

Operator

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

At this time, let me turn the call over to Jon Cappon, Manager of Investor Relations at Kosmos Energy.

Jon Cappon

Thank you, Operator, and thanks to all of you for joining us today. This morning, we issued our first quarter earnings release, which is available on the Investors page of the kosmosenergy.com website and we anticipate filing our first quarter 10-Q with the SEC later today which will be available on our website at that time and 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. If there are questions that we aren't able to get to within our 45 minutes 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 would like to turn the call over to Andy.

Andy Inglis

Thanks, Jon, and thanks everyone for joining us. It's been just over two months since I joined Kosmos and I've spent considerable time during that period getting to know the senior leadership team, meeting the wider organization, talking with the many of you, our shareholders and reviewing our strategy and plans.

As part this effort I've travelled to both Ghana and Morocco to get a first-hand understanding of our operations and the local context in which we work. This effort was a valuable exercise that confirmed for the reasons I came to Kosmos. First, we have a world class exploration team with big technical expertise and a disciplined approach to identifying maturing and high-grading opportunities that target high volume, high value barrels in frontier basins.

Second, we have a clear and distinctive strategy. We're focused on what creates the most value for shareholders; namely building production and reserves in Ghana and delivering exploration success through our industry leading portfolio.

Third we have a competitive advantage in being a self-funded explorer. We have a solid balance sheet that gives us the ability to fund the drilling of our exploration portfolio as well as our development projects in Ghana.

Based on what I've seen I believe Kosmos is well positioned for the future and I'm thrilled to be leading this organization. As I go through my remarks, there are four topics I'd like to touch on today; our first quarter operating performance; our second inning exploration portfolio; our financial strength; and lastly how we're organized for delivery, so beginning with our first quarter operating performance. This was a solid quarter financially and with good operational performance in Ghana. The FPSO had high uptime in the Jubilee Field produce at a rate of approximately 102,000 barrels of oil per day sales through the quarter.

This production, combined with lower cost in most areas delivered strong bottom line results. During my recent trip to Ghana I toured the FPSO, the gas processing plant and the related pipeline infrastructure. I also met with senior members of government in the energy sector. It's my belief that all parties involved recognize importance of resolving the gas handling challenge. The Jubilee partners and the government of Ghana view the resolution of this issue as a top priority. We're working together with our various stakeholders to address this challenge. Greg will discuss our quarterly results and future guidance in more detail shortly.

Turning to exploration, we reached TD at our FA-1 well offshore Morocco late last week. This was the first test of our second inning exploration portfolio but unfortunately failed to find hydrocarbons in commercial quantities. Importantly the well was drilled on time and on budget, demonstrating our operational readiness to execute our exploration program. In addition, as a result of our farm out the financial cost is negligible.

In a few minutes, Brian will give you a full update on the well and how we believe the results improve our chances of opening the Agadir Basin. I believe we have and continue to build a second inning exploration portfolio with a potential to create tremendous value. We're encouraged by the valuation of our recent 3D seismic programs as we mature prospects of drilling stage in Morocco, Mauritania, Suriname and Ireland. The next well will be on the Ghana prospect offshore camp Essaouira which we plan to spud late this year.

Turning to our financials trend; a strong balance sheet and robust liquidity is a key part of our business strategy as it enables us to fund our exploration program and development projects. Following an amendment and extension of our reserve base loan, we now have total corporate liquidity at quarter end of \$1.5 billion. This puts Kosmos in its strongest financial position ever as we start the second inning. With Jubilee generating considerable cash flow on our existing liquidity, we continue to differentiate ourselves from many of our peers as self-funded explorer.

Finally, let me tell you how we're organizing to deliver. As I mentioned earlier, we're focused on what creates the most value for shareholders, to build production and reserves in Ghana and deliver exploration success. We must put the best people in the right jobs. We started this process at my appointment, which enabled Brian to focus solely on exploration at CEXO. Today we're implementing further changes to strengthen my leadership team and better align the organization to deliver the second inning. This action will result in a small charge but the change is not about cost reduction. Rather it's about building a more capable and agile company as we focus on growing our portfolio and the drill out of our second inning exploration program.

