

## Tullow Oil plc - Interim Management Statement

**12 May 2009** – Tullow Oil plc (Tullow) issues the following Interim Management Statement, for the period 1 January to 12 May 2009, in accordance with reporting requirements of the EU Transparency Directive. This statement is issued in advance of the Group's Annual General Meeting which is being held at Haberdashers' Hall in London, at 12 noon today. A half year Trading Statement and Operational Update will be provided on 8 July 2009.

Tullow has performed strongly in 2009 to date. The Jubilee development is on track for first oil in 2H 2010 and the Group has maintained a 100% success rate with its drilling operations in both Ghana and Uganda where the Tweneboa-1 and Giraffe-1 wells, in particular, yielded substantial new discoveries. In addition, Tullow has strengthened its balance sheet by securing a US\$2 billion bank facility and completing a £402 million equity placing. Overall, the Group's performance is in line with expectations.

### AFRICA

#### Ghana

Considerable progress has been made so far this year in Ghana with regard to both frontier exploration drilling and the appraisal and development of the Jubilee field.

In January the Mahogany-3 well was completed successfully proving up a significant south-eastern extension of the Jubilee field. The Hyedua-2 appraisal well was flow tested at approximately 17,000 bopd, confirming good reservoir connectivity and very high well productivity. Testing on the Jubilee-9 well (previously Mahogany-1) will be carried out later this month and the Mahogany-4 appraisal well is scheduled to commence in June.

In March the Tweneboa-1 exploration well, which was drilled in the Deepwater Tano licence, discovered a significant highly-pressured light hydrocarbon accumulation with upside oil and gas potential of 1.4 billion boe. Appraisal drilling on this discovery is scheduled to commence in September this year.

Phase 1 of the Jubilee development remains on track for first oil in the second half of 2010. The FPSO tanker conversion and subsea equipment fabrication are all well advanced and five development wells have been drilled with a further seven wells planned for the remainder of the year. Receipt of formal approval of the Plan of Development is expected from the Ghanaian Government in the near future.

#### Uganda

Important progress has been made in Uganda over the period with the commercial threshold for development being comfortably exceeded; contingent resources for the basin now stand at over 600 million barrels and upside potential is now well in excess of one billion barrels. An integrated project team has been set up to plan the development of the discovered resources with consideration being given to early phases of production.

In Block 3A the Kingfisher appraisal programme completed in February resulting in field resources being upgraded to approximately 200 million barrels. In March, the Nabors 221 rig moved to Block 2 where it commenced drilling the high-impact Ngassa-2 exploration well. The well is currently at a depth of 2,209 metres and is expected to intersect the reservoir in June.

The drilling campaign with the light OGEC rig in Blocks 1 & 2 has continued resulting in four further successful wells; Giraffe-1, Mputa-5, Karuka-2 and Nsoga-1. Giraffe-1 was a transformational well as it confirmed the significance of the 300 million barrel Buffalo-Giraffe field and extended the prolific potential of the Victoria Nile Delta play in the Butiaba area. The seventh well in this play, Nsoga-1, was successfully completed in May and added a further 55 million barrels. Nsoga-1 also de-risked surrounding prospects which are due to be drilled later in 2009. The next well in this campaign is Awaka-1 which commenced drilling on 10 May. In addition to exploration drilling, well tests have been completed on the Kasamene and

Kigogole discoveries with flow rates ranging from 350 to 3,500 bopd at various choke settings, thereby demonstrating excellent productivity from these shallow, low pressure reservoirs.

### **Rest of Africa**

Overall production performance from all African assets remains in line with expectations with the Ceiba and Okume fields in Equatorial Guinea and several Gabon fields currently exceeding expectations. Investment plans are continually reviewed in conjunction with the field operators to ensure optimum capital allocation in the current environment.

In January, Tullow concluded a farm-in deal to acquire a 25% interest in three blocks offshore Liberia with the Group looking to replicate the success it has had in its deepwater acreage offshore Ghana. In April, Tullow exercised its back-in right to acquire a 7.5% interest in the Ebouri field offshore Gabon.

## **REST OF THE WORLD**

### **Europe**

To date, gas production performance in the UK has been marginally below expectations due to operational issues in the Thames area fields. Recent infill drilling activity has been disappointing with delays and underperformance from the Murdoch and Boulton wells and the Bure North well encountering depleted gas sands.

Tullow's strict capital allocation process undertaken this year prioritised African developments over investment in the UK, consequently this resulted in a number of key development projects, and associated production, being deferred. Capital allocation priorities are continually under review and this provides the potential to reverse the decline in the Group's European production in 2010.

### **South Asia**

The Group's business in Asia continues to perform in line with expectations. Production from the Bangora field in Bangladesh remains steady at 100 mmscf/d. The disposal of the Chachar Field in Pakistan for US\$7.5 million was completed in March while the Kohat-1 exploration well, also in Pakistan, is now scheduled for August this year. Following disappointing exploration results, Tullow has withdrawn completely from India.

### **South America**

South American activity has focused on the acquisition, processing and interpretation of seismic data on the Group's Guyana acreage. Work is also in progress to farm out part of the Group's 97.5% interest in the Guyane Maritime licence in French Guiana. In Suriname a five-well drilling campaign in the Coronie block is expected to commence in June.

## **FINANCING**

In January, the Group completed a successful share placing to raise gross proceeds of £402 million, increasing the share capital by 9.1%. In March Tullow also secured a US\$2bn bank facility. These funds, combined with the strong underlying cash generation of our business mean that the Group is well positioned to fund its growth and to take advantage of opportunities that may arise in the current market for the benefit of its shareholders. Net Debt at 31 March 2009 was £276 million.

## **OUTLOOK**

At the beginning of the year, Tullow prioritised its 2009 capital budget to focus on the Phase 1 development of Jubilee, the fast-track commercialisation of discovered resources in Uganda and to execute selective high-impact exploration and appraisal campaigns in both regions. The Group is making excellent progress on all fronts and, based on this success, is considering additional capital expenditure opportunities. With further exciting high-impact opportunities still to be drilled in Ghana and Uganda this year, the outlook for 2009 remains very positive.

### **FOR FURTHER INFORMATION CONTACT:**

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### **Notes to Editors**

Tullow is a leading independent oil & gas, exploration and production group, quoted on the London and Irish Stock Exchanges (symbol: TLW) and is a constituent of the FTSE 100 Index. The Group has interests in over 85 exploration and production licences across 22 countries and focuses on four core areas: Africa, Europe, South Asia and South America.

In Africa, Tullow has production in Gabon, Côte d'Ivoire, Mauritania, Congo (Brazzaville) and Equatorial Guinea and two large appraisal and development programmes in Ghana and Uganda. Tullow also has exploration interests in Gabon, Côte d'Ivoire, Liberia, Mauritania, Senegal, Congo (DRC), Tanzania, Madagascar, Namibia and Angola.

Tullow's European interests are primarily focused on gas in the UK Southern North Sea where it has significant interests in the Caister-Murdoch System and the Thames area. The company also has interests offshore the Netherlands and Portugal.

In South Asia, Tullow has exploration and production in Pakistan and Bangladesh. In South America, Tullow has exploration interests in Guyana, French Guiana and Suriname.

For further information please refer to our website at [www.tulloil.com](http://www.tulloil.com).