MURPHY OIL CORP /DE
Form 424B5
August 08, 2017
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-207463

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Aggregate Offering Price	Registration Fee(1)
5.750% Notes Due 2025	$550,000,000	100.000%	$63,745

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

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Prospectus supplement

(To Prospectus dated October 16, 2015)

$550,000,000 5.750% Notes Due 2025

We are offering $550,000,000 aggregate principal amount of 5.750% notes due 2025 (the notes). The notes will bear interest at the rate of 5.750% per year, payable semiannually in arrears on February 15 and August 15 of each year, commencing February 15, 2018. The notes will mature on August 15, 2025.

At any time prior to August 15, 2020, we may redeem the notes, in whole or in part, at a price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed or (ii) a make-whole redemption price determined by using a discount rate of the applicable treasury rate plus 50 basis points, plus in each case, accrued and unpaid interest on the principal amount of the notes being redeemed to, but not including, the redemption date. At any time on or after August 15, 2020, we may redeem the notes, in whole or in part, at the applicable redemption prices set forth under Description of the notes Optional redemption , plus accrued and unpaid interest on the principal amount of the notes being redeemed to, but not including, the redemption date.

The notes will be senior unsecured obligations of Murphy Oil Corporation and will rank equally with all of Murphy Oil Corporation s other senior unsecured indebtedness from time to time outstanding.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

See Risk factors beginning on page S-12 for a discussion of certain risks that you should consider in connection with making an investment in the notes.

The notes will be a new issue of securities and currently there is no established trading market for the notes. We do not intend to list the notes on any securities exchange or any automated dealer quotation system.

	Price to public(1)	**Underwriting discount**	**Proceeds to us, before expenses**
Per note	100.000%	1.250%	98.750%
Total	$550,000,000	$6,875,000	$543,125,000

(1) Plus accrued interest from August 18, 2017 if settlement occurs after that date.

The notes will be issued only in registered book-entry form, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The underwriters expect to deliver the notes to purchasers through the facilities of The Depository Trust Company for the benefit of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about August 18, 2017, which is the tenth business day following the date of this prospectus supplement (T+10). This settlement date may affect trading of the notes. See Underwriting.

Joint physical book-running managers

J.P. Morgan	**BofA Merrill Lynch**

Joint book-running managers

BNP PARIBAS	**DNB Markets**
Scotiabank	**MUFG**
Wells Fargo Securities	**Goldman Sachs & Co. LLC**

Co-managers

Regions Securities LLC	**Capital One Securities**

August 4, 2017

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We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We do not, and the underwriters do not, take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information provided by this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement or, with respect to information incorporated by reference, as of the date of that information. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

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About this prospectus

This document has two parts. The first part consists of this prospectus supplement, which describes the specific terms of this offering and the notes offered. The second part is the accompanying prospectus, dated October 16, 2015, which provides more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

In this prospectus supplement, we refer to Murphy Oil Corporation and its wholly owned subsidiaries as we, our, us, the Company, Murphy Oil or Murphy unless the context clearly indicates otherwise.

Before purchasing any notes, you should carefully read both this prospectus supplement and the accompanying prospectus, together with the additional information in the documents we have listed under the heading Where you can find more information.

Where you can find more information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). You may read and copy any document we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public at the SEC s web site at http://www.sec.gov.

The SEC allows us to incorporate by reference into this prospectus supplement the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is considered to be a part of this prospectus supplement. Information that we file with the SEC after the date of this prospectus supplement will update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, until our offering is completed:

Our Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 24, 2017;

Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, filed on May 4, 2017 and June 30, 2017, filed on August 2, 2017;

Our Definitive Proxy Statement on Schedule 14A filed on March 24, 2017 (solely to the extent incorporated by reference into Part III of our Annual Report on Form 10-K); and

Our Current Reports on Form 8-K filed on April 6, 2017, May 10, 2017, August 3, 2017 and August 4, 2017.