I'd now like to turn the call over to Greg to update us on the financial side of things. Greg?

Greg Dunlevy

Thank you, Andy and good morning to all. In my prepared comments this morning I will review our financial results for the first quarter and then provide a brief update on our expectation and guidance for the remainder of the year. Overall financial performance for the first quarter was strong and better than analyst expectations. Oil revenue was \$213 million and we recognized net income of \$75 million or \$0.19 per diluted share. Included in these results is a benefit to net income of 24 million related to farm down of a portion of the Company's interest in three exploration licenses in Morocco to BP.

Absent this, adjusted net income would be about \$51 million or \$0.13 per diluted share. Cost related performance was good in the quarter with production expense, exploration expense, G&A interest expense and DD&A, all showing superior performance to last year's quarter. This more than offset lower oil prices and slightly lower oil sales volumes in the current quarter. Production expense was 16 million or slightly more than \$8 per barrel sold with no work over operations conduction during the quarter. Exploration expense of \$13 million for the quarter included only the initial cost for the March startup of a large 3D seismic program in offshore Morocco and the cost of advancement of various exploration based initiatives.

G&A cost came in lower than previously expected, affected by non-recurring and temporal items. Interest expense benefited from the amendment and restatement of our RBL facility this quarter, and DD&A was favorably impacted by the addition of proved reserves at the end of last year, resulting from positive Phase 1A development and the field performance at Jubilee.

Tax expense was slightly higher than guidance, reflecting higher taxable income associated with better than expected oil prices at lower expenses in Ghana. Total corporate liquidity as Andy mentioned was approximately \$1.5 billion at the end of the quarter. The increase to the head of [ph] this quarter the increase over year end primarily due to amendment and extension of the company's RBL facility. Included in our liquidity are cash and cash equivalents of \$528 million after reflecting repayment of \$100 million in debt during the current quarter.

At this time, I'd like to transition to our expectations for the remainder of 2014. Our expected investment program remains approximately \$575 million with around 70% or \$400 million of this targeted for activity in Ghana and the remaining allocated to exploration activities. Consistent with previous production guidance, we anticipate selling a total eight cargos of crude oil from Jubilee net to Kosmos through 2014, two of which occurred in the first quarter averaging nearly 970,000 barrels of oil each.

On the cost side, we anticipate yearly production expense in the range of \$11 to \$12 per barrel, inclusive of work over expenses including a water injected well later this year. G&A costs for the year are expected to be slightly down from full year 2013 and DD&A should average around \$25 per barrel sold. 2014 exploration investments, based on our current CapEx guidance are expected to be approximately \$175 million and they used as a proxy for exploration expense. Exploration expense is driven by seismic survey and well timing as a majority of this cost is associated with these activities. Also included is spending related seismic processing and interpretation activities across our portfolio, as well as funds for potential new exploration opportunities.

Our current crude oil hedge position totals 10.7 million barrels with approximately 4.5 million barrels remaining in 2014 and the balance associated to 2015 and 2016 hedging. We expect to increase both our 2015 and 2016 positions over time. Bearing in mind the challenge of giving guidance on Texas we project total tax expense for the year to equate to around \$22 million per lifting consistent with 2013 average assuming rent oil prices remain around \$100 per barrel, though with higher price realizations in the first quarter this year we exceeded this number.

I will now turn the call over to Brian.

Brian Maxted

Thanks Greg. Our FA-1 well in the Fom Assaka block offshore Morocco reached a total depth of 3,830 meters that's currently being plugged and abandoned after failing to encounter commercial hydrocarbons. This well was our first in a series of play-opening exploration wells designed to unlock the Agadir Basin. FA-1 was drilled to test the salt diapir play concept and targeted possible lower Cretaceous sands in a structural-stratigraphic trap. This is one of several the first and independent play types and fairways contained within three contiguous licenses operated by Kosmos, which together totaled nearly 25,000 square kilometers and capture the core of the Agadir Basin petroleum system.

