HD **Murphy Oil Corp at Wells Fargo Energy Symposium - Final**

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Presentation

ROGER READ, ANALYST, WELLS FARGO: I'm Roger Read, one of the energy analysts at Wells Fargo. I cover what we call bigger oils, integrateds and the refiners. Today, we have one of those bigger oils here with us, Murphy Oil Corp. We have Roger Jenkins, who is the President and Chief Executive Officer. We also have members of the investor relations team down here as well. With that, I'm going to cut it short and let Roger get at it.

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ROGER JENKINS, PRESIDENT, CEO, MURPHY OIL: We were a lot bigger three months ago; I'm not sure how big oil we are. I hope people here aren't anticipating an expertise on crude. If I'd known that, I'd be heavily hedged today for 2015. But we do have a large crowd today. I'm not sure if the big drop in WTI brings out the larger crowd. I hope not.

Of course we'll be making forward-looking statements today about various things and you can find more information on our website as we have the cautionary statement in all the meetings of this kind.

Today, I want to talk about the progress. We are a company just a little over a year from being a fully integrated company. Reasons to invest in Murphy, address the pullback and why Murphy is advantaged in an oil price pullback. Our North American portfolio is going very well. I guess you could say that's part of the problem of prices today, because ours is no different. We are executing well globally in the offshore, which is a high return business. And we still have a very very nice exploration program to speak about.

As we look at our portfolio at Murphy, and this is a very critical thing about Murphy and critical about our CapEx, we have signed an agreement to sell down 30% of our Malaysia assets to Pertamina, an Indonesian company that's been publicly released for a sale price of $2 billion. We are in the progress of closing that as per the press release on that and continue to make that progress.

We have been attempting to leave the UK downstream for a long time. We have progressed in selling the retail assets there and we were unable to sell the refinery there, which I think one of the macro issues we face with oil today is a severe economic collapse in Europe, which is part of that problem. We're decommissioning that refinery and then we will sell all of the terminal assets and getting where we can do that now.

We are a company that has repurchased 10% of our company. We do have a share repurchase program out there today. We have been a consistent dividend payer and continue to do that. Production has been recovered this year, a very very strong third quarter and looking well into the fourth quarter.

Our Eagle Ford shale continues to do well, again, part of the issue here is continued growth. In North America oil, we would be no different. We're adding a lot of rigor to our production forecasting; this has been an issue for Murphy in the past and a key part of our budgeting capital program for next year.

We are a company that has been increasing production throughout this year with a very strong third quarter and in prior years as well. We're working a lot on lease operating expenses which are really critical in a time like this and we see improvement in 2014 over 2012 and 2013 and then a very very nice third quarter with our Eagle Ford shale OpEx really leading the way here.

This is one of the key slides. Today you'll see hundreds and hundreds of slides, but this is a very very important one. No matter what happens today, crude going down $3.00 and the collapse of crude prices, we are advantaged from an EBITDA per Boe basis to the peer average of some very very nice companies here. We have a $4.00 advantage on EBITDA around the $7.00 on EBITDAX, where we're greatly helped by EBITDAX. So, this is very key to know that if you're going into a collapse, you want to be leading in this metric and we're very very well positioned from a cash flow perspective and quite proud of that.

We have been increasing production, as I said a few minutes ago. It's a misnomer that it's just a debacle on production guidance; we quite often hit our quarterly production guidance. We've been disappointed in yearly guidance this year and some things we need to do on risking. We have been a big grower of production in our space. Our onshore is becoming very predictable. We had a good bit of high value subsea deepwater execution that's now behind us. And again, more rigor and risking as we get into next year. I think it's something we're critically working on, especially as you look at budgets in this time of timeframe with price collapse.

As you're looking to invest in Murphy, we are an exploration **company**. We're still proud to be one. We did build up our **company** on exploration. It does allow our stock price to be needle-moving in that regard. We are a keen operator in both onshore and offshore, with a long history of working in the offshore deepwater business. We are a preferred partner with companies like Petronas and Pertamina and Broad and very very well known in Southeast Asia. And our ability to operate in deepwater makes us a unique partner.

