Operator

Good day, and welcome to Kosmos Energy's First Quarter 2012 Conference Call. Just a reminder, today's call is being recorded. At this time let me turn the call over to Brad Whitmarsh, Vice President of Investor Relations for Kosmos Energy. Thank you, Mr. Whitmarsh. You may begin.

Brad Whitmarsh

Thanks, operator, and thanks to all of you for joining us today. This morning, we issued our first quarter earnings release and later today we will be filing our 10-Q with the SEC. Both items will be available on our website.

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

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

We may refer to certain non-GAAP financial measures in our discussion. 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.

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. Those are included in our SEC filings.

At this time, I'm going to turn the call over to Brian.

Brian Maxted

Thanks, Brad, and good morning, everyone. At Kosmos, we've had a fast start to 2012 and I plan to provide a high-level overview our results today before handing over to Greg for a financial discussion. Darrell, will then wrap up our prepared comments with an operations review.

Kosmos' first quarter this year included a number of strong results. The high level and priority strategy of organic growth through exploration success by unlocking new billion barrel (inaudible) petroleum systems was further enhanced by our capture for significant acreage position offshore Mauritania, as well as an expanded position onshore Cameroon.

At Mauritania, we executed three petroleum agreements covering over 6.5 million gross acres, which we'll operate with a 90% working interest. These new blocks reside in the proven offshore Mauritania salt basin and include the air board fairway of four [ph] geological concept the upper cretaceous stratographic play.

Our initial plans for the acreage will be to accelerate a significant seismic program and we're actively looking to secure seismic vessels for this position and also across the Atlantic in our large Suriname position as well.

Adding in the new acreage in Cameroon and Mauritania to our existing already exciting portfolio in Cameroon, Morocco and Ghana, we have now captured close to 24 million gross acres, the substantial prospectivity. And we're not done building our portfolio. We will continue to aggressively but selectively identify and access additional opportunities. All with the goal of drilling multiple new basin (inaudible) wells each year beginning late in 2012 with our first operated Cameroon well.

For next year, we're targeting multiple wells in our offshore Morocco position. And to that end, we have recently completed a large 3D seismic acquisition program just under 5,000 square kilometers in our Agadir basin blocks. A portion of the data has already been processed and interpreted and I anticipate we'll have a number of large prospects identified later this year as potential 2013 drilling candidates.

And we are filling in the plans beyond 2013 with our large Suriname position, Mauritania and others to follow. I've very pleased with the progress we've made in adding [ph] our portfolio and bringing forward acreage capture and seismic acquisitions.

In Ghana, our first quarter activities were highly focused on optimizing our Jubilee program and finalizing the appraisal and pre-development of the TEN project. At Jubilee, we have continued to gain valuable reservoir and production information that gives us further confidence that the production issues we are experiencing are related to the well bore region and not to the reservoir.

As part of our ongoing Phase 1 enhancement program, we have now performed several different procedures to address the near well bore impacts. We are continuing to watch the performance of the side trap that came online early this year utilizing a new mechanical completion design.

In addition, we have now performed acid stimulations on a couple of existing Phase 1 producers. While it's still very early in analyzing the outcomes, the results are encouraging. Enough so that the partners have committed to performing further acid stimulations on multiple (inaudible) through the middle part of this year.

In addition, we're implementing the Phase 1A development at the field, with new wells scheduled to come online in our program of Phase 1 enhancement. The outlook for production growth at Jubilee in the second half of the year is now strong.

At the TEN developments on Deepwater Tano we've had really outstanding results in 2012 both the Enyenra-4 and Ntomme-2 wells finding more oil than expected. In addition we have a very strong flow test at Owo-1, the original discovery location for Enyenra field. We are on a schedule to declare the TEN project commercial and submit the plan of development to the government in the third quarter of this year.