You may request a free copy of these filings by writing to, or telephoning, us at the following address and phone number:

Corporate Secretary

Murphy Oil Corporation

P.O. Box 7000

El Dorado, Arkansas 71731-7000

(870) 862-6411

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Forward-looking statements

This prospectus supplement and the accompanying prospectus, including the documents we incorporate by reference, contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management s current views concerning future events or results, are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements include, but are not limited to, the volatility and level of crude oil and natural gas prices, the level and success rate of Murphy s exploration programs, the Company s ability to maintain production rates and replace reserves, customer demand for Murphy s products, adverse foreign exchange movements, political and regulatory instability, adverse developments in the U.S. or global capital markets, credit markets or economies generally and uncontrollable natural hazards, as well as those contained under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2016. We undertake no duty to publicly update or revise any forward-looking statements.

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Summary

This summary description of our business and the offering may not contain all of the information that may be important to you. For a more complete understanding of our business and this offering, we encourage you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. In particular, you should read the following summary together with the more detailed information and consolidated financial statements and the notes to those statements included elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus.

Company overview

Murphy Oil Corporation is a worldwide oil and gas exploration and production company. The Company explores for and produces crude oil, natural gas and natural gas liquids (NGL) worldwide. The Company maintains upstream operating offices in several locations around the world, with the most significant of these including Houston, Texas, Calgary, Alberta, and Kuala Lumpur, Malaysia.

Murphy Oil s worldwide crude oil and condensate production in 2016 averaged 103,400 barrels per day, a decrease of 18% compared to 2015. The decrease in 2016 was primarily due to the Syncrude divestiture, lower crude oil and condensate production in the Eagle Ford Shale area of South Texas mainly due to significantly less development spending, lower production in the Seal heavy oil field due to normal decline and shut-in of uneconomic wells, and lower production in Malaysia resulting from normal decline. NGL production in 2016 averaged 9,200 barrels per day, a 10% drop versus 2015. The Company s worldwide sales volume of natural gas averaged 378 million cubic feet per day in 2016, down 12% from 2015 levels. The decrease in natural gas sales volume in 2016 was primarily attributable to lower gas production volumes in the Gulf of Mexico at the Company s Dalmatian field, lower production in Malaysia due to higher unplanned downtime, lower entitlement at Sarawak and more gas injection at Kikeh, partially offset by higher gas production in the Tupper area in Western Canada. Total worldwide 2016 production on a barrel of oil equivalent basis (six thousand cubic feet of natural gas equals one barrel of oil) was approximately 175,600 barrels per day, a decrease of 15% compared to 2015.

Total worldwide production averaged 166,021 barrels of oil equivalent per day during the six months ended June 30, 2017, a 9.1% decrease from 182,604 barrels of oil equivalent produced in the same period in 2016. When Seal and Syncrude are excluded, the Company s worldwide production decreased by 2.8%. Crude oil and condensate production in the first half of 2017 averaged 92,300 barrels per day compared to 111,235 barrels per day a year ago. Crude oil production decreased 5,153 barrels per day in the Eagle Ford Shale in 2017 due to production declines associated with significantly less drilling in 2016 in response to lower prices and phasing of capital expenditures into late 2017. Heavy oil production in Canada declined in 2017 in the Seal area of Western Canada primarily due to divestment of the asset in January 2017. Synthetic oil production in Canada also was nil in 2017 due to the Company s divestiture of Syncrude Canada Ltd. in the second quarter of 2016. Lower oil production in 2017 in Block K Malaysia was primarily attributable to natural well decline. For the first six months of 2017, the Company s sales price for crude oil and condensate averaged $49.17 per barrel, up from $38.78 per barrel in 2016.

Total production of NGL was 9,145 barrels per day in the six months ended June 30, 2017 compared to 9,058 barrels per day in the six months ended June 30, 2016. The average sales price for U.S. NGL was $15.53 per barrel in the six months ended June 30, 2017 compared to $9.80 per barrel in the six months ended June 30, 2016.

