Operator

Good day, everyone. Welcome to Kosmos Energy's Third Quarter 2013 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. Please go ahead, sir.

Jon Cappon

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 website. And we anticipate filing our third quarter 10-Q with the SEC later today.

Joining me on the call with our prepared comments is Greg Dunlevy, Executive Vice President and Chief Financial Officer; Darrell McKenna, Chief Operating Officer; and Brian Maxted, Chief Executive Officer and Director. Following our prepared comments, we will have a question-and-answer session.

[Operator Instructions]

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 Greg.

W. Greg Dunlevy

Thank you, John. Good morning, everyone. In my prepared comments this morning, I will review our financial results for the third quarter and then provide a brief update on our expectations for the remainder of the year.

Overall, our financial performance for the third quarter was largely in line with expectations, reflecting the sizable plant exploration expense during the quarter, primarily for 3D seismic investments.

We recognized a net loss of $44 million or $0.12 per share on revenues of $215 million.

The sales volumes from our first lift in the quarter was slightly lower than average, which impacted overall quarterly sales.

At the end of the quarter, we were in an under-lifted position, having lifted for sale approximately 292,000 barrels less than our current entitlement.

On the cost side, production expense for the quarter was $33 million, including $20 million related to workover operations. Excluding these costs, our underlined production expense was less than $7 per barrel sold.

Exploration expense for the third quarter was $78 million. The majority of these costs was related to seismic acquisition activities in Ireland, Mauritania and Suriname.

Also expensed, although the Akasa-2A well -- appraisal well was fully successful on the third quarter's portion of the cost incurred on the well.

G&A cost on tax expense was slightly lower than the trend line this quarter, whereas depletion and interest expense amounts were consistent with our previous expectations and guidance.

At quarter end, our liquidity position continued strong, with over $1 billion of cash and available borrowings under our debt facilities.

At this time, I'd like to provide some brief comments on our expectations for the remainder of the year.

We expect CapEx will come at somewhat below prior guidance, the amount subject to the timing of our Ghanaian development activities. Consistent with previous guidance, we anticipate selling 2 cargoes in the fourth quarter for a total of 8 cargoes net to Kosmos during the year.

For Jubilee, the average cargo size is 950,000 barrels, with a range of plus or minus 5% at the buyer's discretion.

We expect production expense, G&A, DD&A, interest expense, to be generally consistent with the trend line for the first 3 quarters. And exploration expense will decrease on lower seismic acquisition costs, as a 3D survey underway of Mauritania is expected to wrap up in mid quarter when the Ireland seismic program was completed in October. The balance of the Akasa-2A costs and underlying costs related to ongoing seismic processing and G&G activities will also impact the quarter.

Tax expense is challenging to guide to, but is closely tied to sales from liftings. As such, we anticipate our total tax expense per lifting going forward to be generally consistent with amounts from the previous 3 quarters, assuming Brent remains over $100 per barrel.

With Jubilee continuing to generate considerable cash flow and our existing liquidity base, we remain well positioned to not only internally fund our development plans in Ghana, but also our high-impact exploration drilling campaign set to begin in early 2014.

I will now turn the call over to Darrell for an operations review.

Darrell L. McKenna

Thanks, Greg. Performance at Jubilee remained strong throughout the quarter, with the field continuing to exhibit exceptional well deliverability, high FPSO uptime and an excellent safety and environmental record.

The Jubilee field is currently producing at a rate of around 110,000 barrels of oil per day and averaged approximately 88,000 barrels of oil per day during the third quarter.

The decrease in production rate this quarter reflects the short-term production impact associated with the planned FPSO maintenance program, which was completed in late September ahead of schedule.

The Phase 1a drilling and completion operations in Jubilee continued throughout the third quarter with 5 wells drilled and completion operations currently underway on the fifth well.

Three Phase 1a producing wells are currently online, including our first horizontal producer, which has proven to be the most prolific well drilled in the field to date.

In addition, we remain very encouraged with the first 2 Phase 1a producing wells put online, as we have seen no productivity degradation from scale effects in either of the wells to date, despite the fact these wells have been on production for nearly a year. This reaffirms the modified drilling, and completion practices utilized in the Phase 1a program have mitigated the scale issues encountered in the earlier wells.

No acid stimulation programs were conducted in the third quarter, and none are anticipated prior to year end.

During the quarter, we did perform a workover on one of the water injection wells, but no further workovers are planned for the remainder of the year.