On our operated West Cape Three Points Block, we recently announced results from the Teak-4A well, which was testing a potential stratigraphic expansion of the Teak discovery area. The well was designed to reduce the volumetric uncertainty associated with the Teak discovery pools and the outcome (inaudible) refining reservoir distribution and trap definition.

We believe our discoveries at Teak, Mahogany, Akasa and Banda contain substantial (inaudible) of oil and natural gas and our forward appraisal and development plans will be focused on helping optimize the development potential for these fields.

Our meaningful 2012 exploration program in Ghana is underway and we expect results from the Wawa [ph] prospect by the end of June. Wawa [ph] is a campaigning and (inaudible) prospect optive of Enyenra. A second prospect this year is the Tweneboa D prospect, which has been renamed Arcurie [ph]. This multi 100 million barrel prospect is currently planned to spud in July and we expect to have results 40 to 50 days after spud.

The third main prospect in Ghana is Deepwater Sapelli [ph] downdip of Jubilee to be drilled later in the year. Combined, these three prospects are testing substantial results upside for Kosmos.

As I mentioned earlier, we'll also be spudding our first operated Cameroon prospect, the Sipo well, which is 150 million barrel tertiary aged compressional thrust structure on our Ndian River Block. We recently secured a halirig [ph] for this well. We have plans to commence drilling late in the year. Well results (inaudible) in the early part of 2013.

A few months ago we executed a production-sharing contract with the continuous Fako Block, which may contain and extension of the Sipa play. The Fako Block is 320,000-acre position in which we have 100% participating interest. Combined with our Ndian River position, we now have about 700,000 gross acres onshore Cameroon. And we are pursuing a Deepwater play concept in this onshore position.

Looking forward to the second quarter and the rest of the year we have a number of big wells and key data points that will drive value for our company. As we close in on the anniversary of our IPO, I'm very proud of the things we've accomplished over the last year and the way we have transformed our portfolio and organization, the substantial growth that is in front of us.

Now I'd like to hand the call over to Greg for a financial review.

Greg Dunlevy

Thank you, Brian. I will quickly review our first quarter 2012 financial results before commenting on the remainder of the year.

During the quarter we strengthened our financial position growing our cash balance over $70 million while our long-term debt position remained unchanged. Our capital expenditures for the first quarter were approximately $100 million led by our activities at the TEN project in Jubilee, as well as significant expenditures in Morocco for the 3D program.

After these investments, we ended the first quarter with $745 million in cash and strong capacity to execute our investment programs. We reported a net loss of $38 million for the first quarter of 2012 or $0.10 per basic and diluted common share. This is versus a net loss in the first quarter of last year of $71 million. With IPO in May of last year, there was no equivalent per share numbers for 1Q 2011.

Our results in the first quarter of 2012 were impacted by a significant under lifting of production, higher exploration expense and a larger income tax expense resulting from our Ghana operations. Total revenues in the first quarter of this year were $117 million with the sale of one Jubilee cargo of 931,000 net barrels and robust realized pricing of more than $124 per barrel. This included a (audio gap) of a little over a dollar per barrel.

As mentioned in our earnings release, we significantly under lifted production in the quarter by about 450,000 barrels due to the timing of our lifting schedule. This is an equivalent to an incremental $55 million in revenue at the first quarter lifting price.

As we forecasted in our year-end 2011 earnings call, we anticipate a production cost per barrel to decline and TD&A expense to increase. This move is largely attributable to the purchase of the Jubilee FPSO at the end of the year.

Our production costs decreased to approximately $8 per barrel while depletion and depreciation increased several dollars a barrel showing a full quarter impact from the FPSO purchase.

Exploration expense for the period was approximately $40 million, primarily composed of the sizable 3D seismic program executed offshore Morocco as well as certain geological and geophysical costs incurred in Ghana and Cameroon.

In association with the 3D program offshore Morocco, we increased the size of the seismic acquisition and carried a larger percent interest of the cost in exchange for gaining a larger interest in the Foum Assaka Block. Following final approval from the government, our interest will grow to 56.25% from the current 37.50%. We also included in exploration expense the portion of the Teak-4A costs that were incurred in the first quarter of 2012.