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Natural gas sales volumes averaged 387 million cubic feet per day in the six months ended June 30, 2017 compared to 374 million cubic feet per day in the six months ended June 30, 2016. Natural gas sales volumes increased primarily due to less unplanned downtime in 2017 in both Sarawak and Block K Malaysia. North American natural gas volume was flat as improvement in Canada due to the full year volumes from Kaybob and Placid fields were offset in part by lower U.S. volume due to natural field decline. The average sales price for North American natural gas in the first six months of 2017 was $2.17 per thousand cubic feet (MCF), up from $1.45 per MCF realized in 2016. Natural gas production at fields offshore Sarawak was sold at an average realized price of $3.49 per MCF in the first six months of 2017 compared to $3.52 per MCF in 2016.

Our principal executive offices are located at 300 Peach Street, P.O. Box 7000, El Dorado, Arkansas 71731-7000, and our telephone number is (870) 862-6411. Our capital stock is listed on the New York Stock Exchange under the symbol MUR. We maintain a website at http://www.murphyoilcorp.com where general information about us is available. We are not incorporating the contents of the website into this prospectus supplement or the accompanying prospectus.

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The offering

This summary highlights certain terms of the offering but does not contain all information that may be important to you. We encourage you to read this prospectus supplement and the accompanying prospectus in their entirety before making an investment decision.

Issuer	Murphy Oil Corporation
Securities offered	$550,000,000 aggregate principal amount of 5.750% notes due 2025
Maturity date	August 15, 2025
Interest rate	5.750% per annum
Interest payment dates	Semiannually in arrears on February 15 and August 15 of each year, commencing February 15, 2018
	Interest on the notes will accrue from August 18, 2017
Further issuances	We may from time to time, without the consent of the holders, create and issue additional notes having the same terms and conditions as the notes offered by this prospectus supplement in all respects, except for the issue date, issue price and, under some circumstances, the date of the first payment of interest on the notes, provided that if the additional notes of a series are not fungible with the notes for U.S. federal income tax purposes, such additional notes will have a different CUSIP.
Optional redemption	At any time prior to August 15, 2020, we may redeem the notes, in whole or in part, at a price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed or (ii) a make-whole redemption price determined by using a discount rate of the applicable treasury rate plus 50 basis points, plus in each case, accrued and unpaid interest on the principal amount of the notes being redeemed to, but not including, the redemption date.
	At any time on or after August 15, 2020, we may redeem the notes, in whole or in part, at the applicable redemption prices set forth under Description of the notes Optional redemption, plus accrued and unpaid interest on the principal amount of the notes being redeemed to, but not including, the redemption date.

Repurchase upon a change of control triggering event	If a change of control triggering event (as defined herein) occurs, we must offer to repurchase the notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. See Description of the notes Repurchase upon a change of control triggering event.
Ranking	The notes:

will be unsecured;

will rank equally with all of our existing and future unsecured senior debt;

	will be senior to any future subordinated debt;
	will be effectively junior to our secured debt to the extent of the assets securing such debt; and
	will be effectively junior to all existing and future debt and other liabilities of, or guaranteed by our subsidiaries, including their debt and trade payables and our revolving credit facility.
	As of June 30, 2017, our subsidiaries had $739.2 million of indebtedness, trade payables and other accrued current liabilities outstanding.
Covenants	We will issue the notes under an indenture containing covenants for your benefit. These covenants restrict our ability, with certain exceptions, to:
	incur debt secured by liens;
	permit our subsidiaries to incur or guarantee debt; and
	engage in sale/leaseback transactions.
Use of proceeds	We expect the net proceeds from this offering of notes to be approximately $541.7 million, after deducting underwriting discounts and other estimated expenses of the offering. We intend to use the net proceeds from the offering of the notes for the redemption of our $550 million aggregate principal amount of 2.500% Notes due 2017. See Use of proceeds.
Book-entry form	The notes will be issued in book-entry form and will be represented by global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Absence of a public market for the notes	The notes will be a new issue of securities and there is currently no established trading market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do

so, and they may discontinue any market making with respect to the notes without notice.

