Murphy Oil announces preliminary first quarter 2014 earnings

30.04.2014 | Globenewswire Europe

EL DORADO, Arkansas, April 30, 2014 - Murphy Oil Corporation (MUR) announced today income from continuing operations of $169.3 million ($0.93 per diluted share). This was a decrease from the $182.7 million ($0.95 per diluted share) earned in the first quarter a year ago.

Adjusted earnings, which excludes both the results of discontinued operations and certain other items that affect comparability of results between periods, in the first quarter of 2014 were $174.8 million ($0.96 per diluted share). This was a decrease of $12.7 million ($0.02 per diluted share) compared to the prior year`s quarter. Adjusted earnings were lower in the 2014 quarter compared to the prior year primarily due to $30 million of higher exploration expenses in the current quarter.

Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled $754.4 million in the first quarter 2014, up from $736.8 million in the first quarter of 2013. EBITDA per barrel of oil equivalent sold was $41.81 in the 2014 quarter compared to $40.05 in the 2013 quarter.

First quarter 2014 highlights were as follows:

- Initiated a $250 million share repurchase, bringing us to a total of $1 billion of repurchases of Company Common stock under our existing Board authorized program.

- Produced a Company record 49,634 barrels of oil equivalent per day (boepd) net in the Eagle Ford Shale (EFS) play, up 18% from fourth quarter 2013 and 72% from first quarter 2013.

- Reduced lease operating expenses per barrel of oil equivalent (BOE) for conventional oil and gas operations from $16.35 per BOE in the first quarter of 2013 to $11.81 per BOE in the first quarter 2014.

- Completed the Sarawak gas compression upgrade to 300 million cubic feet per day (mmcfd) gross capacity and proved the system deliverability with a new single day gross production record of 301 mmcfd.

- Completed the planned shut-in of the Kikeh field to tie-in the Siakap North-Petai (SNP) subsea development with first production from the SNP field on February 28, 2014.

- Sanctioned Floating Liquefied Natural Gas project in Block H Malaysia and received Field Development Plan approval from PETRONAS.

- Reached a new single day production record in March of just over 226,000 boepd net, while averaging near 222,000 boepd net for the month of March.

- Named high bidder on 16 new blocks in the Gulf of Mexico Central lease sale in March and added exploration acreage in offshore Namibia in West Africa.

Roger W. Jenkins, President and Chief Executive Officer, commented, "So far in 2014, we have placed SNP on production, progressed Dalmatian with first production on April 20, added wells in the EFS, ramped up the four new Sarawak oil fields, and tested the new 300 mmcfpd gross capacity for Sarawak gas. In fact, we are on track to establish record production this year, which will be the third consecutive year we have achieved record volumes. Our annual production guidance is now 225,000 - 230,000 boepd, primarily reflecting reductions at two non-operated properties. The start-up of the Kakap-Gumusut project is now further delayed and Syncrude will have unplanned maintenance downtime in the second quarter."

Operations Summary

North America Onshore

Development activity in our Eagle Ford Shale area of south Texas continues to yield steady growth. First quarter production in the EFS averaged 49,634 boepd net, which was up from 41,904 boepd net in the fourth quarter as we brought 44 wells on line and recovered from weather issues experienced in the fourth quarter of 2013. We continue to run eight drilling rigs and three completion spreads across the play. We are implementing 40 acre downspacing on a go forward basis in our main Karnes and Tilden development areas and have significant running room across the play with over 1,750 well locations remaining to be drilled.

In the Tupper area in Western Canada, we currently have two rigs operating with current plans to bring approximately 25 wells on line this year. We are planning to implement a new completion strategy and choke management plan similar to practices in the Eagle Ford Shale. Offset wells have shown improved EUR (Estimated Ultimate Recovery) using these techniques. In addition to processing up to 60 mmcfd of third party gas, the plan is to drill-to-fill the existing gas processing plant capacity to lower overall unit operating expenses at Tupper. We have approximately 110 mmcfd of gas hedged at near Cdn$4.00 AECO for 2014 and 65 mmcfd of gas hedged at near Cdn$4.10 AECO for 2015.

Global Offshore

In Malaysia, the shut-in of the Kikeh field to finalize the SNP tie-in was completed in the first quarter. First production from SNP was achieved on February 28, 2014 with four producing wells coming on line. Field development work will continue throughout the year. The previously reported damage to the Tender Assist Drilling barge on the Kikeh spar has been repaired and the rig is back on location. Production from the four new shallow water oil developments offshore Sarawak continues to plan and will contribute to our production growth in 2014. The Sarawak gas compression capacity upgrade to 300 mmcfd gross was completed during the first quarter, providing the flexibility to deliver gas volumes above the contract quantity of 250 mmcfd gross when spot demand allows. We tested the field and system deliverability with a new single day record production of 301 mmcfd gross in March. In the Gulf of Mexico, the two wells at Dalmatian were completed with initial gas production commencing on April 20, 2014.

Exploration

In the Gulf of Mexico, the Company submitted the high bid on 16 new blocks at the Central lease sale in March. The Titan-1 well in DeSoto Canyon Block 178 spud in early April. This 120 day well is targeting oil in the Jurassic Norphlet sands with a gross mean resource estimate of approximately 200 million barrels of oil equivalent.

We also added to our acreage position in the Atlantic Margin with a farm-in to Block 2613 A/B in the Luderitz basin offshore Namibia. We will operate this block with a 40% working interest. The area is prospective for oil in multiple play types and a 3D seismic program is ongoing.

The Bamboo-1 well drilled offshore Cameroon was plugged and abandoned as a dry hole with $83 million expensed in the first quarter.

U.K. Downstream

As previously reported, exclusive talks with a potential buyer recently expired, allowing us to negotiate with other interested parties. In the meantime, the Company has entered into a period of consultation, as required in the U.K., with certain refinery employees and their representatives. The consultation period lasts 45 days and will conclude in May. The results of our U.K. Downstream business continue to be reflected as discontinued operations for financial reporting purposes.

Earnings Conference Call

The public is invited to access the Company`s conference call to discuss first quarter 2014 results on Thursday, May 1 at 12:00 p.m. CDT 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 1-800-750-4984. The telephone reservation number for the call is 5617007. 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 May 5 by calling 1-888-203-1112 and referencing reservation number 5617007. 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 first quarter 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 second 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, including Murphy`s plans to divest its U.K. downstream operations, 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 or its U.K. refining and marketing business, adverse developments in Murphy or its U.K. refining and marketing business` markets, adverse developments in the U.S. or global capital markets, credit markets or economies in general, or a failure to execute a sale of the U.K. downstream operations on acceptable terms or in the timeframe contemplated. 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 Murphy`s 2013 Annual Report on Form 10-K 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.

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