We do add a lot of value, because we are Murphy **Oil** Corporation. We haven't been trying to become oily; we are oily and have been oily. We are derisking our global offshore with a big presence in North American onshore. And we're in fairly good shape financially, going into this crisis as well.

Some of the reasons to invest in Murphy. We do now, at our stock price, have a very nice dividend yield, with share repurchase protecting our long-term shareholders. Highly profitable production reserve growth that I was talking about earlier. I think number three is we're really advantaged on a cash flow per Boe basis. The Eagle Ford is doing very very well for us and our offshore fields are high margin, high return and are now on line and doing well. And we always have the ability to move our share price with exploration.

We have rewarded shareholders quite a bit in Murphy over the last few years. You can see a regular dividend on a very nice CAGR. You can see where our dividend yield places us and we would be very high dividend yield for our size. Repurchase programs, dividend growth and then if you really dig into the detail, enormous return to shareholders; some $4 **billion** in only two years.

With the spinoff of Murphy USA, which was formerly our hedge against **oil** price drops like this, which that stock has done enormously well for long-holders of Murphy. We had a special dividend back in 2012. We continue with a strong repurchase program. And of course a very strong dividend program. So a lot of money returned to our shareholders of long term here at Murphy.

We are a leading production grower. The key thing is the green dot. These are people that are weighted towards **oil** in this small peer **group** that is shown here. So again, leading production growth through this period and **oil** weighted, which should **lead** us into a nice situation, even with collapsing crude, is that we are not a gas player.

Leading reserves growth here. Again, as we look at Malaysia and we look at our last five years, we have enjoyed very nice replacements. We're not only growing production, replacing production at 180% average. We are selling about 58 **million** barrels of reserves in Malaysia. If you look at that map, we will of course temporarily increase our R over P and then pull it back to about the level that it's been. We're forecasting 165% reserve replacement, even with the **sale** of Malaysia. Again, a very nice **oil** weighted portfolio that we offer investors.

We are delivering value at this production. It is very difficult to be the R over P leader, while being the leader in production growth, but we have improved and increased our R over P now for several years. If you go into the 10-K folks, and you look at the SMOG report or the free cash flow, we have grown production more and grown the free cash flow from that presentation more than these very very nice outstanding set of peers here. And I think we'll still be positioned well here as we continue with our EBITDA/EBITDAX advantage going into the end of this year.

As you look at a **company** that can handle this big **oil** price pullback, this slide has been around a couple of months. I didn't think **oil** would go this low, but we were greatly helped by that, I suppose, from this regard. You look at 87% of our liquid production in the **company** today, you look on the far left and the OpEx of that is below, I guess the highest would be offshore Canada at around $16. So very very good situation from a cost perspective.

On an income perspective, adding on the DD&A, you still get into a supply cost of $43 to $30 in the East Coast Canada. So I think in a fairly good position. And in a decent position on gas, as these are Boe numbers; you have to divide by 6 to get it back to a gas price, but very very strong position on the **oil**, especially from a cash perspective.

This is another key slide about investing in Murphy. I said a few minutes ago about our EBITDA and EBITDAX advantage. If you look on December 1 for this quarter, of course it's gotten worse, but I believe we're in a good situation here. You take a Brent price, no matter what it is and a Gulf of Mexico slightly below that, our Gulf of Mexico crude that we're selling, then our Murphy Eagle Ford shale is very advantaged because we're not an NGL, we're not a condensate player there. We're a black oil player.

You then move abroad to Kikeh and even after supplemental payments with Petronas and with our SK production and Sarawak, we are ahead of Midland, Bakken and Niobrara by good margin, after paying off our host governments.

I think this is a very key slide about weathering this situation, our strong financial situation, our EBITDA and EBITDAX advantage and our net back price advantage.

This too was coming to bare as the EBITDA to EBITDAX or net debt to EBITDA. This is made by an outside party. I'm not sure if it's exactly accurate. It's fairly accurate to our numbers. I can't speak to the others. But, as you can see, the total shareholder return is now starting to come around for people that have the stronger balance sheet and that would be where Murphy would sit.

