

Operator

Good day everyone, welcome to Kosmos Energy's Fourth Quarter and Year Ended 2011 Conference Call. Just a reminder, today's call is being recorded. At this time let me turn the call over to Brad Whitmarsh, VP of IR at Kosmos Energy. Please go ahead sir.

Brad Whitmarsh

Thanks operator, and thanks to all of you for joining us today. Hopefully you have seen the news releases that we issued this morning including our fourth quarter and full year results as well as our 2012 capital program. Later today we expect to be filing our 10-K with the SEC, you will be able to find these items on our new website at kosmosenergy.com.

Joining me on the call today are Brian Maxted CEO, Greg Dunlevy, Executive VP and CFO, Darrell McKenna Chief Operating Officer and Paul Dailly, Senior VP of Exploration.

After our prepared remarks, we will have time for a question and answer session. I would ask that you keep your questions to one primary and one follow up so that we can get to all who are on the call today.

Before we get started, I would like to mention that this conference call include certain forward-looking statements which are based on our current expectations. The risks associated with forward-looking statements have been outlined in the earnings release, and in our SEC filings.

We may also refer to certain non-GAAP financial measures such as EBITDAX, or Earnings Before Interest, Taxes, DD&A and Exploration. The management believes these measures are important in looking at the company's historical and future performance, and these are commonly referred to metrics in our industry.

Historical non-GAAP performances reconciled to the directly comparable GAAP measure in our earnings release. These measures are provided in addition to not as an alternative for and should be read in conjunction with the information contained in our financial statements prepared in accordance with GAAP. At this time, I'd like to turn the call over to Brian.

Brian Maxted

Thanks Brad, and good morning everyone. In today's call I want to first comment on 2011, a year of significant accomplishment for Kosmos, and then secondly folks on our strategic goals and plans for 2012. Greg will

follow with a discussion about fourth quarter results and then provide an overview of our 2012 capital program.

2011 was a big year for our company. It was a year of meaningful transformations for Kosmos in many ways. Obviously one of our largest accomplishments was becoming a public traded company in May of last year. We also began a significant transition of the organization, largely driven by our exploration development success. We made a lot of progress with this initiative over the last year.

In this context it's a great pleasure to have John McKenna, our Chief Operating Officer with us on the call today. Darrell joined Kosmos earlier this year, and he is responsible for leading our operations, production and development teams as well as [indiscernible] and procurement. His background and significant expertise in development of oil and gas resources are a great fit for Kosmos particularly at a time when we are facing significant growth and capital investments in ongoing major projects.

Paul will wrap up the operating discussion with a review of our substantial exploration and appraisal drilling program in 2012, as one of the ongoing build of the exploration portfolio. We're intrinsically a biggie company with plans to grow organically through exploration success. Our highest priority is to find new [indiscernible] systems of size with a focus on frontier emerging basins. To that end we had a number of strategic opportunities in the portfolio last year providing Kosmos with exposure to multi billion barrel hydrocarbon discoveries.

It was a year of outstanding results in our exploration appraisal programs in 2011 as we continue to maximize the value of the petroleum system we opened in the Tano Basin, offshore Ghana. We announced four new discoveries making 2011 the second best exploration year in the company's history.

In addition we apprised a number of our existing fields progressing several towards major plans for development. We bought production and cash flows on stream from massive Jubilee field lifting nearly 6 million barrels of crude net to us in 2011, and generating significant revenues for the company. The Jubilee reservoir is performing very well and information to-date confirms field wide pressure support suggesting confidence on ultimate recovery.

Looking back our phased development approach was the first right step for Jubilee bringing cash flows online quickly and allowing us to get early production earnings.

Our 2012 goals for Jubilee are threefold. First, we're focused on further gaining reservoir and production information. Second, we will be evaluating

production enhancement options for Phase 1. Third, will be executing on the next phase of development in the field, Phase 1A.

We are making good progress towards optimizing well drilling and completion design in support of full field development. This is a world class field and what we've learnt today will prove beneficial to the remaining phases of Jubilee and for the developments in Ghana.

