MURPHY OIL CORP /DE
Form DEF 14A
March 25, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Murphy Oil Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

NOTICE OF ANNUAL MEETING

To the Stockholders of

Murphy Oil Corporation:

The Annual Meeting of Stockholders of MURPHY OIL CORPORATION (the Company) will be held at the South Arkansas Arts Center, 110 East 5th Street, El Dorado, Arkansas, on Wednesday, May 11, 2011, at 10:00 a.m., Central Daylight Time, for the following purposes:

1. Election of Directors;

2. Advisory vote on executive compensation;

3. Advisory vote on the frequency of an advisory vote on executive compensation;

4. Approval or disapproval of the action of the Audit Committee of the Board of Directors in appointing KPMG LLP as the Company s independent registered public accounting firm for 2011; and

5. Such other business as may properly come before the meeting.

Only stockholders of record at the close of business on March 14, 2011, the record date fixed by the Board of Directors of the Company, will be entitled to notice of and to vote at the meeting or any adjournment thereof. A list of all stockholders entitled to vote is on file at the offices of the Company, 200 Peach Street, El Dorado, Arkansas 71730.

You may vote your shares by signing and returning the enclosed proxy card or by telephone or internet as explained on the card.

JOHN A. MOORE
Secretary

El Dorado, Arkansas

March 25, 2011

PROXY STATEMENT

March 25, 2011

SOLICITATION

The solicitation of the enclosed proxy is made on behalf of the Board of Directors of Murphy Oil Corporation (the Board) for use at the Annual Meeting of Stockholders to be held on May 11, 2011. It is expected that this Proxy Statement and related materials will first be mailed to stockholders on or about March 25, 2011.

The complete mailing address of the Company s principal executive office is 200 Peach Street, P.O. Box 7000, El Dorado, Arkansas 71731-7000.

References in this Proxy Statement to we, us, our, the Company and Murphy Oil refer to Murphy Oil Corporation and our consolidated subsidiaries.

VOTING PROCEDURES

The affirmative vote of a majority of the shares present in person or represented by proxy at the meeting is required for approval of matters presented at the meeting. Your proxy will be voted at the meeting, unless you (i) revoke it at any time before the vote by filing a revocation with the Secretary of the Company, (ii) duly execute a proxy card bearing a later date, or (iii) appear at the meeting and vote in person. Proxies returned to the Company, votes cast other than in person and written revocations will be disqualified if received after commencement of the meeting. If you elect to vote your proxy by telephone or internet as described in the telephone/internet voting instructions on your proxy card, we will vote your shares as you direct. Your telephone/internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned your proxy card.

Votes cast by proxy or in person at the meeting will be counted by the persons appointed by the Company to act as Judges of Election for the meeting. The Judges of Election will treat shares represented by proxies that reflect abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum and for purposes of determining the outcome of any other business submitted at the meeting to the stockholders for a vote. Abstentions, however, do not constitute a vote for or against any matter and thus will be disregarded in the calculation of votes cast.

The Judges of Election will treat shares referred to as broker non-votes (i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or persons entitled to vote and that the broker or nominee does not have discretionary power to vote on a non-routine matter) as shares that are present and entitled to vote on routine matters and for purposes of determining the presence of a quorum. The proposal to approve or disapprove the appointment of KPMG LLP as our independent registered public accounting firm for the current fiscal year should be considered a routine matter. However, for purposes of determining the outcome of any non-routine matter as to which the broker does not have discretionary authority to vote, those shares will be treated as not present and not entitled to vote with respect to that matter (even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other matters). Notably, the election of directors, the advisory vote on executive compensation, and the advisory vote on the frequency of an advisory vote on executive compensation should be considered non-routine matters.

Unless specification to the contrary is made, the shares represented by the enclosed proxy will be voted FOR all the nominees for director, FOR the approval of the compensation of our Named Executive Officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and

Exchange Commission, for the option of EVERY YEAR as the frequency of an advisory vote on executive compensation, as disclosed to the compensation disclosure rules of the Securities and Exchange Commission and FOR approval of the action of the Audit Committee of the Board of Directors in appointing KPMG LLP as the Company s independent registered public accounting firm.

VOTING SECURITIES

On March 14, 2011, the record date for the meeting, the Company had 193,411,551 shares of Common Stock outstanding, all of one class and each share having one vote in respect of all matters to be voted on at the meeting. This amount does not include 219,033 shares of treasury stock. Information as to Common Stock ownership of certain beneficial owners and management is set forth in the tables on pages 10 and 11 (Security Ownership of Certain Beneficial Owners and Security Ownership of Management).

PROPOSAL 1 ELECTION OF DIRECTORS

The Board recognizes that it is important for the Company s directors to possess a diverse array of backgrounds and skills, whether in terms of executive management leadership or educational achievement. When considering new candidates, the Nominating & Governance Committee, with input from the Board, takes into account these factors as well as other appropriate characteristics, such as sound judgment, honesty, and integrity. In addition, although it does not have a formal policy with respect to diversity, the Nominating & Governance Committee considers the issue of diversity among the factors used to identify nominees for director. The goal is to assemble and maintain a Board comprised of individuals that not only bring to bear a wealth of business and technical expertise, but that also demonstrate a commitment to ethics in carrying out the Board s responsibilities with respect to oversight of the Company s operations.

To the extent authorized by the proxies, the shares represented by the proxies will be voted in favor of the election of the ten nominees for director whose names are set forth below. If for any reason any of these nominees is not a candidate when the election occurs, the shares represented by such proxies will be voted for the election of the other nominees named and may be voted for any substituted nominees. However, management of the Company does not expect this to occur. All nominees were elected at the last Annual Meeting of Stockholders.

All directors, other than Mr. Deming and Mr. Wood, have been deemed independent by the Board based on the rules of the New York Stock Exchange and the categorical standards of independence included in the Company s Corporate Governance Guidelines. As part of its independence recommendation to the Board, the Nominating & Governance Committee considered familial relationships (Mr. Deming, Mr. Murphy, Mr. Nolan and Mrs. Theus are first cousins) and ordinary course of business transactions with BancorpSouth (Mr. Kelley) which were below the applicable threshold. The Committee also considered aviation interchange and related agreements with Union Holdings LLC (Mr. Murphy) and Munoco Company L.C. (Mr. Nolan). Mr. Nolan, the Non-Employee Chairman of the Board, serves as presiding director at regularly scheduled (February, August and December) meetings of non-management directors without the Company s management.

Stockholders and other interested parties may send communications to the Board and/or specified individual directors c/o the Secretary, Murphy Oil Corporation, P.O. Box 7000, El Dorado, AR 71731-7000. The Secretary will promptly relay all such communications to the appropriate director(s). The names of the nominees, and certain information as to them, are as follows:

Director Nominees

Name and age	**Principal occupation or employment**	**Certain other directorships**
Frank W. Blue Santa Barbara, California Age: 69 **Director Since:** 2003 **Board Committees:** Audit Nominating & Governance	International Legal Advisor/Arbitrator, since 2003	None

Mr. Blue has extensive knowledge of international commercial transactions, international trade matters, and multinational corporate compliance/corporate governance issues based, in part, on his years of experience in the international oil and gas industry, most notably as Vice President, General Counsel and Corporate Secretary of Caltex Corporation, and as partner at the law firm of Fulbright & Jaworski.

Claiborne P. Deming El Dorado, Arkansas Age: 56 **Director Since:** 1993 **Board Committees:** Chair, Executive Environmental, Health & Safety	Private Investor; President and Chief Executive Officer of the Company, from October, 1994 through December, 2008, retired from the Company June, 2009	None

Mr. Deming s experience as President and Chief Executive Officer of Murphy Oil Corporation gives him insights into the Company s challenges, opportunities and operations.

Robert A. Hermes Houston, Texas Age: 71 **Director Since:** 1999 **Board Committees:** Executive Chair, Nominating & Governance Environmental, Health & Safety	Chairman of the Board, Retired, Purvin & Gertz, Inc., an international energy consulting firm	None

Dr. Hermes has broad experience in economic and technical aspects of petroleum refining, crude oil pricing, oil logistics, petroleum marketing, and interfuel competition. He also brings to the Board expertise in strategic planning, feasibility studies and planning studies.

Name and age	Principal occupation or employment	Certain other directorships
James V. Kelley Tupelo, Mississippi Age: 61 **Director Since:** 2006 **Board Committees:** Audit Executive Compensation	President and Chief Operating Officer, BancorpSouth, Inc., since 2000	**BancorpSouth, Inc.** Tupelo, Mississippi

Mr. Kelley has extensive knowledge of the capital markets and accounting issues.

R. Madison Murphy El Dorado, Arkansas Age: 53 **Director Since:** 1993 (Chairman, 1994-2002) **Board Committees:** Executive Chair, Audit	Managing Member, Murphy Family Management, LLC, which manages investments, farm, timber and real estate, since 1998	**Deltic Timber Corporation** El Dorado, Arkansas **BancorpSouth, Inc.** Tupelo, Mississippi

Mr. Murphy served as Chairman of the Board of Murphy Oil Corporation from 1994 to 2002. This, along with his current memberships on the Board of Directors of both BancorpSouth, Inc. and Deltic Timber Corporation brings to our Board a unique business and financial perspective.

William C. Nolan, Jr. El Dorado, Arkansas Age: 71	Partner, Nolan & Alderson, Attorneys, since 1969; President, Noalmark Broadcasting Corporation, engaged in radio broadcasting, since 1973	None

Director Since: 1977

Board Committees:

Chairman of the Board,

ex-officio member of all other committees

Mr. Nolan combines experience in two key areas of interest to Murphy Oil Corporation, marketing and law. He brings invaluable expertise and counsel to the Board in these areas.