General and administrative costs were $39 million for the quarter consistent with our expectations and the run rate for the second half of last year. Our non-cash long-term equity compensation put in place in concert with the IPO comprised over half of this amount.

Interest expense was $13 million and our mark-to-market on our all-hedge was an expense for the quarter of approximately $4 million. We reported $16 million in tax expense for the quarter, which primarily relates to our Ghana operations where we incurred taxes at the statutory 35% rate. In the majority of our other jurisdictions we reported net losses for the period that we do not accrue any associated tax benefit. As a result, we booked a large tax expense in the period verse our prior tax position.

Looking forward we currently expect to have one lifting in the second quarter, which would again result in an under lifted position verse production. We forecast that to turn around in the second half. For the full year we still anticipate production to average between 70,000 and 90,000 barrels per day for the day with between six and eight liftings net to Kosmos.

The variance in the average production rate is dependent on the success of the ongoing Phase 1 optimization program and the timing of Phase 1A wells.

We do expect to see higher production costs in the second quarter verse the first as we begin to see significant costs from the asset stimulation program.

These operations are considered work-overs and are expensed instead of capitalized. So with a number of stimulations planned in the second quarter, we would expect to see higher production cost figures.

On exploration expense, excluding unsuccessful well costs, we are further enhancing our seismic program from our prior guidance driven by the larger Morocco program as well as increased expenditures planned for Suriname and some expenditures expected in Mauritania as well.

For full year 2012 exploration expense, excluding any future unsuccessful well costs annualizing our first quarter number would be a reasonable approach. We are not changing our capital program guidance in total at this time, although the mix is likely to move a bit more towards exploration as seismic programs increase.

As a biggie [ph] exploration company focused on opening new, high-impact exploration opportunities in petroleum systems undertaking more seismic and accelerating that activity makes a great deal of sense for Kosmos.

Taxes continue to be an item that is difficult to predict typically resulting in a difference verse street expectations. We will continue to generate income and incur tax expense on our Ghana operations while generating losses in our other jurisdictions. These losses are not tax effective.

The net of these factors and the apparent high effective tax rate or high negative rate in the case of the first quarter of this year, tax expense is likely to fluctuate quarter to quarter. However, we think it is a reasonable basis to model taxes on a per cargo basis with the amount of tax paid per cargo equal to the first quarter amount.

Now, let me turn the call over to Darrell McKenna.

Darrell McKenna

Thanks, Greg. It has certainly been a busy and active start for Kosmos in 2012. In fact, we are currently running four deepwater rigs at the same time offshore Ghana between our operations at Jubilee as well as at the Deepwater Tano and West Cape Three Point programs. Despite this high level of activity our teams and our partners have done a great job on managing not only the four rigs, but also the associated supply vessels and personnel. All with a committed safety first culture.

Starting off with Jubilee, Brian already mentioned we are continuing to see strong reservoir pressure support throughout the field confirming that we have good communication and conductivity throughout. Gross cumulative production from the field to-date is 33 million barrels and uptime at the FPSO remains extremely high.

Production for the first quarter averaged 68,000-barrel oil per day, which was impacted by temporary shut-ins of multiple wells throughout the quarter for pressure buildup, acid stimulation and additional field diagnostic work.

As you recall that as part of our production enhancement program for Phase 1, we performed a side track of the J7 [ph] well late last year, incorporating a new completion design with larger screen size and gravel pack configuration. The well was drilled only 250 meters away and restored the well's productivity to prior levels, giving us further confidence that the productivity issue is in the near-well bore region and not related to the reservoir.

The new completion design demonstrates improvement over the original completion yet on its own we believe there is potential for optimal completion solutions. In addition to the side track, we also now perform two acid stimulations on existing producers and we are currently in the process of executing a third. Though it is still quite early results thus far have been encouraging and we plan to move forward with executing a series of acid stimulations on other producers throughout the second quarter.

