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## Murphy Oil Corporation Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Erik Mielke – BAS-ML.

#### Erik Mielke – BAS-ML

My first question relates to Kikeh, can you give us an update on cost recovery given the lower prices that we're seeing currently. Are you still expecting that to be in the first quarter of 2009?

#### David M. Wood

Kikeh is going very well, I'm very pleased with the project. We were thinking it was going to recover by the end of last year but now depending on oil prices, first quarter, second quarter time frame.

#### Erik Mielke – BAS-ML

A more strategic top down question on the outlook for natural gas in North America, you seem to be signaling an interest to expand in that area either organically or potentially through acquisitions. Can you talk a little bit about the outlook that underpins that view on the macro and what sort of prices you're willing to factor in when you make investment decisions?

#### David M. Wood

I think long term and this is a long term business and I take a long term view. I think in this down cycle for companies that are in a position as us getting in to the game out of cycle is ultimately going to be smart. I'm very pleased by what we see at Tupper and there you're talking about operating costs of about \$1 and DD&A of about \$3. So, if we can get in to projects that look like that I think we'll be well positioned so that's the kind of thing that we're looking for.

#### Erik Mielke – BAS-ML

The final one for me is on the cap ex slow down where you guided that you've identified \$100 million already and I think you said another \$90 million of things you could cut. Can you talk a little bit about the type of cap ex that you'll be cutting first and what you might be bringing on if prices turn out to be higher?

#### Kevin G. Fitzgerald

The capital that we've already cut is basically evenly split. The \$100 million on the E&P side pretty evenly split between exploration and development. The other \$80 million I alluded to about half of that would be in downstream, we'd just build fewer Wal-Marts, some of the smaller projects at the refineries, things like that. Then, it's mostly some exploration expenses, that's where your real discretion would be and you just have to take it from there. Of course, if prices rebound then some of these things could be put back in to place.

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