With our field partners, we are continuing to study options for further system de-bottlenecking on the Jubilee FPSO, as well deliverability far exceeds vessel capacity. This includes analyzing all the major components of the system, including gas injection, water injection and fluid processing facilities.

Most recently, we have re-wheeled one of the gas compression trains and are currently testing that system. In addition, we have completed the third gas injection well, which we anticipate will be operational in the fourth quarter.

As a result of these short-term initiatives, we anticipate exiting the year at record production levels from Jubilee.

Additionally, we are monitoring the progress of the Ghanaian gas export project, which is currently expected to start up next year.

Since approval of the TEN plan of development in May, focus has been on awarding of the major contracts for the FPSO and subsea infrastructure. The TEN development, which will combine production from Tweneboa, Enyenra and Ntomme fields will utilize in FPSO, the second such vessel in Ghana. The project will require the drilling and completion of up to 24 development wells with the aim of delivering first oil by mid-2016, staging up to the facility's design production rate of 80,000 barrels of oil per day.

We are continuing to mature our appraisal and delineation plants for the Mahogany, Teak and Akasa areas, which we believe will ultimately be tied back to the Jubilee FPSO.

Early in the year, we received an extension of both the Teak and Akasa appraisal periods. During the third quarter, we successfully drilled the Akasa-2A appraisal well. The well, planned as a future water injection well, confirmed a down-dip limits of the Akasa accumulation and encountered well-developed, water-bearing reservoirs as expected. A water injection test is being conducted to confirm the lateral connectivity to the Akasa-1 discovery well.

Moving away from Ghana, we are in the advanced stages in our operational readiness for upcoming drilling activities. We are in the process of finalizing the contract for a second rig for our initial well in Morocco, which we expect to commence the first quarter of next year.

In combination with our long-term contract with the Atwood Achiever, we will have the rig capacity in place to execute our high-impact drilling campaign over the course of the next several years.

Our combined Ghanaian assets are truly world-class and the foundation from which we will continue to grow our business through ongoing development in the drill bit.

Now I'll hand the call over to Brian.

Brian F. Maxted

Thanks, Darrell. Now let me update you on how, as a self-funded explorer, Kosmos is leveraging its strong balance sheet, as well as reinvesting the growing cash flow from Jubilee.

We're not only internally financing all of our follow-on development capital needs and production expenses in Ghana, but most importantly, we're allocating capital to execute an extreme-impact exploration program outside of Ghana. This, as you know, is focused at replicating our Ghana success by opening new super major scale petroleum systems elsewhere along the Atlantic margins, so as to transformationally grow the fundamental core value our Ghana business provides.

To deliver our objective of finding high-volume, high-value barrels, as we did in Ghana, our exploration team is pursuing a proven, organic and a venturous strategy, which with contrarian ideas and initiatives driving first advantage, enable us to establish a concentrated portfolio with multi-billion barrel resource potential and our choice of the last remaining unexplored Circum-Atlantic frontier and emerging sedimentary basins.

The execution challenges we would face as a company. But more importantly, shareholders, in delivering that strategy, are many, including both above and below the ground. I'm pleased to report that over the last quarter, we've continued to make excellent progress in overcoming these across our business.

In particular, with regard to securing access to our new venture opportunity targets, addressing aboveground issues, technically de-risking these petroleum systems and minimizing the exploration cycle time required to do so, as well as attracting partners and ensuring operational readiness.

Building this strategic portfolio with the necessary resource potential and risk profile to significantly change the value of our company through exploration success for the drill bit, we were required to ship from our former home at the West Africa's transform margin, due to limited new venture opportunities, which followed our Ghana success.

Practically, we therefore expanded our geography and exploited our Cretaceous core themes. North to Northwest Africa, offshore Western

Sahara; West General South America, offshore Suriname; more recently, into the North Atlantic offshore Ireland.

Salt basins are the other recently successful exploration plan on the Atlantic margins, which led us to offshore Morocco in Northwest Africa.

In this regard, we recently added the Tarhazoute license, which follows on from our entrance to Porcupine trough offshore Ireland during the second quarter.

While due to the [indiscernible] to Essaouira and Foum Assaka licenses in the Agadir basin offshore Morocco, it increases the play on fairway diversity, as well as the number and type of leads and prospects in one of the less undrilled salt basins along the Atlantic margins.

