TRADING STATEMENT AND OPERATIONAL UPDATE

Outstanding exploration success leads to Reserves Replacement of over 500% in 2008

Two world-class basins now being fast-tracked

Debt refinancing on schedule; Additional funding from equity placing[1]

21 January 2009 - Tullow Oil plc (Tullow) issues this Trading Statement in respect of its financial year to 31 December 2008. This is in advance of the Group's Full Year Results, which are scheduled for release on 11 March 2009. The Operational Update is in respect of recent Production, Development and Exploration activities. The information contained herein has not been audited and is subject to further review.

HIGHLIGHTS

- 100% exploration success in 2008 in Ghana and Uganda. 17 discoveries from 22 wells in overall drilling programme;
- In Ghana, Jubilee field appraisal confirms major resource potential of up to 1.8 billion barrels and a most-likely case of up to 1.2 billion barrels. Phase 1 development first oil on target for 2H 2010;
- Major world class discoveries in Uganda, including the recent 300 mmbo Buffalo-Giraffe field in the Butiaba region. Commercial threshold for Lake Albert Rift basin development significantly exceeded;
- Reserves and Resources upgrade from 551 to circa 800 mmboe expected at year-end;
- Working interest production averaged 66,600 boepd for 2008, in line with previous guidance;
- High impact exploration wells, Tweneboa and Teak in Ghana and Ngassa in Uganda, are targeting over 1.5 billion barrels of gross upside potential and will commence drilling in the first quarter 2009;
- In line with Tullow's business strategy, active profitable portfolio management is ongoing and £285 million was raised from the sale of non-core assets in 2008. The proposed divestment of M'Boundi, announced in January 2008, will not now be concluded as government approvals for the transfer of the asset have not been received within a reasonable timeframe; and
- The Group's debt refinancing is on schedule for close in February with 60% of approvals already received and remaining banks well advanced for the balance. In addition, a placing of circa 10% equity is announced today to fund further growth opportunities following successful 2008 drilling campaigns.

[1] Full details in separate Stock Exchange Announcement.

COMMENTING TODAY, AIDAN HEAVEY, CHIEF EXECUTIVE SAID:

"We have had our best ever year in 2008 with phenomenal exploration and appraisal results in Ghana and Uganda, significantly increasing the Group's booked Reserves and Resources estimates. The Jubilee development in Ghana is progressing very well and is on track for first oil in the second half of 2010. Another major milestone was recently achieved in Uganda as we comfortably exceeded the commercial threshold with further world class discoveries.

We have made a strong start in 2009 and looking ahead, Tullow has excellent opportunities to continue to grow its business and high grade the portfolio, with our main focus on Ghana and Uganda. Our success, and strong support from our shareholders and banks, means that the equity placement announced today and the imminent closure of our debt refinancing will secure funding and give Tullow very significant financial and operational strength for the next phase of transformational growth."

Conference Call: In conjunction with the announcement, Tullow has scheduled a conference call. Details are included at the end of the release.

Trading statement

Production

Group working interest production for 2008 averaged 66,600 boepd, in line with previous guidance, and 9% lower than 2007. A further breakdown of these figures is provided in the operational update. Production figures remain subject to final reconciliation and do not equate to sales volumes which averaged 55,000 boepd in 2008. This is due to variations in lifting schedules and because a portion of the production is delivered to host governments under the terms of Production Sharing Contracts.

Average working interest production for 2009 is expected to be 60,000 boepd. Given the exceptional exploration and appraisal success in Ghana and Uganda, coupled with the current financial climate, Tullow's 2009 capital programme is focused on these major development projects. Similarly in Tullow's non-operated ventures, our partners are also reducing activity with the result that natural reservoir decline in mature production areas in 2009 will not be fully offset by reinvestment. In addition non-core asset sales have also contributed to this short term reduction in production.

Reserves and Resources

Following the Group's exceptional exploration and appraisal success in 2008, it is expected that there will be a very significant increase in Reserves and Resources, subject to finalisation in an independent audit by ERC. The Commercial Reserves are expected to increase by approximately 50%, to in excess of 300 mmboe, and the Contingent Resources are expected to increase by around 40% to approximately 500 mmboe. This will result in the Group's total Reserves and Resources increasing from 551 mmboe to approximately 800 mmboe. The increase in Commercial Reserves compares with 20.7 mmboe of production in 2008 and represents a reserves replacement ratio of over 500%. Jubilee reserves are the main reason for the projected increase in Commercial Reserves and the recent Ugandan discoveries are the main source of the increase in Contingent Resources.