These acid stimulations are potentially a cost effective solution to significantly enhance productivity in the Jubilee well. As we begin to implement the next phase of development at Jubilee, Phase 1A, which includes five producers and three injection wells, we are applying all learnings from Phase 1 into the way we are drilling and completing the new wells.

The first production well is anticipated to be online in August. This well was drilled at a high angle therefore exposing more of the reservoir. As mentioned earlier, we are also continuing to look at completion design modifications with this first Phase 1A well to be completed with a standalone production screen. We have also drilled a couple of other top hole locations for Phase 1A with plans to drill and complete the remaining producers and water injectors throughout the rest of the year and into early 2013.

We are making significant progress at Jubilee and the outlook for ramping up production during the second half of the year is encouraging. At the (inaudible) area, the Teak 4A Aprada [ph] well, which was testing a potential stratigraphic extension of the Teak discovery encountered non-commercial thin reservoirs. As we integrate well results into our field models for Teak we are continuing with our appraisal program for the area with plans to set gauges at Teak 2 to test press communication and we will follow-up with a float test of the Akasa discovery.

We've changed the order of these activities a bit to allow us to analyze results before proceeding with a float test and possibly an additional appraisal well at Teak. What we know today is that we have significant amount of hydrocarbons at Teak, Akasa and Mahogany discoveries and we are continuing to refine the resource side and the potential development scenarios for this area.

At the TEN project, Brian already mentioned our outstanding results at the Enyenra-4A and Ntomme-2A appraisal wells drilled in the first quarter this year. In the Enyenra-4A was a significant downdip extension test proving a static communication in the reservoirs over 13 miles distance with a continuous oil column of approximately 2,000 feet.

At Ntomme-2A we encountered substantial oil lake downdip versus our pre-drill expectations of gas condensate. Both these wells enhance the liquid content and value of the TEN project. Our teams are currently executing a float test at Ntomme-2A, which we should have in the next month. We are still on schedule for declaring commerciality and submitting the POD to the government in the third quarter this year.

We are in the final stages of fee process for TEN and have already begun identifying necessary long lead items. In addition we are currently preparing to tender all major equipment and installation items including sub-seed trees [ph], manapolta [ph] controls, umbilical, risers and float lines. The FPSO's design competition is currently underway and we expect to short list the contractors in the next couple of months.

TEN is moving aggressively forward as a high volume FPSO development anchored by the oil discoveries at Enyenra and Ntomme with the potential for upside volume in the event of additional success in the remaining exploration program. The FPSO is being built to handle in the range of 100,000 barrel oil per day with up to 30 total wells including oil production, water and gas injection.

With our positive outlook at Jubilee, progression on our next project development and building our portfolio of exploration upside, Kosmos' growth outlook is substantial.

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

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Our first question comes from the line of Edward Westlake with Credit Suisse. Please proceed with your question.

Edward Westlake - Credit Suisse

Good morning, everyone. Just a quick question then. So it sounds as if the acid (inaudible) or acid stimulation is going better than expected. Do you think you'll be able to get back to close to the original production guidance without having to drill further side tracks? Maybe just talk through that. And how much data – how long will it take before you can actually say that it's a success.

Brian Maxted

Thanks, Ed. This is Brian here and thanks to everybody for joining us on the call this morning. We appreciate everybody's interest in the company. Let me pass that on to Darrell, our COO, to answer that Jubilee question.

Darrell McKenna

Okay. Thanks, Ed. Yes, indeed we are encouraged by the response of the wells that we've stimulated and we have a third on ongoing right now. Our view is that it'll take us at least a couple of months to see the total effect and that way we'll get some time on productivity on each of these cases.

Our guidance for the year will stay with our production forecast that we originally put on the table, which was 70,000 to 90,000 barrels per day. And that we would achieved full production rate by year-end 2012 for the FPSO.

