



The Art Of Business

Murphy Oil Vice President for Australia Exploration, Jack Kerfoot, is a straightshooter. His words are weighted, his sentences to the point; he conveys the impression of certainty and commitment. As Kerfoot himself stated, he has little time for those unwilling to demonstrate similar dedication and desire for achievement.

When it is suggested that many people who work in the oil and gas industry may not necessarily have set out to do so, Kerfoot is unequivocal: his career path was decided at an early stage.

"I found it interesting that you said that many people end up in the energy industry by happenstance or circumstance", Kerfoot observed. "I guess I would not say that was the case with me. I grew up in a town in Oklahoma called Tulsa, which was the old oil capital of the US in the 60s and 70s; so, even in the high school I attended they had physical geology and historical geology."

Kerfoot said he was exposed to the oil and gas industry at an early age, having the opportunity to work summer jobs with companies such as Unocal, Amoco and Shell, noting he was "fortunate to have an opportunity to see the oil and gas industry."

He has degrees in geology and geophysics from the University of Oklahoma and has also studied law at Oklahoma City University, economics at Wharton School at the University of Pennsylvania and business at Pennsylvania State University.

Over the course of his career he has worked in a number of roles throughout the world, embracing the opportunity provided by the

industry to travel and experience different countries and cultures.

"My wife and I have been married 30 years, and we've had 17 moves!", he reflected. "I've been very fortunate—I've worked in over 25 basins in the world.

"I've had tremendous opportunities to work in different areas, exciting areas ... different countries and different cultures, and I've tried to learn from each of those countries. Because every country in the world, even if it's in the UK, I recognise as a very different country and culture than the country I grew up in.

"There are things that I may not like, but that's ok—the key thing is, what is different, and how could it be better back in my country? I try and see the positive things in the country that I'm in. Try and learn something new about the country and the culture, and that's a tremendous opportunity."

Having begun his career with Mobil in 1976—"I used to say that in the first two years I learned more about geophysics at Mobil than I learned at any other time in my life"—Kerfoot has worked over 30 years in the petroleum industry, joining Murphy Oil in June 2001.

"I was approached by Murphy about leading a fledgling exploration programme in Malaysia.

Although many people told me I was crazy, I decided to accept the opportunity in Malaysia", Kerfoot said of his decision to join the oil and gas exploration and production company.

In June 2008, Murphy established its Perth office, and in August 2008 Kerfoot took on his current role.

"This is an area we see with tremendous growth potential, in a region that has Asia and Australia; so, this is a good area to be, and we see opportunities", Kerfoot said of Murphy's move into Australia.

"It's like any country that you go into—the question is, you have to know the basin very well. Our focus right now, for exploration opportunities, is the North West Shelf. But we'll look for other opportunities that will present themselves, it could even include oil. So, we will not restrict ourselves just yet to offshore or gas.

Murphy currently has interests in two exploration licenses on the North West Shelf, AC/P36 and WA-423-P. Kerfoot said Murphy will be acquiring 3D seismic in WA-423-P in the fourth quarter of this year.

Kerfoot said it will be a year or two before Murphy starts drilling in WA-423-P, with the seismic being shot this year to be interpreted next year. Murphy is already evaluating different development scenarios, prior to drilling the first exploration well in WA-423-P.

"The thing that does strike me as odd, is that you have such large quantities of gas, and so many of these large fields are in close proximity to one another, but yet, right now, there is very limited cooperation between operators on these developments.

"The question is: can these companies be smart enough to take advantage of operational synergies? And, if they aren't, my question would be if I were a shareholder, 'why not?'"

Kerfoot emphasised Murphy is open to considering a wide range of approaches, stressing the company's historical focus on innovation.

"I think the thing to bear in mind is, Murphy has always had an innovative and open mind to different business opportunities", he said. "In the 1950s a gentleman came to Murphy with this crazy idea of taking an onshore drilling rig and putting it on a barge and drilling offshore!"

Kerfoot also stressed the Asia Pacific is an important component of Murphy's business, with Perth the regional office.

"We recognise the importance of Southeast Asia. Obviously continuing operations in Malaysia is very important to us; it's a major part of our production. And, of course, we want to grow Australia."

– Jack Kerfoot

"We recognise the importance of Southeast Asia", he said. "Obviously, continuing operations in Malaysia is very important to us; it's a major part of our production. And, of course, we want to grow Australia.

"I think it's fair to say that both the company and I, although I'm not involved in Indonesia, certainly recognise the potential for oil and gas exploration in Indonesia."

As for Kerfoot himself, despite his considerable experience, he gives the impression of a man who thrives on new challenges, and of relishing the challenge posed by expanding Murphy into the Australian marketplace.

Kerfoot noted he reads Sun Tzu's 'The Art of War' at least twice a year, applying Tzu's rationale in a business context.