Name and age	Principal occupation or employment	Certain other directorships
Neal E. Schmale San Diego, California Age: 64 **Director Since:** 2004 **Board Committees:** Audit Executive Compensation	President and Chief Operating Officer, Sempra Energy, an energy services holding company, since February, 2006	**Sempra Energy** San Diego, California **WD-40 Company** Chairman San Diego, California

Mr. Schmale brings to our Board the perspective of a corporate leader facing the same set of current external economic, social and governance issues. He also brings specific experience in financial matters from his prior service as Chief Financial Officer of Sempra Energy.

Name and age	Principal occupation or employment	Certain other directorships
David J.H. Smith Maidstone, Kent, England Age: 69 **Director Since:** 2001 **Board Committees:** Chair, Executive Compensation Nominating & Governance	Chief Executive Officer, Retired, Whatman Plc, a life sciences company, since September, 2001	**Idatech plc** London, U.K.

Dr. Smith s experience as Chief Executive Officer of a UK-based life sciences company provides the Board with a global perspective.

Name and age	Principal occupation or employment	Certain other directorships
Caroline G. Theus Alexandria, Louisiana Age: 67 **Director Since:** 1985	President, Inglewood Land & Development Co., a holding company, since 1980; President, Retired, Keller Enterprises, LLC which manages investments and real estate holdings, since 2008	None

Board Committees:

Executive

Chair, Environmental, Health & Safety

Mrs. Theus is President of a farming and land holding corporation, bringing to the Board unique insights during discussions concerning the environment.

Name and age	Principal occupation or employment	Certain other directorships
David M. Wood El Dorado, Arkansas Age: 54 **Director Since:** 2009 **Board Committees:** Executive	President and Chief Executive Officer of the Company, since January, 2009; previously Executive Vice President and President of Murphy Exploration & Production Company from January, 2007 to December, 2008 and President of Murphy Exploration & Production Company-International from March, 2003 to December, 2006	None

Mr. Wood s day-to-day leadership as Chief Executive Officer of Murphy Oil Corporation allows him to provide the Board with his intimate perspective of our operations.

THE BOARD RECOMMENDS A VOTE FOR EACH OF THE PERSONS NOMINATED BY THE BOARD.

BOARD LEADERSHIP STRUCTURE

The Chairman of the Board of Directors, Chief Executive Officer and other directors bring different perspectives and roles to the Company s management, oversight and strategic development. The Company s directors bring experience and expertise from both inside and outside the company and industry, while the Chief Executive Officer is most familiar with the Company s business and industry, and most capable of leading the execution of the Company s strategy. The Board believes that separating the roles of Chairman and Chief Executive Officer is currently in the best interest of shareholders because it provides the appropriate balance between strategy development and independent oversight of management. The Board will, however, maintain its flexibility to make this determination at any given point in time to provide appropriate leadership for the Company.

RISK MANAGEMENT

The Board exercises risk management oversight and control both directly and indirectly, the latter through various Board Committees as discussed below. The Board regularly reviews information regarding the Company s credit, liquidity and operations, including the risks associated with each. The Company s Executive Compensation Committee is responsible for overseeing the management of risks relating to the Company s executive compensation plans and arrangements. The Audit Committee is responsible for oversight of financial risks, including the steps the Company has taken to monitor and mitigate these risks. The Nominating & Governance Committee, in its role of reviewing and maintaining the Company s corporate governance guidelines, manages risks associated with the independence of the Board and potential conflicts of interest. The Environmental, Health & Safety Committee oversees management of risks associated with environmental, health and safety issues. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

COMMITTEES

The standing committees of the Board are the Executive Committee, the Audit Committee, the Executive Compensation Committee, the Nominating & Governance Committee and the Environmental, Health & Safety Committee.

The Executive Committee, in accordance with the Company s bylaws, is vested with the authority to exercise certain functions of the Board when the Board is not in session. The Executive Committee also has special charge of all financial, legal and general administrative affairs of the Company, subject to any limitations prescribed by the Board.

The Audit Committee has the sole authority to appoint or replace the Company s independent registered public accounting firm which reports directly to the Audit Committee. The Audit Committee also assists with the Board s oversight of the integrity of the Company s financial statements, the independent registered public accounting firm s qualifications, independence and performance, the performance of the Company s internal audit function, the compliance by the Company with legal and regulatory requirements, and the review of programs related to compliance with the Company s Code of Business Conduct and Ethics. The Audit Committee meets with representatives of the independent registered public accounting firm and with members of the internal Auditing Department for these purposes. All of the members of the Audit Committee are independent under the rules of the New York Stock Exchange, the requirements of the Securities and Exchange Commission and the Company s categorical independence standards. The Board has determined that Neal E. Schmale is qualified as an Audit Committee Financial Expert as defined in Item 407 of Regulation S-K.

The Executive Compensation Committee oversees the compensation of the Company s executives and directors and administers the Company s Annual Incentive Compensation Plan, the Long-Term Incentive Plan and the Stock Plan for Non-Employee Directors. All of the members of the Executive Compensation Committee are independent under the rules of the New York Stock Exchange and the Company s categorical independence standards. The Compensation Discussion and Analysis section below contains additional information about the Executive Compensation Committee.

The Nominating & Governance Committee identifies and recommends potential Board members, recommends appointments to Board committees, oversees evaluation of the Board s performance and reviews and assesses the Corporate Governance Guidelines of the Company. All of the members of the Nominating & Governance Committee are independent under the rules of the New York Stock Exchange and the Company s categorical independence standards. Information regarding the process for evaluating and selecting potential director candidates, including those recommended by stockholders, is set out in the Company s Corporate Governance Guidelines. Stockholders desiring to recommend candidates for membership on the Board for consideration by the Nominating & Governance Committee should address their recommendations to: Nominating & Governance Committee of the Board of Directors, c/o Secretary, Murphy Oil Corporation, P.O. Box 7000, El Dorado, Arkansas 71731-7000. As a matter of policy, candidates recommended by stockholders are evaluated on the same basis as candidates recommended by the Board members, executive search firms or other sources. The Corporate Governance Guidelines also provide a mechanism by which stockholders may send communications to Board members. The Environmental, Health and Safety Committee assists the Board and management in monitoring compliance with applicable environmental, health and safety laws, rules and regulations as well as the Company s Worldwide Environmental, Health, and Safety Policy. Review of policies, procedures and practices regarding security of the Company s people and property is also within the purview of this committee. The Committee benefits from the Company s sponsorship of the Massachusetts Institute of Technology s Joint Program on the Science and Policy of Global Change for keeping abreast of emerging issues with respect to climate change. The Committee also addresses public policy issues affecting the Company.

Charters for the Audit, Executive Compensation, Nominating & Governance and Environmental, Health & Safety Committees, along with the Corporate Governance Guidelines and the Code of Ethical Conduct for Executive Management, are available on the Company s Web site, *www.murphyoilcorp.com/about/governance/default.aspx*.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Members of the Executive Compensation Committee during 2010 were David J.H. Smith (Chair), William C. Nolan, Jr., Neal E. Schmale and James V. Kelley. During 2010, none of the members of the Committee (a) was an officer or employee of the Company, (b) was a former officer of the Company or (c) had any relationship requiring disclosure by the Company under any paragraph of Item 404 of Regulation S-K.

MEETINGS AND ATTENDANCE

During 2010, there were seven meetings of the Board, eleven meetings of the Executive Committee, six meetings of the Audit Committee, four meetings of the Executive Compensation Committee, two meetings of the Nominating & Governance Committee, and two meetings of the Environmental, Health & Safety Committee. All nominees attendance exceeded the minimum of 75% of the total number of meetings of the Board and committees on which they served. All Board members attended the 2010 Annual Meeting of Stockholders. As set forth in the Company s Corporate Governance Guidelines, all Board members are expected to attend each Annual Meeting of Stockholders.

COMPENSATION OF DIRECTORS

Since 2003, the Company s standard arrangement for compensation of non-employee directors has included a combination of cash and equity. In 2010, the cash component consisted of an annual retainer of $50,000, plus $2,000 for each Board or committee meeting attended. Supplemental retainers were paid to the Chairman of the Board ($115,000), the Audit Committee Chairman ($15,000), the Audit Committee Financial Expert ($10,000), other members of the Audit Committee ($7,500), the Executive Compensation Committee Chairman ($15,000) and the Chair of each other committee ($10,000). The Company also reimburses directors for travel, lodging and related expenses they incur in attending Board and committee meetings.

The equity component for 2010 consisted of restricted stock units. Each non-employee director was granted 4,337 restricted stock units on February 3, 2010 which vest after three years. Dividend equivalents are accumulated over the vesting period and are paid out upon the vesting of the restricted stock units. Further information is set forth in the following table.

2010 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1][2]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[3]	All Other Compensation ($)	Total ($)
William C. Nolan, Jr.	232,515	228,365			82,721		543,601
Frank W. Blue	87,515	228,365					315,880
Claiborne P. Deming	92,000	228,365					320,365
Robert A. Hermes	102,015	228,365			7,043		337,423
James V. Kelley	91,515	228,365					319,880
R. Madison Murphy	118,515	228,365			9,773		356,653
Neal E. Schmale	101,515	228,365					329,880
David J.H. Smith	91,015	228,365			4,470		323,850
Caroline G. Theus	96,015	228,365			21,431		345,811

(1) Represents grant date fair value (average of high and low price on date of grant) of time-based restricted stock units awarded in 2010.

