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Murphy Oil Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Ladies and gentlemen, at this time we will begin the question and answer session. As a reminder, if you have a question please press the * followed by the 1 on your touchtone phone. If you'd like to withdraw your question please press the * followed by the 2, and if you are using speaker equipment you will need to lift your handset before making your selection.

Our first question comes from the line of Tom Gardener with Simmons & Company. Please go ahead.

Tom Gardener – Simmons & Company

Good afternoon gentleman, Claiborne, first of all I think that the shareholders appreciate your tenure, but I wanted to focus on Murphy's balance sheet, just given your financial flexibility, do you see this current environment as an attractive time for upstream acquisitions?

Claiborne Deming

I think so, the only caveat that I would add is that when we've been successful in the past doing it, it's typically after this thing settles in a bit, and it's not always at the beginning that pricing is appropriate. Now having said that, something could pop up and we could act and we're certainly looking, and we're looking both domestically and we're looking internationally.

Tom Gardener – Simmons & Company

Would your focus then be more conventional, or unconventional in that regard, I imagine both domestically and internationally, but it's more of a domestic focused question.

Claiborne Deming

We're an oily company, and we're an oily international company, and so to better balance our portfolio with natural gas in North America will be a great fit for us.

In that, because there's so much of it on the market, and so much more coming onto the market, I suspect there's going to be some retraction in pricing because there's going to be a whole new price deck that people are dealing with. And so I think the prices will reflect that.

Tom Gardener – Simmons & Company

Excellent, thank you. Moving over to Australia and Browns Basin, I just wanted to get your feel for the long term outlook for natural gas prices in that region.

Claiborne Deming

Well, they're tied to oil, typically, it's an L&G focused commodity over there. And oil price is at \$70 which translates into pretty attractive natural gas prices for that type of development. Oil prices go up, I suspect it's a list of time, that just given the resource and 5 the world and the world's growth, I suspect oil prices go up from here, to the extent L&G is tied to it, which I think I think that tie will likely last, I think you'll see pretty good pricing. This is clearly, the prospect is big. There's two or three bumps, but the first one we're looking for is certainly a couple of TCF, it's got a lot of liquids, and this would be designed, ultimately, for a project like this.

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