



MURPHY OIL ANNOUNCES PRELIMINARY FOURTH QUARTER AND FULL YEAR 2014 EARNINGS

January 28, 2015



EL DORADO, Arkansas, January 28, 2015 - Murphy Oil Corporation (NYSE: MUR) announced today that net income was \$375.2 million (\$2.10 per diluted share) in the 2014 fourth quarter, up from \$75.4 million (\$0.40 per diluted share) in the fourth quarter 2013. Income from continuing operations in the 2014 fourth quarter was \$442.0 million (\$2.48 per diluted share) compared to \$180.5 million (\$0.96 per diluted share) earned in the fourth quarter a year ago. Net income for the full year of 2014 was \$905.6 million (\$5.03 per diluted share), down from \$1,123.5 million (\$5.94 per diluted share) in 2013. Net income from continuing operations for the full year of 2014 was \$1,025.0 million (\$5.69 per diluted share), up from \$888.1 million (\$4.69 per diluted share) in 2013.

Adjusted earnings, which exclude both the results of discontinued operations and certain other items that affect comparability of results between periods, in the fourth quarter of 2014 was \$69.0 million (\$0.39 per diluted share). This was a decrease of \$56.8 million (\$0.28 per diluted share) compared to the prior year's quarter.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for continuing operations totaled \$802.3 million in the fourth quarter 2014, up from \$631.7 million in the fourth quarter of 2013. EBITDA per barrel of oil equivalent (boe) sold was \$34.58 in the 2014 quarter compared to \$32.94 in the 2013 quarter.

Fourth quarter and Full Year 2014 highlights were as follows:

- Closed the sale of 20% of our Malaysia business on December 18, 2014. We are scheduled to close the remaining 10% portion of the sale by the end of this month.
- Ended 2014 with a net debt to total capitalization ratio of 13.5% which includes \$1.65 billion of cash and invested cash located across our business.
- Set a new quarterly production record of 258,868 barrels of oil equivalent per day (boepd).
- Set a new annual production record of 225,973 boepd up 10% from 2013.
- Recorded total proved reserves replacement of over 180% in 2014, which included the recognition of the 20% sale of our Malaysia business.
- Achieved first oil at three new deepwater fields at Siakap North-Petai and Kakap-Gumusut main project in Malaysia and at Dalmatian in the Gulf of Mexico (GOM).
- Sanctioned the Block H floating liquefied natural gas (LNG) project offshore Sabah Malaysia.
- Repurchased \$375 million of Company Common stock, authorized an additional \$500 million share repurchase and increased the regular dividend by 12% to \$1.40 per share in August.
- Completed the sale of the U.K. retail gasoline business and initiated decommissioning of the Milford Haven refinery process units.

Roger W. Jenkins, President and Chief Executive Officer, commented, "We continued to make progress in portfolio optimization in 2014. I am pleased to reach closure on the first phase of the sell-down of our Malaysia assets. This sale marks the value of our long-term Malaysian business and our strong relationship with our new partner, Pertamina, as well as PETRONAS. We continue to grow and replace production with contributions from the Eagle Ford Shale, and new fields in the Gulf of Mexico and Malaysia. The recent collapse in commodity prices is a concern for our business and our industry. Murphy's balance sheet and cash position post the Malaysia sell down positions us to manage the current lower price environment. We expect to lower capital expenditures by some 33% from 2014 levels, including a 46% reduction in the Eagle Ford Shale, as we look ahead to 2015.

Our goal is to reduce capital expenditures as much as possible to commitment only levels, protect our balance sheet and evaluate opportunities that emerge over the coming year."

Operations Summary

Production

Fourth quarter production set a new quarterly record, averaging 258,868 boepd. This production level was higher than our guidance of 250,000 boepd for the quarter and was primarily attributed to higher than planned oil production from the GOM and offshore Canada and higher than planned gas production from the Montney and Sarawak.

North America Onshore

In the Eagle Ford Shale (EFS), fourth quarter production, which was comprised of 90% liquids, averaged 64,280 boepd net, up from 60,563 boepd in

the third quarter. The full year average production for the EFS was 56,874 boepd, up from 39,073 boepd in 2013. We have reduced our rig count in EFS from a high of eight in September to five today, and we plan to be at four rigs by the middle of March as we release contracted rigs due to capital constraints caused by falling commodity prices. We are now using two completion spreads, down from three in December, and expect to average 1.6 spreads this year. Production in the first quarter of 2015 is estimated to average 62,000 boepd with the outlook for the full year at 57,000 boepd based on the planned lower rig and completion spread count and capital expenditures 46% lower than in 2014. We continue to see positive results with our downspacing and staggered well testing across the play. Our current focus is on managing capital expenditures and operating expenses. The long term value of our EFS position is bolstered by our early entry into the play at an average lease cost of \$2,055 per acre.

At the Tupper gas fields in Western Canada, fourth quarter production was 186 million cubic feet per day (mmcf) up from 146 mmcf in the third quarter as we added eight new wells. We currently have three rigs and one completion spread in operation, but will drop all three rigs by the middle of February as we pare capital spending across the company. We have seen excellent well results utilizing our new completion and choke management strategies which should lead to improved estimated ultimate recovery going forward.