As we look at our North American onshore business, of course our business is going very well and the Eagle Ford shale is really successful for us. Continued production growth here. It's driving operating costs down. We made enormous improvement in LOE here as we, as others continue to improve the drilling.

I do think that when we see pullbacks in CapEx, this is where this continuous improvement I think will -- it may not be baked in. It's not going to be a matter of just dropping rigs; it's what does the dropping of the rigs do to the efficiency, I think will be a key issue going forward here.

The Eagle Ford is a big running room for us, a very successful place. We'll have 200 wells come on this year. We feel that we have over 2,000 wells, almost nearly 3,000 wells in inventory. And as we look at the acres, I want people to focus on the lower Eagle Ford downspacing and the upper Eagle Ford as to the numbers of wells. We have about 600 wells drilled to date. So the issue is what is going on with the 600 up to the 2,700. And the way we want to think about that is on the left-hand side, we have the total resour5ce we think in the Eagle Ford for Murphy is some 730 million barrels net. This of course would be the biggest field in our company's history. We have only 208 proven today, but a lot of running room here. Expected are P2 type level of almost near 300 million more in additional, as to the brown areas as in unrisked matters on downspacing.

So we see, as we look at this graph, the numbers of wells remaining and where those wells are in great granularity to prove up this total running room that we have. So in the blue area we have some 1,023 wells that tie back to the prior table. Most of these are using the word OS or DS. So this would be downspacing yet to be drilled or offsets of wells that we have today. So this is pretty derisked by us and by industry.

A little bit of upper here in the blue. As you move into the brown, where we have a lot of the upper Eagle Ford shale with future wells to go. So we're now working on a lot of derisking of the brown area and that's what I want to talk about here in the next few minutes.

As we look in the Karnes County, a very prolific core area of Eagle Ford shale, very very nice place to work, we discovered upper Eagle Ford shale over two years ago at Murphy, so we have one of the longest running upper Eagle Ford wells. So we plugged that well for almost two years. You can see it on the bottom left in orange. And this would be here, as we compared all the wells that are around it.

And as we go into the upper versus lower and how that's working, it's really a 20 acre downspacing, because it's staggered with an upper on top of a lower, if you will, and we have about 2.5 months of data here showing this is very very well. And this ties back to the 95 locations that we had on the prior page.

As we go into Tilden, which is an area in which we have an enormous acreage position, a lot of running room ahead and which we also own this acreage 100%, there is an area where the upper Eagle Ford probably doesn't work and it's kind of outlined here. And these results are also very positive and we have upper on top of lower doing very very well; almost the same result after 90 days. And then we staggered them in the same field on top of each other and they too are performing well. So again, tying back to this 322 potential locations and this is going very very successful for us.

As we look in our third area, Catarina, it too has downspacing and upper Eagle Ford as well. A long history of working upper Eagle Ford there, some three years of production. And this ties to a lot of remaining wells in the lower and 200 in the upper and it too is performing in a data set after only a limited amount of data, appears to be going very well for us here as well. So a lot of granularity and exact calculation around the numbers of wells we have.

The upper and lower and the downspacing and the data in it, I think is quite clear. What we're trying to do is show this is not just space; this is a complete field development plan with data to back it up.

In the Montney, up in Canada, we're moving up to Canada, this is where we took our original team from Montney, when Montney gas eco collapsed. We built the team in Eagle Ford. We're now taking people from Eagle Ford back to Montney and taking a lot of ideas around hundred ton and foam and slick water fracking into an area where we didn't use a lot of sand before.

So all these gray wells are the prior wells with less amounts of sand and pumping. What we're seeing is much higher wellhead pressure, which is leading to higher EUR and we're seeing better cumulative recovery after the same 150 wells. So we have 3 of our wells in the top quartile and 3 of them at the best in class. So this has gone very well. A lot of running room.

There was some discussion this week about breakeven prices and the Montney being similar to Marcellus and it probably is in the 280 range, if you can get the Bcf up in here and this appears to be going very well for us.

