

Operator

Good day, everyone. Welcome to Kosmos Energy's Third Quarter 2014 Conference Call. Just a reminder, today's call is being recorded.

At this time, let me turn the call over to Neal Shah, Vice President of Finance and Treasurer at Kosmos Energy. Please go ahead.

Neal Shah

Thank you, operator, and thanks to all of you for joining us today. This morning, we issued our third quarter earnings release, which is available on the Investors page of the kosmosenergy.com Web site and we anticipate filing our third quarter 10-Q with the SEC later today, which will be available on our Web site at that time as well.

Joining me on the call today are Andy Inglis, Chairman and Chief Executive Officer; Brian Maxted, Chief Exploration Officer; and Greg Dunlevy, Chief Financial Officer.

Following our prepared comments, we will have a question-and-answer session. Consistent with prior calls, I request that participants to ask only one primary question and then one follow-up question. This will help ensure we get to all who are on the call today. If there are questions that we aren't able to get to within our 1-hour timeframe, please contact me later today.

Before we get started, I'd like to mention that this conference call includes certain forward-looking statements 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 in our discussion. Management believes such measures are important in looking at the company's historical and future performance, and these are commonly referred to industry metrics. These measures are provided in addition to, and should be read in conjunction with, the information contained in our financial statements prepared in accordance with GAAP and included in our SEC filings.

At this time, I'd like to turn the call over to Andy.

Andrew G. Inglis

Thanks, Neal, and thanks to everyone for joining us. So going through my remarks today, there are three topics I want to emphasize. First, our continued progress and growing the production, cash flow and value of our

Ghana assets. Second, the maturation and quality of our exploration portfolio and its discipline drill out. And third, our sound financial strength and low cost production, which we believe uniquely positions Kosmos in today's price environment.

Starting with Ghana, we delivered solid results in the third quarter, due to continued strong production at Jubilee and sound operational execution. Production for the Jubilee field remained above expectations, averaging gross production of 102,000 barrels of oil per day sales through the quarter and 103,000 barrels of oil per day sales through the first nine months of 2014. This provides growing confidence we can meet or slightly exceed our production target for the year.

In addition, significant progress was made in the quarter related to the Ghana National Gas Company's construction of its gas processing plant and associated pipeline infrastructure. The gas processing plant is mechanically complete as well as the associated LPG loading facilities. The onshore gas export line was connected to the gas processing plant in the Aboadze power plant. Additionally, the offshore gas export line was successfully pressure tested. The government of Ghana and the Jubilee partners are focused on a safe and reliable start-up of the plant and still expect that to commence before year end.

Additionally, we continue to work closely with our field partners in Ghana to progress both TEN developments and the MTA appraisal program. The TEN project is around 40% complete and remains on budget and on track to deliver first oil in the second half of 2016. Eight of the ten wells planned to be online with first oil have already been drilled and the ninth is currently being drilled further de-risking initial production. I recently visited the TEN FPSO in Singapore and a conversion is progressing well. Activity levels at TEN are expected to increase next year, as planned, with additional well operations and subsea installation scheduled to begin.

MTA also remains on track with appraisal set to conclude at year end. Field level appraisal activities are being completed providing us the foundation on which to develop an integrated development plan for the greater Jubilee area which we plan to submit next year. Jubilee, TEN and MTA are the foundation of our self funded strategy. These are world-class resources with high margin barrels generating substantial cash flow. By 2017, we expect gross Ghana production to double to 200,000 barrels per day creating significant value for all stakeholders.

Turning now to exploration. With the Atwood Achiever now in transit in Northwest Africa, we have reached a point of departure as we are set to begin our multi-well, multiyear drilling campaign designed to test our Second

Inning exploration portfolio. After several years of significant technical work, we have matured the exploration portfolio and refined the prospectivity, which is why there's a high level of excitement within the company.

Additionally, we continue to build the portfolio with high quality new ventures including recent entries into Portugal and Senegal. Earlier this quarter, we provided the market with some granularity regarding the next fall, high quality drilling opportunities that will test key frontier and emerging basins across the Atlantic Margin. Over the next 18 months, we plan to test a combined 4 billion barrels of gross resource, over 2 billion net to Kosmos. Most importantly, each of these prospects has significant follow-on prospectivity, which could be unlocked as a result of initial success. Brian will add some more detail on the exploration front in just a moment.

