# TRADING STATEMENT AND OPERATIONAL UPDATE

## Record first half revenues; strong operational performance

## 79% E&A success ratio; frontier wells in new territories to feature in the second half

**5 July 2011** – Tullow Oil plc (Tullow) issues this Trading Statement and Operational Update in respect of the first half of the 2011 financial year ended 30 June 2011. This is in advance of the Group's Half-Yearly Results, which are scheduled for release on Wednesday 24 August 2011. The information contained herein has not been audited and is subject to further review.

## HIGHLIGHTS

### Production and Development activities

- Jubilee field has produced over 10 million barrels gross; production currently around 80,000 bopd with ramp up to 120,000 bopd expected to be reached in August.
- Tweneboa and Enyenra development progressing towards Government approval in first half of 2012; successful appraisal programme continues with Tweneboa-2 oil zone tested at 6,500 bopd.
- In Uganda, MoU signed with the Government; Sale and Purchase Agreements signed for the farm down to CNOOC and Total for $2.9 billion; completion conditions currently being finalised.
- Working interest production averaged 75,350 boepd in 1H 2011; 2011 full year production guidance now 90,000 to 94,000 boepd.

### Exploration and Appraisal activities

- 79% exploration and appraisal success ratio year-to-date in 2011; 15 successful wells out of 19.
- West Cape Three Points drill-out continues with successes at Teak-1 and Teak-2.
- Seven successful E&A wells in Uganda year-to-date including the material Jobi-2 and Gunya-A wells.
- Zaedyus well in French Guiana commenced drilling in March; result expected in August.
- High-impact wells to commence drilling in 2H 2011 in Guyana, Liberia, Sierra Leone and Kenya.

### Group operations and financials

- €300m acquisition of Nuon E&P completed; $305m acquisition of EO assets awaiting approval; pre-emption in Sierra Leone increases stake by 10% to 20%.
- Tullow to list on the Ghana Stock Exchange during July; 4 million share offer closed yesterday.
- First half capital expenditure of $675 million with forecast 2011 expenditure remaining at $1.5 billion.
- Record 1H 2011 revenue of $1.05 billion. Net debt at 30 June 2011 was approximately $2.6 billion.

## COMMENTING TODAY, AIDAN HEAVEY, CHIEF EXECUTIVE SAID:

*"The performance of our business since the beginning of 2011 has been excellent and we expect to deliver record financial results for the first half of the year. Jubilee production has been ramping up steadily. In Uganda we have signed the MoU with the Government and expect to complete the $2.9 billion Uganda asset sale with CNOOC and Total soon. We have enhanced our portfolio through acquisitions in the Netherlands and Ghana, and our high level of exploration and appraisal success continues. Looking forward, we have a busy programme of E&A activity in the second half including the result of our first exploration well in South America and a number of Jubilee follow-on campaigns in Guyana, Liberia and Sierra Leone."*

**Conference Call:** In conjunction with this announcement Tullow has scheduled a conference call at 09:00 today. Details are included at the end of the release.

# Trading statement

### Production

Group working interest production for the first half of 2011 averaged 75,350 boepd. A further breakdown of these figures is provided in the Operational Update. Production figures in this update remain subject to final reconciliation and do not equate to sales volumes which averaged 62,400 boepd in the first half of 2011. 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 2011 is expected to be between 90,000 and 94,000 boepd, which includes the contribution from the assets being acquired from Nuon and EO Group.

### Realised prices and oil discount

Realised commodity prices during the first half of 2011 were significantly higher than the 2010 levels. Realised oil price was approximately $112/bbl (pre hedge) and $109 (post hedge) (2010: $77/bbl) and realised UK gas price was approximately 56p/therm (pre and post hedges)(2010: 34p/therm).

The Group's oil production sold at an average discount of approximately 2% to Brent during the first half of 2011.

