Kosmos Energy Ltd.
Form 10-K
March 01, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number: 001-35167

Kosmos Energy Ltd.

(Exact name of registrant as specified in its charter)

Bermuda	**98-0686001**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Clarendon House **2 Church Street** **Hamilton, Bermuda**	**HM 11**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **+1 441 295 5950**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered:**
Common Shares $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ý

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer o Non-accelerated filer ý Smaller reporting company o

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

The aggregate market value of the voting and non-voting common shares held by non-affiliates, based on the per-share closing price of the registrant's common shares as of the last business day of the registrant's most recently completed second fiscal quarter was $1,351,055,403.

The number of the registrant's Common Shares outstanding as of February 17, 2012 was 390,098,205.

DOCUMENTS INCORPORATED BY REFERENCE

Part III, Items 10-14, is incorporated by reference from the Proxy Statement for the Annual Meeting of Shareholders to be held on May 11, 2012.

Certain exhibits previously filed with the Securities and Exchange Commission are incorporated by reference into Part IV of this report.

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Unless otherwise stated in this report, references to "Kosmos," "we," "us" or "the company" refer to Kosmos Energy Holdings and its subsidiaries prior to the completion of the corporate reorganization, which was completed in connection with our initial public offering ("IPO"), and Kosmos Energy Ltd. and its subsidiaries as of the completion of the corporate reorganization and thereafter. We have provided definitions for some of the industry terms used in this report in the "Glossary and Selected Abbreviations" beginning on page 2.

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KOSMOS ENERGY LTD.
GLOSSARY AND SELECT ABBREVIATIONS

The following are abbreviations and definitions of certain terms used in this report. Unless listed below, all defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily prescribed meanings.

"2D seismic data"	Two-dimensional seismic data, serving as interpretive data that allows a view of a vertical cross-section beneath a prospective area.
"3D seismic data"	Three-dimensional seismic data, serving as geophysical data that depicts the subsurface strata in three dimensions. 3D seismic data typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic data.
"API"	A specific gravity scale, expressed in degrees, that denotes the relative density of various petroleum liquids. The scale increases inversely with density. Thus lighter petroleum liquids will have a higher API than heavier ones.
"ASC"	Financial Accounting Standards Board Accounting Standards Codification.
"ASU"	Financial Accounting Standards Board Accounting Standards Update.
"Barrel" or "bbl"	A standard measure of volume for petroleum corresponding to approximately 42 gallons at 60 degrees Fahrenheit.
"Bbbl"	Billion barrels of oil.
"Bboe"	Billion barrels of oil equivalent.
"Bcf"	Billion cubic feet.
"boe"	Barrels of oil equivalent. Volumes of natural gas converted to barrels of oil using a conversion factor of 6,000 cubic feet of natural gas to one barrel of oil.
"boepd"	Barrels of oil equivalent per day.
"bopd"	Barrels of oil per day.
"bwpd"	Barrels of water per day.
"Developed acreage"	The number of acres that are allocated or assignable to productive wells or wells capable of production.
"Development"	The phase in which an oil or natural gas field is brought into production by drilling development wells and installing appropriate production systems.
"Dry hole"	A well that has not encountered a hydrocarbon bearing reservoir expected to produce in commercial quantities.
"E&P"	Exploration and production.
"FASB"	Financial Accounting Standards Board.
"Farm-in"	An agreement whereby an oil company acquires a portion of the working interest in a block from the owner of such interest, usually in return for cash and for taking on a portion of the drilling of one or more specific wells or other performance by the assignee as a condition of the assignment.
"FPSO"	Floating production, storage and offloading vessel.
"Mbbl"	Thousand barrels of oil.
"Mcf"	Thousand cubic feet of natural gas.
"Mcfpd"	Thousand cubic feet per day of natural gas.