Importantly, FA-1 encountered good oil and gas shows while drilling and in core samples suggesting the presence of a working petroleum system. This also provided key well to seismic calibration information, which will enable us to integrate the well results into Kosmos' ongoing petroleum system analysis, in particular, the assessment of charge in reservoir play risks, as well as the evaluation and ranking of trap types.

Additionally, a 4,300 square kilometer 3D seismic program in the Essaouira Tarhazoute Offshore blocks is ongoing and should be completed late in the second quarter. This survey will provide Kosmos with continuous 3D seismic coverage as to wear the license in the north through the Tarhazoute license to our Fom Assaka license in the south. Drilling in the Essaouira license is slated to start next year with Tarhazoute potentially in 2016.

Further south in the Western Sahara our offshore Cap Boujdour position covers the Aaiun Basin, a potentially giant unexplored hydrocarbon province with very significant exploration prospectively, supported by performing indicators of a working petroleum system, both direct and indirect including reservoir in charge. A number of play types and fairways have been defined based on 2D and 3D seismic within this very large license which covers nearly 30,000 square kilometers and these include full traps, hanging wall

slope anticlines, and toe thrust structures. This has resulted in us delivering a number of drill ready prospects ranging in size from 500 million barrels to over 1 billion barrels.

Operational planning is underway ahead of our planned exploration at of the Gargaa prospect beginning the fourth quarter of this year. Gargaa is a very large prospect in the P&E [ph] of greater than 1 billion barrels. Elsewhere in our portfolio is the large 2D and 3D seismic surveys we acquired in 2012 and 2013 and now at various stages of processing in its interpretation. Our offshore Mauritania position includes three licenses, covering an area of over 27,000 square kilometers. We're currently interpreting our 2D and 3D seismic volumes acquired last year and the early results are extremely encouraging with both structural and combined structural-stratigraphic ways identified. On completion of our evaluation we'll expect seek a partner here later this year ahead of 2015.

In Suriname, we have two offshore blocks coming in and covering an area of about 11,000 square kilometers. We've completed a 5,300 square kilometer 3D survey in 2012 and acquired around 1,400 square wide kilometers of 2D last year. We now received the final 3D process products and our geo-fiscal interpretation and mapping along with geological studies of identified multiple hydrocarbon plays and fairways, which has substantial exploration potential. We're currently formulating a forward exploration strategy on this.

On the Porcupine trough offshore Ireland, where we have three blocks totaling approximately 2,600 square kilometers but presently interpreting the fast-track 3D seismic acquired last year, while we wait the final process versus we expected later in 2014. Again earlier technical work is very encouraging and leads and prospects are currently being defined and further identified.

Following completion of our evaluation we expect to commence a farm-out effort here to secure additional partners towards the end of the year ahead of possible drilling as early as 2015. Today we're in the process of delivering our second inning with self-funded frontier exploration strategy enabling us to build a transformation portfolio time at opportunities. Our new venture initiatives are focused on building a portfolio with the size, potential and balance to deliver success in the near to medium term and ensure sustainable growth through organic success of the drill bit in the long term.

Each of the exploration opportunities captured to-date offers multibillion barrels resource potential. Prospects are being matured for drilling, partners being secured and rigs have been contracted for our multi-well multiyear game changing exploration program which is now underway. Based on the strong progress we are making in regard to generating new ideas, accessing

opportunities, securing partners, maturing prospects for drilling and ensuring operational readiness, as well as the recent organizational structure, I am moreover confident that our exploration strategy will deliver transformational value for Kosmos going forward.

Thank you. Now operator we'd like to open the call for questions.

Question-And-Answer Session

Operator

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

Ed Westlake - Credit Suisse

Just the I guess some exploration questions obviously and then I guess you've only had a few days to look at the data. So it's appreciated, it'll still going to very early. But just in terms of the oil and gas shows I guess this was lower Cretaceous I think as a target. Any shows in any other zones.

Andy Inglis

Brian, will you take it.