Total revenue for the first half of 2011 is expected to be a record for the company at approximately $1.05 billion, compared with $486 million for the same period in 2010. The significant increase in revenue is due to higher sales volumes in the first half of 2011, principally due to Jubilee sales, together with the increased realised commodity prices.

### Underlift

At 30 June 2011, Tullow was in a net underlift position amounting to an estimated 136,000 barrels. Movements during the first half of 2011 in underlift and overlift positions are recorded at market value and, combined with stock movements during the period, give rise to a credit of approximately $18 million to cost of sales.

### Exploration write-off

Tullow's exploration write-off for the first half of 2011 is expected to be of the order of $65 million. This write-off is principally associated with unsuccessful 2011 exploration activities in Gabon, Mauritania and Ghana and new ventures activity and licence relinquishments.

### Capital expenditure

Capital expenditure, excluding acquistions, for the first half of 2011 amounted to $675 million and based on current estimates and work programmes, forecast capital expenditure for 2011 remains $1.5 billion. Tullow's activities in Ghana and Uganda will comprise approximately 50% of the Group's total capital outlay in 2011.

### Derivative instruments

At 30 June 2011, the Group's commodity derivative instruments had a net negative mark to market value of $61.3 million, exclusive of deferred premium. The movement in the mark to market position during the period has been caused by a strengthening of the underlying commodity prices during the period.

The Group's interest rate derivative instruments had a net negative mark to market value of $10.7 million due to low dollar swap rates.

## Commodity hedging summary

At 1 July 2011 the Group's commodity hedge position to the end of 2014 was as follows:

| Hedge Position | 2H 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| Oil Hedges | | | | |
| Volume – bopd | 19,500 | 19,500 | 13,500 | 2,500 |
| Current Price Hedge - $/bbl | 104.16 | 109.15 | 108.36 | 106.42 |
| Gas Hedges | | | | |
| Volume – mmscfd | 40.93 | 21.68 | 10.83 | 1.80 |
| Current Price Hedge - p/therm | 59.33 | 65.40 | 68.92 | 77.79 |

## Financing

In April 2011, Tullow increased its reserves based lending facility by $500 million to $3.0 billion and in June 2011 completed a further corporate facility of $300 million. The Group now has total debt facilities of $3.95 billion.

## Net debt

Net debt at 30th June 2011 was approximately $2.6 billion and the unutilised debt capacity was approximately $740 million.

# Operational Update

## AFRICA

Tullow has interests in 15 countries across Africa: Ghana, Uganda, Liberia, Sierra Leone, Côte d'Ivoire, Mauritania, Senegal, Equatorial Guinea, Gabon, Congo (Brazzaville), Namibia, Kenya, Ethiopia, Tanzania and Madagascar.

| Working interest production | 1H 2011 Average (boepd) | Current (boepd) |
|---|---|---|
| Ghana | 19,700 | 27,800 |
| Equatorial Guinea | 14,500 | 14,000 |
| *Gabon* | | |
| *Tchatamba* | 3,050 | 3,200 |
| *Niungo* | 3,200 | 3,100 |
| *Other Gabon* | 6,450 | 7,800 |
| Côte d'Ivoire | 3,800 | 3,700 |
| Congo (Brazzaville) | 3,200 | 3,200 |
| Mauritania | 1,450 | 1,400 |
| **Africa Total** | **55,350** | **64,200** |

### Ghana and West African Equatorial Atlantic

***Jubilee field phase 1 & 1A developments***

Since First Oil at the end of 2010, over ten million barrels of oil have already been produced from the Jubilee field and the gross production rate is now around 80,000 bopd from seven wells. Plateau production of 120,000 bopd is expected to be reached by August with the completion of the final two Phase 1 production wells. The delay in the production ramp-up has been caused by the requirement for extended Blow Out Preventer maintenance on the Eirik-Raude rig, a delay in commissioning the third water injection pump and extra work required to fully commission the gas compression system. The Jubilee field is performing as anticipated and pressure support is being provided by current water injection rates of 145,000 bwpd which is expected to rise to 230,000 bwpd in 2H 2011. In addition, with the gas compression now fully commissioned, gas is being injected at rates of around 80 mmscfd.