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"Mmbbl"	Million barrels of oil.
"Mmboe"	Million barrels of oil equivalent.
"Mmcf"	Million cubic feet of natural gas.
"Natural gas liquid" or "NGL"	Components of natural gas that are separated from the gas state in the form of liquids. These include propane, butane, and ethane, among others.
"Petroleum Contract"	A contract in which the owner of minerals gives an E&P company temporary and limited rights to explore for, develop, and produce minerals from the lease area.
"Petroleum System"	A petroleum system consists of organic material that has been buried at a sufficient depth to allow adequate temperature and pressure to expel hydrocarbons and cause the movement of oil from the area in which it was formed to a reservoir rock where it can accumulate.
"Plan of development" or "PoD"	A written document outlining the steps to be undertaken to develop a field.
"Productive well"	An exploratory or development well found to be capable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or natural gas well.
"Prospect(s)"	A potential trap that may contain hydrocarbons and is supported by the necessary amount and quality of geologic and geophysical data to indicate a probability of oil and/or natural gas accumulation ready to be drilled. The five required elements (generation, migration, reservoir, seal and trap) must be present for a prospect to work and if any of them fail neither oil nor natural gas will be present, at least not in commercial volumes.
"Proved reserves"	Estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be economically recoverable in future years from known reservoirs under existing economic and operating conditions, as well as additional reserves expected to be obtained through confirmed improved recovery techniques, as defined in SEC Regulation S-X 4-10(a)(2).
"Proved developed reserves"	Proved developed reserves are those proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.
"Proved undeveloped reserves"	Proved undeveloped reserves are those proved reserves that are expected to be recovered from future wells and facilities, including future improved recovery projects which are anticipated with a high degree of certainty in reservoirs which have previously shown favorable response to improved recovery projects.
"Shelf margin"	The path created by the change in direction of the shoreline in reaction to the filling of a sedimentary basin.
"Structural trap"	A structural strap is a topographic feature in the earth's subsurface that forms a high point in the rock strata. This facilitates the accumulation of oil and gas in the strata.
"Structural-stratigraphic trap"	A structural-stratigraphic trap is a combination trap with structural and stratigraphic features.
"Stratigraphy"	The study of the composition, relative ages and distribution of layers of sedimentary rock.

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"Stratigraphic trap"	A stratigraphic trap is formed from a change in the character of the rock rather than faulting or folding of the rock and oil is held in place by changes in the porosity and permeability of overlying rocks.
"Submarine fan"	A fan-shaped deposit of sediments occurring in a deep water setting where sediments have been transported via mass flow, gravity induced, processes from the shallow to deep water. These systems commonly develop at the bottom of sedimentary basins or at the end of large rivers.
"Three-way fault trap"	A structural trap where at least one of the components of closure is formed by offset of rock layers across a fault.
"Trap"	A configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate.
"Undeveloped acreage"	Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of natural gas and oil regardless of whether such acreage contains discovered resources.

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Cautionary Statement Regarding Forward-Looking Statements

This annual report on Form 10-K contains estimates and forward-looking statements, principally in "Item 1. Business," "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in our annual report on Form 10-K, may adversely affect our results as indicated in forward-looking statements. You should read this annual report on Form 10-K and the documents that we have filed as exhibits hereto completely and with the understanding that our actual future results may be materially different from what we expect. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- our ability to find, acquire or gain access to other discoveries and prospects and to successfully develop our current discoveries and prospects;
- uncertainties inherent in making estimates of our oil and natural gas data;
- the successful implementation of our and our block partners' prospect discovery and development and drilling plans;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- termination of or intervention in concessions, rights or authorizations granted by the governments of Ghana, Cameroon, Morocco or Suriname (or their respective national oil companies) or any other federal, state or local governments or authorities, to us;
- our dependence on our key management personnel and our ability to attract and retain qualified technical personnel;
- the ability to obtain financing and to comply with the terms under which such financing may be available;
- the volatility of oil and natural gas prices;
- the availability, cost, function and reliability of developing appropriate infrastructure around and transportation to our discoveries and prospects;
- the availability and cost of drilling rigs, production equipment, supplies, personnel and oilfield services;
- other competitive pressures;
- potential liabilities inherent in oil and natural gas operations, including drilling risks and other operational and environmental hazards;

current and future government regulation of the oil and gas industry;

cost of compliance with laws and regulations;

changes in environmental, health and safety or climate change laws, greenhouse gas regulation or the implementation, or interpretation, of those laws and regulations;

environmental liabilities;

geological, technical, drilling, production and processing problems;

military operations, civil unrest, terrorist acts, wars or embargoes;

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the cost and availability of adequate insurance coverage;

our vulnerability to severe weather events; and

other risk factors discussed in the "Item 1A. Risk Factors" section of this annual report on Form 10-K.

