

## Interim Management Statement

**10 November 2010** – Tullow Oil plc (“Tullow”) issues the following Interim Management Statement, for the period 1 July to 9 November 2010, in accordance with reporting requirements of the EU Transparency Directive. The Group will announce its full year Trading Statement and Operational Update on 20 January 2011.

To date, in the second half of 2010, the Group has made excellent operational progress and financial performance is in line with expectations. The Owo-1 sidetrack has confirmed Owo as a major new light oil field offshore Ghana, potentially the largest in Africa since Jubilee, and contributed to a year-to-date exploration and appraisal success rate of 83% from 24 wells. The Jubilee Phase 1 development is on track for production to come on stream in December and 2010 working interest production is expected to average 58,000 boepd, at the top end of previous guidance. In addition, the Group continues to make progress in negotiations with the Government of Uganda to enable the planned farm-down to CNOOC and Total to proceed.

### **OPERATIONAL UPDATE**

#### **Ghana**

Excellent progress has been made on the Jubilee development in the second half of 2010 including the commissioning, testing and final installation work on the FPSO and subsea systems and the completion of four development wells. First Oil from Jubilee Phase 1, a major milestone in the development of Ghana’s oil resources, is expected in early December and a ceremony hosted by the President of Ghana to mark this momentous occasion is scheduled for later in December 2010. Initial production capacity of around 50,000 bopd is expected to be delivered before year-end and production is expected to ramp up to 120,000 bopd over the next three to six months.

The Owo-1 and Owo-1 sidetrack wells, drilled in July and September respectively, confirmed Owo as a major new light oil field with a penetrated gross oil column of some 200 metres. A three well programme is planned to commence this month to appraise both the Owo oil discovery and the adjacent Tweneboa oil and gas condensate accumulations which will further refine the range of resources. Development studies for the Owo and Tweneboa fields have also begun with a view to development commencing in 2012.

In September, Kosmos Energy, the operator of the West Cape Three Points block submitted a Declaration of Commerciality to the Government of Ghana for the southeast Jubilee area. A Plan of Development is expected to be submitted in February 2011. Standalone and Jubilee tie-back options are currently under consideration.

In October, the Onyina-1 well was drilled in the Deepwater Tano licence to explore a high-risk prospect in a secondary Campanian play between the Tweneboa and Jubilee fields. It intersected good quality sandstone reservoirs however, they were water bearing at this location.

An exploration drilling campaign is scheduled to commence in the West Cape Three Points licence in December commencing with the Teak prospect.

In order to create a more accessible opportunity for Ghanaian individuals and institutions to invest in the future of their oil industry through Tullow, the Group is planning a secondary listing, and issuance of up to four million new shares, on the Ghana Stock Exchange.

#### **Uganda**

In the period since the beginning of July, five successful appraisal wells have been drilled in Uganda; Nsoga-5, Ngiri-2, and three wells on the Kigogole field. The latest of these wells, Kigogole-4, was drilled over five km to the southeast of Kigogole-1. It encountered three zones containing 15 metres of oil bearing

reservoir and found new pay in the basal sand section of the well. In addition, a material new discovery was made with the Mpoyo-1 well, taking the estimated P50 discovered resources to one billion barrels of oil. A high-impact exploration programme is now planned, and the two rigs in-country will be fully utilised once negotiations with the Government of Uganda have been concluded.

On 26 July 2010, Tullow acquired a 50% interest in Exploration Areas 1 and 3A in the Lake Albert Rift Basin from Heritage Oil and Gas Limited (“Heritage”). US\$1.05 billion was paid directly to Heritage, US\$121 million was deposited with the Ugandan Revenue Authority and US\$283 million was put into Escrow pending resolution of a dispute between the Government of Uganda and Heritage over payment of capital gains tax.

Since then, Tullow and the Government of Uganda have been engaged in constructive discussions aimed at resolving this issue and progress has been made in recent weeks. Tullow’s aim is to align interests across the basin and accelerate development through a farm-down to CNOOC and Total, with each partner taking a one third interest. Conditional Government of Uganda approval has been received for the purchase and subsequent farm-down. However, the Government of Uganda has stated that final approval for both transactions will not be received until a basis for resolution of the Heritage capital gains tax dispute has been achieved. A Memorandum of Understanding is being prepared to pave the way for the farm-down and development of all assets within the Lake Albert rift basin by Tullow, Total and CNOOC.

