Operator

Good day, everyone. Welcome to the Kosmos Energy Second Quarter 2020 Conference Call. Just a reminder, today's call is being recorded.

At this time, let me turn the call over to Jamie Buckland, Vice President of Investor Relations at Kosmos Energy.

Jamie Buckland

Thank you, operator and thanks to everyone for joining us today. This morning, we issued our second quarter earnings release. This release and the slide presentation to accompany today's call are available on the Investors page of our website. Joining me on call today to go through that material are Andy Inglis, Chairman and CEO; and Neal Shah, CFO.

During today's presentation, we will make forward-looking statements that refer to our estimates, plans, and expectations. Actual results and outcomes could differ materially due to factors we note in this presentation and in our U.K. and SEC filings. Please refer to our annual report, stock exchange announcements, and SEC filings for more details. These documents are available on our website.

At this time, I will turn the call over to Andy.

Andy Inglis

Thanks Jamie. And good morning and good afternoon to everyone. I'll start today presentation with the highlights for the quarter before passing over to Neal who talks through the financials and the balance sheet. I'll then finish with the look forward to the second half of the year and into 2021.

Turning to slide 2, the highlights for the quarter. Kosmos delivered strong operational performance in a challenging quarter for the sector which shows a record low oil prices in an unprecedented volatility. We delivered production of around 60,000 barrels of oil equivalent a day which in line with the guidance we gave at the first quarter and reflect that May shut-ins in the Gulf of Mexico which reduced overall company production by around 6,000 barrels oil equivalent per day in the quarter. We remain on track to deliver the cost reduction set out early in the year with reductions across OpEx per barrel and G&A of around 5% to 15% for the first quarter. We project an increased impact in the third and fourth quarters as additional OpEx and G&A reductions are reflected and CapEx reduces in line with a decrease in activity set.

Importantly, these cost savings are not expected to have a long-term impact to the portfolio or our operations. And they will help position Kosmos as a leaner company that can perform strongly as the sector recovers over time. In addition to the sustainable cost savings, we also took steps to ensure the balance sheet remains in a solid position, during the quarter; we increased our liquidity position through a pre-payment agreement with Trafigura which Neal will talk about in more detail shortly. We ended June with around $600 million of liquidity. Importantly at current oil prices, we've reached a cash flow inflection point, meaning we expect to generate free cash flow to the second half of the year and into 2021, which we expect to use to reduce our yearend net debt and enhance liquidity.

As we look to the future, we continue to make good progress on the Greater Tortue development despite COVID-19 mitigation measures implemented in Mauritania and Senegal. Phase one of the project is now around 40% complete with an increase of 7% in the quarter with activity ramping up in key areas. On expiration, we're high grading our prospects for 2020 with a combination of proven basin, infrastructure-led targets and self-funded base and opening tests expected in 2021.

Turning to slide 3, as I mentioned on the previous slide, Kosmos delivered strong operational performance in the second quarter with net production of 60,000 barrels of oil equivalent per day in line with previous guidance.

In Ghana, net production of 29,000 barrels of oil per day was at the high end of our guidance. Jubilee continues to perform well with high reliability delivering gross production around 90,000 barrels of oil per day within the quarter. This was achieved through consistent water injection and gas offtake. More recently, we've continued to make further progress with record water injection rates since the field was commissioned, coupled with increased gas offtake supporting our objective of lowering the field-wide gas oil ratio. We remain encouraged by the enhanced collaboration with the operator and alignment of the partnership to focus on consistent delivery and improving reliability. At TEN growths production of around 50,000 barrels of oil per day was in line with guidance. The NT-9 well expected online shortly is expected to increase TEN productions to the second half of the year.

In Equatorial Guinea, net production of 11,000 barrels of oil per day was in line with guidance. In the Gulf of Mexico, net production was around 20,000 barrels of oil equivalent per day in the quarter, which is in line with our guidance reflecting the May shut-ins that we flagged in our first quarter results. In addition the Tornado four well has completed drilling. We are now completing the well. We expect the well to be online around the beginning of the fourth quarter. Late in July, we experience a hydrate in the gas export line of the delta house platform resulting in a temporary shutting of the facility. The operator is currently working to remove the hydrate blockage which we expect to occur later this month. Full year guidance for the Gulf of Mexico remains at the low end of the guidance range.