Edward Westlake - Credit Suisse

And maybe asking it a different way. You've done the J7 side track. You've got Phase 1A so how many other side tracks are you planning in the CapEx program this year? Or have you dropped those in favor of acid stimulation.

Darrell McKenna

Yes. Right now we want to continue to see what these acid stimulations will do. So right now we've not put any new additional side tracks on the schedule.

Edward Westlake - Credit Suisse

Okay. Great. Thanks very much. And then just on the development at MTAB, clearly TEN is moving forward and looking great. MTAB with these Teak 4 results. How long do you think it'll take before you make a decision on whether that's a type out to Jubilee or whether it's going to be a standpoint development in its own right?

Darrell McKenna

Well, we're disappointed in Teak 4 results. We do have substantial resource there. We want to take the time to properly integrate all the information we have into all the fields - Mahogany, Akasa, Banda and then look forward to set a new course in terms of what we have in the area. But at least by close of year-end we'd have a view of what we're doing with the development.

Edward Westlake - Credit Suisse

Okay. Thanks very much.

Operator

Our next question comes from the line of Brendan Warn with Jefferies. Please proceed with your question.

Brendan Warn - Jefferies & Company

Yes. Thanks, gentlemen. Just one quick question just in terms of the Teak 4 results. You still show a few prospects in the region of Teak 4. They're now under question. And just secondly I missed any comment or update on Cedrela. If you can make a comment on that please.

Brian Maxted

This is Brian, Brendan. Let me take the second question first. Cedrela is still under discussion with the government as it was at the last earnings call. And we anticipate that those discussions will move forward over the course of the next few months. And until we've got those issues resolved, then we can't make a statement on Cedrela.

With respect to Teak 4, the Teak 4 results as Darrell pointed out were disappointing in and of themselves. But there is a substantial resource in multiple pools at multiple horizons in the Teak, Mahogany, Akasa and Banda area, which given the nature of those resources is going to require more appraisal and delineation to do than for example on Jubilee, which is a different beast.

And underpinning that appraisal program as we go forward will be ongoing integration of the results of the wells that we drill. So the important point for us to do now is to ensure that we incorporate the Teak 4 results into an updated field model resource estimation and understand how we can best appraise and delineate the field to maximize the volumetric uncertainty reduction and therefore define an optimal development plan.

Brendan Warn - Jefferies & Company

Okay. Thanks, Brian.

Operator

Our next question comes from the line of Doug Leggate with Bank of America Merrill Lynch. Please proceed with your question.

Doug Leggate - Bank of America Merrill Lynch

Thank you. Thanks for taking my question, fellas. Going back to Jubilee for a second, can you just give a little bit of clarification as to what exactly Phase 1A will do? So if I hear you correctly, is the acidizing and side tracking and so on that you're doing in the original Phase 1 field, is that going to get you to FPSO being filled by year-end? Or are you assuming Phase 1A contributes to that. And if that's the case, can you then talk about the implications then for the plateau. Because it was my understanding was Phase 1A was originally intended to extend the plateau and then I have a follow-up please.

Darrell McKenna

On the Phase 1A just to clarify, there'll be five producers and three injectors and the Phase 1A will have three of those producers on production by year-end 2012 and the remaining will be drilled and completed and on production in 2013.

In terms of total volume, total learnings I guess and we are applying in the acid jobs in the Phase 1 program the existing nine wells; we will apply all those learnings to our drilling and completion excise of both 2012 and 2013 Phase 1A program.

Doug Leggate - Bank of America Merrill Lynch

Right. But there's no loss of resource or is there in terms of the plateau. Are we assuming therefore that the longer ramp up is compensated not from an MPV standpoint obviously but from a volume standpoint by an extended plateau?

Darrell McKenna

You're absolutely correct. There is no resource loss in terms of the productivity. It's just a timing issue.