The next stage of development of the field, Jubilee Phase 1A, envisages up to eight further production and injection wells, targeting approximately 100 million barrels of P50 reserves and extending the field plateau until 2015. A draft Plan of Development for Phase 1A will be submitted to the Government of Ghana in August with project sanction expected in Q4 2011. Drilling is expected to commence in Q1 2012 using the recently contracted Sedco Energy rig and first production is expected in mid-2012.

***Enyenra-Tweneboa appraisal and development***

Development planning for the Enyenra-Tweneboa fields has continued in parallel with a comprehensive programme of appraisal drilling and flow testing to determine reservoir connectivity. The contracts for Front End Engineering and Design (FEED) work for the FPSO and subsea development will be awarded in Q3 2011 and assuming continued success from the ongoing appraisal programme, submission of a Plan of Development and Sanction of the project is targeted for the first half of 2012 after which it is anticipated that first production will be within two and a half years. The initial FEED work will examine an FPSO scheme with 75,000 to 125,000 barrels of oil per day production capacity and gas handling capacity to enable both gas injection and cycling, to maximise liquid recovery, and future gas export.

The Enyenra-Tweneboa appraisal programme is progressing well. The Enyenra-2A well was drilled in March by the Deepwater Millennium rig and proved Enyenra to be a major light oil field. This was followed by the Tweneboa-4 appraisal well in April which proved up the western flank of the Tweneboa gas-condensate field. Over the last two months, the oil zone in the Tweneboa-2 well has been flow tested at a restricted rate of 6,500 bopd and gauges have been set in the well to assist in confirming reservoir connectivity.

A flow test will be carried out on Tweneboa-4 in July to determine reservoir productivity and the level of connectivity with Tweneboa-2. This will be followed by the Enyenra-3A appraisal well which will be drilled to test the updip extent of the Enyenra field. The Deepwater Millennium is then expected to be released from contract in October but will have been replaced by the Sedco Energy on a two-year contract from September. Before commencing the Jubilee Phase 1A programme in March, the Sedco Energy's programme will include the re-drilling and flow testing of the Owo-1 well, and the drilling of the Enyenra-4A well to test the ultimate downdip extent of the field.

*Exploration activity*

Following the discovery of five separate hydrocarbon pools in Campanian and Turonian age reservoirs by the Teak-1 well in the West Cape Three Points block earlier this year, two appraisal wells are now planned. The first appraisal well, Teak-3, is expected to start in Q4 2011 and will assist in the delineation of the field extent and reservoir distribution. A second appraisal well, Teak-4, will then follow.

The Teak-2 exploration well, drilled to probe an intermediate fault block between the Teak-1 discovery and the Jubilee field, intersected a gas pool in the Turonian which may represent the Jubilee gas cap, an important factor in guiding future phases of development on Jubilee. Studies to determine if this is the case are progressing and it is likely that gauges will be deployed in Teak-2 to monitor pressure changes induced by production operations at Jubilee.

The Banda exploration well was drilled in the east of the West Cape Three Points block to explore the previously untargeted Cenomanian play. The well found three metres of oil pay in a very thick but low porosity Cenomanian sandstone package. The encouraging results from this new oil play are now being integrated into our regional geological model to predict better reservoir development at this level elsewhere in our Equatorial Atlantic acreage. The Makore exploration well, targeting a discrete fan of Jubilee age, is currently drilling and will be followed by the Dahoma Updip well, drilling a channel in the far eastern part of Mahogany East.

The development plan for Mahogany East has been discussed with the Government and a further period of appraisal work is expected to start in 2012 in conjunction with appraisal of the Teak field. The combined appraisal is being designed to see if a larger and combined development is justified. If successful, an FPSO scheme acting as the hub for a cluster of fields is the likely development scenario.