U.S. federal income tax consequences	For the U.S. federal income tax consequences to non-U.S. holders (as defined herein) of the holding and disposition of the notes, see Material U.S. federal income tax considerations for Non-U.S. Holders in this prospectus supplement.
Listing	We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.
Trustee	Wells Fargo Bank, National Association

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Summary consolidated historical financial data

We have provided in the tables below summary consolidated historical financial data. We have derived the statement of income data and other financial data for the six months ended June 30, 2017 and 2016, and for each of the years in the three-year period ended December 31, 2016, and the balance sheet data as of June 30, 2017 and 2016, and as of December 31 for each of the three years in the three-year period ended December 31, 2016, from our unaudited and audited consolidated financial statements. You should read the following financial information in conjunction with our consolidated financial statements and related notes that we have included elsewhere and incorporated by reference in this prospectus supplement and the accompanying prospectus. In the opinion of our management, the unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for a fair presentation of the information set forth therein. The interim results set forth below are not necessarily indicative of results for the year ending December 31, 2017 or for any other period.

The financial data for the twelve-month period ended June 30, 2017 in the following tables is presented for informational purposes only. Such twelve-month period is not a financial reporting period in accordance with GAAP and should not be considered in isolation from or as a substitute for our consolidated historical financial statements. The statements of operations information for such twelve-month period is derived by subtracting our statements of operations information for the six months ended June 30, 2016 from our statements of operations information for the year ended December 31, 2016 and adding our statements of operations information for the six months ended June 30, 2017.

(in thousands, except ratios)	Twelve months ended June 30, 2017 (unaudited)	Six months ended June 30, 2017	Six months ended June 30, 2016 (unaudited)	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Statement of Income Data:						
Total revenues	$ 2,145,488	$ 1,139,116	$ 867,757	$ 1,874,129	$ 3,033,080	$ 5,476,084
Costs and Expenses:						
Lease operating expenses	$ 477,048	$ 233,321	$ 315,633	$ 559,360	$ 832,306	$ 1,089,888
Severance and ad valorem taxes	39,705	21,955	26,076	43,826	65,794	107,215
Exploration expenses, including undeveloped lease amortization	86,681	48,864	64,044	101,861	470,924	513,600
Selling and general expenses	236,177	111,587	140,620	265,210	306,663	364,004
Depreciation, depletion and amortization	983,839	471,146	541,388	1,054,081	1,619,824	1,906,247
Impairment of assets			95,088	95,088	2,493,156	51,314
Redetermination expense	39,100			39,100		
Accretion of asset retirement obligations	43,255	20,984	24,471	46,742	48,665	50,778
Deepwater rig contract exit costs	(4,344)			(4,344)	282,001	

Interest expense	177,324	91,951	67,119	152,492	124,665	136,424
Interest capitalized	(4,082)	(2,209)	(2,449)	(4,322)	(7,290)	(20,605)
Other expenses (benefit)	34,616	8,534	(7,932)	18,150	78,634	24,949
Total costs and expenses	2,109,319	1,006,133	1,264,058	2,367,244	6,315,342	4,223,814
Income (loss) from continuing operations before income taxes	36,169	132,983	(396,301)	(493,115)	(3,282,262)	1,252,270
Income tax expense (benefit)	73,391	92,842	(199,721)	(219,172)	(1,026,490)	227,297
Income (loss) from continuing operations	(37,222)	40,141	(196,580)	(273,943)	(2,255,772)	1,024,973
Income (loss) from discontinued operations, net of income taxes(1)	(1,983)	752	708	(2,027)	(15,061)	(119,362)
Net income (loss)	$ (39,205)	$ 40,893	$ (195,872)	$ (275,970)	$ (2,270,833)	$ 905,611