(2) At December 31, 2010, total stock options and restricted stock units outstanding were:

	Stock Options	Restricted Stock Units
William C. Nolan, Jr.	16,200	12,417
Frank W. Blue	4,200	12,417
Claiborne P. Deming	239,500*	6,837
Robert A. Hermes	10,200	12,417
James V. Kelley		12,417
R. Madison Murphy		12,417
Neal E. Schmale	1,660	12,417
David J.H. Smith	16,200	12,417
Caroline G. Theus	16,200	12,417

* Earned in his capacity as former President and Chief Executive Officer of Murphy Oil Corporation.

(3) The 1994 Retirement Plan for Non-Employee Directors was frozen on May 14, 2003. At that time, then current directors were vested based on their years of service, with no further benefits accruing and benefits being paid out according to the terms.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of December 31, 2010, the following are known to the Company to be the beneficial owners of more than five percent of the Company s Common Stock:

Name and address of beneficial owner	Amount and nature of beneficial ownership[1]	Percentage
BlackRock, Inc 40 East 52nd Street New York, NY 10022	12,670,404[2]	6.59%
T. Rowe Price Associates, Inc 100 E. Pratt Street Baltimore, Maryland 21202	21,915,762[3]	11.30%

(1) Includes Common Stock for which the indicated owner has sole or shared voting or investment power and is based on the indicated owner s Schedule 13G filing for the period ended December 31, 2010.

(2) A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G). All shares are sole voting power and sole dispositive power shares.

(3) These securities are owned by various individual and institutional investors for which T. Rowe Price Associates, Inc. (Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Total includes 6,159,849 sole voting power shares, -0- shared voting power shares, 21,885,362 sole dispositive power shares and -0- shared dispositive power shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information, as of February 15, 2011, concerning the number of shares of Common Stock of the Company beneficially owned by all directors and nominees, each of the Named Executive Officers (as hereinafter defined), and directors and executive officers as a group. No shares of Common Stock held by our directors or executive officers have been pledged.

Name	Personal with Full Voting and Investment Power (1)(2)	Personal as Beneficiary of Trusts	Voting and Investment Power Only	Options Exercisable Within 60 Days	Total	Percent of Outstanding (if greater than one percent)
Frank W. Blue	12,511			4,200	16,711	
Claiborne P. Deming	989,669	1,529,538		239,500	2,758,707	1.43%
Robert A. Hermes	20,511			10,200	30,711	
James V. Kelley	12,509				12,509	
R. Madison Murphy	1,093,287	1,268,392	5,637,781(3)		7,999,460	4.14%
William C. Nolan, Jr.	587,795		377,478	16,200	981,473	
Neal E. Schmale	11,611			1,660	13,271	
David J.H. Smith	22,511			16,200	38,711	
Caroline G. Theus	372,077	1,150,438(4)	6,684(5)	16,200	1,545,399	
David M. Wood	70,092			287,500	357,592	
Kevin G. Fitzgerald	26,207			177,500	203,707	
Steven A. Cossé	79,619			385,000	464,619	
Roger W. Jenkins	13,122			75,000	88,122	
Bill H. Stobaugh	37,346			160,000	197,346	
Directors and executive officers as a group(6)	3,405,779	4,325,846	5,644,465	1,750,210	15,126,300	7.83%

(1) Includes Company Thrift (401(k)) Plan shares in the following amounts: Mr. Wood 8,240 shares; Mr. Fitzgerald 1,955 shares; Mr. Cossé 16,865 shares; Mr. Jenkins 816 shares; Mr. Stobaugh 6,805 shares.

(2) Includes shares held by spouse and other household members as follows: Mr. Deming 321,604 shares; Mr. Hermes 17,596 shares owned jointly with spouse; Mr. Kelley 9,594 shares owned jointly with spouse; Mr. Murphy 374,055 shares; Mr. Nolan 2,500 shares owned solely by spouse; Mrs. Theus 28,000 shares, 18,000 of which are held jointly with spouse and 10,000 of which are held solely by spouse.

(3) Includes 2,409,754 shares held by trusts for the benefit of others for which Mr. Murphy is trustee or co-trustee, 716,234 shares held by a private foundation of which Mr. Murphy is President for which beneficial ownership is expressly disclaimed and 2,511,793 shares held by a limited partnership that is controlled by a limited liability company of which Mr. Murphy is a member. Mr. Murphy has beneficial interest in 666,640 of these shares. Mr. Murphy s wife has a beneficial interest in 2,789 shares, for which beneficial ownership is expressly disclaimed.

(4) Includes 613,186 shares for which Mrs. Theus is co-trustee and a beneficiary.

(5) Held as trustee for trust for Mrs. Theus son.

(6) Includes nine directors, nine executive officers and one director/officer.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, the Company s directors and executive officers and persons who beneficially own more than 10% of the Company s Common Stock are required to report their ownership of the Company s Common Stock and any changes in that ownership to the Securities and Exchange Commission and the New York Stock Exchange. Specific due dates for these reports have been established and the Company is required to report in this Proxy Statement any failure to file by these dates. Based upon a review of the copies of such reports in our possession and on representations from reporting persons, we believe that all such persons complied with all applicable filing requirements during fiscal 2010, except for the following late filings: (i) on February 3, 2010, a late Form 4 was filed for Caroline G. Theus with respect to a transaction that occurred on September 9, 2009; (ii) on June 29, 2010, a late Form 4 was filed for Ivar Ramberg (former Director) with respect to a transaction that occurred on May 12, 2010; (iii) on January 18, 2011, a late Form 4 was filed for Kelli M. Hammock with respect to transaction that occurred on May 17, 2010; and (iv) on March 2, 2011, an amended Form 5 was filed for Claiborne P. Deming with respect to transactions that occurred between the dates of December 7, 2005 to December 21, 2009.

REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS

During 2010, the Company did not have any transactions with related persons required to be disclosed under Item 404(a) of Regulation S-K, and no such transactions are currently proposed. The Nominating & Governance Committee reviews annual cumulative ordinary course of business transactions with firms associated with directors and nominees for director. The Company s management also monitors such transactions on an ongoing basis. Executive officers and directors are governed by the Company s Code of Business Conduct and Ethics which provides that waivers may only be granted by the Board and must be promptly disclosed to stockholders. No such waivers were granted nor applied for in 2010. The Company s Corporate Governance Guidelines require that all directors recuse themselves from any discussion or decision affecting their personal, business or professional interests.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The Executive Compensation Committee (the Committee) of the Board oversees the compensation of the Company s Named Executive Officers (as defined below). The Committee consists of no fewer than two members who have been determined by the Board to satisfy the independence requirements of the New York Stock Exchange and the Company s categorical independence standards. The Nominating & Governance Committee recommends nominees for appointment to the Committee annually and as vacancies or newly created positions occur. Committee members are appointed by the Board and may be removed by the Board at any time. Members of the Committee include David J.H. Smith (Chair), James V. Kelley, William C. Nolan, Jr., and Neal E. Schmale.

The Committee reviews and approves corporate goals and objectives relevant to our CEO and other Named Executive Officer compensation and evaluates the CEO s performance in light of these objectives. Any decisions regarding the CEO s compensation are made solely by the Committee. For Named Executive Officers other than the CEO, the Committee considers the performance evaluations made by the CEO and the recommendations of the CEO. The Committee approves any compensation-related decisions affecting the pay of all Named Executive Officers.

The Committee administers and makes recommendations to the Board with respect to incentive compensation plans and equity-based plans and reviews and approves awards granted under such plans.

Sole authority to retain and terminate any compensation consultant rests with the Committee, which also has sole authority to approve the consultant s fees and other retention terms. Advice and assistance from internal or external legal, accounting or other advisors is also available to the Committee. The Corporate Secretary serves as Secretary to the Committee.

In 2010, the Compensation Committee retained Towers Watson and Pay Governance LLC (an independent executive compensation firm formed by selected retired partners from Towers Watson s executive compensation practice) as independent compensation consultants. In their role as an advisor to the Compensation Committee, which in its sole discretion, has the authority to select, retain, and/or terminate its relationship with the consulting firm, Towers Watson and Pay Governance provided the Committee with objective and expert analyses, independent advice, and information with respect to executive and director compensation. Towers Watson and Pay Governance did not provide any other consulting services to the Committee, or to Murphy, or to any senior executives of Murphy in 2010.

It should be noted that Pay Governance, the Compensation Committee s current advisor, is completely independent of and has no relationship to Towers Watson. The partners and employees of Pay Governance have received no compensation, referral fees, or financial assistance from Towers Watson in the start-up or ongoing operation of this independent consulting entity. Pay Governance provides no other consulting services other than those dealing with executive compensation and the compensation of non-employee directors.

Pay Governance provides the Committee with, among other things, an analysis of trends and compensation data for general industry, the oil and gas industry and a select group of comparator companies within the oil and gas industry. For 2010, the comparator group included Anadarko Petroleum, Apache, Chevron, ConocoPhillips, Devon Energy, EOG Resources, ExxonMobil, Hess, Marathon, Newfield Exploration, Noble Energy, Occidental Petroleum, Sunoco, Tesoro and Valero Energy. While structured as an integrated oil company like the major and super-major oil companies, the Company s size is more comparable to that of certain independent exploration and production companies and refining and marketing companies. Various members of the investment community place the Company in each of these groups. The comparator group was developed by Pay Governance to provide representation from each of (i) integrated oil companies, (ii) independent exploration and production companies and (iii) refining and marketing companies.

