



## Interim Management Statement

**14 Nov 2012** – Tullow Oil plc (Tullow) issues the following Interim Management Statement, for the period 1 July to 14 November 2012, in accordance with reporting requirements of the EU Transparency Directive. The Group will announce its full year Trading Statement and Operational Update on 11 January 2013. Full year results will be announced on 13 February 2013.

Tullow's operational and financial performance in the second half of 2012 to date has continued to be strong. In Ghana, Jubilee field production capacity has been enhanced and is expected to exceed 90,000 bopd (gross) by year-end, while the Plan of Development for the TEN project has now been submitted to the Government of Ghana. In Kenya, the second exploration well in the Lockichar Basin has successfully encountered oil, further de-risking the basin. Additional exploration drilling and testing results across our significant Kenyan and Ethiopian acreage position are expected before the end of the year. The Zaedyus-2 well is currently drilling offshore French Guiana following up on last year's basin opening discovery. Tullow continues to enhance its exploration portfolio and widen its global footprint by adding new offshore licences in Mozambique, Uruguay and Greenland. The Group remains on track to deliver average net production of 80,000 to 84,000 boepd for the full year. During the period, Tullow also finalised arrangements for the refinancing of its Reserves Based Lending credit facilities, extending final maturity to 2019.

### Operational update

#### WEST & NORTH AFRICA

##### Ghana

The acid stimulation of certain Phase 1 production wells in the Jubilee field has proven to be successful and gross production has increased from 63,000 bopd at the middle of 2012 to a recent production rate of around 85,000 bopd, in line with expectations.

In addition, the Jubilee Phase 1A development project is progressing well with five of the eight wells drilled. All of the wells have encountered good quality reservoir on prognosis. Following extensive unplanned maintenance work on the Sedco Energy rig, well completion operations commenced at the end of October and Phase 1A production is expected to begin from one well in the near future. By the end of the year, an additional Phase 1A producer is expected to be brought on line and a further acid stimulation on a Phase 1 well is expected to be completed. This work is expected to take gross Jubilee production above 90,000 bopd by the end of the year and capacity production for the FPSO is expected to be reached in the first half of 2013 as further Phase 1A production and injection wells come on line.

In the second half of 2012, the Tweneboa, Enyenra and Ntomme (TEN) project made good progress and Tullow and partners submitted the Plan of Development to the Minister of Energy in early November 2012. The development is being designed with sufficient flexibility to allow both TEN resources and nearby discoveries to be tied into an FPSO. Following the Wawa discovery on the Deepwater Tano block in July 2012, an appraisal programme is now being evaluated. The Okure exploration well to the south of TEN is currently being drilled and a result is expected in the coming weeks. The rig will then move to drill the Sapele exploration well to the southwest of Jubilee. These wells will complete the exploration campaign on the block before the licence period ends in January 2013.

##### Rest of the region

Production performance elsewhere in West & North Africa is in line with expectations. Three work-overs and one new production well have been successfully completed on the Ceiba field in Equatorial Guinea this year and five production wells are planned to increase current production levels. Appraisal and infill drilling has been very successful on Tullow's Gabon assets during the year. The Tchatamba-South B9 well has been drilled

and is now producing 1,100 bopd net and the more recent Limande-8 Hz development well is also producing 1,400 bopd net to Tullow. Production from the M'Boundi field in Congo (Brazzaville) has remained stable during the year following sustained water injection and the continued work-over and infill drilling campaign. Two recent wells successfully opened up and appraised a southeast extension of the field.

In Mauritania, the Banda gas field has been declared commercial and it is planned that the field will supply a power development. In September 2012, in advance of the major exploration campaign scheduled to commence in Q1 2013 across various licences, the second part of a 3D seismic acquisition in Block C-2 was completed.

Tullow has also entered into an exclusive negotiation with Hyperdynamics Corporation in respect of a potential farm-in by Tullow into a concession offshore Guinea.