Global Offshore

In Malaysia, we announced last quarter that we had signed a sale and purchase agreement to sell 30% of our oil and gas assets for \$2 billion, subject to customary closing costs and adjustments. The first phase, which closed on December 18, 2014, covered two-thirds of the transaction or 20% of our business and we are scheduled to close on the remaining 10% by the end of January 2015. Production offshore Sabah averaged 46,455 boepd for the fourth quarter with 85% liquids. The Kakap-Gumusut main project declared first oil in October 2014. The project has demonstrated excellent performance with production ramping up over the fourth quarter and into this year. The floating LNG project in Block H continues to progress on schedule. In shallow water offshore Sarawak, gas production for the fourth quarter was 177 mmcf and liquids production was 23,147 bopd. Drilling continues at the South Acis field where we delivered two oil wells and drilled four water injectors during the fourth quarter. These production levels include a reduction in the Malaysia business of 20% following the December 18, 2014 closing date.

In the GOM, production for the quarter was 32,378 boepd with 65% liquids. We continue to progress our two well expansion project at Medusa in Mississippi Canyon. The first subsea well has been drilled to plan and we continue drilling the second well. First production from the new wells via a subsea tieback to the Medusa facility is expected by mid-year. At the non-operated Kodiak development, drilling continues on the initial well with first oil targeted for the first half of 2016.

Exploration

In the GOM, we are currently drilling the operated Urca prospect in Mississippi Canyon Block 697 where we farmed down from 50% to a 35% working interest. This lower Miocene structure has a pre-drill gross mean resource size of 130 million barrels.

In Australia, we spud the first of three wells in the Perth Basin on January 22, 2015 where we operate with a 40% working interest. We are testing a total of 280 million barrels of gross mean resource across the three wells in a structural, fault-bounded play. The seismic program across Block EPP43 in the Ceduna basin is now over 40% complete and we expect the program to finish up early in the second quarter of this year.

2015 Guidance

Details for first quarter and full year 2015 guidance can be found in the attached tables. Capital expenditures for 2015 are expected to be approximately \$2.3 billion, 33% lower than the 2014 capital program, which includes a 46% reduction in the EFS, adjusted for the Malaysia sell-down. Production for the first quarter is estimated at 221,000 boepd with full year 2015 production to be in the range of 195,000 to 207,000 boepd.

Earnings Conference Call

The public is invited to access the Company's conference call to discuss fourth quarter 2014 results on Thursday, January 29 at 12:00 p.m. CST either via the Internet through the Investor Relations section of Murphy Oil's Web site at <http://ir.murphyoilcorp.com> or via the telephone by dialing 1-888-812-8569. The telephone reservation number for the call is 7572173. 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 February 2 by calling 1-888-203-1112 and referencing reservation number 7572173. A replay of the conference call will also be available on the Murphy Web site for 30 days after the event and via Thomson StreetEvents for their service subscribers.

Financial Data

Summary financial data and operating statistics for the fourth quarter and full year of 2014 with comparisons to 2013 are contained in the following tables. Additionally, a schedule indicating the impacts of items affecting comparability of earnings between periods and a schedule comparing EBITDA between periods are included with these tables as well as guidance for the first quarter.

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 one or more of these forecasted events not to occur include, but are not limited to, a failure to obtain necessary regulatory approvals, a deterioration in the business or prospects of Murphy, adverse developments in Murphy business' markets, adverse developments in the U.S. or global capital markets, credit markets or economies in general. 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, adverse foreign exchange movements, political and regulatory instability, and uncontrollable natural hazards. For further discussion of risk factors, see both Murphy's 2013 Annual Report on Form 10-K and Form 10-Q for the quarterly period ended September 30, 2014, on file with the U.S. Securities and Exchange Commission. Murphy undertakes no duty to publicly update or revise any forward-looking statements.

This news release also contains certain historical non-GAAP measures of financial performance that management believes are good tools for internal use and the investment community in evaluating Murphy Oil Corporation's overall financial performance. These non-GAAP measures are broadly used to value and compare companies in the crude oil and natural gas industry. Please see the attached schedules for reconciliations of the differences between non-GAAP measures used in this news release and the most directly comparable GAAP financial measures.

The Securities and Exchange Commission requires oil and gas companies, in their filings with the SEC, to disclose proved reserves that a company

has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The SEC permits the optional disclosure of probable and possible reserves; however, we have not disclosed the Company's probable and possible reserves in our filings with the SEC. We use the term "gross mean resources" in this news release. These estimates are by their nature more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized. The SEC guidelines strictly prohibit us from including these estimates in filings with the SEC. Investors are urged to consider closely the disclosures and risk factors in our most recent annual report on Form 10-K and in other reports on file with the SEC, available from Murphy Oil Corporation's offices or Web site at <http://ir.murphyoilcorp.com>.

For further information contact Barry Jeffery, Vice President, Investor Relations at 870-864-6501.

4Q Schedules accessible at link below.

[Earn4 Schedules](#)

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