Realised prices and oil discount

Realised commodity prices in 2008 were significantly above the 2007 levels, although they were impacted by the global economic downturn in the second half of 2008. Realised oil price was approximately US$93/bbl (pre hedges) and US$74/bbl (post hedges) and realised UK gas price was approximately 57p/therm (pre hedges) and 52p/therm (post hedges).

The Group's oil production sold at an average discount of approximately 4% to Brent during 2008, and this level of discount is expected to continue in 2009.

Asset impairments

In respect of producing assets, Tullow expects to record an impairment charge to cost of sales of approximately £30 million in relation to the Chinguetti field in Mauritania due to the significant downturn in expected future commodity prices.

Exploration write-offs and asset value review

Write-offs associated with unsuccessful 2008 exploration activities in the UK, India and Mauritania, new ventures activity and licence relinquishments totalled approximately £55 million.

The Group has decided to primarily focus on the high value Jubilee Phase 1 development, the fast track development of Uganda and selective high impact exploration. Tullow has therefore conducted a fundamental review of the exploration asset values on its balance sheet compared with expected future work programmes and the relative attractiveness of further investment in these assets. Assets where we do not have firm plans have been written down to reflect this focused approach which we believe to be prudent in the current environment. This review has resulted in an additional write-off of approximately £180 million in respect of interests in Mauritania, Suriname, Tanzania and Trinidad and Tobago.

Tullow's total exploration write-off and asset value reduction for 2008 is therefore expected to be of the order of £235 million.

Derivative instruments

At 31 December 2008 the Group's derivative instruments had a net positive mark to market value of approximately £49 million. The movement in the mark to market position during the year has principally been caused by the significant weakening in the oil price in the second half of 2008.

While all of the Group's commodity derivative instruments currently qualify for hedge accounting, a pre tax credit of approximately £43 million will be recognised in the income statement for 2008. The credit is due to Brent forward oil prices significantly decreasing during the year, with prices now trading below the instrument floor strike prices, and value being conferred to Tullow by the hedge counterparties.

At 31 December 2008 the Group's hedge position to the end of 2011 was as follows:

Hedge Position	2009	2010	2011
Oil Hedges *			
Volume – bopd	14,000	6,500	1,000
Current Price Hedge - US$/bbl	59.00	78.80	69.40
Gas Hedges			
Volume – mmscfd	54.3	17.8	3.7
Current Price Hedge - p/therm	56.3	56.9	63.2

*Oil hedges include an Energy Africa legacy position of 4,000 bopd at $29.30 until end 2009

Capital expenditure

Tullow invested approximately £480 million in development and exploration activities in 2008. The majority of the expenditure was focused on Jubilee development and exploration activities in Ghana and the ongoing exploration and appraisal programmes in Uganda.

Based on current estimates and work programmes, capital expenditure for 2009 is expected to amount to approximately £600 million. This investment will be split 70% on production and development and the remainder on exploration and appraisal. Tullow's activities in Ghana and Uganda will comprise 65% of the anticipated 2009 capital outlay.

Portfolio management

During 2008, Tullow completed the disposal of a number of non-core assets for a combined consideration of approximately £285 million, with an overall profit on disposal after tax of approximately £245 million. In Africa, Tullow completed the sale of its 40% interest in the Ngosso licence, offshore Cameroon, to MOL in July 2008. In Europe, the sale of certain CMS assets to Venture Production completed in June 2008 and the sale of a 51.68% interest in the Hewett-Bacton complex to Eni was completed in November 2008.

In January 2008, Tullow announced the sale of its 11% interest in the M'Boundi field to the Korea National Oil Company. Despite strenuous efforts, government approvals for the transfer of the asset have not been forthcoming within a reasonable timeframe and therefore it has been agreed that the transaction cannot now be concluded. Tullow will therefore retain its 11% interest in the field and benefit from future operational cash flows as well as debt capacity as the asset will be re-incorporated into the reserves based lending facility.