In mid-July, the Discoverer Spirit drill ship is expected to arrive in Liberia to drill the high-impact Montserrado exploration well (Cobalt prospect). The rig will then go to Sierra Leone to drill the Jupiter exploration well and the Mercury-2 exploratory-appraisal well. The drilling campaign is expected to be completed by late November.

*Licence activity*

In late May, Tullow exercised its pre-emptive right over a proposed deal between Anadarko and Mitsubishi to acquire an additional 10% equity in block SL-07B-10 (originally SL-06 and SL-07) in Sierra Leone. When the deal completes, Tullow will have increased its equity in the block containing the Venus and Mercury discoveries, to 20%.

*Ghana Listing*

Tullow is in the process of obtaining a secondary listing of its shares on the Ghana Stock Exchange (GSE). On 13 June 2011, Tullow launched an offer for up to four million Tullow shares at an offer price of 31 Ghana Cedi per share. The offer, which was open to all investors in Ghana, closed on Monday 4 July 2011 and application forms are now being processed. The secondary listing and offer of Tullow shares in Ghana demonstrates Tullow's long-term commitment to Ghana and will give all successful applicants the opportunity to share in the future performance of Tullow's global operations. Tullow's first day of trading on the GSE is expected to be on Wednesday, 27 July 2011.

*EO Group acquisition*

On 26 May 2011, Tullow announced that it had entered into a conditional agreement to acquire the interests of EO Group Limited (EO) for a combined share and cash consideration of $305 million. This acquisition will increase Tullow's interest in the West Cape Three Points licence offshore Ghana by 3.5% to 26.4% and increase the Group's interest in the Jubilee field by 1.75% to 36.5%. The agreement is conditional on the receipt of various consents, approvals and assurances, including from the Government of Ghana.

*Uganda*

*Farm-down to CNOOC and Total*

Continued progress has been made towards completing the farm-down and ultimately accelerating the development of the Lake Albert Rift Basin. On 15 March, Tullow signed a Memorandum of Understanding with the Government of Uganda which provided a clear process to resolve key outstanding issues surrounding tax, licence extensions and consents for Tullow to finalise the purchase of the Heritage interests and subsequently farm down to CNOOC and Total. The Sale and Purchase Agreements (SPAs) for the farm down were signed on 29 March. The remaining conditions are now being finalised and, although the process has taken longer than expected, the deals are expected to complete soon. The transactions, which include a total cash consideration payable to Tullow of $2.9 billion, will create an aligned partnership with each partner having a one third interest in the various licensed areas.

*Exploration and Appraisal*

Since the beginning of the year, drilling operations have continued in EA-2 and, following the signing of the SPAs, operational activity in EA-1 has been reactivated. In EA-2, three successful appraisal wells, Nsoga-2, Kigogole-6 and Ngege-2, have been drilled and an extensive 3D seismic campaign covering the Kasamene, Ngiri, Nsoga and Kigogole discoveries is in progress. In the second half of the year, up to three further Ngege appraisal wells, and several well tests, are planned to understand reservoir connectivity and deliverability across the EA-2 discoveries.

In the EA-1 licence, activity ramped up in May with two rigs now operating there. The OGEC 600 is focused exclusively on the region to the north of the Victoria Nile. The rig's first well made an important discovery with the Jobi-East-1 well in June which encountered 20 metres of hydrocarbon bearing reservoir. A four-well appraisal programme is expected to commence in July with the drilling of Jobi-East-5. In the interim, the rig drilled the Jobi-2 appraisal well in the north of the Jobi-Rii field and confirmed the northward extension of this world-class discovery. The well defined an oil-water contact for this part of the field and encountered over 45 metres of net reservoir.