Finally, let me remind you of our financial strength, which has become all the more critical in today's environment. The balance sheet remains strong and our liquidity robust, as both the key components in our strategy to prepare for and benefit from exploration success. Our business model is built on the principal of being a self-funded explorer with the high quality cash flow from Ghana able to fund our ongoing Ghana developments as well as our upcoming exploration program.

Additionally, we have a strong oil hedging program to ensure our cash flows are well protected. Our financial strategy has created strong corporate liquidity of around \$1.9 billion and net debt at the end of the quarter was \$149 million. We are in the strongest financial position in the company's history at exactly the right time.

Two weeks ago, as part of our planned succession, we announced the retirement of Greg and the hiring of Tom Chambers as CFO. As one of Kosmos' founding partners, Greg has been responsible for many of the things that make this company a special place, and we will be forever grateful for his many contributions to the business. Most importantly, he will leave Kosmos in a great financial position, which will allow us to continue to grow the value of the company. Greg will remain with Kosmos in an advisor role until his retirement. Tom, as most of you already know, is a seasoned industry leader with vast experience in the international space. We look forward to him joining our team.

In conclusion, we remain focused on what creates the most value for our shareholders, continuing to build the value of our Ghana assets, delivering exploration success through our industry-leading portfolio and maintaining our financial strength.

I'd now like to turn the call over to, Brian, to update you on the exploration. Brian?

Brian F. Maxted

Thanks, Andy, and good morning, everyone. As Andy mentioned earlier, we are on the cusp of drilling out our Second Inning portfolio and over the last quarter, we have continued to make substantial progress towards that goal. I'm confident that we have assembled a world-class set of exploration opportunities with the potential to create tremendous shareholder value.

At its core, Kosmos is a deepwater Atlantic Margin exploration company. While the industry reduces its exposure to exploration in response to disappointing results and financial worries, Kosmos is on the verge of executing a transformational exploration program. We are convinced that the exploration done the right way with our focus on high value, high volume barrels can deliver substantial shareholder returns. While this is a much overused saying and it's very tough to implement and practice, all explorers don't explore the same way.

Kosmos has not participated in industries largely on successful deepwater exploration activity along the Atlantic Margin in recent years, instead we have spent the last three years since our IPO leveraging the contrarian thoughts of our proven exploration team to create competitive advantage. Through first-mover initiatives, we have executed an industry-leading frontier and emerging basin strategy to identify, access, evaluate to mature for drilling a high quality exploration inventory.

As Andy mentioned earlier, this quarter we briefly marked on our recent exploration efforts, in particular our continued ability to build a high quality portfolio with the recent addition of Senegal and Portugal, as well as a review of our four high graded prospects to be drilled in the upcoming Atwood Achiever program. We highlighted the investment proposition of our high volume, high value barrel approach. We articulated how the way we explore differentiates the company and in particular manages the exploration risk inherent in frontier and emerging basins to deliver success.

We demonstrated that Ghana was the outcome of a well-executed First Inning strategy and we showcased how we have carried our Second Inning strategy with precision to position the company for transformational success. This proven approach is manifested in the consistent nature and similar characteristics of our exploration assets. Firstly, the company's acreage positions are large enabling us to manage basin and play risks, particularly source and reservoir as well as capture large upside potential.

Our blocks offer multiple diverse plays and fairways as well as dependent leads and prospects enhancing our chance of high impact basin earning success and then ensuring that we have large de-risked follow on potential to deliver a super major scale hydrocarbon resource base. Secondly, as with our high grade First Inning opportunities, the top prospects in each of our Second Inning frontier and emerging basins have high quality seismic attribute support for hydrocarbons, in particular ABL that is conforming and/or calibrated.

This ensures the prospects have an irreducible pre-drill risk thereby maximizing the chance of success. Indeed therefore, we believe we will be able to replicate the First Inning success rate and deliver top quartile exploration performance. And thirdly, as a first or early mover, we are able to secure strong fiscal terms for each of our opportunities. This ensures that when we do have success, the barrels are valuable. Indeed, similar to Jubilee, the breakevens for our Second Inning portfolio are between \$40 and \$60 per barrel, which is very important especially in a prevailing lower commodity price environment.