Turning to slide 4. I want to talk briefly about our COVID-19 response. Since the pandemic began, we focus on guiding the company to a challenging period. However, we haven't lost sight of our responsibility to the countries and local communities where we operate. This slide shows a few examples of how we're doing our part, working with government and local communities, we've procured and donated medical supplies and other vital equipment to assist COVID-19 response efforts. While the slide features four countries in West Africa, we have been involved in similar projects across our entire portfolio. It's important work reflects our commitment to be a force for good. It's consistent on how we have supported communities in the past, particularly during the 201 Ebola outbreaks.

With that I'll now hand over to Neal who'll take you through the financials for the quarter in more detail.

Neal Shah

Thanks Andy. Turning to flip slide 5, the key financial items for the quarter. As mentioned production of 60,000 barrels of oil equivalent per day was in line with previous guidance and included the impact of the May shut-ins in the Gulf of Mexico. One area I want to draw your attention to is the price realization during the quarter. As Andy talked about in May when we reported 1Q results, there was a significant dislocation between quoted oil prices and those realized. Dislocation was largely due to lower demand and buyers passing through materially higher shipping costs to the producers. In addition, the timing of our sold volumes played a large role in our realized pricing. Due to lifting timing, we sold approximately of 60% our volume in the second quarter in the month of April, where benchmark prices were at their lowest. Realizations have now returned to normal with GoM production and international cargos sold at benchmark prices or slightly above. Don't plan to talk through every line item on this slide, but as you can see we are in line with guidance in most instances.

On CapEx, we remain on target for full year guidance as the second half is expected to be materially lower than the first half due to the phasing of expenditures. Similarly in OpEx, we expect costs to trend lower in the second half. We are making no change to our full year 2020 guidance.

Turning to slide 6, the balance sheet. We ended Q2 with over $600 million of liquidity, including $160 million of cash. The pre-payment agreement with

Trafigura announced in June enhanced our liquidity position and provides Kosmos with a new source of liquidity secured against our future Gulf of Mexico production primarily in 2022 and 2023. It provides Kosmos with low cost capital and gives us the flexibility to potentially take advantage of opportunities that may arise in a dislocated market. In addition, if oil prices rise, we can repay the prepayment earlier and benefit from higher oil prices. Net debt increased in 2Q by around $65 million in the second quarter. The majority of which was the result of a build-in working capital. Net debt should start to reverse in the second half of the year as the business is expected to generate free cash flow in the current environment. As a result of the lower realized prices we discussed earlier EBITDAX in the second quarter was lower than forecast and will impact our net debt to EBITDAX covenant as we move through the year.

At the full year, we anticipate that leverage could get higher than our original 3.5x net debt covenant. As a result, we have proactively sought out a waiver from our banks, which provides additional temporary headroom until the end of 2021. Even with the waiver in place, we are working to minimize future leverage, continue to have a very constructive dialogue with our banks and appreciate all of their support to ensure Kosmos remains well positioned to take advantage of the current market. Early actions taken to reduce costs have resulted in low cash flow breakeven of around $35 per barrel with the 2Q to 4Q period and position the company well to generate free cash flow in the second half of the year. At current prices, we expect to generate material free cash flow going forward allowing us to pay down debt in the second half of the year and into 2021, while continuing to fund selective growth opportunities.

With that I'll hand it back to Andy for the remainder of the presentation.

Andy Inglis

Thanks Neal. Turning to slide 7. In Mauritania and Senegal despite COVID-19 mitigations the Greater Tortue project continues to advance. The four key work streams detailed on this slide have all seen meaningful progress since we last reported in May. The FPSO which has been constructed in China is now around 40% complete and the floating LNG vessel being built in Singapore is over 50% complete. In Senegal, the case and construction yard in Dakar is closed due to COVID-19 mitigation measures. However, progress on the Breakwater work stream continues with delivery of rock from the quarry in Mauritania. The progress made during the pandemic continues to de-risk the overall project schedule which is now 40% complete. The good progress has helped create further momentum in the sell down process which remains ongoing.