This acreage brings our total gross position in this underexplored frontier basin to over 25,000 square kilometers.

Moreover, with 82,000 square kilometers licensed to Kosmos, including 56,000 square kilometers offshore Morocco and 26,000 square kilometers offshore Mauritania, we're now one of the largest acreage holders in Northwest Africa, significantly exposed to the 3 independent under or unexplored petroleum systems, each possessing multibillion barrel potential.

In our existing blocks, we continue to material leads to prospects to the drilling stage in a timely manner. This quarter, we have completed the largest 3D seismic program ever acquired offshore Ireland, over 5,000 square kilometers in the Porcupine trough and about operational as soon as the licenses were signed.

We're also acquiring what we believe is the largest 3D seismic survey shot in West Africa this year, over 10,000 square kilometers, and this is nearing completion offshore Mauritania.

Earlier this year, we also completed 6,300 line kilometer 2D seismic survey, covering the entirety of our Mauritania acreage position.

Based on very encouraging initial results from the 2D, we both accelerated and expanded our planned 3D seismic program.

Also a significant interpretation of both the Ireland and Mauritania surveys next year will position us to grow further explosion wells in these areas as early as 2015.

Offshore Suriname, final data processing volumes from the 3D seismic survey acquired early in the year of a portion of our 11,000 square kilometer position is expected during this quarter. With new 2D seismic also in processing, interpretation should be completed during the first half of 2014.

New large 3D seismic surveys are currently being planned for both our Cap Boujdour license offshore Western Sahara, as well as our Tarhazoute license in Morocco, during the early part of 2014 to provide exploration drilling opportunities for 2015 and beyond. This will most likely include a wide estimate 3D seismic survey, which we understand may be the first acquired offshore West Africa.

We've also made excellent progress in attracting strategic partners to join us in our exploration portfolio ahead of drilling. All our processes represent excellent industry peer review opportunities for us, as well as our investors, and our recent initiatives have proven very successful.

Following on from our format with Chevron in Suriname during 2012, last month, we announced the formats of our 3 licenses in the Agadir Basins with BP, who will join us as a non-operated partner. BP brings a wealth of knowledge and technical expertise to the project, specifically their proven leadership in the exploration and exploitation of salt basins, including Nova Scotia, the conjugate twin basin in northern Morocco.

Their entrance into the project, including the deal terms, is a testament to the resource potential of the Agadir Basin.

In the [indiscernible] basin offshore Western Sahara, we are pursuing our core largest theme in one of the largest undrilled Cretaceous deltas in the world, Delta's giant seismic [indiscernible] to export exploration upside.

We recently announced that Cairn Energy has joined us as an non-operating partner in this venture. We're delighted to be an independent company with excellent standing, and our proven exploration track record has joined us here.

The deal terms, as well as the retention of a high working interest, reflects the size of the potential price here and our belief in it. We'll now move forward to position ourselves to drill the first well and Cap Boujdour license in the second half of 2014.

All [indiscernible] of our Mauritania and Irish licenses are expected to commence later next year.

Final part of the process to enable exploration discovery is ensuring operational readiness, in particular, securing rig capacity, unordering long lead time items to meet our rifle-shot drilling objective of about 3 or 4 well exploration campaign each year going forward.

We have already announced the contracting with the Atwood Achiever rig for 3 years starting later next year. In addition, we're in final negotiations for a single slot on the second rig to Drill Eagle 1, the first well in our Foum Assaka license is expected to start in the first quarter of 2014.

Although faced with a highly competitive upstream environment, we are nevertheless continuing to selectively and successfully evaluate new venture opportunities in frontier and emerging basins along the Atlantic margin to high-grade our second inning exploration portfolio.

Kosmos, as you know, was the original architect of the Jubilee play in the transform margin in West Africa. To much industry interest, existing plays in this region have begun to withdraw after [indiscernible[Limited success.

This provides us with a second cycle exploration opportunity, involving acreage -- new acreage positions or farming initiatives.

Our greenfield new ventures efforts are currently focused on reentering this play for the short term, as well as identifying new themes and geographies, along or adjacent to the Atlantic margins for the longer term.

Since our IPO in 2011, we have identified and acquired over 63,000 square kilometers of new acreage and shot nearly 26,000 square kilometers of 3D seismic, as well as extensive 2D, all focused at rebuilding our exploration portfolio and maturing prospects to the drilling stage. We've also secured partners in our advanced projects and are ensuring that we are operationally ready for our upcoming wells. We are now poised to commence our transformational exploration drilling program starting in the new year.