"I look at it from a business standpoint", he said. "You understand the importance of technology, understand resolve, understand the competition, understand when to get into an engagement and whether it's an acquisition, and understand when to exit. What are you

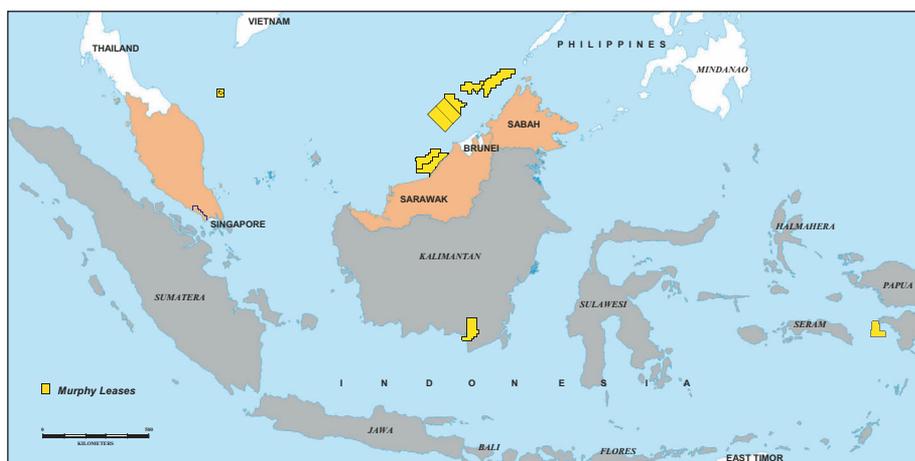


Jack Kerfoot, Murphy Oil Vice President for Australia Exploration.

trying to achieve? Have very clear objectives, and you'll be successful!"

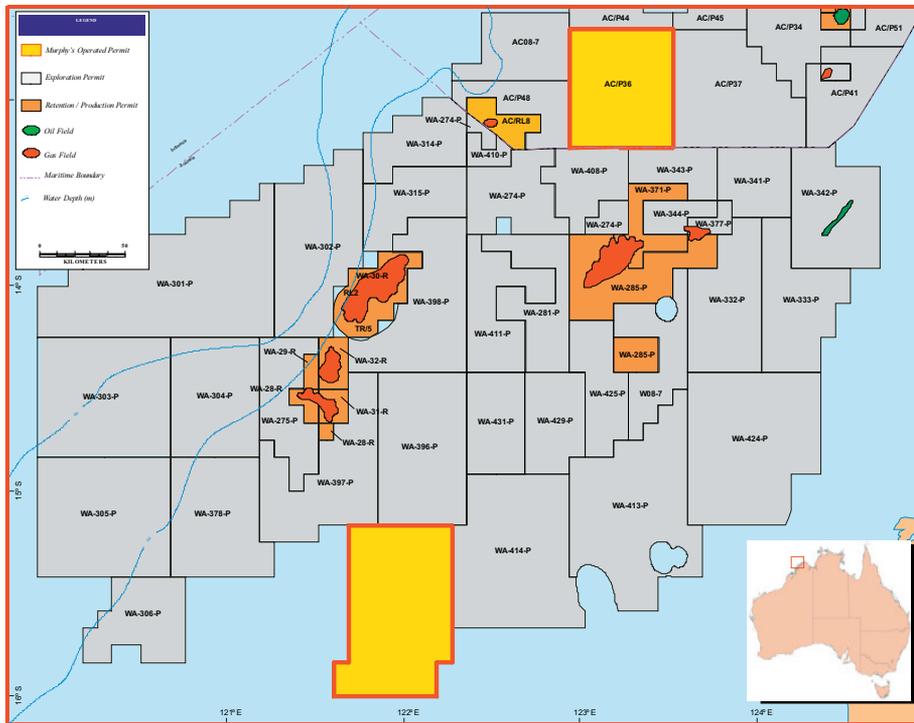
An indication of the qualities Kerfoot holds in esteem is evident in his recollections of a project he worked on in Turkey when at Huffco. The project had encountered a number of problems, and Kerfoot was charged with the responsibility of turning things around.

"I was at the office at around 10 o'clock at night. I started to turn off the lights and leave, and I noticed the lights on down the hallway. The entire draughting team, there were seven of them, were still working", he recalled.



Murphy Oil's Malaysia and Indonesia acreage.

company focus



Murphy Oil's Browse Basin acreage.

"I went to the chief draughtsman and asked him where they were in the draughting.' He explained they were working on the last item

on the third tier. I said, 'I'm so sorry, I did not explain myself well—I do not mean for you to be working this late at night.' He said, 'No, I

understood. But every time you're here, you're committed.' And he said, 'I'll work very hard for any man that's committed'.

"That's when you know you're making a difference," Kerfoot noted. "So, it's important that your actions actually speak of what you want to achieve."

As for his immediate future, Kerfoot is happy in Perth, noting the only real downside is the city's isolation.

"Perth is spectacular relative to maintaining green space; there are not many cities that have been prudent enough to plan for that," he said. "I run to and from work most days. It's spectacular. So, I can run to work—if I wanted to I could cycle, or I can take the bus if I'm having a tired leg day!"

"There are fantastic restaurants and the people are also very friendly. I've been out running and stopped and paused to try to figure out which way I want to go, and every time somebody has stopped to ask, 'Are you lost? Can I help you?' I don't care where you are in the world, that's very rare." ■

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- Post-salt targets: Devonian and Permian sandstones
- Pre-salt targets: Ordovician (regional seal overlying sandstone and carbonate reservoirs, and Goldwyer Formation source rock)
- Renewed industry interest

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