A key difference though between our First and Second Inning portfolios is a significant breaks potential. Let me now summarize the four prospects, which we plan to drill over the next 18 months. These prospects drill out over 4 billion barrels of oil equivalent gross on risk or over 2 billion barrels net and potentially de-risk a further 18 billion barrels. First, we're on track to CB-1 well offshore Western Sahara in December testing the Al Khayr prospect.

The Al Khayr prospect, previously named Gargaa, is a very large anticlinal structure containing several stacked Cretaceous aged reservoir objectives with seismic amplitudes in AVO support for hydrocarbons. The Pmean resource of Al Khayr is estimated at 1 billion barrels plus oil equivalent and if successful, we expect it to de-risk an inventory of over 11 billion barrels.

Our Morocco contracts are some of the best in Africa, so a successful basin and discovery here has the potential to be a corporate game-changer. Kosmos retains operatorship as well as a working interest of 55% reflecting our confidence in this world-class exploration opportunity as well as our ability to self-fund a larger equity share. We expect the results for the CB-1 well to be available in the first quarter of 2015.

Immediately following Al Khayr is the Tortue prospect which straddles the Mauritania-Senegal border. As I mentioned earlier, we recently acquired acreage in Senegal adding two blocks to our exploration portfolio that cover nearly 18,000 square kilometers and are contiguous with our existing 27,000 square kilometer position in Mauritania. We're able to preemptively capture

these licenses based on the proprietary 3D seismic we acquired in Mauritania last year, as well as the existing 2D seismic which confirms the prospective trends continue to the south into Senegal.

We are now in the process of acquiring a 700,000 square kilometer 3D survey over the Senegal acreage. We're again pursuing a string of stacked Cretaceous aged reservoirs trapped in four-way dip closures. The technical advantage here is that this basin has proven source rocks and reservoirs and our AVO is calibrated. Tortue has estimated resources of around 2 billion barrels of oil equivalent and if successful, we expect the prospect will de-risk an additional inventory of over 3 billion barrels in similar prospects.

Within the AVO window, these leads and prospects display strong geophysical attributes which can form into both reservoir and trap supporting the possible presence of hydrocarbons. We're planning to drill the top section for this prospect in the fourth quarter of this year and then expect to resume drilling operations after we complete operations on the Al Khayr prospect. Results on Tortue were expected in second quarter of 2015.

After drilling Tortue, we have farmed out a rig slot. When the rig returns to us, we plan on drilling the Orca prospect in Mauritania. Recent well results just to the northeast of our acreage confirm both oil and gas condensate in Cretaceous aged reservoirs and we are excited by the technical read through into our acreage, as they help calibrate our exploration model. The Pmean of Orca is estimated at 300 million barrels of oil equivalent.

However, if successful, we expect this well will de-risk an inventory of around 3 billion barrels of additional resource. We anticipate results for this well in the fourth quarter of 2015. We currently have a 90% working interest in Mauritania and a 60% working interest in Senegal and are currently in the process of farming down the Mauritania asset with offers expected later this quarter.

Lastly, we are planning on drilling the Anapai prospect in Suriname after Orca towards the end of next year. Here, we are targeting large Cretaceous aged fault and dip close structures with AVO support based on 3D seismic. Sources and reservoirs in the basin are proven by offsetting wells which further de-risk the prospectivity. The Pmean of Anapai is estimated at 700 million barrels oil equivalent, again with seismic amplitude and AVO support.

We're still in the process of maturing the additional lead and prospect inventory in Suriname and expect the following potential to increase with time. We're currently 50-50 partners with Chevron in Suriname but we do plan to jointly farmout a portion of the license early next year with the

objective of learning our working interest. Results for this well are expected in early 2016.

Outside of these four key prospects, we are very focused on maturing our Morocco, Ireland and Portugal licenses for 2016 and 2017 drilling. Simultaneously, we continue to identify and access strategic opportunities that fit our criteria for medium to longer-term exploration drilling opportunities.

We're all very excited by not just the size of the portfolio, but also the quality of the prospects we have generated and look forward to drilling this out next year and beyond. This exploration program, as you know, is underpinned by our strong financial position that ensures upon success we have the ability to maximize shareholder value.

I'll now hand it over to Greg to walk you through that.

W. Greg Dunlevy

Thank you, Brian. In my prepared comments this morning, I'll review of our financial results for the third quarter and then provide a brief update on our expectations and guidance for the remainder of the year.

