

MURPHY OIL CORP /DE
Form 10-Q
May 02, 2019
C

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 March 31, 2019

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)

Delaware

71-0361522

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(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

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

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange act.

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

Number of shares of Common Stock, \$1.00 par value, outstanding at April 30, 2019 was 173,626,998.

MURPHY OIL CORPORATION

TABLE OF CONTENTS

	Page
<u>Part I – Financial Information</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Balance Sheets</u>	2
<u>Consolidated Statements of Operations</u>	3
<u>Consolidated Statements of Comprehensive Income</u>	4
<u>Consolidated Statements of Cash Flows</u>	5
<u>Consolidated Statements of Stockholders' Equity</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	33
<u>Item 4. Controls and Procedures</u>	33

<u>Part II – Other</u>	33
<u>Information</u>	
<u>Item 1. Legal</u>	33
<u>Proceedings</u>	
<u>Item 1A. Risk</u>	33
<u>Factors</u>	
<u>Item 6. Exhibits</u>	33
<u>Signature</u>	34

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEETS (unaudited)

(Thousands of dollars)

	March 31, 2019	December 31, 2018
ASSETS		
Current assets	\$	
Cash and cash equivalents	286,281	359,923
Accounts receivable, less allowance for doubtful accounts of \$1,605 in 2019 and 2018	349,768	231,686
Inventories	77,278	80,024
Prepaid expenses	45,349	34,316
Assets held for sale	1,879,568	173,865
Total current assets	2,638,244	879,814
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization of \$8,359,120 in 2019 and \$8,070,487 in 2018	8,559,143	8,432,133
Operating lease assets	618,123	–
Deferred income taxes	124,679	146,197
Deferred charges and other assets	42,928	49,435
Non-current assets held for sale	–	1,545,008
Total assets	\$ 11,983,117	11,052,587
Liabilities and Stockholders' Equity		
Current liabilities		
Current maturities of long-term debt	\$ 679	668
Accounts payable	475,559	348,026
Income taxes payable	15,450	15,309
Other taxes payable	14,283	17,649
Operating lease liabilities	155,534	–
Other accrued liabilities	157,031	177,948
Liabilities associated with assets held for sale	819,694	286,458
Total current liabilities	1,638,230	846,058

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Long-term debt, including capital lease obligation	3,110,098	3,109,318
Asset retirement obligations	783,495	752,519
Deferred credits and other liabilities	471,099	624,436
Non-current operating lease liabilities	468,427	—
Deferred income taxes	185,091	129,894
Non-current liabilities associated with assets held for sale	—	392,720
Equity		
Cumulative Preferred Stock, par \$100, authorized 400,000 shares, none issued	—	—
Common Stock, par \$1.00, authorized 450,000,000 shares, issued 195,083,364 shares in 2019 and 195,076,924 shares in 2018	195,083	195,077
Capital in excess of par value	924,904	979,642
Retained earnings	5,627,081	5,513,529
Accumulated other comprehensive loss	(580,999)	(609,787)
Treasury stock	(1,217,293)	(1,249,162)
Murphy Shareholders' Equity	4,948,776	4,829,299
Noncontrolling interest	377,901	368,343
Total equity	5,326,677	5,197,642
Total liabilities and stockholders' equity	\$ 11,983,117	11,052,587
1 Reclassified to conform to current presentation (see Note A).		

See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(Thousands of dollars, except per share amounts)

	Three Months Ended March 31,	
	2019	2018 1
Revenues		
Revenue from sales to customers	\$ 590,550	396,329
Loss on crude contracts	–	(29,502)
Gain on sale of assets and other income	454	7,963
Total revenues	591,004	374,790
Costs and expenses		
Lease operating expenses	131,696	88,833
Severance and ad valorem taxes	10,097	12,157
Exploration expenses, including undeveloped lease amortization	32,538	28,738
Selling and general expenses	63,360	48,096
Depreciation, depletion and amortization	229,406	182,743
Accretion of asset retirement obligations	9,340	6,372
Other expense (benefit)	30,005	(11,045)
Total costs and expenses	506,442	355,894
Operating income from continuing operations	84,562	18,896
Other income (loss)		
Interest and other income (loss)	(4,748)	4,587
Interest expense, net	(46,069)	(44,541)
Total other loss	(50,817)	(39,954)
Income (loss) from continuing operations before income taxes	33,745	(21,058)
Income tax expense (benefit)	10,822	(111,639)
Income from continuing operations	22,923	90,581
Income from discontinued operations, net of income taxes	49,846	77,672
Net income including noncontrolling interest	72,769	168,253
Less: Net income attributable to noncontrolling interest	32,587	–
NET INCOME ATTRIBUTABLE TO MURPHY	\$ 40,182	168,253

INCOME (LOSS) PER COMMON SHARE – BASIC

Continuing operations	\$ (0.06)	0.52
Discontinued operations	0.29	0.45
Net Income	\$ 0.23	0.97