We are pursuing an active exploration appraisal drilling program in 2012 with plans to participate in nine wells during the year in our base program. We're advancing the Tweneboa, Enyenra, and Ntomme complex with a goal to submit the plan on development of these fields in 2012.

We'll also be drilling new wells and performing flow test and related activities at Teak, Mahogany and Akasa, focused on further de-risking the resource base of these discoveries and defining an optimal integrated development concept. These discoveries have positioned us for significant reserves and production growth as we go forward.

Three of our Ghana wells in 2012 will be testing new exploration prospects which offer significant new resource potential. In addition, we anticipate initiating our first operated well in Cameroon late in the year as well. Net to us we estimate our exploration programs to be testing in excess of 250 million barrels of oil equivalents on the mean basis combined this year, so it's a very meaningful program for the company.

Earlier this week we announced that we have exercised the right to increase our share in the deepwater tunnel block by acquiring the interest of another party. As a result we've grown our interest in Jubilee, increased our exposure to the Ten development and enhanced our position for this year's exploration campaign. It made a lot sense for us particularly in the area we know so much about, we were fortunate to be able to take advantage of it because of a strong financial position.

While we continue to enhance the value of our Ghana asset we also aggressively but very selectively expanding our exploration portfolio to discover more substantial petroleum systems. To this end we've added over 9 million gross acres in new areas since our IPO. We have now built a leading acreage position in two basins offshore Morocco, and we have captured substantial exploration opportunity offshore in Suriname, which represents our first acreage acquisition outside of Africa.

This is all in trend from recent proven petroleum system in French Guinea. We applying for seismic data in both areas during 2012 as we prepare for potential drilling in 2013 and 2014. We will continue to add strategic new opportunities to our portfolio throughout the year. We took a number

execution on exploration strategy and business strategy in 2011, as the firm belief that we will keep up momentum moving forward in 2012 and indeed the years to follow. Now I'd like to hand over Greg.

Greg Dunlevy

Thank you Brian. I would like to start off by commenting briefly on 2011 then focus time on our 2012 capital program and certain directional guidance for those of you who model Kosmos. Brian mentioned earlier that 2011 was a year of significant accomplishment for us and that was certainly true in looking at the financial aspects of our business.

Over the last 12 months we have generated substantial cash flows from Jubilee, successfully completed our IPO and secured a new \$2 billion debt facility early in 2011. Another highlight came just a few weeks ago as we executed a separate agreement with the IFC bringing them in as 25th lending institution in our debt facility. We exited 2011 in a strong position with cash of over \$670 million and ample financial flexibility to execute our capital programs within next few years.

Late in 2011 the Jubilee unit partners moved forward with the acquisition of the FPSO. We have previously funded a portion of the cost under an advance payment agreement. So our net remaining amount was approximately \$100 million. This resulted in our long term debt at the year end being up slightly from the prior quarter. We reported a net income for the fourth quarter of \$34 million or \$0.09 per basic and diluted common share. With our IPO in May of 2011 there are no equivalent per share numbers for 2010.

Two Jubilee liftings net to Kosmos combined with a strong realized pricing led to more than \$220 million in revenues for the quarter. On costs, our production cost per barrel was consistent with the prior period in the \$12 to \$13 range. Exploration expense was comprised primarily of seismic expenditures as we continue to have a high rate of drilling success. DD&A per barrel was up in the fourth quarter showing the impact of the FPSO purchases in December as well as the recording of year end 2011 reserves.

G&A costs were relatively consistent with the third quarter of this year with non-cash long term equity compensation put in places in concert with our IPO compromising about 50% of this amount. I want to transition to our expectations for 2012 where we are making significant investments focused on both near term and long term growth.

Our anticipated organic capital program for the year is planned at around \$600 million, approximately 55% of these investments are allocated to exploration and appraisal where we have a very active appraisal campaign for our Ghana discoveries and we will be participating in at least four

exploration well tests in Ghana and Cameroon. The remaining 45% of the 2012 organic capital program is planned for development. Primarily for Jubilee, but there is a little predevelopment capital for the Ten project.