Overall, financial performance for the third quarter was strong. We lifted our sixth Jubilee cargo in early August and our seventh cargo commenced lifting on September 30 and was completed on October 1. As a result, roughly half of the revenue from this lifting was recognized in the third quarter with the remainder allocated to the fourth quarter.

Third quarter oil revenue was \$137 million generating net income of 19 million or \$0.05 per share. Included in these results is the previously announced non-cash derivatives mark-to-market gain of 40 million.

Cost-related performance was solid in the quarter with production expense, exploration expense, G&A and DD&A all showing improved performance to last year's quarter. Production expense was 15 million or slightly above \$0.10 per barrel sold in line with previous guidance.

Exploration expense of 21 million for the quarter includes partial seismic cost for three large offshore 3D programs, one still underway at quarter end and the cost related to advancing various exploration-based initiatives.

G&A costs was 35 million and depletion and depreciation was approximately \$26 per barrel. Both have improved versus 2013 and remain in line with previous guidance. Tax expense of 38 million is mostly deferred and in line with previous cargos this year on a per barrel or per cargo basis.

We expect the non-cash mark-to-market charge related to commodity derivatives to vary quarter-to-quarter with the recent quarter's gain attributed to the decrease in Brent oil prices during the third quarter.

Total corporate liquidity is approximately \$1.9 billion including quarter ending cash and cash equivalents of 601 million. Net debt at the end of the quarter was \$149 million which is a \$267 million reduction over the past 12 months.

At this time, I'd like to transition to our expectations for the remainder of 2014. Our forecast and investment program remains at approximately \$575 million with around \$400 million of this targeted for activity in Ghana and the remaining allocated to exploration activities.

Almost half of the Ghana spend is directed at the TEN development with the rest targeted towards ongoing Jubilee phase 1a development and MTA appraisal efforts. Included in the exploration spend are the initial costs for the Al Khayr exploration wells scheduled to spud late this year.

We have now sold seven cargos of Jubilee oil in 2014 and are maintaining our annual sales forecast at a total of eight cargos net to Kosmos during the year. This is based on the field operators 2014 full year production forecast of 100,000 barrels of oil per day. If we continue to produce ahead of guidance, there is a possibility of realizing a ninth cargo very late in the fourth quarter but at this moment, it's too early to tell.

Our 2014 cargos today have averaged 965,000 barrels each. As for full year cost estimates, we anticipate the following. Yearly production expense in the range of \$10 to \$12 per barrel inclusive of workover expense. We have two workovers planned in the fourth quarter, one of which was deferred from the third quarter.

G&A costs for the full year are expected to remain slightly down from full year 2013 levels. As previously indicated, DD&A should average around \$25 per barrel sold. Bearing in mind the challenge of giving guidance on taxes, we project per cargo tax expense to average approximately 25 million per lifting.

Our hedging position at the end of the quarter totaled 97 million barrels with around 1.5 million barrels remaining in 2014 and the balance directed towards 2015 and 2016. As part of our ongoing risk management program, we expect to add to our positions over time.

Lastly, this will be my last earnings call as the company's CFO. After many great years at Kosmos, I plan to retire in 2015. I have enjoyed my time here

and I have been fortunate to have worked alongside so many truly great people. I fully believe in the future success of this company.

I want to thank all of you who have supported the company and wish Tom Chambers, our new CFO, all the best. I have every confidence in him and the rest of the management team at Kosmos, especially under Andy's leadership.

Thank you. Now, operator, we would like to open the call for questions.

Question-and-Answer Session

Operator

Thank you. We'll now be conducting a question-and-answer session. (Operator Instructions). Thank you. First question comes from the line of Ed Westlake with Credit Suisse Group. Please go ahead with your question.

Ed Westlake - Credit Suisse

Yes. Good morning. And before I ask, congrats to Greg. I guess not just Kosmos but Trident, it's been a good run. So just on Kosmos, just read across from the recent FAN well, I mean it seems quite far away in Senegal but is it the same hydrocarbon basin as the one that you'll be testing I guess in the second quarter next year?

Andrew G. Inglis

Right. I'll let Brian pick that up, Ed.