The second rig, the OGEC 750, drilled the Mpyo-3 well in June which encountered 21 metres of oil bearing reservoir. Logging operations confirmed the sands at a depth of only 340 metres to be good quality with highly viscous oil, similar to that encountered in Mpyo-1. In the longer term, the well will need to be tested to understand the full resource potential of this area. The rig then drilled the Gunya-A well, which logged an oil column of over 90 metres and net pay of 18 metres in a previously undrilled fault block downdip of the Mpyo field. This marks the second new discovery of 2011 in our Ugandan portfolio and a very positive start to the exploration campaign. The rig will now move to carry out testing activities on the Kigogole field. Recoverable oil resources totalling 1.1 billion barrels (P50) have been discovered to date, with some 1.4 billion barrels in undrilled prospective resources yet to find.

In the second half of the year, an additional rig will be brought into EA-1 to drill several large prospects on the west bank of the river Nile, most notably Omuka. A further rig is expected to spud the potentially high impact Kanywataba well south of the Kingfisher discovery in Q3 2011.

*Lake Albert Rift Basin Development*

Development planning for the basin has continued throughout the year and we anticipate discussing this, in collaboration with CNOOC and Total, with the Government of Uganda over the coming months. Tullow is also working with the Government to finalise opportunities for the early sale of crude to local industry and power users including the crude produced as a result of testing activities. Development plans for the Nzizi gas field to fuel a new Integrated Power Project are also being discussed.

The Extended Well Testing programme to gather essential dynamic production data from various fields in EA-2 is anticipated to start operations in August. The sale of test crude to a domestic industrial user is planned and commercial agreements are being finalised.

The Kasamene Field has been progressed to the point of early design and is now being worked as a leading supply option for the first phase of a refinery, the Kasamene Field Development plan is therefore being updated to be consistent with plans for the refinery.

Tullow, CNOOC and Total are establishing teams to prepare the development plans for the various licensed areas. The plans will cover delivery in excess of 200,000 bopd which will include refinery options to supply petroleum products for the region as well as pipeline export routes to international markets. The target for achieving oil production from this phase of the development is currently 2015. Tullow, CNOOC and Total are engaging with government on the plans for a refinery and will be integrating the upstream development plans with those for the midstream and downstream.

## Mauritania

In Mauritania, the Cormoran well in Block 7 was drilled in January. It successfully appraised the Pelican gas field and discovered good quality gas bearing reservoirs in the Cormoran prospect. The well was then deepened to encounter highly pressured rich gas in the Petronia prospect, successfully extending Tullow's core play in Late Cretaceous turbidites to northern offshore Mauritania. The Gharabi well in Block 6, drilled in February, was unsuccessful although this has no impact on Tullow's plans for a series of exploration wells across the margin in 2012 and beyond.

Net production from the Chinguetti field in the first half of 2011 averaged 1,450 bopd.

## Equatorial Guinea

The Ceiba field performed above expectations during the first half of 2011, while the Okume Complex production was in line with expectations. Combined net production averaged 14,500 bopd.

Natural field decline is expected to be largely offset in the second half of the year through the tie-back of the Akom North field to the Okume Complex in the fourth quarter and a workover campaign on the Ceiba field which is scheduled to start before the end of the year.

## Gabon

In the first half of 2011, Tullow's net production in Gabon averaged 12,700 bopd. A national strike in early April briefly affected production however this was offset by sustained strong contributions from the Niungo, Echira, Limande and Tchatamba fields. In particular, the Limande-7 appraisal and development well was brought on line in May, just 10 weeks from discovery adding some 1,100 bopd to Tullow's net production and taking current production in Gabon to approximately 14,000 bopd. During the second half of 2011, infill drilling activity will continue with one well on Tchatamba South and two wells on Turnix.

On the Exploration and Appraisal front, Tullow completed a 20% farm-in to the Perenco-operated exploration blocks DE-7 and Ogueyi onshore Gabon in June. The B'OBA exploration well in block DE-7 commenced drilling in May and 12 metres of immoveable oil shows were encountered and the well is being plugged and abandoned. This will be followed by a well on the Nkongono prospect in the Ogueyi block during July.