I look forward to great anticipation to the results. Thank you. Now, operator, we'd like to open the call for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question is coming from the line of John Malone with Mizuho Securities.

John T. Malone - Mizuho Securities USA Inc., Research Division

I just want to understand the progression of operating costs. It sounded to me, if I heard correctly, that you expect operating cost to be at the same run rate that they were in Q3. But you also said the workovers would probably go down. So with workovers going down, do you expect OpEx to get closer to that 6 82 number that you reported net of workovers last quarter?

W. Greg Dunlevy

I think it's probably -- this is Greg. There's probably more downside binders -- bias in that number in the fourth quarter, as you correctly alluded to, both for production expense, as well as our exploration expense categories I mentioned.

John T. Malone - Mizuho Securities USA Inc., Research Division

Yes, and just on exploration expense, you expensed the Akasa appraisal well. Was that -- if it was successful, why was it included in expense? And was that the bulk of the exploration costs? Or was that most of the big 3D surveys?

W. Greg Dunlevy

It was mostly the big 3D surveys, as well as what we call our normal sort of run rate. G&G work, reprocessing studies and all that, which typically runs about $10 million a quarter. Now the Akasa-2A well under U.S. successful efforts accounting rules, we are actually required to expense that even though it's a completely and fully successful appraisal well, was designed to find the oil/water contract and be in the water leg so that we could use it, not only to appraise the deal, but as a future water injector. Unfortunately, until we have an approved plan of development, these kind of expenditures actually are considered expense unless they only find oil. It's just a unique feature of U.S. GAAP for successful efforts accounting.

John T. Malone - Mizuho Securities USA Inc., Research Division

Okay, that makes sense. And then one broader question. I know you can't speak for BP's exploration team, but did they give you any indication as to what they were seeing offshore Nova Scotia that led them to Morocco? I mean, have they expanded on prospects or kind of what they're looking for in both plays?

Brian F. Maxted

Yes, John, it's Brian. Obviously, that offshore Nova Scotia and Morocco were once part of the same margin that joined up before the opening of the Atlantic. And they see a great analogy and similarity of the plays offshore in Nova Scotia to the plays offshore Morocco, but in terms of salt rocks and reservoir targets as well. And I think what most excites them about Morocco recognizing that it was both -- there is both charge and reservoir risk. It's just the nature of some of the trap geometries, which are significant in size and very akin to many of the successful trap types that you see in other salt basins, in particular, the Gulf of Mexico.

John T. Malone - Mizuho Securities USA Inc., Research Division

So it's safe to say that the salt substance is more attractive than sort of the Cretaceous fan plays like Jubilee, because you do have both there, correct?

Brian F. Maxted

We do have both, exactly, yes. But it's the structural geometries created by the salt, which really attracted them, which is, of course, attractive to us, so it's nice to have both play types.

Operator

The next question is coming from the line of John Abbott with Bank of America Merrill Lynch.

John H. Abbott - BofA Merrill Lynch, Research Division

Just quickly, with regards to Ghana and the de-bottlenecking of the FPSO, you're in the process of discussing plans for the long term, how much do you think that would actually cost? And also in terms of timeline, how long would it take? And what could you ultimately sort of move production there? Secondly, with regards to Morocco, you're in the process here of finalizing your plans for the second rig, what's the chance that, that gets pushed out? And when do you think we will hear well results on your first well?

Brian F. Maxted

Okay, John, thanks for the questions. It's Brian here. Let me take the second one first. Yes, we're in the final stages of negotiation on a second rig of opportunity. And in the event that, that comes through, there's still some uncertainty in the actual timing, given its current operations, but we see it spud some time around the first quarter, which would enable us to have results around mid-year on that first well. Our second well in South Morocco, Western Sahara doesn't spud until later in the second half of the year. In terms of your first question on the de-bottlenecking, let me hand that over to Darrell to address.

Darrell L. McKenna

Yes, thanks, Brian. John, what we're doing right now is reviewing really the 4 systems that affect the total FPSO capacity: gas, water, fluid and well capacity. And it's a balancing act of looking at short term versus long term.

[Indiscernible] our focus is, obviously, trying to exit the year at 120,000 barrels per day. We do have a significant technical work going on to look longer term. It would be too early to really lay out any capital projections on that. It has to be, obviously, economic to do so in the longer term, so volumes and capital is really under study right now.