In 2009, Tullow will seek to augment underlying cash flow through ongoing portfolio management and careful control of discretionary capital expenditure.

Net debt

Net debt at 31 December 2008 was approximately £390 million while unutilised debt capacity at year-end was US$335 million.

Financing

Tullow's US$2 billion debt refinancing is well advanced and is targeted to complete in February. Approvals have already been received from approximately 60% of the banks and with remaining banks scheduled to go to credit committees before the end of January, Tullow is confident of firm support.

Given the significant success of Tullow's ongoing drilling campaigns, the Group believes it is now appropriate to increase its equity capital base to finance these opportunities. As well as strengthening the balance sheet, today's placing will allow Tullow to fund selectively high impact exploration and appraisal opportunities in Ghana, to commercialise the Group's world class asset in Uganda and take advantage of other opportunities that might present themselves in the coming months. The equity placing announced today and the imminent closure of the Group's debt refinancing will mean that Tullow will start 2009 from a position of significant financial and operational strength.

Operational Update

AFRICA

Tullow's African interests are in Ghana, Uganda, Congo (DRC), Equatorial Guinea, Gabon, Côte d'Ivoire, Congo (Brazzaville), Mauritania, Namibia, Senegal, Angola, Tanzania and Madagascar.

The performance of Tullow's African portfolio has been exceptional in 2008 and the early 2009 results have seen continued success. The 100% exploration success in Ghana and Uganda has resulted in significant increases in booked Reserves and Resources. African production assets delivered above expectations with 2008 production averaging 41,150 boepd.

In 2009, it is anticipated that average production will reduce to approximately 37,000 boepd before rising again in 2010. This reduction is mainly due to ongoing facility upgrades combined with a reduction in capital allocation while the Group focuses on development of the Jubilee field in Ghana and commercialising the Ugandan resources.

Working interest production	2008 Average (boepd)	Current Production (boepd)
Equatorial Guinea	15,485	15,000
Gabon		
Tchatamba	4,425	4,400
Niungo	3,950	3,700
Other Gabon	4,385	4,200
Côte d'Ivoire	6,105	5,000
Congo (Brazzaville)	4,575	4,500
Mauritania	2,225	3,200
Africa Total	**41,150**	**40,000**

Ghana

The Tullow operated drilling campaign commenced in the fourth quarter 2008 with the arrival of both the Eirik Raude and Blackford Dolphin deepwater drilling rigs. Jubilee Phase 1 development is progressing and the project is on schedule for first oil in the second half of 2010. The recent appraisal success and upgrade of resources has indicated the need for further development phases and these will be evaluated during 2009.

Jubilee field appraisal programme

The drilling of the Hyedua-2 exploratory-appraisal well was completed in December by the Blackford Dolphin rig. Hyedua-2, located in the Deepwater Tano block *(Tullow 49.95%),* encountered a significant high quality oil bearing interval and confirmed the north-western extension of the Jubilee field.

The drilling of the Mahogany-3 exploratory-appraisal well, located in the West Cape Three Points licence *(Tullow 22.9%)*, was completed in January by the Eirik Raude rig. This well also encountered high quality stacked oil bearing sandstones confirming a south-eastern extension of the Jubilee field. These results upgrade the most likely resource outcome by approximately 20%, with a new resource range for the Jubilee field of 600-1200-1800 mmbbls.

The upper sands of Hyedua-2 were production tested and flowed at a rate of 16,750 bopd confirming that the Jubilee development wells will have the potential to produce at rates in excess of 20,000 bopd. The test also demonstrated excellent reservoir continuity and this outstanding result, on the flank of the field, has contributed to the Group's independent auditor assessing that 170mmbo of commercial reserves can be booked at year end. This is equivalent to 490 mmbbls of gross field reserves.

The Blackford Dolphin has now moved to drill the first production well, Jubilee-4. The Eirik Raude will move to the high-impact exploration well at Tweneboa, on completion of Mahogany-3.

Jubilee field Phase 1 development

Significant progress has been made in development planning and the formal approval process. The 'Plan of Development' has been agreed and approval from the Ghanaian Government is expected imminently.