## SOUTH & EAST AFRICA

### Uganda

In the Lake Albert Rift Basin, a busy work programme continues with nine appraisal wells and four well tests completed over the period in support of the development plan. Plans to drill exploration wells on the previously undrilled West of Nile trend are also progressing with well pad preparations nearing completion at the Omuka and Riwu well locations. Four rigs are currently active in the basin with a fifth rig mobilised for the EA-1A exploration drilling campaign.

In EA-3A, the Kanywataba-1 exploration well was plugged and abandoned as a dry hole in July 2012 and the associated exploration licence for the Kanywataba area, expired on 2 August 2012. The partnership retains a production licence over the Kingfisher discovery and work is continuing on the preparation of field development plans for submission to the Government of Uganda.

Tullow, CNOOC and Total presented a joint development plan concept for the Lake Albert Rift Basin to His Excellency the President of Uganda and the Government of Uganda in July 2012. A Committee has now been set up by the Government of Uganda comprising representatives of key Ministries and the three Operators to discuss the remaining issues in order to progress the Lake Albert Rift Basin development plan.

### Kenya & Ethiopia

Following the excellent start to its Rift Basin exploration campaign in Kenya with the discovery of over 100 metres of net oil pay in the first exploration well, Ngamia-1 in Block 10BB, Tullow commenced drilling the Twiga South-1 exploration well in August 2012. The well is located 22km north of Ngamia in the adjacent Block 13T and is testing a new structure in the same, Tertiary aged, geological basin as Ngamia. On 31 October 2012, Tullow announced that oil had been encountered in the Twiga South-1 well and that further details will follow after the well has reached Total Depth (TD) and a full set of wireline logs have been run. These activities are expected to be completed in the coming weeks and a testing programme on the Twiga South-1 and Ngamia-1 wells is being considered.

Following the Ngamia-1 success, a decision was taken to accelerate the exploration programme and consequently two additional rigs have been contracted for operations in Kenya and Ethiopia. The Paipai-1 well commenced drilling in Block 10A onshore Kenya in September 2012 and is currently drilling toward the planned TD of 4,500 metres to test a deeper Cretaceous age basin. In Ethiopia, a rig is currently being mobilised to drill the Sabisa-1 well in the South Omo block, which is expected to commence in late December 2012.

Significant seismic activity has continued across the acreage during the period. In Ethiopia, 1,000km of 2D seismic was completed and the acquisition of a further 500km of 2D commenced in the Chew B'hir region of the South Omo block. In Kenya, a further 2,000km 2D seismic programme is currently being acquired in Blocks 13T, 10BA and 10BB. Additionally, an airborne gravity and magnetic survey has been acquired in the 12B licence. The exploration team continues to study many leads and prospects within the 100,000 sq km of acreage that Tullow operates in Kenya and Ethiopia with over 100 leads and prospects already identified.

In offshore Kenya Block L8, the Mbawa-1 exploration well result was announced in September 2012 after encountering approximately 52 metres of net gas pay in the shallower primary target. This is the first hydrocarbon discovery offshore Kenya and clearly demonstrates a working petroleum system. Although the deeper targets at this location were unsuccessful, and the well has been plugged and abandoned, these results will be instrumental in evaluating the remaining oil prospectivity of this block.

## Rest of the region

In Mozambique, Tullow farmed into the Statoil operated Blocks 2 and 5 with a 25% equity. An extensive 2,000 sq km 3D survey has been acquired and two wells are planned in 2013. Tullow is also currently acquiring 560km of 2D seismic in Block 3111 in Madagascar. In Namibia, negotiations have resumed with NamPower to finalise the Project Development Agreement and Gas Sales Agreement heads of terms for the Kudu project, so that the design phase of the project can proceed.

## EUROPE, SOUTH AMERICA & ASIA

### Europe

Production in Europe is slightly below expectations due to delays in new wells being drilled on the NAM operated JDA in the Netherlands. Elsewhere in the Netherlands, a Sales and Purchase agreement has been signed with GTO to acquire its exploration interests bringing Tullow's interest in most licences in the area to 60%.