## Côte d'Ivoire

Net production in the first half of 2011 from the Espoir fields averaged 3,800 boepd. In 2012 a remedial work over campaign to address sand control issues will commence followed by a further campaign of infill drilling.

Offshore production operations were not interrupted by the unrest in Côte d'Ivoire however Force Majeure was declared in February for blocks CI-103 and CI-105 due to the deteriorating security situation. The environment is being monitored closely and we expect to lift Force Majeure within the coming months. Analysis of the extensive 3D seismic across both blocks is complete and plans for one exploration well on each licence are close to finalisation. Timing of these wells is dependent on rig availability but is likely to be in late 2011 or the first half of 2012.

## Congo (Brazzaville)

Net production from the M'Boundi field during the first half of 2011 was below expectations, averaging 3,200 bopd. Performance in the second half of 2011 is expected to improve with the stabilisation of the water injection rate at over 120,000 bwpd and the delivery of new producers. Over 15 infill wells are planned to be drilled in the second half of 2011 and the operator is now considering water injection upgrades to reach the stretch target of 200,000 bwpd.

## Namibia

The new Kudu Petroleum Agreement and 25 year Production Licence has been agreed with the Ministry of Mines & Energy and is being prepared for signature. Design concepts for the offshore development and the onshore Power Station are currently under evaluation and a single integrated concept for detailed engineering design is expected to be selected soon. Negotiations on terms of a gas supply agreement for the power station are progressing.

### Kenya and Ethiopia

In February, Tullow completed the farm-in to five blocks in Kenya – blocks 10A, 10BA, 10BB, 12A and 13T and the South Omo block in Ethiopia. Tullow now operates all six blocks covering an area of around 100,000 sq km in the Turkana, South Omo, Kerio and Lokichar Rift Basins with similar geology to the Lake Albert Rift Basin in Uganda and in the Anza Rift basin which has similar geology to petroliferous basins in Sudan.

Significant seismic activity has already commenced with an 800 kilometre 2D survey in Block 10A (Anza basin) recently completed and processed. Preparations have also commenced for the first well, Fise-1, in block 10BB to be drilled in the third quarter with the Weatherford 804 rig which is currently mobilising from Algeria to Kenya. On completion of this well, the rig will move to Block 10A to meet a well commitment there before the end of 2011. Consideration is also being given to drilling a second well in Block 10BB after completion of the Block 10A well.

A Full Tensor Gradiometry (FTG) gravity survey has been acquired in Ethiopia with initial results showing features similar to some of those seen in Uganda. FTG surveys across the Kenya blocks are expected to commence at the end of June with results expected in late July. This will be followed by multiple 2D seismic surveys which will commence in September in both countries.

In May, Tullow signed a farmout agreement with Pancontinental Oil & Gas NL and Afrex Limited to acquire a 10% interest in Block L8 offshore Kenya where a series of prospects have been identified on seismic. In June, Tullow signed a separate farmout agreement to acquire a further 5% interest in Block L8 from Origin Energy Kenya Pty Ltd. Both agreements are awaiting Ministerial approval, following which Tullow will have a combined 15% interest. The first exploration well in Block L8 is expected to be drilled in mid-to-late 2012, following which Tullow will then have the option of acquiring a further 5% interest from Afrex Limited which, if exercised, would give Tullow a 20% overall interest in this prospective block.

### Madagascar and Tanzania

In Madagascar, seismic acquisition is due to commence in the middle of June. The programme will consist of 450 kilometres of 2D seismic data to be acquired in blocks 3109 and 3111 during the second half of the year.

The Government in Tanzania has approved the drilling of the Ntorya-1 prospect located in the Mtwara block which is scheduled to commence drilling in the fourth quarter 2011. The well is the second of two commitment wells, the first being Likonde-1 which was drilled in 2010.