Contracts or Letters of Intent have been signed for all major components of the project. All long lead items have been ordered and are under fabrication and the conversion of the Ohdoh tanker has started at the Jurong Shipyard in Singapore. The major subsea installation work has been awarded and a major vessel fleet for the installation works is scheduled in the first half of 2010 to match the arrival of the FPSO. In country, an organisation and infrastructure has been established in Accra and Takoradi to support all offshore operations.

The Jubilee field has a significant associated gas resource and the offshore facilities will include the capability to re-inject all produced gas, thereby avoiding gas flaring. The proposed gas infrastructure will include a gas export pipeline to the west of the country, where a gas processing plant will be constructed. Jubilee will be a foundation supplier to this gas infrastructure and commercial agreements will be negotiated in 2009.

Exploration activity

The Ebony prospect in the Shallow Water Tano block *(Tullow 31.5%)* was drilled by the West Ceres jack-up rig in the fourth quarter of 2008. The well encountered two hydrocarbon accumulations, with the deeper one being a thin, highly over-pressured gas/condensate sand. Significantly, a possible geological connection de-risks the Tweneboa prospect.

The secondary objective of the Mahogany-3 well was to drill Mahogany Deep, an exploration target at a previously untested stratigraphic level. In this section, the well encountered 17 metres of good quality oil bearing reservoir sandstones opening up further exploration potential in the region. The well was then deepened further through older formations for regional geological data gathering.

Two high-impact exploration wells are planned during the first half of 2009. The Tweneboa-1 well in Deepwater Tano *(Tullow 49.95%)* is scheduled to spud in late January and the Teak prospect in West Cape Three Points *(Tullow 22.9%)* is expected to spud in March or April 2009. Together, these prospects represent a gross upside potential of over a billion barrels.

Uganda and Congo (DRC)

Substantial oil resources have been added in recent months in Uganda through successful appraisal wells on the Kingfisher discovery and a succession of Victoria Nile delta play discoveries in the Butiaba region.

With around 600 mmbo of gross Contingent Resources discovered in the Lake Albert Rift Basin to date, Tullow is now certain that the commercial threshold for development has been exceeded and has assigned a dedicated team to deliver a commercial development plan for the region. With many prospects still to drill, including the high-impact Ngassa-2 well, Tullow considers that further resources will be added in 2009.

Butiaba campaign - Blocks 1 & 2 (Tullow 50% and 100%)

In 2008, onshore drilling activity has focused on the Butiaba area where upside potential of over a billion barrels had been identified and eight wells have so far been drilled, all encountering hydrocarbons. Of particular significance is the Victoria Nile delta play where six discoveries have been made including Buffalo-Giraffe, the largest discovery in the basin to date. This discovery in Block 1 has a continuous oil column of 140 metres and very high quality sandstone reservoirs. The 100% exploration success and the scale of the recent discoveries in the Butiaba area has confirmed the Group's view that this is a major hydrocarbon province in its own right within the Lake Albert Rift Basin.

The light OGEC land rig is returning to Block 2 to commence drilling operations in early February with appraisal and a seismic technology trial at the Mputa field. It will then return to the Butiaba area to drill the high-impact Nsoga and Vundu prospects.

Near-shore campaign – Block 3A (Tullow 50%) and Block 2 (Tullow 100%)
In Block 3A, the Kingfisher-3 appraisal well was completed in December, having encountered up to 40 metres of oil bearing sands in communication with those production tested in the Kingfisher-1 and Kingfisher-2 wells. Interpretation of the well data demonstrated the structure is larger than expected, and the oil-water contacts are significantly deeper than initially thought. This success has significantly increased the areal extent of the Kingfisher field and has made a considerable contribution to the Ugandan resource upgrade. The well is now being sidetracked for use as a future producer and this operation is expected to finish in late January when the Nabors rig will return to Block 2 to drill Ngassa-2.

After encountering borehole instability when drilling the high-impact Ngassa prospect in Block 2 in early 2008, a new location has been identified to reduce the operational complexity of the well trajectory. This, combined with an improved well design, should allow Tullow to reach the primary target in Ngassa-2. The well is expected to spud later in the first quarter of 2009.