In addition to comparator company information, the Committee uses survey information to determine competitive market pay levels for the Named Executive Officers. The surveys used include:

Towers Watson 2010 General Industry Compensation Data Bank;

Towers Watson 2010 Petroleum Industry Compensation Data Bank;

Mercer Human Resource Consulting 2010 Energy 27 Survey; and

Organization Resources Counselors 2010 Manufacturing and Marketing Survey.

The survey data analyzed includes general industry and energy industry (as available) information. Regression analysis is utilized to adjust for differences in company size. Where regression is not possible, data for companies with similar revenue size is analyzed.

The Committee generally takes action on compensation matters at its meeting held in conjunction with the February Board meeting. The Company grants employee stock options at this meeting and the exercise price of such stock options is based on the average of the high and the low market price for the Company s shares on the date of grant. The Committee also considers at this time adjustments to Named Executive Officers base salary, annual incentive bonus and grants of restricted stock or restricted stock unit awards. The Committee meets at other times during the year as necessary and, in 2010, met four times. A copy of the Committee s charter can be found on the Company s Web site, *http://www.murphyoilcorp.com/about/governance/compensate.aspx.*

Guiding Principles

The Committee bases its executive compensation decisions on principles designed to align the interests of executives with those of shareholders. The Committee intends compensation to provide a direct link with the Company s values, objectives, business strategies and financial results. In order to motivate, attract and retain key executives who are critical to its long-term success, the Company believes that its pay package should be competitive with others in the oil and gas industry. In addition, the Company believes that executives should be rewarded for both the short-term and long-term success of the Company and, conversely, be subject to a degree of downside risk in the event that the Company does not achieve its performance objectives.

In order to promote the long-term as well as short-term interests of the Company and to more closely align the interests of its key employees to those of its shareholders, the Company uses a mix of short-term and long-term incentives. Individuals in a primary position to influence the growth of shareholder wealth have larger portions of their total compensation package delivered in the form of equity-based long-term incentives. To this end, executives have a compensation package which includes a base salary, participation in a cash-based annual incentive plan, participation in an equity-based long-term incentive plan and certain other compensation, including customary benefits as discussed in Section D of *Elements of Compensation* below. In addition, in 2010, the compensation package for the CEO included limited personal use of Company aircraft. The Company believes that this combination of base salary, short-term incentives, long-term incentives and other employee benefits provides the best balance between the need for the Company to provide executive compensation which is competitive in the marketplace and therefore necessary for recruiting and retention, and the desire to have management s interests, motivations and prosperity aligned with the interests of the Company s shareholders.

The Company does not have employment, change in control or termination agreements with its Named Executive Officers. In the event of a change of control, each of the Named Executive Officers would retain his earned compensation and all outstanding equity awards would vest, become immediately exercisable or payable or have all restrictions lifted as may apply to the type of the award.

Elements of Compensation

A. Base Salary

The objectives of the base salary component of compensation include:

- to provide a fixed level of compensation to reward the executive for day-to-day execution of primary duties and responsibilities;
- to assist the Company in the attraction and retention of a highly skilled competitive team by paying base salaries which are competitive with the Company s comparator group; and
- to provide a foundation level of compensation upon which incentive opportunities can be added to provide the motivation to deliver superior performance.

The Company targets the median of competitive market pay levels for the base salary of its Named Executive Officers. It is the Company s compensation philosophy to target base salaries at the 50th percentile (median) of the competitive marketplace. The Company targets the 50th percentile because it believes that it allows the organization to recruit, attract, and retain qualified management talent having the requisite skills and competencies to manage the Company and to deliver additional value for shareholders. In practice, some executives are paid above or below the 50th percentile because of their individual job performance, time in the position, and tenure with the Company. Executives salaries are ultimately determined based on the market pay levels as well as a combination of experience, duties and responsibilities, individual performance, Company performance, general economic conditions and marketplace compensation trends. Generally, the base salaries of the Company s Named Executive Officers fall slightly above the target (50th percentile of the competitive marketplace) due to their combination of experience, duties, responsibilities, and performance.

The Committee made adjustments to the base salaries of its Named Executive Officers in 2010 as follows:

Named Executive Officer	2009 Base Salary	2010 Base Salary	Adjustment for 2010
David M. Wood	$ 1,150,000	$ 1,210,000	5.2%
Kevin G. Fitzgerald	$ 484,500	$ 510,000	5.3%
Steven A. Cossé	$ 586,500	$ 617,524	5.3%
Roger W. Jenkins	$ 600,000	$ 650,000	8.3%
Bill H. Stobaugh	$ 425,000	$ 447,525	5.3%

B. Annual Incentive Plan

The objectives of the Company s annual incentive plan are:

- to provide incentive compensation to those officers, executives, and key employees who contribute significantly to the growth and success of the Company;

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to attract and retain individuals of outstanding ability;

to align the interests of those who hold positions of major responsibility in the Company with the interests of the Company s shareholders; and

to promote excellent operational performance by rewarding executives when they achieve it.

The Company targets the median of competitive market pay levels for annual target incentive compensation because the Company believes it allows the Company to retain and motivate its executives. Executives have the opportunity to be compensated above the median of market pay levels when the Company has above market performance based on established performance measures. For 2010, the target bonus percentages of the Company s Named Executive Officers fall at or very near the median of the competitive market.

The Company s current cash-based annual incentive plan, the 2007 Annual Incentive Plan (the Plan), was approved by shareholders at the 2007 annual meeting. Amounts earned under the Plan are designed to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and therefore be fully tax-deductible by the Company. The Plan provides the Company with a list of possible performance criteria that could be used for determination of performance-based awards. The Company currently uses return on capital employed (ROCE) as one performance metric to determine the annual award under the Plan because it measures the quality of the Company s earnings by looking at net income earned on the capital employed in the business. The Committee believes that shareholders should receive a return which, at least, meets the cost of capital. In turn, this means that the Company has efficiently used the capital resources invested in the business and has earned a rate of return and level of income which exceeds the implied cost of such capital resources.

ROCE is computed as a percentage based on dividing the sum of (i) the Company s annual net income, as adjusted from time-to-time at the discretion of the Committee for certain unusual and nonrecurring gains or losses and (ii) the Company s after-tax net interest expense, by the sum of (a) the balance of the Company s consolidated shareholders equity at January 1 of the respective year and (b) the average of the Company s beginning and ending long-term debt during the respective year.

For 2010, the performance criteria included a mixture of ROCE, a safety metric, and operating metrics. With respect to the Named Executive Officers, the following tables summarize the performance metrics, respective weighting of performance metrics, and weighted performance scores based on actual performance, used in determining their respective annual incentive awards.

For Mr. Wood, Mr. Fitzgerald, Mr. Cossé, and Mr. Stobaugh:

Metric	**Target**	**Weighting**	**Weighted Performance Score**
ROCE	9%	90.00%	108.3%
Corporate Total Recordable Incident Rate	1.0	10.00%	0%
Total			108.3%

For Mr. Jenkins:

Metric	**Target**	**Weighting**	**Weighted Performance Score**
ROCE	9%	50.00%	60.2%
Upstream Total Recordable Incident Rate	.5	10.00%	14.0%
Upstream Operated Production (BOE/day)	152,307	30.00%	16.6%
Upstream Non-Operated Production (BOE/day)	37,413	10.00%	11.6%
Total			102.4%

When establishing the target ROCE percentage, the Committee considered (i) the rate of return on risk-free investments (Treasury Bills), (ii) a risk premium reflecting the increased return required to invest in equities, (iii) the cost of long-term debt, as measured by the Company s annual interest expense on long-term debt and (iv) general industry conditions. The targets for other operating metrics were primarily based on historical data, budgets and forecasts. Under the terms of the Plan, achievement of 100% of the target rate results in the payment of 100% of individual target awards. For Named Executive Officers, achievement of the minimum of the performance range results in the payment of 62.5% of individual target awards and achievement of the maximum results in the payment of 250% of individual target awards, subject to downward adjustment by the Committee of up to 40%. Upward adjustments are not permitted for Named Executive Officers and no awards are payable if performance falls below the minimum. For 2010, bonuses for Mr. Cossé and Mr. Jenkins were decreased from their formula amount by 4%, and bonuses for Mr. Fitzgerald and Mr. Stobaugh were decreased from their formula amount by 8%, in order to make their award level more consistent with that of other participants.

Named Executive Officer	Target Bonus as a Percentage of Base Salary	Actual Amount Awarded
David M. Wood	125%	$ 2,030,000
Kevin G. Fitzgerald	75%	$ 474,400
Steven A. Cossé	85%	$ 679,299
Roger W. Jenkins	85%	$ 639,744
Bill H. Stobaugh	60%	$ 334,422

C. Long-term Incentive Compensation

The objectives of the Company s long-term incentive program include:

- to align executives interests with the interests of shareholders;
- to reinforce the critical objective of building shareholder value over the long term;
- to assist in the long-term attraction, motivation, and retention of an outstanding management team;
- to complement the short-term performance metrics of the 2007 Annual Incentive Plan; and
- to focus management attention upon the execution of the long-term business strategy of the Company.

