



Now in its 14th edition, *Petroleum Africa's* Annual Independents Survey & Awards analyzes the performance of independent oil and gas companies who operate in the continent. In years past we have categorized and grouped the corporates by their market capitalization or, in the case of private companies, we have grouped based on certain criteria such as holdings, estimated revenue, and so on, in order to make a fair comparison.

Since the meteoric rise of oil prices in 2008 when they hit over \$145 per barrel, the industry has been on a rollercoaster ride. In parallel, oil and gas firms saw their share prices soar on that same ride. Starting near the end of 2014 when oil prices began their plummet, market capitalizations also began their downward descent. This led to *Petroleum Africa* having to make more than one adjustment to the categories over the past several years. This judging period was no different. Numerous

small and mid-size independents are no longer on the radar, or have given up operatorship, or have just plain been eaten up by larger predators. Meanwhile, the number of large independents has decreased.

Different for 2017 however was a modest recovery in oil prices which may have propelled expanded exploration programs for some independents. Needless to say, a number of independents exited 2017 in a much better position than they entered it.

This year's Survey & Awards returns to the Market Capitalization criteria however, rather than four groups, there are just two; over \$1 billion and under \$1 billion. To be considered for an award, the independents must have operator status in at least one license, or technical operator status.

Small Independents

Below \$1 billion market capitalization

SEMI-FINALISTS

*Africa Oil Corp. * Eland Oil & Gas * SDX Energy
Sound Energy * Transglobe Energy Corp.*

AND THE WINNER IS...

Sound Energy

Petroleum Africa saw the entrant of a new contender this year, Sound Energy. While not a producer of petroleum yet, the company's other activities focused on becoming an oil and gas producer and is what has led them to be at the top of this survey. Making moves operationally within the sector during trying times is hard for most firms, but small independents have to be creative to accomplish their agenda and achieve success. One thing that can be said for Sound is that it has been very creative in securing the necessary backing to move forward.

The small independent with a focus on Morocco entered 2017 at a run and did not slow down for the period. The company is the operator of three concessions, the Anoul and Tendirra in eastern Morocco and the Sidi Moktar in western Morocco. The company also holds the Matarka reconnaissance license in the North African country.

2017 was a busy year for Sound Energy with a successful extended well test, the acquisition of additional interests in Morocco, two material exploration wells drilled safely, the disposal of non-core assets, and the negotiation of further investments from Schlumberger that puts it in a very good financial position. On the corporate end, Sound exited 2017 with a cash balance of £21.2 million, making funds available to support its 2018 exploration program.

The company built on its early success in Tendirra with the acquisition from OGIF of a further 27.5% interest in Tendirra and a 75% interest in both the Anoul exploration permit and the Matarka reconnaissance license. The company granted a 27.5% working interest in the Anoul permit and the Matarka reconnaissance (subject to definitive agreements) to Schlumberger. The deal between the two allows for Sound to be fully funded through the seismic campaign, which will serve to de-risk future drilling programs.

During 2017 the company completed an extended well test on TE-7, which resulted in the well flowing just under 1.0 Bcf over a period of 56 continuous days. The overall extended test results were consistent with the company's estimates and confirmed the good deliverability of the TAGI reservoir, the horizontal well concept, and the company's view of the significant potential of the field. The company also drilled the TE-8, largely funded by Schlumberger. Drilling was completed in May 2017 and despite tighter TAGI sands than in TE-6 and TE-7, this

system proven in Algeria into Morocco. The company intends to sign a Gas Sales Agreement, secure development funding and apply for a concession, all during 2018.

On the Sidi Moktar over the year, the company completed its license obligations with a positive re-entry and workover of the Koba-1 well. Sound successfully re-entered, completed, perforated and flared gas at surface from the Argovian reservoir (historically the main producing reservoir in the Kechoula discovery). A five-meter interval was perforated in the Argovian reservoir at a measured depth of 1,406 meters where the static pressure was measured at 98 bar, confirming a producible gas accumulation. The Koba-1 well is close to existing infrastructure and gas demand, including the large-scale Moroccan state owned OCP Phosphate plant which will allow for easy monetization of the resources.

Congratulations to Sound Energy, for an outstanding 2017 performance, earning it the *Petroleum Africa* Small Independent of the Year award!

Large Independents

Above \$1 billion market capitalization

SEMI-FINALISTS

*Anadarko * Apache Corp. * Kosmos Energy
Perenco * Tullow Oil*

AND THE WINNER IS...

Kosmos Energy

Returning to *Petroleum Africa's* Annual Independents Survey and Awards is Kosmos Energy. The company has won the top spot in the past based on its activities in what was then frontier Ghana. However, over the years Kosmos has expanded into other frontier territories like offshore Mauritania and Senegal, as well as picked up assets in known producing countries.

While the company performs admirably nearly every year, 2017 saw Kosmos Energy put forth strong operational results with strategic delivery. On the corporate end the company generated approximately \$320 million of free cash flow, using the proceeds to expand its position on the African continent, and increased its production base in the process. The funds were also used to pay down debt. Throughout 2017 Kosmos maintained a strong financial position. CEO Andrew Ingliss said this was done by exercising capital discipline which allowed it to end the year with \$1.1 billion in liquidity. In addition, the company increased its borrowing capacity to \$1.5 billion through the refinancing of its reserves-based lending facility. During Q2 2017 entered into an alliance with BP. The alliance broadens the relationship that previously covered new venture opportunities in Mauritania, Senegal

and The Gambia to create an Atlantic Margin explorer-developer partnership. The alliance leverages Kosmos' regional exploration knowledge and capability together with BP's deepwater development expertise to execute a selective, joint frontier and emerging basin exploration strategy in the Atlantic Margin.