At Jubilee, the budget provides for up to three additional side tracks of existing Phase 1 wells in addition to serving other Phase 1 enhancement activities. We were also being excluding the next phase of development at Jubilee Phase 1A drilling a number of new producers and objectives. As Brian mentioned, we feel fortunate to have exercised our right to increase our ownership in the deepwater tunnel block with the acquisition of Sabre's 4.05% deepwater tunnel interest. As a result our interest in the deepwater tunnel block, which includes the next oil development offshore Ghana and multiple exploration prospects will increase from 18% to 22.05%.

Our Jubilee unit interest grew was 24.1% to 25.8%. The transaction is expected to close by mid year and we are excited about the enhanced opportunity set for us in Ghana.

The impact of the additional interest to our drilling and development capital programs will be an incremental \$40 million subject to the closing of this transaction. You will also hear us talk today about certain contingent wells that we will drill this year which includes up to three appraisal wells and two exploration wells as well as other related activities. These items are dependent on the success of our firm well program and the potential acceleration of our exploration program. These items would be adds to our base capital program.

I'd like to wrap up with some directional help on specific modeling items for 2012. Our current expectations, consistent with the unit operator, assumed daily production will average between 70,000 and 90,000 barrels of oil per day at Jubilee. For Kosmos that should represent between six and eight liftings for the year. Given current plans for Jubilee development and production enhancement, we anticipate higher production volumes in the second half of the year versus the first as we bring Phase 1A wells on and start to see impact from our Phase 1 enhancement work. We anticipate only one lifting in the first quarter. This has already occurred and priced at a \$124 per barrel.

The acquisition of the FPSO at the end of 2011 will impact our production cost and DD&A as we have now capitalized the associated costs and will therefore not be incurring FPSO lease payments.

Our production costs should decrease noticeably on a per barrel basis for the year while DD&A will move the other way. Additionally, as we continue to incur capital cost throughout the year DD&A should increase from where we

were in the fourth quarter of 2011. We would then expect 2012 G&A to be similar in run rate from the second half of 2011, again with a significant component being non-cash equity related compensation. We anticipate debt outstanding will be relatively consistent with the fourth quarter.

On taxes, there are a number of things that can move the rate around, but we currently expect our effective tax rate for the year to be somewhat higher than 2011. Of our total 2012 taxes, we anticipate a small portion to be current cash tax as we utilize the remaining NOLs in Ghana. We anticipate 2012 exploration expense to be around \$90 million or seismic expenditures, G&G work and studies. Let me now turn the call over to Darrell McKenna for a more thorough review of operations.

Darrell McKenna

Thanks Greg and let me say it's very exciting to be part of Kosmos, the company I believe has a legacy of exploration and development success and an impressive defined growth outlook. Most of my comments today will be on Jubilee, and I will wrap up on our appraisal programs before handing over to Paul. At Jubilee to-date the field has produced over 29 million barrels of oil safely and without a loss time incident over the last 12 months. We are continuing to see field wide reservoir pressure support confirming that we have good communication and conductivity throughout the field. It is a positive sign of reservoir performance. Total gross field production is currently about 70,000 barrels per day. As we have mentioned in prior calls, the capacity of our producing wells are being impacted by what we believe our play times that are plugging the near well bore region.

We are continuing to make progress towards resolving this issue as part of our production enhancement program for Phase 1, and we will ultimately apply these lessons to the full field development. The J7 side track, which was done as part of the enhancement program, incorporated a new completion design with a larger sized screen and Pacsan [ph] configuration. The well has been on production for two months now and while it is still early days the new design appears to be performing up to our pre-drill expectations and better than the original J7 completion. We are also pursuing several other possible options looking at alternative cost effective solutions to enhance Phase 1 production.

One of these options will be to perform an acid stimulation of one of the producers in the next few weeks. In addition we are also considering various other workable strategies. We are gaining more information everyday and I am confident we are doing the right things to isolate the productivity issue and to resolve it.

The next phase of development at Jubilee is Phase 1A was approved by the government early in 2012. We have already drilled two top holes and I anticipate we will drill and complete the first Phase 1 well within the next few months as our well design and completion learnings are finalized.