Long-term incentive compensation for 2010 included the grant of stock options and restricted stock units under the 2007 Long-Term Incentive Plan (the LTIP). Stock options are designed to align the interests of executives with the performance of the Company over time. The exercise or grant price of fixed-priced stock options equals the average of the high and the low of the Company s Common Stock on the date of the grant. Fixed-price stock options are inherently performance-based because option holders realize no economic benefit unless the Company s stock price increases in value subsequent to the grant date. This aligns the optionees interests with that of shareholders. The vesting of restricted stock units is based upon the Company s total shareholder return (TSR) relative to the TSR of the same fifteen companies used for compensation comparator analysis (as described above). Because stock price appreciation is not enough to guarantee payment, restricted stock units are at greater risk of forfeiture.

On February 2, 2010, the Committee granted equity awards to each of its Named Executive Officers with the value divided between stock options and performance-based restricted stock units [the Company generally targets an evenly weighted split between stock options and performance-based restricted stock units]. The Company believes that both stock options and performance-based restricted stock unit awards are effective and appropriate methods of equity compensation. Stock options are particularly effective at aligning the interests of management and shareholders, but results can be skewed by movements in the stock market as a whole. Conversely, restricted stock unit awards value is largely based on the Company s performance relative

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to that of its peers, but does not necessarily equate with shareholder return. Recognizing this dichotomy, the Company believes an evenly weighted split is most appropriate.

The Company generally targets the median of competitive market pay levels for the annual grant value of long-term incentive compensation. When determining the size of the equity-based awards to our executives and the total number of shares available for equity-based award grants for all management employees for the fiscal year, the Committee considers survey data provided by the Committee s compensation consultant, internal equity, and individual performance; as well as the proportion of our total shares outstanding used for annual equity-based award grants and the potential voting power dilution to our shareholders. In 2010, the equity awards exceeded the median of survey data based on both individual and Company performance. Total grants in 2010 equaled 1.08% of the Company s issued and outstanding shares. Grants were as follows:

Named Executive Officer	Number of Stock Options	Number of Restricted Stock Units
David M. Wood	200,000	65,000
Kevin G. Fitzgerald	40,000	15,000
Steven A. Cossé	55,000	25,000
Roger W. Jenkins	60,000	30,000
Bill H. Stobaugh	35,000	12,500

The Company has not backdated stock options and does not intend to do so in the future. The exercise price for all stock options is equal to the fair market value (average of daily high and low) on the date of the grant.

Beginning in 2006, the Company s stock option award form provides for payment of the aggregate exercise price to be automatically net settled in stock, which reduces dilution. Thus upon exercise, shares having a fair market value equal to the exercise price as well as statutory minimum withholding taxes are withheld by the Company and only net shares are delivered to the holder of the option. The options granted in 2010, all of which are non-qualified, vest in two equal installments on the second and third anniversaries of the grant date, and unless otherwise forfeited, these options expire seven years from the date of the grant.

Performance-based restricted stock units awarded in 2010 will vest in three years based on how the Company s TSR compares to the TSR of an index of fifteen energy companies. The Same fifteen companies used for compensation comparator analysis (as described above) are used for this purpose. The 2010 restricted stock unit awards contain four equally weighted measurement periods: year 1; year 2; year 3; and years 1-3 combined. Achievement of the 50th percentile of the peer group is required for vesting of 100% of the restricted stock units awarded, achievement of the 90th percentile of the peer group for the vesting of 150% of the restricted stock units awarded, achievement of the 25th percentile of the peer group for the vesting of 50% of the restricted stock units awarded, and there is a prorated percentage of restricted stock units that can vest for performance between the 25th and 90th percentiles. No payment is made for achievement below the 25th percentile of the peer group. Dividend equivalents are accumulated during the performance period and pay out only if the underlying units vest. Holders of restricted stock units do not have any voting rights.

The LTIP is structured so that awards granted under the LTIP qualify as performance-based under Section 162(m) of the Internal Revenue Code. The stock option and performance-based restricted stock unit awards in 2010 qualify as performance-based under Section 162(m) of the Code. As noted above, the Company currently uses two principal forms of long-term incentive compensation: fixed-price stock options and performance-based restricted stock units. The Company expects to continue to use these same two principal forms of equity-based incentives going forward. However, the LTIP has a 10-year term, and it is possible that the Company may adopt a different long-term incentive compensation strategy in future years if necessary to respond to changes in the competitive marketplace, regulatory actions, and/or changes to business strategy. In order to provide the Company with flexibility going forward, the LTIP provides the Company with possible alternative long-term equity incentive vehicles in addition to stock options and restricted stock units, including stock appreciation rights, performance shares, dividend equivalents, and other stock-based incentives. In addition, as noted above, the Company currently uses the criteria of TSR compared to the TSR of a designated comparator group of companies in order to determine the percent of the performance-based restricted stock unit awards that are earned. To ensure future flexibility, the LTIP includes a list of possible performance criteria that could be used for determination of performance-based awards. However, at this time, the Company contemplates continuing to use company vs. comparator group TSR as the performance criteria for the performance-based restricted stock unit grants. The TSR measurement is chosen as the performance metric for the restricted stock or restricted stock unit grants because TSR is a reflection of the return to shareholders (i.e., the amount of share price appreciation and dividends earned), and the Company compares its TSR to that of its industry comparators in the oil and gas industry sector. Generally, when the Company s TSR compares favorably with those of comparator companies, shareholders also benefit and management s interests are aligned with those of all shareholders. However, in certain circumstances, e.g. industry-wide downturns, this may not be the case, and for this reason, fixed priced stock options are also utilized.

D. Employee Benefits and Perquisites

The objectives of the Company s employee benefits and perquisites program are:

- to provide an employee benefit package with the same level of benefits provided to all Company employees which is competitive within the Company s industry sector;

- to offer executives indirect compensation which is efficient and supplemental to their direct compensation to assist with retirement, health, and welfare needs for individuals and their families; and

- to provide only limited benefits to selected executives as required.

The Company s executives are provided usual and customary employee benefits available to all employees (except certain hourly retail employees). These include thrift savings (401(k)), life insurance, accidental death and dismemberment insurance, medical/dental insurance, vision insurance, long-term disability insurance, and a Company sponsored defined benefit pension plan. The Named Executive Officers are excluded from the Company s Employee Stock Purchase Plan (the ESPP) because they are eligible for long-term stock incentives and the ESPP was established as a vehicle for employees to acquire stock.

Tax regulations adversely affect certain highly compensated employees by restricting their full participation in qualified defined benefit pension and defined contribution (thrift) plans. In an effort to provide the same level of retirement benefit opportunity for all employees, the Company has a Supplemental Executive Retirement Plan (the SERP). The purpose of the SERP is to restore pension plan and thrift plan benefits which are not payable under such plans because of certain specified benefit and compensation limitations under tax regulations. The benefit to the Company of this arrangement is the retention and long-term service of employees who are otherwise unprotected by employment contracts. Other than the SERP, the Company does not offer a deferred compensation option to its Named Executive Officers.

The Executive Compensation Committee allows a maximum of twelve non-business trips in the continental United States on Company aircraft by Mr. Wood as part of his total compensation package. In 2010, Mr. Wood s nine non-business trips had an aggregate incremental cost to the Company of $27,743, as reported in the 2010 Summary Compensation Table. The Standard Industry Fare Level rate was used to determine the income reportable to Mr. Wood for these trips, and the Company has not provided any tax gross-up or other tax assistance with respect to the income recognized or use of the Company aircraft.

E. Other Compensation

In conjunction with his performance on the development of the Kikeh Field, the Company awarded Roger W. Jenkins 30,000 non-equity time-based units on August 31, 2007. These units vested September 1, 2010, and the equivalent value was paid in cash and is included in the All Other Compensation column of the 2010 Summary Compensation Table.

Executive Compensation Committee Report

The Executive Compensation Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on the review and discussions, the Executive Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s Proxy Statement.

Executive Compensation Committee

David J.H. Smith (Chair)

James V. Kelley

William C. Nolan, Jr.

Neal E. Schmale

Tabular Information for Named Executive Officers

Further information with respect to the individuals who served as the Company s Principal Executive Officer, Principal Financial Office and the three other most highly compensated executive officers serving at the end of the last completed fiscal year (collectively, the Named Executive Officers) is set forth in the following tables:

2010 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(4)	Total ($)
David M. Wood	2010	1,205,000	3,166,313	3,750,000	2,030,000	2,356,124	100,883	12,608,320
President and	2009	1,150,000	2,333,100	2,121,000	2,050,000	1,041,358	168,580	8,864,038
Chief Executive Officer	2008	670,833	1,880,276	979,735	625,000	570,611	52,868	4,779,323
Kevin G. Fitzgerald	2010	507,875	730,688	750,000	474,400	909,703	31,313	3,403,979
Senior Vice President and	2009	483,708	424,200	454,500	483,227	789,346	30,703	2,665,684
Chief Financial Officer	2008	470,833	284,683	433,989	400,000	557,228	33,430	2,180,163
Steven A. Cossé	2010	614,939	1,217,813	1,031,250	679,299	828,457	37,736	4,409,494
Executive Vice President	2009	585,542	848,400	757,500	772,073	1,095,417	36,813	4,095,745
and General Counsel	2008	570,833	402,436	821,639	625,000	1,053,034	46,868	3,519,810
Roger W. Jenkins(5)	2010	612,500	1,461,375	1,125,000	639,744	350,842	1,656,540	5,846,001
Executive Vice President	2009	541,667	848,400	757,500	691,079	177,282	34,180	3,050,108
Bill H. Stobaugh(5)	2010	447,525	608,906	656,250	334,422	373,515	27,691	2,448,309
Senior Vice President	2009	425,000	424,200	454,500	316,455	294,186	27,180	1,941,521

(1) The 2010 and 2009 restricted stock unit awards are shown at grant date fair value as computed using generally accepted accounting principles, as more fully described in Note J of the 2010 Form 10-K report. Restricted stock unit awards are subject to performance-based conditions and are forfeited if grantee s employment terminates for any reason other than retirement, death or full disability. The restricted stock unit awards vest three years from the date of grant if performance conditions are met. There is no assurance that the value realized by the executive will be at or near the value included herein.