Seal is a place that will be hurt greatly by pullbacks in CapEx next year, but it is an enormous resource and our steam work is going very well. You see these steam ratios in the 2 to 3; this is pretty good. This is up here. This is a central area that is derisked by another player working right here in this area. So again, some 36 **million** and 87 **million** barrel type projects that are out there, so we can feel better about the pricing out in 2018, 2017 timeframe. This will be something we want to invest in, in the next couple of years. But we have pushed it out into next year due to the recent CapEx pullback.

As you look at our very very profitable offshore business, have a lot of things that come on line this year. Siakap North-Petai production; the plan is to tieback to Kikeh in Malaysia. New well line doing very well. Kakap-Gumusut, which is operated by Shell. A big super field here. Probably one of the top subsea fields in the world coming on line this year; is on line October 8th and it's doing very very well in its ramp up; over 100,000 barrels.

Block H is a long-term gas project that we have that's progressing. And then our very nice shallow water business, we have a gas business with strong nominations going into this quarter and a very very nice drilling result at some of our shallow water business.

In the Gulf, Dalmatian doing very very well here, with both **oil** and gas performance. We're out drilling an expansion of the Medusa field, which is one of our more profitable fields in our **company**. And then we're part of a Kodiak development in the Gulf, operated by another party that is very similar to this Medusa work we're doing. This is one of these situations with this particular operator is one of the lower priced rigs out there in the market today. So in the long-haul of this business, you'll be on different parts of the cost curve and we find ourselves at the very bottom here on this one.

A lot of times in Murphy, the focus is always on production guidance. Roger asked me. People focus on it continually. Hardly anybody ever says how are the **oil** wells doing, how are the wells doing, how's the pay. You've got to have pay in these wells and our problem is not that. So when you sanction fields, you have a plateau of deliverability and we've been at or exceeding that in all of our new subsea fields.

Now we'll be a couple of months late here and there. We're pleased about that, but this has gone very very well. And when you start these new fields off, because of reserve bookings with water injection, you typically have a higher DD&A. And we see that this DD&A full life will be coming down. So our projects are actually from a subsurface perspective, going very very well. And that's the first step in this business is to have the subsurface right.

Look at Dalmatian here again, I've spoken to it an Dalmatian South is a well that's coming up. Dalmatian is an **oil** well and a gas well flowing back to the Chevron operated Petronius and Dalmatian South is an opportunity we have down here. It will be tying back to this infrastructure later on this year.

Medusa has been in place at Murphy for many many years; it's one of our more profitable fields in **company** history. It is doing so well subsurface that we need to drill some subsea wells in order to produce all the reserves through this facility before the facility becomes too aged.

We're drilling a well up here today, in the middle of drilling a well, just spudding it. We'll be working to tie this well back to this facility mid next year, going on nicely here.

A key thing about Murphy is our relationship with Petronas. Petronas is the global leader in LNG in the world. They have the complete molecule from molecules of production to manufacturing, to shipping, to incredible relationships in Japan to sell them LNG. We see that they're now a major player in Canada and they touch LNG around the world. Almost invented the global LNG business. We're quite proud to be their partner. And SK gas, here in the red; we deliver a lot of gas to them every day. This has been something that could grow here as we add on Block H.

Then we discovered a very nice resource with our partners in Brunei. So we continue to see a nice growth business here going way out in time, tied to oil prices, tied with the right partner group and again, a nice situation for us here in Murphy.

As you look at exploration today, we have made some changes, they're subtle changes but I think they're important. We really don't want to drill 100% wells anymore. Since 2008, it's kind of a misnomer. We drilled about 60 wells; only 7 of them are 100%. But we're going to try to eliminate doing that. Go into country with partners and go into well commitments with partners and I think what you'll see this year is we're going to drill more wells in 2015 than we did in 2014, but with lower working interest, so we're going to have more kicks at the can with the same amount of spend.

We are a company that has explored for a very long time and built our company on exploration. We did enter into Eagle Ford shale; someone in our company had the idea that would work out well for us and it has. And we built up all that Malaysia business on the back of incredible expiration success. We do have a 1.2 risked main resource, which is a little bit short of 2 times our proven. We are brought in to many relationships because of the rigs processes, people, equipment to operate internationally and operate deepwater activity and develop deepwater globally.