Brian F. Maxted

Good morning, Ed. How are you doing? No, it's not the same petroleum system. We're principally on the Senegal River petroleum system and the river is to the north of that into Mauritania. There is a partial read through from a source rock standpoint. One of the interesting things about the FAN well is that we understand that there was potentially multiple oils in that well suggesting more than one source rock, which we have long speculated about, which can only help to de-risk charge in the basin on that part of the margin. So that's a positive read through, but from every other aspect we're in a different part of the margin. Theirs was a largely stereographic play. We are dominantly playing structural features in Mauritania and Northern Senegal, for example.

Ed Westlake - Credit Suisse

Right. Thank you, helpful. And then you mentioned I guess in the context of Senegal maybe that the AVO is calibrated. I mean obviously a lot of science goes into the exploration wells. There's been, as you pointed out, a little bit of a gold rush and some failure as a result of that gold rush element. But maybe give us a little bit of a guidance. I think you've done some work on the success rates where you've managed to calibrate the AVO as opposed to perhaps where people have drilled with less information.

Brian F. Maxted

Yes, and I think the first and to note in all of our acreage that we got planned for drilling next year actually isn't – it's actually a structurally dominated play in the Sahara and Mauritania, Senegal and in Suriname as well, which is a little bit different from Jubilee, for example. And in fact the concept we're planning on Senegal and Mauritania is quite a different play concept than the industry is actually playing further to the south. And so the positive news for us and something that we always look for as we explore in deepwater petroleum systems isn't working shallow water petroleum system and we have the benefit of that in Mauritania, in particular, where I think you've heard us say in the past we see the shallow water discoveries there which are marginal or sub-commercial to be simply leaks on a deeper petroleum system, which we are going to be exploring. So the read through is that we're able to calibrate our interpretation to tie into that drilling. It supports the exploration model we have in particular that we see extensive reservoir deposition at border of those wells, which was at the end of the day one of the key limiting factors to success and commercial success was the size of the reservoirs there as well as the size of the traps. We think we've managed both of those risks in our acreage.

Ed Westlake - Credit Suisse

Clear. Just on the farmouts, are you seeing any change in appetite as obviously the oil prices pulled back and people are trying to sort of refocus their exploration activities?

Andrew G. Inglis

Yes, that's actually a great question and I would say overall there has been a significant pullback of the industry, but I think what's interesting is that it's made the marketplace for a very high quality opportunity to even more competitive. And so we are seeing good strong interest.

Ed Westlake - Credit Suisse

So a good sign. I'll defer the floor to else and re-queue. Thanks.

Andrew G. Inglis

Thanks, Ed.

Operator

Thank you. The next question is from the line of Ryan Todd with Deutsche Bank. Please go ahead with your question.

Ryan Todd - Deutsche Bank

Thanks. Good morning, gentlemen. Maybe one follow-up question on the onshore gas processing plant. Your comments were very positive in terms of the progress that's been made on the plant to-date. Can you maybe run through what remains to be done before the plant can be up and running?

Andrew G. Inglis

Yes. Hi, Ryan. Where we are today is we're sort of starting the process now for introducing gas to the plant. So the first step in that is to look at the flexible from the FPSO to the offshore pipeline, the vessels in place to do that, the necessary permits are in place from the regulator of the Energy Commission and we expect that step to start very shortly. Once you're hooked up, you can then reorder the offshore pipeline. That will then get gas to the frontend of the plant and then clearly with gas there, you can then start the process of testing and commissioning that plant. So those are the steps we have to do. And then clearly once you've been through all of the commissioning protocols, you can then start to move gas from the plant to the power station at Aboadze. And then there will be a sort of sequence of steps that gradually ramps out of to match the generating capacity at Aboadze and to bring the plant up to the full capacity.

Ryan Todd - Deutsche Bank

Great. And I think you had said it's – so everything is mechanically complete at this point, it's just the matter of testing and commissioning, nothing is outstanding from a construction point of view?

Andrew G. Inglis

No. Clearly, as you go through – as with any commissioning process, as you go through that, the whole purpose of the commissioning is it demonstrates that the plant has integrity and clearly the process that we're using is to ensure that that is the case. But we're sort of literally very shortly are going to start that process which will allow us to complete the testing protocols and the commissioning procedures.