Offshore drilling
Significant exploration targets have been identified on the lake and require a specialised offshore drilling solution to access them. Tullow and its partner, Heritage Oil, have completed conceptual studies that identified the preferred drilling solution and the Front End Engineering and Design (FEED) is now underway. The completion of the FEED will allow Tullow to proceed with finalising contracts for the necessary equipment. Offshore drilling is now anticipated in 2010.

Early Production System (EPS)
The FEED for the EPS is ongoing and will be completed in the first half of 2009. This will allow an accurate economic and risk assessment of the EPS to be performed and a decision on how to proceed will be made. The current project plan has been designed to produce around 4,000 bopd of heavy fuel oil and petroleum products with a proportion of the heavy fuel oil being utilised in a local power generation plant, with the balance and the petroleum products being exported by truck into the local market.

Congo (DRC)
Tullow has a 48.5% interest in two prospective blocks on the Congo (DRC) side of the Lake Albert Rift Basin, adjacent to the Group's Ugandan acreage. While the validity of the award of these licences was disputed, Tullow is now working closely with the new DRC government and continues to be confident in the integrity of the original award process and its title to this licence.

Equatorial Guinea
In 2008, both the Ceiba and Okume complex fields *(Tullow 14.25%)* performed above expectations with combined gross field production averaging 108,000 bopd. The development drilling campaign continues on the Okume Complex where one production well and two injection wells have been drilled over the last six months. Five wells are planned for 2009. Production levels from the Okume Complex continue to exceed expectations, with gross production currently over 70,000 bopd. Combined Ceiba and Okume complex production is expected to average over 95,000 bopd for 2009.

Gabon
Production from Gabon averaged 12,400 bopd net to Tullow in the second half of 2008 with strong production from both the Tchatamba *(Tullow 25%)* and Niungo fields *(Tullow 40%)*. Current production is approximately 12,300 bopd and is expected to be maintained at this level with the addition of first oil from Ebouri *(Tullow 7.5%)* in the first quarter and a further 30 development wells which are to be drilled on the Tsiengui, Obangue and Oba fields during the year. Production performance continues to improve on the Echira field *(Tullow 40%)* where appraisal drilling, planned for this month, has the potential to realise reserve upside.

Côte d'Ivoire
Gross production performance from the East and West Espoir Fields *(Tullow 21.33%)* was in line with expectations for 2008, averaging 28,600 boepd. Production rates for 2009 are expected to average approximately 22,000 boepd, as a result of facility fluid handling constraints and downtime associated with the upgrade to processing capacity. The upgrade is on schedule for completion in the fourth quarter of 2009 when production is expected to be restored to 25,000 boepd.

Processing of the new 2D seismic survey in CI-105 *(Tullow 22.5%)* was completed in the fourth quarter of 2008 and the data is currently being interpreted. 3D processing and reprocessing efforts continue in CI-103 *(Tullow 85%, Operator)* and CI-102 *(Tullow 31.5%)* to evaluate the potential in both the Upper

Cretaceous turbidite sandstone play, analogous to the Jubilee discovery in Ghana, and the Albian fault blocks similar to the Espoir field.

Congo (Brazzaville)

Gross production from the M'Boundi field *(Tullow 11%)* in 2008 averaged 41,590 bopd (4,575 bopd net) from 60 production wells. The water injection capacity has been increased from 8,000 to 45,000 bwpd in the past few months with production increasing by 2.5% throughout the year. Further efforts will be pursued in 2009 with a target of increasing injection capacity to 200,000 bwpd. The combination of infill drilling and the water injection upgrade will target a production in excess of 50,000 bopd gross by the year-end.

Mauritania

Gross production from the Chinguetti field *(Tullow 19.01%)* is approximately 17,000 bopd. Production has increased following the drilling of two successful infill wells, C19 and C20, aimed at accessing additional reserves and production. Both wells were drilled and completed in line with expectations, and are producing at or above their expected production rates. The well results and overall field performance are currently being monitored to examine the potential for further drilling and intervention activities in the longer term.

The Banda East appraisal well spudded in October following the successful Banda NW well drilled earlier in the year. The Banda East well encountered an 86 metre gross gas column and a 19 metre gross oil column with 29 metres of net reservoir. Following this appraisal success, the focus is now on the commercialisation of this significant gas field.