As you look at our program just in the first half of the year in the Gulf of Mexico we're drilling a well called Urca. I'll talk about it more here in a second. Opal and Sea Eagle, two we'll talk about. These are some opportunities in the Gulf and I would anticipate this Gulf program to continue on throughout the rest of 2015. We're drilling some nice wells in the Perth Basin coming up. We're shooting seismic in the very very large Ceduna Basin offshore Australia. And then some small near-field exploration in Sarawak, where we work very successfully today.

As you look at Urca, very nice well Our partner here is Petrobras. We're 50/50 with them. 130 million barrel discovery in a very nice zip code area between the Noble operated Big Bend and the Chevron operated major field Blind Faith. Pretty nice zip code to work there. We are looking to farm down here; the 25%, hence the ability to get some of these more expensive wells that are lower working interest and drill more wells. We're in the middle of drilling this well and moving forward here.

As we look at amplitude plays, I'm very very excited about amplitude. We have several of them here; Sea Eagle, Longspur, Whydah, we actually have more. These are the ones that are near our Thunder Hawk facility, primarily oil. That's what Macondo was, was an amplitude play in Miocene age. You can get some nice size to these if you put two or three of them together. They're cheaper drilling costs and drilling subsalt and an opportunity I like quite a bit.

Opal is a very unique play in the very eastern Gulf. It's a very large resource; 250 million barrels probably doesn't do it justice. With our partner with Anadarko here. This is an amplitude supporting unique strat trap, almost like a West Africa stratigraphic trap against the cretaceous edge in the Gulf of Mexico; unique and very big and prolific. We'll be drilling this early next year.

Sea Eagle is one of these Miocene opportunities I talked about. You can see the seismic expression on the bottom right; around 100 million barrels here. Very close to tiebacks and a well that will be drilled next year.

We've been in this area for a long time. This is extreme western Australia offshore Perth. A big area of this block is enormously large; far far bigger than hundreds of Gulf of Mexico blocks. You can see that the area we own in Ceduna Basin, this is our block and this is bigger than all of Mississippi Canyon in the Gulf of Mexico. So you're talking about something big as Eugene Island in the Gulf, for all you Gulf guys out there.

We have a nice big block here, a bunch of different opportunities. We've circled in on three of them that we want to drill. These are material in that we're able to look at 100 million barrel prospects times 3 for around $27 million net to Murphy, so shallow water, not difficult to drill and something we'll be getting going with here pretty quickly.

As we look at CapEx here, we're not disclosing our CapEx. A lot of people ask us about it and I think when there is a continued fallback in oil prices it's a very difficult time to do these capital budgets. We are about to spend $3.9 billion this year, maybe a little bit short of that, before the end of the year. We are going to disclose this at our fourth quarter call, which will be at the end of January. I think that will be quite common.

The budget we have will be subject to Malaysia closing. That is very very large and maintains a lot of flexibility for us on the balance sheet. Our CapEx will be lower. I think this idea of lowering CapEx 20-something percent is going to be pretty common in industry. We are lowering our exploration spend a good bit, but still drill a very nice program, because we will be probably hurting seismic and lease sale money in the Gulf of Mexico, which you hate to do, but you have to do in these types of environments.

And we will grow production in some single digit growth number into 2014, with less CapEx, which I think is favorable. This is kind of what we're saying about CapEx today. But this Malaysia closing is a big deal and part of our ongoing budget work that we'll be meeting on prior to our call.

Reasons to invest in Murphy; we are a shareholder focused company. We have a strong dividend policy. We've had a very long history of share repurchase and returns to shareholders. We are advantaged from a cash flow per Boe perspective as to a very nice set of peers. We do have a diverse oil portfolio. I think it was very uncool to be around the world and onshore was quite the rage earlier in the year, but our higher netbacks and our price advantages and our EBITDA advantage has come forward and even with the collapse of price in the last couple of months, by all we see Murphy sort of riding up in that group because of that, I think.

We do have needle-moving high impact exploration in our company. We are drilling our wells next year. It's impossible to turn these ships around, so we're going to stay with it. And we can afford to do it. We are going to continue to work on our portfolio. We're well on our way of doing that in Malaysia. Of course there's been some pullback in that now. We need to continue to close that and move forward.