Brian Maxted

Morning Ed, how're you doing? Yes, this well is just recently TD. So evaluation of the information as you can appreciate at a very early stage, but the shows we encountered actually were in the, we believe in the early part of the cretaceous section. We did encounter some shows higher up in the well but the main shows were above the salt well TD in the salt of the salt diapir. So, we're actually extremely encouraged from a strategic standpoint with the results. The one thing I did want to walk away from, from this well was that it's inside a in petroleum system because many observers and commentators on the area had indicated charges to the key risk in this basin. We actually believe that reservoir was more of a key risk which indeed is proving thus far at least to be the case, but we're extremely encouraged by the fact that we, it does appear as though we've demonstrated the presence of multiple oil and gas source rocks in the basin with this well resolved. And so from a, from the perspective of ultimately opening up this petroleum system, we're really quite encouraged. And as you know, as with all of our opportunities, they're characterized by play diversity, deliberately to ensure that we have sufficient chances to unlock the basin and Fom Assaka One just tested one of those opportunities which was a salt play.

Ed Westlake - Credit Suisse

And then I mean I guess you mentioned reservoir was one of the key risks. Just maybe walk through a little bit of what you saw relative to the reservoir quality.

Andy Inglis

Yes, I mean I think understanding in a salt basin, where salt is actively moving into position with reservoir development, it's crucial obviously to understand the structural and stratigraphic interplay between the salt movement and the provenance and distribution, the sedimentation of the reservoir systems and that's clearly something we have to understand here to ensure that our reservoir prediction is in place and we're fortunate in that delta systems out here were active from the Jurassic up through to the present day actually. So we got targets from the lower part of the Tertiary into the Jurassic. So we've got from a reservoir target standpoint many options here to be working with. Our focus at the moment is on improving our reservoir prediction models for the multiple targets that we have.

Ed Westlake - Credit Suisse

And I guess in the Gulf of Mexico, you go to these, these visualization rooms where people explain that you've not just got to be able to see the top of the salt, you need to be able to map the bottom of the salt. There's a lot of, as you say movement that needs to be sort of theorized, obviously we're just one well in here but you know how many wells do you think it will take to sort of get a really, how many wells you're going to get till you get to the sort part of the optimal ability to target these wells more effectively.

Andy Inglis

I mean we're as we set out our exploration strategy last year ahead of the farm out and we considered that a minimum three well program was appropriate for this basin and we farmed out to our partner, energy partners, and on that basis. I still think that's a minimum number, we're looking at a huge area and depending on the results of those early wells, the basin may well require more wells to try and unlock it, and of course other operators are also operating in the basin as well alongside it. So, I think it's going to get adequately tested here over the next two or three years.

Ed Westlake - Credit Suisse

Okay, and then just one final. Do you think operators will share data or still too commercial to do that?

Brian Maxted

Yes, in a situation like this where we think we've met -- what -- we believe we've got the core of the basin already licensed and so we don't see competitive issues, it makes sense for us to trade, to trade wells in a frontier situation, to make sure that we're maximizing our knowledge obviously.

Operator

Our next question comes of the line of Ryan Todd with Deutsche Bank. Please proceed with your question.

Ryan Todd - Deutsche Bank

A couple of questions. First on Jubilee, I know you referenced Andrew the chance to visit in country over there Ghana resilient talk with the various parties about the gas solution. Can you give us any more commentary on any changes on the timing of the voluntary gas solution and if you've seen any changes in view, if there is any change in view on the capacity of the reservoir that continue to receive the current rate of gas injection?

Andy Inglis

Yes, now, I think the guidance is unchanged I think in terms of when we think the permanent solution will be implied. I think it is by yearend and then having sort of seen the state of completion when I was out there and the rate of progress, I think that's a fair estimate. Clearly, there is a risk between when we are today and year end in terms of the ability to reservoir to continue to take that and performance is really strong through the first four months of year. And to mitigate that, we are looking at alternative solutions which range from short term flaring to bypass around the gas plant if it's not there on time. So I don't think the world is changed in that sense.