The words "believe," "may," "will," "aim," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and, except to the extent required by law, we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this annual report on Form 10-K might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, including, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements.

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PART I

Item 1. Business

General

We are an independent oil and gas exploration and production company currently focused on frontier and emerging areas in Africa and South America. Our asset portfolio includes existing production, major discoveries and exploration prospects offshore Ghana, as well as exploration licenses offshore Morocco and Suriname and onshore Cameroon. Kosmos is listed on the New York Stock Exchange ("NYSE") under the ticker symbol "KOS."

Following our formation in 2003, we acquired our initial portfolio of exploration licenses and established a new, major oil province in West Africa with the discovery of the Jubilee Field within the Tano Basin offshore Ghana in 2007. This was the first of our discoveries offshore Ghana; it was one of the largest oil discoveries worldwide in 2007 and is considered one of the largest finds offshore West Africa during the last decade. Oil production from the Jubilee Field commenced on November 28, 2010, and we generated revenues of $666.9 million during 2011 from oil sales from the Jubilee Field.

In the near-term, we are focused on maximizing production from the Jubilee Field development, and progressing the appraisal and development of our other discoveries in Ghana as well as the acquisition, exploration, appraisal and development of existing and new opportunities, including identifying, capturing and testing additional high-potential prospects to grow reserves and production.

Our Business Strategy

Grow proved reserves and production through exploration, appraisal and development

We plan to continue to produce and further develop the Jubilee Field, while completing appraisal of our existing discoveries (Tweneboa, Tweneboa Deep, Enyenra and Ntomme in the Deepwater Tano Block offshore Ghana ("DT Block") and Mahogany East, Teak, Akasa and Banda in the West Cape Three Points Block offshore Ghana ("WCTP Block")). In the event of a declaration of commerciality and approval of a plan of development, we intend to develop these discoveries to grow proved reserves and production. We also plan to drill exploration prospects in our asset portfolio, with the intent to further grow proved reserves and production should discoveries be made.

Apply our technically-driven culture, which fosters innovation and creativity, to continue our successful exploration and development program

We differentiate ourselves from other E&P companies through our approach to exploration and development. Our geoscientists, petroleum engineers and major projects personnel are pivotal to the success of our business strategy. We have created an environment that enables them to focus their knowledge, skills and experience on finding and developing oil fields. Culturally, we have an open, team-oriented work environment that fosters both creative and contrarian thinking. This approach allows us to fully consider and understand risk and reward and to deliberately and collectively pursue strategies that maximize value. We used this philosophy and approach to make discoveries in and produce from the Tano Basin offshore Ghana, a significant new petroleum system the industry previously did not consider either prospective or commercially viable.

Focus on rapidly developing our discoveries to initial production

We focus on maximizing returns through accelerating development to deliver early production. If a phased development strategy is deemed to be the optimal solution, we will seek to implement the approach early in the process. There are numerous benefits to pursuing a phased development to support our production growth plan. Importantly, a phased development strategy can provide for first

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oil production earlier than could otherwise be possible using traditional development techniques, which are disadvantaged by more time-consuming, costly and sequential appraisal and pre-development activities. In certain circumstances, we believe a phased approach can optimize full-field development through a better understanding of dynamic reservoir behavior and allows numerous activities to be performed in a parallel rather than a sequential manner. The initial phase of the Jubilee Field, for example, was brought on production at an earlier date by using a phased development approach, with further appraisal and pre-development activities performed in parallel and detailed engineering for the initial phase conducted simultaneously with the other project activities. In contrast, a traditional development approach consists of full appraisal, conceptual engineering, preliminary engineering, detail engineering, procurement and fabrication of facilities, development drilling and installation of facilities for the full-field development, all performed in sequence, before first production is achieved. This adds considerably more time to the development timeline. A phased approach provides dynamic reservoir performance information that allows the full-field development to be optimized. This approach also maximizes net asset value by refining appraisal and development plans based on experience gained in initial phases of production and by leveraging existing infrastructure as subsequent phases of development are implemented. Production and reservoir performance from the initial phase are monitored closely to determine the most efficient and effective techniques to maximize the recoverability of reserves in the most economic manner. Other benefits include minimizing upfront capital costs, reducing execution risks through smaller initial infrastructure requirements, and enabling cash flow from the initial phase of production to fund a portion of capital costs for subsequent phases.