## REST OF THE WORLD

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

## EUROPE

Tullow's exploration and production interests in Europe lie in the Southern Gas Basin of the UK North Sea and offshore the Netherlands.

| Working interest production[1] | 1H 2011 Average (boepd) | Current Production (boepd) |
|---|---|---|
| CMS Area | 12,550 | 12,400 |
| Thames Area | 1,500 | 1,600 |
| **UK Total** | **14,050** | **14,000** |

(1) Includes condensate

### UK

UK production was in line with expectations during the first half of 2011 at 14,050 boepd. Following the successful drilling of the Ketch-8z well in 2010, Tullow is currently preparing to drill a further Ketch infill well during 2011 with first production planned for early 2012.

In the CMS Area, the Harrison development is on track to gain full partner approval this summer with the Field Development Plan expected to be submitted soon thereafter. South of the Harrison discovery, the Tullow-operated well targeting the Carboniferous Cameron prospect commenced drilling in April with the Ensco 80 and a result is expected later this month.

In December last year, Tullow successfully farmed into block 49/29d at 100% which was followed in 2011 with further farm-in deals to secure 65% equity in the adjacent blocks 49/29e and 49/30b. The Foxtrot prospect straddles all three blocks and is scheduled to commence drilling in the summer following operations on the Cameron prospect. In the event of success, Foxtrot will be tied back to Thames, deferring field abandonment and generating additional gas sales revenue.

### Netherlands

In May, Tullow entered into an agreement to acquire Nuon Exploration and Production (Nuon E&P) for a cash consideration of €300 million from the Vattenfall Group. The acquisition, which completed on 30 June, includes 25 licences with over 30 producing fields, numerous development and exploration opportunities and ownership of key infrastructure. The non-operated portfolio complements the Group's existing Dutch and UK southern gas basin assets and brings to the Europe portfolio an additional 9,000 boepd and reserves and resources of 28 mmboe.

A large 1,600 sq km 3D seismic survey shot by Tullow in 2010 over the Tullow operated E-blocks exploration acreage is currently being interpreted. This much improved dataset will be used to mature the Carboniferous prospect inventory for potential exploration drilling in 2012.

Tullow completed a transaction with Gas Plus in April to increase its equity in E15c by 10%. Tullow also participated in the non-operated Muscovite exploration well in February with a 4.3% interest. The well found only residual gas and was plugged and abandoned. Valuable insights from this well are being applied and integrated into the E-block portfolio and prospect inventory.

## SOUTH ASIA

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

| Working interest production | 1H 2011 Average (boepd) | Current Production (boepd) |
|---|---|---|
| **South Asia** | 5,950 | 5,000 |

### Bangladesh

Production performance from the Bangora field was in line with expectation for the first half of 2011 averaging 5,650 boepd net. Production was maintained at 120 mmscfd for the first quarter, however planned well intervention work has recently reduced production to approximately 90 mmscfd. Production is expected to return to full capacity by the end of Q3 2011. Planning is also underway at Bangora for the installation of compression facilities in 2012 to help maintain the 120 mmscfd plateau for the longer term. Negotiations with the Bangladesh Government to finalise the award of offshore exploration Block SS-08-05 remain on hold pending the outcome of a maritime boundary dispute with India.

### Pakistan

The extended well test on the Shekhan-1 discovery well on the Kohat licence has been ongoing since December 2010 and results indicate a commercial discovery which justifies further appraisal. Planning for this appraisal includes the acquisition of 3D seismic over the Shekhan area whose objective would be to define locations for appraisal and development wells. On 25 May, the Jabbi-1 exploration well in the Kohat licence commenced drilling and is expected to take up to 5 months to drill and test. The Jabbi prospect is located approximately 20 kilometres west of the Shekhan discovery and with success could be tied in to the processing and production facilities at Shekhan.

## SOUTH AMERICA

### French Guiana

The Ensco 8503 deepwater rig was mobilised to French Guiana in February 2011 and drilling of the Zaedyus prospect commenced on 5 March. The well is the first in a new campaign to target a Jubilee-type Late Cretaceous stratigraphic trap in the region. Delays have been experienced while drilling the well, however we are progressing towards the primary target and a result is expected in August.