I think what we're working hard to deliver the solution, a permanent solution, around yearend. I think the only other thing to sort of note is the significance to the Company. We're closer to the end which is important. We've plan business at \$85. We've actually got closer to realization of \$910 for the cargo so far this year. So in terms of our ability to ultimately fund our strategy, I don't think anything has changed. So really this is all about just getting to the permanent solution, which will then allow us to ramp up production and see the full capacity from the FPSO.

Ryan Todd - Deutsche Bank

Okay and I guess in terms of alternative solutions you're looking -- I guess to listen a sense of the bypass, it requires some amount of construction of

capital spend or something like that. Is it safe to assume that -- is there an ongoing effort on pristine [ph] and know you're making progress on some of those alternatives, that's going on in parallel right now to the base case start up or is that something we will wait and see where we're later?

Andy Inglis

No, the bypass is actually very simple thing. I think if I get it right, I think the inlet of the part of the plant and the explore life of the plant I think are about sort of 20 feet apart. So it's a very small dollar amount to put a connection up in front of the plan that is revolving to enable it to happen. So I don't think that's really the issue. It's a mix of minimal cost at very short time line. The real driver of that schedule is getting the offshore pipeline commissioned to enable that sort of care and in that's in a timely fashion then the bypass might well be a credible option.

Ryan Todd - Deutsche Bank

Okay and then I guess if I get to ask one more on exploration. I appreciate the update that you gave on some of seismic programs you have going on in the various basins. It looks like you could potentially have drilling in four different basins going on in 2015. Is that fair? And is there anything -- as you've seen early results of the seismic surveys coming and you've been looking at prospects across your various portfolios, has anything looked particularly interesting, possibly moved up forward in the portfolio and could we really see drilling in four different regions next year?

Andy Inglis

Yes let me just sort of pass it over Brian. I think it's a very good insight absolutely that we could see drilling four basins in 2015, which again I think it is a testament to the depth of the portfolio and the quality of it. We've clearly done what recently as a result of the 3D that we acquired and I'll let Brian give you little bit of flavor of that.

Brian Maxted

Absolutely, you're spot on. As you know we've got the Atwood Achiever rig, that's been delivered to us towards the end of this year and to drill Gargaa to begin with. But then into next year, the plan is to ensure that we have a pipeline of top quality prospects to drill with that rig. And I think -- I am absolutely delighted. Frontier exploration, when many projects are picked up on the basis of concepts, geologic concepts often times with not a lot of seismic data in support of them, I'm actually pretty astounded that of the five areas that we've got, all five of them today look as though they're moving towards the drilling stage. I would have least got good opportunities

which can justify drilling. The key for us of course is will be high grading those and drilling best first which we are now moving towards been able to do, given that we've shot all of our data in the different blocks.

So lots of optionality in this portfolio, all of which are giant positions and only one of which can deliver the second inning of course. We're pretty excited about the Sahara. We've shared that with you in the past. The Mauritania, we're in a different part of the basin to the recent Tullow efforts who are important to us. We deliberately went out board looking for the major cretaceous funds.

As you know, we shot our 2D there and immediately went to shoot 3D on the back of the results of the 2D. And has 3D has confirmed what we saw in 2D, which is really very exciting. So we're - we are getting very encouraged by what we're seeing in Mauritania. We've got -- not only a percent of those. So we're going to have to kind of partner there eventually before we get to the drilling stage.

Suriname is maturing very nicely. And then Ireland is little bit further behind just because the timing on the 3D. So very encouraged by the optionality we've got here, not just in each of the places where we are, but combined as a portfolio, very, very difficult to go and build the portfolio in this industry today at the quality that we have.

Ryan Todd - Deutsche Bank

That's great. And from rig availability point of view, do you feel you have enough in terms of -- I know you have the Atwood rig. Are there any other moves on the rig side that you're going to need to make it over the next 12 months?

Andy Inglis

I think if we have successes, our business model close for accelerated appraisal. So one can expect that in a case of success that it will lead to additional rig capacity. But we've got a world class, state of the art, rig coming. So that will take care of the exploration program, the kind of size that you indicated earlier in your question.