Turning to slide 8, as we start to generate free cash flow to the second half of the year and into 2021, we plan to prioritize the pay down of debt in the near term. That said we still expect to be active with a high quality portfolio of exploration assets both Proven Basin ILX and Frontier opportunities. Our first use of discretionary cash is expected to be short cycle, high return lower risk ILX opportunity in the Gulf of Mexico and Equatorial Guinea where we're excited by our high grade opportunity set. We also remain focused on reducing our interests in Suriname, Namibia, Sao Tome and Principe which would allow us to retain upside of future drilling activity at very little to no cost to Kosmos.

These processes continue to make good progress. We expect to provide a full update on our 2021 exploration plans when we report our 3Q numbers in November.

Turn into slide 9 and to conclude today's presentation. I'd like to summarize the key points we've made today before opening up the Q&A. Kosmos delivered good underlying performance while navigating a challenging second quarter. Operationally, we've delivered in line the prior guidance and we've maintained company guidance for the full year. The balance sheet is in a solid position and at current strip prices; we've reached a free cash flow inflection point. And finally, we're preparing for the future with growth through LNG and high return, fast payback exploration in 2021 and beyond.

Thank you and I'd now like to turn the call over to the operator to open the session for questions.

Question-and-Answer Session

Operator

[Operator Instructions]

Our first question comes from the line of Charles Meade with Johnson Rice.

CharlesMeade

Good morning. Do you and your team there? Or afternoon as it maybe. I wanted to ask a question, you mentioned the Tortue sell down efforts are ongoing. Is there any is more color to add there? Is there a time frame that we should be thinking about or for when an announcement maybe more probable or less probable?

AndyInglis

Yes. Hi, Charles. Yes, I think you've either sort of stepped back and look at the whole the sell down process. I think 2020 was really about first phase of activity was to get the data room set up with all of the input from the exploration success we had at the back end of last year. And differentiate the buyers between those looking for the broader resource play and those that were looking to participate in the Tortue project. Clearly with the COVID-19 mitigation measures. We had a project in Tortue that was kind of stalled at the beginning of the quarter. I think what we've demonstrated is that we continue to make really good progress on the project in 2Q, which was important for those buyers looking at Tortue. And we would work with alongside BP to re-establish the timelines and I think build confidence around that. So I think now the process is about engagement with those buyers particularly around Tortue on the back of the progress we've made and a project that ultimately is going to come forward with first gas at a time when we see opportunity in the LNG market. And I think it's just worth sort of reminding that it is because the innovative development concept a scheme that is top quartile in terms of cost and is a vast resource in terms of the potential to continue to grow the project to a $10 million ton per annum scheme.

So that's where we are in the process Charles. I think I don't want to get boxed in with timelines, but what I would say is that there -- that the conversations are ongoing with the buyer pool and for us ultimately it is obviously getting to the right deal, a deal that enables us to build a project go forward which is self-financing but still is a meaningful contribution to Kosmos.

CharlesMeade

Got it. That's all very helpful commentary, Andy. And then if I could ask a question about Suriname, Apache I think since the last time we spoke Apache has had a couple of discoveries on the block inboard from you guys, and campaigning in Santonian and I'm just curious if what they have found there would either elevate or maybe elevate your Suriname prospects for 2021 or alternatively maybe cause you to rethink your targets there?

AndyInglis

No. Look, I think what I think -- what's been important about the Apache while results and particularly the last well result is the Santonian clearly it's come in, I think there's still some work to do I think on the timing of the hydrocarbon there, but I think that they have, Apache have demonstrated both hydrocarbon bearing zones in the Campanian and in the San Antonio. So as you look at the block, we're looking at a play where we know that's quality reservoir and we know that exists down depth and the down dip locations that we're targeting are the same reservoir sections that Apache have drilled in the Campanian and Santonian. So from a reservoir perspective, it is encouraging.

We know it's a supercharged basin and I think the success that Apache have had in sort of replicating the leaser type structure on the shelf on the omnichannel has demonstrated that. And then clearly, we're targeting a different play type. We're targeting a play type which is down dip and outboard. But I think the success in the Santonian and the quality of the reservoir is clearly an important part of understanding the overall prospectivity in the basin and particularly in block 42.

Operator

Our next question is from the David Round with BMO Capital Markets. Pleased proceed with your question.