But we're very positioned here for value creation, obviously a very good entry into our share price today, I would say. And appreciate everyone coming out and that would be all I would have today.

Questions and Answers

ROGER READ: (Inaudible - microphone inaccessible)

ROGER JENKINS: If they're not too difficult, Roger. Oh, you're not going to ask. Well they won't be difficult then. If he's not doing it, it shouldn't be so bad.

ROGER READ: (Inaudible - microphone inaccessible)

ROGER JENKINS: Anyone but him guys. Come on. Okay Roger, remember you need executives to come to the conferences, remember.

ROGER READ: Putting the pressure on me there, Roger. Thanks. I think one of the big questions out there is obviously what's going to happen in CapEx but one of the other things that should be looked at specifically with Murphy, as you mentioned, the sale of Malaysia, which I believe two-thirds closes end of the year, the other third in January.

ROGER JENKINS: Yes.

ROGER READ: Plus, you have the closure of the Milford Haven and the repatriation of some of that capital. Oil prices are lower. Actually there may be some other people that are struggling more, don't have the balance sheet you have; how do you look at deploying that capital? Three months ago we might have said share repurchase and a higher dividend, today, the world's your oyster. What do you think, what are you looking at, what, based on prior times, would you think becomes interesting?

ROGER JENKINS: Well, it's clear that all those things -- I think looking back, there's always some level of repurchase and some level of M&A and what would be that ratio at that particular time. I think today, you really have to be on the sidelines. We're continuing to see this thing go down and oil price, I'm surprised by it quite frankly. I was thinking a mid-70s bottom and we didn't see that.

If we're able to continue the progress this closing, we'll be in a very good situation, pretty much net debt free in our company with 2.2 billion of bond debt; 1.1 revolver; 1.4 billion of cash and bring those proceeds home that you outlined, Roger, we'd be in a very very good position.

I think two things will have to happen to make an analysis of repurchase versus M&A and that would be a calibration of the seller and agreeing with the seller on what the forward curve crude looks like and how we ever get to MPV of either party being satisfied.

And what will happen on the cost side? Everyone has been in budget time. There's been very little worked on with our service partners about what will happen to costs. And I think those two have to calibrate with this pullback before we're able to do that. But a mixture of repurchase and M&A, I still think would be a the top of the list. Probably not a dividend change or anything like that.

UNIDENTIFIED AUDIENCE MEMBER: Can you talk about how your costs can decline with the decline in price of oil, what percentage or variable are tied to that?

ROGER JENKINS: We just got our OpEx and got everything going in our budget, really just now working on this collapsed scenario. The issue that we all have to face, I have in my mind you could lower expenses 20% in the onshore, but then people would take the 20% and keep the rigs running. And until we lower the rig count, and when that break over happens for different people, we have to break this growth US, it appears, to have a change in the oil price. And sometimes I fear that some of the industry improvements in those regards will keep rigs running.

So that real call, I think is the issue. But with that said, we've had an enormous run in technological advance in shale, longer laterals, different perforating style, different types of fracking, different experimentation by the major service provider. Different experimentation by the operator. Those are the first things to be cut, typically, in each environment.

And when people do cut rigs and people will have to cut down, we will be no different, you will then move the rigs around in a fashion protecting acreage. And the efficiency will go away. I'm not so certain that we baked in the efficiency losses and the issues around acreage protection versus that and technological change I think could cause this growth to stop and get us into the situation we need, where we're as profitable as we were before. I think that's a bigger deal than the percent we're going to get on the OpEx side, quite frankly.

UNIDENTIFIED AUDIENCE MEMBER: This may be a terrible analogy, but let me throw it at you. On things like data, it now costs a lot less to use data than it ever did and with the lower cost of it, there's greatly increased demand for it. And I'm just wondering if the same sort of thing can happen with oil? Now that these prices are coming down so much, are there more things that could/should be done with oil petroleum products that would, at this lower price could enhance demand?