John H. Abbott - BofA Merrill Lynch, Research Division

And when you think about long term, when you talk about longer term, when you come up with a plan here, I mean, are we talking like 1 year? 2 years? I mean, how long will the process take in order to increase capacity there? I mean, there's a number of different options out there, but how long would it take, potentially?

Darrell L. McKenna

Yes, I think you're looking at 1 year to 1.5 years for the bigger CapEx-type items, and there's lots of short-term small CapEx things that can be done in the interim to continue to bulk production on.

John H. Abbott - BofA Merrill Lynch, Research Division

And with just -- when you talk about bigger CapEx items, I mean, how much are we actually talking here in terms of a dollar amount?

Darrell L. McKenna

I have no idea at this time, John. It's, again, in scoping and technical understanding right now. Lots of work to do, obviously, and that'll come with time. We'll provide guidance on that later date.

Operator

The next question is coming from the line of Anish Kapadia with TPH.

Anish Kapadia - Tudor, Pickering, Holt & Co. Securities, Inc., Research Division

I had just a question, looking at some of the recent presentations from some of your peers, one that's highlighted, difficult to replicate the success we've seen at Jubilee, elsewhere in the West African and Equatorial margins. And you have seen a large number of noncommercial wells. Seems like the challenges that they encounter in the reservoir, protecting the [indiscernible] charge focus. I wanted to see whether you have seen the riskiness of the Cretaceous play as increasing or decreasing after what you've learned from discovery of Jubilee, and then if you could relate this to your further exploration of the play.

Brian F. Maxted

John, this is Brian. That's a fantastic question. And in fact, that's something that our exploration team has been fully focused on in the last 6 months. So we were -- the time after we talked during our strategical [indiscernible] pre-IPO, one of the benefits of it, there's a lot of downsides, one of the benefits of it was to allow us to sit on the sidelines and watch the industry drill multiple wells around the margin over the last several years. And unfortunately, there hasn't been the success that we had back in 2007 with Jubilee. And so there's a wonderful laboratory out there now of different outcomes on different types of prospects and plays and leads in different parts of the basin, where we think we've been able to put an understanding together, which allows us to define criteria that lead to success and alternatively lead to failure on the play. And the key for us now is how can we leverage that into existing opportunities to where we think may have been overlooked by the industry, and we have a very focused new ventures effort that try to do exactly that. Mauritania was really the first attempt on the back of that work to replicate the Jubilee discovery. We are very, very happy with what we're seeing there geophysically and hope we'll have success there in the future, but we believe that there are other parts of that margin that have been overlooked. They are few and far between, but we believe that -- we look, we think about it very simply as we don't think we were smart enough several years ago to find the only big discovery on this trend back in 2007 and probably as others. It probably looked different from Jubilee, though.

Anish Kapadia - Tudor, Pickering, Holt & Co. Securities, Inc., Research Division

Okay. And just in terms of a follow-up, you mostly got another well drilling in Morocco now transferring the theme core Cretaceous Delta prospect. I'm just wondering what you're watching for from that well that would have read across into the prospect in the [indiscernible] block?

Brian F. Maxted

Yes, I mean, it's a flank well on the basin and the Agadir basin for us. So it's not -- there's not a full readthrough from that well. It will provide us some information on reservoir and potentially charge systems in the basin. But a very independent play time relative to our prospectivity that Cairn is testing that. And they are, we believe, more focused on the deeper part of the Cretaceous into the Jurassic, whereas we are focused from the tertiary all the way down to the Jurassic. So summary through, and we wish them luck, and hopefully they will unlock the basin and prove and work our petroleum system and make our job a little bit easier.

Anish Kapadia - Tudor, Pickering, Holt & Co. Securities, Inc., Research Division

And just a follow-up and just back to the first question. It seems like one of the biggest issues up and down the transform margin has been reservoir. How would you connect knowing about de-risking of the reservoir aspect to -- for your Morocco drilling?

Brian F. Maxted

Yes. Well, I mean, in Morocco, it's sort of a bit of a different system up there in terms of the age and the nature of the reservoir systems. In the transform margin, it was part of our solution to the technical issues around failure and success. We believe that we've established a structural and stratigraphic stroke reservoir providence model that helps us -- guides us into some of the areas where we may hope to see some better permeabilities, which is the fundamental issue. It's all about clay breakdown in [indiscernible]. So we pull a model together and obviously, it's not something that we're out there sharing with the rest of the industry. We're trying to leverage it and play competitive advantage to gain opportunities at this time.