Operator

Our next question comes from the line of Pavel Molchanov with Raymond James. Please proceed with your question.

Pavel Molchanov - Raymond James

So just to clarify are you anticipating any exploration results between now and December 31st?

Andy Inglis

No.

Pavel Molchanov - Raymond James

You're not. Okay.

Andy Inglis

There's a problem we have. Gargaa will expire towards the end of the year. The well will actually be drilled through year end into the first quarter. So it will be the first quarter at the earliest.

Pavel Molchanov - Raymond James

Okay, understood. Has anything changed in relation to the timetable for starting up the 10 project?

Andy Inglis

No, nothing has changed still. So a 2016 start up.

Pavel Molchanov - Raymond James

Okay. I guess any clarity on when during the year, first half, second half, are still too early?

Andy Inglis

Yeah. I think, we would -- I think internally, from a Kosmos perspective, it would be toward the second half of 2016.

Operator

Our next question comes from the line of Brian Foote, Clarkson. Please proceed with your questions. Mr. Foote has disconnected. Our next question comes from the line of Anish Kapadia with TPH. Please proceed with your questions

Anish Kapadia - TPH

Just wanted to ask Andrew a question on biggest fracking [ph]. Kind of looking back over the years, with share prices being somewhat disappointing since the IPO, just kind of thinking about where the stock is trading now?

And you talked about a more radial strategy, such as sell down of all or parts of Jubilee, Kind of thinking that NOCs are probably likely to pay a little more than where -- the market evaluating that didn't have a discount rate and other reasons. And also on the exploration side of the strategy, any thoughts if -- any changes over there. It kind of looks like exploration becoming looking more difficult in this market with higher cost wells. Total industry success rates have come down and discoveries have become more difficult to commercialize. So I am just wondering kind of overall thoughts on strategy. Second question is kind of going back to Morocco and exploration risks. We always thought you were talking about reservoirs being the key to risk in Morocco and now in temp wells cretaceous in Morocco with no default reservoirs found, just wondering what makes you confident going forward that you will be able to find reservoirs, and now only reservoirs but high quality reservoir for commercial development. Thank you.

Andy Inglis

All right. Thanks. Brian, why don't take Morocco question first and then I'll come with broader strategic questions. Brian goes up first.

Brian Maxted

Yes. Anish, yeah I mean I think the reservoir prediction for us right now based on results of the second one is the key challenge that we face in marketing this basin. There is clear evidence from in board geology and from onshore that there has been a major debt depositional, series of depositional events through time into this basin. And as we project that off shore and extrapolate, we can tie in to from a geometry standpoint in terms of overall sequences and what appear to be reservoir geometries into a deeper water depositional system. So based on the seismic, we're relatively confident that there is - both the basement in terms of its entirety, multiple reservoir fairways, we got into a salt diapir play in the first well in a mini basin which appears as though it may have been bypassed. All that means is the sand is somewhere else. The small amount of sand that we did get was actually good quality. I'm actually not worried about the quality. I'm worried about finding thick reservoirs. So we just need to keep working it. We got a new 3D coming in over a big part of our acreage. We have to go back and recalibrate based on these well results and work it from there, but I still remain optimistic that a basin of this size should have reservoir systems in it somewhere, and I believe ultimately we'll find them.

Andy Inglis

Sort of coming back to the question the strategy, what differentiates Kosmos today as a frontier explorer is that it has a source, reliable source of cash

flow and it has an asset today which is cash positive and that's pretty unique in terms of our peer group. But it's more than that. It's actually not fully developed, as a resource. We see further opportunities to grow that resource, convergence of reserves to production and beyond the projects that are currently sanctioned.

So as you sort of look at the ways in which we're delivering value, I think I see, us focusing on that and the price from that, is significant today, which is why in Jubilee and the Gargaa asset remains an important part of the portfolio. It's not fully valued today and there's more that we can do to demonstrate that value to the market.