Kosmos is now in seven African countries, holding both exploration assets, producing assets, and assets that are moving very quickly into the development stage. We all know the company is a partner in Ghana which gives it access to 150,000 bpd gross crude production from Ghana's Jubilee and TEN developments. In 2017, Kosmos replaced 214% of production on a net proved basis. Over the last three years in Ghana, it has averaged a reserve replacement ratio of more than 140%. In mid-October 2017, Kosmos and its partners received approval for the Greater Jubilee Full Field Development Plan (GJFFDP) from the government. The approval of the GJFFDP established a price for gas sales and allowed for drilling to recommence and Kosmos to book additional proved reserves.

A good portion of the company's focus over 2017 has been on its discoveries made in Mauritania and Senegal over the past few years. In February 2017 the company completed the deal that brought BP in as a partner. Under the terms of the deal, BP acquired a 49.99% interest in Kosmos BP Senegal Ltd., a Kosmos' controlled affiliate company which holds a 65% participating interest in the Cayar Offshore Profond and the Saint Louis Offshore Profond blocks in Senegal. The close of the transaction allows the partners and the government of Senegal to move ahead with the next stage of work on the two blocks.

The company launched the second phase of its multi-well exploration drilling program offshore Mauritania and Senegal in March with the *Atwood Achiever* drillship spudding the company's first discovery of the year, the Yakaar-1. The well was the first in a series of four independent tests of the basin floor fan fairways and encountered a gross hydrocarbon column of 394 ft in three pools within the primary Lower Cenomanian objective and encountered 148 ft of net pay. Kosmos estimates that the Yakaar-1 discovered Pmean gas resources of approximately 15 Tcf. Adding the Yakaar-1 resources to the previous discoveries brings the total to approximately 40 Tcf of de-risked reserves in the basin. After completing operations on the Yakaar-1, the rig moved to conduct a DST on the Tortue discovery. During the DST the Tortue-1 flowed at a sustained, equipment-constrained rate of approximately 60 Mmc/d during the main extended flow period, with minimal pressure drawdown, providing confidence in well designs that are each capable of producing approximately 200 Mmc/d.

While the activities that take place in Ghana and now Mauritania/Senegal are now the most well known for the company, they are by far not the

only sites that the company has seen action. In STP the company completed a 15,800 sq km 3D seismic survey over Blocks 5, 6, 11, and 12. Also in the tiny island nation Kosmos saw approval for a one-year extension of Phase 1 for Block 11. Kosmos also conducted seismic on one of its assets offshore Morocco/Western Sahara. In mid-2017 a 3,000 sq km 3D seismic survey was completed over the Essaouira Offshore Block.

Besides the aforementioned, the company added to its African footprint when it picked up additional stakes in Mauritania through a farm-in deal. It also negotiated deals that add acreage in a couple new countries, Cote d'Ivoire and Equatorial Guinea. The company, along with BP and France's Total entered into an agreement with Tullow Oil for 85% of its 100% stake in Block C-18 offshore Mauritania. The deal was initiated in mid-2017 and completed at the outset of 2018. The partners have secured a two-year extension to the license terms on C-18.

Kosmos also expanded its footprint in October picking up stakes in Block EG-21, Block S, and Block W offshore Equatorial Guinea. The petroleum contracts that cover the blocks come with a first exploration period of five years from the date of notification of ratification. The first exploration period consists of two sub-periods of three and two years, respectively. The first exploration sub-period work program includes an approximate 6,000 sq km 3D seismic acquisition requirement across the blocks. The company did not stop at this acquisition in Equatorial Guinea, it also picked up producing assets through a deal with Hess Corp. Through a JV with an affiliate of Trident, Kosmos acquired all of the equity interest of Hess International Petroleum Inc. which holds an 85% paying interest in the Ceiba Field and Okume Complex assets. Under the terms of the agreement, Kosmos and Trident each own 50% of Hess International Petroleum Inc. The transaction expanded Kosmos' position in the Gulf of Guinea and gave it access to immediate cash flow through existing production with potential to increase production, and also provides step-out exploration opportunities with potential low-cost tieback through existing infrastructure.

Before ending the year the company broadened its holdings in West Africa further when it acquired stakes in multiple blocks offshore Cote d'Ivoire. As part of its alliance with BP, Kosmos entered into petroleum contracts as operator for five offshore blocks: CI-526, CI-602, CI-603, CI-707 and CI-708, which are located in a Cenomanian-Turonian petroleum system and range in water depth from 1,500 to 15,000 ft. The area is located approximately 150 km west of the TEN discoveries in Ghana.

Congratulations once again to Kosmos Energy for winning another *Petroleum Africa* Large Independent of the Year award for its phenomenal performance in its African operations over 2017. 



SOUND ENERGY

Small Independent of the Year

KOSMOS ENERGY

Large Independent of the Year