Ryan Todd - Deutsche Bank

Great, thank you. That's very helpful. And then maybe if I could just ask one, a higher-level view. It was good to see the additions of Senegal and Portugal in there. At one point in the past, you had targeted adding one to two additional basins a year, I think a pace that you guys have generally at least kept over the past couple of years. Should we continue to expect you to add new basins at this pace or should we see that slowdown at some point? Is there a portfolio limit at one point of what you can effectively manage as a company?

Brian F. Maxted

Yes. It's Brian, Ryan. It's a good question and the future new venture program is going to be to a larger extent driven by two things. One is our ability to identify new strategic opportunities. I think we've shown over the last couple of years that despite a highly competitive environment, we're able to do that largely because we going into places where other people have not historically been working. So I very much believe that our new venture program is alive and active and we'll sustain the business in the long term. How many new ventures we do will also be quite dependent on the outcome of the exploration program on the current portfolio. And obviously the more success we have, the less new ventures that we might need to do in the short-term at least. And so we're trying to balance both the outcome of the current program and the new venture opportunity set to essentially keep the portfolio where it is, to ensure that we're drilling out three or four basin opening, play opening wells every year. It's taken us three years to get to a steady state situation given the timeout in exploration we previously talked prior to IPO. But now we're in the right place and the question is just maintaining that which I'm confident we will do.

Ryan Todd - Deutsche Bank

Great. And maybe one last one on the drilling schedule. You talked to the four upcoming kind of high-impact wells that you have. If we were to see success at one of those wells early on in the program, would that change the timing of the Q? And would we maybe put some appraisal in there or do you think we'll run those four exploration wells and then kind of come back, circle back as necessary?

Andrew G. Inglis

Yes, I think just to build on Brian's comments, I think you should think about Kosmos moving to a sustainable high-quality exploration drilling program and we believe we have the portfolio today to do it. And as you rightly quote, we believe we have the ability to continue to add to that to ensure

that we're replacing the drill out and driving quality through choice. So that's a consistent approach that you'll see us following. I think if we had success in one of the early wells, I think we would move to a two-drill rig program that would allow us to not only appraise the opportunity but then follow up with the exploration, follow-on success which is a key part of the portfolio we build. We're planning for that today. We have the organizational capability to do it. It's a good time to pick up a rig, the deepwater rigs. And so what you're going to see is a company that's actually sort of more continuous in its strategic execution, which is that we will continue to add value from exploration in terms of the new tests we make, we'll continue to build the portfolio to enable us to do that. And given success, you'll see us in parallel appraising and drilling out that exploration program and we have the capability to do that. And so Ryan when you've heard us talk about we can fund through success and obviously this company is extremely well run financially and we have the got the ability to both continue with the base exploration program and fund a second appraisal, if you like, string – exploration appraisal string in any basin that we do happen to open up.

Ryan Todd - Deutsche Bank

Perfect. Thanks. I'll leave it there.

Andrew G. Inglis

Thanks, Ryan.

Operator

Our next question comes from the line of Anish Kapadia with TPH. Please go ahead with your question.

Anish Kapadia - TPH

Hi. Other question, going back to Ghana again. This time last year at the Analyst Day, you talked about the reserves upside from Jubilee and also getting to 135,000 barrels a day in terms of the deep well site and capacity you've seen so far on Jubilee. It seems like despite the problems with the gas plant, you had a pretty good year from a reservoir perspective. And then also now you're getting close to the conclusion on the gas plant. Just thinking looking at 2015, what do you see in terms of reserve upside and production potential for Jubilee now?

Andrew G. Inglis

Hi, Anish. Look, in terms of reserve upside, I think the key step in 2015 is going to be the delivery of a full field development plan for Jubilee and after