(2) The 2010 and 2009 stock option awards are shown at grant date fair value as computed using generally accepted accounting principles, as more fully described in Note J of the 2010 Form 10-K report. Options granted vest in two equal installments on the second and third anniversaries of the grant date. The options are exercisable for a period of seven years from the date of grant. The actual value, if any, an executive may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. There is no assurance that the value realized by the executive will be at or near the value included herein.

(3) Non-Equity Incentives were awarded and paid after the end of the year in which they are reported. Because these payments related to services rendered in the year prior to payment, the Company reported these incentives as a component of compensation expense in the year for which the award was paid.

(4) The total amounts shown in this column for 2010 consist of the following:

Mr. Wood: $72,300 Company contributions to defined contribution plans; $27,743 Company plane usage based on aggregate incremental cost to the Company; $840 Benefit attributable to Company-provided term life insurance policy.

Mr. Fitzgerald: $30,473 Company contributions to defined contribution plans; $840 Benefit attributable to Company-provided term life insurance policy.

Mr. Cossé: $36,896 Company contributions to defined contribution plans; $840 Benefit attributable to Company-provided term life insurance policy.

Mr. Jenkins: $1,618,950 Non-Equity time-based units awarded in 2007; $36,750 Company contributions to defined contribution plans; $840 Benefit attributable to Company-provided term life insurance policy.

Mr. Stobaugh: $26,851 Company contributions to defined contribution plans; $840 Benefit attributable to Company-provided term life insurance policy.

(5) Mr. Jenkins and Mr. Stobaugh were not Named Executive Officers in 2008 and, therefore, their compensation is not disclosed for 2008.

2010 GRANTS OF PLAN-BASED AWARDS TABLE

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)
David M. Wood	02/02/10				32,500	65,000	97,500
		941,406	1,506,250	3,765,625			
Kevin G. Fitzgerald	02/02/10				7,500	15,000	22,500
		238,066	380,906	952,266			
Steven A. Cossé	02/02/10				12,500	25,000	37,500
		326,686	522,698	1,306,745			
Roger W. Jenkins	02/02/10				15,000	30,000	45,000
		325,391	520,625	1,301,563			
Bill H. Stobaugh	02/02/10				6,250	12,500	18,750
		167,822	268,515	671,288			

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Closing Price on Grant Date 02/02/10 ($/Sh)*	Grant Date Fair Value of Stock and Option Awards ($)
David M. Wood	02/02/10		200,000	52.845	53.42	3,750,000
	02/02/10	65,000				3,166,313
Kevin G. Fitzgerald	02/02/10		40,000	52.845	53.42	750,000
	02/02/10	15,000				730,688
Steven A. Cossé	02/02/10		55,000	52.845	53.42	1,031,250
	02/02/10	25,000				1,217,813
Roger W. Jenkins	02/02/10		60,000	52.845	53.42	1,125,000
	02/02/10	30,000				1,461,375
Bill H. Stobaugh	02/02/10		35,000	52.845	53.42	656,250
	02/02/10	12,500				608,906

* Historically, the Exercise Price of Options has been determined using the average of the high and low of the stock price on the date of grant.

2010 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

Name	Number of Securities Underlying Unexercised Exercisable Options (#)	Number of Securities Underlying Unexercised Unexercisable Options (#)	Option Exercise Price ($)	Option Expiration Date
David M. Wood	17,500		21.1700	2/4/2013
	25,000		45.2275	2/1/2012
	50,000		57.3150	1/31/2013
	75,000		51.0700	2/6/2014
	25,000	25,000	72.7450	2/5/2015
		140,000	43.9500	2/3/2016
		200,000	52.8450	2/2/2017
Kevin G. Fitzgerald	40,000		19.4263	2/5/2012
	35,000		21.1700	2/4/2013
	15,000		45.2275	2/1/2012
	12,500		57.3150	1/31/2013
	30,000		51.0700	2/6/2014
	15,000	15,000	72.7450	2/5/2015
		30,000	43.9500	2/3/2016
		40,000	52.8450	2/2/2017
Steven A. Cossé	90,000		19.4263	2/5/2012
	80,000		21.1700	2/4/2013
	40,000		45.2275	2/1/2012
	50,000		57.3150	1/31/2013
	50,000		51.0700	2/6/2014
	25,000	25,000	72.7450	2/5/2015
		50,000	43.9500	2/3/2016
		55,000	52.8450	2/2/2017
Roger W. Jenkins	10,000		57.3150	1/31/2013
	15,000		51.0700	2/6/2014
	12,500	12,500	72.7450	2/5/2015
		50,000	43.9500	2/3/2016
		60,000	52.8450	2/2/2017
Bill H. Stobaugh	50,000		21.1700	2/4/2013
	20,000		45.2275	2/1/2012
	20,000		57.3150	1/31/2013
	30,000		51.0700	2/6/2014
	12,500	12,500	72.7450	2/5/2015
		30,000	43.9500	2/3/2016
		35,000	52.8450	2/2/2017

	Stock Awards			
Name	Number of Shares or Units of Stocks That Have Not Vested (#)(1)	Market Value of Shares or Units of Stocks That Have Not Vested ($)(2)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares Units or Other Rights That Have Not Vested ($)(2)(3)
David M. Wood	120,276	8,966,576	120,179	8,959,344
Kevin G. Fitzgerald	11,483	856,058	25,606	1,908,927
Steven A. Cossé	21,241	1,583,517	45,311	3,377,935
Roger W. Jenkins	22,965	1,712,041	51,212	3,817,855
Bill H. Stobaugh	10,620	791,721	22,655	1,688,930

(1) Includes accrued dividend equivalents on restricted stock units.
(2) Restricted stock units vest at the end of the three-year performance period.
(3) Value was determined based on a December 31, 2010 closing stock price of $74.55 per share.

2010 OPTION EXERCISES AND STOCK VESTED TABLE

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[1]
David M. Wood	55,000	1,485,038	24,398	1,818,871
Kevin G. Fitzgerald	20,000	505,750	12,199	909,435
Steven A. Cossé	60,000	1,537,350	24,398	1,818,871
Roger W. Jenkins			12,199	909,435
Bill H. Stobaugh	30,000	870,150	9,149	682,058

(1) Value based on 2008 performance-based restricted stock unit award vesting date as of December 31, 2010 at $74.55 per share. Payment of net shares was settled on February 1, 2011 pursuant to the terms of the award. The price on award date was $67.635 per share. Values as of the date of receipt were as follows: Mr. Wood $1,650,159, Mr. Fitzgerald $825,079, Mr. Cossé $1,650,159, Mr. Jenkins $825,079, and Mr. Stobaugh $618,793.

2010 PENSION BENEFITS TABLE

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
David M. Wood	Retirement Plan of Murphy Oil Corporation	16.07	418,593	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	20.07[1]	4,879,465	
Kevin G. Fitzgerald	Retirement Plan of Murphy Oil Corporation	27.62	848,566	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	27.62	2,626,803	
Steven A. Cossé	Retirement Plan of Murphy Oil Corporation	31.18	1,346,253	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	31.18	6,139,837	
Roger W. Jenkins	Retirement Plan of Murphy Oil Corporation	9.21	186,185	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	9.21	552,107	
Bill H. Stobaugh	Retirement Plan of Murphy Oil Corporation	15.58	552,730	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	15.58	1,260,870	

(1) As part of his employment with a subsidiary of the Company and prior to becoming a Named Executive Officer, Mr. Wood received an additional four years of credited service in the Murphy Oil Corporation Supplemental Executive Retirement Plan. The present value of accumulated benefit for this additional four years of credited service was $1,055,757 as of December 31, 2010.

The purpose of the Retirement Plan of Murphy Oil Corporation, a tax-qualified defined benefit retirement plan, is to provide retirement and incidental benefits for all employees who complete a period of faithful service. The purpose of the Supplemental Executive Retirement Plan (SERP) is to restore defined benefit and defined contribution benefits which cannot be paid because of certain specified benefit and compensation limitations under the tax-qualified retirement plan. The pension formula used to calculate benefits is: 1.6% times final average pay (FAP) times years of benefit service minus 1.5% times primary social security benefit times years of benefit service (to a maximum of 33 $^1/_3$ years).

The FAP used in calculating benefits under the plans is the average cash compensation (salary and annual incentive bonus) over the highest paid 36-month period during the employee s last ten years of employment. An employee begins participating in the plan after one year of service, with 60 months of vesting service required to receive a benefit. Distribution elections for the qualified plan are made upon retirement. Benefits shown are computed on a single life annuity basis and are subject to a deduction for social security amounts. The pension benefits shown do not reflect any reductions in retirement benefits that would result from the selection of one of the plan s various available survivorship options nor the actuarial reductions required by the plan for retirement earlier than age 62. For this purpose, Mr. Wood s average compensation was $2,200,278, Mr. Fitzgerald s $929,215, Mr. Cossé s $1,265,296, Mr. Jenkins $878,795, and Mr. Stobaugh s $727,993.

The estimated credited years of service used are as indicated in the table.