First oil production from the Jubilee Field commenced on November 28, 2010, and we received our first oil revenues in early 2011. This development timeline from discovery to first oil was significantly less than the industry average of seven to ten years and set a record for a deepwater development at this water depth in West Africa. This condensed timeline reflects the lessons learned by members of our experienced management while leading other large scale deepwater developments, such as Ceiba offshore Equatorial Guinea and Neptune and Mensa in the U.S. Gulf of Mexico.

Identify, access and explore emerging regions and hydrocarbon plays

Our management and exploration team has demonstrated an ability to identify regions and hydrocarbon plays that yield multiple large commercial discoveries. We will continue to utilize our systematic and proven geologically focused approach to emerging petroleum systems where geological data suggests hydrocarbon accumulations are likely to exist, but where commercial discoveries have yet to be made. We believe this approach reduces the exploratory risk in poorly understood, under-explored or otherwise overlooked hydrocarbon basins that offer significant oil potential. This was the case with respect to the Late Cretaceous stratigraphy of West Africa, the niche in which we chose to build our exploration portfolio between 2004 and 2006. Many of our licenses share similar geologic characteristics focused on untested structural-stratigraphic traps. This exploration focus has proved successful, with the discovery of the Jubilee Field ushering in a new level of industry interest in Late Cretaceous petroleum systems across the Atlantic Margin, including play types that had previously been largely ignored.

This approach and focus, coupled with a first-mover advantage, provide a competitive advantage in identifying and accessing new strategic growth opportunities. We expect to continue to seek new opportunities where oil has not been discovered or produced in meaningful quantities by leveraging the skills of our experienced technical team. This includes our existing areas of interest as well as selectively expanding into other regions.

We may farm-in to new venture opportunities to undertake exploration in emerging basins, new plays and fairways to enhance and optimize our portfolio. Consistent with this strategy, we may also evaluate potential corporate and asset acquisition opportunities as a source of new ventures to replenish and expand our asset portfolio.

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Kosmos Exploration Approach

Kosmos' exploration philosophy is deeply rooted in a fundamental, geologically based approach geared toward the identification of misunderstood, under-explored or overlooked petroleum systems. This process begins with detailed geologic studies that methodically assess a particular region's subsurface, with particular consideration to those attributes that lead to working petroleum systems. The process includes basin modeling to predict oil charge and fluid migration, as well as stratigraphic and structural analysis to identify reservoir/seal pair development and trap definition. This analysis integrates data from previously drilled wells and seismic data available to Kosmos. Importantly, this approach also takes into account a detailed analysis of geologic timing to ensure that we have an appropriate understanding of whether the sequencing of geological events could support and preserve hydrocarbon accumulation. Once an area is high-graded based on this play/fairway analysis, geophysical analysis is conducted to identify prospective traps of interest.

Alongside the subsurface analysis, Kosmos performs an analysis of country-specific risks to gain a comprehensive understanding of the "above-ground" dynamics, which may influence a particular country's relative desirability from an overall oil and natural gas operating and risk-adjusted return perspective. This iterative and comprehensive process is employed in both areas that have existing oil and natural gas production, as well as those regions that have yet to achieve commercial hydrocarbon production.

Once an area of interest has been identified, Kosmos actively targets licenses over the particular basin or fairway in order to achieve an early mover or in many cases a first-mover advantage. In terms of license selection, Kosmos targets specific regions that have sufficient size to provide scale should the exploration concept prove successful. Additional objectives include long-term contract duration to enable the "right" exploration program to be executed, play type diversity to provide multiple exploration concept options, prospect dependency to enhance the chance of replicating success and sufficiently attractive fiscal terms to maximize the commercial viability of discovered hydrocarbons.