### **Rest of Africa**

Production performance from the African portfolio is in line with expectations, supported by strong performance from the Ceiba and Okume fields in Equatorial Guinea and the Niungo, Tchatamba and Onal fields in Gabon.

In Gabon, the Maroc Nord discovery where Tullow has a 7.5% interest is being appraised by a six-well programme. In total, four Exploration & Appraisal wells have been drilled so far, all successfully encountering oil.

Tullow’s non-operated two-well exploration campaign in Mauritania commenced in September with the Block 7 Pelican/Cormoran well which is targeting both appraisal and exploration objectives in the Cretaceous interval. Following the drilling of this well, the rig will move to Block 6 to drill the Gharabi prospect.

In the West African Equatorial Atlantic region, the Mercury-1 well, targeting a Jubilee-type prospect in Sierra-Leone commenced drilling in October. Plans are also under way to drill the high-impact Cobalt prospect in Liberia early next year.

In September, Tullow announced, pending relevant Government consents, the acquisition of a 50% operated interest in six contiguous licences covering the East African Rift Basins of Kenya and Ethiopia, an area of 97,000 sq km. This acreage shares many geological attributes with Tullow’s Lake Albert Rift Basin position in Uganda.

In Madagascar, geological field work has been successfully concluded. In addition to collecting samples of source rock, seals and reservoirs, good live light oil seeps were also discovered and sampled. This confirms the potential viability of these Rift Basin core plays

### **South America**

Exploration activity in the Guyana Basin (Guyana, Suriname and French Guiana) continues. In French Guiana interpretation of the newly acquired 3D data set continues with the maturation of several Jubilee type prospects, the first and most exciting of which, Zaedyus, will be drilled in Q1 2011.

In September, Shell exercised its option, pending applicable Government approvals, to increase its interest in the Guyane Maritime block in French Guiana by 12% to 45%, which will result in Tullow having a 27.5% interest in the licence. Tullow is carried by both Shell and Total for the majority of the costs associated with the 3D seismic and the forthcoming Zaedyus exploration well.

In late September, Tullow signed a new deepwater license in Suriname (Block 47) and has initiated plans to acquire a 2,000 sq km 3D programme in 2011.

In Guyana, the Operator has secured a rig to drill the Jaguar prospect with an anticipated spud date of early Q2 2011.

### **Europe**

Production performance in Europe has been very strong. Production has been enhanced following the successful implementation of a performance improvement initiative on the Schooner and Ketch fields, and the drilling of the Ketch-8z well which came in above expectations and ahead of budget.

### **South Asia**

In Pakistan, the Shekhan-1 gas discovery well in the Kohat licence has been tested at over 15 mmscfd. An extended well test is planned to commence production late-2010 and a second exploration well is to spud around the same time. Tullow will begin the closure of the Sara/Suri field operations in November.

Performance from the Bangora field in Bangladesh has remained strong, producing consistently at the maximum rate of 120 mmscfd.

### **FINANCIAL UPDATE**

Capital expenditure, as previously guided, is expected to be in the region of US\$1.5 billion. In October, Tullow extended its revolving credit facility by US\$350 million to US\$600 million and now has total debt facilities of US\$3.1 billion. Net Debt at 31 October 2010 was approximately US\$1.9 billion.

### **OUTLOOK**

First oil production from the Jubilee field is expected early next month and will transform Group production next year. An important appraisal programme to delineate the recently discovered Owo and Tweneboa fields commences shortly, and a major basin-opening exploration campaign across five countries in both Africa and South America is already under way. In addition, Tullow is nearing agreement with the Government of Uganda to allow the new partnership to embark upon an accelerated development of the Lake Albert Rift Basin. Overall, the outlook for the Group is 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, Sierra Leone, 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.

In South Asia, Tullow has exploration and production in Bangladesh and exploration interests in Pakistan. 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).