By the end of the year we expect to have four new producers online as well as an additional water injection well. The remaining Phase 1A wells including one producer and two injectors will be completed in early 2013. At the Ten project we continue to make significant progress towards a plan of development. Our redrill of Olo 1 [ph] came in consistent with the original well and we have recently flow tested the reservoirs. The well encountered multiple channels. Flow testing was completed on the lower channel at a rate of 10,000 barrels per day. The upper section consisting of two separate sands floated a combined rate of 11,400 barrels oil per day. This successful test gives us confidence in the ultimate deliverability of the field.

Our last well prior to submitting the plan of development is the Enyenra 4 well, which is a down-dip extension 4.2 miles south of Enyenra 2. It is another large step out well. The rig recently arrived on location and we expect to TD the well by early April. The Ntomme 2 appraisal result early in the year was a great result for Kosmos. We originally discovered gas compensated Ntomme so the fact that this well discovered an oil leg further enhances the liquid content and economics of the Ten project.

We recently set gauges in the Tweneboa 3 well, which initially discovered in Ntomme and we expect to perform a flow test on Ntomme 2 in April. The ongoing field work for the Ten project is focused on a high volume liquid base FPSO development and we anticipate submitting the plan of development to the government in the third quarter this year.

This year is a very important year as we look at progressing the potential integrated development for our West Cape Three Points Block with discoveries including Teak, Mahogany, Akasa, and Banda. The Atwood Hunter rig is anticipated to arrive in Ghana late this month with our first well to be Teak 4, a significant step out to the west approximately 2.6 miles from the Teak 3 location. This will likely be followed with Teak 5 in the south part of the field. These two wells are planned to further define and understand the extent of the Teak pay intervals and the ultimate resource potential. Following these two wells we will be installing gauges and flow testing to measure conductivity and communication within the reservoir.

Based on success at Teak 4 and 5 we could drill an additional two wells at Teak this year. Planning is underway for at least one appraisal well and a flow test at Mahogany oil discovery. At Akasa we anticipate performing a flow test of the discovery well late in the year. At Banda we are currently

reprocessing seismic to better understand the presence and distribution of pay in that discovery. All the appraisal work at West Cape Three Points this year and early next year is focused on determining the optimum development plan for our discoveries on this block. A successful campaign will have us moving forward with a third development offshore Ghana in the near future. Now let me turn it over to Paul.

Paul Dailly

Thanks Darrell. I'm going to discuss exploration program for 2012 across both Ghana and a larger portfolio.

As has been mentioned already, we have an exciting program in Ghana for 2012. We are currently planning to drill three to four exploration prospects with the most likely wells being Wawa, a Campanian and Turonian prospects up-dip of Enyenra, Sapele which is down-dip from the Jubilee field and Turonian Deep which we also called Tweneboa Deep. These are all the cases on the Deepwater Tano Block. Combined these three wells represent drillage of more than 100 million barrels equivalent net to Kosmos.

Right now, we anticipate drilling Sapele and Wawa in the third quarter and then Tweneboa Deep will be in the fourth quarter. This is an exciting drilling program for us with potentials to add considerable resources.

For our other Ghana Block, West Cape Three Points, we're in discussions with the government about this drill prospect which we were unable to drill last year due to a force majeure event. Kosmos estimates the drill to be a 120 million barrels prospect and hopefully we will resolve this discussion shortly and proceed to drill Cedrela likely in the second half of the year subject to rig availability.

Of these budgets Kosmos is participating in eight explorations of appraisal wells in Ghana this year with contingency for up to an additional four to five wells. Those contingent wells will be two additional Teak appraisals, a well in Enyenra, a fourth exploration well in deepwater Tano and finally Cedrela.

We're also excited about drilling our first operated well on our Indian River Block onshore Cameroon. This is 150 million barrel prospect targeting Niger Delta type deepwater Kesra [ph] reservoirs on favor with offshore discoveries. We currently have a 100% of Sapele operations that are expected to commence in late 2012.

Earlier this year, we negotiated the production sharing contract for the Fako Block which is contiguous with the Indian River license and may continue the expansion of the Sapele play which we'll drill later in the year. The Fako Block is a 320,000 acre position of which we have 100% working interest.