DavidRound

Hi, Andy. Thanks for the presentation. Can I start with Jubilee? 90,000 barrels a day seems to be a pretty good outcome so far, so really just trying to gauge your thoughts about the second half. If I look at your guidance, it certainly seems to imply that it's possible to maintain production up at these levels, but just sort of wondering how likely you think it is that you can maintain production at or around 90,000. And I might just ask on the GoM as well. You mentioned some high return projects where obviously there's still an element of exploration risk attached to the ILX stuff. So do the high return projects you talked about also come with very high chance of success? I'm really just trying to gauge the risk appetite at the moment whether that's changed and how quickly we could potentially see activity run better>

AndyInglis

Yes. Okay, Dave. Thanks David. Yes just on Jubilee, I think it's just worth sort of stepping back and sort of looking at the numbers. I think year-to-date through the end of July and you have productions around 85,000 barrels a day and that included the shutdowns in the first quarter. As you said production was strong in the second quarter at 90,000 barrels a day in the fields currently doing around 90. The most important thing is in terms of sustaining that is managing the GoM and as I said we're managing to sort of inject record levels of water actually higher since the first year of commissioning actually. And with consistent gas off-take, so I think that all of that I think underpins our confidence in the forward projections that we have. Today's performance is absolutely sort of represented -- representative of what we think is possible going forward.

Gulf of Mexico, it's interesting sort of taking the interregnum as it were and pausing allows us to go back and really high grade the hopper. And you are not rig driven yet, you have the opportunity to be absolutely sure through and make sure you are drilling the very best first. And I think the opportunities that we've identified in the Mississippi Canyon area high quality and we genuinely excited with our chance to sort of rework the seismic. And therefore I think it is about exploration success comes of having quality through choice, focusing on the very best things and ensuring that you are doing the lowest risk opportunities first. And as a reminder is in that Mississippi Canyon area, the four main DGE ODG had a success rate of around 60%. And I think we're absolutely targeting that type of quality of opportunity.

So I don't think it's actually about changing our risk appetite in any way. I think we're going sort of back to the future in terms of the nature of the prospects we'll be drilling and actually taking a time out allows you to get absolutely confident that you're executing on that strategy that the data supports it. And you've got time to do it. So I'm very much sort of genuinely looking forward to getting on with that ILX program now because I think we've got a really quality set of opportunities.

Operator

The next question is from the line of Richard Tullis wit Capital One. Please proceed with your question.

RichardTullis

Thanks. Good morning, everyone. Andy you in the press release you talked a little bit about free cash flow possibility into 2021. what kind of free cash flow range might you be able to achieve next year using currency oil outlook $40 WTI roughly $45 brent?

AndyInglis

Yes. Okay. Thanks Richard. I think I want to be slightly cautious about giving hard numbers for next year because I think we're at a point where we're still optimizing the activity set. What I would say is in the second half of the year, we are going to see let's move into a free cash flow positive zone. Yes, why? We're obviously seeing higher prices. We've actually got more of our production in the second half of the year than we have in the first half of the year 60% in the second half of the year. We're going to see the cost actions flow through. And we believe those are sustainable and we're going to see the reverse of the working capital build. So I think that we're definitely at that point of inflection where we're confident about the scale of free cash flow generation the direction. I think the absolute amounts it will be around just the pace at which some of the working capital movements unwind. And that's about the pace in which the forward activity sets. But I think what I can say today is that we're confident it's material at the current prices. And I think at 3Q we can give you a much more accurate prognosis as to what the figures will be. But it's material and we're at the point now where we can actually see that trajectory emerging.

RichardTullis

Okay. And that's helpful. Thank you. And just as a follow-up at this point what do you think the or estimate the CapEx level is to hold production flat next year say with what you expect for 4Q 2020 average?

AndyInglis

Yes. You see what I would say is it's going to be pretty consistent to this year, yes, so we were in the sort of 200 -225 range. I think it's absolutely within that range, yes, it may do a little better actually as you say because you're sort of coming down to a normalized level. So I think in terms of the CapEx required to sustain the business going forward where we're absolutely in that range.

Operator

Our next question is from the line of Nick Stefanou with Renaissance Capital. Please proceed with your question.

Nikolas Stefanou

Hi, guys. Good afternoon and thank you for taking my questions. I've got a couple to ask them. The first one is just going to go back to David's question for production in Ghana. And it is not the guidance you offer early to the operator there, if it’s quite substantially. So could you maybe outline what the main differences are in your assumption, based on what tell us from there for production for quarter Jubilee and 10 points on half of the year? And then my second question is in regards to liquidity and finding maybe a total CapEx for next year in case you don't say -- you don't manage to farm it down would it be possible to refinance the RBL and include the Gulf of Mexico and Tortue reserves to which the [Indiscernible] basin to fund the cost there or is not something that you would explore doing. Thank you.