Operator

[Operator Instructions] Our next question is coming from the line of Pavel Molchanov with Raymond James.

Pavel Molchanov - Raymond James & Associates, Inc., Research Division

The first one on Jubilee. So now that you're on the cusp of getting to the plateau of 120,000 BPD, how long do you think that plateau is ultimately sustainable?

Brian F. Maxted

Thanks, Pavel. I'll let Darrell answer that one.

Darrell L. McKenna

Yes, John. That's a function, again, of well capacity and, of course, our success in being able to de-bottleneck along the way. But we see it to be 5 to 7 years right now, conservatively, and NPA potentially could be a backfill to some of that plateau in the future.

Pavel Molchanov - Raymond James & Associates, Inc., Research Division

Okay, but 5 to 7 is the base case?

Darrell L. McKenna

That's correct.

Pavel Molchanov - Raymond James & Associates, Inc., Research Division

Okay. And then secondly, and I apologize if this is maybe asking for a sneak preview of the meeting next week, but other than Ghana and Morocco, do you anticipate to be drilling in any other countries next year?

Brian F. Maxted

It very much depends on how quickly the processing interpretation goes on the 3D. We are trying to position Mauritania acreage to drill, and our Irish acreage to drill in 2015, stroke '16, starting probably first in Mauritania at the beginning of '15. Depending on the schedule, we may be able to bring that later into next year. But our strategy is to -- it is this rifle-shot exploration. You won't see Kosmos drilling a lot of wells. I mean, we try and do a lot of homework and make sure we can de-risk them to the point that we can deliver success in a relatively few number wells to maximize our exploration efficiencies. So we're all about drilling -- try and drill the right wells and number of wells, whilst you want to get exposure because you do have to play the game to have success. It's not about drilling as many wells as you can't expect to [indiscernible] right on. So we're very happy with the 2-well program we've got next year. If it becomes 3, then that will be great.

Operator

Our next question is coming from the line of Al Stanton with RBC Capital Markets.

Al Stanton - RBC Capital Markets, LLC, Research Division

My fantastic questions have already been asked. So kind of slightly minor questions. Just on that last point. So in terms of the farming on new ventures you're looking at, should we assume that you're not about to farm in immediately prior to any additional wells? You're looking for slightly longer term ventures on that?

Brian F. Maxted

Al, yes. I mean, again, we're focused on the quality of the opportunity. Obviously, we have the financial flexibility to farm into wells that may be going down relatively soon, as we've seen in the frontier and emerging basins. One of the big challenges we have in today's competitive world is just the cycle time for exploration. And the best way to get around that is to shortcut it with a farm-in. And so we have been looking at a number of those. But our bread-and-butter, if you like, is greenfield exploration. We're also focused on new ventures that are greenfield and truly organic. So it's a bit of a mixture of both, that are proactive and reactive kind of new ventures.

Al Stanton - RBC Capital Markets, LLC, Research Division

Okay. And then my follow-on question was for Greg. I missed the under-lift figure, and if you can give out to me and then say whether you would strongly advise or modestly advise or advise to do your own thing in terms of whether you could get a third cargo in Q4, because it must be pretty close to being a third cargo next quarter.

W. Greg Dunlevy

We -- as we mentioned on the call, we're just under 300,000 under-lifted. Our guidance has been 8 cargoes for the year, which would be 2 cargoes in the fourth quarter of this year.

Al Stanton - RBC Capital Markets, LLC, Research Division

But if you get production up to 115,000 barrels a day as an average, you should just about make a third cargo?

W. Greg Dunlevy

You have to look, also, at the order in which cargoes are lifted. We can end up with under-liftings or over-liftings that are pretty significant. And I think under just about every scenario, you could probably project it would fall in January, not in December.

Al Stanton - RBC Capital Markets, LLC, Research Division

Okay, so you discourage me from putting in 3?

W. Greg Dunlevy

I believe I did.

Operator

Thank you. There are no further questions at this time. I would now like to turn the floor back over to Mr. Cappon for any concluding comments.

Jon Cappon

We thank you for your participation in today's call. Should you have any further questions, please do not hesitate to contact me today. And thank you again.