Phone discussions with our partners and the Cameroon national oil company SNH as well as integrating our well results we've elected not to pursue additional drilling on the Kombe-N'sepe block in Cameroon and we've relinquished this license.

In 2011, we significantly increased our position in Morocco, and we now hold right to nearly 14 million acres in Deepwater plays there. Between our 6 million acre position in the Agadir Basin in the north and more than 7 million acres in the Cap Boujdour Block to the south, we have a leading position in two previously overlooked and under explored areas offshore Morocco. Both areas show evidence of working hydrocarbon systems, evidence of reservoirs and have significant tracking geometries.

As we look around the South Atlantic basin in recent years companies have mostly been focused on exploring two different exploration things. Number one, Jubilee lookalikes in the late Cretaceous play and number two, sub or pre-salt plays. These position that we have developed in Morocco brings together both of those teams with Cretaceous deepwater reservoirs and source rocks and both pre and post salt tracking geometries.

As Morocco is one of the few unexplored salt basins outside the Gulf of Mexico, Brazil, Angola and Gabon, we feel we have developed a very attractive opportunity here.

In the Agadir Basin we have finalized our 3D acquisition on the Essaouira Block, and are currently conducting a program in the Fom Assaka Block. In total we will acquire about 4800 square kilometers. We should wrap up the acquisition in the next month or so, and then I anticipate around six months of silent processing. I look forward to having identified prospects during the end of the year.

By carrying our partner seismic costs our interest in Fom Assaka will increase to around 56% from the existing 37%. That's after approval from the national oil company ONHYM. We are currently looking to line up some rigs to – we have a program of basin opening wells offshore Morocco commencing sometime in 2013.

Our most recent venture is in South America offshore Suriname where we have taken a large position in the deepwater acquiring nearly 3 million gross acres in a recently proven plate. We have been working on the acreage for most of the year and thankfully had the acreage secured before recent industry success in the region. In this basin we are exporting our upper cretaceous stratigraphically from West Africa to new geography. We are currently working to secure a seismic vessel and hope to initiate 3D program in the second half of 2012.

Beyond the existing portfolio, we are continuing to identify new opportunities both in existing and new petroleum systems. Our goal is to have a portfolio which is balanced both thematically and geographically within our current focus areas of Africa and South America. I anticipate we will capture multiple new opportunities in 2012 that will allow for drilling potential in 2013 and beyond.

Operator, we would like to open the call for questions at this time.

Question-and-Answer Session

Operator

Ladies and gentlemen we will now be conducting a question and answer session. [Operator Instructions] Our first question is from the line of Edward Westlake with Credit Suisse. Please go ahead.

Edward Westlake – Credit Suisse

Good morning everyone. Just a quick question. I mean where would place your 2P or proven plus probable reserves right now?

Brian Maxted

Good morning Ed. I hope you are well. This is Brian Maxted. Ed, we have given guidance in various annual presentations over the past – well really since the IPO road show, of discovery reserves net 2P to the company internally of around 500 million barrels that's what we consider to be a proven and probable resource base.

Edward Westlake – Credit Suisse

And when you are thinking about Teak, how much of Teak would be in that 2P reserve bases as you said that today or in terms of some of the more recent discoveries that you've made?

Brian Maxted

The lower end of the range that we carry for that we carry a range of 200 million to 500 million barrels plus as you are probably aware. And so the lower end of the range that's in that number, which is – one of the points we continue to make is that for us Ghana continues to be a high impact exploration and appraisal opportunity with significant upside both from discovered fields as well as on drilled exploration prospects in 2012 that will – with a nine well program or eight well program in Ghana will be a significant year for us and potentially increasing the 2P reserve base in the company substantially. I know this is the third question but just sticking with

the same theme on Teak, you know, there are still obviously I guess some debate amongst the partners. Why I guess after T3 are you still so excited by the prospect. Or do we need to look forward to really test the upper range?