AndyInglis

All right. Thanks Nick. Well then I'll take the Jubilee question then I'll pass it over to Neal just to sort of talk through where we are on liquidity and then the RBL and then the reserve base in Tortue. Look on Jubilee I think all I would -- all I'd repeat is fundamentally our forecast is based on the current performance of the asset yes and what is that performance year-to-date it's done 85,000 barrels a day that included a significant shutdown in first quarter. 2Q was 89,000. We're currently at or around 90,000 barrels a day and we're putting enhanced amounts of water in the reservoir and consistently taking gas out, which actually manages the GoM. So I think those are the fundamental. So I think I would say our forecast really has been consistent. This is -- we haven't changed guidance on Jubilee from the start of the year to where we are now. We're seven months in and the performance of the field is replicating exactly what we initially forecast at the beginning.

So I think that's the fundamental point that I want to get across is that we've had a very consistent approach to it, performance has actually been in line with that. And we continue to make good progress on the key performance parameter, which is ensuring that we get water in the ground and gas out of the reservoir. So, Neal, do you want to cover the question on liquidity, RBL borrowing base for Tortue?

NealShah

Yes. Sure. And so - hi, Nick. Yes, I mean in terms of liquidity as you mentioned we have around $600 million on the books today. And we expect to generate free cash both in the second half of this year and into 2021. So we're good from that perspective. One of the options that we have looked back -- looked at as sort of a fallback option or backup option to the financing or to the sales process and Tortue is can you put financing against it and you're right that we have flexibility within the RBL to put it within the RBL. So that's something we got from the banks actually in 2018 when we refinance that facility. And so there is the comment the option to put it within the RBL. There is project financing available options that we've looked at to provide some competitive tension within the overall sales process. And so we know those options exist and we'll continue to sort of pursue those, but it is a valid option that we have the capability to push forward.

Nikolas Stefanou

Okay and just a quick follow-up and about prepayment advanced and is it is it treated as debt by the financial credit rating agencies?

NealShah

Yes. So it's not debt from an accounting perspective but as part of the waiver process we mentioned on the call what we provided the banks is or what we agreed with the banks is ultimately we would keep, we would count what was accelerated or advanced payments from the prepayment in the leveraged calculation. And so even though it's not debt, we'll include it within the calculation in exchange for getting, yes, the waiver on the absolute leverage limits.

Operator

Our next question is from the line of James Carmichael with Berenberg. Please proceed with your questions.

JamesCarmichael

Hi. Good afternoon, guys. And just to I think firstly on the covenant waiver. I think you said that was in place until the end of 2021. And just interested to know at current oil prices how long do you expect to actually need that waiver or is that just there to give you a bit of headroom? And then on Tortue, you're thinking about the delay to that project is that giving the JV the chance to sort of take some time out and maybe reassess the cost profile of phase one or is that or is everything locked in there now? Thanks.

AndyInglis

Yes. Thanks James. Yes why don't I'll take the torture question and then pass over to Neal on the covenants. Yes, look I think on Tortue, it's actually been a really constructive process in the quarter. The operator is sort of they may have step back and look at each of the individual work streams, ensure the work streams that could progress have progressed at the right pace and reschedule the key area which is around the placement of the caissons, which was the interregnum that caused the year shift. I think what you get out from all of that is you get two things, which are by really being sharply focused on the cash flows; we've worked hard to preserve the economics of the project. And then I think the second part about it is you're actually sort of de-risking delivery which has been an important conversation with buyers because we showed a little photograph on the slide of the quarrying work in Mauritania has actually continued.

So we're building up a stockpile of rock which means that when we start to build the caissons, we are not worried about that particular critical path. The FPSO was always the tightest part of the critical path from the offshore facility side. And again we've had the opportunity now to sort of re-phase that and ensure that it's no longer on the critical path. So actually I'm not -- I sort of look at the project now and I actually feel as though do we have a very credible timeline? Yes, we do. Does it have appropriate contingency in it? Yes, it does. And have we managed to re-phase the contracts to secure the economics? Yes, we have.