In the UK Caister Murdoch System (CMS) area, the single well tie-back Katy development project is on schedule to deliver first gas in December 2012.

On 15 October 2012, Tullow announced that Naalakkersuisut, Greenland's Government, has approved an agreement with Maersk Oil for Tullow to take a non-operated 40% equity position in Block 9 (Tooq licence), Baffin Bay, north-western Greenland. The main commitment in the first phase of the licence had already been exceeded this summer, through the acquisition of 1,850 sq km 3D seismic.

### South America

The Zaedyus-2 appraisal well commenced drilling in July 2012 by the Stena DrillMax and is located 5km up-dip of the Zaedyus-1 discovery well. In addition to appraising the apex of the existing discovery, the well will also target the Zaedyus Deep fan with results expected in the coming weeks. An extensive 3D seismic programme either side of the Cingulata fan system commenced in July 2012. Over 750 sq km of 3D seismic has already been acquired over the Cebus lead to the southeast, and acquisition of the 4,700 sq km 3D seismic programme to the northwest is significantly advanced.

In July 2012, the high-pressure, high-temperature Jaguar-1 well offshore Guyana was plugged and abandoned at a depth of 4,876 metres, without reaching the primary objective after encountering unusually high pressures. An extensive review of both the Jaguar prospect and well designs has been carried out and the Georgetown Joint Venture, including Tullow, is currently in discussions with the government of Guyana over the re-issuing of the licence once it expires later this year.

In Block 47 offshore Suriname, Tullow completed a 3,000 sq km 3D seismic survey in early September 2012. Early results from the data processing are encouraging and the final processed volumes over the prospects will be available by the middle of 2013.

In October 2012, Tullow signed 100% equity in the offshore Uruguay Block 15 PSC which covers 8,030 sq km. The block lies in the Pelotas Basin in water depths between 2,000 and 3,000 metres. The geological plays being targeted are similar to the Cretaceous stratigraphic turbidite plays that Tullow have targeted offshore West Africa and South America. Beginning an initial three year phase, plans are under way to acquire a 3D seismic programme in 2013 to allow further evaluation of the licence prospectivity.

### South Asia

In March 2012, Tullow announced its intention to begin a process to divest its Asia businesses. Tullow is proceeding with the sale process and has received a number of offers for both the Pakistan and the Bangladesh businesses which are currently under review.

Gross production in the Bangora field has been maintained at around 100mmscfd. Planning is well underway for working over several of the Bangora wells in an effort to restore production to the current plant capacity of 120 mmscfd.

In Pakistan, drilling of the Kohat-1 exploration well, located close to the 2010 Shekhan-1 discovery, was completed in early October 2012. The well flowed gas and water and is interpreted to have encountered a fault zone. It has been suspended for possible re-entry following acquisition of 3D seismic over the area. The transfer of the Sara-Suri lease, which had been awaiting government approval for some time, was completed in August 2012.

## Financial update

Year to date financials are in line with expectations. Forecast capital expenditure for 2012 remains in the region of US\$2.0 billion. As of 31 October 2012, net debt is approximately US\$0.9 billion and unutilised debt capacity is approximately US\$2.2 billion. On 31 October 2012 Tullow finalised arrangements for the refinancing of its US\$3.5 billion Reserves Based Lending credit facilities, extending final maturity from 2015 to 2019.

## Outlook

Tullow's exploration-led growth strategy continues to deliver outstanding results for the Group. Exploration success in Kenya is opening up another new basin in East Africa with major upside potential. Growing production and cashflow from the Jubilee field continues to strengthen Tullow's financial base as we look forward to further significant exploration and development programmes in 2013.

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### Notes to Editors

Tullow is a leading independent oil & gas, exploration and production group, quoted on the London, Irish and Ghanaian (symbol: TLW) stock exchanges and is a constituent of the FTSE 100 Index. The Group has interests in over 100 exploration and production licences across 24 countries and focuses on four core areas: Africa, Europe, South Asia and South America.

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

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