In terms of exploration, it's all down to the quality of the portfolio you build and it's down to how you do it. Again I think we have a very distinctive approach. I've known Brian a long time from his BP days, the rigor and discipline with which we explore the focus of the technical work, it is about drilling a small number, and we'll be drilling, three, four wells a year and we can see them now extending to 2015, '16. But they're very high quality wells and therefore have the ability to have a big impact on the Company.

So you won't see us taking a shotgun approach. You'll see us stick to that, we're going to be patient, because of the quality of the portfolio we have and I hope Brian has given you a sense of the growth in our prospectivity that we've seen as we've interpreted the recent 3D seismic. And that for me is one of the most encouraging things that I've seen in the first two months, is the progress that we made on that and the confidence we have about the quality of the drill out over the next two and three years. So that's why we're doing what we're doing. I think we're very clever on our strategy. I believe it's distinctive, it's competitive and it will deliver.

Anish Kapadia - TPH

Thanks Andy, just on follow up for Brian. Are you still planning to drill the oil prospectives and will that substantially change after the results of Eagle?

Brian Maxted

That's on the list Anish. What we're doing is we're waiting till we got this new 3D in from Tarhazoute and as I said, I think the important thing for us to make sure we drill the best right well next and Boilers is a good option for us, but we got some strong leads within the current 3D that's being chalked and so we'll just have to see how that matures during the interpretation. But that's certainly on the, one of the options on the list for sure.

Operator

Our next question comes from the line of Brian Foote with Clarkson. Please proceed with your question.

Brian Foote - Clarkson

I'll try that again and I apologize about the disconnection. A question on Mauritania. At 90% right now, can you give us a sense of the timing, the ultimate size working interest that you want to get down to and any other things about the complexion of the working interest as it unfolds, the timing and ultimate size I guess are interesting to me.

Andy Inglis

Yes Brian, yes, I think the model that you saw us execute in regards to format in Morocco is what we would hope that we would be able to achieve in Mauritania as well. So that would have us coming down to you know 35% 40% range and depending on partners and bringing in some highly capable, financially capable partners with us alongside just ahead of the drilling. So we would look at - the interpretation is moving forward at a pretty rapid pace and I hope during the second week and the second half of the year we would go into the market with the opportunity as a farm out.

Brian Foote - Clarkson

Okay, excellent and in terms of the, I know it's early but the interpretation of the 3D seismic is ongoing, but as it relates to the bubble charts that you guys put out, so hopefully the size of the bubbles, have they increased? Has the probability of successes increased in your mind? How do things relate in terms of X and Y axis if you give some advice?

Andy Inglis

Good point. The bubble chart -- in more reflects the maturity of the assets within the portfolio than it does with overall portfolio of drilling a lead prospect inventory if you like because pre-3D many of the leads are based on limited amounts of seismic data. But I would anticipate the Mauritanian opportunities, a lot of competitive within the portfolio let's say to justify high ranking and therefore get onto the drill schedule for next year and beyond and hope would have multiple prospects in Mauritania in that class.

Brian Foote - Clarkson

And just one more if may. I know the original BP joint venture was discussed as being up \$240 million. How much have you expended thus far under that and does that \$240 million remain?

Brian Maxted

It's essentially -- going forward now, it's essentially at three-well carry which was the minimum exploration program. It does extend beyond that in the event of success. So again variant formats very important for us and each mentioned on the call earlier, the higher cost of the exploration business these days, managing that through a successful format in the business model is very important for us.

Operator

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

Al Stanton - RBC Capital Markets

Anish actually asked most of questions, but there is one last I've thought to ask and that is Andy, in terms of your appointment, I was wondering whether the major shareholders were intimately involved and whether they gave you any time scale or any view on their time scales and their patience for delivery?

Andy Inglis

As you mentioned, they were intimately involved. So that's relatively straight forward question to answer. And look no, in terms of time scale, they didn't. And I'd say that they've been a patient shareholder. They see the value in the business model. And I don't think that's changed. They've actually been with us for 10 years. They've seen we see go through the first inning and the success from there, and they've been present as we've built the second inning portfolio to the point where we now starting to drill it out. So, no, they didn't come with any time scales. And then obviously part of my conversation with them was their excitement about what is that we're doing and it's shared equally.

