I'd like to go back to the -- excuse me, the appraisal effort at Bubale, and I apologize if I missed some of the earlier detail. But I think what I heard you say is that -- you said this, the Bubale West is -- it's a down dip Turonian appraisal. But I guess I want to ask 2 things. When -- I guess, the design of the appraisal well and then the plans for the Cenomanian, for the design of the appraisal, is this -- there's a lot of competing, I guess, priorities or competing ways that you design appraisal well. Is this -- for 8 miles out, is this just -- is the dominant thing to test the extent of the structure? Or are you really trying to -- are you perhaps instead looking for more reservoir development and more pay thickness? And then how would you answer that same sort of question for the eventual Cenomanian appraisal test?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Okay. Thanks, Charles. So the West-1X well is designed to Turonian down dip. It is testing for variability of reservoir, that would be reservoir thickness, reservoir quality. We're hoping to get confidence that where we drill the Cenomanian at that location is connected to the Bubale-1X location and also hoping to demonstrate an oil-water or an oil level deeper than the oil down to in the Bubale-1 well.

So it's doing multiple things. And we think that location is important because with significant oil presence in that well, in the Bubale West-1X well, to be clear, that we'll have high confidence that we have a commercial development, but still significant uncertainty about the range of resource.

So the location of the 1X well was drilled in a position where there was significant up-dip reservoir in the Cenomanian and the Turonian and potentially significant down-dip potential in both. And the reservoir and the Turonian and the reservoir in the Cenomanian, they cross -- if you were looking at them from above, they cross like an X.

We drilled the 1X well right where they cross. So like I said, potential up-dip and down-dip from that in both reservoirs. And ultimately, if we have success, we'll continue to identify and drill appraisal wells that will, over time, reduce uncertainty and give us high confidence in what we need to develop, how we need to develop it. So this next well is really key for us to having high confidence in a commercial discovery.

Charles Meade - *Johnson Rice & Company LLC - Analyst*

Got it. So it gets you with confidence over the low end, but with the upper end maybe still more unbounded.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Correct.

Charles Meade - *Johnson Rice & Company LLC - Analyst*

Going to Vietnam, and I appreciate your comments earlier about the basis that if I understood right that within the 4X, HSV-4X, you basically just didn't find reservoir quality rock. I'm curious, does that affect the prospectivity for some of these other blobs you have on your map in Block 15-2/17, I think they're labeled like Bozam and Hai Su Vang. Does this diminish your appetite to drill those somewhere down the line?

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Those other prospects, we obviously will have learned a little bit from drilling Hai Su Vang through various reservoirs, and we will incorporate that into our understanding of those. I would say because of the diversity of different play types there and different reservoirs that those prospects are targeting that we probably still have quite a bit of confidence that they make sense.

But again, there's a little more work to do to plan an exploration program there. In 15-1/05, we have, I would say, very well characterized and the learnings from HSV don't significantly impact our prospectivity there. So you'll see us focus on exploring in 15-1/05 in the next couple of years with probably activity in 15-2/17 maybe in '28, '29, not in '27.

Charles Meade - *Johnson Rice & Company LLC - Analyst*

Got it. Thank you for that detail.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Thank you.

Operator

There are no further questions at this time. I'll turn the call over to Mr. Hambly for closing remarks.

Eric Hambly - *Murphy Oil Corp - Board of Directors, President & Chief Executive Officer*

Thank you. I'll close by thanking our employees for their commitment and execution. To our shareholders, we appreciate your continued trust and support. This concludes our call.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.