it's going to be Greater Jubilee, so it will actually incorporate the appraisal work that were done on MTA to pull together a plan that recognizes both the Jubilee potential and also MTA and ensures that there is the capacity in the FPSO to drive both reservoirs. So clearly there's quite a bit of work to do to get there. Clearly it's great understanding the Jubilee reservoir. We integrate MTA and we sort of figure out the right approach to debottlenecking that will allow us to do that. So I think in terms of the next sort of big step in reserve recognition, it would be once we've done the piece of work in 2015 and actually got the Greater Jubilee full field development plan in place. But as you say what we're building clearly through time now is greater confidence in the ability of the reservoir to produce. So you're integrating all of that production history into the Greater Jubilee full field development plan, you're integrating MTA and that will then allow us to optimize both the reserves and the production. So I think that's sort of what you should expect and I think it's premature to talk about any numbers, of course, until we've done that piece of work. And again, as we look forward to 2015 production, I think again it's too early. We haven't set our budgets yet but for the – I think we should assume that if the gas debottlenecking is removed and the gas plant is reliable, we know that the FPSO will clearly run at 120,000 barrels a day production. We know we can probably do a little more than that. And as you start to think about forecast for next year, I think the only new thing that we should recognize is that there is the potential of a three-week shutdown which – a planned shutdown of the FPSO next year, which could be up to three weeks. So I think those are the factors that you should take into account as you start to think about 2015 and clearly 2015 will be a year of demonstrating the reliability of the plant, seeing exactly what the FPSO can produce, the potential of a shutdown and that's kind of why the numbers will rollout.

Anish Kapadia - TPH

Thanks. I just had a follow up on just some of the tax benefits that you will be getting looking into 2015 from the further investment, step investment on TEN. Can you just – just a word on how that tax benefit works in relation to offsetting some of the tax that you're paying on Jubilee and quantify any impact over there?

Andrew G. Inglis

Sure. Greg's going to pick that.

W. Greg Dunlevy

Yes. We're a global tax payer in Ghana, that means our business is taxed at the entity level for the country, it's not separated by blocker field or

anything like that. So, any expenses incurred in the operation of our business including amortization of the capital costs, which are amortized over a five-year period go against our corporate tax. So I know you probably cover Tullow, so you probably have talked to them a good bit about this. But in any case, you advertise all of your capital costs over a five-year period so the cost of TEN will be amortized starting with the year of commencement of production over the ensuing five years and that will be a deductible item in a corporate tax return. Hopefully that helps.

Anish Kapadia - TPH

Great, thank you.

Andrew G. Inglis

Thanks, Anish.

Operator

Our next question is from the line of John Herrlin with Societe Generale. Please go ahead with your question.

John Herrlin - Societe Generale

Hi. Just one regarding the partnering in Mauritania and Senegal. Are you looking to get into other areas when you partner or just to recoup some of the funding for the initial G&G work? How are you considering the farm-downs?

Andrew G. Inglis

Yes, Brian is going to pick it up.

Brian F. Maxted

Maybe I'll have a go at that, John, and then maybe Andy can come on the back. But I think what's really – as you know, number one, we're in a good financial position. What's most important thing to us is a strategic partner. That's a partner who brings something to the table on the exploration front in terms of capability, but more importantly bring de-capability and obviously in a company balance sheet at the development and production stage. You've seen us in Morocco partner with BP. You've seen us in Suriname partner with Chevron and that's not happenstance. That's part of a targeted farmout marketplace and we would hope that Mauritania and Senegal fit into that large independent/major/super major world.

John Herrlin - Societe Generale

Okay. Thanks, Brian. Spud to TD times on these wells; all kind of about the same, about 90 days?

Brian F. Maxted

That's correct, yes.

John Herrlin - Societe Generale

Okay. That's it for me. Good luck, Greg.

W. Greg Dunlevy

Thanks, John.

Operator

Our next question comes from the line of Brendan Warn with BMO. Please go ahead with your question.

Brendan Warn - BMO

Good morning, gentlemen. Thanks for (indiscernible). A couple of questions. Just first one and just to remind me more for 2015, in the light of – or in the potential of dry wells for your next three wells drilling, just sort of a dry well cost, considering you've got a number of carries. And just if any of the wells, just in terms of their complexity or pressure raising in terms of designs, do you know what pressure raisings that you're drilling into?

Brian F. Maxted

Yes, it's Brian again, Brendan. I'll take the second part of your question first. Based on the pre-drill full pressure analysis, we think we're dealing with straightforward drilling both in the Sahara, Mauritania, Senegal and indeed in Suriname as well although we know there's been issues both the north of us and to the south of us with that respect both below the seabed and above it. But we're reasonably confident based on our scientific analysis that we're dealing with straightforward wells. So I would be very hopeful but notwithstanding that stuff doesn't happen that we would have a pretty straightforward drilling program. In terms of write-offs in the event of unsuccessful exploration, let me let Greg touch on that.