So actually in some respects, it's actually a better project. So look with that I'll pass over to Neal just to talk about the covenants and the way that.

NealShah

Yes. Hi, James. Yes, so as far as the waiver goes what we're really trying to solve around was the impact to 2Q. So 2Q is clearly impacted by the differentials in the cargo timing, so really the inclusion of that Q2 number within the LTM EBITDAX calc it's really what creates the temporary pressure on the covenant. And so given that it's temporary and a result of sort of the oil price crunch last quarter, the banks were happy to support us around that and we pushed to extend that into the second half of 2021 beyond that ratio just to provide extra cushion given volatility in oil prices and ultimately continue to de-risk the story. So Q2 is a real impact once you get beyond that it sort of normalizes by itself.

Operator

The next question is from the line of James Hosie with Barclays. Please proceed with your questions.

JamesHosie

Hello. Good morning or afternoon. Yes, I just a question on this $56 million of your debt classified as current. Is that just an indication of how you expect availability and your RBL to change in the next 12-months? And are you assuming any of it are needed to be repaid at the next redetermination in September?

AndyInglis

I'll pass it over to Neal.

NealShah

Yes. So the $56 million is really a forecasting artifact based on the borrowing based model that was approved in March. And so, yes, we will go through a sort of another exercise here in September to briefly forecast that based on sort of where prices are now and where the production profile ends up going, but seeing as prices have broadly improved since we went through the last redetermination the major issue or the issue that we will eventually encounter, it's sort of a loan life issue. And how we see -- we plan to address that is in the normal course of business every few years we will extend the time period on the RBL. So, yes, I think there is -- we will plan to do that at some point probably next year.

Operator

Our next question comes from the Neil Mehta with Goldman Sachs. Please proceed with your questions.

EmilyChieng

Hi, guys. This is Emily Chieng on behalf of Neil. My first question is just around a capital spending for next year. I know you mentioned probably it'll be fairly consistent with what you're seeing this year, but perhaps in the case that we don't see a sell down in Tortue by yearend, maybe could you provide some color around what perhaps the capital layout might have to be? In other words what's the work program ahead for the next couple of years for that project?

AndyInglis

Yes. So if you sort of, Emily if you sort of step back we've sort of -- we've talked around the fact that we've got a low level of maintenance CapEx going into the business. So we think it's around that sort of $200 million mark sort of around where we've spoken about. We sort of underpin the cash flow breakeven at 35. We've got then free cash flow generation. The objective of that is to ensure that we have the ability to pay down debt as Neal's talked about and pursue what we believe is a very promising high return, fast payback set of opportunities in particular in the Gulf of Mexico. And again as we've said on the call our objective is that we have a self-funded gas business. We'll do that through the sell down process or we'll do that through financing. We've already been around the fact we have the potential to do that from an RBL or a project finance perspective.

Now in terms of the Frontier wells, our objective is to ensure that is a self-funded program going forward. So I think that we're clear about where the capital level needs to be to sustain the business. We're clear about what we'll do with the additional cash flow and our objective is to use that to kick off the ILX program and the Gulf of Mexico where we see a really good set of opportunities.

EmilyChieng

Okay. Great. Thanks and then my follow-up is just around the hedging program into the 2021. How are you guys thinking about in terms of protecting the business from macro volatility there?

AndyInglis

Okay. Great. I'll let Neal pick that one up.

NealShah

Yes. So, Emily, in terms of what we plan to do for 2021 on the hedging program, it'll be broadly consistent with what we've done in the past. So continue to layer in hedges on a regular quarterly basis and the floors will sort of move around based on what we can achieve. But we're trying to provide the downside security knowing that there's going to be volatility, so continue to enter into that program but keep as much access to the upside as possible. And so we have about 35% of our production hedged at the moment and the goal will be over the second half of the year to get that to around two-thirds. And so we're about adding about 1 million barrels a month largely in collars but it may look include some swaps at some point as well.

Operator

The next question comes from the line of Pavel Molchanov with Raymond James.

PavelMolchanov

Thanks for taking the question. Can I ask kind of a little conceptually what are the measures you guys are taking at your offshore platforms to prevent a COVID-19 outbreak? If you can just kind of paint a visual picture for us of how operations have changed versus 100 days ago, 120 days?