Brian Maxted

Yeah, I mean the uncertainty around Teak is driven by its nature. As we previously communicated again in presentations, Teak is different in the sense that it's not a core channel player as Jubilee or OOS. It's an over bank fight to a large extent so this multiple reservoirs spread geologically over quite wide geographic areas, multiple pay zones, and multiple hydrocarbon types, and that for it requires a more intensive appraisal program to truly figure out what the resource base is and what the optimal development plan is. And so, with just three wells in Teak we are still at a relatively early stage of appraisal. We are at that stage of appraisal that when you drill a well, as someone said, then you tend to create more which I think is what we are seeing in Teak and so we do anticipate we must drill a few more wells before we get our arms around it.

Operator

Thank you. Our next question is from Ryan Todd with Deutsche Bank. Please go ahead.

Ryan Todd – Deutsche Bank

Great, good morning gentlemen. A couple of quick questions on Jubilee. Thanks for the update on the J7 well. I mean, how long do you think it will be until you have a good idea that that's working? And if you look at the other potential remediation including the acts of stimulation that you are looking at, I mean do you view those as long term solutions or is that a type of work that you would have to revisit over the life of the well periodically.

Brian Maxted

Yeah Ryan, it's Brian here. Let me just give you some context and then I will hand over to Darrell to give you a bit more detail on that. But first of all where we are at in the production enhancement program is, is testing a number of alternatives which will lead us to an integrated program of production enhancement right from the year in terms of renovation Phase 1 wells and obviously execution of the Phase 1A program. J7 which was a side track, essentially a re-drill and re-completion of the J7 well was one of those alternatives, and I'll have Darrell update you on the space of that. As you pointed out, we are looking at a couple of other alternatives one of which is

acidization in the near term. We have one or two other concepts that we are as a partnership company considering.

Over the coming months we will test each of these, understand their impact, their cost efficiency, their production efficiency, and decide how best we may go forward. It may be a single solution that we go for or it may be a mix of solutions. So within that context let me just hand over to Darrell to give you a bit more color.

Ryan Todd – Deutsche Bank

Thanks.

Darrell McKenna

Thanks Brian, and I guess the thing I would add is, the well today is performing quite well. We are exceeding our pre-drill expectations and we will continue to monitor the well. We are ramping it up production wise, but we are also shutting them periodically to do pressure build ups and analyze the well as we go along. So it's a combination of analytics that will give us our answer. Then that will prove again the completion, success for Phase 1A application.

Ryan Todd – Deutsche Bank

The well, I know you have – I don't know if it's going to be one or multiple rigs as you go forward over the course that you are doing both side track wells and Phase 1A wells, are those going to be staggered back and forth between the two or is it going to be predominantly Phase 1A versus remediation, one or the other?

Brian Maxted

Yeah, correct. The unit operator has access to two rigs that will be staggering back and forth with 1A, drilling and completions as well as remediation.

Ryan Todd – Deutsche Bank

Okay. If I may one more related on reserves, is it safe to assume – there wasn't much in the way of meaningful reserves addition year-on-year, is it safe to assume that that's just conservative and based around the results of other remediation effort.

Darrell McKenna

I would say that fundamentally the reserves a year ago contemplated Phase 1A and reserve base that is in the development. Phase 1A is fundamentally just additional infield drilling around that as well as accessing a different reservoir interval that had previously been accessed. We need history obviously to be able to look at enhanced recovery rates and every year we don't really have enough history to move an outside third party reservoir engineer.

Operator

Our next question is from Bob Morris with Citigroup, please go ahead.

Bob Morris – Citigroup

Good morning.

Brian Maxted

Good morning Bob.

Bob Morris – Citigroup

On the remediation work, you set up to three more sidetrack wells, how much do you have in the \$600 million budget for the remediation work this year?

Greg Dunlevy

Of our development CapEx, about 60% of the development CapEx is actually new Phase 1A and about 25% of that number is remediation related activities. Now, that's what we have budgeted. Obviously as Darrell alluded to there are other activities we are looking at to see if they can be more cost effective than just a full redrill and recompletion.

Bob Morris – Citigroup

So that 25%, is that the upper end of max if you have to then drill the three side tracks or could it end up being more.

Greg Dunlevy

That's our high capital cost case assuming that we have to redrill and recomplete all of those wells.

Bob Morris – Citigroup

In how many wells that are producing currently side track, seven heavy issue with a clay, clogging or any issues that potentially need remediation.