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(in millions, except ratios)	Twelve months ended June 30, 2017 (unaudited)	Six months ended June 30, 2017 (unaudited)	2016	Year ended December 31, 2016	2015	2014
Other Financial Data:						
Net cash provided by operating activities	$ 1,078.9	$ 591.5	$ 113.4	$ 600.8	$ 1,183.4	$ 3,048.6
Capital expenditures(2)	762.9	415.0	463.6	811.5	2,187.2	3,769.3
EBITDA(3)	1,193.2	693.9	304.9	804.2	948.1	3,325.6
EBITDAX(3)	1,280.0	742.7	368.9	906.1	1,419.0	3,839.2
Adjusted EBITDAX(3)	1,261.1	622.9	469.5	857.5	1,525.1	3,748.0
Ratio of EBITDA to interest expense(3)	6.7	7.5	4.5	5.3	7.6	24.4
Ratio of earnings to fixed charges(4)(5)	1.3	2.3	*	*	*	7.9

(in thousands)	As of June 30, 2017 (unaudited)	2016	As of December 31, 2016	2015	2014
Balance Sheet Data:					
Working capital	$ 182,941	$ 157,106	$ 56,751	$ (277,396)	$ 131,262
Net property, plant and equipment	8,164,116	8,565,485	8,316,188	9,818,365	13,331,047
Total assets	10,136,801	9,914,632	10,295,860	11,493,812	16,723,738
Long-term debt	2,367,059	2,435,486	2,422,750	3,040,594	2,517,669
Total debt including current maturities	2,926,275	2,455,497	2,992,567	3,059,475	2,983,057
Stockholders equity	4,977,688	5,171,693	4,916,679	5,306,728	8,573,434

(1) Discontinued operations presented here principally include our U.K. refining and marketing operations. We decommissioned the Milford Haven refinery units and completed the sale of our remaining downstream assets in the U.K. in the second quarter of 2015 for cash proceeds of $5.5 million. We have accounted for the U.K. downstream business as discontinued operations for all periods presented.

(2) Capital expenditures presented here include accruals for incurred but unpaid capital activities, while property additions and dry holes in the Statements of Cash Flows are cash-based capital expenditures and do not include capital accruals and geological, geophysical and certain other exploration expenses that are not eligible for capitalization under oil and gas accounting rules.

(3) EBITDA means earnings from continuing operations before interest expense, income taxes, depreciation, depletion and amortization and impairment of properties. EBITDAX means earnings from continuing operations before interest expense, income taxes, depreciation, depletion and amortization, impairment of properties and exploration expenses. Adjusted EBITDAX means earnings from continuing operations before interest expense,

income taxes, depreciation, depletion and amortization, impairment of properties, exploration expenses, restructuring costs, mark-to-market (gain) loss, long-term incentive plan expense, (gain) loss on foreign currency, accretion expense, rig contract exist costs and other nonrecurring (gains) expenses, less interest income.

Management has included a presentation of EBITDA, EBITDAX and Adjusted EBITDAX in this prospectus supplement because some debt investors use this data as indicators of a company s ability to service debt. However, EBITDA, EBITDAX and Adjusted EBITDAX are not GAAP measures and may not be comparable to similarly titled items of other companies. You should not consider EBITDA, EBITDAX or Adjusted EBITDAX as an alternative to net income or any other generally accepted accounting principles measure of performance, as indicators of our operating performance, or as measures of liquidity. EBITDA, EBITDAX and Adjusted EBITDAX do not represent funds available for management s discretionary use because certain future cash expenditures are not reflected in the EBITDA, EBITDAX or Adjusted EBITDAX presentation. It should also be noted that all companies do not calculate EBITDA, EBITDAX or Adjusted EBITDAX in the same manner and, accordingly, EBITDA, EBITDAX and Adjusted EBITDAX presented in this prospectus supplement may not be comparable to similar measures used by other companies.

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The following table is a reconciliation of EBITDA, EBITDAX and Adjusted EBITDAX to net income (loss) from continuing operations, the most directly comparable financial measure under GAAP (in millions, except ratios):

	Twelve months ended June 30,	Six months ended June 30,	Year ended December 31,