W. Greg Dunlevy

Yes, I think your question was 2015, we will have a more robust exploration activity set in 2015 so there will be more costs. We do benefit from obviously the farmouts and hopefully ensuing farmouts that will be

announced after the Mauritania process and the Suriname process are concluded. I would expect expenditure for exploration activity or expenditures of a capital nature for explorations to be up significantly from this year's budget of \$175 million. Beyond that, I think I would wait until we have the final approved work programs and budgets from all the business units before we announce our capital program, which we normally do early next year.

Brendan Warn - BMO

Okay. Thanks, Greg.

Operator

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

Al Stanton - RBC Capital Markets

Yes. Good morning, guys. Starting or having two follow-on questions. First of all, on Jubilee production guidance, saying it's too early really to talk about 2015. I was wondering what experience the reserve order too would have taken from 2014's production and whether you can give us any indications of how confident you are in an increase and proved or even perhaps probable reserves for your bookings?

Andrew G. Inglis

Again, Al, I think it's a little early to say. Again, what I would say because we haven't been to the process yet with the year and review with the auditor, so I don't want to preempt that. Just sort of stepping back from it and from a slightly larger perspective, big fields get bigger. That's the history of the industry. Jubilee is absolutely behaving in a way we're seeing strong performance through the year from a reservoir perspective and clearly that's a positive. When you recognize those reserves, the magnitude of the individual, the early bookings, I think it's clearly too early to say. If you look at it from a risk perspective and you say, well, look, is this is a good field, is it behaving as people intended it to behave, yes, absolutely and that's a positive for the future. So I'm sure you'll agree that it's far too early to come back with any numbers and we'll do that as part of our year-end process and talk to you in the early part of 2015.

Al Stanton - RBC Capital Markets

Okay. I'll follow that on with an equally pushing-my-luck question. Mauritania, you're at 90% but you're sharing the prospect in Senegal where

you're down to 60%. Should we expect a farm-down in Senegal or are you going to get somebody in, only in one-half of the prospect?

Andrew G. Inglis

Again, given that the data room is open at the moment, Al, and people are in there looking at it and clearly shaping their bids, it's a little early I think for us to be definitive about that. But again, if you stand back from it, there's clearly adjacent prospectivity and I'm sure people are contemplating that in a way that they might bid. But we'll see.

Al Stanton - RBC Capital Markets

Okay. Thanks, Andy.

Andrew G. Inglis

All right. Thanks, Al.

Operator

Thank you. Our next question is coming from the line of Rafal Gutaj with Bank of America. Please go ahead with your question.

Rafal Gutaj - Bank of America Merrill Lynch

Good morning. Thanks for taking my questions. Just two main ones on Jubilee. Firstly, could you just update us on where things stand on the MODEC workers' strike and what the impact of that has been on operations and crude liftings? And then just secondly, what is the latest on flaring permissions up until the gas processing facility is in full swing? So where are we on that and what's the impact on production there? Thanks a lot.

Andrew G. Inglis

Yes, sure, Rafal. On the strike, I think we need to make sure we keep this in proportion. There was a strike on the FPSO. This has been an ongoing dispute. The individuals are actually off the FPSO now and they're back onshore. There's been no interruption to operations and the operations continue, so no impact on production or from a safety perspective. On the flaring, I think it's actually too early to say. I think the flaring permit that we have sort of run through the end of October. The conversation with Ghana and authorities is all about let's get on and get the gas moving down the pipeline. And clearly as that moves ahead and everything works, then there isn't any need for another flaring permit because we'll actually be moving the gas from the field. So, we need to see how that goes through in November and I think if there are issues, I'm sure we'll be in another

conversation. But to me, the most positive part of the conversation is that we're now moving to a permanent solution which will allow us to considerably ramp up the volumes and that's what we're working on. But no doubt that if there an issue, we would come back and have a conversation with flaring.

Rafal Gutaj - Bank of America Merrill Lynch

Great. Thanks very much.

Andrew G. Inglis

Thanks, Rafal.

Operator

Thank you.

Andrew G. Inglis

Okay. It looks like...

Operator

I'll turn it back to Neal Shah for closing comments.

Neal Shah

Thank you, Rob. We appreciate all of you joining us on the call today and your interest in Kosmos. If you have any further questions, please don't hesitate to contact me. Thank you very much.