Processing and reprocessing of seismic data sets across a number of Tullow's blocks in Mauritania are due to be completed in the first quarter of 2009. A technical evaluation of the blocks will then be conducted throughout 2009 to quantify the significant potential of the margin ahead of an exploration drilling campaign in 2010 and 2011.

Namibia

Studies have confirmed the technical viability of exporting gas from the Kudu Field in the form of Compressed Natural Gas to market locations in Namibia and South Africa. The commercial analysis of various market delivery combinations is currently being conducted to determine if this option is viable.

REST OF THE WORLD

Tullow's other activities are located in Europe, South Asia and South America.

EUROPE

Tullow's producing interests in Europe lie in the Southern Gas Basin of the UK North Sea. In addition Tullow has offshore exploration interests in the Netherlands and Portugal.

UK

Working interest production[(1)]	2008 Average (boepd)	Current Production (boepd)
CMS Area	13,350	12,300
Thames-Hewett Area	6,745	4,200
UK Total	**20,095**	**16,500**

[(1)] Includes condensate

During 2008, Tullow benefitted from a 39% rise in the UK gas price and prices are expected to remain strong in 2009.

Tullow's net UK production in 2008 averaged 20,095 boepd, 29% lower than 2007. This reduction, in line with previous guidance, was primarily a result of natural decline in mature fields and deferred production due to project and rig schedule delays. Given the current financial climate Tullow has undertaken a strict capital allocation programme and as a result will prioritise Ghana and Uganda. This will limit the Group's ability to offset the natural decline of the UK gas fields through reinvestment in the short term, with 2009 production expected to be around 16,500 boepd. However, should the positive pricing environment continue, Tullow anticipates increasing capital expenditure in the medium term to reverse the decline in production.

During the second half of 2008 the Group completed the sale of its operated interest in the Hewett-Bacton producing assets and terminal for a consideration of £210 million. Tullow has retained its interest in the Carbon capture and storage (CCS) opportunity associated with the main Hewett reservoir and is part of the government sponsored CCS competition.

In the Thames area, the development of the Tullow-operated Wissey discovery *(Tullow 62.5%)* in Block 53/4d was completed in August 2008 and the field reached its full production rate of 70 mmscfd gross during September. The Thames co-venturers have also approved the drilling of a development well in the Bure field *(Tullow 67%)* to accelerate production and are currently preparing the drilling programme for the first half of 2009 with first gas of approximately 50 mmscfd gross targeted for October 2009.

In the CMS Area the operated Schooner *(Tullow 90.35%)* and Ketch *(Tullow 100%)* fields continue to produce well. Technical work and planning has identified the potential for infill wells in Ketch to access un-depleted reservoir compartments however the decision has been made to defer drilling of these prospects until early 2010. Non-operated fields are also performing strongly and further drilling is currently taking place in the Murdoch field with MD11, and the B3 well in the Boulton field. Gas production from these new wells is expected in the second and third quarters of this year. Detailed design has been carried out for the Harrison development *(Tullow 22.5%)* and tenders have been issued for the platform and pipeline. Commercial evaluation of the evacuation route is nearing completion and sanction of the project is expected in the first quarter 2009.

Netherlands
The Netherlands is a high potential exploration growth area for Tullow in Europe. Work is ongoing to identify Carboniferous prospects for drilling in Quadrants E and D, adjacent to the Group's UK CMS acreage where Tullow has successfully exploited this play over the last few years. Seismic data reprocessing and geological study work will continue into 2009.

Portugal
Tullow has interests in three blocks in the frontier Alentejo Basin *(Tullow 80%)* off the southwest coast of Portugal. Regional geological studies and 2D seismic interpretation is nearing completion and will assist in evaluating the prospectivity in this Atlantic margin basin.

SOUTH ASIA
In South Asia, Tullow has exploration, development and production interests in Pakistan and Bangladesh and exploration interests in India.

Working interest production	2008 Average (boepd)	Current Production (boepd)
Bangladesh	3,725	5,000
Pakistan	1,650	1,300
South Asia Total	5,375	6,300

Bangladesh
The second phase of development for the Bangora Gas Field *(Tullow 30%)* was completed on schedule in early October 2008, increasing processing capacity to 120 mmscfd. Gross production from the field has increased from 70 mmscfd to 100 mmscfd and this may increase further in the early part of 2009 when the Bangora-3 well is worked over and tied in to the plant. In addition, following the submission of a successful bid for offshore Block SS-08-05 as part of the 3rd Licensing Round, Tullow is awaiting formal award from the Government of Bangladesh before commencing a 2D seismic acquisition programme.