Operator

Our next question comes from the line of John Herrlin with Societe Generale. Please proceed with your question.

John Herrlin - Societe Generale

Just some quick ones for me. With the sands that you saw Brian in the FA well, could you characterize -- the mortgage showed that they were reasonable but not think enough but could you describe them a little bit more?

Brian Maxted

They were sands that clearly -- we were not in the half of the main distributor fairways. So they were a peripheral sand systems. But the important thing was one, they indicate the sand is getting into basin; two that is going somewhere else and as my point earlier, we really need to understand the interplay between the salt movement and the deposition of these reservoir systems to properly predict, best predict, where the thick sequences, reservoir sequences sit relevant to the more marginal one which is what we encountered in FA1.

John Herrlin - Societe Generale

Okay. Next one for me is on the restructuring, are you moving close to Old Navy? Are you going down few floors? In your Dallas offices? What are you doing?

Andy Inglis

What we're trying to do is actually make the organization a little simpler, less layers and then more focused on the things that actually drive value. We're very clear in Brian's world of exploration. He's now back on hands on as the CEXO and it's about having you best people in the right role and through that based on focused on new ventures and expanding portfolio, very strong focus on the prospectivity of the acreage that we have today and actually ensuring that we're drilling the right base first as we start going through the drill over the next two or three years. Same of sort of focus in Ghana now. It is about the production, but it is about how do we expand the reserve base and accelerate that. And it's a world class reservoir and it can grow.

So really the Company's has gone through a transition. It's went public three years ago. It's hard to grow as it's done to meet all the burdens of that but really, this just sort of getting back to a much more simple organization and we've certainly moved to get the best people into the right roles. I think we have an organization that's more agile and more competitive as a result. Anish mentioned you know, it is competitive world out there in terms of access and we need to be agile to respond. So this is not anything other than actually ensuring that we have the right organization, the best people in the right roles to deliver what I believe is distinctive and world class strategy.

John Herrlin - Societe Generale

With respect to what you just said -- in a short cycle time world, do you think you need to have your portfolio geared up so there have more opportunities within reason in terms of seeking prospects?

Andy Inglis

Yes. I'll ask -- let me pass it over to Brian.

Brian Maxted

Yes. John that's always the -- usually on the -- the key question there. It's always that balance, isn't it; between focus and diversity. And in the frontier basins you are highly dependent on play risks and so things don't work. Then you need to ensure you've got other options and can replenish the portfolio. Our strategy as you know is focused in concentrating portfolio and rifle shot exploration as we call it, deliberate, because we know that frontier basins are not easy to open up. And therefore, I think we distinguish ourselves by ensuring that we place a lot of good talent and capability at a few challenges, few basins. And so I don't want to become too diverse because that then dilutes the organization, it results in poorer work, it results in shot gun exploration, it results in failure.

And over the years I've always found lots of oil with a concentrated portfolio approach and I believe that, 150% in it. We, as Andy mentioned, we do have an active new venture program. We are incredibly selective and there are things in the pipeline that are moving towards, hopefully capture. So I do expect to build the portfolio a little bit here. And then as Andy also pointed out, then the conversation is around high grading it and we will continue to do that. So, one or two more projects maybe, but I'm really excited about the running room we've already got and I'll be fairly disappointed if the existing portfolio doesn't deliver at my new ventures. But we are active in that regard.

Andy Inglis

It's worth adding that, the models founded about early access at very low cost. We're not using expensive farm-ins to gain drilling opportunities. And then it is about having gained access early at high equity positions than being able to farm-down and then leverage that into our business model. So it is about the discipline of applying that and not getting distracted by other things. And I think it's so easy, I think to believe you've got to sort of do something else, whereas, I think we've got quality portfolio, we're getting early access, we're getting the ability of leveraging other people's money into it. And that's the way we're going to continue.

Operator

Since there are no further questions at this time, I'd like to turn the floor back over to Jon Cappon for closing comments.