The following assumptions were used in determining the present value amounts at December 31, 2010.

Discount Rate	5.66%
Mortality Table	RP-2000 projected to 2017

2010 NONQUALIFIED DEFERRED COMPENSATION TABLE

Name	Executive Contributions in Last Fiscal Year ($)(1)	Registrant Contributions in Last Fiscal Year ($)(2)	Aggregate Earnings in Last Fiscal Year ($)(3)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)
David M. Wood	284,746	57,600	204,556	(232,076)(4)	1,190,941
Kevin G. Fitzgerald	110,469	15,773	32,510		478,915
Steven A. Cossé	60,367	22,196	187,810		1,072,161
Roger W. Jenkins	32,499	22,050	21,455		160,019
Bill H. Stobaugh	95,381	12,151	87,027		555,022

(1) The executive contributions in the last fiscal year have been included in Salary for the Named Executive Officer in the 2010 Summary Compensation Table.
(2) The registrant contributions in the last fiscal year have been included in All Other Compensation for the Named Executive Officer in the 2010 Summary Compensation Table.
(3) The unfunded SERP provides the same investment options available under the qualified 401(k) savings plan. The Aggregate Earnings column reflects the different investment returns based upon the Named Executive Officer s investment selection.
(4) Distribution pursuant to a Qualified Domestic Relations Order.

The purpose of the Thrift Plan for Employees of Murphy Oil Corporation, a tax-qualified defined contribution retirement plan, is to provide retirement and incidental benefits for all employees who participate in the Plan. The purpose of the Supplemental Executive Retirement Plan (SERP) is to restore defined benefit and defined contribution benefits which cannot be invested because of certain specified benefit and compensation limitations under the tax-qualified Thrift/401(k) Plan. The employees are immediately vested in all employee and Company match contributions. The Company match contributions are limited to dollar for dollar on the first 6 percent. All employees are allowed to contribute on a pre-tax basis up to 25 percent of their eligible pay. The table above represents amounts deferred under the SERP for 2010.

2010 POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE

The Company does not have employment, change in control, or termination agreements with its Named Executive Officers. However, upon a change in control, as defined in the 2007 Long Term Incentive Plan, all outstanding equity awards granted under such plans shall vest, become immediately exercisable or payable or have all restrictions lifted which apply to the type of award. The Company has no other agreement, contract, plan, or arrangement, whether written or unwritten, that provides for potential payments to Named Executive Officers upon termination or a change in control. Named Executive Officers are specifically excluded from normal severance benefits offered to other employees; however, the Company has, from time-to-time, paid termination benefits to executive-level positions upon an end in service. Decisions by the Company to pay termination benefits, and in what amounts, are determined on a case-by-case basis.

The following table presents estimated amounts that would have been payable to the applicable Named Executive Officer if the described event had occurred on December 31, 2010:

Name	Category	Normal Termination ($)	Change of Control ($)
David M. Wood	Non-equity compensation (1)	2,039,086	2,039,086
	Unvested & Accelerated (2)		
	Restricted Stock Units	5,981,189	12,917,835
	Stock Options		8,670,125
	Retirement Plan (3)		
	Total	8,020,275	23,627,046
Kevin G. Fitzgerald	Non-equity compensation (1)	515,652	515,652
	Unvested & Accelerated (2)		
	Restricted Stock Units	1,198,024	2,699,948
	Stock Options		1,813,275
	Retirement Plan (3)	422,413	422,413
	Total	2,136,089	5,451,288
Steven A. Cossé	Non-equity compensation (1)	707,603	707,603
	Unvested & Accelerated (2)		
	Restricted Stock Units	2,222,350	4,847,931
	Stock Options		2,768,900
	Retirement Plan (3)	640,745	640,745
	Total	3,570,698	8,965,179
Roger W. Jenkins	Non-equity compensation (1)	666,400	666,400
	Unvested & Accelerated (2)		
	Restricted Stock Units	2,396,048	5,399,896
	Stock Options		2,854,863
	Retirement Plan (3)		
	Total	3,062,448	8,921,159
Bill H. Stobaugh	Non-equity compensation (1)	363,502	363,502
	Unvested & Accelerated (2)		
	Restricted Stock Units	1,111,175	2,423,965
	Stock Options		1,700,238
	Retirement Plan (3)	175,732	175,732
	Total	$ 1,650,409	$ 4,663,437

(1) Non-equity compensation is calculated under the terms of the 2007 Annual Incentive Plan. Although actual awards, if any, are subject to attaining certain performance-based targets, for purposes of this table, non-equity compensation is calculated based on actual awards earned in 2010 without adjustment.

(2) In the event of a change of control, all unvested outstanding equity awards shall vest, become immediately exercisable or payable or have all restrictions lifted as may apply to the type of the award. Performance-based restricted stock units will be deemed to be earned at the target level of performance. In the event of termination any time prior to the completion of the full three-year performance period, except in the event of death, disability, or retirement, all performance-based restricted stock units will be forfeited. In the event of termination, all unvested stock options will be forfeited.

(3) Named Executive Officers may receive benefits under the Company s defined benefit pension plan upon retirement, depending upon date of hire, age and years of service at termination. The Pension Benefits Table reports the present value of each Named Executive Officer s accumulated benefit at December 31, 2010 unadjusted for retirement earlier than age 62, and such benefits are not accelerated or otherwise enhanced in connection with any termination scenario. Mr. Fitzgerald, Mr. Cossé and Mr. Stobaugh would have been eligible to receive retirement benefits following a termination of employment by reason of retirement on December 31, 2010 and the amount of such enhancement is reported in this table. Monthly pension benefits are payable in one of the following options: 50% Joint and Survivor; 75% Joint and Survivor; 100% Joint and Survivor; and 10 Years Certain.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about the securities authorized for issuance under the Company s equity compensation plans as of December 31, 2010:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights[1]	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) [2]
Equity compensation plans approved by stockholders	5,302,384	$ 48.83	6,842,274
Equity compensation plans not approved by stockholders[3]	66,878	41.49	N/A
Total	5,369,262	$ 48.74	6,842,274

(1) Amounts in this column do not take into account outstanding restricted stock units.

(2) Number of shares available for issuance includes 6,080,000 available shares under the 2007 Long-Term Incentive Plan, plus 406,340 available shares under the 2008 Stock Plan for Non-Employee Directors and 355,934 available shares under the Employee Stock Purchase Plan. Assumes each Restricted Stock Unit is equivalent to one share.

(3) Represents the Save As You Earn Plan, which is described below.

SUMMARY DESCRIPTION OF MATERIAL TERMS OF EQUITY COMPENSATION PLANS NOT APPROVED BY STOCKHOLDERS

The Company s U.K. based subsidiary offers its employees a plan that encourages savings and provides for the acquisition of Company stock. The Save As You Earn Plan (SAYE) is Inland Revenue approved. The SAYE allows employees to contribute up to £3,000 annually. Contributions are invested in an approved Building Society for a three year period, at the end of which, the employee has the option to direct the amount saved and the interest earned to purchase Company stock at a price equal to 90% of the fair market value of the stock at the beginning of that period. Three plans may run concurrently but the aggregate individual savings limit is £3,000 annually. The SAYE Plan was established on August 24, 1999 and expired by its terms on September 22, 2009; however the maturations will continue through 2012. The following details the SAYE plans:

	Start Date	Maturity	Options Outstanding	Options Exercised
SAYE 2007	08/07	08/10	627	5,296
SAYE 2008	04/08	04/11	6,392	
SAYE 2009	05/09	05/12	59,859	

PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION

The recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) enables our stockholders to vote to approve, on an advisory (nonbinding) basis, the compensation of our Named Executive Officers as disclosed in this proxy statement in accordance with the SEC s rules.

As described in detail under the heading *Compensation Discussion and Analysis*, our executive compensation programs are designed to attract, motivate, and retain our Named Executive Officers, who are critical to our success. Under these programs, our Named Executive Officers are rewarded for the achievement of specific annual, long-term and strategic goals, corporate goals, and the realization of increased stockholder value. Please read the *Compensation Discussion and Analysis* above along with the information in the compensation tables for additional details about our executive compensation programs, including information about the fiscal year 2010 compensation of our Named Executive Officers.

We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to express their views on our Named Executive Officers compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our Named Executive Officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we will ask our stockholders to vote **FOR** the following resolution at the Annual Meeting:

RESOLVED, that the Company s stockholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company s Proxy Statement for the 2011 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2010 Summary Compensation Table and the other related tables and disclosure.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Executive Compensation Committee or our board of directors. Our board of directors and our Executive Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our stockholders concerns and the Executive Compensation Committee will evaluate whether any actions are necessary to address those concerns.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SECURITIES AND EXCHANGE COMMISSION.

PROPOSAL 3 ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Act also enables our stockholders to recommend how frequently we should seek an advisory vote on the compensation of our Named Executive Officers, as disclosed pursuant to the Securities and Exchange Commission s compensation disclosure rules, such as Proposal 2 above. By voting on this Proposal 3, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every one, two, or three years or to abstain from voting.

After careful consideration of this Proposal, our board of directors has determined that an advisory vote on executive compensation that occurs every year is the most appropriate alternative for Murphy, and therefore our board of directors recommends that you vote for a one-year interval for the advisory vote on executive compensation.

In formulating its recommendation, our board of directors considered that an annual advisory vote on executive compensation will allow our stockholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year. Additionally, an annual advisory vote on executive compensation is consistent with our policy of seeking input from, and engaging in discussions with, our stockholders on corporate governance matters and our executive compensation philosophy, policies and practices. We understand that our stockholders may have different views as to what is the best approach for Murphy, and we look forward to hearing from our stockholders on this Proposal.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when you vote in response to the resolution set forth below.

