

MURPHY OIL CORP /DE
Form 10-Q
November 05, 2010
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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 September 30, 2010

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)

200 Peach Street
P.O. Box 7000, El Dorado, Arkansas
(Address of principal executive offices)

71-0361522
(I.R.S. Employer
Identification Number)

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 Accelerated filer
Non-accelerated filer Smaller reporting company
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 September 30, 2010 was **192,366,738**.

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MURPHY OIL CORPORATION

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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 September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
REVENUES				
Sales and other operating revenues	\$ 6,072,417	5,202,198	16,893,445	13,114,619
Gain on sale of assets	208	151	997	3,736
Interest and other income (expense)	(8,842)	(18,592)	(58,568)	66,800
Total revenues	6,063,783	5,183,757	16,835,874	13,185,155
COSTS AND EXPENSES				
Crude oil and product purchases	4,759,402	4,092,713	12,991,528	10,223,288
Operating expenses	506,996	421,621	1,432,847	1,157,871
Exploration expenses, including undeveloped lease amortization	62,046	37,899	181,503	183,950
Selling and general expenses	69,422	56,712	203,404	175,146
Depreciation, depletion and amortization	285,280	245,539	866,172	637,737
Accretion of asset retirement obligations	8,104	6,717	23,561	19,134
Redetermination of Terra Nova working interest	4,491	1,301	15,353	36,392
Interest expense	12,751	12,611	41,453	37,783
Interest capitalized	(4,708)	(4,135)	(11,069)	(26,585)
Total costs and expenses	5,703,784	4,870,978	15,744,752	12,444,716
Income from continuing operations before income taxes	359,999	312,779	1,091,122	740,439
Income tax expense	157,167	123,902	467,110	319,478
Income from continuing operations	202,832	188,877	624,012	420,961
Income from discontinued operations, net of income taxes				97,790
NET INCOME	\$ 202,832	188,877	624,012	518,751
INCOME PER COMMON SHARE BASIC				
Income from continuing operations	\$ 1.06	0.99	3.26	2.21
Income from discontinued operations				0.51
Net income Basic	\$ 1.06	0.99	3.26	2.72

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INCOME PER COMMON SHARE DILUTED

Income from continuing operations		\$	1.05	0.98	3.24	2.19
Income from discontinued operations						0.51
Net income Diluted		\$	1.05	0.98	3.24	2.70
Average common shares outstanding basic			191,943,813	190,811,162	191,577,000	190,691,892
Average common shares outstanding diluted			193,437,992	192,641,808	192,866,485	192,375,146

See Notes to Consolidated Financial Statements, page 7.

The Exhibit Index is on page 33.

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Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEETS

(Thousands of dollars)

	(Unaudited) September 30, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 462,392	301,144
Canadian government securities with maturities greater than 90 days at the date of acquisition	630,248	779,025
Accounts receivable, less allowance for doubtful accounts of \$8,081 in 2010 and \$7,761 in 2009	1,363,300	1,463,297
Inventories, at lower of cost or market		
Crude oil and blend stocks	209,327	128,936
Finished products	404,417	384,250
Materials and supplies	224,721	220,796
Prepaid expenses	88,169	83,218
Deferred income taxes	74,282	15,029
Total current assets	3,456,856	3,375,695
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization of \$5,665,235 in 2010 and \$4,714,826 in 2009	9,846,026	9,065,088
Goodwill	41,550	40,652
Deferred charges and other assets	388,190	274,924
Total assets	\$ 13,732,622	12,756,359
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 10	38
Accounts payable and accrued liabilities	2,293,157	1,794,406
Income taxes payable	458,522	387,164
Total current liabilities	2,751,689	2,181,608
Long-term debt	1,024,339	1,353,183
Deferred income taxes	1,109,220	1,018,767
Asset retirement obligations	495,729	476,938
Deferred credits and other liabilities	384,726	379,837
Stockholders equity		
Cumulative Preferred Stock, par \$100, authorized 400,000 shares, none issued		
Common Stock, par \$1.00, authorized 450,000,000 shares, issued 192,835,791 shares in 2010 and 191,797,600 shares in 2009	192,836	191,798
Capital in excess of par value	737,223	680,509
Retained earnings	6,679,889	6,204,316
Accumulated other comprehensive income	369,198	287,187
Treasury stock, 469,053 shares of Common Stock in 2010 and 682,222 shares of Common Stock in 2009, at cost	(12,227)	(17,784)

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Total stockholders' equity	7,966,919	7,346,026
Total liabilities and stockholders' equity	\$ 13,732,622	12,756,359

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 September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net income	\$ 202,832	188,877	624,012	518,751
Other comprehensive income, net of tax				
Net gain from foreign currency translation	115,670	145,066	75,285	243,583
Retirement and postretirement benefit plan adjustments	2,199	18,756	6,726	23,039
COMPREHENSIVE INCOME	\$ 320,701	352,699	706,023	785,373

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)