Operations by Geographic Area

We operate in the oil and gas exploration and production industry and have operations in Africa and South America. Currently, all revenues are generated from our operations offshore Ghana. Oil produced from West Africa, including the Jubilee Field, has generally priced in reference to Dated Brent crude. Brent crude is produced in the North Sea and is widely accepted by the oil and gas industry as the most representative of the global physical standards for the oil market in comparison to other reference oils, such as West Texas Intermediate ("WTI"). The location of the Jubilee Field offshore Ghana allows us to sell our oil to the major refining markets of North America, Asia and Europe. Due to its quality, oil from the Jubilee Field generally sells for a slight premium relative to Dated Brent.

Information about our discoveries and prospects are summarized below. In interpreting this information, general reference should be made to the risk factors as a whole and specific reference should be made to the subsections of this annual report on Form 10-K titled "Item 1A. Risk Factors Our identified drilling locations are scheduled out over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling," "Item 1A. Risk Factors Under the terms of our various license agreements, we are contractually obligated to drill wells and declare any discoveries in order to retain exploration and production rights. In the competitive market for our license areas, failure to declare any discoveries and thereby establish development areas may result in substantial license renewal costs or loss of our interests in the undeveloped parts of our license areas, which may include certain of our prospects" and "Item 1A. Risk Factors We are not, and may not be in the future, the operator on all of our license areas and do not, and may not in the future, hold all of the working interests in certain of our license areas.

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Therefore, we will not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non-operated and to an extent, any non-wholly owned, assets."

Our Discoveries

Information about our discoveries is summarized in the following table.

Discoveries	License	Areal Extent (acres)	Kosmos Working Interest	Block Operator(s)	Stage	Type	Expected Year of PoD Submission
Ghana							
Jubilee Field Phase1(1)(2)	WCTP/DT(3)	8,300	24.0771%(5)	Tullow/Kosmos(6)	Production	Deepwater	2008(2)
Jubilee Field subsequent phases(1)(2)	WCTP/DT(3)	4,600	24.0771%(5)	Tullow/Kosmos(6)	Development	Deepwater	2011(7)
Mahogany East	WCTP(4)	6,600	30.8750%	Kosmos	Development planning	Deepwater	2011
Teak	WCTP(4)	23,000	30.8750%	Kosmos	Appraisal	Deepwater	2013
Akasa	WCTP(4)(8)	4,900	30.8750%	Kosmos	Appraisal	Deepwater	2014
Banda	WCTP(4)(8)	25,000	30.8750%	Kosmos	Appraisal	Deepwater	2014
Tweneboa	DT(4)(8)	27,000	18.0000%	Tullow	Appraisal	Deepwater	2013
Enyenra	DT(4)	28,100	18.0000%	Tullow	Appraisal	Deepwater	2012
Ntomme	DT(4)(8)	19,100	18.0000%	Tullow	Appraisal	Deepwater	2012

(1) For information concerning our estimated proved reserves in the Jubilee Field as of December 31, 2011, see " Our Reserves."

(2) The Jubilee Phase 1 PoD was submitted to Ghana's Ministry of Energy in December 2008 and was formally approved in July 2009. The Jubilee Phase 1 PoD details the necessary wells and infrastructure to develop two of the reservoirs within the Jubilee Field. Oil production from the Jubilee Field offshore Ghana commenced on November 28, 2010, and we received our first oil revenues in early 2011. We intend to submit or amend PoDs for other reservoirs within the Jubilee Unit for the Jubilee Field subsequent phases to Ghana's Ministry of Energy for approval in order to extend the production plateau of the Jubilee Field, although we can give no assurance that such approvals will be forthcoming. See (7) below.

(3) The Jubilee Field straddles the boundary between the WCTP Block and the DT Block offshore Ghana. Consistent with the Ghanaian Petroleum Law, the WCTP Petroleum Agreement ("WCTP PA") and DT Petroleum Agreement ("DT PA") and as required by Ghana's Ministry of Energy, in order to optimize resource recovery in this field, we entered into the Unitization and Unit Operating Agreement (the "UUOA") in July 2009 with Ghana National Petroleum Corporation ("GNPC") and the other block partners of each of these two blocks. The UUOA governs the interests in and development of the Jubilee Field and created the Jubilee Unit from portions of the WCTP Block and the DT Block.