Darrell McKenna

Bob, let me take that one, Darrell here. We see the impact on all the wells to varying degrees. Some are at the extreme end of it and some are producing very well as they are today. So it's a varying degree and that's why we are just focused right on the three side tracks in the budget, those are the most extreme cases that we'll repair first.

Bob Morris – Citigroup

Okay. I could probably back into it, but each of those sidetrack wells cost approximately what?

Greg Dunlevy

In the budget we have them at approximately \$85 million to \$90 million assuming a full side tract and recompletion. That's on a gross basis obviously.

Bob Morris – Citigroup

Okay, thank you.

Operator

Thank you. Our next question is from the line Anish Kapadia with TPH, please go ahead.

Anish Kapadia – Tudor Pickering Holt & Co.

Hi, I just had a couple of questions. On your cash tax position at the moment, could you just clarify what your current NOL position is? Second one is just more on the strategy side of things. Your decision to increase your stake in Ghana, just want to think of that in a kind of wider concept. Is that because you don't see that much opportunity out there outside of Ghana or is it more specific to thoughts around evaluations in Ghana?

Brian Maxted

Okay. Anish, this is Brian here, let me just take the second question first and then I'll pass on to Greg to take your question on the cash tax. I mean obviously we were delighted about the opportunity to increase our interest in Ghana. We've always – we have a lower interest there as you know 18% relative to our West Gate Three Points block where we have 30% interest. So, it's always been on our radar screen to try and increase equity stake in that block [indiscernible] right there from an appraisal development standpoint. Witnessed the Ntomme results recently. We found 70 to a 100

million barrels of oil that was to a large extent unexpected, and we think we are going to add reserves and resources to existing discoveries.

Obviously Ten is – we are hoping to execute on that project this year. That will give us more exposure to that. Jubilee, of course it's a vote of confidence from our standpoint in Jubilee which is a field that we believe production history data to-date suggests is going to have a long life and high recovery. And then we are also excited about the exploration opportunity of the three and possibly more wells this year in that block.

So, that was very much about – this is a world class asset in Ghana and getting more interest in a world class asset makes a lot of sense. Exploration business outside of Ghana is quite separate, and as you've seen from the performance in the last few months we have not struggled to put, in our minds, high quality strategic opportunities into the exploration portfolio and we have a number of them also in the pipeline as we alluded to in the script in the pipeline for later in the year, so it's certainly not an opportunity on the exploration side.

Greg?

Greg Dunlevy

On the NOL side, again this is Ghana related tax, because we don't have income or usable NOLs elsewhere or we can't use elsewhere because of no income. In Ghana we are making or booking significant income and tax income. We do have an NOL position and it has allowed us this past year and will for most of this year subject to the price we ultimately receive for our crude oil to use that NOLs to offset any tax that would be due. As mentioned in the notes earlier we do expect, given reasonable prices and price levels to have a small amount of current tax payable near the end of the year, but until then the NOLs should be sufficient to offset cash taxes due. Outside of Ghana obviously we don't have production therefore there is no income or tax associated with that and/or we are in jurisdictions that are by their nature non-taxable.

Anish Kapadia – Tudor Pickering Holt & Co.

Sure. Thank you.

Operator

Thank you. Our next question is from the line of Al Stanton with RBC Capital Markets. Please go ahead.

Al Stanton – RBC Capital Markets

Yes, good morning guys. In terms of the next development, can you give us some impression as to whether you think it's going to be Ten or whether you think it's going to be Mahogany and what you are doing to that end? Because I was just looking at the latest presentation in terms of Mahogany predevelopment, it's a bit of a higher profiles than I had anticipated.

Brian Maxted

Yeah. Let me try that, it's Brian here and Darrell can add on it, any further detail required. We very much see Ten as the next development. It's been moving forward very well. It's obviously in some respects a Jubilee look alike, slightly different scale, a little bit smaller, but we have had some very successful appraisal drilling results in the area in the last few months. We mentioned the key milestone for that project was the deliverability of the wells which we have just proven on an aggregate basis of 22,000 barrels a day from the 001 side track. That was a key milestone.

We talked about the plan and development going into the third quarter. That's basically partnership's objective. So we very much see Ten as the next straight forward opportunity to develop.