Doug Leggate - Bank of America Merrill Lynch

Got it. Thank you. My only other question really is related to the other acreage positions that you've obviously built up. And I'm just curious about what your thoughts are in terms of the working interest levels that you would expect to hold when you do actually start to have drilling capital spend on those assets? Are you planning to basically retain all your positions or how would you expect to farm [ph] down to get some carries? And I'll leave it at that. Thank you.

Brian Maxted

Thanks, Doug. It's Brian. Our plan calls for reducing our working interest to around 30% to 40% on average in our blocks. This is really to diversify risk and on the one hand and limit our capital at risk on specific projects on the other. So as you know a lot of our exploration initiatives are ideas and concept-driven and so oftentimes those projects are not at the optimal stage to seek farming [ph] partners. And so we go through the 3D seismic stage and then at the prospect time, then we'll seek to bring partners in.

Doug Leggate - Bank of America Merrill Lynch

Great. I'll leave it at that. Thanks, Brian.

Operator

(Operator Instructions) Our next question comes from the line of Anish Kapadia with TPH Group. Please proceed with your question.

Anish Kapadia - TPH Group

Good afternoon. My first question was more of a strategic thinking question. By the end of this year it seems that you'll reach the peak evaluation creation curve on Ghana as you move more into development and production cycle on the asset. And given your core competence really seems today at the early stage of exploration. I was wondering whether it would make sense to monetize or partially monetize those Ghanaian assets and then redeploy the capital into exploration. Just interested in your thoughts on that.

Brian Maxted

Thanks, Anish. It's Brian again. Obviously those are key strategic thoughts that we have every day actually. And at what point is the optimal time when we understand what they forward value of Ghana is. Our belief is that great petroleum systems and world class fields get bigger. And we are seeing that with the TEN project. We've had some very encouraging production date in Jubilee, which I think will ultimately end up in a higher recovery factor.

And of course we've still got quite a lot of work to do in appraisal and delineation in the MTAB and (inaudible) Teak Aksas Banda area. So there's quite a lot of work to do and as you know we've got a ongoing exploration program in Deepwater Tano that'll take us through to the early part of next year at which point we will protect any discoveries that we make with two-year appraisal area.

And so whether it's at the end of this year or it's at the end of the following year I don't know. But at some point here we will better understand what our position is in Ghana. Obviously the cash flow is significant from that asset. And important for us in terms of driving funding our ongoing development projects. But our focus very much will be on exploration and replicating that Ghana success from next year onwards.

But it's a good thought and we think about it and we'll look at making a decision on things like that probably into next year and the following year, as we better understand what the ultimate potential of Ghana is.

Anish Kapadia - TPH Group

Okay. Thanks. And just as a follow-up, thinking from a valuation MPV standpoint, given the tax structure you have in place in Ghana with the additional profit tax. I was just wondering how much impact additional capital being spent or additional asset stimulation jobs from a production cost standpoint has on MPV. Because as I understand it, you end up pushing back the payment of the higher trenches of that additional profit tax. So I was just wondering overall you've got this higher cost coming through but does it actually have much of an impact on MPV?

Brian Maxted

Right. Let me ask Greg to take that question.

Greg Dunlevy

Anish, you obviously understand very well how the contract model works. There's no question that it is structured favorably from either an expense or an investment point of view. Investments are amortized over five years per the Ghanaian tax code. Whereas work over, which is a cash expense is expensed immediately.

So that will go against current income and defer the time when we use up our existing NOL position. As you may recall right now we have NOLs from past activities so we're not in a cash paying tax position in Ghana but we are accruing taxes and using up our net tax asset.

Anish Kapadia - TPH Group

Just one final follow-up on the NOLs when would you expect to start paying cash tax? Have you got an update on that?

Greg Dunlevy

It's subject to forward oil prices so since I'm not sufficiently clairvoyant to give you an exact number, what I would say is that circa strip prices, it would be sometime late this year. Depending on the exact price it could slip into next year.

Anish Kapadia - TPH Group

Okay. Great. Thank you.