Pakistan
Gas production from the Chachar field *(Tullow 75%)* continues at a rate of 9 mmscfd, whilst production from Sara/Suri continues at a low level and is nearing the end of its field life.

Seismic operations on the Kalchas Block *(Tullow 30%)* commenced in September 2008. Tullow has agreed to transfer operatorship of the Kohat Block *(Tullow 40%)* to OGDCL and planning in relation to the drilling of the first well is ongoing.

India

A three-well exploration drilling programme was completed on Block CB-ON/1 *(Tullow 50%)* in November 2008. None of the wells encountered hydrocarbons and all were plugged and abandoned. The wells were located to exclude areas for imminent relinquishment, leaving prospective acreage undrilled in the core of the basin. Tullow is seeking the best opportunities to capture the value of this undrilled acreage, including divestment.

SOUTH AMERICA

In South America, Tullow has exploration interests in Guyana, Suriname and French Guiana. Recent focus in South America has been on new venture opportunities pursuing play types similar to the Jubilee field in Ghana across the Atlantic.

Guyana

Tullow reached agreement with the YPF Group on 13 November 2008 to farm in to the Georgetown block offshore Guyana and acquire a 30% interest, complementing the Group's existing acreage in Suriname and French Guiana. A 3D seismic survey, which commenced in October, is currently being acquired in the Georgetown block.

Suriname

The second phase of a five-well grid drilling campaign on the Uitkijk licence *(Tullow 40%)* commenced in December 2008. Results from the initial two wells drilled are currently being reviewed and integrated into the regional database. The Uitkijk drilling programme will be followed by a five-well exploration well programme on the Coronie Block *(Tullow 40%)* in early 2009.

French Guiana

In French Guiana Tullow has a 97.5% interest in the Guyane Maritime licence offshore area, which contains a number of high-impact, high-risk prospects and leads. In addition to the giant Matamata prospect, mapped in the north-western part of the block, a number of additional leads, analogous to Tullow's Jubilee field in Ghana, have been identified in the southern part of the Block. A new round of farm out discussions is planned for the early part of 2009 with a view to drilling in 2010.

SUMMARY OF PLANNED FIRST HALF 2009 EXPLORATION AND APPRAISAL ACTIVITY

Country	Block	Prospect	Interest	Spud Date
Uganda	Block 2	Mputa-5	100% (op)	February
Uganda	Block 2	Ngassa-2	100% (op)	February
Uganda	Block 2	Butiaba Campaign	100% (op)	March
Ghana	Deep Water Tano	Tweneboa	49.95% (op)	January
Ghana	WCTP	Teak	22.9%	Q1/Q2 2009
Tanzania	Lindi & Mtwara	2 prospects	50% (op)	Q1 2009
Suriname	Coronie	5 well campaign	40%	Q1 2009
Pakistan	Kohat	Kohat East	40%	Q1 2009

Ends

CONFERENCE CALL

A conference call hosted by Aidan Heavey (Chief Executive), Paul McDade (Chief Operating Officer), Angus McCoss (Exploration Director) and Ian Springett (Chief Financial Officer) will be held today at 08:30 (GMT).

To access the call please dial the appropriate number below shortly before the call and ask for the Tullow Oil plc conference call. A replay facility will be available three hours after the conference call until 28 January. The telephone numbers and access codes are:

European Conference Call		**Replay Facility**	
UK Participants	020 7806 1968	UK Participants	020 7806 1970
Irish Participants	01 486 0916	Irish Participants	01 659 8321
		Access Code	1049328#

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Disclaimer

This announcement contains certain operational and financial information in relation to 2008 that is subject to final review and has not been audited. Furthermore it contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil & gas exploration and production business. Whilst the Group believes the expectations reflected herein to be reasonable, the actual outcome may be materially different owing to factors either within or beyond the Group's control, and accordingly no reliance may be placed on the figures contained in such forward looking statements.

For further information please refer to our website at www.tullowoil.com.