EL DORADO, Arkansas, October 25, 2001 – Murphy Oil Corporation (NYSE: MUR) announced today that net income in the third quarter of 2001 totaled $41.7 million, $.91 per share, compared to $90.1 million, $1.99 per share, in the third quarter a year ago, which included a net benefit of $1.9 million, $.04 per share, from special items. Cash flow from operating activities, excluding changes in noncash operating working capital items, totaled $153 million, $3.35 per share, in the current quarter compared to $198.1 million, $4.37 per share, a year ago.

The reduction in the Company’s third quarter 2001 earnings was attributable to weaker exploration and production results. A combination of lower oil and natural gas sales prices and higher exploration expenses, a large portion of which was in foreign jurisdictions with no recorded tax benefits, caused the decline in upstream results. U.S. refining and marketing income was stronger in the current quarter compared to the third quarter 2000.

Murphy’s exploration and production operations earned $26.7 million in the third quarter of 2001 compared to $82 million in the same quarter of 2000. The Company’s worldwide crude oil and condensate prices averaged $23.37 per barrel for the current quarter and $27.06 in the third quarter of 2000. Total crude oil and gas liquids production averaged 64,779 barrels a day in the third quarter of 2001 compared to 61,852 in the earlier quarter. The increase in oil production occurred in Western Canada and was attributable to both the acquisition of Beau Canada in late 2000 and higher production from the Company’s synthetic oil operations. North American natural gas sales prices averaged $2.75 per thousand cubic feet in the third quarter, down 34% from the $4.14 average in the same quarter of 2000. Natural gas sales volumes increased 39% to a Company record 295 million cubic feet per day in the current quarter as a result of production from the Ladyfern field in Western Canada. Exploration expenses increased from $20.9 million in the third quarter of 2000 to $45.5 million in the current quarter, and included $14.2 million to acquire 3-D seismic data covering the Company’s significant deepwater prospects in Malaysia.

The Company’s refining and marketing operations earned $19.6 million in the most recent quarter compared to $12.9 million in the similar quarter last year. The improvement in the 2001 quarter was caused by better margins for U.S. refining and marketing operations, which earned $14.4 million in the third quarter of 2001 and $4.1 million in the 2000 quarter. Refining and marketing operations in the U.K. posted a profit of $5 million in the third quarter of 2001, down from $7.3 million in the 2000 third quarter.

Corporate functions reflected a loss of $4.6 million in the current quarter compared to a loss of $6.7 million in the third quarter of 2000.

For the first nine months of 2001, income excluding special items totaled $234.5 million, $5.15 per share, compared to $208.9 million, $4.62 per share, a year ago. Net income for the current nine-month period was $302.1 million, $6.63 per share, and included an after-tax gain of $67.6 million, $1.48 per share, from sale of the Company’s pipeline assets in Canada. Net income in the first nine months of 2000 was $203.6 million, $4.50 per share, when special items are included. Crude oil and gas liquids production for the first nine months of 2001 totaled 66,232 barrels per day, up slightly from 2000. Natural gas sales averaged 276 million cubic feet per day, a 24% increase from the same period a year ago. Crude oil and condensate prices averaged $23.04 per barrel during the 2001 period, down 12% from the $26.09 price during the 2000 period. North American natural gas sales prices averaged $4.40 per MCF in 2001 and $3.30 in 2000.

Summary financial data and operating statistics for the third quarter and first nine months of 2001 with comparisons to 2000 are contained in the attached tables.

Claiborne P. Deming, President and Chief Executive Officer, commented, “Currently, we expect earnings before special items for the fourth quarter of 2001 to be between $.50 and $.70 per share. This estimate assumes crude oil and natural gas prices decline compared to levels realized in the third quarter 2001. In the early part of the fourth quarter, U.S. refining margins are weaker, but U.S. marketing margins are showing modest improvement compared to average third quarter 2001 levels. Production is expected to average approximately 118,000 barrels of oil equivalent a day, which includes Terra Nova being placed onstream in December. Murphy has a full schedule of exploratory drilling through the end of the year as we continue drilling on the Scotian Shelf, restart our shallow-water Malaysia program with three wells and commence an additional well in the deepwater Gulf of Mexico. Earnings may vary based on prices, volumes, margins and the timing of actual liftings of some of our U.K. and Canadian oil production.”
The public is invited to access the Company’s conference call to discuss third quarter 2001 results on Monday, October 29, at 12:00 p.m. CST either via the Internet through the Investor Relations section of Murphy’s website at www.murphyoilcorp.com or via the telephone by dialing 1-800-218-0713. The telephone reservation number for the call is 404965.

The forward-looking statements reflected in this release are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. No assurance can be given that the results discussed herein will be attained, and certain important factors that may cause actual results to differ materially are contained in Murphy’s January 15, 1997 Form 8-K report on file with the U.S. Securities and Exchange Commission.

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For More Information

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