Murphy Oil Announces 2001 Capital Program

December 7, 2000 4:03 PM ET

EL DORADO, Arkansas, December 7, 2000 -- Murphy Oil Corporation (NYSE: MUR) announced a capital program of $692 million for 2001. This represents an increase of 18% compared to projected capital expenditures in 2000.

Approximately three-quarters of the capital budget will be allocated to upstream operations. Murphy's development expenditures are expected to rise 41% to $280 million, primarily driven by activity surrounding deepwater Gulf of Mexico discoveries in Mississippi Canyon Blocks 538/582 (Medusa, 60%) and Garden Banks Block 341 (Habanero, 33.8%), both slated to commence production in late 2002. Off the East Coast of Canada, first oil from the Terra Nova field is scheduled for the third quarter of 2001 and will provide Murphy over 15,000 barrels a day of new oil production by 2002. Funds will also be provided to begin the Phase III expansion at Syncrude and for continuing development of Hibernia, heavy oil and natural gas fields in western Canada and Block 16 in Ecuador. Exploration expenditures are estimated to rise approximately 12% to $238 million. In addition to a continuation of the Gulf of Mexico deepwater program, an expanded drilling program in western Canada, enhanced by properties received in the recent Beau Canada acquisition, will be pursued. Also planned are several wells for the natural gas prone Scotian Shelf as well as increased levels of drilling offshore Malaysia.

Capital expenditures for refining, marketing and transportation operations are budgeted at $168 million in 2001, up approximately 7%. The primary uses of the funds are for the ongoing Wal-Mart program and for the commencement of a "clean fuels" project at the Meraux, Louisiana refinery. Approximately 300 low-cost, high-volume U.S. retail gasoline stations, located primarily in the parking areas of Wal-Mart Supercenters, will be in operation or under construction by the end of 2000, with an additional 100-125 slated for construction in 2001. The Meraux project will allow the refinery to meet future standards for ultra-low sulfur gasoline and distillate. The main components of the project include the construction of a hydrocracker and the revamp of several processing units, ultimately increasing the crude throughput of the refinery from 100,000 to 125,000 barrels a day upon completion in 2003. The 2000 figures include $27 million for the purchase of the minority interest in the Manito pipeline in Canada.

Claiborne P. Deming, President and Chief Executive Officer, commented, "Murphy Oil has never been in a more promising position. Over the last several years, we have systematically acquired a wealth of investment opportunities across all segments of our business. Upstream initiatives have included the initial exploration of our deepwater Gulf of Mexico properties, the acquisition of promising exploration acreage off the coasts of Malaysia and Nova Scotia and the addition of Beau Canada properties to our growing western Canadian asset base. Our downstream strategies are directed by the continued expansion of our innovative Wal-Mart program and our commitment to the production of environmentally friendly products. This capital budget is designed to exploit these opportunities and drive our future growth. With successful execution, enhanced shareholder value is sure to follow."

The following table compares estimated capital expenditures for 2001 and 2000.

In Millions	United States		Foreign		Total	
	2001E	2000E	2001E	2000E	2001E	2000E
Exploration	$ 101	120	137	93	238	213
Development	103	23	177	175	280	198
Producing property acquisitions	-	1	-	3	-	4
Subtotal	204	144	314	271	518	415
Refining, marketing, transportation	145	112	23	45	168	157
Corporate	4	10	2	2	6	12

Total	$_353	__266	__339	__318	__692	__584

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.

For More Information

Barry Jeffery
Investor/ Media Relations
P.O. Box 7000
El Dorado, AR 71731-7000
(870) 864-6501