(4) GNPC has the option to acquire additional paying interests in a commercial discovery on the WCTP Block and the DT Block of 2.5% and 5.0%, respectively. In order to acquire the additional paying interest, GNPC must notify the contractor of its intention to acquire such interest within sixty to ninety days of the contractor's notice to Ghana's Ministry of Energy of a commercial discovery. These interest percentages do not give effect to the exercise of such options.

(5) These interest percentages are subject to redetermination of the working interests in the Jubilee Field pursuant to the terms of the UUOA. See "Item 1A. Risk Factors The unit partners' respective interests in the Jubilee Unit are subject to redetermination and our interests in such unit may decrease as a result" and " Significant Exploration Agreements Jubilee Field Unitization." GNPC has exercised its WCTP PA and DT PA options, with respect to the Jubilee Unit, to acquire an additional unitized paying interest of 3.64084% in the Jubilee Field. The Jubilee Field interest percentages give effect to the exercise of such option.

(6) Kosmos is the Technical Operator and Tullow Ghana Limited, a subsidiary of Tullow Oil plc ("Tullow"), is the Unit Operator of the Jubilee Unit. See " Significant Exploration Agreements Jubilee Field Unitization."

(7) The Jubilee Phase 1A PoD was submitted to Ghana's Ministry of Energy on December 18, 2011 and was formally approved in January 2012. The Jubilee Phase 1A PoD details the necessary wells and infrastructure to further develop the existing producing reservoirs and develop a third reservoir within the Jubilee Field.

(8)

The areal extent for these discoveries were determined based on estimates derived internally by the Company and represents the possible upside areal extent for these discoveries. In future periods, should we have our independent petroleum engineers assess these discoveries, such estimates may change. Additionally, such estimates may change as a result of future assessment and appraisal activities. See Item 1A. Risk Factors We face substantial uncertainties in estimating the characteristics of our unappraised discoveries and our prospects."

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Ghana Well Information

Information about the wells we have drilled on our license areas in Ghana is summarized in the following table.

	Operator	Spud Date(1)	Total Depth (feet)	Net Hydrocarbon Pay (feet)	Status(2)	Comments
Jubilee						
J-09 (Mahogany-1)	Kosmos	05/30/07	12,553	321	Producing	Discovery well for Jubilee in WCTP Block. Drill stem tested at rates in excess of 20,500 bopd. Lower completion installed.
Hyedua-1	Tullow	07/27/07	13,130	180	Plugged Back	Downdip confirmation well in DT Block.
J-10 Water Injector ("WI") (Hyedua-1BP1)	Tullow	07/27/07	12,631	136	Injecting	Whole core obtained. Injectivity test conducted at rates in excess of 20,000 bwpd. Down structure water injector.
J-16GI Gas Injectors ("GI") (Mahogany-2)	Tullow	03/06/08	11,296	164	Injecting	Updip confirmation well for Jubilee reservoirs. Whole core obtained. Updip gas injector.
J-08 (Hyedua-2)	Tullow	10/09/08	12,018	180	Producing	Drill stem tested at rates in excess of 16,500 bopd. Whole core obtained.
J-04	Tullow	01/17/09	15,121	90	Plugged Back	Tested the Southeastern edge of the Jubilee fairway.
J-04 Sidetrack ("ST")	Tullow	01/17/09	13,803	199	Producing	Observation well for interference testing.
J-01	Tullow	03/18/09	12,411	140	Producing	
J-02	Tullow	03/25/09	13,829	186	Producing	Observation well for interference testing.
J-11WI	Tullow	05/06/09	13,822	121	Injecting	Down structure water injector.
J-12WI	Tullow	05/11/09	14,081	188	Injecting	Down structure water injector.
J-15WI	Tullow	05/14/09	16,949	47	Injecting	Only drilled through Upper Mahogany down structure water injector.
J-07	Tullow	05/19/09	13,599	121	Plugged Back	Whole core obtained.
J-07ST	Tullow	05/19/09	13,701	116	Plugged Back	
J-07ST2	Tullow	05/19/09	14,341	184	Producing	
J-03	Tullow	09/29/09	12,507	173	Producing	
J-05	Tullow	07/08/09	13,753	193	Producing	Lower completion installed.
J-17	Tullow	10/07/09	19,390	174	Plugged Back	Only drilled through Upper Mahogany reservoirs.
J-17STGI						