### Guyana

In the Georgetown Block offshore Guyana, the drilling of the Jubilee-type Jaguar prospect is expected to commence in August with the Atwood Beacon jack-up rig. The well is expected to take around 180 days to drill.

## Suriname

In offshore Block 47, Environmental Impact Assessment (EIA) planning has been initiated in order to ensure that the necessary environmental clearances are in place prior to commencement of a large 2,000 sq km 3D seismic survey in the Block during the second quarter of 2012. Onshore Suriname, the five-well drilling programme on the Coronie licence and the two-well programme on the Uitkijk licence is scheduled to commence in Q3 2011.

## CURRENTLY PLANNED 2011 EXPLORATION AND APPRAISAL ACTIVITY

| Country | Block | Prospect | Interest | Spud Date |
|---|---|---|---|---|
| Ghana | Deepwater Tano | Tweneboa-4 DST | 49.95% (op) | July 2011 |
| | Deepwater Tano | Enyenra-3A | 49.95% (op) | Q3 2011 |
| | Deepwater Tano | Owo-1R | 49.95% (op) | 2H 2011 |
| | Deepwater Tano | Enyenra-DST | 49.95% (op) | 2H 2011 |
| | Deepwater Tano | Enyenra-4A | 49.95% (op) | Q4 2011 |
| | WCTP | Makore | 22.90% | In progress |
| | WCTP | Dahoma updip | 22.90% | July 2011 |
| Liberia | LB-15 | Montserrado (Cobalt) | 25% | July 2011 |
| Sierra Leone | SL-07B-10 | Jupiter | 10%* | Q3 2011 |
| | SL-07B-10 | Mercury-2 | 10%* | Q4 2011 |
| Côte d'Ivoire | CI-103 | Paon | 45% (op) | Q4 2011 |
| | CI-105 | Kosrou | 22.37% | Q4 2011 |
| French Guiana | Guyane Maritime | Zaedyus | 27.5%**(op) | In progress |
| Guyana | Georgetown Block | Jaguar | 30% | August 2011 |
| Kenya | 10BB | Fise | 50% (op) | Q3 2011 |
| | 10A | Paipai | 50% (op) | Q4 2011 |
| Uganda | Various | Various | 33.33% (op) | In progress |
| Tanzania | Mtwara | Ntorya | 50% (op) | Q4 2011 |
| UK | 44/19b | Cameron | 62.5% (op) | In progress |
| | 49/29d | Foxtrot | 100% (op) | 2H 2011 |
| Pakistan | Kohat | Jabbi | 40% | In progress |
| Suriname | Coronie | 5 well campaign | 40% | Q3 2011 |
| | Uitkijk | 2 wells | 40% | Q3 2011 |
| Gabon | Ogueyi | Nkongono | 20% | July 2011 |

**Tullow has exercised its pre-emptive rights to gain an additional 10% equity in the SL-07B-10 licence in Sierra Leone taking its interest to 20% pending government approval.*

***Tullow will have a 27.5% interest once Shell receives Government consents for its additional interest*

*Note: Tullow will also be drilling a number of exploration and appraisal wells in Gabon in various blocks during the year.*

## CONFERENCE CALLS

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 09:00 (BST).

To access the calls, please dial the appropriate number below 10 minutes before the call and ask for the Tullow Oil Trading Statement and Operational Update conference call. A replay facility will be available three hours after the conference call until 12 July 2011. The telephone numbers and access codes are:

| European Conference Call | | Replay Facility | |
|---|---|---|---|
| UK Participants | 020 7136 6283 | UK Participants | 020 7111 1244 |
| Irish Participants | 01 486 0922 | Irish Participants | 01 486 0902 |
| Access Code | 3943204 | Access Code | 3943204# |

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## Disclaimer

This announcement contains certain operational and financial information in relation to the first half of 2011 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.

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## Ends