

MURPHY OIL CORP /DE
Form 10-Q
May 07, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-8590

MURPHY OIL CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	71-0361522 (I.R.S. Employer Identification Number)
200 Peach Street P.O. Box 7000, El Dorado, Arkansas (Address of principal executive offices)	71731-7000 (Zip Code)
(870) 862-6411 (Registrant's telephone number, including area code)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange act.

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of Common Stock, \$1.00 par value, outstanding at March 31, 2009 was **190,787,349**.

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MURPHY OIL CORPORATION

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Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEETS

(Thousands of dollars)

	(Unaudited) March 31, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 327,403	666,110
Canadian government securities with maturities greater than 90 days at the date of acquisition	613,563	420,340
Accounts receivable, less allowance for doubtful accounts of \$7,513 in 2009 and \$7,303 in 2008	974,956	1,033,996
Inventories, at lower of cost or market		
Crude oil and blend stocks	142,373	98,217
Finished products	348,936	315,340
Materials and supplies	184,668	190,616
Prepaid expenses	91,617	92,544
Deferred income taxes	33,852	29,801
Total current assets	2,717,368	2,846,964
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization of \$3,693,987 in 2009 and \$3,824,393 in 2008	7,758,429	7,727,718
Goodwill	36,153	37,370
Deferred charges and other assets	552,926	537,046
Total assets	\$ 11,064,876	11,149,098
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current maturities of long-term debt	\$	2,572
Accounts payable and accrued liabilities	1,396,431	1,434,202
Income taxes payable	398,783	451,372
Total current liabilities	1,795,214	1,888,146
Notes payable	996,274	1,026,222
Deferred income taxes	845,348	878,131
Asset retirement obligations	429,011	435,589
Deferred credits and other liabilities	658,827	642,065
Stockholders equity		
Cumulative Preferred Stock, par \$100, authorized 400,000 shares, none issued		
Common Stock, par \$1.00, authorized 450,000,000 shares, issued 191,508,641 shares in 2009 and 191,248,941 shares in 2008	191,509	191,249
Capital in excess of par value	653,043	631,859
Retained earnings	5,680,948	5,557,483

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Accumulated other comprehensive loss	(166,496)	(87,697)
Treasury stock, 721,292 shares of Common Stock in 2009 and 535,135 shares in 2008, at cost	(18,802)	(13,949)
Total stockholders' equity	6,340,202	6,278,945
Total liabilities and stockholders' equity	\$ 11,064,876	11,149,098

See Notes to Consolidated Financial Statements, page 7.

The Exhibit Index is on page 27.

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Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

(Thousands of dollars, except per share amounts)

	Three Months Ended March 31,	
	2009	2008*
REVENUES		
Sales and other operating revenues	\$ 3,416,427	6,466,668
Gain on sale of assets	15	42,386
Interest and other income	29,110	471
Total revenues	3,445,552	6,509,525
COSTS AND EXPENSES		
Crude oil and product purchases	2,556,044	5,146,397
Operating expenses	362,361	401,178
Exploration expenses, including undeveloped lease amortization	111,105	66,496
Selling and general expenses	56,832	58,774
Depreciation, depletion and amortization	194,769	160,625
Accretion of asset retirement obligations	6,253	5,156
Interest expense	11,988	21,153
Interest capitalized	(10,323)	(6,949)
Total costs and expenses	3,289,029	5,852,830
Income from continuing operations before income taxes	156,523	656,695
Income tax expense	85,283	248,489
Income from continuing operations	71,240	408,206
Income from discontinued operations, net of income taxes	99,864	786
NET INCOME	\$ 171,104	408,992
INCOME PER COMMON SHARE Basic		
Income from continuing operations	\$ 0.37	2.16
Income from discontinued operations	0.53	
Net Income Basic	\$ 0.90	2.16
INCOME PER COMMON SHARE Diluted		
Income from continuing operations	\$ 0.37	2.13
Income from discontinued operations	0.52	0.01
Net income Diluted	\$ 0.89	2.14
Average Common shares outstanding basic	190,545,771	189,150,647

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Average Common shares outstanding	diluted	192,281,803	191,550,683
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* Reclassified to conform to current presentation.
See Notes to Consolidated Financial Statements, page 7.