Resolved, that the shareholders of the Company advise that an advisory resolution with respect to executive compensation should be presented every one, two or three years as reflected by their votes for each of these alternatives in connection with this resolution.

The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that has been selected by stockholders. However, because this vote is advisory and not binding on the board of directors or Murphy in any way, the board may decide that it is in the best interests of our stockholders and Murphy to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

The Dodd-Frank Act requires that we again solicit a shareholder advisory vote on the frequency of say-on-pay within not more than six years after this advisory vote.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE OPTION OF ONCE EVERY YEAR AS THE FREQUENCY WITH WHICH STOCKHOLDERS ARE PROVIDED AN ADVISORY VOTE ON EXECUTIVE COMPENSATION, AS DISCLOSED PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SECURITIES AND EXCHANGE COMMISSION.

PROPOSAL 4 APPROVAL OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board desires that the stockholders indicate their approval or disapproval of the Audit Committee s action in appointing KPMG LLP the Company s independent registered public accounting firm for the fiscal year 2011. KPMG LLP has been serving the Company and its subsidiaries in this role for many years. KPMG LLP has advised the Company that its members have no direct or indirect financial interest in the Company or any of its subsidiaries. Members of KPMG LLP are expected to be present at the Annual Meeting of Stockholders for the purpose of responding to inquiries by stockholders, and such representatives will have an opportunity to make a statement if they desire to do so.

The Audit Committee pre-approves any engagement of KPMG LLP. In the fiscal year 2010, the percentage of services designated for audit fees, audit-related fees, tax fees, and all other fees that were approved by the Audit Committee were 92%, 3%, 3%, and 2%, respectively.

In the event that a majority of the stockholders indicates disapproval of the appointment of KPMG LLP, the adverse vote will constitute a directive to the Audit Committee to select another registered public accounting firm(s) for fiscal year 2011. Because of the difficulty and expense of making any substitution of registered public accounting firms during a year, it is contemplated that the appointment for the fiscal year 2011 will be permitted to stand unless the Audit Committee finds other good reason for making a change.

THE BOARD RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR 2011. PROXIES SOLICITED ON BEHALF OF THE BOARD WILL BE VOTED FOR THIS PROPOSAL.

AUDIT COMMITTEE REPORT

In connection with the Company s December 31, 2010 consolidated financial statements, the Audit Committee reviewed and discussed the audited financial statements with management and the specific disclosures contained in the Company s Form 10-K, including Management s Discussion and Analysis of Financial Condition and Results of Operations , discussed with KPMG LLP the matters required by Statement on Auditing Standards No. 61 and independence standards, and considered the compatibility of non-audit services with KPMG LLP s independence. The Committee met six times during 2010. Fees for services provided by the Company s principal independent registered public accounting firm, KPMG LLP, for the years ended December 31, 2010 and 2009 were as follows:

	2010	**2009**
Audit fees	$ 3,292,346	3,235,075
Audit-related fees(1)	112,334	108,351
Audit and audit-related fees	3,404,680	3,343,426
Tax fees(2)	115,428	68,746
All other fees(3)	50,000	200,000
Total fees	$ 3,570,108	3,612,172

(1) Audit-related fees consisted principally of fees for audits of financial statements of foreign employee benefit plans, assurance reports required by U.K. government agencies, and review of XBRL documents included in reports filed with the U.S. Securities and Exchange Commission.
(2) Tax fees consisted of services for income tax consultation and tax compliance services.
(3) Fees related to an assessment of how international financial reporting standards would impact the Company.

Based on these reviews and discussions, the Audit Committee recommended to the Board that the Company s audited consolidated financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2010.

Audit Committee

R. Madison Murphy (Chairman)

Frank W. Blue

James V. Kelley

William C. Nolan, Jr.

Neal E. Schmale

SUBMISSION OF STOCKHOLDER PROPOSALS

Stockholder proposals for the 2012 Annual Meeting of Stockholders must be received by the Company at its executive offices on or before November 25, 2011, in order to be considered for inclusion in the proxy materials.

A stockholder may wish to have a proposal presented at the Annual Meeting of Stockholders in 2012, but without the Company being required to include that proposal in the Company s Proxy Statement and form of proxy relating to that meeting. This type of proposal is subject to the advance notice provisions of the Company s by-laws. In the case of the 2012 Annual Meeting of Stockholders, notice must be received by the Company at its executive offices no earlier than January 11, 2012, and no later than February 10, 2012.

ELECTRONIC AVAILABILITY OF PROXY MATERIALS FOR 2011 ANNUAL MEETING

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 11, 2011. This Proxy Statement and Murphy Oil Corporation s Annual Report to Stockholders and Form 10-K for fiscal year 2010 are available electronically at *www.murphyoilcorp.com/ir/reports.aspx*.

OTHER INFORMATION

The management of the Company knows of no business other than that described above that will be presented for consideration at the meeting. If any other business properly comes before the meeting, it is the intention of the persons named in the proxies to vote such proxies thereon in accordance with their judgment.

The expense of this solicitation, including cost of preparing and mailing this Proxy Statement, will be paid by the Company. Such expenses may also include the charges and expenses of banks, brokerage houses and other custodians, nominees or fiduciaries for forwarding proxies and proxy material to beneficial owners of shares.

In certain instances one copy of the Company s Annual Report or Proxy Statement is being delivered to two or more stockholders who share an address. Upon request, the Company will promptly deliver a separate copy of the Annual Report or Proxy Statement to a stockholder at a shared address to which a single copy of the documents was delivered. Conversely, stockholders sharing an address who are receiving multiple copies of Annual Reports or Proxy Statements may request delivery of a single copy.

Requests in this regard should be addressed to:

John A. Moore

Secretary

Murphy Oil Corporation

P.O. Box 7000

El Dorado, Arkansas 71731-7000

(870) 862-6411

The above Notice and Proxy Statement are sent by order of the Board of Directors.

John A. Moore

Secretary

El Dorado, Arkansas

March 25, 2011

PLEASE COMPLETE AND RETURN YOUR PROXY PROMPTLY IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED IF IT IS MAILED IN THE UNITED STATES OF AMERICA. ALTERNATIVELY, YOU MAY VOTE BY TELEPHONE OR INTERNET AS DESCRIBED ON THE PROXY CARD.

200 PEACH STREET

P.O. BOX 7000

EL DORADO, AR 71731-7000

VOTE BY INTERNET www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until **11:59 P.M. Eastern Time on May 10, 2011**. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until **11:59 P.M. Eastern Time on May 10, 2011**. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR the following:

	For	Against	Abstain
1. Election of Directors	¨	¨	¨
1a. F.W. Blue	¨	¨	¨
1b. C.P. Deming	¨	¨	¨
1c. R.A. Hermes	¨	¨	¨
1d. J.V. Kelley	¨	¨	¨

The Board of Directors recommends you vote FOR the following proposal:

	For	Against	Abstain
2 Advisory vote on executive compensation.	¨	¨	¨

The Board of Directors recommends you vote 1 YEAR on the following proposal:

	1 year	2 years	3 years	Abstain
3 Advisory vote on the frequency of an advisory vote on executive	¨	¨	¨	¨

				compensation.
1e. R.M. Murphy	¨	¨	¨	
1f. W.C. Nolan, Jr.	¨	¨	¨	
1g. N.E. Schmale	¨	¨	¨	
1h. D.J.H. Smith	¨	¨	¨	
1i. C.G. Theus	¨	¨	¨	
1j. D.M. Wood	¨	¨	¨	

The Board of Directors recommends you vote FOR the following proposal:	**For**	**Against**	**Abstain**
4 Approve the appointment of KPMG LLP as independent registered public accounting firm.	¨	¨	¨

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement, Annual Report is/are available at www.proxyvote.com.

MURPHY OIL CORPORATION

PROXY SOLICITED BY THE BOARD OF DIRECTOR FOR

ANNUAL MEETING, MAY 11, 2011

The stockholder(s) whose name(s) appear(s) on the reverse side hereby appoints William C. Nolan, Jr. and David M. Wood, or each of them, as the stockholder s proxy or proxies, with full power of substitution, to vote all shares of Common Stock of Murphy Oil Corporation which the stockholder is entitled to vote at the Annual Meeting of Stockholders to be held at the South Arkansas Arts Center, 110 East 5th Street, El Dorado, Arkansas, on May 11, 2011, at 10:00 a.m., Central Daylight Time, and any adjournments thereof, as fully as the stockholder could if personally present.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE ON THE REVERSE SIDE, BUT IF NONE ARE INDICATED, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED ON THE REVERSE SIDE, FOR PROPOSAL 2, FOR PROPOSAL 4 AND THE ONE YEAR OPTION FOR PROPOSAL 3. AS FAR AS THE COMPANY KNOWS, THESE ARE THE ONLY MATTERS TO BE BROUGHT BEFORE THE ANNUAL MEETING. AS TO ANY OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING, THE PERSONS NAMED AS PROXIES MAY VOTE THESE SHARES IN THEIR DISCRETION.

Murphy Oil Corporation encourages you to take advantage of new and convenient ways to vote the shares for proposals to be covered at the Annual Meeting of Stockholders. Please take this opportunity to use one of the three voting methods detailed on the reverse side to vote these shares. This year, voting has been made easier than ever.

Continued and to be signed on reverse side