ROGER JENKINS: I would say yes. I don't have specific rational around what you're saying to specifically say why. But we are going to need some kind of demand recovery in 'Europe and China, which is kind of happened in a perfect storm of European collapse, China problems, a lack of disruption. Really the risk premium internationally has just gone really down to zero here just of late; Libya and things of that nature. I don't believe the risk premium has gone to zero, but suddenly it has.

So we're in a very freefall of price that I think will be that way until we see these reports about the inventory in the United States stop growing. But demand of our economy here growing better, the Europe and the China over what you say would be my view, but more uses of it at these cheaper prices. But then again, I think the whole world believes it's going to go back up. So will they invest in that, thinking that it's going to hockey stick back up again. It's just a matter of what people feel about the shape of that hockey stick, I think is the real issue and it's hard to know. And I don't know myself.

UNIDENTIFIED AUDIENCE MEMBER: If the current price environment persists for an extended period of time, do you think that maybe some of the smaller players that become distressed would become more likely to want to hold on to crown jewel assets that they think have a perceived higher value and take a bigger discount on second tier assets or would they try and get as much value as they could from a good asset?

ROGER JENKINS: I think there's going to be a mixed bag. There's going to be folks that will not be able to borrow more money due to their debt/EBITDA levels at these prices. They will then need to do something. There will be all kinds of opportunities; JV opportunities. Will they try that? Will they try to sell at a distressed cost? I don't know. That's a lack of a better word.

I think it will be all of the above. If we remain at this level, number one, the rigs will drop; probably 500 rigs will drop if we stay at the prices we are today for certainty. Then these issues I brought up about technology and the lack and change of that and people using that will do the job whenever that comes through, but I don't know the time of that.

But I don't think there will be one prevalent thing. I think there will be many different scenarios from stock deals to people that have long oil positions that want to ride it back up again because of this perception it will always go up. It will be large farm-in opportunities and there will be M&A opportunities, bolt-ons and etc. I think it's just going to be a good bit of all of that available, if we keep this on into July.

UNIDENTIFIED AUDIENCE MEMBER: I think you just said 500 rigs drop in the US; is that front end loaded or back end loaded for 2015?

ROGER JENKINS: I think what will happen is it won't be drastic. This is my view. Again, all I can tell you is my personal opinion; I don't know for sure. I'd say in the second question. And I think the issue will be the 2016 production. When we dropped from 6 rigs to 4, it's not so much the 2015 production, it's the 2016 production. So that perception of what 2016 will be will break the growth. But I believe there will be a reluctance to do this and this pullback will be backend loaded, is my opinion, to answer your question.

UNIDENTIFIED AUDIENCE MEMBER: Do you do any hedging?

ROGER JENKINS: I have and I have some now, but I do not have any in 2015.

ROGER READ: One more question, anyone? Okay, I'm going to follow up with Matt's question. Exploration is one of the easier places for most companies to cut in terms of it doesn't impact your near-term production. You've been certainly an exploration focused company. Oil opportunities come up and how do you take a look at maybe a future opportunity you can farm into versus the ones you've already laid out for 2015 or you're thinking about even for 2016?

ROGER JENKINS: Well typically in the Gulf of Mexico they're long-term leases, so you have a good bit of flexibility. I think that this year will be a year of a lot of commitments. We have our Gulf of Mexico is flexible. We can move off of it onto another opportunity. We do have rig contracts that we would need to put those rigs and that becomes a problem with moving to the other.

But I think now in exploration and as to the question Matt had a few minutes ago, there will be enormous opportunity in exploration too, to farm in, seismic costs becoming cheaper, less spending at lease sale if you're able to get some budget together for that. So again, if you're in it for the long-haul and you're going into it no debt, doing into it with an EBITDA advantage, going into it with a netback advantage, you'll come out of this in pretty good shape and I predict that we will.

UNIDENTIFIED AUDIENCE MEMBER: For your JV with Petrobras in Gulf of Mexico, the Urca well, is there any additional funds that you need from Petrobras, have they put in all the cash already?

ROGER JENKINS: We cash call them. We're in the middle of drilling the well and that's all going fine.

ROGER READ: Thank you Roger. Thank you the rest of the Murphy team and we'll roll out to the next.

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