Beyond that the area of West Cape Three Points, the Mahogany, Akasa, Teak areas that we questioned on earlier the points I made are, are also valued there from a development standpoint. One of the conversations we have going on with the government right now is, as you are probably aware we have separate discovery areas for these different fines and we are trying to integrate these discovery areas into one area that will allow us to do essentially an integrated appraisal program [indiscernible] development program for the entire area sometime late next year. So we see the possible third FPSO if you like, opportunity being formulated late next year.

Al Stanton – RBC Capital Markets

As a slight follow on question and also Paul mentioned in terms of rig availability, are you starting to get nervous about rig availability for next year?

Darrell McKenna

We are obviously tracking the market very carefully and we are putting some fillers out in the market to secure additional rig time. Currently the unit operator has access to two rigs. We have a third rig that will come in the Atwood Hunter and we are contemplating additional rig time for the West Cape Three Point block.

Al Stanton – RBC Capital Markets

Thank you.

Operator

[Operator Instructions] Our next question is from Laura Loppacher with Jeffries. Please go ahead.

Laura Loppacher – Jeffries & Co.

Hi guys, thanks. A quick question on what you think your exit rate for Jubilee would be just for guidance for 2013? And then I guess just going through on your drilling in Cameron, the volume estimates that you gave, is that for oil only case as obviously some of the discoveries to-date have been mixed gas and oil?

Brian Maxted

Yeah, Laura, this is Brian. We maintain the same guidance as the operator on Jubilee, which is 70 to 90 average for the year. And that's...

Laura Loppacher – Jeffries & Co.

Can you say anything about what you think run rate will be sort of by 4Q?

Brian Maxted

Obviously we are hoping that we will be ramping up multi-watch – at that point, we haven't given specific guidance on when we think will be at plateau. It's probably going to be into next year. We are actually, as a partnership now, most focused on figuring out the optimal completion, work drilling and completion designs for these wells for the full field development as opposed to worrying about when we get to 120, but naturally we will get to 120 as we resolve these production issues. On Cameroon, let me give Paul an opportunity to speak and talk to your question on Cameroon.

Paul Dailly

Yeah, the simple prospect is 150 million barrels MMBOE. So, we are trying to think – we think most likely the oil play is in that part of the world. It's adjacent to the Rio del Ray basin, which as you probably know has oil discoveries and some gas discoveries per se. But as you come up to the East and things are more shallow, have more shallow bedding hole, one of the reason would be like the plays, we think there is a better chance of oil there, but it is an MMBOE number.

Brian Maxted

I would add it's a multi prospect opportunity along the trend. So it will be a play in the well as much as a prospect on the upside on the trend including in the faco [ph] acreage adjacent to this, significantly higher than 150 million barrels that's just what the prospect we are drilling.

Operator

Thank you. Our next question is from Bragen Freshcop [ph] with Raincap [ph]. Please go ahead.

Unidentified Analyst

Yeah, good morning. Just a quick question on the CapEx of \$600 million. You have several wells that are kind of potential wells depending on the results and also [indiscernible] depending on the government. What does the \$600 million include, does it include any of this potential wealth or there could be extra on that? Does that \$40 million associated with the 4% you just acquired, is that included in this \$600 million CapEx.

Greg Dunlevy

The \$600 million covers the nine wells that are mentioned or we mentioned earlier. The amount attributable to Sabre is that amount that we would spend subject to a closing and acquisition of Sabre interest. So that would be an additive \$40 million spread across the block and then the additional five wells that Paul referenced, or up to five I should say, because it could be zero to five, would be separate amount from that.

Unidentified Analyst

Can you give us that amount as well?

Greg Dunlevy

Ballparkish if all of it were done, and I think that would be a relatively extreme assumption, would be in the 100ish million range gross to us or net to us.

Unidentified Analyst

Great. Thank you.

Operator

Thank you. We have no further questions at this time. I will turn the call back over to Mr. Whitmarsh for closing remarks.

Brad Whitmarsh

Thank you all for joining us today. If we haven't gotten to your question I would ask that you give me a call this afternoon and I will do my best to answer them. Thanks again.