INCOME (LOSS) PER COMMON SHARE – DILUTED

Continuing operations	\$ (0.06)	0.52
Discontinued operations	0.29	0.44
Net Income	\$ 0.23	0.96

Cash dividends per Common share	0.25	0.25
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Average Common shares outstanding (thousands)

Basic	173,341	172,805
Diluted	174,491	174,620

1 Reclassified to conform to current presentation (see Note A).

See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

(Thousands of dollars)

		Stockholders' Agreement, dated June 17, 2007, with Invus, L.P. (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated June 17, 2007 and incorporated by reference herein).
4.7	—	Supplement to Transaction Agreements, dated March 15, 2010, with Invus, L.P. and Invus C.V. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 15, 2010 and incorporated by reference herein).
4.8	—	Supplement No. 2 to Transaction Agreements, dated February 23, 2012, with Invus, L.P. and Invus C.V. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 23, 2012 and incorporated by reference herein).
4.9	—	Amended and Restated Purchase Option Agreement, dated July 30, 2010, with Symphony Icon Holdings LLC and Symphony Icon, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 30, 2010 and incorporated by reference herein).
4.10	—	Amended and Restated Registration Rights Agreement, dated July 30, 2010, with Symphony Icon Holdings LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated July 30, 2010 and incorporated by reference herein).
*5.1	—	Opinion of Vinson & Elkins L.L.P.
*23.1	—	Consent of Ernst & Young LLP
*23.2	—	Consent of Vinson & Elkins L.L.P. (contained in Exhibit 5.1).
24.1	—	Power of Attorney (contained in signature page to the Company's Registration Statement on Form S-3

(Registration No. 333-182859) and incorporated by reference herein).

* Filed herewith.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

(ii) to reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement; provided, however, that paragraphs (a)(i) and (a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are incorporated by reference in this registration statement.

II-2

(b)That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c)To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 15, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of The Woodlands, in the State of Texas, on August 6, 2012.

Lexicon Pharmaceuticals, Inc.

By: *

Arthur T. Sands, M.D., Ph.D.

President and Chief Executive Officer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED BELOW.

Signature	Title	Date
* Arthur T. Sands, M.D., Ph.D.	President, Chief Executive Officer and Director (Principal Executive Officer)	August 6, 2012
* Jeffrey L. Wade, J.D.	Executive Vice President, Corporate Development and Chief Financial Officer (Principal Financial Officer)	August 6, 2012
* James F. Tessmer	Vice President, Finance and Accounting (Principal Accounting Officer)	August 6, 2012
* Raymond Debbane	Chairman of the Board of Directors	August 6, 2012
* Philippe J. Amouyal	Director	August 6, 2012
* Samuel L. Barker, Ph.D.	Director	August 6, 2012
* Robert J. Lefkowitz, M.D.	Director	August 6, 2012
* Alan S. Nies, M.D.	Director	August 6, 2012
* Frank P. Palantoni	Director	August 6, 2012
* Christopher J. Sobecki	Director	August 6, 2012
* Judith L. Swain, M.D.	Director	August 6, 2012

*By: /s/ Jeffrey L. Wade

Jeffrey L. Wade

Pursuant to powers-of-attorney filed
with the Registration Statement on
Form S-3 (333-182859) on June 26,
2012

II-4

EXHIBIT INDEX

Exhibit No.	Description
4.1	— Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated April 26, 2012 and incorporated by reference herein).
4.2	— Second Amended and Restated Bylaws (filed as Exhibit 3.2 to the Company's Current Report on Form 8-K dated April 26, 2012 and incorporated by reference herein).
4.3	— Securities Purchase Agreement, dated June 17, 2007, with Invus, L.P. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 17, 2007 and incorporated by reference herein).
4.4	— Amendment, dated October 7, 2009, to Securities Purchase Agreement, dated June 17, 2007, with Invus, L.P. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 7, 2009 and incorporated by reference herein).
4.5	— Registration Rights Agreement, dated June 17, 2007, with Invus, L.P. (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K dated June 17, 2007 and incorporated by reference herein).
4.6	— Stockholders' Agreement, dated June 17, 2007, with Invus, L.P. (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K dated June 17, 2007 and incorporated by reference herein).
4.7	— Supplement to Transaction Agreements, dated March 15, 2010, with Invus, L.P. and Invus C.V. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 15, 2010 and incorporated by reference herein).
4.8	— Supplement No. 2 to Transaction Agreements, dated February 23, 2012, with Invus, L.P. and Invus C.V. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 23, 2012 and incorporated by reference herein).
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4.10	— Amended and Restated Registration Rights Agreement, dated July 30, 2010, with Symphony Icon Holdings LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K dated July 30, 2010 and incorporated by reference herein).
*5.1	— Opinion of Vinson & Elkins L.L.P.
*23.1	— Consent of Ernst & Young LLP
*23.2	— Consent of Vinson & Elkins L.L.P. (contained in Exhibit 5.1).
24.1	— Power of Attorney (contained in signature page to the Company's Registration Statement on Form S-3 (Registration No. 333-182859) and incorporated by reference herein).

* Filed herewith.