Operator

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

Al Stanton - RBC Capital Markets

Yes. Good afternoon, guys. Greg, you said the tax was hard to forecast. I'm actually struggling more with cargos. You've said just now that you're only going to produce one in the second quarter. I'm kind of surprised by that because you've already got half a cargo pretty much in your back pocket already. And I would have thought if you're producing 70,000 barrels a day, you should have at least produced three cargos in the first half. So should we be assuming that production in the second quarter is at best flat quarter-on-quarter? And then more generally my bug bear is should you do something about selling oil on a more short-term basis rather than on a cargo basis. Maybe doing a deal with your partners.

Greg Dunlevy

Being in the (inaudible) business and because you're cargo-specific it does get very lumpy. We've noticed in the analyst models that some of them model everything on a perk-barrel basis not a per-cargo basis. We under lifted as you know in the first quarter almost a third of our production. So our sales were roughly two-thirds of production.

We're going to have a similar circumstance in the second quarter where we're probably just going to miss the second cargo and it will slip into the third quarter. The cargo liftings are per written agreement among all the parties that specify when and how each party and in what order gets to lift. So it's quite clear and fixed. They're forecasted out in time and right now we will have one lifting. It happened this weekend of 996,000 barrels of oil. That at the moment is based on the cargo schedule that TULA produces, our only lift anticipated in this quarter.

Brad Whitmarsh

Hey, Al. Brad Whitmarsh. I would add to that, that we were actually in an over lifted position at the end of December and so our under lifting of 450,000 barrels in the first quarter doesn't mean we're in a overall under lifted position of 450,000 barrels. That’s just what the impact was in the first quarter.

Al Stanton - RBC Capital Markets

Right. Okay. Greg, you gave me half of my revenue number for this quarter. Do you remember what realization you got?

Greg Dunlevy

The cargo was in the process of pricing. Typically we and our partners all are priced on a post-lifting basis in the five business days after. Respective of the holiday in London, today, that will start this Tuesday and go for five days.

Al Stanton - RBC Capital Markets

Okay. Thank you.

Greg Dunlevy

You can pretty much tie it to a Brent [ph] dated price plus a very small margin as with seasonal refinery shutdowns in Europe, the West African sweet crude margins verse Brent [ph] have shrunk a bit.

Al Stanton - RBC Capital Markets

Thank you.

Operator

Our next question is a follow-up question from Edward Westlake with Credit Suisse. Please proceed with your question.

Edward Westlake - Credit Suisse

Yes. Just coming back to TEN. Obviously you're going to be putting that in for a development and you're doing a lot of work right now it sounds like to nail down the costs. Is there any sort of qualitative commentary you can put to the type of F&D cost or overall CapEx for that development as we sit here today?

Darrell McKenna

Edward, I'd just add that there's a lot of work going on in the background in terms of subsurface models and pricing and unknowns right now in terms of actual cost per contract. So right now there's no update in terms of our costs for TEN.

Edward Westlake - Credit Suisse

Okay. And then a second follow-up just on Morocco. It sounds like you're halfway through some of the processing and the question is when do you think you'll be able to get up to a point of giving some kind of pre-drill estimates and number of structures, et cetera, that you see on the block from here? Obviously subject to drilling.

Brian Maxted

I think in Southern Morocco, Ed, it will be later this year into the third, early part of fourth quarter. It's where we've got a reprocessing exercise going on that's almost complete. In the Agadir Basin blocks as you know those are salt and pre-salt plays and the seismic processing needs some tender loving care and will take a little bit longer. So we won't be seeing that until into the early part of next year.

Edward Westlake - Credit Suisse

Okay. Thanks very much.

Operator

Mr. Whitmarsh, we have no further questions at this time. I would now like to turn the floor back over to you for closing comments.

Brad Whitmarsh

All right. Thanks. And thanks to, everybody, for joining us today on the call. If you have any follow-up questions, please give me a ring and I'll do my best to answer.