AndyInglis

Yes. Sure, Pavel. I think that again it if you look at our offshore operations, we're not drilling currently. So therefore it is the sort of non-operated world, yes, what has the operator done in both Ghana and Equatorial Guinea, they've used a very strict quarantining process. So basically the way that the quarantine works is persons tested before they come in, quarantine for two weeks; retest it on exit then go offshore. So a very comprehensive process. Has it been flawless sort of, no, there was a breakdown in the protocol in Ghana which led to some cases on the construction support vessel. It was isolated quickly, contained. We know where the issue was? How it broke down? And I think that the process is actually stronger as a result.

Equatorial Guinea, there was a case offshore and actually it was because one of the government inspectors actually who wasn't following the same routine we're not sure. That's now being corrected by the government. So what I'd say is interesting question is the way if you like 10 days in. We've learned a lot about how you do this and how you sustain it. So is this good for the future? Absolutely. And I think that by bringing the rigor and discipline to it you've managed the situation whereby that hasn't been an impact to production. And we've learned as we've gone along. So I actually feel quite positive now around our ability to continue to execute our business with these measures in place.

PavelMolchanov

And one more about the sell down, obviously, you're not giving any timetables and rightly so, but is it fair to say that under current conditions your focus is on getting it done at the right multiple rather than getting it done quickly for the sake of getting it done quickly? So timing is less important than the outcome.

AndyInglis

Yes, look, great question, Pavel, again. It's a balance, okay; we're not being a sort of romantic about the price expectations. I think the world's moving at the moment, deals are getting done and they're getting done at credible prices. So I think we clearly got options as well. Do you pursue the financing route that Neal's talked about, there's competitive tension there between the sell down process. And we do need to get it done. So I think it's a balance between the two. And all I want to sort of reinforce is that we don't have crazy price expectations. We're realistic but equally well we want to ensure that we get to the point where we do have the ability to continue to execute the business because we've got it to a point where it is self-funded.

So I think it's just a combination of pulling all of that together and making sure that we make the right choice. And we have options. So I think that's the fundamental balance we're trying to get right.

Operator

The next question is from the line of Bob Brackett with Bernstein Research. Pleased proceed with your questions.

BobBrackett

Great. Thank you. We saw recently a combination of a large integrated company and a successful LNG explorer. What's your appetite for a similar type merger or agreement?

AndyInglis

Yes, interesting, Bob. Look, I'd say the world is moving forward, yes, I think we are seeing more asset deals and we're also seeing more corporate deals. So I think is that a surprise? But not really, it's what you would expect. So I do believe that restructuring of the sector is ongoing and will continue almost sort of irrespective of price actually. And in good assets fundamentally will be coveted. So ultimately it is about creating value for our shareholders. So I think that we've got absolutely the ability to execute on our current business plans. We have a great organic portfolio and we have the ability to grow the cash flow from the business. And ultimately that's our first order of priority is to make sure that we have a business looking forward into 2021 which is cash flow generative and can continue to access and execute on a very strong organic portfolio. So that's where our focus is, but clearly the industry around us is throwing up opportunities and we want to make sure that where we can participate in them,

Operator

The next question is from the line of Al Stanton with RBC Capital Markets. Please proceed with your question.

AlStanton

Yes. Good morning, folks. Neal has been asked most of the questions. I was going to ask him. So just two random ones, then if I may. We still talk about a sell down in Senegal and Mauritania, but I hear what you're saying Andy that deals being down in prices. So when will we start calling it a disposal rather than the sell down?

AndyInglis

Well, I think whichever word you want to use Al, I'm open to. I think the real point about this is how we create value for our shareholders, yes; we've done well so far with our Mauritania and Senegal process. We were 100%, we brought BP in. We got a project moving. It'll be the fastest project from discovery to first production even despite the year's interregnum that we've suffered. So we've got a great resource base there and we've managed to monetize it I believe in a very credible way. And I think that's the word that I would like to use is we're monetizing it and ensuring that we're creating value as a result. And that's what we've done so far and that's what we'll continue to do.

AlStanton

Okay and then just changing tack but sticking with consolidation. So I probably missed it I'm sorry, but was there a decision on the share consolidation?

AndyInglis

No, it's open. So we're clearly -- we're trading in the right zone at the moment and so we had the approval at AGM to do it. And the board will consider it going forward.