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Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

(Thousands of dollars)

	Three Months Ended March 31,	
	2009	2008
Net income	\$ 171,104	408,992
Other comprehensive income, net of income taxes		
Net loss from foreign currency translation	(80,987)	(23,559)
Retirement and postretirement benefit plan gains (losses)	2,188	(1,489)
COMPREHENSIVE INCOME	\$ 92,305	383,944

See Notes to Consolidated Financial Statements, page 7.

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Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(Thousands of dollars)

	Three Months Ended March 31,	
	2009	2008¹
OPERATING ACTIVITIES		
Net income	\$ 171,104	408,992
Income from discontinued operations	99,864	786
Income from continuing operations	71,240	408,206
Adjustments to reconcile income from continuing operations to net cash provided by operating activities		
Depreciation, depletion and amortization	194,769	160,625
Amortization of deferred major repair costs	6,501	6,636
Expenditures for asset retirements	(2,098)	(1,211)
Dry hole costs	67,471	241
Amortization of undeveloped leases	25,734	27,488
Accretion of asset retirement obligations	6,253	5,156
Deferred and noncurrent income tax charges (benefits)	(785)	110,784
Pretax gain from disposition of assets	(15)	(42,386)
Net (increase) decrease in noncash operating working capital	44,970	(245,215)
Other operating activities, net	(36,589)	3,222
Net cash provided by continuing operations	377,451	433,546
Net cash provided by discontinued operations	2,576	12,983
Net cash provided by operating activities	380,027	446,529
INVESTING ACTIVITIES		
Property additions and dry hole costs	(511,358)	(506,657)
Purchases of investment securities ²	(599,751)	
Proceeds from maturity of investment securities ²	406,528	
Expenditures for major repairs	(7,408)	(7,676)
Proceeds from sales of assets	116	104,126
Other net	(1,836)	(5,749)
Investing activities of discontinued operations		
Sales proceeds	78,908	
Other	(845)	(3,705)
Net cash required by investing activities	(635,646)	(419,661)
FINANCING ACTIVITIES		
Increase (decrease) in notes payable	(30,000)	202,921
Repayment of nonrecourse debt of a subsidiary	(2,572)	(5,235)
Proceeds from exercise of stock options and employee stock purchase plans	4,420	9,922
Excess tax benefits related to exercise of stock options	1,957	9,945
Cash dividends paid	(47,639)	(35,564)
Net cash provided (required) by financing activities	(73,834)	181,989

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Effect of exchange rate changes on cash and cash equivalents	(9,254)	(13,435)
Net increase (decrease) in cash and cash equivalents	(338,707)	195,422
Cash and cash equivalents at January 1	666,110	673,707
Cash and cash equivalents at March 31	\$ 327,403	869,129

SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES

Cash income taxes paid	\$ 82,401	56,683
Interest paid more than (less than) amounts capitalized	\$ (8,975)	4,524

¹ Reclassified to conform to current presentation.

² Represents cash invested in Canadian government securities with maturities greater than 90 days at the date of acquisition.
See Notes to Consolidated Financial Statements, page 7.

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Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (unaudited)

(Thousands of dollars)

	Three Months Ended March 31,	
	2009	2008
Cumulative Preferred Stock par \$100, authorized 400,000 shares, none issued		
Common Stock par \$1.00, authorized 450,000,000 shares, issued 191,508,641 shares at March 31, 2009 and 190,499,101 shares at March 31, 2008		
Balance at beginning of period	\$ 191,249	189,973
Exercise of stock options	260	526
Balance at end of period	191,509	190,499
Capital in Excess of Par Value		
Balance at beginning of period	631,859	547,185
Exercise of stock options, including income tax benefits	7,440	20,261